

Mary Taylor, CPA
Auditor of State

**AVON LAKE CITY SCHOOL DISTRICT
LORAIN COUNTY**

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**AVON LAKE CITY SCHOOL DISTRICT
LORAIN COUNTY**

**SCHEDULE OF FEDERAL AWARDS RECEIPTS AND EXPENDITURES
FOR THE FISCAL YEAR ENDED JUNE 30, 2008**

Federal Grantor <i>Pass Through Grantor</i> Program Title	Federal CFDA Number	Receipts	Non-Cash Receipts	Expenditures	Non-Cash Expenditures
U.S. Department of Agriculture					
<i>Passed Through the Ohio Department of Education:</i>					
Child Nutrition Cluster:					
National School Lunch Program	10.555	\$158,725	\$0	\$158,725	\$0
National School Lunch Program - Commodities	10.555	0	21,394	0	21,394
Total Child Nutrition Cluster		<u>158,725</u>	<u>21,394</u>	<u>158,725</u>	<u>21,394</u>
Total U.S. Department of Agriculture		<u>158,725</u>	<u>21,394</u>	<u>158,725</u>	<u>21,394</u>
U.S. Department of Education					
<i>Passed Through the Ohio Department of Education</i>					
Special Education Cluster:					
Special Education-Grants to States	84.027	680,327	0	647,903	0
Special Education-Preschool	84.173	22,125	0	22,625	0
Total Special Education Cluster		<u>702,452</u>	<u>0</u>	<u>670,528</u>	<u>0</u>
Safe and Drug-Free Schools and Communities State Grants	84.186	6,262	0	6,262	0
State Grants for Innovative Programs	84.298	8,394	0	8,887	0
Title 1 Grants to Local Educational Agencies	84.010	65,532	0	65,532	0
Education Technology State Grants	84.318	655	0	655	0
Improving Teacher Quality State Grants	84.367	66,433	0	66,433	0
Total U.S. Department of Education		<u>849,728</u>	<u>0</u>	<u>818,297</u>	<u>0</u>
Total Federal Assistance		<u>\$1,008,453</u>	<u>\$21,394</u>	<u>\$977,022</u>	<u>\$21,394</u>

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

**AVON LAKE CITY SCHOOL DISTRICT
LORAIN COUNTY**

**NOTES TO THE SCHEDULE OF FEDERAL AWARDS RECEIPTS AND EXPENDITURES
FISCAL YEAR ENDED JUNE 30, 2008**

NOTE A - SIGNIFICANT ACCOUNTING POLICIES

The accompanying Schedule of Federal Awards Receipts and Expenditures (the Schedule) summarizes activity of the District's federal award programs. The Schedule has been prepared on the cash basis of accounting.

NOTE B - CHILD NUTRITION CLUSTER

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

NOTE C – FOOD DONATION PROGRAM

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

NOTE D – INTERFUND TRANSACTIONS

Cash receipts and disbursements for certain federal programs listed on the Schedule may not agree to the budget basis financial statements due to the inclusion of interfund advances and encumbrances, which are not considered in determining expenditures of federal awards.

CFDA – Catalog of Federal Domestic Assistance



Mary Taylor, CPA

Auditor of State

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

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

To the Board of Education:

We have audited the financial statements of the governmental activities, each major fund, and the aggregate remaining fund information of the Avon Lake City School District, Lorain County, Ohio, (the District) as of and for the year ended June 30, 2008, which collectively comprise the District's basic financial statements and have issued our report thereon dated December 16, 2008. We conducted our audit in accordance with auditing standards generally accepted in the United States of America and the standards applicable to financial audits contained in the Comptroller General of the United States' *Government Auditing Standards*.

Internal Control Over Financial Reporting

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

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

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

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

Compliance and Other Matters

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

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

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

Mary Taylor, CPA
Auditor of State

December 16, 2008



Mary Taylor, CPA

Auditor of State

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

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

To the Board of Education:

Compliance

We have audited the compliance of the Avon Lake City School District (the District) with the types of compliance requirements described in the U.S. Office of Management and Budget (OMB) *Circular A-133, Compliance Supplement* that apply to its major federal program for the year ended June 30, 2008. The summary of auditor's results section of the accompanying schedule of findings identifies the District's major federal program. The District's management is responsible for complying with the requirements of laws, regulations, contracts, and grants applicable to its major federal program. Our responsibility is to express an opinion on the District's compliance based on our audit.

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

In our opinion, the Avon Lake City School District complied, in all material respects, with the requirements referred to above that apply to its major federal program for the year ended June 30, 2008.

Internal Control Over Compliance

The District's management is responsible for establishing and maintaining effective internal control over compliance with the requirements of laws, regulations, contracts, and grants applicable to federal programs. In planning and performing our audit, we considered the District's internal control over compliance with requirements that could directly and materially affect a major federal program in order to determine our auditing procedures for the purpose of expressing our opinion on compliance, but not for the purpose of expressing an opinion on the effectiveness of internal control over compliance. Accordingly, we do not express an opinion on the effectiveness of the District's internal control over compliance.

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

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

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

Schedule of Federal Awards Receipts and Expenditures

We have also audited the financial statements of the governmental activities, each major fund and the aggregate remaining fund information of the Avon Lake City School District as of and for the year ended June 30, 2008, and have issued our report thereon dated December 16, 2008. Our audit was performed to form opinions on the financial statements that collectively comprise the District's basic financial statements. The accompanying schedule of federal awards receipts and expenditures provides additional information as required by OMB Circular A-133 and is not a required part of the basic financial statements. We subjected this information to the auditing procedures applied in the audit of the basic financial statements. In our opinion, this information is fairly stated, in all material respects, in relation to the basic financial statements taken as a whole.

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



Mary Taylor, CPA
Auditor of State

December 16, 2008

**AVON LAKE CITY SCHOOL DISTRICT
LORAIN COUNTY**

**SCHEDULE OF FINDINGS
OMB CIRCULAR A -133 § .505
JUNE 30, 2008**

1. SUMMARY OF AUDITOR'S RESULTS

<i>(d)(1)(i)</i>	Type of Financial Statement Opinion	Unqualified
<i>(d)(1)(ii)</i>	Were there any material control weaknesses reported at the financial statement level (GAGAS)?	No
<i>(d)(1)(ii)</i>	Were there any other 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 other significant deficiencies in internal control reported for major federal programs?	No
<i>(d)(1)(v)</i>	Type of Major Programs' Compliance Opinion	Unqualified
<i>(d)(1)(vi)</i>	Are there any reportable findings under § .510?	No
<i>(d)(1)(vii)</i>	Major Programs (list):	Special Education Cluster: Title VI-B – 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

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

**COMPREHENSIVE
ANNUAL FINANCIAL REPORT
FOR THE FISCAL YEAR ENDED JUNE 30, 2008**

Prepared by

**Denise J. Holcomb
Treasurer**

Avon Lake City School District
Comprehensive Annual Financial Report
For the Fiscal Year Ended June 30, 2008
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Avon Lake City Schools

Treasurer's Office

175 Avon Belden Rd.

Avon Lake, Ohio 44012-1650

(440) 933-5163

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December 16, 2008

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, 2008. This CAFR includes an opinion from the State Auditor and conforms to generally accepted accounting principles, as applicable to governmental entities. Responsibility for the accuracy of the data presented and the completeness and fairness of the presentation, including all disclosures, rests with the School District. To the best of our knowledge and belief, the enclosed data is accurate in all material respects and are reported in a manner designed to present fairly the financial position and results of operations of the School District. This report will provide the taxpayers of the Avon Lake City School District with the comprehensive financial data in a format which will enable them to gain an understanding of the School District's financial affairs. Copies will be made available to the Avon Lake Public Library, major taxpayers, financial rating services and other interested parties.

The School District

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

In order to meet the needs of a growing community, the high school was expanded several times. In the mid 1970's instructional classrooms and a physical education complex were added and the Learwood Middle School, Erieview Elementary, Eastview Elementary, Westview Elementary, Redwood Elementary and Troy Junior High School were constructed. Troy Junior High School was closed for educational purposes in 1982 because of the energy crisis and decreased enrollment. In 1988, Troy Junior High was reopened as the Avon Lake Community Education Center. The Community Education Center ceased to operate in the Troy Building as of July, 1991 due to the economy of operations. The Troy Intermediate School building was reopened for instruction beginning in the fall of 1995. In 1999, Avon Lake City Schools began their last building project that added classrooms to all seven (7) buildings. Avon Lake High School completed a major renovation, which included additional physical education facilities and an auditorium that hosted the Cleveland Pops Orchestra for the dedication of the facilities. Today the citizens have an investment of \$ 79,928,423 in the School District land, land improvements, buildings, furniture and equipment, and vehicles (excludes accumulated depreciation).

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

Reporting Entity

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

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

The School District participates in four jointly governed organizations and is associated with one related organization. These organizations are the Lake Erie Educational Computer Association (LEECA), the Lake Erie Regional Council of Governments (LERC), the Lorain County Joint Vocational School District, the Ohio Schools Council and the Avon Lake Public Library. These organizations are presented in Notes 15 and 16 to the basic financial statements.

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

Organizational Structure

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

The School District is located in Avon Lake, Lorain County, Ohio, and includes an area extending roughly twelve square miles around the City. It is staffed by 212 non-certified personnel, 306 certified full-time teaching personnel and 16 administrative employees to provide services to 3,717 students and other community members. The School District operates 4 elementary schools (K-4), 1 intermediate school (5-6), 1 middle school (7-8) and 1 high school (9-12).

Economic Condition and Outlook

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

Ohio lawmakers have also passed legislation that has been reducing tangible taxes (the taxes paid by business on equipment and inventory) over the past decade. Effective July 1, 2006 with passage of H.B. 66, tangible taxes will diminish over the next four (4) years. The State of Ohio has promised that School Districts will be made whole until 2010 after which there will be a loss of revenue. Ohio lawmakers have again passed a law that resulted in lost revenue for all Ohio schools.

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

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

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

School District Local Funding

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

Major Initiatives

Ohio Report Card

The Ohio Report Card is issued in early fall of each school year. The report uses data from the previous school year to inform the public of School District success or failure in 22 indicators. The 2008 report card demonstrated that the School District, for the past six (6) years, has been rated in the category titled, "Excellent" and in 2008, Avon Lake City Schools were rated "Excellent with Distinction".

Federal Projects

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

Educational Programs and Facilities Improvement

In May 1999 the voters of Avon Lake City School District passed a \$41,800,000 bond issue for the purpose of various improvements to school buildings. Expansions of six of the School District's buildings and renovations to seven of the Avon Lake City School District buildings are complete. In January 2002, the high school expanded into the newly completed classrooms, cafeteria and commons area, and additional physical education areas. In the fall of 2003, newly renovated music areas were opened for student use. The auditorium was complete in the fall of 2003 and is being used by our students and our public.

Financial Information

Internal Accounting and Budgetary Control

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

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

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

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

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

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

The basis of accounting and the various funds utilized by Avon Lake City Schools are fully described in Note 2 of the basic financial statements.

Financial Condition

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

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

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

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

As a part of this new reporting model, management is responsible for preparing a Management's Discussion and Analysis of the School District. This discussion follows the Independent Accountants' Report, providing an assessment of the School District's finances for 2008 and a comparison to performance in 2007 and analysis of resources available for the future. Because the discussion focuses on major funds, only the internal service fund is discussed briefly in this letter.

Financial Highlights – Internal Service Fund The only internal service fund carried on the financial records of the School District is related to self-insurance. This fund was created in fiscal year 2004. This fund accounts for the revenues and expenses related to the provision of medical, surgical, prescription drug, dental and vision benefits for all School District employees. The internal service fund had net assets of \$ 2,760,476 at June 30, 2008.

Cash Management

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

Interest revenue in the governmental funds totaled \$ 964,222 for fiscal year 2008, of which \$ 903,893 was credited to the general fund, \$ 50,558 to the building fund and \$ 9,771 to the special revenue funds. Information regarding School District investments is found in Note 4 of the basic financial statements.

Risk Management

The School District is self-insured for medical, surgical, prescription drug, and dental benefits for the School District employees. The School District uses the self-insurance internal service fund to account for and finance its uninsured risks of loss in this program. A third party, Medical Mutual of Ohio, reviews all claims, applies the appropriate discount and pays the claims.

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

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

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

Independent Audit

State statute requires the School District to be audited at least every two fiscal years by an independent auditor. An annual audit serves to maintain and strengthen the School District's accounting and budgetary controls. Independent Auditor Mary Taylor, CPA, Auditor of State, was selected to render an opinion on the School District's financial statements as of and for the year ended June 30, 2008. 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, 2007. 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, 2007 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, 2008, which will be submitted to ASBO for review, will conform to ASBO's principles and standards.

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

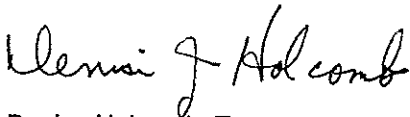
Acknowledgments

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

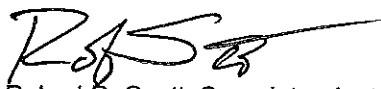
Special appreciation is expressed to Costin + Company, CPA's for assistance in the planning, designing and reviewing, of this financial report.

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

Respectfully submitted,



Denise Holcomb, Treasurer



Robert D. Scott, Superintendent

Avon Lake Board of Education

Principal Officials
June 30, 2008

Board of Education

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

Treasurer

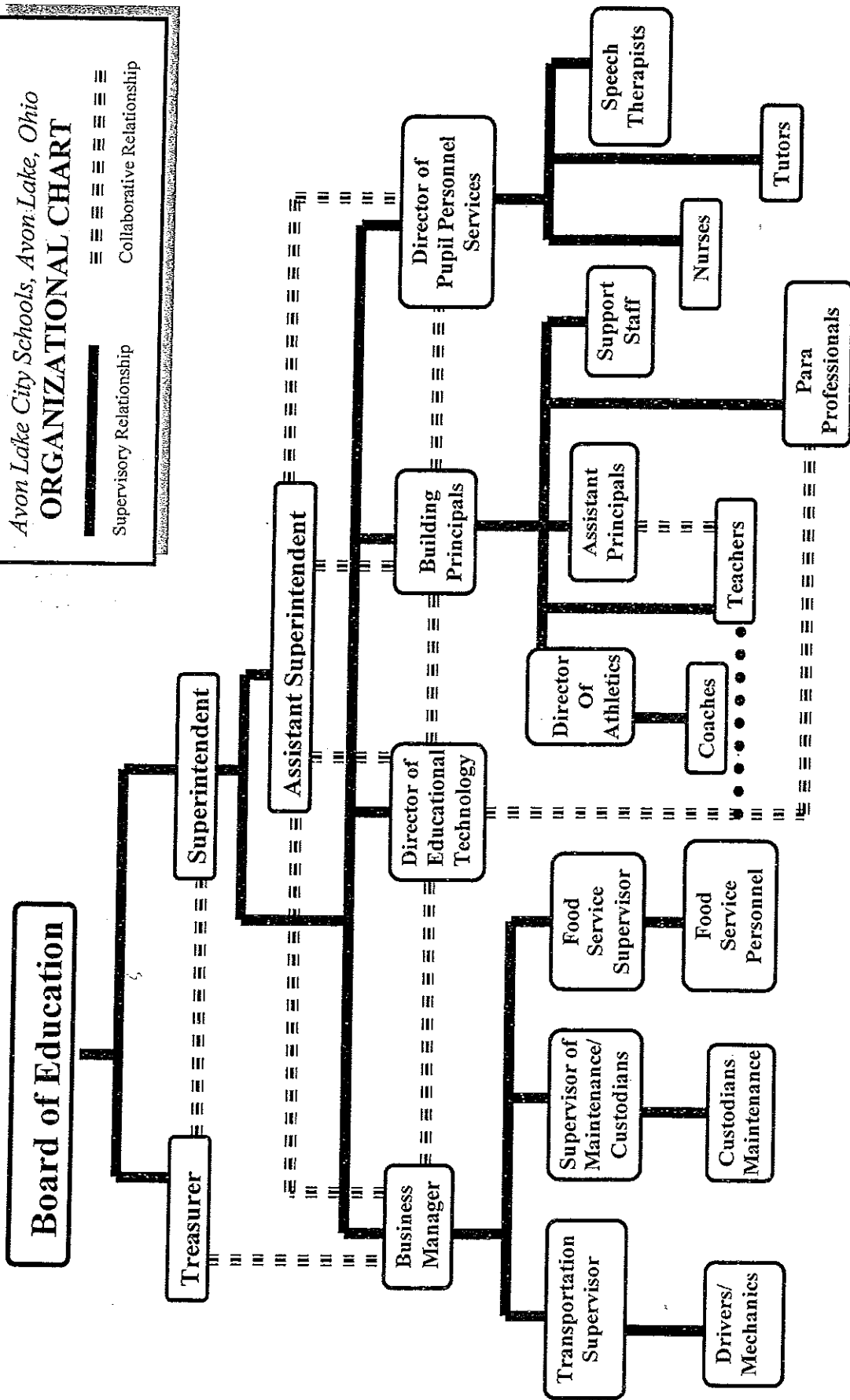
Mrs. Denise J. Holcomb

Administration

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

Avon Lake City Schools, Avon-Lake, Ohio
ORGANIZATIONAL CHART

— Supervisory Relationship
 - - - - - Collaborative Relationship



Certificate of Achievement for Excellence in Financial Reporting

Presented to

Avon Lake City Schools
Ohio

For its Comprehensive Annual
Financial Report
for the Fiscal Year Ended
June 30, 2007

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



Oliver S. Cox

President

Jeffrey R. Emmer

Executive Director

**ASSOCIATION OF SCHOOL BUSINESS OFFICIALS
INTERNATIONAL**



This Certificate of Excellence in Financial Reporting is presented to

AVON LAKE CITY SCHOOL DISTRICT

For its Comprehensive Annual Financial Report (CAFR)

For the Fiscal Year Ended June 30, 2007

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

Gnome E. Brendel

President

John D. Quasar

Executive Director

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Mary Taylor, CPA

Auditor of State

INDEPENDENT ACCOUNTANTS' REPORT

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

To the Board of Education:

We have audited the accompanying financial statements of the governmental activities, each major fund, and the aggregate remaining fund information of the Avon Lake City School District, Lorain County, Ohio (the District), as of and for the year ended June 30, 2008, which collectively comprise the District's basic financial statements as listed in the table of contents. These financial statements are the responsibility of the District's management. Our responsibility is to express opinions on these financial statements based on our audit.

