

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 YEAR ENDED JUNE 30, 2010**

Federal Grantor <i>Pass Through Grantor</i> Program Title	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>					
Child Nutrition Cluster:					
National School Breakfast Program	10.553	\$2,532	\$0	\$2,532	\$0
National School Lunch Program	10.555	206,456	46,584	206,456	46,584
Total Child Nutrition Cluster		<u>208,988</u>	<u>46,584</u>	<u>208,988</u>	<u>46,584</u>
Team Nutrition Training Program	10.574	2,000	0	1,057	0
Total U.S. Department of Agriculture		<u>210,988</u>	<u>46,584</u>	<u>210,045</u>	<u>46,584</u>
U.S. Department of Education					
<i>Passed Through the Ohio Department of Education:</i>					
Special Education Cluster:					
Special Education-Grants to States	84.027	608,934	0	608,934	0
ARRA Special Education-Grants to States	84.391	226,887	0	210,886	0
		<u>835,821</u>	<u>0</u>	<u>819,820</u>	<u>0</u>
Special Education Preschool	84.173	16,888	0	16,888	0
ARRA Special Education Preschool	84.392	24,143	0	24,143	0
		<u>41,031</u>	<u>0</u>	<u>41,031</u>	<u>0</u>
Total Special Education Cluster		<u>876,852</u>	<u>0</u>	<u>860,851</u>	<u>0</u>
Safe and Drug-Free Schools and Communities State Grants	84.186	6,705	0	6,705	0
Title I, Grants to Local Educational Agencies	84.010	122,686	0	122,686	0
Education Technology State Grants	84.318	1,098	0	1,098	0
Improving Teacher Quality State Grants	84.367	73,608	0	73,608	0
ARRA State Fiscal Stabilization Fund (SFSF)	84.394	141,648	0	141,648	0
Total U.S. Department of Education		<u>1,222,597</u>	<u>0</u>	<u>1,206,596</u>	<u>0</u>
Total Federal Assistance		<u>\$1,433,585</u>	<u>\$46,584</u>	<u>\$1,416,641</u>	<u>\$46,584</u>

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

**AVON LAKE CITY SCHOOL DISTRICT
LORAIN COUNTY**

**NOTES TO THE SCHEDULE OF FEDERAL AWARDS RECEIPTS AND EXPENDITURES
FISCAL YEAR ENDED JUNE 30, 2010**

NOTE A - SIGNIFICANT ACCOUNTING POLICIES

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

NOTE B - CHILD NUTRITION CLUSTER

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

NOTE C – FOOD DONATION PROGRAM

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



Mary Taylor, CPA

Auditor of State

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

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, (the District) as of and for the year ended June 30, 2010, which collectively comprise the District's basic financial statements and have issued our report thereon dated December 17, 2010. We conducted our audit in accordance with auditing standards generally accepted in the United States of America and the standards applicable to financial audits contained in the Comptroller General of the United States' *Government Auditing Standards*.

Internal Control Over Financial Reporting

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

Our consideration of internal control over financial reporting was for the limited purpose described in the preceding paragraph and was not designed to identify all deficiencies in internal control over financial reporting that might be significant deficiencies or material weaknesses. Therefore, we cannot assure that we have identified all deficiencies, significant deficiencies or material weaknesses. However, as described in the accompanying schedule of findings we identified a certain deficiency in internal control over financial reporting, that we consider a material weakness.

A *deficiency in internal control* exists when the design or operation of a control does not allow management or employees, when performing their assigned functions, to prevent, or detect and timely correct misstatements. A *material weakness* is a deficiency, or a combination of deficiencies, in internal control such that there is a reasonable possibility that a material misstatement of the entity's financial statements will not be prevented, or detected and timely corrected. We consider finding 2010-001 described in the accompanying schedule of findings to be a material weakness.

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 did note a matter not requiring inclusion in this report that we reported to the District's management in a separate letter dated December 17, 2010.

The District's response to the finding identified in our audit is described in the accompanying schedule of findings. We did not audit the District's response and, accordingly, we express no opinion on it.

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



Mary Taylor, CPA
Auditor of State

December 17, 2010



Mary Taylor, CPA

Auditor of State

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

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

To the Board of Education:

Compliance

We have audited the compliance of Avon Lake City School District (the District) with the types of compliance requirements described in the U.S. Office of Management and Budget (OMB) *Circular A-133, Compliance Supplement* that could directly and materially affect each of Avon Lake City School District's major federal programs for the year ended June 30, 2010. The summary of auditor's results section of the accompanying schedule of findings identifies the District's major federal programs. 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 included in the Comptroller General of the United States' *Government Auditing Standards*; and OMB Circular A-133, *Audits of States, Local Governments, and Non-Profit Organizations*. Those standards and OMB Circular A-133 require that we plan and perform the audit to reasonably assure whether noncompliance occurred with the compliance requirements referred to above that could directly and materially affect a major federal program. An audit includes examining, on a test basis, evidence about the District's compliance with those requirements and performing other procedures we considered necessary in the circumstances. We believe our audit provides a reasonable basis for our opinion. Our audit does not provide a legal determination on the District's compliance with those requirements.

In our opinion, the Avon Lake City School District complied, in all material respects, with the requirements referred to above that could directly and materially affect each of its major federal programs for the year ended June 30, 2010.

Internal Control Over Compliance

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

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

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

Schedule of Federal Awards Receipts and Expenditures

We have also audited the financial statements of the governmental activities, each major fund and the aggregate remaining fund information of Avon Lake City School District (the District) as of and for the year ended June 30, 2010, and have issued our report thereon dated December 17, 2010. Our audit was performed to form opinions on the financial statements that collectively comprise the District's basic financial statements taken as a whole. The accompanying schedule of federal awards receipts and expenditures provides additional information required by the U.S. Office of Management and Budget Circular A-133, *Audits of States, Local Governments, and Non-Profit Organizations* and is not a required part of the basic financial statements. The schedule is management's responsibility, and was derived from and relates directly to the underlying accounting and other records used to prepare the financial statements. This schedule was subject to the auditing procedures we applied to the basic financial statements. We also applied certain additional procedures, including comparing and reconciling this information directly to the underlying accounting and other records used to prepare the basic financial statements or to the basic financial statements themselves, in accordance with auditing standards generally accepted in the United States of America. In our opinion, this information is fairly stated, in all material respects, in relation to the basic financial statements taken as a whole.

Avon Lake City School District
Lorain County
Independent Accountants' Report on Compliance with Requirements
Applicable to Each Major Federal Program, on Internal Control Over
Compliance Required by OMB Circular A-133 and the Schedule
of Federal Awards Receipts and Expenditures
Page 3

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

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

Mary Taylor, CPA
Auditor of State

December 17, 2010

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**AVON LAKE CITY SCHOOL DISTRICT
LORAIN COUNTY**

**SCHEDULE OF FINDINGS
OMB CIRCULAR A -133 § .505
JUNE 30, 2010**

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)?	Yes
(d)(1)(ii)	Were there any 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 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(a)?	No
(d)(1)(vii)	Major Programs (list):	Special Education Cluster: Grants to States - CFDA 84.027, ARRA Grants to States - CFDA 84.391, Preschool - CFDA 84.173, ARRA Preschool - CFDA 84.392
(d)(1)(viii)	Dollar Threshold: Type A/B Programs	Type A: > \$ 300,000 Type B: all others
(d)(1)(ix)	Low Risk Auditee?	Yes

AVON LAKE CITY SCHOOL DISTRICT
LORAIN COUNTY

SCHEDULE OF FINDINGS
OMB CIRCULAR A -133 § .505
JUNE 30, 2010
(Continued)

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

FINDING NUMBER 2010-001

Material Weakness

Financial Reporting

Sound financial reporting is the responsibility of management and the Board of Education and is essential to ensure the information provided to the readers of the financial statements is complete and accurate.

Contract payments made from the Building Improvement Fund in July and August of 2010 totaling \$457,689 were not properly reported as Accounts and Contracts Payable and instead, were reported as Reserve for Encumbrances. Consequently, construction in progress was understated at year-end by the same amount. This resulted in adjustments in the Building Improvement fund and the government-wide financial statements.

The lack of controls over the posting of year-end financial transactions and financial reporting can result in errors and irregularities that may go undetected and decreases the reliability of the financial data at year-end.

The District should adopt policies and procedures for controls over the recording of year-end financial transactions and over financial reporting to help ensure the information accurately reflects the activity of the District and thereby increasing the reliability of the financial data at year-end. Although the District has contracted with a third party to perform their GAAP conversion, the District's management should review the financial statements ensure all items are properly recorded.

Officials' Response: The District ran the Accounts Payable Report on July 26, 2010. The Invoice was then received on July 27, 2010 and subsequently paid on August 13, 2010. A purchase order was open and the "expense" was properly encumbered, but this contractor was being non-communicative at the time. We did not know how much of the project was complete, so we had no idea how much to include in the payables report. The architect reviews all bills before we receive and thus slows the "receipt" of the invoice.

Since the invoice was received after the Accounts Payable report was ran, and we typically do not receive invoices for previous fiscal years that late into the following year, I'm not sure how it would be anticipated that it should be on the report. To avoid any issues in the future, we will run the Accounts Payable report at a later date.

3. FINDINGS FOR FEDERAL AWARDS

None



Mary Taylor, CPA

Auditor of State

INDEPENDENT ACCOUNTANTS' REPORT ON APPLYING AGREED-UPON PROCEDURES

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

To the Board of Education:

Ohio Rev. Code Section 117.53 states "the auditor of state shall identify whether the school district or community school has adopted an anti-harassment policy in accordance with Section 3313.666 of the Revised Code. This determination shall be recorded in the audit report. The auditor of state shall not prescribe the content or operation of any anti-harassment policy adopted by a school district or community school."

Accordingly, we have performed the procedures enumerated below, which were agreed to by the Board, solely to assist the Board in evaluating whether Avon Lake City School District (the District) has adopted an anti-harassment policy in accordance with Ohio Rev. Code Section 3313.666. Management is responsible for complying with this requirement. This agreed-upon procedures engagement was conducted in accordance with attestation standards established by the American Institute of Certified Public Accountants. The sufficiency of these procedures is solely the responsibility of the Board. Consequently; we make no representation regarding the sufficiency of the procedures described below either for the purpose for which this report has been requested or for any other purpose.

1. We noted the Board adopted an anti-harassment policy at its meeting on February 12, 2002, with the most recent re-adoption date of May 11, 2010.
2. We read the policy, noting it included the following requirements from Ohio Rev. Code Section 3313.666(B):
 - (1) A statement prohibiting harassment, intimidation, or bullying of any student on school property or at school-sponsored events;
 - (2) A definition of harassment, intimidation, or bullying that includes the definition in division (A) of Ohio Rev. Code Section 3313.666;
 - (3) A procedure for reporting prohibited incidents;
 - (4) A requirement that school personnel report prohibited incidents of which they are aware to the school principal or other administrator designated by the principal;

- (5) A requirement that parents or guardians of any student involved in a prohibited incident be notified and, to the extent permitted by section 3319.321 of the Revised Code and the "Family Educational Rights and Privacy Act of 1974," 88 Stat. 571, 20 U.S.C. 1232q, as amended, have access to any written reports pertaining to the prohibited incident;

The policy did not include this requirement.

- (6) A procedure for documenting any prohibited incident that is reported;
- (7) A procedure for responding to and investigating any reported incident;
- (8) A strategy for protecting a victim from additional harassment, intimidation, or bullying, and from retaliation following a report;
- (9) A disciplinary procedure for any student guilty of harassment, intimidation, or bullying, which shall not infringe on any student's rights under the first amendment to the Constitution of the United States;
- (10) A requirement that the district administration semiannually provide the president of the district board a written summary of all reported incidents and post the summary on its web site, if the district has a web site, to the extent permitted by section 3319.321 of the Revised Code and the "Family Educational Rights and Privacy Act of 1974," 88 Stat. 571, 20 U.S.C. 1232q, as amended.

We were not engaged to and did not conduct an examination, the objective of which would be the expression of an opinion on compliance with the anti-harassment policy. Accordingly, we do not express such an opinion. Had we performed additional procedures, other matters might have come to our attention that would have been reported to you.

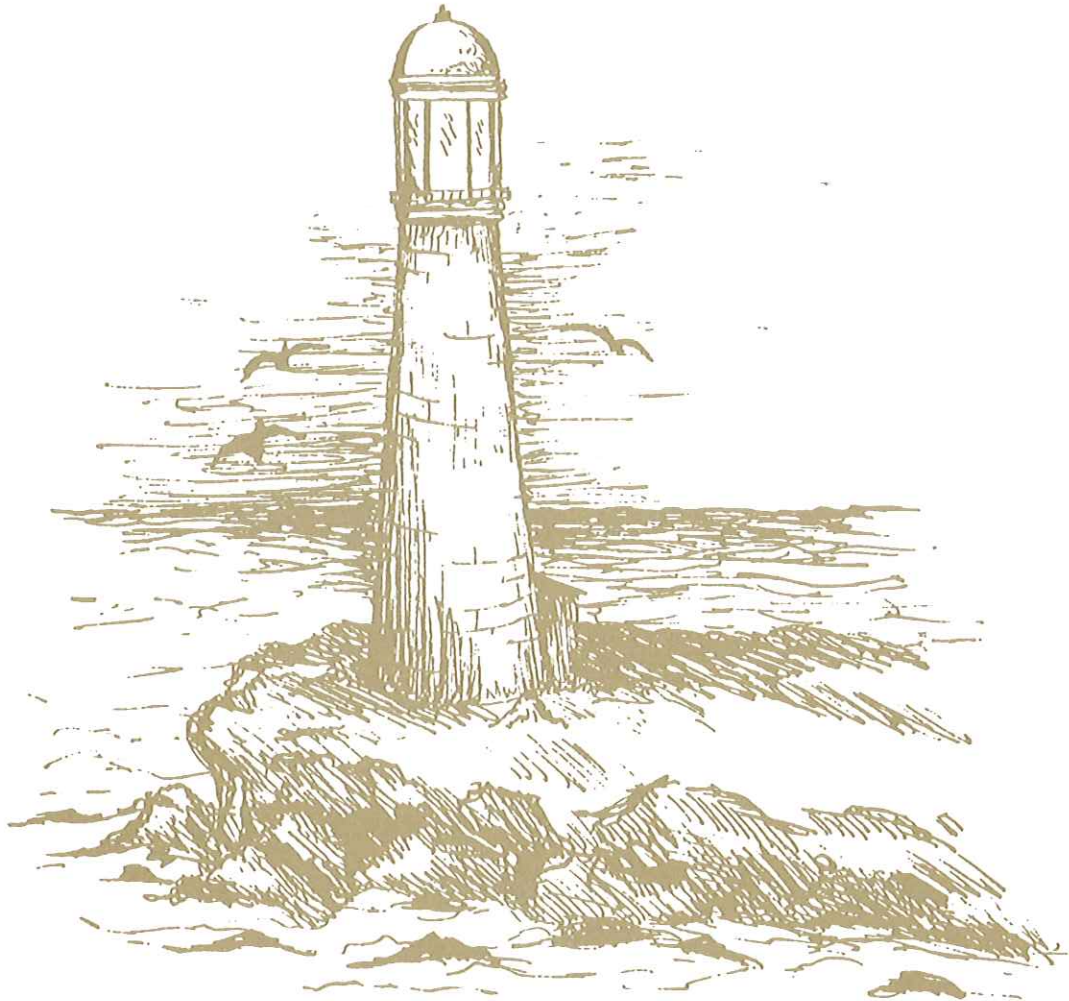
This report is intended solely for the information and use of the Board of Education and is not intended to be and should not be used by anyone other than these specified parties.



Mary Taylor, CPA
Auditor of State

December 17, 2010

Avon Lake
City School District
Avon Lake, Ohio



Comprehensive Annual Financial Report
For the Fiscal Year Ended June 30, 2010

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

**COMPREHENSIVE
ANNUAL FINANCIAL REPORT
FOR THE FISCAL YEAR ENDED JUNE 30, 2010**

Prepared by

**Denise J. Holcomb
Treasurer**

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Avon Lake City School District
Comprehensive Annual Financial Report
For the Fiscal Year Ended June 30, 2010
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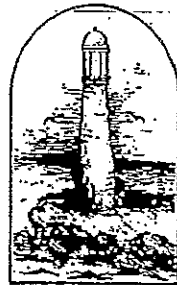
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Avon Lake City Schools

Treasurer's Office

175 Avon Belden Rd.

Avon Lake, Ohio 44012-1650

(440) 933-5163

(440) 933-7328

December 17, 2010

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, 2010. 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. In 2009, our taxpayers passed two (2) additional bond issues totaling \$ 18.5M. As of June 30, 2010, only \$ 15M of notes were sold. These renovations and additions began in March 2010 on the stadium portion of the project with completion of the stadium renovations to be done by August 2010. In addition the classrooms additions to five (5) buildings began in May 2010 with completion to be August 2011. A new bus garage will be started during the summer of 2010 with occupancy by December 2010. These projects were necessary to keep up with our growing enrollment. Today the citizens have an investment of \$ 83,753,808 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 ensure conformance with the Governmental Accounting Standards Board Statement No. 14, "The Financial Reporting Entity". In evaluating how to define the School District for financial reporting purposes, management has considered its relationship with all departments, boards, and agencies that make up the Avon Lake City School District. For the Avon Lake City School District, this includes general operations, food service, and student related activities of the School District.

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

The School District participates in four jointly governed organizations and is associated with one related organization. These organizations are the Lake Erie Educational Computer Association (LEECA), the Lake Erie Regional Council of Governments (LERC), the Lorain County Joint Vocational School District, the Ohio Schools Council and the Avon Lake Public Library. These organizations are presented in Notes 16 and 17 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 223 non-certified personnel, 230 certified full-time teaching personnel and 16 administrative employees to provide services to 3,689 students and other community members. The School District operates 4 elementary schools (K-4), 1 intermediate school (5-6), 1 middle school (7-8) and 1 high school (9-12).

Economic Condition and Outlook

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

Ohio lawmakers have also passed legislation that has been reducing tangible taxes (the taxes paid by business on equipment and inventory) over the past decade. Effective July 1, 2006 with passage of H.B. 66, tangible taxes have diminished over the last four (4) years. The State of Ohio 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 26 indicators. The 2010 report card demonstrated that the School District, for the past seven (7) years, has been rated in the category titled, "Excellent" and in 2008, 2009, and 2010, Avon Lake City Schools were rated "Excellent with Distinction".

Federal Projects

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

Educational Programs and Facilities Improvement

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

Financial Information

Internal Accounting and Budgetary Control

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

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

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

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

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

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

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

Financial Condition

This is the eighth 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 2010 and a comparison to performance in 2009 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 \$ 4,105,413 at June 30, 2010.

Long-Term Financial Planning

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

Independent Audit

State statute requires the School District to be audited at least every two fiscal years by an independent auditor. An annual audit serves to maintain and strengthen the School District's accounting and budgetary controls. Independent Auditor 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, 2010. 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, 2009. 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, 2009 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, 2010, which will be submitted to ASBO for review, will conform to ASBO's principles and standards.

Making Your Tax Dollars Count Award – This was awarded to the Avon Lake City School District by Mary Taylor, Auditor of State. Fewer than five percent of all Ohio government agencies are eligible for this award.

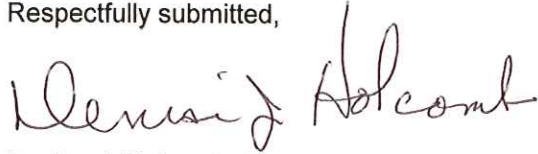
Acknowledgments

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,

A handwritten signature in cursive script that reads "Denise J. Holcomb".

Denise J. Holcomb, Treasurer

A handwritten signature in cursive script that reads "Robert D. Scott".

