



**AVON LAKE CITY SCHOOL DISTRICT
LORAIN COUNTY**

SINGLE AUDIT

FOR THE YEAR ENDED JUNE 30, 2011



Dave Yost • Auditor of State

**AVON LAKE CITY SCHOOL DISTRICT
LORAIN COUNTY**

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**AVON LAKE CITY SCHOOL DISTRICT
LORAIN COUNTY**

**SCHEDULE OF FEDERAL AWARDS RECEIPTS AND EXPENDITURES
FOR THE YEAR ENDED JUNE 30, 2011**

Federal Grantor <i>Pass Through Grantor</i> Program Title	Federal CFDA Number	Grant Year	Receipts	Non-Cash Receipts	Expenditures	Non-Cash Expenditures
U.S. Department of Agriculture						
<i>Passed Through the Ohio Department of Education:</i>						
Child Nutrition Cluster:						
National School Breakfast Program	10.553	2011	\$2,943	\$0	\$2,943	\$0
National School Lunch Program	10.555	2011	210,198	69,230	210,198	69,230
Total Child Nutrition Cluster			<u>213,141</u>	<u>69,230</u>	<u>213,141</u>	<u>69,230</u>
Team Nutrition Training Program	10.574	2010	0	0	943	0
Total U.S. Department of Agriculture			<u>213,141</u>	<u>69,230</u>	<u>214,084</u>	<u>69,230</u>
U.S. Department of Education						
<i>Passed Through the Ohio Department of Education:</i>						
Special Education Cluster:						
Special Education-Grants to States	84.027	2011	621,698	0	621,698	0
ARRA Special Education-Grants to States	84.391	2011	164,772	0	151,522	0
	84.391	2010	35,000	0	32,458	0
			<u>821,470</u>	<u>0</u>	<u>805,678</u>	<u>0</u>
Special Education Preschool	84.173	2011	16,946	0	16,946	0
			<u>16,946</u>	<u>0</u>	<u>16,946</u>	<u>0</u>
Total Special Education Cluster			<u>838,416</u>	<u>0</u>	<u>822,624</u>	<u>0</u>
Title I, Grants to Local Educational Agencies	84.010	2011	110,586	0	110,586	0
Education Technology State Grants	84.318	2011	369	0	369	0
Improving Teacher Quality State Grants	84.367	2011	72,762	0	72,762	0
ARRA State Fiscal Stabilization Fund (SFSF)	84.394	2011	179,863	0	179,863	0
ARRA Race to the Top	84.395	2011	2,000	0	2,000	0
Total U.S. Department of Education			<u>1,203,996</u>	<u>-</u>	<u>1,188,204</u>	<u>-</u>
Total Federal Assistance			<u>\$1,417,137</u>	<u>\$69,230</u>	<u>\$1,402,288</u>	<u>\$69,230</u>

The notes to the Schedule of Federal Awards Receipts and Expenditures are an integral part of this statement.

**AVON LAKE CITY SCHOOL DISTRICT
LORAIN COUNTY**

**NOTES TO THE SCHEDULE OF FEDERAL AWARDS RECEIPTS AND EXPENDITURES
FISCAL YEAR ENDED JUNE 30, 2011**

NOTE A - SIGNIFICANT ACCOUNTING POLICIES

The accompanying Schedule of Federal Awards Receipts and Expenditures (the Schedule) reports the Avon Lake City School District's (the District's) federal award programs' receipts and expenditures. The Schedule has been prepared on the cash basis of accounting.

NOTE B - CHILD NUTRITION CLUSTER

The District commingles cash receipts from the U.S. Department of Agriculture with similar State grants. When reporting expenditures on this Schedule, the District assumes it expends federal monies first.

NOTE C – FOOD DONATION PROGRAM

The District reports commodities consumed on the Schedule at the fair value. The District allocated donated food commodities to the respective program that benefitted from the use of those donated food commodities.

CFDA – Catalog of Federal Domestic Assistance



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

Avon Lake City School District
Lorain County
175 Avon Belden Road
Avon Lake, Ohio 44012

To the Board of Education:

We have audited the financial statements of the governmental activities, each major fund, and the aggregate remaining fund information of Avon Lake City School District, Lorain County, Ohio (the District) as of and for the year ended June 30, 2011, which collectively comprise the District's basic financial statements and have issued our report thereon dated August 26, 2011, wherein we noted the District implemented Governmental Accounting Standard Board Statement No. 54, "Fund Balance Reporting and Governmental Fund Type Definitions" and restated the June 30, 2010 fund balances of the Governmental Funds due to a change in fund structure. 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 District's internal control over financial reporting as a basis for designing our audit procedures for the purpose of expressing our opinions on the financial statements, but not for the purpose of opining on the effectiveness of the District's internal control over financial reporting. Accordingly, we have not opined on the effectiveness of the District's internal control over financial reporting.

A *deficiency in internal control* exists when the design or operation of a control does not allow management or employees, when performing their assigned functions, to prevent, or detect and timely correct misstatements. A *material weakness* is a deficiency, or combination of internal control deficiencies resulting in more than a reasonable possibility that a material misstatement of the District's financial statements will not be prevented, or detected and timely corrected.

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

Compliance and Other Matters

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

We intend this report solely for the information and use of management, the audit committee, Board of Education, and federal awarding agencies and pass-through entities, and others within the District. We intend it for no one other than these specified parties.

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

Dave Yost
Auditor of State

August 26, 2011



Dave Yost • Auditor of State

INDEPENDENT ACCOUNTANTS' REPORT ON COMPLIANCE WITH REQUIREMENTS APPLICABLE TO ITS MAJOR FEDERAL PROGRAM AND ON INTERNAL CONTROL OVER COMPLIANCE REQUIRED BY OMB CIRCULAR A-133 AND THE SCHEDULE OF FEDERAL AWARDS RECEIPTS AND EXPENDITURES

Avon Lake City School District
Lorain County
175 Avon Belden Road
Avon Lake, Ohio 44012

To the Board of Education:

Compliance

We have audited the compliance of Avon Lake City School District (the District) with the types of compliance requirements described in the U.S. Office of Management and Budget (OMB) *Circular A-133, Compliance Supplement* that could directly and materially affect Avon Lake City School District's major federal program for the year ended June 30, 2011. The summary of auditor's results section of the accompanying schedule of findings identifies the District's major federal program. The District's management is responsible for complying with the requirements of laws, regulations, contracts, and grants applicable to its major federal program. Our responsibility is to express an opinion on the District's compliance based on our audit.

We conducted our audit of compliance in accordance with auditing standards generally accepted in the United States of America; the standards applicable to financial audits included in the Comptroller General of the United States' *Government Auditing Standards*; and OMB Circular A-133, *Audits of States, Local Governments, and Non-Profit Organizations*. Those standards and OMB Circular A-133 require that we plan and perform the audit to reasonably assure whether noncompliance occurred with the compliance requirements referred to above that could directly and materially affect a major federal program. An audit includes examining, on a test basis, evidence about the District's compliance with those requirements and performing other procedures we considered necessary in the circumstances. We believe our audit provides a reasonable basis for our opinion. Our audit does not provide a legal determination on the District's compliance with those requirements.

In our opinion, the Avon Lake City School District complied, in all material respects, with the requirements referred to above that could directly and materially affect its major federal program for the year ended June 30, 2011.

Internal Control Over Compliance

The District's management is responsible for establishing and maintaining effective internal control over compliance with the requirements of laws, regulations, contracts, and grants applicable to federal programs. In planning and performing our audit, we considered the District's internal control over compliance with requirements that could directly and materially affect a major federal program, to determine our auditing procedures for the purpose of opining on compliance and to test and report on internal control over compliance in accordance with OMB Circular A-133, but not for the purpose of opining on the effectiveness of internal control over compliance. Accordingly, we have not opined on the effectiveness of the District's internal control over compliance.

A deficiency in internal control over compliance exists when the design or operation of a control over compliance does not allow management or employees, when performing their assigned functions, to prevent, or to timely detect and correct, noncompliance with a federal program compliance requirement. A *material weakness in internal control over compliance* is a deficiency, or combination of deficiencies, in internal control over compliance, such that there is a reasonable possibility that material noncompliance with a federal program compliance requirement will not be prevented, or timely detected and corrected.

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

Schedule of Federal Awards Receipts and Expenditures

We have also audited the financial statements of the governmental activities, each major fund and the aggregate remaining fund information of Avon Lake City School District (the District) as of and for the year ended June 30, 2011, wherein we noted the District implemented Governmental accounting Standards Statement No. 54, "Fund Balance Reporting and Governmental Fund Type Definitions" and have issued our report thereon dated August 24, 2011. Our audit was performed to form opinions on the financial statements that collectively comprise the District's basic financial statements taken as a whole. The accompanying schedule of federal awards receipts and expenditures provides additional information required by the U.S. Office of Management and Budget Circular A-133, *Audits of States, Local Governments, and Non-Profit Organizations* and is not a required part of the basic financial statements. The schedule is management's responsibility, and was derived from and relates directly to the underlying accounting and other records used to prepare the financial statements. This schedule was subject to the auditing procedures we applied to the basic financial statements. We also applied certain additional procedures, including comparing and reconciling this information directly to the underlying accounting and other records used to prepare the basic financial statements or to the basic financial statements themselves, in accordance with auditing standards generally accepted in the United States of America. In our opinion, this information is fairly stated, in all material respects, in relation to the basic financial statements taken as a whole.

We intend this report solely for the information and use of the audit committee, management, Board of Education, others within the entity, federal awarding agencies, and pass-through entities. It is not intended for anyone other than these specified parties.



Dave Yost
Auditor of State

August 26, 2011

**AVON LAKE CITY SCHOOL DISTRICT
LORAIN COUNTY**

**SCHEDULE OF FINDINGS
OMB CIRCULAR A -133 § .505
JUNE 30, 2011**

1. SUMMARY OF AUDITOR'S RESULTS

<i>(d)(1)(i)</i>	Type of Financial Statement Opinion	Unqualified
<i>(d)(1)(ii)</i>	Were there any material control weaknesses reported at the financial statement level (GAGAS)?	No
<i>(d)(1)(ii)</i>	Were there any significant deficiencies in internal control reported at the financial statement level (GAGAS)?	No
<i>(d)(1)(iii)</i>	Was there any reported material noncompliance at the financial statement level (GAGAS)?	No
<i>(d)(1)(iv)</i>	Were there any material internal control weaknesses reported for major federal programs?	No
<i>(d)(1)(iv)</i>	Were there any significant deficiencies in internal control reported for major federal programs?	No
<i>(d)(1)(v)</i>	Type of Major Programs' Compliance Opinion	Unqualified
<i>(d)(1)(vi)</i>	Are there any reportable findings under § .510(a)?	No
<i>(d)(1)(vii)</i>	Major Programs (list):	Special Education Cluster: Grants to States - CFDA 84.027, ARRA Grants to States - CFDA 84.391, Preschool - CFDA 84.173
<i>(d)(1)(viii)</i>	Dollar Threshold: Type A/B Programs	Type A: > \$ 300,000 Type B: all others
<i>(d)(1)(ix)</i>	Low Risk Auditee?	No

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

None

3. FINDINGS AND QUESTIONED COSTS FOR FEDERAL AWARDS

None

**AVON LAKE CITY SCHOOL DISTRICT
LORAIN COUNTY**

**SCHEDULE OF PRIOR AUDIT FINDINGS
OMB CIRCULAR A -133 § .315 (b)
JUNE 30, 2011**

Finding Number	Finding Summary	Fully Corrected?	Not Corrected, Partially Corrected; Significantly Different Corrective Action Taken; or Finding No Longer Valid; <i>Explain</i>
2010-001	Contract payments made from the Building Improvement Fund in July and August of 2010 totaling \$457,689 were not properly reported as Accounts and Contracts Payable and instead, were reported as Reserve for Encumbrances.	Yes	

**AVON LAKE CITY SCHOOL DISTRICT
AVON LAKE, OHIO**

**COMPREHENSIVE
ANNUAL FINANCIAL REPORT
FOR THE FISCAL YEAR ENDED JUNE 30, 2011**

Prepared by

**Denise J. Holcomb
Treasurer**

Avon Lake City School District
Comprehensive Annual Financial Report
For the Fiscal Year Ended June 30, 2011
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August 26, 2011

Board of Education Members and Residents of
Avon Lake City School District

We are pleased to submit to you the Comprehensive Annual Financial Report (CAFR) of the Avon Lake City School District for the fiscal year ended June 30, 2011. This CAFR includes an opinion from the State Auditor and conforms to generally accepted accounting principles as applicable to governmental entities. Responsibility for the accuracy of the data presented and the completeness and fairness of the presentation, including all disclosures, rests with the School District. To the best of our knowledge and belief, the enclosed data is accurate in all material respects and are reported in a manner designed to present fairly the financial position and results of operations of the School District. This report will provide the taxpayers of the Avon Lake City School District with the comprehensive financial data in a format which will enable them to gain an understanding of the School District's financial affairs. Copies will be made available to the Avon Lake Public Library, major taxpayers, financial rating services and other interested parties.

The School District

The Avon Lake City School District is located in a residential/commercial suburban community in eastern Lorain County, twenty-five miles west of Cleveland. In 1850, the first log cabin school was built, and as the need arose, four brick one-room school buildings were built. In 1921, a \$125,000 bond issue was passed to build a centralized school that is now a section of Avon Lake High School.

In order to meet the needs of a growing community, the high school was expanded several times. In the mid 1970's instructional classrooms and a physical education complex were added and the Learwood Middle School, Erieview Elementary, Eastview Elementary, Westview Elementary, Redwood Elementary and Troy Junior High School were constructed. Troy Junior High School was closed for educational purposes in 1982 because of the energy crisis and decreased enrollment. In 1988, Troy Junior High was reopened as the Avon Lake Community Education Center. The Community Education Center ceased to operate in the Troy Building as of July, 1991 due to the economy of operations. The Troy Intermediate School building was reopened for instruction beginning in the fall of 1995. In 1999, Avon Lake City Schools began a building project that added classrooms to all six (6) buildings. Avon Lake High School completed a major renovation, which included additional physical education facilities and an auditorium that hosted the Cleveland Pops Orchestra for the dedication of the facilities. In 2009, our taxpayers passed two (2) additional bond issues totaling \$ 18.5M. These renovations and additions began in March 2010 on the stadium portion of the project with completion of the stadium renovations to be done by August 2010. In addition the classrooms additions to five (5) buildings began in May 2010 with completion to be August 2011. A new bus garage will be opened in the the summer of 2011. These projects were necessary to keep up with our growing enrollment. Today the citizens have an investment of \$ 96,311,202 in the School District land, construction in process, land improvements, buildings, furniture and equipment, and vehicles (excludes accumulated depreciation).

The legislative power of the School District is vested in the Board of Education. Statutorily, the School District operates under standards prescribed by the Ohio State Board of Education as provided in division (D) of Section 3301.07 of the Ohio Revised Code, to provide services authorized by charter and further mandated by State and Federal agencies.

Reporting Entity

The Avon Lake City School District has reviewed its reporting entity definition in order to ensure conformance with the Governmental Accounting Standards Board Statement No. 14, "The Financial Reporting Entity". In evaluating how to define the School District for financial reporting purposes, management has considered its relationship with all departments, boards, and agencies that make up the Avon Lake City School District. For the Avon Lake City School District, this includes general operations, food service, and student related activities of the School District.

Component units are legally separate organizations for which the School District is financially accountable. The School District has no component units.

The School District participates in four jointly governed organizations and is associated with one related organization. These organizations are the Lake Erie Educational Computer Association (LEECA), the Lake Erie Regional Council of Governments (LERC), the Lorain County Joint Vocational School District, the Ohio Schools Council and the Avon Lake Public Library. These organizations are presented in Notes 18 and 19 to the basic financial statements.

A complete discussion of the School District's reporting entity is provided in Note 1 to the basic financial statements.

Organizational Structure

The Avon Lake City School District (the "School District") is organized under Article VI, Sections 2 and 3 of the Constitution of the State of Ohio. The School District operates under a locally elected Board of Education consisting of five members elected at-large for staggered four year terms. The School District provides educational services as mandated by State and federal agencies.

The School District is located in Avon Lake, Lorain County, Ohio, and includes an area extending roughly twelve square miles around the City. It is staffed by 231 non-certified personnel, 274 certified full-time teaching personnel and 14 administrative employees to provide services to 3,755 students and other community members. The School District operates 4 elementary schools (K-4), 1 intermediate school (5-6), 1 middle school (7-8) and 1 high school (9-12).

Economic Condition and Outlook

Ohio House Bill 920, passed in 1976, provides that the assessed value of residential and commercial property will not be changed more than once every three years, and that the property tax bill of the average homeowner for voted millage will not be increased as a result of reappraisal or readjustment. This legislation has the effect of seriously eroding the growth in revenue from the local property tax. It was enacted as a result of protests from citizens who were being served markedly higher bills following reappraisals. Because of this Ohio law, little additional revenue can be generated from the existing tax duplicate except through a vote of the people or from newly constructed commercial and residential property. If Ohio House Bill 920 had not been passed, the Avon Lake City School District would not have had to pass new millage as the growth in valuation would have been sufficient to adequately fund the Avon Lake City Schools. A direct result of this legislation is the fact that our School District will periodically have tax issues that will require voter approval.

Ohio lawmakers have also passed legislation that has been reducing tangible taxes (the taxes paid by business on equipment and inventory) over the past decade. Effective July 1, 2006 with passage of H.B. 66, tangible taxes have diminished over the last four (4) years. The State of Ohio had promised that School Districts will be made whole until 2015 after which there will be a loss of revenue, but with the passage of HB 153, we lost approximately \$735,000. Ohio lawmakers have again passed a law that resulted in lost revenue for all Ohio schools.

Another economic factor impacting local revenue growth is tax abatements. Both Ford Motor Company and the Geon Corporation received major abatements in recent years. While the expansion of these local corporate giants into the City of Avon Lake is certainly a positive boost to the local economy, the abatements curtailed the local property tax income that would have benefited our local schools. Additionally, the first tax incentive agreement under the Community Reinvestment Program of the City of Avon Lake was approved for Ed Tomko Chrysler-Plymouth, Jeep-Eagle automobile dealership. Electric deregulation has impacted the Avon Lake City School District. The State of Ohio has passed legislation to replace lost funds, but with the passage of HB 153, we have lost an additional \$735,000. This has lowered income from local property tax and increased income at the State level.

The Ohio Supreme Court decision overturning the State's method of funding schools creates another major concern for the future financing of our local schools. While the School District receives a relatively small portion of our revenue from State sources, the School District is viewed by the State as a comparatively wealthy school district, due to our large property tax base. So far, the State's resolution of this funding crisis has resulted in a seemingly "flat" revenue stream; however, some loss has been realized in the area of funding special education and transportation. The political process is still being played out in Columbus.

Avon Lake City School District enrollment has increased by twenty percent in the last decade and new residential construction continues.

School District Local Funding

School District management will carefully control expenses during the coming years to continue to assure that tax levy revenues are adequate and well spent. Voters approved a 5.80 mill new levy in May of 2006.

Major Initiatives

Ohio Report Card

The Ohio Report Card is issued in early fall of each school year. The report uses data from the previous school year to inform the public of School District success or failure in 26 indicators. The 2011 report card demonstrated that the School District, for the past seven (7) years, has been rated in the category titled, "Excellent" and in 2008, 2009, and 2010, Avon Lake City Schools were rated "Excellent with Distinction".

Federal Projects

The School District files applications for federal funds electronically utilizing the Consolidated Local Plan. This allows the Superintendent, Mr. Robert Scott, to coordinate the application to the goals of the Continuous Improvement Plan. The School District continues to apply for all federal funds for which the School District is eligible. This includes the Class-Size Reduction Grant under Title VI allowing for additional teachers in the primary grades. Student readiness for advancement in each grade has been the primary focus of these services. The School District is currently using some of the government stimulus dollars to add two (2) special education classrooms in the School District.

Educational Programs and Facilities Improvement

In May 1999, the voters of Avon Lake City School District passed a \$41,800,000 bond issue for the purpose of various improvements to school buildings. Expansions of six of the School District's buildings and renovations to seven of the Avon Lake City School District buildings are complete. In January 2002, the high school expanded into the newly completed classrooms, cafeteria and commons area, and additional physical education areas. In the fall of 2003, newly renovated music areas were opened for student use. The auditorium was complete in the fall of 2003 and is being used by our students and our public. In November 2009, the voters of Avon Lake City School District passed two (2) bond issues, \$5.5M for the renovation of our athletic stadium and a bus garage to house 40 buses and \$13M so that classrooms can be added to five (5) of our buildings.

Financial Information

Internal Accounting and Budgetary Control

In developing the School District's accounting system much consideration was given to the adequacy of internal accounting controls. Internal accounting controls are designed to provide reasonable, but not absolute assurance regarding the safeguarding of assets against loss from unauthorized use or disposition and the reliability of financial records for preparing financial statements and maintaining accountability for assets. The concept of reasonable assurance is based on the assumption that the cost of internal accounting controls should not exceed the benefits expected to be derived from their implementation.

The School District utilizes a fully automated accounting system as well as an automated system of control for capital assets and payroll. These systems, coupled with the manual auditing of each voucher prior to payment, ensures that the financial information generated is both accurate and reliable.

At the beginning of each fiscal year, the Board of Education adopts either a temporary appropriation measure or a permanent appropriation measure for that fiscal year. If a temporary appropriation measure is first adopted, the permanent appropriation measure must be adopted upon receipt from the County Auditor of an amended certificate of estimated resources based on final assessed values and tax rates, which is usually within the first three months of the fiscal year.

Annual appropriations may not exceed the County Budget Commission's official estimate of resources. The County Auditor must certify that the Board of Education's appropriation measures, including any supplements or amendments, do not exceed the amount set forth in the latest of those official estimates.

All disbursements and transfers of cash between funds require appropriation authority from the Board of Education. Budgets are controlled at the fund level. All purchase order requests must be approved by the Purchasing Agent and certified by the Treasurer; necessary funds are then encumbered and purchase orders released to vendors. Those requests that exceed the available appropriation are rejected until additional appropriations are secured.

The accounting system used by the School District provides interim financial reports which detail year-to-date expenditures and encumbrances versus the original appropriation plus any additional appropriations made to date.

The basis of accounting and the various funds utilized by Avon Lake City Schools are fully described in Note 1 of the basic financial statements.

Financial Condition

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

Government-wide financial statements - These statements are prepared on an accrual basis of accounting which is similar to the basis of accounting followed by businesses. The government-wide statements distinguish between those activities of the School District that are governmental and those that are considered business-type activities. The School District has no business-type activities.

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

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

As a part of this new reporting model, management is responsible for preparing a Management's Discussion and Analysis of the School District. This discussion follows the Independent Accountants' Report, providing an assessment of the School District's finances for 2011 and a comparison to performance in 2010 and analysis of resources available for the future. Because the discussion focuses on major funds, only the Internal Service Fund is discussed briefly in this letter.

Financial Highlights – Internal Service Fund The only Internal Service Fund carried on the financial records of the School District is related to self-insurance. This fund was created in fiscal year 2004. This fund accounts for the revenues and expenses related to the provision of medical, surgical, prescription drug, dental and vision benefits for all School District employees. The Internal Service Fund had net assets of \$ 3,644,313 at June 30, 2011.

Long-Term Financial Planning

Annually, the School District prepares a five-year financial forecast. The financial forecast is the foundation for the School District's operations and is used as a financial planning tool to assist the School District in determining its ability to meet certain financial obligations and plan future funding needs. The five-year forecast of revenue and expenditures serves as a financial planning tool and the foundation for academic and business operations of the School District. The forecast provides the Board and community stakeholders with a blueprint addressing the financial needs required to serve the student population. Assumptions are an integral part of the forecast and represent what the School District believes are significant factors impacting the forecast. Through a collaborative process, the administration assists the Board of Education in determining and prioritizing the needs of the School District. In accordance with State law, the Board of Education approves the financial forecast and submits it to the Ohio Department of Education prior to October 31 and reviews it again prior to May 31. The financial forecast can be found on the School District's web-site at www.avonlakecityschools.org.

Independent Audit

State statute requires the School District to be audited at least every two fiscal years by an independent auditor. An annual audit serves to maintain and strengthen the School District's accounting and budgetary controls. Independent Auditor Dave Yost, Auditor of State, was selected to render an opinion on the School District's financial statements as of and for the year ended June 30, 2011. The opinion appears at the beginning of the financial section of this report.

Pursuant to statute, the State prescribes a uniform accounting system to standardize accounting classification and financial reporting for all school districts in Ohio. The School District adopted and has been in conformance with the automated version of that system beginning with its financial report for the 1979 year.

Awards

GFOA Certificate of Achievement - The Government Finance Officers Association of the United States and Canada (GFOA) awarded a Certificate of Achievement for Excellence in Financial Reporting to Avon Lake City School District for its Comprehensive Annual Financial Report for the fiscal year ended June 30, 2010. The Certificate of Achievement is a prestigious national award recognizing conformance with the highest standards in the area of governmental financial reporting.

In order to be awarded a Certificate of Achievement, a government unit must publish an easily readable and efficiently organized Comprehensive Annual Financial Report, whose contents conform to program standards. Such a report must satisfy both generally accepted accounting principles and applicable legal requirements.

A Certificate of Achievement is valid for a period of one year only. We believe our current report conforms to the Certificate of Achievement program requirements and we are submitting it to GFOA for consideration.

ASBO Certificate - The Association of School Business Officials International (ASBO) awarded a Certificate of Excellence in Financial Reporting for the fiscal year ended June 30, 2010 to the Avon Lake City School District. This award certifies that the Comprehensive Annual Financial Report substantially conformed to the principles and standards of financial reporting as recommended and adopted by the Association of School Business Officials. The award is granted only after an intensive review of the financial report by an expert panel of certified public accountants and practicing school business officials.

Management believes that the Comprehensive Annual Financial Report for fiscal year ended June 30, 2011, which will be submitted to ASBO for review, will conform to ASBO's principles and standards.

Auditor of State Award – This award is presented by the Auditor of State. Fewer than five percent of all Ohio government agencies are eligible for this award. Certain criteria must be met to receive this award. Standards include: 1) The entity must complete and submit a Comprehensive Annual Financial Report (CAFR), 2) there must be no findings or issues present in the audit report, and 3) there must be no other financial concerns involving the entity. The Avon Lake City Schools have received this award the following years: 1999, 2000, 2002, 2006, 2007, 2008, and 2009. The district considers this the highest of all honors.

Acknowledgments

The publication of this Comprehensive Annual Financial Report is a significant step toward elevating the professional standards for Avon Lake City School District's financial reporting. It enhances the School District's accountability to the residents and provides all interested parties with a broad historical perspective of the Avon Lake City School District's financial and demographic information. Assistance from the County Auditor's staff and outside agencies made possible the fair presentation of statistical data.

Special appreciation is expressed to Costin + Company, CPA's for assistance in the planning, designing and reviewing, of this financial report.

Finally, sincere appreciation is extended to the members of the Board of Education for their ongoing support.

Respectfully submitted,

Denise J. Holcomb, Treasurer

Robert D. Scott, Superintendent

Avon Lake Board of Education

Principal Officials
June 30, 2011

Board of Education

Mr. Charles Froehlich President
Mrs. Pamela Ohradzansky Vice - President
Mr. Dale CracasMember
Mr. Greg PalmerMember
Mr. Ron JantzMember

Treasurer

Mrs. Denise J. Holcomb

Administration

Mr. Robert D. Scott Superintendent
Mr. Thomas R. Barone Director of Athletics and Special Projects

Organizational chart

GFOA certificate

ASBO certificate

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Dave Yost • Auditor of State

INDEPENDENT ACCOUNTANTS' REPORT

Avon Lake City School District
Lorain County
175 Avon Belden Road
Avon Lake, Ohio 44012

To the Board of Education:

We have audited the accompanying financial statements of the governmental activities, each major fund, and the aggregate remaining fund information of Avon Lake City School District, Lorain County, Ohio (the District), as of and for the year ended June 30, 2011, which collectively comprise the District's basic financial statements as listed in the table of contents. These financial statements are the responsibility of the District'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, each major fund, and the aggregate remaining fund information of Avon Lake City School District, Lorain County, Ohio, as of June 30, 2011, and the respective changes in financial position and where applicable, cash flows, thereof and the budgetary comparison for the General fund for the year then ended in conformity with accounting principles generally accepted in the United States of America.

As described in Note 2, the District implemented Governmental Accounting Standard Board Statement No. 54, "Fund Balance Reporting and Governmental Fund Type Definitions" and restated the June 30, 2010 fund balances of the Governmental Funds due to a change in fund structure.

In accordance with *Government Auditing Standards*, we have also issued our report dated August 26, 2011, on our consideration of the District'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.

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

We conducted our audit to opine on the financial statements that collectively comprise the District's basic financial statements taken as a whole. The introductory section, the financial section's combining statements, individual fund statements and schedules, and the statistical section information provide additional analysis and are not a required part of the basic financial statements. The financial section's combining statements, individual fund statements and schedules are management's responsibility, and were derived from and relates directly to the underlying accounting and other records used to prepare the basic financial statements. These statements and schedules were subject to the auditing procedures we applied to the basic financial statements. We also applied certain additional procedures, including comparing and reconciling this information directly to the underlying accounting and other records used to prepare the basic financial statements or to the basic financial statements themselves, in accordance with auditing standards generally accepted in the United States of America. In our opinion, this information is fairly stated in all material respects in relation to the basic financial statements taken as a whole. We did not subject the introductory section and statistical section information to the auditing procedures applied in the audit of the basic financial statements and, accordingly, we express no opinion or any other assurance on them.