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

In our opinion, the financial statements referred to above present fairly, in all material respects, the respective financial position of the governmental activities, each major fund, and the aggregate remaining fund information of the Avon Lake City School District, Lorain County, Ohio, as of June 30, 2008, and the respective changes in financial position and where applicable, cash flows, thereof and the budgetary comparison for the General fund for the year then ended in conformity with accounting principles generally accepted in the United States of America.

In accordance with *Government Auditing Standards*, we have also issued our report dated December 16, 2008, on our consideration of the District's internal control over financial reporting and our tests of its compliance with certain provisions of laws, regulations, contracts and grant agreements and other matters. While we did not opine on the internal control over financial reporting or on compliance, that report describes the scope of our testing of internal control over financial reporting and compliance and the results of that testing. That report is an integral part of an audit performed in accordance with *Government Auditing Standards*. You should read it in conjunction with this report in assessing the results of our audit.

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

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



Mary Taylor, CPA
Auditor of State

December 16, 2008

Avon Lake City School District
Management's Discussion and Analysis
For the Fiscal Year Ended June 30, 2008
Unaudited

The discussion and analysis of the Avon Lake City School District's (School District) financial performance provides an overall review of the School District's financial activities for the fiscal year ended June 30, 2008. The intent of this discussion and analysis is to look at the School District's financial performance as a whole. Readers should also review the transmittal letter, notes to the basic financial statements and financial statements to enhance their understanding of the School District's financial performance.

Financial Highlights

Key financial highlights for fiscal year 2008 are as follows:

- In total, net assets for governmental activities increased from \$ 23.6 million at June 30, 2007, to \$ 26.1 million at June 30, 2008.
- Revenues for governmental activities totaled \$ 43,289,003 in fiscal year 2008. Of this total \$ 40,156,900 or 92.76 percent consisted of general revenues while program revenues accounted for the balance of \$ 3,132,103 or 7.24 percent.
- Program expenses totaled \$ 40,708,851. Instructional expenses made up \$ 21,469,577 or 52.74 percent of this total while support services accounted for \$ 14,404,023 or 35.38 percent. Other expenses, \$ 4,835,251, rounded out the remaining 11.88 percent.
- Total outstanding debt had a net decrease of \$ 1,845,763 to \$ 42,174,226 in fiscal year 2008.

Using this Comprehensive Annual Financial Report (CAFR)

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

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

Reporting the School District as a Whole

Statement of Net Assets and the Statement of Activities

While this document contains all the funds used by the School District to provide programs and activities, the view of the School District as an entity looks at all financial transactions and asks the question, "How did we do financially during the 2008 fiscal year?" The Statement of Net Assets and the Statement of Activities answer this question. These statements include all assets and liabilities using the accrual basis of accounting similar to the accounting used by most private-sector companies. Accrual basis of accounting takes into account all of the current year's revenues and expenses regardless of when cash is received or paid.

Avon Lake City School District
Management's Discussion and Analysis
For the Fiscal Year Ended June 30, 2008
Unaudited

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

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

Reporting the School District's Most Significant Funds

Fund Financial Statements

The analysis of the School District's major funds begins on page 15. Fund financial statements provide detailed information about the School District's major funds. The School District uses many funds to account for a multitude of financial transactions. However, these fund financial statements concentrate on the School District's most significant funds. The School District's major governmental funds are the General Fund and Bond Retirement Debt Service Fund.

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

The School District as a Whole

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

Total assets increased by \$ 4,175,307. The majority of this increase can be attributed to increases of \$ 5,940,127 in pooled cash and cash equivalents. This increase was offset with a decreases of \$ 1,975,390 in capital assets. The decrease in capital assets is attributable to a net change in accumulated depreciation of \$ 1,891,565.

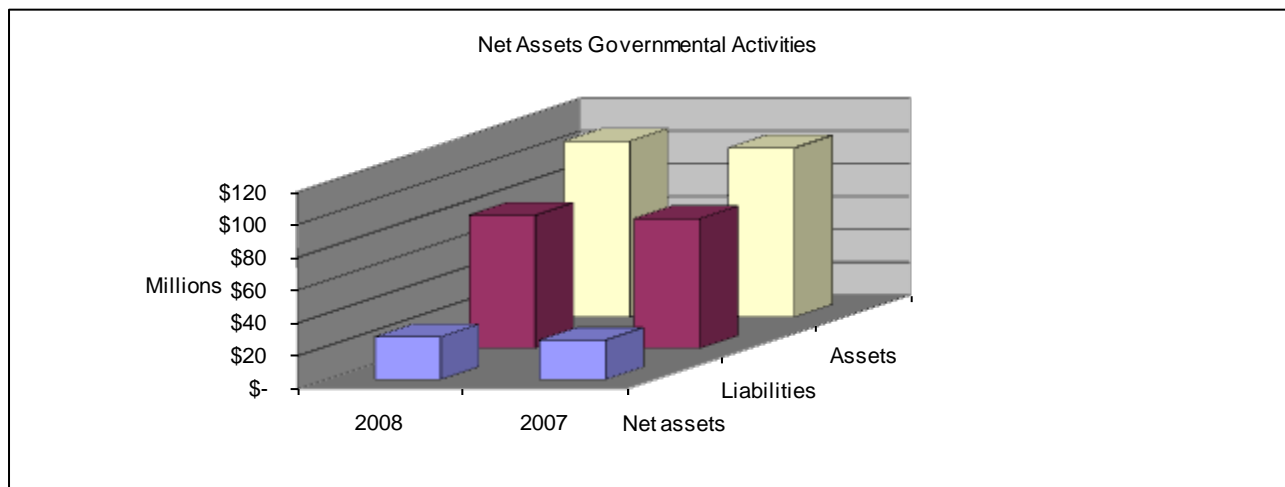
Total liabilities increased by \$ 1,595,155. The majority of the increase can be attributed to the increase in unearned revenue of \$ 2,432,339. This is offset by a decrease of \$ 2,069,138 in long-term liabilities.

To determine the overall financial performance of the School District one must consider the relative changes in net assets. By comparing assets and liabilities, one can see that the overall position of the School District has improved as evidenced by the increase in net assets of \$ 2,580,152. A change in net assets indicates how an entity is providing for future generations. Table 1 provides a summary of the School District's net assets for fiscal year 2008 compared to fiscal year 2007:

Avon Lake City School District
Management's Discussion and Analysis
For the Fiscal Year Ended June 30, 2008
Unaudited

Table 1
Total Net Assets

	<u>2008</u>	<u>2007</u>
Assets		
Current and other assets	\$ 57,295,480	\$ 51,144,783
Total capital assets, net	<u>49,384,149</u>	<u>51,359,539</u>
Total assets	<u>106,679,629</u>	<u>102,504,322</u>
Liabilities		
Current liabilities	36,830,790	33,166,497
Long term liabilities		
Due within one year	2,449,569	2,660,436
Due in more than one year	<u>41,268,854</u>	<u>43,127,125</u>
Total liabilities	<u>80,549,213</u>	<u>78,954,058</u>
Net assets		
Invested in capital assets, net of related debt	9,766,753	12,683,960
Restricted	5,505,639	5,998,643
Unrestricted	<u>10,858,024</u>	<u>4,867,661</u>
Total net assets	<u>\$ 26,130,416</u>	<u>\$ 23,550,264</u>



Avon Lake City School District
Management's Discussion and Analysis
For the Fiscal Year Ended June 30, 2008
Unaudited

Table 2 shows total revenues, expenses and changes in net assets for fiscal year 2008 compared to fiscal year 2007. Total revenue for 2008 was \$ 173,007 lower than in 2007, while total expenses in 2008 were \$ 3,161,157 higher than the prior year.

Table 2
Changes in Net Assets

	2008	2007
Revenues		
Program revenues		
Charges for services	\$ 1,790,829	\$ 1,674,512
Operating grants, interest and contributions	1,341,274	1,300,348
Total program revenues	3,132,103	2,974,860
General revenues		
Property taxes	29,029,076	30,883,341
Grants and entitlements not restricted to specific purposes	9,621,349	8,289,402
Investment earnings	991,730	893,618
Miscellaneous	514,745	420,789
Total general revenues	40,156,900	40,487,150
Total revenues	43,289,003	43,462,010
Program expenses		
Instruction	21,469,577	20,102,190
Supporting services		
Pupil and instructional staff	3,585,085	3,361,195
Board of education, administration, fiscal services and business	4,140,461	4,010,288
Operation and maintenance	4,891,117	4,073,937
Pupil transportation	1,507,204	1,292,500
Central services	280,156	160,111
Operation of non-instructional services		
Food service operation	1,088,114	1,002,790
Community services	340,766	272,981
Extracurricular activities	1,186,993	1,020,672
Interest and fiscal charges	2,219,378	2,251,030
Total expenses	40,708,851	37,547,694
Increase (decrease) in net assets	2,580,152	5,914,316
Net assets at beginning of year	23,550,264	17,635,948
Net assets at end of year	\$ 26,130,416	\$ 23,550,264

Avon Lake City School District
Management's Discussion and Analysis
For the Fiscal Year Ended June 30, 2008
Unaudited

The vast majority of revenue supporting all Governmental Activities is general revenue. General revenue accounted for nearly \$ 40.2 million or 92.76 percent of the total revenue. The most significant portion of general revenue is local property tax. The other type of revenue that accounts for 7.24 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 5.3 percent in 2008 from 2007. This increase can be attributed primarily to an increase in funds received for grants, contributions, and charges for services and sales.

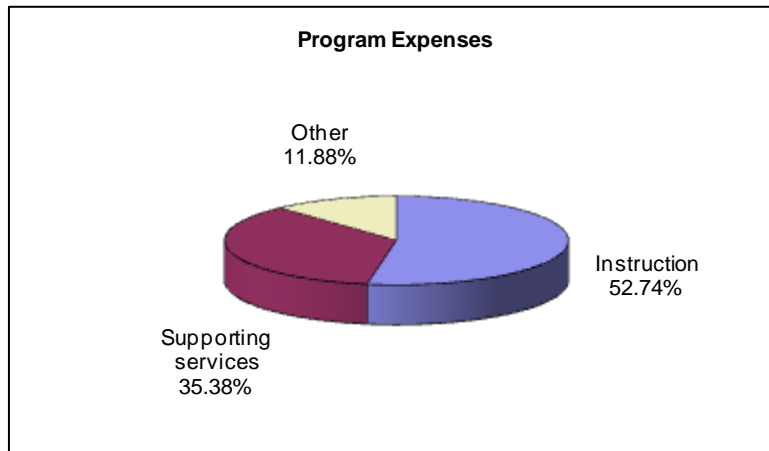
As you can see, 52.74 percent of the School District's expenses were used to fund instructional expenses. Additional support services for pupils, staff, and business operation expenses were 35.38 percent. The remaining 11.88 percent of program expenses was used to facilitate other obligations of the School District such as interest and fiscal charges, the food service program and various extracurricular activities. Interest expense was primarily attributable to the outstanding bonds.

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

Table 3
 Governmental Activities

	Total Cost of Services		Net Cost of Services	
	2008	2007	2008	2007
Instruction	\$ 21,469,577	\$ 20,102,190	\$(20,793,454)	\$(19,403,387)
Supporting services				
Pupil and instructional staff	3,585,085	3,361,195	(2,984,437)	(2,812,933)
Board of education, administration, fiscal services and business	4,140,461	4,010,288	(4,088,397)	(3,967,032)
Operation and maintenance	4,891,117	4,073,937	(4,889,548)	(4,071,486)
Pupil transportation	1,507,204	1,292,500	(1,507,039)	(1,291,955)
Central services	280,156	160,111	(277,186)	(156,811)
Operation of non-instructional services				
Food service operation	1,088,114	1,002,790	(46,157)	(70,207)
Community services	340,766	272,981	(81,438)	(3,585)
Extracurricular activities	1,186,993	1,020,672	(689,714)	(544,408)
Interest and fiscal charges	2,219,378	2,251,030	(2,219,378)	(2,251,030)
Total expenses	<u>\$ 40,708,851</u>	<u>\$ 37,547,694</u>	<u>\$(37,576,748)</u>	<u>\$(34,572,834)</u>

Avon Lake City School District
Management's Discussion and Analysis
For the Fiscal Year Ended June 30, 2008
Unaudited



The dependence upon tax revenues for governmental activities is apparent. Over 71.31 percent of total expenses are supported through taxes. Grant and entitlements not restricted to specific programs support 23.63 percent, while program revenue supports 7.69 percent. Investment and other miscellaneous type revenue support the remaining activity costs. The community, as a whole, is the primary support for the School District students.

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

The School District's Funds

Information about the School District's major funds starts on page 15. These governmental funds are accounted for using the modified accrual basis of accounting. All governmental funds had total revenues of \$ 43,182,624 and expenditures of \$ 41,307,693. The net change in fund balance for the year was most significant in the general fund which had an increase of \$ 2,383,260. In total, the net change in fund balance was \$ 1,874,931.

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 2008, the School District amended its general fund budget several times, none significant. For the general fund, the final budget basis revenue estimate was \$ 37,676,835 which was \$ 432,252 more than the original budget estimate. The final budget basis expenditures estimate totaled \$ 36,701,010 which was \$ 42,506 above the original budget estimate. The unencumbered ending cash balance totaled \$ 11,741,419.

Avon Lake City School District
Management's Discussion and Analysis
For the Fiscal Year Ended June 30, 2008
Unaudited

Capital Assets and Debt Administration

Capital Assets

At the end of fiscal 2008, the School District, net of depreciation, had \$ 49,384,149 invested in land, land improvements, buildings and improvements, furniture and equipment, and vehicles. Table 4 show fiscal year 2008 values compared to fiscal year 2007. More detailed information is presented in Note 8 of the notes to the basic financial statements.

Table 4
 Capital Assets
 (Net of Accumulated Depreciation)

	2008	2007
Land	\$ 5,656,440	\$ 5,656,440
Land improvements	1,206,892	1,296,559
Building and improvements	40,234,916	41,704,289
Furniture and equipment	1,645,508	2,194,453
Vehicles	640,393	507,798
Total capital assets	\$ 49,384,149	\$ 51,359,539

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

Avon Lake City School District
Management's Discussion and Analysis
For the Fiscal Year Ended June 30, 2008
Unaudited

Debt

At June 30, 2008, the Avon Lake School District had \$ 42,174,226 in bonds, notes, and capital leases, a decrease of \$ 1,845,763 from fiscal year 2007. \$ 2,150,971 of the bonds, notes, and capital leases are due within one year. Table 5 below summarizes the School District's bonds and notes outstanding and capital leases. More detailed information is presented in Note 14 of the notes to the basic financial statements.

Table 5
 Outstanding Debt Year-End

	2008	2007
Term and serial bonds	\$ 35,420,000	\$ 37,475,000
Capital appreciation bonds	1,664,925	1,664,925
Accretion on capital appreciation bonds	4,037,965	3,529,976
Serial notes	825,000	825,000
Capital appreciation notes	-	120,430
Accretion on capital appreciation notes	-	68,300
HVAC loan	-	51,069
Capital leases	226,336	285,289
Total outstanding debt	<u>\$ 42,174,226</u>	<u>\$ 44,019,989</u>

Current Issues

The School District has also been impacted by the continuing national trend of rapidly escalating employee benefit costs. The School District has committed itself to a fiscal discipline based on long-term plans. The Board of Education and administration have implemented fiscal management disciplines that utilize a variety of formal plans. We are working within the five-year budget plan, the five-year capital repairs and renovations plan, the continuous improvement plan, and the five-year enrollment projections.

The School District has the necessary revenue base to support current program levels for only the next fiscal year. Our future revenue base is dependent upon the renewal of an emergency levy expiring in 2009. The School District was successful in seeking additional revenue in May, 2007.

Several significant legislative and judicial actions have occurred that will have a major impact on our School District. The Ohio Supreme Court has issued its fourth decision regarding school funding reform in Ohio. We believe that the ultimate resolution of funding reform is still some time away. The sudden downturn in the economy has put pressures on both the State budget as well as our local School District budget. We are concerned about current economic conditions and the possible negative impact on local tax revenues. The ongoing legislative efforts to support the existence of community (charter) schools come at the expense of our current State subsidy. This year approximately \$ 96,768 will be deducted from our State subsidy and redirected to local community (charter) schools. The School District's commitment to improve fiscal management has led to many budgeting, reporting and internal control enhancements.

