

Mary Taylor, CPA
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 FISCAL YEAR ENDED JUNE 30, 2007

Federal Grantor <i>Pass Through Grantor</i> Program Title	Pass Through Entity Number	Federal CFDA Number	Receipts	Non-Cash Receipts	Expenditures	Non-Cash Expenditures
U.S. Department of Agriculture						
<i>Passed Through the Ohio Department of Education:</i>						
Food Distribution Program	N/A	10.550	\$0	\$79,686	\$0	\$79,686
Child Nutrition Cluster:						
School Breakfast Program	048124-05-PU-06	10.553	133	0	133	0
National School Lunch Program	048124-LLP4-06		27,545	0	27,545	0
National School Lunch Program	048124-LLP4-07		85,748	0	85,748	0
Total National School Lunch Program		10.555	113,293	0	113,293	0
Total Child Nutrition Cluster			113,426	0	113,426	0
Total U.S. Department of Agriculture			113,426	79,686	113,426	79,686
U.S. Department of Education						
<i>Passed Through the Ohio Department of Education</i>						
Special Education Cluster:						
Special Education-Grants to States	048124-6B-SF-06		0	0	64,588	0
Special Education-Grants to States	048124-6B-SF-07		659,627	0	637,948	0
Total for Special Education-Grants to States		84.027	659,627	0	702,536	0
Special Education-Preschool	048124-PG-S1-07	84.173	22,107	0	21,607	0
Total Special Education Cluster			681,734	0	724,143	0
Safe and Drug-Free Schools and Communities State Grants	048124-DRS1-07	84.186	6,128	0	6,128	0
State Grants for Innovative Programs	048124-C2S1-07	84.298	5,124	0	4,631	0
Improving Teacher Quality State Grants	048124-TR-S1-06		0	0	4,775	0
Improving Teacher Quality State Grants	048124-TR-S1-07		65,299	0	65,299	0
Total Improving Teacher Quality State Grants		84.367	65,299	0	70,074	0
Total U.S. Department of Education			758,285	0	804,976	0
Total Federal Assistance			\$871,711	\$79,686	\$918,402	\$79,686

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
FOR THE YEAR ENDED JUNE 30, 2007**

NOTE A - SIGNIFICANT ACCOUNTING POLICIES

The accompanying Schedule of Federal Awards Receipts and Expenditures (the Schedule) summarizes activity of the District's federal award programs. The Schedule has been prepared on the cash basis of accounting. The information on this Schedule is presented in accordance with the requirements of OMB Circular A-133, *Audits of States, Local Governments, and Non-Profit Organizations*. Therefore, some amounts presented in this Schedule may differ from amounts presented in, or used in the preparation of, the basic financial statements.

NOTE B – FOOD DISTRIBUTION PROGRAM

Program regulations do not require the District to maintain separate inventory records for purchased food and food received from the U.S. Department of Agriculture. This nonmonetary assistance (expenditures) is reported in the Schedule at the fair market value of the commodities received.

NOTE C – NUTRITION CLUSTER

Cash receipts from the U.S. Department of Agriculture are commingled with State grants. It is assumed federal monies are expended first.

CFDA – Catalog of Federal Domestic Assistance

N/A – Not Applicable



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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 the Avon Lake City School District, Lorain County, Ohio, (the District) as of and for the year ended June 30, 2007, which collectively comprise the District's basic financial statements and have issued our report thereon dated December 19, 2007. We conducted our audit in accordance with auditing standards generally accepted in the United States of America and the standards applicable to financial audits contained in the Comptroller General of the United States' *Government Auditing Standards*.

Internal Control Over Financial Reporting

In planning and performing our audit, we considered the District's internal control over financial reporting as a basis for designing our audit procedures for expressing our opinions on the financial statements, but not to opine on the effectiveness of the 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 control deficiency exists when the design or operation of a control does not allow management or employees, in performing their assigned functions, to prevent or detect misstatements on a timely basis. A significant deficiency is a control deficiency, or combination of control deficiencies, that adversely affects the District's ability to initiate, authorize, record, process, or report financial data reliably in accordance with its applicable accounting basis, such that there is more than a remote likelihood that the District's internal control will not prevent or detect a more than inconsequential financial statement misstatement.

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

Our consideration of internal control over financial reporting was for the limited purpose described in the first paragraph of this section and would not necessarily identify all internal control deficiencies that might be 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 the audit committee, management, the Board of Education, and federal awarding agencies and pass-through entities. We intend it for no one other than these specified parties.

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

Mary Taylor, CPA
Auditor of State

December 19, 2007



Mary Taylor, CPA

Auditor of State

INDEPENDENT ACCOUNTANTS' REPORT ON COMPLIANCE WITH REQUIREMENTS APPLICABLE TO ITS MAJOR FEDERAL PROGRAM AND ON INTERNAL CONTROL OVER COMPLIANCE IN ACCORDANCE WITH OMB CIRCULAR A-133

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 The 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 apply to its major federal program for the year ended June 30, 2007. 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 each 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 contained in *Government Auditing Standards* issued by the Comptroller General of the United States; 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 types of 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 apply to its major federal program for the year ended June 30, 2007.

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 in order to determine our auditing procedures for the purpose of expressing our opinion on compliance, but not for the purpose of expressing an opinion on the effectiveness of internal control over compliance. Accordingly, we do not express an opinion on the effectiveness of the District's internal control over compliance.

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A *control deficiency* in internal control over compliance exists when the design or operation of a control does not allow management or employees, when performing their assigned functions, to prevent or detect noncompliance with a federal program compliance requirement on a timely basis. A *significant deficiency* is a control deficiency, or combination of control deficiencies, that adversely affects the District's ability to administer a federal program such that there is more than a remote likelihood that the District's internal control will not prevent or detect more than inconsequential noncompliance with a federal program compliance requirement.

A material weakness is a significant deficiency, or combination of significant deficiencies, that results in more than a remote likelihood that the District's internal control will not prevent or detect material noncompliance with a federal program's compliance requirements.

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 that might be 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 the Avon Lake City School District as of and for the year ended June 30, 2007, and have issued our report thereon dated December 19, 2007. Our audit was performed to form opinions on the financial statements that collectively comprise the District's basic financial statements. The accompanying schedule of federal awards receipts and expenditures provides additional information as required by OMB Circular A-133 and is not a required part of the basic financial statements. We subjected this information to the auditing procedures applied in the audit of the basic financial statements. In our opinion, this information is fairly stated, in all material respects, in relation to the basic financial statements taken as a whole.

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



Mary Taylor, CPA
Auditor of State

December 19, 2007

**AVON LAKE CITY SCHOOL DISTRICT
LORAIN COUNTY**

**SCHEDULE OF FINDINGS
OMB CIRCULAR A -133 § .505
JUNE 30, 2007**

1. SUMMARY OF AUDITOR'S RESULTS

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

**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
AVON LAKE, OHIO**

**COMPREHENSIVE
ANNUAL FINANCIAL REPORT
FOR THE FISCAL YEAR ENDED JUNE 30, 2007**

Prepared by

**Denise J. Holcomb
Treasurer**

Avon Lake City School District
Comprehensive Annual Financial Report
For the Fiscal Year Ended June 30, 2007
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Debt Capacity

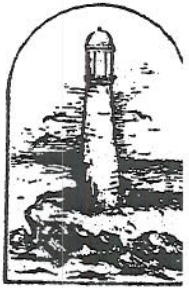
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Avon Lake City Schools

Treasurer's Office

175 Avon Belden Rd.
Avon Lake, Ohio 44012-1650
(440) 933-5163
(440) 933-7328

December 21, 2007

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, 2007. 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 their last building project that added classrooms to all seven (7) 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. Today the citizens have an investment of \$ 80,012,248 in the School District land, 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 insure 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 15 and 16 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 213 non-certified personnel, 263 certified full-time teaching personnel and 16 administrative employees to provide services to 3,575 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, 2005 with passage of H.B. 66, tangible taxes will diminish over the next four (4) years. The State of Ohio has promised that School Districts will be made whole until 2010 after which there will be a loss of revenue. 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. This has lowered income from local property tax and increased income at the State level.

The recent 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 22 indicators. The 2007 report card demonstrated that the School District, for the past five (5) years, has been rated in the category titled, "Excellent."

Federal Projects

The School District files applications for federal funds electronically utilizing the Consolidated Local Plan. This allows the Director, 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.

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.

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 2 of the basic financial statements.

Financial Condition

This is the fifth 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 2007 and a comparison to performance in 2006 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 \$ 2,070,199 at June 30, 2007.

Cash Management

The Board pursues an aggressive cash management program by expediting the receipt of revenues and prudently depositing available cash in accounts collateralized by instruments issued by the United States Government or the State of Ohio or insured by the Federal Deposit Insurance Corporation. The School District's deposits are collateralized by qualified securities pledged by the institution holding the assets. With the use of a treasury management system, the School Board is able to aggregate revenues in a sweep account that can be drawn on to meet daily needs of payroll, benefit and general operation accounts. This account invests in overnight repurchase agreements. The School Board also uses STAROhio and Charter One Bank for interim balances.

Interest revenue in the governmental funds totaled \$ 696,609 for fiscal year 2007, of which \$ 633,771 was credited to the general fund, \$ 46,852 to the building fund and \$ 15,986 to the special revenue funds. Information regarding School District investments is found in Note 4 of the basic financial statements.

Risk Management

The School District is self-insured for medical, surgical, prescription drug, and dental 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, applies the appropriate discount and pays the claims.

All employees of Avon Lake City School District are covered by a blanket bond, while certain individuals in policy-making roles are covered by separate, higher limit bond coverage.

The School District contracts with the Indiana Insurance Company for property insurance. Professional liability is protected by the Hylant Group Insurance Company with a \$ 3,000,000 aggregate limit.

The School District uses the Ohio Bureau of Workers' Compensation plan and pays the premium based on a rate per \$ 100 of salaries. The School District contracts for general liability insurance, vehicle insurance and professional liability insurance.

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 Mary Taylor, CPA, 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, 2007. 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, 2006. 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, 2006 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, 2007, which will be submitted to ASBO for review, will conform to ASBO's principles and standards.

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 Holcomb, Treasurer



Robert D. Scott, Superintendent

Avon Lake Board of Education

Principal Officials
June 30, 2007

Board of Education

Mr. Charles Froehlich President
Mrs. Pamela Ohradzansky Vice - President
Mr. Dale Cracas Member
Mr. Mike Mannino Member
Mr. Ron Jantz Member

Treasurer

Mrs. Denise J. Holcomb

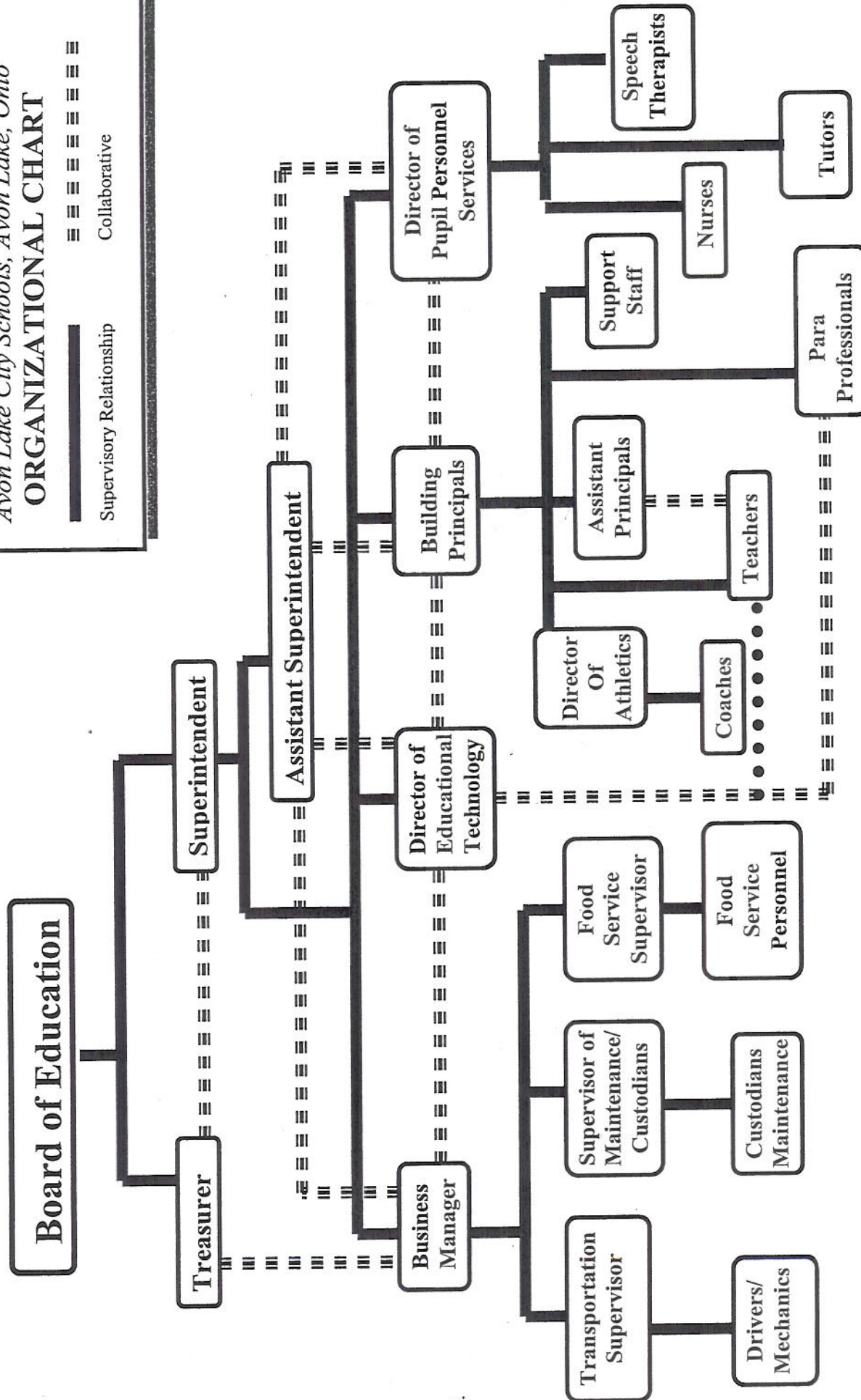
Administration

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

Avon Lake City Schools, Avon Lake, Ohio

ORGANIZATIONAL CHART

Supervisory Relationship
Collaborative



Certificate of Achievement for Excellence in Financial Reporting

Presented to

Avon Lake City Schools
Ohio

For its Comprehensive Annual
Financial Report
for the Fiscal Year Ended
June 30, 2006

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



President

Executive Director

**ASSOCIATION OF SCHOOL BUSINESS OFFICIALS
INTERNATIONAL**



This Certificate of Excellence in Financial Reporting is presented to

AVON LAKE CITY SCHOOL DISTRICT

For its Comprehensive Annual Financial Report (CAFR)

For the Fiscal Year Ended June 30, 2006

Upon recommendation of the Association's Panel of Review which has judged that the Report substantially conforms to principles and standards of ASBO's Certificate of Excellence Program

President

Executive Director

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Mary Taylor, CPA

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 the Avon Lake City School District, Lorain County, Ohio (the District), as of and for the year ended June 30, 2007, 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 the Avon Lake City School District, Lorain County, Ohio, as of June 30, 2007, 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.

In accordance with *Government Auditing Standards*, we have also issued our report dated December 19, 2007, 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.

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

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

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

Mary Taylor, CPA
Auditor of State

December 19, 2007

Avon Lake City School District
Management's Discussion and Analysis
For the Fiscal Year Ended June 30, 2007
Unaudited

The 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, 2007. 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, notes to the basic financial statements and financial statements to enhance their understanding of the School District's financial performance.

Financial Highlights

Key financial highlights for fiscal year 2007 are as follows:

- In total, net assets for governmental activities increased from \$ 17.6 million at June 30, 2006, to \$ 23.6 million at June 30, 2007.
- Revenues for governmental activities totaled \$ 43,462,010 in fiscal year 2007. Of this total \$ 40,487,150 or 93.16 percent consisted of general revenues while program revenues accounted for the balance of \$ 2,974,860 or 6.84 percent.
- Program expenses totaled \$ 37,547,694. Instructional expenses made up \$ 20,102,190 or 53.54 percent of this total while support services accounted for \$ 12,898,031 or 34.35 percent. Other expenses, \$ 4,547,473, rounded out the remaining 12.11 percent.
- Total outstanding debt had a net decrease of \$ 1,637,182 to \$ 44,019,989 in fiscal year 2007.

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 2007 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, 2007
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 15. 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 and Bond Retirement Debt Service 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 increased by \$ 7,471,977. The majority of this increase can be attributed to increases of \$ 6,200,497 in pooled cash and cash equivalents and \$ 3,211,384 in taxes receivable. This increase was offset with a decrease of \$ 2,135,891 in capital assets. Cash and taxes increased primarily due to collections of real estate taxes. The decrease in capital assets is attributable to a net change in accumulated depreciation of \$ 2,287,798.

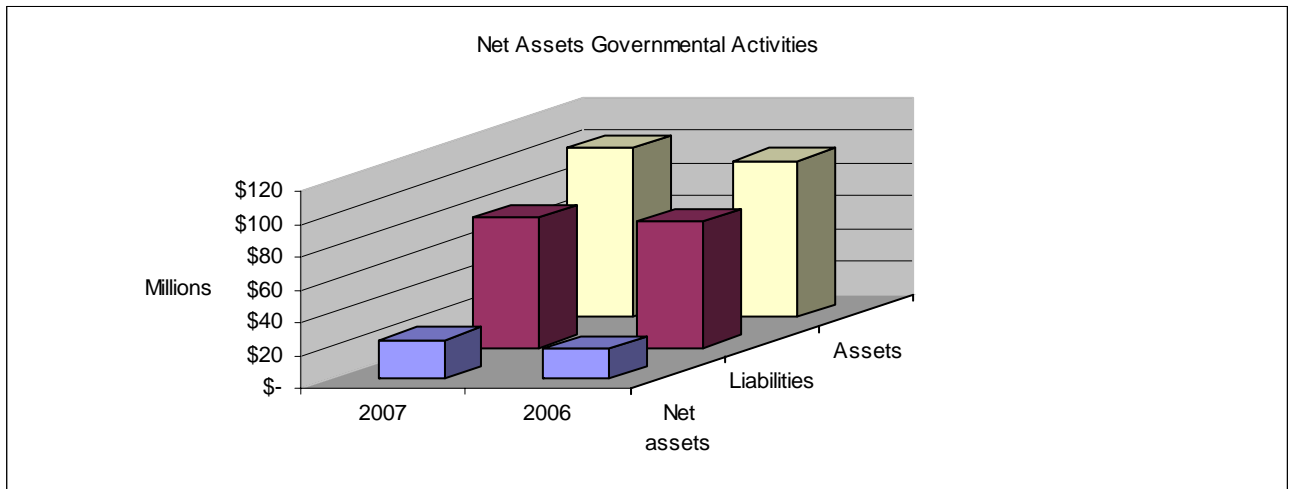
Total liabilities increased by \$ 1,557,661. The majority of the increase can be attributed to the increase in unearned revenue of \$ 3,457,591. This is offset by a decrease of \$ 1,818,866 in long term liabilities.