Dave Yost
Auditor of State

August 26, 2011

Avon Lake City School District
Management's Discussion and Analysis
For the Fiscal Year Ended June 30, 2011
Unaudited

The management's discussion and analysis of the Avon Lake City School District's (School District) financial performance provides an overall review of the School District's financial activities for the fiscal year ended June 30, 2011. The intent of this discussion and analysis is to look at the School District's financial performance as a whole. Readers should also review the transmittal letter, basic financial statements and notes to the basic financial statements to enhance their understanding of the School District's financial performance.

Financial Highlights

Key financial highlights for fiscal year 2011 are as follows:

- In total, net assets for governmental activities decreased from \$ 24.7 million at June 30, 2010, to \$ 20.3 million at June 30, 2011.
- Revenues for governmental activities totaled \$ 47,987,744 in fiscal year 2011. Of this total \$ 43,999,733 or 91.69 percent consisted of general revenues while program revenues accounted for the balance of \$ 3,988,011 or 8.31 percent.
- Program expenses totaled \$ 52,350,308. Instructional expenses made up \$ 25,741,961 or 49.17 percent of this total while support services accounted for \$ 19,054,617 or 36.40 percent. Other expenses, \$ 7,553,730, rounded out the remaining 14.43 percent.
- Total outstanding debt had a net increase of \$ 2,147,721 to \$ 57,257,101 in fiscal year 2011.

Using this Comprehensive Annual Financial Report (CAFR)

This annual report consists of a series of financial statements and notes to those statements. These statements are organized so the reader can understand the School District as a financial whole, an entire operating entity. The statements begin at a summary level and expand to detailed financial activities.

The Statement of Net Assets and Statement of Activities provide information about the activities of the whole School District, presenting both an aggregate view of the School District's finances and a longer-term view of those finances. Fund financial statements provide the next level of detail. For governmental funds, these statements present how services were financed in the short-term as well as what remains for future spending. The fund financial statements also look at the School District's most significant funds with all other nonmajor funds presented in total in one column. The General Fund is the most significant governmental fund.

Reporting the School District as a Whole

Statement of Net Assets and the Statement of Activities

While this document contains all the funds used by the School District to provide programs and activities, the view of the School District as an entity looks at all financial transactions and asks the question, "How did we do financially during the 2011 fiscal year?" 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 used by most private-sector companies. Accrual basis of accounting takes into account all of the current year's revenues and expenses regardless of when cash is received or paid.

Avon Lake City School District
Management's Discussion and Analysis
For the Fiscal Year Ended June 30, 2011
Unaudited

These two statements report the School District's net assets and changes in those assets. This change in net assets is important because it tells the reader whether, for the School District as a whole, the financial position of the School District has improved or diminished. The cause of this change may be the result of many factors, some financial, some not. Non-financial factors include the School District's property tax base, current property tax laws in Ohio restricting revenue growth, facility conditions, mandated educational programs, state funding, student enrollment, and general inflation.

In the Statement of Net Assets and the Statement of Activities, all of the School District's activities are classified as governmental. The School District's programs and services are reported here including instruction, supporting services, operation of non-instructional services, extracurricular activities, and interest and fiscal charges.

Reporting the School District's Most Significant Funds

Fund Financial Statements

The analysis of the School District's major funds begins on page 16. Fund financial statements provide detailed information about the School District's major funds. The School District uses many funds to account for a multitude of financial transactions; however, these fund financial statements concentrate on the School District's most significant funds. The School District's major governmental funds are the General Fund, Bond Retirement Debt Service Fund and Building Improvement Fund.

Governmental Funds The School District's activities are reported in governmental funds, which focus on how money flows into and out of those funds and the balances left at fiscal year end available for spending in future periods. These funds are reported using an accounting method called modified accrual accounting, which measures cash and all other financial assets that can readily be converted to cash. The governmental fund statements provide a detailed short-term view of the School District's general government operations and the basic services it provides. Governmental fund information helps the reader determine whether there are more or fewer financial resources that can be spent in the near future to finance educational programs. The relationship (or difference) between governmental activities (reported in the Statement of Net Assets and the Statement of Activities) and governmental funds is reconciled in the financial statements of the governmental funds.

The School District as a Whole

The Statement of Net Assets provides the perspective of the School District as a whole.

Total assets decreased by \$ 896,576. This decrease can be attributed to a decrease of \$ 12,202,372 in pooled cash and cash equivalents. The decrease in pooled cash and equivalents was offset with an increase of \$ 9,775,862 in capital assets.

Total liabilities increased by \$ 3,465,988. Current liabilities increased by \$ 766,455, primarily due to increases in accounts and contracts payable, retainage payable and claims payable. Long-term liabilities increased by \$ 2,699,533.

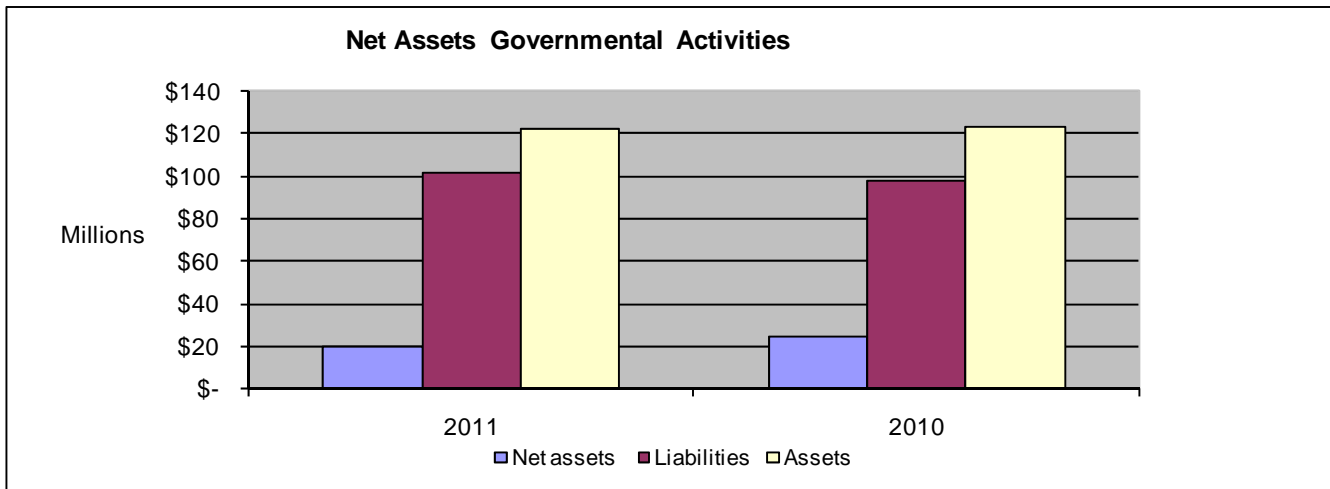
Over time, net assets can serve as an indicator of a government's financial position. At June 30, 2011, the School District's assets exceeded liabilities by \$ 20,327,663. Of this total, \$ 4,720,978 is restricted in use.

Avon Lake City School District
Management's Discussion and Analysis
For the Fiscal Year Ended June 30, 2011
Unaudited

Table 1 provides a summary of the School District's net assets for fiscal year 2011 compared to fiscal year 2010:

Table 1
Total Net Assets

	2011	2010
Assets		
Current and other assets	\$ 63,895,034	\$ 74,567,472
Total capital assets, net	58,241,262	48,465,400
Total assets	122,136,296	123,032,872
Liabilities		
Current liabilities	40,184,725	39,418,270
Long term liabilities		
Due within one year	2,247,711	17,027,940
Due in more than one year	59,376,197	41,896,435
Total liabilities	101,808,633	98,342,645
Net assets		
Invested in capital assets, net of related debt	10,282,563	9,946,281
Restricted	4,720,978	4,999,853
Unrestricted	5,324,122	9,744,093
Total net assets	\$ 20,327,663	\$ 24,690,227



Avon Lake City School District
Management's Discussion and Analysis
For the Fiscal Year Ended June 30, 2011
Unaudited

Table 2 shows total revenues, expenses and changes in net assets for fiscal year 2011 compared to fiscal year 2010. Total revenue for 2011 was \$ 2,894,852 higher than in 2010, while total expenses in 2011 were \$ 4,421,487 higher than the prior year.

Table 2
Changes in Net Assets

	2011	2010
Revenues		
Program revenues		
Charges for services and sales	\$ 2,239,619	\$ 2,246,915
Operating grants, interest and contributions	1,748,392	1,743,573
Total program revenues	3,988,011	3,990,488
General revenues		
Property taxes	31,128,011	29,377,578
Grants and entitlements not restricted to specific purposes	11,894,621	11,093,394
Investment earnings	180,345	305,142
Miscellaneous	796,756	326,290
Total general revenues	43,999,733	41,102,404
Total revenues	47,987,744	45,092,892
Program expenses		
Instruction	25,741,961	23,993,142
Supporting services		
Pupil and instructional staff	4,747,213	4,279,189
Board of education, administration, fiscal services and business	4,705,321	5,078,405
Operation and maintenance	7,717,754	6,781,144
Pupil transportation	1,724,226	1,530,111
Central services	160,103	158,131
Operation of non-instructional services		
Food service operation	1,305,908	1,246,386
Community services	283,718	219,142
Extracurricular activities	1,318,728	1,212,842
Interest and fiscal charges	4,645,376	3,430,329
Total expenses	52,350,308	47,928,821
Increase in net assets	(4,362,564)	(2,835,929)
Net assets at beginning of year	24,690,227	27,526,156
Net assets at end of year	\$ 20,327,663	\$ 24,690,227

Avon Lake City School District
Management's Discussion and Analysis
For the Fiscal Year Ended June 30, 2011
Unaudited

The vast majority of revenue supporting all Governmental Activities is general revenue. General revenue accounted for nearly \$ 44.0 million or 91.69 percent of the total revenue. The most significant portion of general revenue is local property tax. The other type of revenue that accounts for 8.31 percent of total revenue is called program revenues. Program revenues are derived directly from the program or entities outside the School District as a whole, and can help to reduce the net cost of services provided by the School District. Program revenues decreased by \$ 2,477 in 2011 from 2010. This decrease can be attributed to a decrease of \$ 7,296 in charges for services and sales and an increase of \$ 4,819 in grants and contributions.

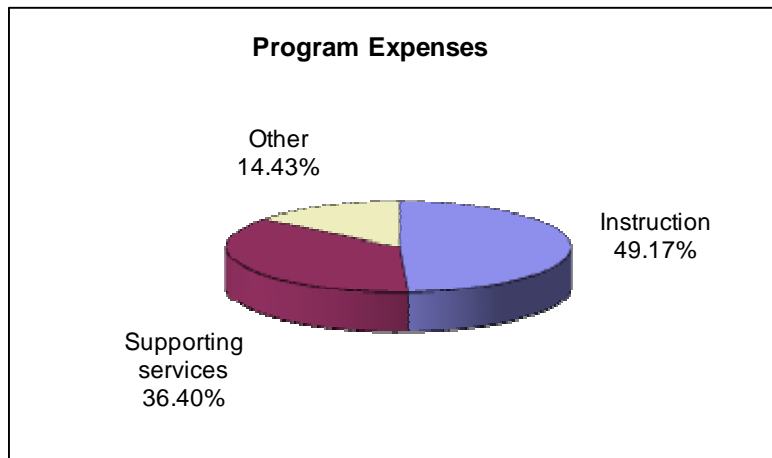
As you can see 49.17 percent of the School District's expenses were used to fund instructional expenses. Additional support services for pupils, staff, and business operation expenses were 36.40 percent. The remaining 14.43 percent of program expenses was used to facilitate other obligations of the School District such as interest and fiscal charges, the food service program and various extracurricular activities. Interest expense was primarily attributable to the outstanding bonds.

The Statement of Activities shows the total net cost of program services. Table 3 shows the total cost of services for governmental activities and the net cost of those services. That is, it identifies the cost of these services supported by tax revenue and unrestricted State entitlements.

Table 3
Governmental Activities

	Total Cost of Services		Net Cost of Services	
	2011	2010	2011	2010
Instruction	\$ 25,741,961	\$ 23,993,142	\$(24,938,295)	\$(22,656,668)
Supporting services				
Pupil and instructional staff	4,747,213	4,279,189	(3,883,495)	(3,793,341)
Board of education, administration, fiscal services and business	4,705,321	5,078,405	(4,665,386)	(5,036,530)
Operation and maintenance	7,717,754	6,781,144	(7,564,450)	(6,649,503)
Pupil transportation	1,724,226	1,530,111	(1,724,226)	(1,472,837)
Central services	160,103	158,131	(160,103)	(158,131)
Operation of non-instructional services				
Food service operation	1,305,908	1,246,386	46,649	65,233
Community services	283,718	219,142	(3,859)	26,223
Extracurricular activities	1,318,728	1,212,842	(823,756)	(832,450)
Interest and fiscal charges	4,645,376	3,430,329	(4,645,376)	(3,430,329)
Total expenses	\$ 52,350,308	\$ 47,928,821	\$(48,362,297)	\$(43,938,333)

Avon Lake City School District
Management's Discussion and Analysis
For the Fiscal Year Ended June 30, 2011
Unaudited



The dependence upon tax revenues for governmental activities is apparent. Over 59.46 percent of total expenses are supported through taxes. Grants and entitlements not restricted to specific programs support 22.72 percent, while program revenue supports 7.62 percent. Investment and other miscellaneous type revenue support the remaining activity costs. The community, as a whole, is the primary support for the School District students.

The unusual nature of property taxes in Ohio creates the need to routinely seek voter approval for operating funds. As a result of legislation enacted in 1976, the overall revenue generated by a voted millage does not increase as a result of inflation. As an example, a homeowner with a home valued at \$ 100,000 (Assessed value of \$ 35,000) and taxed at 1.0 mill would pay \$ 29.15 annually in taxes (net of the state-paid rollback). If three years later the home were reappraised and increased in market value to \$ 200,000 (assessed value of \$ 70,000) the effective tax rate would become 0.5 mills and the owner would still pay \$ 29.15.

The School District's Funds

Information about the School District's major funds starts on page 16. These governmental funds are accounted for using the modified accrual basis of accounting. All governmental funds had total revenues of \$ 47,085,867 and expenditures of \$ 77,396,576. In total, the net change in fund balance was a decrease of \$ 11,527,756.

The net change in fund balance for the year was most significant in the Building Improvement Fund. In 2011 the School District had increased capital outlay expenditures for classroom improvements, stadium improvements and a bus garage. The result of these increased expenditures was a decrease in fund balance of \$ 9,740,453 in the Building Improvement Fund.

The following schedule shows the significant changes between fiscal year 2010 and 2011 for the General Fund. Due to the implementation of GASB Statement No. 54 amounts for 2010 have been restated. See Note 2 of the notes to the basic financial statements.

Avon Lake City School District
Management's Discussion and Analysis
For the Fiscal Year Ended June 30, 2011
Unaudited

	General Fund		
	2011	Restated 2010	Change
Revenues			
Taxes	\$ 25,770,602	\$ 25,329,857	\$ 440,745
Tuition and fees	541,161	791,192	(250,031)
Interest	117,308	295,863	(178,555)
Intergovernmental	10,171,427	10,149,358	22,069
Extracurricular	149,685	44,704	104,981
Other	226,158	254,523	(28,365)
Total revenues	<u>36,976,341</u>	<u>36,865,497</u>	<u>110,844</u>
Expenditures			
Current			
Instruction	22,845,904	21,403,039	1,442,865
Supporting services	14,604,271	14,402,842	201,429
Operation of non-instructional	13,601	12,727	874
Extracurricular activities	1,042,733	828,126	214,607
Capital outlay	-	1,225	(1,225)
Debt service			
Principal	229,699	212,354	17,345
Interest	11,943	21,440	(9,497)
Total expenditures	<u>38,748,151</u>	<u>36,881,753</u>	<u>1,866,398</u>
Excess (deficiency) of revenues over expenditures	<u>(1,771,810)</u>	<u>(16,256)</u>	<u>(1,755,554)</u>
Other financing sources (uses)			
Proceeds from capital lease	-	28,668	(28,668)
Transfers-out	(13,545)	(21,850)	8,305
Total other financing sources (uses)	<u>(13,545)</u>	<u>6,818</u>	<u>(20,363)</u>
Net change in fund balances	(1,785,355)	(9,438)	(1,775,917)
Fund balances, beginning of year, restated	<u>14,342,129</u>	<u>14,351,567</u>	<u>(9,438)</u>
Fund balances, end of year	<u>\$ 12,556,774</u>	<u>\$ 14,342,129</u>	<u>\$ (1,785,355)</u>

Increases in instruction, supporting services and extracurricular expenditures are due to increased enrollment, an increase in teaching staff and increases in overall wages.

General Fund Budgeting Highlights

The School District'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 fund to be budgeted is the General Fund.

During the course of fiscal year 2011, the School District amended its General Fund budget several times, none significant. For the General Fund, the final budget basis revenue estimate was \$ 36,063,209 which was \$ 2,098,538 more than the original budget estimate and \$ 20,141 more than actual revenue. The final budget basis expenditures estimate totaled \$ 40,570,527 which was \$ 20,597 more than the original budget estimate. Actual expenditures were \$ 144,682 less than final budget basis expenditures. The unencumbered ending cash balance totaled \$ 12,239,826.

Avon Lake City School District
Management's Discussion and Analysis
For the Fiscal Year Ended June 30, 2011
Unaudited

Capital Assets and Debt Administration

Capital Assets

At the end of fiscal 2011, the School District, net of depreciation, had \$ 58,241,262 invested in land, construction in process, land improvements, buildings and improvements, furniture and equipment, and vehicles. Table 4 shows fiscal year 2011 values compared to fiscal year 2010. More detailed information is presented in Note 10 of the notes to the basic financial statements.

Table 4
 Capital Assets
 (Net of Accumulated Depreciation)

	2011	2010
Land	\$ 6,025,950	\$ 5,773,827
Construction in process	8,496,402	1,949,888
Land improvements	956,035	1,039,654
Building and improvements	40,431,312	37,005,021
Furniture and equipment	1,647,537	1,877,895
Vehicles	684,026	819,115
Total capital assets	<u>\$ 58,241,262</u>	<u>\$ 48,465,400</u>

All capital assets, except land and construction in process, are reported net of depreciation. The increase in capital assets is primarily due to increased construction in progress for the School District's new stadium and other capital projects.

Debt

At June 30, 2011, the Avon Lake School District had \$ 57,257,101 in bonds, notes, and capital leases, an increase of \$ 2,147,721 from fiscal year 2010. \$ 1,270,914 of the bonds, notes, and capital leases are due within one year. Table 5 below summarizes the School District's bonds and notes outstanding and capital leases. More detailed information is presented in Note 17 of the notes to the basic financial statements.

Table 5
 Outstanding Debt Year-End

	2011	2010
Term and serial bonds	\$ 50,665,000	\$ 33,475,000
Capital appreciation bonds	791,511	980,193
Accretion on capital appreciation bonds	5,432,073	4,845,971
Serial notes	220,000	430,000
Bond anticipation notes	-	15,000,000
Capital leases	148,517	378,216
Total outstanding debt	<u>\$ 57,257,101</u>	<u>\$ 55,109,380</u>

-

Avon Lake City School District
Management's Discussion and Analysis
For the Fiscal Year Ended June 30, 2011
Unaudited

Current Issues

The School District has not been impacted by the continuing national trend of rapidly escalating employee benefit costs. We have held our current health care costs stable for five years. The School District has committed itself to a fiscal discipline based on long-term plans. The Board of Education and administration have implemented fiscal management disciplines that utilize a variety of formal plans. We are working within the five-year budget plan, the five-year capital repairs and renovations plan, the continuous improvement plan, and the five-year enrollment projections.

The School District has the necessary revenue base to support current program levels for only the next two fiscal years. Our future revenue base is dependent upon the renewal of an emergency levy expiring in 2016. The School District was successful in seeking additional revenue in May 2007.

Several significant legislative and judicial actions have occurred that will have a major impact on our School District. The Ohio Supreme Court has issued its fourth decision regarding school funding reform in Ohio. We believe that the ultimate resolution of funding reform is still some time away. The sudden downturn in the economy has put pressures on both the State budget as well as our local School District budget. We are concerned about current economic conditions and the possible negative impact on local tax revenues. The ongoing legislative efforts to support the existence of community (charter) schools come at the expense of our current State subsidy. This year approximately \$ 217,566 will be deducted from our State subsidy and redirected to local community (charter) schools. The School District's commitment to improve fiscal management has led to many budgeting, reporting and internal control enhancements.

The School District has received the Government Finance Officers Association of the United States and Canada (GFOA) Certificate of Achievement for Excellence in Financial Reporting for seventeen years.

Contacting the School District's Fiscal Management

This financial report was designed to comply with the most current reporting requirements and is intended to provide our citizens, taxpayers, investors, and creditors with a general overview of the School District's finances and to show the School District's accountability for money it receives. Denise J. Holcomb, Treasurer, can be contacted at the Avon Lake City School District, 175 Avon Belden Rd., Avon Lake, Ohio 44012 or by e-mail at *Denise.holcomb@avonlakecityschools.org*.

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AVON LAKE CITY SCHOOL DISTRICT
LORAIN COUNTY

STATEMENT OF NET ASSETS

JUNE 30, 2011

	Governmental Activities
Assets	
Equity in pooled cash	\$ 27,068,913
Intergovernmental receivable	4,271,329
Inventories and supplies	47,434
Interest receivable	9,599
Taxes receivable	32,222,096
Cash with fiscal agents	275,663
Capital assets	
Nondepreciable capital assets	14,522,352
Depreciable capital assets, net	43,718,910
Total assets	122,136,296
Liabilities	
Accounts and contracts payable	1,518,217
Retainage payable	275,663
Accrued salaries, wages and benefits	3,401,411
Claims payable	461,700
Accrued interest payable	221,991
Intergovernmental payable	1,267,936
Unearned revenue	33,037,807
Long term liabilities	
Due within one year	2,247,711
Due in more than one year	59,376,197
Total liabilities	101,808,633
Net assets	
Invested in capital assets, net of related debt	10,282,563
Restricted for:	
Debt service	3,921,718
Set-asides	113,990
Food service	303,639
Extracurricular activities	208,069
State grants	14,634
Donations	158,928
Unrestricted	5,324,122
Total net assets	\$ 20,327,663

See accompanying notes to the basic financial statements.

AVON LAKE CITY SCHOOL DISTRICT
LORAIN COUNTY

STATEMENT OF ACTIVITIES

FOR THE YEAR ENDED JUNE 30, 2011

	Expenses	Program Revenues		Net (Expense) Revenue and Changes in Net Assets
		Charges for Services and Sales	Operating Grants Interest and Contributions	
Governmental activities				
Instruction				
Regular	\$ 21,087,414	\$ 614,720	\$ 54,590	\$ (20,418,104)
Special	2,982,052	-	107,797	(2,874,255)
Vocational	217,831	-	-	(217,831)
Adult/continuing	24,489	-	-	(24,489)
Other instruction	1,430,175	-	26,559	(1,403,616)
Supporting services				
Pupil	3,771,628	64,416	737,712	(2,969,500)
Instructional staff	975,585	-	61,590	(913,995)
Board of education	19,913	-	-	(19,913)
Administration	3,408,972	-	39,935	(3,369,037)
Fiscal services	1,130,131	-	-	(1,130,131)
Business	146,305	-	-	(146,305)
Operation and maintenance	7,717,754	-	153,304	(7,564,450)
Pupil transportation	1,724,226	-	-	(1,724,226)
Central services	160,103	-	-	(160,103)
Operation of non-instructional services				
Food service operation	1,305,908	1,065,511	287,046	46,649
Community services	283,718	-	279,859	(3,859)
Extracurricular activities	1,318,728	494,972	-	(823,756)
Interest and fiscal charges	4,645,376	-	-	(4,645,376)
Totals	<u>\$ 52,350,308</u>	<u>\$ 2,239,619</u>	<u>\$ 1,748,392</u>	<u>(48,362,297)</u>
General revenues				
Property taxes levied for:				
				26,250,202
				4,289,589
				588,220
				11,894,621
				180,345
				796,756
				<u>43,999,733</u>
				(4,362,564)
				<u>24,690,227</u>
				<u>\$ 20,327,663</u>

See accompanying notes to the basic financial statements.

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AVON LAKE CITY SCHOOL DISTRICT
LORAIN COUNTY
BALANCE SHEET – GOVERNMENTAL FUNDS
JUNE 30, 2011

	General Fund	Bond Retirement Fund	Building Improvement Fund
Assets			
Equity in pooled cash	\$ 13,800,575	\$ 3,140,314	\$ 3,957,338
Cash with fiscal agent	-	-	275,663
Restricted cash	113,990	-	-
Receivables, net of allowance			
Taxes, current	25,103,724	4,036,360	-
Taxes, delinquent	689,500	110,900	-
Interest receivable	5,292	-	2,696
Intergovernmental receivable	3,448,280	153,585	-
Interfund receivable	1,265,982	-	-
Inventories and supplies	35,732	-	-
Total assets	\$ 44,463,075	\$ 7,441,159	\$ 4,235,697
Liabilities and fund balances			
Liabilities			
Accounts and contracts payable	\$ 123,719	\$ -	\$ 1,299,858
Retainage payable	-	-	275,663
Accrued wages and benefits	3,334,235	-	-
Intergovernmental payable	1,250,845	-	-
Interfund payable	-	-	1,000,000
Unearned revenue	27,147,502	3,936,217	2,696
Matured compensated absences payable	50,000	-	-
Total liabilities	31,906,301	3,936,217	2,578,217
Fund balances			
Nonspendable	35,732	-	-
Restricted	-	3,504,942	1,657,480
Committed	113,990	-	-
Assigned	1,762,398	-	-
Unassigned	10,644,654	-	-
Total fund balances	12,556,774	3,504,942	1,657,480
Total liabilities and fund balances	\$ 44,463,075	\$ 7,441,159	\$ 4,235,697

See accompanying notes to the basic financial statements.

Other Governmental Funds	Total Governmental Funds
\$ 1,949,292	\$ 22,847,519
-	275,663
-	113,990
2,220,612	31,360,696
61,000	861,400
-	7,988
669,464	4,271,329
-	1,265,982
11,702	47,434
<u>\$ 4,912,070</u>	<u>\$ 61,052,001</u>

\$ 91,638	\$ 1,515,215
-	275,663
67,176	3,401,411
17,091	1,267,936
265,982	1,265,982
2,820,780	33,907,195
-	50,000
<u>3,262,667</u>	<u>41,683,402</u>

11,702	47,434
1,687,835	6,850,257
-	113,990
-	1,762,398
(50,134)	10,594,520
<u>1,649,403</u>	<u>19,368,599</u>
<u>\$ 4,912,070</u>	<u>\$ 61,052,001</u>

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AVON LAKE CITY SCHOOL DISTRICT
LORAIN COUNTY
RECONCILIATION OF TOTAL GOVERNMENTAL FUND BALANCES TO
NET ASSETS OF GOVERNMENTAL ACTIVITIES
JUNE 30, 2011

Total governmental fund balances	\$ 19,368,599
Amounts reported for governmental activities in the statement of net assets are different because:	
Capital assets used in governmental activities are not financial resources and therefore not reported in the funds.	58,241,262
Other long term assets are not available to pay for current period expenditures and therefore are deferred in the funds. These deferrals are attributed to property taxes and accrued interest income.	869,388
An internal service fund is used by management to charge the costs of insurance to individual funds. The assets and liabilities of the internal service fund are included in governmental activities in the statement of net assets.	3,644,313
Long-term liabilities are not due and payable in the current period and therefore are not reported in the funds:	
Compensated absences	(4,316,807)
Notes payable	(220,000)
Bonds payable	(56,888,584)
Capital lease payable	(148,517)
Accrued interest payable	(221,991)
	(62,801,905)
Net assets of governmental activities	\$ 20,327,663

See accompanying notes to the basic financial statements.

AVON LAKE CITY SCHOOL DISTRICT
LORAIN COUNTY

STATEMENT OF REVENUES, EXPENDITURES AND CHANGES IN FUND BALANCES -
GOVERNMENTAL FUNDS

FOR THE YEAR ENDED JUNE 30, 2011

	General Fund	Bond Retirement Fund	Building Improvement Fund
Revenues			
Taxes	\$ 25,770,602	\$ 3,879,838	\$ -
Tuition and fees	541,161	-	-
Interest	117,308	-	65,675
Intergovernmental	10,171,427	758,883	697,493
Extracurricular	149,685	-	-
Charges for services	-	-	-
Other	226,158	-	141,896
Total revenues	<u>36,976,341</u>	<u>4,638,721</u>	<u>905,064</u>
Expenditures			
Current			
Instruction			
Regular	18,581,106	-	37,671
Special	2,630,989	-	-
Vocational	211,155	-	-
Adult/continuing	24,489	-	-
Other instruction	1,398,165	-	-
Supporting services			
Pupil	3,289,510	-	-
Instructional staff	916,050	-	-
Board of education	19,264	-	649
Administration	2,916,876	-	82,757
Fiscal services	1,017,739	62,914	28,403
Business	140,589	-	-
Operation and maintenance	4,570,277	-	19,367
Pupil transportation	1,576,223	-	-
Central services	157,743	-	2,360
Operation of non-instructional services			
Food service operation	-	-	-
Community services	13,601	-	-
Extracurricular activities	1,042,733	-	-
Capital outlay	-	-	13,974,310
Debt service			
Principal	229,699	16,429,549	-
Interest	11,943	3,936,951	-
Total expenditures	<u>38,748,151</u>	<u>20,429,414</u>	<u>14,145,517</u>
Excess (deficiency) of revenues over expenditures	<u>(1,771,810)</u>	<u>(15,790,693)</u>	<u>(13,240,453)</u>
Other financing sources (uses)			
Transfers-in	-	223,545	-
Bond issuance	-	14,995,866	3,500,000
Premium on debt issuance	-	287,087	-
Transfers-out	(13,545)	-	-
Total other financing sources (uses)	<u>(13,545)</u>	<u>15,506,498</u>	<u>3,500,000</u>
Net change in fund balances	(1,785,355)	(284,195)	(9,740,453)
Fund balances, beginning of year, restated	<u>14,342,129</u>	<u>3,789,137</u>	<u>11,397,933</u>
Fund balances, end of year	<u>\$ 12,556,774</u>	<u>\$ 3,504,942</u>	<u>\$ 1,657,480</u>

See accompanying notes to the basic financial statements.