Robert D. Scott, Superintendent

Avon Lake Board of Education

Principal Officials
June 30, 2010

Board of Education

Mr. Charles Froehlich President
Mrs. Pamela Ohradzansky Vice - President
Mr. Dale Cracas Member
Mr. Greg Palmer 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 Relationship

Board of Education

Treasurer

Superintendent

Assistant Superintendent

Business Manager

Director of Educational Technology

Building Principals

Director of Pupil Personnel Services

Transportation Supervisor

Supervisor of Maintenance/Custodians

Food Service Supervisor

**Drivers/
Mechanics**

**Custodians
Maintenance**

**Food Service
Personnel**

Director Of Athletics

Coaches

Assistant Principals

Teachers

Support Staff

Nurses

Para Professionals

Speech Therapists

Tutors

Certificate of Achievement for Excellence in Financial Reporting

Presented to

Avon Lake City School District
Ohio

For its Comprehensive Annual
Financial Report
for the Fiscal Year Ended
June 30, 2009

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, 2009

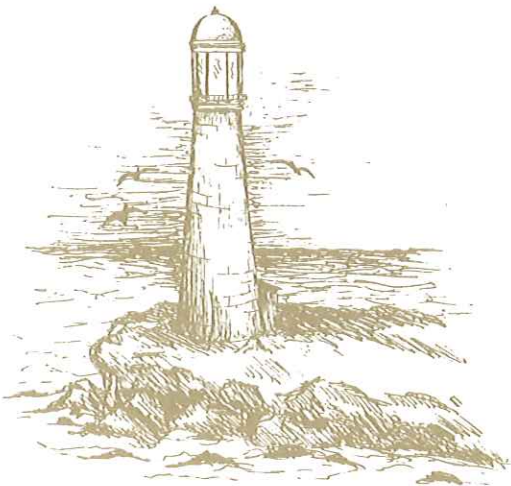
Upon recommendation of the Association's Panel of Review which has judged that the Report substantially conforms to principles and standards of ASBO's Certificate of Excellence Program

President

Executive Director

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Financial Section



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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 Avon Lake City School District, Lorain County, Ohio (the District), as of and for the year ended June 30, 2010, which collectively comprise the District's basic financial statements as listed in the table of contents. These financial statements are the responsibility of the District's management. Our responsibility is to express opinions on these financial statements based on our audit.

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

In our opinion, the financial statements referred to above present fairly, in all material respects, the respective financial position of the governmental activities, each major fund, and the aggregate remaining fund information of Avon Lake City School District, Lorain County, Ohio, as of June 30, 2010, 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 17, 2010, on our consideration of the District's internal control over financial reporting and our tests of its compliance with certain provisions of laws, regulations, contracts and grant agreements and other matters. While we did not opine on the internal control over financial reporting or on compliance, that report describes the scope of our testing of internal control over financial reporting and compliance and the results of that testing. That report is an integral part of an audit performed in accordance with *Government Auditing Standards*. You should read it in conjunction with this report in assessing the results of our audit.

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

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



Mary Taylor, CPA
Auditor of State

December 17, 2010

Avon Lake City School District
Management's Discussion and Analysis
For the Fiscal Year Ended June 30, 2010
Unaudited

The management's discussion and analysis of the Avon Lake City School District's (School District) financial performance provides an overall review of the School District's financial activities for the fiscal year ended June 30, 2010. The intent of this discussion and analysis is to look at the School District's financial performance as a whole. Readers should also review the transmittal letter, basic financial statements and notes to the basic financial statements to enhance their understanding of the School District's financial performance.

Financial Highlights

Key financial highlights for fiscal year 2010 are as follows:

- In total, net assets for governmental activities decreased from \$ 27.5 million at June 30, 2009, to \$ 24.7 million at June 30, 2010.
- Revenues for governmental activities totaled \$ 45,092,892 in fiscal year 2010. Of this total \$ 41,102,404 or 91.15 percent consisted of general revenues while program revenues accounted for the balance of \$ 3,990,488 or 8.85 percent.
- Program expenses totaled \$ 47,928,821. Instructional expenses made up \$ 23,993,142 or 50.06 percent of this total while support services accounted for \$ 17,826,980 or 37.19 percent. Other expenses, \$ 6,108,699, rounded out the remaining 12.75 percent.
- Total outstanding debt had a net increase of \$ 14,277,975 to \$ 55,109,380 in fiscal year 2010.

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 2010 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, 2010
Unaudited

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

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

Reporting the School District's Most Significant Funds

Fund Financial Statements

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

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

The School District as a Whole

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

Total assets increased by \$ 13,713,502. This increase can be attributed to an increase of \$ 13,847,045 in pooled cash and cash equivalent which is the result of unspent bond anticipation note proceeds of \$ 11,744,290. The increase in pooled cash and equivalents was offset with a decrease of \$ 123,314 in capital assets. The decrease in capital assets is attributable to the net change in accumulated depreciation.

Total liabilities increased by \$ 16,549,431. Current liabilities increased by \$ 1,664,350, primarily due to increases in accounts and contracts payable, intergovernmental payables and unearned revenue. Long-term liabilities increased by \$ 14,885,081, which is primarily due to issuance a bond anticipation note of \$ 15,000,000.

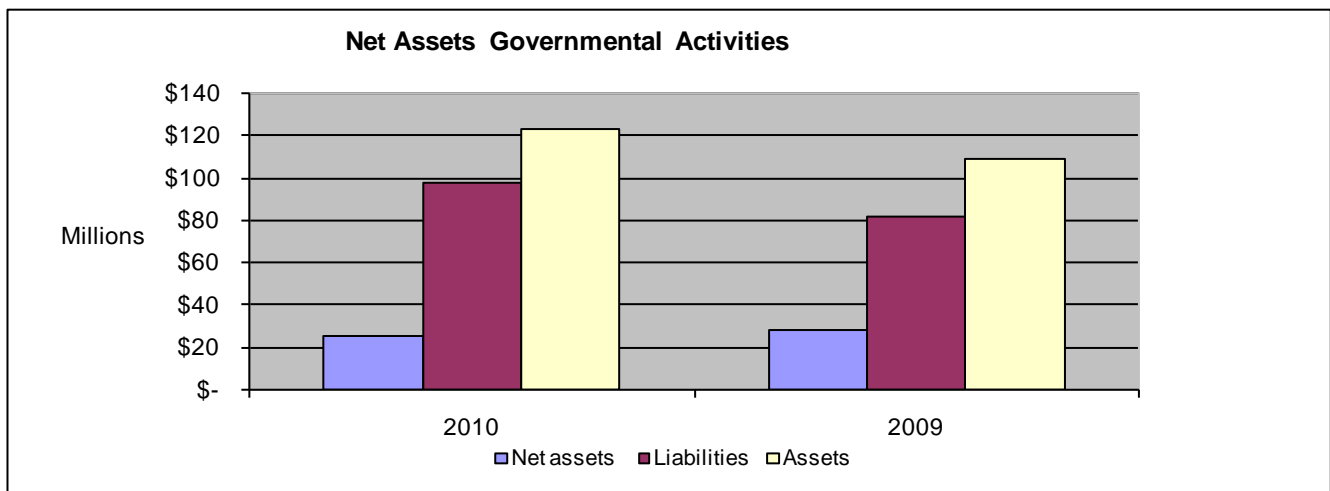
Over time, net assets can serve as an indicator of a government's financial position. At June 30, 2010, the School District's assets exceeded liabilities by \$ 24,690,227. Of this total, \$ 16,700,773 is restricted in use.

Table 1 provides a summary of the School District's net assets for fiscal year 2010 compared to fiscal year 2009:

Avon Lake City School District
Management's Discussion and Analysis
For the Fiscal Year Ended June 30, 2010
Unaudited

Table 1
Total Net Assets

	<u>2010</u>	<u>2009</u>
Assets		
Current and other assets	\$ 74,567,472	\$ 60,730,656
Total capital assets, net	<u>48,465,400</u>	<u>48,588,714</u>
Total assets	<u>123,032,872</u>	<u>109,319,370</u>
Liabilities		
Current liabilities	39,418,270	37,753,920
Long term liabilities		
Due within one year	17,027,940	1,712,020
Due in more than one year	<u>41,896,435</u>	<u>42,327,274</u>
Total liabilities	<u>98,342,645</u>	<u>81,793,214</u>
Net assets		
Invested in capital assets, net of related debt	9,946,281	10,893,237
Restricted	16,700,773	4,855,418
Unrestricted	<u>(1,956,827)</u>	<u>11,777,501</u>
Total net assets	<u>\$ 24,690,227</u>	<u>\$ 27,526,156</u>



Avon Lake City School District
Management's Discussion and Analysis
For the Fiscal Year Ended June 30, 2010
Unaudited

Table 2 shows total revenues, expenses and changes in net assets for fiscal year 2010 compared to fiscal year 2009. Total revenue for 2010 was \$ 1,189,944 higher than in 2009, while total expenses in 2010 were \$ 5,421,613 higher than the prior year.

Table 2
Changes in Net Assets

	2010	2009
Revenues		
Program revenues		
Charges for services and sales	\$ 2,246,915	\$ 1,858,123
Operating grants, interest and contributions	1,743,573	1,353,955
Total program revenues	3,990,488	3,212,078
General revenues		
Property taxes	29,377,578	29,011,344
Grants and entitlements not restricted to specific purposes	11,093,394	10,613,902
Investment earnings	305,142	701,154
Miscellaneous	326,290	364,470
Total general revenues	41,102,404	40,690,870
Total revenues	45,092,892	43,902,948
Program expenses		
Instruction	23,993,142	22,321,334
Supporting services		
Pupil and instructional staff	4,279,189	4,241,084
Board of education, administration, fiscal services and business	5,078,405	4,465,964
Operation and maintenance	6,781,144	4,926,928
Pupil transportation	1,530,111	1,500,578
Central services	158,131	190,642
Operation of non-instructional services		
Food service operation	1,246,386	1,161,495
Community services	219,142	261,704
Extracurricular activities	1,212,842	1,195,904
Interest and fiscal charges	3,430,329	2,241,575
Total expenses	47,928,821	42,507,208
Increase in net assets	(2,835,929)	1,395,740
Net assets at beginning of year	27,526,156	26,130,416
Net assets at end of year	\$ 24,690,227	\$ 27,526,156

Avon Lake City School District
Management's Discussion and Analysis
For the Fiscal Year Ended June 30, 2010
Unaudited

The vast majority of revenue supporting all Governmental Activities is general revenue. General revenue accounted for nearly \$ 41.1 million or 91.15 percent of the total revenue. The most significant portion of general revenue is local property tax. The other type of revenue that accounts for 8.85 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 24.23 percent in 2010 from 2009. This increase can be attributed primarily to an increase in funds received for grants, contributions, and charges for services and sales.

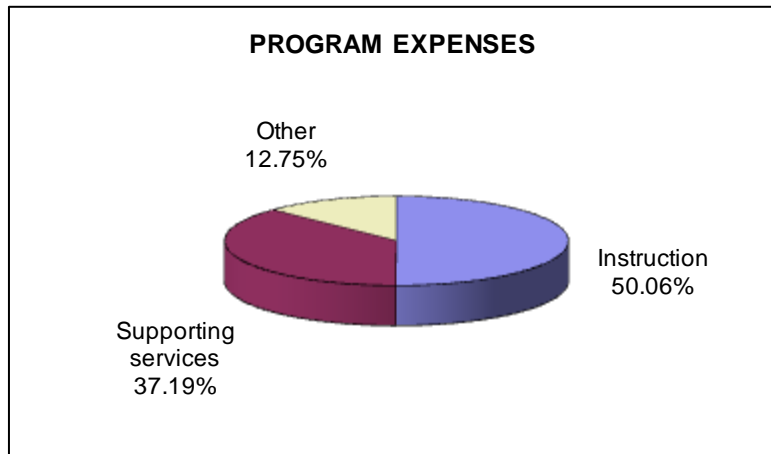
As you can see 50.06 percent of the School District's expenses were used to fund instructional expenses. Additional support services for pupils, staff, and business operation expenses were 37.19 percent. The remaining 12.75 percent of program expenses was used to facilitate other obligations of the School 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	
	2010	2009	2010	2009
Instruction	\$ 23,993,142	\$ 22,321,334	\$(22,656,668)	\$(21,400,049)
Supporting services				
Pupil and instructional staff	4,279,189	4,241,084	(3,793,341)	(3,726,220)
Board of education, administration, fiscal services and business	5,078,405	4,465,964	(5,036,530)	(4,443,176)
Operation and maintenance	6,781,144	4,926,928	(6,649,503)	(4,924,488)
Pupil transportation	1,530,111	1,500,578	(1,472,837)	(1,500,387)
Central services	158,131	190,642	(158,131)	(187,672)
Operation of non-instructional services				
Food service operation	1,246,386	1,161,495	65,233	22,958
Community services	219,142	261,704	26,223	(22,834)
Extracurricular activities	1,212,842	1,195,904	(832,450)	(871,687)
Interest and fiscal charges	3,430,329	2,241,575	(3,430,329)	(2,241,575)
Total expenses	<u>\$ 47,928,821</u>	<u>\$ 42,507,208</u>	<u>\$(43,938,333)</u>	<u>\$(39,295,130)</u>

Avon Lake City School District
Management's Discussion and Analysis
For the Fiscal Year Ended June 30, 2010
Unaudited



The dependence upon tax revenues for governmental activities is apparent. Over 61.29 percent of total expenses are supported through taxes. Grant and entitlements not restricted to specific programs support 24.60 percent, while program revenue supports 8.33 percent. Investment and other miscellaneous type revenue support the remaining activity costs. The community, as a whole, is the primary support for the School District students.

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

The School District's Funds

Information about the School District's major funds starts on page 16. These governmental funds are accounted for using the modified accrual basis of accounting. All governmental funds had total revenues of \$ 45,145,982 and expenditures of \$ 48,325,654. In total, the net change in fund balance was \$ 11,848,996.

The net change in fund balance for the year was most significant in the Building Improvement Fund which had an increase of \$ 11,227,138.

The following schedule shows the significant changes between fiscal year 2009 and 2010 for the General Fund.

Avon Lake City School District
Management's Discussion and Analysis
For the Fiscal Year Ended June 30, 2010
Unaudited

	General Fund		
	2010	2009	Change
Revenues			
Taxes	\$ 25,329,857	\$ 25,536,941	\$ (207,084)
Tuition and fees	775,037	599,347	175,690
Interest	295,798	615,364	(319,566)
Intergovernmental	10,149,358	9,756,950	392,408
Other	119,228	83,920	35,308
Total revenues	<u>36,669,278</u>	<u>36,592,522</u>	<u>76,756</u>
Expenditures			
Current			
Instruction	21,378,802	20,740,084	638,718
Supporting services	14,261,469	13,119,741	1,141,728
Operation of non-instructional	86	-	86
Extracurricular activities	814,595	806,613	7,982
Capital outlay	1,225	13,923	(12,698)
Debt service			
Principal	212,354	116,701	95,653
Interest	21,440	13,221	8,219
Total expenditures	<u>36,689,971</u>	<u>34,810,283</u>	<u>1,879,688</u>
Excess (deficiency) of revenues over expenditures	<u>(20,693)</u>	<u>1,782,239</u>	<u>(1,802,932)</u>
Other financing sources (uses)			
Proceeds from capital lease	28,668	452,267	(423,599)
Transfers-out	(21,850)	(29,604)	7,754
Total other financing sources (uses)	<u>6,818</u>	<u>422,663</u>	<u>(415,845)</u>
Net change in fund balances	(13,875)	2,204,902	(2,218,777)
Fund balances, beginning of year	<u>14,165,149</u>	<u>11,960,247</u>	<u>2,204,902</u>
Fund balances, end of year	<u>\$ 14,151,274</u>	<u>\$ 14,165,149</u>	<u>\$ (13,875)</u>

The increase in intergovernmental revenue primarily is due to reimbursements from the State of Ohio for lost personal property tax revenue. Increases in instruction, supporting services and extracurricular expenditures are due to increased enrollment, an increase in teaching staff and increases in overall wages.

General Fund Budgeting Highlights

The School District's budget is prepared according to Ohio law and is based on accounting for certain transactions on a basis of cash receipts, disbursements, and encumbrances. The most significant fund to be budgeted is the General Fund.

During the course of fiscal year 2010, the School District amended its General Fund budget several times, none significant. For the General Fund, the final budget basis revenue estimate was \$ 36,990,107 which was \$ 2,534,897 more than the original budget estimate and \$ 86,221 less than actual revenue. The final budget basis expenditures estimate totaled \$ 38,197,328 which was \$ 83,378 less than the original budget estimate. Actual expenditures were \$ 370,568 less than final budget basis expenditures. The unencumbered ending cash balance totaled \$ 16,093,648.

Avon Lake City School District
Management's Discussion and Analysis
For the Fiscal Year Ended June 30, 2010
Unaudited

Capital Assets and Debt Administration

Capital Assets

At the end of fiscal 2010, the School District, net of depreciation, had \$ 48,465,400 invested in land, construction in process, land improvements, buildings and improvements, furniture and equipment, and vehicles. Table 4 show fiscal year 2010 values compared to fiscal year 2009. More detailed information is presented in Note 8 of the notes to the basic financial statements.

Table 4
 Capital Assets
 (Net of Accumulated Depreciation)

	<u>2010</u>	<u>2009</u>
Land	\$ 5,773,827	\$ 5,656,440
Construction in process	1,949,888	-
Land improvements	1,039,654	1,123,273
Building and improvements	37,005,021	38,653,816
Furniture and equipment	1,877,895	2,505,817
Vehicles	819,115	649,368
Total capital assets	<u>\$ 48,465,400</u>	<u>\$ 48,588,714</u>

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

Debt

At June 30, 2010, the Avon Lake School District had \$ 55,109,380 in bonds, notes, and capital leases, an increase of \$ 14,277,975 from fiscal year 2009. \$ 16,314,248 of the bonds, notes, and capital leases are due within one year. Table 5 below summarizes the School District's bonds and notes outstanding and capital leases. More detailed information is presented in Note 15 of the notes to the basic financial statements.

Table 5
 Outstanding Debt Year-End

	<u>2010</u>	<u>2009</u>
Term and serial bonds	\$ 33,475,000	\$ 33,755,000
Capital appreciation bonds	980,193	1,436,070
Accretion on capital appreciation bonds	4,845,971	4,448,433
Serial notes	430,000	630,000
Bond anticipation notes	15,000,000	-
Capital leases	378,216	561,902
Total outstanding debt	<u>\$ 55,109,380</u>	<u>\$ 40,831,405</u>

Avon Lake City School District
Management's Discussion and Analysis
For the Fiscal Year Ended June 30, 2010
Unaudited

Current Issues

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

The School District has the necessary revenue base to support current program levels for only the next two fiscal years. Our future revenue base is dependent upon the renewal of an emergency levy expiring in 2011. The School District was successful in seeking additional revenue in May 2007.

Several significant legislative and judicial actions have occurred that will have a major impact on our School District. The Ohio Supreme Court has issued its fourth decision regarding school funding reform in Ohio. We believe that the ultimate resolution of funding reform is still some time away. The sudden downturn in the economy has put pressures on both the State budget as well as our local School District budget. We are concerned about current economic conditions and the possible negative impact on local tax revenues. The ongoing legislative efforts to support the existence of community (charter) schools come at the expense of our current State subsidy. This year approximately \$ 213,931 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 sixteen 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, 2010

	Governmental Activities
Assets	
Equity in pooled cash	\$ 39,271,285
Accounts receivable	2,025
Intergovernmental receivable	3,811,869
Inventories and supplies	45,276
Interest receivable	44,860
Taxes receivable	31,379,118
Cash with fiscal agents	13,039
Capital assets	
Nondepreciable capital assets	7,723,715
Depreciable capital assets, net	40,741,685
Total assets	123,032,872
Liabilities	
Accounts and contracts payable	799,503
Retainage payable	13,039
Accrued salaries, wages and benefits	3,286,534
Claims payable	338,400
Accrued interest payable	151,312
Intergovernmental payable	1,331,475
Unearned revenue	33,498,007
Long term liabilities	
Due within one year	17,027,940
Due in more than one year	41,896,435
Total liabilities	98,342,645
Net assets	
Invested in capital assets, net of related debt	9,946,281
Restricted for:	
Debt service	4,137,262
Capital projects	11,700,920
Set-asides	113,990
Food service	212,986
School supplies	120,620
Extracurricular activities	134,177
State grants	22,301
Federal grants	9,907
Donations	243,115
Other purposes	5,495
Unrestricted	(1,956,827)
Total net assets	\$ 24,690,227

See accompanying notes to the basic financial statements.

