



Dave Yost • Auditor of State

AVON LAKE CITY SCHOOL DISTRICT
LORAIN COUNTY

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**AVON LAKE CITY SCHOOL DISTRICT
LORAIN COUNTY**

**SCHEDULE OF FEDERAL AWARDS RECEIPTS AND EXPENDITURES
FOR THE YEAR ENDED JUNE 30, 2014**

Federal Grantor <i>Pass Through Grantor</i> Program Title	Federal CFDA Number	Grant Year	Receipts	Non-Cash Receipts	Expenditures	Non-Cash Expenditures
U.S. Department of Agriculture						
<i>Passed Through the Ohio Department of Education:</i>						
National School Lunch Program	10.555	2014	\$221,209	\$68,065	\$221,209	\$68,065
Total U.S. Department of Agriculture			221,209	68,065	221,209	68,065
U.S. Department of Education						
<i>Passed Through the Ohio Department of Education:</i>						
Special Education Cluster:						
Special Education-Grants to States	84.027	2014	637,476		610,869	
Special Education Preschool	84.173	2014	17,742		17,742	
Total Special Education Cluster			655,218		628,611	
Title I, Grants to Local Educational Agencies						
	84.010	2013	13,259		19,293	
	84.010	2014	211,232		207,808	
Total Title I, Grants to Local Educational Agencies			224,491		227,101	
Improving Teacher Quality State Grants	84.367	2014	58,451		54,908	
Race to the Top						
	84.395	2013	24,629		23,693	
	84.395	2014	70,729		70,729	
Total Race to the Top			95,358		94,422	
Total U.S. Department of Education			1,033,518		1,005,042	
Total Federal Assistance			\$1,254,727	\$68,065	\$1,226,251	\$68,065

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, 2014**

NOTE A - SIGNIFICANT ACCOUNTING POLICIES

The accompanying Schedule of Federal Awards Receipts and Expenditures (the Schedule) reports the Avon Lake City School District's (the District's) federal award programs' receipts and 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 program that benefitted from the use of those donated food commodities.



Dave Yost • Auditor of State

INDEPENDENT AUDITOR'S 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, in accordance with auditing standards generally accepted in the United States and the Comptroller General of the United States' *Government Auditing Standards*, the financial statements of the governmental activities, each major fund, and the aggregate remaining fund information of the Avon Lake City School District, Lorain County, Ohio (the District) as of and for the year ended June 30, 2014, and the related notes to the financial statements, which collectively comprise the District's basic financial statements and have issued our report thereon dated October 8, 2014.

Internal Control Over Financial Reporting

As part of our financial statement audit, we considered the District's internal control over financial reporting (internal control) to determine the audit procedures appropriate in the circumstances to the extent necessary to support our opinions on the financial statements, but not to the extent necessary to opine on the effectiveness of the District's internal control. Accordingly, we have not opined on it.

A *deficiency in internal control* exists when the design or operation of a control does not allow management or employees, when performing their assigned functions, to prevent, or detect and timely correct misstatements. A *material weakness* is a deficiency, or combination of internal control deficiencies resulting in a reasonable possibility that internal control will not prevent or detect and timely correct a material misstatement of the District's financial statements. A *significant deficiency* is a deficiency, or a combination of deficiencies, in internal control that is less severe than a material weakness, yet important enough to merit attention by those charged with governance.

Our consideration of internal control was for the limited purpose described in the first paragraph of this section and was not designed to identify all internal control deficiencies that might be material weaknesses or significant deficiencies. Given these limitations, we did not identify any deficiencies in internal control that we consider material weaknesses. However, unidentified material weaknesses may exist.

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, opining 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*.

Purpose of this Report

This report only describes the scope of our internal control and compliance testing and our testing results, and does not opine on the effectiveness of the District's internal control or on compliance. This report is an integral part of an audit performed under *Government Auditing Standards* in considering the District's internal control and compliance. Accordingly, this communication is not suitable for any other purpose.

A handwritten signature in black ink that reads "Dave Yost". The signature is written in a cursive style with a large, looping "D" and "Y".

Dave Yost
Auditor of State
Columbus, Ohio

October 8, 2014



Dave Yost • Auditor of State

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

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

To the Board of Education:

Report on Compliance for the Major Federal Program

We have audited the Avon Lake City School District's (the District) compliance with the applicable requirements described in the U.S. Office of Management and Budget (OMB) *Circular A-133, Compliance Supplement* that could directly and materially affect the Avon Lake City School District's major federal program for the year ended June 30, 2014. The *Summary of Auditor's Results* in the accompanying schedule of findings identifies the District's major federal program.

Management's Responsibility

The District's Management is responsible for complying with the requirements of laws, regulations, contracts, and grants applicable to its federal program.

Auditor's Responsibility

Our responsibility is to opine on the District's compliance for the District's major federal program based on our audit of the applicable compliance requirements referred to above. Our compliance audit followed auditing standards generally accepted in the United States of America; the standards for 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*. These standards and OMB Circular A-133 require us to plan and perform the audit to reasonably assure whether noncompliance with the applicable compliance requirements referred to above that could directly and materially affect a major federal program occurred. An audit includes examining, on a test basis, evidence about the District's compliance with those requirements and performing such other procedures as we considered necessary in the circumstances.

We believe our audit provides a reasonable basis for our compliance opinion on the District's major program. However, our audit does not provide a legal determination of the District's compliance.

Opinion on the Major Federal Program

In our opinion, the Avon Lake City School District complied, in all material respects with the compliance requirements referred to above that could directly and materially affect its major federal program for the year ended June 30, 2014.

Report on Internal Control Over Compliance

The District's management is responsible for establishing and maintaining effective internal control over compliance with the applicable compliance requirements referred to above. In planning and performing our compliance audit, we considered the District's internal control over compliance with the applicable requirements that could directly and materially affect a major federal program, to determine our auditing procedures appropriate for opining on each major federal program's compliance and to test and report on internal control over compliance in accordance with OMB Circular A-133, but not to the extent needed to opine 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's applicable 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. *A significant deficiency in internal control over compliance* is a deficiency, or a combination of deficiencies, in internal control over compliance with federal program's applicable compliance requirement that is less severe than a material weakness in internal control over compliance, yet important enough to merit attention by those charged with governance.

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 material weaknesses or significant deficiencies. We did not identify any deficiencies in internal control over compliance that we consider to be material weaknesses. However, material weaknesses may exist that have not been identified.

This report only describes the scope of our internal control compliance tests and the results of this testing based on OMB Circular A-133 requirements. Accordingly, this report is not suitable for any other purpose.

Report on Schedule of Federal Awards Receipts and Expenditures Required by OMB Circular A-133

We have also audited the financial statements of the governmental activities, each major fund and the aggregate remaining fund information of the Avon Lake City School District (the District) as of and for the year ended June 30, 2014, and the related notes to the financial statements, which collectively comprise the District's financial statements. We issued our unmodified report thereon dated October 8, 2014. We conducted our audit to opine on the District's financial statements. The accompanying schedule of federal awards receipts and expenditures presents additional analysis 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 management used to prepare the financial statements. We subjected this schedule to the auditing procedures we applied to the basic financial statements. We also applied certain additional procedures, including comparing and reconciling this schedule 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 schedule is fairly stated, in all material respects, in relation to the basic financial statements taken as a whole.



Dave Yost
Auditor of State
Columbus, Ohio

October 8, 2014

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**AVON LAKE CITY SCHOOL DISTRICT
LORAIN COUNTY**

**SCHEDULE OF FINDINGS
OMB CIRCULAR A-133 § .505
JUNE 30, 2014**

1. SUMMARY OF AUDITOR'S RESULTS

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

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

None

3. FINDINGS AND QUESTIONED COSTS FOR FEDERAL AWARDS

None

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



**COMPREHENSIVE ANNUAL FINANCIAL REPORT
FOR THE FISCAL YEAR ENDED JUNE 30, 2014**

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INTRODUCTORY SECTION



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

**COMPREHENSIVE
ANNUAL FINANCIAL REPORT
FOR THE FISCAL YEAR ENDED JUNE 30, 2014**

Prepared by

**Autumn Streng
Treasurer**

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Avon Lake City School District
Comprehensive Annual Financial Report
For the Fiscal Year Ended June 30, 2013
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AVON LAKE CITY SCHOOLS

175 Avon Belden Road
Avon Lake, Ohio 44012
www.avonlakecityschools.org



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Robert D. Scott
440.933.6210
440.933.6711 fax

Treasurer
Autumn Streng
440.933.5163
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Board of Education

Charles M. Froehlich, President
James A. Stobe, Vice President
Dale W. Cracas
Ronald D. Jantz Jr.
Pamela Ohradzansky

October 8, 2014

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, 2014. 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, Erievue Elementary, Eastview Elementary, Westview Elementary, Redwood Elementary and Troy Junior High School were constructed. Troy Junior High School was closed for educational purposes in 1982 because of the energy crisis and decreased enrollment. In 1988, Troy Junior High was reopened as the Avon Lake Community Education Center. The Community Education Center ceased to operate in the Troy Building as of July, 1991 due to the economy of operations. The Troy Intermediate School building was reopened for instruction beginning in the fall of 1995. In 1999, Avon Lake City Schools began a building project that added classrooms to all six (6) buildings. Avon Lake High School completed a major renovation, which included additional physical education facilities and an auditorium that hosted the Cleveland Pops Orchestra for the dedication of the facilities. In 2009, two (2) additional bond issues were passed totaling \$18,500,000. These renovations and additions began in March 2010 on the stadium portion of the project with completion of the stadium renovations by August 2010. Classroom additions to five (5) buildings began in May 2010 and completed August 2011. A new Transportation Center opened in the summer of 2011. These projects were necessary to keep up with the growing enrollment. Today the citizens have an investment of \$102,015,567 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.

The mission of the Avon Lake City Schools, a district committed to personalized educational excellence, is to challenge all students and develop their individual goals through community partnerships, resources, and technologies which will produce responsible and compassionate citizens.

Reporting Entity

The School District has reviewed its reporting entity definition in order to ensure conformance with Governmental Accounting Standards Board (GASB) Statement No. 14, "The Financial Reporting Entity" as amended by GASB Statement No. 39, "Determining Whether Certain Organizations Are Component Units" and GASB Statement No. 61, "The Financial Reporting Entity: Omnibus – an amendment of GASB Statements No.14 and No.34". In evaluating how to define the School District for financial reporting purposes, management has considered all agencies, departments and organizations making up the Avon Lake City School District (the primary government) and its potential component units. 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 North Coast Council Ohio (NCCO), the Lorain County Joint Vocational School District, the Ohio Schools Council, Suburban Health Consortium and the Avon Lake Public Library. These organizations are presented in Notes 15 and 16 to the basic financial statements.

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

Organizational Structure

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

The School District is located in Avon Lake, Lorain County, Ohio, and includes an area extending roughly twelve square miles around the City. It is staffed by 234 non-certified personnel, 226 certified full-time teaching personnel and 14 administrative employees to provide services to 3,772 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

The School District's tax base is primarily residential at 81% of the tax base followed by 12% commercial/industrial and 7% public utility personal property. The reliance on local funding continues to be challenging as the School District is still recovering from the reductions in State funding which occurred in fiscal year 2012 and 2013.

House Bill 920 (H.B. 920), passed by the Ohio legislature in 1976, prohibits the inflationary growth of revenue generated by most voted tax issues. When the worth of taxable property in the school district changes, the tax rates are adjusted so income, or voted dollars, will remain about the same. In recent years, school districts have seen an inverse effect on millage rates due to H.B. 920. Historically, millage rates have been adjusted or rolled back due to a positive reappraisal. Inversely millage rates may also be rolled up (never exceeding the original voted rate) in times of negative reappraisal. The School District's millage rates were rolled back for many years; however, the City of Avon Lake recently experienced both a negative triennial update and reappraisal thus rolling up the millage rates.

Ohio lawmakers also passed legislation that has reduced 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 diminished, but the State Legislature at that time promised school districts would be made whole until 2015. These promises were not fulfilled once H.B. 153 was passed. The School District lost approximately \$735,000 in fiscal year 2012 and an additional \$735,000 in fiscal year 2013 due to the reduction in tangible personal property state reimbursements. The School District also realized revenue losses related to public utility personal property state reimbursements. Total State revenue received by the School District in fiscal year 2013 is approximately \$2,900,000 less than what was received in fiscal year 2011.

The School District is a member of the Alliance for High Quality Education and the Coalition for Fiscal Fairness in Ohio (CFFO). The Alliance for High Quality Education is an organization of school districts providing research based objective approaches to Ohio's school funding problems. The CFFO is also comprised of public school districts working to educate the public and legislative body in Ohio of the devastating effects of eliminating tangible personal property taxes from school districts with no permanent funding replacement plan. They work collaboratively and cooperatively with other organizations regarding any legislative or regulatory initiative that might affect the efficiency and effectiveness of Ohio's schools or detrimentally affect CFFO member districts.

The financial future of the School District is not without its challenges. The School District is home to several businesses, but since 2012 has focused discussion around a power plant, which resides along the shoreline of Lake Erie. The power plant announced it would shut down in April 2015 due to the costs associated with meeting future EPA regulations for a coal fired plant. In December of 2012, the power plant was purchased by NRG which announced its intention to keep the plant open as a peaker plant. NRG was successful in securing a one year extension from the EPA regulations contingent upon building a natural gas pipeline to transport natural gas to the power plant. The public utility personal property (PUPP) value of the power plant was reduced for tax year 2013 by 54%. Unlike real estate value, the PUPP value is determined by the Ohio Department of Taxation (ODT) not by the County Auditor. Ohio law does not provide any recourse or due process for a city or school district to dispute the ODT preliminary value. Even with the 54% PUPP reduction, the power plant remains the largest taxpayer in Avon Lake. NRG filed a complaint in 2014 with the Lorain County Board of Revisions to reduce the real estate value of the power plant. Unlike the PUPP situation, the School District does have recourse to file a counter complaint against this appeal and has. The Board of Revision hearing date is set for October 2014.

The School District's reliance on local property taxes will continue based upon internal and external factors. The internal challenges locally the School District faces related to the power plant's value will remain a focal point for future planning. Externally, the School District will continue to monitor its financial situation as apprehension remains related to the current State funding model. State and Federal unfunded mandates will also continue to be realized by the School District.

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 an 8.28 mill new 10 year emergency levy in May of 2013, which is expected to generate \$6,500,000 annually.

Major Initiatives

Ohio Report Card

The Ohio Local 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 the School District's success or failure achieving set indicators. The School District has demonstrated 10 years of Excellence with Distinction as of the 2011-2012 Ohio Local Report Card. The rating system used by the Ohio State Board of Education changed beginning with the 2012-2013 school year. The Local Report Card is now comprised of different components with letter grades assigned within each component. For the 2013-2014 school year, the District received an A in the Achievement component for both Performance Index and Indicators Met. One Hundred Percent of the State's Indicators were met with a 90.8% Performance Index.

Federal Projects

The School District files applications for federal funds electronically utilizing the Comprehensive Continuous Improvement Planning Application. This allows the Superintendent, Mr. Robert Scott, to coordinate the applications 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 II-A 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's largest federal award generally is related to the Special Education, Part B-IDEA grant. Through the use of federal stimulus funding, the School District added two special education classrooms at Redwood Elementary in fiscal year 2012.

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 bond issues. The first bond issue was for \$5,500,000 to renovate the athletic stadium and build a Transportation Center to house 40 buses. The second bond issue passed in November 2009 for \$13,000,000 was used to renovate classroom space at five of the buildings.

Website

The District website is a comprehensive source of information about the School District. Users of the site can access information on news from the schools and various departments, teacher web sites, athletic information, and upcoming events. Parents are granted access to the District's PowerSchool program for online access to student grades and other information posted by teachers.

Social Media plays an important part in the district communication plan. The District has a Facebook page and Twitter account, which is utilized to communicate current events.

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

The School District's basic financial statements consist of the following:

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.

Management is responsible for preparing a Management Discussion and Analysis (MD&A) of the School District. This discussion follows the Independent Auditor's Report, providing an assessment of the District's finances for fiscal year 2014 and a discussion of current issues affecting the School District in the future. The MD&A should be read in conjunction with this letter of transmittal. Because the MD&A 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 position of \$ 3,029,162 at June 30, 2014.

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, which provides a snapshot of historical and projected revenues and expense over the next five years and is accompanied by financial assumption notes. The 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 approves an updated version prior to May 31. The financial forecast can be found on the School District's web site at www.avonlakecityschools.org.

Independent Audit

State statute requires the School District to be audited at least every two fiscal years by an independent auditor. An annual audit serves to maintain and strengthen the School District's accounting and budgetary controls. Independent Auditor Dave Yost, Auditor of State, was selected to render an opinion on the School District's financial statements as of and for the year ended June 30, 2014. 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, 2013. 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, 2013 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, 2014, which will be submitted to ASBO for review, will conform to ASBO's principles and standards.

Auditor of State Award – This award is presented by the Auditor of State. Fewer than five percent of all Ohio government agencies are eligible for this award. Certain criteria must be met to receive this award. Standards include: 1) The entity must complete and submit a Comprehensive Annual Financial Report (CAFR), 2) there must be no findings or issues present in the audit report, and 3) there must be no other financial concerns involving the entity. The Avon Lake City Schools have received this award the following years: 1999, 2000, 2002, 2006, 2007, 2008, 2009, 2011, 2012 and 2013. The district considers this the highest of all honors.

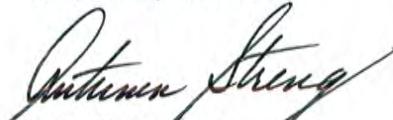
Acknowledgments

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

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

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

Respectfully submitted,



Autumn Streng, Treasurer



Robert D. Scott, Superintendent

Avon Lake Board of Education

Principal Officials
June 30, 2014

Board of Education

Mr. Charles Froehlich President
Mr. James Stobe..... Vice - President
Mr. Dale Cracas Member
Mr. Ronald Jantz, Jr..... Member
Mrs. Pamela Ohradzansky Member

Treasurer

Mrs. Autumn Streng

Administration

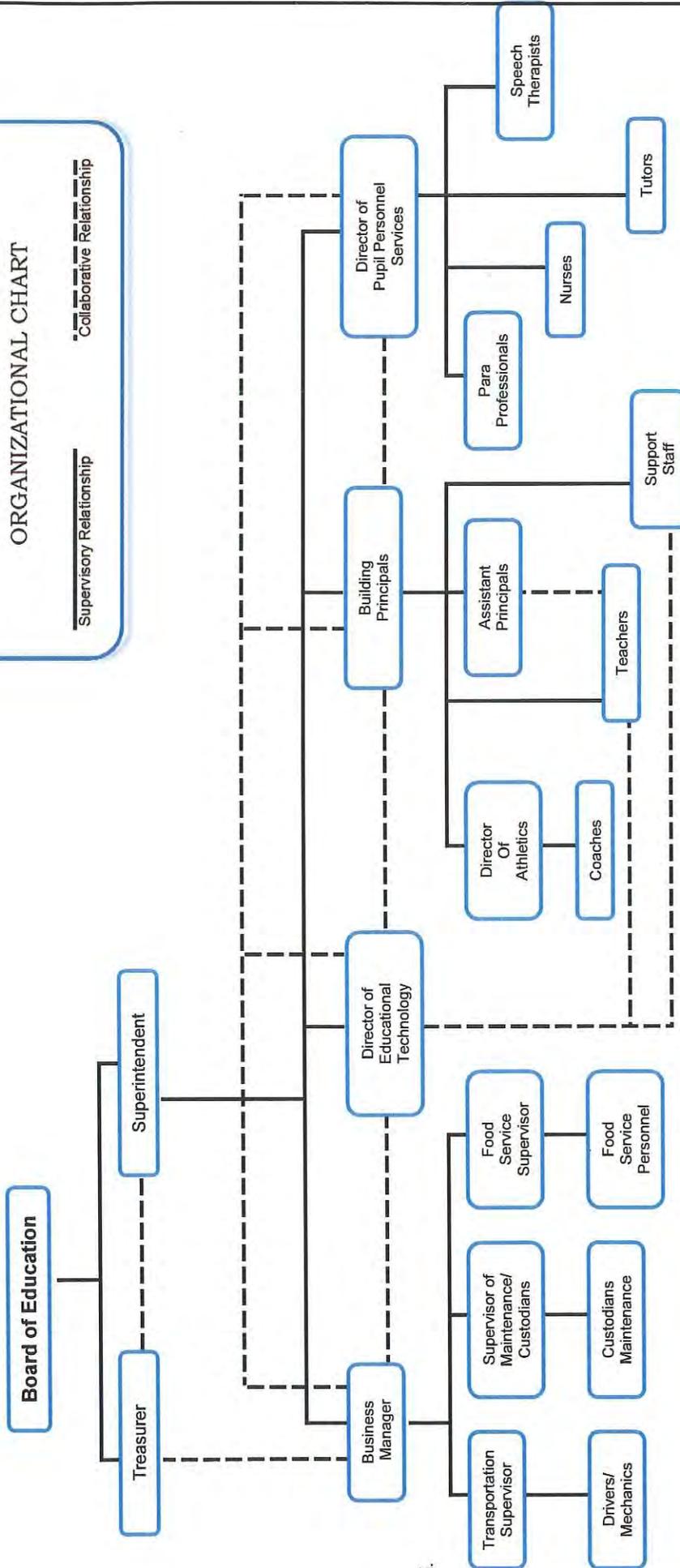
Mr. Robert D. Scott Superintendent
Mr. Thomas R. Barone Business Manager

Avon Lake City Schools, Avon Lake, Ohio

ORGANIZATIONAL CHART

Supervisory Relationship

Collaborative Relationship





Government Finance Officers Association

**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, 2013

Executive Director/CEO

Association of School Business Officials International



*The Certificate of Excellence in Financial Reporting Award
is presented to*

Avon Lake City School District

*For Its Comprehensive Annual Financial Report (CAFR)
For the Fiscal Year Ended June 30, 2013*

The CAFR has been reviewed and met or exceeded
ASBO International's Certificate of Excellence standards



A handwritten signature in black ink, reading 'Terrie S. Simmons'.

Terrie S. Simmons, RSBA, CSBO
President

A handwritten signature in black ink, reading 'John D. Musso'.

John D. Musso, CAE, RSBA
Executive Director

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**FINANCIAL
SECTION**



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Dave Yost • Auditor of State

INDEPENDENT AUDITOR'S REPORT

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

To the Board of Education:

Report on the Financial Statements

We have audited the accompanying financial statements of the governmental activities, each major fund, and the aggregate remaining fund information of the Avon Lake City School District, Lorain County, Ohio (the District), as of and for the year ended June 30, 2014, and the related notes to the financial statements, which collectively comprise the District's basic financial statements as listed in the table of contents.

Management's Responsibility for the Financial Statements

Management is responsible for preparing and fairly presenting these financial statements in accordance with accounting principles generally accepted in the United States of America; this includes designing, implementing, and maintaining internal control relevant to preparing and fairly presenting financial statements that are free from material misstatement, whether due to fraud or error.

Auditor's Responsibility

Our responsibility is to opine on these financial statements based on our audit. We audited in accordance with auditing standards generally accepted in the United States of America and the financial audit standards in the Comptroller General of the United States' *Government Auditing Standards*. Those standards require us to plan and perform the audit to reasonably assure the financial statements are free from material misstatement.

An audit requires obtaining evidence about financial statement amounts and disclosures. The procedures selected depend on our judgment, including assessing the risks of material financial statement misstatement, whether due to fraud or error. In assessing those risks, we consider internal control relevant to the District's preparation and fair presentation of the financial statements in order to design audit procedures that are appropriate in the circumstances, but not to the extent needed to opine on the effectiveness of the District's internal control. Accordingly, we express no opinion. An audit also includes evaluating the appropriateness of management's accounting policies and the reasonableness of their significant accounting estimates, as well as our evaluation of the overall financial statement presentation.