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

Avon Lake City School District
Management's Discussion and Analysis
For the Fiscal Year Ended June 30, 2008
Unaudited

Contacting the School District's Fiscal Management

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

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AVON LAKE CITY SCHOOL DISTRICT
LORAIN COUNTY

STATEMENT OF NET ASSETS

JUNE 30, 2008

	Governmental Activities
Assets	
Equity in pooled cash	\$ 22,522,869
Intergovernmental receivable	3,057,971
Inventories and supplies	41,757
Interest receivable	160,532
Prepaid items	25,568
Taxes receivable	31,486,783
Capital assets	
Nondepreciable capital assets	5,656,440
Depreciable capital assets, net	43,727,709
Total assets	106,679,629
Liabilities	
Accounts and contracts payable	949,076
Accrued salaries, wages and benefits	2,880,646
Claims payable	573,200
Accrued interest payable	131,812
Intergovernmental payable	876,822
Unearned revenue	31,419,234
Long term liabilities	
Due within one year	2,449,569
Due in more than one year	41,268,854
Total liabilities	80,549,213
Net assets	
Invested in capital assets, net of related debt	9,766,753
Restricted for:	
Debt service	3,840,757
Capital projects	927,139
Set-asides	113,990
Food service	46,313
School supplies	87,808
Extracurricular activities	108,009
State grants	8,314
Federal grants	43,609
Donations	324,205
Other purposes	5,495
Unrestricted	10,858,024
Total net assets	\$ 26,130,416

See accompanying notes to the basic financial statements.

AVON LAKE CITY SCHOOL DISTRICT
LORAIN COUNTY

STATEMENT OF ACTIVITIES

FOR THE YEAR ENDED JUNE 30, 2008

	<u>Expenses</u>	<u>Program Revenues</u>		<u>Net (Expense) Revenue and Changes in Net Assets</u>
		<u>Charges for Services and Sales</u>	<u>Operating Grants Interest and Contributions</u>	
Governmental activities				
Instruction				
Regular	\$ 17,922,399	\$ 390,215	\$ 59,621	\$ (17,472,563)
Special	2,436,905	-	226,287	(2,210,618)
Vocational	224,077	-	-	(224,077)
Adult/continuing	12,723	-	-	(12,723)
Other instruction	873,473	-	-	(873,473)
Supporting services				
Pupil	2,823,282	37,203	490,422	(2,295,657)
Instructional staff	761,803	-	73,023	(688,780)
Board of education	22,687	-	-	(22,687)
Administration	2,961,136	-	52,064	(2,909,072)
Fiscal services	1,004,099	-	-	(1,004,099)
Business	152,539	-	-	(152,539)
Operation and maintenance	4,891,117	-	1,569	(4,889,548)
Pupil transportation	1,507,204	-	165	(1,507,039)
Central services	280,156	-	2,970	(277,186)
Operation of non-instructional services				
Food service operation	1,088,114	866,132	175,825	(46,157)
Community services	340,766	-	259,328	(81,438)
Extracurricular activities	1,186,993	497,279	-	(689,714)
Interest and fiscal charges	2,219,378	-	-	(2,219,378)
Totals	<u>\$ 40,708,851</u>	<u>\$ 1,790,829</u>	<u>\$ 1,341,274</u>	<u>(37,576,748)</u>
General revenues				
Property taxes levied for:				
				25,621,127
				2,816,421
				591,528
				9,621,349
				991,730
				514,745
				<u>40,156,900</u>
				2,580,152
				<u>23,550,264</u>
				<u>\$ 26,130,416</u>

See accompanying notes to the basic financial statements.

AVON LAKE CITY SCHOOL DISTRICT
LORAIN COUNTY
BALANCE SHEET – GOVERNMENTAL FUNDS
JUNE 30, 2008

	General Fund	Bond Retirement Fund	Other Governmental Funds	Total Governmental Funds
Assets				
Equity in pooled cash	\$ 13,748,751	\$ 3,023,810	\$ 2,307,568	\$ 19,080,129
Restricted cash	113,990	-	-	113,990
Receivables, net of allowance				
Taxes, current	26,278,383	3,066,827	1,843,873	31,189,083
Taxes, delinquent	253,600	26,800	17,300	297,700
Interest receivable	154,570	-	-	154,570
Intergovernmental receivable	2,731,048	153,585	173,338	3,057,971
Inventories and supplies	26,276	-	15,481	41,757
Prepaid items	25,568	-	-	25,568
Total assets	\$ 43,332,186	\$ 6,271,022	\$ 4,357,560	\$ 53,960,768
Liabilities and fund balances				
Liabilities				
Accounts and contracts payable	\$ 751,489	\$ -	\$ 196,551	\$ 948,040
Accrued wages and benefits	2,822,201	-	58,445	2,880,646
Intergovernmental payable	832,172	-	44,650	876,822
Unearned revenue	26,934,854	2,941,300	1,857,993	31,734,147
Matured compensated absences payable	31,223	-	6,349	37,572
Total liabilities	31,371,939	2,941,300	2,163,988	36,477,227
Fund balances				
Reserved for inventories and supplies	26,276	-	15,481	41,757
Reserved for prepaids	25,568	-	-	25,568
Reserved for encumbrances	1,379,353	-	551,621	1,930,974
Reserved for property taxes	2,401,700	305,912	176,518	2,884,130
Reserved for budget stabilization	113,990	-	-	113,990
Unreserved, reported in				
General Fund	8,013,360	-	-	8,013,360
Special Revenue Funds	-	-	399,154	399,154
Debt Service Fund	-	3,023,810	486,824	3,510,634
Capital Projects Funds	-	-	563,974	563,974
Total fund balances	11,960,247	3,329,722	2,193,572	17,483,541
Total liabilities and fund balances	\$ 43,332,186	\$ 6,271,022	\$ 4,357,560	\$ 53,960,768

See accompanying notes to the basic financial statements.

AVON LAKE CITY SCHOOL DISTRICT
LORAIN COUNTY
RECONCILIATION OF TOTAL GOVERNMENTAL FUND BALANCES TO
NET ASSETS OF GOVERNMENTAL ACTIVITIES
JUNE 30, 2008

Total governmental fund balances	\$ 17,483,541
Amount reported for governmental activities in the statement of net assets are different because:	
Capital assets used in governmental activities are not financial resources and therefore not reported in the funds.	49,384,149
Other long term assets are not available to pay for current period expenditures and therefore are deferred in the funds. These deferrals are attributed to property taxes and accrued interest income.	314,913
An internal service fund is used by management to charge the costs of insurance to individual funds. The assets and liabilities of the internal service fund are included in governmental activities in the statement of net assets.	2,760,476
Long-term liabilities are not due and payable in the current period and therefore are not reported in the funds:	
Compensated absences	(1,506,625)
Notes payable	(825,000)
Bonds payable	(41,122,890)
Capital lease payable	(226,336)
Accrued interest payable	<u>(131,812)</u>
Net assets of governmental activities	<u>\$ 26,130,416</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, 2008

	General Fund	Bond Retirement Fund	Other Governmental Funds	Total Governmental Funds
Revenues				
Taxes	\$ 25,549,696	\$ 2,665,202	\$ 730,592	\$ 28,945,490
Tuition and fees	371,767	-	20,564	392,331
Interest	903,893	-	60,329	964,222
Intergovernmental	8,773,809	603,193	1,585,621	10,962,623
Extracurricular	190,395	-	342,326	532,721
Charges for services	-	-	866,132	866,132
Other	76,319	-	442,786	519,105
Total revenues	35,865,879	3,268,395	4,048,350	43,182,624
Expenditures				
Current				
Instruction				
Regular	16,673,977	-	263,930	16,937,907
Special	2,233,371	-	232,608	2,465,979
Vocational	225,510	-	-	225,510
Adult/continuing	12,723	-	-	12,723
Other instruction	873,680	-	-	873,680
Supporting services				
Pupil	2,259,986	-	562,927	2,822,913
Instructional staff	739,960	-	73,523	813,483
Board of education	22,687	-	-	22,687
Administration	2,764,738	-	61,064	2,825,802
Fiscal services	941,415	50,392	14,413	1,006,220
Business	152,428	-	-	152,428
Operation and maintenance	4,051,507	-	194,909	4,246,416
Pupil transportation	1,395,166	-	171,638	1,566,804
Central services	277,186	-	2,970	280,156
Operation of non-instructional services				
Food service operation	-	-	1,045,573	1,045,573
Community services	-	-	340,386	340,386
Extracurricular activities	749,935	-	386,957	1,136,892
Capital outlay	-	-	459,960	459,960
Debt service				
Principal	58,953	1,985,000	316,069	2,360,022
Interest	13,539	1,650,125	48,488	1,712,152
Total expenditures	33,446,761	3,685,517	4,175,415	41,307,693
Excess (deficiency) of revenues over expenditures	2,419,118	(417,122)	(127,065)	1,874,931
Other financing sources (uses)				
Transfers-in	-	330,858	-	330,858
Transfers-out	(35,858)	-	(295,000)	(330,858)
Total other financing sources (uses)	(35,858)	330,858	(295,000)	-
Net change in fund balances	2,383,260	(86,264)	(422,065)	1,874,931
Fund balances, beginning of year	9,576,987	3,415,986	2,615,637	15,608,610
Fund balances, end of year	\$ 11,960,247	\$ 3,329,722	\$ 2,193,572	\$ 17,483,541

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, 2008

Net change in fund balances - total governmental funds		\$ 1,874,931
Amounts reported for governmental activities in the statement of activities are different because:		
Governmental funds report capital outlay as expenditures. However, in the statement of activities, the cost of those assets is allocated over their useful lives and reported as depreciation expense. This is the amount by which depreciation exceeded capital outlay in the current period.		
	Capital outlay, net	660,349
	Depreciation expense	<u>(2,635,739)</u>
		(1,975,390)
Revenues in the statement of activities that do not provide current financial resources are not reported as revenues in the funds.		
	Interest	(97,355)
	Property taxes	<u>83,586</u>
		(13,769)
Repayment of bond, loan, note and capital lease principal is an expenditure in the governmental funds, but the repayment reduces long-term liabilities in the statement of net assets.		
		2,360,022
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	7,033
	Annual accretion	<u>(514,259)</u>
		(507,226)
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.		
		151,307
The internal service fund used by management to charge the costs of insurance to individual funds is not reported in the district-wide statement of activities. Governmental fund expenditures and the related internal service fund revenues are eliminated. The net revenue (expense) of the internal service fund is allocated among the governmental activities.		
		<u>690,277</u>
Change in net assets of governmental activities		<u><u>\$ 2,580,152</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, 2008

	General Fund			Variance with Final Budget Positive (Negative)
	Budget Amounts		Actual	
	Original	Final		
Revenues				
Taxes	\$ 27,026,026	\$ 27,338,383	\$ 27,289,147	\$ (49,236)
Tuition and fees	368,183	372,438	371,767	(671)
Interest	911,643	922,179	920,518	(1,661)
Intergovernmental	8,689,212	8,789,639	8,773,809	(15,830)
Extracurricular	188,560	190,739	190,395	(344)
Miscellaneous	60,959	61,664	61,553	(111)
Total revenues	<u>37,244,583</u>	<u>37,675,042</u>	<u>37,607,189</u>	<u>(67,853)</u>
Expenditures				
Current				
Instruction				
Regular	18,536,576	18,431,528	17,643,448	788,080
Special	2,322,780	2,309,616	2,210,863	98,753
Vocational	206,642	205,471	196,686	8,785
Adult/continuing	13,375	13,300	12,731	569
Other instruction	964,025	958,562	917,577	40,985
Supporting services				
Pupil	2,366,124	2,352,715	2,252,120	100,595
Instructional staff	784,974	780,524	747,151	33,373
Board of education	26,364	26,215	25,094	1,121
Administration	2,995,646	2,978,669	2,851,309	127,360
Fiscal services	994,613	988,977	946,690	42,287
Business	163,772	162,844	155,881	6,963
Operation and maintenance	4,594,386	4,568,350	4,373,020	195,330
Pupil transportation	1,468,964	1,460,640	1,398,187	62,453
Central services	377,794	375,653	359,591	16,062
Extracurricular activities				
Academic and subject oriented	75,897	75,467	72,239	3,228
Occupation oriented	1,307	1,300	1,244	56
Sports oriented	651,997	648,303	620,583	27,720
Co-curricular activities	52,332	52,035	49,810	2,225
Capital outlay	60,936	60,591	58,000	2,591
Total expenditures	<u>36,658,504</u>	<u>36,450,760</u>	<u>34,892,224</u>	<u>1,558,536</u>
Excess (deficiency) of revenues over expenditures	<u>586,079</u>	<u>1,224,282</u>	<u>2,714,965</u>	<u>1,490,683</u>
Other financing sources (uses)				
Gain (loss) on sale of assets	-	1,793	14,766	12,973
Advances in	-	-	20,182	20,182
Refund of prior year expenditures	-	-	156,907	156,907
Transfers-out	-	(50,125)	(35,858)	14,267
Advances out	-	(200,125)	(20,182)	179,943
Total other financing sources (uses)	<u>-</u>	<u>(248,457)</u>	<u>135,815</u>	<u>384,272</u>
Net change in fund balance	586,079	975,825	2,850,780	1,874,955
Prior year encumbrances	2,389,916	2,389,916	2,389,916	-
Fund balances, beginning of year	6,500,723	6,500,723	6,500,723	-
Fund balances, end of year	<u>\$ 9,476,718</u>	<u>\$ 9,866,464</u>	<u>\$ 11,741,419</u>	<u>\$ 1,874,955</u>

See accompanying notes to the basic financial statements.

AVON LAKE CITY SCHOOL DISTRICT
LORAIN COUNTY

STATEMENT OF FUND NET ASSETS
INTERNAL SERVICE FUND

JUNE 30, 2008

	<u>Self Insurance</u>
Assets	
Current assets	
Equity in pooled cash	\$ 3,328,750
Accrued interest receivable	5,962
Total assets	<u>3,334,712</u>
Liabilities	
Current liabilities	
Accounts and contracts payable	1,036
Claims payable	573,200
Total liabilities	<u>574,236</u>
Net assets	
Unrestricted	<u>\$ 2,760,476</u>

See accompanying notes to the basic financial statements.

AVON LAKE CITY SCHOOL DISTRICT
LORAIN COUNTY
STATEMENT OF REVENUE, EXPENSES AND CHANGES IN FUND NET ASSETS
INTERNAL SERVICE FUND
FOR THE YEAR ENDED JUNE 30, 2008

	<u>Self Insurance</u>
Operating revenues	
Charges for services	<u>\$ 3,759,031</u>
Operating expenses	
Purchased services	330,143
Claims	<u>2,863,474</u>
Total operating expenses	<u>3,193,617</u>
Operating income	<u>565,414</u>
Nonoperating revenues	
Interest income	<u>124,863</u>
Change in net assets	690,277
Net assets, beginning of year	<u>2,070,199</u>
Net assets, end of year	<u>\$ 2,760,476</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, 2008

	<u>Self Insurance</u>
Cash flows from operating activities	
Cash received from interfund services	\$ 3,759,031
Cash payments for claims	(2,661,918)
Cash payments for goods and services	<u>(329,353)</u>
Net cash provided by operating activities	<u>767,760</u>
Cash flows from investing activities	
Interest income	<u>150,293</u>
Net cash provided by investing activities	<u>150,293</u>
Net increase in cash and cash equivalents	918,053
Cash and cash equivalents, beginning of year	<u>2,410,697</u>
Cash and cash equivalents, end of year	<u><u>\$ 3,328,750</u></u>
Reconciliation of operating income to net cash used for operating activities:	
Operating income	<u>\$ 565,414</u>
Adjustments	
Increase in accounts and contracts payable	790
Increase in claims payable	<u>201,556</u>
Total adjustments	<u>202,346</u>
Net cash used for operating activities	<u><u>\$ 767,760</u></u>

See accompanying notes to the basic financial statements.

AVON LAKE CITY SCHOOL DISTRICT
LORAIN COUNTY
STATEMENT OF FIDUCIARY ASSETS AND LIABILITIES
AGENCY FUNDS
JUNE 30, 2008

Assets	
Equity in pooled cash	\$ 159,393
Total assets	<u>\$ 159,393</u>
Liabilities	
Accounts payable	\$ 1,915
Due to students	153,857
Due to others	<u>3,621</u>
Total liabilities	<u>\$ 159,393</u>

See accompanying notes to the basic financial statements.

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AVON LAKE CITY SCHOOL DISTRICT
LORAIN COUNTY
NOTES TO THE BASIC FINANCIAL STATEMENTS
FOR THE YEAR ENDED JUNE 30, 2008

NOTE 1 - DESCRIPTION OF THE SCHOOL DISTRICT AND REPORTING ENTITY

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

The School District is located in Avon Lake, Lorain County, Ohio, and includes an area extending roughly twelve square miles around the City. It is staffed by 212 non-certified personnel, 306 certified full-time teaching personnel, and 16 administrative employees to provide services to 3,717 students and other community members. The School District operates 4 elementary schools (K-4), 1 intermediate school (5-6), 1 middle school (7-8), and 1 high school (9-12).

REPORTING ENTITY

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

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

The School District participates in four jointly governed organizations and is associated with a related organization. The organizations are the Lake Erie Educational Computer Association (LEECA), the Lake Erie Regional Council of Governments (LERC), the Lorain County Joint Vocational School District, the Ohio Schools Council Association, and the Avon Lake Public Library. These organizations are presented in Notes 15 and 16 of the basic financial statements.