AVON LAKE CITY SCHOOL DISTRICT
LORAIN COUNTY

STATEMENT OF ACTIVITIES

FOR THE YEAR ENDED JUNE 30, 2010

	<u>Expenses</u>	<u>Program Revenues</u>		<u>Net (Expense) Revenue and Changes in Net Assets</u>
		<u>Charges for Services and Sales</u>	<u>Operating Grants Interest and Contributions</u>	
Governmental activities				
Instruction				
Regular	\$ 19,551,234	\$ 797,192	\$ 57,017	\$ (18,697,025)
Special	3,061,161	-	469,576	(2,591,585)
Vocational	213,572	-	-	(213,572)
Adult/continuing	19,879	-	-	(19,879)
Other instruction	1,147,296	-	12,689	(1,134,607)
Supporting services				
Pupil	3,304,479	16,155	417,859	(2,870,465)
Instructional staff	974,710	-	51,834	(922,876)
Board of education	32,737	-	-	(32,737)
Administration	3,492,495	-	41,875	(3,450,620)
Fiscal services	1,135,733	-	-	(1,135,733)
Business	417,440	-	-	(417,440)
Operation and maintenance	6,781,144	-	131,641	(6,649,503)
Pupil transportation	1,530,111	-	57,274	(1,472,837)
Central services	158,131	-	-	(158,131)
Operation of non-instructional services				
Food service operation	1,246,386	1,053,176	258,443	65,233
Community services	219,142	-	245,365	26,223
Extracurricular activities	1,212,842	380,392	-	(832,450)
Interest and fiscal charges	3,430,329	-	-	(3,430,329)
Totals	<u>\$ 47,928,821</u>	<u>\$ 2,246,915</u>	<u>\$ 1,743,573</u>	<u>(43,938,333)</u>
General revenues				
Property taxes levied for:				
				25,322,233
				3,484,747
				570,598
				11,093,394
				305,142
				326,290
				<u>41,102,404</u>
				(2,835,929)
				<u>27,526,156</u>
				<u>\$ 24,690,227</u>

See accompanying notes to the basic financial statements.

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AVON LAKE CITY SCHOOL DISTRICT
LORAIN COUNTY
BALANCE SHEET – GOVERNMENTAL FUNDS
JUNE 30, 2010

	General Fund	Bond Retirement Fund	Building Improvement Fund
Assets			
Equity in pooled cash	\$ 17,560,665	\$ 3,590,021	\$ 11,933,343
Cash with fiscal agent	-	-	13,039
Restricted cash	113,990	-	-
Receivables, net of allowance			
Taxes, current	24,919,883	4,025,189	-
Taxes, delinquent	560,600	57,600	-
Interest receivable	24,566	-	18,181
Accounts and other	2,025	-	-
Intergovernmental receivable	3,437,611	153,585	-
Interfund receivable	16,456	-	-
Inventories and supplies	32,990	-	-
Total assets	\$ 46,668,786	\$ 7,826,395	\$ 11,964,563
Liabilities and fund balances			
Liabilities			
Accounts and contracts payable	\$ 205,959	\$ -	\$ 539,410
Retainage payable	-	-	13,039
Accrued wages and benefits	3,219,360	-	-
Intergovernmental payable	1,316,430	-	-
Interfund payable	-	-	-
Unearned revenue	27,771,264	4,037,258	14,181
Matured compensated absences payable	4,499	-	-
Total liabilities	32,517,512	4,037,258	566,630
Fund balances			
Reserved for inventories and supplies	32,990	-	-
Reserved for encumbrances	1,347,640	-	11,395,362
Reserved for property taxes	1,171,396	199,116	-
Reserved for budget stabilization	113,990	-	-
Unreserved, reported in			
General Fund	11,485,258	-	-
Special Revenue Funds	-	-	-
Debt Service Fund	-	3,590,021	-
Capital Projects Funds	-	-	2,571
Total fund balances	14,151,274	3,789,137	11,397,933
Total liabilities and fund balances	\$ 46,668,786	\$ 7,826,395	\$ 11,964,563

See accompanying notes to the basic financial statements.

Other Governmental Funds	Total Governmental Funds
\$ 1,631,566	\$ 34,715,595
-	13,039
-	113,990
1,779,446	30,724,518
36,400	654,600
-	42,747
-	2,025
220,673	3,811,869
-	16,456
12,286	45,276
<u>\$ 3,680,371</u>	<u>\$ 70,140,115</u>

\$ 54,134	\$ 799,503
-	13,039
67,174	3,286,534
15,045	1,331,475
16,456	16,456
1,969,551	33,792,254
-	4,499
<u>2,122,360</u>	<u>39,243,760</u>

12,286	45,276
188,652	12,931,654
85,962	1,456,474
-	113,990
-	11,485,258
687,668	687,668
398,768	3,988,789
184,675	187,246
<u>1,558,011</u>	<u>30,896,355</u>
<u>\$ 3,680,371</u>	<u>\$ 70,140,115</u>

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AVON LAKE CITY SCHOOL DISTRICT
LORAIN COUNTY
RECONCILIATION OF TOTAL GOVERNMENTAL FUND BALANCES TO
NET ASSETS OF GOVERNMENTAL ACTIVITIES
JUNE 30, 2010

Total governmental fund balances	\$ 30,896,355
Amounts reported for governmental activities in the statement of net assets are different because:	
Capital assets used in governmental activities are not financial resources and therefore not reported in the funds.	48,465,400
Other long term assets are not available to pay for current period expenditures and therefore are deferred in the funds. These deferrals are attributed to property taxes and accrued interest income.	294,247
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.	4,105,413
Long-term liabilities are not due and payable in the current period and therefore are not reported in the funds:	
Compensated absences	(3,810,496)
Notes payable	(15,430,000)
Bonds payable	(39,301,164)
Capital lease payable	(378,216)
Accrued interest payable	(151,312)
Net assets of governmental activities	\$ 24,690,227

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, 2010

	General Fund	Bond Retirement Fund	Building Improvement Fund
Revenues			
Taxes	\$ 25,329,857	\$ 3,259,494	\$ -
Tuition and fees	775,037	-	-
Interest	295,798	-	17,968
Intergovernmental	10,149,358	690,670	-
Extracurricular	-	-	-
Charges for services	-	-	-
Other	119,228	-	-
Total revenues	<u>36,669,278</u>	<u>3,950,164</u>	<u>17,968</u>
Expenditures			
Current			
Instruction			
Regular	17,553,615	-	-
Special	2,467,414	-	-
Vocational	210,124	-	-
Adult/continuing	19,879	-	-
Other instruction	1,127,770	-	-
Supporting services			
Pupil	2,691,215	-	-
Instructional staff	899,113	-	-
Board of education	23,417	-	9,320
Administration	3,220,686	-	77,522
Fiscal services	1,048,283	58,611	5,008
Business	117,271	-	-
Operation and maintenance	4,729,484	-	9,792
Pupil transportation	1,375,055	-	-
Central services	156,945	-	-
Operation of non-instructional services			
Food service operation	-	-	-
Community services	86	-	-
Extracurricular activities	814,595	-	-
Capital outlay	1,225	-	3,689,188
Debt service			
Principal	212,354	962,229	-
Interest	21,440	2,647,191	-
Total expenditures	<u>36,689,971</u>	<u>3,668,031</u>	<u>3,790,830</u>
Excess (deficiency) of revenues over expenditures	<u>(20,693)</u>	<u>282,133</u>	<u>(3,772,862)</u>
Other financing sources (uses)			
Transfers-in	-	221,850	-
Proceeds from capital lease	28,668	-	-
Note issuance	-	-	15,000,000
Transfers-out	(21,850)	-	-
Total other financing sources (uses)	<u>6,818</u>	<u>221,850</u>	<u>15,000,000</u>
Net change in fund balances	(13,875)	503,983	11,227,138
Fund balances, beginning of year	<u>14,165,149</u>	<u>3,285,154</u>	<u>170,795</u>
Fund balances, end of year	<u>\$ 14,151,274</u>	<u>\$ 3,789,137</u>	<u>\$ 11,397,933</u>

See accompanying notes to the basic financial statements.

Other Governmental Funds	Total Governmental Funds
\$ 791,595	\$ 29,380,946
38,310	813,347
436	314,202
1,996,939	12,836,967
380,392	380,392
1,053,176	1,053,176
247,724	366,952
<u>4,508,572</u>	<u>45,145,982</u>
243,197	17,796,812
492,713	2,960,127
-	210,124
-	19,879
12,689	1,140,459
536,865	3,228,080
57,643	956,756
-	32,737
41,875	3,340,083
13,966	1,125,868
-	117,271
240,854	4,980,130
265,967	1,641,022
1,186	158,131
1,198,927	1,198,927
214,858	214,944
369,533	1,184,128
167,037	3,857,450
147,504	1,322,087
172,008	2,840,639
<u>4,176,822</u>	<u>48,325,654</u>
<u>331,750</u>	<u>(3,179,672)</u>
-	221,850
-	28,668
-	15,000,000
<u>(200,000)</u>	<u>(221,850)</u>
<u>(200,000)</u>	<u>15,028,668</u>
131,750	11,848,996
<u>1,426,261</u>	<u>19,047,359</u>
<u>\$ 1,558,011</u>	<u>\$ 30,896,355</u>

AVON LAKE CITY SCHOOL DISTRICT
LORAIN COUNTY

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

FOR THE YEAR ENDED JUNE 30, 2010

Net change in fund balances - total governmental funds		\$ 11,848,996
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	2,580,660
	Depreciation expense	<u>(2,703,974)</u>
		(123,314)
Revenues in the statement of activities that do not provide current financial resources are not reported as revenues in the funds.		
	Interest	(43,227)
	Property taxes	<u>(3,368)</u>
		(46,595)
Other financing sources in the governmental funds that increase long-term liabilities in the statement of net assets are not reported as revenues in the statement of activities.		
	Capital lease proceeds	(28,668)
	Notes issued	<u>(15,000,000)</u>
		(15,028,668)
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.		
		1,322,087
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	(18,296)
	Annual accretion	<u>(571,394)</u>
		(589,690)
Some expenses reported in the statement of activities do not require the use of current financial resources and therefore are not reported as expenditures in governmental funds.		
	Compensated absences	(710,522)
The internal service fund used by management to charge the costs of insurance to individual funds is not reported in the government-wide statement of activities. Governmental fund expenditures and the related internal service fund revenues are eliminated. The net revenue (expense) of the internal service fund is allocated among the governmental activities.		
		<u>491,777</u>
Change in net assets of governmental activities		<u>\$ (2,835,929)</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, 2010

	General Fund			Variance with Final Budget Positive (Negative)
	Budget Amounts		Actual	
	Original	Final		
Revenues				
Taxes	\$ 23,789,015	\$ 25,539,192	\$ 25,598,722	\$ 59,530
Tuition and fees	766,775	823,187	825,106	1,919
Interest	384,084	412,341	413,302	961
Intergovernmental	9,431,847	10,125,756	10,149,358	23,602
Miscellaneous	83,489	89,631	89,840	209
Total revenues	<u>34,455,210</u>	<u>36,990,107</u>	<u>37,076,328</u>	<u>86,221</u>
Expenditures				
Current				
Instruction				
Regular	18,830,691	18,789,677	18,607,390	182,287
Special	2,481,303	2,475,899	2,451,879	24,020
Vocational	212,117	211,655	209,602	2,053
Adult/continuing	19,476	19,434	19,245	189
Other instruction	1,170,790	1,168,240	1,156,907	11,333
Supporting services				
Pupil	2,736,655	2,730,694	2,704,202	26,492
Instructional staff	888,055	886,120	877,523	8,597
Board of education	23,399	23,347	23,121	226
Administration	3,301,354	3,294,164	3,262,205	31,959
Fiscal services	1,047,503	1,045,221	1,035,081	10,140
Business	122,877	122,610	121,421	1,189
Operation and maintenance	5,048,539	5,037,544	4,988,673	48,871
Pupil transportation	1,406,767	1,403,703	1,390,085	13,618
Central services	161,973	161,620	160,053	1,567
Extracurricular activities				
Academic and subject oriented	98,337	98,122	97,170	952
Occupation oriented	1,649	1,646	1,630	16
Sports oriented	672,906	671,440	664,926	6,514
Co-curricular activities	55,075	54,955	54,422	533
Capital outlay	1,240	1,237	1,225	12
Total expenditures	<u>38,280,706</u>	<u>38,197,328</u>	<u>37,826,760</u>	<u>370,568</u>
Excess (deficiency) of revenues over expenditures	<u>(3,825,496)</u>	<u>(1,207,221)</u>	<u>(750,432)</u>	<u>456,789</u>
Other financing sources (uses)				
Gain (loss) on sale of assets	-	27,363	27,363	-
Advances in	-	46,572	46,572	-
Refund of prior year expenditures	-	42,768	42,768	-
Transfers-out	-	(21,850)	(21,850)	-
Advances out	-	(63,028)	(63,028)	-
Total other financing sources (uses)	<u>-</u>	<u>31,825</u>	<u>31,825</u>	<u>-</u>
Net change in fund balance	<u>(3,825,496)</u>	<u>(1,175,396)</u>	<u>(718,607)</u>	<u>456,789</u>
Prior year encumbrances	1,880,942	1,880,942	1,880,942	-
Fund balances, beginning of year	14,931,313	14,931,313	14,931,313	-
Fund balances, end of year	<u>\$ 12,986,759</u>	<u>\$ 15,636,859</u>	<u>\$ 16,093,648</u>	<u>\$ 456,789</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, 2010

	<u>Self Insurance</u>
Assets	
Current assets	
Equity in pooled cash	\$ 4,441,700
Accrued interest receivable	<u>2,113</u>
Total assets	<u>4,443,813</u>
Liabilities	
Current liabilities	
Claims payable	<u>338,400</u>
Total liabilities	<u>338,400</u>
Net assets	
Unrestricted	<u>\$ 4,105,413</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, 2010

	<u>Self Insurance</u>
Operating revenues	
Charges for services	<u>\$ 4,023,173</u>
Operating expenses	
Purchased services	397,732
Claims	<u>3,167,831</u>
Total operating expenses	<u>3,565,563</u>
Operating income	<u>457,610</u>
Nonoperating revenues	
Interest income	<u>34,167</u>
Change in net assets	491,777
Net assets, beginning of year	<u>3,613,636</u>
Net assets, end of year	<u>\$ 4,105,413</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, 2010

	<u>Self Insurance</u>
Cash flows from operating activities	
Cash received from interfund services	\$ 4,021,035
Cash payments for claims	(3,117,888)
Cash payments for goods and services	(397,732)
Cash received from other sources	2,138
Net cash provided by operating activities	<u>507,553</u>
Cash flows from investing activities	
Interest income	36,482
Net cash provided by investing activities	<u>36,482</u>
Net increase in cash and cash equivalents	544,035
Cash and cash equivalents, beginning of year	<u>3,897,665</u>
Cash and cash equivalents, end of year	<u>\$ 4,441,700</u>
Reconciliation of operating income to net cash provided by operating activities:	
Operating income	<u>\$ 457,610</u>
Adjustments	
Increase in claims payable	<u>49,943</u>
Total adjustments	<u>49,943</u>
Net cash provided by operating activities	<u>\$ 507,553</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, 2010

Assets	
Equity in pooled cash	\$ 81,171
Total assets	<u>\$ 81,171</u>
Liabilities	
Accounts payable	\$ 788
Due to students	77,478
Due to others	<u>2,905</u>
Total liabilities	<u>\$ 81,171</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, 2010

NOTE 1 SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

A. REPORTING ENTITY

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

The School District is located in Avon Lake, Lorain County, Ohio, and includes an area extending roughly twelve square miles around the City. It is staffed by 223 non-certified personnel, 230 certified full-time teaching personnel, and 16 administrative employees to provide services to 3,689 students and other community members. The School District operates 4 elementary schools (K-4), 1 intermediate school (5-6), 1 middle school (7-8), and 1 high school (9-12).

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

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

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

B. BASIS OF PRESENTATION

The financial statements of the School District have been prepared in conformity with generally accepted accounting principles (GAAP) as applied to governmental units. The Governmental Accounting Standards Board (GASB) is the accepted standard-setting body for establishing governmental accounting and financial reporting principles. The School District also applies Financial Accounting Standards Board (FASB) statements and interpretations issued on or before November 30, 1989, to its governmental activities and to its Internal Service Fund unless those pronouncements conflict with or contradict GASB pronouncements. The more significant of the School District's accounting policies are described below.

AVON LAKE CITY SCHOOL DISTRICT
LORAIN COUNTY
NOTES TO THE BASIC FINANCIAL STATEMENTS
FOR THE YEAR ENDED JUNE 30, 2010
(CONTINUED)

NOTE 1 - SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (continued)

B. BASIS OF PRESENTATION (continued)

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

Government-wide Financial Statements

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

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

Fund Financial Statements

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

C. FUND ACCOUNTING

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

Governmental Funds

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

AVON LAKE CITY SCHOOL DISTRICT
LORAIN COUNTY
NOTES TO THE BASIC FINANCIAL STATEMENTS
FOR THE YEAR ENDED JUNE 30, 2010
(CONTINUED)

NOTE 1 - SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (continued)

C. FUND ACCOUNTING (continued)

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

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

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

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

Proprietary Fund Type

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

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

Fiduciary Fund Type

Fiduciary fund reporting focuses on net assets and changes in net assets. The fiduciary fund category is split into four classifications: pension trust funds, investment trust funds, private-purpose trust funds, and agency funds. Trust funds are used to account for assets held by the School District under a trust agreement for individuals, private organizations, or other governments and are therefore not available to support the School District's own programs. The School District has no trust funds. Agency funds are custodial in nature (assets equal liabilities) and do not involve measurement of results of operations. The School District's agency funds report resources that belong to the student bodies of the various schools and staff services outside the scope of normal operations.

D. MEASUREMENT FOCUS

Government-wide Financial Statements - The government-wide financial statements are prepared using the economic resources measurement focus. All assets and all liabilities associated with the operation of the School District are included on the statement of net assets. The statement of activities presents increases (i.e., revenues) and decreases (i.e., expenses) in total net assets.

AVON LAKE CITY SCHOOL DISTRICT
LORAIN COUNTY
NOTES TO THE BASIC FINANCIAL STATEMENTS
FOR THE YEAR ENDED JUNE 30, 2010
(CONTINUED)

NOTE 1 - SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (continued)

D. MEASUREMENT FOCUS (continued)

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

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

E. BASIS OF ACCOUNTING

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

Revenues - Exchange and Non-exchange Transactions

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

Non-exchange transactions, in which the School District receives value without directly giving equal value in return, include property taxes, grants, entitlements, and donations. On an accrual basis, revenue from property taxes is recognized in the fiscal year for which the taxes are levied (See Note 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, 2010
(CONTINUED)

NOTE 1 - SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (continued)

E. BASIS OF ACCOUNTING (continued)

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

Unearned Revenue

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

Property taxes for which there is an enforceable legal claim as of June 30, 2010, but which were levied to finance fiscal year 2011 operations, have been recorded as unearned revenue. Grants and entitlements received before eligibility requirements are met are also recorded as unearned revenue.

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

Expenses/Expenditures

On the accrual basis of accounting, expenses are recognized when they are incurred.

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

F. BUDGETARY PROCESS

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

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

AVON LAKE CITY SCHOOL DISTRICT
LORAIN COUNTY
NOTES TO THE BASIC FINANCIAL STATEMENTS
FOR THE YEAR ENDED JUNE 30, 2010
(CONTINUED)

NOTE 1 - SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (continued)

F. BUDGETARY PROCESS (continued)

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

G. CASH AND CASH EQUIVALENTS

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

During fiscal year 2010, investments were limited to repurchase agreements, Federal Home Loan Bank Bonds, Federal National Mortgage Association Notes, Commercial Paper and STAR Ohio.

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

STAR Ohio is an investment pool managed by the State Treasurer's Office which allows governments within the State to pool their funds for investment purposes. STAR Ohio is not registered with the SEC as an investment company, but does operate in a manner consistent with Rule 2a7 of the Investment Company Act of 1940. Investments in STAR Ohio are valued at STAR Ohio's share price, which is the price the investment could be sold for on June 30, 2010.

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 2010 amounted to \$ 295,798, which includes interest allocated from other funds of \$ 192,513.

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

H. RESTRICTED ASSETS

Assets are reported as restricted when limitations on their use change in nature or normal understanding of the availability of the asset. Such constraints are either imposed by creditors, contributors, grantors, or laws of other governments or imposed by enabling legislation. Restricted assets in the General Fund include amounts required by State statute to be set-aside for the creation of a reserve for budget stabilization. See Note 20 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, 2010
(CONTINUED)

NOTE 1 - SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (continued)

I. PREPAID ITEMS

Payments made to vendors for services that will benefit periods beyond June 30, 2010, are reported as prepaid items using the consumption method. A current asset for the prepaid amount is recorded at the time of the purchase and an expenditure/expense is reported in the year in which services are consumed.