We believe the audit evidence we obtained is sufficient and appropriate to support our audit opinions.

Opinion

In our opinion, the financial statements referred to above present fairly, in all material respects, the respective financial position of the governmental activities, each major fund, and the aggregate remaining fund information of the Avon Lake City School District, Lorain County, Ohio, as of June 30, 2014, 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 accordance with the accounting principles generally accepted in the United States of America.

Other Matters

Required Supplementary Information

Accounting principles generally accepted in the United States of America require this presentation to include *Management's discussion and analysis* 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 applied certain limited procedures to the required supplementary information in accordance with auditing standards generally accepted in the United States of America, consisting of inquiries of management about the methods of preparing the information and comparing the information for consistency with management's responses to our inquiries, to the basic financial statements, and other knowledge we obtained during our audit of the basic financial statements. We do not opine or provide any assurance on the information because the limited procedures do not provide us with sufficient evidence to opine or provide any other assurance.

Supplementary and Other Information

Our audit was conducted to opine on 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 present additional analysis and are not a required part of the basic financial statements.

The statements and schedules are management's responsibility, and derive from and relate directly to the underlying accounting and other records used to prepare the basic financial statements. We subjected these statements and schedules to the auditing procedures we applied to the basic financial statements. We also applied certain additional procedures, including comparing and reconciling statements and schedules 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, these statements and schedules are 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.

Other Reporting Required by Government Auditing Standards

In accordance with *Government Auditing Standards*, we have also issued our report dated October 8, 2014, 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. That report describes the scope of our internal control testing over financial reporting and compliance, and the results of that testing, and does not opine on internal control over financial reporting or on compliance. That report is an integral part of an audit performed in accordance with *Government Auditing Standards* in considering the District's internal control over financial reporting and compliance.

A handwritten signature in black ink that reads "Dave Yost". The signature is written in a cursive style with a large, looping "D" and "Y".

Dave Yost
Auditor of State
Columbus, Ohio

October 8, 2014

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Avon Lake City School District
Management's Discussion and Analysis
For the Fiscal Year Ended June 30, 2014
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, 2014. 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 2014 are as follows:

- In total, net position for governmental activities decreased from \$ 19.2 million at June 30, 2013, to \$ 18.9 million at June 30, 2014.
- Revenues for governmental activities totaled \$ 44,852,738 in fiscal year 2014. Of this total \$ 40,960,497 or 91.32 percent consisted of general revenues while program revenues accounted for the balance of \$ 3,892,241 or 8.68 percent.
- Program expenses totaled \$ 45,140,315. Instructional expenses made up \$ 24,718,070 or 54.76 percent of this total while support services accounted for \$ 14,718,720 or 32.61 percent. Other expenses, \$ 5,703,525, rounded out the remaining 12.63 percent.
- Total outstanding debt had a net decrease of \$ 2,986,408 to \$ 48,401,770 in fiscal year 2014.

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 Position 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 and Bond Retirement Fund are the most significant governmental funds.

Reporting the School District as a Whole

Statement of Net Position 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 2014 fiscal year?" The Statement of Net Position and the Statement of Activities answer this question. These statements include all assets, deferred outflows of resources, liabilities and deferred inflows of resources 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, 2014
Unaudited

These two statements report the School District's net position and changes in that position. This change in net position 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 Position 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 18. Fund financial statements provide detailed information about the School District's major funds. The School District uses many funds to account for a multitude of financial transactions; however, these fund financial statements concentrate on the School District's most significant funds. The School District's major governmental funds are the General Fund and Bond Retirement Debt Service Fund.

Governmental Funds

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

Total assets decreased by \$ 2,361,711. This decrease can be attributed primarily to decreases of \$ 2,608,973 in capital assets and \$ 522,139 in taxes receivable. This decrease was offset by an increase in equity in pooled cash of \$ 788,962.

Total liabilities decreased by \$ 3,911,581. Current liabilities decreased by \$ 838,418, primarily due to decreases in intergovernmental payables and accrued wages and benefits. Long-term liabilities decreased by \$ 3,073,163.

Deferred inflows of resources related to property taxes increased by \$ 1,837,447.

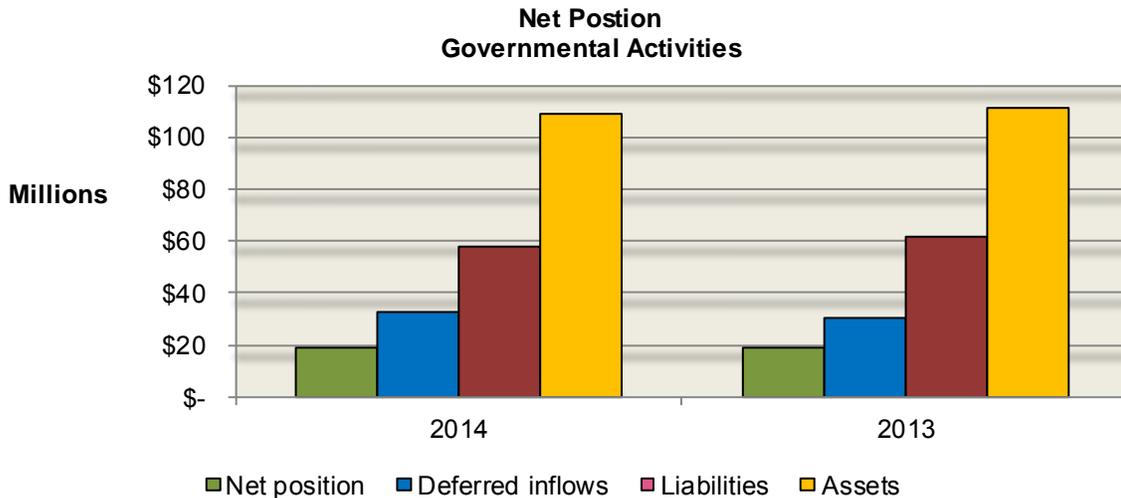
Over time, net position can serve as an indicator of a government's financial position. At June 30, 2014, the School District's assets exceeded liabilities and deferred inflows of resources by \$ 18,927,377. Of this total, \$ 5,731,244 is restricted in use.

Avon Lake City School District
Management's Discussion and Analysis
For the Fiscal Year Ended June 30, 2014
Unaudited

Table 1 provides a summary of the School District's net position for fiscal year 2014 compared to fiscal year 2013:

TABLE I
 Total Net Position

	<u>2014</u>	<u>2013</u>
Assets		
Current and other assets	\$ 52,887,644	\$ 52,640,382
Total capital assets, net	<u>56,102,368</u>	<u>58,711,341</u>
	<u>108,990,012</u>	<u>111,351,723</u>
Liabilities		
Current liabilities	3,872,947	4,711,365
Long term liabilities		
Due within one year	4,044,044	4,118,289
Due in more than one year	<u>49,863,476</u>	<u>52,862,394</u>
Total liabilities	<u>57,780,467</u>	<u>61,692,048</u>
Deferred inflows of resources	<u>32,282,168</u>	<u>30,444,721</u>
Net position		
Net investment in capital assets	7,729,401	8,694,493
Restricted	5,731,244	6,424,518
Unrestricted	<u>5,466,732</u>	<u>4,095,943</u>
Total net position	<u>\$ 18,927,377</u>	<u>\$ 19,214,954</u>



Avon Lake City School District
Management's Discussion and Analysis
For the Fiscal Year Ended June 30, 2014
Unaudited

Table 2 shows total revenues, expenses and changes in net position for fiscal year 2014 compared to fiscal year 2013. Total revenue for 2014 was \$ 1,853,100 lower than in 2013, while total expenses in 2014 were \$ 2,681,214 lower than the prior year.

Table 2
Changes in Net Position

	<u>2014</u>	<u>2013</u>
Revenues		
Program revenues		
Charges for services and sales	\$ 2,295,906	\$ 2,169,417
Operating grants, interest and contributions	1,596,335	1,604,613
Total program revenues	<u>3,892,241</u>	<u>3,774,030</u>
General revenues		
Property taxes	30,225,432	33,029,049
Grants and entitlements not restricted to specific purposes	10,162,477	9,341,447
Investment earnings	41,298	55,891
Miscellaneous	531,290	505,421
Total general revenues	<u>40,960,497</u>	<u>42,931,808</u>
Total revenues	<u>44,852,738</u>	<u>46,705,838</u>
Program expenses		
Instruction	24,718,070	25,879,640
Supporting services		
Pupil and instructional staff	3,695,601	5,211,891
Board of education, administration, fiscal services and business	4,264,031	4,432,739
Operation and maintenance	4,802,518	4,187,039
Pupil transportation	1,724,228	1,802,544
Central services	232,342	320,972
Operation of non-instructional services		
Food service operation	1,237,815	1,356,079
Community services	410,932	279,348
Extracurricular activities	1,266,615	1,335,805
Interest and fiscal charges	2,788,163	3,015,472
Total expenses	<u>45,140,315</u>	<u>47,821,529</u>
Decrease in net position	(287,577)	(1,115,691)
Net position at beginning of year	<u>19,214,954</u>	<u>20,330,645</u>
Net position at end of year	<u>\$ 18,927,377</u>	<u>\$ 19,214,954</u>

Avon Lake City School District
Management's Discussion and Analysis
For the Fiscal Year Ended June 30, 2014
Unaudited

The vast majority of revenue supporting all Governmental Activities is general revenue. General revenue accounted for nearly \$ 41.0 million or 91.32 percent of the total revenue. The most significant portion of general revenue is local property tax. The other type of revenue that accounts for 8.68 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 \$ 118,211 in 2014 from 2013. This increase can be attributed to an increase of \$ 126,489 in charges for services and sales and a decrease of \$ 8,278 in grants and contributions.

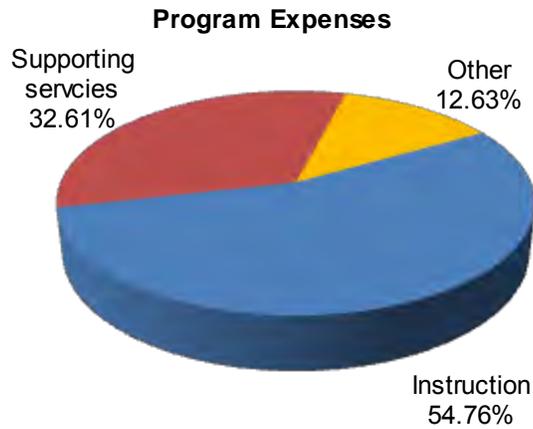
As you can see 54.76 percent of the School District's expenses were used to fund instructional expenses. Additional support services for pupils, staff, and business operation expenses were 32.61 percent. The remaining 12.63 percent of program expenses was used to facilitate other obligations of the School 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

	<u>Total Cost of Services</u>		<u>Net Cost of Services</u>	
	<u>2014</u>	<u>2013</u>	<u>2014</u>	<u>2013</u>
Program expenses				
Instruction	\$ 24,718,070	\$ 25,879,640	\$(23,550,144)	\$(24,854,629)
Supporting services				
Pupil and instructional staff	3,695,601	5,211,891	(2,989,323)	(4,597,590)
Board of education, administration, fiscal services and business	4,264,031	4,432,739	(4,247,872)	(4,393,981)
Operation and maintenance	4,802,518	4,187,039	(4,799,675)	(4,187,039)
Pupil transportation	1,724,228	1,802,544	(1,724,228)	(1,802,544)
Central services	232,342	320,972	(194,365)	(308,372)
Operation of non-instructional services				
Food service operation	1,237,815	1,356,079	24,822	13,600
Community services	410,932	279,348	(124,603)	17,818
Extracurricular activities	1,266,615	1,335,805	(854,523)	(919,290)
Interest and fiscal charges	2,788,163	3,015,472	(2,788,163)	(3,015,472)
Total expenses	<u>\$ 45,140,315</u>	<u>\$ 47,821,529</u>	<u>\$(41,248,074)</u>	<u>\$(44,047,499)</u>

Avon Lake City School District
Management's Discussion and Analysis
For the Fiscal Year Ended June 30, 2014
Unaudited



The dependence upon tax revenues for governmental activities is apparent. Over 66.96 percent of total expenses are supported through taxes. Grants and entitlements not restricted to specific programs support 22.51 percent, while program revenue supports 8.62 percent. Investment and other miscellaneous type revenue support the remaining activity costs. The community, as a whole, is the primary support for the School District students.

The School District's Funds

Information about the School District's major funds starts on page 18. These governmental funds are accounted for using the modified accrual basis of accounting. All governmental funds had total revenues of \$ 47,313,407 and expenditures of \$ 45,183,185. In total, the net change in fund balance was an increase of \$ 2,130,222.

The net change in fund balance for the year was most significant in the General Fund. In 2014, the General Fund received more taxes revenue than in the prior year, while expenditures were significantly lower, which resulted in an increase of \$ 1,828,836 in the General Fund's fund.

The schedule on the following page shows the significant changes between fiscal year 2013 and 2014 for the General Fund.

Avon Lake City School District
Management's Discussion and Analysis
For the Fiscal Year Ended June 30, 2014
Unaudited

	General Fund		
	2014	2013	Change
Revenue			
Taxes	\$ 28,061,493	\$ 25,776,618	\$ 2,284,875
Tuition and fees	607,823	670,144	(62,321)
Interest	42,411	48,922	(6,511)
Intergovernmental	8,434,563	7,591,212	843,351
Extracurricular	246,514	30,979	215,535
Miscellaneous	482,429	343,927	138,502
Total revenues	<u>37,875,233</u>	<u>34,461,802</u>	<u>3,413,431</u>
Expenditures			
Current			
Instruction	21,956,561	23,017,383	(1,060,822)
Supporting services	12,970,058	14,877,320	(1,907,262)
Operation of non-instructional services	92,102	4,066	88,036
Extracurricular activities	926,754	931,924	(5,170)
Debt service			
Principal	89,540	93,449	(3,909)
Interest	11,382	15,918	(4,536)
Total expenditures	<u>36,046,397</u>	<u>38,940,060</u>	<u>(2,893,663)</u>
Net change in fund balances	1,828,836	(4,478,258)	6,307,094
Fund balances, beginning of year	<u>4,779,509</u>	<u>9,257,767</u>	<u>(4,478,258)</u>
Fund balances, end of year	<u>\$ 6,608,345</u>	<u>\$ 4,779,509</u>	<u>\$ 1,828,836</u>

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 2014, the School District amended its General Fund budget several times to reflect changes in unanticipated receipts and amended appropriations. For the General Fund, the final budget basis revenue estimate, excluding other financing sources, was \$ 37,293,475 which was \$ 1,648,053 less than the original budget estimate and \$ 57,622 less than actual revenue. The final budget basis expenditures estimate, excluding other financing uses, totaled \$ 40,077,940 which was the same as the original budget estimate. Actual expenditures were \$ 2,724,072 less than final budget basis expenditures. The unencumbered ending cash balance totaled \$ 5,807,680.

Avon Lake City School District
Management's Discussion and Analysis
For the Fiscal Year Ended June 30, 2014
Unaudited

Capital Assets and Debt Administration

Capital Assets

At the end of fiscal 2014, the School District, net of depreciation, had \$ 56,102,368 invested in land, construction in process, land improvements, buildings and improvements, furniture and equipment, and vehicles. Table 4 shows fiscal year 2014 values compared to fiscal year 2013. More detailed information is presented in Note 8 of the notes to the basic financial statements.

Table 4
 Capital Assets
 (Net of Accumulated Depreciation)

	2014	2013
Land	\$ 6,041,645	\$ 6,041,645
Construction in progress	-	9,645
Land improvements	1,441,962	1,510,211
Buildings and improvements	47,426,757	49,344,526
Furniture and equipment	439,163	960,707
Vehicles	752,841	844,598
Total capital assets	\$ 56,102,368	\$ 58,711,332

All capital assets, except land and construction in process, are reported net of depreciation.

Debt

At June 30, 2014, the Avon Lake School District had \$ 48,401,770 in bonds and capital leases, a decrease of \$ 2,986,408 from fiscal year 2013. \$ 2,859,158 of the bonds and capital leases are due within one year. Table 5 below summarizes the School District's bonds and capital leases. More detailed information is presented in Notes 13 and 14 of the notes to the basic financial statements.

Table 5
 Outstanding Debt Year-End

	2014	2013
Term and serial bonds	\$ 48,185,000	\$ 49,480,000
Capital appreciation bonds	25,866	285,207
Accretion on capital appreciation bonds	28,803	1,371,330
Capital leases	162,101	251,641
Total outstanding debt	\$ 48,401,770	\$ 51,388,178

Avon Lake City School District
Management's Discussion and Analysis
For the Fiscal Year Ended June 30, 2014
Unaudited

Current Issues

The Avon Lake Board of Education and administration closely monitor revenues and expenditures in accordance with its financial forecast. This monitoring process was recently affirmed by Moody's Investors Services.

The financial future of the District is not without its internal as well as external challenges. In the foreseeable future, the internal challenge will remain as long as the School District is required to rely on local property taxes to fund its operations. External challenges continue to evolve as the economy and the State of Ohio determine the outcome and viability of the State's educational funding system and in dealing with the many unfunded mandates being handed down from the State and Federal governments.

The School District has been impacted by the continuing national trend of rapidly escalating employee benefit costs; therefore, the School District joined a health insurance consortium January 1, 2013. By spreading the risk associated with health care trends amongst the other school districts within the consortium, the School District should limit its exposure to unpredictable increases in premiums. 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 realized approximately \$ 2,900,000 in State funding losses between fiscal year 2011 and 2013. Declines in local property value in 2009 and 2012 compounded the already existing revenue shortage. The School District failed its first attempt for a new money levy in November 2012; however, gained voter approval in May 2013 for a 10 year emergency levy. The new levy is anticipated to collect \$ 6,500,000 annually. Reducing expenditures is a priority for the School District; therefore, reductions in programming and additional pay freezes have occurred. The Family and Consumer Science program, as well as, the Occupational Work Experience program are no longer optional course offerings. The School District had ten teachers retire at the end of the 2012-2013 school year and did not replace seven of them.

Several significant legislative and judicial actions have occurred that will have a major impact on the 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 continued 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 funding. The School District has also been affected by the redirection of State funding to community (charter) schools. Over \$ 383,000 was deducted from the School District's State funding and redirected to 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 awards since 1994.

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. Autumn Streng, Treasurer, can be contacted at the Avon Lake City School District, 175 Avon Belden Rd., Avon Lake, Ohio 44012 or by e-mail at Autumn.streng@avonlakecityschools.org.

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AVON LAKE CITY SCHOOL DISTRICT
LORAIN COUNTY

STATEMENT OF NET POSITION

JUNE 30, 2014

	Governmental Activities
Assets and deferred outflow of resources	
Assets	
Equity in pooled cash	\$ 14,943,754
Inventories and supplies	46,091
Interest receivable	8,400
Taxes receivable	37,889,399
Capital assets	
Nondepreciable capital assets	6,041,645
Depreciable capital assets	50,060,723
Total assets	108,990,012
Total assets and deferred outflow s of resources	\$ 108,990,012
Liabilities, deferred inflow s of resources and fund liabilities	
Liabilities	
Accounts and contracts payable	145,046
Accrued salaries, wages and benefits	3,207,944
Accrued interest payable	199,021
Intergovernmental payable	320,936
Long-term liabilities	
Due w ithin one year	4,044,044
Due in more than one year	49,863,476
Total liabilities	57,780,467
Deferred inflow s of resources	
Property taxes levied for next year and unavailable resources	32,282,168
Total deferred inflow s of resources	32,282,168
Net position	
Net investment in capital assets	7,729,401
Restricted for:	
Debt service	3,920,720
Capital projects	732,069
Food service	516,488
Extracurricular activities	187,675
Federal grants	30,748
Donations	343,544
Unrestricted	5,466,732
Total net position	\$ 18,927,377

See accompanying notes to the basic financial statements.

AVON LAKE CITY SCHOOL DISTRICT
LORAIN COUNTY

STATEMENT OF ACTIVITIES

FOR THE YEAR ENDED JUNE 30, 2014

	Expenses	Program Revenues		Net (Expense) Revenues and Changes in Net Position
		Charges for Services and Sales	Operating Grants, Interest and Contributions	
Governmental activities:				
Instruction				
Regular	\$ 19,441,025	\$ 623,791	\$ 114,564	(18,702,670)
Special	4,135,900	60,643	359,556	(3,715,701)
Vocational	3,273	-	-	(3,273)
Adult/continuing	11,580	-	-	(11,580)
Other instruction	1,126,292	-	9,372	(1,116,920)
Supporting services				
Pupil	2,572,330	194,327	452,358	(1,925,645)
Instructional staff	1,123,271	8,728	50,865	(1,063,678)
Board of education	24,029	-	-	(24,029)
Administration	3,049,875	1,390	14,769	(3,033,716)
Fiscal services	992,046	-	-	(992,046)
Business	198,081	-	-	(198,081)
Operation and maintenance	4,802,518	2,843	-	(4,799,675)
Pupil transportation	1,724,228	-	-	(1,724,228)
Central services	232,342	25,377	12,600	(194,365)
Operation of non-instructional services				
Food service operation	1,237,815	966,715	295,922	24,822
Community services	410,932	-	286,329	(124,603)
Extracurricular activities	1,266,615	412,092	-	(854,523)
Interest and fiscal charges	2,788,163	-	-	(2,788,163)
Total	<u>\$ 45,140,315</u>	<u>\$ 2,295,906</u>	<u>\$ 1,596,335</u>	<u>(41,248,074)</u>

General revenues	
Property taxes levied for:	
General purposes	26,118,293
Debt service	3,584,698
Capital improvements	522,441
Grants and entitlements not restricted to specific purposes	10,162,477
Investment earnings	41,298
Miscellaneous	531,290
Total general revenues	<u>40,960,497</u>
Change in net position	(287,577)
Net position at beginning of year	<u>19,214,954</u>
Net position at end of year	<u>\$ 18,927,377</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, 2014

	General Fund	Bond Retirement Fund	Other Governmental Funds	Total Governmental Funds
Assets and deferred outflow of resources				
Assets				
Equity in pooled cash	\$ 6,644,029	\$ 3,134,279	\$ 2,004,510	\$ 11,782,818
Restricted cash	113,990	-	-	113,990
Receivables, net of allowance				
Taxes, current	30,450,640	3,813,484	2,499,675	36,763,799
Taxes, delinquent	932,300	116,800	76,500	1,125,600
Interest receivable	8,400	-	-	8,400
Inventories and supplies	34,038	-	12,053	46,091
Total assets	38,183,397	7,064,563	4,592,738	49,840,698
Total assets and deferred outflows of resources	\$ 38,183,397	\$ 7,064,563	\$ 4,592,738	\$ 49,840,698
Liabilities, deferred inflows of resources and fund liabilities				
Liabilities				
Accounts and contracts payable	\$ 103,595	\$ -	\$ 39,606	\$ 143,201
Accrued salaries, wages and benefits	3,121,367	-	70,638	3,192,005
Intergovernmental payable	300,321	-	20,615	320,936
Matured compensated absences	308,254	-	1,620	309,874
Total liabilities	3,833,537	-	132,479	3,966,016
Deferred inflows of resources				
Property taxes levied for next year and unavailable resources	27,741,515	3,407,898	2,259,955	33,409,368
Total deferred inflows of resources	27,741,515	3,407,898	2,259,955	33,409,368
Fund balances				
Nonspendable	34,038	-	12,053	46,091
Restricted	-	3,656,665	2,188,251	5,844,916
Committed	113,990	-	-	113,990
Assigned	898,319	-	-	898,319
Unassigned	5,561,998	-	-	5,561,998
Total fund balances	6,608,345	3,656,665	2,200,304	12,465,314
Total liabilities, deferred inflows of resources and fund balances	\$ 38,183,397	\$ 7,064,563	\$ 4,592,738	\$ 49,840,698

See accompanying notes to the basic financial statements.