NOTE 2 - SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

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

AVON LAKE CITY SCHOOL DISTRICT
LORAIN COUNTY
NOTES TO THE BASIC FINANCIAL STATEMENTS
FOR THE YEAR ENDED JUNE 30, 2008
(CONTINUED)

NOTE 2 - SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (continued)

A. BASIS OF PRESENTATION

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

Government-wide Financial Statements

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

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

Fund Financial Statements

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

B. FUND ACCOUNTING

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

Governmental Funds

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

AVON LAKE CITY SCHOOL DISTRICT
LORAIN COUNTY
NOTES TO THE BASIC FINANCIAL STATEMENTS
FOR THE YEAR ENDED JUNE 30, 2008
(CONTINUED)

NOTE 2 - SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (continued)

B. FUND ACCOUNTING (continued)

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

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

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

Proprietary Fund Type

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

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

Fiduciary Fund Type

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

C. MEASUREMENT FOCUS

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

AVON LAKE CITY SCHOOL DISTRICT
LORAIN COUNTY
NOTES TO THE BASIC FINANCIAL STATEMENTS
FOR THE YEAR ENDED JUNE 30, 2008
(CONTINUED)

NOTE 2 - SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (continued)

C. MEASUREMENT FOCUS (continued)

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

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

D. BASIS OF ACCOUNTING

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

Revenues - Exchange and Non-exchange Transactions

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

Non-exchange transactions, in which the School District receives value without directly giving equal value in return, include property taxes, grants, entitlements, and donations. On an accrual basis, revenue from property taxes is recognized in the fiscal year for which the taxes are levied (See Note 5). Revenue from grants, entitlements, and donations is recognized in the fiscal year in which all eligibility requirements have been satisfied. Eligibility requirements include timing requirements, which specify the fiscal year when the resources are required to be used or the fiscal year when use is first permitted, matching requirements, in which the School District must provide local resources to be used for a specified purpose, and expenditure requirements, in which the resources are provided to the School District on a reimbursement basis. On a modified accrual basis, revenue from non-exchange transactions must also be available before it can be recognized.

AVON LAKE CITY SCHOOL DISTRICT
LORAIN COUNTY
NOTES TO THE BASIC FINANCIAL STATEMENTS
FOR THE YEAR ENDED JUNE 30, 2008
(CONTINUED)

NOTE 2 - SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (continued)

D. BASIS OF ACCOUNTING (continued)

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

Unearned Revenue

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

Property taxes for which there is an enforceable legal claim as of June 30, 2008, but which were levied to finance fiscal year 2009 operations, have been recorded as unearned revenue. Grants and entitlements received before eligibility requirements are met are also recorded as unearned revenue.

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

Expenses/Expenditures

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

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

E. BUDGETARY PROCESS

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

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

AVON LAKE CITY SCHOOL DISTRICT
LORAIN COUNTY
NOTES TO THE BASIC FINANCIAL STATEMENTS
FOR THE YEAR ENDED JUNE 30, 2008
(CONTINUED)

NOTE 2 - SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (continued)

E. BUDGETARY PROCESS (continued)

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

F. CASH AND CASH EQUIVALENTS

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

During fiscal year 2008, investments were limited to repurchase agreements, Federal Home Loan Bank Bonds, Federal National Mortgage Association Notes and STAROhio.

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

STAROhio is an investment pool managed by the State Treasurer's Office which allows governments within the State to pool their funds for investment purposes. STAROhio is not registered with the SEC as an investment company, but does operate in a manner consistent with Rule 2a7 of the Investment Company Act of 1940. Investments in STAROhio are valued at STAROhio's share price, which is the price the investment could be sold for on June 30, 2008.

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 2008 amounted to \$ 903,893 which includes \$ 236,973 assigned from other School District funds.

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

G. RESTRICTED ASSETS

Assets are reported as restricted when limitations on their use change in nature or normal understanding of the availability of the asset. Such constraints are either imposed by creditors, contributors, grantors, or laws of other governments or imposed by enabling legislation. Restricted assets in the general fund include amounts required by State statute to be set-aside for 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, 2008
(CONTINUED)

NOTE 2 - SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (continued)

H. PREPAID ITEMS

Payments made to vendors for services that will benefit periods beyond June 30, 2008, are reported as prepaid items using the consumption method. A current asset for the prepaid amount is recorded at the time of the purchase and an expenditure/expense is reported in the year in which services are consumed.

I. INVENTORY

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

J. CAPITAL ASSETS

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

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

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

<u>Asset</u>	<u>Estimated Useful Life</u>
Land improvements	3 - 25 years
Buildings and improvements	5 - 90 years
Furniture and equipment	3 - 25 years
Vehicles	7 - 10 years

AVON LAKE CITY SCHOOL DISTRICT
LORAIN COUNTY
NOTES TO THE BASIC FINANCIAL STATEMENTS
FOR THE YEAR ENDED JUNE 30, 2008
(CONTINUED)

NOTE 2 - SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (continued)

K. INTERFUND BALANCES

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

L. COMPENSATED ABSENCES

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

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

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

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

M. ACCRUED LIABILITIES AND LONG-TERM OBLIGATIONS

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

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

N. NET ASSETS

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

The government-wide statement of net assets reports \$ 5,505,639 of restricted net assets, none of which is restricted by enabling legislation.

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

AVON LAKE CITY SCHOOL DISTRICT
LORAIN COUNTY
NOTES TO THE BASIC FINANCIAL STATEMENTS
FOR THE YEAR ENDED JUNE 30, 2008
(CONTINUED)

NOTE 2 - SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (continued)

O. FUND BALANCE RESERVES

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

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

P. OPERATING REVENUES AND EXPENSES

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

Q. EXTRAORDINARY AND SPECIAL ITEMS

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

R. ESTIMATES

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

AVON LAKE CITY SCHOOL DISTRICT
LORAIN COUNTY
NOTES TO THE BASIC FINANCIAL STATEMENTS
FOR THE YEAR ENDED JUNE 30, 2008
(CONTINUED)

NOTE 3 - BUDGETARY BASIS OF ACCOUNTING

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

1. Revenues are recorded when received in cash (budget basis) as opposed to when susceptible to accrual (GAAP basis).
2. Expenditures are recorded when paid in cash (budget basis) as opposed to when the liability is incurred (GAAP basis).
3. Encumbrances are treated as expenditures (budget basis) rather than as a reservation of fund balance (GAAP basis).

The following table summarizes the adjustments necessary to reconcile the GAAP basis statements to the budgetary basis statements for the general fund.

Net Change in Fund Balance	
	General Fund
Budget basis	\$ 2,850,780
Adjustments, increase (decrease)	
Revenue accruals	(1,933,165)
Expenditure accruals	(655,677)
Encumbrances	2,121,322
GAAP basis, as reported	\$ 2,383,260

AVON LAKE CITY SCHOOL DISTRICT
LORAIN COUNTY
NOTES TO THE BASIC FINANCIAL STATEMENTS
FOR THE YEAR ENDED JUNE 30, 2008
(CONTINUED)

NOTE 4 - DEPOSITS AND INVESTMENTS

A. LEGAL REQUIREMENTS

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

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

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

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

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

Interim monies may be invested in the following securities:

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

AVON LAKE CITY SCHOOL DISTRICT
LORAIN COUNTY
NOTES TO THE BASIC FINANCIAL STATEMENTS
FOR THE YEAR ENDED JUNE 30, 2008
(CONTINUED)

NOTE 4 - DEPOSITS AND INVESTMENTS (continued)

A. LEGAL REQUIREMENTS (continued)

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

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

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

At fiscal year end, the District had \$ 16,430 in cash on hand which is included on the balance sheet of the District as part of "Equity in Pooled Cash".

B. DEPOSITS

Custodial credit risk is the risk that, in the event of a bank failure, the District's deposits may not be returned. The District does not have a deposit policy for custodial credit risk. At fiscal year end, the carrying amount of the District's deposits was \$ 19,629,049 and the bank balance was \$ 19,815,136. Of the bank balance, \$ 400,000 was covered by federal depository insurance and \$ 19,415,136 was uninsured. Of the remaining balance, \$ 19,415,136 was collateralized with securities held by the pledging institution's trust department not in the District's name. Although the securities were held by the pledging financial institutions' trust department and all statutory requirements for the deposit of money had been followed, noncompliance with Federal requirements could potentially subject the District to a successful claim by the FDIC.

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

AVON LAKE CITY SCHOOL DISTRICT
LORAIN COUNTY
NOTES TO THE BASIC FINANCIAL STATEMENTS
FOR THE YEAR ENDED JUNE 30, 2008
(CONTINUED)

NOTE 4 - DEPOSITS AND INVESTMENTS (continued)

C. INVESTMENTS

For an investment, custodial credit risk is the risk that, in the event of the failure of the counterparty, the District will not be able to recover the value of its investments or collateral securities that are in the possession of an outside party. As of June 30, 2008, the District had the following investments:

	Maturities	Fair Value	Percentage of Investments
STAROhio	Not Applicable	\$ 2,045,038	67.34%
Commercial paper	7/25/2008	991,745	32.66%
		\$ 3,036,783	100.00%

D. INTEREST RATE RISK

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

E. CREDIT RISK

The District follows the Ohio Revised Code that limits its investment choices. As of June 30, 2008, the District's investments in StarOhio and commercial paper were rated AAAm by Standard & Poor's.

F. CONCENTRATION OF CREDIT RISK

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

NOTE 5 - PROPERTY TAXES

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

Property taxes include amounts levied against all real, public utility and tangible personal property (used in business) located in the School District. Real property tax revenue received during calendar year 2008 represents collections of calendar year 2007 taxes. Real property taxes received in calendar year 2008 were levied after April 1, 2007, on the assessed value listed as of January 1, 2007, the lien date. Assessed values for real property taxes are established by State law at thirty-five percent of appraised market value. Real property taxes are payable annually or semi-annually. If paid annually, payment is due December 31; if paid semi-annually, the first payment is due December 31 with the remainder payable by June 20. Under certain circumstances, State statute permits alternate payment dates to be established.

Public utility property tax revenue in calendar year 2008 presents collections of calendar year 2007 taxes. Public utility real and tangible personal property taxes received in calendar year 2008 became a lien December 31, 2006, were levied after April 1, 2007 and are collected in 2008 with real property taxes. Public utility real property is assessed at thirty-five percent of true value, public utility tangible personal property currently is assessed at varying percentages of true value.

AVON LAKE CITY SCHOOL DISTRICT
LORAIN COUNTY
NOTES TO THE BASIC FINANCIAL STATEMENTS
FOR THE YEAR ENDED JUNE 30, 2008
(CONTINUED)

NOTE 5 - PROPERTY TAXES (continued)

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

The School District receives property taxes from Lorain County. The County Auditor periodically advances to the School District its portion of the taxes collected. Second-half real property tax payments collected by June 30, 2008, are available to finance fiscal year 2008 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, 2008 and for which there is an enforceable legal claim. Although total property tax collections for the next fiscal year are measurable, only the amount of real property taxes available as an advance at June 30 were levied to finance current fiscal year operations and is reported as revenue at fiscal year-end. The portion of the receivable not levied to finance current fiscal year operations is offset by a credit to unearned revenue.

The amount available as an advance at June 30, 2008 was \$ 2,401,700 in the general fund, \$ 305,912 in the bond retirement debt service fund, \$ 123,063 in the library bond retirement debt service fund and \$ 53,455 in the permanent improvements capital projects fund. The amount available as an advance at June 30, 2007, was \$ 4,141,151 in the general fund, \$ 565,291 in the bond retirement debt service fund, \$ 215,640 in the library bond retirement debt service fund and \$ 88,792 in the permanent improvements capital projects fund.

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

The assessed values upon which the fiscal year 2008 taxes were collected are:

	<u>2007 Second Half Collections</u>		<u>2008 First Half Collections</u>	
	<u>Amount</u>	<u>%</u>	<u>Amount</u>	<u>%</u>
Agricultural/ Residential and Other Real Estate	\$ 732,930,700	86.43 %	\$ 764,003,830	88.74 %
Public Utility Personal	82,074,850	9.68	80,644,620	9.37
Tangible Personal Property	<u>32,948,472</u>	<u>3.89</u>	<u>16,228,352</u>	<u>1.89</u>
	<u>\$ 847,954,022</u>	<u>100.00 %</u>	<u>\$ 860,876,802</u>	<u>100.00 %</u>
 Tax Rate per \$ 1,000 of Assessed Valuation:	 <u>68.62</u>		 <u>65.82</u>	

AVON LAKE CITY SCHOOL DISTRICT
LORAIN COUNTY
NOTES TO THE BASIC FINANCIAL STATEMENTS
FOR THE YEAR ENDED JUNE 30, 2008
(CONTINUED)

NOTE 6 - RECEIVABLES

Receivables at June 30, 2008, consisted of property taxes, intergovernmental receivables, and interest. All receivables are considered collectible in full due to the ability to foreclose for the nonpayment of taxes, the stable condition of State programs, and the current fiscal year guarantee of federal funds. All receivables are expected to be collected within one year.

The detail of intergovernmental receivables follows:

<u>Personal property reimbursement</u>	<u>Amount</u>
General Fund	\$ 2,731,048
Bond Retirement Fund	153,585
Library Bond Retirement Fund	94,548
Permanent Improvements Fund	78,790
Total Intergovernmental Receivable	\$ 3,057,971

NOTE 7 - INTERFUND TRANSFERS

Transfers are used to move revenues from the fund that statute or budget requires to collect them to the fund that statute or budget requires to expend them. The general fund and the permanent improvements capital projects fund transferred monies to the major bond retirement debt service fund for debt payment purposes in the amount of \$ 35,858 and \$ 295,000, respectively.

NOTE 8 - CAPITAL ASSETS

Capital asset activity for the fiscal year ended June 30, 2008, was as follows:

<u>Governmental Activities</u>	<u>Balance June 30, 2007</u>	<u>Additions</u>	<u>Disposals</u>	<u>Balance June 30, 2008</u>
Nondepreciable capital assets				
Land	\$ 5,656,440	\$ -	\$ -	\$ 5,656,440
Depreciable capital assets				
Land improvements	2,083,052	-	-	2,083,052
Buildings and improvements	60,501,630	189,647	-	60,691,277
Furniture and equipment	10,326,693	232,170	745,319	9,813,544
Vehicles	1,444,433	263,176	23,499	1,684,110
Total capital assets being depreciated	74,355,808	684,993	768,818	74,271,983
Less accumulated depreciation				
Land improvements	786,493	89,667	-	876,160
Buildings and improvements	18,797,341	1,659,020	-	20,456,361
Furniture and equipment	8,132,240	756,471	720,675	8,168,036
Vehicles	936,635	130,581	23,499	1,043,717
Total accumulated depreciation	28,652,709	2,635,739	744,174	30,544,274
Depreciable capital assets, net of accumulated depreciation	45,703,099	(1,950,746)	24,644	43,727,709
Governmental activities capital assets, net	\$ 51,359,539	\$ (1,950,746)	\$ 24,644	\$ 49,384,149

AVON LAKE CITY SCHOOL DISTRICT
LORAIN COUNTY
NOTES TO THE BASIC FINANCIAL STATEMENTS
FOR THE YEAR ENDED JUNE 30, 2008
(CONTINUED)

NOTE 8 - CAPITAL ASSETS (continued)

Depreciation expense was charged to governmental activities as follows:

Instruction	
Regular	\$ 1,830,734
Administration	207,829
Fiscal	619
Operation and maintenance of plant	338,963
Pupil transportation	152,051
Operation of non-instructional services	
Food service	50,925
Extracurricular activities	
Sports oriented	54,618
Total depreciation expense	<u>\$ 2,635,739</u>

NOTE 9 - RISK MANAGEMENT

A. PROPERTY AND LIABILITY

The School District is exposed to various risks of loss related to torts; theft of, damage to, and destruction of assets; errors and omissions; injuries to employees and natural disasters. During fiscal year 2008 the School District contracted with Indiana Insurance Company for property insurance. Professional liability is protected by the Hylant Group Insurance Company with a \$ 3,000,000 aggregate limit. Vehicles are covered by the Grange Mutual Insurance Company and hold a \$ 250 deductible for comprehensive and \$ 500 deductible for collision. Automobile liability has a \$ 1,000,000 combined single limit of liability.

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

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

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

AVON LAKE CITY SCHOOL DISTRICT
LORAIN COUNTY
NOTES TO THE BASIC FINANCIAL STATEMENTS
FOR THE YEAR ENDED JUNE 30, 2008
(CONTINUED)

NOTE 9 - RISK MANAGEMENT (continued)

B. EMPLOYEE MEDICAL COVERAGE

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

The School District maintains stop-loss coverage for its insurance program. Stop-loss is maintained at \$ 150,000 per employee per calendar year. The stop-loss limit was met in fiscal year 2008 by one participant.

The claims liability of \$ 573,200 reported in the internal service fund at June 30, 2008, is based on an estimate provided by the third party administrator and the requirements of Governmental Accounting Standards Board Statement No. 30 which requires that a liability for unpaid claims costs, including estimates of costs relating to incurred but not reported claims, be reported. The estimate was not affected by incremental claim adjustment expenses and does not include other allocated or unallocated claim adjustment expenses.

Changes in the claims liability amount in 2008 and 2007 were:

	<u>June 30, 2008</u>	<u>June 30, 2007</u>
Unpaid claims, beginning of year	\$ 371,644	\$ 326,550
Incurred claims	2,863,474	2,689,488
Paid claims	<u>(2,661,918)</u>	<u>(2,644,394)</u>
Unpaid claims, end of year	<u>\$ 573,200</u>	<u>\$ 371,644</u>

AVON LAKE CITY SCHOOL DISTRICT
LORAIN COUNTY
NOTES TO THE BASIC FINANCIAL STATEMENTS
FOR THE YEAR ENDED JUNE 30, 2008
(CONTINUED)

NOTE 10 - DEFINED BENEFIT PENSION PLANS

A. SCHOOL EMPLOYEE RETIREMENT SYSTEM

Plan Description - The School District contributes to the School Employees Retirement System (SERS), a cost-sharing multiple employer pension plan. SERS provides retirement and disability benefits, annual cost-of-living adjustments, and death benefits to plan members and beneficiaries. Authority to establish and amend benefits is provided by Chapter 3309 of the Ohio Revised Code. SERS issues a publicly available, stand-alone financial report that includes financial statements and required supplementary information. That report may be obtained by writing to the School Employees Retirement System, 300 East Broad Street, Suite 100, Columbus, Ohio 43215-3746.