J. INVENTORY

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

K. CAPITAL ASSETS

All capital assets of the School District are classified as general capital assets. These assets generally result from expenditures in the governmental funds. They are reported in the governmental activities column of the government-wide statement of net assets but are not reported in the fund financial statements.

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

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

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

AVON LAKE CITY SCHOOL DISTRICT
LORAIN COUNTY
NOTES TO THE BASIC FINANCIAL STATEMENTS
FOR THE YEAR ENDED JUNE 30, 2010
(CONTINUED)

NOTE 1 - SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (continued)

L. INTERFUND BALANCES

On the fund financial statements, receivables and payables resulting from short-term interfund loans and unpaid amounts for interfund services are classified as "interfund receivables/payables". Interfund loans which do not represent available expendable resources are offset by a fund balance reserve account. Interfund balance amounts are eliminated in the statement of net assets.

M. COMPENSATED ABSENCES

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

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

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

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

N. ACCRUED LIABILITIES AND LONG-TERM OBLIGATIONS

All payables, accrued liabilities, and long-term obligations are reported in the government-wide financial statements, and all payables, accrued liabilities and long-term obligations payable from the Internal Service Fund are reported on the Internal Service Fund financial statements.

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

O. NET ASSETS

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

The government-wide statement of net assets reports \$ 16,700,773 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, 2010
(CONTINUED)

NOTE 1 - SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (continued)

P. 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, 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.

Q. OPERATING REVENUES AND EXPENSES

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

R. EXTRAORDINARY AND SPECIAL ITEMS

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

S. ESTIMATES

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

NOTE 2 – CHANGE IN ACCOUNTING PRINCIPLES

For fiscal year 2010, the School District has implemented Governmental Accounting Standard Board (GASB) Statement No. 51, "Accounting and Reporting for Intangible Assets", Statement No. 53, "Accounting and Financial Reporting for Derivative Instruments", Statement No. 57, "OPEB Measurements by Agent Employers and Agent Multiple - Employer Plans", and Statement No. 58, "Accounting and Financial Reporting for Chapter 9 Bankruptcies".

GASB Statement No. 51 establishes accounting and financial reporting requirements for intangible assets to reduce inconsistencies thereby enhancing the comparability of accounting and financial reporting of such assets among state and local governments. The implementation of this statement did not result in any change to the School District's financial statements.

GASB Statement No. 53 enhances the usefulness and comparability of derivative instrument information reported by state and local governments. This Statement provides a comprehensive framework for the measurement, recognition, and disclosure of derivative instrument transactions. The implementation of this statement did not result in any change to the School District's financial statements.

AVON LAKE CITY SCHOOL DISTRICT
LORAIN COUNTY
NOTES TO THE BASIC FINANCIAL STATEMENTS
FOR THE YEAR ENDED JUNE 30, 2010
(CONTINUED)

NOTE 2 – CHANGE IN ACCOUNTING PRINCIPLES (continued)

GASB Statement No. 57 addresses issues related to the use of the alternative measurement method and the frequency and timing of measurements by employers that participate in agent multiple-employer other postemployment benefit (OPEB) plans (that is, agent employers). The requirements in this Statement will allow more agent employers to use the alternative measurement method to produce actuarially based information for purposes of financial reporting and clarify that OPEB measures reported by agent multiple-employer OPEB plans and their participating employers should be determined at the same minimum frequency and as of a common date to improve the consistency of reporting with regard to funded status and funding progress information. The implementation of this statement did not result in any change in the School District's financial statements.

GASB Statement No. 58 provides accounting and financial reporting guidance for governments that have petitioned for protection from creditors by filing for bankruptcy under Chapter 9 of the United States Bankruptcy Code. The requirements in this Statement will provide more consistent recognition, measurement, display, and disclosure guidance for governments that file for Chapter 9 bankruptcy. The implementation of this statement did not result in any change in the School District's financial statements.

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	\$ (718,607)
Adjustments, increase (decrease)	
Revenue accruals	(495,085)
Expenditure accruals	(381,190)
Encumbrances	1,581,007
GAAP basis, as reported	\$ (13,875)

AVON LAKE CITY SCHOOL DISTRICT
LORAIN COUNTY
NOTES TO THE BASIC FINANCIAL STATEMENTS
FOR THE YEAR ENDED JUNE 30, 2010
(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, 2010
(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 \$ 16,557 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 \$ 33,270,176 and the bank balance was \$ 33,870,482. Of the bank balance, \$ 15,507,544 was covered by federal depository insurance and \$ 18,362,938 was uninsured. Of the remaining balance, \$ 28,665,620 was collateralized with securities held by the pledging institution's trust department not in the District's name. Although the securities were held by the pledging financial institutions' trust department and all statutory requirements for the deposit of money had been followed, noncompliance with Federal requirements could potentially subject the District to a successful claim by the FDIC.

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

AVON LAKE CITY SCHOOL DISTRICT
LORAIN COUNTY
NOTES TO THE BASIC FINANCIAL STATEMENTS
FOR THE YEAR ENDED JUNE 30, 2010
(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, 2010, the District had the following investments:

	Fair Value	Percentage of Investments	Investment Maturities
Commercial paper	\$ 5,986,469	98.5%	6 months or less
STAR Ohio	92,293	1.5%	n/a
	\$ 6,078,762	100.00%	

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, 2010 the District's investment in Star Ohio was rated AAAM by Standard & Poor's. The investments in commercial paper were rated A1+/P1 by Moody's / Standard & Poor's as of June 30, 2010.

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 District fiscal year runs from July through June. First half tax collections are received by the District in the second half of the fiscal year. Second half tax distributions occur in the first half of the following fiscal year.

Property taxes include amounts levied against all real, public utility and tangible personal property (used in business) located in the District. Real property tax revenue received in calendar 2010 represents collections of calendar year 2009 taxes. Real property taxes received in calendar year 2010 were levied after April 1, 2009, on the assessed value listed as of January 1, 2009, the lien date. Assessed values for real property taxes are established by State law at 35 percent of appraised market value. Real property taxes are payable annually or semi-annually. If paid annually, payment is due December 31; if paid semi-annually, the first payment is due December 31 with the remainder payable by June 20. Under certain circumstances, State statute permits alternate payment dates to be established.

Public utility property tax revenue received in calendar 2010 represents collections of calendar year 2009 taxes. Public utility real and tangible personal property taxes received in calendar year 2010 became a lien December 31, 2008, were levied after April 1, 2009 and are collected in 2010 with real property taxes. Public utility real property is assessed at 35 percent of true value; public utility tangible personal property currently is assessed at varying percentages of true value.

AVON LAKE CITY SCHOOL DISTRICT
LORAIN COUNTY
NOTES TO THE BASIC FINANCIAL STATEMENTS
FOR THE YEAR ENDED JUNE 30, 2010
(CONTINUED)

NOTE 5 - PROPERTY TAXES (continued)

Tangible personal property tax revenue received during calendar 2010 (other than public utility property tax) represents the collection of 2010 taxes levied against local and inter-exchange telephone companies. Tangible personal property tax on business inventory, manufacturing machinery and equipment, furniture and fixtures is no longer levied and collected. Tangible personal property taxes received from telephone companies in calendar year 2010 were levied after October 1, 2009, on the value as of December 31, 2009. Payments by multi-county taxpayers are due September 20. Single county taxpayers may pay annually or semi-annually. If paid annually, payment is due April 30; if paid semi-annually, the first payment is due April 30, with the remainder payable by September 20. Tangible personal property taxes paid by April 30 are usually received by the District prior to June 30; however, this year the settlement was late.

The District receives property taxes from Cuyahoga County. The County Auditor periodically advances to the District its portion of the taxes collected. Second-half real property tax payments collected by the County by June 30, 2010, are available to finance fiscal year 2010 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, 2010 and for which there is an enforceable legal claim. Although total property tax collections for the next fiscal year are measurable, only the late settlement of tangible personal property taxes and the amount of real property taxes available as an advance at June 30 was levied to finance current fiscal year operations and is reported as revenue at fiscal year end. The portion of the receivable not levied to finance current fiscal year operations is offset by a credit to deferred revenue.

The amount available as an advance at June 30, 2010 was \$ 1,171,396 in the General Fund, \$ 199,116 in the Bond Retirement Debt Service Fund, \$ 60,169 in the Library Bond Retirement Debt Service Fund and \$ 25,793 in the Permanent Improvements Capital Projects Fund. The amount available as an advance at June 30, 2009, was \$ 1,440,261 in the General Fund, \$ 192,351 in the Bond Retirement Debt Service Fund, \$ 78,195 in the Library Bond Retirement Debt Service Fund and \$ 34,231 in the Permanent Improvements Capital Projects Fund.

On a full accrual basis, collectible delinquent property taxes have been recorded as a receivable and revenue, while on a modified accrual basis the revenue has been deferred.

The assessed values upon which the fiscal year 2010 taxes were collected are:

	2009 Second Half Collections		2010 First Half Collections	
	Amount	%	Amount	%
Agricultural/ Residential and Other Real Estate	\$ 784,317,250	90.89 %	\$ 760,700,870	93.04 %
Public Utility Personal	78,262,550	9.07	56,540,920	6.92
Tangible Personal Property	357,129	0.04	348,889	0.04
	<u>\$ 862,936,929</u>	<u>100.00 %</u>	<u>\$ 817,590,679</u>	<u>100.00 %</u>
 Tax Rate per \$ 1,000 of Assessed Valuation:	 <u>\$ 63.89</u>		 <u>\$ 66.03</u>	

AVON LAKE CITY SCHOOL DISTRICT
LORAIN COUNTY
NOTES TO THE BASIC FINANCIAL STATEMENTS
FOR THE YEAR ENDED JUNE 30, 2010
(CONTINUED)

NOTE 6 - RECEIVABLES

Receivables at June 30, 2010, consisted of property taxes, accounts and other, intergovernmental receivables, 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.

The detail of intergovernmental receivables follows:

<u>Personal property reimbursement</u>	<u>Amount</u>
General Fund	\$ 3,437,611
Bond Retirement Fund	153,585
Library Bond Retirement Fund	120,367
Permanent Improvements Fund	100,306
Total Intergovernmental Receivable	<u>\$ 3,811,869</u>

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 \$ 21,850 and \$ 200,000, respectively.

NOTE 8 - CAPITAL ASSETS

Capital asset activity for the fiscal year ended June 30, 2010, was as follows:

<u>Governmental Activities</u>	<u>Balance June 30, 2009</u>	<u>Additions</u>	<u>Disposals</u>	<u>Balance June 30, 2010</u>
Nondepreciable capital assets				
Land	\$ 5,656,440	\$ 117,387	\$ -	\$ 5,773,827
Construction in process	-	1,949,888	-	1,949,888
	<u>5,656,440</u>	<u>2,067,275</u>	<u>-</u>	<u>7,723,715</u>
Depreciable capital assets				
Land improvements	2,083,052	-	-	2,083,052
Buildings and improvements	60,854,092	62,230	-	60,916,322
Furniture and equipment	11,467,461	222,372	698,481	10,991,352
Vehicles	1,797,895	307,394	65,922	2,039,367
Total capital assets being depreciated	<u>76,202,500</u>	<u>591,996</u>	<u>764,403</u>	<u>76,030,093</u>
Less accumulated depreciation				
Land improvements	959,779	83,619	-	1,043,398
Buildings and improvements	22,200,276	1,711,025	-	23,911,301
Furniture and equipment	8,961,644	771,683	619,870	9,113,457
Vehicles	1,148,527	137,647	65,922	1,220,252
Total accumulated depreciation	<u>33,270,226</u>	<u>2,703,974</u>	<u>685,792</u>	<u>35,288,408</u>
Depreciable capital assets, net of accumulated depreciation	<u>42,932,274</u>	<u>(2,111,978)</u>	<u>78,611</u>	<u>40,741,685</u>
Governmental activities capital assets, net	<u>\$ 48,588,714</u>	<u>\$ (44,703)</u>	<u>\$ 78,611</u>	<u>\$ 48,465,400</u>

AVON LAKE CITY SCHOOL DISTRICT
LORAIN COUNTY
NOTES TO THE BASIC FINANCIAL STATEMENTS
FOR THE YEAR ENDED JUNE 30, 2010
(CONTINUED)

NOTE 8 - CAPITAL ASSETS (continued)

Depreciation expense was charged to governmental activities as follows:

Instruction	
Regular	\$ 1,952,902
Supporting services	
Administration	203,892
Fiscal	620
Business	298,018
Operation and maintenance of plant	42,735
Pupil transportation	138,388
Operation of non-instructional services	
Food service	52,059
Extracurricular activities	
Sports oriented	15,360
Total depreciation expense	<u>\$ 2,703,974</u>

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 2010 the School District contracted with Indiana Insurance Company for property insurance. Professional liability is protected by the Hylant Group Insurance Company with a \$ 4,000,000 aggregate limit. Vehicles are covered by the Hylant Group Insurance Company and hold a \$ 250 deductible for comprehensive and \$ 500 deductible for collision. Automobile liability has a \$ 3,000,000 combined single limit of liability.

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

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

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

AVON LAKE CITY SCHOOL DISTRICT
LORAIN COUNTY
NOTES TO THE BASIC FINANCIAL STATEMENTS
FOR THE YEAR ENDED JUNE 30, 2010
(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. One covered individual met the stop-loss limit in fiscal year 2010.

The claims liability of \$ 338,400 reported in the Internal Service Fund at June 30, 2010, 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 2010 and 2009 were:

	<u>June 30, 2010</u>	<u>June 30, 2009</u>
Unpaid claims, beginning of year	\$ 288,457	\$ 573,200
Incurred claims	3,167,831	2,377,175
Paid claims	<u>(3,117,888)</u>	<u>(2,661,918)</u>
Unpaid claims, end of year	<u>\$ 338,400</u>	<u>\$ 288,457</u>

AVON LAKE CITY SCHOOL DISTRICT
LORAIN COUNTY
NOTES TO THE BASIC FINANCIAL STATEMENTS
FOR THE YEAR ENDED JUNE 30, 2010
(CONTINUED)

NOTE 10 - DEFINED BENEFIT PENSION PLANS

A. SCHOOL EMPLOYEE RETIREMENT SYSTEM

Plan Description – The District contributes to the School Employees Retirement System (SERS), a cost-sharing multiple employer 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.

Funding Policy – 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 District rate is 14 percent of annual covered payroll. A portion of the District's contribution is used to fund pension obligations with the remainder being used to fund health care benefits; for fiscal year 2010, 12.78 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 by the SERS' Retirement Board up to statutory maximum amount of 10 percent for plan members and 14 percent for employers. Chapter 3309 of the Ohio Revised Code provides statutory authority for member and employer contributions. The District's required contributions for pension obligations to SERS for the fiscal years ended June 30, 2010, 2009, and 2008 were \$ 759,519, \$ 495,564 and \$ 486,887, respectively; 17.67 percent has been contributed for fiscal year 2010 and 100 percent has been contributed for fiscal year 2009 and 2008.

B. STATE TEACHERS RETIREMENT SYSTEM

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

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's lifetime contributions and earned interest matched by STRS Ohio funds divided by 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 member may elect to receive a lifetime monthly annuity or a lump sum withdrawal. 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. The DB portion of the Combined Plan payment is payable to a member on or after age 60; the DC portion of the account may be taken as a lump sum or converted to a lifetime monthly annuity at age 50. 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, 2010
(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 of 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 of the DC Plan dies before retirement benefits begin, the member's designated beneficiary is entitled to receive the member's account balance.

Funding Policy - For the fiscal year ended June 30, 2010, 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. For fiscal year 2009, the portion used to fund pension obligations was also 13 percent. 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 District's required contributions for pension obligations to STRS Ohio for the fiscal years ended June 30, 2010, 2009, and 2008 were \$ 2,277,435, \$ 2,132,033, and \$ 2,078,683, respectively; 83.3 percent has been contributed for fiscal year 2010 and 100 percent for fiscal years 2009 and 2008.

C. SOCIAL SECURITY SYSTEM

Effective July 1, 1991, all employees not otherwise covered by the School Employees Retirement System or the State Teachers Retirement System of Ohio have an option to choose Social Security or the School Employees Retirement System. As of June 30, 2010, one member of the Board of Education have elected Social Security. The Board's liability is 6.2 percent of wages.

NOTE 11 - POSTEMPLOYMENT BENEFITS

A. SCHOOL EMPLOYEE RETIREMENT SYSTEM

Plan Description – The District participates in two cost-sharing multiple employer defined benefit OPEB plans administrated by the School Employees Retirement System for non-certificated retirees and their beneficiaries, a Health Care Plan and a Medicare Part B Plan. The Health Care Plan includes hospitalization and physicians' fees through several types of plans including HMO's, PPO's and traditional indemnity plans as well as a prescription drug program. The Medicare Part B Plan reimburses Medicare Part B premiums paid by eligible retirees and beneficiaries up to a statutory limit. Benefit provisions and the obligations to contribute are established by the System based on authority granted by State statute. The financial reports of both Plans are included in the SERS Comprehensive Annual Financial Report which is available by contacting SERS at 300 Broad St., Suite 100, Columbus, Ohio 43215-3746.

Funding Policy - State statute permits SERS to fund the health care benefits through employer contributions. Each year, after the allocation for statutorily required benefits, the Retirement Board allocates the remainder of the employer contribution of 14 percent of covered payroll to the Health Care Fund. The Health Care Fund was established and is administered in accordance with Internal Revenue Code Section 401h. For 2010, .76 percent of covered payroll was allocated to health care. In addition, employers pay a surcharge for employees earning less than an actuarially determined amount; for 2010, this amount was \$ 35,800. During fiscal year 2010, the School District paid \$ 78,288 in surcharge.

AVON LAKE CITY SCHOOL DISTRICT
LORAIN COUNTY
NOTES TO THE BASIC FINANCIAL STATEMENTS
FOR THE YEAR ENDED JUNE 30, 2010
(CONTINUED)

NOTE 11 - POSTEMPLOYMENT BENEFITS (continued)

A. SCHOOL EMPLOYEE RETIREMENT SYSTEM (continued)

Active employee members do not contribute to the Health Care Plan. Retirees and their beneficiaries are required to pay a health care premium that varies depending on the plan selected, the number of qualified years of service, Medicare eligibility and retirement status.

The School District's contributions for health care for the fiscal years ended June 30, 2010, 2009, and 2008 were \$ 108,096, \$ 226,791, and \$ 248,488, respectively; 17.67 percent has been contributed for fiscal years 2010 and 100 percent for fiscal years 2009 and 2008.

The Retirement Board, acting with advice of the actuary, allocates a portion of the employer contribution to the Medicare B Fund. For 2010, this actuarially required allocation was 0.76 percent of covered payroll. The School District's contributions for Medicare Part B for the fiscal years ended June 30, 2010, 2009, and 2008, were \$ 45,309, \$ 40,888, and \$ 36,144 respectively; 17.67 percent has been contribution for fiscal year 2010 and 100 percent for fiscal years 2009 and 2008.

B. STATE TEACHERS RETIREMENT SYSTEM

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

Funding Policy – Ohio law authorizes STRS Ohio to offer the Plan and gives the Retirement Board authority over how much, if any, of the health care costs will be absorbed by STRS Ohio. Active employee members do not contribute to the Plan. All benefit recipients pay a monthly premium. Under Ohio law, funding for postemployment health care may be deducted from employer contributions. For 2010, STRS Ohio allocated employer contributions equal to 1 percent of covered payroll to the Health Care Stabilization Fund. The District's contributions for health care for the fiscal years ended June 30, 2010, 2009, and 2008 were \$ 175,187, \$ 164,000, and \$ 159,899 respectively; 83.3 percent has been contributed for fiscal year 2010 and 100 percent for fiscal years 2009 and 2008.

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, 2010
(CONTINUED)

NOTE 13 – NOTES PAYABLE

Notes payable during the year consisted of the following bond anticipation notes:

	Principal Outstanding 6/30/2009	Additions	Reductions	Principal Outstanding 6/30/2010
Short-term note payable Building improvements fund, 1.00%, issued 12/30/2009, due 5/12/2010	\$ -	\$ 15,000,000	\$ 15,000,000	\$ -
Long-term note payable 1.25%, issued 5/11/2010, due 8/11/2010	-	15,000,000	-	15,000,000
Total governmental activities	\$ -	\$ 30,000,000	\$ 15,000,000	\$ 15,000,000

The outstanding bond anticipation note of \$ 15,000,000 is excluded from current liabilities and reported as a long-term obligation, because after June 30, 2010, a long-term obligation was issued for the purpose of refinancing the note on a long-term basis. The terms of the long-term bonds are disclosed in more detail in Note 22.