AVON LAKE CITY SCHOOL DISTRICT
LORAIN COUNTY

RECONCILIATION OF TOTAL GOVERNMENTAL FUND BALANCES TO
NET POSITION OF GOVERNMENTAL ACTIVITIES

JUNE 30, 2014

Total governmental fund balances	\$ 12,465,314
Amount reported for governmental activities in the statement of net position are different because:	
Capital assets used in governmental activities are not financial resources and therefore not reported in the funds.	56,102,368
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, charges for services and accrued interest income.	1,127,200
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 position.	3,029,162
Long-term liabilities are not due and payable in the current period and therefore are not reported in the funds:	
Compensated absences payable	(5,195,876)
Bonds payable	(48,239,669)
Capital lease payable	(162,101)
Accrued interest payable	<u>(199,021)</u>
Net position of governmental activities	<u>\$ 18,927,377</u>

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, 2014

	General Fund	Bond Retirement Fund	Other Governmental Funds	Total Governmental Funds
Revenue				
Taxes	\$ 28,061,493	\$ 3,947,419	\$ 675,920	\$ 32,684,832
Tuition and fees	607,823	-	9,835	617,658
Interest	42,411	-	156	42,567
Intergovernmental	8,434,563	1,215,834	2,108,415	11,758,812
Extracurricular	246,514	-	311,419	557,933
Charges for services	-	-	966,715	966,715
Miscellaneous	482,429	-	202,461	684,890
Total revenues	<u>37,875,233</u>	<u>5,163,253</u>	<u>4,274,921</u>	<u>47,313,407</u>
Expenditures				
Current				
Instruction				
Regular	17,081,663	-	250,613	17,332,276
Special	3,750,366	-	359,809	4,110,175
Vocational	3,273	-	-	3,273
Adult/continuing	11,580	-	-	11,580
Other instruction	1,109,679	-	9,372	1,119,051
Supporting services				
Pupil	2,089,528	-	469,490	2,559,018
Instructional staff	1,044,699	-	59,326	1,104,025
Board of education	24,029	-	-	24,029
Administration	2,840,964	-	16,159	2,857,123
Fiscal services	931,318	56,882	9,875	998,075
Business	164,140	-	-	164,140
Operation and maintenance	4,007,048	-	357,060	4,364,108
Pupil transportation	1,668,690	-	25,131	1,693,821
Central services	199,642	-	32,700	232,342
Operation of non-instructional services				
Food service operation	-	-	1,183,381	1,183,381
Community services	92,102	-	315,937	408,039
Extracurricular activities	926,754	-	392,609	1,319,363
Capital outlay	-	-	40,654	40,654
Debt service				
Principal	89,540	2,760,000	305,000	3,154,540
Interest	11,382	2,486,690	6,100	2,504,172
Total expenditures	<u>36,046,397</u>	<u>5,303,572</u>	<u>3,833,216</u>	<u>45,183,185</u>
Net change in fund balances	1,828,836	(140,319)	441,705	2,130,222
Fund balances, beginning of year	<u>4,779,509</u>	<u>3,796,984</u>	<u>1,758,599</u>	<u>10,335,092</u>
Fund balances, end of year	<u>\$ 6,608,345</u>	<u>\$ 3,656,665</u>	<u>\$ 2,200,304</u>	<u>\$ 12,465,314</u>

See accompanying notes to the basic financial statements.

AVON LAKE CITY SCHOOL DISTRICT
LORAIN COUNTY

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

FOR THE YEAR ENDED JUNE 30, 2014

Net change in fund balances - total governmental funds		\$ 2,130,222
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 expense exceeded net capital outlay in the current period.		
	Capital outlay, net	\$ 276,996
	Depreciation expense	<u>(2,885,969)</u>
		(2,608,973)
Revenues in the statement of activities that do not provide current financial resources are not reported as revenues in the funds.		
	Interest	(2,000)
	Property taxes	<u>(2,459,400)</u>
		(2,461,400)
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 position.		
		3,154,540
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	(115,859)
	Annual accretion	<u>(168,132)</u>
		(283,991)
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	88,242
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>(306,217)</u>
Change in net position of governmental activities		<u><u>\$ (287,577)</u></u>

See accompanying notes to the basic financial statements.

AVON LAKE CITY SCHOOL DISTRICT
LORAIN COUNTY

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

FOR THE YEAR ENDED JUNE 30, 2014

	General Fund			Variance with Final Budget Positive (Negative)
	Budget Amounts		Actual	
	Original	Final		
Revenues				
Taxes	\$ 29,126,117	\$ 27,893,465	\$ 27,936,562	\$ 43,097
Tuition and fees	551,928	528,569	529,386	817
Interest	45,130	43,220	43,287	67
Intergovernmental	8,689,036	8,321,306	8,334,163	12,857
Extracurricular	222,080	212,681	213,010	329
Miscellaneous	307,237	294,234	294,689	455
Total revenues	38,941,528	37,293,475	37,351,097	57,622
Expenditures				
Current				
Instruction				
Regular	19,203,308	19,203,308	17,898,070	1,305,238
Special	3,999,550	3,999,550	3,727,703	271,847
Vocational	19,073	19,073	17,776	1,297
Adult/continuing	12,173	12,173	11,345	828
Other	1,212,239	1,212,239	1,129,844	82,395
Supporting services				
Pupil	2,384,603	2,384,603	2,222,523	162,080
Instructional staff	1,123,292	1,123,292	1,046,942	76,350
Board of education	25,780	25,780	24,029	1,751
Administration	3,153,544	3,153,544	2,939,199	214,345
Fiscal services	996,103	996,103	928,399	67,704
Business	178,201	178,201	166,089	12,112
Operation and maintenance	4,581,315	4,581,315	4,269,926	311,389
Pupil transportation	1,811,416	1,811,416	1,688,295	123,121
Central services	347,140	347,140	323,545	23,595
Operation of non-instructional services				
Community services	83,860	83,860	78,160	5,700
Extracurricular activities				
Academic and subject oriented	103,393	103,393	96,366	7,027
Occupation oriented	1,310	1,310	1,221	89
Sports oriented	786,848	786,848	733,368	53,480
Co-curricular activities	54,792	54,792	51,068	3,724
Total expenditures	40,077,940	40,077,940	37,353,868	2,724,072
Excess (deficiency) of revenues over expenditures	(1,136,412)	(2,784,465)	(2,771)	2,781,694
Other financing sources				
Gain on sale of assets	-	6,361	6,361	-
Advances in	-	360,657	360,657	-
Refund of prior year expenditures	-	100,400	100,400	-
Total other financing sources	-	467,418	467,418	-
Net change in fund balance	(1,136,412)	(2,317,047)	464,647	2,781,694
Prior year encumbrances	623,363	623,363	623,363	-
Fund balances, beginning of year	4,719,670	4,719,670	4,719,670	-
Fund balances, end of year	\$ 4,206,621	\$ 3,025,986	\$ 5,807,680	\$ 2,781,694

See accompanying notes to the basic financial statements.

AVON LAKE CITY SCHOOL DISTRICT
LORAIN COUNTY

STATEMENT OF FUND NET POSITION
INTERNAL SERVICE FUND

JUNE 30, 2014

	<u>Self Insurance</u>
Assets	
Current assets	
Equity in pooled cash	\$ 3,046,946
Total assets	<u>\$ 3,046,946</u>
Liabilities	
Current liabilities	
Accounts and contracts payable	1,845
Accrued wages and benefits	<u>15,939</u>
Total liabilities	<u>17,784</u>
Net position	
Unrestricted	<u>\$ 3,029,162</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 POSITION
INTERNAL SERVICE FUND
FOR THE YEAR ENDED JUNE 30, 2014

	<u>Self Insurance</u>
Operating revenues	
Miscellaneous	<u>\$ 591</u>
Operating expenses	
Claims	<u> 307,539</u>
Total operating expenses	<u> 307,539</u>
Operating loss	<u> (306,948)</u>
Nonoperating revenues	
Interest income	<u> 731</u>
Change in net position	(306,217)
Net position, beginning of year	<u> 3,335,379</u>
Net position, end of year	<u><u> \$ 3,029,162</u></u>

See accompanying notes to the basic financial statements.

AVON LAKE CITY SCHOOL DISTRICT
LORAIN COUNTY

STATEMENT OF CASH FLOWS
INTERNAL SERVICE FUND

FOR THE YEAR ENDED JUNE 30, 2014

	<u>Self Insurance</u>
Cash flows from operating activities	
Cash payments for claims	\$ (347,606)
Cash received from other sources	<u>591</u>
Net cash used in operating activities	<u>(347,015)</u>
Cash flows from investing activities	
Interest income	<u>731</u>
Net cash provided by investing activities	<u>731</u>
Net decrease in cash and cash equivalents	(346,284)
Cash and cash equivalents, beginning of year	<u>3,393,230</u>
Cash and cash equivalents, end of year	<u>\$ 3,046,946</u>
Reconciliation of operating income loss to net cash used in operating activities:	
Operating loss	<u>\$ (306,948)</u>
Adjustments	
Decrease in accounts and contracts payable	(6)
Increase in accrued wages and benefits	15,939
Decrease in claims payable	<u>(56,000)</u>
Total adjustments	<u>(40,067)</u>
Net cash used in operating activities	<u>\$ (347,015)</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, 2014

	<u>Agency Funds</u>
Assets	
Equity in pooled cash	\$ 99,713
Total assets	<u><u>\$ 99,713</u></u>
Liabilities	
Accounts payable	\$ 329
Due to students	96,001
Due to others	3,383
Total liabilities	<u><u>\$ 99,713</u></u>

See accompanying notes to the basic financial statements.

AVON LAKE CITY SCHOOL DISTRICT
LORAIN COUNTY
NOTES TO THE BASIC FINANCIAL STATEMENTS
FOR THE YEAR ENDED JUNE 30, 2014

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 234 non-certified personnel, 226 certified full-time teaching personnel, and 14 administrative employees to provide services to 3,772 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 five jointly governed organizations and is associated with a related organization. The organizations are the North Coast Council, the Lorain County Joint Vocational School District, the Ohio Schools Council Association, the Suburban Health Consortium, and the Avon Lake Public Library. These organizations are presented in Notes 15 and 16 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 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, 2014

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 position 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 position 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 position 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 and deferred outflows of resources are assigned to the various governmental funds according to the purposes for which they may or must be used. Current liabilities and deferred inflows of resources are assigned to the fund from which they will be paid. The difference between governmental fund assets and deferred outflows of resources compared to liabilities and deferred inflows of resources 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, 2014

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.

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 position, 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 fund's reserve balance for employee insurance related benefits.

Fiduciary Fund Type

Fiduciary fund reporting focuses on net position and changes in net position. 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 deferred outflows of resources and all liabilities and deferred inflows of inflows associated with the operation of the School District are included on the statement of net position. The statement of activities presents increases (i.e., revenues) and decreases (i.e., expenses) in total net position.

AVON LAKE CITY SCHOOL DISTRICT
LORAIN COUNTY
NOTES TO THE BASIC FINANCIAL STATEMENTS
FOR THE YEAR ENDED JUNE 30, 2014

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

Like the government-wide statements, the Internal Service Fund is accounted for on a flow of economic resources measurement focus. All assets and deferred outflows of resources along with all liabilities and deferred inflows of resources associated with the operation of the fund are included on the statement of fund net position. The statement of revenues, expenses, and changes in fund net position presents increases (i.e., revenues) and decreases (i.e., expenses) in total net position. 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 deferred outflows/inflows of resources, 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 6). 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, 2014

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.

Deferred Outflows/Inflows of Resources

In addition to assets, the statements of financial position will sometimes report a separate section for deferred outflows of resources. Deferred outflows of resources, represents a consumption of net position that applies to a future period and will not be recognized as an outflow of resources (expense/expenditure) until then. In addition to liabilities, the statements of financial position report a separate section for deferred inflows of resources. Deferred inflows of resources represent an acquisition of net position that applies to a future period and will not be recognized as an inflow of resources (revenue) until that time. For the School District, deferred inflows of resources include property taxes, cafeteria receipts, and unavailable revenues. Property taxes represent amounts for which there is an enforceable legal claim as of June 30, 2014, but which were levied to finance year 2015 operations. Cafeteria receipts represent the positive account balance on student lunch cards as of June 30, 2014, which amounts will be used to purchase lunch in future fiscal years. These amounts have been recorded as deferred inflows on both the government-wide statement of net position and the governmental fund financial statements. Unavailable revenue is reported only on the governmental funds balance sheet, and represents receivables which will not be collected within the available period. For the School District, unavailable revenue includes delinquent property taxes. These amounts are deferred and recognized as inflows of resources in the period the amounts become available.

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, 2014

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 2014, investments were limited to 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, 2014.

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 2014 amounted to \$ 42,411, which includes \$ 21,706 assigned from other funds.

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

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 19 for additional information regarding set-asides.

AVON LAKE CITY SCHOOL DISTRICT
LORAIN COUNTY
NOTES TO THE BASIC FINANCIAL STATEMENTS
FOR THE YEAR ENDED JUNE 30, 2014

NOTE 1 - SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (continued)

I. PREPAID ITEMS

Payments made to vendors for services that will benefit periods beyond June 30, 2014, 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 position 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, 2014

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 position.

M. COMPENSATED ABSENCES

Compensated absences are absences for which employees will be paid, such as vacation, sick leave, and sabbatical leave. A liability for compensated absences that are attributable to services already rendered and that are not contingent on a specific event that is outside the control of the government and its employees is accrued as employees earn the rights to the benefits. Compensated absences that relate to future services or that are contingent on a specific event that is outside the control of the government and its employees are accounted for in the period in which such services are rendered or such events take place.

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 POSITION

Net position represent the difference between assets and deferred outflows of resources and liabilities and deferred inflows of resources. Net investment in capital assets, 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 positions 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.

The government-wide statement of net position reports \$ 5,731,244 of restricted net position, 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 position are available.

AVON LAKE CITY SCHOOL DISTRICT
LORAIN COUNTY
NOTES TO THE BASIC FINANCIAL STATEMENTS
FOR THE YEAR ENDED JUNE 30, 2014

NOTE 1 - SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (continued)

P. FUND BALANCE

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

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

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

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

Assigned - Amounts in the assigned fund balance classification are intended to be used by the School District for specific purposes but do not meet the criteria to be classified as restricted or committed. In governmental funds other than the general fund, assigned fund balance represents the remaining amount that is not restricted or committed. In the general fund, assigned amounts represent intended uses established by policies of the School District Board of Education, which policies includes giving the Treasurer the authority to constrain monies for intended purposes. The Board has, by resolution, authorized the Treasurer to assign fund balances for encumbrances outstanding at year-end.

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

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

Q. OPERATING REVENUES AND EXPENSES

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

AVON LAKE CITY SCHOOL DISTRICT
LORAIN COUNTY
NOTES TO THE BASIC FINANCIAL STATEMENTS
FOR THE YEAR ENDED JUNE 30, 2014

NOTE 1 - SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (continued)

R. EXTRAORDINARY AND SPECIAL ITEMS

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

S. ESTIMATES

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

NOTE 2 – CHANGE IN ACCOUNTING PRINCIPLES

GASB Statement No.66, “Technical Corrections – 2012; an amendment of GASB Statements No. 10 and No. 62”. The objective of this Statement is to improve accounting and financial reporting for a governmental financial reporting entity by resolving conflicting guidance that resulted from the issuance of two pronouncements, Statements No. 54, Fund Balance Reporting and Governmental Fund Type Definitions, and No. 62, Codification of Accounting and Financial Reporting Guidance Contained in Pre-November 30, 1989 FASB and AICPA Pronouncements. The implementation of GASB Statement No. 66 did not have an effect on the financial statements of the School District.

GASB Statement No.69, “Government Combinations and Disposals of Government Operations”. The objective of this Statement is to improve financial reporting by addressing accounting and financial reporting for government combinations and disposals of government operations. The term government combinations is used in this Statement to refer to a variety of arrangements including mergers and acquisitions. Government combinations also include transfers of operations that do not constitute entire legally separate entities and in which no significant consideration is exchanged. Transfers of operations may be present in shared service arrangements, reorganizations, redistricting, annexations, and arrangements in which an operation is transferred to a new government created to provide those services. The implementation of GASB Statement No. 69 did not have an effect on the financial statements of the School District.

GASB Statement No. 70, “Accounting and Financial Reporting for Nonexchange Financial Guarantees”. The statement provides accounting and financial reporting guidance to state and local governments that offer non-exchange financial guarantees to others and for governments that receive guarantees on their obligations. The implementation of GASB Statement No. 70 did not have an effect on the financial statements of the School District.

AVON LAKE CITY SCHOOL DISTRICT
LORAIN COUNTY
NOTES TO THE BASIC FINANCIAL STATEMENTS
FOR THE YEAR ENDED JUNE 30, 2014

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	\$ 464,647
Adjustments, increase (decrease)	
Revenue accruals	(236,626)
Expenditure accruals	893,293
Funds budgeted elsewhere **	36,537
Encumbrances	670,985
GAAP basis, as reported	\$ 1,828,836

** As part of Governmental Accounting Standards Board Statement No. 54, "Fund Balance Reporting", certain funds that are legally budgeted in separate special revenue funds are considered part of the General Fund on a GAAP basis. This includes the Scholarship Fund, Michael Baumhauer Scholarship Fund, and the Support Fund.

AVON LAKE CITY SCHOOL DISTRICT
LORAIN COUNTY
NOTES TO THE BASIC FINANCIAL STATEMENTS
FOR THE YEAR ENDED JUNE 30, 2014

NOTE 4 – FUND BALANCES

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

Fund balances	General Fund	Bond Retirement Fund	Nonmajor Governmental Funds	Total
Nonspendable				
Inventory	\$ 34,038	\$ -	\$ 12,053	\$ 46,091
Restricted for:				
Debt service	-	3,656,665	286,476	3,943,141
Capital projects	-	-	715,369	715,369
Food service	-	-	575,063	575,063
Extracurricular activities	-	-	187,675	187,675
State grants	-	-	49,376	49,376
Federal grants	-	-	30,748	30,748
Donations	-	-	343,544	343,544
Total restricted	-	3,656,665	2,188,251	5,844,916
Committed				
Budget reserve	113,990	-	-	113,990
Assigned to				
Encumbrances	624,277	-	-	624,277
Scholarships	95,296	-	-	95,296
Field trips and assemblies	178,746	-	-	178,746
Total assigned	898,319	-	-	898,319
Unassigned	5,561,998	-	-	5,561,998
Total fund balances	<u>\$ 6,608,345</u>	<u>\$ 3,656,665</u>	<u>\$ 2,200,304</u>	<u>\$ 12,465,314</u>

AVON LAKE CITY SCHOOL DISTRICT
LORAIN COUNTY
NOTES TO THE BASIC FINANCIAL STATEMENTS
FOR THE YEAR ENDED JUNE 30, 2014

NOTE 5 - DEPOSITS AND INVESTMENTS

A. LEGAL REQUIREMENTS

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

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

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

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

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

Interim monies may be invested in the following securities:

1. United States Treasury bills, bonds, notes, or any other obligation or security issued by the United States Treasury, or any other obligation guaranteed as to principal and interest by the United States;
2. Bonds, notes, debentures, or any other obligation or security issued by any federal government agency or instrumentality including, but not limited to, the Federal National Mortgage Association, Federal Home Loan Bank, Federal Farm Credit Bank, Federal Home Loan Mortgage Corporation, Government National Mortgage Association, and Student Loan Marketing Association. All federal agency securities shall be direct issuances of federal government agencies or instrumentalities;

AVON LAKE CITY SCHOOL DISTRICT
LORAIN COUNTY
NOTES TO THE BASIC FINANCIAL STATEMENTS
FOR THE YEAR ENDED JUNE 30, 2014

NOTE 5 - DEPOSITS AND INVESTMENTS (continued)

A. LEGAL REQUIREMENTS (continued)

3. Written repurchase agreements in the securities listed above provided that the market value of the securities subject to the repurchase agreement must exceed the principal value of the agreement by at least 2 percent and be marked to market daily, and the term of the agreement must not exceed thirty days;
4. Bonds and other obligations of the State of Ohio;
5. No-load money market mutual funds consisting exclusively of obligations described in division (1) or (2) and repurchase agreements secured by such obligations, provided that investments in securities described in this division are made only through eligible institutions;
6. The State Treasurer's investment pool (STAR Ohio);
7. Commercial paper and bankers' acceptances (if authorized by the Board of Education), and;
8. Under limited circumstances, corporate debt interests rated in either of the two highest rating classifications by at least two nationally recognized rating agencies.

Investments in stripped principal or interest obligations, reverse repurchase agreements, and derivatives are prohibited. The issuance of taxable notes for the purpose of arbitrage, the use of leverage, and short selling are also prohibited. An investment must mature within five years from the date of purchase, unless matched to a specific obligation or debt of the School District, and must be purchased with the expectation that it will be held to maturity.

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

At fiscal year end, the School District had \$ 5,580 in cash on hand which is included on the balance sheet of the School District as part of "Equity in Pooled Cash".

B. DEPOSITS

Custodial credit risk is the risk that, in the event of a bank failure, the School District's deposits may not be returned. The School District does not have a deposit policy for custodial credit risk. At fiscal year end, the carrying amount of the School District's deposits was \$ 14,759,838 and the bank balance was \$ 15,218,753. Of the bank balance, \$ 906,507 was covered by federal depository insurance and \$ 14,312,246 was uninsured. Of the remaining balance, \$ 14,312,246 was collateralized with securities held by the pledging institution's trust department not in the School District's name. Although the securities were held by the pledging financial institutions' trust department and all statutory requirements for the deposit of money had been followed, noncompliance with Federal requirements could potentially subject the School District to a successful claim by the FDIC.

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

AVON LAKE CITY SCHOOL DISTRICT
LORAIN COUNTY
NOTES TO THE BASIC FINANCIAL STATEMENTS
FOR THE YEAR ENDED JUNE 30, 2014

NOTE 5 - DEPOSITS AND INVESTMENTS (continued)

C. INVESTMENTS

For an investment, custodial credit risk is the risk that, in the event of the failure of the counterparty, the School District will not be able to recover the value of its investments or collateral securities that are in the possession of an outside party. As of June 30, 2014, the School District had the following investments:

	<u>Fair Value</u>	<u>Percentage of Investments</u>	<u>Investment Maturities</u>
STAR Ohio	<u>\$ 278,049</u>	<u>100.00%</u>	Less than six months

D. INTEREST RATE RISK

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

E. CREDIT RISK

The School District follows the Ohio Revised Code that limits its investment choices, as disclosed in Note 5 A. As of June 30, 2014 the School District's investment in Star Ohio was rated AAAM by Standard & Poor's.

F. CONCENTRATION OF CREDIT RISK

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

NOTE 6 - PROPERTY TAXES

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

Property taxes include amounts levied against all real, public utility and tangible personal property (used in business) located in the School District. Real property tax revenue received in calendar 2014 represents collections of calendar year 2013 taxes. Real property taxes received in calendar year 2014 were levied after April 1, 2013, on the assessed value listed as of January 1, 2013, 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 2014 represents collections of calendar year 2013 taxes. Public utility real and tangible personal property taxes received in calendar year 2014 became a lien December 31, 2012, were levied after April 1, 2013 and are collected in 2014 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, 2014

NOTE 6 - PROPERTY TAXES (continued)

Tangible personal property taxes received from telephone companies in calendar year 2014 were levied after October 1, 2013, on the value as of December 31, 2013. Payments by multi-county taxpayers are due September 20. Single county taxpayers may pay annually or semi-annually. If paid annually, payment is due April 30; if paid semi-annually, the first payment is due April 30, with the remainder payable by September 20. Tangible personal property taxes paid by April 30 are usually received by the School District prior to June 30; however, this year the settlement was late.