Other Governmental Funds	Total Governmental Funds
\$ 871,671	\$ 30,522,111
19,995	561,156
532	183,515
2,015,210	13,643,013
463,267	612,952
1,065,511	1,065,511
129,555	497,609
<u>4,565,741</u>	<u>47,085,867</u>
85,388	18,704,165
307,908	2,938,897
-	211,155
-	24,489
26,559	1,424,724
482,826	3,772,336
61,240	977,290
-	19,913
39,935	3,039,568
13,031	1,122,087
-	140,589
315,832	4,905,476
-	1,576,223
-	160,103
1,264,265	1,264,265
259,055	272,656
450,059	1,492,792
452,696	14,427,006
275,000	16,934,248
39,700	3,988,594
<u>4,073,494</u>	<u>77,396,576</u>
<u>492,247</u>	<u>(30,310,709)</u>
-	223,545
-	18,495,866
-	287,087
(210,000)	(223,545)
<u>(210,000)</u>	<u>18,782,953</u>
282,247	(11,527,756)
<u>1,367,156</u>	<u>30,896,355</u>
<u>\$ 1,649,403</u>	<u>\$ 19,368,599</u>

AVON LAKE CITY SCHOOL DISTRICT
LORAIN COUNTY

RECONCILIATION OF THE STATEMENT OF REVENUES, EXPENDITURES AND CHANGES IN
FUND BALANCES OF GOVERNMENTAL FUNDS TO THE STATEMENT OF ACTIVITIES

FOR THE YEAR ENDED JUNE 30, 2011

Net change in fund balances - total governmental funds		\$ (11,527,756)
Amounts reported for governmental activities in the statement of activities are different because:		
Governmental funds report capital outlay as expenditures. However, in the statement of activities, the cost of those assets is allocated over their useful lives and reported as depreciation expense. This is the amount by which capital outlay exceeded depreciation in the current period.		
	Capital outlay, net	12,576,078
	Depreciation expense	<u>(2,800,216)</u>
		9,775,862
Revenues in the statement of activities that do not provide current financial resources are not reported as revenues in the funds.		
	Interest	(30,759)
	Property taxes	<u>605,900</u>
		575,141
Other financing sources in the governmental funds that increase long-term liabilities in the statement of net assets are not reported as revenues in the statement of activities.		
		(18,495,866)
Repayment of bond, loan, note and capital lease principal is an expenditure in the governmental funds, but the repayment reduces long-term liabilities in the statement of net assets.		
		16,934,248
In the statement of activities, interest accrued on outstanding bonds and bond and notes accretion are amortized over the term of the bonds and notes, whereas in governmental funds, the expenditure is reported when the bonds and notes are issued.		
	Accrued interest	(70,679)
	Annual accretion	<u>(586,103)</u>
		(656,782)
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.		
	Compensated absences	(506,311)
The internal service fund used by management to charge the costs of insurance to individual funds is not reported in the government-wide statement of activities. Governmental fund expenditures and the related internal service fund revenues are eliminated. The net revenue (expense) of the internal service fund is allocated among the governmental activities.		
		<u>(461,100)</u>
Change in net assets of governmental activities		<u><u>\$ (4,362,564)</u></u>

See accompanying notes to the basic financial statements.

AVON LAKE CITY SCHOOL DISTRICT
LORAIN COUNTY

STATEMENT OF REVENUES, EXPENDITURES AND CHANGES IN FUND BALANCE
BUDGET (NON-GAAP BASIS) AND ACTUAL – GENERAL FUND

FOR THE YEAR ENDED JUNE 30, 2011

	General Fund			Variance with Final Budget Positive (Negative)
	Budget Amounts		Actual	
	Original	Final		
Revenues				
Taxes	\$ 23,441,589	\$ 24,856,735	\$ 24,842,704	\$ (14,031)
Tuition and fees	494,983	541,404	541,161	(243)
Interest	113,231	117,373	117,308	(65)
Intergovernmental	9,597,764	10,177,170	10,171,427	(5,743)
Extracurricular	133,536	149,737	149,685	(52)
Miscellaneous	183,568	220,790	220,783	(7)
Total revenues	<u>33,964,671</u>	<u>36,063,209</u>	<u>36,043,068</u>	<u>(20,141)</u>
Expenditures				
Current				
Instruction				
Regular	19,453,285	19,453,815	19,389,035	64,780
Special	2,629,034	2,631,120	2,622,337	8,783
Vocational	213,683	213,683	212,972	711
Adult/continuing	24,486	24,581	24,517	64
Other instruction	1,450,673	1,450,673	1,445,844	4,829
Supporting services				
Pupil	3,576,562	3,591,046	3,578,939	12,107
Instructional staff	923,744	924,169	921,089	3,080
Board of education	21,116	21,116	21,045	71
Administration	3,145,208	3,145,208	3,134,735	10,473
Fiscal services	1,057,967	1,057,967	1,054,445	3,522
Business	153,354	153,354	152,844	510
Operation and maintenance	5,045,256	5,045,256	5,028,457	16,799
Pupil transportation	1,610,071	1,610,071	1,604,707	5,364
Central services	176,502	176,661	176,072	589
Operation of non-instructional services				
Community services	23,075	23,075	13,598	9,477
Extracurricular activities				
Academic and subject oriented	99,585	99,585	99,254	331
Occupation oriented	1,305	1,305	1,297	8
Sports oriented	861,591	861,591	858,724	2,867
Co-curricular activities	83,433	86,251	85,934	317
Total expenditures	<u>40,549,930</u>	<u>40,570,527</u>	<u>40,425,845</u>	<u>144,682</u>
Excess (deficiency) of revenues over expenditures	<u>(6,585,259)</u>	<u>(4,507,318)</u>	<u>(4,382,777)</u>	<u>124,541</u>
Other financing sources (uses)				
Gain (loss) on sale of assets	6,980	7,400	7,400	-
Advances in	-	-	16,456	16,456
Refund of prior year expenditures	9,195	9,750	9,744	(6)
Transfers-out	(13,590)	(13,590)	(13,545)	45
Advances out	-	-	(1,265,982)	(1,265,982)
Total other financing sources (uses)	<u>2,585</u>	<u>3,560</u>	<u>(1,245,927)</u>	<u>(1,249,487)</u>
Net change in fund balance	<u>(6,582,674)</u>	<u>(4,503,758)</u>	<u>(5,628,704)</u>	<u>(1,124,946)</u>
Prior year encumbrances	1,589,520	1,589,520	1,589,520	-
	16,279,010	16,279,010	16,279,010	-
Fund balances, end of year	<u>\$ 11,285,856</u>	<u>\$ 13,364,772</u>	<u>\$ 12,239,826</u>	<u>\$ (1,124,946)</u>

See accompanying notes to the basic financial statements.

AVON LAKE CITY SCHOOL DISTRICT
LORAIN COUNTY

STATEMENT OF FUND NET ASSETS
INTERNAL SERVICE FUND

JUNE 30, 2011

	<u>Self Insurance</u>
Assets	
Current assets	
Equity in pooled cash	\$ 4,107,404
Accrued interest receivable	1,611
Total assets	<u>4,109,015</u>
Liabilities	
Current liabilities	
Accounts and contracts payable	3,002
Claims payable	461,700
Total liabilities	<u>464,702</u>
Net assets	
Unrestricted	<u>\$ 3,644,313</u>

See accompanying notes to the basic financial statements.

AVON LAKE CITY SCHOOL DISTRICT
LORAIN COUNTY
STATEMENT OF REVENUE, EXPENSES AND CHANGES IN FUND NET ASSETS
INTERNAL SERVICE FUND
FOR THE YEAR ENDED JUNE 30, 2011

	<u>Self Insurance</u>
Operating revenues	
Charges for services	<u>\$ 4,016,871</u>
Operating expenses	
Purchased services	369,309
Claims	4,136,251
Total operating expenses	<u>4,505,560</u>
Operating loss	<u>(488,689)</u>
Nonoperating revenues	
Interest income	<u>27,589</u>
Change in net assets	(461,100)
Net assets, beginning of year	<u>4,105,413</u>
Net assets, end of year	<u><u>\$ 3,644,313</u></u>

See accompanying notes to the basic financial statements.

AVON LAKE CITY SCHOOL DISTRICT
LORAIN COUNTY
STATEMENT OF CASH FLOWS
INTERNAL SERVICE FUND
FOR THE YEAR ENDED JUNE 30, 2011

	Self Insurance
Cash flows from operating activities	
Cash received from interfund services	\$ 4,001,675
Cash payments for claims	(4,012,951)
Cash payments for goods and services	(366,307)
Cash received from other sources	15,196
Net cash used in operating activities	(362,387)
 Cash flows from investing activities	
Interest income	28,091
Net cash provided by investing activities	28,091
 Net decrease in cash and cash equivalents	(334,296)
 Cash and cash equivalents, beginning of year	4,441,700
Cash and cash equivalents, end of year	\$ 4,107,404
 Reconciliation of operating income to net cash provided by operating activities:	
Operating loss	\$ (488,689)
Adjustments	
Increase in accounts and contracts payable	3,002
Increase in claims payable	123,300
Total adjustments	126,302
Net cash used in operating activities	\$ (362,387)

See accompanying notes to the basic financial statements.

AVON LAKE CITY SCHOOL DISTRICT
LORAIN COUNTY
STATEMENT OF FIDUCIARY ASSETS AND LIABILITIES
AGENCY FUNDS

JUNE 30, 2011

Assets	
Equity in pooled cash	\$ 91,185
Total assets	<u>\$ 91,185</u>
Liabilities	
Accounts payable	\$ 526
Due to students	87,351
Due to others	3,308
Total liabilities	<u>\$ 91,185</u>

See accompanying notes to the basic financial statements.

AVON LAKE CITY SCHOOL DISTRICT
LORAIN COUNTY
NOTES TO THE BASIC FINANCIAL STATEMENTS
FOR THE YEAR ENDED JUNE 30, 2011

NOTE 1 SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

A. REPORTING ENTITY

The Avon Lake City School District (the "School District") is organized under Article VI, Sections 2 and 3 of the Constitution of the State of Ohio. The School District operates under a locally elected Board of Education consisting of five members elected at-large for staggered four year terms. The School District provides educational services as mandated by State and federal agencies.

The School District is located in Avon Lake, Lorain County, Ohio, and includes an area extending roughly twelve square miles around the City. It is staffed by 231 non-certified personnel, 274 certified full-time teaching personnel, and 14 administrative employees to provide services to 3,755 students and other community members. The School District operates 4 elementary schools (K-4), 1 intermediate school (5-6), 1 middle school (7-8), and 1 high school (9-12).

The reporting entity is comprised of the primary government, component units, and other organizations that are included to ensure that the financial statements are not misleading. The primary government of the School District consists of all funds, departments, boards, and agencies that are not legally separate from the School District. For the School District, this includes general operations, food service, and student related activities.

Component units are legally separate organizations for which the School District is financially accountable. The School District is financially accountable for an organization if the School District appoints a voting majority of the organization's governing board and (1) the School District is able to significantly influence the programs or services performed or provided by the organization; or (2) the School District is legally entitled to or can otherwise access the organization's resources; the School District is legally obligated or has otherwise assumed the responsibility to finance the deficits of, or provide financial support to, the organization; or the School District is obligated for the debt of the organization. Component units may also include organizations that are fiscally dependent on the School District in that the School District approves the budget, the issuance of debt or levying of taxes. The School District does not have any component units.

The School District participates in four jointly governed organizations and is associated with a related organization. The organizations are the Lake Erie Educational Computer Association (LEECA), the Lake Erie Regional Council of Governments (LERC), the Lorain County Joint Vocational School District, the Ohio Schools Council Association, and the Avon Lake Public Library. These organizations are presented in Notes 16 and 17 of the basic financial statements.

B. BASIS OF PRESENTATION

The financial statements of the School District 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 School District also applies Financial Accounting Standards Board (FASB) statements and interpretations issued on or before November 30, 1989, to its governmental activities and to its Internal Service Fund unless those pronouncements conflict with or contradict GASB pronouncements. The more significant of the School District's accounting policies are described below.

AVON LAKE CITY SCHOOL DISTRICT
LORAIN COUNTY
NOTES TO THE BASIC FINANCIAL STATEMENTS
FOR THE YEAR ENDED JUNE 30, 2011
(CONTINUED)

NOTE 1 - SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (continued)

B. BASIS OF PRESENTATION (continued)

The School District'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 School District as a whole. These statements include the financial activities of the primary government, except for fiduciary funds. The activity of the Internal Service Fund is eliminated to avoid "doubling up" revenues and expenses. Interfund services provided and used are not eliminated in the process of consolidation.

The statement of net assets presents the financial condition of the governmental activities of the School District at fiscal year-end. The statement of activities presents a comparison between direct expenses and program revenues for each program or function of the School District's governmental activities. 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 School District, with certain limited exceptions. The comparison of direct expenses with program revenues identifies the extent to which each governmental activity is self-financing or draws from the general revenues of the School District.

Fund Financial Statements

During the fiscal year, the School District segregates transactions related to certain School District 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 School District at this more detailed level. The focus of the governmental 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. The Internal Service Fund is presented in a single column on the face of the proprietary fund statements. The fiduciary fund is reported by type.

C. FUND ACCOUNTING

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

Governmental Funds

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

AVON LAKE CITY SCHOOL DISTRICT
LORAIN COUNTY
NOTES TO THE BASIC FINANCIAL STATEMENTS
FOR THE YEAR ENDED JUNE 30, 2011
(CONTINUED)

NOTE 1 - SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (continued)

C. FUND ACCOUNTING (continued)

General Fund - The General Fund is the operating fund of the School District 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 School District for any purpose provided it is expended or transferred according to the general laws of Ohio.

Bond Retirement Fund - The Bond Retirement Fund is used to account for tax levies that are utilized for the repayment of general obligation bonds of the School District.

Building Improvement Fund - The Building Improvement Fund is used to account for debt proceeds to be used for the acquisition, construction, or improvement of major capital facilities.

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

Proprietary Fund Type

Proprietary funds focus on the determination of operating income, changes in net assets, financial position, and cash flows and are classified as either enterprise or internal service. The School District only has an Internal Service Fund.

Internal Service Fund - The Internal Service Fund accounts for the financing of services provided by one department or agency to other departments or agencies of the School District on a cost-reimbursement basis. The School District utilizes an internal service fund to account for the operation of the School District's self insurance program for employee medical benefits.

Fiduciary Fund Type

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 School District under a trust agreement for individuals, private organizations, or other governments and are therefore not available to support the School District's own programs. The School District has no trust funds. Agency funds are custodial in nature (assets equal liabilities) and do not involve measurement of results of operations. The School District's agency funds report resources that belong to the student bodies of the various schools and staff services outside the scope of normal operations.

D. MEASUREMENT FOCUS

Government-wide Financial Statements - The government-wide financial statements are prepared using the economic resources measurement focus. All assets and all liabilities associated with the operation of the School District 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.

AVON LAKE CITY SCHOOL DISTRICT
LORAIN COUNTY
NOTES TO THE BASIC FINANCIAL STATEMENTS
FOR THE YEAR ENDED JUNE 30, 2011
(CONTINUED)

NOTE 1 - SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (continued)

D. MEASUREMENT FOCUS (continued)

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 are generally included on the balance sheet. The statement of revenues, expenditures, and changes in fund balances reports on the sources (i.e., revenues and other financing sources) and uses (i.e., expenditures and other financing uses) of current financial resources. This approach differs from the manner in which the governmental activities of the government-wide financial statements are prepared. Governmental fund financial statements therefore include reconciliations with brief explanations to better identify the relationship between the government-wide statements and the statements for governmental funds.

Like the government-wide statements, the Internal Service Fund is accounted for on a flow of economic resources measurement focus. All assets and all liabilities associated with the operation of the fund are included on the statement of fund net assets. The statement of revenues, expenses, and changes in fund net assets presents increases (i.e., revenues) and decreases (i.e., expenses) in total net assets. The statement of cash flows provides information about how the School District finances and meets the cash flow needs of its Internal Service Fund activity.

E. 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. Governmental funds use the modified accrual basis of accounting. Proprietary and fiduciary funds also use the accrual basis of accounting. Differences between the accrual and modified accrual basis of accounting arise in the recognition of revenue, the recording of unearned revenue and in the presentation of expenses versus expenditures.

Revenues - Exchange and Non-exchange 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 fiscal year in which the resources are measurable and become available. Available means that the resources will be collected within the current fiscal year or are expected to be collected soon enough thereafter to be used to pay liabilities of the current fiscal year. For the School District, available means expected to be received within sixty days of fiscal year-end.

Non-exchange transactions, in which the School District receives value without directly giving equal value in return, include property taxes, grants, entitlements, and donations. On an accrual basis, revenue from property taxes is recognized in the fiscal year for which the taxes are levied (See Note 7). Revenue from grants, entitlements, and donations is recognized in the fiscal year in which all eligibility requirements have been satisfied. Eligibility requirements include timing requirements, which specify the fiscal year when the resources are required to be used or the fiscal year when use is first permitted, matching requirements, in which the School District must provide local resources to be used for a specified purpose, and expenditure requirements, in which the resources are provided to the School District on a reimbursement basis. On a modified accrual basis, revenue from non-exchange transactions must also be available before it can be recognized.

AVON LAKE CITY SCHOOL DISTRICT
LORAIN COUNTY
NOTES TO THE BASIC FINANCIAL STATEMENTS
FOR THE YEAR ENDED JUNE 30, 2011
(CONTINUED)

NOTE 1 - SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (continued)

E. BASIS OF ACCOUNTING (continued)

Under the modified accrual basis, the following revenue sources are considered to be both measurable and available at fiscal year-end: property taxes available in advance, interest, tuition, grants, student fees and rentals.

Unearned Revenue

Unearned 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 June 30, 2011, but which were levied to finance fiscal year 2012 operations, have been recorded as unearned revenue. Grants and entitlements received before eligibility requirements are met are also recorded as unearned revenue.

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

Expenses/Expenditures

On the accrual basis of accounting, expenses are recognized when 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 the governmental funds.

F. BUDGETARY PROCESS

All funds, other than agency funds, are legally required to be budgeted and appropriated. The major documents prepared are the tax budget, the appropriation resolution, and the certificate of estimated resources, 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 that the Board of Education may appropriate. The appropriation resolution is the Board's authorization to spend resources and sets annual limits on expenditures plus encumbrances at the level of control selected by the Board. The legal level of control has been established by the Board of Education at the fund level for all funds. Budgetary modifications may only be made by resolution of the Board at the legal level of control. The Treasurer has been authorized to allocate appropriations to the function and object level within each fund.

The certificate of estimated resources may be amended during the fiscal year if projected increases or decreases in revenue are identified by the School District Treasurer. The amounts reported as the original budgeted amounts on the budgetary statements reflect the amounts in the certificate when the original appropriations were adopted. The amounts reported as the final budgeted amounts on the budgetary statements reflect the amounts in the amended certificate that were in effect at the time the final appropriations were passed by the Board of Education.

AVON LAKE CITY SCHOOL DISTRICT
LORAIN COUNTY
NOTES TO THE BASIC FINANCIAL STATEMENTS
FOR THE YEAR ENDED JUNE 30, 2011
(CONTINUED)

NOTE 1 - SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (continued)

F. BUDGETARY PROCESS (continued)

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

G. CASH AND CASH EQUIVALENTS

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

During fiscal year 2011, investments were limited to Federal Home Loan Bank Bonds, United States Treasury Notes, Commercial Paper and STAR Ohio.

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

STAR Ohio is an investment pool managed by the State Treasurer's Office which allows governments within the State to pool their funds for investment purposes. STAR Ohio 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 STAR Ohio are valued at STAR Ohio's share price, which is the price the investment could be sold for on June 30, 2011.

Following Ohio statutes, the Board of Education has, by resolution, identified the funds to receive an allocation of interest earnings. Interest revenue credited to the General Fund during fiscal year 2011 amounted to \$ 117,308.

Investments of the cash management pool and investments with an original maturity of three months or less at the time they are purchased by the School District are reported as cash equivalents.

H. RESTRICTED ASSETS

Assets are reported as restricted when limitations on their use change in nature or normal understanding of the availability of the asset. Such constraints are either imposed by creditors, contributors, grantors, or laws of other governments or imposed by enabling legislation. Restricted assets in the General Fund include amounts required by State statute to be set-aside for the creation of a reserve for budget stabilization. See Note 22 for additional information regarding set-asides.

AVON LAKE CITY SCHOOL DISTRICT
LORAIN COUNTY
NOTES TO THE BASIC FINANCIAL STATEMENTS
FOR THE YEAR ENDED JUNE 30, 2011
(CONTINUED)

NOTE 1 - SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (continued)

I. PREPAID ITEMS

Payments made to vendors for services that will benefit periods beyond June 30, 2011, are reported as prepaid items using the consumption method. A current asset for the prepaid amount is recorded at the time of the purchase and an expenditure/expense is reported in the year in which services are consumed.

J. INVENTORY

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

K. CAPITAL ASSETS

All capital assets of the School District are classified as general capital assets. These assets generally result from expenditures in the governmental funds. They 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 are capitalized at cost (or estimated historical cost) and updated for additions and retirements during the fiscal year. Donated capital assets are recorded at their fair market values as of the date received. The School District maintains a capitalization threshold of five thousand dollars. The School District does not possess any infrastructure. Improvements are capitalized; the costs of normal maintenance and repairs that do not add to the value of an asset or materially extend an asset's life are not.

All reported capital assets except land and construction in process are depreciated. Improvements are depreciated over the remaining useful lives of the related capital assets. Depreciation is computed using the straight-line method over the following useful lives:

<u>Asset</u>	<u>Estimated Useful Life</u>
Land improvements	3 - 25 years
Buildings and improvements	5 - 90 years
Furniture and equipment	3 - 40 years
Vehicles	7 - 13 years

AVON LAKE CITY SCHOOL DISTRICT
LORAIN COUNTY
NOTES TO THE BASIC FINANCIAL STATEMENTS
FOR THE YEAR ENDED JUNE 30, 2011
(CONTINUED)

NOTE 1 - SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (continued)

L. INTERFUND BALANCES

On the fund financial statements, receivables and payables resulting from short-term interfund loans and unpaid amounts for interfund services are classified 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.

M. 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 School District will compensate the employees for the benefits through paid time off or some other means. The School District records a liability for 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 it is probable that benefits will result in termination payments. The liability is an estimate based on the School District's past experience of making termination payments.

The entire compensated absence liability is reported on the government-wide financial statements.

On the governmental fund financial statements, compensated absences are recognized as liabilities and expenditures to the extent payments come due each period upon the occurrence of employee resignations and retirements. These amounts are recorded in the account "matured compensated absences payable" in the General Fund.

N. 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 the Internal Service Fund are reported on the Internal Service 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, compensated absences and contractually required pension contributions 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 fiscal year. Bonds, capital lease obligations, long-term notes and loans are recognized as a liability on the governmental fund financial statements when due.

O. 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 School District or through external restrictions imposed by creditors, grantors or laws or regulations of other governments. Net assets restricted for other purposes include the operations of the adult education program.

The government-wide statement of net assets reports \$ 4,720,978 of restricted net assets, none of which is restricted by enabling legislation.

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

AVON LAKE CITY SCHOOL DISTRICT
LORAIN COUNTY
NOTES TO THE BASIC FINANCIAL STATEMENTS
FOR THE YEAR ENDED JUNE 30, 2011
(CONTINUED)

NOTE 1 - SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (continued)

P. FUND BALANCE

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

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

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

Committed - The committed fund balance classification includes amounts that can be used only for the specific purposes imposed by a formal action (resolution) of the School District Board of Education. Those committed amounts cannot be used for any other purpose unless the School District Board of Education removes or changes the specified use by taking the same type of action (resolution) it employed to previously commit those amounts. Committed fund balance also incorporates contractual obligations to the extent that existing resources in the fund have been specifically committed for use in satisfying those contractual requirements.

Assigned - Amounts in the assigned fund balance classification are intended to be used by the School District for specific purposes but do not meet the criteria to be classified as restricted or committed. In governmental funds other than the general fund, assigned fund balance represents the remaining amount that is not restricted or committed. In the general fund, assigned amounts represent intended uses established by the School District Board of Education.

Unassigned - Unassigned fund balance is the residual classification for the general fund and includes all spendable amounts not contained in the other classifications. In other governmental funds, the unassigned classification is used only to report a deficit balance resulting from overspending for specific purposes for which amounts had been restricted, committed, or assigned.

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

Q. OPERATING REVENUES AND EXPENSES

Operating revenues are those revenues that are generated directly from the primary activity of the proprietary funds. For the School District, these revenues are charges for services for health insurance in the Internal Service Fund. Operating expenses are necessary costs incurred to provide the good or service that are the primary activity of the fund. Revenues and expenses not meeting these definitions are reported as nonoperating.

AVON LAKE CITY SCHOOL DISTRICT
LORAIN COUNTY
NOTES TO THE BASIC FINANCIAL STATEMENTS
FOR THE YEAR ENDED JUNE 30, 2011
(CONTINUED)

NOTE 1 - SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (continued)

R. 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 Board of Education and that are either unusual in nature or infrequent in occurrence.

S. 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 2 – CHANGE IN ACCOUNTING PRINCIPLES AND RESTATEMENT OF FUND BALANCE

For fiscal year 2011, the School District has implemented Governmental Accounting Standard Board (GASB) Statement No. 54, "Fund Balance Reporting and Governmental Fund Type Definitions.

GASB Statement No. 54 enhances the usefulness of fund balance information by providing clearer fund balance classifications that can be more consistently applied and by clarifying the existing governmental fund type definitions. This statement establishes fund balance classifications that compromise a hierarchy based primarily on the extent to which a government is bound to observe constraints imposed upon the use of the resources reported in governmental funds. The implementation of this statement resulted in the reclassification of certain funds and restatement of the School District's financial statements.

The implementation of GASB Statement No. 54 had the following effect on fund balances of the major and nonmajor funds as they were previously reported.

	<u>General</u>	<u>Bond Retirement</u>	<u>Building Improvement</u>	<u>Other Governmental Funds</u>	<u>Total Governmental Funds</u>
Fund balance at 6/30/10, As previously reported	\$ 14,151,274	\$ 3,789,137	\$ 11,397,933	\$ 1,558,011	\$ 30,896,355
Change in fund structure	190,855	-	-	(190,855)	-
As restated at 6/30/10	<u>\$ 14,342,129</u>	<u>\$ 3,789,137</u>	<u>\$ 11,397,933</u>	<u>\$ 1,367,156</u>	<u>\$ 30,896,355</u>

NOTE 3 – COMPLIANCE AND ACCOUNTABILITY

Not apparent in the basic financial statements is a deficit fund balance in the Title VI-B Fund of \$ 50,134. The deficit fund balance resulted from adjustments for accrued liabilities. The General Fund is liable for any deficits in the fund and provides transfers when cash is required, not when accruals occur.

AVON LAKE CITY SCHOOL DISTRICT
LORAIN COUNTY
NOTES TO THE BASIC FINANCIAL STATEMENTS
FOR THE YEAR ENDED JUNE 30, 2011
(CONTINUED)

NOTE 4 - BUDGETARY BASIS OF ACCOUNTING

While the School District is reporting financial position, results of operations, and changes in fund balance on the basis of generally accepted accounting principles (GAAP), the budgetary basis as provided by law is based upon accounting for certain 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 Fund is 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).

The following table summarizes the adjustments necessary to reconcile the GAAP basis statements to the budgetary basis statements for the General Fund.

Net Change in Fund Balance	
	General Fund
Budget basis	\$ (5,628,704)
Adjustments, increase (decrease)	
Revenue accruals	899,673
Expenditure accruals	1,268,936
Encumbrances	1,674,740
GAAP basis, as reported	\$ (1,785,355)

AVON LAKE CITY SCHOOL DISTRICT
LORAIN COUNTY
NOTES TO THE BASIC FINANCIAL STATEMENTS
FOR THE YEAR ENDED JUNE 30, 2011
(CONTINUED)

NOTE 5 – FUND BALANCES

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

Fund balances	General Fund	Bond Retirement Fund	Building Improvement Fund	Nonmajor Governmental Funds	Total
Nonspendable					
Inventory	\$ 35,732	\$ -	\$ -	\$ 11,702	\$ 47,434
Restricted for:					
Food service operations	-	-	-	339,952	339,952
Athletics	-	-	-	208,069	208,069
Non-public schools	-	-	-	37,159	37,159
Community activities	-	-	-	158,928	158,928
Technology improvements	-	-	-	350	350
Debt service	-	3,504,942	-	482,267	3,987,209
Capital improvements	-	-	1,657,480	461,110	2,118,590
Total restricted	-	3,504,942	1,657,480	1,687,835	6,850,257
Committed					
Other purposes	113,990	-	-	-	113,990
Assigned to					
Encumbrances	1,542,089	-	-	-	1,542,089
Other purposes	220,309	-	-	-	220,309
Total assigned	1,762,398	-	-	-	1,762,398
Unassigned (deficit)	10,644,654	-	-	(50,134)	10,594,520
Total fund balances	\$ 12,556,774	\$ 3,504,942	\$ 1,657,480	\$ 1,649,403	\$ 19,368,599

AVON LAKE CITY SCHOOL DISTRICT
LORAIN COUNTY
NOTES TO THE BASIC FINANCIAL STATEMENTS
FOR THE YEAR ENDED JUNE 30, 2011
(CONTINUED)

NOTE 6 - DEPOSITS AND INVESTMENTS

A. LEGAL REQUIREMENTS

State statutes classify monies held by the School District into three categories.