To determine the overall financial performance of the School District one must consider the relative changes in net assets. By comparing assets and liabilities, one can see that the overall position of the School District has improved as evidenced by the increase in net assets of \$ 5,914,316. A change in net assets indicates how an entity is providing for future generations. Table 1 provides a summary of the School District's net assets for fiscal year 2007 compared to fiscal year 2006:

Avon Lake City School District
Management's Discussion and Analysis
For the Fiscal Year Ended June 30, 2007
Unaudited

Table 1
Total Net Assets

	<u>2007</u>	<u>2006</u>
Assets		
Current and other assets	\$ 51,144,783	\$ 41,536,915
Total capital assets, net	51,359,539	53,495,430
Total assets	<u>102,504,322</u>	<u>95,032,345</u>
Liabilities		
Current liabilities	33,166,497	29,789,970
Long term liabilities		
Due within one year	2,660,436	2,678,139
Due in more than one year	43,127,125	44,928,288
Total liabilities	<u>78,954,058</u>	<u>77,396,397</u>
Net assets		
Invested in capital assets, net of related debt	12,683,960	13,050,247
Restricted	5,998,643	6,018,615
Unrestricted	4,867,661	(1,432,914)
Total net assets	<u>\$ 23,550,264</u>	<u>\$ 17,635,948</u>



Avon Lake City School District
Management's Discussion and Analysis
For the Fiscal Year Ended June 30, 2007
Unaudited

Table 2 shows total revenues, expenses and changes in net assets for fiscal year 2007 compared to fiscal year 2006. The increase in fiscal year 2007 net assets can be mainly attributed to increases in property taxes revenue of \$ 3,519,952 and grants and entitlements of \$ 1,192,405.

Table 2
Changes in Net Assets

	<u>2007</u>	<u>2006</u>
Revenues		
Program revenues		
Charges for services	\$ 1,674,512	\$ 1,397,952
Operating grants, interest and contributions	1,300,348	1,033,158
Total program revenues	<u>2,974,860</u>	<u>2,431,110</u>
General revenues		
Property taxes	30,883,341	27,363,389
Grants and entitlements not restricted to specific purposes	8,289,402	7,096,997
Investment earnings	893,618	602,965
Miscellaneous	420,789	338,661
Total general revenues	<u>40,487,150</u>	<u>35,402,012</u>
Total revenues	<u>43,462,010</u>	<u>37,833,122</u>
Program expenses		
Instruction	20,102,190	20,277,966
Supporting services		
Pupil and instructional staff	3,361,195	3,774,772
Board of education, administration, fiscal services and business	4,010,288	3,954,815
Operation and maintenance	4,073,937	4,667,818
Pupil transportation	1,292,500	1,210,650
Central services	160,111	62,203
Operation of non-instructional services		
Food service operation	1,002,790	802,400
Community services	272,981	219,150
Extracurricular activities	1,020,672	1,046,500
Interest and fiscal charges	2,251,030	2,285,814
Total expenses	<u>37,547,694</u>	<u>38,302,088</u>
Increase (decrease) in net assets	5,914,316	(468,966)
Net assets at beginning of year	17,635,948	18,104,914
Net assets at end of year	<u>\$ 23,550,264</u>	<u>\$ 17,635,948</u>

Avon Lake City School District
Management's Discussion and Analysis
For the Fiscal Year Ended June 30, 2007
Unaudited

The vast majority of revenue supporting all Governmental Activities is general revenue. General revenue accounted for nearly \$ 40.5 million or 93.16 percent of the total revenue. The most significant portion of general revenue is local property tax. The other type of revenue that accounts for 6.84 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 increased by 22.4 percent in 2007 from 2006. This increase can be attributed primarily to an increase in funds received for grants, contributions and charges for services and sales.

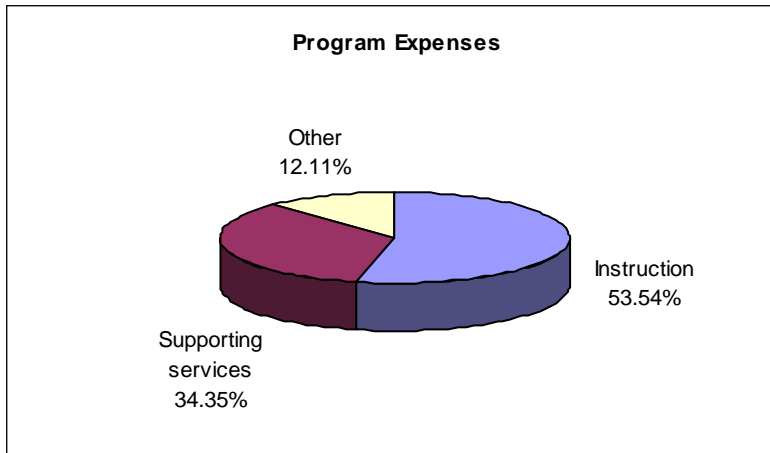
As you can see, 53.54 percent of the School District's expenses were used to fund instructional expenses. Additional support services for pupils, staff and business operation expenses were 34.35 percent. The remaining 12.11 percent of program expenses was used to facilitate other obligations of the School 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	
	2007	2006	2007	2006
Instruction	\$ 20,102,190	\$ 20,277,966	\$(19,403,387)	\$(19,601,696)
Supporting services				
Pupil and instructional staff	3,361,195	3,774,772	(2,812,933)	(3,282,228)
Board of education, administration, fiscal services and business	4,010,288	3,954,815	(3,967,032)	(3,891,250)
Operation and maintenance	4,073,937	4,667,818	(4,071,486)	(4,667,155)
Pupil transportation	1,292,500	1,210,650	(1,291,955)	(1,210,650)
Central services	160,111	62,203	(156,811)	(37,278)
Operation of non-instructional services				
Food service operation	1,002,790	802,400	(70,207)	(183,297)
Community services	272,981	219,150	(3,585)	(5,322)
Extracurricular activities	1,020,672	1,046,500	(544,408)	(706,288)
Interest and fiscal charges	2,251,030	2,285,814	(2,251,030)	(2,285,814)
Total expenses	<u>\$ 37,547,694</u>	<u>\$ 38,302,088</u>	<u>\$(34,572,834)</u>	<u>\$(35,870,978)</u>

Avon Lake City School District
Management's Discussion and Analysis
For the Fiscal Year Ended June 30, 2007
Unaudited



The dependence upon tax revenues for governmental activities is apparent. Over 82.25 percent of total expenses are supported through taxes. Grant and entitlements not restricted to specific programs support 22.08 percent, while program revenue supports 7.92 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 15. These governmental funds are accounted for using the modified accrual basis of accounting. All governmental funds had total revenues of \$ 43,246,375 and expenditures of \$ 38,768,478. The net change in fund balance for the year was most significant in the general fund which had a increase of \$ 4,718,565, which is primarily due to a increase in the amount of taxes and intergovernmental revenue. In total, the net change in fund balance was \$ 4,796,179.

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 2007, the School District amended its general fund budget several times, none significant. For the general fund, the final budget basis revenue estimate was \$ 33,777,498 which was the same as the original budget estimate. The final budget basis expenditures estimate totaled \$ 34,584,098 which was \$ 98,677 below the original budget estimate. The unencumbered ending cash balance totaled \$ 6,500,724.

Avon Lake City School District
Management's Discussion and Analysis
For the Fiscal Year Ended June 30, 2007
Unaudited

Capital Assets and Debt Administration

Capital Assets

At the end of fiscal 2007, the School District, net of depreciation, had \$ 51,359,539 invested in land, land improvements, buildings and improvements, furniture and equipment, and vehicles. Table 4 show fiscal year 2007 values compared to fiscal year 2006. More detailed information is presented in Note 8 of the notes to the basic financial statements.

Table 4
 Capital Assets
 (Net of Accumulated Depreciation)

	2007	2006
Land	\$ 5,656,440	\$ 5,656,440
Land improvements	1,296,559	1,118,183
Building and improvements	41,704,289	43,328,444
Furniture and equipment	2,194,453	2,940,001
Vehicles	507,798	452,362
Total capital assets	\$ 51,359,539	\$ 53,495,430

All capital assets, except land, are reported net of depreciation. The decrease in capital assets is primarily due to assets being depreciated.

Avon Lake City School District
Management's Discussion and Analysis
For the Fiscal Year Ended June 30, 2007
Unaudited

Debt

At June 30, 2007, the Avon Lake School District had \$ 44,019,989 in bonds, notes, capital leases and loans outstanding, a decrease of \$ 1,637,182 from fiscal year 2006. \$ 2,285,452 of the bonds, notes, capital leases and loans are due within one year. Table 5 below summarizes the School District's bonds, notes, loans outstanding and capital leases. More detailed information is presented in Note 14 of the notes to the basic financial statements.

Table 5
 Outstanding Debt Year-End

	2007	2006
Term and serial bonds	\$ 37,475,000	\$ 39,390,000
Capital appreciation bonds	1,664,925	1,664,925
Accretion on capital appreciation bonds	3,529,976	3,088,389
Serial notes	825,000	825,000
Capital appreciation notes	120,430	250,717
Accretion on capital appreciation notes	68,300	112,465
HVAC loan	51,069	104,069
Capital leases	285,289	221,606
Total outstanding debt	\$ 44,019,989	\$ 45,657,171

At June 30, 2007, the School District's overall legal debt margin was \$ 25,658,814 with an unvoted debt margin of \$ 732,931. The debt is within permissible limits. The School District maintains a Moody's rating of Aa3.

Current Issues

The School District has also been impacted by the continuing national trend of rapidly escalating employee benefit costs. 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 fiscal year. Our future revenue base is dependent upon the renewal of an emergency levy expiring in 2009. The School District was successful in seeking additional revenue in May, 2006.

Avon Lake City School District
Management's Discussion and Analysis
For the Fiscal Year Ended June 30, 2007
Unaudited

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 \$ 105,198 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 fourteen 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, 2007

	Governmental Activities
Assets	
Equity in pooled cash	\$ 16,582,742
Intergovernmental receivable	18,600
Inventories and supplies	49,644
Interest receivable	299,942
Prepaid items	45,018
Taxes receivable	34,148,837
Capital assets	
Nondepreciable capital assets	5,656,440
Depreciable capital assets, net	45,703,099
Total assets	102,504,322
Liabilities	
Accounts and contracts payable	129,428
Accrued salaries, wages and benefits	2,736,692
Claims payable	371,644
Accrued interest payable	138,845
Intergovernmental payable	802,993
Unearned revenue	28,986,895
Long term liabilities	
Due within one year	2,660,436
Due in more than one year	43,127,125
Total liabilities	78,954,058
Net assets	
Invested in capital assets, net of related debt	12,683,960
Restricted for:	
Debt service	4,043,498
Capital projects	1,175,118
Set-asides	113,990
Food service	42,023
School supplies	96,441
Extracurricular activities	145,059
State grants	91,973
Federal grants	8,962
Donations	276,439
Other purposes	5,140
Unrestricted	4,867,661
Total net assets	\$ 23,550,264

See accompanying notes to the basic financial statements.

AVON LAKE CITY SCHOOL DISTRICT
LORAIN COUNTY

STATEMENT OF ACTIVITIES

FOR THE YEAR ENDED JUNE 30, 2007

	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	\$ 16,867,890	\$ 427,914	\$ 57,219	\$ (16,382,757)
Special	2,268,431	-	213,670	(2,054,761)
Vocational	194,969	-	-	(194,969)
Adult/continuing	16,538	-	-	(16,538)
Other instruction	754,362	-	-	(754,362)
Supporting services				
Pupil	2,670,535	33,162	450,321	(2,187,052)
Instructional staff	690,660	-	64,779	(625,881)
Board of education	19,802	-	-	(19,802)
Administration	2,785,367	-	43,256	(2,742,111)
Fiscal services	1,090,308	-	-	(1,090,308)
Business	114,811	-	-	(114,811)
Operation and maintenance	4,073,937	-	2,451	(4,071,486)
Pupil transportation	1,292,500	-	545	(1,291,955)
Central services	160,111	-	3,300	(156,811)
Operation of non-instructional services				
Food service operation	1,002,790	737,172	195,411	(70,207)
Community services	272,981	-	269,396	(3,585)
Extracurricular activities	1,020,672	476,264	-	(544,408)
Interest and fiscal charges	2,251,030	-	-	(2,251,030)
Totals	<u>\$ 37,547,694</u>	<u>\$ 1,674,512</u>	<u>\$ 1,300,348</u>	<u>(34,572,834)</u>
General revenues				
Property taxes levied for:				
General purpose				27,006,784
Debt service				3,215,144
Capital improvements				661,413
Grants and entitlements not restricted to specific purposes				8,289,402
Investment earnings				893,618
Miscellaneous				420,789
Total general revenues				<u>40,487,150</u>
Change in net assets				5,914,316
Net assets at beginning of year				17,635,948
Net assets at end of year				<u>\$ 23,550,264</u>

See accompanying notes to the basic financial statements.

AVON LAKE CITY SCHOOL DISTRICT
LORAIN COUNTY
BALANCE SHEET – GOVERNMENTAL FUNDS
JUNE 30, 2007

	General Fund	Bond Retirement Fund	Other Governmental Funds	Total Governmental Funds
Assets				
Equity in pooled cash	\$ 8,776,649	\$ 2,850,695	\$ 2,430,711	\$ 14,058,055
Restricted cash	113,990	-	-	113,990
Receivables, net of allowance				
Taxes, current	28,590,745	3,342,031	1,971,961	33,904,737
Taxes, delinquent	208,700	21,800	13,600	244,100
Interest receivable	262,724	-	5,826	268,550
Intergovernmental receivable	-	-	18,600	18,600
Inventories and supplies	27,019	-	22,625	49,644
Prepaid items	45,018	-	-	45,018
Total assets	\$ 38,024,845	\$ 6,214,526	\$ 4,463,323	\$ 48,702,694
Liabilities and fund balances				
Liabilities				
Accounts and contracts payable	\$ 76,743	\$ -	\$ 52,439	\$ 129,182
Accrued wages and benefits	2,680,186	-	56,506	2,736,692
Intergovernmental payable	766,883	-	36,110	802,993
Unearned revenue	24,823,346	2,798,540	1,693,691	29,315,577
Matured compensated absences payable	100,700	-	8,940	109,640
Total liabilities	28,447,858	2,798,540	1,847,686	33,094,084
Fund balances				
Reserved for inventories and supplies	27,019	-	22,625	49,644
Reserved for prepaids	45,018	-	-	45,018
Reserved for encumbrances	2,311,617	-	263,515	2,575,132
Reserved for property taxes	4,141,151	565,291	304,432	5,010,874
Reserved for budget stabilization	113,990	-	-	113,990
Unreserved, reported in				
General Fund	2,938,192	-	-	2,938,192
Special Revenue Funds	-	-	517,234	517,234
Debt Service Fund	-	2,850,695	527,989	3,378,684
Capital Projects Funds	-	-	979,842	979,842
Total fund balances	9,576,987	3,415,986	2,615,637	15,608,610
Total liabilities and fund balances	\$ 38,024,845	\$ 6,214,526	\$ 4,463,323	\$ 48,702,694

See accompanying notes to the basic financial statements.

AVON LAKE CITY SCHOOL DISTRICT
LORAIN COUNTY
RECONCILIATION OF TOTAL GOVERNMENTAL FUND BALANCES TO
NET ASSETS OF GOVERNMENTAL ACTIVITIES
JUNE 30, 2007

Total governmental fund balances	\$ 15,608,610
Amount 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.	51,359,539
Other long term assets are not available to pay for current period expenditures and therefore are deferred in the funds. These deferrals are primarily attributed to property taxes.	328,682
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.	2,070,199
Long-term liabilities are not due and payable in the current period and therefore are not reported in the funds:	
Compensated absences	(1,657,932)
Notes payable	(1,013,730)
Loans payable	(51,069)
Bonds payable	(42,669,901)
Capital lease payable	(285,289)
Accrued interest payable	(138,845)
Net assets of governmental activities	\$ 23,550,264

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, 2007

	General Fund	Bond Retirement Fund	Other Governmental Funds	Total Governmental Funds
Revenues				
Taxes	\$ 26,995,634	\$ 3,121,118	\$ 762,099	\$ 30,878,851
Tuition and fees	410,637	-	18,861	429,498
Interest	633,771	-	62,838	696,609
Intergovernmental	7,506,488	602,436	1,480,826	9,589,750
Extracurricular	198,620	-	310,062	508,682
Charges for services	-	-	737,172	737,172
Other	223,287	-	182,526	405,813
Total revenues	<u>35,968,437</u>	<u>3,723,554</u>	<u>3,554,384</u>	<u>43,246,375</u>
Expenditures				
Current				
Instruction				
Regular	15,876,075	-	110,465	15,986,540
Special	2,035,405	-	212,703	2,248,108
Vocational	191,448	-	-	191,448
Adult/continuing	17,641	-	-	17,641
Other instruction	752,655	-	-	752,655
Supporting services				
Pupil	2,163,986	-	555,843	2,719,829
Instructional staff	693,348	-	82,566	775,914
Board of education	19,802	-	-	19,802
Administration	2,705,812	-	58,741	2,764,553
Fiscal services	1,031,581	61,937	16,602	1,110,120
Business	119,427	-	-	119,427
Operation and maintenance	3,734,851	-	327,180	4,062,031
Pupil transportation	1,181,111	-	152,935	1,334,046
Central services	156,811	-	3,300	160,111
Operation of non-instructional services				
Food service operation	-	-	978,364	978,364
Community services	-	-	290,382	290,382
Extracurricular activities	666,994	-	305,314	972,308
Capital outlay	55,855	-	193,378	249,233
Debt service				
Principal	110,806	1,845,000	265,000	2,220,806
Interest	13,095	1,726,290	55,775	1,795,160
Total expenditures	<u>31,526,703</u>	<u>3,633,227</u>	<u>3,608,548</u>	<u>38,768,478</u>
Excess (deficiency) of revenues over expenditures	<u>4,441,734</u>	<u>90,327</u>	<u>(54,164)</u>	<u>4,477,897</u>
Other financing sources (uses)				
Transfers-in	-	361,451	-	361,451
Proceeds from capital lease	318,282	-	-	318,282
Transfers-out	(41,451)	-	(320,000)	(361,451)
Total other financing sources (uses)	<u>276,831</u>	<u>361,451</u>	<u>(320,000)</u>	<u>318,282</u>
Net change in fund balances	4,718,565	451,778	(374,164)	4,796,179
Fund balances, beginning of year	<u>4,858,422</u>	<u>2,964,208</u>	<u>2,989,801</u>	<u>10,812,431</u>
Fund balances, end of year	<u>\$ 9,576,987</u>	<u>\$ 3,415,986</u>	<u>\$ 2,615,637</u>	<u>\$ 15,608,610</u>

See accompanying notes to the basic financial statements.