The School District receives property taxes from Lorain County. The County Auditor periodically advances to the School District its portion of the taxes collected. Second-half real property tax payments collected by the County by June 30, 2014, are available to finance fiscal year 2014 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, 2014 and for which there is an enforceable legal claim. Although total property tax collections for the next fiscal year are measurable, only delinquent settlement of tangible personal property taxes and the amount of real property taxes available as an advance at June 30 was levied to finance current fiscal year operations and is reported as revenue at fiscal year end. The portion of the receivable not levied to finance current fiscal year operations is offset by a credit to deferred revenue.

The amount available as an advance at June 30, 2014 was \$ 3,643,025 in the General Fund, \$ 522,386 in the Bond Retirement Debt Service Fund, \$ 266,584 in the Library Bond Retirement Debt Service Fund and \$ 82,229 in the Permanent Improvements Capital Projects Fund. The amount available as an advance at June 30, 2013 was \$ 3,518,094 in the General Fund, \$ 563,781 in the Bond Retirement Debt Service Fund, \$ 249,457 in the Library Bond Retirement Debt Service Fund and \$ 83,399 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 2014 taxes were collected are:

	2013 Second Half Collections		2014 First Half Collections	
	Amount	%	Amount	%
Agricultural/ Residential and Other Real Estate	\$ 729,211,340	92.86 %	\$ 739,254,670	95.08 %
Public Utility Personal	56,087,710	7.14	38,214,330	4.92
	<u>\$ 785,299,050</u>	<u>100.00 %</u>	<u>\$ 777,469,000</u>	<u>100.00 %</u>
 Tax Rate per \$ 1,000 of Assessed Valuation:	 <u>\$ 67.23</u>		 <u>\$ 75.10</u>	

NOTE 7 – RECEIVABLES

Receivables at June 30, 2014, consisted of property taxes and interest. All receivables are considered collectible in full due to the ability to foreclose for the nonpayment of taxes, the stable condition of State programs, and the current fiscal year guarantee of federal funds. All receivables are expected to be collected within one year.

AVON LAKE CITY SCHOOL DISTRICT
LORAIN COUNTY
NOTES TO THE BASIC FINANCIAL STATEMENTS
FOR THE YEAR ENDED JUNE 30, 2014

NOTE 8 - CAPITAL ASSETS

Capital asset activity for the fiscal year ended June 30, 2014, was as follows:

<u>Governmental Activities</u>	Balance June 30, 2013	Additions	Disposals	Balance June 30, 2014
Nondepreciable capital assets				
Land	\$ 6,041,645	\$ -	\$ -	\$ 6,041,645
Construction in process	9,654	-	9,654	-
	<u>6,051,299</u>	<u>-</u>	<u>9,654</u>	<u>6,041,645</u>
Depreciable capital assets				
Land improvements	2,807,750	5,000	-	2,812,750
Buildings and improvements	78,876,338	59,542	-	78,935,880
Furniture and equipment	11,644,225	143,293	-	11,787,518
Vehicles	2,358,959	78,815	-	2,437,774
Total capital assets being depreciated	<u>95,687,272</u>	<u>286,650</u>	<u>-</u>	<u>95,973,922</u>
Less accumulated depreciation				
Land improvements	1,297,539	73,249	-	1,370,788
Buildings and improvements	29,531,812	1,977,311	-	31,509,123
Furniture and equipment	10,683,518	664,837	-	11,348,355
Vehicles	1,514,361	170,572	-	1,684,933
Total accumulated depreciation	<u>43,027,230</u>	<u>2,885,969</u>	<u>-</u>	<u>45,913,199</u>
Depreciable capital assets, net of accumulated depreciation	<u>52,660,042</u>	<u>(2,599,319)</u>	<u>-</u>	<u>50,060,723</u>
Governmental activities capital assets, net	<u>\$ 58,711,341</u>	<u>\$ (2,599,319)</u>	<u>\$ 9,654</u>	<u>\$ 56,102,368</u>

AVON LAKE CITY SCHOOL DISTRICT
LORAIN COUNTY
NOTES TO THE BASIC FINANCIAL STATEMENTS
FOR THE YEAR ENDED JUNE 30, 2014

NOTE 8 - CAPITAL ASSETS (continued)

Depreciation expense was charged to governmental activities as follows:

Instruction	
Regular	\$ 2,058,818
Supporting services	
Administration	212,472
Fiscal	620
Business	2,481
Operation and maintenance of plant	386,993
Pupil transportation	147,564
Operation of non-instructional services	
Food service	54,728
Extracurricular activities	
Sports oriented	22,293
Total depreciation expense	\$ 2,885,969

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 2014 the School District contracted with Ohio Casualty Insurance Company for property insurance. Professional liability is protected by the Ohio Casualty Insurance Company with a \$ 3,000,000 aggregate limit. Vehicles are covered by the Ohio Casualty Insurance Company and hold a \$ 1,000 deductible for comprehensive and \$ 1,000 deductible for collision. Automobile liability has a \$ 1,000,000 combined single limit of liability.

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

The School District maintains a \$ 50,000 public official bond for the treasurer, a \$ 20,000 public official bond for the Board of Education president, a \$ 20,000 public official bond for the superintendent. The School District maintains a \$ 250,000 employee dishonesty policy for all other employees with a \$ 1,000 deductible with Cincinnati Insurance.

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, 2014

NOTE 9 - RISK MANAGEMENT (continued)

B. EMPLOYEE MEDICAL COVERAGE

For the period July 1, 2012 through December 31, 2012, the School District was self-insured for medical, surgical, prescription drug, dental and vision benefits for the School District employees. The School District used 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, reviewed all claims which were then paid by the School District. The premium was paid by the fund that pays the salary for the employee and is based on historical cost information.

The School District maintained stop-loss coverage for its insurance program. Stop-loss was maintained at \$ 150,000 per employee per calendar year.

The claims liability of \$ 56,000 reported in the Internal Service Fund at June 30, 2013, was 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.

Effective January 1, 2013, the School District joined the Suburban Health Consortium, a shared risk pool to provide employee medical, surgical, prescription drug, vision and dental benefits. Rates are set through an annual calculation process. The School District pays a monthly contribution and a pro-rata share of their "buy-in" contribution to existing plan reserves which is placed in a common fund from which the claim payments are made for all participating districts. For 2014 the School District paid 85% of the cost of the monthly premium for all employees.

Changes in the claims liability amount in 2014 and 2013 were:

	<u>June 30, 2014</u>	<u>June 30, 2013</u>
Unpaid claims, beginning of year	\$ 56,000	\$ 518,000
Incurred claims	291,606	1,971,100
Paid claims	<u>(347,606)</u>	<u>(2,433,100)</u>
Unpaid claims, end of year	<u>\$ -</u>	<u>\$ 56,000</u>

AVON LAKE CITY SCHOOL DISTRICT
LORAIN COUNTY
NOTES TO THE BASIC FINANCIAL STATEMENTS
FOR THE YEAR ENDED JUNE 30, 2014

NOTE 10 - DEFINED BENEFIT PENSION PLANS

A. SCHOOL EMPLOYEE RETIREMENT SYSTEM

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

Plan members are required to contribute 10% of their annual covered salary and the School District is required to contribute 14% of annual covered payroll. The contribution requirements of plan members and employers are established and may be amended, up to statutory maximum amounts, by the SERS' Retirement Board. The Retirement Board acting with the advice of the actuary, allocates the employer contribution rate among four of the funds (Pension Trust Fund, Death Benefit Fund, Medicare B Fund, and Health Care Fund) of the System. For fiscal year ending June 30, 2014, the allocation to pension and death benefits is 13.10%. The remaining .90% of the 14% employer contribution rate is allocated to the Health Care and Medicare B Funds. The School District's required contributions to SERS for the years ended June 30, 2014, 2013, and 2012 were \$ 792,942, \$ 820,155, and \$ 752,662, respectively; 100% has been contributed for fiscal years 2014, 2013 and 2012.

B. STATE TEACHERS RETIREMENT SYSTEM

The School District participates in the State Teachers Retirement System of Ohio (STRS Ohio), a cost-sharing multiple-employer public employee retirement system. STRS Ohio is a statewide retirement plan for licensed teachers and other faculty members employed in the public schools of Ohio or any school, community school, college, university, institution or other agency controlled, managed and supported, in whole or in part, by the state or any political subdivision thereof.

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

AVON LAKE CITY SCHOOL DISTRICT
LORAIN COUNTY
NOTES TO THE BASIC FINANCIAL STATEMENTS
FOR THE YEAR ENDED JUNE 30, 2014

NOTE 10 - DEFINED BENEFIT PENSION PLANS (continued)

B. STATE TEACHERS RETIREMENT SYSTEM (continued)

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

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

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

Eligible faculty of Ohio’s public colleges and university may choose to enroll in either STRS Ohio or an alternative retirement plan (ARP) offered by their employer. Employees have 120 days from their employment date to select a retirement plan.

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

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

AVON LAKE CITY SCHOOL DISTRICT
LORAIN COUNTY
NOTES TO THE BASIC FINANCIAL STATEMENTS
FOR THE YEAR ENDED JUNE 30, 2014

NOTE 10 - DEFINED BENEFIT PENSION PLANS (continued)

B. STATE TEACHERS RETIREMENT SYSTEM (continued)

The DB and Combined Plans offer access to health care coverage to eligible retirees who participated in the plans and their eligible dependents. Coverage under the current program includes hospitalization, physicians' fees, prescription drugs and partial reimbursement of monthly Medicare Part B premiums. By Ohio law, health care benefits are not guaranteed.

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

Chapter 3307 of the Revised Code provides statutory authority for member and employer contributions. Contribution rates are established by the State Teachers Retirement Board, upon recommendation of its consulting actuary, not to exceed statutory maximum rates of 10 % for members and 14% for employers. Contribution requirements and the contributions actually made for the fiscal year ended June 30, 2014, were 10% of covered payroll for members and 14% for employers.

The School District's required contributions for pension obligations to STRS of the fiscal years ended June 30, 2014, 2013, and 2012 were \$ 2,248,672, \$ 2,347,880, and \$ 2,390,611, respectively; 100% has been contributed for fiscal years 2014, 2013 and 2012.

STRS Ohio issues a stand-alone financial report. Additional information or copies of STRS Ohio's 2013 Comprehensive Annual Financial Report can be requested by writing to STRS Ohio, 275 E. Broad St., Columbus, OH 4321-3771, by calling toll-free 1-888-227-7877, or by visiting the STRS Ohio website at www.strsoh.org.

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, 2014, one member of the Board of Education has elected Social Security. The Board's liability is 6.2% of wages.

AVON LAKE CITY SCHOOL DISTRICT
LORAIN COUNTY
NOTES TO THE BASIC FINANCIAL STATEMENTS
FOR THE YEAR ENDED JUNE 30, 2014

NOTE 11 - POSTEMPLOYMENT BENEFITS

A. SCHOOL EMPLOYEE RETIREMENT SYSTEM

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

The Medicare Part B plan reimburses Medicare Part B premiums paid by eligible retirees and beneficiaries as set forth in Ohio Revised Code (ORC) 3309.69. Qualified benefit recipients who pay Medicare Part B premiums may apply for and receive a monthly reimbursement from SERS. The reimbursement amount is limited by statute to the lesser of the January 1, 1999 Medicare Part B premium or the current premium. The Medicare Part B monthly premium for calendar year 2014 was \$104.90 for most participants, but could be as high as \$335.70 per month depending on their income. SERS' reimbursement to retirees was \$ 45.50.

The Retirement Board, acting with the advice of the actuary, allocates a portion of the current employer contribution rate to the Medicare B Fund. For fiscal year 2014, the actuarially required allocation is .76%. The School District's contributions for the years ended June 30, 2014, 2013 and 2012 were \$ 44,792, \$ 46,329, and \$ 45,041, respectively; 100% has been contributed for fiscal years 2014, 2013 and 2012.

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

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

The Health Care Fund was established under, and is administered in accordance with Internal Revenue Code 105(e). Each year after the allocation for statutorily required benefits, the Retirement Board allocates the remainder of the employer 14% contribution to the Health Care Fund. For the year ended June 30, 2014, the health care allocation is .14%. An additional health care surcharge on employers is collected for employees earning less than an actuarially determined minimum compensation amount, pro-rated according to service credit earned. Statutes provide that no employer shall pay a health care surcharge greater than 2% of that employer's SERS-covered payroll; nor may SERS collect in aggregate more than 1.5% of the total statewide SERS-covered payroll for the health care surcharge. For fiscal year 2014, the minimum compensation level was established at \$20,525. The surcharge, added to the unallocated portion of the 14% employer contribution rate is the total amount assigned to the Health Care Fund. The School District's contributions assigned to health care for the years ended June 30, 2014, 2013, and 2012, were \$ 118,686, \$ 104,118, and \$ 178,746, respectively; 100% has been contributed for fiscal years 2014, 2013 and 2012.

The SERS Retirement Board establishes the rules for the premiums paid by the retirees for health care coverage for themselves and their dependents or for their surviving beneficiaries. Premiums vary depending on the plan selected, qualified years of service, Medicare eligibility, and retirement status.

The financial reports of SERS' Health Care and Medicare B plans are included in its Comprehensive Annual Financial Report. The report can be obtained on SERS' website at www.ohser.org under Employers/Audit Resources.

AVON LAKE CITY SCHOOL DISTRICT
LORAIN COUNTY
NOTES TO THE BASIC FINANCIAL STATEMENTS
FOR THE YEAR ENDED JUNE 30, 2014

NOTE 11 - POSTEMPLOYMENT BENEFITS (continued)

B. STATE TEACHERS RETIREMENT SYSTEM

Plan Description - STRS Ohio administers a pension plan that is comprised of: a Defined Benefit Plan, a self-directed Defined Contribution Plan, and a Combined Plan that is a hybrid of the Defined Benefit Plan and the Defined Contribution Plan.

Ohio law authorizes STRS Ohio to offer a cost-sharing, multiple-employer health care plan. STRS Ohio provides access to health care coverage to eligible retirees who participated in the Defined Benefit or Combined Plans. Coverage under the current program includes hospitalization, physicians' fees, prescription drugs and reimbursement of monthly Medicare Part B premiums.

Pursuant to Chapter 3307 of the Revised Code, the Retirement Board has discretionary authority over how much, if any, of the associated health care costs will be absorbed by STRS Ohio. All health care plan enrollees, for the most recent year, pay a portion of the health care costs in the form of a monthly premium.

STRS Ohio issues a stand-alone financial report. Interested parties can view the most recent Comprehensive Annual Financial Report by visiting www.strsoh.org or by requesting a copy by calling toll-free 1-888-227-7877.

Funding Policy – Under Ohio law, funding for post-employment health care may be deducted from employer contributions. Of the 14% employer contribution rate, 1% of covered payroll was allocated to post-employment health care for the years ended June 30, 2014, 2013, and 2012. The 14% employer contribution rate is the maximum rate established under Ohio law. The School District's contribution for health care for the fiscal years ended June 30, 2014, 2013, and 2012 were \$ 172,975, \$ 180,606, and \$ 183,893, respectively; 100% for fiscal years 2014, 2013 and 2012.

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, 2014

NOTE 13 - CAPITAL LEASES

The School District has entered into several lease agreements for copiers, computer equipment and vehicles. 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 Book Value
Copiers	\$ 267,299	\$ 155,925	\$ 111,374
Vehicles	150,915	64,677	86,238
	<u>\$ 418,214</u>	<u>\$ 220,602</u>	<u>\$ 197,612</u>

The following is a schedule of the future long-term minimum lease payments required under the capital leases and the present value of the minimum lease payments as of June 30, 2014.

	June 30,	Amount
	2015	\$ 100,923
	2016	59,918
	2017	9,986
Total minimum lease payments		170,827
Less amount representing interest		8,726
Net present value of minimum lease payments		<u>\$ 162,101</u>

NOTE 14 - LONG-TERM OBLIGATIONS

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

	Original Issue Date	Interest Rate	Original Issue Amount	Date of Maturity
General obligation bonds				
Refunding				
Serial and term	2004	2.0 - 4.40%	\$ 3,410,000	12/1/2019
Refunding				
Serial	2005	3.0 - 4.75%	\$ 32,415,000	12/1/2026
Capital appreciation	2005	24.104%	\$ 584,950	12/1/2013
School facilities term and serial	2010	1.0 - 6.05%	\$ 18,470,000	12/1/2031
School facilities capital appreciation	2010	20.00%	\$ 25,866	12/1/2027

AVON LAKE CITY SCHOOL DISTRICT
LORAIN COUNTY
NOTES TO THE BASIC FINANCIAL STATEMENTS
FOR THE YEAR ENDED JUNE 30, 2014

NOTE 14 - LONG-TERM OBLIGATIONS (continued)

In 2005, the School District defeased portions of certain general obligation bonds issued in 1993, 1995, and 1999, with two separate general obligation refundings. The proceeds of the new bonds were placed in an irrevocable trust to provide for all future debt service payments of the refunded debt. Accordingly, the trust account assets and the liability for the defeased bonds are not included in the School District's financial statements. At June 30, 2014, \$ 30,765,000 of bonds outstanding are considered to be defeased.

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

	Principal Outstanding 6/30/2013	Additions	Reductions	Principal Outstanding 6/30/2014	Due in 1 year
General obligation bonds					
Refunding bonds - 2004					
Term and serial bonds	\$ 1,120,000	\$ -	\$ 420,000	\$ 700,000	\$ 105,000
Refunding bonds - 2005					
Serial bonds	30,600,000	-	-	30,600,000	1,765,000
Capital appreciation bonds	259,341	-	259,341	-	-
Accretion on capital appreciation bonds	1,352,015	158,644	1,510,659	-	-
Various purpose construction bonds					
Term and serial bonds	17,760,000	-	875,000	16,885,000	895,000
Capital appreciation bonds	25,866	-	-	25,866	-
Accretion on capital appreciation bonds	19,315	9,488	-	28,803	-
Total general obligation bonds	<u>51,136,537</u>	<u>168,132</u>	<u>3,065,000</u>	<u>48,239,669</u>	<u>2,765,000</u>
Capital leases	251,641	-	89,540	162,101	94,158
Compensated absences	<u>5,592,505</u>	<u>1,030,049</u>	<u>1,116,804</u>	<u>5,505,750</u>	<u>1,184,886</u>
Total governmental activities	<u>\$ 56,980,683</u>	<u>\$ 1,198,181</u>	<u>\$ 4,271,344</u>	<u>\$ 53,907,520</u>	<u>\$ 4,044,044</u>

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

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.

AVON LAKE CITY SCHOOL DISTRICT
LORAIN COUNTY
NOTES TO THE BASIC FINANCIAL STATEMENTS
FOR THE YEAR ENDED JUNE 30, 2014

NOTE 14 - LONG-TERM OBLIGATIONS (continued)

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. The capital appreciation bonds matured in fiscal years 2009 through 2010.

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.

Various Purpose Construction Bonds, 2010 Series

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

AVON LAKE CITY SCHOOL DISTRICT
LORAIN COUNTY
NOTES TO THE BASIC FINANCIAL STATEMENTS
FOR THE YEAR ENDED JUNE 30, 2014

NOTE 14 - LONG-TERM OBLIGATIONS (continued)

Various Purpose Construction Bonds, 2010 Series (continued)

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

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

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

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

<u>Dec. 1,</u>	<u>Principal Amount to be Redeemed</u>
2030	\$ 920,000

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

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

The School District's overall legal debt margin was \$ 18,607,172 and the unvoted legal debt margin was \$ 777,469 at June 30, 2014. Principal and interest requirements to retire long-term obligations outstanding at June 30, 2014, are as follows:

Year ending June 30,	General Obligation Bonds		Capital Appreciation Bonds		Total	
	Principal	Interest	Principal	Interest	Principal	Interest
2015	\$ 2,765,000	\$ 2,438,086	\$ -	\$ -	\$ 2,765,000	\$ 2,438,086
2016	2,875,000	2,343,125	-	-	2,875,000	2,343,125
2017	2,995,000	2,248,206	-	-	2,995,000	2,248,206
2018	3,105,000	2,153,518	-	-	3,105,000	2,153,518
2019	3,210,000	2,059,950	-	-	3,210,000	2,059,950
2020-2024	17,375,000	8,708,261	-	-	17,375,000	8,708,261
2025-2029	13,090,000	3,721,962	25,866	679,134	13,115,866	4,401,096
2030-2032	2,770,000	255,390	-	-	2,770,000	255,390
	<u>\$ 48,185,000</u>	<u>\$ 23,928,498</u>	<u>\$ 25,866</u>	<u>\$ 679,134</u>	<u>\$ 48,210,866</u>	<u>\$ 24,607,632</u>

AVON LAKE CITY SCHOOL DISTRICT
LORAIN COUNTY
NOTES TO THE BASIC FINANCIAL STATEMENTS
FOR THE YEAR ENDED JUNE 30, 2014

NOTE 15- JOINTLY GOVERNED ORGANIZATIONS

A. NORTH COAST COUNCIL OHIO

The North Coast Council Ohio ("NCCO"), is a jointly governed organization comprised of 31 school districts. NCCO was formed for the purpose of applying modern technology (with the aid of computers and other electronic equipment) to administrative and instructional functions for member districts. Each of the governments of these districts supports NCCO based upon a per pupil charge, dependent upon the software package utilized. The NCCO assembly consists of a superintendent or designated representative from each participating district, and a representative from the fiscal agent. NCCO is governed by a board of directors chosen from the general membership of the NCCO assembly. The board of directors consists of a representative from the fiscal agent, the chairman of each operating committee, and at least one assembly member from each county from which participating districts are located. Fiscal information for NCCO is available from the Treasurer of the Educational Service Center of Lorain County (fiscal agent), located at 5700 West Canal, Valley View, Ohio 44125. During the year ended June 30, 2014, the District paid \$ 96,523 to NCCO for basic service charges.

B. 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.

C. OHIO SCHOOLS COUNCIL ASSOCIATION

The Ohio Schools Council (Council) is a jointly governed organization among 196 school districts. The jointly governed organization was created by school districts for the purpose of saving money through volume purchases. Each district supports the Council by paying an annual participation fee. Each school district member's superintendent serves as a representative of the Assembly. The Assembly elects five of the Council's Board members and the remaining four are representatives of the Greater Cleveland School Superintendents' Association. The Council operates under a nine-member Board of Directors (the Board). The Board is the policy making authority of the Council. The Board meets monthly September to June. The Board appoints an Executive Director who is responsible for receiving and disbursing funds, investing available funds, preparing financial reports for the Board and Assembly and carrying out such other responsibilities as designated by the Board. Financial information can be obtained by contacting the Executive Director at the Ohio Schools Council at 6393 Oak Tree Blvd., Suite 377, Independence, Ohio 44131.

The School District participates in the natural gas purchase program. This program allows the School District to purchase natural gas at reduced rates. Compass Energy has been selected as the supplier and program manager. There are currently 151 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.

AVON LAKE CITY SCHOOL DISTRICT
LORAIN COUNTY
NOTES TO THE BASIC FINANCIAL STATEMENTS
FOR THE YEAR ENDED JUNE 30, 2014

NOTE 15- JOINTLY GOVERNED ORGANIZATIONS

D. SUBURBAN HEALTH CONSORTIUM

The Suburban Health Consortium (the "Consortium") is a shared health risk pool created on October 1, 2001, formed by the Boards of Education of several school districts in northeast Ohio, for the purposes of maximizing benefits and/or reducing costs of group health, life, dental and/or other insurance coverage's for their employees and the eligible dependents and designated beneficiaries of such employees. The Consortium was formed and operates as a legally separate entity under Ohio Revised Code Section 9.833. The Board of Directors shall be the governing body of the Consortium.