Active deposits are public deposits necessary to meet current demands on the treasury. Such monies must be maintained either as cash in the School District 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 the Board of Education 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 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.

Protection of the School District's deposits is provided by the Federal Deposit Insurance Corporation (FDIC), by eligible securities pledged by the financial institution as security for repayment, by surety company bonds deposited with the Treasurer by the financial institution, or by a single collateral pool established by the financial institution to secure the repayment of all public monies deposited with the institution.

Interim monies may be invested in the following securities:

1. United States Treasury bills, bonds, notes, or any other obligation or security issued by the United States Treasury, or any other obligation guaranteed as to principal and interest by the United States;
2. Bonds, notes, debentures, or any other obligation or security 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;

AVON LAKE CITY SCHOOL DISTRICT
LORAIN COUNTY
NOTES TO THE BASIC FINANCIAL STATEMENTS
FOR THE YEAR ENDED JUNE 30, 2011
(CONTINUED)

NOTE 6 - DEPOSITS AND INVESTMENTS (continued)

A. LEGAL REQUIREMENTS (continued)

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 2 percent and be marked to market daily, and 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) 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 (STAR Ohio);
7. Commercial paper and bankers' acceptances (if authorized by the Board of Education), and;
8. Under limited circumstances, corporate debt interests rated in either of the two highest rating classifications by at least two nationally recognized rating agencies.

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

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

At fiscal year end, the School District had \$ 17,457 in cash on hand which is included on the balance sheet of the School District as part of "Equity in Pooled Cash".

B. DEPOSITS

Custodial credit risk is the risk that, in the event of a bank failure, the School District's deposits may not be returned. The School District does not have a deposit policy for custodial credit risk. At fiscal year end, the carrying amount of the School District's deposits was \$ 21,647,494 and the bank balance was \$ 22,316,195. Of the bank balance, \$ 3,789,603 was covered by federal depository insurance and \$ 18,526,592 was uninsured. Of the remaining balance, \$ 18,526,592 was collateralized with securities held by the pledging institution's trust department not in the School District's name. Although the securities were held by the pledging financial institutions' trust department and all statutory requirements for the deposit of money had been followed, noncompliance with Federal requirements could potentially subject the School District to a successful claim by the FDIC.

The School District has no deposit policy for custodial risk beyond the requirements of State statute. Ohio law requires that deposits be either insured or be protected by eligible securities pledged to and deposited either with the School District 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.

AVON LAKE CITY SCHOOL DISTRICT
LORAIN COUNTY
NOTES TO THE BASIC FINANCIAL STATEMENTS
FOR THE YEAR ENDED JUNE 30, 2011
(CONTINUED)

NOTE 6 - DEPOSITS AND INVESTMENTS (continued)

C. INVESTMENTS

For an investment, custodial credit risk is the risk that, in the event of the failure of the counterparty, the School District will not be able to recover the value of its investments or collateral securities that are in the possession of an outside party. As of June 30, 2011, the School District had the following investments:

	Fair Value	Percentage of Investments	Investment Maturities
Commercial paper	\$ 3,993,775	69.21%	Less than six months
FHLB	999,800	17.32%	Greater than one year
U.S. Treasury Note	502,578	8.71%	More than six months, less than one year
STAR Ohio	274,657	4.76%	Less than six months
	<u>\$ 5,770,810</u>	<u>100.00%</u>	

D. INTEREST RATE RISK

The Ohio Revised Code generally limits security purchases to those that mature within five years of the settlement date.

E. CREDIT RISK

The School District follows the Ohio Revised Code that limits its investment choices. As of June 30, 2011 the School District's investment in Star Ohio was rated AAAM by Standard & Poor's. The investments in commercial paper were rated A1+/P1 by Moody's / Standard & Poor's as of June 30, 2011. The investment in the U. S. Treasury Note was rated Aaa/AAA by Moody's / Standard & Poor's as of June 30, 2011.

F. CONCENTRATION OF CREDIT RISK

The School District places no limit on the amount that may be invested in any one issuer.

NOTE 7 - PROPERTY TAXES

Property taxes are levied and assessed on a calendar year basis while the School District fiscal year runs from July through June. First half tax collections are received by the School District in the second half of the fiscal year. Second half tax distributions occur in the first half of the following fiscal year.

Property taxes include amounts levied against all real, public utility and tangible personal property (used in business) located in the School District. Real property tax revenue received in calendar 2011 represents collections of calendar year 2010 taxes. Real property taxes received in calendar year 2011 were levied after April 1, 2010, on the assessed value listed as of January 1, 2010, the lien date. Assessed values for real property taxes are established by State law at 35 percent of appraised market value. 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 alternate payment dates to be established.

Public utility property tax revenue received in calendar 2011 represents collections of calendar year 2010 taxes. Public utility real and tangible personal property taxes received in calendar year 2011 became a lien December 31, 2009, were levied after April 1, 2010 and are collected in 2011 with real property taxes. Public utility real property is assessed at 35 percent of true value; public utility tangible personal property currently is assessed at varying percentages of true value.

AVON LAKE CITY SCHOOL DISTRICT
LORAIN COUNTY
NOTES TO THE BASIC FINANCIAL STATEMENTS
FOR THE YEAR ENDED JUNE 30, 2011
(CONTINUED)

NOTE 7 - PROPERTY TAXES (continued)

Tangible personal property taxes received from telephone companies in calendar year 2011 were levied after October 1, 2010, on the value as of December 31, 2010. Payments 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 by September 20. Tangible personal property taxes paid by April 30 are usually received by the School District prior to June 30; however, this year the settlement was late.

The School District receives property taxes from Lorain County. The County Auditor periodically advances to the School District its portion of the taxes collected. Second-half real property tax payments collected by the County by June 30, 2011, are available to finance fiscal year 2011 operations. The amount available to be advanced can vary based on the date the tax bills are sent.

Accrued property taxes receivable includes real property, public utility property and tangible personal property taxes which are measurable as of June 30, 2011 and for which there is an enforceable legal claim. Although total property tax collections for the next fiscal year are measurable, only delinquent settlement of tangible personal property taxes and the amount of real property taxes available as an advance at June 30 was levied to finance current fiscal year operations and is reported as revenue at fiscal year end. The portion of the receivable not levied to finance current fiscal year operations is offset by a credit to deferred revenue.

The amount available as an advance at June 30, 2011 was \$ 2,099,294 in the General Fund, \$ 364,628 in the Bond Retirement Debt Service Fund, \$ 110,782 in the Library Bond Retirement Debt Service Fund and \$ 44,582 in the Permanent Improvements Capital Projects Fund. The amount available as an advance at June 30, 2010, was \$ 1,171,396 in the General Fund, \$ 199,116 in the Bond Retirement Debt Service Fund, \$ 60,169 in the Library Bond Retirement Debt Service Fund and \$ 25,793 in the Permanent Improvements Capital Projects Fund.

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 has been deferred.

The assessed values upon which the fiscal year 2011 taxes were collected are:

	2010 Second Half Collections		2011 First Half Collections	
	Amount	%	Amount	%
Agricultural/ Residential and Other Real Estate	\$ 760,700,870	93.04 %	\$ 768,801,730	93.08 %
Public Utility Personal	56,540,920	6.92	57,136,730	6.92
Tangible Personal Property	348,889	0.04	-	0.00
	<u>\$ 817,590,679</u>	<u>100.00 %</u>	<u>\$ 825,938,460</u>	<u>100.00 %</u>
 Tax Rate per \$ 1,000 of Assessed Valuation:	 <u>\$ 66.03</u>		 <u>\$ 65.89</u>	

NOTE 8 - RECEIVABLES

Receivables at June 30, 2011, consisted of property taxes, accounts and other, intergovernmental receivables, interfund, and interest. All receivables are considered collectible in full due to the ability to foreclose for the nonpayment of taxes, the stable condition of State programs, and the current fiscal year guarantee of federal funds. All receivables are expected to be collected within one year.

AVON LAKE CITY SCHOOL DISTRICT
LORAIN COUNTY
NOTES TO THE BASIC FINANCIAL STATEMENTS
FOR THE YEAR ENDED JUNE 30, 2011
(CONTINUED)

NOTE 8 – RECEIVABLES (continued)

At June 30, 2011 intergovernmental receivables consisted of:

	Amount
Personal property reimbursement	\$ 3,791,605
Miscellaneous grants	479,724
	\$ 4,271,329

NOTE 9 - INTERFUND TRANSFERS

On the fund financial statements at June 30, 2011, interfund balances consisted of the following:

	Due from:		Total
	Building Improvement Fund	Nonmajor Governmental Funds	
Due to: General Fund	\$ 1,000,000	\$ 265,982	\$ 1,265,982

These amounts are represented as Interfund receivable/payable on the balance sheet. The loans were made to support programs and projects in the Title VI-B Fund and the Building Improvement Fund.

NOTE 10 - CAPITAL ASSETS

Capital asset activity for the fiscal year ended June 30, 2011, was as follows:

	Balance June 30, 2010	Additions	Disposals	Balance June 30, 2011
<u>Governmental Activities</u>				
Nondepreciable capital assets				
Land	\$ 5,773,827	\$ 252,123	\$ -	\$ 6,025,950
Construction in process	1,949,888	8,038,713	1,492,199	8,496,402
	7,723,715	8,290,836	1,492,199	14,522,352
Depreciable capital assets				
Land improvements	2,083,052	-	-	2,083,052
Buildings and improvements	60,916,322	5,272,549	-	66,188,871
Furniture and equipment	10,991,352	501,093	21,820	11,470,625
Vehicles	2,039,367	6,935	-	2,046,302
Total capital assets being depreciated	76,030,093	5,780,577	21,820	81,788,850
Less accumulated depreciation				
Land improvements	1,043,398	83,619	-	1,127,017
Buildings and improvements	23,911,301	1,846,258	-	25,757,559
Furniture and equipment	9,113,457	728,315	18,684	9,823,088
Vehicles	1,220,252	142,024	-	1,362,276
Total accumulated depreciation	35,288,408	2,800,216	18,684	38,069,940
Depreciable capital assets, net of accumulated depreciation	40,741,685	2,980,361	3,136	43,718,910
Governmental activities capital assets, net	\$ 48,465,400	\$ 11,271,197	\$ 1,495,335	\$ 58,241,262

AVON LAKE CITY SCHOOL DISTRICT
LORAIN COUNTY
NOTES TO THE BASIC FINANCIAL STATEMENTS
FOR THE YEAR ENDED JUNE 30, 2011
(CONTINUED)

NOTE 10 - CAPITAL ASSETS (continued)

Depreciation expense was charged to governmental activities as follows:

Instruction	
Regular	\$ 1,995,933
Supporting services	
Administration	219,441
Fiscal	620
Business	3,308
Operation and maintenance of plant	364,307
Pupil transportation	140,898
Operation of non-instructional services	
Food service	53,297
Extracurricular activities	
Sports oriented	22,412
Total depreciation expense	\$ 2,800,216

NOTE 11 - RISK MANAGEMENT

A. PROPERTY AND LIABILITY

The School District 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 fiscal year 2011 the School District contracted with Indiana Insurance Company for property insurance. Professional liability is protected by the Ohio Casualty Insurance Company with a \$ 4,000,000 aggregate limit. Vehicles are covered by the Ohio Casualty Insurance Company and hold a \$ 250 deductible for comprehensive and \$ 500 deductible for collision. Automobile liability has a \$ 3,000,000 combined single limit of liability.

Settled claims have not exceeded this commercial coverage in any of the past three fiscal years. There has not been a significant reduction in coverage from last year.

The School District maintains a \$ 50,000 public official bond for the treasurer, a \$ 20,000 public official bond for the Board of Education president, a \$ 20,000 public official bond for the superintendent, and a \$ 250,000 blanket bond for all other employees.

The School District 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.

AVON LAKE CITY SCHOOL DISTRICT
LORAIN COUNTY
NOTES TO THE BASIC FINANCIAL STATEMENTS
FOR THE YEAR ENDED JUNE 30, 2011
(CONTINUED)

NOTE 11 - RISK MANAGEMENT (continued)

B. EMPLOYEE MEDICAL COVERAGE

The School District is self-insured for medical, surgical, prescription drug, dental and vision benefits for the School District employees. The School District uses the Self-Insurance Internal Service Fund to account for and finance its uninsured risks of loss in this program. A third party, Medical Mutual of Ohio, reviews all claims which are then paid by the School District. The premium is paid by the fund that pays the salary for the employee and is based on historical cost information.

The School District maintains stop-loss coverage for its insurance program. Stop-loss is maintained at \$ 150,000 per employee per calendar year. One covered individual met the stop-loss limit in fiscal year 2011.

The claims liability of \$ 461,700 reported in the Internal Service Fund at June 30, 2011, is based on an estimate provided by the third party administrator and the requirements of Governmental Accounting Standards Board Statement No. 30 which requires that a liability for unpaid claims costs, including estimates of costs relating to incurred but not reported claims, be reported. The estimate was not affected by incremental claim adjustment expenses and does not include other allocated or unallocated claim adjustment expenses.

Changes in the claims liability amount in 2011 and 2010 were:

	<u>June 30, 2011</u>	<u>June 30, 2010</u>
Unpaid claims, beginning of year	\$ 338,400	\$ 288,457
Incurred claims	4,136,251	3,167,831
Paid claims	(4,012,951)	(3,117,888)
Unpaid claims, end of year	<u>\$ 461,700</u>	<u>\$ 338,400</u>

NOTE 12 - DEFINED BENEFIT PENSION PLANS

A. SCHOOL EMPLOYEE RETIREMENT SYSTEM

Plan Description - The School District contributes to the School Employees Retirement System of Ohio (SERS), a cost-sharing multiple-employer defined benefit pension plan. SERS provides retirement, disability, and survivor benefits, annual cost-of-living adjustments, and death benefits to plan members and beneficiaries. Authority to establish and amend benefits is provided by state statute per Chapter 3309 of the Ohio Revised Code. SERS issues a publicly available, stand-alone financial report that includes financial statements and required supplementary information. That report can be obtained on SERS' website at www.ohsers.org under Employers/Audit Resources.

AVON LAKE CITY SCHOOL DISTRICT
LORAIN COUNTY
NOTES TO THE BASIC FINANCIAL STATEMENTS
FOR THE YEAR ENDED JUNE 30, 2011
(CONTINUED)

NOTE 12 - DEFINED BENEFIT PENSION PLANS

A. SCHOOL EMPLOYEE RETIREMENT SYSTEM

Funding Policy - Plan members are required to contribute 10% of their annual covered salary and The School District is required to contribute 14% of annual covered payroll. The contribution requirements of plan members and employers are established and may be amended, up to statutory maximum amounts, by the SERS' Retirement Board. The Retirement Board acting with the advice of the actuary, allocates the employer contribution rate among four of the funds (Pension Trust Fund, Death Benefit Fund, Medicare B Fund, and Health Care Fund) of the System. For fiscal year ending June 30, 2011, the allocation to pension and death benefits is 11.81%. The remaining 2.19% of the 14% employer contribution rate is allocated to the Health Care and Medicare B Funds. The School District's contributions to SERS for the years ended June 30, 2011, 2010, and 2009 were \$ 718,849, \$ 759,519 and \$ 495,564, respectively; 23.0 percent has been contributed for fiscal year 2010 and 100 percent has been contributed for fiscal years 2010 and 2009.

B. STATE TEACHERS RETIREMENT SYSTEM

Plan Description - The School District participates in the State Teachers Retirement System of Ohio (STRS Ohio), a cost-sharing, multiple employer public employee retirement plan. STRS Ohio provides retirement and disability benefits to members and death and survivor benefits to beneficiaries. STRS Ohio issues a stand-alone financial report that may be obtained by writing to STRS Ohio, 275 E. Broad St., Columbus, OH 43215-3771, by calling (888) 227-7877, or by visiting the STRS Ohio Web site at www.strsoh.org.

Plan options - New members have a choice of three retirement plans options. In addition to the Defined Benefit (DB) Plan, new members are offered a Defined Contribution (DC) Plan and a Combined Plan. The DB plan allows members to allocate all their member contributions and employer contributions equal to 10.5% of earned compensation among various investment choices. The Combined Plan offers features of both the DC Plan and the DB Plan. In the Combined Plan, member contributions are allocated to investment choices by the member, and employer contributions are used to fund the defined benefit payment at a reduced level from the regular DB Plan. Contributions into the DC Plan and the Combined Plan are credited to member accounts as employers submit their payroll information to STRS Ohio, generally on a biweekly basis. DC and Combined Plan members will transfer to the DB Plan during their fifth year of membership unless they permanently select the DC or Combined Plan.

DB Plan Benefits – Plan benefits are established under Chapter 3307 of the Revised Code. Any member may retire who has (i) five years of service and attained age 60; (ii) 25 years of service credit and attained age 55; or (iii) 30 years of service credit regardless of age. The annual retirement allowance, payable for life, is the greater of the "formula benefit" or the "money-purchase benefit" calculation. Under the "formula benefit," the retirement allowance is based on years of credited service and final average salary, which is the average of the member's three highest salary years. The annual allowance is calculated by using a base percentage of 2.2% multiplied by the total number of years of service credit (including Ohio-valued purchased credit) times the final average salary. The 31st year of earned Ohio service credit is calculated at 2.5%. An additional one-tenth of a percent is added to the calculation for every year of earned Ohio service over 31 years (2.6% for 32 years, 2.7% for 33 years and so on) until 100% of final average salary is reached. For members with 35 or more years of Ohio contributing service, the first 30 years will be calculated at 2.5% instead of 2.2%. Under the "money-purchase benefit" calculation, a member's lifetime contributions plus interest as specified rates are matched by an equal amount from other STRS Ohio funds. This total is then divided by an actuarially determined annuity factor to determine the maximum annual retirement allowance.

AVON LAKE CITY SCHOOL DISTRICT
LORAIN COUNTY
NOTES TO THE BASIC FINANCIAL STATEMENTS
FOR THE YEAR ENDED JUNE 30, 2011
(CONTINUED)

NOTE 12 - DEFINED BENEFIT PENSION PLANS (continued)

B. STATE TEACHERS RETIREMENT SYSTEM (STRS) (continued)

DC Plan Benefits – Benefits are established under Sections 3307.80 to 3307.89 of the Revised Code. For members who select the DC Plan, all member contributions and employer contributions at a rate of 10.5% are placed in an investment account. The member determines how to allocate the member and employer money among various investment choices. A member is eligible to receive a retirement benefit at age 50 and termination of employment. The member may elect to receive a lifetime monthly annuity or a lump-sum withdrawal. Employer contributions into members' accounts are vested after the first anniversary of the first day of paid service. Members in the DC Plan who become disabled are entitled only to their account balance. If a member dies before retirement benefits begin, the member's designated beneficiary is entitled to receive the member's account balance.

Combined Plan Benefits – Members contributions are allocated by the members, and employer contributions are used to fund a defined benefit payment. A member's defined benefit is determined by multiplying 1% of the member's final average salary by the member's years of service credit. The defined benefit portion of the Combined Plan payment is payable to a member on or after age 60. The defined contribution portion of the account may be taken as a lump sum or converted to a lifetime monthly annuity at age 50.

A retiree of STRS Ohio is eligible for reemployment as a teacher following the elapse of two months from the date of retirement. Contributions are made by the reemployed member and employer during the reemployment. Upon termination of reemployment or age 65, whichever comes later, the retiree is eligible for an annuity benefit or equivalent lump-sum payment in addition to the original retirement allowance. A reemployed retiree may alternatively receive a refund of only member contributions with interest before age 65, once employment is terminated.

Benefits are increased annually by 3% of the original base amount for DB plan participants.

A DB or Combined Plan member with five or more years credited service who becomes disabled may qualify for a disability benefit. Eligible spouses and dependents of these active members who die before retirement may qualify for survivor benefits. A death benefit of \$1,000 is payable to the beneficiary of each deceased retired member who participated in the DB Plan. Death benefit coverage up to \$2,000 can be purchased by participants in the DB, DC or Combined Plans. Various other benefits are available to members' beneficiaries.

Chapter 3307 of the Revised Code provides statutory authority for member and employer contributions. Contribution rates are established by the State Teachers Retirement Board, upon recommendations of its consulting actuary, not to exceed statutory maximum rates of 10% of member and 14% for employers. Contribution requirements and contributions actually made for the fiscal year ended June 30, 2011, were 10% of covered payroll for members and 14% for employers. The School District's required contributions for pension obligations to STRS Ohio for the fiscal years ended June 30, 2011, 2010, and 2009 were \$2,377,345, \$2,277,435, and \$2,132,033, respectively; 83.4 percent has been contributed for fiscal year 2011 and 100 percent for fiscal years 2010 and 2009.

C. SOCIAL SECURITY SYSTEM

Effective July 1, 1991, all employees not otherwise covered by the School Employees Retirement System or the State Teachers Retirement System of Ohio have an option to choose Social Security or the School Employees Retirement System. As of June 30, 2011, one member of the Board of Education has elected Social Security. The Board's liability is 6.2 percent of wages paid.

AVON LAKE CITY SCHOOL DISTRICT
LORAIN COUNTY
NOTES TO THE BASIC FINANCIAL STATEMENTS
FOR THE YEAR ENDED JUNE 30, 2011
(CONTINUED)

NOTE 13 - POSTEMPLOYMENT BENEFITS

A. SCHOOL EMPLOYEE RETIREMENT SYSTEM

Plan Description - In addition to a cost-sharing multiple-employer defined benefit pension plan the School Employees Retirement System of Ohio (SERS) administers two postemployment benefit plans.

Medicare Part B Plan - The Medicare Part B plan reimburses Medicare Part B premiums paid by eligible retirees and beneficiaries as set forth in Ohio Revised Code (ORC) 3309.69. Qualified benefit recipients who pay Medicare Part B premiums may apply for and receive a monthly reimbursement from SERS. The reimbursement amount is limited by statute to the lesser of the January 1, 1999 Medicare Part B premium or the current premium. The Medicare Part B monthly premium for calendar year 2011 was \$ 96.40 for most participants, but could be as high as \$ 369.10 per month depending on their income. SERS' reimbursement to retirees was \$ 45.50.

The Retirement Board, acting with the advice of the actuary, allocates a portion of the current employer contribution rate to the Medicare B Fund. For fiscal year 2011, the actuarially required allocation is .76%. The School District's contributions for the years ended June 30, 2011, 2010 and 2009 were \$ 46,260, \$ 45,309, and \$ 40,888, respectively; 23.0 percent has been contributed for fiscal year 2011 and 100 percent for fiscal years 2010 and 2009.

Health Care Plan - ORC 3309.375 and 3309.69 permit SERS to offer health care benefits to eligible retirees and beneficiaries. SERS' Retirement Board reserves the right to change or discontinue any health plan or program. SERS offers several types of health plans from various vendors, including HMOs, PPOs, Medicare Advantage and traditional indemnity plans. A prescription drug program is also available to those who elect health coverage. SERS employs two third-party administrators and a pharmacy benefit manager to manage the self-insurance and prescription drug plans, respectively.

The ORC provides the statutory authority to fund SERS' postemployment benefits through employer contributions. Active members do not make contributions to the postemployment benefit plans.

The Health Care Fund was established under, and is administered in accordance with Internal Revenue Code § 105(e). Each year after the allocation for statutorily required benefits, the Retirement Board allocates the remainder of the employer 14% contribution to the Health Care Fund. For the year ended June 30, 2011, the health care allocation is 1.43%. An additional health care surcharge on employers is collected for employees earning less than an actuarially determined minimum compensation amount, pro-rated according to service credit earned. State law provides that no employer shall pay a health care surcharge greater than 2% of that employer's SERS-covered payroll; nor may SERS collect in aggregate more than 1.5% of the total statewide SERS-covered payroll for the health care surcharge. For fiscal year 2011, the minimum compensation level was established at \$35,800. The surcharge, added to the unallocated portion of the 14% employer contribution rate is the total amount assigned to the Health Care Fund. The School District's contributions assigned to health care for the years ended June 30, 2011, 2010, and 2009 were \$ 177,039, \$ 108,096, and \$ 226,791 respectively; 23.0 percent has been contributed for fiscal year 2011 and 100 percent for fiscal years 2010 and 2009.

The SERS Retirement Board establishes the rules for the premiums paid by the retirees for health care coverage for themselves and their dependents or for their surviving beneficiaries. Premiums vary depending on the plan selected, qualified years of service, Medicare eligibility, and retirement status. The financial reports of SERS' Health Care and Medicare B plans are included in its Comprehensive Annual Financial Report. The report can be obtained on SERS' website at www.ohsers.org under Employers/Audit Resources.

AVON LAKE CITY SCHOOL DISTRICT
LORAIN COUNTY
NOTES TO THE BASIC FINANCIAL STATEMENTS
FOR THE YEAR ENDED JUNE 30, 2011
(CONTINUED)

NOTE 13 - POSTEMPLOYMENT BENEFITS (continued)

B. STATE TEACHERS RETIREMENT SYSTEM

Plan Description – The School District contributes to the cost sharing multiple employer defined benefit Health Plan administered by the State Teachers Retirement System of Ohio (STRS Ohio) for eligible retirees who participated in the defined benefit or combined pension plans offered by STRS Ohio. Benefits include hospitalization, physicians' fees, prescription drugs and reimbursement of monthly Medicare Part B premiums. The Plan is included in the report of STRS Ohio which may be obtained by visiting www.strsoh.org or by calling (888) 227-7877.

Funding Policy – Ohio law authorizes STRS Ohio to offer the Plan and gives the Retirement Board authority over how much, if any, of the health care costs will be absorbed by STRS Ohio. Active employee members do not contribute to the Plan. All benefit recipients pay a monthly premium. Under Ohio law, funding for post-employment health care may be deducted from employer contributions. For 2011, STRS Ohio allocated employer contributions equal to 1 percent of covered payroll to the Health Care Stabilization Fund. The School District's contributions for health care for the fiscal years ended June 30, 2011, 2010, and 2009, were \$ 182,873, \$ 175,187, and \$ 164,000, respectively; 83.4 percent has been contributed for fiscal year 2011 and 100 percent for fiscal years 2010 and 2009.

NOTE 14 - OTHER EMPLOYEE BENEFITS

A. COMPENSATED ABSENCES

The criteria for determining vacation and sick leave benefits are derived from negotiated agreements and State laws. Classified employees earn ten to twenty days of vacation per fiscal year, depending upon length of service. Accumulated, unused vacation time is paid to classified employees and administrators upon termination of employment. Certified employees do not earn vacation time.

Teachers, administrators, and classified employees earn sick leave at the rate of 1.25 days per month. Sick leave accumulation is unlimited. Upon retirement or death, payment is made for one-fourth of accrued, but unused sick leave credit to a maximum of 40 days for classified employees and 100 days for certified employees.

B. LIFE INSURANCE

The School District provides life insurance and accidental death and dismemberment insurance to its employees. Coverage is equal to employees' annual salary amount rounded to the nearest one thousand dollars. Life insurance is covered through the Prudential Life Insurance.

AVON LAKE CITY SCHOOL DISTRICT
LORAIN COUNTY
NOTES TO THE BASIC FINANCIAL STATEMENTS
FOR THE YEAR ENDED JUNE 30, 2011
(CONTINUED)

NOTE 15 – CONTRACTUAL COMMITMENTS

As of June 30, 2011, the School District had contractual commitments as follows:

<u>Project</u>	<u>Project Authorization</u>	<u>Expended to Date</u>	<u>Outstanding Commitments</u>
Classroom improvements	\$ 9,617,919	\$ 7,416,383	\$ 2,201,536
Bus garage	3,129,453	3,012,529	116,924
Stadium improvements	4,348,125	4,192,250	155,875
	<u>\$ 17,095,497</u>	<u>\$ 14,621,162</u>	<u>\$ 2,474,335</u>

NOTE 16 - CAPITAL LEASES

The School District has entered into several lease agreements for computer equipment and copiers. The School District's lease obligations meet the criteria of a capital lease as defined by Statement of Financial Accounting Standards No. 13, "Accounting for Leases." Capital lease payments have been reclassified and are reflected as debt service expenditures in the basic financial statements. These expenditures are reflected as program/function expenditures on a budgetary basis.

Capital assets acquired by lease have been capitalized and depreciated as follows:

<u>Asset</u>	<u>Cost</u>	<u>Accumulated Depreciation</u>	<u>Net</u>
Copiers	<u>\$ 799,217</u>	<u>\$ 425,251</u>	<u>\$ 373,966</u>

The following is a schedule of the future long-term minimum lease payments required under the capital leases and the present value of the minimum lease payments as of June 30, 2011.