NOTE 14 - 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	\$ 799,217	\$ 295,481	\$ 503,736

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, 2010.

	Year ending June 30,	Amount
	2011	\$ 242,238
	2012	143,237
	2013	8,443
Total minimum lease payments		393,918
Less amount representing interest		15,702
Net present value of minimum lease payments		<u>\$ 378,216</u>

AVON LAKE CITY SCHOOL DISTRICT
LORAIN COUNTY
NOTES TO THE BASIC FINANCIAL STATEMENTS
FOR THE YEAR ENDED JUNE 30, 2010
(CONTINUED)

NOTE 15 - LONG-TERM OBLIGATIONS

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

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

In 2005, the 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, 2010, \$ 35,330,000 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, 2010
(CONTINUED)

NOTE 15 - LONG-TERM OBLIGATIONS (continued)

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

	Principal Outstanding 6/30/2009	Additions	Reductions	Principal Outstanding 6/30/2010	Due in 1 year
General obligation bonds					
Refunding bonds - 2004					
Term and serial bonds	\$ 2,295,000	\$ -	\$ -	\$ 2,295,000	\$ 375,000
Capital appreciation bonds	201,143	-	201,143	-	-
Accretion on capital appreciation bonds	156,273	17,584	173,857	-	-
Refunding bonds - 2005					
Serial bonds	31,460,000	-	280,000	31,180,000	285,000
Capital appreciation bonds	584,950	-	-	584,950	-
Accretion on capital appreciation bonds	877,535	373,760	-	1,251,295	-
School Facilities					
Capital appreciation bonds	649,977	-	254,733	395,244	214,549
Accretion on capital appreciation bonds	3,414,625	180,050	-	3,594,675	-
Total general obligation bonds	<u>39,639,503</u>	<u>571,394</u>	<u>909,733</u>	<u>39,301,164</u>	<u>874,549</u>
Bond anticipation note	-	15,000,000	-	15,000,000	15,000,000
Energy conservation notes					
Serial notes	630,000	-	200,000	430,000	210,000
Capital leases	561,902	28,668	212,354	378,216	229,699
Compensated absences	<u>3,207,889</u>	<u>1,172,403</u>	<u>565,297</u>	<u>3,814,995</u>	<u>713,692</u>
Total governmental activities	<u>\$ 44,039,294</u>	<u>\$ 16,772,465</u>	<u>\$ 1,887,384</u>	<u>\$ 58,924,375</u>	<u>\$ 17,027,940</u>

AVON LAKE CITY SCHOOL DISTRICT
LORAIN COUNTY
NOTES TO THE BASIC FINANCIAL STATEMENTS
FOR THE YEAR ENDED JUNE 30, 2010
(CONTINUED)

NOTE 15 - LONG-TERM OBLIGATIONS (continued)

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

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

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

School Facilities General Obligation Bonds –

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

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

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

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

The capital appreciation bonds will mature in fiscal years 2009 through 2011. The final amount of the bonds is \$ 4,395,000. In fiscal year 2010, \$ 180,050 was accreted for a total bond obligation of \$ 3,594,675.

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, 2010
(CONTINUED)

NOTE 15 - 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:

<u>Year</u>	<u>Principal Amount to be Redeemed</u>
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:

<u>Year</u>	<u>Principal Amount to be Redeemed</u>
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 \$ 24,190,891 and the unvoted legal debt margin was \$ 817,591 at June 30, 2010. Principal and interest requirements to retire long-term obligations outstanding at June 30, 2010, are as follows:

<u>Year ending June 30,</u>	<u>General Obligation Bonds</u>		<u>Capital Appreciation Bonds</u>	
	<u>Principal</u>	<u>Interest</u>	<u>Principal</u>	<u>Interest</u>
2011	\$ 660,000	\$ 1,524,738	\$ 214,549	\$ 1,252,451
2012	685,000	1,502,163	180,694	1,284,306
2013	410,000	54,975	325,610	2,871,641
2014	420,000	38,375	259,341	2,937,910
2015	1,870,000	1,410,921	-	-
2016-2020	10,775,000	5,631,087	-	-
2021-2025	12,685,000	2,982,088	-	-
2026-2027	5,970,000	279,400	-	-
	<u>\$ 33,475,000</u>	<u>\$ 13,423,747</u>	<u>\$ 980,194</u>	<u>\$ 8,346,308</u>

AVON LAKE CITY SCHOOL DISTRICT
LORAIN COUNTY
NOTES TO THE BASIC FINANCIAL STATEMENTS
FOR THE YEAR ENDED JUNE 30, 2010
(CONTINUED)

NOTE 15 - LONG-TERM OBLIGATIONS (continued)

Year ending June 30,	Bond Anticipation Note		Energy Conservation Notes		Total	
	Principal	Interest	Principal	Interest	Principal	Interest
2011	\$ 15,000,000	\$ 46,924	\$ 210,000	\$ 13,545	\$ 16,084,549	\$ 2,837,658
2012	-	-	220,000	4,620	1,085,694	2,791,089
2013	-	-	-	-	735,610	2,926,616
2014	-	-	-	-	679,341	2,976,285
2015	-	-	-	-	1,870,000	1,410,921
2016-2020	-	-	-	-	10,775,000	5,631,087
2021-2025	-	-	-	-	12,685,000	2,982,088
2026-2027	-	-	-	-	5,970,000	279,400
	<u>\$ 15,000,000</u>	<u>\$ 46,924</u>	<u>\$ 430,000</u>	<u>\$ 18,165</u>	<u>\$ 49,885,194</u>	<u>\$ 21,835,144</u>

NOTE 16 - JOINTLY GOVERNED ORGANIZATIONS

A. LAKE ERIE EDUCATIONAL COMPUTER ASSOCIATION (LEECA)

The Lake Erie Educational Computer Association (LEECA) is a jointly governed organization among thirty-one school districts. The organization was formed for the purpose of applying modern technology with the aid of computers and other electronic equipment to administrative and instructional functions among member 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 \$ 52,066 for services during fiscal year 2010. Financial information can be obtained by contacting the Treasurer at the Educational Service Center at the Lorain County Board of Education, who serves as the fiscal agent, at 1885 Lake Avenue, Elyria, Ohio, 44035.

B. LAKE ERIE REGIONAL COUNCIL OF GOVERNMENTS (LERC)

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

The LERC assembly consists of a superintendent or designated representative from each participating school district and the fiscal agent. LERC is governed by a Board of Directors chosen from the general membership. The degree of control exercised by any participating school district is limited to its representation on the Board. In fiscal year 2010 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.

AVON LAKE CITY SCHOOL DISTRICT
LORAIN COUNTY
NOTES TO THE BASIC FINANCIAL STATEMENTS
FOR THE YEAR ENDED JUNE 30, 2010
(CONTINUED)

NOTE 16 - JOINTLY GOVERNED ORGANIZATIONS (continued)

C. LORAIN COUNTY JOINT VOCATIONAL SCHOOL DISTRICT

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

D. OHIO SCHOOLS COUNCIL ASSOCIATION

The Ohio Schools Council Association (Council) is a jointly governed organization among 126 school districts. The organization was formed to purchase quality products and services at the lowest possible cost to the member districts. Each district supports the Council by paying an annual participation fee. The Council's Board consists of nine 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 2010, the School District paid \$ 861 to the Council. Financial information can be obtained by contacting David A. Cottrell, the Executive Director/Treasurer of the Ohio Schools Council at 6133 Rockside Road, Suite 10, Independence, Ohio, 44131.

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

Prepaid/Natural Gas Program

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

NOTE 17 - 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.

AVON LAKE CITY SCHOOL DISTRICT
LORAIN COUNTY
NOTES TO THE BASIC FINANCIAL STATEMENTS
FOR THE YEAR ENDED JUNE 30, 2010
(CONTINUED)

NOTE 18 – 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 2010, expenditures for operating leases totaled \$ 108,113.

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, 2010.

	Year ending June 30,	Amount
	2011	\$ 182,847
	2012	90,026
	2013	74,734
Total minimum lease payments		<u>\$ 347,607</u>

NOTE 19 - 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, 2010.

NOTE 20 - 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, 2010, 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, 2009	\$ (1,779,559)	\$ 113,990	\$ -
Current year set-aside requirements	597,690	-	597,690
Qualifying disbursements	(876,283)	-	(2,178,245)
Total	<u>\$ (2,058,152)</u>	<u>\$ 113,990</u>	<u>\$ (1,580,555)</u>
Set-aside balance carried forward to future fiscal years	<u>\$ (2,058,152)</u>	<u>\$ -</u>	<u>\$ -</u>
Set-aside reserve balance as of June 30, 2010	<u>\$ -</u>	<u>\$ 113,990</u>	<u>\$ -</u>

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

AVON LAKE CITY SCHOOL DISTRICT
LORAIN COUNTY
NOTES TO THE BASIC FINANCIAL STATEMENTS
FOR THE YEAR ENDED JUNE 30, 2010
(CONTINUED)

NOTE 21 – CONTRACTUAL COMMITMENTS

As of June 30, 2010, the District had contractual commitments as follows:

<u>Project</u>	<u>Project Authorization</u>	<u>Expended to Date</u>	<u>Outstanding Commitments</u>
Classroom improvements	\$ 9,317,150	\$ 579,185	\$ 8,737,965
Stadium improvements	5,239,113	2,045,206	3,193,907
	<u>\$ 14,556,263</u>	<u>\$ 2,624,391</u>	<u>\$ 11,931,872</u>

NOTE 22 – SUBSEQUENT EVENTS

On July 29, 2010, the School District issued \$ 18,495,866 in voted general obligation bonds for the following purposes: (i) constructing, improving, furnishing, and equipping school facilities, with related site improvements and appurtenances thereto; and (ii) constructing, improving, furnishing, and equipping a high school athletics stadium, with related site improvements and appurtenances thereto; constructing, furnishing, and equipping a transportation facility, with related site improvements and appurtenances thereto; and acquiring interests in land necessary in connection therewith (collectively, the Project), and (iii) retiring outstanding bond anticipation notes of the School District previously issued for the purpose of funding the Project. The bond issue included serial, term and capital appreciation bonds in the amount of \$ 14,025,000, \$ 3,780,000 and \$ 690,866, respectively. The bonds will be retired with a voted property tax levy from the Debt Service Fund.

Combining
and
Individual Fund Statements
and Schedules

Fund Descriptions – Nonmajor Governmental Funds

Nonmajor Special Revenue Funds

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

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

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.

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

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

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

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

(continued)

Fund Descriptions – Nonmajor Governmental Funds

Nonmajor Special Revenue Funds (continued)

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

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.

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

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

Nonmajor Debt Service Fund

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

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

Nonmajor Capital Projects Funds

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

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

AVON LAKE CITY SCHOOL DISTRICT
 COMBINING BALANCE SHEET
 NONMAJOR GOVERNMENTAL FUNDS
 JUNE 30, 2010

	Nonmajor Special Revenue Funds	Nonmajor Debt Service Fund	Nonmajor Capital Projects Fund	Total Nonmajor Governmental Funds
Assets				
Equity in pooled cash	\$ 948,391	\$ 398,768	\$ 284,407	\$ 1,631,566
Receivables, net of allowance				
Taxes, current	-	1,224,466	554,980	1,779,446
Taxes, delinquent	-	22,400	14,000	36,400
Intergovernmental receivable	-	120,367	100,306	220,673
Inventories and supplies	12,286	-	-	12,286
Total assets	\$ 960,677	\$ 1,766,001	\$ 953,693	\$ 3,680,371
Liabilities and fund balances				
Liabilities				
Accounts and contracts payable	\$ 27,640	\$ -	\$ 26,494	\$ 54,134
Accrued wages and benefits	67,174	-	-	67,174
Intergovernmental payable	15,045	-	-	15,045
Interfund payable	16,456	-	-	16,456
Unearned revenue	18,994	1,307,064	643,493	1,969,551
Total liabilities	145,309	1,307,064	669,987	2,122,360
Fund balances				
Reserved for inventories and supplies	12,286	-	-	12,286
Reserved for encumbrances	115,414	-	73,238	188,652
Reserved for property taxes	-	60,169	25,793	85,962
Unreserved	687,668	398,768	184,675	1,271,111
Total fund balances	815,368	458,937	283,706	1,558,011
Total liabilities and fund balances	\$ 960,677	\$ 1,766,001	\$ 953,693	\$ 3,680,371

AVON LAKE CITY SCHOOL DISTRICT
 COMBINING STATEMENT OF REVENUES, EXPENDITURES AND CHANGES IN FUND BALANCES
 NONMAJOR GOVERNMENTAL FUNDS
 FOR THE YEAR ENDED JUNE 30, 2010

	Nonmajor Special Funds	Nonmajor Debt Service Fund	Nonmajor Capital Projects Fund	Total Nonmajor Governmental Funds
Revenues				
Taxes	\$ -	\$ 220,775	\$ 570,820	\$ 791,595
Tuition and fees	38,310	-	-	38,310
Interest	436	-	-	436
Intergovernmental	1,720,085	46,982	229,872	1,996,939
Extracurricular	380,392	-	-	380,392
Charges for services	1,053,176	-	-	1,053,176
Other	247,724	-	-	247,724
Total revenues	3,440,123	267,757	800,692	4,508,572
Expenditures				
Current				
Instruction				
Regular	84,654	-	158,543	243,197
Special	492,713	-	-	492,713
Other instruction	12,689	-	-	12,689
Supporting services				
Pupil	536,865	-	-	536,865
Instructional staff	57,643	-	-	57,643
Administration	41,875	-	-	41,875
Fiscal services	-	3,621	10,345	13,966
Operation and maintenance	131,641	-	109,213	240,854
Pupil transportation	57,274	-	208,693	265,967
Central services	1,186	-	-	1,186
Operation of non-instructional services				
Food service operation	1,198,927	-	-	1,198,927
Community services	214,858	-	-	214,858
Extracurricular activities	369,533	-	-	369,533
Capital outlay	18,316	-	148,721	167,037
Debt service				
Principal	-	147,504	-	147,504
Interest	-	172,008	-	172,008
Total expenditures	3,218,174	323,133	635,515	4,176,822
Excess (deficiency) of revenues over expenditures	221,949	(55,376)	165,177	331,750
Other financing sources (uses)				
Transfers-out	-	-	(200,000)	(200,000)
Total other financing sources (uses)	-	-	(200,000)	(200,000)
Net change in fund balances	221,949	(55,376)	(34,823)	131,750
Fund balances, beginning of year	593,419	514,313	318,529	1,426,261
Fund balances, end of year	\$ 815,368	\$ 458,937	\$ 283,706	\$ 1,558,011

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AVON LAKE CITY SCHOOL DISTRICT
 COMBINING BALANCE SHEET
 NONMAJOR SPECIAL REVENUE FUNDS
 JUNE 30, 2010

	Food Service	Scholarship	Michael Baumhauer Scholarship	Adult Education
Assets				
Equity in pooled cash	\$ 330,256	\$ 50,735	\$ 14,005	\$ 5,495
Inventories and supplies	12,286	-	-	-
Total assets	<u>\$ 342,542</u>	<u>\$ 50,735</u>	<u>\$ 14,005</u>	<u>\$ 5,495</u>
Liabilities and fund balances				
Liabilities				
Accounts and contracts payable	\$ -	\$ -	\$ -	\$ -
Accrued wages and benefits	47,502	-	-	-
Intergovernmental payable	14,412	-	-	-
Interfund payable	-	-	-	-
Unearned revenue	18,994	-	-	-
Total liabilities	<u>80,908</u>	<u>-</u>	<u>-</u>	<u>-</u>
Fund balances				
Reserved for inventories and supplies	12,286	-	-	-
Reserved for encumbrances	17,398	-	-	-
Unreserved	231,950	50,735	14,005	5,495
Total fund balances	<u>261,634</u>	<u>50,735</u>	<u>14,005</u>	<u>5,495</u>
Total liabilities and fund balances	<u>\$ 342,542</u>	<u>\$ 50,735</u>	<u>\$ 14,005</u>	<u>\$ 5,495</u>

Public School Support	Local Grants	Athletics	Auxiliary Services	Management Information Systems	Data Communications
\$ 123,640	\$ 178,898	\$ 151,492	\$ 60,469	\$ -	\$ -
-	-	-	-	-	-
<u>\$ 123,640</u>	<u>\$ 178,898</u>	<u>\$ 151,492</u>	<u>\$ 60,469</u>	<u>\$ -</u>	<u>\$ -</u>
\$ 3,020	\$ 523	\$ 17,315	\$ 6,782	\$ -	\$ -
-	-	-	19,048	-	-
-	-	-	525	-	-
-	-	-	-	-	-
-	-	-	-	-	-
<u>3,020</u>	<u>523</u>	<u>17,315</u>	<u>26,355</u>	<u>-</u>	<u>-</u>
-	-	-	-	-	-
5,782	11,438	32,657	15,681	-	-
<u>114,838</u>	<u>166,937</u>	<u>101,520</u>	<u>18,433</u>	<u>-</u>	<u>-</u>
<u>120,620</u>	<u>178,375</u>	<u>134,177</u>	<u>34,114</u>	<u>-</u>	<u>-</u>
<u>\$ 123,640</u>	<u>\$ 178,898</u>	<u>\$ 151,492</u>	<u>\$ 60,469</u>	<u>\$ -</u>	<u>\$ -</u>

(continued)

AVON LAKE CITY SCHOOL DISTRICT
 COMBINING BALANCE SHEET
 NONMAJOR SPECIAL REVENUE FUNDS
 JUNE 30, 2010
 (CONCLUDED)

	Alternative Schools	Title VI-B	Fiscal Stabilization	Title I
Assets				
Equity in pooled cash	\$ -	\$ 32,458	\$ -	\$ -
Inventories and supplies	-	-	-	-
Total assets	\$ -	\$ 32,458	\$ -	\$ -
Liabilities and fund balances				
Liabilities				
Accounts and contracts payable	\$ -	\$ -	\$ -	\$ -
Accrued wages and benefits	-	624	-	-
Intergovernmental payable	-	108	-	-
Interfund payable	-	16,456	-	-
Unearned revenue	-	-	-	-
Total liabilities	-	17,188	-	-
Fund balances				
Reserved for inventories and supplies	-	-	-	-
Reserved for encumbrances	-	32,458	-	-
Unreserved	-	(17,188)	-	-
Total fund balances	-	15,270	-	-
Total liabilities and fund balances	\$ -	\$ 32,458	\$ -	\$ -

Drug Free Schools	Early Childhood Education Development	Title II-A	Miscellaneous Federal Grants	Total Nonmajor Special Revenue Funds
\$ -	\$ -	\$ -	\$ 943	\$ 948,391
-	-	-	-	12,286
<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ 943</u>	<u>\$ 960,677</u>
\$ -	\$ -	\$ -	\$ -	\$ 27,640
-	-	-	-	67,174
-	-	-	-	15,045
-	-	-	-	16,456
-	-	-	-	18,994
<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>145,309</u>
-	-	-	-	12,286
-	-	-	-	115,414
-	-	-	943	687,668
-	-	-	943	815,368
<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ 943</u>	<u>\$ 960,677</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, 2010

	Food Service	Scholarship	Michael Baumhauer Scholarship	Adult Education
Revenues				
Tuition and fees	\$ -	\$ -	\$ -	\$ -
Interest	315	52	13	-
Intergovernmental	257,968	-	-	-
Extracurricular	-	-	-	-
Charges for services	1,053,176	-	-	-
Other	15,437	23,488	950	-
Total revenues	1,326,896	23,540	963	-
Expenditures				
Current				
Instruction				
Regular	-	-	-	-
Special	-	-	-	-
Other instruction	-	-	-	-
Supporting services				
Pupil	-	-	-	-
Instructional staff	-	-	-	-
Administration	-	-	-	-
Operation and maintenance	-	-	-	-
Pupil transportation	-	-	-	-
Central services	-	-	-	-
Operation of non-instructional services				
Food service operation	1,198,452	-	-	-
Community services	-	11,641	1,000	-
Extracurricular activities	-	-	-	-
Capital outlay	-	-	-	-
Total expenditures	1,198,452	11,641	1,000	-
Excess (deficiency) of revenues over expenditures	128,444	11,899	(37)	-
Other financing sources (uses)				
Transfers-out	-	-	-	-
Total other financing sources (uses)	-	-	-	-
Net change in fund balances	128,444	11,899	(37)	-
Fund balances, beginning of year	133,190	38,836	14,042	5,495
Fund balances, end of year	\$ 261,634	\$ 50,735	\$ 14,005	\$ 5,495