The Board of Education of each Consortium Member shall appoint its Superintendent or such Superintendent's designee to be its representative of the Board of Directors. The officers of the Board of Directors shall consist of a Chairman, Vice-Chairman and Recording Secretary, who shall be elected at the annual meeting of Board of Directors and serve until the next annual meeting. All of the authority of the Consortium shall be exercised by or under the direction of the Board of Directors. The Board of Directors shall also set all premiums and other amounts to be paid by the Consortium Members, and the Board of Directors shall also have the authority to waive premiums and other payments. All members of the Board of Directors shall serve without compensation.

The Fiscal Agent shall be the Board of Education responsible for administering the financial transactions of the Consortium (Orange City School District). The Fiscal Agent shall carry out the responsibilities of the Consortium Fund, enter into contracts on behalf of the Consortium as authorized by the Directors and carry out such other responsibilities as approved by the Directors and agreed to by the Fiscal Agent. Each District Member enrolled in a benefit program may require contributions from its employees toward the cost of any benefit program being offered by such District Member, and such contributions shall be included in the payments from such District Member to the Fiscal Agent for such benefit program. Contributions are to be submitted by each District Member, to the Fiscal Agent, required under the terms of the Consortium Agreement and any benefit program in which such District Member is enrolled to the Fiscal Agent on a monthly basis, or as otherwise required in accordance with any benefit program in which such District Member is enrolled. All general administrative costs incurred by the Consortium that are not covered by the premium payments shall be shared equally by the Consortium Members as approved by the Directors, and shall be paid by each Consortium Member upon receipt of notice from the Fiscal Agent that such payment is due. It is the express intention of the Consortium Members that the Consortium Agreement and the Consortium shall continue for an indefinite term, but may be terminated as provided in the Consortium Agreement. Any Consortium Member wishing to withdraw from participation in the Consortium or any benefit program shall notify the Fiscal Agent at least one hundred eighty (180) days prior to the effective date of withdrawal.

Upon withdrawal of a Consortium Member, the Consortium shall pay the run out of all claims for such Consortium Member provided such Consortium Member has paid to the Consortium, prior to the effective date of withdrawal a withdrawal fee in the amount equal to two months' premiums at the Consortium Member's current rate. Payment of the withdrawal fee does not extend insurance coverage for two months. Upon automatic withdrawal, for non-payment of premiums required by the Consortium Agreement, the Consortium shall pay the run out of all claims for such Consortium Member provided that the Consortium has received from such Consortium Member all outstanding and unpaid premiums and other amounts and the withdrawal fee equal to two months' premiums at the Consortium Member's current rates. Any Consortium Member which withdraws from the Consortium pursuant to the Consortium Agreement shall have no claim to the Consortium's assets. Financial information for the Consortium can be obtained from L. Greg Slemons, Treasurer of the Orange City School District (the "Fiscal Agent") at 32000 Chagrin Blvd, Pepper Pike, Ohio 44124.

AVON LAKE CITY SCHOOL DISTRICT
LORAIN COUNTY
NOTES TO THE BASIC FINANCIAL STATEMENTS
FOR THE YEAR ENDED JUNE 30, 2014

NOTE 16 - RELATED ORGANIZATION

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

NOTE 17 - OPERATING LEASES

The School District is obligated under certain leases accounted for as operating leases. Operating leases do not give rise to property rights or lease obligations. During 2014, expenditures for operating leases totaled \$ 160,578.

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, 2014.

	Year ending June 30,	Amount
	2015	\$ 157,973
	2016	89,695
	2014	35,798
Total minimum lease payments		<u>\$ 283,466</u>

NOTE 18 - CONTINGENCIES

The School District received financial assistance from federal and State agencies in the form of grants. The disbursements of funds received under these programs generally require compliance with terms and conditions specified in the grant agreements and are subject to audit by the grantor agencies. Any disallowed claims resulting from such audits could become a liability of the General Fund or other applicable funds. However, in the opinion of management, any such disallowed claims will not have a material adverse effect on the overall financial position of the School District at June 30, 2014.

AVON LAKE CITY SCHOOL DISTRICT
LORAIN COUNTY
NOTES TO THE BASIC FINANCIAL STATEMENTS
FOR THE YEAR ENDED JUNE 30, 2014

NOTE 19 - SET-ASIDES

The School District is required by State statute to annually set aside in the General Fund an amount based on a statutory formula for the 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, 2014, 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 capital improvements and budget stabilization. Disclosure of this information is required by State statute.

	Budget Stabilization Reserve	Capital Improvements Reserve
Set-aside reserve balance, June 30, 2013	\$ 113,990	\$ -
Current year set-aside requirements	-	619,082
Qualifying disbursements	-	(799,485)
Total	\$ 113,990	\$ (180,403)
Set-aside balance carried forward to future fiscal years	\$ -	\$ -
Set-aside reserve balance as of June 30, 2014	\$ 113,990	\$ -

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.

NOTE 20 – SUBSEQUENT EVENTS

In July 2014, the School District refinanced \$ 28,835,000 of 2005 refunding bonds. Total interest savings over the life of the issue is \$1,675,533 or approximately \$135,000 per year.

In July 2014, the School District refinanced \$ 3,780,000 of 2010 term bonds. Total interest savings over the life of the issue is \$ 276,000 or \$ 14,000 - \$ 18,000 per year.

Combining
and
Individual Fund Statements
and Schedules

Fund Descriptions – Nonmajor Governmental Funds

Nonmajor Special Revenue Funds

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

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

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

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

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

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

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

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

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

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

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

(continued)

Fund Descriptions – Nonmajor Governmental Funds

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.

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

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, 2014

	Total Nonmajor Special Revenue Funds	Nonmajor Debt Service Funds	Nonmajor Capital Projects Funds	Total Nonmajor Governmental Funds
Assets and deferred outflow of resources				
Assets				
Equity in pooled cash	\$ 1,344,603	\$ 19,892	\$ 640,015	\$ 2,004,510
Receivables, net of allowance				
Taxes, current	-	1,953,331	546,344	2,499,675
Taxes, delinquent	-	59,800	16,700	76,500
Inventories and supplies	12,053	-	-	12,053
Total assets	1,356,656	2,033,023	1,203,059	4,592,738
Total assets and deferred outflows of resources	\$ 1,356,656	\$ 2,033,023	\$ 1,203,059	\$ 4,592,738
Liabilities, deferred inflows of resources and fund liabilities				
Liabilities				
Accounts and contracts payable	\$ 32,731	\$ -	\$ 6,875	\$ 39,606
Accrued salaries, wages and benefits	70,638	-	-	70,638
Intergovernmental payable	20,615	-	-	20,615
Matured compensated absences	1,620	-	-	1,620
Total liabilities	125,604	-	6,875	132,479
Deferred inflows of resources				
Property taxes levied for next year and unavailable resources	32,593	1,746,547	480,815	2,259,955
Total deferred inflows of resources	32,593	1,746,547	480,815	2,259,955
Fund balances				
Nonspendable	12,053	-	-	12,053
Restricted	1,186,406	286,476	715,369	2,188,251
Total fund balances	1,198,459	286,476	715,369	2,200,304
Total liabilities, deferred inflows of resources and fund balances	\$ 1,356,656	\$ 2,033,023	\$ 1,203,059	\$ 4,592,738

AVON LAKE CITY SCHOOL DISTRICT
 COMBINING STATEMENT OF REVENUES, EXPENDITURES AND CHANGES IN FUND BALANCES
 NONMAJOR GOVERNMENTAL FUNDS
 FOR THE YEAR ENDED JUNE 30, 2014

	Total Nonmajor Special Revenue Funds	Nonmajor Debt Service Funds	Nonmajor Capital Projects Funds	Total Nonmajor Governmental Funds
Revenue				
Taxes	\$ -	\$ 112,179	\$ 563,741	\$ 675,920
Tuition and fees	9,835	-	-	9,835
Interest	156	-	-	156
Intergovernmental	1,579,105	21,925	507,385	2,108,415
Extracurricular	311,419	-	-	311,419
Charges for services	966,715	-	-	966,715
Miscellaneous	202,461	-	-	202,461
Total revenues	<u>3,069,691</u>	<u>134,104</u>	<u>1,071,126</u>	<u>4,274,921</u>
Expenditures				
Current				
Instruction				
Regular	192,993	-	57,620	250,613
Special	359,809	-	-	359,809
Other instruction	9,372	-	-	9,372
Supporting services				
Pupil	469,490	-	-	469,490
Instructional staff	59,326	-	-	59,326
Administration	16,159	-	-	16,159
Fiscal services	-	1,712	8,163	9,875
Operation and maintenance	2,843	-	354,217	357,060
Pupil transportation	-	-	25,131	25,131
Central services	32,700	-	-	32,700
Operation of non-instructional services				
Food service operation	1,183,381	-	-	1,183,381
Community services	315,937	-	-	315,937
Extracurricular activities	392,609	-	-	392,609
Capital outlay	1,463	-	39,191	40,654
Debt service				
Principal	-	305,000	-	305,000
Interest	-	6,100	-	6,100
Total expenditures	<u>3,036,082</u>	<u>312,812</u>	<u>484,322</u>	<u>3,833,216</u>
Net change in fund balances	33,609	(178,708)	586,804	441,705
Fund balances, beginning of year	<u>1,164,850</u>	<u>465,184</u>	<u>128,565</u>	<u>1,758,599</u>
Fund balances, end of year	<u>\$ 1,198,459</u>	<u>\$ 286,476</u>	<u>\$ 715,369</u>	<u>\$ 2,200,304</u>

AVON LAKE CITY SCHOOL DISTRICT
 COMBINING BALANCE SHEET
 NONMAJOR SPECIAL REVENUE FUNDS
 JUNE 30, 2014

	Food Service	Local Grants	Athletics
Assets and deferred outflow of resources			
Assets			
Equity in pooled cash	\$ 677,944	\$ 350,087	\$ 198,708
Inventories and supplies	12,053	-	-
Total assets	<u>689,997</u>	<u>350,087</u>	<u>198,708</u>
Total assets and deferred outflow s of resources	<u>\$ 689,997</u>	<u>\$ 350,087</u>	<u>\$ 198,708</u>
Liabilities, deferred inflow s of resources and fund liabilities			
Liabilities			
Accounts and contracts payable	\$ 584	\$ 6,543	\$ 11,033
Accrued salaries, w ages and benefits	48,352	-	-
Intergovernmental payable	19,732	-	-
Matured compensated absences	1,620	-	-
Total liabilities	<u>70,288</u>	<u>6,543</u>	<u>11,033</u>
Deferred inflow s of resources			
Property taxes levied for next year and unavailable resources	32,593	-	-
Total deferred inflow s of resources	<u>32,593</u>	<u>-</u>	<u>-</u>
Fund balances			
Nonspendable	12,053	-	-
Restricted	575,063	343,544	187,675
Total fund balances	<u>587,116</u>	<u>343,544</u>	<u>187,675</u>
Total liabilities, deferred inflow s of resources and fund balances	<u>\$ 689,997</u>	<u>\$ 350,087</u>	<u>\$ 198,708</u>

Auxiliary Service	Data Communications	Race to the Top
\$ 84,289	\$ -	\$ -
-	-	-
<u>84,289</u>	<u>-</u>	<u>-</u>
<u>\$ 84,289</u>	<u>\$ -</u>	<u>\$ -</u>
\$ 14,552	\$ -	\$ -
19,629	-	-
732	-	-
-	-	-
<u>34,913</u>	<u>-</u>	<u>-</u>
<u>-</u>	<u>-</u>	<u>-</u>
<u>-</u>	<u>-</u>	<u>-</u>
-	-	-
<u>49,376</u>	<u>-</u>	<u>-</u>
<u>49,376</u>	<u>-</u>	<u>-</u>
<u>\$ 84,289</u>	<u>\$ -</u>	<u>\$ -</u>

(continued)

AVON LAKE CITY SCHOOL DISTRICT
 COMBINING BALANCE SHEET
 NONMAJOR SPECIAL REVENUE FUNDS
 JUNE 30, 2014
 (CONCLUDED)

	Title VI-B	Title I	Early Childhood Education Development
Assets and deferred outflow of resources			
Assets			
Equity in pooled cash	\$ 26,607	\$ 3,425	\$ -
Inventories and supplies	-	-	-
Total assets	<u>26,607</u>	<u>3,425</u>	<u>-</u>
Total assets and deferred outflow s of resources	<u>\$ 26,607</u>	<u>\$ 3,425</u>	<u>\$ -</u>
Liabilities, deferred inflow s of resources and fund liabilities			
Liabilities			
Accounts and contracts payable	\$ 10	\$ -	\$ -
Accrued salaries, w ages and benefits	2,158	-	-
Intergovernmental payable	151	-	-
Matured compensated absences	-	-	-
Total liabilities	<u>2,319</u>	<u>-</u>	<u>-</u>
Deferred inflow s of resources			
Property taxes levied for next year and unavailable resources	-	-	-
Total deferred inflow s of resources	<u>-</u>	<u>-</u>	<u>-</u>
Fund balances			
Nonspendable	-	-	-
Restricted	<u>24,288</u>	<u>3,425</u>	<u>-</u>
Total fund balances	<u>24,288</u>	<u>3,425</u>	<u>-</u>
Total liabilities, deferred inflow s of resources and fund balances	<u>\$ 26,607</u>	<u>\$ 3,425</u>	<u>\$ -</u>

Title II-A	Total Nonmajor Special Revenue Funds
\$ 3,543	\$ 1,344,603
-	12,053
<u>3,543</u>	<u>1,356,656</u>
<u>\$ 3,543</u>	<u>\$ 1,356,656</u>

\$ 9	\$ 32,731
499	70,638
-	20,615
-	1,620
<u>508</u>	<u>125,604</u>

-	<u>32,593</u>
-	<u>32,593</u>

-	12,053
<u>3,035</u>	<u>1,186,406</u>
<u>3,035</u>	<u>1,198,459</u>
<u>\$ 3,543</u>	<u>\$ 1,356,656</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, 2014

	Food Service	Local Grants	Athletics
Revenue			
Tuition and fees	\$ -	\$ 9,835	\$ -
Interest	140	-	-
Intergovernmental	295,922	-	-
Extracurricular	-	-	311,419
Charges for services	966,715	-	-
Miscellaneous	-	172,787	29,674
Total revenues	<u>1,262,777</u>	<u>182,622</u>	<u>341,093</u>
Expenditures			
Current			
Instruction			
Regular	-	85,168	-
Special	-	2,524	-
Other instruction	-	-	-
Supporting services			
Pupil	-	41,550	-
Instructional staff	-	8,461	-
Administration	-	1,390	-
Operation and maintenance	-	2,843	-
Central services	-	20,100	-
Operation of non-instructional services			
Food service operation	1,183,381	-	-
Community services	-	-	-
Extracurricular activities	-	11,599	381,010
Capital outlay	-	1,463	-
Total expenditures	<u>1,183,381</u>	<u>175,098</u>	<u>381,010</u>
Net change in fund balances	79,396	7,524	(39,917)
Fund balances, beginning of year	<u>507,720</u>	<u>336,020</u>	<u>227,592</u>
Fund balances, end of year	<u>\$ 587,116</u>	<u>\$ 343,544</u>	<u>\$ 187,675</u>

Auxiliary Service	Data Communications	Race to the Top
\$ -	\$ -	\$ -
16	-	-
238,140	12,600	94,282
-	-	-
-	-	-
-	-	-
<u>238,156</u>	<u>12,600</u>	<u>94,282</u>
-	-	61,577
-	-	-
-	-	-
-	-	-
-	-	24,969
-	-	4,032
-	-	-
-	12,600	-
-	-	-
284,978	-	-
-	-	-
-	-	-
<u>284,978</u>	<u>12,600</u>	<u>90,578</u>
(46,822)	-	3,704
<u>96,198</u>	<u>-</u>	<u>(3,704)</u>
<u>\$ 49,376</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, 2014

(CONCLUDED)

	Title VI-B	Title I	Early Childhood Education Development
Revenue			
Tuition and fees	\$ -	\$ -	\$ -
Interest	-	-	-
Intergovernmental	637,476	224,492	17,742
Extracurricular	-	-	-
Charges for services	-	-	-
Miscellaneous	-	-	-
Total revenues	<u>637,476</u>	<u>224,492</u>	<u>17,742</u>
Expenditures			
Current			
Instruction			
Regular	-	4,884	-
Special	156,595	182,948	17,742
Other instruction	-	9,372	-
Supporting services			
Pupil	427,940	-	-
Instructional staff	-	11,844	-
Administration	10,737	-	-
Operation and maintenance	-	-	-
Central services	-	-	-
Operation of non-instructional services			
Food service operation	-	-	-
Community services	17,786	13,173	-
Extracurricular activities	-	-	-
Capital outlay	-	-	-
Total expenditures	<u>613,058</u>	<u>222,221</u>	<u>17,742</u>
Net change in fund balances	24,418	2,271	-
Fund balances, beginning of year	<u>(130)</u>	<u>1,154</u>	<u>-</u>
Fund balances, end of year	<u>\$ 24,288</u>	<u>\$ 3,425</u>	<u>\$ -</u>

Title II-A	Total Nonmajor Special Revenue Funds
\$ -	\$ 9,835
-	156
58,451	1,579,105
-	311,419
-	966,715
-	202,461
<u>58,451</u>	<u>3,069,691</u>
41,364	192,993
-	359,809
-	9,372
-	469,490
14,052	59,326
-	16,159
-	2,843
-	32,700
-	1,183,381
-	315,937
-	392,609
-	1,463
<u>55,416</u>	<u>3,036,082</u>
3,035	33,609
-	1,164,850
<u>\$ 3,035</u>	<u>\$ 1,198,459</u>

AVON LAKE CITY SCHOOL DISTRICT
 COMBINING BALANCE SHEET
 NONMAJOR CAPITAL PROJECTS FUNDS
 JUNE 30, 2014

	Building Improvements	Permanent Improvements	Total Nonmajor Capital Projects Funds
Assets and deferred outflow of resources			
Assets			
Equity in pooled cash	\$ -	\$ 640,015	\$ 640,015
Receivables, net of allowance			
Taxes, current	-	546,344	546,344
Taxes, delinquent	-	16,700	16,700
Total assets	<u>-</u>	<u>1,203,059</u>	<u>1,203,059</u>
Total assets and deferred outflows of resources	<u>\$ -</u>	<u>\$ 1,203,059</u>	<u>\$ 1,203,059</u>
Liabilities, deferred inflows of resources and fund liabilities			
Liabilities			
Accounts and contracts payable	<u>\$ -</u>	<u>\$ 6,875</u>	<u>\$ 6,875</u>
Total liabilities	<u>-</u>	<u>6,875</u>	<u>6,875</u>
Deferred inflows of resources			
Property taxes levied for next year and unavailable resources	<u>-</u>	<u>480,815</u>	<u>480,815</u>
Total deferred inflows of resources	<u>-</u>	<u>480,815</u>	<u>480,815</u>
Fund balances			
Restricted	<u>-</u>	<u>715,369</u>	<u>715,369</u>
Total fund balances	<u>-</u>	<u>715,369</u>	<u>715,369</u>
Total liabilities, deferred inflows of resources and fund balances	<u>\$ -</u>	<u>\$ 1,203,059</u>	<u>\$ 1,203,059</u>

AVON LAKE CITY SCHOOL DISTRICT
 COMBINING STATEMENT OF REVENUES, EXPENDITURES AND CHANGES IN FUND BALANCES
 NONMAJOR CAPITAL PROJECTS FUNDS
 FOR THE YEAR ENDED JUNE 30, 2014

	Building Improvements	Permanent Improvements	Total Nonmajor Capital Projects Funds
Revenue			
Taxes	\$ -	\$ 563,741	\$ 563,741
Intergovernmental	359,580	147,805	507,385
Total revenues	<u>359,580</u>	<u>711,546</u>	<u>1,071,126</u>
Expenditures			
Current			
Instruction			
Regular	-	57,620	57,620
Supporting services			
Fiscal services	-	8,163	8,163
Operation and maintenance	-	354,217	354,217
Pupil transportation	-	25,131	25,131
Capital outlay	-	39,191	39,191
Total expenditures	<u>-</u>	<u>484,322</u>	<u>484,322</u>
Net change in fund balances	359,580	227,224	586,804
Fund balances, beginning of year	<u>(359,580)</u>	<u>488,145</u>	<u>128,565</u>
Fund balances, end of year	<u>\$ -</u>	<u>\$ 715,369</u>	<u>\$ 715,369</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, 2014

	Student Activities Fund			
	Beginning Balance June 30, 2013	Additions	Reductions	Ending Balance June 30, 2014
	Assets			
Equity in pooled cash and equivalents	\$ 95,085	\$ 96,290	\$ 95,085	\$ 96,290
Total assets	<u>\$ 95,085</u>	<u>\$ 96,290</u>	<u>\$ 95,085</u>	<u>\$ 96,290</u>
Liabilities				
Accounts payable	\$ -	\$ 289	\$ -	\$ 289
Due to students	95,085	96,001	95,085	96,001
Total liabilities	<u>\$ 95,085</u>	<u>\$ 96,290</u>	<u>\$ 95,085</u>	<u>\$ 96,290</u>

	Staff Services Fund			
	Beginning Balance June 30, 2013	Additions	Reductions	Ending Balance June 30, 2014
	Assets			
Equity in pooled cash and equivalents	\$ 3,672	\$ 3,423	\$ 3,672	\$ 3,423
Total assets	<u>\$ 3,672</u>	<u>\$ 3,423</u>	<u>\$ 3,672</u>	<u>\$ 3,423</u>
Liabilities				
Accounts payable	\$ 80	\$ 40	\$ 80	\$ 40
Due to others	3,592	3,383	3,592	3,383
Total liabilities	<u>\$ 3,672</u>	<u>\$ 3,423</u>	<u>\$ 3,672</u>	<u>\$ 3,423</u>

	Total Agency Funds			
	Beginning Balance June 30, 2013	Additions	Reductions	Ending Balance June 30, 2014
	Assets			
Equity in pooled cash and equivalents	\$ 98,757	\$ 99,713	\$ 98,757	\$ 99,713
Total assets	<u>\$ 98,757</u>	<u>\$ 99,713</u>	<u>\$ 98,757</u>	<u>\$ 99,713</u>
Liabilities				
Accounts payable	\$ 80	\$ 329	\$ 80	\$ 329
Due to students	95,085	96,001	95,085	96,001
Due to others	3,592	3,383	3,592	3,383
Total liabilities	<u>\$ 98,757</u>	<u>\$ 99,713</u>	<u>\$ 98,757</u>	<u>\$ 99,713</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, 2014

	General Fund			Variance with Final Budget Positive (Negative)
	Budget Amounts		Actual	
	Original	Final		
Revenues				
Taxes	\$ 29,126,117	\$ 27,893,465	\$ 27,936,562	\$ 43,097
Tuition and fees	551,928	528,569	529,386	817
Interest	45,130	43,220	43,287	67
Intergovernmental	8,689,036	8,321,306	8,334,163	12,857
Extracurricular	222,080	212,681	213,010	329
Miscellaneous	307,237	294,234	294,689	455
Total revenues	38,941,528	37,293,475	37,351,097	57,622
Expenditures				
Current				
Instruction				
Regular				
Salaries	13,094,223	13,094,223	12,204,216	890,007
Benefits	4,582,663	4,582,663	4,271,182	311,481
Purchased services	641,598	641,598	597,989	43,609
Materials and supplies	870,434	870,434	811,271	59,163
Capital outlay	14,390	14,390	13,412	978
Total regular	19,203,308	19,203,308	17,898,070	1,305,238
Special				
Salaries	2,754,959	2,754,959	2,567,706	187,253
Benefits	886,770	886,770	826,497	60,273
Purchased services	338,628	338,628	315,612	23,016
Materials and supplies	16,355	16,355	15,243	1,112
Capital outlay	2,838	2,838	2,645	193
Total special	3,999,550	3,999,550	3,727,703	271,847
Vocational				
Salaries	13,796	13,796	12,858	938
Benefits	5,277	5,277	4,918	359
Total vocational	19,073	19,073	17,776	1,297
Adult/continuing				
Salaries	10,368	10,368	9,663	705
Benefits	1,805	1,805	1,682	123
Total adult/continuing	12,173	12,173	11,345	828
Other				
Salaries	115,987	115,987	108,103	7,884
Benefits	31,035	31,035	28,926	2,109
Purchased services	760,892	760,892	709,175	51,717
Other	304,325	304,325	283,640	20,685
Total other instruction	1,212,239	1,212,239	1,129,844	82,395
Total instruction	24,446,343	24,446,343	22,784,738	1,661,605