Funding Policy - Plan members are required to contribute 10 percent of their annual covered salary and the School District is required to contribute at an actuarially determined rate. The current School District rate is 14 percent of annual covered payroll. A portion of the School District's contribution is used to fund pension obligations with the remainder being used to fund health care benefits; for fiscal year 2008, 9.16 percent of annual covered salary was the portion used to fund pension obligations. The contribution requirements of plan members and employers are established and may be amended by the SERS' Retirement Board up to a statutory maximum amount of 10 percent for plan members and 14 percent for employers. Chapter 3309 of the Ohio Revised Code provides statutory authority for member and employer contributions. The School District's required contributions for pension obligations to SERS for the fiscal years ended June 30, 2008, 2007 and 2006 were \$ 486,887, \$ 513,773 and \$ 499,021 respectively; 52.0 percent has been contributed for fiscal year 2008 and 100 percent for fiscal years 2007 and 2006.

B. STATE TEACHERS RETIREMENT SYSTEM

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

New members have a choice of three retirement plans, a Defined Benefit (DB) Plan, a Defined Contribution (DC) Plan and a Combined Plan. The DB plan offers an annual retirement allowance based on final average salary times a percentage that varies based on years of service, or an allowance based on a member's lifetime contributions and earned interest matched by STRS Ohio funds divided by an actuarially determined annuity factor. The DC Plan allows members to place all their member contributions and employer contributions equal to 10.5 percent of earned compensation into an investment account. Investment decisions are made by the member. A member is eligible to receive a retirement benefit at age 50 and termination of employment. The member may elect to receive a lifetime monthly annuity or a lump sum withdrawal. The Combined Plan offers features of both the DC Plan and the DB Plan. In the Combined Plan, member contributions are invested by the member, and employer contributions are used to fund the defined benefit payment at a reduced level from the regular DB Plan. The DB portion of the Combined Plan payment is payable to a member on or after age 60; the DC portion of the account may be taken as a lump sum or converted to a lifetime monthly annuity at age 50. Benefits are established by Chapter 3307 of the Ohio Revised Code.

AVON LAKE CITY SCHOOL DISTRICT
LORAIN COUNTY
NOTES TO THE BASIC FINANCIAL STATEMENTS
FOR THE YEAR ENDED JUNE 30, 2008
(CONTINUED)

NOTE 10 - DEFINED BENEFIT PENSION PLANS (continued)

B. STATE TEACHERS RETIREMENT SYSTEM (continued)

A DB or Combined Plan member with five or more years credited service who becomes disabled may qualify for a disability benefit. Eligible spouses and dependents of these active members who die before retirement may qualify for survivor benefits. Members in the DC Plan who become disabled are entitled only to their account balance. If a member of the DC Plan dies before retirement benefits begin, the member's designated beneficiary is entitled to receive the member's account balance.

Funding Policy - For the fiscal year ended June 30, 2008, plan members were required to contribute 10 percent of their annual covered salaries. The School District was required to contribute 14 percent; 13 percent was the portion used to fund pension obligations. For fiscal year 2007, the portion used to fund pension obligations was also 13 percent. Contribution rates are established by the State Teachers Retirement Board, upon recommendations of its consulting actuary, not to exceed statutory maximum rates of 10 percent for members and 14 percent for employers. Chapter 3307 of the Ohio Revised Code provides statutory authority for member and employer contributions.

The School District's required contributions for pension obligations to STRS Ohio for the fiscal years ended June 30, 2008, 2007, and 2006 were \$ 2,078,683, \$ 1,958,466, and \$ 1,927,060 respectively; 84.2 percent has been contributed for fiscal year 2008 and 100 percent for fiscal years 2007 and 2006.

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 Retirement System. As of June 30, 2008, one member of the Board of Education has elected Social Security. The contribution rate is 6.2 percent of wages.

NOTE 11 - POSTEMPLOYMENT BENEFITS

A. SCHOOL EMPLOYEE RETIREMENT SYSTEM

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

AVON LAKE CITY SCHOOL DISTRICT
LORAIN COUNTY
NOTES TO THE BASIC FINANCIAL STATEMENTS
FOR THE YEAR ENDED JUNE 30, 2008
(CONTINUED)

NOTE 11 - POSTEMPLOYMENT BENEFITS (continued)

A. SCHOOL EMPLOYEE RETIREMENT SYSTEM

Funding Policy – State statute permits SERS to fund the health care benefits through employer contributions. Each year, after the allocation for statutorily required benefits, the Retirement Board allocates the remainder of the employer contribution of 14 percent of covered payroll to the Health Care Fund. The Health Care Fund was established and is administered in accordance with Internal Revenue Code Section 401h. For 2008, 4.18 percent of covered payroll was allocated to health care. In addition, employers pay a surcharge for employees earning less than an actuarially determined amount; for 2008, this amount was \$ 79,278.

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

The School District's contributions for health care for the fiscal years ended June 30, 2008, 2007, and 2006 were \$ 248,488, \$ 236,853, and \$ 232,392 respectively; 52.0 percent has been contributed for fiscal year 2008 and 100 percent for fiscal years 2007 and 2006.

The Retirement Board, acting with advice of the actuary, allocates a portion of the employer contribution to the Medicare B Fund. For 2008, this actuarially required allocation was 0.66 percent of covered payroll. The School District's contributions for Medicare Part B for the fiscal years ended June 30, 2008, 2007, and 2006 were \$ 36,144, \$ 33,021, and \$ 27,382 respectively; 52.0 percent has been contributed for fiscal year 2008 and 100 percent for fiscal years 2007 and 2006.

B. STATE TEACHERS RETIREMENT SYSTEM

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

Funding Policy – Ohio law authorizes STRS Ohio to offer the Plan and gives the Retirement Board authority over how much, if any, of the health care costs will be absorbed by STRS Ohio. Active employee members do not contribute to the Plan. All benefit recipients pay a monthly premium. Under Ohio law, funding for post-employment health care may be deducted from employer contributions. For 2008, STRS Ohio allocated employer contributions equal to 1 percent of covered payroll to the Health Care Stabilization Fund. The School District's contributions for health care for the fiscal years ended June 30, 2008, 2007, and 2006 were \$ 159,899, \$ 150,651, and \$ 148,235 respectively; 84.2 percent has been contributed for fiscal year 2008 and 100 percent for fiscal years 2007 and 2006.

AVON LAKE CITY SCHOOL DISTRICT
LORAIN COUNTY
NOTES TO THE BASIC FINANCIAL STATEMENTS
FOR THE YEAR ENDED JUNE 30, 2008
(CONTINUED)

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.

NOTE 13 - CAPITAL LEASES

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

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

Asset	Cost	Accumulated Depreciation	Net
Copiers	\$ 318,282	\$ 100,789	\$ 217,493

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, 2008.

	Year ending June 30,	Amount
	2009	\$ 72,492
	2010	72,492
	2011	72,492
	2012	30,205
Total minimum lease payments		247,681
Less amount representing interest		21,345
Net present value of minimum lease payments		\$ 226,336

AVON LAKE CITY SCHOOL DISTRICT
LORAIN COUNTY
NOTES TO THE BASIC FINANCIAL STATEMENTS
FOR THE YEAR ENDED JUNE 30, 2008
(CONTINUED)

NOTE 14 - LONG-TERM OBLIGATIONS

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

	Original Issue Date	Interest Rate	Original Issue Amount	Date of Maturity
General obligation bonds				
School facilities term and serial	1999	4.125 - 5.4%	41,150,000	12/1/2023
School facilities capital appreciation	1999	4.125 - 5.4%	649,977	12/1/2011
Refunding				
Serial and term	2004	2.0 - 4.40%	3,410,000	12/1/2019
Capital appreciation	2004	11.925%	429,998	12/1/2009
Refunding				
Serial	2005	3.0 - 4.75%	32,415,000	12/1/2026
Capital appreciation	2005	24.104%	584,950	12/1/2013
Long-term notes				
Energy conservation notes				
Serial notes	2002	2.4 - 4.2%	1,535,000	12/1/2011
Loans				
HVAC loan	2003	3.0 - 3.9%	257,069	12/1/2007

In 2005, the District defeased portions of certain general obligation bonds issued in 1993, 1995, and 1999, with two separate general obligation refundings. The proceeds of the new bonds were placed in an irrevocable trust to provide for all future debt service payments of the refunded debt. Accordingly, the trust account assets and the liability for the defeased bonds are not included in the District's financial statements. At June 30, 2008, \$ 35,985,000 of bonds outstanding are considered to be defeased.

AVON LAKE CITY SCHOOL DISTRICT
LORAIN COUNTY
NOTES TO THE BASIC FINANCIAL STATEMENTS
FOR THE YEAR ENDED JUNE 30, 2008
(CONTINUED)

NOTE 14 - LONG-TERM OBLIGATIONS (continued)

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

	Principal Outstanding 6/30/2007	Additions	Reductions	Principal Outstanding 6/30/2008	Due in 1 year
General obligation bonds					
Energy conservation improvements	\$ 100,000	\$ -	\$ 100,000	\$ -	\$ -
Refunding bonds - 2004					
Term and serial bonds	2,660,000	-	365,000	2,295,000	-
Capital appreciation bonds	429,998	-	-	429,998	228,855
Accretion on capital appreciation bonds	176,078	74,428	-	250,506	-
Refunding bonds - 2005					
Serial bonds	31,990,000	-	260,000	31,730,000	270,000
Capital appreciation bonds	584,950	-	-	584,950	-
Accretion on capital appreciation bonds	342,766	237,087	-	579,853	-
School Facilities					
Term and serial bonds	2,725,000	-	1,330,000	1,395,000	1,395,000
Capital appreciation bonds	649,977	-	-	649,977	-
Accretion on capital appreciation bonds	3,011,132	196,474	-	3,207,606	-
Total general obligation bonds	<u>42,669,901</u>	<u>507,989</u>	<u>2,055,000</u>	<u>41,122,890</u>	<u>1,893,855</u>
Energy conservation notes					
Serial notes	825,000	-	-	825,000	195,000
Capital appreciation notes	120,430	-	120,430	-	-
Accretion on capital appreciation notes	68,300	6,270	74,570	-	-
Total energy conservation notes	<u>1,013,730</u>	<u>6,270</u>	<u>195,000</u>	<u>825,000</u>	<u>195,000</u>
Loans payable - HVAC	51,069	-	51,069	-	-
Capital leases	285,289	-	58,953	226,336	62,116
Compensated absences	1,629,296	289,885	374,984	1,544,197	298,598
Total governmental activities	<u>\$ 45,649,285</u>	<u>\$ 804,144</u>	<u>\$ 2,735,006</u>	<u>\$ 43,718,423</u>	<u>\$ 2,449,569</u>

AVON LAKE CITY SCHOOL DISTRICT
LORAIN COUNTY
NOTES TO THE BASIC FINANCIAL STATEMENTS
FOR THE YEAR ENDED JUNE 30, 2008
(CONTINUED)

NOTE 14 - LONG-TERM OBLIGATIONS (continued)

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

Energy conservation long-term notes were issued in fiscal year 2002 for \$ 1,785,717. These note issues included serial and capital appreciation notes in the amounts of \$ 1,535,000 and \$ 250,717, respectively. The principal will be paid from the Bond Retirement Debt Service Fund. In 2008, one of the capital appreciation notes matured. The maturity amount for the note equaled the original principal amount of \$ 120,430 plus accreted interest of \$ 74,570, for a total maturity amount of \$ 195,000.

Capital lease obligations will be paid from the General Fund. The HVAC loan was paid out of Building Improvement Capital Projects Fund. Compensated absences will be paid from the General Fund and the Food Service and Title VI-B Special Revenue Funds, which are the funds from which the employees' salaries are paid.

School Facilities General Obligation Bonds –

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

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

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

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

The capital appreciation bonds will mature in fiscal years 2009 through 2011. The final amount of the bonds is \$ 4,395,000. In fiscal year 2008, \$ 196,474 was accreted for a total bond obligation of \$ 3,207,606.

Refunding Bonds, Series 2004

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

AVON LAKE CITY SCHOOL DISTRICT
LORAIN COUNTY
NOTES TO THE BASIC FINANCIAL STATEMENTS
FOR THE YEAR ENDED JUNE 30, 2008
(CONTINUED)

NOTE 14 - LONG-TERM OBLIGATIONS (continued)

Refunding Bonds, Series 2004 (continued)

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

<u>Year</u>	<u>Principal Amount to be Redeemed</u>
2014	\$ 105,000
2015	110,000

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

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

<u>Year</u>	<u>Principal Amount to be Redeemed</u>
2017	\$ 120,000
2018	120,000

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

The School District's overall legal debt margin was \$ 34,361,054 and the unvoted legal debt margin was \$ 764,004 at June 30, 2008. Principal and interest requirements to retire long-term obligations outstanding at June 30, 2008, are as follows:

Year ending June 30,	General Obligation Bonds		Capital Appreciation Bonds	
	Principal	Interest	Principal	Interest
2009	\$ 1,665,000	\$ 1,491,626	\$ 228,855	\$ 242,070
2010	280,000	1,448,850	455,877	1,475,049
2011	660,000	1,524,738	214,549	1,252,451
2012	685,000	1,502,163	180,694	1,284,306
2013	410,000	54,975	325,609	2,871,641
2014-2018	8,475,000	5,112,650	259,341	2,937,910
2019-2023	11,845,000	4,128,346	-	-
2024-2027	11,400,000	1,100,875	-	-
	\$ 35,420,000	\$ 16,364,223	\$ 1,664,925	\$ 10,063,427

AVON LAKE CITY SCHOOL DISTRICT
LORAIN COUNTY
NOTES TO THE BASIC FINANCIAL STATEMENTS
FOR THE YEAR ENDED JUNE 30, 2008
(CONTINUED)

NOTE 14 - LONG-TERM OBLIGATIONS (continued)

Year ending June 30,	Energy Conservation Notes		Total	
	Principal	Interest	Principal	Interest
2009	\$ 195,000	\$ 29,604	\$ 2,088,855	\$ 1,763,300
2010	200,000	21,850	935,877	2,945,749
2011	210,000	13,545	1,084,549	2,790,734
2012	220,000	4,620	1,085,694	2,791,089
2013	-	-	735,609	2,926,616
2014-2018	-	-	8,734,341	8,050,560
2019-2023	-	-	11,845,000	4,128,346
2024-2027	-	-	11,400,000	1,100,875
	<u>\$ 825,000</u>	<u>\$ 69,619</u>	<u>\$ 37,909,925</u>	<u>\$ 26,497,269</u>

NOTE 15 - JOINTLY GOVERNED ORGANIZATIONS

A. LAKE ERIE EDUCATIONAL COMPUTER ASSOCIATION (LEECA)

The Lake Erie Educational Computer Association (LEECA) is a jointly governed organization among thirty-one school districts. The organization was formed for the purpose of applying modern technology with the aid of computers and other electronic equipment to administrative and instructional functions among member districts. Each of the governments of these schools supports LEECA based upon a per pupil charge dependent upon the software package utilized. The LEECA assembly consists of a superintendent or designated representative from each participating school district and a representative from the fiscal agent. LEECA is governed by a Board of Directors chosen from the general membership of the LEECA assembly. The Board of Directors consists of a representative from the fiscal agent, the chairman of each of the operating committees, and at least one Assembly member from each county in which the participating school districts are located. The degree of control exercised by any participating school district is limited to its representation on the Board. The School District paid \$ 67,470 for services during fiscal year 2008. Financial information can be obtained by contacting the Treasurer at the Educational Service Center at the Lorain County Board of Education, who serves as the fiscal agent, at 1885 Lake Avenue, Elyria, Ohio, 44035.

AVON LAKE CITY SCHOOL DISTRICT
LORAIN COUNTY
NOTES TO THE BASIC FINANCIAL STATEMENTS
FOR THE YEAR ENDED JUNE 30, 2008
(CONTINUED)

NOTE 15 - JOINTLY GOVERNED ORGANIZATIONS (continued)

B. LAKE ERIE REGIONAL COUNCIL OF GOVERNMENTS (LERC)

The Lake Erie Regional Council of Governments (LERC) is a jointly governed organization among 14 school districts. The organization was formed for the purpose of promoting cooperative agreements and activities among its members in dealing with problems of mutual concern such as a media center, gas consumption, drivers' education, food service and insurance. Each member provides operating resources to LERC on a per pupil or actual usage charge except for insurance.

The LERC assembly consists of a superintendent or designated representative from each participating school district and the fiscal agent. LERC is governed by a Board of Directors chosen from the general membership. The degree of control exercised by any participating school district is limited to its representation on the Board. In fiscal year 2008, the School District did not make any payments to LERC. Financial information can be obtained by contacting the Treasurer at the Educational Service Center at the Lorain County Board of Education at 1885 Lake Avenue, Elyria, Ohio, 44035.