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, 2007

Net change in fund balances - total governmental funds		\$ 4,796,179
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 depreciation exceeded capital outlay in the current period.		
	Capital outlay, net	646,334
	Depreciation expense	<u>(2,782,225)</u>
		(2,135,891)
Revenues in the statement of activities that do not provide current financial resources are not reported as revenues in the funds.		
	Interest	102,527
	Property taxes	<u>4,490</u>
		107,017
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.		
		2,099,317
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	6,265
	Annual accretion	<u>(462,135)</u>
		(455,870)
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.		
		285,408
The internal service fund used by management to charge the costs of insurance to individual funds is not reported in the district-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>1,218,156</u>
Change in net assets of governmental activities		<u><u>\$ 5,914,316</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, 2007

	General Fund			Variance with Final Budget Positive (Negative)
	Budget Amounts		Actual	
	Original	Final		
Revenues				
Taxes	\$ 25,380,914	\$ 25,380,914	\$ 26,944,683	\$ 1,563,769
Tuition and fees	386,805	386,805	410,637	23,832
Interest	529,178	529,178	561,782	32,604
Intergovernmental	7,078,391	7,078,391	7,514,505	436,114
Extracurricular	187,093	187,093	198,620	11,527
Miscellaneous	215,117	215,117	228,371	13,254
Total revenues	<u>33,777,498</u>	<u>33,777,498</u>	<u>35,858,598</u>	<u>2,081,100</u>
Expenditures				
Current				
Instruction				
Regular	17,493,288	17,443,517	16,952,907	490,610
Special	2,058,997	2,053,138	1,995,392	57,746
Vocational	196,819	196,259	190,739	5,520
Adult/continuing	17,403	17,353	16,864	489
Other instruction	761,201	759,036	737,687	21,349
Supporting services				
Pupil	2,217,906	2,211,595	2,149,393	62,202
Instructional staff	717,529	715,487	695,364	20,123
Board of education	20,474	20,415	19,841	574
Administration	2,960,527	2,952,104	2,869,074	83,030
Fiscal services	1,112,741	1,109,575	1,078,369	31,206
Business	127,295	126,933	123,363	3,570
Operation and maintenance	4,668,812	4,655,528	4,524,588	130,940
Pupil transportation	1,250,646	1,247,089	1,212,013	35,076
Central services	165,554	165,083	160,440	4,643
Extracurricular activities				
Academic and subject oriented	66,785	66,596	64,723	1,873
Occupation oriented	1,379	1,376	1,337	39
Sports oriented	580,734	579,082	562,795	16,287
Co-curricular activities	48,451	48,313	46,954	1,359
Capital outlay	216,234	215,619	209,555	6,064
Total expenditures	<u>34,682,775</u>	<u>34,584,098</u>	<u>33,611,398</u>	<u>972,700</u>
Excess (deficiency) of revenues over expenditures	<u>(905,277)</u>	<u>(806,600)</u>	<u>2,247,200</u>	<u>3,053,800</u>
Other financing sources (uses)				
Gain (loss) on sale of assets	-	-	30	30
Advances in	-	-	215,222	215,222
Refund of prior year expenditures	-	-	92,576	92,576
Transfers-out	(50,000)	(50,000)	(41,451)	8,549
Advances out	(50,000)	(50,000)	(215,222)	(165,222)
Total other financing sources (uses)	<u>(100,000)</u>	<u>(100,000)</u>	<u>51,155</u>	<u>151,155</u>
Net change in fund balance	<u>(1,005,277)</u>	<u>(906,600)</u>	<u>2,298,355</u>	<u>3,204,955</u>
Prior year encumbrances	1,616,160	1,616,160	1,616,160	-
Fund balances, beginning of year	2,586,209	2,586,209	2,586,209	-
Fund balances, end of year	<u>\$ 3,197,092</u>	<u>\$ 3,295,769</u>	<u>\$ 6,500,724</u>	<u>\$ 3,204,955</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, 2007

	<u>Self Insurance</u>
Assets	
Current assets	
Equity in pooled cash	\$ 2,410,697
Accrued interest receivable	31,392
Total assets	<u>2,442,089</u>
Liabilities	
Current liabilities	
Accounts and contracts payable	246
Claims payable	371,644
Total liabilities	<u>371,890</u>
Net assets	
Unrestricted	<u>\$ 2,070,199</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, 2007

	<u>Self Insurance</u>
Operating revenues	
Charges for services	<u>\$ 4,120,566</u>
Operating expenses	
Purchased services	307,404
Claims	2,689,488
Total operating expenses	<u>2,996,892</u>
Operating income	<u>1,123,674</u>
Nonoperating revenues	
Interest income	<u>94,482</u>
Change in net assets	1,218,156
Net assets, beginning of year	<u>852,043</u>
Net assets, end of year	<u><u>\$ 2,070,199</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, 2007

	<u>Self Insurance</u>
Cash flows from operating activities	
Cash received from interfund services	\$ 4,120,566
Cash payments for claims	(2,644,394)
Cash payments for goods and services	(310,911)
Net cash provided by operating activities	<u>1,165,261</u>
Cash flows from investing activities	
Interest income	63,090
Net cash provided by investing activities	<u>63,090</u>
Net increase in cash and cash equivalents	1,228,351
Cash and cash equivalents, beginning of year	<u>1,182,346</u>
Cash and cash equivalents, end of year	<u><u>\$ 2,410,697</u></u>
Reconciliation of operating income to net cash used for operating activities:	
Operating income	\$ 1,123,674
Adjustments	
Decrease in accounts and contracts payable	(3,507)
Increase in claims payable	45,094
Total adjustments	<u>41,587</u>
Net cash used for operating activities	<u><u>\$ 1,165,261</u></u>

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, 2007

Assets	
Equity in pooled cash	\$ 154,939
Total assets	<u>\$ 154,939</u>
Liabilities	
Accounts payable	\$ 3,568
Due to students	147,500
Due to others	3,871
Total liabilities	<u>\$ 154,939</u>

See accompanying notes to the basic financial statements.

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AVON LAKE CITY SCHOOL DISTRICT
LORAIN COUNTY
NOTES TO THE BASIC FINANCIAL STATEMENTS
FOR THE YEAR ENDED JUNE 30, 2007

NOTE 1 - DESCRIPTION OF THE SCHOOL DISTRICT AND 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 213 non-certified personnel, 263 certified full-time teaching personnel and 16 administrative employees to provide services to 3,458 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).

REPORTING ENTITY

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 15 and 16 of the basic financial statements.

NOTE 2 - SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

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, 2007
(CONTINUED)

NOTE 2 - SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (continued)

A. BASIS OF PRESENTATION

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.

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.

B. 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, 2007
(CONTINUED)

NOTE 2 - SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (continued)

B. 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.

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.

C. 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, 2007
(CONTINUED)

NOTE 2 - SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (continued)

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

Like the government-wide statements, 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.

D. BASIS OF ACCOUNTING

Basis of accounting determines when transactions are recorded in the financial records and reported on the financial statements. Government-wide financial statements are prepared using the accrual basis of accounting. 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 5). 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, 2007
(CONTINUED)

NOTE 2 - SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (continued)

D. 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, 2007, but which were levied to finance fiscal year 2007 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.

E. 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, 2007
(CONTINUED)

NOTE 2 - SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (continued)

E. 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.

F. 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 2007, investments were limited to repurchase agreements, Federal Home Loan Bank Bonds, Federal National Mortgage Association Notes and STAROhio.

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

STAROhio is an investment pool managed by the State Treasurer's Office which allows governments within the State to pool their funds for investment purposes. STAROhio is not registered with the SEC as an investment company, but does operate in a manner consistent with Rule 2a7 of the Investment Company Act of 1940. Investments in STAROhio are valued at STAROhio's share price, which is the price the investment could be sold for on June 30, 2007.

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 2007 amounted to \$ 633,771 which includes \$ 329,624 assigned from other School District funds.

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.

G. 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 textbooks and the creation of a reserve for budget stabilization. See Note 19 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, 2007
(CONTINUED)

NOTE 2 - SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (continued)

H. PREPAID ITEMS

Payments made to vendors for services that will benefit periods beyond June 30, 2007, 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.

I. 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.

J. 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 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 - 25 years
Vehicles	7 - 10 years

AVON LAKE CITY SCHOOL DISTRICT
LORAIN COUNTY
NOTES TO THE BASIC FINANCIAL STATEMENTS
FOR THE YEAR ENDED JUNE 30, 2007
(CONTINUED)

NOTE 2 - SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (continued)

K. 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.

L. 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 and auxiliary services fund.

M. 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.

N. NET ASSETS

Net assets represent the difference between assets and liabilities. Net assets invested in capital assets, net of related debt consists of capital assets, net of accumulated depreciation, reduced by the outstanding balances of any borrowing used for the acquisition, construction or improvement of those assets. Net assets are reported as restricted when there are limitations imposed on their use either through the enabling legislation adopted by the 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 \$ 5,998,643 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, 2007
(CONTINUED)

NOTE 2 - SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (continued)

O. FUND BALANCE RESERVES

The School District reserves those portions of fund equity which are legally segregated for a specific future use or which do not represent expendable resources and therefore are not available for appropriation or expenditure. Unreserved fund balance indicates that portion of fund equity which is available for appropriation in future periods. Fund equity reserves have been established for inventories and supplies, prepaids, encumbrances, property taxes, and budget stabilization.

The reserve for property taxes represents taxes recognized as revenue under generally accepted accounting principles but not available for appropriation under State statute. The reserve for budget stabilization represents monies required to be set aside by statute to protect against cyclical fluctuations in revenues and expenditures.

P. 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.

Q. 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.

R. 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.

AVON LAKE CITY SCHOOL DISTRICT
LORAIN COUNTY
NOTES TO THE BASIC FINANCIAL STATEMENTS
FOR THE YEAR ENDED JUNE 30, 2007
(CONTINUED)

NOTE 3 - 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	\$ 2,298,355
Adjustments, increase (decrease)	
Revenue accruals	120,293
Expenditure accruals	2,299,917
GAAP basis, as reported	\$ 4,718,565

AVON LAKE CITY SCHOOL DISTRICT
LORAIN COUNTY
NOTES TO THE BASIC FINANCIAL STATEMENTS
FOR THE YEAR ENDED JUNE 30, 2007
(CONTINUED)

NOTE 4 - DEPOSITS AND INVESTMENTS

A. LEGAL REQUIREMENTS

State statutes classify monies held by the 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 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 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, 2007
(CONTINUED)

NOTE 4 - 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 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 District had \$ 15,950 in cash on hand which is included on the balance sheet of the 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 District's deposits may not be returned. The District does not have a deposit policy for custodial credit risk. At fiscal year end, the carrying amount of the District's deposits was \$ 16,153,604 and the bank balance was \$ 16,493,069. Of the bank balance, \$ 300,000 was covered by federal depository insurance and \$ 16,193,069 was uninsured. Of the remaining balance, \$ 16,193,069 was collateralized with securities held by the pledging institution's trust department not in the District's name.

AVON LAKE CITY SCHOOL DISTRICT
LORAIN COUNTY
NOTES TO THE BASIC FINANCIAL STATEMENTS
FOR THE YEAR ENDED JUNE 30, 2007
(CONTINUED)

NOTE 4 - 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 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, 2007, the District had the following investments:

	<u>Maturities</u>	<u>Fair Value</u>
STAROhio	Not Applicable	<u>\$ 568,127</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 District follows the Ohio Revised Code that limits its investment choices. As of June 30, 2007, the District's investments in StarOhio were rated AAA by Standard & Poor's.

F. CONCENTRATION OF CREDIT RISK

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

NOTE 5 - 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 distributions occur in the first half of the following 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 during calendar year 2007 represents collections of calendar year 2006 taxes. Real property taxes received in calendar year 2007 were levied after April 1, 2006, on the assessed value listed as of January 1, 2006, the lien date. Assessed values for real property taxes are established by State law at thirty-five 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 in calendar year 2007 presents collections of calendar year 2006 taxes. Public utility real and tangible personal property taxes received in calendar year 2007 became a lien December 31, 2005, were levied after April 1, 2006 and are collected in 2007 with real property taxes. Public utility real property is assessed at thirty-five 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, 2007
(CONTINUED)

NOTE 5 - PROPERTY TAXES (continued)

Tangible personal property tax revenues received in calendar year 2007 (other than public utility property) represent the collection of calendar year 2007 taxes. Tangible personal property taxes for 2007 were levied after April 1, 2006, on the value as of December 31, 2006. The tangible personal property tax is being phased out – the assessment percentage for all property including inventory is 12.5 percent for 2007. This will be reduced to 6.25 percent for 2008 and zero for 2009. Payments by multi-county taxpayers are due September 20. Single county taxpayers may pay annually or semiannually. If paid annually, payment is due April 30; if paid semiannually, 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 District prior to June 30.

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 June 30, 2007, are available to finance fiscal year 2007 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, 2007 and for which there is an enforceable legal claim. Although total property tax collections for the next fiscal year are measurable, only the amount of real property taxes available as an advance at June 30 were 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 unearned revenue.

The amount available as an advance at June 30, 2007 was \$ 4,141,151 in the general fund, \$ 565,291 in the bond retirement debt service fund, \$ 215,640 in the library bond retirement debt service fund and \$ 88,792 in the permanent improvements capital projects fund. The amount available as an advance at June 30, 2006, was \$ 4,090,200 in the general fund, \$ 791,039 in the bond retirement debt service fund, \$ 257,641 in the library bond retirement debt service fund and \$ 115,955 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 unearned.

The assessed values upon which the fiscal year 2007 taxes were collected are:

	2006 Second Half Collections		2007 First Half Collections	
	Amount	%	Amount	%
Agricultural/ Residential and Other Real Estate	\$ 639,000,320	81.80 %	\$ 732,930,700	86.43 %
Public Utility Personal	89,484,090	11.45	82,074,850	9.68
Tangible Personal Property	52,701,113	6.75	32,948,472	3.89
	<u>\$ 781,185,523</u>	<u>100.00 %</u>	<u>\$ 847,954,022</u>	<u>100.00 %</u>
 Tax Rate per \$ 1,000 of Assessed Valuation:	 <u>60.26</u>		 <u>68.62</u>	

AVON LAKE CITY SCHOOL DISTRICT
LORAIN COUNTY
NOTES TO THE BASIC FINANCIAL STATEMENTS
FOR THE YEAR ENDED JUNE 30, 2007
(CONTINUED)

NOTE 6 - RECEIVABLES

Receivables at June 30, 2007, consisted of property taxes, intergovernmental grants, 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.

A summary of the principal items of intergovernmental receivables follows:

Fund	Amount
Food Service Fund	\$ 18,600

NOTE 7 - 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 \$ 41,451 and \$ 320,000, respectively.

NOTE 8 - CAPITAL ASSETS

Capital asset activity for the fiscal year ended June 30, 2007, was as follows:

	Balance June 30, 2006	Additions	Disposals	Balance June 30, 2007
Governmental Activities				
Nondepreciable capital assets				
Land	\$ 5,656,440	\$ -	\$ -	\$ 5,656,440
Depreciable capital assets				
Land improvements	1,793,427	289,625	-	2,083,052
Buildings and improvements	60,488,561	13,069	-	60,501,630
Furniture and equipment	10,547,906	452,377	673,590	10,326,693
Vehicles	1,374,007	164,298	93,872	1,444,433
Total capital assets being depreciated	74,203,901	919,369	767,462	74,355,808
Less accumulated depreciation				
Land improvements	675,244	111,249	-	786,493
Buildings and improvements	17,160,117	1,637,224	-	18,797,341
Furniture and equipment	7,607,905	924,890	400,555	8,132,240
Vehicles	921,645	108,862	93,872	936,635
Total accumulated depreciation	26,364,911	2,782,225	494,427	28,652,709
Depreciable capital assets, net of accumulated depreciation	47,838,990	(1,862,856)	273,035	45,703,099
Governmental activities capital assets, net	\$ 53,495,430	\$ (1,862,856)	\$ 273,035	\$ 51,359,539

AVON LAKE CITY SCHOOL DISTRICT
LORAIN COUNTY
NOTES TO THE BASIC FINANCIAL STATEMENTS
FOR THE YEAR ENDED JUNE 30, 2007
(CONTINUED)

NOTE 8 - CAPITAL ASSETS (continued)

Depreciation expense was charged to governmental functions as follows:

Instruction	
Regular	\$ 1,965,330
Administration	220,287
Fiscal	619
Operation and maintenance of plant	353,093
Pupil transportation	134,767
Operation of non-instructional services	
Food service	50,230
Extracurricular activities	
Sports oriented	57,899
Total depreciation expense	\$ 2,782,225

NOTE 9 - 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 2007 the School District contracted with Indiana Insurance Company for property insurance. Professional liability is protected by the Hylant Group Insurance Company with a \$ 3,000,000 aggregate limit. Vehicles are covered by the Grange Mutual Insurance Company and hold a \$ 250 deductible for comprehensive and \$ 500 deductible for collision. Automobile liability has a \$ 1,000,000 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, 2007
(CONTINUED)

NOTE 9 - 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. The stop-loss limit was met in fiscal year 2007 by one participant.

The claims liability of \$ 371,644 reported in the internal service fund at June 30, 2007, 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 2007 and 2006 were:

	<u>June 30, 2007</u>	<u>June 30, 2006</u>
Unpaid claims, beginning of year	\$ 326,550	\$ 302,753
Incurred claims	2,689,488	3,293,414
Paid claims	(2,644,394)	(3,269,617)
Unpaid claims, end of year	<u>\$ 371,644</u>	<u>\$ 326,550</u>

AVON LAKE CITY SCHOOL DISTRICT
LORAIN COUNTY
NOTES TO THE BASIC FINANCIAL STATEMENTS
FOR THE YEAR ENDED JUNE 30, 2007
(CONTINUED)

NOTE 10 - DEFINED BENEFIT PENSION PLANS

A. SCHOOL EMPLOYEES RETIREMENT SYSTEM

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 and disability benefits, annual cost-of-living adjustments, and death benefits to plan members and beneficiaries. Authority to establish and amend benefits is provided by 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 may be obtained by writing to the School Employees Retirement System, 300 East Broad Street, Suite 100, Columbus, Ohio 43215-3746 or by calling (614) 222-5853.

Plan members are required to contribute 10 percent of their annual covered salary and the School District is required to contribute at an actuarially determined rate. The current School District rate is 14 percent of annual covered payroll. A portion of the School District's contribution is used to fund pension obligations with the remainder being used to fund health care benefits. For fiscal year 2007, 10.68 percent of annual covered salary was the portion used to fund pension obligations. The contribution requirements of plan members and employers are established and may be amended, up to a statutory maximum amount, by the SERS' Retirement Board. The School District's required contributions for pension obligations to SERS for the fiscal years ended June 30, 2007, 2006, and 2005, were \$ 513,773, \$ 499,021, and \$ 500,646, respectively. 37.4 percent has been contributed for fiscal year 2007, and 100 percent for fiscal years 2006 and 2005.

B. STATE TEACHERS RETIREMENT SYSTEM

The School District participates in the State Teachers Retirement System of Ohio (STRS Ohio), a cost-sharing, multiple-employer public employee retirement system. 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 43215-3371 or by calling (614) 227-4090.

New members have a choice of three retirement plans, a Defined Benefit (DB) Plan, a Defined Contribution (DC) Plan and a Combined Plan. The DB plan offers an annual retirement allowance based on final average salary times a percentage that varies based on years of service, or an allowance based on member contributions and earned interest matched by STRS Ohio funds times an actuarially determined annuity factor. The DC Plan allows members to place all their member contributions and employer contributions equal to 10.5 percent of earned compensation into an investment account. Investment decisions are made by the member. A member is eligible to receive a retirement benefit at age 50 and termination of employment. The Combined Plan offers features of both the DC Plan and the DB Plan. In the Combined Plan, member contributions are invested by the member, and employer contributions are used to fund the defined benefit payment at a reduced level from the regular DB Plan. DC and Combined Plan members will transfer to the Defined Benefit Plan during their fifth year of membership unless they permanently select the DC or Combined Plan. Existing members with less than five years of service credit as of June 30, 2001, were given the option of making a one time irrevocable decision to transfer their account balances from the existing DB Plan into the DC Plan or the Combined Plan. This option expired on December 31, 2001. Benefits are established by Chapter 3307 of the Ohio Revised Code.

AVON LAKE CITY SCHOOL DISTRICT
LORAIN COUNTY
NOTES TO THE BASIC FINANCIAL STATEMENTS
FOR THE YEAR ENDED JUNE 30, 2007
(CONTINUED)

NOTE 10 - DEFINED BENEFIT PENSION PLANS (continued)

B. STATE TEACHERS RETIREMENT SYSTEM (continued)

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. 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.

For the fiscal year ended June 30, 2007, plan members were required to contribute 10 percent of their annual covered salaries. The School District was required to contribute 14 percent; 13 percent was the portion used to fund pension obligations. Contribution rates are established by the State Teachers Retirement Board, upon recommendations of its consulting actuary, not to exceed statutory maximum rates of 10 percent for members and 14 percent for employers. Chapter 3307 of the Ohio Revised Code provides statutory authority for member and employer contributions.

The School District's required contributions for pension obligations to the DB Plan for the fiscal years ended June 30, 2007, 2006, and 2005 were \$ 1,958,466, \$ 1,927,060, and \$ 1,828,649, respectively. 82.2 percent has been contributed for fiscal year 2007 and 100 percent for fiscal years 2006 and 2005.