Public School Support	Local Grants	Athletics	Auxiliary Services	Management Information Systems	Data Communications
\$ 16,155	\$ 22,155	\$ -	\$ -	\$ -	\$ -
-	-	-	56	-	-
-	-	-	191,040	6,940	16,004
44,704	-	335,688	-	-	-
-	-	-	-	-	-
110,857	72,906	24,086	-	-	-
<u>171,716</u>	<u>95,061</u>	<u>359,774</u>	<u>191,096</u>	<u>6,940</u>	<u>16,004</u>
1,100	27,480	-	-	-	-
23,137	-	-	-	-	-
-	-	-	-	-	-
134,378	-	-	-	-	-
5,809	-	-	-	-	16,004
-	-	-	-	6,940	-
-	-	-	-	-	-
-	-	-	-	-	-
1,186	-	-	-	-	-
-	-	-	-	-	-
-	-	-	171,380	-	-
13,531	10,374	345,628	-	-	-
-	18,316	-	-	-	-
<u>179,141</u>	<u>56,170</u>	<u>345,628</u>	<u>171,380</u>	<u>6,940</u>	<u>16,004</u>
<u>(7,425)</u>	<u>38,891</u>	<u>14,146</u>	<u>19,716</u>	<u>-</u>	<u>-</u>
-	-	-	-	-	-
-	-	-	-	-	-
(7,425)	38,891	14,146	19,716	-	-
<u>128,045</u>	<u>139,484</u>	<u>120,031</u>	<u>14,398</u>	<u>-</u>	<u>-</u>
<u>\$ 120,620</u>	<u>\$ 178,375</u>	<u>\$ 134,177</u>	<u>\$ 34,114</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, 2010

(CONCLUDED)

	Alternative Schools	Title VI-B	Fiscal Stabilization	Title I
Revenues				
Tuition and fees	\$ -	\$ -	\$ -	\$ -
Interest	-	-	-	-
Intergovernmental	23,535	835,821	141,648	122,686
Extracurricular	-	-	-	-
Charges for services	-	-	-	-
Other	-	-	-	-
Total revenues	23,535	835,821	141,648	122,686
Expenditures				
Current				
Instruction				
Regular	-	-	-	-
Special	22,636	303,342	-	119,455
Other instruction	-	-	12,689	-
Supporting services				
Pupil	899	397,565	-	-
Instructional staff	-	-	-	-
Administration	-	34,935	-	-
Operation and maintenance	-	-	128,959	-
Pupil transportation	-	57,274	-	-
Central services	-	-	-	-
Operation of non-instructional services				
Food service operation	-	-	-	-
Community services	-	27,333	-	3,231
Extracurricular activities	-	-	-	-
Capital outlay	-	-	-	-
Total expenditures	23,535	820,449	141,648	122,686
Excess (deficiency) of revenues over expenditures	-	15,372	-	-
Other financing sources (uses)				
Transfers-out	-	-	-	-
Total other financing sources (uses)	-	-	-	-
Net change in fund balances	-	15,372	-	-
Fund balances, beginning of year	-	(102)	-	-
Fund balances, end of year	\$ -	\$ 15,270	\$ -	\$ -

Drug Free Schools	Early Childhood Education Development	Title II-A	Miscellaneous Federal Grants	Total Nonmajor Special Revenue Funds
\$ -	\$ -	\$ -	\$ -	\$ 38,310
-	-	-	-	436
6,705	41,031	73,608	3,099	1,720,085
-	-	-	-	380,392
-	-	-	-	1,053,176
-	-	-	-	247,724
<u>6,705</u>	<u>41,031</u>	<u>73,608</u>	<u>3,099</u>	<u>3,440,123</u>
-	-	55,492	582	84,654
-	24,143	-	-	492,713
-	-	-	-	12,689
4,023	-	-	-	536,865
-	16,888	18,116	826	57,643
-	-	-	-	41,875
2,682	-	-	-	131,641
-	-	-	-	57,274
-	-	-	-	1,186
-	-	-	475	1,198,927
-	-	-	273	214,858
-	-	-	-	369,533
-	-	-	-	18,316
<u>6,705</u>	<u>41,031</u>	<u>73,608</u>	<u>2,156</u>	<u>3,218,174</u>
-	-	-	943	221,949
-	-	-	-	-
-	-	-	-	-
-	-	-	943	221,949
-	-	-	-	593,419
<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ 943</u>	<u>\$ 815,368</u>

Fund Descriptions

Agency Funds

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

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

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

AVON LAKE CITY SCHOOL DISTRICT
 COMBINING STATEMENT OF CHANGES IN ASSETS AND LIABILITIES
 ALL AGENCY FUNDS
 FOR THE YEAR ENDED JUNE 30, 2010

	Student Activities Fund			
	Beginning Balance	Additions	Deductions	Ending Balance
	June 30, 2009			June 30, 2010
Assets				
Equity in pooled cash	\$ 67,662	\$ 236,825	\$ 226,221	\$ 78,266
Total assets	<u>\$ 67,662</u>	<u>\$ 236,825</u>	<u>\$ 226,221</u>	<u>\$ 78,266</u>
Liabilities				
Accounts payable	\$ 3,735	\$ 788	\$ 3,735	\$ 788
Due to students	63,927	236,037	222,486	77,478
Total liabilities	<u>\$ 67,662</u>	<u>\$ 236,825</u>	<u>\$ 226,221</u>	<u>\$ 78,266</u>

	Staff Services Fund			
	Beginning Balance	Additions	Deductions	Ending Balance
	June 30, 2009			June 30, 2010
Assets				
Equity in pooled cash	\$ 2,589	\$ 1,930	\$ 1,614	\$ 2,905
Total assets	<u>\$ 2,589</u>	<u>\$ 1,930</u>	<u>\$ 1,614</u>	<u>\$ 2,905</u>
Liabilities				
Accounts payable	40	\$ -	\$ 40	-
Due to others	2,549	1,930	1,574	2,905
Total liabilities	<u>\$ 2,589</u>	<u>\$ 1,930</u>	<u>\$ 1,614</u>	<u>\$ 2,905</u>

	Total Agency Funds			
	Beginning Balance	Additions	Deductions	Ending Balance
	June 30, 2009			June 30, 2010
Assets				
Equity in pooled cash	\$ 70,251	\$ 238,755	\$ 227,835	\$ 81,171
Total assets	<u>70,251</u>	<u>238,755</u>	<u>227,835</u>	<u>81,171</u>
Liabilities				
Accounts payable	\$ 3,775	\$ 788	\$ 3,775	\$ 788
Due to students	63,927	236,037	222,486	77,478
Due to others	2,549	1,930	1,574	2,905
Total liabilities	<u>\$ 70,251</u>	<u>\$ 238,755</u>	<u>\$ 227,835</u>	<u>\$ 81,171</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, 2010

	General Fund			Variance with Final Budget Positive (Negative)
	Budget Amounts		Actual	
	Original	Final		
Revenues				
Taxes	\$ 23,789,015	\$ 25,539,192	\$ 25,598,722	\$ 59,530
Tuition and fees	766,775	823,187	825,106	1,919
Interest	384,084	412,341	413,302	961
Intergovernmental	9,431,847	10,125,756	10,149,358	23,602
Miscellaneous	83,489	89,631	89,840	209
Total revenues	<u>34,455,210</u>	<u>36,990,107</u>	<u>37,076,328</u>	<u>86,221</u>
Expenditures				
Current				
Instruction				
Regular				
Salaries	12,610,651	12,583,184	12,461,109	122,075
Benefits	4,437,523	4,427,858	4,384,902	42,956
Purchased services	1,035,770	1,033,514	1,023,487	10,027
Materials and supplies	699,459	697,936	691,165	6,771
Capital outlay	47,288	47,185	46,727	458
Total regular	<u>18,830,691</u>	<u>18,789,677</u>	<u>18,607,390</u>	<u>182,287</u>
Special				
Salaries	1,838,205	1,834,201	1,816,407	17,794
Benefits	586,430	585,153	579,476	5,677
Purchased services	23,838	23,786	23,555	231
Materials and supplies	32,669	32,598	32,282	316
Capital outlay	161	161	159	2
Total special	<u>2,481,303</u>	<u>2,475,899</u>	<u>2,451,879</u>	<u>24,020</u>
Vocational				
Salaries	158,482	158,137	156,603	1,534
Benefits	52,623	52,508	51,999	509
Purchased services	1,012	1,010	1,000	10
Total vocational	<u>212,117</u>	<u>211,655</u>	<u>209,602</u>	<u>2,053</u>
Adult/continuing				
Salaries	17,145	17,108	16,942	166
Benefits	2,325	2,320	2,297	23
Materials and supplies	6	6	6	-
Total adult/continuing	<u>19,476</u>	<u>19,434</u>	<u>19,245</u>	<u>189</u>
Other				
Salaries	106,201	105,970	104,942	1,028
Benefits	22,176	22,128	21,913	215
Purchased services	494,763	493,685	488,896	4,789
Other	547,650	546,457	541,156	5,301
Total other instruction	<u>1,170,790</u>	<u>1,168,240</u>	<u>1,156,907</u>	<u>11,333</u>
Total instruction	<u>22,714,377</u>	<u>22,664,905</u>	<u>22,445,023</u>	<u>219,882</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, 2010

	General Fund			Variance with Final Budget Positive (Negative)
	Budget Amounts		Actual	
	Original	Final		
Supporting services				
Pupil				
Salaries	2,012,255	2,007,872	1,988,393	19,479
Benefits	430,634	429,696	425,527	4,169
Purchased services	234,471	233,960	231,690	2,270
Materials and supplies	59,114	58,985	58,413	572
Capital outlay	181	181	179	2
Total pupil	<u>2,736,655</u>	<u>2,730,694</u>	<u>2,704,202</u>	<u>26,492</u>
Instructional staff				
Salaries	601,511	600,201	594,378	5,823
Benefits	200,413	199,976	198,036	1,940
Purchased services	18,807	18,766	18,584	182
Materials and supplies	66,514	66,369	65,725	644
Capital outlay	810	808	800	8
Total instructional staff	<u>888,055</u>	<u>886,120</u>	<u>877,523</u>	<u>8,597</u>
Board of education				
Salaries	7,590	7,573	7,500	73
Benefits	1,168	1,165	1,154	11
Purchased services	7,321	7,305	7,234	71
Other	7,320	7,304	7,233	71
Total business	<u>23,399</u>	<u>23,347</u>	<u>23,121</u>	<u>226</u>
Administration				
Salaries	2,000,834	1,996,476	1,977,107	19,369
Benefits	786,628	784,915	777,300	7,615
Purchased services	399,552	398,682	394,814	3,868
Materials and supplies	34,927	34,851	34,513	338
Capital outlay	38,346	38,262	37,891	371
Other	41,067	40,978	40,580	398
Total administration	<u>3,301,354</u>	<u>3,294,164</u>	<u>3,262,205</u>	<u>31,959</u>
Fiscal				
Salaries	325,057	324,349	321,202	3,147
Benefits	129,780	129,497	128,241	1,256
Purchased services	39,326	39,240	38,859	381
Materials and supplies	6,195	6,182	6,122	60
Capital outlay	2,813	2,807	2,780	27
Other	544,332	543,146	537,877	5,269
Total fiscal	<u>1,047,503</u>	<u>1,045,221</u>	<u>1,035,081</u>	<u>10,140</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, 2010

	General Fund			Variance with Final Budget Positive (Negative)
	Budget Amounts		Actual	
	Original	Final		
Business				
Salaries	71,794	71,638	70,943	695
Benefits	31,715	31,646	31,339	307
Purchased services	15,091	15,058	14,912	146
Capital outlay	4,277	4,268	4,227	41
Total fiscal	<u>122,877</u>	<u>122,610</u>	<u>121,421</u>	<u>1,189</u>
Operation and maintenance				
Salaries	1,725,911	1,722,152	1,705,445	16,707
Benefits	585,018	583,744	578,081	5,663
Purchased services	2,237,369	2,232,496	2,210,838	21,658
Materials and supplies	440,901	439,941	435,673	4,268
Capital outlay	58,328	58,201	57,636	565
Other	1,012	1,010	1,000	10
Total operation and maintenance	<u>5,048,539</u>	<u>5,037,544</u>	<u>4,988,673</u>	<u>48,871</u>
Pupil transportation				
Salaries	942,730	940,677	931,551	9,126
Benefits	229,456	228,956	226,735	2,221
Purchased services	67,239	67,093	66,442	651
Materials and supplies	166,913	166,549	164,933	1,616
Other	429	428	424	4
Total pupil transportation	<u>1,406,767</u>	<u>1,403,703</u>	<u>1,390,085</u>	<u>13,618</u>
Central services				
Salaries	10,133	10,111	10,013	98
Purchased services	147,356	147,035	145,609	1,426
Capital outlay	4,484	4,474	4,431	43
Total central services	<u>161,973</u>	<u>161,620</u>	<u>160,053</u>	<u>1,567</u>
Total supporting services	<u>14,737,122</u>	<u>14,705,023</u>	<u>14,562,364</u>	<u>142,659</u>
Extracurricular activities				
Academic and subject oriented				
Salaries	70,728	70,574	69,889	685
Benefits	15,113	15,080	14,934	146
Purchased services	3,978	3,969	3,930	39
Materials and supplies	8,518	8,499	8,417	82
Total academic and subject oriented	<u>98,337</u>	<u>98,122</u>	<u>97,170</u>	<u>952</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, 2010

	(Concluded)		General Fund		Variance with Final Budget Positive (Negative)
	Budget Amounts		Actual		
	Original	Final			
Occupation oriented					
Salaries	1,450	1,447	1,433		14
Benefits	199	199	197		2
Total occupation oriented	<u>1,649</u>	<u>1,646</u>	<u>1,630</u>		<u>16</u>
Sports oriented					
Salaries	533,361	532,199	527,036		5,163
Benefits	106,648	106,416	105,384		1,032
Purchased services	32,391	32,320	32,006		314
Other	506	505	500		5
Total sports oriented	<u>672,906</u>	<u>671,440</u>	<u>664,926</u>		<u>6,514</u>
Co-curricular activities					
Salaries	48,336	48,231	47,763		468
Benefits	6,739	6,724	6,659		65
Total co-curricular activities	<u>55,075</u>	<u>54,955</u>	<u>54,422</u>		<u>533</u>
Total extracurricular activities	<u>827,967</u>	<u>826,163</u>	<u>818,148</u>		<u>8,015</u>
Capital outlay	<u>1,240</u>	<u>1,237</u>	<u>1,225</u>		<u>12</u>
Total expenditures	<u>38,280,706</u>	<u>38,197,328</u>	<u>37,826,760</u>		<u>370,568</u>
Excess (deficiency) of revenues over expenditures	<u>(3,825,496)</u>	<u>(1,207,221)</u>	<u>(750,432)</u>		<u>456,789</u>
Other financing sources (uses)					
Gain (loss) on sale of assets	-	27,363	27,363		-
Advances in	-	46,572	46,572		-
Refund of prior year expenditures	-	42,768	42,768		-
Transfers-out	-	(21,850)	(21,850)		-
Advances out	-	(63,028)	(63,028)		-
Total other financing sources (uses)	<u>-</u>	<u>31,825</u>	<u>31,825</u>		<u>-</u>
Net change in fund balance	(3,825,496)	(1,175,396)	(718,607)		456,789
Prior year encumbrances	1,880,942	1,880,942	1,880,942		-
Fund balances, beginning of year	<u>14,931,313</u>	<u>14,931,313</u>	<u>14,931,313</u>		<u>-</u>
Fund balances, end of year	<u>\$ 12,986,759</u>	<u>\$ 15,636,859</u>	<u>\$ 16,093,648</u>		<u>\$ 456,789</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, 2010

	Bond Retirement Fund			Variance with Final Budget Positive (Negative)
	Budget Amounts		Actual	
	Original	Final		
Total revenues and other sources	\$ 3,645,100	\$ 19,180,625	\$ 19,172,942	\$ (7,683)
Total expenditures and other uses	3,313,389	18,713,389	18,675,723	37,666
Net change in fund balance	331,711	467,236	497,219	29,983
Prior year encumbrances	-	-	-	-
Fund balances, beginning of year	3,092,803	3,092,803	3,092,803	-
Fund balances, end of year	<u>\$ 3,424,514</u>	<u>\$ 3,560,039</u>	<u>\$ 3,590,022</u>	<u>\$ 29,983</u>

	Building Improvements Fund			Variance with Final Budget Positive (Negative)
	Budget Amounts		Actual	
	Original	Final		
Total revenues and other sources	\$ 4,000	\$ 15,018,283	\$ 15,019,568	\$ 1,285
Total expenditures and other uses	173,464	15,193,182	15,193,182	-
Net change in fund balance	(169,464)	(174,899)	(173,614)	1,285
Prior year encumbrances	73,464	73,464	73,464	-
Fund balances, beginning of year	101,621	101,621	101,621	-
Fund balances, end of year	<u>\$ 5,621</u>	<u>\$ 186</u>	<u>\$ 1,471</u>	<u>\$ 1,285</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, 2010

	Food Service Fund			Variance with Final Budget Positive (Negative)
	Budget Amounts		Actual	
	Original	Final		
Total revenues and other sources	\$ 1,192,000	\$ 1,296,766	\$ 1,297,279	\$ 513
Total expenditures and other uses	987,330	1,327,330	1,179,633	147,697
Net change in fund balance	204,670	(30,564)	117,646	148,210
Prior year encumbrances	49,235	49,235	49,235	-
Fund balances, beginning of year	145,976	145,976	145,976	-
Fund balances, end of year	<u>\$ 399,881</u>	<u>\$ 164,647</u>	<u>\$ 312,857</u>	<u>\$ 148,210</u>

	Scholarship Fund			Variance with Final Budget Positive (Negative)
	Budget Amounts		Actual	
	Original	Final		
Total revenues and other sources	\$ 8,000	\$ 23,536	\$ 23,540	\$ 4
Total expenditures and other uses	2,000	18,000	11,641	6,359
Net change in fund balance	6,000	5,536	11,899	6,363
Prior year encumbrances	-	-	-	-
Fund balances, beginning of year	38,836	38,836	38,836	-
Fund balances, end of year	<u>\$ 44,836</u>	<u>\$ 44,372</u>	<u>\$ 50,735</u>	<u>\$ 6,363</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, 2010

	Michael Baumhauer Scholarship Fund			Variance with Final Budget Positive (Negative)
	Budget Amounts		Actual	
	Original	Final		
Total revenues and other sources	\$ 8,000	\$ 963	\$ 963	\$ -
Total expenditures and other uses	825	1,025	1,000	25
Net change in fund balance	7,175	(62)	(37)	25
Prior year encumbrances	-	-	-	-
Fund balances, beginning of year	14,042	14,042	14,042	-
Fund balances, end of year	<u>\$ 21,217</u>	<u>\$ 13,980</u>	<u>\$ 14,005</u>	<u>\$ 25</u>

	Adult Education Fund			Variance with Final Budget Positive (Negative)
	Budget Amounts		Actual	
	Original	Final		
Total revenues and other sources	\$ 1,000	\$ -	\$ -	\$ -
Total expenditures and other uses	1,000	1,000	-	1,000
Net change in fund balance	-	(1,000)	-	1,000
Prior year encumbrances	-	-	-	-
Fund balances, beginning of year	5,495	5,495	5,495	-
Fund balances, end of year	<u>\$ 5,495</u>	<u>\$ 4,495</u>	<u>\$ 5,495</u>	<u>\$ 1,000</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, 2010

	Public School Support Fund			Variance with Final Budget Positive (Negative)
	Budget Amounts		Actual	
	Original	Final		
Total revenues and other sources	\$ 142,000	\$ 171,644	\$ 171,716	\$ 72
Total expenditures and other uses	125,028	205,028	186,922	18,106
Net change in fund balance	16,972	(33,384)	(15,206)	18,178
Prior year encumbrances	11,527	11,527	11,527	-
Fund balances, beginning of year	118,806	118,806	118,806	-
Fund balances, end of year	<u>\$ 147,305</u>	<u>\$ 96,949</u>	<u>\$ 115,127</u>	<u>\$ 18,178</u>