	<u>Year ending June 30,</u>	<u>Amount</u>
	2012	\$ 143,237
	2013	8,443
Total minimum lease payments		151,680
Less amount representing interest		3,163
Net present value of minimum lease payments		<u>\$ 148,517</u>

AVON LAKE CITY SCHOOL DISTRICT
LORAIN COUNTY
NOTES TO THE BASIC FINANCIAL STATEMENTS
FOR THE YEAR ENDED JUNE 30, 2011
(CONTINUED)

NOTE 17 - LONG-TERM OBLIGATIONS

The original issue date, interest rate, original issuance and date of maturity for each of the School District's long-term obligations follows:

	Original Issue Date	Interest Rate	Original Issue Amount	Date of Maturity
General obligation bonds				
School facilities term and serial	1999	4.125 - 5.4%	\$ 41,150,000	12/1/2023
School facilities capital appreciation	1999	4.125 - 5.4%	\$ 649,977	12/1/2011
Refunding				
Serial and term	2004	2.0 - 4.40%	\$ 3,410,000	12/1/2019
Capital appreciation	2004	11.925%	\$ 429,998	12/1/2009
Refunding				
Serial	2005	3.0 - 4.75%	\$ 32,415,000	12/1/2026
Capital appreciation	2005	24.104%	\$ 584,950	12/1/2013
School facilities term and serial	2010	1.0 - 6.05%	\$ 18,470,000	12/1/2031
School facilities capital appreciation	2010	20.00%	\$ 25,866	12/1/2027
Long-term notes				
Bond anticipation note	2010	1.25%	\$ 15,000,000	8/11/2010
Energy conservation notes				
Serial notes	2002	2.4 - 4.2%	\$ 1,535,000	12/1/2011

In 2005, the School District defeased portions of certain general obligation bonds issued in 1993, 1995, and 1999, with two separate general obligation refundings. The proceeds of the new bonds were placed in an irrevocable trust to provide for all future debt service payments of the refunded debt. Accordingly, the trust account assets and the liability for the defeased bonds are not included in the School District's financial statements. At June 30, 2011, \$ 34,975,000 of bonds outstanding are considered to be defeased.

AVON LAKE CITY SCHOOL DISTRICT
LORAIN COUNTY
NOTES TO THE BASIC FINANCIAL STATEMENTS
FOR THE YEAR ENDED JUNE 30, 2011
(CONTINUED)

NOTE 17 - LONG-TERM OBLIGATIONS (continued)

The changes in the School District's long-term obligations during the year consist of the following:

	Principal Outstanding 6/30/2010	Additions	Reductions	Principal Outstanding 6/30/2011	Due in 1 year
General obligation bonds					
Refunding bonds - 2004					
Term and serial bonds	\$ 2,295,000	\$ -	\$ 375,000	\$ 1,920,000	\$ 390,000
Refunding bonds - 2005					
Serial bonds	31,180,000	-	285,000	30,895,000	295,000
Capital appreciation bonds	584,950	-	-	584,950	-
Accretion on capital appreciation bonds	1,251,295	469,278	-	1,720,573	-
School facilities					
Capital appreciation bonds	395,244	-	214,549	180,695	180,695
Accretion on capital appreciation bonds	3,594,675	111,832	-	3,706,507	-
Various purpose construction bonds					
Term and serial bonds	-	18,470,000	620,000	17,850,000	45,000
Capital appreciation bonds	-	25,866	-	25,866	-
Accretion on capital appreciation bonds	-	4,993	-	4,993	-
Total general obligation bonds	<u>39,301,164</u>	<u>19,081,969</u>	<u>1,494,549</u>	<u>56,888,584</u>	<u>910,695</u>
Bond anticipation note	15,000,000	-	15,000,000	-	-
Energy conservation notes					
Serial notes	430,000	-	210,000	220,000	220,000
			-		-
Capital leases	378,216	-	229,699	148,517	140,219
Compensated absences	3,814,995	1,265,504	713,692	4,366,807	976,797
Total governmental activities	<u>\$ 58,924,375</u>	<u>\$ 20,347,473</u>	<u>\$ 17,647,940</u>	<u>\$ 61,623,908</u>	<u>\$ 2,247,711</u>

AVON LAKE CITY SCHOOL DISTRICT
LORAIN COUNTY
NOTES TO THE BASIC FINANCIAL STATEMENTS
FOR THE YEAR ENDED JUNE 30, 2011
(CONTINUED)

NOTE 17 - LONG-TERM OBLIGATIONS (continued)

General obligation bonds will be paid from property taxes receipted in the Debt Service Fund.

Energy conservation long-term notes were issued in fiscal year 2002 for \$ 1,785,717. These note issues included serial and capital appreciation notes in the amounts of \$ 1,535,000 and \$ 250,717, respectively. The principal will be paid from the Bond Retirement Debt Service Fund. In 2008, the capital appreciation notes matured.

Capital lease obligations will be paid from the General Fund. Compensated absences will be paid from the General Fund and the Food Service and Title VI-B Special Revenue Funds, which are the funds from which the employees' salaries are paid.

School Facilities General Obligation Bonds –

On September 15, 1999, the School District issued \$ 41,799,977 in voted general obligation bonds for the purpose of constructing, improving and making additions to school buildings and related site development. The bond issue included serial, term and capital appreciation bonds in the amount of \$ 8,150,000, \$ 33,000,000 and \$ 649,977, respectively. The bonds were issued at a premium of \$ 1,799,444. The bonds will be retired with a voted property tax levy from the Debt Service Fund. The term bonds were defeased with the proceeds from refunding bonds issued June 23, 2005.

Current serial bonds redeemed by other than mandatory redemption, or purchased for cancellation, may be credited against the applicable mandatory redemption requirement.

The serial bonds maturing after December 1, 2009 are subject to optional redemption, in whole or in part of any date in inverse order of maturity and by lot within a maturity, in integral multiples of \$ 5,000 at the option of the School District on or after December 1, 2009 at the redemption prices (expressed as percentages of the principal amount to be redeemed) set forth below, plus accrued interest to the redemption date:

Redemption dates (Dates Inclusive)	Redemption Prices
December 1, 2009 through November 30, 2010	102 %
December 1, 2010 through November 30, 2011	101
December 1, 2011 and thereafter	100

The capital appreciation bonds will mature in fiscal years 2009 through 2011. The final amount of the bonds is \$ 4,395,000. In fiscal year 2011, \$ 111,832 was accreted for a total bond obligation of \$ 3,706,507.

Refunding Bonds, Series 2004

On July 15, 2004, the School District issued \$ 3,839,998 in voted general obligation bonds for the purpose of refunding a portion of bonds issued on June 15, 1993 and to advance refund a portion of bonds issued on June 1, 1994. The bond issue included serial, term and capital appreciation bonds in the amount of \$ 2,710,000, \$ 700,000 and \$ 429,998 respectively. The bonds were issued at a premium of \$ 216,103. The bonds will be retired with a voted property tax levy from the Debt Service Fund.

AVON LAKE CITY SCHOOL DISTRICT
LORAIN COUNTY
NOTES TO THE BASIC FINANCIAL STATEMENTS
FOR THE YEAR ENDED JUNE 30, 2011
(CONTINUED)

NOTE 17 - LONG-TERM OBLIGATIONS (continued)

Refunding Bonds, Series 2004 (continued)

The term bonds maturing on December 1, 2016 are subject to mandatory sinking fund redemption at a redemption price of 100% of the principal amount to be redeemed, plus accrued interest to the date of redemption, on December 1 in the years and in the principal amount as follows:

Year	Principal Amount to be Redeemed
2014	\$ 105,000
2015	110,000

The remaining principal amount of such current interest bonds (\$ 115,000) will be paid at stated maturity on December 1, 2016.

The term bonds maturing on December 1, 2019 are subject to mandatory sinking fund redemption at a redemption price of 100% of the principal amount to be redeemed, plus accrued interest to the date of redemption, on December 1 in the years and in the principal amount as follows:

Year	Principal Amount to be Redeemed
2017	\$ 120,000
2018	120,000

The remaining principal amount of such current interest bonds (\$ 130,000) will be paid at stated maturity on December 1, 2019.

Various Purpose Construction Bonds, 2010 Series –

On July 29, 2010, the School District issued \$ 18,495,866 in voted general obligation bonds for the following purposes: (i) constructing, improving, furnishing, and equipping school facilities, with related site improvements and appurtenances thereto; and (ii) constructing, improving, furnishing, and equipping a high school athletics stadium, with related site improvements and appurtenances thereto; constructing, furnishing, and equipping a transportation facility, with related site improvements and appurtenances thereto; and acquiring interests in land necessary in connection therewith (collectively, the Project), and (iii) retiring outstanding bond anticipation notes of the School District previously issued for the purpose of funding the Project. The bond issue included: Series 2010A bonds consisting of \$ 665,000 current interest serial bonds and \$ 25,866 capital appreciation bonds, Series 2010B bonds consisting of \$ 3,780,000 current interest term bond, and Series 2010C bonds consisting of \$ 14,025,000 current interest serial bonds. The bonds were issued at a premium of \$ 287,087. The bonds will be retired with a voted property tax levy from the Debt Service Fund.

The Series 2010B bonds maturing on December 1, 2029 are subject to a mandatory sinking fund redemption at a redemption price of 100% of the principal amount to be redeemed, plus accrued interest to the date of redemption, on December 1 in the years and in the respective amounts as follows:

Dec. 1,	Principal Amount to be Redeemed
2027	\$ 150,000
2028	860,000

The remaining principal amount of such Series 2010B bonds (\$ 890,000) will be paid at stated maturity on December 1, 2029.

AVON LAKE CITY SCHOOL DISTRICT
LORAIN COUNTY
NOTES TO THE BASIC FINANCIAL STATEMENTS
FOR THE YEAR ENDED JUNE 30, 2011
(CONTINUED)

NOTE 17 - LONG-TERM OBLIGATIONS (continued)

Various Purpose Construction Bonds, 2010 Series (continued)

The Series 2010B bonds maturing on December 1, 2031 are subject to a mandatory sinking fund redemption at a redemption price of 100% of the principal amount to be redeemed, plus accrued interest to the date of redemption, on December 1 in the years and in the respective amounts as follows:

Dec. 1,	Principal Amount to be Redeemed
2030	\$ 920,000

The remaining principal amount of such Series 2010B bonds (\$ 960,000) will be paid at stated maturity on December 1, 2031.

The current issue bonds maturing after December 1, 2019 are subject to redemption at the option of the School District, either in whole or in part, in such order of maturity as the School District shall determine, on any date on or after December 1, 2019, at a redemption price equal to 100% of the principal amount redeemed plus, in each case, accrued interest to the date fixed for redemption.

The School District's overall legal debt margin was \$ 26,169,751 and the unvoted legal debt margin was \$ 825,938 at June 30, 2011. Principal and interest requirements to retire long-term obligations outstanding at June 30, 2011, are as follows:

Year ending June 30,	General Obligation Bonds		Capital Appreciation Bonds	
	Principal	Interest	Principal	Interest
2012	\$ 730,000	\$ 2,529,553	\$ 180,695	\$ 1,284,306
2013	455,000	1,082,140	325,610	2,871,641
2014	1,295,000	1,065,540	259,340	2,937,910
2015	2,765,000	2,438,086	-	-
2016	2,875,000	2,343,125	-	-
2017-2021	15,955,000	10,281,227	-	-
2022-2026	18,625,000	7,496,982	-	-
2027-2031	7,005,000	1,340,038	25,866	679,134
2032	960,000	29,040	-	-
	\$ 50,665,000	\$ 28,605,731	\$ 791,511	\$ 7,772,991

Year ending June 30,	Energy Conservation Notes		Total	
	Principal	Interest	Principal	Interest
2012	\$ 220,000	\$ 4,620	\$ 1,130,695	\$ 3,818,479
2013	-	-	780,610	3,953,781
2014	-	-	1,554,340	4,003,450
2015	-	-	2,765,000	2,438,086
2016	-	-	2,875,000	2,343,125
2017-2021	-	-	15,955,000	10,281,227
2022-2026	-	-	18,625,000	7,496,982
2027-2031	-	-	7,030,866	2,019,172
2032	-	-	960,000	29,040
	\$ 220,000	\$ 4,620	\$ 51,676,511	\$ 36,383,342

AVON LAKE CITY SCHOOL DISTRICT
LORAIN COUNTY
NOTES TO THE BASIC FINANCIAL STATEMENTS
FOR THE YEAR ENDED JUNE 30, 2011
(CONTINUED)

NOTE 18 - JOINTLY GOVERNED ORGANIZATIONS

A. LAKE ERIE EDUCATIONAL COMPUTER ASSOCIATION (LEECA)

The Lake Erie Educational Computer Association (LEECA) is a jointly governed organization among thirty-one school districts. The organization was formed for the purpose of applying modern technology with the aid of computers and other electronic equipment to administrative and instructional functions among member School Districts. Each of the governments of these schools supports LEECA based upon a per pupil charge dependent upon the software package utilized. The LEECA assembly consists of a superintendent or designated representative from each participating school district and a representative from the fiscal agent. LEECA is governed by a Board of Directors chosen from the general membership of the LEECA assembly. The Board of Directors consists of a representative from the fiscal agent, the chairman of each of the operating committees, and at least one Assembly member from each county in which the participating school districts are located. The degree of control exercised by any participating school district is limited to its representation on the Board. The School District paid \$ 56,287 for services during fiscal year 2011. Financial information can be obtained by contacting the Treasurer at the Educational Service Center at the Lorain County Board of Education, who serves as the fiscal agent, at 1885 Lake Avenue, Elyria, Ohio, 44035.

B. LAKE ERIE REGIONAL COUNCIL OF GOVERNMENTS (LERC)

The Lake Erie Regional Council of Governments (LERC) is a jointly governed organization among 17 school districts. The organization was formed for the purpose of promoting cooperative agreements and activities among its members in dealing with problems of mutual concern such as a media center, gas consumption and insurance. Each member provides operating resources to LERC on a per pupil or actual usage charge except for insurance.

The LERC assembly consists of a superintendent or designated representative from each participating school district and the fiscal agent. LERC is governed by a Board of Directors chosen from the general membership. The degree of control exercised by any participating school district is limited to its representation on the Board. In fiscal year 2011 the School District did not make any payments to LERC. Financial information can be obtained by contacting the Treasurer at the Educational Service Center at the Lorain County Board of Education at 1885 Lake Avenue, Elyria, Ohio, 44035.

C. LORAIN COUNTY JOINT VOCATIONAL SCHOOL DISTRICT

The Lorain County Joint Vocational School District is a distinct political subdivision of the State of Ohio operated under the direction of a Board consisting of one representative from the eight participating school district's elected board, which possesses its own budgeting and taxing authority. Financial information can be obtained by contacting the Treasurer at the Lorain County Joint Vocational School District at State Rt. 58, Oberlin, Ohio, 44074.

D. OHIO SCHOOLS COUNCIL ASSOCIATION

The Ohio Schools Council Association (Council) is a jointly governed organization among 126 school districts. The organization was formed to purchase quality products and services at the lowest possible cost to the member School Districts. Each School District supports the Council by paying an annual participation fee. The Council's Board consists of nine superintendents of the participating School Districts whose term rotates every year. The degree of control exercised by any school district is limited to its representation on the Board. In fiscal year 2011, the School District paid \$ 885 to the Council. Financial information can be obtained by contacting David A. Cottrell, the Executive Director/Treasurer of the Ohio Schools Council at 6133 Rockside Road, Suite 10, Independence, Ohio, 44131.

AVON LAKE CITY SCHOOL DISTRICT
LORAIN COUNTY
NOTES TO THE BASIC FINANCIAL STATEMENTS
FOR THE YEAR ENDED JUNE 30, 2011
(CONTINUED)

NOTE 18 - JOINTLY GOVERNED ORGANIZATIONS (continued)

D. OHIO SCHOOLS COUNCIL ASSOCIATION (continued)

The School District participates in the Council's natural gas program.

Prepaid/Natural Gas Program

The School District participates in the natural gas purchase program. This program allows the School District to purchase natural gas at reduced rates. Energy USA served as the natural gas supplier and program manager from October 1, 2008 to September 30, 2010. Compass Energy has been selected as the new supplier and program manager for the period from October 1, 2010 through March 31, 2013. There are currently 139 participants in the program. The participants make monthly payments based on estimated usage. Each September, these estimated payments are compared to their actual usage for the year (July to June). School Districts that paid more in estimated billings than their actual billings are issued credits on future billings in September until the credits are exhausted and School Districts that did not pay enough on estimated billings are invoiced for the difference on the September monthly estimated billing.

NOTE 19 - RELATED ORGANIZATION

The Avon Lake Public Library is a distinct political subdivision of the State of Ohio created under Chapter 3375 of the Ohio Revised Code. The Library is governed by a Board of Trustees appointed by the Avon Lake City School District Board of Education. The Board possesses its own contracting and budgeting authority, hires and fires personnel and does not depend on the School District for operational subsidies. Although the School District does serve as the taxing authority and issues tax related debt on behalf of the Library, its role is limited to a ministerial function. The determination to request approval of a tax, the rate and the purpose are discretionary decisions made solely by the Board of Trustees. Financial information can be obtained by contacting the Clerk/Treasurer at the Avon Lake Public Library at 32649 Electric Blvd., Avon Lake, Ohio, 44012.

NOTE 20 – OPERATING LEASES

The School District is obligated under certain leases accounted for as operating leases. Operating leases do not give rise to property rights or lease obligations. During 2011, expenditures for operating leases totaled \$ 182,847.

The following is a schedule of future minimum lease payments required under operating leases that have initial or remaining non-cancelable lease terms in excess of one year as of June 30, 2011.

Year ending	Amount
June 30,	
2012	\$ 90,026
2013	74,734
Total minimum lease payments	<u>\$ 164,760</u>

NOTE 21 - INTERFUND TRANSFERS

Transfers are used to move revenues from the fund that statute or budget requires to collect them to the fund that statute or budget requires to expend them. The General Fund and the Permanent Improvements Capital Projects Fund transferred monies to the major Bond Retirement Debt Service Fund for debt payment purposes in the amount of \$ 13,545 and \$ 210,000, respectively.

AVON LAKE CITY SCHOOL DISTRICT
LORAIN COUNTY
NOTES TO THE BASIC FINANCIAL STATEMENTS
FOR THE YEAR ENDED JUNE 30, 2011
(CONTINUED)

NOTE 22 - CONTINGENCIES

The School District 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 School District at June 30, 2011.

NOTE 23 - SET-ASIDES

The School District is required by State statute to annually set aside in the General Fund an amount based on a statutory formula for the purchase of textbooks and other instruction materials and an equal amount for the acquisition and construction of capital improvements. Amounts not spent by fiscal year end or offset by similarly restricted resources received during the fiscal year must be held in cash at fiscal year end. These amounts must be carried forward to be used for the same purposes in future fiscal years. In prior fiscal years, the School District was also required to set aside money for budget stabilization. At June 30, 2011, only the unspent portion of certain worker's compensation refunds continues to be set aside for budget stabilization.

The following cash basis information describes the change in the fiscal year end set aside amounts for textbooks, capital improvements and budget stabilization. Disclosure of this information is required by State statute.

	Textbooks/ Instructional Materials	Budget Stabilization Reserve	Capital Improvements Reserve
Set-aside reserve balance, June 30, 2010	\$ (2,058,152)	\$ 113,990	\$ -
Current year set-aside requirements	584,002	-	584,002
Qualifying disbursements	(1,336,940)	-	(14,635,856)
Total	<u>\$ (2,811,090)</u>	<u>\$ 113,990</u>	<u>\$ (14,051,854)</u>
Set-aside balance carried forward to future fiscal years	<u>\$ (2,811,090)</u>	<u>\$ -</u>	<u>\$ -</u>
Set-aside reserve balance as of June 30, 2011	<u>\$ -</u>	<u>\$ 113,990</u>	<u>\$ -</u>

Although the School District had offsets and/or qualifying disbursements during the year that reduced the capital improvements reserve set-aside amount below zero, this amount cannot be carried forward to reduce the set-aside requirements for future years.

Combining
and
Individual Fund Statements
and Schedules

Fund Descriptions – Nonmajor Governmental Funds

Nonmajor Special Revenue Funds

Special Revenue Funds account for revenues from specific sources which legally, or otherwise, are restricted to expenditures for specific purposes.

Food Service Fund To account for monies used for the food service operations of the School District.

Local Grants Fund To account for monies received to promote community involvement and volunteer activities between the school and community.

Athletics Fund To account for gate receipts and other revenues from athletic events and all costs (except personnel services) of the School District's athletic program.

Auxiliary Services Fund To account for monies which provide services and materials to pupils attending non-public schools within the School District.

Management Information Systems Fund To account for State monies which support the development of hardware and software or other costs associated with the requirements of the management information system.

Data Communications Fund To account for State monies received to provide Ohio Educational Computer Network connections.

Education Jobs Fund To account for a Federal program established by the US Department of Education designed to pass-through states to local entities to save or create education jobs.

Race to the Top Fund To account for American Recovery and Reinvestment Act (ARRA) monies for a competitive grant program designed to encourage and reward states that are creating the conditions for education innovation and reform; achieving significant improvement in student outcomes, including making substantial gains in student achievement, closing achievement gaps, improving high school graduation rates, and ensuring student preparation for success in college and careers.

Title VI-B Fund To account for Federal monies used to assist schools in the identification of handicapped children, development of procedural safeguards, implementation of least restrictive alternative service patterns, and provisions of full educational opportunities to handicapped children at the preschool, elementary and secondary levels.

Fiscal Stabilization Fund This fund accounts for restricted Federal grant monies from the American Recovery and Reinvestment Act in State Fiscal Stabilization Funds (SFSF) to help stabilize state and local budgets in order to minimize and avoid reductions in education and other essential services.

(continued)

Fund Descriptions – Nonmajor Governmental Funds

Nonmajor Special Revenue Funds (continued)

Title I Fund To account for Federal monies to provide financial assistance to state and local educational agencies to meet the needs of educationally deprived children.

Early Childhood Education Development Fund To account for Federal monies which partially support the preschool program focusing on the early education of handicapped children.

Title II-A Fund To account for Federal monies received to encourage and help fund smaller classroom size and additional staffing needs.

Miscellaneous Federal Grants Fund This fund accounts for various monies received from the Federal government through state agencies or directly from the Federal government which are not accounted for elsewhere.

Nonmajor Debt Service Fund

Debt Service Funds are used to account for the accumulation of financial resources for, and the payment of, general long-term debt principal, interest, and related costs.

Library Bond Retirement Fund To account for the accumulation of tax monies and the payment of general obligation bond principal and interest for the bonds issued for the Avon Lake Public Library.

Nonmajor Capital Projects Funds

Capital Projects Funds account for the acquisition, construction or improvement of capital facilities other than those financed by proprietary funds.

Permanent Improvements Fund To account for property taxes levied to be used for various capital projects within the School District.

AVON LAKE CITY SCHOOL DISTRICT
 COMBINING BALANCE SHEET
 NONMAJOR GOVERNMENTAL FUNDS
 JUNE 30, 2011

	Nonmajor Special Revenue Funds	Nonmajor Debt Service Fund	Nonmajor Capital Projects Fund	Total Nonmajor Governmental Funds
Assets				
Equity in pooled cash	\$ 1,161,279	\$ 371,485	\$ 416,528	\$ 1,949,292
Receivables, net of allowance				
Taxes, current	-	1,659,683	560,929	2,220,612
Taxes, delinquent	-	45,600	15,400	61,000
Intergovernmental receivable	479,724	89,358	100,382	669,464
Inventories and supplies	11,702	-	-	11,702
Total assets	\$ 1,652,705	\$ 2,166,126	\$ 1,093,239	\$ 4,912,070
Liabilities and fund balances				
Liabilities				
Accounts and contracts payable	\$ 91,638	\$ -	\$ -	\$ 91,638
Accrued wages and benefits	67,176	-	-	67,176
Intergovernmental payable	17,091	-	-	17,091
Interfund payable	265,982	-	-	265,982
Unearned revenue	504,792	1,683,859	632,129	2,820,780
Total liabilities	946,679	1,683,859	632,129	3,262,667
Fund balances				
Nonspendable	11,702	-	-	11,702
Restricted	744,458	482,267	461,110	1,687,835
Unassigned	(50,134)	-	-	(50,134)
Total fund balances	706,026	482,267	461,110	1,649,403
Total liabilities and fund balances	\$ 1,652,705	\$ 2,166,126	\$ 1,093,239	\$ 4,912,070

AVON LAKE CITY SCHOOL DISTRICT
 COMBINING STATEMENT OF REVENUES, EXPENDITURES AND CHANGES IN FUND BALANCES
 NONMAJOR GOVERNMENTAL FUNDS
 FOR THE YEAR ENDED JUNE 30, 2011

	Nonmajor Special Funds	Nonmajor Debt Service Fund	Nonmajor Capital Projects Fund	Total Nonmajor Governmental Funds
Revenues				
Taxes	\$ -	\$ 293,751	\$ 577,920	\$ 871,671
Tuition and fees	19,995	-	-	19,995
Interest	532	-	-	532
Intergovernmental	1,730,538	48,159	236,513	2,015,210
Extracurricular	463,267	-	-	463,267
Charges for services	1,065,511	-	-	1,065,511
Other	129,555	-	-	129,555
Total revenues	<u>3,409,398</u>	<u>341,910</u>	<u>814,433</u>	<u>4,565,741</u>
Expenditures				
Current				
Instruction				
Regular	85,388	-	-	85,388
Special	307,908	-	-	307,908
Other instruction	26,559	-	-	26,559
Supporting services				
Pupil	482,826	-	-	482,826
Instructional staff	61,240	-	-	61,240
Administration	39,935	-	-	39,935
Fiscal services	-	3,880	9,151	13,031
Operation and maintenance	153,304	-	162,528	315,832
Operation of non-instructional services				
Food service operation	1,264,265	-	-	1,264,265
Community services	259,055	-	-	259,055
Extracurricular activities	450,059	-	-	450,059
Capital outlay	197,346	-	255,350	452,696
Debt service				
Principal	-	275,000	-	275,000
Interest	-	39,700	-	39,700
Total expenditures	<u>3,327,885</u>	<u>318,580</u>	<u>427,029</u>	<u>4,073,494</u>
Excess (deficiency) of revenues over expenditures	<u>81,513</u>	<u>23,330</u>	<u>387,404</u>	<u>492,247</u>
Other financing sources (uses)				
Transfers-out	-	-	(210,000)	(210,000)
Total other financing sources (uses)	<u>-</u>	<u>-</u>	<u>(210,000)</u>	<u>(210,000)</u>
Net change in fund balances	81,513	23,330	177,404	282,247
Fund balances, beginning of year, restated	<u>624,513</u>	<u>458,937</u>	<u>283,706</u>	<u>1,367,156</u>
Fund balances, end of year	<u>\$ 706,026</u>	<u>\$ 482,267</u>	<u>\$ 461,110</u>	<u>\$ 1,649,403</u>

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AVON LAKE CITY SCHOOL DISTRICT
 COMBINING BALANCE SHEET
 NONMAJOR SPECIAL REVENUE FUNDS
 JUNE 30, 2011

	Food Service	Local Grants	Athletics
Assets			
Equity in pooled cash	\$ 429,129	\$ 163,707	\$ 209,039
Intergovernmental receivable	-	-	-
Inventories and supplies	11,702	-	-
Total assets	\$ 440,831	\$ 163,707	\$ 209,039
Liabilities and fund balances			
Liabilities			
Accounts and contracts payable	\$ -	\$ 4,779	\$ 970
Accrued wages and benefits	47,746	-	-
Intergovernmental payable	16,363	-	-
Interfund payable	-	-	-
Unearned revenue	25,068	-	-
Total liabilities	89,177	4,779	970
Fund balances			
Nonspendable	11,702	-	-
Restricted	339,952	158,928	208,069
Unassigned	-	-	-
Total fund balances	351,654	158,928	208,069
Total liabilities and fund balances	\$ 440,831	\$ 163,707	\$ 209,039

Auxiliary Services	Management Information Systems	Data Communications	Education Jobs
\$ 61,278	\$ -	\$ 350	\$ -
-	-	-	103,626
-	-	-	-
<u>\$ 61,278</u>	<u>\$ -</u>	<u>\$ 350</u>	<u>\$ 103,626</u>
\$ 4,085	\$ -	\$ -	\$ -
19,430	-	-	-
604	-	-	-
-	-	-	-
-	-	-	103,626
<u>24,119</u>	<u>-</u>	<u>-</u>	<u>103,626</u>
-	-	-	-
37,159	-	350	-
-	-	-	-
<u>37,159</u>	<u>-</u>	<u>350</u>	<u>-</u>
<u>\$ 61,278</u>	<u>\$ -</u>	<u>\$ 350</u>	<u>\$ 103,626</u>

(continued)

AVON LAKE CITY SCHOOL DISTRICT
 COMBINING BALANCE SHEET
 NONMAJOR SPECIAL REVENUE FUNDS
 JUNE 30, 2011
 (CONCLUDED)

	Race to the Top	Title VI-B	Fiscal Stabilization
Assets			
Equity in pooled cash	\$ -	\$ 297,776	\$ -
Intergovernmental receivable	98,000	278,098	-
Inventories and supplies	-	-	-
Total assets	\$ 98,000	\$ 575,874	\$ -
Liabilities and fund balances			
Liabilities			
Accounts and contracts payable	\$ -	\$ 81,804	\$ -
Accrued wages and benefits	-	-	-
Intergovernmental payable	-	124	-
Interfund payable	-	265,982	-
Unearned revenue	98,000	278,098	-
Total liabilities	98,000	626,008	-
Fund balances			
Nonspendable	-	-	-
Restricted	-	-	-
Unassigned	-	(50,134)	-
Total fund balances	-	(50,134)	-
Total liabilities and fund balances	\$ 98,000	\$ 575,874	\$ -

Title I	Early Childhood Education Development	Title II-A	Miscellaneous Federal Grants	Total Nonmajor Special Revenue Funds
\$ -	\$ -	\$ -	\$ -	\$ 1,161,279
-	-	-	-	479,724
-	-	-	-	11,702
<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ 1,652,705</u>
\$ -	\$ -	\$ -	\$ -	\$ 91,638
-	-	-	-	67,176
-	-	-	-	17,091
-	-	-	-	265,982
-	-	-	-	504,792
<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>946,679</u>
-	-	-	-	11,702
-	-	-	-	744,458
-	-	-	-	(50,134)
<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>706,026</u>
<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ 1,652,705</u>

AVON LAKE CITY SCHOOL DISTRICT
 COMBINING STATEMENT OF REVENUES, EXPENDITURES AND CHANGES IN FUND BALANCES
 NONMAJOR SPECIAL REVENUE FUNDS
 FOR THE YEAR ENDED JUNE 30, 2011