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 have an option to choose Social Security or the School Employees Retirement System/State Teachers Retirement System. As of June 30, 2007, one member has elected Social Security. The Board's liability is 6.2 percent of wages paid.

NOTE 11 - POSTEMPLOYMENT BENEFITS

The School District provides comprehensive health care benefits to retired teachers and their dependents through the State Teachers Retirement System (STRS), and to retired non-certified employees and their dependents through the School Employees Retirement System (SERS). Benefits include hospitalization, physicians' fees, prescription drugs and reimbursement of monthly Medicare premiums. Benefit provisions and the obligations to contribute are established by the Systems based on authority granted by State statute. Both systems are on a pay-as-you-go basis.

STRS retirees who participate in the DB or Combined Plans and their dependents are eligible for health care coverage. The STRS Board has statutory authority over how much, if any, of the health care costs will be absorbed by STRS. All benefit recipients pay a portion of the health care cost in the form of a monthly premium. By law, the cost of coverage paid from STRS funds is included in the employer contribution rate, currently 14 percent of covered payroll. For the fiscal year ended June 30, 2007, the STRS Board allocated employer contributions equal to 1 percent of covered payroll to the Health Care Stabilization Fund. For the School District, this amount equaled \$ 150,651 for fiscal year 2007.

STRS pays health care benefits from the Health Care Stabilization Fund. At June 30, 2006, (the latest information available), the balance in the Fund was \$ 3.5 billion. For the year ended June 30, 2006, net health care costs paid by STRS were \$ 282,743,000 and STRS had 119,184 eligible benefit recipients.

AVON LAKE CITY SCHOOL DISTRICT
LORAIN COUNTY
NOTES TO THE BASIC FINANCIAL STATEMENTS
FOR THE YEAR ENDED JUNE 30, 2007
(CONTINUED)

NOTE 11 - POSTEMPLOYMENT BENEFITS (continued)

For SERS, coverage is made available to service retirees with ten or more fiscal years of qualifying service credit, and to disability and survivor benefit recipients. All retirees and beneficiaries are required to pay a portion of their premium for health care. The portion is based on years of service, Medicare eligibility, and retirement status. Premiums may be reduced for retirees whose household income falls below the poverty level.

After the allocation for basic benefits, the remainder of the employer's 14 percent contribution is allocated to providing health care benefits. For the fiscal year ended June 30, 2007 employer contributions to fund health care benefits were 3.32 percent of covered payroll, a decrease of .1 percent from fiscal year 2006. In addition, SERS levies a surcharge to fund health care benefits equal to 14 percent of the difference between a minimum pay and the member's pay, pro-rated for partial service credit. For fiscal year 2007, the minimum pay was established at \$ 35,800. However, the surcharge is capped at 2 percent of each employer's SERS salaries. For the 2007 fiscal year, the School District paid \$ 236,853 to fund health care benefits, including the surcharge.

Health care benefits are financed on a pay-as-you go basis. Net health care costs for the year ended June 30, 2006 (the most recent information available), were \$ 158,751,207. The target level for the health care fund is 150% of the projected claims less premium contributions for the next fiscal year. As of June 30, 2006, the value of the health care fund was \$ 295.6 million, which is about 221% of next year's projected net health care costs. On the basis of actuarial projections, the allocated contributions will be insufficient, in the long term, to provide for a health care reserve equal to at least 150% of estimated annual net claim costs. At June 30, 2006, the number of participants eligible to receive benefits was 59,492.

NOTE 12 - 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, 2007
(CONTINUED)

NOTE 13 - 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:

Asset	Cost	Accumulated Depreciation	Net
Copiers	\$ 318,282	\$ 37,133	\$ 281,149
Computer equipment	739,319	566,811	172,508
Total	<u>\$ 1,057,601</u>	<u>\$ 603,944</u>	<u>\$ 453,657</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, 2007.

	Year ending June 30,	Amount
	2008	\$ 72,492
	2009	72,492
	2010	72,492
	2011	72,492
	2012	<u>30,205</u>
Total minimum lease payments		320,173
Less amount representing interest		<u>34,884</u>
Net present value of minimum lease payments		<u>\$ 285,289</u>

AVON LAKE CITY SCHOOL DISTRICT
LORAIN COUNTY
NOTES TO THE BASIC FINANCIAL STATEMENTS
FOR THE YEAR ENDED JUNE 30, 2007
(CONTINUED)

NOTE 14 - 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				
Energy conservation improvements	1997	4.6656%	\$ 2,195,000	12/1/2007
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
Long-term notes				
Energy conservation notes				
Serial notes	2002	2.4 - 4.2%	1,535,000	12/1/2011
Capital appreciation notes	2002	2.4 - 4.2%	250,717	12/1/2007
Loans				
HVAC loan	2003	3.0 - 3.9%	257,069	12/1/2008

In 2005, the 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 District's financial statements. At June 30, 2007, \$ 36,285,000 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, 2007
(CONTINUED)

NOTE 14 - LONG-TERM OBLIGATIONS (continued)

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

	Principal Outstanding 6/30/2006	Additions	Reductions	Principal Outstanding 6/30/2007	Due in 1 year
General obligation bonds					
Energy conservation improvements	\$ 225,000	\$ -	\$ 125,000	\$ 100,000	\$ 100,000
Refunding bonds - 2004					
Term and serial bonds	3,020,000	-	360,000	2,660,000	365,000
Capital appreciation bonds	429,998	-	-	429,998	-
Accretion on capital appreciation bonds	109,788	66,290	-	176,078	-
Refunding bonds - 2005					
Serial bonds	32,245,000	-	255,000	31,990,000	260,000
Capital appreciation bonds	584,950	-	-	584,950	-
Accretion on capital appreciation bonds	153,934	188,832	-	342,766	-
School Facilities					
Term and serial bonds	3,900,000	-	1,175,000	2,725,000	1,330,000
Capital appreciation bonds	649,977	-	-	649,977	-
Accretion on capital appreciation bonds	2,824,667	186,465	-	3,011,132	-
Total general obligation bonds	<u>44,143,314</u>	<u>441,587</u>	<u>1,915,000</u>	<u>42,669,901</u>	<u>2,055,000</u>
Energy conservation notes					
Serial notes	825,000	-	-	825,000	-
Capital appreciation notes	250,717	-	130,287	120,430	120,430
Accretion on capital appreciation notes	112,465	20,548	64,713	68,300	-
Total energy conservation notes	<u>1,188,182</u>	<u>20,548</u>	<u>195,000</u>	<u>1,013,730</u>	<u>120,430</u>
Loans payable - HVAC	104,069	-	53,000	51,069	51,069
Capital leases	221,606	318,282	254,599	285,289	58,953
Compensated absences	1,949,256	285,565	467,249	1,767,572	374,984
Total governmental activities	<u>\$ 47,606,427</u>	<u>\$ 1,065,982</u>	<u>\$ 2,884,848</u>	<u>\$ 45,787,561</u>	<u>\$ 2,660,436</u>

AVON LAKE CITY SCHOOL DISTRICT
LORAIN COUNTY
NOTES TO THE BASIC FINANCIAL STATEMENTS
FOR THE YEAR ENDED JUNE 30, 2007
(CONTINUED)

NOTE 14 - LONG-TERM OBLIGATIONS (continued)

General obligation bonds will be paid from property taxes received 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 2007, one of the capital appreciation notes matured. The maturity amount for the note equaled the original principal amount of \$ 130,287 plus accreted interest of \$ 64,713, for a total maturity amount of \$ 195,000. The remaining capital appreciation note will mature in 2008. The maturity amount of the remaining note is \$ 195,000. In fiscal year 2007, \$ 20,548 was accreted. The ending balance of accreted interest on the capital appreciation note at June 30, 2007 is \$ 68,300.

Capital lease obligations will be paid from the General Fund. The HVAC loan will be paid out of Building Improvement Capital Projects 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 2007, \$ 186,465 was accreted for a total bond obligation of \$ 3,011,132.

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, 2007
(CONTINUED)

NOTE 14 - 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

The School District's overall legal debt margin was \$ 25,658,814 and the unvoted legal debt margin was \$ 732,931 at June 30, 2007. Principal and interest requirements to retire long-term obligations outstanding at June 30, 2007, are as follows:

Year ending June 30,	General Obligation Bonds		Capital Appreciation Bonds	
	Principal	Interest	Principal	Interest
2008	\$ 2,055,000	\$ 1,665,255	\$ -	\$ -
2009	1,665,000	1,491,626	228,855	242,070
2010	280,000	1,448,850	455,877	1,475,049
2011	660,000	1,524,738	214,549	1,252,451
2012	685,000	1,502,163	180,694	1,284,306
2013-2017	6,730,000	4,041,272	584,950	5,809,551
2018-2022	11,470,000	4,648,324	-	-
2023-2027	13,930,000	1,707,250	-	-
	\$ 37,475,000	\$ 18,029,478	\$ 1,664,925	\$ 10,063,427

AVON LAKE CITY SCHOOL DISTRICT
LORAIN COUNTY
NOTES TO THE BASIC FINANCIAL STATEMENTS
FOR THE YEAR ENDED JUNE 30, 2007
(CONTINUED)

NOTE 14 - LONG-TERM OBLIGATIONS (continued)

Year ending June 30,	Energy Conservation Notes		Capital Appreciation Notes		Total	
	Principal	Interest	Principal	Interest	Principal	Interest
2008	\$ -	\$ 33,357	\$ 120,430	\$ 74,570	\$ 2,175,430	\$ 1,773,182
2009	195,000	29,604	-	-	2,088,855	1,763,300
2010	200,000	21,850	-	-	935,877	2,945,749
2011	210,000	13,545	-	-	1,084,549	2,790,734
2012	220,000	4,620	-	-	1,085,694	2,791,089
2013-2017	-	-	-	-	7,314,950	9,850,823
2018-2022	-	-	-	-	11,470,000	4,648,324
2023-2027	-	-	-	-	13,930,000	1,707,250
	<u>\$ 825,000</u>	<u>\$ 102,976</u>	<u>\$ 120,430</u>	<u>\$ 74,570</u>	<u>\$ 40,085,355</u>	<u>\$ 28,270,451</u>

The HVAC loan principal and interest will be paid from the Building Improvement Capital Projects Fund. Interest will be paid from the General Fund. The principal and interest payments to retire the long-term notes are as follows:

Year ending June 30,	Principal	Interest	Total
2008	<u>\$ 51,069</u>	<u>\$ 2,010</u>	<u>\$ 53,079</u>

NOTE 15 - JOINTLY GOVERNED ORGANIZATIONS

A. LAKE ERIE EDUCATIONAL COMPUTER ASSOCIATION (LEECA)

The Lake Erie Educational Computer Association (LEECA) is a jointly governed organization among thirty 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 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 \$ 55,754 for services during fiscal year 2007. 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.

AVON LAKE CITY SCHOOL DISTRICT
LORAIN COUNTY
NOTES TO THE BASIC FINANCIAL STATEMENTS
FOR THE YEAR ENDED JUNE 30, 2007
(CONTINUED)

NOTE 15 - JOINTLY GOVERNED ORGANIZATIONS (continued)

B. LAKE ERIE REGIONAL COUNCIL OF GOVERNMENTS (LERC)

The Lake Erie Regional Council of Governments (LERC) is a jointly governed organization among 14 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, drivers' education, food service 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 2007, 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 ninety-one school districts. The organization was formed to purchase quality products and services at the lowest possible cost to the member districts. Each district supports the Council by paying an annual participation fee. The Council's Board consists of seven superintendents of the participating 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 2007, the School District paid \$ 821 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, 44101.

The School District participates in the Council's electric purchase program which was implemented during fiscal year 1998. This program allows school districts to purchase electricity at reduced rates, if the school districts will commit to participating for an eight year period. The participants make monthly payments based on estimated usage. Each June these estimated payments are compared to their actual usage for the year and any necessary adjustments are made.

Energy Acquisition Corp., a non-profit corporation with a self-appointing board, issued \$ 119,140,000 in debt to purchase eight years of electricity from Cleveland Electric Illuminating (CEI) for the participants. The participating school districts are not obligated in any manner for the debt. If a participating school district terminates its agreement, the district is required to repay the savings to CEI and CEI will refund the remaining prepayment related to that participant to Energy Acquisition Corp.

AVON LAKE CITY SCHOOL DISTRICT
LORAIN COUNTY
NOTES TO THE BASIC FINANCIAL STATEMENTS
FOR THE YEAR ENDED JUNE 30, 2007
(CONTINUED)

NOTE 15 - JOINTLY GOVERNED ORGANIZATIONS (continued)

D. OHIO SCHOOLS COUNCIL ASSOCIATION (continued)

The School District also participates in the Council's prepaid natural gas program which was implemented during fiscal year 2000. This program allows school districts to purchase natural gas at reduced rates, if the school districts will commit to participating for a twelve year period. The participants make monthly payments based on estimated usage. These estimated payments are compared to their actual usage and any necessary adjustments are made.

The City of Hamilton, a municipal corporation and political subdivision duly organized and existing under the laws of the State of Ohio, issued \$ 89,450,000 in debt to purchase twelve years of natural gas from CMS Energy Corporation for the participants. The participating school districts are not obligated in any manner for this debt. If a participating school district terminates its agreement, the district is entitled to recover that amount, if any, of its contributions to the operating fund which are not encumbered for its share of program administrative costs.

NOTE 16 - 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 17 - 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 2007, expenditures for operating leases totaled \$ 1,035.

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, 2007.

Year ending	Amount
June 30,	
2008	\$ 1,380
2009	1,380
2010	1,380
2011	1,380
2012	345
Total minimum lease payments	\$ 5,865

AVON LAKE CITY SCHOOL DISTRICT
LORAIN COUNTY
NOTES TO THE BASIC FINANCIAL STATEMENTS
FOR THE YEAR ENDED JUNE 30, 2007
(CONTINUED)

NOTE 18 - 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, 2007.

NOTE 19 - 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, 2007, 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, 2006	\$ 62,910	\$ 113,990	\$ 62,522
Current year set-aside requirements	524,903	-	524,903
Qualifying disbursements	(874,577)	-	(976,900)
Total	<u>\$ (286,764)</u>	<u>\$ 113,990</u>	<u>\$ (389,475)</u>
Set-aside balance carried forward to future fiscal years	<u>\$ -</u>	<u>\$ -</u>	<u>\$ (451,997)</u>
Set-aside reserve balance as of June 30, 2007	<u>\$ (286,764)</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

To 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.

Scholarship Fund To account for monies from local donations for the purpose of scholarships for students.

Michael Baumhauer Scholarship Fund To account for donations in honor of long-standing teacher Michael Baumhauer to be used for scholarships for eligible students.

Adult Education Fund To account for the monies involved in upgrading and retaining out of school youths and adults for the purpose of improving their skills and knowledge in their occupation or planned occupation.

Public School Support Fund To account for school site sales revenue and expenditures for field trips, assemblies and other activity costs.

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.

Entry Year Programs Fund This fund accounts for State monies which support the development of programs for teachers beginning employment with the School District.

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

School Net Development Fund To account for State monies used to assist teachers in gaining new skills and becoming familiar with new teaching methodologies.

Alternative Schools Fund This fund accounts for monies which support alternative school programs.

Miscellaneous State Grants Fund This fund accounts for various monies received from state agencies, which are not classified elsewhere. A separate special cost center must be used for each grant and be approved by the Auditor of State.

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.

(continued)

Fund Descriptions – Nonmajor Governmental Funds

Nonmajor Special Revenue Funds (continued)

Title V Fund To account for Federal monies which support the implementation of a variety of programs such as computer education, gifted and talented programs, in-service and staff development.

Drug Free Schools Fund To account for Federal monies which support the implementation of programs for drug abuse education and prevention.

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

Class Size Reduction Fund To account for Federal monies received to encourage and help fund smaller classroom size and additional staffing needs.

Nonmajor Debt Service Fund

The 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.

Building Improvements Fund To account for bond proceeds to be used for the acquisition, construction, or improvement of major capital facilities.

AVON LAKE CITY SCHOOL DISTRICT
 COMBINING BALANCE SHEET
 NONMAJOR GOVERNMENTAL FUNDS
 JUNE 30, 2007

	Nonmajor Special Revenue Funds	Nonmajor Debt Service Funds	Nonmajor Capital Projects Funds	Total Nonmajor Governmental Funds
Assets				
Equity in pooled cash	\$ 790,462	\$ 527,989	\$ 1,112,260	\$ 2,430,711
Receivables, net of allowance				
Taxes, current	-	1,310,864	661,097	1,971,961
Taxes, delinquent	-	8,700	4,900	13,600
Interest receivable	-	-	5,826	5,826
Intergovernmental receivable	18,600	-	-	18,600
Inventories and supplies	22,625	-	-	22,625
Total assets	\$ 831,687	\$ 1,847,553	\$ 1,784,083	\$ 4,463,323
Liabilities and fund balances				
Liabilities				
Accounts and contracts payable	\$ 17,717	\$ -	\$ 34,722	\$ 52,439
Accrued wages and benefits	56,506	-	-	56,506
Intergovernmental payable	36,110	-	-	36,110
Unearned revenue	6,736	1,103,924	583,031	1,693,691
Matured compensated absences payable	8,940	-	-	8,940
Total liabilities	126,009	1,103,924	617,753	1,847,686
Fund balances				
Reserved for inventories and supplies	22,625	-	-	22,625
Reserved for encumbrances	165,819	-	97,696	263,515
Reserved for property taxes	-	215,640	88,792	304,432
Unreserved	517,234	527,989	979,842	2,025,065
Total fund balances	705,678	743,629	1,166,330	2,615,637
Total liabilities and fund balances	\$ 831,687	\$ 1,847,553	\$ 1,784,083	\$ 4,463,323

AVON LAKE CITY SCHOOL DISTRICT
 COMBINING STATEMENT OF REVENUES, EXPENDITURES AND CHANGES IN FUND BALANCES
 NONMAJOR GOVERNMENTAL FUNDS
 FOR THE YEAR ENDED JUNE 30, 2007

	Nonmajor Special Funds	Nonmajor Debt Service Funds	Nonmajor Capital Projects Funds	Total Nonmajor Governmental Funds
Revenues				
Taxes	\$ -	\$ 100,270	\$ 661,829	\$ 762,099
Tuition and fees	18,861	-	-	18,861
Interest	15,986	-	46,852	62,838
Intergovernmental	1,294,537	30,438	155,851	1,480,826
Extracurricular	310,062	-	-	310,062
Charges for services	737,172	-	-	737,172
Other	182,526	-	-	182,526
Total revenues	2,559,144	130,708	864,532	3,554,384
Expenditures				
Current				
Instruction				
Regular	99,064	-	11,401	110,465
Special	212,703	-	-	212,703
Supporting services				
Pupil	555,843	-	-	555,843
Instructional staff	82,566	-	-	82,566
Administration	58,741	-	-	58,741
Fiscal services	-	2,820	13,782	16,602
Operation and maintenance	2,451	-	324,729	327,180
Pupil transportation	545	-	152,390	152,935
Central services	3,300	-	-	3,300
Operation of non-instructional services				
Food service operation	978,364	-	-	978,364
Community services	290,382	-	-	290,382
Extracurricular activities	305,314	-	-	305,314
Capital outlay	-	-	193,378	193,378
Debt service				
Principal	-	265,000	-	265,000
Interest	-	55,775	-	55,775
Total expenditures	2,589,273	323,595	695,680	3,608,548
Excess (deficiency) of revenues over expenditures	(30,129)	(192,887)	168,852	(54,164)
Other financing sources (uses)				
Transfers-out	-	-	(320,000)	(320,000)
Total other financing sources (uses)	-	-	(320,000)	(320,000)
Net change in fund balances	(30,129)	(192,887)	(151,148)	(374,164)
Fund balances, beginning of year	735,807	936,516	1,317,478	2,989,801
Fund balances, end of year	\$ 705,678	\$ 743,629	\$ 1,166,330	\$ 2,615,637