C. LORAIN COUNTY JOINT VOCATIONAL SCHOOL DISTRICT

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

D. OHIO SCHOOLS COUNCIL ASSOCIATION

The Ohio Schools Council Association (Council) is a jointly governed organization among ninety-one school districts. The organization was formed to purchase quality products and services at the lowest possible cost to the member districts. Each district supports the Council by paying an annual participation fee. The Council's Board consists of seven superintendents of the participating districts whose term rotates every year. The degree of control exercised by any school district is limited to its representation on the Board. In fiscal year 2008, the School District paid \$ 832 to the Council. Financial information can be obtained by contacting David A. Cottrell, the Executive Director/Treasurer of the Ohio Schools Council at 6133 Rockside Road, Suite 10, Independence, Ohio, 44131.

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

Electricity Program

In 2005, Energy Acquisition Corporation II, a non-profit corporation with a self-appointing board, issued \$ 246,355,000,000 in bonds and on the same date an electricity prepayment of \$ 241,685,363 covering the period May 2005 through December 2008 was made by Energy Acquisition Corporation II on behalf of 249 Ohio school districts and county boards of mental retardation and developmental disabilities (MR/DD) to the supplier, First Energy, Inc. This created a program for the Ohio Schools Council called Energy for Education II. The Council provides 238 school districts and 11 MR/DD boards in the First Energy territory (Cleveland Electric Illuminating, Ohio Edison, Toledo Edison) the ability to purchase electricity at reduced rates if the school district committed to participating in either a thirty-six month (Cleveland Electric Illuminating Company) or a forty-four month (Ohio Edison and Toledo Edison) program beginning either May 1, 2005 or January 1, 2006 and ending December 31, 2008. Each month, the Council invoices participants based on estimated usage that was determined when the program was established. Each September, these estimated payments are compared to their actual usage for the year (July to June). Refund checks are issued to districts that consumed less than their projected usage of electrical energy and districts that over-consumed are invoiced. A trustee uses the payments to make principal and interest payments on the bonds. If a participating school district terminates its agreement, the district is required to repay the savings to First Energy and First Energy will refund the remaining prepayment for that participant to Energy Acquisition Corporation II to be used to redeem a portion of the outstanding bonds.

AVON LAKE CITY SCHOOL DISTRICT
LORAIN COUNTY
NOTES TO THE BASIC FINANCIAL STATEMENTS
FOR THE YEAR ENDED JUNE 30, 2008
(CONTINUED)

NOTE 15 - JOINTLY GOVERNED ORGANIZATIONS (continued)

D. OHIO SCHOOLS COUNCIL ASSOCIATION (continued)

Prepaid/Natural Gas Program

The Ohio Schools Council entered into a contract with CMS Energy Corporation, of Jackson, Michigan in 1999 to supply natural gas to participating school districts for 12 years. Under the agreement, the City of Hamilton, Ohio prepaid CMS for 44 billion cubic feet of gas to be delivered from November 1, 1999 to October 31, 2011 by issuing \$89,450,000 in bonds. This transaction locked in a twelve-year firm supply of natural gas at favorable market rates for the benefit of all participants. In August 2006 CMS Energy Corporation opted to no longer participate in the prepaid gas program and defeased the outstanding bonds. \$58,455,232 was placed on deposit with US Bank a sufficient amount of government securities to pay off all the outstanding bonds as they come due through November 2011. This prepaid gas program was terminated during fiscal year 2007. An interim supply agreement was approved with Exelon Energy for one year beginning August 2006 that was renewed in October 2007 and is effective until August 31, 2008.

The Council provides participating school districts the ability to purchase natural gas at reduced rates, if the school districts will commit to participating for a twelve year period. There are currently 137 districts 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 beginning in September until the credits are exhausted and districts that did not pay enough on estimated billings are invoiced for the difference on the September monthly estimated billing.

NOTE 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 2008, expenditures for operating leases totaled \$ 1,380.

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, 2008.

Year ending	Amount
June 30,	
2009	\$ 1,380
2010	1,380
2011	1,380
2012	345
Total minimum lease payments	<u>\$ 4,485</u>

AVON LAKE CITY SCHOOL DISTRICT
LORAIN COUNTY
NOTES TO THE BASIC FINANCIAL STATEMENTS
FOR THE YEAR ENDED JUNE 30, 2008
(CONTINUED)

NOTE 18 - CONTINGENCIES

The School District received financial assistance from federal and State agencies in the form of grants. The disbursements of funds received under these programs generally require compliance with terms and conditions specified in the grant agreements and are subject to audit by the grantor agencies. Any disallowed claims resulting from such audits could become a liability of the general fund or other applicable funds. However, in the opinion of management, any such disallowed claims will not have a material adverse effect on the overall financial position of the School District at June 30, 2008.

NOTE 19 - SET-ASIDES

The School District is required by State statute to annually set aside in the general fund an amount based on a statutory formula for the purchase of textbooks and other instruction materials and an equal amount for the acquisition and construction of capital improvements. Amounts not spent by fiscal year end or offset by similarly restricted resources received during the fiscal year must be held in cash at fiscal year end. These amounts must be carried forward to be used for the same purposes in future fiscal years. In prior fiscal years, the School District was also required to set aside money for budget stabilization. At June 30, 2008, only the unspent portion of certain worker's compensation refunds continues to be set aside for budget stabilization.

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

	Textbooks/ Instructional Materials	Budget Stabilization Reserve	Capital Improvements Reserve
Set-aside reserve balance, June 30, 2007	\$ (286,764)	\$ 113,990	\$ -
Current year set-aside requirements	573,582	-	573,582
Qualifying disbursements	(951,645)	-	(1,357,178)
Total	<u>\$ (664,827)</u>	<u>\$ 113,990</u>	<u>\$ (783,596)</u>
Set-aside balance carried forward to future fiscal years	<u>\$ 664,827</u>	<u>\$ -</u>	<u>\$ -</u>
Set-aside reserve balance as of June 30, 2008	<u>\$ -</u>	<u>\$ 113,990</u>	<u>\$ -</u>

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

NOTE 20 – COMPLIANCE AND ACCOUNTABILITY

A. DEFICIT FUND BALANCE

Not apparent in the basic financial statements is a deficit fund balance in the Drug Free Schools Fund of \$ 935. This deficit results from reflecting expenditures in accordance with the modified accrual basis of accounting, which are larger than amounts recognized on the budget basis. The General Fund is liable for the deficit and provides transfers when cash is required, not when accruals occur.

B. CHANGE IN ACCOUNTING PRINCIPLE

For fiscal year 2008, the District has implemented GASB Statement No. 45, "Accounting and Financial Reporting for Postemployment Benefits Other than Pensions". GASB Statement No. 45 establishes uniform standards of financial reporting for other postemployment benefits and increases the usefulness and improves the faithfulness of representations in the financial reports. The implementation of GASB Statement No. 45 did not have an effect on the financial statements of the District; however, certain disclosures related to postemployment benefits (see Note 11) have been modified to conform to the new reporting requirements.

Combining
and
Individual Fund Statements
and Schedules

Fund Descriptions – Nonmajor Governmental Funds

Nonmajor Special Revenue Funds

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

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

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

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

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

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

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

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

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

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

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

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

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

School Net Plus – Grade 8 Fund To account for State monies used to provide computer workstations in Grade 8 classrooms.

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

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

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

(continued)

Fund Descriptions – Nonmajor Governmental Funds

Nonmajor Special Revenue Funds (continued)

Title 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.

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

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

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

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

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

Nonmajor Debt Service Fund

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

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

Nonmajor Capital Projects Funds

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

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

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

AVON LAKE CITY SCHOOL DISTRICT
 COMBINING BALANCE SHEET
 NONMAJOR GOVERNMENTAL FUNDS
 JUNE 30, 2008

	Nonmajor Special Revenue Funds	Nonmajor Debt Service Funds	Nonmajor Capital Projects Funds	Total Nonmajor Governmental Funds
Assets				
Equity in pooled cash	\$ 798,130	\$ 486,824	\$ 1,022,614	\$ 2,307,568
Receivables, net of allowance				
Taxes, current	-	1,249,427	594,446	1,843,873
Taxes, delinquent	-	11,100	6,200	17,300
Intergovernmental receivable	-	94,548	78,790	173,338
Inventories and supplies	15,481	-	-	15,481
Total assets	<u>\$ 813,611</u>	<u>\$ 1,841,899</u>	<u>\$ 1,702,050</u>	<u>\$ 4,357,560</u>
Liabilities and fund balances				
Liabilities				
Accounts and contracts payable	\$ 21,006	\$ -	\$ 175,545	\$ 196,551
Accrued wages and benefits	58,445	-	-	58,445
Intergovernmental payable	44,650	-	-	44,650
Unearned revenue	-	1,232,012	625,981	1,857,993
Matured compensated absences payable	6,349	-	-	6,349
Total liabilities	<u>130,450</u>	<u>1,232,012</u>	<u>801,526</u>	<u>2,163,988</u>
Fund balances				
Reserved for inventories and supplies	15,481	-	-	15,481
Reserved for encumbrances	268,526	-	283,095	551,621
Reserved for property taxes	-	123,063	53,455	176,518
Unreserved	399,154	486,824	563,974	1,449,952
Total fund balances	<u>683,161</u>	<u>609,887</u>	<u>900,524</u>	<u>2,193,572</u>
Total liabilities and fund balances	<u>\$ 813,611</u>	<u>\$ 1,841,899</u>	<u>\$ 1,702,050</u>	<u>\$ 4,357,560</u>

AVON LAKE CITY SCHOOL DISTRICT
 COMBINING STATEMENT OF REVENUES, EXPENDITURES AND CHANGES IN FUND BALANCES
 NONMAJOR GOVERNMENTAL FUNDS
 FOR THE YEAR ENDED JUNE 30, 2008

	Nonmajor Special Funds	Nonmajor Debt Service Funds	Nonmajor Capital Projects Funds	Total Nonmajor Governmental Funds
Revenues				
Taxes	\$ -	\$ 140,987	\$ 589,605	\$ 730,592
Tuition and fees	20,564	-	-	20,564
Interest	9,771	-	50,558	60,329
Intergovernmental	1,358,414	42,646	184,561	1,585,621
Extracurricular	342,326	-	-	342,326
Charges for services	866,132	-	-	866,132
Other	185,261	-	257,525	442,786
Total revenues	2,782,468	183,633	1,082,249	4,048,350
Expenditures				
Current				
Instruction				
Regular	96,308	-	167,622	263,930
Special	232,608	-	-	232,608
Supporting services				
Pupil	562,927	-	-	562,927
Instructional staff	73,523	-	-	73,523
Administration	61,064	-	-	61,064
Fiscal services	-	3,887	10,526	14,413
Operation and maintenance	2,504	-	192,405	194,909
Pupil transportation	165	-	171,473	171,638
Central services	2,970	-	-	2,970
Operation of non-instructional services				
Food service operation	1,045,573	-	-	1,045,573
Community services	340,386	-	-	340,386
Extracurricular activities	386,957	-	-	386,957
Capital outlay	-	-	459,960	459,960
Debt service				
Principal	-	265,000	51,069	316,069
Interest	-	48,488	-	48,488
Total expenditures	2,804,985	317,375	1,053,055	4,175,415
Excess (deficiency) of revenues over expenditures	(22,517)	(133,742)	29,194	(127,065)
Other financing sources (uses)				
Transfers-out	-	-	(295,000)	(295,000)
Total other financing sources (uses)	-	-	(295,000)	(295,000)
Net change in fund balances	(22,517)	(133,742)	(265,806)	(422,065)
Fund balances, beginning of year	705,678	743,629	1,166,330	2,615,637
Fund balances, end of year	\$ 683,161	\$ 609,887	\$ 900,524	\$ 2,193,572

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AVON LAKE CITY SCHOOL DISTRICT
 COMBINING BALANCE SHEET
 NONMAJOR SPECIAL REVENUE FUNDS
 JUNE 30, 2008

	Food Service	Scholarship	Michael Baumhauer Scholarship	Adult Education	Public School Support
Assets					
Equity in pooled cash	\$ 138,854	\$ 30,189	\$ 14,027	\$ 5,495	\$ 94,013
Inventories and supplies	15,481	-	-	-	-
Total assets	<u>\$ 154,335</u>	<u>\$ 30,189</u>	<u>\$ 14,027</u>	<u>\$ 5,495</u>	<u>\$ 94,013</u>
Liabilities and fund balances					
Liabilities					
Accounts and contracts payable	\$ -	\$ -	\$ -	\$ -	\$ 6,205
Accrued wages and benefits	40,745	-	-	-	-
Intergovernmental payable	37,863	-	-	-	-
Matured compensated absences payable	6,349	-	-	-	-
Total liabilities	<u>84,957</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>6,205</u>
Fund balances					
Reserved for inventories and supplies	15,481	-	-	-	-
Reserved for encumbrances	-	-	-	-	7,745
Unreserved	53,897	30,189	14,027	5,495	80,063
Total fund balances	<u>69,378</u>	<u>30,189</u>	<u>14,027</u>	<u>5,495</u>	<u>87,808</u>
Total liabilities and fund balances	<u>\$ 154,335</u>	<u>\$ 30,189</u>	<u>\$ 14,027</u>	<u>\$ 5,495</u>	<u>\$ 94,013</u>

<u>Local Grants</u>	<u>Athletics</u>	<u>Auxiliary Services</u>	<u>Management Information Systems</u>	<u>Entry Year Programs</u>	<u>Data Communications</u>	<u>School Net Development</u>
\$ 286,661	\$ 115,112	\$ 33,016	\$ -	\$ -	\$ 4,930	\$ -
-	-	-	-	-	-	-
<u>\$ 286,661</u>	<u>\$ 115,112</u>	<u>\$ 33,016</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ 4,930</u>	<u>\$ -</u>
\$ 6,672	\$ 5,828	\$ 1,366	\$ -	\$ -	\$ -	\$ -
-	-	16,096	-	-	-	-
-	1,275	483	-	-	4,930	-
-	-	-	-	-	-	-
<u>6,672</u>	<u>7,103</u>	<u>17,945</u>	<u>-</u>	<u>-</u>	<u>4,930</u>	<u>-</u>
-	-	-	-	-	-	-
223,096	8,250	7,251	-	-	-	-
<u>56,893</u>	<u>99,759</u>	<u>7,820</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>
<u>279,989</u>	<u>108,009</u>	<u>15,071</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>
<u>\$ 286,661</u>	<u>\$ 115,112</u>	<u>\$ 33,016</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ 4,930</u>	<u>\$ -</u>

(continued)

AVON LAKE CITY SCHOOL DISTRICT
 COMBINING BALANCE SHEET
 NONMAJOR SPECIAL REVENUE FUNDS
 JUNE 30, 2008
 (CONCLUDED)

	SchoolNet Plus -Grade 8	Alternative Schools	Miscellaneous State Grants	Title VI-B	Title I
Assets					
Equity in pooled cash	\$ 21,730	\$ -	\$ -	\$ 54,103	\$ -
Inventories and supplies	-	-	-	-	-
Total assets	\$ 21,730	\$ -	\$ -	\$ 54,103	\$ -
Liabilities and fund balances					
Liabilities					
Accounts and contracts payable	\$ -	\$ -	\$ -	\$ -	\$ -
Accrued wages and benefits	-	-	-	1,604	-
Intergovernmental payable	-	-	-	99	-
Matured compensated absences payable	-	-	-	-	-
Total liabilities	-	-	-	1,703	-
Fund balances					
Reserved for inventories and supplies	-	-	-	-	-
Reserved for encumbrances	-	-	-	22,184	-
Unreserved	21,730	-	-	30,216	-
Total fund balances	21,730	-	-	52,400	-
Total liabilities and fund balances	\$ 21,730	\$ -	\$ -	\$ 54,103	\$ -

<u>Title V</u>	<u>Drug Free Schools</u>	<u>Early Childhood Education Development</u>	<u>Class Size Reduction</u>	<u>Miscellaneous Federal Grants</u>	<u>Total Nonmajor Special Revenue Funds</u>
\$ -	\$ -	\$ -	\$ -	\$ -	\$ 798,130
-	-	-	-	-	15,481
<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ 813,611</u>
\$ -	\$ 935	\$ -	\$ -	\$ -	\$ 21,006
-	-	-	-	-	58,445
-	-	-	-	-	44,650
-	-	-	-	-	6,349
<u>-</u>	<u>935</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>130,450</u>
-	-	-	-	-	15,481
-	-	-	-	-	268,526
-	(935)	-	-	-	399,154
<u>-</u>	<u>(935)</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>683,161</u>
<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ 813,611</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, 2008

	Food Service	Scholarship	Michael Baumhauer Scholarship	Adult Education	Public School Support
Revenues					
Tuition and fees	\$ -	\$ -	\$ -	\$ 355	\$ 1,761
Interest	6,188	860	419	-	-
Intergovernmental	175,825	-	-	-	-
Extracurricular	-	-	-	-	35,442
Charges for services	866,132	-	-	-	-
Other	-	4,590	1,020	-	76,767
Total revenues	<u>1,048,145</u>	<u>5,450</u>	<u>1,439</u>	<u>355</u>	<u>113,970</u>
Expenditures					
Current					
Instruction					
Regular	-	1,059	-	-	210
Special	-	-	-	-	2,354
Supporting services					
Pupil	-	-	-	-	108,455
Instructional staff	-	-	-	-	-
Administration	-	-	-	-	-
Operation and maintenance	-	-	-	-	-
Pupil transportation	-	-	-	-	-
Central services	-	-	-	-	-
Operation of non-instructional services					
Food service operation	1,045,573	-	-	-	-
Community services	-	1,000	1,425	-	-
Extracurricular activities	-	-	-	-	11,584
Total expenditures	<u>1,045,573</u>	<u>2,059</u>	<u>1,425</u>	<u>-</u>	<u>122,603</u>
Net change in fund balances	2,572	3,391	14	355	(8,633)
Fund balances, beginning of year	<u>66,806</u>	<u>26,798</u>	<u>14,013</u>	<u>5,140</u>	<u>96,441</u>
Fund balances, end of year	<u>\$ 69,378</u>	<u>\$ 30,189</u>	<u>\$ 14,027</u>	<u>\$ 5,495</u>	<u>\$ 87,808</u>