	Local Grants Fund			Variance with Final Budget Positive (Negative)
	Budget Amounts		Actual	
	Original	Final		
Total revenues and other sources	\$ 110,000	\$ 97,440	\$ 97,475	\$ 35
Total expenditures and other uses	65,776	82,212	77,165	5,047
Net change in fund balance	44,224	15,228	20,310	5,082
Prior year encumbrances	24,234	24,234	24,234	-
Fund balances, beginning of year	122,417	122,417	122,417	-
Fund balances, end of year	<u>\$ 190,875</u>	<u>\$ 161,879</u>	<u>\$ 166,961</u>	<u>\$ 5,082</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, 2010

	Athletics Fund			Variance with Final Budget Positive (Negative)
	Budget Amounts		Actual	
	Original	Final		
Total revenues and other sources	\$ 325,000	\$ 353,123	\$ 359,799	\$ 6,676
Total expenditures and other uses	323,604	403,604	381,988	21,616
Net change in fund balance	1,396	(50,481)	(22,189)	28,292
Prior year encumbrances	40,168	40,168	40,168	-
Fund balances, beginning of year	84,732	84,732	84,732	-
Fund balances, end of year	<u>\$ 126,296</u>	<u>\$ 74,419</u>	<u>\$ 102,711</u>	<u>\$ 28,292</u>

	Auxiliary Services Fund			Variance with Final Budget Positive (Negative)
	Budget Amounts		Actual	
	Original	Final		
Total revenues and other sources	\$ 216,000	\$ 191,096	\$ 191,096	\$ -
Total expenditures and other uses	210,002	204,246	191,447	12,799
Net change in fund balance	5,998	(13,150)	(351)	12,799
Prior year encumbrances	13,206	13,206	13,206	-
Fund balances, beginning of year	25,151	25,151	25,151	-
Fund balances, end of year	<u>\$ 44,355</u>	<u>\$ 25,207</u>	<u>\$ 38,006</u>	<u>\$ 12,799</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, 2010

	Management Information Systems Fund			Variance with Final Budget Positive (Negative)
	Budget Amounts		Actual	
	Original	Final		
Total revenues and other sources	\$ 2,796	\$ 6,940	\$ 6,940	\$ -
Total expenditures and other uses	2,796	6,940	6,940	-
Net change in fund balance	-	-	-	-
Prior year encumbrances	-	-	-	-
Fund balances, beginning of year	-	-	-	-
Fund balances, end of year	\$ -	\$ -	\$ -	\$ -

	Data Communications Fund			Variance with Final Budget Positive (Negative)
	Budget Amounts		Actual	
	Original	Final		
Total revenues and other sources	\$ 14,000	\$ 16,004	\$ 16,004	\$ -
Total expenditures and other uses	14,000	16,004	16,004	-
Net change in fund balance	-	-	-	-
Prior year encumbrances	-	-	-	-
Fund balances, beginning of year	-	-	-	-
Fund balances, end of year	\$ -	\$ -	\$ -	\$ -

AVON LAKE CITY SCHOOL DISTRICT
SCHEDULE OF REVENUES, EXPENDITURES AND CHANGES
IN FUND BALANCE – BUDGET (NON-GAAP) BASIS AND ACTUAL
FOR THE YEAR ENDED JUNE 30, 2010

	Alternative Schools Fund			Variance with Final Budget Positive (Negative)
	Budget Amounts		Actual	
	Original	Final		
Total revenues and other sources	\$ 61,405	\$ 23,535	\$ 23,535	\$ -
Total expenditures and other uses	23,405	23,535	23,535	-
Net change in fund balance	38,000	-	-	-
Prior year encumbrances	-	-	-	-
Fund balances, beginning of year	-	-	-	-
Fund balances, end of year	<u>\$ 38,000</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>

	Title VI-B Fund			Variance with Final Budget Positive (Negative)
	Budget Amounts		Actual	
	Original	Final		
Total revenues and other sources	\$ 2,032,691	\$ 852,277	\$ 852,277	\$ -
Total expenditures and other uses	1,313,691	852,277	852,277	-
Net change in fund balance	719,000	-	-	-
Prior year encumbrances	-	-	-	-
Fund balances, beginning of year	-	-	-	-
Fund balances, end of year	<u>\$ 719,000</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, 2010

	Fiscal Stabilization Fund			Variance with Final Budget Positive (Negative)
	Budget Amounts		Actual	
	Original	Final		
Total revenues and other sources	\$ 66,221	\$ 141,649	\$ 141,649	\$ -
Total expenditures and other uses	66,221	141,649	141,649	-
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>

	Title I Fund			Variance with Final Budget Positive (Negative)
	Budget Amounts		Actual	
	Original	Final		
Total revenues and other sources	\$ 246,951	\$ 122,686	\$ 122,686	\$ -
Total expenditures and other uses	121,951	122,686	122,686	-
Net change in fund balance	125,000	-	-	-
Prior year encumbrances	-	-	-	-
Fund balances, beginning of year	-	-	-	-
Fund balances, end of year	<u>\$ 125,000</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, 2010

	Drug Free Schools Fund			Variance with Final Budget Positive (Negative)
	Budget Amounts		Actual	
	Original	Final		
Total revenues and other sources	\$ 12,705	\$ 6,705	\$ 6,705	\$ -
Total expenditures and other uses	6,705	6,705	6,705	-
Net change in fund balance	6,000	-	-	-
Prior year encumbrances	-	-	-	-
Fund balances, beginning of year	-	-	-	-
Fund balances, end of year	<u>\$ 6,000</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>

	Early Childhood Education Development Fund			Variance with Final Budget Positive (Negative)
	Budget Amounts		Actual	
	Original	Final		
Total revenues and other sources	\$ 41,888	\$ 41,031	\$ 41,031	\$ -
Total expenditures and other uses	41,031	41,031	41,031	-
Net change in fund balance	857	-	-	-
Prior year encumbrances	-	-	-	-
Fund balances, beginning of year	-	-	-	-
Fund balances, end of year	<u>\$ 857</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, 2010

	Title II-A Fund			Variance with Final Budget Positive (Negative)
	Budget Amounts		Actual	
	Original	Final		
Total revenues and other sources	\$ 151,489	\$ 73,608	\$ 73,608	\$ -
Total expenditures and other uses	73,989	73,608	73,608	-
Net change in fund balance	77,500	-	-	-
Prior year encumbrances	-	-	-	-
Fund balances, beginning of year	-	-	-	-
Fund balances, end of year	<u>\$ 77,500</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>

	Miscellaneous Federal Grants Fund			Variance with Final Budget Positive (Negative)
	Budget Amounts		Actual	
	Original	Final		
Total revenues and other sources	\$ 2,592	\$ 3,099	\$ 3,099	\$ -
Total expenditures and other uses	1,092	3,099	2,156	943
Net change in fund balance	1,500	-	943	943
Prior year encumbrances	-	-	-	-
Fund balances, beginning of year	-	-	-	-
Fund balances, end of year	<u>\$ 1,500</u>	<u>\$ -</u>	<u>\$ 943</u>	<u>\$ 943</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, 2010

	Library Bond Retirement Fund			Variance with Final Budget Positive (Negative)
	Budget Amounts		Actual	
	Original	Final		
Total revenues and other sources	\$ 278,100	\$ 278,100	\$ 285,783	\$ 7,683
Total expenditures and other uses	324,913	324,913	323,134	1,779
Net change in fund balance	(46,813)	(46,813)	(37,351)	9,462
Prior year encumbrances	-	-	-	-
Fund balances, beginning of year	436,119	436,119	436,119	-
Fund balances, end of year	<u>\$ 389,306</u>	<u>\$ 389,306</u>	<u>\$ 398,768</u>	<u>\$ 9,462</u>

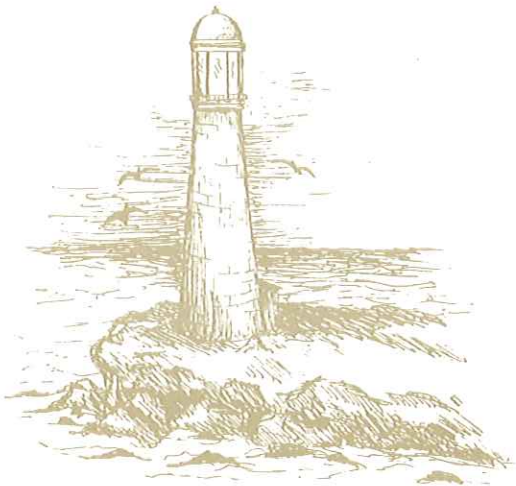
	Permanent Improvements Fund			Variance with Final Budget Positive (Negative)
	Budget Amounts		Actual	
	Original	Final		
Total revenues and other sources	\$ 767,606	\$ 855,494	\$ 855,494	\$ -
Total expenditures and other uses	732,058	967,058	966,203	855
Net change in fund balance	35,548	(111,564)	(110,709)	855
Prior year encumbrances	52,058	52,058	52,058	-
Fund balances, beginning of year	264,431	264,431	264,431	-
Fund balances, end of year	<u>\$ 352,037</u>	<u>\$ 204,925</u>	<u>\$ 205,780</u>	<u>\$ 855</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, 2010

	Self Insurance Fund			Variance with Final Budget Positive (Negative)
	Budget Amounts		Actual	
	Original	Final		
Total revenues and other sources	\$ 2,999,500	\$ 3,703,814	\$ 4,059,655	\$ 355,841
Total expenditures and other uses	3,275,804	3,891,139	3,817,613	73,526
Net change in fund balance	(276,304)	(187,325)	242,042	429,367
Prior year encumbrances	196,804	196,804	196,804	-
Fund balances, beginning of year	3,700,861	3,700,861	3,700,861	-
Fund balances, end of year	<u>\$ 3,621,361</u>	<u>\$ 3,710,340</u>	<u>\$ 4,139,707</u>	<u>\$ 429,367</u>

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Statistical Section



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 EIGHT FISCAL YEARS
(ACCRUAL BASIS OF ACCOUNTING)

	2010	2009	2008	2007	2006	2005	2004	2003
Governmental activities								
Invested in capital assets, net of related debt	\$ 9,946,281	\$ 10,893,237	\$ 9,766,753	\$ 12,683,960	\$ 13,050,247	\$ 13,551,954	\$ 12,403,818	\$ 9,132,085
Restricted	16,700,773	4,855,418	5,505,639	5,998,643	6,018,615	5,115,807	4,677,199	3,766,080
Unrestricted	(1,956,827)	11,777,501	10,858,024	4,867,661	(1,432,914)	(562,847)	(639,465)	5,174,622
Total primary government net assets	<u>\$ 24,690,227</u>	<u>\$ 27,526,156</u>	<u>\$ 26,130,416</u>	<u>\$ 23,550,264</u>	<u>\$ 17,635,948</u>	<u>\$ 18,104,914</u>	<u>\$ 16,441,552</u>	<u>\$ 18,072,787</u>

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 EIGHT FISCAL YEARS
(ACCRUAL BASIS OF ACCOUNTING)

	2010	2009	2008	2007	2006	2005	2004	2003
Expenses								
Governmental activities:								
Instruction								
Regular	\$ 19,551,234	\$ 18,279,003	\$ 17,922,399	\$ 16,867,890	\$ 17,283,670	\$ 17,067,490	\$ 17,041,281	\$ 11,689,934
Special	3,061,161	2,818,062	2,436,905	2,268,431	2,074,881	2,057,130	1,726,273	1,616,580
Vocational	213,572	204,700	224,077	194,969	187,079	252,331	226,332	197,384
Adult/continuing	19,879	18,913	12,723	16,538	13,409	36,793	32,974	12,922
Other instruction	1,147,296	1,000,656	873,473	754,362	718,927	649,596	-	-
Supporting services								
Pupil	3,304,479	3,318,731	2,823,282	2,670,535	3,279,597	2,530,881	2,235,500	1,564,520
Instructional staff	974,710	922,353	761,803	690,660	495,175	873,051	1,583,121	1,583,368
Board of education	32,737	20,568	22,687	19,802	17,999	18,202	12,284	14,625
Administration	3,492,495	3,334,181	2,961,136	2,785,367	2,900,181	3,090,189	3,032,320	2,590,859
Fiscal services	1,135,733	997,105	1,004,099	1,090,308	949,135	922,519	875,443	772,525
Business	417,440	114,110	152,539	114,811	87,500	86,459	72,063	61,081
Operation and maintenance	6,781,144	4,926,928	4,891,117	4,073,937	4,667,818	4,582,836	3,716,052	3,639,874
Pupil transportation	1,530,111	1,500,578	1,507,204	1,292,500	1,210,650	1,318,645	1,157,158	1,063,898
Central services	158,131	190,642	280,156	160,111	62,203	12,498	11,129	31,335
Operation of non-instructional services								
Food service operation	1,246,386	1,161,495	1,088,114	1,002,790	802,400	829,674	694,053	646,164
Community services	219,142	261,704	340,766	272,981	219,150	334,781	288,654	241,576
Extracurricular activities	1,212,842	1,195,904	1,186,993	1,020,672	1,046,500	1,243,236	1,098,085	938,883
Interest	3,430,329	2,241,575	2,219,378	2,251,030	2,285,814	2,427,174	2,727,315	2,893,026
Total primary government expenses	<u>47,928,821</u>	<u>42,507,208</u>	<u>40,708,851</u>	<u>37,547,694</u>	<u>38,302,088</u>	<u>38,333,485</u>	<u>36,530,037</u>	<u>29,558,554</u>
Program revenues								
Governmental activities:								
Charges for services and sales								
Instruction	797,192	552,773	390,215	427,914	412,502	378,491	316,206	197,275
Supporting services	16,155	34,303	37,203	33,162	26,135	40,630	68,667	151,087
Food service	1,053,176	946,830	866,132	737,172	619,103	586,662	531,639	520,370
Extracurricular activities	380,392	324,217	497,279	476,264	340,212	448,435	454,198	278,885
Operating grants, interest and contributions	1,743,573	1,353,955	1,341,274	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>3,990,488</u>	<u>3,212,078</u>	<u>3,132,103</u>	<u>2,974,860</u>	<u>2,431,110</u>	<u>2,464,920</u>	<u>2,712,031</u>	<u>2,200,690</u>
Net (expense) revenue								
Total primary government net expense	<u>\$ (43,938,333)</u>	<u>\$ (39,295,130)</u>	<u>\$ (37,576,748)</u>	<u>\$ (34,572,834)</u>	<u>\$ (35,870,978)</u>	<u>\$ (35,868,565)</u>	<u>\$ (33,818,006)</u>	<u>\$ (27,357,864)</u>

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 EIGHT FISCAL YEARS
(ACCRUAL BASIS OF ACCOUNTING)

	2010	2009	2008	2007	2006	2005	2004	2003
Net (expense) revenue								
Total primary government net expense	\$ (43,938,333)	\$ (39,295,130)	\$ (37,576,748)	\$ (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	25,322,233	25,550,920	25,621,127	27,006,784	23,165,725	24,308,114	22,600,586	21,030,950
Debt service	3,484,747	2,876,031	2,816,421	3,215,144	3,532,839	3,900,350	3,179,264	2,983,852
Capital improvements	570,598	584,393	591,528	661,413	664,825	700,018	641,184	216,824
Grants and entitlements								
not restricted to specific purposes	11,093,394	10,613,902	9,621,349	8,289,402	7,096,997	6,973,114	6,114,769	6,201,476
Investment earnings	305,142	701,154	991,730	893,618	602,965	331,950	120,589	665,235
Miscellaneous	326,290	364,470	514,745	420,789	338,661	271,569	538,981	536,927
Total primary government	41,102,404	40,690,870	40,156,900	40,487,150	35,402,012	36,485,115	33,195,373	31,635,264
Change in net assets								
Total primary government	\$ (2,835,929)	\$ 1,395,740	\$ 2,580,152	\$ 5,914,316	\$ (468,966)	\$ 616,550	\$ (622,633)	\$ 4,277,400

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)

	2010	2009	2008	2007	2006	2005	2004	2003	2002	2001
General Fund										
Reserved	\$ 2,666,016	\$ 3,346,802	\$ 3,946,887	\$ 6,638,795	\$ 5,815,564	\$ 4,687,670	\$ 2,877,394	\$ 3,518,950	\$ 3,775,434	\$ 3,244,894
Unreserved	11,485,258	10,818,347	8,013,360	2,938,192	(957,142)	1,099,541	2,780,039	2,505,782	1,822,594	638,880
Total General Fund	<u>\$ 14,151,274</u>	<u>\$ 14,165,149</u>	<u>\$ 11,960,247</u>	<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>
All other governmental funds										
Reserved	\$ 11,881,378	\$ 530,529	\$ 1,049,532	\$ 1,155,863	\$ 1,596,764	\$ 1,573,675	\$ 629,297	\$ 2,000,056	\$ 8,091,755	\$ 31,157,309
Unreserved, reported in										
Special Revenue Funds (1)	687,668	456,708	399,154	517,234	606,911	444,599	459,923	506,653	525,868	352,109
Debt Service Funds	3,988,789	3,528,921	3,510,634	3,378,684	2,852,044	2,191,254	1,879,686	1,867,075	1,866,270	1,900,733
Capital Projects Funds	187,246	366,052	563,974	979,842	898,290	787,624	1,363,806	917,499	(67,374)	564,347
Total all other governmental funds	<u>\$ 16,745,081</u>	<u>\$ 4,882,210</u>	<u>\$ 5,523,294</u>	<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>

(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)

	2010	2009	2008	2007	2006	2005	2004	2003	2002	2001
Taxes	\$ 29,380,946	\$ 28,993,866	\$ 28,945,490	\$ 30,878,851	\$ 27,353,596	\$ 28,925,023	\$ 26,350,410	\$ 24,201,750	\$ 23,763,436	\$ 21,492,775
Tuition and fees	813,347	637,145	392,331	429,498	413,904	396,737	315,929	291,902	-	-
Interest	314,202	624,928	964,222	696,609	496,026	327,617	114,933	641,818	1,030,724	3,856,734
Intergovernmental	12,836,967	11,967,857	10,962,623	9,589,750	8,130,155	7,994,271	7,304,436	7,162,106	6,104,383	3,944,108
Extracurricular	380,392	324,217	532,721	508,682	370,501	446,956	503,878	323,363	348,905	378,122
Charges for services	1,053,176	946,830	866,132	737,172	619,103	586,662	550,903	532,352	161,439	184,131
Miscellaneous	366,952	313,843	519,105	405,813	333,105	291,547	667,027	695,986	219,983	296,944
Total	\$ 45,145,982	\$ 43,808,686	\$ 43,182,624	\$ 43,246,375	\$ 37,716,390	\$ 38,968,813	\$ 35,807,516	\$ 33,849,277	\$ 31,628,870	\$ 30,152,814

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)

	2010	2009	2008	2007	2006	2005	2004	2003	2002	2001
Expenditures										
Current										
Instruction										
Regular	\$ 17,796,812	\$ 17,382,770	\$ 16,937,907	\$ 15,986,540	\$ 15,389,028	\$ 15,174,910	\$ 14,917,287	\$ 12,873,943	\$ 11,851,577	\$ 11,182,553
Special	2,960,127	2,690,806	2,465,979	2,248,108	2,042,418	2,035,391	1,712,208	1,634,261	1,357,776	1,717,385
Vocational	210,124	177,680	225,510	191,448	182,050	247,656	220,233	202,223	177,076	191,316
Adult/continuing	19,879	18,913	12,723	17,641	13,449	37,489	32,829	11,228	-	-
Other instruction	1,140,459	999,671	873,680	752,655	718,927	649,596	-	-	-	-
Supporting services										
Pupil	3,228,080	3,204,774	2,822,913	2,719,829	3,276,384	2,654,253	2,021,379	1,578,932	1,348,868	1,299,685
Instructional staff	956,756	894,123	813,483	775,914	693,314	904,103	1,625,559	1,585,293	1,397,177	1,185,753
Board of education	32,737	20,568	22,687	19,802	17,999	18,249	12,386	14,630	14,203	38,207
Administration	3,340,083	3,052,822	2,825,802	2,764,553	2,690,840	2,975,064	2,989,248	2,688,406	2,512,923	2,523,349
Fiscal services	1,125,868	986,045	1,006,220	1,110,120	952,909	900,934	887,229	785,429	684,597	582,021
Business	117,271	109,264	152,428	119,427	85,006	83,903	74,498	64,486	66,560	62,840
Operation and maintenance	4,980,130	4,695,334	4,246,416	4,062,031	4,180,675	4,112,400	3,783,645	3,662,932	2,914,613	2,513,142
Pupil transportation	1,641,022	1,439,131	1,566,804	1,334,046	1,169,507	1,281,848	1,162,022	1,106,931	842,024	785,314
Central services	158,131	190,642	280,156	160,111	62,203	12,498	11,129	31,335	43,687	74,075
Operation of non-instructional services										
Food service operation	1,198,927	1,122,933	1,045,573	978,364	764,245	761,281	726,173	619,239	-	-
Community services	214,944	260,846	340,386	290,382	206,188	331,941	288,491	241,458	190,950	180,021
Extracurricular activities	1,184,128	1,131,542	1,136,892	972,308	991,341	1,176,253	1,081,643	964,977	916,161	832,866
Capital outlay	3,857,450	283,812	459,960	249,233	240,474	333,521	2,143,711	6,084,750	28,287,138	13,974,311
Debt service										
Principal	1,322,087	2,356,701	2,360,022	2,220,806	2,226,686	2,173,153	2,011,312	1,601,395	1,460,620	615,000
Interest	2,840,639	1,678,758	1,712,152	1,795,160	1,784,679	2,722,220	2,509,149	2,548,577	2,613,177	2,964,060
Total expenditures	\$ 48,325,654	\$ 42,697,135	\$ 41,307,693	\$ 38,768,478	\$ 37,688,322	\$ 38,586,663	\$ 38,210,131	\$ 38,300,425	\$ 56,679,127	\$ 40,721,898
Debt service as a percentage of noncapital expenditures	<u>9.01%</u>	<u>9.91%</u>	<u>10.02%</u>	<u>10.53%</u>	<u>10.71%</u>	<u>12.94%</u>	<u>12.69%</u>	<u>14.11%</u>	<u>14.35%</u>	<u>13.38%</u>