	Food Service	Local Grants	Athletics
Revenues			
Tuition and fees	\$ -	\$ 19,995	\$ -
Interest	437	-	-
Intergovernmental	287,046	-	-
Extracurricular	-	-	463,267
Charges for services	1,065,511	-	-
Other	348	78,496	50,711
Total revenues	<u>1,353,342</u>	<u>98,491</u>	<u>513,978</u>
Expenditures			
Current			
Instruction			
Regular	-	30,798	-
Special	-	741	-
Other instruction	-	-	-
Supporting services			
Pupil	-	75,409	-
Instructional staff	-	-	-
Administration	-	-	-
Operation and maintenance	-	-	-
Operation of non-instructional services			
Food service operation	1,263,322	-	-
Community services	-	-	-
Extracurricular activities	-	9,973	440,086
Capital outlay	-	1,017	-
Total expenditures	<u>1,263,322</u>	<u>117,938</u>	<u>440,086</u>
Excess (deficiency) of revenues over expenditures	90,020	(19,447)	73,892
Fund balances, beginning of year, restated	<u>261,634</u>	<u>178,375</u>	<u>134,177</u>
Fund balances, end of year	<u>\$ 351,654</u>	<u>\$ 158,928</u>	<u>\$ 208,069</u>

Auxiliary Services	Management Information Systems	Data Communications	Education Jobs
\$ -	\$ -	\$ -	\$ -
95	-	-	-
218,572	5,000	15,925	-
-	-	-	-
-	-	-	-
-	-	-	-
<u>218,667</u>	<u>5,000</u>	<u>15,925</u>	<u>-</u>
-	-	-	-
-	-	-	-
-	-	-	-
-	-	-	-
-	-	15,575	-
-	5,000	-	-
-	-	-	-
-	-	-	-
215,622	-	-	-
-	-	-	-
-	-	-	-
<u>215,622</u>	<u>5,000</u>	<u>15,575</u>	<u>-</u>
3,045	-	350	-
34,114	-	-	-
<u>\$ 37,159</u>	<u>\$ -</u>	<u>\$ 350</u>	<u>\$ -</u>

(continued)

AVON LAKE CITY SCHOOL DISTRICT
 COMBINING STATEMENT OF REVENUES, EXPENDITURES AND CHANGES IN FUND BALANCES
 NONMAJOR SPECIAL REVENUE FUNDS
 FOR THE YEAR ENDED JUNE 30, 2011

(CONCLUDED)

	Race to the Top	Title VI-B	Fiscal Stabilization
Revenues			
Tuition and fees	\$ -	\$ -	\$ -
Interest	-	-	-
Intergovernmental	2,000	821,470	179,863
Extracurricular	-	-	-
Charges for services	-	-	-
Other	-	-	-
Total revenues	2,000	821,470	179,863
Expenditures			
Current			
Instruction			
Regular	-	-	-
Special	-	199,370	-
Other instruction	-	-	26,559
Supporting services			
Pupil	-	407,417	-
Instructional staff	2,000	8,274	-
Administration	-	34,935	-
Operation and maintenance	-	-	153,304
Operation of non-instructional services			
Food service operation	-	-	-
Community services	-	40,549	-
Extracurricular activities	-	-	-
Capital outlay	-	196,329	-
Total expenditures	2,000	886,874	179,863
Excess (deficiency) of revenues over expenditures	-	(65,404)	-
Fund balances, beginning of year	-	15,270	-
Fund balances, end of year	\$ -	\$ (50,134)	\$ -

Title I	Early Childhood Education Development	Title II-A	Miscellaneous Federal Grants	Total Nonmajor Special Revenue Funds
\$ -	\$ -	\$ -	\$ -	\$ 19,995
-	-	-	-	532
110,586	16,946	72,762	368	1,730,538
-	-	-	-	463,267
-	-	-	-	1,065,511
-	-	-	-	129,555
<u>110,586</u>	<u>16,946</u>	<u>72,762</u>	<u>368</u>	<u>3,409,398</u>
-	-	54,590	-	85,388
107,797	-	-	-	307,908
-	-	-	-	26,559
-	-	-	-	482,826
-	16,946	18,172	273	61,240
-	-	-	-	39,935
-	-	-	-	153,304
-	-	-	943	1,264,265
2,789	-	-	95	259,055
-	-	-	-	450,059
-	-	-	-	197,346
<u>110,586</u>	<u>16,946</u>	<u>72,762</u>	<u>1,311</u>	<u>3,327,885</u>
-	-	-	(943)	81,513
-	-	-	943	624,513
<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ 706,026</u>

Fund Descriptions

Agency Funds

These funds are purely custodial (assets equal liabilities) and thus do not involve the measurement of results of operations.

Student Activities Fund To account for purchases of supplies on behalf of those student activity programs which have student participation in the activity and have student involvement in the management of the program.

Staff Services Fund To account for purchases of supplies and equipment on behalf of employees of the School District.

AVON LAKE CITY SCHOOL DISTRICT
 COMBINING STATEMENT OF CHANGES IN ASSETS AND LIABILITIES
 ALL AGENCY FUNDS
 FOR THE YEAR ENDED JUNE 30, 2011

	Student Activities Fund			
	Beginning Balance	Additions	Deductions	Ending Balance
	June 30, 2010			June 30, 2011
Assets				
Equity in pooled cash	\$ 78,266	\$ 206,572	\$ 196,961	\$ 87,877
Total assets	<u>\$ 78,266</u>	<u>\$ 206,572</u>	<u>\$ 196,961</u>	<u>\$ 87,877</u>
Liabilities				
Accounts payable	\$ 788	\$ 526	\$ 788	\$ 526
Due to students	77,478	206,046	196,173	87,351
Total liabilities	<u>\$ 78,266</u>	<u>\$ 206,572</u>	<u>\$ 196,961</u>	<u>\$ 87,877</u>

	Staff Services Fund			
	Beginning Balance	Additions	Deductions	Ending Balance
	June 30, 2010			June 30, 2011
Assets				
Equity in pooled cash	\$ 2,905	\$ 1,813	\$ 1,410	\$ 3,308
Total assets	<u>\$ 2,905</u>	<u>\$ 1,813</u>	<u>\$ 1,410</u>	<u>\$ 3,308</u>
Liabilities				
Due to others	2,905	1,813	1,410	3,308
Total liabilities	<u>\$ 2,905</u>	<u>\$ 1,813</u>	<u>\$ 1,410</u>	<u>\$ 3,308</u>

	Total Agency Funds			
	Beginning Balance	Additions	Deductions	Ending Balance
	June 30, 2010			June 30, 2011
Assets				
Equity in pooled cash	\$ 81,171	\$ 208,385	\$ 198,371	\$ 91,185
Total assets	<u>81,171</u>	<u>208,385</u>	<u>198,371</u>	<u>91,185</u>
Liabilities				
Accounts payable	\$ 788	\$ 526	\$ 788	\$ 526
Due to students	77,478	206,046	196,173	87,351
Due to others	2,905	1,813	1,410	3,308
Total liabilities	<u>\$ 81,171</u>	<u>\$ 208,385</u>	<u>\$ 198,371</u>	<u>\$ 91,185</u>

AVON LAKE CITY SCHOOL DISTRICT
SCHEDULE OF REVENUES, EXPENDITURES AND CHANGES
IN FUND BALANCE – BUDGET (NON-GAAP) BASIS AND ACTUAL
FOR THE YEAR ENDED JUNE 30, 2011

	General Fund			Variance with Final Budget Positive (Negative)
	Budget Amounts		Actual	
	Original	Final		
Revenues				
Taxes	\$ 23,441,589	\$ 24,856,735	\$ 24,842,704	\$ (14,031)
Tuition and fees	494,983	541,404	541,161	(243)
Interest	113,231	117,373	117,308	(65)
Intergovernmental	9,597,764	10,177,170	10,171,427	(5,743)
Extracurricular	133,536	149,737	149,685	(52)
Miscellaneous	183,568	220,790	220,783	(7)
Total revenues	<u>33,964,671</u>	<u>36,063,209</u>	<u>36,043,068</u>	<u>(20,141)</u>
Expenditures				
Current				
Instruction				
Regular				
Salaries	13,184,231	13,184,731	13,140,829	43,902
Benefits	4,404,707	4,404,707	4,390,041	14,666
Purchased services	1,074,528	1,074,528	1,070,950	3,578
Materials and supplies	728,764	728,794	726,363	2,431
Capital outlay	61,055	61,055	60,852	203
Total regular	<u>19,453,285</u>	<u>19,453,815</u>	<u>19,389,035</u>	<u>64,780</u>
Special				
Salaries	1,959,568	1,961,341	1,954,790	6,551
Benefits	588,403	588,403	586,444	1,959
Purchased services	55,229	55,229	55,045	184
Materials and supplies	21,968	22,172	22,097	75
Capital outlay	2,940	2,940	2,930	10
Other	926	1,035	1,031	4
Total special	<u>2,629,034</u>	<u>2,631,120</u>	<u>2,622,337</u>	<u>8,783</u>
Vocational				
Salaries	161,910	161,910	161,371	539
Benefits	50,273	50,273	50,106	167
Purchased services	1,500	1,500	1,495	5
Total vocational	<u>213,683</u>	<u>213,683</u>	<u>212,972</u>	<u>711</u>
Adult/continuing				
Salaries	16,511	16,511	16,456	55
Benefits	2,575	2,575	2,566	9
Materials and supplies	5,400	5,495	5,495	-
Total adult/continuing	<u>24,486</u>	<u>24,581</u>	<u>24,517</u>	<u>64</u>
Other				
Salaries	131,643	131,643	131,205	438
Benefits	29,248	29,248	29,151	97
Purchased services	578,559	578,559	576,633	1,926
Other	711,223	711,223	708,855	2,368
Total other instruction	<u>1,450,673</u>	<u>1,450,673</u>	<u>1,445,844</u>	<u>4,829</u>
Total instruction	<u>23,771,161</u>	<u>23,773,872</u>	<u>23,694,705</u>	<u>79,167</u>

(continued)

AVON LAKE CITY SCHOOL DISTRICT
SCHEDULE OF REVENUES, EXPENDITURES AND CHANGES
IN FUND BALANCE – BUDGET (NON-GAAP) BASIS AND ACTUAL
FOR THE YEAR ENDED JUNE 30, 2011

	General Fund			Variance with Final Budget Positive (Negative)
	Budget Amounts		Actual	
	Original	Final		
Supporting services				
Pupil				
Salaries	2,129,938	2,131,478	2,124,365	7,113
Benefits	858,390	858,390	855,532	2,858
Purchased services	405,859	409,807	408,398	1,409
Materials and supplies	178,970	187,571	186,859	712
Capital outlay	3,405	3,800	3,785	15
Total pupil	<u>3,576,562</u>	<u>3,591,046</u>	<u>3,578,939</u>	<u>12,107</u>
Instructional staff				
Salaries	625,170	625,170	623,088	2,082
Benefits	200,508	200,508	199,840	668
Purchased services	43,600	43,646	43,502	144
Materials and supplies	53,529	53,875	53,689	186
Capital outlay	645	645	645	-
Other	292	325	325	-
Total instructional staff	<u>923,744</u>	<u>924,169</u>	<u>921,089</u>	<u>3,080</u>
Board of education				
Salaries	7,400	7,400	7,375	25
Benefits	1,161	1,161	1,157	4
Purchased services	5,135	5,135	5,118	17
Other	7,420	7,420	7,395	25
Total business	<u>21,116</u>	<u>21,116</u>	<u>21,045</u>	<u>71</u>
Administration				
Salaries	1,939,710	1,939,710	1,933,251	6,459
Benefits	781,276	781,276	778,675	2,601
Purchased services	306,655	306,655	305,634	1,021
Materials and supplies	30,255	30,255	30,154	101
Capital outlay	29,052	29,052	28,955	97
Other	58,260	58,260	58,066	194
Total administration	<u>3,145,208</u>	<u>3,145,208</u>	<u>3,134,735</u>	<u>10,473</u>
Fiscal				
Salaries	359,515	359,515	358,318	1,197
Benefits	145,947	145,947	145,461	486
Purchased services	38,259	38,259	38,132	127
Materials and supplies	6,260	6,260	6,239	21
Capital outlay	83	83	83	-
Other	507,903	507,903	506,212	1,691
Total fiscal	<u>1,057,967</u>	<u>1,057,967</u>	<u>1,054,445</u>	<u>3,522</u>

(continued)

AVON LAKE CITY SCHOOL DISTRICT
SCHEDULE OF REVENUES, EXPENDITURES AND CHANGES
IN FUND BALANCE – BUDGET (NON-GAAP) BASIS AND ACTUAL
FOR THE YEAR ENDED JUNE 30, 2011

	General Fund			Variance with Final Budget Positive (Negative)
	Budget Amounts		Actual	
	Original	Final		
Business				
Salaries	86,283	86,283	85,996	287
Benefits	40,044	40,044	39,911	133
Purchased services	22,786	22,786	22,710	76
Capital outlay	4,241	4,241	4,227	14
Total fiscal	<u>153,354</u>	<u>153,354</u>	<u>152,844</u>	<u>510</u>
Operation and maintenance				
Salaries	1,807,503	1,807,503	1,801,485	6,018
Benefits	625,480	625,480	623,397	2,083
Purchased services	1,996,354	1,996,354	1,989,707	6,647
Materials and supplies	464,563	464,563	463,016	1,547
Capital outlay	151,356	151,356	150,852	504
Total operation and maintenance	<u>5,045,256</u>	<u>5,045,256</u>	<u>5,028,457</u>	<u>16,799</u>
Pupil transportation				
Salaries	1,027,153	1,027,153	1,023,733	3,420
Benefits	270,264	270,264	269,364	900
Purchased services	91,356	91,356	91,052	304
Materials and supplies	220,337	220,337	219,603	734
Capital outlay	805	805	799	6
Other	156	156	156	-
Total pupil transportation	<u>1,610,071</u>	<u>1,610,071</u>	<u>1,604,707</u>	<u>5,364</u>
Central services				
Salaries	11,025	11,025	10,988	37
Benefits	54	54	54	-
Purchased services	123,562	123,562	123,151	411
Materials and supplies	1,351	1,510	1,504	6
Capital outlay	40,510	40,510	40,375	135
Total central services	<u>176,502</u>	<u>176,661</u>	<u>176,072</u>	<u>589</u>
Total supporting services	<u>15,709,780</u>	<u>15,724,848</u>	<u>15,672,333</u>	<u>52,515</u>
Operation of non-instructional services				
Community services				
Materials and supplies	12,000	12,000	9,598	2,402
Other	11,075	11,075	4,000	7,075
Total community services	<u>23,075</u>	<u>23,075</u>	<u>13,598</u>	<u>9,477</u>
Total operation of non-instructional services	<u>23,075</u>	<u>23,075</u>	<u>13,598</u>	<u>9,477</u>
Extracurricular activities				
Academic and subject oriented				
Salaries	77,923	77,923	77,664	259
Benefits	11,086	11,086	11,049	37
Purchased services	5,448	5,448	5,430	18
Materials and supplies	5,128	5,128	5,111	17
Total academic and subject oriented	<u>99,585</u>	<u>99,585</u>	<u>99,254</u>	<u>331</u>

(continued)

AVON LAKE CITY SCHOOL DISTRICT
SCHEDULE OF REVENUES, EXPENDITURES AND CHANGES
IN FUND BALANCE – BUDGET (NON-GAAP) BASIS AND ACTUAL
FOR THE YEAR ENDED JUNE 30, 2011

(Concluded)				
	General Fund			Variance with Final Budget Positive (Negative)
	Budget Amounts		Actual	
	Original	Final		
Occupation oriented				
Salaries	1,140	1,140	1,132	8
Benefits	165	165	165	-
Total occupation oriented	<u>1,305</u>	<u>1,305</u>	<u>1,297</u>	<u>8</u>
Sports oriented				
Salaries	600,454	600,454	598,455	1,999
Benefits	118,442	118,442	118,048	394
Purchased services	20,033	20,033	19,966	67
Capital outlay	122,162	122,162	121,755	407
Other	500	500	500	-
Total sports oriented	<u>861,591</u>	<u>861,591</u>	<u>858,724</u>	<u>2,867</u>
Co-curricular activities				
Salaries	52,389	52,389	52,215	174
Benefits	7,212	7,212	7,188	24
Purchased services	10,929	12,220	12,167	53
Materials and supplies	5,706	6,380	6,352	28
Other	7,197	8,050	8,012	38
Total co-curricular activities	<u>83,433</u>	<u>86,251</u>	<u>85,934</u>	<u>317</u>
Total extracurricular activities	<u>1,045,914</u>	<u>1,048,732</u>	<u>1,045,209</u>	<u>3,523</u>
Total expenditures	<u>40,549,930</u>	<u>40,570,527</u>	<u>40,425,845</u>	<u>144,682</u>
Excess (deficiency) of revenues over expenditures	<u>(6,585,259)</u>	<u>(4,507,318)</u>	<u>(4,382,777)</u>	<u>124,541</u>
Other financing sources (uses)				
Gain (loss) on sale of assets	6,980	7,400	7,400	-
Advances in	-	-	16,456	16,456
Refund of prior year expenditures	9,195	9,750	9,744	(6)
Transfers-out	(13,590)	(13,590)	(13,545)	45
Advances out	-	-	(1,265,982)	(1,265,982)
Total other financing sources (uses)	<u>2,585</u>	<u>3,560</u>	<u>(1,245,927)</u>	<u>(1,249,487)</u>
Net change in fund balance	(6,582,674)	(4,503,758)	(5,628,704)	(1,124,946)
Prior year encumbrances	1,589,520	1,589,520	1,589,520	-
Fund balances restated, beginning of year	<u>16,279,010</u>	<u>16,279,010</u>	<u>16,279,010</u>	<u>-</u>
Fund balances, end of year	<u>\$ 11,285,856</u>	<u>\$ 13,364,772</u>	<u>\$ 12,239,826</u>	<u>\$ (1,124,946)</u>

AVON LAKE CITY SCHOOL DISTRICT
SCHEDULE OF REVENUES, EXPENDITURES AND CHANGES
IN FUND BALANCE – BUDGET (NON-GAAP) BASIS AND ACTUAL
FOR THE YEAR ENDED JUNE 30, 2011

	Bond Retirement Fund			Variance with Final Budget Positive (Negative)
	Budget Amounts		Actual	
	Original	Final		
Total revenues and other sources	\$ 10,772,086	\$ 19,710,218	\$ 19,704,921	\$ (5,297)
Total expenditures and other uses	14,728,675	20,154,629	20,154,629	-
Net change in fund balance	(3,956,589)	(444,411)	(449,708)	(5,297)
Prior year encumbrances	-	-	-	-
Fund balances, beginning of year	3,590,022	3,590,022	3,590,022	-
Fund balances, end of year	\$ (366,567)	\$ 3,145,611	\$ 3,140,314	\$ (5,297)

	Building Improvements Fund			Variance with Final Budget Positive (Negative)
	Budget Amounts		Actual	
	Original	Final		
Total revenues and other sources	\$ 3,626,311	\$ 5,409,004	\$ 5,409,065	\$ 61
Total expenditures and other uses	15,559,654	17,253,654	17,251,399	2,255
Net change in fund balance	(11,933,343)	(11,844,650)	(11,842,334)	2,316
Prior year encumbrances	11,931,872	11,931,872	11,931,872	-
Fund balances, beginning of year	1,471	1,471	1,471	-
Fund balances, end of year	\$ -	\$ 88,693	\$ 91,009	\$ 2,316

AVON LAKE CITY SCHOOL DISTRICT
SCHEDULE OF REVENUES, EXPENDITURES AND CHANGES
IN FUND BALANCE – BUDGET (NON-GAAP) BASIS AND ACTUAL
FOR THE YEAR ENDED JUNE 30, 2011

	Food Service Fund			Variance with Final Budget Positive (Negative)
	Budget Amounts		Actual	
	Original	Final		
Total revenues and other sources	\$ 1,200,000	\$ 1,276,483	\$ 1,289,856	\$ 13,373
Total expenditures and other uses	962,343	1,412,343	1,198,290	214,053
Net change in fund balance	237,657	(135,860)	91,566	227,426
Prior year encumbrances	17,399	17,399	17,399	-
Fund balances, beginning of year	312,857	312,857	312,857	-
Fund balances, end of year	\$ 567,913	\$ 194,396	\$ 421,822	\$ 227,426

	Local Grants Fund			Variance with Final Budget Positive (Negative)
	Budget Amounts		Actual	
	Original	Final		
Total revenues and other sources	\$ 24,000	\$ 98,491	\$ 98,491	\$ -
Total expenditures and other uses	35,428	153,399	149,869	3,530
Net change in fund balance	(11,428)	(54,908)	(51,378)	3,530
Prior year encumbrances	11,938	11,938	11,938	-
Fund balances, beginning of year	166,961	166,961	166,961	-
Fund balances, end of year	\$ 167,471	\$ 123,991	\$ 127,521	\$ 3,530

AVON LAKE CITY SCHOOL DISTRICT
SCHEDULE OF REVENUES, EXPENDITURES AND CHANGES
IN FUND BALANCE – BUDGET (NON-GAAP) BASIS AND ACTUAL
FOR THE YEAR ENDED JUNE 30, 2011

	Athletics Fund			Variance with Final Budget Positive (Negative)
	Budget Amounts		Actual	
	Original	Final		
Total revenues and other sources	\$ 342,100	\$ 513,978	\$ 513,978	\$ -
Total expenditures and other uses	354,066	510,000	501,097	8,903
Net change in fund balance	(11,966)	3,978	12,881	8,903
Prior year encumbrances	48,781	48,781	48,781	-
Fund balances, beginning of year	102,711	102,711	102,711	-
Fund balances, end of year	\$ 139,526	\$ 155,470	\$ 164,373	\$ 8,903

	Auxiliary Services Fund			Variance with Final Budget Positive (Negative)
	Budget Amounts		Actual	
	Original	Final		
Total revenues and other sources	\$ 190,050	\$ 218,667	\$ 218,667	\$ -
Total expenditures and other uses	222,463	259,491	259,491	-
Net change in fund balance	(32,413)	(40,824)	(40,824)	-
Prior year encumbrances	22,462	22,462	22,462	-
Fund balances, beginning of year	38,006	38,006	38,006	-
Fund balances, end of year	\$ 28,055	\$ 19,644	\$ 19,644	\$ -

AVON LAKE CITY SCHOOL DISTRICT
SCHEDULE OF REVENUES, EXPENDITURES AND CHANGES
IN FUND BALANCE – BUDGET (NON-GAAP) BASIS AND ACTUAL
FOR THE YEAR ENDED JUNE 30, 2011

	Management Information Systems Fund			Variance with Final Budget Positive (Negative)
	Budget Amounts		Actual	
	Original	Final		
Total revenues and other sources	\$ 7,000	\$ 5,000	\$ 5,000	\$ -
Total expenditures and other uses	7,000	5,000	5,000	-
Net change in fund balance	-	-	-	-
Prior year encumbrances	-	-	-	-
Fund balances, beginning of year	-	-	-	-
Fund balances, end of year	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>

	Data Communications Fund			Variance with Final Budget Positive (Negative)
	Budget Amounts		Actual	
	Original	Final		
Total revenues and other sources	\$ 14,000	\$ 15,925	\$ 15,925	\$ -
Total expenditures and other uses	14,000	15,925	15,925	-
Net change in fund balance	-	-	-	-
Prior year encumbrances	-	-	-	-
Fund balances, beginning of year	-	-	-	-
Fund balances, end of year	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>

AVON LAKE CITY SCHOOL DISTRICT
SCHEDULE OF REVENUES, EXPENDITURES AND CHANGES
IN FUND BALANCE – BUDGET (NON-GAAP) BASIS AND ACTUAL
FOR THE YEAR ENDED JUNE 30, 2011

	Title VI-B Fund			Variance with Final Budget Positive (Negative)
	Budget Amounts		Actual	
	Original	Final		
Total revenues and other sources	\$ 1,099,568	\$ 1,087,452	\$ 1,070,996	\$ (16,456)
Total expenditures and other uses	1,132,026	1,115,570	1,103,454	12,116
Net change in fund balance	(32,458)	(28,118)	(32,458)	(4,340)
Prior year encumbrances	32,458	32,458	32,458	-
Fund balances, beginning of year	-	-	-	-
Fund balances, end of year	\$ -	\$ 4,340	\$ -	\$ (4,340)

	Fiscal Stabilization Fund			Variance with Final Budget Positive (Negative)
	Budget Amounts		Actual	
	Original	Final		
Total revenues and other sources	\$ 150,000	\$ 179,863	\$ 179,863	\$ -
Total expenditures and other uses	125,000	179,863	179,863	-
Net change in fund balance	25,000	-	-	-
Prior year encumbrances	-	-	-	-
Fund balances, beginning of year	-	-	-	-
Fund balances, end of year	\$ 25,000	\$ -	\$ -	\$ -

AVON LAKE CITY SCHOOL DISTRICT
SCHEDULE OF REVENUES, EXPENDITURES AND CHANGES
IN FUND BALANCE – BUDGET (NON-GAAP) BASIS AND ACTUAL
FOR THE YEAR ENDED JUNE 30, 2011

	Title I Fund			Variance with Final Budget Positive (Negative)
	Budget Amounts		Actual	
	Original	Final		
Total revenues and other sources	\$ 111,271	\$ 110,586	\$ 110,586	\$ -
Total expenditures and other uses	111,271	110,586	110,586	-
Net change in fund balance	-	-	-	-
Prior year encumbrances	-	-	-	-
Fund balances, beginning of year	-	-	-	-
Fund balances, end of year	\$ -	\$ -	\$ -	\$ -

	Early Childhood Education Development Fund			Variance with Final Budget Positive (Negative)
	Budget Amounts		Actual	
	Original	Final		
Total revenues and other sources	\$ 16,946	\$ 16,946	\$ 16,946	\$ -
Total expenditures and other uses	16,946	16,946	16,946	-
Net change in fund balance	-	-	-	-
Prior year encumbrances	-	-	-	-
Fund balances, beginning of year	-	-	-	-
Fund balances, end of year	\$ -	\$ -	\$ -	\$ -

AVON LAKE CITY SCHOOL DISTRICT
SCHEDULE OF REVENUES, EXPENDITURES AND CHANGES
IN FUND BALANCE – BUDGET (NON-GAAP) BASIS AND ACTUAL
FOR THE YEAR ENDED JUNE 30, 2011

	Title II-A Fund			Variance with Final Budget Positive (Negative)
	Budget Amounts		Actual	
	Original	Final		
Total revenues and other sources	\$ 72,806	\$ 72,762	\$ 72,762	\$ -
Total expenditures and other uses	72,806	72,762	72,762	-
Net change in fund balance	-	-	-	-
Prior year encumbrances	-	-	-	-
Fund balances, beginning of year	-	-	-	-
Fund balances, end of year	\$ -	\$ -	\$ -	\$ -

	Miscellaneous Federal Grants Fund			Variance with Final Budget Positive (Negative)
	Budget Amounts		Actual	
	Original	Final		
Total revenues and other sources	\$ -	\$ -	\$ -	\$ -
Total expenditures and other uses	943	943	943	-
Net change in fund balance	(943)	(943)	(943)	-
Prior year encumbrances	-	-	-	-
Fund balances, beginning of year	943	943	943	-
Fund balances, end of year	\$ -	\$ -	\$ -	\$ -

AVON LAKE CITY SCHOOL DISTRICT
SCHEDULE OF REVENUES, EXPENDITURES AND CHANGES
IN FUND BALANCE – BUDGET (NON-GAAP) BASIS AND ACTUAL
FOR THE YEAR ENDED JUNE 30, 2011

	Library Bond Retirement Fund			Variance with Final Budget Positive (Negative)
	Budget Amounts		Actual	
	Original	Final		
Total revenues and other sources	\$ 286,000	\$ 286,000	\$ 291,297	\$ 5,297
Total expenditures and other uses	318,200	318,580	318,580	-
Net change in fund balance	(32,200)	(32,580)	(27,283)	5,297
Prior year encumbrances	-	-	-	-
Fund balances, beginning of year	398,768	398,768	398,768	-
Fund balances, end of year	<u>\$ 366,568</u>	<u>\$ 366,188</u>	<u>\$ 371,485</u>	<u>\$ 5,297</u>

	Permanent Improvements Fund			Variance with Final Budget Positive (Negative)
	Budget Amounts		Actual	
	Original	Final		
Total revenues and other sources	\$ 816,631	\$ 795,644	\$ 795,644	\$ -
Total expenditures and other uses	778,627	778,627	690,104	88,523
Net change in fund balance	38,004	17,017	105,540	88,523
Prior year encumbrances	78,628	78,628	78,628	-
Fund balances, beginning of year	205,780	205,780	205,780	-
Fund balances, end of year	<u>\$ 322,412</u>	<u>\$ 301,425</u>	<u>\$ 389,948</u>	<u>\$ 88,523</u>

AVON LAKE CITY SCHOOL DISTRICT
 SCHEDULE OF REVENUES, EXPENDITURES AND CHANGES
 IN FUND BALANCE – BUDGET (NON-GAAP) BASIS AND ACTUAL
 FOR THE YEAR ENDED JUNE 30, 2011

	Self Insurance Fund			Variance with Final Budget Positive (Negative)
	Budget Amounts		Actual	
	Original	Final		
Total revenues and other sources	\$ 3,100,000	\$ 3,682,078	\$ 4,044,962	\$ 362,884
Total expenditures and other uses	4,049,492	4,556,767	4,552,373	4,394
Net change in fund balance	(949,492)	(874,689)	(507,411)	367,278
Prior year encumbrances	301,992	301,992	301,992	-
Fund balances, beginning of year	4,139,707	4,139,707	4,139,707	-
Fund balances, end of year	<u>\$ 3,492,207</u>	<u>\$ 3,567,010</u>	<u>\$ 3,934,288</u>	<u>\$ 367,278</u>

STATISTICAL SECTION

This part of the Avon Lake City School District'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 District's overall financial health.