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AVON LAKE CITY SCHOOL DISTRICT
 COMBINING BALANCE SHEET
 NONMAJOR SPECIAL REVENUE FUNDS
 JUNE 30, 2007

	Food Service	Scholarship	Michael Baumhauer Scholarship	Adult Education	Public School Support
Assets					
Equity in pooled cash	\$ 107,857	\$ 26,798	\$ 14,013	\$ 5,140	\$ 98,047
Intergovernmental receivable	18,600	-	-	-	-
Inventories and supplies	22,625	-	-	-	-
Total assets	\$ 149,082	\$ 26,798	\$ 14,013	\$ 5,140	\$ 98,047
Liabilities and fund balances					
Liabilities					
Accounts and contracts payable	\$ -	\$ -	\$ -	\$ -	\$ 1,606
Accrued wages and benefits	40,002	-	-	-	-
Intergovernmental payable	35,538	-	-	-	-
Unearned revenue	6,736	-	-	-	-
Matured compensated absences payable	-	-	-	-	-
Total liabilities	82,276	-	-	-	1,606
Fund balances					
Reserved for inventories and supplies	22,625	-	-	-	-
Reserved for encumbrances	246	-	-	-	11,213
Unreserved	43,935	26,798	14,013	5,140	85,228
Total fund balances	66,806	26,798	14,013	5,140	96,441
Total liabilities and fund balances	\$ 149,082	\$ 26,798	\$ 14,013	\$ 5,140	\$ 98,047

Local Grants	Athletics	Auxiliary Services	Management Information Systems	Entry Year Programs	Data Communications	School Net Development
\$ 241,215	\$ 147,466	\$ 121,304	\$ -	\$ -	\$ -	\$ -
-	-	-	-	-	-	-
-	-	-	-	-	-	-
<u>\$ 241,215</u>	<u>\$ 147,466</u>	<u>\$ 121,304</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>
\$ 5,587	\$ 2,407	\$ 6,934	\$ -	\$ -	\$ -	\$ -
-	-	12,555	-	-	-	-
-	-	475	-	-	-	-
-	-	-	-	-	-	-
-	-	8,940	-	-	-	-
<u>5,587</u>	<u>2,407</u>	<u>28,904</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>
-	-	-	-	-	-	-
15,199	31,518	98,135	-	-	-	-
220,429	113,541	(5,735)	-	-	-	-
<u>235,628</u>	<u>145,059</u>	<u>92,400</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>
<u>\$ 241,215</u>	<u>\$ 147,466</u>	<u>\$ 121,304</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>

(continued)

AVON LAKE CITY SCHOOL DISTRICT
 COMBINING BALANCE SHEET
 NONMAJOR SPECIAL REVENUE FUNDS
 JUNE 30, 2007
 (CONCLUDED)

	Alternative Schools	Miscellaneous State Grants	Title VI-B	Title V	Drug Free Schools
Assets					
Equity in pooled cash	\$ 3,950	\$ 2,000	\$ 21,679	\$ 493	\$ -
Intergovernmental receivable	-	-	-	-	-
Inventories and supplies	-	-	-	-	-
Total assets	\$ 3,950	\$ 2,000	\$ 21,679	\$ 493	\$ -
Liabilities and fund balances					
Liabilities					
Accounts and contracts payable	\$ -	\$ -	\$ 1,183	\$ -	\$ -
Accrued wages and benefits	-	-	3,949	-	-
Intergovernmental payable	-	-	97	-	-
Unearned revenue	-	-	-	-	-
Matured compensated absences payable	-	-	-	-	-
Total liabilities	-	-	5,229	-	-
Fund balances					
Reserved for inventories and supplies	-	-	-	-	-
Reserved for encumbrances	3,950	-	5,065	493	-
Unreserved	-	2,000	11,385	-	-
Total fund balances	3,950	2,000	16,450	493	-
Total liabilities and fund balances	\$ 3,950	\$ 2,000	\$ 21,679	\$ 493	\$ -

Early Childhood Education Development	Class Size Reduction	Total Nonmajor Special Revenue Funds
\$ 500	\$ -	\$ 790,462
-	-	18,600
-	-	22,625
<u>\$ 500</u>	<u>\$ -</u>	<u>\$ 831,687</u>

\$ -	\$ -	\$ 17,717
-	-	56,506
-	-	36,110
-	-	6,736
-	-	8,940
<u>-</u>	<u>-</u>	<u>126,009</u>

-	-	22,625
-	-	165,819
500	-	517,234
<u>500</u>	<u>-</u>	<u>705,678</u>
<u>\$ 500</u>	<u>\$ -</u>	<u>\$ 831,687</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, 2007

	Food Service	Scholarship	Michael Baumhauer Scholarship	Adult Education	Public School Support
Revenues					
Tuition and fees	\$ -	\$ -	\$ -	\$ 440	\$ 1,144
Interest	6,867	1,348	517	-	-
Intergovernmental	195,411	-	-	-	-
Extracurricular	-	400	-	-	32,018
Charges for services	737,172	-	-	-	-
Other	-	-	815	-	80,255
Total revenues	<u>939,450</u>	<u>1,748</u>	<u>1,332</u>	<u>440</u>	<u>113,417</u>
Expenditures					
Current					
Instruction					
Regular	-	2,243	-	-	205
Special	-	1,555	-	-	1,363
Supporting services					
Pupil	-	-	700	-	105,448
Instructional staff	-	-	-	-	18,780
Administration	-	-	-	-	-
Operation and maintenance	-	-	-	-	-
Pupil transportation	-	-	-	-	-
Central services	-	-	-	-	-
Operation of non-instructional services					
Food service operation	978,364	-	-	-	-
Community services	-	1,500	-	-	-
Extracurricular activities	-	-	-	-	4,745
Total expenditures	<u>978,364</u>	<u>5,298</u>	<u>700</u>	<u>-</u>	<u>130,541</u>
Net change in fund balances	(38,914)	(3,550)	632	440	(17,124)
Fund balances, beginning of year	<u>105,720</u>	<u>30,348</u>	<u>13,381</u>	<u>4,700</u>	<u>113,565</u>
Fund balances, end of year	<u>\$ 66,806</u>	<u>\$ 26,798</u>	<u>\$ 14,013</u>	<u>\$ 5,140</u>	<u>\$ 96,441</u>

Local Grants	Athletics	Auxiliary Services	Management Information Systems	Entry Year Programs	Data Communications	School Net Development
\$ 17,277	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -
-	-	7,254	-	-	-	-
-	-	254,335	11,971	3,700	21,000	3,300
-	277,644	-	-	-	-	-
-	-	-	-	-	-	-
69,969	31,487	-	-	-	-	-
<u>87,246</u>	<u>309,131</u>	<u>261,589</u>	<u>11,971</u>	<u>3,700</u>	<u>21,000</u>	<u>3,300</u>
39,797	-	-	-	3,200	-	-
110	-	-	-	-	-	-
-	-	-	-	-	-	-
-	-	-	-	500	21,000	-
-	-	-	27,456	-	-	-
-	-	-	-	-	-	-
-	-	-	-	-	-	-
-	-	-	-	-	-	3,300
-	-	-	-	-	-	-
-	-	239,424	-	-	-	-
6,985	293,584	-	-	-	-	-
<u>46,892</u>	<u>293,584</u>	<u>239,424</u>	<u>27,456</u>	<u>3,700</u>	<u>21,000</u>	<u>3,300</u>
40,354	15,547	22,165	(15,485)	-	-	-
195,274	129,512	70,235	15,485	-	-	-
<u>\$ 235,628</u>	<u>\$ 145,059</u>	<u>\$ 92,400</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</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, 2007

(CONCLUDED)

	Miscellaneous				Drug Free Schools
	Alternative Schools	State Grants	Title VI-B	Title V	
Revenues					
Tuition and fees	\$ -	\$ -	\$ -	\$ -	\$ -
Interest	-	-	-	-	-
Intergovernmental	35,516	11,019	659,627	5,124	6,128
Extracurricular	-	-	-	-	-
Charges for services	-	-	-	-	-
Other	-	-	-	-	-
Total revenues	<u>35,516</u>	<u>11,019</u>	<u>659,627</u>	<u>5,124</u>	<u>6,128</u>
Expenditures					
Current					
Instruction					
Regular	-	-	-	1,119	-
Special	26,270	-	183,405	-	-
Supporting services					
Pupil	2,712	9,019	434,287	-	3,677
Instructional staff	284	-	-	3,000	-
Administration	1,755	-	29,530	-	-
Operation and maintenance	-	-	-	-	2,451
Pupil transportation	545	-	-	-	-
Central services	-	-	-	-	-
Operation of non-instructional services					
Food service operation	-	-	-	-	-
Community services	-	-	48,946	512	-
Extracurricular activities	-	-	-	-	-
Total expenditures	<u>31,566</u>	<u>9,019</u>	<u>696,168</u>	<u>4,631</u>	<u>6,128</u>
Net change in fund balances	3,950	2,000	(36,541)	493	-
Fund balances, beginning of year	-	-	52,991	-	-
Fund balances, end of year	<u>\$ 3,950</u>	<u>\$ 2,000</u>	<u>\$ 16,450</u>	<u>\$ 493</u>	<u>\$ -</u>

Early Childhood Education Development	Class Size Reduction	Total Nonmajor Special Revenue Funds
\$ -	\$ -	\$ 18,861
-	-	15,986
22,107	65,299	1,294,537
-	-	310,062
-	-	737,172
-	-	182,526
<u>22,107</u>	<u>65,299</u>	<u>2,559,144</u>
-	52,500	99,064
-	-	212,703
-	-	555,843
21,607	17,395	82,566
-	-	58,741
-	-	2,451
-	-	545
-	-	3,300
-	-	978,364
-	-	290,382
-	-	305,314
<u>21,607</u>	<u>69,895</u>	<u>2,589,273</u>
500	(4,596)	(30,129)
-	4,596	735,807
<u>\$ 500</u>	<u>\$ -</u>	<u>\$ 705,678</u>

AVON LAKE CITY SCHOOL DISTRICT
 COMBINING BALANCE SHEET
 NONMAJOR CAPITAL PROJECTS FUNDS
 JUNE 30, 2007

	Permanent Improvements	Building Improvements	Total Capital Projects
Assets			
Equity in pooled cash	\$ 359,048	\$ 753,212	\$ 1,112,260
Receivables, net of allowance			
Taxes, current	661,097	-	661,097
Taxes, delinquent	4,900	-	4,900
Interest receivable	-	5,826	5,826
Total assets	\$ 1,025,045	\$ 759,038	\$ 1,784,083
Liabilities and fund balances			
Liabilities			
Accounts and contracts payable	\$ 23,027	\$ 11,695	\$ 34,722
Unearned revenue	577,205	5,826	583,031
Total liabilities	600,232	17,521	617,753
Fund balances			
Reserved for encumbrances	84,001	13,695	97,696
Reserved for property taxes	88,792	-	88,792
Unreserved	252,020	727,822	979,842
Total fund balances	424,813	741,517	1,166,330
Total liabilities and fund balances	\$ 1,025,045	\$ 759,038	\$ 1,784,083

AVON LAKE CITY SCHOOL DISTRICT
 COMBINING STATEMENT OF REVENUES, EXPENDITURES AND CHANGES IN FUND BALANCES
 NONMAJOR CAPITAL PROJECTS FUNDS
 FOR THE YEAR ENDED JUNE 30, 2007

	Permanent Improvements	Building Improvements	Total Capital Projects
Revenues			
Taxes	\$ 661,829	\$ -	\$ 661,829
Interest	-	46,852	46,852
Intergovernmental	155,851	-	155,851
Total revenues	<u>817,680</u>	<u>46,852</u>	<u>864,532</u>
Expenditures			
Current			
Instruction			
Regular	11,401	-	11,401
Supporting services			
Fiscal services	13,782	-	13,782
Operation and maintenance	324,729	-	324,729
Pupil transportation	152,390	-	152,390
Capital outlay	8,409	184,969	193,378
Total expenditures	<u>510,711</u>	<u>184,969</u>	<u>695,680</u>
Excess (deficiency) of revenues over expenditures	<u>306,969</u>	<u>(138,117)</u>	<u>168,852</u>
Other financing sources (uses)			
Transfers-out	(320,000)	-	(320,000)
Total other financing sources (uses)	<u>(320,000)</u>	<u>-</u>	<u>(320,000)</u>
Net change in fund balances	(13,031)	(138,117)	(151,148)
Fund balances, beginning of year	<u>437,844</u>	<u>879,634</u>	<u>1,317,478</u>
Fund balances, end of year	<u>\$ 424,813</u>	<u>\$ 741,517</u>	<u>\$ 1,166,330</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 Managed 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, 2007

	Student Activities Fund			
	Beginning Balance	Additions	Deductions	Ending Balance
	June 30, 2006			June 30, 2007
Assets				
Equity in pooled cash	\$ 156,177	\$ 221,771	\$ 226,880	\$ 151,068
Total assets	\$ 156,177	\$ 221,771	\$ 226,880	\$ 151,068
Liabilities				
Accounts payable	\$ 10,232	\$ 3,568	\$ 10,232	\$ 3,568
Due to students	145,945	218,203	216,648	147,500
Total liabilities	\$ 156,177	\$ 221,771	\$ 226,880	\$ 151,068

	Staff Services Fund			
	Beginning Balance	Additions	Deductions	Ending Balance
	June 30, 2006			June 30, 2007
Assets				
Equity in pooled cash	\$ 4,054	\$ 2,561	\$ 2,744	\$ 3,871
Total assets	\$ 4,054	\$ 2,561	\$ 2,744	\$ 3,871
Liabilities				
Due to others	\$ 4,054	\$ 2,561	\$ 2,744	\$ 3,871
Total liabilities	\$ 4,054	\$ 2,561	\$ 2,744	\$ 3,871

	Total Agency Funds			
	Beginning Balance	Additions	Deductions	Ending Balance
	June 30, 2006			June 30, 2007
Assets				
Equity in pooled cash	\$ 160,231	\$ 224,332	\$ 229,624	\$ 154,939
Total assets	160,231	224,332	229,624	154,939
Liabilities				
Accounts payable	\$ 10,232	\$ 3,568	\$ 10,232	\$ 3,568
Due to students	145,945	218,203	216,648	147,500
Due to others	4,054	2,561	2,744	3,871
Total liabilities	\$ 160,231	\$ 224,332	\$ 229,624	\$ 154,939

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, 2007

	General Fund			Variance with Final Budget Positive (Negative)
	Budget Amounts		Actual	
	Original	Final		
Revenues				
Taxes	\$ 25,380,914	\$ 25,380,914	\$ 26,944,683	\$ 1,563,769
Tuition and fees	386,805	386,805	410,637	23,832
Interest	529,178	529,178	561,782	32,604
Intergovernmental	7,078,391	7,078,391	7,514,505	436,114
Extracurricular	187,093	187,093	198,620	11,527
Miscellaneous	215,117	215,117	228,371	13,254
Total revenues	<u>33,777,498</u>	<u>33,777,498</u>	<u>35,858,598</u>	<u>2,081,100</u>
Expenditures				
Current				
Instruction				
Regular				
Salaries	11,280,090	11,247,997	10,931,640	316,357
Benefits	3,891,439	3,880,367	3,771,229	109,138
Purchased services	987,219	984,410	956,723	27,687
Materials and supplies	641,750	639,924	621,926	17,998
Capital outlay	692,790	690,819	671,389	19,430
Total regular	<u>17,493,288</u>	<u>17,443,517</u>	<u>16,952,907</u>	<u>490,610</u>
Special				
Salaries	1,517,165	1,512,848	1,470,298	42,550
Benefits	539,666	538,131	522,996	15,135
Purchased services	558	556	540	16
Materials and supplies	1,608	1,603	1,558	45
Total special	<u>2,058,997</u>	<u>2,053,138</u>	<u>1,995,392</u>	<u>57,746</u>
Vocational				
Salaries	141,417	141,015	137,049	3,966
Benefits	54,441	54,286	52,759	1,527
Purchased services	961	958	931	27
Total vocational	<u>196,819</u>	<u>196,259</u>	<u>190,739</u>	<u>5,520</u>
Adult/continuing				
Salaries	15,388	15,344	14,912	432
Benefits	1,991	1,985	1,929	56
Materials and supplies	24	24	23	1
Total adult/continuing	<u>17,403</u>	<u>17,353</u>	<u>16,864</u>	<u>489</u>
Other				
Salaries	92,691	92,427	89,827	2,600
Benefits	17,728	17,678	17,181	497
Purchased services	302,325	301,465	292,986	8,479
Other	348,457	347,466	337,693	9,773
Total other instruction	<u>761,201</u>	<u>759,036</u>	<u>737,687</u>	<u>21,349</u>
Total instruction	<u>20,527,708</u>	<u>20,469,303</u>	<u>19,893,589</u>	<u>575,714</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, 2007

	General Fund			Variance with Final Budget Positive (Negative)
	Budget Amounts		Actual	
	Original	Final		
Supporting services				
Pupil				
Salaries	1,484,491	1,480,267	1,438,634	41,633
Benefits	538,138	536,607	521,515	15,092
Purchased services	175,216	174,717	169,803	4,914
Materials and supplies	20,061	20,004	19,441	563
Total pupil	<u>2,217,906</u>	<u>2,211,595</u>	<u>2,149,393</u>	<u>62,202</u>
Instructional staff				
Salaries	450,384	449,103	436,472	12,631
Benefits	173,853	173,358	168,482	4,876
Purchased services	18,616	18,563	18,041	522
Materials and supplies	42,838	42,716	41,515	1,201
Capital outlay	31,838	31,747	30,854	893
Total instructional staff	<u>717,529</u>	<u>715,487</u>	<u>695,364</u>	<u>20,123</u>
Board of education				
Salaries	7,610	7,588	7,375	213
Benefits	1,383	1,379	1,340	39
Purchased services	5,904	5,887	5,721	166
Other	5,577	5,561	5,405	156
Total business	<u>20,474</u>	<u>20,415</u>	<u>19,841</u>	<u>574</u>
Administration				
Salaries	1,678,031	1,673,257	1,626,196	47,061
Benefits	753,401	751,257	730,127	21,130
Purchased services	394,247	393,125	382,068	11,057
Materials and supplies	33,547	33,452	32,511	941
Capital outlay	67,921	67,728	65,823	1,905
Other	33,380	33,285	32,349	936
Total administration	<u>2,960,527</u>	<u>2,952,104</u>	<u>2,869,074</u>	<u>83,030</u>
Fiscal				
Salaries	283,793	282,986	275,027	7,959
Benefits	129,257	128,889	125,264	3,625
Purchased services	38,700	38,590	37,505	1,085
Materials and supplies	6,109	6,092	5,921	171
Capital outlay	47,687	47,551	46,214	1,337
Other	607,195	605,467	588,438	17,029
Total fiscal	<u>1,112,741</u>	<u>1,109,575</u>	<u>1,078,369</u>	<u>31,206</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, 2007

	General Fund			Variance with Final Budget Positive (Negative)
	Budget Amounts		Actual	
	Original	Final		
Business				
Salaries	55,617	55,459	53,899	1,560
Benefits	30,473	30,386	29,531	855
Purchased services	13,626	13,587	13,205	382
Capital outlay	27,579	27,501	26,728	773
Total fiscal	127,295	126,933	123,363	3,570
Operation and maintenance				
Salaries	1,441,050	1,436,950	1,396,535	40,415
Benefits	601,913	600,200	583,319	16,881
Purchased services	2,285,558	2,279,055	2,214,955	64,100
Materials and supplies	324,437	323,514	314,415	9,099
Capital outlay	15,854	15,809	15,364	445
Total operation and maintenance	4,668,812	4,655,528	4,524,588	130,940
Pupil transportation				
Salaries	781,821	779,597	757,670	21,927
Benefits	245,764	245,065	238,172	6,893
Purchased services	73,454	73,245	71,185	2,060
Materials and supplies	149,469	149,044	144,852	4,192
Other	138	138	134	4
Total pupil transportation	1,250,646	1,247,089	1,212,013	35,076
Central services				
Purchased services	57,220	57,057	55,452	1,605
Capital outlay	108,334	108,026	104,988	3,038
Total central services	165,554	165,083	160,440	4,643
Total supporting services	13,241,484	13,203,809	12,832,445	371,364
Extracurricular activities				
Academic and subject oriented				
Salaries	52,729	52,579	51,100	1,479
Benefits	7,535	7,514	7,303	211
Purchased services	3,263	3,254	3,162	92
Materials and supplies	3,258	3,249	3,158	91
Total academic and subject oriented	66,785	66,596	64,723	1,873