Local Grants	Athletics	Auxiliary Services	Management Information Systems	Entry Year Programs	Data Communications	School Net Development
\$ 18,448	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -
-	-	2,304	-	-	-	-
-	-	224,796	12,523	5,600	21,000	2,970
-	306,884	-	-	-	-	-
-	-	-	-	-	-	-
80,051	22,833	-	-	-	-	-
<u>98,499</u>	<u>329,717</u>	<u>227,100</u>	<u>12,523</u>	<u>5,600</u>	<u>21,000</u>	<u>2,970</u>
36,515	-	-	-	5,600	-	-
17	-	-	-	-	-	-
-	-	-	-	-	-	-
-	-	-	-	-	21,000	-
9,000	-	-	12,523	-	-	-
-	-	-	-	-	-	-
-	-	-	-	-	-	-
-	-	-	-	-	-	2,970
-	-	-	-	-	-	-
-	-	304,429	-	-	-	-
8,606	366,767	-	-	-	-	-
<u>54,138</u>	<u>366,767</u>	<u>304,429</u>	<u>12,523</u>	<u>5,600</u>	<u>21,000</u>	<u>2,970</u>
44,361	(37,050)	(77,329)	-	-	-	-
<u>235,628</u>	<u>145,059</u>	<u>92,400</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>
<u>\$ 279,989</u>	<u>\$ 108,009</u>	<u>\$ 15,071</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>

(continued)

AVON LAKE CITY SCHOOL DISTRICT
 COMBINING STATEMENT OF REVENUES, EXPENDITURES AND CHANGES IN FUND BALANCES
 NONMAJOR SPECIAL REVENUE FUNDS
 FOR THE YEAR ENDED JUNE 30, 2008

(CONCLUDED)

	SchoolNet	Alternative	Miscellaneous		
	Plus -Grade 8	Schools	State Grants	Title VI-B	Title I
Revenues					
Tuition and fees	\$ -	\$ -	\$ -	\$ -	\$ -
Interest	-	-	-	-	-
Intergovernmental	21,730	34,591	9,651	680,327	65,532
Extracurricular	-	-	-	-	-
Charges for services	-	-	-	-	-
Other	-	-	-	-	-
Total revenues	<u>21,730</u>	<u>34,591</u>	<u>9,651</u>	<u>680,327</u>	<u>65,532</u>
Expenditures					
Current					
Instruction					
Regular	-	3,077	2,349	-	-
Special	-	31,689	-	133,016	65,532
Supporting services					
Pupil	-	876	8,311	440,592	-
Instructional staff	-	1,004	991	-	-
Administration	-	1,730	-	37,811	-
Operation and maintenance	-	-	-	-	-
Pupil transportation	-	165	-	-	-
Central services	-	-	-	-	-
Operation of non-instructional services					
Food service operation	-	-	-	-	-
Community services	-	-	-	32,958	-
Extracurricular activities	-	-	-	-	-
Total expenditures	<u>-</u>	<u>38,541</u>	<u>11,651</u>	<u>644,377</u>	<u>65,532</u>
Net change in fund balances	21,730	(3,950)	(2,000)	35,950	-
Fund balances, beginning of year	<u>-</u>	<u>3,950</u>	<u>2,000</u>	<u>16,450</u>	<u>-</u>
Fund balances, end of year	<u>\$ 21,730</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ 52,400</u>	<u>\$ -</u>

Title V	Drug Free Schools	Early Childhood Education Development	Class Size Reduction	Miscellaneous Federal Grants	Total Nonmajor Special Revenue Funds
\$ -	\$ -	\$ -	\$ -	\$ -	\$ 20,564
-	-	-	-	-	9,771
8,394	6,262	22,125	66,433	655	1,358,414
-	-	-	-	-	342,326
-	-	-	-	-	866,132
-	-	-	-	-	185,261
<u>8,394</u>	<u>6,262</u>	<u>22,125</u>	<u>66,433</u>	<u>655</u>	<u>2,782,468</u>
493	-	-	47,005	-	96,308
-	-	-	-	-	232,608
-	4,693	-	-	-	562,927
7,873	-	22,625	19,428	602	73,523
-	-	-	-	-	61,064
-	2,504	-	-	-	2,504
-	-	-	-	-	165
-	-	-	-	-	2,970
-	-	-	-	-	1,045,573
521	-	-	-	53	340,386
-	-	-	-	-	386,957
<u>8,887</u>	<u>7,197</u>	<u>22,625</u>	<u>66,433</u>	<u>655</u>	<u>2,804,985</u>
(493)	(935)	(500)	-	-	(22,517)
<u>493</u>	<u>-</u>	<u>500</u>	<u>-</u>	<u>-</u>	<u>705,678</u>
<u>\$ -</u>	<u>\$ (935)</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ 683,161</u>

AVON LAKE CITY SCHOOL DISTRICT
 COMBINING BALANCE SHEET
 NONMAJOR CAPITAL PROJECTS FUNDS
 JUNE 30, 2008

	Permanent Improvements	Building Improvements	Total Capital Projects
Assets			
Equity in pooled cash	\$ 451,960	\$ 570,654	\$ 1,022,614
Receivables, net of allowance			
Taxes, current	594,446	-	594,446
Taxes, delinquent	6,200	-	6,200
Intergovernmental receivable	78,790	-	78,790
Total assets	\$ 1,131,396	\$ 570,654	\$ 1,702,050
Liabilities and fund balances			
Liabilities			
Accounts and contracts payable	\$ 10,218	\$ 165,327	\$ 175,545
Unearned revenue	625,981	-	625,981
Total liabilities	636,199	165,327	801,526
Fund balances			
Reserved for encumbrances	40,412	242,683	283,095
Reserved for property taxes	53,455	-	53,455
Unreserved	401,330	162,644	563,974
Total fund balances	495,197	405,327	900,524
Total liabilities and fund balances	\$ 1,131,396	\$ 570,654	\$ 1,702,050

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, 2008

	Permanent Improvements	Building Improvements	Total Capital Projects
Revenues			
Taxes	\$ 589,605	\$ -	\$ 589,605
Interest	-	50,558	50,558
Intergovernmental	184,561	-	184,561
Miscellaneous	-	257,525	257,525
Total revenues	<u>774,166</u>	<u>308,083</u>	<u>1,082,249</u>
Expenditures			
Current			
Instruction			
Regular	22,881	144,741	167,622
Supporting services			
Fiscal services	10,526	-	10,526
Operation and maintenance	192,405	-	192,405
Pupil transportation	171,473	-	171,473
Capital outlay	11,497	448,463	459,960
Debt service			
Principal	-	51,069	51,069
Total expenditures	<u>408,782</u>	<u>644,273</u>	<u>1,053,055</u>
Excess (deficiency) of revenues over expenditures	<u>365,384</u>	<u>(336,190)</u>	<u>29,194</u>
Other financing sources (uses)			
Transfers-out	<u>(295,000)</u>	<u>-</u>	<u>(295,000)</u>
Total other financing sources (uses)	<u>(295,000)</u>	<u>-</u>	<u>(295,000)</u>
Net change in fund balances	70,384	(336,190)	(265,806)
Fund balances, beginning of year	<u>424,813</u>	<u>741,517</u>	<u>1,166,330</u>
Fund balances, end of year	<u>\$ 495,197</u>	<u>\$ 405,327</u>	<u>\$ 900,524</u>

Fund Descriptions

Agency Funds

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

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

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

AVON LAKE CITY SCHOOL DISTRICT
 COMBINING STATEMENT OF CHANGES IN ASSETS AND LIABILITIES
 ALL AGENCY FUNDS
 FOR THE YEAR ENDED JUNE 30, 2008

	Student Activities Fund			
	Beginning Balance	Additions	Deductions	Ending Balance
	June 30, 2007			June 30, 2008
Assets				
Equity in pooled cash	\$ 151,068	\$ 226,781	\$ 222,077	\$ 155,772
Total assets	\$ 151,068	\$ 226,781	\$ 222,077	\$ 155,772
Liabilities				
Accounts payable	\$ 3,568	\$ 1,915	\$ 3,568	\$ 1,915
Due to students	147,500	224,866	218,509	153,857
Total liabilities	\$ 151,068	\$ 226,781	\$ 222,077	\$ 155,772

	Staff Services Fund			
	Beginning Balance	Additions	Deductions	Ending Balance
	June 30, 2007			June 30, 2008
Assets				
Equity in pooled cash	\$ 3,871	\$ 2,170	\$ 2,420	\$ 3,621
Total assets	\$ 3,871	\$ 2,170	\$ 2,420	\$ 3,621
Liabilities				
Due to others	\$ 3,871	\$ 2,170	\$ 2,420	\$ 3,621
Total liabilities	\$ 3,871	\$ 2,170	\$ 2,420	\$ 3,621

	Total Agency Funds			
	Beginning Balance	Additions	Deductions	Ending Balance
	June 30, 2007			June 30, 2008
Assets				
Equity in pooled cash	\$ 154,939	\$ 228,951	\$ 224,497	\$ 159,393
Total assets	154,939	228,951	224,497	159,393
Liabilities				
Accounts payable	\$ 3,568	\$ 1,915	\$ 3,568	\$ 1,915
Due to students	147,500	224,866	218,509	153,857
Due to others	3,871	2,170	2,420	3,621
Total liabilities	\$ 154,939	\$ 228,951	\$ 224,497	\$ 159,393

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, 2008

	General Fund			Variance with Final Budget Positive (Negative)
	Budget Amounts		Actual	
	Original	Final		
Revenues				
Taxes	\$ 27,026,026	\$ 27,338,383	\$ 27,289,147	\$ (49,236)
Tuition and fees	368,183	372,438	371,767	(671)
Interest	911,643	922,179	920,518	(1,661)
Intergovernmental	8,689,212	8,789,639	8,773,809	(15,830)
Extracurricular	188,560	190,739	190,395	(344)
Miscellaneous	60,959	61,664	61,553	(111)
Total revenues	<u>37,244,583</u>	<u>37,675,042</u>	<u>37,607,189</u>	<u>(67,853)</u>
Expenditures				
Current				
Instruction				
Regular				
Salaries	11,745,352	11,678,790	11,179,438	499,352
Benefits	3,706,506	3,685,501	3,527,919	157,582
Purchased services	996,462	990,815	948,451	42,364
Materials and supplies	668,306	664,519	636,106	28,413
Capital outlay	1,419,950	1,411,903	1,351,534	60,369
Total regular	<u>18,536,576</u>	<u>18,431,528</u>	<u>17,643,448</u>	<u>788,080</u>
Special				
Salaries	1,751,326	1,741,401	1,666,944	74,457
Benefits	558,926	555,759	531,996	23,763
Purchased services	276	274	262	12
Materials and supplies	11,965	11,897	11,388	509
Capital outlay	287	285	273	12
Total special	<u>2,322,780</u>	<u>2,309,616</u>	<u>2,210,863</u>	<u>98,753</u>
Vocational				
Salaries	153,274	152,405	145,889	6,516
Benefits	52,317	52,021	49,797	2,224
Purchased services	1,051	1,045	1,000	45
Total vocational	<u>206,642</u>	<u>205,471</u>	<u>196,686</u>	<u>8,785</u>
Adult/continuing				
Salaries	13,119	13,045	12,487	558
Benefits	256	255	244	11
Total adult/continuing	<u>13,375</u>	<u>13,300</u>	<u>12,731</u>	<u>569</u>
Other				
Salaries	106,928	106,322	101,776	4,546
Benefits	17,363	17,265	16,527	738
Purchased services	282,086	280,487	268,494	11,993
Other	557,648	554,488	530,780	23,708
Total other instruction	<u>964,025</u>	<u>958,562</u>	<u>917,577</u>	<u>40,985</u>
Total instruction	<u>22,043,398</u>	<u>21,918,477</u>	<u>20,981,305</u>	<u>937,172</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, 2008

	General Fund			Variance with Final Budget Positive (Negative)
	Budget Amounts		Actual	
	Original	Final		
Supporting services				
Pupil				
Salaries	1,713,740	1,704,028	1,631,169	72,859
Benefits	533,153	530,132	507,465	22,667
Purchased services	117,480	116,814	111,819	4,995
Capital outlay	1,751	1,741	1,667	74
Total pupil	<u>2,366,124</u>	<u>2,352,715</u>	<u>2,252,120</u>	<u>100,595</u>
Instructional staff				
Salaries	510,298	507,406	485,711	21,695
Benefits	180,826	179,801	172,113	7,688
Purchased services	20,400	20,284	19,417	867
Materials and supplies	70,697	70,296	67,290	3,006
Capital outlay	2,753	2,737	2,620	117
Total instructional staff	<u>784,974</u>	<u>780,524</u>	<u>747,151</u>	<u>33,373</u>
Board of education				
Salaries	7,092	7,052	6,750	302
Benefits	962	957	916	41
Purchased services	12,138	12,069	11,553	516
Other	6,172	6,137	5,875	262
Total business	<u>26,364</u>	<u>26,215</u>	<u>25,094</u>	<u>1,121</u>
Administration				
Salaries	1,811,026	1,800,763	1,723,767	76,996
Benefits	737,178	733,000	701,659	31,341
Purchased services	314,873	313,089	299,702	13,387
Materials and supplies	56,308	55,989	53,595	2,394
Capital outlay	16,696	16,601	15,891	710
Other	59,565	59,227	56,695	2,532
Total administration	<u>2,995,646</u>	<u>2,978,669</u>	<u>2,851,309</u>	<u>127,360</u>
Fiscal				
Salaries	299,844	298,145	285,397	12,748
Benefits	122,160	121,468	116,274	5,194
Purchased services	38,358	38,141	36,510	1,631
Materials and supplies	8,211	8,164	7,815	349
Capital outlay	185	184	176	8
Other	525,855	522,875	500,518	22,357
Total fiscal	<u>994,613</u>	<u>988,977</u>	<u>946,690</u>	<u>42,287</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, 2008

	General Fund			Variance with Final Budget Positive (Negative)
	Budget Amounts		Actual	
	Original	Final		
Business				
Salaries	61,603	61,254	58,635	2,619
Benefits	28,996	28,832	27,599	1,233
Purchased services	73,173	72,758	69,647	3,111
Total fiscal	<u>163,772</u>	<u>162,844</u>	<u>155,881</u>	<u>6,963</u>
Operation and maintenance				
Salaries	1,556,036	1,547,218	1,481,063	66,155
Benefits	554,816	551,672	528,084	23,588
Purchased services	2,009,587	1,998,199	1,912,762	85,437
Materials and supplies	342,651	340,709	326,141	14,568
Capital outlay	131,296	130,552	124,970	5,582
Total operation and maintenance	<u>4,594,386</u>	<u>4,568,350</u>	<u>4,373,020</u>	<u>195,330</u>
Pupil transportation				
Salaries	903,723	898,602	860,180	38,422
Benefits	237,721	236,374	226,267	10,107
Purchased services	67,939	67,554	64,666	2,888
Materials and supplies	213,766	212,555	203,467	9,088
Capital outlay	45,699	45,440	43,497	1,943
Other	116	115	110	5
Total pupil transportation	<u>1,468,964</u>	<u>1,460,640</u>	<u>1,398,187</u>	<u>62,453</u>
Central services				
Purchased services	83,507	83,034	79,484	3,550
Capital outlay	294,287	292,619	280,107	12,512
Total central services	<u>377,794</u>	<u>375,653</u>	<u>359,591</u>	<u>16,062</u>
Total supporting services	<u>13,772,637</u>	<u>13,694,587</u>	<u>13,109,043</u>	<u>585,544</u>
Extracurricular activities				
Academic and subject oriented				
Salaries	60,348	60,006	57,440	2,566
Benefits	8,108	8,062	7,717	345
Purchased services	5,500	5,469	5,235	234
Materials and supplies	1,941	1,930	1,847	83
Total academic and subject oriented	<u>75,897</u>	<u>75,467</u>	<u>72,239</u>	<u>3,228</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, 2008

	(Concluded)		General Fund		Variance with Final Budget Positive (Negative)
	Budget Amounts		Actual		
	Original	Final			
Occupation oriented					
Salaries	1,307	1,300	1,244		56
Total occupation oriented	1,307	1,300	1,244		56
Sports oriented					
Salaries	522,564	519,603	497,386		22,217
Benefits	118,463	117,792	112,756		5,036
Purchased services	7,941	7,896	7,558		338
Capital outlay	2,467	2,453	2,348		105
Other	562	559	535		24
Total sports oriented	651,997	648,303	620,583		27,720
Co-curricular activities					
Salaries	46,193	45,931	43,967		1,964
Benefits	6,139	6,104	5,843		261
Total co-curricular activities	52,332	52,035	49,810		2,225
Total extracurricular activities	781,533	777,105	743,876		33,229
Capital outlay	60,936	60,591	58,000		2,591
Total expenditures	36,658,504	36,450,760	34,892,224		1,558,536
Excess (deficiency) of revenues over expenditures	586,079	1,224,282	2,714,965		1,490,683
Other financing sources (uses)					
Gain (loss) on sale of assets	-	1,793	14,766		12,973
Advances in	-	-	20,182		20,182
Refund of prior year expenditures	-	-	156,907		156,907
Transfers-out	-	(50,125)	(35,858)		14,267
Advances out	-	(200,125)	(20,182)		179,943
Total other financing sources (uses)	-	(248,457)	135,815		384,272
Net change in fund balance	586,079	975,825	2,850,780		1,874,955
Prior year encumbrances	2,389,916	2,389,916	2,389,916		-
Fund balances, beginning of year	6,500,723	6,500,723	6,500,723		-
Fund balances, end of year	<u>\$ 9,476,718</u>	<u>\$ 9,866,464</u>	<u>\$ 11,741,419</u>		<u>\$ 1,874,955</u>