Contents	Page
Financial Trends	S 2
These schedules contain trend information to help the reader understand how the District's financial performance and well-being have changed over time.	
Revenue Capacity	S 12
These schedules contain information to help the reader assess the affordability of the District's most significant local revenue source, the property tax.	
Debt Capacity	S 27
These schedules present information to help the reader assess the affordability of the District's current levels of outstanding debt and the District's ability to issue additional debt in the future.	
Demographic and Economic Information	S 32
These schedules offer demographic and economic indicators to help the reader understand the environment within which the District's financial activities take place.	
Operating Information	S 34
These schedules contain service data to help the reader understand how the information in the District's financial report relates to the services the District provides and the activities it performs.	

Sources: Unless otherwise noted, the information in these schedules is derived from the comprehensive annual financial reports for the relevant year. The District implemented GASB Statement No. 34 for the year ended June 30, 2003; schedules presenting government-wide information include information beginning in that year.

AVON LAKE CITY SCHOOL DISTRICT
NET ASSETS BY COMPONENT
LAST NINE FISCAL YEARS
(ACCRUAL BASIS OF ACCOUNTING)

	2011	2010	2009
Governmental activities			
Invested in capital assets, net of related debt	\$ 10,282,563	\$ 9,946,281	\$ 10,893,237
Restricted	4,720,978	4,999,853	4,855,418
Unrestricted	5,324,122	9,744,093	11,777,501
Total primary government net assets	\$ 20,327,663	\$ 24,690,227	\$ 27,526,156

Note:

The District began to report accrual information when it implemented GASB Statement 34 in 2003. Information prior to 2003 is not available.

2008	2007	2006	2005	2004	2003
\$ 9,766,753	\$ 12,683,960	\$ 13,050,247	\$ 13,551,954	\$ 12,403,818	\$ 9,132,085
5,505,639	5,998,643	6,018,615	5,115,807	4,677,199	3,766,080
10,858,024	4,867,661	(1,432,914)	(562,847)	(639,465)	5,174,622
<u>\$ 26,130,416</u>	<u>\$ 23,550,264</u>	<u>\$ 17,635,948</u>	<u>\$ 18,104,914</u>	<u>\$ 16,441,552</u>	<u>\$ 18,072,787</u>

AVON LAKE CITY SCHOOL DISTRICT
EXPENSES, PROGRAM REVENUES AND NET (EXPENSES) REVENUE
LAST NINE FISCAL YEARS
(ACCRUAL BASIS OF ACCOUNTING)

Expenses	2011	2010	2009
Governmental activities:			
Instruction			
Regular	\$ 21,087,414	\$ 19,551,234	\$ 18,279,003
Special	2,982,052	3,061,161	2,818,062
Vocational	217,831	213,572	204,700
Adult/continuing	24,489	19,879	18,913
Other instruction	1,430,175	1,147,296	1,000,656
Supporting services			
Pupil	3,771,628	3,304,479	3,318,731
Instructional staff	975,585	974,710	922,353
Board of education	19,913	32,737	20,568
Administration	3,408,972	3,492,495	3,334,181
Fiscal services	1,130,131	1,135,733	997,105
Business	146,305	417,440	114,110
Operation and maintenance	7,717,754	6,781,144	4,926,928
Pupil transportation	1,724,226	1,530,111	1,500,578
Central services	160,103	158,131	190,642
Operation of non-instructional services			
Food service operation	1,305,908	1,246,386	1,161,495
Community services	283,718	219,142	261,704
Extracurricular activities	1,318,728	1,212,842	1,195,904
Interest	4,645,376	3,430,329	2,241,575
Total primary government expenses	<u>52,350,308</u>	<u>47,928,821</u>	<u>42,507,208</u>
Program revenues			
Governmental activities:			
Charges for services and sales			
Instruction	614,720	797,192	552,773
Supporting services	64,416	16,155	34,303
Food service	1,065,511	1,053,176	946,830
Extracurricular activities	494,972	380,392	324,217
Operating grants, interest and contributions	1,748,392	1,743,573	1,353,955
Capital grants and contributions	-	-	-
Total primary government program revenues	<u>3,988,011</u>	<u>3,990,488</u>	<u>3,212,078</u>
Net (expense) revenue			
Total primary government net expense	<u>\$ (48,362,297)</u>	<u>\$ (43,938,333)</u>	<u>\$ (39,295,130)</u>

Note:

The District began to report accrual information when it implemented GASB Statement 34 in 2003. Information prior to 2003 is not available.

2008	2007	2006	2005	2004	2003
\$ 17,922,399	\$ 16,867,890	\$ 17,283,670	\$ 17,067,490	\$ 17,041,281	\$ 11,689,934
2,436,905	2,268,431	2,074,881	2,057,130	1,726,273	1,616,580
224,077	194,969	187,079	252,331	226,332	197,384
12,723	16,538	13,409	36,793	32,974	12,922
873,473	754,362	718,927	649,596	-	-
2,823,282	2,670,535	3,279,597	2,530,881	2,235,500	1,564,520
761,803	690,660	495,175	873,051	1,583,121	1,583,368
22,687	19,802	17,999	18,202	12,284	14,625
2,961,136	2,785,367	2,900,181	3,090,189	3,032,320	2,590,859
1,004,099	1,090,308	949,135	922,519	875,443	772,525
152,539	114,811	87,500	86,459	72,063	61,081
4,891,117	4,073,937	4,667,818	4,582,836	3,716,052	3,639,874
1,507,204	1,292,500	1,210,650	1,318,645	1,157,158	1,063,898
280,156	160,111	62,203	12,498	11,129	31,335
1,088,114	1,002,790	802,400	829,674	694,053	646,164
340,766	272,981	219,150	334,781	288,654	241,576
1,186,993	1,020,672	1,046,500	1,243,236	1,098,085	938,883
2,219,378	2,251,030	2,285,814	2,427,174	2,727,315	2,893,026
<u>40,708,851</u>	<u>37,547,694</u>	<u>38,302,088</u>	<u>38,333,485</u>	<u>36,530,037</u>	<u>29,558,554</u>
390,215	427,914	412,502	378,491	316,206	197,275
37,203	33,162	26,135	40,630	68,667	151,087
866,132	737,172	619,103	586,662	531,639	520,370
497,279	476,264	340,212	448,435	454,198	278,885
1,341,274	1,300,348	1,033,158	1,010,702	1,327,736	974,121
-	-	-	-	13,585	78,952
<u>3,132,103</u>	<u>2,974,860</u>	<u>2,431,110</u>	<u>2,464,920</u>	<u>2,712,031</u>	<u>2,200,690</u>
<u>\$ (37,576,748)</u>	<u>\$ (34,572,834)</u>	<u>\$ (35,870,978)</u>	<u>\$ (35,868,565)</u>	<u>\$ (33,818,006)</u>	<u>\$ (27,357,864)</u>

AVON LAKE CITY SCHOOL DISTRICT
GENERAL REVENUES AND TOTAL CHANGE IN NET ASSETS
LAST NINE FISCAL YEARS
(ACCRUAL BASIS OF ACCOUNTING)

	2011	2010	2009
Net (expense) revenue			
Total primary government net expense	<u>\$ (48,362,297)</u>	<u>\$ (43,938,333)</u>	<u>\$ (39,295,130)</u>
General revenues and other changes in net assets			
Governmental activities:			
Property taxes levied for:			
General purposes	26,250,202	25,322,233	25,550,920
Debt service	4,289,589	3,484,747	2,876,031
Capital improvements	588,220	570,598	584,393
Grants and entitlements			
not restricted to specific purposes	11,894,621	11,093,394	10,613,902
Investment earnings	180,345	305,142	701,154
Miscellaneous	796,756	326,290	364,470
Total primary government	<u>43,999,733</u>	<u>41,102,404</u>	<u>40,690,870</u>
Change in net assets			
Total primary government	<u>\$ (4,362,564)</u>	<u>\$ (2,835,929)</u>	<u>\$ 1,395,740</u>

Note:

The District began to report accrual information when it implemented GASB Statement 34 in 2003. Information prior to 2003 is not available.

2008	2007	2006	2005	2004	2003
<u>\$ (37,576,748)</u>	<u>\$ (34,572,834)</u>	<u>\$ (35,870,978)</u>	<u>\$ (35,868,565)</u>	<u>\$ (33,818,006)</u>	<u>\$ (27,357,864)</u>
25,621,127	27,006,784	23,165,725	24,308,114	22,600,586	21,030,950
2,816,421	3,215,144	3,532,839	3,900,350	3,179,264	2,983,852
591,528	661,413	664,825	700,018	641,184	216,824
9,621,349	8,289,402	7,096,997	6,973,114	6,114,769	6,201,476
991,730	893,618	602,965	331,950	120,589	665,235
514,745	420,789	338,661	271,569	538,981	536,927
<u>40,156,900</u>	<u>40,487,150</u>	<u>35,402,012</u>	<u>36,485,115</u>	<u>33,195,373</u>	<u>31,635,264</u>
<u>\$ 2,580,152</u>	<u>\$ 5,914,316</u>	<u>\$ (468,966)</u>	<u>\$ 616,550</u>	<u>\$ (622,633)</u>	<u>\$ 4,277,400</u>

AVON LAKE CITY SCHOOL DISTRICT
 FUND BALANCES – GOVERNMENTAL FUNDS
 LAST TWO FISCAL YEARS
 (MODIFIED ACCRUAL BASIS OF ACCOUNTING)

	2011	2010
General Fund		
Nonspendable	\$ 35,732	\$ 32,990
Restricted		
Committed	113,990	113,990
Assigned	1,762,398	190,855
Unassigned	10,644,654	14,004,294
Total General Fund	<u>\$ 12,556,774</u>	<u>\$ 14,342,129</u>
All other governmental funds		
Nonspendable	\$ 11,702	\$ 12,286
Restricted	6,850,257	16,541,940
Committed	-	-
Assigned	-	-
Unassigned	(50,134)	-
Total all other governmental funds	<u>\$ 6,811,825</u>	<u>\$ 16,554,226</u>

The District implemented GASB Statement No. 54 in 2011.



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AVON LAKE CITY SCHOOL DISTRICT
 FUND BALANCES – GOVERNMENTAL FUNDS
 LAST EIGHT FISCAL YEARS
 (MODIFIED ACCRUAL BASIS OF ACCOUNTING)

	2009	2008	2007
General Fund			
Reserved	\$ 3,346,802	\$ 3,946,887	\$ 6,638,795
Unreserved	10,818,347	8,013,360	2,938,192
Total General Fund	<u>\$ 14,165,149</u>	<u>\$ 11,960,247</u>	<u>\$ 9,576,987</u>
All other governmental funds			
Reserved	\$ 530,529	\$ 1,049,532	\$ 1,155,863
Unreserved, reported in			
Special Revenue Funds (1)	456,708	399,154	517,234
Debt Service Funds	3,528,921	3,510,634	3,378,684
Capital Projects Funds	366,052	563,974	979,842
Total all other governmental funds	<u>\$ 4,882,210</u>	<u>\$ 5,523,294</u>	<u>\$ 6,031,623</u>

The District implemented GASB Statement No. 54 in 2011.

(1) Prior to the implementation of GASB Statement No. 34 in 2003, certain funds were previously accounted for as Enterprise Funds.

2006	2005	2004	2003	2002
\$ 5,815,564	\$ 4,687,670	\$ 2,877,394	\$ 3,518,950	\$ 3,775,434
(957,142)	1,099,541	2,780,039	2,505,782	1,822,594
<u>\$ 4,858,422</u>	<u>\$ 5,787,211</u>	<u>\$ 5,657,433</u>	<u>\$ 6,024,732</u>	<u>\$ 5,598,028</u>
\$ 1,596,764	\$ 1,573,675	\$ 629,297	\$ 2,000,056	\$ 8,091,755
606,911	444,599	459,923	506,653	525,868
2,852,044	2,191,254	1,879,686	1,867,075	1,866,270
898,290	787,624	1,363,806	917,499	(67,374)
<u>\$ 5,954,009</u>	<u>\$ 4,997,152</u>	<u>\$ 4,332,712</u>	<u>\$ 5,291,283</u>	<u>\$ 10,416,519</u>

AVON LAKE CITY SCHOOL DISTRICT
GENERAL GOVERNMENTAL REVENUES BY SOURCE
LAST TEN FISCAL YEARS
(MODIFIED ACCRUAL BASIS OF ACCOUNTING)

	<u>2011</u>	<u>2010</u>	<u>2009</u>	<u>2008</u>	<u>2007</u>
Taxes	\$ 30,522,111	\$ 29,380,946	\$ 28,993,866	\$ 28,945,490	\$ 30,878,851
Tuition and fees	561,156	813,347	637,145	392,331	429,498
Interest	183,515	314,202	624,928	964,222	696,609
Intergovernmental	13,643,013	12,836,967	11,967,857	10,962,623	9,589,750
Extracurricular	612,952	380,392	324,217	532,721	508,682
Charges for services	1,065,511	1,053,176	946,830	866,132	737,172
Other	<u>497,609</u>	<u>366,952</u>	<u>313,843</u>	<u>519,105</u>	<u>405,813</u>
Total	<u>\$ 47,085,867</u>	<u>\$ 45,145,982</u>	<u>\$ 43,808,686</u>	<u>\$ 43,182,624</u>	<u>\$ 43,246,375</u>

Source: School District Financial Records, All Governmental Fund Types.

Note: Beginning in fiscal year 2003, the Food Service Fund, the Uniform School Supply Fund and the Summer School Fund are being accounted for in the General Governmental Revenues as opposed to the Proprietary Fund Revenues.

2006	2005	2004	2003	2002
\$ 27,353,596	\$ 28,925,023	\$ 26,350,410	\$ 24,201,750	\$ 23,763,436
413,904	396,737	315,929	291,902	-
496,026	327,617	114,933	641,818	1,030,724
8,130,155	7,994,271	7,304,436	7,162,106	6,104,383
370,501	446,956	503,878	323,363	348,905
619,103	586,662	550,903	532,352	161,439
333,105	291,547	667,027	695,986	219,983
<u>\$ 37,716,390</u>	<u>\$ 38,968,813</u>	<u>\$ 35,807,516</u>	<u>\$ 33,849,277</u>	<u>\$ 31,628,870</u>

AVON LAKE CITY SCHOOL DISTRICT
GOVERNMENTAL FUNDS EXPENDITURES AND DEBT SERVICE RATIO
LAST TEN FISCAL YEARS
(MODIFIED ACCRUAL BASIS OF ACCOUNTING)

	2011	2010	2009	2008	2007
Expenditures					
Current					
Instruction					
Regular	\$ 18,704,165	\$ 17,796,812	\$ 17,382,770	\$ 16,937,907	\$ 15,986,540
Special	2,938,897	2,960,127	2,690,806	2,465,979	2,248,108
Vocational	211,155	210,124	177,680	225,510	191,448
Adult/continuing	24,489	19,879	18,913	12,723	17,641
Other instruction	1,424,724	1,140,459	999,671	873,680	752,655
Supporting services					
Pupil	3,772,336	3,228,080	3,204,774	2,822,913	2,719,829
Instructional staff	977,290	956,756	894,123	813,483	775,914
Board of education	19,913	32,737	20,568	22,687	19,802
Administration	3,039,568	3,340,083	3,052,822	2,825,802	2,764,553
Fiscal services	1,122,087	1,125,868	986,045	1,006,220	1,110,120
Business	140,589	117,271	109,264	152,428	119,427
Operation and maintenance	4,905,476	4,980,130	4,695,334	4,246,416	4,062,031
Pupil transportation	1,576,223	1,641,022	1,439,131	1,566,804	1,334,046
Central services	160,103	158,131	190,642	280,156	160,111
Operation of non-instructional services					
Food service operation	1,264,265	1,198,927	1,122,933	1,045,573	978,364
Community services	272,656	214,944	260,846	340,386	290,382
Extracurricular activities	1,492,792	1,184,128	1,131,542	1,136,892	972,308
Capital outlay	14,427,006	3,857,450	283,812	459,960	249,233
Debt service					
Principal	16,934,248	1,322,087	2,356,701	2,360,022	2,220,806
Interest	3,988,594	2,840,639	1,678,758	1,712,152	1,795,160
Total expenditures	<u>\$ 77,396,576</u>	<u>\$ 48,325,654</u>	<u>\$ 42,697,135</u>	<u>\$ 41,307,693</u>	<u>\$ 38,768,478</u>
Debt service as a percentage of noncapital expenditures	<u>32.28%</u>	<u>9.10%</u>	<u>9.91%</u>	<u>10.02%</u>	<u>10.53%</u>

Source :School District Financial Records, All Governmental Fund Types.

2006	2005	2004	2003	2002
\$ 15,389,028	\$ 15,174,910	\$ 14,917,287	\$ 12,873,943	\$ 11,851,577
2,042,418	2,035,391	1,712,208	1,634,261	1,357,776
182,050	247,656	220,233	202,223	177,076
13,449	37,489	32,829	11,228	-
718,927	649,596	-	-	-
3,276,384	2,654,253	2,021,379	1,578,932	1,348,868
693,314	904,103	1,625,559	1,585,293	1,397,177
17,999	18,249	12,386	14,630	14,203
2,690,840	2,975,064	2,989,248	2,688,406	2,512,923
952,909	900,934	887,229	785,429	684,597
85,006	83,903	74,498	64,486	66,560
4,180,675	4,112,400	3,783,645	3,662,932	2,914,613
1,169,507	1,281,848	1,162,022	1,106,931	842,024
62,203	12,498	11,129	31,335	43,687
764,245	761,281	726,173	619,239	-
206,188	331,941	288,491	241,458	190,950
991,341	1,176,253	1,081,643	964,977	916,161
240,474	333,521	2,143,711	6,084,750	28,287,138
2,226,686	2,173,153	2,011,312	1,601,395	1,460,620
1,784,679	2,722,220	2,509,149	2,548,577	2,613,177
<u>\$ 37,688,322</u>	<u>\$ 38,586,663</u>	<u>\$ 38,210,131</u>	<u>\$ 38,300,425</u>	<u>\$ 56,679,127</u>
<u>10.71%</u>	<u>12.94%</u>	<u>12.69%</u>	<u>14.11%</u>	<u>14.35%</u>

AVON LAKE CITY SCHOOL DISTRICT
OTHER FINANCING SOURCES AND USES AND NET CHANGE IN FUND BALANCES – GOVERNMENTAL FUNDS
LAST TEN FISCAL YEARS
(MODIFIED ACCRUAL BASIS OF ACCOUNTING)

	2011	2010	2009	2008	2007
Excess of revenues over (under) expenditures	\$ (30,310,709)	\$ (3,179,672)	\$ 1,111,551	\$ 1,874,931	\$ 4,477,897
Other financing sources (uses)					
Proceeds of refunding bonds	-	-	-	-	-
Transfers-in	223,545	221,850	224,604	330,858	361,451
Loan issuance	-	-	-	-	-
Note issuance	-	15,000,000	-	-	-
Bond issuance	18,495,866	-	-	-	-
Premium on debt issuance	287,087	-	-	-	-
Gain on sale of capital assets	-	-	-	-	-
Capital lease proceeds	-	28,668	452,267	-	318,282
Transfers-out	(223,545)	(221,850)	(224,604)	(330,858)	(361,451)
Payment to bond escrow agent	-	-	-	-	-
Total other financing sources (uses)	18,782,953	15,028,668	452,267	-	318,282
Net change in fund balances	\$ (11,527,756)	\$ 11,848,996	\$ 1,563,818	\$ 1,874,931	\$ 4,796,179

Source: School District Financial Records, All Governmental Fund Types.

2006	2005	2004	2003	2002
\$ 28,068	\$ 382,150	\$ (2,402,615)	\$ (4,451,148)	\$ (25,050,257)
-	40,569,842	-	-	-
360,568	389,564	355,825	383,457	367,490
-	-	-	257,069	800,000
-	-	-	-	1,785,717
-	-	-	-	-
-	-	-	-	1,600
-	-	1,076,745	-	609,977
(360,568)	(389,564)	(355,825)	(383,457)	(370,807)
-	(40,157,774)	-	-	-
-	412,068	1,076,745	257,069	3,193,977
\$ 28,068	\$ 794,218	\$ (1,325,870)	\$ (4,194,079)	\$ (21,856,280)

AVON LAKE CITY SCHOOL DISTRICT
 ASSESSED AND ESTIMATED ACTUAL VALUE OF TAXABLE PROPERTY
 LAST TEN FISCAL YEARS

Year	Agriculture, Residential and Other Real Property		Public Utility Property		Tangible Personal Property	
	Assessed Value	Estimated Actual Value (1)	Assessed Value	Estimated Actual Value (2)	Assessed Value	Estimated Actual Value (3)
2011	\$ 768,801,730	\$ 2,196,576,371	\$ 57,136,730	\$ 64,928,102	\$ - (4)	\$ -
2010	760,700,870	2,173,431,057	56,540,920	64,251,045	348,889 (4)	1,395,556
2009	784,317,250	2,240,906,429	78,262,550	88,934,716	357,129 (4)	1,428,516
2008	764,003,830	2,182,868,086	80,644,620	91,641,614	16,228,352 (4)	259,653,632
2007	732,930,700	2,094,087,714	82,074,850	93,266,875	32,948,472 (4)	263,587,776
2006	639,000,320	1,825,715,200	89,484,090	101,686,466	52,701,113 (4)	210,804,452
2005	608,828,450	1,739,509,857	94,787,120	107,712,636	71,691,440	311,701,913
2004	577,484,470	1,649,955,629	89,826,130	102,075,148	76,118,840	330,951,478
2003	526,706,330	1,504,875,229	87,013,120	98,878,545	85,523,650	342,094,600
2002	496,622,850	1,418,922,429	90,597,440	102,951,636	73,893,390	295,573,560

Source: Lorain County Auditor - Data is presented on a calendar year basis because that is the manner in which the information is maintained by the County Auditor.

- (1) This amount is calculated based upon an assessed value of 35 percent of actual value.
- (2) This amount is calculated based upon the current assessed value of 88 percent of actual value.
- (3) The amount is calculated based on an assessed value of 25 percent of actual value.
- (4) Decrease is due to effect of State legislation enacted in June 2005 which phased out over four years, from 2006 to 2009, the taxation of personal property. Tangible personal property value beginning in 2009 consisted of telephone communications tangible value, for which 2010 was the final collection year.
- (5) Total assessed rate is per \$ 1,000 assessed valuation.

Assessed Value	Total Estimated Actual Value	Total Assessed Rate (5)
\$ 825,938,460	\$ 2,261,504,473	65.89
817,590,679	2,239,077,658	66.03
862,936,929	2,331,269,661	63.89
860,876,802	2,534,163,332	65.82
847,954,022	2,450,942,365	68.62
781,185,523	2,138,206,118	60.26
775,307,010	2,158,924,406	64.51
743,429,440	2,082,982,255	60.36
699,243,100	1,945,848,374	60.69
661,113,680	1,817,447,625	61.14
670,773,760	1,796,189,351	55.94

AVON LAKE CITY SCHOOL DISTRICT
PROPERTY TAX RATES – DIRECT AND OVERLAPPING GOVERNMENTS
(PER \$ 1,000 ASSESSED VALUATION)

LAST TEN FISCAL YEARS

Year	School Levy	Library	County Levy	JVS Levy	City Levy	Total Levy
2011	\$ 65.89	\$ 1.80	\$ 13.69	\$ 2.45	\$ 7.34	\$ 91.17
2010	66.03	1.80	13.39	2.45	7.35	91.02
2009	63.89	1.80	13.39	2.45	7.36	88.89
2008	65.82	1.80	13.39	2.45	6.95	90.41
2007	68.62	1.80	13.49	2.45	6.95	93.31
2006	60.26	1.80	13.49	2.45	6.95	84.95
2005	64.51	1.80	13.19	2.45	6.95	88.90
2004	60.36	1.80	12.89	2.45	7.24	84.74
2003	60.69	1.80	12.89	2.45	7.24	85.07
2002	61.14	1.80	12.89	2.45	7.24	85.52

Source: Lorain County Auditor - Data is presented on a calendar year basis because that is the manner in which the information is maintained by the County Auditor.

(1) - Includes .76 mills for debt retirement for the Avon Lake Public Library.

(2) - Lorain County and the City of Avon Lake do not have voted millage for debt service.

Debt Service Included in Total Levy				
School (1)	County (2)	City	Total	
\$ 5.43	\$ -	\$ -	\$	5.43
5.47	-	-		5.47
3.89	-	-		3.89
3.95	-	-		3.95
4.16	-	-		4.16
4.91	-	-		4.91
4.91	-	-		4.91
4.98	-	-		4.98
4.98	-	-		4.98
5.15	-	-		5.15

AVON LAKE CITY SCHOOL DISTRICT
PROPERTY TAX LEVIES AND COLLECTIONS (1)
LAST TEN YEARS

Year	Total Tax Levy	Current Tax Collections	Percent of Current Taxes Collected	Delinquent Tax Collections (2)	Total Tax Collections (3)
2011 (4)	Not available	Not available	Not available	Not available	Not available
2010 (5)	Not available	Not available	Not available	Not available	Not available
2009	32,564,062	31,764,096	97.54%	843,204	32,607,300
2008	33,151,604	32,586,663	98.30%	541,056	33,127,719
2007	33,809,716	33,207,530	98.22%	2,936,395	36,143,925
2006	28,644,396	27,902,337	97.41%	413,543	28,315,880
2005	28,283,085	27,988,587	98.96%	504,570	28,493,157
2004	23,975,086	23,572,502	98.32%	277,716	23,850,218
2003	22,599,575	22,572,967	99.88%	251,027	22,823,994
2002	20,308,622	20,104,185	98.99%	180,557	20,284,742

Source: Lorain County Auditor - Data is presented on a calendar year basis because that is the manner in which the information is maintained by the County Auditor.

(1) Includes Homestead/Rollback taxes assessed locally but distributed through the State and reported as Intergovernmental Revenue.

(2) The Lorain County Auditor does not identify delinquent tax collections by levy year.

(3) The Lorain County Auditor does not identify delinquent tax collections by levy year, accordingly, total tax collections could exceed 100% of total tax levy.

(4) 2011 data is not available from the Lorain County Auditor as of the date of this report.

(5) This data, provided by the Lorain County Auditor, is a "snapshot" in time. Due to implementation of a new computer system at the offices of the Lorain County Auditor, this data was not generated for 2010, and cannot be recreated.

(6) A principal taxpayer was delinquent in filing its personal property tax return with the Lorain County Auditor.

<u>Ratio of Total Tax Collections to Total Tax Levy (3)</u>	<u>Outstanding Delinquent Taxes</u>	<u>Ratio of Delinquent Taxes to Total Tax Levy</u>
Not available	Not available	Not available
Not available	Not available	Not available
100.13%	554,362	1.70%
99.93%	272,778	0.82%
106.90%	197,744	0.58%
98.85%	2,240,206 (6)	7.82%
100.74%	204,731	0.72%
99.48%	143,552	0.60%
100.99%	101,237	0.45%
99.88%	278,567	1.37%

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AVON LAKE CITY SCHOOL DISTRICT
 PRINCIPAL TAXPAYERS –
 REAL ESTATE TAX
 AS OF JUNE 30, 2011 AND JUNE 30, 2002

December 31, 2010

Name of Taxpayer	Assessed Value (1)	Percent of Total Assessed Value
Ford Motor Company	\$ 3,819,940	0.46%
PolyOne corporation	3,311,420	0.40%
181 Somerset Realty I LLC	2,999,920	0.36%
Avon Lake Village LLC	2,683,310	0.32%
Towne Independent Living LLC	1,852,100	0.22%
Kopf Properties II Ltd	1,623,620	0.20%
Learwood Square Co LLC	1,535,840	0.19%
Avon Lake Associates	1,251,460	0.15%
Lake Veterinary Properties LLC	1,123,750	0.14%
Legacy Point Ltd.	1,112,720	0.13%
	<u>\$ 21,314,080</u>	<u>2.57%</u>
 Total assessed value	 <u>\$ 825,938,460</u>	

December 31, 2001

Name of Taxpayer	Assessed Value (1)	Percent of Total Assessed Value
Ford Motor Company	\$ 12,073,570	1.80%
Geon Company	3,889,810	0.58%
Kopf Properties, Ltd	2,382,460	0.36%
Learwood Square Co LLC	1,763,050	0.26%
Towne Center Apartments	1,621,630	0.24%
PMD Group Inc	1,561,610	0.23%
Sweetbriar Management Co	1,298,690	0.19%
Landings Shops and Offices	1,281,320	0.19%
Avon Lake Associates	1,208,180	0.18%
Riser Foods	1,221,790	0.18%
	<u>\$ 28,302,110</u>	<u>4.21%</u>
 Total assessed value	 <u>\$ 670,773,760</u>	

Source: Lorain County Auditor - Data is presented on a calendar year basis because that is the manner in which the information is maintained by the County Auditor.

(1) Assessed Values are for the 2010 and 2001 collection year, respectively.

AVON LAKE CITY SCHOOL DISTRICT
 PRINCIPAL TAXPAYERS –
 PUBLIC UTILITY TAX
 AS OF JUNE 30, 2011 AND JUNE 30, 2002

December 31, 2010		
Name of Taxpayer	Assessed Value (1)	Percent of Total Assessed Value
Orion Power Midwest LP	\$ 55,805,830	6.76%
Cleveland Electric	10,271,770	1.24%
American Transmission	6,639,500	0.80%
Columbia Gas of Ohio LLC	1,703,130	0.21%
	\$ 74,420,230	9.01%
 Total assessed value	 \$ 825,938,460	

December 31, 2001		
Name of Taxpayer	Assessed Value (1)	Percent of Total Assessed Value
Orion Power Midwest LP	\$ 74,323,470	11.08%
Cleveland Electric	10,963,040	1.63%
American Transmission Systems Inc	5,310,930	0.79%
	\$ 90,597,440	13.50%
 Total assessed value	 \$ 670,773,760	

Source: Lorain County Auditor - Data is presented on a calendar year basis because that is the manner in which the information is maintained by the County Auditor.