(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, 2014

	General Fund			Variance with Final Budget Positive (Negative)
	Budget Amounts		Actual	
	Original	Final		
Supporting services				
Pupil				
Salaries	1,481,248	1,481,248	1,380,568	100,680
Benefits	558,503	558,503	520,542	37,961
Purchased services	360,840	360,840	336,314	24,526
Materials and supplies	(22,299)	(22,299)	(20,783)	(1,516)
Capital outlay	6,311	6,311	5,882	429
Total pupil	<u>2,384,603</u>	<u>2,384,603</u>	<u>2,222,523</u>	<u>162,080</u>
Instructional staff				
Salaries	670,546	670,546	624,969	45,577
Benefits	230,628	230,628	214,952	15,676
Purchased services	160,548	160,548	149,636	10,912
Materials and supplies	10,589	10,589	9,869	720
Capital outlay	50,981	50,981	47,516	3,465
Total instructional staff	<u>1,123,292</u>	<u>1,123,292</u>	<u>1,046,942</u>	<u>76,350</u>
Board of education				
Salaries	12,070	12,070	11,250	820
Benefits	370	370	345	25
Purchased services	5,185	5,185	4,833	352
Other	8,155	8,155	7,601	554
Total board of education	<u>25,780</u>	<u>25,780</u>	<u>24,029</u>	<u>1,751</u>
Administration				
Salaries	1,920,915	1,920,915	1,790,352	130,563
Benefits	886,452	886,452	826,200	60,252
Purchased services	316,342	316,342	294,840	21,502
Materials and supplies	22,389	22,389	20,867	1,522
Capital outlay	2,140	2,140	1,995	145
Other	5,306	5,306	4,945	361
Total administration	<u>3,153,544</u>	<u>3,153,544</u>	<u>2,939,199</u>	<u>214,345</u>
Fiscal				
Salaries	326,681	326,681	304,477	22,204
Benefits	146,601	146,601	136,637	9,964
Purchased services	49,528	49,528	46,162	3,366
Materials and supplies	6,261	6,261	5,835	426
Other	467,032	467,032	435,288	31,744
Total fiscal	<u>996,103</u>	<u>996,103</u>	<u>928,399</u>	<u>67,704</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, 2014

	General Fund			Variance with Final Budget Positive (Negative)
	Budget Amounts		Actual	
	Original	Final		
Business				
Salaries	108,422	108,422	101,053	7,369
Benefits	51,856	51,856	48,331	3,525
Purchased services	12,885	12,885	12,009	876
Capital outlay	4,535	4,535	4,227	308
Total business	<u>178,201</u>	<u>178,201</u>	<u>166,089</u>	<u>12,112</u>
Operation and maintenance				
Salaries	1,650,915	1,650,915	1,538,703	112,212
Benefits	657,945	657,945	613,225	44,720
Purchased services	1,893,156	1,893,156	1,764,479	128,677
Materials and supplies	360,519	360,519	336,015	24,504
Capital outlay	18,780	18,780	17,504	1,276
Total operation and maintenance	<u>4,581,315</u>	<u>4,581,315</u>	<u>4,269,926</u>	<u>311,389</u>
Pupil transportation				
Salaries	1,095,205	1,095,205	1,020,765	74,440
Benefits	305,651	305,651	284,876	20,775
Purchased services	164,864	164,864	153,658	11,206
Materials and supplies	245,477	245,477	228,792	16,685
Other	219	219	204	15
Total pupil transportation	<u>1,811,416</u>	<u>1,811,416</u>	<u>1,688,295</u>	<u>123,121</u>
Central services				
Salaries	8,249	8,249	7,688	561
Purchased services	17,013	17,013	15,857	1,156
Other	321,878	321,878	300,000	21,878
Total central services	<u>347,140</u>	<u>347,140</u>	<u>323,545</u>	<u>23,595</u>
Total supporting services	<u>14,601,394</u>	<u>14,601,394</u>	<u>13,608,947</u>	<u>992,447</u>
Operation of non-instructional services				
Community services				
Benefits	16,340	16,340	15,229	1,111
Total community services	<u>83,860</u>	<u>83,860</u>	<u>78,160</u>	<u>5,700</u>
Total operation of non-instructional services	<u>83,860</u>	<u>83,860</u>	<u>78,160</u>	<u>5,700</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, 2014

	(Concluded)		General Fund		Variance with Final Budget Positive (Negative)
	Budget Amounts		Actual		
	Original	Final			
Extracurricular activities					
Academic and subject oriented					
Salaries	83,984	83,984	78,276		5,708
Benefits	12,082	12,082	11,261		821
Purchased services	4,302	4,302	4,010		292
Materials and supplies	3,025	3,025	2,819		206
Total academic and subject oriented	<u>103,393</u>	<u>103,393</u>	<u>96,366</u>		<u>7,027</u>
Occupation oriented					
Salaries	1,146	1,146	1,068		78
Benefits	164	164	153		11
Total occupation oriented	<u>1,310</u>	<u>1,310</u>	<u>1,221</u>		<u>89</u>
Sports oriented					
Salaries	618,224	618,224	576,204		42,020
Benefits	145,586	145,586	135,691		9,895
Purchased services	22,502	22,502	20,973		1,529
Other	536	536	500		36
Total sports oriented	<u>786,848</u>	<u>786,848</u>	<u>733,368</u>		<u>53,480</u>
Co-curricular activities					
Salaries	47,865	47,865	44,612		3,253
Benefits	6,927	6,927	6,456		471
Total co-curricular activities	<u>54,792</u>	<u>54,792</u>	<u>51,068</u>		<u>3,724</u>
Total extracurricular activities	<u>946,343</u>	<u>946,343</u>	<u>882,023</u>		<u>64,320</u>
Total expenditures	<u>40,077,940</u>	<u>40,077,940</u>	<u>37,353,868</u>		<u>2,724,072</u>
Excess (deficiency) of revenues over expenditures	<u>(1,136,412)</u>	<u>(2,784,465)</u>	<u>(2,771)</u>		<u>2,781,694</u>
Other financing sources					
Gain on sale of assets	-	6,361	6,361		-
Advances in	-	360,657	360,657		-
Refund of prior year expenditures	-	100,400	100,400		-
Total other financing sources	<u>-</u>	<u>467,418</u>	<u>467,418</u>		<u>-</u>
Net change in fund balance	(1,136,412)	(2,317,047)	464,647		2,781,694
Prior year encumbrances	623,363	623,363	623,363		-
Fund balances, beginning of year	<u>4,719,670</u>	<u>4,719,670</u>	<u>4,719,670</u>		<u>-</u>
Fund balances, end of year	<u>\$ 4,206,621</u>	<u>\$ 3,025,986</u>	<u>\$ 5,807,680</u>		<u>\$ 2,781,694</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, 2014

	Bond Retirement Fund			Variance with Final Budget Positive (Negative)
	Budget Amounts		Actual	
	Original	Final		
Total revenues and other sources	\$ 5,019,047	\$ 5,204,648	\$ 5,204,648	\$ -
Total expenditures and other uses	5,244,478	5,303,572	5,303,572	-
Net change in fund balance	(225,431)	(98,924)	(98,924)	-
Prior year encumbrances	-	-	-	-
Fund balances, beginning of year	3,233,203	3,233,203	3,233,203	-
Fund balances, end of year	<u>\$ 3,007,772</u>	<u>\$ 3,134,279</u>	<u>\$ 3,134,279</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, 2014

	Food Service			Variance with Final Budget Positive (Negative)
	Budget Amounts		Actual	
	Original	Final		
Total revenues and other sources	\$ 1,290,000	\$ 1,314,062	\$ 1,319,410	\$ 5,348
Total expenditures and other uses	1,405,490	1,515,490	1,238,112	277,378
Net change in fund balance	(115,490)	(201,428)	81,298	282,726
Prior year encumbrances	72,568	72,568	72,568	-
Fund balances, beginning of year	447,651	447,651	447,651	-
Fund balances, end of year	<u>\$ 404,729</u>	<u>\$ 318,791</u>	<u>\$ 601,517</u>	<u>\$ 282,726</u>

	Local Grants Fund			Variance with Final Budget Positive (Negative)
	Budget Amounts		Actual	
	Original	Final		
Total revenues and other sources	\$ -	\$ 182,622	\$ 182,622	\$ -
Total expenditures and other uses	117,206	212,831	197,610	15,221
Net change in fund balance	(117,206)	(30,209)	(14,988)	15,221
Prior year encumbrances	29,546	29,546	29,546	-
Fund balances, beginning of year	326,289	326,289	326,289	-
Fund balances, end of year	<u>\$ 238,629</u>	<u>\$ 325,626</u>	<u>\$ 340,847</u>	<u>\$ 15,221</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, 2014

	Athletic Fund			Variance with Final Budget Positive (Negative)
	Budget Amounts		Actual	
	Original	Final		
Total revenues and other sources	\$ 308,350	\$ 341,093	\$ 341,093	\$ -
Total expenditures and other uses	339,621	414,621	405,076	9,545
Net change in fund balance	(31,271)	(73,528)	(63,983)	9,545
Prior year encumbrances	28,835	28,835	28,835	-
Fund balances, beginning of year	201,820	201,820	201,820	-
Fund balances, end of year	<u>\$ 199,384</u>	<u>\$ 157,127</u>	<u>\$ 166,672</u>	<u>\$ 9,545</u>

	Auxiliary Services Fund			Variance with Final Budget Positive (Negative)
	Budget Amounts		Actual	
	Original	Final		
Total revenues and other sources	\$ 238,289	\$ 238,154	\$ 238,156	\$ 2
Total expenditures and other uses	367,291	367,156	330,242	36,914
Net change in fund balance	(129,002)	(129,002)	(92,086)	36,916
Prior year encumbrances	105,562	105,562	105,562	-
Fund balances, beginning of year	23,440	23,440	23,440	-
Fund balances, end of year	<u>\$ -</u>	<u>\$ -</u>	<u>\$ 36,916</u>	<u>\$ 36,916</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, 2014

	Data Communications Fund			Variance with Final Budget Positive (Negative)
	Budget Amounts		Actual	
	Original	Final		
Total revenues and other sources	\$ 12,000	\$ 12,600	\$ 12,600	\$ -
Total expenditures and other uses	12,000	12,600	12,600	-
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>

	Race to the Top Fund			Variance with Final Budget Positive (Negative)
	Budget Amounts		Actual	
	Original	Final		
Total revenues and other sources	\$ 34,000	\$ 95,358	\$ 95,358	\$ -
Total expenditures and other uses	34,000	95,499	95,499	-
Net change in fund balance	-	(141)	(141)	-
Prior year encumbrances	-	-	-	-
Fund balances, beginning of year	141	141	141	-
Fund balances, end of year	<u>\$ 141</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, 2014

	Title VI-B Fund			Variance with Final Budget Positive (Negative)
	Budget Amounts		Actual	
	Original	Final		
Total revenues and other sources	\$ 592,859	\$ 637,476	\$ 637,476	\$ -
Total expenditures and other uses	592,859	637,476	610,869	26,607
Net change in fund balance	-	-	26,607	26,607
Prior year encumbrances	-	-	-	-
Fund balances, beginning of year	-	-	-	-
Fund balances, end of year	<u>\$ -</u>	<u>\$ -</u>	<u>\$ 26,607</u>	<u>\$ 26,607</u>

	Title I Fund			Variance with Final Budget Positive (Negative)
	Budget Amounts		Actual	
	Original	Final		
Total revenues and other sources	\$ 241,204	\$ 224,492	\$ 224,492	\$ -
Total expenditures and other uses	245,911	230,525	227,100	3,425
Net change in fund balance	(4,707)	(6,033)	(2,608)	3,425
Prior year encumbrances	4,706	4,706	4,706	-
Fund balances, beginning of year	1,327	1,327	1,327	-
Fund balances, end of year	<u>\$ 1,326</u>	<u>\$ -</u>	<u>\$ 3,425</u>	<u>\$ 3,425</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, 2014

	Early Childhood Education Development Fund			Variance with Final Budget Positive (Negative)
	Budget Amounts		Actual	
	Original	Final		
Total revenues and other sources	\$ 17,742	\$ 17,742	\$ 17,742	\$ -
Total expenditures and other uses	17,742	17,742	17,742	-
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 II-A Fund			Variance with Final Budget Positive (Negative)
	Budget Amounts		Actual	
	Original	Final		
Total revenues and other sources	\$ 58,492	\$ 58,451	\$ 58,451	\$ -
Total expenditures and other uses	58,492	58,451	54,908	3,543
Net change in fund balance	-	-	3,543	3,543
Prior year encumbrances	-	-	-	-
Fund balances, beginning of year	-	-	-	-
Fund balances, end of year	<u>\$ -</u>	<u>\$ -</u>	<u>\$ 3,543</u>	<u>\$ 3,543</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, 2014

	Scholarship Fund			Variance with Final Budget Positive (Negative)
	Budget Amounts		Actual	
	Original	Final		
Total revenues and other sources	\$ 8,000	\$ 17,242	\$ 17,244	\$ 2
Total expenditures and other uses	8,000	15,000	10,000	5,000
Net change in fund balance	-	2,242	7,244	5,002
Prior year encumbrances	-	-	-	-
Fund balances, beginning of year	81,782	81,782	81,782	-
Fund balances, end of year	<u>\$ 81,782</u>	<u>\$ 84,024</u>	<u>\$ 89,026</u>	<u>\$ 5,002</u>

	Michael Baumhauer Scholarship Fund			Variance with Final Budget Positive (Negative)
	Budget Amounts		Actual	
	Original	Final		
Total revenues and other sources	\$ 7,000	\$ 2	\$ 2	\$ -
Total expenditures and other uses	-	4,000	4,000	-
Net change in fund balance	7,000	(3,998)	(3,998)	-
Prior year encumbrances	-	-	-	-
Fund balances, beginning of year	10,268	10,268	10,268	-
Fund balances, end of year	<u>\$ 17,268</u>	<u>\$ 6,270</u>	<u>\$ 6,270</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, 2014

	Public School Support Fund			Variance with Final Budget Positive (Negative)
	Budget Amounts		Actual	
	Original	Final		
Total revenues and other sources	\$ 171,550	\$ 276,097	\$ 276,098	\$ 1
Total expenditures and other uses	130,875	295,875	256,602	39,273
Net change in fund balance	40,675	(19,778)	19,496	39,274
Prior year encumbrances	23,075	23,075	23,075	-
Fund balances, beginning of year	125,367	125,367	125,367	-
Fund balances, end of year	<u>\$ 189,117</u>	<u>\$ 128,664</u>	<u>\$ 167,938</u>	<u>\$ 39,274</u>

	Library Bond Retirement Fund			Variance with Final Budget Positive (Negative)
	Budget Amounts		Actual	
	Original	Final		
Total revenues and other sources	\$ 116,977	\$ 116,977	\$ 116,977	\$ -
Total expenditures and other uses	312,812	312,812	312,812	-
Net change in fund balance	(195,835)	(195,835)	(195,835)	-
Prior year encumbrances	-	-	-	-
Fund balances, beginning of year	215,727	215,727	215,727	-
Fund balances, end of year	<u>\$ 19,892</u>	<u>\$ 19,892</u>	<u>\$ 19,892</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, 2014

	Building Improvements Fund			Variance with Final Budget Positive (Negative)
	Budget Amounts		Actual	
	Original	Final		
Total revenues and other sources	\$ -	\$ 359,580	\$ 359,580	\$ -
Total expenditures and other uses	-	359,580	359,580	-
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>

	Permanent Improvements Fund			Variance with Final Budget Positive (Negative)
	Budget Amounts		Actual	
	Original	Final		
Total revenues and other sources	\$ 717,966	\$ 762,716	\$ 762,716	\$ -
Total expenditures and other uses	597,787	897,787	733,189	164,598
Net change in fund balance	120,179	(135,071)	29,527	164,598
Prior year encumbrances	76,787	76,787	76,787	-
Fund balances, beginning of year	327,959	327,959	327,959	-
Fund balances, end of year	<u>\$ 524,925</u>	<u>\$ 269,675</u>	<u>\$ 434,273</u>	<u>\$ 164,598</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, 2014

	Self Insurance Fund			Variance with Final Budget Positive (Negative)
	Budget Amounts		Actual	
	Original	Final		
Total revenues and other sources	\$ 1,200	\$ 1,246	\$ 1,322	\$ 76
Total expenditures and other uses	771,600	771,600	668,021	103,579
Net change in fund balance	(770,400)	(770,354)	(666,699)	103,655
Prior year encumbrances	455,213	455,213	455,213	-
Fund balances, beginning of year	2,938,018	2,938,018	2,938,018	-
Fund balances, end of year	<u>\$ 2,622,831</u>	<u>\$ 2,622,877</u>	<u>\$ 2,726,532</u>	<u>\$ 103,655</u>

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STATISTICAL SECTION



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STATISTICAL SECTION

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

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

Sources: Unless otherwise noted, the information in these schedules is derived from the comprehensive annual financial reports for the relevant year.

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

	<u>2014</u>	<u>2013</u>	<u>2012</u>	<u>2011</u>
Governmental activities				
Net investment in capital assets	\$ 7,729,401	\$ 8,694,493	\$ 8,871,320	\$ 12,743,280
Restricted	5,731,244	6,424,518	5,964,568	4,720,978
Unrestricted	5,466,732	4,095,943	5,494,757	5,324,122
Total primary government net position	<u>\$ 18,927,377</u>	<u>\$ 19,214,954</u>	<u>\$ 20,330,645</u>	<u>\$ 22,788,380</u>

Note:

Year 2012 has been restated to reflect the effects of a prior period adjustment recorded in 2013.

Years 2011 and 2010 have been restated to reflect the effects of a prior period adjustment recorded in 2012.

<u>2010</u>	<u>2009</u>	<u>2008</u>	<u>2007</u>	<u>2006</u>	<u>2005</u>
\$ 11,156,547	\$ 10,893,237	\$ 9,766,753	\$ 12,683,960	\$ 13,050,247	\$ 13,551,954
4,999,853	4,855,418	5,505,639	5,998,643	6,018,615	5,115,807
9,744,093	11,777,501	10,858,024	4,867,661	(1,432,914)	(562,847)
<u>\$ 25,900,493</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>

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

	2014	2013	2012	2011
Expenses				
Governmental activities:				
Instruction				
Regular	\$ 19,441,025	\$ 21,373,667	\$ 19,371,019	\$ 21,087,414
Special	4,135,900	3,014,516	2,727,407	2,982,052
Vocational	3,273	106,982	65,886	217,831
Adult/continuing	11,580	12,586	17,130	24,489
Other instruction	1,126,292	1,371,889	1,544,720	1,430,175
Supporting services				
Pupil	2,572,330	4,243,694	3,685,135	3,771,628
Instructional staff	1,123,271	968,197	895,534	975,585
Board of education	24,029	16,134	21,129	19,913
Administration	3,049,875	3,195,086	3,516,540	3,408,972
Fiscal services	992,046	1,068,458	1,111,341	1,130,131
Business	198,081	153,061	144,746	146,305
Operation and maintenance	4,802,518	4,187,039	7,165,255	7,717,754
Pupil transportation	1,724,228	1,802,544	1,362,748	1,724,226
Central services	232,342	320,972	217,284	160,103
Operation of non-instructional services				
Food service operation	1,237,815	1,356,079	1,377,802	1,305,908
Community services	410,932	279,348	259,851	283,718
Extracurricular activities	1,266,615	1,335,805	1,297,017	1,318,728
Interest	2,788,163	3,015,472	3,036,866	3,394,925
Total primary government expenses	45,140,315	47,821,529	47,817,410	51,099,857
Program revenues				
Governmental activities:				
Charges for services and sales				
Instruction	684,434	614,733	507,683	614,720
Supporting services	232,665	68,539	50,507	64,416
Food service	966,715	1,069,630	1,106,780	1,065,511
Extracurricular activities	412,092	416,515	480,230	494,972
Operating grants, interest and contributions	1,596,335	1,604,613	1,815,456	1,748,392
Capital grants and contributions	-	-	-	-
Total primary government program revenues	3,892,241	3,774,030	3,960,656	3,988,011
Net (expense) revenue				
Total primary government net expense	\$ (41,248,074)	\$ (44,047,499)	\$ (43,856,754)	\$ (47,111,846)

Note:

Year 2012 has been restated to reflect the effects of a prior period adjustment recorded in 2013.

Years 2011 and 2010 have been restated to reflect the effects of a prior period adjustment recorded in 2012.

2010	2009	2008	2007	2006	2005
\$ 19,551,234	\$ 18,279,003	\$ 17,922,399	\$ 16,867,890	\$ 17,283,670	\$ 17,067,490
3,061,161	2,818,062	2,436,905	2,268,431	2,074,881	2,057,130
213,572	204,700	224,077	194,969	187,079	252,331
19,879	18,913	12,723	16,538	13,409	36,793
1,147,296	1,000,656	873,473	754,362	718,927	649,596
3,304,479	3,318,731	2,823,282	2,670,535	3,279,597	2,530,881
974,710	922,353	761,803	690,660	495,175	873,051
32,737	20,568	22,687	19,802	17,999	18,202
3,492,495	3,334,181	2,961,136	2,785,367	2,900,181	3,090,189
1,135,733	997,105	1,004,099	1,090,308	949,135	922,519
417,440	114,110	152,539	114,811	87,500	86,459
6,781,144	4,926,928	4,891,117	4,073,937	4,667,818	4,582,836
1,530,111	1,500,578	1,507,204	1,292,500	1,210,650	1,318,645
158,131	190,642	280,156	160,111	62,203	12,498
1,246,386	1,161,495	1,088,114	1,002,790	802,400	829,674
219,142	261,704	340,766	272,981	219,150	334,781
1,212,842	1,195,904	1,186,993	1,020,672	1,046,500	1,243,236
2,220,063	2,241,575	2,219,378	2,251,030	2,285,814	2,427,174
<u>46,718,555</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>
797,192	552,773	390,215	427,914	412,502	378,491
16,155	34,303	37,203	33,162	26,135	40,630
1,053,176	946,830	866,132	737,172	619,103	586,662
380,392	324,217	497,279	476,264	340,212	448,435
1,743,573	1,353,955	1,341,274	1,300,348	1,033,158	1,010,702
-	-	-	-	-	-
<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>\$ (42,728,067)</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>

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

	2014	2013	2012	2011
Net (expense) revenue				
Total primary government net expense	<u>\$ (41,248,074)</u>	<u>\$ (44,047,499)</u>	<u>\$ (43,856,754)</u>	<u>\$ (47,111,846)</u>
General revenues and other changes in net position				
Governmental activities:				
Property taxes levied for:				
General purposes	26,118,293	27,718,418	25,420,556	26,250,202
Debt service	3,584,698	4,682,640	4,058,496	4,289,589
Capital improvemetns	522,441	627,991	571,993	588,220
Grants and entitlements				
not restricted to specific purposes	10,162,477	9,341,447	10,707,023	11,894,621
Investment earnings	41,298	55,891	94,718	180,345
Miscellaneous	531,290	505,421	563,411	796,756
Total primary government	<u>40,960,497</u>	<u>42,931,808</u>	<u>41,416,197</u>	<u>43,999,733</u>
Change in net position				
Total primary government	<u>\$ (287,577)</u>	<u>\$ (1,115,691)</u>	<u>\$ (2,440,557)</u>	<u>\$ (3,112,113)</u>

Note:

Year 2012 has been restated to reflect the effects of a prior period adjustment recorded in 2013.