(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, 2007

	(Concluded)		General Fund		Variance with Final Budget Positive (Negative)
	Budget Amounts		Actual		
	Original	Final			
Occupation oriented					
Salaries	1,210	1,207	1,173		34
Benefits	169	169	164		5
Total occupation oriented	<u>1,379</u>	<u>1,376</u>	<u>1,337</u>		<u>39</u>
Sports oriented					
Salaries	464,978	463,655	450,614		13,041
Benefits	107,036	106,731	103,729		3,002
Purchased services	8,107	8,084	7,857		227
Capital outlay	98	98	95		3
Other	515	514	500		14
Total sports oriented	<u>580,734</u>	<u>579,082</u>	<u>562,795</u>		<u>16,287</u>
Co-curricular activities					
Salaries	42,178	42,058	40,875		1,183
Benefits	6,273	6,255	6,079		176
Total co-curricular activities	<u>48,451</u>	<u>48,313</u>	<u>46,954</u>		<u>1,359</u>
Total extracurricular activities	<u>697,349</u>	<u>695,367</u>	<u>675,809</u>		<u>19,558</u>
Capital outlay	<u>216,234</u>	<u>215,619</u>	<u>209,555</u>		<u>6,064</u>
Total expenditures	<u>34,682,775</u>	<u>34,584,098</u>	<u>33,611,398</u>		<u>972,700</u>
Excess (deficiency) of revenues over expenditures	<u>(905,277)</u>	<u>(806,600)</u>	<u>2,247,200</u>		<u>3,053,800</u>
Other financing sources (uses)					
Gain (loss) on sale of assets	-	-	30		30
Advances in	-	-	215,222		215,222
Refund of prior year expenditures	-	-	92,576		92,576
Transfers-out	(50,000)	(50,000)	(41,451)		8,549
Advances out	(50,000)	(50,000)	(215,222)		(165,222)
Total other financing sources (uses)	<u>(100,000)</u>	<u>(100,000)</u>	<u>51,155</u>		<u>151,155</u>
Net change in fund balance	(1,005,277)	(906,600)	2,298,355		3,204,955
Prior year encumbrances	1,616,160	1,616,160	1,616,160		-
Fund balances, beginning of year	<u>2,586,209</u>	<u>2,586,209</u>	<u>2,586,209</u>		-
Fund balances, end of year	<u>\$ 3,197,092</u>	<u>\$ 3,295,769</u>	<u>\$ 6,500,724</u>		<u>\$ 3,204,955</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, 2007

	Bond Retirement Fund			Variance with Final Budget Positive (Negative)
	Budget Amounts		Actual	
	Original	Final		
Total revenues and other sources	\$ 4,084,107	\$ 4,084,107	\$ 4,310,753	\$ 226,646
Total expenditures and other uses	3,677,100	3,677,100	3,633,227	43,873
Net change in fund balance	407,007	407,007	677,526	270,519
Prior year encumbrances	-	-	-	-
Fund balances, beginning of year	2,173,168	2,173,168	2,173,168	-
Fund balances, end of year	<u>\$ 2,580,175</u>	<u>\$ 2,580,175</u>	<u>\$ 2,850,694</u>	<u>\$ 270,519</u>

	Food Service Fund			Variance with Final Budget Positive (Negative)
	Budget Amounts		Actual	
	Original	Final		
Total revenues and other sources	\$ 669,000	\$ 857,870	\$ 866,650	\$ 8,780
Total expenditures and other uses	41,600	917,098	890,263	26,835
Net change in fund balance	627,400	(59,228)	(23,613)	35,615
Prior year encumbrances	19,094	19,094	19,094	-
Fund balances, beginning of year	112,130	112,130	112,130	-
Fund balances, end of year	<u>\$ 758,624</u>	<u>\$ 71,996</u>	<u>\$ 107,611</u>	<u>\$ 35,615</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, 2007

	Scholarship Fund			Variance with Final Budget Positive (Negative)
	Budget Amounts		Actual	
	Original	Final		
Total revenues and other sources	\$ 12,000	\$ 1,000	\$ 1,748	\$ 748
Total expenditures and other uses	3,000	5,856	5,298	558
Net change in fund balance	9,000	(4,856)	(3,550)	1,306
Prior year encumbrances	-	-	-	-
Fund balances, beginning of year	30,348	30,348	30,348	-
Fund balances, end of year	<u>\$ 39,348</u>	<u>\$ 25,492</u>	<u>\$ 26,798</u>	<u>\$ 1,306</u>

	Michael Baumhauer Scholarship Fund			Variance with Final Budget Positive (Negative)
	Budget Amounts		Actual	
	Original	Final		
Total revenues and other sources	\$ 1,100	\$ 2,000	\$ 1,332	\$ (668)
Total expenditures and other uses	3,000	3,000	700	2,300
Net change in fund balance	(1,900)	(1,000)	632	1,632
Prior year encumbrances	-	-	-	-
Fund balances, beginning of year	13,381	13,381	13,381	-
Fund balances, end of year	<u>\$ 11,481</u>	<u>\$ 12,381</u>	<u>\$ 14,013</u>	<u>\$ 1,632</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, 2007

	Adult Education Fund			Variance with Final Budget Positive (Negative)
	Budget Amounts		Actual	
	Original	Final		
Total revenues and other sources	\$ 1,000	\$ 1,000	\$ 440	\$ (560)
Total expenditures and other uses	2,000	2,000	-	2,000
Net change in fund balance	(1,000)	(1,000)	440	1,440
Prior year encumbrances	-	-	-	-
Fund balances, beginning of year	4,700	4,700	4,700	-
Fund balances, end of year	<u>\$ 3,700</u>	<u>\$ 3,700</u>	<u>\$ 5,140</u>	<u>\$ 1,440</u>

	Public School Support Fund			Variance with Final Budget Positive (Negative)
	Budget Amounts		Actual	
	Original	Final		
Total revenues and other sources	\$ 123,000	\$ 123,000	\$ 113,417	\$ (9,583)
Total expenditures and other uses	110,300	169,469	169,210	259
Net change in fund balance	12,700	(46,469)	(55,793)	(9,324)
Prior year encumbrances	34,655	34,655	34,655	-
Fund balances, beginning of year	106,366	106,366	106,366	-
Fund balances, end of year	<u>\$ 153,721</u>	<u>\$ 94,552</u>	<u>\$ 85,228</u>	<u>\$ (9,324)</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, 2007

	Local Grants Fund			Variance with Final Budget Positive (Negative)
	Budget Amounts		Actual	
	Original	Final		
Total revenues and other sources	\$ 69,000	\$ 49,000	\$ 87,246	\$ 38,246
Total expenditures and other uses	43,037	67,137	67,118	19
Net change in fund balance	25,963	(18,137)	20,128	38,265
Prior year encumbrances	17,757	17,757	17,757	-
Fund balances, beginning of year	182,544	182,544	182,544	-
Fund balances, end of year	<u>\$ 226,264</u>	<u>\$ 182,164</u>	<u>\$ 220,429</u>	<u>\$ 38,265</u>

	Athletic Fund			Variance with Final Budget Positive (Negative)
	Budget Amounts		Actual	
	Original	Final		
Total revenues and other sources	\$ 269,400	\$ 269,400	\$ 309,581	\$ 40,181
Total expenditures and other uses	272,925	331,880	330,540	1,340
Net change in fund balance	(3,525)	(62,480)	(20,959)	41,521
Prior year encumbrances	44,867	44,867	44,867	-
Fund balances, beginning of year	90,972	90,972	90,972	-
Fund balances, end of year	<u>\$ 132,314</u>	<u>\$ 73,359</u>	<u>\$ 114,880</u>	<u>\$ 41,521</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, 2007

	Auxiliary Services Fund			Variance with Final Budget Positive (Negative)
	Budget Amounts		Actual	
	Original	Final		
Total revenues and other sources	\$ 250,000	\$ 261,068	\$ 261,589	\$ 521
Total expenditures and other uses	200,000	344,249	344,249	-
Net change in fund balance	50,000	(83,181)	(82,660)	521
Prior year encumbrances	4,946	4,946	4,946	-
Fund balances, beginning of year	93,949	93,949	93,949	-
Fund balances, end of year	<u>\$ 148,895</u>	<u>\$ 15,714</u>	<u>\$ 16,235</u>	<u>\$ 521</u>

	Management Information Systems Fund			Variance with Final Budget Positive (Negative)
	Budget Amounts		Actual	
	Original	Final		
Total revenues and other sources	\$ 25,000	\$ 18,972	\$ 11,971	\$ (7,001)
Total expenditures and other uses	20,000	27,456	27,456	-
Net change in fund balance	5,000	(8,484)	(15,485)	(7,001)
Prior year encumbrances	-	-	-	-
Fund balances, beginning of year	15,485	15,485	15,485	-
Fund balances, end of year	<u>\$ 20,485</u>	<u>\$ 7,001</u>	<u>\$ -</u>	<u>\$ (7,001)</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, 2007

	Entry Year Programs Fund			Variance with Final Budget Positive (Negative)
	Budget Amounts		Actual	
	Original	Final		
Total revenues and other sources	\$ -	\$ 3,700	\$ 3,700	\$ -
Total expenditures and other uses	-	3,700	3,700	-
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	\$ 21,000	\$ 21,000	\$ 21,000	\$ -
Total expenditures and other uses	21,000	21,000	21,000	-
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>

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, 2007

	School Net Development Fund			Variance with Final Budget Positive (Negative)
	Budget Amounts		Actual	
	Original	Final		
Total revenues and other sources	\$ -	\$ 3,300	\$ 3,300	\$ -
Total expenditures and other uses	-	3,300	3,300	-
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>

	Alternative Schools Fund			Variance with Final Budget Positive (Negative)
	Budget Amounts		Actual	
	Original	Final		
Total revenues and other sources	\$ 35,090	\$ 35,516	\$ 35,516	\$ -
Total expenditures and other uses	35,090	35,516	35,516	-
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, 2007

	Miscellaneous State Grants Fund			Variance with Final Budget Positive (Negative)
	Budget Amounts		Actual	
	Original	Final		
Total revenues and other sources	\$ -	\$ 11,019	\$ 11,019	\$ -
Total expenditures and other uses	-	11,019	9,019	2,000
Net change in fund balance	-	-	2,000	2,000
Prior year encumbrances	-	-	-	-
Fund balances, beginning of year	-	-	-	-
Fund balances, end of year	<u>\$ -</u>	<u>\$ -</u>	<u>\$ 2,000</u>	<u>\$ 2,000</u>

	Title VI-B Fund			Variance with Final Budget Positive (Negative)
	Budget Amounts		Actual	
	Original	Final		
Total revenues and other sources	\$ 659,627	\$ 659,627	\$ 659,627	\$ -
Total expenditures and other uses	659,627	724,216	708,785	15,431
Net change in fund balance	-	(64,589)	(49,158)	15,431
Prior year encumbrances	38,095	38,095	38,095	-
Fund balances, beginning of year	26,494	26,494	26,494	-
Fund balances, end of year	<u>\$ 64,589</u>	<u>\$ -</u>	<u>\$ 15,431</u>	<u>\$ 15,431</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, 2007

	Title V Fund			Variance with Final Budget Positive (Negative)
	Budget Amounts		Actual	
	Original	Final		
Total revenues and other sources	\$ 5,124	\$ 5,124	\$ 5,124	\$ -
Total expenditures and other uses	5,124	5,124	5,124	-
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>

	Drug Free Schools Fund			Variance with Final Budget Positive (Negative)
	Budget Amounts		Actual	
	Original	Final		
Total revenues and other sources	\$ 6,128	\$ 6,128	\$ 6,128	\$ -
Total expenditures and other uses	6,128	6,128	6,128	-
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, 2007

	Early Childhood Education Development Fund			Variance with Final Budget Positive (Negative)
	Budget Amounts		Actual	
	Original	Final		
Total revenues and other sources	\$ 21,607	\$ 22,107	\$ 22,107	\$ -
Total expenditures and other uses	21,607	22,107	21,607	500
Net change in fund balance	-	-	500	500
Prior year encumbrances	-	-	-	-
Fund balances, beginning of year	-	-	-	-
Fund balances, end of year	<u>\$ -</u>	<u>\$ -</u>	<u>\$ 500</u>	<u>\$ 500</u>

	Class Size Reduction Fund			Variance with Final Budget Positive (Negative)
	Budget Amounts		Actual	
	Original	Final		
Total revenues and other sources	\$ 65,267	\$ 65,299	\$ 65,299	\$ -
Total expenditures and other uses	65,267	70,074	70,074	-
Net change in fund balance	-	(4,775)	(4,775)	-
Prior year encumbrances	579	579	579	-
Fund balances, beginning of year	4,196	4,196	4,196	-
Fund balances, end of year	<u>\$ 4,775</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, 2007

	Library Bond Retirement Fund			Variance with Final Budget Positive (Negative)
	Budget Amounts		Actual	
	Original	Final		
Total revenues and other sources	\$ 55,100	\$ 55,100	\$ 172,709	\$ 117,609
Total expenditures and other uses	323,595	323,595	323,595	-
Net change in fund balance	(268,495)	(268,495)	(150,886)	117,609
Prior year encumbrances	-	-	-	-
Fund balances, beginning of year	678,874	678,874	678,874	-
Fund balances, end of year	<u>\$ 410,379</u>	<u>\$ 410,379</u>	<u>\$ 527,988</u>	<u>\$ 117,609</u>

	Permanent Improvements Fund			Variance with Final Budget Positive (Negative)
	Budget Amounts		Actual	
	Original	Final		
Total revenues and other sources	\$ 457,000	\$ 807,312	\$ 844,843	\$ 37,531
Total expenditures and other uses	391,400	1,030,993	1,029,814	1,179
Net change in fund balance	65,600	(223,681)	(184,971)	38,710
Prior year encumbrances	200,457	200,457	200,457	-
Fund balances, beginning of year	224,839	224,839	224,839	-
Fund balances, end of year	<u>\$ 490,896</u>	<u>\$ 201,615</u>	<u>\$ 240,325</u>	<u>\$ 38,710</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, 2007

	Building Improvements Fund			Variance with Final Budget Positive (Negative)
	Budget Amounts		Actual	
	Original	Final		
Total revenues and other sources	\$ 1,681	\$ 1,681	\$ 46,852	\$ 45,171
Total expenditures and other uses	500,000	696,420	186,969	509,451
Net change in fund balance	(498,319)	(694,739)	(140,117)	554,622
Prior year encumbrances	196,420	196,420	196,420	-
Fund balances, beginning of year	683,214	683,214	683,214	-
Fund balances, end of year	<u>\$ 381,315</u>	<u>\$ 184,895</u>	<u>\$ 739,517</u>	<u>\$ 554,622</u>

	Self Insurance Fund			Variance with Final Budget Positive (Negative)
	Budget Amounts		Actual	
	Original	Final		
Total revenues and other sources	\$ 3,400,000	\$ 3,400,000	\$ 4,183,656	\$ 783,656
Total expenditures and other uses	3,210,000	3,693,684	2,960,665	733,019
Net change in fund balance	190,000	(293,684)	1,222,991	1,516,675
Prior year encumbrances	483,684	483,684	483,684	-
Fund balances, beginning of year	698,662	698,662	698,662	-
Fund balances, end of year	<u>\$ 1,372,346</u>	<u>\$ 888,662</u>	<u>\$ 2,405,337</u>	<u>\$ 1,516,675</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 These schedules contain trend information to help the reader understand how the District's financial performance and well-being have changed over time.	S 1
Revenue Capacity These schedules contain information to help the reader assess the affordability of the District's most significant local revenue source, the property tax.	S 5
Debt Capacity 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.	S 14
Demographic and Economic Information These schedules offer demographic and economic indicators to help the reader understand the environment within which the District's financial activities take place.	S 17
Operating Information These schedules contain service data to help the reader understand how the information in the District's financial report related to the services the District provides and the activities it performs.	S 19

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 FIVE FISCAL YEARS
(ACCRUAL BASIS OF ACCOUNTING)

	<u>2007</u>	<u>2006</u>	<u>2005</u>	<u>2004</u>	<u>2003</u>
Governmental activities					
Invested in capital assets, net of related debt	\$ 12,683,960	\$ 13,050,247	\$ 13,551,954	\$ 12,403,818	\$ 9,132,085
Restricted	5,998,643	6,018,615	5,115,807	4,677,199	3,766,080
Unrestricted	4,867,661	(1,432,914)	(562,847)	(639,465)	5,174,622
Total primary government net assets	<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>

Note:

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

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

	2007	2006	2005	2004	2003
Expenses					
Governmental activities:					
Instruction					
Regular	\$ 16,867,890	\$ 17,283,670	\$ 17,067,490	\$ 17,041,281	\$ 11,689,934
Special	2,268,431	2,074,881	2,057,130	1,726,273	1,616,580
Vocational	194,969	187,079	252,331	226,332	197,384
Adult/continuing	16,538	13,409	36,793	32,974	12,922
Other instruction	754,362	718,927	649,596	-	-
Supporting services					
Pupil	2,670,535	3,279,597	2,530,881	2,235,500	1,564,520
Instructional staff	690,660	495,175	873,051	1,583,121	1,583,368
Board of education	19,802	17,999	18,202	12,284	14,625
Administration	2,785,367	2,900,181	3,090,189	3,032,320	2,590,859
Fiscal services	1,090,308	949,135	922,519	875,443	772,525
Business	114,811	87,500	86,459	72,063	61,081
Operation and maintenance	4,073,937	4,667,818	4,582,836	3,716,052	3,639,874
Pupil transportation	1,292,500	1,210,650	1,318,645	1,157,158	1,063,898
Central services	160,111	62,203	12,498	11,129	31,335
Operation of non-instructional services					
Food service operation	1,002,790	802,400	829,674	694,053	646,164
Community services	272,981	219,150	334,781	288,654	241,576
Extracurricular activities	1,020,672	1,046,500	1,243,236	1,098,085	938,883
Interest	2,251,030	2,285,814	2,427,174	2,727,315	2,893,026
Total primary government expenses	<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>
Program revenues					
Governmental activities:					
Charges for services and sales					
Instruction	427,914	412,502	378,491	316,206	197,275
Supporting services	33,162	26,135	40,630	68,667	151,087
Food service	737,172	619,103	586,662	531,639	520,370
Extracurricular activities	476,264	340,212	448,435	454,198	278,885
Operating grants, interest and contributions	1,300,348	1,033,158	1,010,702	1,327,736	974,121
Capital grants and contributions	-	-	-	13,585	78,952
Total primary government program revenues	<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>
Net (expense) revenue					
Total primary government net expense	<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>

Note:

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

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

	<u>2007</u>	<u>2006</u>	<u>2005</u>	<u>2004</u>	<u>2003</u>
Net (expense) revenue					
Total primary government net expense	\$ (34,572,834)	\$ (35,870,978)	\$ (35,868,565)	\$ (33,818,006)	\$ (27,357,864)
General revenues and other changes in net assets					
Governmental activities:					
Property taxes levied for:					
General purposes	27,006,784	23,165,725	24,308,114	22,600,586	21,030,950
Debt service	3,215,144	3,532,839	3,900,350	3,179,264	2,983,852
Capital improvements	661,413	664,825	700,018	641,184	216,824
Grants and entitlements					
not restricted to specific purposes	8,289,402	7,096,997	6,973,114	6,114,769	6,201,476
Investment earnings	893,618	602,965	331,950	120,589	665,235
Miscellaneous	420,789	338,661	271,569	538,981	536,927
Total primary government	<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>
Change in net assets					
Total primary government	<u>\$ 5,914,316</u>	<u>\$ (468,966)</u>	<u>\$ 616,550</u>	<u>\$ (622,633)</u>	<u>\$ 4,277,400</u>

Note:

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

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

	2007	2006	2005	2004	2003	2002	2001	2000	1999	1998
General Fund										
Reserved	\$ 6,638,795	\$ 5,815,564	\$ 4,687,670	\$ 2,877,394	\$ 3,518,950	\$ 3,775,434	\$ 3,244,894	\$ 3,087,428	\$ 2,580,919	\$ 2,670,650
Unreserved	2,938,192	(957,142)	1,099,541	2,780,039	2,505,782	1,822,594	638,880	1,398,725	710,363	(661,374)
Total General Fund	<u>\$ 9,576,987</u>	<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>	<u>\$ 3,883,774</u>	<u>\$ 4,486,153</u>	<u>\$ 3,291,282</u>	<u>\$ 2,009,276</u>
All other governmental funds										
Reserved	\$ 1,155,863	\$ 1,596,764	\$ 1,573,675	\$ 629,297	\$ 2,000,056	\$ 8,091,755	\$ 31,157,309	\$ 7,468,479	\$ 485,813	\$ 273,605
Unreserved, reported in										
Special Revenue Funds (1)	517,234	606,911	444,599	459,923	506,653	525,868	352,109	412,210	270,505	247,558
Debt Service Funds	3,378,684	2,852,044	2,191,254	1,879,686	1,867,075	1,866,270	1,900,733	1,700,199	2,319,290	2,647,689
Capital Projects Funds	979,842	898,290	787,624	1,363,806	917,499	(67,374)	564,347	34,335,290	24,541	197,954
Total all other governmental funds	<u>\$ 6,031,623</u>	<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>	<u>\$ 33,974,498</u>	<u>\$ 43,916,178</u>	<u>\$ 3,100,149</u>	<u>\$ 3,366,806</u>

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

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

	2007	2006	2005	2004	2003	2002	2001	2000	1999	1998
Taxes	\$ 30,878,851	\$ 27,353,596	\$ 28,925,023	\$ 26,350,410	\$ 24,201,750	\$ 23,763,436	\$ 21,492,775	\$ 20,719,032	\$ 17,735,288	\$ 18,551,710
Tuition and fees	429,498	413,904	396,737	315,929	291,902	-	-	-	-	-
Interest	696,609	496,026	327,617	114,933	641,818	1,030,724	3,856,734	2,209,388	573,565	470,553
Intergovernmental	9,589,750	8,130,155	7,994,271	7,304,436	7,162,106	6,104,383	3,944,108	3,538,190	3,246,696	3,359,738
Extracurricular	508,682	370,501	446,956	503,878	323,363	348,905	378,122	313,653	261,595	280,057
Charges for services	737,172	619,103	586,662	550,903	532,352	161,439	184,131	84,619	71,198	33,344
Miscellaneous	405,813	333,105	291,547	667,027	695,986	219,983	296,944	233,442	103,424	210,128
Total	\$ 43,246,375	\$ 37,716,390	\$ 38,968,813	\$ 35,807,516	\$ 33,849,277	\$ 31,628,870	\$ 30,152,814	\$ 27,098,324	\$ 21,991,766	\$ 22,905,530

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.

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

	2007	2006	2005	2004	2003	2002	2001	2000	1999	1998
Expenditures										
Current										
Instruction										
Regular	\$ 15,986,540	\$ 15,389,028	\$ 15,174,910	\$ 14,917,287	\$ 12,873,943	\$ 11,851,577	\$ 11,182,553	\$ 10,542,815	\$ 9,866,600	\$ 9,605,620
Special	2,248,108	2,042,418	2,035,391	1,712,208	1,634,261	1,357,776	1,717,385	1,595,555	1,271,982	1,180,178
Vocational	191,448	182,050	247,656	220,233	202,223	177,076	191,316	177,010	143,794	135,980
Adult/continuing	17,641	13,449	37,489	32,829	11,228	-	-	-	-	385
Other instruction	752,655	718,927	649,596	-	-	-	-	-	-	-
Supporting services										
Pupil	2,719,829	3,276,384	2,654,253	2,021,379	1,578,932	1,348,868	1,299,685	1,147,167	1,065,280	1,089,648
Instructional staff	775,914	693,314	904,103	1,625,559	1,585,293	1,397,177	1,185,753	957,277	898,107	854,573
Board of education	19,802	17,999	18,249	12,386	14,630	14,203	38,207	334,084	251,372	284,936
Administration	2,764,553	2,690,840	2,975,064	2,989,248	2,688,406	2,512,923	2,523,349	2,032,944	1,717,655	1,756,688
Fiscal services	1,110,120	952,909	900,934	887,229	785,429	684,597	582,021	519,373	502,699	516,442
Business	119,427	85,006	83,903	74,498	64,486	66,560	62,840	88,365	89,847	66,341
Operation and maintenance	4,062,031	4,180,675	4,112,400	3,783,645	3,662,932	2,914,613	2,513,142	2,038,514	1,906,088	1,897,775
Pupil transportation	1,334,046	1,169,507	1,281,848	1,162,022	1,106,931	842,024	785,314	779,798	675,732	691,100
Central services	160,111	62,203	12,498	11,129	31,335	43,687	74,075	46,077	27,430	54,313
Operation of non-instructional										
Food service operation	978,364	764,245	761,281	726,173	619,239	-	-	-	-	-
Community services	290,382	206,188	331,941	288,491	241,458	190,950	180,021	166,016	145,319	97,299
Extracurricular activities	972,308	991,341	1,176,253	1,081,643	964,977	916,161	832,866	660,459	615,600	551,191
Capital outlay	249,233	240,474	333,521	2,143,711	6,084,750	28,287,138	13,974,311	3,463,186	669,928	2,518,183
Debt service										
Principal	2,220,806	2,226,686	2,173,153	2,011,312	1,601,395	1,460,620	615,000	585,000	634,655	1,194,589
Interest	1,795,160	1,784,679	2,722,220	2,509,149	2,548,577	2,613,177	2,964,060	2,967,142	499,727	524,444
Total expenditures	\$ 38,768,478	\$ 37,688,322	\$ 38,586,663	\$ 38,210,131	\$ 38,300,425	\$ 56,679,127	\$ 40,721,898	\$ 28,100,782	\$ 20,981,815	\$ 23,019,685
 Debt service as a percentage of noncapital expenditures	 10.43%	 10.71%	 12.80%	 12.53%	 12.88%	 14.35%	 13.38%	 14.42%	 5.58%	 8.38%

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)

	2007	2006	2005	2004	2003	2002	2001	2000	1999	1998
Excess of revenues over (under) expenditures	\$ 4,477,897	\$ 28,068	\$ 382,150	\$ (2,402,615)	\$ (4,451,148)	\$ (25,050,257)	\$ (10,569,084)	\$ (1,002,458)	\$ 1,009,951	\$ (114,155)
Other financing sources (uses)										
Proceeds of refunding bonds	-	-	40,569,842	-	-	-	-	-	-	-
Transfers-in	361,451	360,568	389,564	355,825	383,457	367,490	29,943	409,807	424,002	1,082,008
Proceeds from loan issue	-	-	-	-	257,069	800,000	-	-	-	-
Proceeds from note issue	-	-	-	-	-	1,785,717	-	-	-	-
Proceeds from bond issue	-	-	-	-	-	-	-	43,005,134	-	2,195,000
Gain on sale of capital assets	-	-	-	-	-	1,600	500	-	4,622	60
Capital lease proceeds	318,282	-	-	1,076,745	-	609,977	-	-	-	162,654
Transfers-out	(361,451)	(360,568)	(389,564)	(355,825)	(383,457)	(370,807)	(4,948)	(409,807)	(424,002)	(1,082,008)
Payment to bond escrow agent	-	-	(40,157,774)	-	-	-	-	-	-	-
Total other financing sources (uses)	318,282	-	412,068	1,076,745	257,069	3,193,977	25,495	43,005,134	4,622	2,357,714
Net change in fund balances	\$ 4,796,179	\$ 28,068	\$ 794,218	\$ (1,325,870)	\$ (4,194,079)	\$ (21,856,280)	\$ (10,543,589)	\$ 42,002,676	\$ 1,014,573	\$ 2,243,559

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		Total		Assessed Value Ratio
	Assessed Value	Estimated Actual Value (1)	Assessed Value	Estimated Actual Value (2)	Assessed Value	Estimated Actual Value (3)	Assessed Value	Estimated Actual Value	
2007	\$ 732,930,700	\$ 2,094,087,714	\$ 82,074,850	\$ 93,266,875	\$ 32,948,472	\$ 263,587,776	\$ 847,954,022	\$ 2,450,942,365	35%
2006	639,000,320	1,825,715,200	89,484,090	101,686,466	52,701,113	210,804,452	781,185,523	2,138,206,118	37%
2005	608,828,450	1,739,509,857	94,787,120	107,712,636	71,691,440	311,701,913	775,307,010	2,158,924,406	36%
2004	577,484,470	1,649,955,629	89,826,130	102,075,148	76,118,840	330,951,478	743,429,440	2,082,982,255	36%
2003	526,706,330	1,504,875,229	87,013,120	98,878,545	85,523,650	342,094,600	699,243,100	1,945,848,374	36%
2002	496,622,850	1,418,922,429	90,597,440	102,951,636	73,893,390	295,573,560	661,113,680	1,817,447,625	36%
2001	477,312,060	1,363,748,743	119,221,210	135,478,648	74,240,490	296,961,960	670,773,760	1,796,189,351	37%
2000	409,716,690	1,170,619,114	102,252,710	116,196,261	77,626,205	310,504,820	589,595,605	1,597,320,195	37%
1999	396,077,135	1,131,648,957	89,551,480	101,763,045	73,246,003	292,984,012	558,874,618	1,526,396,014	37%
1998	379,164,090	1,083,325,971	94,906,220	107,847,977	63,205,045	252,820,180	537,275,355	1,443,994,128	37%

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) For 2007 the amount is calculated based upon an assessed value of 12.5 percent of actual value.
 For all years prior to 2007 the amount is calculated based upon an assessed value of 25 percent of actual value.

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	Debt Service Included in Total Levy			
							School (1)	County (2)	City	Total
2007	\$ 68.62	\$ 1.80	\$ 13.49	\$ 2.45	\$ 6.95	\$ 93.31	\$ 4.16	\$ -	\$ -	\$ 4.16
2006	60.26	1.80	13.49	2.45	6.95	84.95	4.91	-	-	4.91
2005	64.51	1.80	13.19	2.45	6.95	88.90	4.91	-	-	4.91
2004	60.36	1.80	12.89	2.45	7.24	84.74	4.98	-	-	4.98
2003	60.69	1.80	12.89	2.45	7.24	85.07	4.98	-	-	4.98
2002	61.14	1.80	12.89	2.45	7.24	85.52	5.15	-	-	5.15
2001	55.94	1.80	10.79	2.45	7.24	78.22	5.18	-	-	5.18
2000	56.54	1.80	10.79	2.45	7.24	78.82	5.78	-	-	5.78
1999	56.63	1.80	12.69	2.45	7.24	80.81	5.87	-	-	5.87
1998	53.87	1.80	12.69	2.45	7.24	78.05	1.25	-	-	1.25

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.

AVON LAKE CITY SCHOOL DISTRICT
 PRINCIPAL TAXPAYERS –
 TANGIBLE PERSONAL PROPERTY
 AS OF JUNE 30, 2007 AND JUNE 30, 1998

DECEMBER 31, 2006

Name of Taxpayer	Assessed Value (1)	Percent of Total Assessed Value
Ford Motor Company	\$ 14,159,670	1.67%
PolyOne Corporation	6,418,490	0.76%
Noveon, Inc.	6,130,850	0.72%
Centurytel of Ohio, Inc.	1,159,060	0.14%
Glidden Company	787,040	0.09%
Ed Tomko Chrysler	690,160	0.08%
Watteredge, Inc.	520,290	0.06%
Atel Capital Equipment	492,530	0.06%
Western Scott Fetzer co.	482,620	0.06%
Riser Foods Company	396,870	0.05%
	<u>\$ 31,237,580</u>	<u>3.68%</u>
Total assessed value	<u>\$ 847,954,022</u>	

DECEMBER 31, 1997

Name of Taxpayer	Assessed Value (1)	Percent of Total Assessed Value
Ford Motor Company	\$ 24,543,910	4.57%
Geon Company	14,365,860	2.67%
BF Goodrich Company	10,183,680	1.90%
Nissan Motor Manufacturing Corporation	1,325,380	0.25%
Rossborough Manufacturing Corporation	1,179,470	0.22%
Scott Fetzer Company	875,600	0.16%
Watteredge Uniflex, Inc.	738,330	0.14%
IBM Credit Corp.	653,760	0.12%
Rini Rego Supermarkets, Inc.	515,770	0.10%
Ed Tomko Chrysler Plymouth, Inc.	481,840	0.09%
	<u>\$ 54,863,600</u>	<u>10.21%</u>
Total assessed value	<u>\$ 537,275,355</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 2007 and 1998 collection year, respectively.

AVON LAKE CITY SCHOOL DISTRICT

PRINCIPAL TAXPAYERS –
REAL ESTATE TAX

AS OF JUNE 30, 2007 AND JUNE 30, 1998

DECEMBER 31, 2006

Name of Taxpayer	Assessed Value (1)	Percent of Total Assessed Value
Ford Motor Company	7,510,160	0.89%
American Transmission	4,142,520	0.49%
Polyone Corporation	4,126,190	0.49%
Legacy Pointe LTD	3,729,230	0.44%
American Landmark LTD	3,405,920	0.40%
Avon Lake Village LLC	2,625,810	0.31%
Kopf Porperties II LTD	2,152,470	0.25%
Learw ood Square Co LLC	2,081,280	0.25%
Noveon Inc	1,962,250	0.23%
Tow ne Independent Living	1,939,460	0.23%
	<u>\$ 33,675,290</u>	<u>3.97%</u>
Total assessed value	<u>\$ 847,954,022</u>	

DECEMBER 31, 1997

Name of Taxpayer	Assessed Value (1)	Percent of Total Assessed Value
Cleveland Electric Illuminating Company	\$ 18,320,790	3.73%
Ford Motor Company	7,401,140	1.51%
The Geon Company	4,151,620	0.85%
KOPF Construction	2,655,820	0.54%
BF Goodrich Company	1,391,400	0.28%
Hadju, Paul E.	1,199,390	0.24%
Avon Lake Associates	1,168,830	0.24%
Learw ood Square Company	1,078,770	0.22%
Shoreham Development Company	967,180	0.20%
Lesco Inc.	858,660	0.17%
	<u>\$ 39,193,600</u>	<u>7.98%</u>
Total assessed value	<u>\$ 490,903,710</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 2007 and 1998 collection year, respectively.

AVON LAKE CITY SCHOOL DISTRICT

PRINCIPAL TAXPAYERS –
PUBLIC UTILITY TAX

AS OF JUNE 30, 2007 AND JUNE 30, 1998

DECEMBER 31, 2006

Name of Taxpayer	Assessed Value (1)	Percent of Total Assessed Value
Orion Power Midwest LP	\$ 84,561,980	9.97%
Cleveland Electric	9,729,860	1.15%
CenturyTel of Ohio Inc	1,764,800	0.21%
Columbia Gas of Ohio Inc	1,154,390	0.14%
	\$ 97,211,030	11.46%
 Total assessed value	 \$ 847,954,022	

DECEMBER 31, 1997

Name of Taxpayer	Assessed Value (1)	Percent of Total Assessed Value
Cleveland Electric Illuminating Company	\$ 87,040,460	17.73%
Centel Telephone Utility	4,388,920	0.89%
Columbia Gas of Ohio	2,966,550	0.60%
Norfolk and Western Railroad	462,790	0.09%
Columbia Gas Transmission	44,880	0.01%
Phonetel Technologies, Inc.	2,590	0.00%
	\$ 94,906,190	19.33%
 Total assessed value	 \$ 490,903,710	

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 2007 and 1998 collection year, respectively.
Assessed Values include public utilities and real estate values, details of which are not available.

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

Year (2)	Total Tax Levy	Current Tax Collections	Percent of Current Taxes Collected	Delinquent Tax Collections	Total Tax Collections	Ratio of Total Tax Collections to Total Tax Levy	Outstanding Delinquent Taxes	Ratio of Delinquent Taxes to Total Tax Levy
2006	\$ 33,809,716	\$ 33,207,530	98.22%	\$ 2,936,395	36,143,925	106.90%	\$ 197,744	0.58%
2005	28,644,396	27,902,337	97.41%	413,543	28,315,880	98.85%	2,240,206 (3)	7.82%
2004	28,283,085	27,988,587	98.96%	504,570	28,493,157	100.74%	204,731	0.72%
2003	23,975,086	23,572,502	98.32%	277,716	23,850,218	99.48%	143,552	0.60%
2002	22,599,575	22,572,967	99.88%	251,027	22,823,994	100.99%	101,237	0.45%
2001	20,308,622	20,104,185	98.99%	180,557	20,284,742	99.88%	278,567	1.37%
2000	18,396,971	18,217,508	99.02%	146,642	18,364,150	99.82%	248,453	1.35%
1999	15,320,145	15,193,124	99.17%	163,710	15,356,834	100.24%	182,242	1.19%
1998	15,321,549	15,177,360	99.06%	110,063	15,287,423	99.78%	181,537	1.18%
1997	14,972,306	14,856,181	99.22%	131,575	14,987,756	100.10%	139,709	0.93%

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) Represents collection year. 2007 information cannot be presented because all collections have not been made by June 30.

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

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	Total Primary Government	Percentage of Personal Income (a)	Per Capita (a)	Per ADM (a)
2007	\$ 42,669,901	\$ 1,013,730	\$ 51,069	\$ 285,289	\$ 44,019,989	7.50%	\$ 2,426	\$ 12,730
2006	44,143,314	1,188,182	104,069	221,606	45,657,171	7.78%	\$ 2,516	\$ 13,425
2005	45,473,372	1,345,701	324,019	543,292	47,686,384	8.13%	2,628	14,543
2004	46,654,726	1,500,300	534,703	925,761	49,615,490	8.46%	2,734	15,201
2003	47,690,331	1,620,717	736,437	283,594	50,331,079	8.58%	2,774	15,434
2002	48,629,052	1,785,717	625,455	483,902	51,524,126	8.78%	2,840	16,346
2001	49,648,295	-	-	-	49,648,295	8.46%	2,736	16,041
2000	50,135,432	-	-	-	50,135,432	8.54%	2,763	16,915
1999	7,020,000	-	-	125,525	7,145,525	2.32%	431	2,417
1998	7,595,000	856,000	-	185,180	8,636,180	2.80%	521	2,865

Source: (1) School District Financial Records

(a) See Schedule S-17 for personal income, population, and ADM data. These ratios are calculated using data for the prior calendar year.

AVON LAKE CITY SCHOOL DISTRICT
 COMPUTATION OF DIRECT AND OVERLAPPING GENERAL OBLIGATION DEBT
 AS OF JUNE 30, 2007

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	\$ 43,683,631	\$ 847,954,022	100.00%	\$ 43,683,631
Overlapping				
Lorain County (2)	29,840,000	7,041,664,742	12.04%	3,593,319
City of Avon Lake (2)	<u>42,708,430</u>	847,954,022	100.00%	<u>42,708,430</u>
Sub Total				<u>46,301,749</u>
Total	<u>\$ 116,232,061</u>			<u>\$ 89,985,380</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, 2006.