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

	2010	2009	2008	2007	2006	2005	2004	2003	2002	2001
Excess of revenues over (under) expenditures	<u>\$ (3,179,672)</u>	<u>\$ 1,111,551</u>	<u>\$ 1,874,931</u>	<u>\$ 4,477,897</u>	<u>\$ 28,068</u>	<u>\$ 382,150</u>	<u>\$ (2,402,615)</u>	<u>\$ (4,451,148)</u>	<u>\$ (25,050,257)</u>	<u>\$ (10,569,084)</u>
Other financing sources (uses)										
Proceeds of refunding bonds	-	-	-	-	-	40,569,842	-	-	-	-
Transfers-in	221,850	224,604	330,858	361,451	360,568	389,564	355,825	383,457	367,490	29,943
Proceeds from loan issue	-	-	-	-	-	-	-	257,069	800,000	-
Proceeds from note issue	15,000,000	-	-	-	-	-	-	-	1,785,717	-
Gain on sale of capital assets	-	-	-	-	-	-	-	-	1,600	500
Capital lease proceeds	28,668	452,267	-	318,282	-	-	1,076,745	-	609,977	-
Transfers-out	(221,850)	(224,604)	(330,858)	(361,451)	(360,568)	(389,564)	(355,825)	(383,457)	(370,807)	(4,948)
Payment to bond escrow agent	-	-	-	-	-	(40,157,774)	-	-	-	-
Total other financing sources (uses)	<u>15,028,668</u>	<u>452,267</u>	<u>-</u>	<u>318,282</u>	<u>-</u>	<u>412,068</u>	<u>1,076,745</u>	<u>257,069</u>	<u>3,193,977</u>	<u>25,495</u>
Net change in fund balances	<u>\$ 11,848,996</u>	<u>\$ 1,563,818</u>	<u>\$ 1,874,931</u>	<u>\$ 4,796,179</u>	<u>\$ 28,068</u>	<u>\$ 794,218</u>	<u>\$ (1,325,870)</u>	<u>\$ (4,194,079)</u>	<u>\$ (21,856,280)</u>	<u>\$ (10,543,589)</u>

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		Total Assessed Rate (5)
	Assessed Value	Estimated Actual Value (1)	Assessed Value	Estimated Actual Value (2)	Assessed Value	Estimated Actual Value (3)	Assessed Value	Estimated Actual Value	
2010	\$ 760,700,870	\$ 2,173,431,057	\$ 56,540,920	\$ 64,251,045	\$ 348,889 (4)	\$ 1,395,556	\$ 817,590,679	\$ 2,239,077,658	66.03
2009	784,317,250	2,240,906,429	78,262,550	88,934,716	357,129 (4)	1,428,516	862,936,929	2,331,269,661	63.89
2008	764,003,830	2,182,868,086	80,644,620	91,641,614	16,228,352 (4)	259,653,632	860,876,802	2,534,163,332	65.82
2007	732,930,700	2,094,087,714	82,074,850	93,266,875	32,948,472 (4)	263,587,776	847,954,022	2,450,942,365	68.62
2006	639,000,320	1,825,715,200	89,484,090	101,686,466	52,701,113 (4)	210,804,452	781,185,523	2,138,206,118	60.26
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	64.51
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	60.36
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	60.69
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	61.14
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	55.94

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

(1) This amount is calculated based upon an assessed value of 35 percent of actual value.

(2) This amount is calculated based upon the current assessed value of 88 percent of actual value.

(3) The amount is calculated based on an assessed value of 25 percent of actual value.

(4) Decrease is due to effect of State legislation enacted in June 2005 which phased out over four years, from 2006 to 2009, the taxation of personal property. Tangible personal property value in beginning in 2009 consisted of telephone communications tangible value.

(5) Total assessed rate is per \$ 1,000 assessed valuation.

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
2010	\$ 66.03	\$ 1.80	\$ 13.39	\$ 2.45	\$ 7.35	\$ 91.02	\$ 5.47	\$ -	\$ -	\$ 5.47
2009	63.89	1.80	13.39	2.45	7.36	88.89	3.89	-	-	3.89
2008	65.82	1.80	13.39	2.45	6.95	90.41	3.95	-	-	3.95
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

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, 2010 AND JUNE 30, 2001

December 31, 2009		
Name of Taxpayer	Assessed Value (1)	Percent of Total Assessed Value
Centurytel of Ohio Inc	\$ 282,420	0.03%
New Par	14,310	0.00%
New Cingular Wireless	14,040	0.00%
Sprintcom Inc	12,010	0.00%
T Mobile Central LLC	10,140	0.00%
Cleveland Unlimited Inc	7,660	0.00%
Alltel Ohio Limited	6,840	0.00%
Intellifiber Netw orks	3,060	0.00%
Sprint Nextel Corporation	2,580	0.00%
Level 3 Communications	820	0.00%
	\$ 353,880	0.03%
 Total assessed value	 \$ 817,590,679	

December 31, 2000		
Name of Taxpayer	Assessed Value (1)	Percent of Total Assessed Value
Ford Motor Company	\$ 24,466,080	3.65%
Geon Company	14,729,580	2.20%
BF Goodrich Company	13,627,580	2.03%
Glidden Company	1,535,000	0.23%
Midw est Electrical Supply Company	1,476,670	0.22%
Riser Foods Company	1,165,260	0.17%
Scott Fetzer Company	1,102,670	0.16%
First National Supermarkets Inc.	1,062,080	0.16%
Ed Tomko Chrysler	1,054,000	0.16%
IBM Credit Corporation	1,021,460	0.15%
	\$ 61,240,380	9.13%
 Total assessed value	 \$ 670,773,760	

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

(1) Assessed Values are for the 2009 and 2000 collection year, respectively.

AVON LAKE CITY SCHOOL DISTRICT

PRINCIPAL TAXPAYERS –
REAL ESTATE TAX

AS OF JUNE 30, 2010 AND JUNE 30, 2001

December 31, 2009

Name of Taxpayer	Assessed Value (1)	Percent of Total Assessed Value
Legacy Pointe Ltd	\$ 4,931,310	0.60%
Ford Motor Company	4,917,190	0.60%
American Transmission	4,201,940	0.51%
Polyone corporation	4,141,730	0.51%
181 Somerset Realty I LLC	3,405,920	0.42%
Avon Lake Village LLC	2,937,060	0.36%
Margam Investmetn	2,421,590	0.30%
Waterside Crossings Ltd	2,332,900	0.29%
Kopf Properties II Ltd	2,117,090	0.26%
Learwood Square Co LLC	2,109,980	0.26%
	\$ 33,516,710	4.11%
Total assessed value	\$ 817,590,679	

December 31, 2000

Name of Taxpayer	Assessed Value (1)	Percent of Total Assessed Value
Cleveland Electric	\$ 94,455,990	14.08%
Orion Power Midwest, LP	14,827,270	2.21%
Ford Motor Company	13,253,980	1.98%
Geon Company	894,210	0.13%
Columbia Gas of Ohio	2,914,210	0.43%
Kopf Properties, Limited	2,213,970	0.33%
BF Goodrich Company	1,997,350	0.30%
Learwood Square company	1,525,660	0.23%
Riser Foods Company	1,237,320	0.18%
Landings Shops and Offices	1,195,870	0.18%
	\$ 134,515,830	20.05%
Total assessed value	\$ 670,773,760	

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

(1) Assessed Values are for the 2009 and 2000 collection year, respectively.

AVON LAKE CITY SCHOOL DISTRICT

PRINCIPAL TAXPAYERS –
PUBLIC UTILITY TAX

AS OF JUNE 30, 2010 AND JUNE 30, 2001

December 31, 2009

Name of Taxpayer	Assessed Value (1)	Percent of Total Assessed Value
Orion Power Midwest Lp	\$ 60,084,840	7.35%
Cleveland Electric	10,806,310	1.32%
Columbia Gas of Ohio, Inc.	1,604,450	0.20%
	\$ 72,495,600	8.87%
 Total assessed value	 \$ 817,590,679	

December 31, 2000

Name of Taxpayer	Assessed Value (1)	Percent of Total Assessed Value
Cleveland Electric	\$ 111,003,304	16.55%
Century Telephone of Ohio	4,680,828	0.70%
Columbia Gas of Ohio	3,537,078	0.53%
	\$ 119,221,210	17.78%
 Total assessed value	 \$ 670,773,760	

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

- (1) Assessed Values are for the 2009 and 2000 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	Total Tax Levy	Current Tax Collections	Percent of Current Taxes Collected	Delinquent Tax Collections (3)	Total Tax Collections (5)	Ratio of Total Tax Collections to Total Tax Levy (5)	Outstanding Delinquent Taxes	Ratio of Delinquent Taxes to Total Tax Levy
2010 (2)	Not available	Not available	Not available	Not available	Not available	Not available	Not available	Not available
2009	32,564,062	31,764,096	97.54%	843,204	32,607,300	100.13%	554,362	1.70%
2008	33,151,604	32,586,663	98.30%	541,056	33,127,719	99.93%	272,778	0.82%
2007	33,809,716	33,207,530	98.22%	2,936,395	36,143,925	106.90%	197,744	0.58%
2006	28,644,396	27,902,337	97.41%	413,543	28,315,880	98.85%	2,240,206 (4)	7.82%
2005	28,283,085	27,988,587	98.96%	504,570	28,493,157	100.74%	204,731	0.72%
2004	23,975,086	23,572,502	98.32%	277,716	23,850,218	99.48%	143,552	0.60%
2003	22,599,575	22,572,967	99.88%	251,027	22,823,994	100.99%	101,237	0.45%
2002	20,308,622	20,104,185	98.99%	180,557	20,284,742	99.88%	278,567	1.37%
2001	18,396,971	18,217,508	99.02%	146,642	18,364,150	99.82%	248,453	1.35%

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) 2010 data is not available from the Lorain County Auditor as of the date of this report.

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

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

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

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)
2010	\$ 39,301,164	\$ 15,430,000	\$ -	\$ 378,216	\$ 55,109,380	9.39%	\$ 3,037	\$ 14,939
2009	39,639,503	630,000	-	561,902	40,831,405	6.96%	2,250	11,292
2008	41,122,890	825,000	-	226,336	42,174,226	7.19%	2,324	12,095
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

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, 2010

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	\$ 53,381,059	\$ 817,590,679	100.00%	<u>\$ 53,381,059</u>
Overlapping				
Lorain County (2)	30,465,000	6,897,593,147	11.85%	3,610,103
City of Avon Lake (2)	<u>19,849,010</u>	863,662,010	100.00%	<u>19,849,010</u>
Sub Total				<u>23,459,113</u>
Total	<u>\$ 103,695,069</u>			<u>\$ 76,840,172</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, 2009.

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

(Amounts in thousands)										
	2010(1)	2009 (1)	2008 (1)	2007 (1)	2006 (1)	2005	2004	2003	2002	2001
Assessed Valuation	\$ 817,591	\$ 784,317	\$ 764,004	\$ 732,931	\$ 639,000	\$ 775,307	\$ 743,429	\$ 699,243	\$ 661,114	\$ 670,774
Debt Limit -9% of Assessed Value (2)	73,583	70,589	68,760	65,964	57,510	69,778	66,909	62,932	59,500	60,370
Debt applicable to limitation										
Total voted general obligation debt	52,951	35,191	37,085	42,570	43,918	42,425	43,700	47,090	48,629	49,648
Total unvoted general obligation debt	430	630	825	1,114	1,413	1,611	1,916	2,221	-	-
Less amount available in debt service funds	(3,989)	(3,529)	(3,511)	(3,379)	(2,852)	(3,197)	(2,302)	(2,323)	(2,480)	(2,436)
Amount of debt subject to debt limit:	49,392	32,292	34,399	40,305	42,479	40,839	43,314	46,988	46,149	47,212
Overall debt margin	24,191	38,297	34,361	25,659	15,031	28,939	23,595	15,944	13,351	13,158
Overall Limit - .10% of Assessed Value (2)	\$ 818	\$ 784	\$ 764	\$ 733	\$ 639	\$ 775	\$ 743	\$ 699	\$ 661	\$ 671
Amount of debt subject to debt limit:	-	-	-	-	-	-	-	-	-	-
Unvoted Debt Margin	\$ 818	\$ 784	\$ 764	\$ 733	\$ 639	\$ 775	\$ 743	\$ 699	\$ 661	\$ 671
Additional Limit for Unvoted Energy Conservation Bonds and Notes:										
Debt Limit - .9% of Assessed Value	\$ 7,358	\$ 7,059	\$ 6,876	\$ 6,596	\$ 5,751	\$ 6,978	\$ 6,691	\$ 6,293	\$ 5,950	\$ 6,037
Amount of debt subject to debt limit:	430	630	825	1,114	1,413	1,611	1,916	2,221	-	-
Additional Unvoted Debt Margin	\$ 6,928	\$ 6,429	\$ 6,051	\$ 5,482	\$ 4,338	\$ 5,367	\$ 4,775	\$ 4,072	\$ 5,950	\$ 6,037

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.
2010	18,145	\$ 32,336	\$ 586,736,720	3,689	9.8%	10.4%	9.5%
2009	18,145	32,336	586,736,720	3,616	11.5%	11.2%	9.5%
2008	18,145	32,336	586,736,720	3,487	7.8%	6.6%	5.5%
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%

Source:

- (1) 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, 2009 AND 2001

December 2009				
Employer	Nature of Activity or Business	Approximate Number of Employees (2)	Percentage To Total Employment (3)	Rank
Ford Motor Company	Van and sport utility vehicle assembly	1,454	Not available	1
Avon Lake City School District	Public education	770	Not available	2
PolyOne Corporation	Distributor of thermoplastics, compounds & resins	635	Not available	3
City of Avon Lake	Government	353	Not available	4
Western/Scott Fetzer Co	Gas control technology	227	Not available	5
Lubrizol Advanced Materials	Manufactures polymers & specialties chemicals	215	Not available	6
Grace Management Svcs Inc	Retirement village	174	Not available	7
Giant Eagle/Riser Foods Company	Grocery store	159	Not available	8
Orion Power Operating	Power company	150	Not available	9
Avon Lake Animal Clinic Inc	Veterinary clinic	125	Not available	10

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

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

- (1) 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.
- (3) Data to compute the percentage of total employment that each listed employer represents is not available.

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

	<u>2010</u>	<u>2009</u>	<u>2008</u>	<u>2007</u>	<u>2006</u>	<u>2005</u>	<u>2004</u>
Professional Staff							
Teaching Staff:							
Elementary K-6	113.65	113.20	110.00	100.76	102.62	98.12	98.62
Middle	39.58	38.50	39.00	37.12	37.00	40.00	35.00
High	76.72	76.46	70.50	66.00	66.50	73.00	65.72
Tutors	11.65	13.15	19.41	14.15	14.16	10.77	10.65
Administrators							
District/Building	15.00	14.00	15.00	15.00	15.00	20.00	17.00
Auxiliary Positions							
Psychologist	2.00	2.00	1.00	1.00	1.00	1.00	1.00
Nurse	2.52	1.89	1.64	1.26	1.63	1.26	1.26
Speech & Language Therapist	3.32	3.23	3.23	2.43	2.43	2.43	2.03
Physical Therapist	1.00	1.00	1.00	1.00	1.00	0.00	0.00
Occupational Therapist/Assistant	2.00	2.00	2.00	2.00	1.00	0.75	0.75
Support Staff							
Counseling	10.31	10.28	9.10	9.10	9.00	9.00	8.50
Computer Tech	3.00	2.00	3.00	3.00	2.00	2.00	1.00
Printer	1.00	1.00	1.00	1.00	1.00	1.00	1.00
Librarian/Media	3.69	3.78	3.00	2.00	3.00	6.00	5.00
Library Aide	5.25	4.50	4.50	4.50	4.75	5.25	4.50
Clerical	35.52	26.53	24.78	24.28	27.96	27.34	26.94
Teaching Aide	35.85	34.76	26.26	23.07	24.51	22.87	30.37
General Maintenance	6.00	6.00	6.00	6.00	8.00	6.00	6.00
Mechanic	2.00	2.00	2.00	2.00	2.00	2.00	2.00
Transportation Supervisor	2.00	1.00	1.00	1.00	1.00	1.00	1.00
Bus Drivers	17.62	21.60	23.03	20.60	29.81	24.11	23.61
Custodial	30.50	28.00	28.00	28.00	28.00	30.00	28.00
Food Service	17.73	16.47	15.84	15.46	22.18	14.88	13.41
Security	3.78	2.99	3.32	2.33	1.50	1.00	1.00
Attendants & Monitors	20.50	19.99	24.03	25.44	35.50	26.01	16.97
Total	<u>462.19</u>	<u>446.33</u>	<u>437.64</u>	<u>408.50</u>	<u>442.55</u>	<u>425.79</u>	<u>401.33</u>

(1) Data prior to 2004 is not available
 Source: School District records.

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
2010	3,689	\$ 36,689,971	\$ 10,564	2.23%	230	16.04	5.26%
2009	3,616	34,810,283	10,334	2.86%	229	15.79	6.02%
2008	3,487	33,446,761	10,047	4.08%	230	15.16	6.84%
2007	3,458	31,526,703	9,653	0.86%	230	15.03	11.00%
2006	3,401	31,244,700	9,571	-2.33%	222	15.32	7.70%
2005	3,279	30,945,649	9,799	4.29%	224	14.64	7.40%
2004	3,264	30,504,120	9,396	11.79%	231	14.13	9.10%
2003	3,261	26,473,638	8,405	1.29%	209	15.60	11.10%
2002	3,152	24,263,971	8,298	7.29%	213	14.80	10.50%
2001	3,095	22,920,956	7,734	-6.46%	207	14.95	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)
2010	\$ 36,779	\$ 81,282	\$ 61,599
2009	35,879	79,293	59,822
2008	34,318	74,985	57,721
2007	33,318	72,800	55,908
2006	32,988	72,079	55,782
2005	31,950	69,811	53,245
2004	30,989	67,711	51,385
2003	30,086	65,738	50,119
2002	29,139	63,669	47,315
2001	28,263	61,755	47,491

Sources:

(a) District salary schedules

(b) Ohio Department of Education

AVON LAKE CITY SCHOOL DISTRICT
TEACHER EDUCATION AND EXPERIENCE
JUNE 30, 2010

<u>Degree</u>	<u>Number of Teachers</u>	<u>Percentage of Total</u>
Bachelor's Degree	12	5.22%
Bachelor + 10	13	5.65%
Bachelor + 20	35	15.22%
Master's Degree	75	32.61%
Master's + 10	46	20.00%
Master's + 20	24	10.43%
Master's + 30	<u>25</u>	<u>10.87%</u>
	<u><u>230</u></u>	<u><u>100.00%</u></u>

<u>Experience</u>	<u>Number of Teachers</u>	<u>Percentage of Total</u>
0 - 5	41	17.83%
6-10	73	31.74%
11 and over	<u>116</u>	<u>50.43%</u>
	<u><u>230</u></u>	<u><u>100.00%</u></u>

Source: School 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 6, 2011**