Years 2011 and 2010 have been restated to reflect the effects of a prior period adjustment recorded in 2012.

<u>2010</u>	<u>2009</u>	<u>2008</u>	<u>2007</u>	<u>2006</u>	<u>2005</u>
<u>\$ (42,728,067)</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>
25,322,233	25,550,920	25,621,127	27,006,784	23,165,725	24,308,114
3,484,747	2,876,031	2,816,421	3,215,144	3,532,839	3,900,350
570,598	584,393	591,528	661,413	664,825	700,018
11,093,394	10,613,902	9,621,349	8,289,402	7,096,997	6,973,114
305,142	701,154	991,730	893,618	602,965	331,950
326,290	364,470	514,745	420,789	338,661	271,569
<u>41,102,404</u>	<u>40,690,870</u>	<u>40,156,900</u>	<u>40,487,150</u>	<u>35,402,012</u>	<u>36,485,115</u>
<u>\$ (1,625,663)</u>	<u>\$ 1,395,740</u>	<u>\$ 2,580,152</u>	<u>\$ 5,914,316</u>	<u>\$ (468,966)</u>	<u>\$ 616,550</u>

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

	<u>2014</u>	<u>2013</u>	<u>2012</u>	<u>2011</u>
General Fund				
Nonspendable	\$ 34,038	\$ 47,316	\$ 45,491	\$ 35,732
Committed	113,990	113,990	113,990	113,990
Assigned	898,319	665,041	2,359,708	1,762,398
Unassigned	5,561,998	3,953,162	6,738,578	10,644,654
Total General Fund	<u>\$ 6,608,345</u>	<u>\$ 4,779,509</u>	<u>\$ 9,257,767</u>	<u>\$ 12,556,774</u>
All other governmental funds				
Nonspendable	\$ 12,053	\$ 14,359	\$ 15,520	\$ 11,702
Restricted	5,844,916	5,904,638	5,775,418	6,850,257
Unassigned	-	(363,414)	(123,968)	(50,134)
Total all other governmental funds	<u>\$ 5,856,969</u>	<u>\$ 5,555,583</u>	<u>\$ 5,666,970</u>	<u>\$ 6,811,825</u>

The District implemented GASB Statement No. 54 in 2011.

2010

\$	32,990
	113,990
	190,855
	<u>14,004,294</u>
\$	<u>14,342,129</u>

\$	12,286
	16,541,940
	-
\$	<u>16,554,226</u>

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

	<u>2009</u>	<u>2008</u>	<u>2007</u>	<u>2006</u>
General Fund				
Reserved	\$ 3,346,802	\$ 3,946,887	\$ 6,638,795	\$ 5,815,564
Unreserved	10,818,347	8,013,360	2,938,192	(957,142)
Total General Fund	<u>\$ 14,165,149</u>	<u>\$ 11,960,247</u>	<u>\$ 9,576,987</u>	<u>\$ 4,858,422</u>
All other governmental funds				
Reserved	\$ 530,529	\$ 1,049,532	\$ 1,155,863	\$ 1,596,764
Unreserved, reported in				
Special Revenue Funds	456,708	399,154	517,234	606,911
Debt Service Funds	3,528,921	3,510,634	3,378,684	2,852,044
Capital Projects Funds	366,052	563,974	979,842	898,290
Total all other governmental funds	<u>\$ 4,882,210</u>	<u>\$ 5,523,294</u>	<u>\$ 6,031,623</u>	<u>\$ 5,954,009</u>

The District implemented GASB Statement No. 54 in 2011.

2005

\$	4,687,670
	1,099,541
\$	<u>5,787,211</u>

\$	1,573,675
	444,599
	2,191,254
	787,624
\$	<u>4,997,152</u>

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

	2014	2013	2012	2011	2010
Taxes	\$ 32,684,832	\$ 30,618,749	\$ 29,737,745	\$ 30,522,111	\$ 29,380,946
Tuition and fees	617,658	683,272	558,190	561,156	813,347
Interest	42,567	49,359	87,668	183,515	314,202
Intergovernmental	11,758,812	10,946,060	12,522,479	13,643,013	12,836,967
Extracurricular	557,933	416,515	480,230	612,952	380,392
Charges for services	966,715	1,069,630	1,106,780	1,065,511	1,053,176
Rental	-	-	107,967	-	-
Other	684,890	528,239	455,819	497,609	366,952
Total	<u>\$ 47,313,407</u>	<u>\$ 44,311,824</u>	<u>\$ 45,056,878</u>	<u>\$ 47,085,867</u>	<u>\$ 45,145,982</u>

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

	<u>2009</u>	<u>2008</u>	<u>2007</u>	<u>2006</u>	<u>2005</u>
\$	28,993,866	\$ 28,945,490	\$ 30,878,851	\$ 27,353,596	\$ 28,925,023
	637,145	392,331	429,498	413,904	396,737
	624,928	964,222	696,609	496,026	327,617
	11,967,857	10,962,623	9,589,750	8,130,155	7,994,271
	324,217	532,721	508,682	370,501	446,956
	946,830	866,132	737,172	619,103	586,662
	-	-	-	-	-
	<u>313,843</u>	<u>519,105</u>	<u>405,813</u>	<u>333,105</u>	<u>291,547</u>
\$	<u><u>43,808,686</u></u>	<u><u>43,182,624</u></u>	<u><u>43,246,375</u></u>	<u><u>37,716,390</u></u>	<u><u>38,968,813</u></u>

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

	2014	2013	2012	2011	2010
Expenditures					
Current					
Instruction					
Regular	\$ 17,332,276	\$ 19,616,034	\$ 19,398,187	\$ 18,704,165	\$ 17,796,812
Special	4,110,175	3,006,578	2,769,506	2,938,897	2,960,127
Vocational	3,273	102,771	104,068	211,155	210,124
Adult/continuing	11,580	12,586	17,130	24,489	19,879
Other instruction	1,119,051	1,365,666	1,540,655	1,424,724	1,140,459
Supporting services					
Pupil	2,559,018	4,181,604	3,600,350	3,772,336	3,228,080
Instructional staff	1,104,025	959,047	881,209	977,290	956,756
Board of education	24,029	16,134	21,129	19,913	32,737
Administration	2,857,123	3,040,381	3,139,182	3,039,568	3,340,083
Fiscal services	998,075	1,059,950	1,132,733	1,122,087	1,125,868
Business	164,140	145,900	137,857	140,589	117,271
Operation and maintenance	4,364,108	4,421,660	4,505,781	4,905,476	4,980,130
Pupil transportation	1,693,821	1,891,030	1,563,521	1,576,223	1,641,022
Central services	232,342	320,972	217,284	160,103	158,131
Operation of non-instructional services					
Food service operation	1,183,381	1,311,263	1,318,768	1,264,265	1,198,927
Community services	408,039	259,618	252,561	272,656	214,944
Extracurricular activities	1,319,363	1,306,724	1,301,928	1,492,792	1,184,128
Capital outlay	40,654	1,039,794	2,833,760	14,427,006	3,857,450
Debt service					
Principal	3,154,540	2,318,449	2,817,336	18,184,699	2,532,353
Interest	2,504,172	2,525,308	2,366,009	2,738,143	1,630,373
Total expenditures	\$ 45,183,185	\$ 48,901,469	\$ 49,918,954	\$ 77,396,576	\$ 48,325,654
Debt service as a percentage of noncapital expenditures	<u>12.60%</u>	<u>10.31%</u>	<u>11.34%</u>	<u>32.28%</u>	<u>9.10%</u>

Source :School District Financial Records, All Governmental Fund Types.
Year 2012 has been restated to reflect the effects of a prior period adjustment recorded in 2013.
Years 2011 and 2010 have been restated to reflect the effects of a prior period adjustment recorded in 2012.

	2009	2008	2007	2006	2005
\$	17,382,770	\$ 16,937,907	\$ 15,986,540	\$ 15,389,028	\$ 15,174,910
	2,690,806	2,465,979	2,248,108	2,042,418	2,035,391
	177,680	225,510	191,448	182,050	247,656
	18,913	12,723	17,641	13,449	37,489
	999,671	873,680	752,655	718,927	649,596
	3,204,774	2,822,913	2,719,829	3,276,384	2,654,253
	894,123	813,483	775,914	693,314	904,103
	20,568	22,687	19,802	17,999	18,249
	3,052,822	2,825,802	2,764,553	2,690,840	2,975,064
	986,045	1,006,220	1,110,120	952,909	900,934
	109,264	152,428	119,427	85,006	83,903
	4,695,334	4,246,416	4,062,031	4,180,675	4,112,400
	1,439,131	1,566,804	1,334,046	1,169,507	1,281,848
	190,642	280,156	160,111	62,203	12,498
	1,122,933	1,045,573	978,364	764,245	761,281
	260,846	340,386	290,382	206,188	331,941
	1,131,542	1,136,892	972,308	991,341	1,176,253
	283,812	459,960	249,233	240,474	333,521
	2,356,701	2,360,022	2,220,806	2,226,686	2,173,153
	1,678,758	1,712,152	1,795,160	1,784,679	2,722,220
\$	<u>42,697,135</u>	<u>\$ 41,307,693</u>	<u>\$ 38,768,478</u>	<u>\$ 37,688,322</u>	<u>\$ 38,586,663</u>
	<u>9.91%</u>	<u>10.02%</u>	<u>10.53%</u>	<u>10.71%</u>	<u>12.94%</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)

	2014	2013	2012	2011	2010
Excess of revenues over (under) expenditures	\$ 2,130,222	\$ (4,589,645)	\$ (4,862,076)	\$ (30,310,709)	\$ (3,179,672)
Other financing sources (uses)					
Proceeds of refunding bonds	-	-	-	-	-
Transfers-in	-	-	224,620	223,545	221,850
Note issuance	-	-	-	-	15,000,000
Bond issuance	-	-	-	18,495,866	-
Premium on debt issuance	-	-	-	287,087	-
Capital lease proceeds	-	-	418,214	-	28,668
Transfers-out	-	-	(224,620)	(223,545)	(221,850)
Payment to bond escrow agent	-	-	-	-	-
Total other financing sources (uses)	-	-	418,214	18,782,953	15,028,668
Net change in fund balances	\$ 2,130,222	\$ (4,589,645)	\$ (4,443,862)	\$ (11,527,756)	\$ 11,848,996

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

Year 2012 has been restated to reflect the effects of a prior period adjustment recorded in 2013.

Years 2011 and 2010 have been restated to reflect the effects of a prior period adjustment recorded in 2012.

2009	2008	2007	2006	2005
<u>\$ 1,111,551</u>	<u>\$ 1,874,931</u>	<u>\$ 4,477,897</u>	<u>\$ 28,068</u>	<u>\$ 382,150</u>
-	-	-	-	40,569,842
224,604	330,858	361,451	360,568	389,564
-	-	-	-	-
-	-	-	-	-
-	-	-	-	-
452,267	-	318,282	-	-
(224,604)	(330,858)	(361,451)	(360,568)	(389,564)
-	-	-	-	(40,157,774)
<u>452,267</u>	<u>-</u>	<u>318,282</u>	<u>-</u>	<u>412,068</u>
<u>\$ 1,563,818</u>	<u>\$ 1,874,931</u>	<u>\$ 4,796,179</u>	<u>\$ 28,068</u>	<u>\$ 794,218</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	
	Assessed Value	Estimated Actual Value (1)	Assessed Value	Estimated Actual Value (2)	Assessed Value	Estimated Actual Value (3)
2014	\$ 739,254,670	\$ 2,112,156,200	\$ 38,214,330	\$ 43,425,375	\$ - (4)	\$ -
2013	729,211,340	2,083,460,971	56,087,710	63,736,034	- (4)	-
2012	774,133,040	2,211,808,686	55,420,640	62,978,000	- (4)	-
2011	768,801,730	2,196,576,371	57,136,730	64,928,102	- (4)	-
2010	760,700,870	2,173,431,057	56,540,920	64,251,045	348,889 (4)	1,395,556
2009	784,317,250	2,240,906,429	78,262,550	88,934,716	357,129 (4)	1,428,516
2008	764,003,830	2,182,868,086	80,644,620	91,641,614	16,228,352 (4)	259,653,632
2007	732,930,700	2,094,087,714	82,074,850	93,266,875	32,948,472 (4)	263,587,776
2006	639,000,320	1,825,715,200	89,484,090	101,686,466	52,701,113 (4)	210,804,452
2005	608,828,450	1,739,509,857	94,787,120	107,712,636	71,691,440	311,701,913

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

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

Assessed Value	Total Estimated Actual Value	Total Assessed Rate (5)
\$ 777,469,000	\$ 2,155,581,575	75.10
785,299,050	2,147,197,005	67.23
829,553,680	2,274,786,686	65.57
825,938,460	2,261,504,473	65.89
817,590,679	2,239,077,658	66.03
862,936,929	2,331,269,661	68.62
860,876,802	2,534,163,332	60.26
847,954,022	2,450,942,365	64.51
781,185,523	2,138,206,118	60.36
775,307,010	2,158,924,406	60.69

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

Year	Avon Lake City School District			Total Direct Tax Rate
	General Fund	Debt Service Fund (1)	Capital Projects Fund	
2014	68.15	5.45	1.50	75.10
2013	59.43	6.30	1.50	67.23
2012	58.93	5.14	1.50	65.57
2011	58.96	5.43	1.50	65.89
2010	59.06	5.47	1.50	66.03
2009	58.50	3.89	1.50	63.89
2008	58.57	3.95	1.50	64.02
2007	58.71	4.16	1.50	64.37
2006	53.85	4.91	1.50	60.26
2005	53.85	4.91	1.50	60.26

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.

Library	County Levy	JVS Levy	City Levy	Total Direct and Overlapping Governments
2.80	14.48	2.45	8.13	102.96
2.80	13.66	2.45	8.13	94.27
2.80	13.69	2.45	7.34	91.85
1.80	13.69	2.45	7.34	91.17
1.80	13.39	2.45	7.35	91.02
1.80	13.39	2.45	7.36	88.89
1.80	13.39	2.45	6.95	88.61
1.80	13.49	2.45	6.95	89.06
1.80	13.49	2.45	6.95	84.95
1.80	13.19	2.45	6.95	84.65

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

Year	Total Tax Levy	Current Tax Collections	Percent of Current Taxes Collected	Delinquent Tax Collections (2)	Total Tax Collections (3)
2014	\$ 40,848,669	\$ 40,146,050	98.28%	\$ 839,757	\$ 40,985,807
2013	35,554,953	33,201,145	93.38%	659,679	33,860,824
2012	35,151,187	34,962,596	99.46%	688,241	35,650,837
2011	34,849,546	32,758,150	94.00%	795,340	33,553,490
2010 (4)	Not available	Not available	Not available	Not available	Not available
2009	32,564,062	31,764,096	97.54%	843,204	32,607,300
2008	33,151,604	32,586,663	98.30%	541,056	33,127,719
2007	33,809,716	33,207,530	98.22%	2,936,395	36,143,925
2006	28,644,396	27,902,337	97.41%	413,543	28,315,880
2005	28,283,085	27,988,587	98.96%	504,570	28,493,157

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

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

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

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

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

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

<u>Ratio of Total Tax Collections to Total Tax Levy (3)</u>	<u>Outstanding Delinquent Taxes</u>	<u>Ratio of Delinquent Taxes to Total Tax Levy</u>
100.34%	\$ 1,125,547	2.76%
95.24%	3,584,931	10.08%
101.42%	1,846,481	5.25%
96.28%	861,370	2.47%
Not available	Not available	Not available
100.13%	554,362	1.70%
99.93%	272,778	0.82%
106.90%	197,744	0.58%
98.85%	2,240,206 (5)	7.82%
100.74%	204,731	0.72%

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AVON LAKE CITY SCHOOL DISTRICT
 PRINCIPAL TAXPAYERS –
 REAL ESTATE TAX
 AS OF JUNE 30, 2014 AND JUNE 30, 2005

December 31, 2013

Name of Taxpayer	Assessed Value (1)	Percent of Total Assessed Value
Ford Motor Company	\$ 4,739,550	0.61%
181 Somerset Realty I LLC	4,356,650	0.56%
PolyOne Corporation	4,163,470	0.54%
Health Care Reit Inc	3,756,040	0.48%
Legacy Pointe Ltd	2,897,770	0.37%
Kopf Properties II Ltd	2,156,510	0.28%
Learwood Square Co LLC	2,103,260	0.27%
Towne Independent Living	1,892,090	0.24%
Landings Shops & Offices Ltd	1,563,560	0.20%
Pin Oak Holdings LLC	1,508,470	0.19%
	<u>\$ 29,137,370</u>	<u>3.74%</u>
 Total assessed value	 <u>\$ 777,469,000</u>	

December 31, 2004

Name of Taxpayer	Assessed Value (1)	Percent of Total Assessed Value
Ford Motor Company	\$ 9,945,200	1.28%
Geon Company	4,084,290	0.53%
Legacy Pointe LTD	2,508,730	0.32%
KOPF Properties LTD	2,435,570	0.31%
Gamiella Construction Inc	2,423,960	0.31%
Waterside Crossings LTD	2,034,680	0.26%
Learwood Square Company LLC	1,923,590	0.25%
Towne Independent Living	1,898,610	0.24%
PMD Group INC	1,785,010	0.23%
American Landmark LTD	1,755,900	0.23%
	<u>\$ 30,795,540</u>	<u>3.96%</u>
 Total assessed value	 <u>\$ 775,307,010</u>	

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

(1) Assessed Values are for the 2013 and 2004 collection year, respectively.

AVON LAKE CITY SCHOOL DISTRICT
 PRINCIPAL TAXPAYERS –
 PUBLIC UTILITY TAX
 AS OF JUNE 30, 2014 AND JUNE 30, 2005

December 31, 2013		
Name of Taxpayer	Assessed Value (1)	Percent of Total Assessed Value
Orion Pow er Midw est	\$ 18,858,560	2.43%
Genon Pow er Midw est	16,372,880	2.11%
Cleveland Electric	12,218,680	1.57%
American Transmission	7,441,190	0.96%
Columbia Gas of Ohio LLC	2,232,280	0.29%
	\$ 57,123,590	7.36%
 Total assessed value	 \$ 777,469,000	

December 31, 2004		
Name of Taxpayer	Assessed Value (1)	Percent of Total Assessed Value
Orion Pow er Midw est LP	\$ 77,281,420	9.97%
Cleveland Electric	9,493,430	1.22%
American Transmission Systems Inc	4,504,920	0.58%
Centurytel of Ohio Inc	2,423,610	0.31%
Columbia Gas of Ohio Inc	1,083,740	0.14%
	\$ 94,787,120	12.22%
 Total assessed value	 \$ 775,307,010	

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 2013 and 2004 collection year, respectively.
 Assessed Values include public utilities and real estate values, details of which are not available.

AVON LAKE CITY SCHOOL DISTRICT
 COMPUTATION OF DIRECT AND OVERLAPPING GENERAL OBLIGATION DEBT
 AS OF JUNE 30, 2014

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	\$ 48,401,770	\$ 785,299,050	100.00%	\$ 48,401,770
Overlapping				
Lorain County (2)	38,160,000	6,196,990,410	12.67%	4,834,872
City of Avon Lake (2)	<u>10,892,692</u>	785,299,050	100.00%	<u>10,892,692</u>
Sub Total				<u>15,727,564</u>
Total	<u>\$ 97,454,462</u>			<u>\$ 64,129,334</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 July 15, 2014

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

Year	General Obligation Bonded Debt (1) (3)	Notes Payable	Loans Payable	Capital Leases (4)	Total Primary Government	Percentage of Personal Income (2)	Per Capita (2)	Per ADM (2)
2014	\$ 48,239,669	\$ -	\$ -	\$ 162,101	\$ 48,401,770	5.25%	\$ 2,143	\$ 12,832
2013	51,136,537	-	-	251,641	51,388,178	5.48%	2,276	13,502
2012	52,867,070	-	-	345,090	53,212,160	5.85%	2,357	13,875
2011	54,427,867	220,000	-	148,517	54,796,384	5.95%	2,427	14,496
2010	38,090,898	15,430,000	-	378,216	53,899,114	9.19%	2,970	14,611
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

Source:

- (1) School District Financial Records
- (2) See Schedule S-32 for personal income, population, and ADM data.
 These ratios are calculated using data for the prior calendar year.
- (3) Years 2011 and 2010 have been restated to reflect the effects of a prior period adjustment recorded in 2012.
- (4) Year 2012 has been restated to reflect the effects of a prior period adjustment in 2013.

AVON LAKE CITY SCHOOL DISTRICT
RATIOS OF GENERAL NET BONDED DEBT OUTSTANDING
LAST TEN FISCAL YEARS

Year	General Obligation Bonded Debt (1)	Debt Service Funds Available	Net Bonded Debt	Percentage of Actual Taxable Property Value (2)	Per Capita (3)
2014	\$ 48,239,669	\$ 3,154,171	\$ 45,085,498	2.09%	1,996.61
2013	51,136,537	3,448,932	47,687,605	2.22%	2,111.85
2012	52,867,070	3,355,203	49,511,867	2.18%	2,192.63
2011	54,427,867	3,511,799	50,916,068	2.25%	2,254.82
2010	38,090,898	3,988,789	34,102,109	1.52%	1,879.42
2009	39,639,503	3,988,789	35,650,714	1.53%	1,964.77
2008	41,122,890	3,528,921	37,593,969	1.48%	2,071.86
2007	42,669,901	3,510,634	39,159,267	1.60%	2,158.13
2006	44,143,314	3,378,603	40,764,711	1.91%	2,246.61
2005	45,473,372	2,852,044	42,621,328	1.97%	2,348.93

Source: (1) School District Financial Records.
(2) See Schedule S-19 for assessed valuation of property.
(3) See Schedule S-32 for population data.

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

	2014(1)	2013(1)	2012(1)	2011(1)	2010(1)
Assessed Valuation	\$ 777,469,000	\$ 785,299,050	\$ 829,553,680	\$ 825,938,460	\$ 817,590,679
Debt Limit -9% of Assessed Value (2)	69,972,210	70,676,915	74,659,831	74,334,461	73,583,161
Debt applicable to limitation					
Total voted general obligation debt	48,210,866	49,810,207	50,545,816	51,456,509	52,951,059
Total unvoted general obligation debt	-	-	-	220,000	430,000
Less amount available in debt service funds	(3,154,172)	(3,448,932)	(3,355,203)	(3,511,799)	(3,988,789)
Amount of debt subject to debt limit:	45,056,694	46,361,275	47,190,613	48,164,710	49,392,270
Overall debt margin	\$ 24,915,516	\$ 24,315,640	\$ 27,469,218	\$ 26,169,751	\$ 24,190,891
Overall Limit - .10% of Assessed Value (2)	\$ 777,469	\$ 785,299	\$ 829,554	\$ 825,938	\$ 817,591
Amount of debt subject to debt limit:	-	-	-	-	-
Unvoted Debt Margin	\$ 777,469	\$ 785,299	\$ 829,554	\$ 825,938	\$ 817,591
Additional Limit for Unvoted Energy Conservation Bonds and Notes:					
Debt Limit - .9% of Assessed Value	\$ 6,997,221	\$ 7,067,691	\$ 7,465,983	\$ 7,433,446	\$ 7,358,316
Amount of debt subject to debt limit:	-	-	-	220,000	430,000
Additional Unvoted Debt Margin	\$ 6,997,221	\$ 7,067,691	\$ 7,465,983	\$ 7,213,446	\$ 6,928,316

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.