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

	2007 (1)	2006 (1)	2005	2004	2003	2002	2001	2000	1999	1998
Assessed Valuation	\$ 732,930,700	\$ 639,000,320	\$ 775,307,010	\$ 743,429,440	\$ 699,243,100	\$ 661,113,680	\$ 670,773,760	\$ 589,592,105	\$ 558,874,513	\$ 537,275,355
Debt Limit -9% of Assessed Value (2)	65,963,763	57,510,029	69,777,631	66,908,650	62,931,879	59,500,231	60,369,638	53,063,289	50,298,706	48,354,782
Debt applicable to limitation										
Total voted general obligation debt	42,569,901	43,918,314	42,424,925	43,699,977	47,090,331	48,629,052	49,648,295	50,135,142	7,020,000	7,595,000
Total unvoted general obligation debt	1,113,730	1,413,182	1,610,717	1,915,717	2,220,717	-	-	-	-	-
Less amount available in debt service funds	(3,378,682)	(2,852,044)	(3,197,332)	(2,302,495)	(2,323,028)	(2,480,271)	(2,436,179)	(2,475,278)	(2,410,455)	(2,759,502)
Amount of debt subject to debt limit:	40,304,949	42,479,452	40,838,310	43,313,199	46,988,020	46,148,781	47,212,116	47,659,864	4,609,545	4,835,498
Overall debt margin	25,658,814	15,030,577	28,939,321	23,595,451	15,943,859	13,351,450	13,157,522	5,403,425	45,689,161	43,519,284
Overall Limit - .10% of Assessed Value (2)	\$ 732,931	\$ 639,000	\$ 775,307	\$ 743,429	\$ 699,243	\$ 661,114	\$ 670,774	\$ 589,592	\$ 558,875	\$ 537,275
Amount of debt subject to debt limit:	-	-	-	-	-	-	-	-	-	-
Unvoted Debt Margin	\$ 732,931	\$ 639,000	\$ 775,307	\$ 743,429	\$ 699,243	\$ 661,114	\$ 670,774	\$ 589,592	\$ 558,875	\$ 537,275
Additional Limit for Unvoted Energy Conservation Bonds and Notes:										
Debt Limit - .9% of Assessed Value	\$ 6,596,376	\$ 5,751,003	\$ 6,977,763	\$ 6,690,865	\$ 6,293,188	\$ 5,950,023	\$ 6,036,964	\$ 5,306,329	\$ 5,029,871	\$ 4,835,478
Amount of debt subject to debt limit:	1,113,730	1,413,182	1,610,717	1,915,717	2,220,717	735,000	1,025,000	1,340,000	1,680,000	2,020,000
Additional Unvoted Debt Margin	\$ 5,482,646	\$ 4,337,821	\$ 5,367,046	\$ 4,775,148	\$ 4,072,471	\$ 5,215,023	\$ 5,011,964	\$ 3,966,329	\$ 3,349,871	\$ 2,815,478

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.

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

Calendar Year	Population (1)	Per Capita Income	Personal Income	Average Daily Student Enrollment (3)	Unemployment Rate (2)		
					Lorain County	Ohio	U.S.
2007	18,145	\$ 32,336	\$ 586,736,720	3,458	6.6%	6.1%	4.5%
2006	18,145	32,336	586,736,720	3,401	5.4%	5.1%	4.6%
2005	18,145	32,336	586,736,720	3,279	6.5%	6.2%	5.7%
2004	18,145	32,336	586,736,720	3,264	6.2%	6.4%	5.6%
2003	18,145	32,336	586,736,720	3,261	7.4%	6.8%	6.3%
2002	18,145	32,336	586,736,720	3,152	6.0%	6.0%	5.8%
2001	18,145	32,336	586,736,720	3,095	5.0%	4.5%	4.5%
2000	18,145	32,336	586,736,720	2,964	4.0%	4.3%	4.0%
1999	16,570	18,627	308,649,390	2,956	4.8%	4.5%	4.3%
1998	16,570	18,627	308,649,390	3,014	4.5%	4.4%	4.5%

Source:

- (1) Population statistics for the City of Avon Lake for the years 1994 through 1999 were estimated by the U.S. Census Bureau in the Population Estimate Program. The population figure for the year 2000 through 2007 is actual based on the 2000 Census.
- (2) The Cleveland Public Library - Document Section as of July 1st
- (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.

AVON LAKE CITY SCHOOL DISTRICT
 PRINCIPAL EMPLOYERS
 AS OF DECEMBER 31, 2006 AND 2001

Employer	Nature of Activity or Business	December 2006		December 2001 (1)	
		Approximate Number of Employees (2)	Rank	Approximate Number of Employees	Rank
Ford Motor Company	Van and sport utility vehicle assembly	3,485	1	2,715	1
Avon Lake City School District	Public education	733	2	379	3
PolyOne Corporation	Distributor of thermoplastics, compounds & resins	593	3	500	2
Unicare Life & Health Ins. Co.	Insurance company	591	4	-	-
Western/Scott Fetzer Company	Gas control technology	226	5	280	4
Noveon, Inc	Manufactures polymers & specialties chemicals	204	6	175	5
City of Avon Lake	Governmental	204	6	138	8
Giant Eagle/Riser Foods Company	Grocery	196	7	145	7
Simakas Co., Inc.	Mechanical - boiler & furnace	150	8	-	-
Watteredge Uniflex, Inc.	Manufactures industrial devices and accessories	109	9	-	-
Orion Power Operating Svcs MI	Power company	108	10	-	-
Sunrise Medical HHG, Inc.	Manufactures customized wheelchairs	-	-	154	6
Arrow Aluminum Castings Co	Aluminum, sand, and permanent mold castings	-	-	125	9
Rosborough Manufacturing	Steel industry equipment & chemical mixing	-	-	125	10

(1) Information prior to 2001 is not available

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

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

	<u>2007</u>	<u>2006</u>	<u>2005</u>	<u>2004</u>
Professional Staff				
Teaching Staff:				
Elementary K-6	100.76	102.62	98.12	98.62
Middle	37.12	37.00	40.00	35.00
High	66.00	66.50	73.00	65.72
Tutors	14.15	14.16	10.77	10.65
Administrators				
District/Building	15.00	15.00	20.00	17.00
Auxiliary Positions				
Psychologist	1.00	1.00	1.00	1.00
Nurse	1.26	1.63	1.26	1.26
Speech & Language Therapist	2.43	2.43	2.43	2.03
Physical Therapist	1.00	1.00	0.00	0.00
Occupational Therapist/Assistant	2.00	1.00	0.75	0.75
Support Staff				
Counseling	9.10	9.00	9.00	8.50
Computer Tech	3.00	2.00	2.00	1.00
Printer	1.00	1.00	1.00	1.00
Librarian/Media	2.00	3.00	6.00	5.00
Library Aide	4.50	4.75	5.25	4.50
Clerical	24.28	27.96	27.34	26.94
Teaching Aide	23.07	24.51	22.87	30.37
General Maintenance	6.00	8.00	6.00	6.00
Mechanic	2.00	2.00	2.00	2.00
Transportation Supervisor	1.00	1.00	1.00	1.00
Bus Drivers	20.60	29.81	24.11	23.61
Custodial	28.00	28.00	30.00	28.00
Food Service	15.46	22.18	14.88	13.41
Security	2.33	1.50	1.00	1.00
Attendants & Monitors	25.44	35.50	26.01	16.97
Total	<u>408.50</u>	<u>442.55</u>	<u>425.79</u>	<u>401.33</u>

(1) Data prior to 2004 is not available

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
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%
2001	3,095	22,920,956	7,734	-6.46%	207	14.95	n/a
2000	2,964	20,075,017	8,268	22.56%	209	14.18	n/a
1999	2,956	18,374,955	6,746	1.32%	200	14.78	n/a
1998	3,014	18,002,651	6,658	15.55%	196	15.38	n/a

Source: School District Financial Records.

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

n/a Not available

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

Year	Minimum Salary (a)	Maximum Salary (a)	Avon Lake Average Salary (b)
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
2001	28,263	61,755	47,491
2000	27,466	60,013	44,738
1999	26,731	58,407	45,118
1998	26,016	56,845	4,335

Sources:

(a) District salary schedules

(b) Ohio Department of Education

AVON LAKE CITY SCHOOL DISTRICT
 TEACHER EDUCATION AND EXPERIENCE
 JUNE 30, 2007

<u>Degree</u>	<u>Number of Teachers</u>	<u>Percentage of Total</u>
Bachelor's Degree	11	4.78%
Bachelor + 10	14	6.09%
Bachelor + 20	35	15.22%
Master's Degree	76	33.04%
Master's + 10	46	20.00%
Master's + 20	23	10.00%
Master's + 30	25	10.87%
	<u>230</u>	<u>100.00%</u>

<u>Degree</u>	<u>Number of Teachers</u>	<u>Percentage of Total</u>
0 - 5	41	17.83%
6-10	56	24.35%
11 and over	133	57.83%
	<u>230</u>	<u>100.00%</u>

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
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
1999 - 2000	21.8	20.7	20.5	1999 - 2000	22.8	21.4	21.0
1998 - 1999	21.6	20.8	20.5	1998 - 1999	22.2	21.4	21.0
1997 - 1998	22.0	20.7	20.4	1997 - 1998	22.6	21.5	21.1

Math:	Avon Lake	State of Ohio	National	Composite:	Avon Lake	State of Ohio	National
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
1999 - 2000	22.7	21.2	20.7	1999 - 2000	22.8	21.4	21.0
1998 - 1999	22.3	21.1	20.7	1998 - 1999	22.2	21.4	21.0
1997 - 1998	22.5	21.2	20.8	1997 - 1998	22.7	21.4	21.0

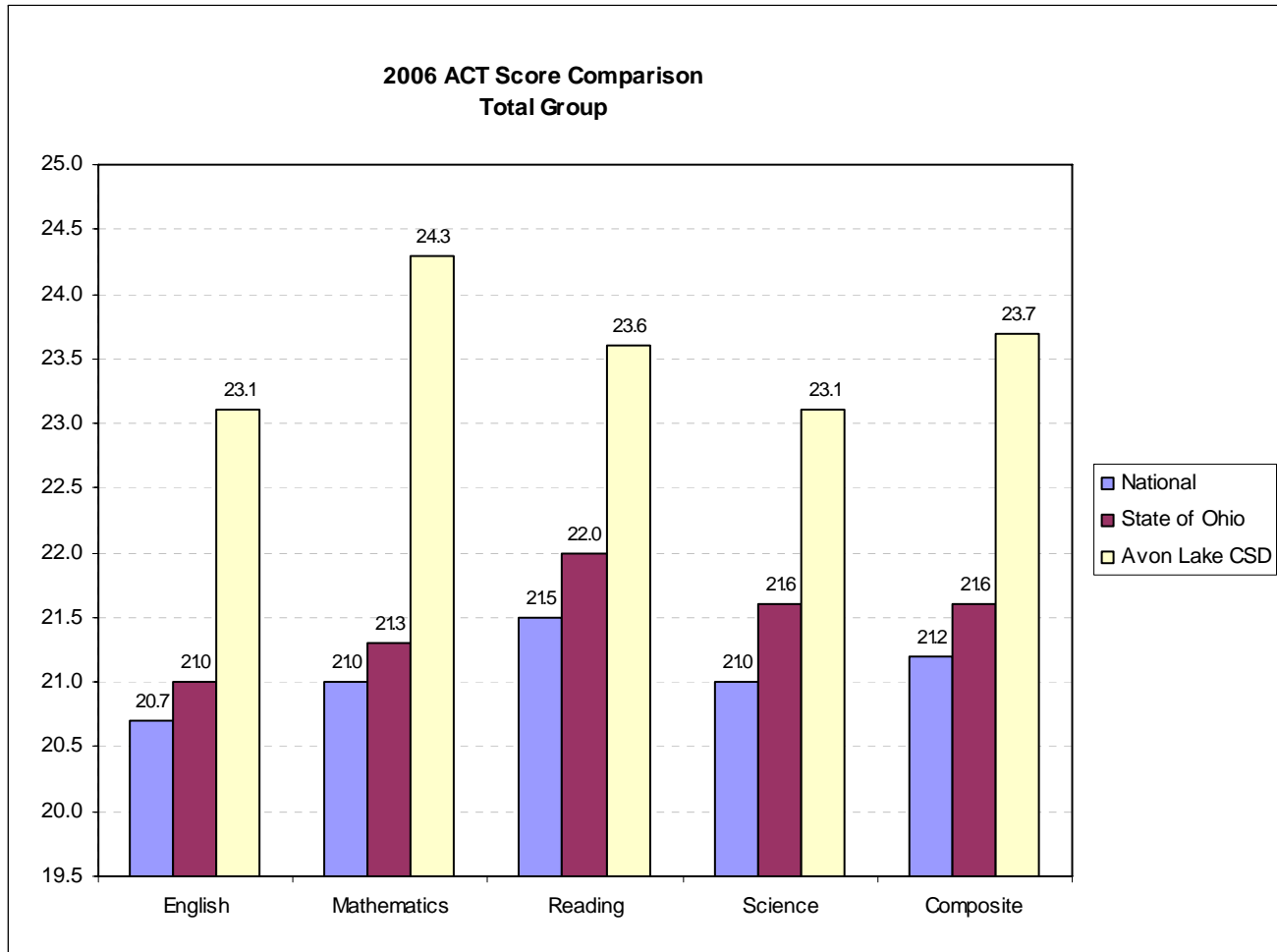
Reading:	Avon Lake	State of Ohio	National
2006 - 2007	23.6	22.0	21.5
2005 - 2006	23.0	21.9	21.4
2004 - 2005	23.9	21.9	21.3
2003 - 2004	23.3	21.9	21.3
2002 - 2003	22.3	21.8	21.2
2001 - 2002	23.4	21.8	21.1
2000 - 2001	22.4	21.8	21.3
1999 - 2000	23.0	21.9	21.4
1998 - 1999	22.3	21.9	21.4
1997 - 1998	23.1	21.8	21.4

Source: American College Testing Program

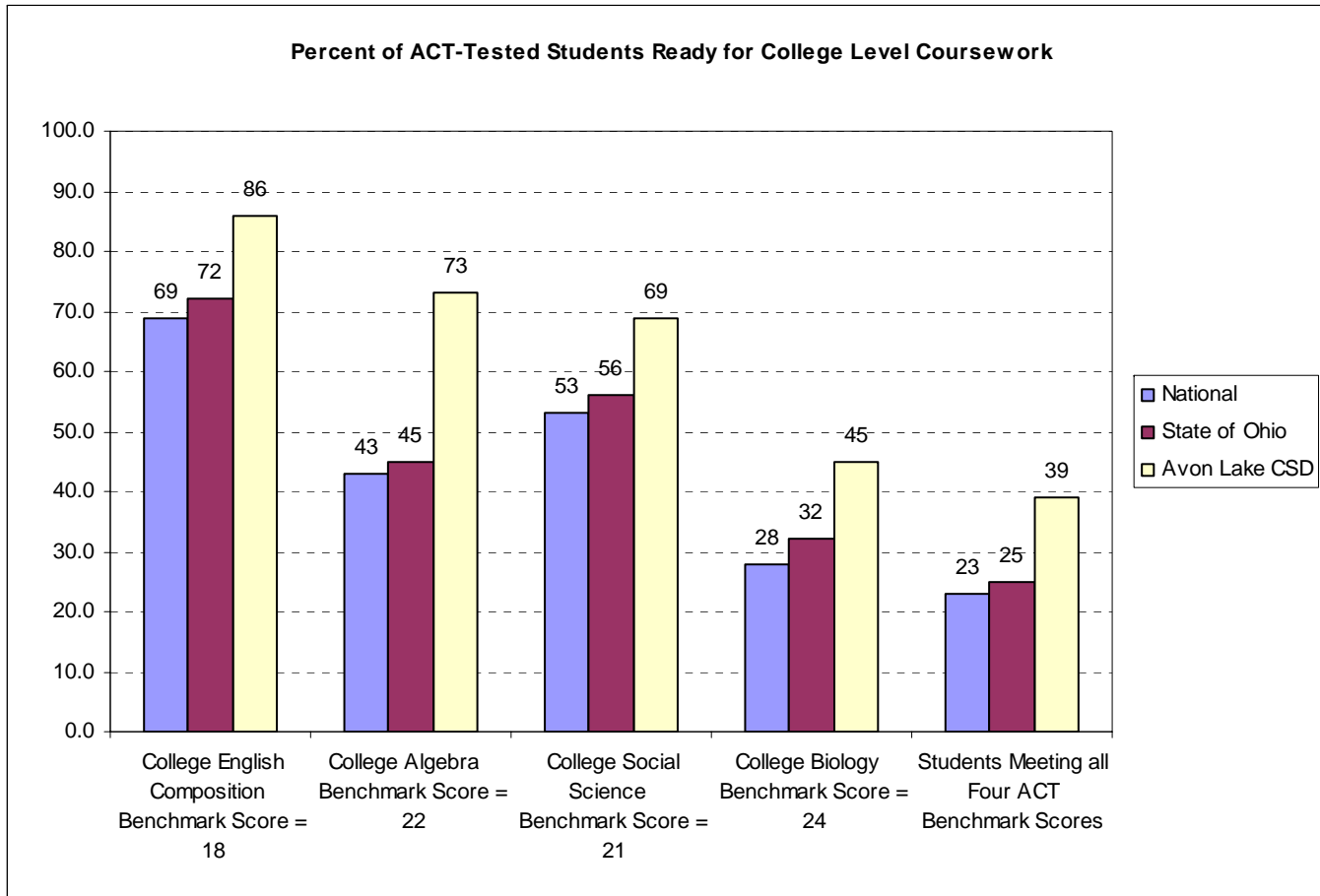
AVON LAKE CITY SCHOOL DISTRICT

2007 ACT SCORE COMPARISON

JUNE 30, 2007



AVON LAKE CITY SCHOOL DISTRICT
 PERCENT OF ACT TESTED STUDENTS READY FOR COLLEGE LEVEL COURSEWORK
 JUNE 30, 2007



AVON LAKE CITY SCHOOL DISTRICT
 CAPITAL ASSET INFORMATION
 LAST TEN FISCAL YEARS

	Fiscal Year									
	2007	2006	2005	2004	2003	2002	2001	2000	1999	1998
Elementary Schools										
Eastview (1950)										
Square feet	43,721	43,721	43,721	43,721	-	-	-	-	-	-
Enrollment	317	317	328	346	365	333	319	275	281	294
Erievew (1950)										
Square feet	37,905	37,905	37,905	37,905	-	-	-	-	-	-
Enrollment	258	258	260	258	239	232	229	248	270	280
Redw ood (1962)										
Square feet	51,273	51,273	51,273	-	-	-	-	-	-	-
Enrollment	357	357	311	313	292	280	289	283	261	277
Troy (1970)										
Square feet	101,764	101,764	101,764	101,764	101,764	101,764	101,764	101,764	101,764	101,764
Enrollment	553	553	497	469	505	515	491	442	467	518
Westview (1957)										
Square feet	38,445	38,445	38,445	-	-	-	-	-	-	-
Enrollment	230	230	224	226	225	217	206	202	228	245
Middle School										
Learw ood (1959)										
Square feet	108,839	108,839	108,839	-	-	-	-	-	-	-
Enrollment	512	512	531	531	536	511	499	513	519	474
High School										
Avon Lake High (1927)										
Square feet	321,552	321,552	321,552	-	-	-	-	-	-	-
Enrollment	1,173	1,173	1,128	1,122	1,099	1,065	1,063	1,001	930	927

Source: District records.



Mary Taylor, CPA
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
JANUARY 15, 2008**