(1) Assessed Values are for the 2010 and 2001 collection year, respectively.
 Assessed Values include public utilities and real estate values, details of which are not available.

AVON LAKE CITY SCHOOL DISTRICT
 COMPUTATION OF DIRECT AND OVERLAPPING GENERAL OBLIGATION DEBT
 AS OF JUNE 30, 2011

Jurisdiction	General Obligation Debt Outstanding	Total Assessed Value	Percentage Applicable to School District (1)	Amount Applicable to School District
Direct				
Avon Lake City School District	\$ 51,676,509	\$ 825,938,460	100.00%	\$ 51,676,509
Overlapping				
Lorain County (2)	39,910,000	6,649,234,858	12.42%	4,956,822
City of Avon Lake (2)	<u>19,098,487</u>	825,938,460	100.00%	<u>19,098,487</u>
Sub Total				<u>24,055,309</u>
Total	<u>\$ 110,684,996</u>			<u>\$ 75,731,818</u>

Source: Lorain County Auditor - Total Assessed Value is presented on a calendar year basis (including School District's) because that is the manner in which the information is maintained by the County Auditor.

(1) - Percentages are computed by dividing the assessed valuation of the political subdivision located within the boundaries of the School District by the total assessed valuation of the subdivision.

(2) - Debt is as of December 31, 2010.

AVON LAKE CITY SCHOOL DISTRICT
 OUTSTANDING DEBT BY TYPE
 LAST TEN FISCAL YEARS

Year	General Obligation Bonded Debt (1)	Notes Payable	Loans Payable	Capital Leases
2011	\$ 56,888,584	\$ 220,000	\$ -	\$ 148,517
2010	39,301,164	15,430,000	-	378,216
2009	39,639,503	630,000	-	561,902
2008	41,122,890	825,000	-	226,336
2007	42,669,901	1,013,730	51,069	285,289
2006	44,143,314	1,188,182	104,069	221,606
2005	45,473,372	1,345,701	324,019	543,292
2004	46,654,726	1,500,300	534,703	925,761
2003	47,690,331	1,620,717	736,437	283,594
2002	48,629,052	1,785,717	625,455	483,902

Source: (1) School District Financial Records

(2) See Schedule S-32 for personal income, population, and ADM data.
 These ratios are calculated using data for the prior calendar year.

Total Primary Government	Percentage of Personal Income (2)	Per Capita (2)	Per ADM (2)
\$ 57,257,101	6.22%	\$ 2,536	\$ 15,147
55,109,380	9.39%	3,037	14,939
40,831,405	6.96%	2,250	11,292
42,174,226	7.19%	2,324	12,095
44,019,989	7.50%	2,426	12,730
45,657,171	7.78%	2,516	13,425
47,686,384	8.13%	2,628	14,543
49,615,490	8.46%	2,734	15,201
50,331,079	8.58%	2,774	15,434
51,524,126	8.78%	2,840	16,346

AVON LAKE CITY SCHOOL DISTRICT
COMPUTATION OF LEGAL DEBT MARGIN
LAST TEN FISCAL YEARS

	2011(1)	2010(1)	2009 (1)	2008 (1)	2007 (1)
Assessed Valuation	\$ 825,938,460	\$ 817,590,679	\$ 784,317,250	\$ 764,003,830	\$ 732,930,700
Debt Limit -9% of Assessed Value (2)	74,334,461	73,583,161	70,588,553	68,760,345	65,963,763
Debt applicable to limitation					
Total voted general obligation debt	51,456,509	52,951,059	35,191,070	37,084,925	42,569,901
Total unvoted general obligation debt	220,000	430,000	630,000	825,000	1,113,730
Less amount available in debt service funds	(3,511,799)	(3,988,789)	(3,528,921)	(3,510,634)	(3,378,682)
Amount of debt subject to debt limit:	48,164,710	49,392,270	32,292,149	34,399,291	40,304,949
Overall debt margin	26,169,751	24,190,891	38,296,404	34,361,054	25,658,814
Overall Limit - .10% of Assessed Value (2)	\$ 825,938	\$ 817,591	\$ 784,317	\$ 764,004	\$ 732,931
Amount of debt subject to debt limit:	-	-	-	-	-
Unvoted Debt Margin	\$ 825,938	\$ 817,591	\$ 784,317	\$ 764,004	\$ 732,931
Additional Limit for Unvoted Energy Conservation Bonds and Notes:					
Debt Limit - .9% of Assessed Value	\$ 7,433,446	\$ 7,358,316	\$ 7,058,855	\$ 6,876,034	\$ 6,596,376
Amount of debt subject to debt limit:	220,000	430,000	630,000	825,000	1,113,730
Additional Unvoted Debt Margin	\$ 7,213,446	\$ 6,928,316	\$ 6,428,855	\$ 6,051,034	\$ 5,482,646

Source: Lorain County Auditor and School District Financial Records.

(1) Beginning in fiscal year 2006, HB530 changed the assessed valuation utilized in the legal debt margin calculation to exclude tangible personal property as well as railroad and telephone tangible property.

(2) Ohio Bond Law established a limit of 9% for voted debt and 1/10 of 1% of unvoted debt.

2006 (1)	2005	2004	2003	2002
<u>\$ 639,000,320</u>	<u>\$ 775,307,010</u>	<u>\$ 743,429,440</u>	<u>\$ 699,243,100</u>	<u>\$ 661,113,680</u>
<u>57,510,029</u>	<u>69,777,631</u>	<u>66,908,650</u>	<u>62,931,879</u>	<u>59,500,231</u>
43,918,314	42,424,925	43,699,977	47,090,331	48,629,052
1,413,182	1,610,717	1,915,717	2,220,717	-
<u>(2,852,044)</u>	<u>(3,197,332)</u>	<u>(2,302,495)</u>	<u>(2,323,028)</u>	<u>(2,480,271)</u>
<u>42,479,452</u>	<u>40,838,310</u>	<u>43,313,199</u>	<u>46,988,020</u>	<u>46,148,781</u>
<u>15,030,577</u>	<u>28,939,321</u>	<u>23,595,451</u>	<u>15,943,859</u>	<u>13,351,450</u>
\$ 639,000	\$ 775,307	\$ 743,429	\$ 699,243	\$ 661,114
-	-	-	-	-
<u>\$ 639,000</u>	<u>\$ 775,307</u>	<u>\$ 743,429</u>	<u>\$ 699,243</u>	<u>\$ 661,114</u>
<u>\$ 5,751,003</u>	<u>\$ 6,977,763</u>	<u>\$ 6,690,865</u>	<u>\$ 6,293,188</u>	<u>\$ 5,950,023</u>
1,413,182	1,610,717	1,915,717	735,000	1,025,000
<u>\$ 4,337,821</u>	<u>\$ 5,367,046</u>	<u>\$ 4,775,148</u>	<u>\$ 5,558,188</u>	<u>\$ 4,925,023</u>

AVON LAKE CITY SCHOOL DISTRICT
 DEMOGRAPHIC AND ECONOMIC STATISTICS
 LAST TEN FISCAL YEARS

Calendar Year	Population	Per Capita Income	Personal Income	Average Daily Student Enrollment (3)	Unemployment Rate (4)		
					Lorain County	Ohio	U.S.
2011	22,581 (1)	\$ 40,790	\$ 921,078,990	3,780	8.2%	9.2%	9.2%
2010	18,145 (2)	32,336	586,736,720	3,689	9.8%	10.4%	9.5%
2009	18,145 (2)	32,336	586,736,720	3,616	11.5%	11.2%	9.5%
2008	18,145 (2)	32,336	586,736,720	3,487	7.8%	6.6%	5.5%
2007	18,145 (2)	32,336	586,736,720	3,458	6.6%	6.1%	4.5%
2006	18,145 (2)	32,336	586,736,720	3,401	5.4%	5.1%	4.6%
2005	18,145 (2)	32,336	586,736,720	3,279	6.5%	6.2%	5.7%
2004	18,145 (2)	32,336	586,736,720	3,264	6.2%	6.4%	5.6%
2003	18,145 (2)	32,336	586,736,720	3,261	7.4%	6.8%	6.3%
2002	18,145 (2)	32,336	586,736,720	3,152	6.0%	6.0%	5.8%

Source:

(1) Based on the 2010 Census.

(2) Based on the 2000 Census.

(3) Average Daily Student Enrollment is compiled as of the first week in October reported to the Ohio Department of Education for the fiscal year.

(4) Bureau of Labor Statistics for June, 2011.

AVON LAKE CITY SCHOOL DISTRICT
 PRINCIPAL EMPLOYERS
 AS OF DECEMBER 31, 2010 AND 2001

December 2010				
Employer	Nature of Activity or Business	Approximate Number of Employees (1)	Percentage To Total Employment (2)	Rank
Ford Motor Company	Van and sport utility vehicle assembly	2,144	Not available	1
Avon Lake City School District	Public education	817	Not available	2
PolyOne Corporation	Distributor of thermoplastics, compounds & resins	610	Not available	3
City of Avon Lake	Government	370	Not available	4
Western/Scott Fetzer Co	Gas control technology	227	Not available	5
Lubrizol Advanced Materials	Manufactures polymers & specialties chemicals	202	Not available	6
Grace Management Svcs Inc	Retirement village	174	Not available	7
Orion Power Operating	Power company	150	Not available	8
Giant Eagle/Riser Foods Company	Grocery store	130	Not available	9
Avon Lake Animal Clinic Inc	Veterinary clinic	125	Not available	10

December 2001				
Employer	Nature of Activity or Business	Approximate Number of Employees (1)	Percentage To Total Employment (2)	Rank
Ford Motor Company	Van and sport utility vehicle assembly	2,715	Not available	1
PolyOne Corporation	Distributor of thermoplastics, compounds & resins	500	Not available	2
Avon Lake City School District	Public education	379	Not available	3
Western/Scott Fetzer Co	Gas control technology	280	Not available	4
Lubrizol Advanced Materials	Manufactures polymers & specialties chemicals	175	Not available	5
Sunrise Medical HHG, Inc.	Manufactures customized wheelchairs	154	Not available	6
Giant Eagle/Riser Foods Company	Grocery store	145	Not available	7
City of Avon Lake	Government	138	Not available	8
Arrow Aluminum Castings Co	Aluminum, sand, and permanent mold castings	125	Not available	9
Rosborough Manufacturing	Steel industry equipment & chemical mixing	125	Not available	10

Sources: The City of Avon Lake in cooperation with the Regional Income Tax Agency and School District Records.

(1) Number of employees is based on forms W-2 filed with the Regional Income Tax Agency, and include seasonal and part-time employees.

(2) Data to compute the percentage of total employment that each listed employer represents is not available.

AVON LAKE CITY SCHOOL DISTRICT
 FULL-TIME EQUIVALENT DISTRICT EMPLOYEES BY TYPE
 LAST EIGHT FISCAL YEARS

	<u>2011</u>	<u>2010</u>	<u>2009</u>	<u>2008</u>	<u>2007</u>
Professional Staff					
Teaching Staff:					
Elementary K-6	110.40	113.65	113.20	110.00	100.76
Middle	38.59	39.58	38.50	39.00	37.12
High	69.11	76.72	76.46	70.50	66.00
Tutors	7.64	11.65	13.15	19.41	14.15
Administrators					
District/Building	14.00	15.00	14.00	15.00	15.00
Auxiliary Positions					
Psychologist	1.00	2.00	2.00	1.00	1.00
Nurse	4.00	2.52	1.89	1.64	1.26
Speech & Language Therapist	3.32	3.32	3.23	3.23	2.43
Physical Therapist	1.00	1.00	1.00	1.00	1.00
Occupational Therapist/Assistant	2.00	2.00	2.00	2.00	2.00
Support Staff					
Counseling	9.31	10.31	10.28	9.10	9.10
Computer Tech	3.00	3.00	2.00	3.00	3.00
Printer	1.00	1.00	1.00	1.00	1.00
Librarian/Media	2.80	3.69	3.78	3.00	2.00
Library Aide	6.00	5.25	4.50	4.50	4.50
Clerical	27.59	35.52	26.53	24.78	24.28
Teaching Aide	49.83	35.85	34.76	26.26	23.07
General Maintenance	6.00	6.00	6.00	6.00	6.00
Mechanic	2.00	2.00	2.00	2.00	2.00
Transportation Supervisor	1.00	2.00	1.00	1.00	1.00
Bus Drivers	22.44	17.62	21.60	23.03	20.60
Custodial	32.99	30.50	28.00	28.00	28.00
Food Service	18.44	17.73	16.47	15.84	15.46
Security	1.12	3.78	2.99	3.32	2.33
Attendants & Monitors	21.23	20.50	19.99	24.03	25.44
Total	<u>455.81</u>	<u>462.19</u>	<u>446.33</u>	<u>437.64</u>	<u>408.50</u>

Source: School District records.

(1) Data prior to 2004 is not available

<u>2006</u>	<u>2005</u>	<u>2004</u>
102.62	98.12	98.62
37.00	40.00	35.00
66.50	73.00	65.72
14.16	10.77	10.65
15.00	20.00	17.00
1.00	1.00	1.00
1.63	1.26	1.26
2.43	2.43	2.03
1.00	0.00	0.00
1.00	0.75	0.75
9.00	9.00	8.50
2.00	2.00	1.00
1.00	1.00	1.00
3.00	6.00	5.00
4.75	5.25	4.50
27.96	27.34	26.94
24.51	22.87	30.37
8.00	6.00	6.00
2.00	2.00	2.00
1.00	1.00	1.00
29.81	24.11	23.61
28.00	30.00	28.00
22.18	14.88	13.41
1.50	1.00	1.00
<u>35.50</u>	<u>26.01</u>	<u>16.97</u>
<u><u>442.55</u></u>	<u><u>425.79</u></u>	<u><u>401.33</u></u>

AVON LAKE CITY SCHOOL DISTRICT
OPERATING STATISTICS
LAST TEN FISCAL YEARS

Year	Average Daily Student Enrollment (1)	General Fund Expenditures	Cost Per Pupil (1)	Percent Change	Teaching Staff	Pupil Teacher Ratio	Percentage of Students Receiving Free or Reduced-Price Meals
2011	3,780	\$ 38,748,151	\$ 10,904	3.22%	232	16.29	5.22%
2010	3,689	36,689,971	10,564	2.23%	230	16.04	5.26%
2009	3,616	34,810,283	10,334	2.86%	229	15.79	6.02%
2008	3,487	33,446,761	10,047	4.08%	230	15.16	6.84%
2007	3,458	31,526,703	9,653	0.86%	230	15.03	11.00%
2006	3,401	31,244,700	9,571	-2.33%	222	15.32	7.70%
2005	3,279	30,945,649	9,799	4.29%	224	14.64	7.40%
2004	3,264	30,504,120	9,396	11.79%	231	14.13	9.10%
2003	3,261	26,473,638	8,405	1.29%	209	15.60	11.10%
2002	3,152	24,263,971	8,298	7.29%	213	14.80	10.50%

Source: School District Financial Records.

(1) Ohio Department of Education
EFM - Expenditure per Pupil Report

AVON LAKE CITY SCHOOL DISTRICT
TEACHER BASE SALARIES
LAST TEN FISCAL YEARS

Year	Minimum Salary (a)	Maximum Salary (a)	Avon Lake Average Salary (b)
2011	\$ 36,779	\$ 81,282	\$ 62,969
2010	36,779	81,282	61,599
2009	35,879	79,293	59,822
2008	34,318	74,985	57,721
2007	33,318	72,800	55,908
2006	32,988	72,079	55,782
2005	31,950	69,811	53,245
2004	30,989	67,711	51,385
2003	30,086	65,738	50,119
2002	29,139	63,669	47,315

Sources:

(a) District salary schedules

(b) Ohio Department of Education

AVON LAKE CITY SCHOOL DISTRICT
TEACHER EDUCATION AND EXPERIENCE
JUNE 30, 2011

<u>Degree</u>	<u>Number of Teachers</u>	<u>Percentage of Total</u>
Bachelor's Degree	12	5.17%
Bachelor + 10	8	3.45%
Bachelor + 20	16	6.90%
Master's Degree	85	36.64%
Master's + 10	46	19.83%
Master's + 20	26	11.21%
Master's + 30	34	14.66%
Master's + 45	<u>5</u>	<u>2.16%</u>
	<u><u>232</u></u>	<u><u>100.00%</u></u>

<u>Experience</u>	<u>Number of Teachers</u>	<u>Percentage of Total</u>
0 - 5	24	10.34%
6-10	67	28.88%
11 and over	<u>141</u>	<u>60.78%</u>
	<u><u>232</u></u>	<u><u>100.00%</u></u>

Source: School District records.

AVON LAKE CITY SCHOOL DISTRICT

AVERAGE ACT SCORES

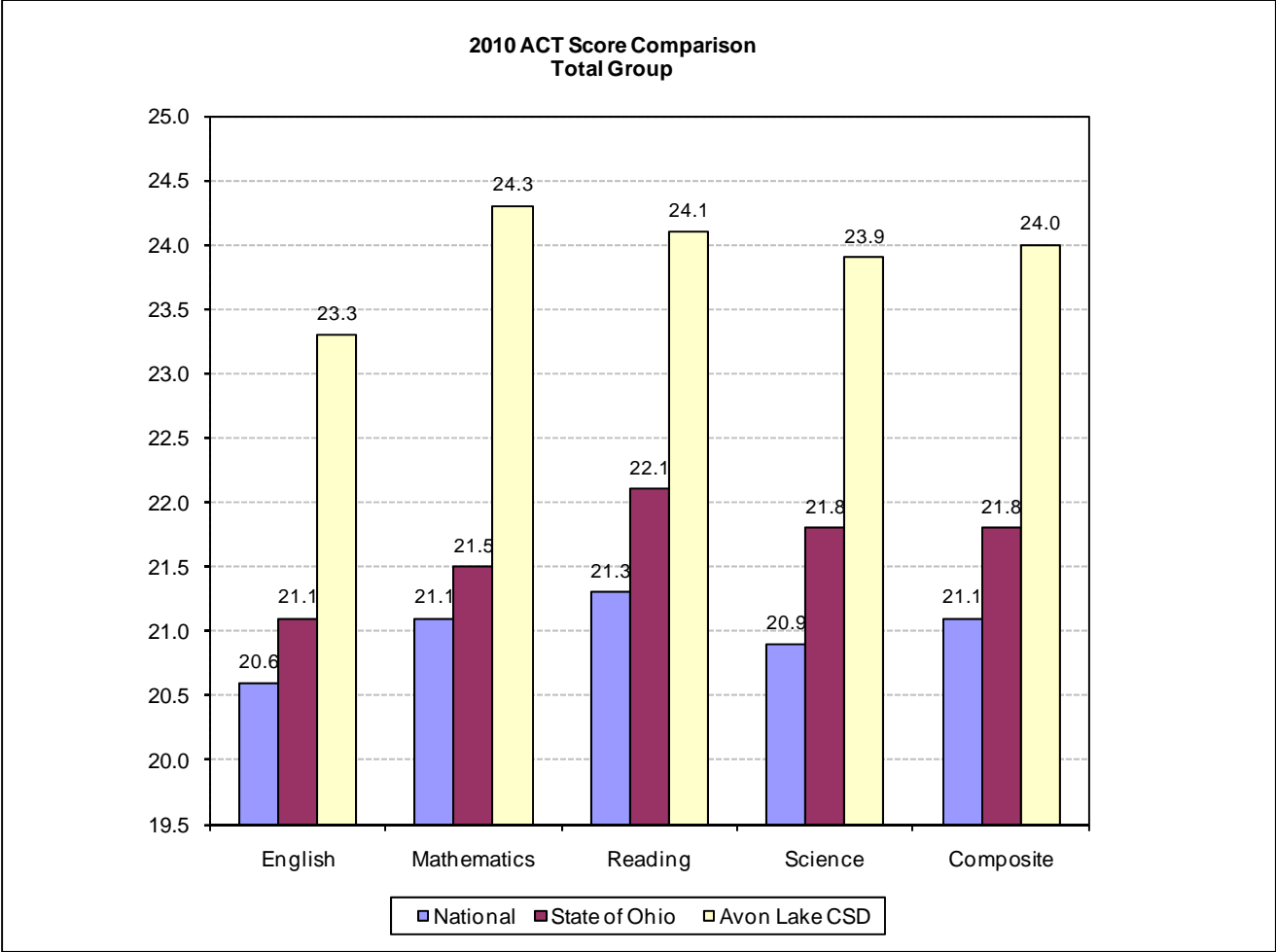
LAST TEN FISCAL YEARS

English:	Avon Lake	State of Ohio	National	Science:	Avon Lake	State of Ohio	National
2010 - 2011	23.3	21.1	20.6	2010 - 2011	23.9	21.8	20.9
2009 - 2010	23.9	21.2	20.5	2009 - 2010	24.3	21.8	20.9
2008 - 2009	23.5	21.1	20.6	2008 - 2009	23.9	21.7	20.9
2007 - 2008	22.8	21.1	20.6	2007 - 2008	23.1	21.7	20.8
2006 - 2007	23.0	21.0	20.7	2006 - 2007	23.1	21.6	21.0
2005 - 2006	22.2	20.8	20.6	2005 - 2006	23.0	21.5	20.9
2004 - 2005	22.7	20.7	20.4	2004 - 2005	23.4	21.5	20.9
2003 - 2004	21.9	20.7	20.4	2003 - 2004	22.8	21.5	20.9
2002 - 2003	21.8	20.6	20.3	2002 - 2003	22.5	21.4	20.8
2001 - 2002	21.8	20.6	20.2	2001 - 2002	22.5	21.5	20.8
2000 - 2001	21.6	20.7	20.5	2000 - 2001	22.5	21.5	21.0

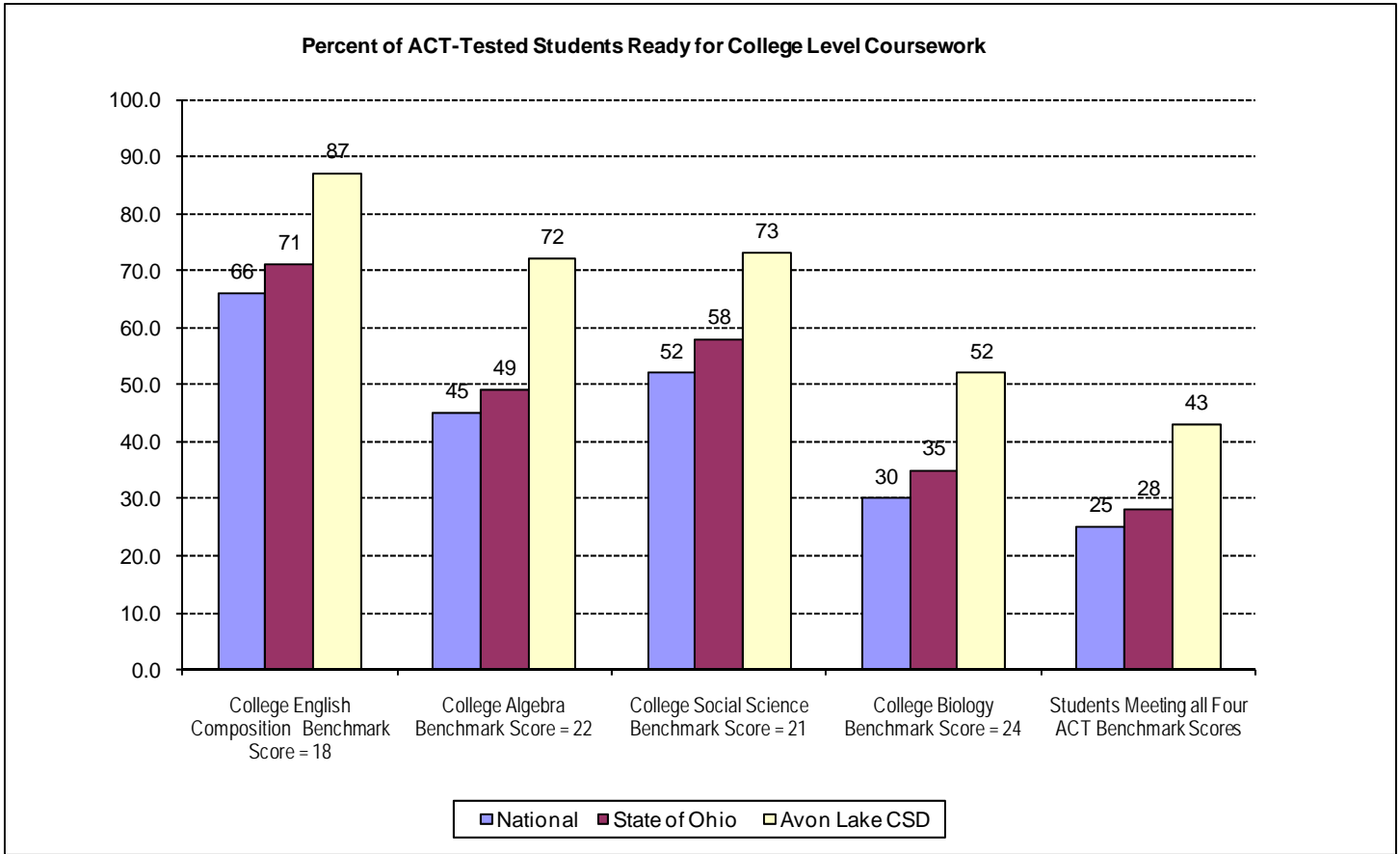
Math:	Avon Lake	State of Ohio	National	Composite:	Avon Lake	State of Ohio	National
2010 - 2011	24.3	21.5	21.1	2010 - 2011	24.0	21.8	21.1
2009 - 2010	24.9	21.5	21.0	2009 - 2010	24.5	21.8	21.0
2008 - 2009	24.5	21.4	21.0	2008 - 2009	24.1	21.7	21.1
2007 - 2008	24.1	21.5	21.0	2007 - 2008	23.5	21.7	21.1
2006 - 2007	24.3	21.3	21.0	2006 - 2007	23.7	21.6	21.2
2005 - 2006	23.9	21.3	20.8	2005 - 2006	23.2	21.5	21.1
2004 - 2005	24.2	21.2	20.7	2004 - 2005	23.7	21.4	20.9
2003 - 2004	23.3	21.1	20.7	2003 - 2004	22.9	21.4	20.9
2002 - 2003	23.3	21.1	20.6	2002 - 2003	22.6	21.4	20.8
2001 - 2002	23.3	21.2	20.6	2001 - 2002	22.8	21.4	20.8
2000 - 2001	22.3	21.1	20.7	2000 - 2001	22.3	21.4	21.0

Reading:	Avon Lake	State of Ohio	National
2010 - 2011	24.1	22.1	21.3
2009 - 2010	24.2	22.1	21.3
2008 - 2009	24.0	22.2	21.4
2007 - 2008	23.3	22.1	21.4
2006 - 2007	23.6	22.0	21.5
2005 - 2006	23.0	21.9	21.4
2004 - 2005	23.9	21.9	21.3
2003 - 2004	23.3	21.9	21.3
2002 - 2003	22.3	21.8	21.2
2001 - 2002	23.4	21.8	21.1
2000 - 2001	22.4	21.8	21.3

AVON LAKE CITY SCHOOL DISTRICT
2010 ACT SCORE COMPARISON
JUNE 30, 2011



AVON LAKE CITY SCHOOL DISTRICT
PERCENT OF ACT TESTED STUDENTS READY FOR COLLEGE LEVEL COURSEWORK
JUNE 30, 2011



AVON LAKE CITY SCHOOL DISTRICT
SCHOOL BUILDING INFORMATION
LAST TEN FISCAL YEARS

	2011	2010	2009	2008	2007
Elementary Schools					
Eastview (1950)					
Square feet	42,048	34,158	34,158	34,158	34,158
Enrollment	350	340	337	315	330
Erievue (1950)					
Square feet	34,593	31,445	31,445	31,445	31,445
Enrollment	286	282	280	261	244
Redwood (1962)					
Square feet	58,780	50,220	50,220	50,220	50,220
Enrollment	498	448	441	379	357
Troy (1970)					
Square feet	86,150	86,150	86,150	86,150	86,150
Enrollment	594	566	537	529	547
Westview (1957)					
Square feet	41,961	39,505	39,505	39,505	39,505
Enrollment	280	279	264	257	235
Middle School					
Learwood (1959)					
Square feet	110,911	98,767	98,767	98,767	98,767
Enrollment	576	572	582	581	536
High School					
Avon Lake High (1927)					
Square feet	314,612	314,612	314,612	314,612	314,612
Enrollment	1,197	1,202	1,175	1,164	1,197

Source: District records.

2006	2005	2004	2003	2002
34,158 317	34,158 328	34,158 346	34,158 365	34,158 333
31,445 258	31,445 260	31,445 258	31,445 239	31,445 232
50,220 357	50,220 311	50,220 313	50,220 292	50,220 280
86,150 553	86,150 497	86,150 469	86,150 505	86,150 515
39,505 230	39,505 224	39,505 226	39,505 225	39,505 217
98,767 512	98,767 531	98,767 531	98,767 536	98,767 511
314,612 1,173	314,612 1,128	314,612 1,122	314,612 1,099	314,612 1,065

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Dave Yost • Auditor of State

AVON LAKE CITY SCHOOL DISTRICT

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
SEPTEMBER 13, 2011