<u>2009 (1)</u>	<u>2008 (1)</u>	<u>2007 (1)</u>	<u>2006 (1)</u>	<u>2005</u>
<u>\$ 784,317,250</u>	<u>\$ 764,003,830</u>	<u>\$ 732,930,700</u>	<u>\$ 639,000,320</u>	<u>\$ 775,307,010</u>
<u>70,588,553</u>	<u>68,760,345</u>	<u>65,963,763</u>	<u>57,510,029</u>	<u>69,777,631</u>
35,191,070	37,084,925	42,569,901	43,918,314	42,424,925
630,000	825,000	1,113,730	1,413,182	1,610,717
<u>(3,528,921)</u>	<u>(3,510,634)</u>	<u>(3,378,682)</u>	<u>(2,852,044)</u>	<u>(3,197,332)</u>
<u>32,292,149</u>	<u>34,399,291</u>	<u>40,304,949</u>	<u>42,479,452</u>	<u>40,838,310</u>
<u>\$ 38,296,404</u>	<u>\$ 34,361,054</u>	<u>\$ 25,658,814</u>	<u>\$ 15,030,577</u>	<u>\$ 28,939,321</u>
\$ 784,317	\$ 764,004	\$ 732,931	\$ 639,000	\$ 775,307
-	-	-	-	-
<u>\$ 784,317</u>	<u>\$ 764,004</u>	<u>\$ 732,931</u>	<u>\$ 639,000</u>	<u>\$ 775,307</u>
\$ 7,058,855	\$ 6,876,034	\$ 6,596,376	\$ 5,751,003	\$ 6,977,763
630,000	825,000	1,113,730	1,413,182	735,000
<u>\$ 6,428,855</u>	<u>\$ 6,051,034</u>	<u>\$ 5,482,646</u>	<u>\$ 4,337,821</u>	<u>\$ 6,242,763</u>

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

Calendar Year	Population	Per Capita Income	Personal Income	Average Daily Student Enrollment (3)	Unemployment Rate (4)		
					Lorain County	Ohio	U.S.
2014	22,581 (1)	\$ 40,858	\$ 922,614,498	3,772	6.6%	5.9%	6.1%
2013	22,581 (1)	41,559	938,443,779	3,806	8.3%	7.3%	7.6%
2012	22,581 (1)	40,269	909,314,289	3,835	8.3%	7.7%	8.2%
2011	22,581 (1)	40,790	921,078,990	3,780	8.2%	9.2%	9.2%
2010	18,145 (2)	32,336	586,736,720	3,689	9.8%	10.4%	9.5%
2009	18,145 (2)	32,336	586,736,720	3,616	11.5%	11.2%	9.5%
2008	18,145 (2)	32,336	586,736,720	3,487	7.8%	6.6%	5.5%
2007	18,145 (2)	32,336	586,736,720	3,458	6.6%	6.1%	4.5%
2006	18,145 (2)	32,336	586,736,720	3,401	5.4%	5.1%	4.6%
2005	18,145 (2)	32,336	586,736,720	3,279	6.5%	6.2%	5.7%

Source:

(1) Based on the 2010 Census.

(2) Based on the 2000 Census.

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

(4) Bureau of Labor Statistics for June, 2014.

AVON LAKE CITY SCHOOL DISTRICT
 PRINCIPAL EMPLOYERS
 AS OF DECEMBER 31, 2013 AND 2005

December 2013

Employer	Nature of Activity or Business	Approximate Number of Employees (1)	Percentage To Total Employment (2)	Rank
Ford Motor Company	Van and sport utility vehicle assembly	2,158	Not available	1
Avon Lake City Schools	Public education	799	Not available	2
Polyone Corporation	Distributor of thermoplastics, compounds & resins	647	Not available	3
City of Avon Lake	Government	391	Not available	4
Lubrizol Advanced Materials, Inc.	Manufactures polymers & specialties chemicals	216	Not available	5
Grace Management Services, Inc.	Retirement village	190	Not available	6
Thogus Products Co.	Provider of plastic injection molding services	184	Not available	7
Riser Foods Company	Grocery store	168	Not available	8
Western/Scott Fetzer Co.	Gas control technology	155	Not available	9
Watteredge LLC	Power equipment professionals	129	Not available	10

December 2005 (3)

Employer	Nature of Activity or Business	Approximate Number of Employees (1)	Percentage To Total Employment (2)	Rank
Ford Motor Company	Van and sport utility vehicle assembly	2,693	Not available	1
PolyOne Corporation	Distributor of thermoplastics, compounds & resins	600	Not available	2
Avon Lake City School District	Public education	382	Not available	3
Cleveland Electric	Electric power distribution service	315	Not available	4
Noveon, Inc	Manufactures polymers & specialties chemicals	250	Not available	5
The City of Avon Lake	Governmental	153	Not available	6
Giant Eagle/Riser Foods Company	Grocery store	150	Not available	7
Kopf Construction Corp	Commercial / residential contractor	125	Not available	8
Sunrise Medical HHG, Inc	Manufactures customized wheelchair	120	Not available	9
TNT Logistics North America	Freight forwarding & automobile carrier services	100	Not available	10

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

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

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

(3) Information prior to 2005 is not available

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

	<u>2014 (1)</u>	<u>2013 (1)</u>	<u>2012 (1)</u>	<u>2011</u>	<u>2010</u>
Professional Staff					
Teaching Staff:					
Elementary K-6	106.30	107.30	106.90	110.40	113.65
Middle	37.19	37.19	36.00	38.59	39.58
High	58.61	65.24	67.00	69.11	76.72
Multiple Buildings	11.27	11.64	10.42	-	-
Tutors	9.93	9.88	6.89	7.64	11.65
Administrators					
District/Building	14.00	14.00	14.00	14.00	15.00
Auxiliary Positions					
Psychologist	1.00	1.00	1.00	1.00	2.00
Nurse	5.00	4.00	4.00	4.00	2.52
Speech & Language Therapist	3.32	3.41	3.32	3.32	3.32
Physical Therapist	1.00	1.00	1.00	1.00	1.00
Occupational Therapist/Assistant	2.00	2.00	2.00	2.00	2.00
Support Staff					
Counseling	8.31	8.31	8.31	9.31	10.31
Computer Tech	3.00	3.00	3.00	3.00	3.00
Printer	1.00	1.00	1.00	1.00	1.00
Librarian/Media	2.00	2.91	2.91	2.80	3.69
Library Aide	5.75	5.75	5.00	6.00	5.25
Clerical	27.13	28.48	28.59	27.59	35.52
Teaching Aide	41.91	43.80	44.30	49.83	35.85
General Maintenance	6.00	6.00	6.00	6.00	6.00
Mechanic	2.00	2.00	2.00	2.00	2.00
Transportation Supervisor	1.00	1.00	1.00	1.00	2.00
Bus Drivers	24.04	23.90	20.75	22.44	17.62
Custodial	30.25	29.88	29.37	32.99	30.50
Food Service	19.17	17.91	17.13	18.44	17.73
Security	1.12	1.62	1.12	1.12	3.78
Attendants & Monitors	22.16	22.71	21.05	21.23	20.50
Total	<u>444.46</u>	<u>454.93</u>	<u>444.06</u>	<u>455.81</u>	<u>462.19</u>

Source: School District records.

(1) Reporting methodology changed due to new software integration in Fiscal Year 2012

<u>2009</u>	<u>2008</u>	<u>2007</u>	<u>2006</u>
113.20	110.00	100.76	102.62
38.50	39.00	37.12	37.00
76.46	70.50	66.00	66.50
-	-	-	-
13.15	19.41	14.15	14.16
14.00	15.00	15.00	15.00
2.00	1.00	1.00	1.00
1.89	1.64	1.26	1.63
3.23	3.23	2.43	2.43
1.00	1.00	1.00	1.00
2.00	2.00	2.00	1.00
10.28	9.10	9.10	9.00
2.00	3.00	3.00	2.00
1.00	1.00	1.00	1.00
3.78	3.00	2.00	3.00
4.50	4.50	4.50	4.75
26.53	24.78	24.28	27.96
34.76	26.26	23.07	24.51
6.00	6.00	6.00	8.00
2.00	2.00	2.00	2.00
1.00	1.00	1.00	1.00
21.60	23.03	20.60	29.81
28.00	28.00	28.00	28.00
16.47	15.84	15.46	22.18
2.99	3.32	2.33	1.50
<u>19.99</u>	<u>24.03</u>	<u>25.44</u>	<u>35.50</u>
<u><u>446.33</u></u>	<u><u>437.64</u></u>	<u><u>408.50</u></u>	<u><u>442.55</u></u>

AVON LAKE CITY SCHOOL DISTRICT
OPERATING STATISTICS
LAST TEN FISCAL YEARS

Year		Average Daily Student Enrollment (a)	General Fund Expenditures	Cost Per Pupil (a)	Percent Change	Teaching Staff	Pupil Teacher Ratio	Percentage of Students Receiving Free or Reduced-Price Meals
2014	(b)	3,772	\$ 36,046,397	\$ 9,556	-6.60%	226	16.69	5.68%
2013	(b)	3,806	38,940,060	10,231	-5.77%	232	16.41	5.49%
2012	(c)	3,835	38,625,770	10,858	-0.42%	239	15.56	5.45%
2011	(c)	3,780	38,748,151	10,904	3.22%	232	16.29	5.22%
2010	(c)	3,689	36,689,971	10,564	2.23%	230	16.04	5.26%
2009	(c)	3,458	34,810,283	10,334	2.86%	229	15.10	6.02%
2008	(c)	3,401	33,446,761	10,047	4.08%	230	14.79	6.84%
2007	(c)	3,279	31,526,703	9,653	0.86%	230	14.26	11.00%
2006	(c)	3,264	31,244,700	9,571	-2.33%	222	14.70	7.70%
2005	(c)	3,261	30,945,649	9,799	4.29%	224	14.56	7.40%

Source: School District Financial Records.

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

(b) Cost per pupil for 2013 and later is calculated based on General Fund Expenditures divided by average daily enrollment. information needed.

(c) Cost per pupil for years 2012 and earlier was provided by the Ohio Department of Education postponed the release of the information needed.

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

Year		Minimum Salary (a)	Maximum Salary (a)	Avon Lake Average Salary (b)
2014	(c) \$	36,779	\$ 81,282	\$ 63,195
2013	(c)	36,779	81,282	64,756
2012	(c)	36,779	81,282	62,969
2011	(c)	36,779	81,282	62,969
2010		36,779	81,282	61,599
2009		35,879	79,293	59,822
2008		34,318	74,985	57,721
2007		33,318	72,800	55,908
2006		32,988	72,079	55,782
2005		31,950	69,811	53,245

Sources:

(a) District salary schedules

(b) Ohio Department of Education

(c) Various wage and/or step increases were frozen

AVON LAKE CITY SCHOOL DISTRICT
TEACHER EDUCATION AND EXPERIENCE
JUNE 30, 2014

Degree	Number of Teachers	Percentage of Total
Bachelor's Degree	12	5.3%
Bachelor + 10	5	2.2%
Bachelor + 20	13	5.7%
Master's Degree	74	32.7%
Master's + 10	42	18.6%
Master's + 20	30	13.3%
Master's + 30	32	14.2%
Master's + 45	18	8.0%
	226	100.0%

Experience	Number of Teachers	Percentage of Total
0 - 5	39	17.3%
6-10	64	28.3%
11 and over	123	54.4%
	226	100.0%

Source: School District records.

AVON LAKE CITY SCHOOL DISTRICT
 AVERAGE ACT SCORES
 LAST TEN FISCAL YEARS

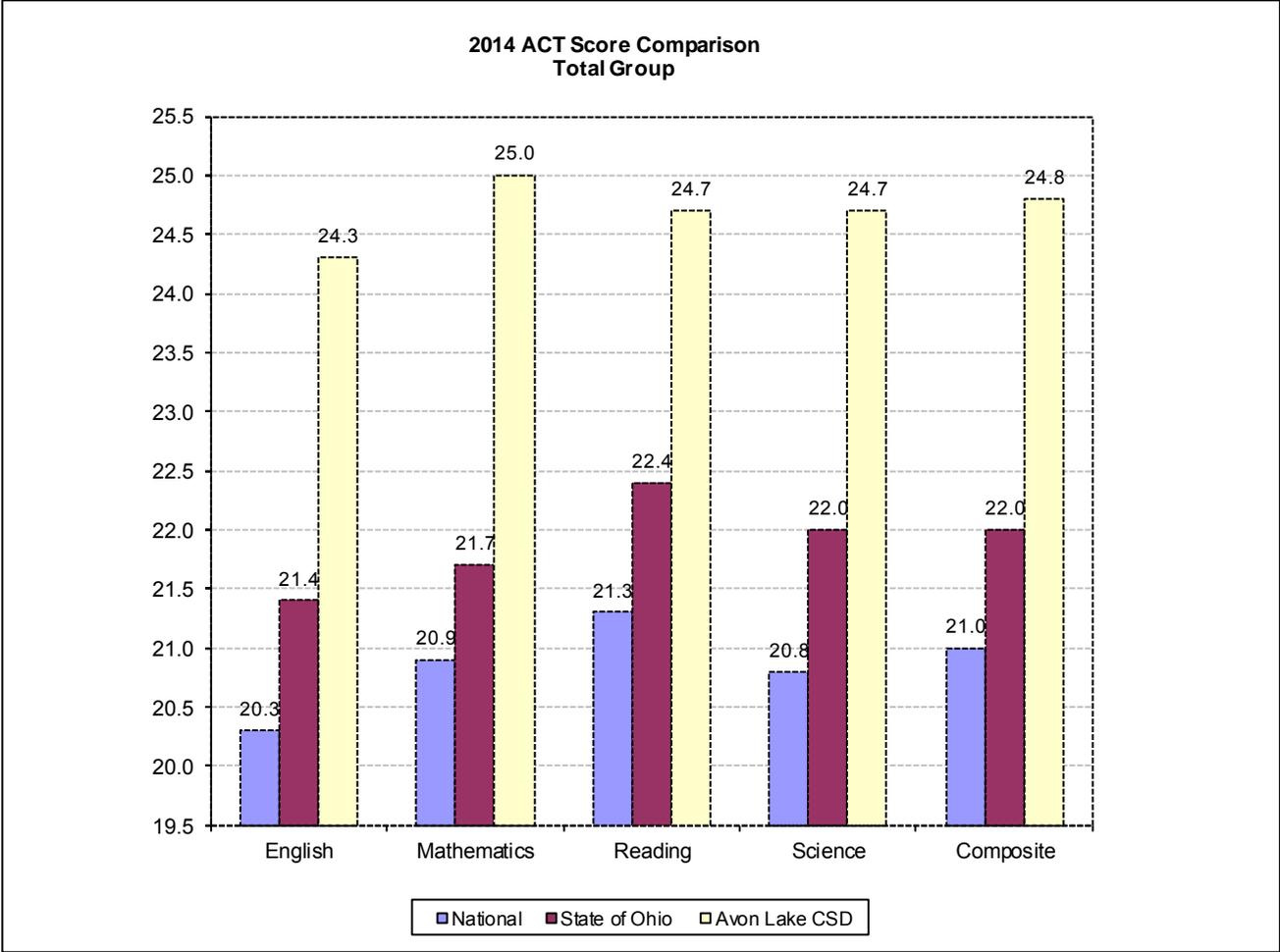
English:	Avon Lake	State of Ohio	National	Science:	Avon Lake	State of Ohio	National
2013 - 2014	24.3	21.4	20.3	2013 - 2014	24.7	22.0	20.8
2012 - 2013	25.0	21.2	20.2	2012 - 2013	24.6	21.8	20.7
2011 - 2012	22.9	21.1	20.5	2011 - 2012	23.9	21.8	20.9
2010 - 2011	23.3	21.1	20.6	2010 - 2011	23.9	21.8	20.9
2009 - 2010	23.9	21.2	20.5	2009 - 2010	24.3	21.8	20.9
2008 - 2009	23.5	21.1	20.6	2008 - 2009	23.9	21.7	20.9
2007 - 2008	22.8	21.1	20.6	2007 - 2008	23.1	21.7	20.8
2006 - 2007	23.0	21.0	20.7	2006 - 2007	23.1	21.6	21.0
2005 - 2006	22.2	20.8	20.6	2005 - 2006	23.0	21.5	20.9
2004 - 2005	22.7	20.7	20.4	2004 - 2005	23.4	21.5	20.9

Math:	Avon Lake	State of Ohio	National	Composite:	Avon Lake	State of Ohio	National
2013 - 2014	25.0	21.7	20.9	2013 - 2014	24.8	22.0	21.0
2012 - 2013	25.1	21.5	20.9	2012 - 2013	25.0	21.8	20.9
2011 - 2012	24.3	21.5	21.1	2011 - 2012	23.8	21.8	21.1
2010 - 2011	24.3	21.5	21.1	2010 - 2011	24.0	21.8	21.1
2009 - 2010	24.9	21.5	21.0	2009 - 2010	24.5	21.8	21.0
2008 - 2009	24.5	21.4	21.0	2008 - 2009	24.1	21.7	21.1
2007 - 2008	24.1	21.5	21.0	2007 - 2008	23.5	21.7	21.1
2006 - 2007	24.3	21.3	21.0	2006 - 2007	23.7	21.6	21.2
2005 - 2006	23.9	21.3	20.8	2005 - 2006	23.2	21.5	21.1
2004 - 2005	24.2	21.2	20.7	2004 - 2005	23.7	21.4	20.9

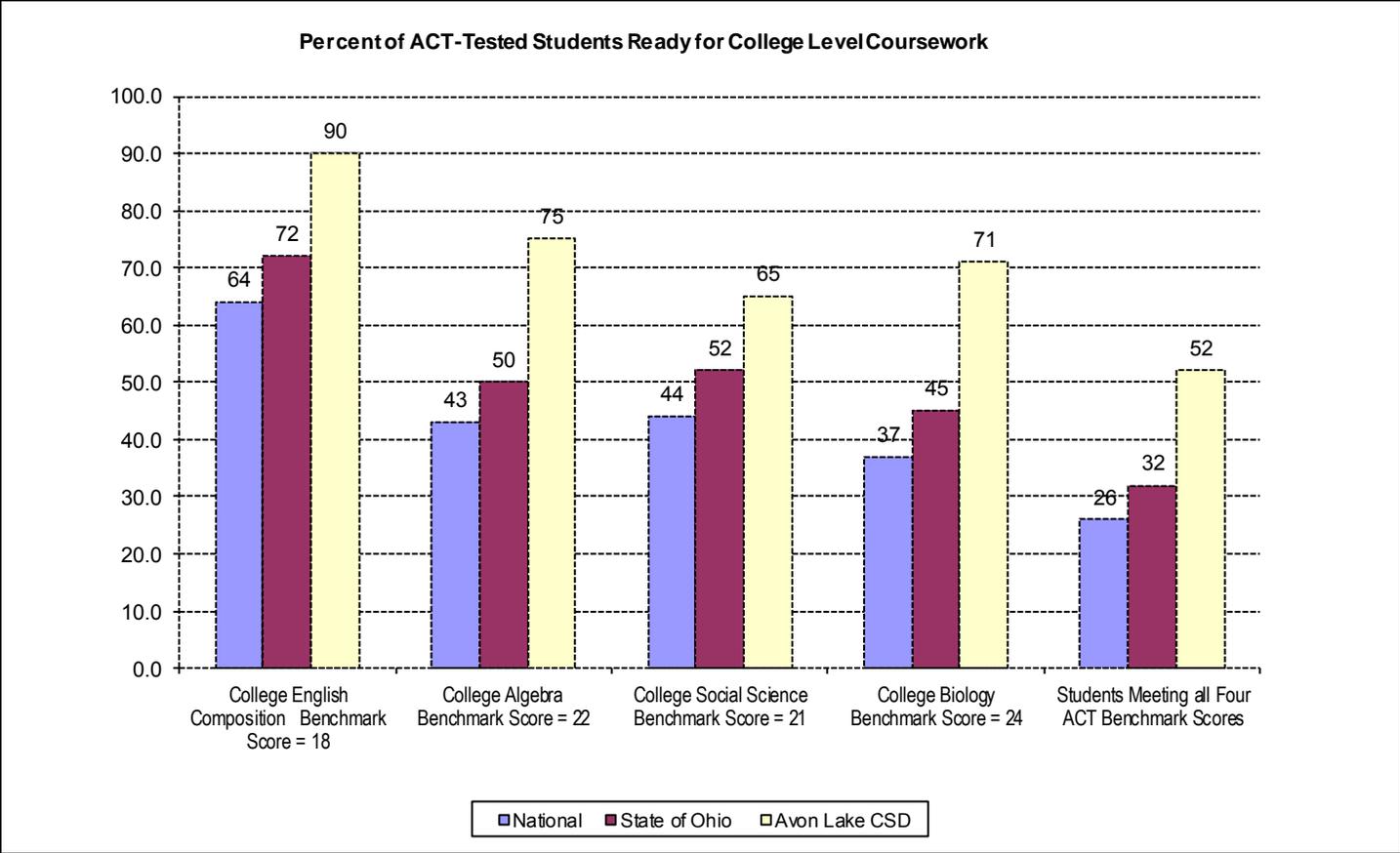
Reading:	Avon Lake	State of Ohio	National
2013 - 2014	24.7	22.4	21.3
2012 - 2013	25.1	22.2	21.1
2011 - 2012	23.4	22.1	21.3
2010 - 2011	24.1	22.1	21.3
2009 - 2010	24.2	22.1	21.3
2008 - 2009	24.0	22.2	21.4
2007 - 2008	23.3	22.1	21.4
2006 - 2007	23.6	22.0	21.5
2005 - 2006	23.0	21.9	21.4
2004 - 2005	23.9	21.9	21.3

Source: American College Testing Program

AVON LAKE CITY SCHOOL DISTRICT
2010 ACT SCORE COMPARISON
JUNE 30, 2014



AVON LAKE CITY SCHOOL DISTRICT
 PERCENT OF ACT TESTED STUDENTS READY FOR COLLEGE LEVEL COURSEWORK
 JUNE 30, 2014



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

	2014	2013	2012	2011	2010
Elementary Schools					
Eastview (1950)					
Square feet	42,048	42,048	42,048	42,048	34,158
Enrollment	448	428	408	350	340
Erievew (1950)					
Square feet	34,593	34,593	34,593	34,593	31,445
Enrollment	288	288	289	286	282
Redwood (1962)					
Square feet	58,780	58,780	58,780	58,780	50,220
Enrollment	462	460	484	498	448
Troy (1970)					
Square feet	85,150	86,150	86,150	86,150	86,150
Enrollment	615	601	590	594	566
Westview (1957)					
Square feet	41,961	41,961	41,961	41,961	39,505
Enrollment	226	261	272	280	279
Middle School					
Learwood (1959)					
Square feet	110,911	110,911	110,911	110,911	98,767
Enrollment	573	605	582	576	572
High School					
Avon Lake High (1927)					
Square feet	314,612	314,612	314,612	314,612	314,612
Enrollment	1,171	1,178	1,210	1,197	1,202

Source: District records.

2009	2008	2007	2006	2005
34,158	34,158	34,158	34,158	34,158
337	315	330	317	328
31,445	31,445	31,445	31,445	31,445
280	261	244	258	260
50,220	50,220	50,220	50,220	50,220
441	379	357	357	311
86,150	86,150	86,150	86,150	86,150
537	529	547	553	497
39,505	39,505	39,505	39,505	39,505
264	257	235	230	224
98,767	98,767	98,767	98,767	98,767
582	581	536	512	531
314,612	314,612	314,612	314,612	314,612
1,175	1,164	1,197	1,173	1,128

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Dave Yost • Auditor of State

AVON LAKE CITY SCHOOL DISTRICT

LORAIN COUNTY

CLERK'S CERTIFICATION

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

Susan Babbitt

CLERK OF THE BUREAU

**CERTIFIED
NOVEMBER 6, 2014**