AVON LAKE CITY SCHOOL DISTRICT
SCHEDULE OF REVENUES, EXPENDITURES AND CHANGES
IN FUND BALANCE – BUDGET (NON-GAAP) BASIS AND ACTUAL
FOR THE YEAR ENDED JUNE 30, 2008

	Bond Retirement Fund			Variance with Final Budget Positive (Negative)
	Budget Amounts		Actual	
	Original	Final		
Total revenues and other sources	\$ 3,426,673	\$ 3,880,441	\$ 3,858,632	\$ (21,809)
Total expenditures and other uses	3,644,238	3,689,238	3,685,516	3,722
Net change in fund balance	(217,565)	191,203	173,116	(18,087)
Prior year encumbrances	-	-	-	-
Fund balances, beginning of year	2,850,694	2,850,694	2,850,694	-
Fund balances, end of year	<u>\$ 2,633,129</u>	<u>\$ 3,041,897</u>	<u>\$ 3,023,810</u>	<u>\$ (18,087)</u>

	Food Service Fund			Variance with Final Budget Positive (Negative)
	Budget Amounts		Actual	
	Original	Final		
Total revenues and other sources	\$ 1,124,000	\$ 998,174	\$ 1,026,903	\$ 28,729
Total expenditures and other uses	939,471	1,020,471	996,056	24,415
Net change in fund balance	184,529	(22,297)	30,847	53,144
Prior year encumbrances	246	246	246	-
Fund balances, beginning of year	107,611	107,611	107,611	-
Fund balances, end of year	<u>\$ 292,386</u>	<u>\$ 85,560</u>	<u>\$ 138,704</u>	<u>\$ 53,144</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, 2008

	Scholarship Fund			Variance with Final Budget Positive (Negative)
	Budget Amounts		Actual	
	Original	Final		
Total revenues and other sources	\$ 10,000	\$ 5,575	\$ 5,450	\$ (125)
Total expenditures and other uses	1,500	2,500	2,059	441
Net change in fund balance	8,500	3,075	3,391	316
Prior year encumbrances	-	-	-	-
Fund balances, beginning of year	26,798	26,798	26,798	-
Fund balances, end of year	<u>\$ 35,298</u>	<u>\$ 29,873</u>	<u>\$ 30,189</u>	<u>\$ 316</u>

	Michael Baumhauer Scholarship Fund			Variance with Final Budget Positive (Negative)
	Budget Amounts		Actual	
	Original	Final		
Total revenues and other sources	\$ -	\$ 1,419	\$ 1,438	\$ 19
Total expenditures and other uses	4,312	4,312	1,574	2,738
Net change in fund balance	(4,312)	(2,893)	(136)	2,757
Prior year encumbrances	-	-	-	-
Fund balances, beginning of year	14,013	14,013	14,013	-
Fund balances, end of year	<u>\$ 9,701</u>	<u>\$ 11,120</u>	<u>\$ 13,877</u>	<u>\$ 2,757</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, 2008

	Adult Education Fund			Variance with Final Budget Positive (Negative)
	Budget Amounts		Actual	
	Original	Final		
Total revenues and other sources	\$ -	\$ 355	\$ 355	\$ -
Total expenditures and other uses	200	200	-	200
Net change in fund balance	(200)	155	355	200
Prior year encumbrances	-	-	-	-
Fund balances, beginning of year	5,140	5,140	5,140	-
Fund balances, end of year	<u>\$ 4,940</u>	<u>\$ 5,295</u>	<u>\$ 5,495</u>	<u>\$ 200</u>

	Public School Support Fund			Variance with Final Budget Positive (Negative)
	Budget Amounts		Actual	
	Original	Final		
Total revenues and other sources	\$ 120,000	\$ 113,762	\$ 113,969	\$ 207
Total expenditures and other uses	135,569	135,569	131,953	3,616
Net change in fund balance	(15,569)	(21,807)	(17,984)	3,823
Prior year encumbrances	12,819	12,819	12,819	-
Fund balances, beginning of year	85,228	85,228	85,228	-
Fund balances, end of year	<u>\$ 82,478</u>	<u>\$ 76,240</u>	<u>\$ 80,063</u>	<u>\$ 3,823</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, 2008

	Local Grants Fund			Variance with Final Budget Positive (Negative)
	Budget Amounts		Actual	
	Original	Final		
Total revenues and other sources	\$ 88,000	\$ 96,717	\$ 98,499	\$ 1,782
Total expenditures and other uses	53,075	290,175	282,821	7,354
Net change in fund balance	34,925	(193,458)	(184,322)	9,136
Prior year encumbrances	20,786	20,786	20,786	-
Fund balances, beginning of year	220,429	220,429	220,429	-
Fund balances, end of year	<u>\$ 276,140</u>	<u>\$ 47,757</u>	<u>\$ 56,893</u>	<u>\$ 9,136</u>

	Athletics Fund			Variance with Final Budget Positive (Negative)
	Budget Amounts		Actual	
	Original	Final		
Total revenues and other sources	\$ 310,000	\$ 324,237	\$ 329,807	\$ 5,570
Total expenditures and other uses	309,448	400,948	375,254	25,694
Net change in fund balance	552	(76,711)	(45,447)	31,264
Prior year encumbrances	32,586	32,586	32,586	-
Fund balances, beginning of year	114,880	114,880	114,880	-
Fund balances, end of year	<u>\$ 148,018</u>	<u>\$ 70,755</u>	<u>\$ 102,019</u>	<u>\$ 31,264</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, 2008

	Auxiliary Services Fund			Variance with Final Budget Positive (Negative)
	Budget Amounts		Actual	
	Original	Final		
Total revenues and other sources	\$ 260,000	\$ 227,000	\$ 227,099	\$ 99
Total expenditures and other uses	322,650	325,430	324,004	1,426
Net change in fund balance	(62,650)	(98,430)	(96,905)	1,525
Prior year encumbrances	105,069	105,069	105,069	-
Fund balances, beginning of year	16,235	16,235	16,235	-
Fund balances, end of year	<u>\$ 58,654</u>	<u>\$ 22,874</u>	<u>\$ 24,399</u>	<u>\$ 1,525</u>

	Management Information Systems Fund			Variance with Final Budget Positive (Negative)
	Budget Amounts		Actual	
	Original	Final		
Total revenues and other sources	\$ 12,000	\$ 12,523	\$ 12,523	\$ -
Total expenditures and other uses	12,000	12,523	12,523	-
Net change in fund balance	-	-	-	-
Prior year encumbrances	-	-	-	-
Fund balances, beginning of year	-	-	-	-
Fund balances, end of year	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>

AVON LAKE CITY SCHOOL DISTRICT
 SCHEDULE OF REVENUES, EXPENDITURES AND CHANGES
 IN FUND BALANCE – BUDGET (NON-GAAP) BASIS AND ACTUAL
 FOR THE YEAR ENDED JUNE 30, 2008

	Entry Year Programs Fund			Variance with Final Budget Positive (Negative)
	Budget Amounts		Actual	
	Original	Final		
Total revenues and other sources	\$ 5,600	\$ 5,600	\$ 5,600	\$ -
Total expenditures and other uses	5,600	5,600	5,600	-
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>

	Data Communications Fund			Variance with Final Budget Positive (Negative)
	Budget Amounts		Actual	
	Original	Final		
Total revenues and other sources	\$ 21,000	\$ 21,000	\$ 21,000	\$ -
Total expenditures and other uses	21,000	21,000	21,000	-
Net change in fund balance	-	-	-	-
Prior year encumbrances	-	-	-	-
Fund balances, beginning of year	-	-	-	-
Fund balances, end of year	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>

AVON LAKE CITY SCHOOL DISTRICT
SCHEDULE OF REVENUES, EXPENDITURES AND CHANGES
IN FUND BALANCE – BUDGET (NON-GAAP) BASIS AND ACTUAL
FOR THE YEAR ENDED JUNE 30, 2008

	School Net Development Fund			Variance with Final Budget Positive (Negative)
	Budget Amounts		Actual	
	Original	Final		
Total revenues and other sources	\$ 2,970	\$ 2,970	\$ 2,970	\$ -
Total expenditures and other uses	2,970	2,970	2,970	-
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>

	School Net Plus - Grade 8 Fund			Variance with Final Budget Positive (Negative)
	Budget Amounts		Actual	
	Original	Final		
Total revenues and other sources	\$ 21,730	\$ 21,730	\$ 21,730	\$ -
Total expenditures and other uses	-	-	-	-
Net change in fund balance	21,730	21,730	21,730	-
Prior year encumbrances	-	-	-	-
Fund balances, beginning of year	-	-	-	-
Fund balances, end of year	<u>\$ 21,730</u>	<u>\$ 21,730</u>	<u>\$ 21,730</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, 2008

	Alternative Schools Fund			Variance with Final Budget Positive (Negative)
	Budget Amounts		Actual	
	Original	Final		
Total revenues and other sources	\$ 40,000	\$ 34,591	\$ 34,591	\$ -
Total expenditures and other uses	39,466	38,541	38,541	-
Net change in fund balance	534	(3,950)	(3,950)	-
Prior year encumbrances	3,950	3,950	3,950	-
Fund balances, beginning of year	-	-	-	-
Fund balances, end of year	<u>\$ 4,484</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>

	Miscellaneous State Grants Fund			Variance with Final Budget Positive (Negative)
	Budget Amounts		Actual	
	Original	Final		
Total revenues and other sources	\$ 12,000	\$ 9,651	\$ 9,651	\$ -
Total expenditures and other uses	14,000	11,651	11,651	-
Net change in fund balance	(2,000)	(2,000)	(2,000)	-
Prior year encumbrances	-	-	-	-
Fund balances, beginning of year	2,000	2,000	2,000	-
Fund balances, end of year	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>

AVON LAKE CITY SCHOOL DISTRICT
SCHEDULE OF REVENUES, EXPENDITURES AND CHANGES
IN FUND BALANCE – BUDGET (NON-GAAP) BASIS AND ACTUAL
FOR THE YEAR ENDED JUNE 30, 2008

	Title VI-B Fund			Variance with Final Budget Positive (Negative)
	Budget Amounts		Actual	
	Original	Final		
Total revenues and other sources	\$ 675,000	\$ 680,327	\$ 680,327	\$ -
Total expenditures and other uses	686,575	686,575	670,087	16,488
Net change in fund balance	(11,575)	(6,248)	10,240	16,488
Prior year encumbrances	6,248	6,248	6,248	-
Fund balances, beginning of year	15,431	15,431	15,431	-
Fund balances, end of year	\$ 10,104	\$ 15,431	\$ 31,919	\$ 16,488

	Title I Fund			Variance with Final Budget Positive (Negative)
	Budget Amounts		Actual	
	Original	Final		
Total revenues and other sources	\$ 63,965	\$ 74,496	\$ 74,496	\$ -
Total expenditures and other uses	63,965	74,496	74,496	-
Net change in fund balance	-	-	-	-
Prior year encumbrances	-	-	-	-
Fund balances, beginning of year	-	-	-	-
Fund balances, end of year	\$ -	\$ -	\$ -	\$ -

AVON LAKE CITY SCHOOL DISTRICT
SCHEDULE OF REVENUES, EXPENDITURES AND CHANGES
IN FUND BALANCE – BUDGET (NON-GAAP) BASIS AND ACTUAL
FOR THE YEAR ENDED JUNE 30, 2008

	Title V Fund			Variance with Final Budget Positive (Negative)
	Budget Amounts		Actual	
	Original	Final		
Total revenues and other sources	\$ 6,000	\$ 8,394	\$ 8,394	\$ -
Total expenditures and other uses	5,209	8,887	8,887	-
Net change in fund balance	791	(493)	(493)	-
Prior year encumbrances	493	493	493	-
Fund balances, beginning of year	-	-	-	-
Fund balances, end of year	<u>\$ 1,284</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>

	Drug Free Schools Fund			Variance with Final Budget Positive (Negative)
	Budget Amounts		Actual	
	Original	Final		
Total revenues and other sources	\$ 7,500	\$ 6,262	\$ 6,262	\$ -
Total expenditures and other uses	6,262	6,262	6,262	-
Net change in fund balance	1,238	-	-	-
Prior year encumbrances	-	-	-	-
Fund balances, beginning of year	-	-	-	-
Fund balances, end of year	<u>\$ 1,238</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, 2008

	Early Childhood Education Development Fund			Variance with Final Budget Positive (Negative)
	Budget Amounts		Actual	
	Original	Final		
Total revenues and other sources	\$ 25,000	\$ 26,181	\$ 26,181	\$ -
Total expenditures and other uses	21,525	26,681	26,681	-
Net change in fund balance	3,475	(500)	(500)	-
Prior year encumbrances	-	-	-	-
Fund balances, beginning of year	500	500	500	-
Fund balances, end of year	<u>\$ 3,975</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>

	Class Size Reduction Fund			Variance with Final Budget Positive (Negative)
	Budget Amounts		Actual	
	Original	Final		
Total revenues and other sources	\$ 78,000	\$ 73,595	\$ 73,595	\$ -
Total expenditures and other uses	66,205	73,595	73,595	-
Net change in fund balance	11,795	-	-	-
Prior year encumbrances	-	-	-	-
Fund balances, beginning of year	-	-	-	-
Fund balances, end of year	<u>\$ 11,795</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, 2008

	Miscellaneous Federal Grants Fund			Variance with Final Budget Positive (Negative)
	Budget Amounts		Actual	
	Original	Final		
Total revenues and other sources	\$ 266,500	\$ 655	\$ 655	\$ -
Total expenditures and other uses	660	655	655	-
Net change in fund balance	265,840	-	-	-
Prior year encumbrances	-	-	-	-
Fund balances, beginning of year	-	-	-	-
Fund balances, end of year	<u>\$ 265,840</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>

	Library Bond Retirement Fund			Variance with Final Budget Positive (Negative)
	Budget Amounts		Actual	
	Original	Final		
Total revenues and other sources	\$ 254,400	\$ 254,400	\$ 276,210	\$ 21,810
Total expenditures and other uses	317,374	317,374	317,374	-
Net change in fund balance	(62,974)	(62,974)	(41,164)	21,810
Prior year encumbrances	-	-	-	-
Fund balances, beginning of year	527,988	527,988	527,988	-
Fund balances, end of year	<u>\$ 465,014</u>	<u>\$ 465,014</u>	<u>\$ 486,824</u>	<u>\$ 21,810</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, 2008

	Permanent Improvements Fund			Variance with Final Budget Positive (Negative)
	Budget Amounts		Actual	
	Original	Final		
Total revenues and other sources	\$ 690,000	\$ 809,502	\$ 809,502	\$ -
Total expenditures and other uses	768,723	768,723	767,220	1,503
Net change in fund balance	(78,723)	40,779	42,282	1,503
Prior year encumbrances	118,723	118,723	118,723	-
Fund balances, beginning of year	240,325	240,325	240,325	-
Fund balances, end of year	<u>\$ 280,325</u>	<u>\$ 399,827</u>	<u>\$ 401,330</u>	<u>\$ 1,503</u>

	Building Improvements Fund			Variance with Final Budget Positive (Negative)
	Budget Amounts		Actual	
	Original	Final		
Total revenues and other sources	\$ 32,757	\$ 406,919	\$ 308,084	\$ (98,835)
Total expenditures and other uses	363,695	998,695	898,652	100,043
Net change in fund balance	(330,938)	(591,776)	(590,568)	1,208
Prior year encumbrances	13,695	13,695	13,695	-
Fund balances, beginning of year	739,517	739,517	739,517	-
Fund balances, end of year	<u>\$ 422,274</u>	<u>\$ 161,436</u>	<u>\$ 162,644</u>	<u>\$ 1,208</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, 2008

	Self Insurance Fund			Variance with Final Budget Positive (Negative)
	Budget Amounts		Actual	
	Original	Final		
Total revenues and other sources	\$ 3,450,000	\$ 3,570,082	\$ 3,909,324	\$ 339,242
Total expenditures and other uses	3,405,360	3,955,360	3,392,204	563,156
Net change in fund balance	44,640	(385,278)	517,120	902,398
Prior year encumbrances	5,360	5,360	5,360	-
Fund balances, beginning of year	2,405,337	2,405,337	2,405,337	-
Fund balances, end of year	<u>\$ 2,455,337</u>	<u>\$ 2,025,419</u>	<u>\$ 2,927,817</u>	<u>\$ 902,398</u>

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

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

Note:

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

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

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

Note:

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

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

	<u>2008</u>	<u>2007</u>	<u>2006</u>	<u>2005</u>	<u>2004</u>	<u>2003</u>
Net (expense) revenue						
Total primary government net expense	\$ (37,576,748)	\$ (34,572,834)	\$ (35,870,978)	\$ (35,868,565)	\$ (33,818,006)	\$ (27,357,864)
General revenues and other changes in net assets						
Governmental activities:						
Property taxes levied for:						
General purposes	25,621,127	27,006,784	23,165,725	24,308,114	22,600,586	21,030,950
Debt service	2,816,421	3,215,144	3,532,839	3,900,350	3,179,264	2,983,852
Capital improvements	591,528	661,413	664,825	700,018	641,184	216,824
Grants and entitlements						
not restricted to specific purposes	9,621,349	8,289,402	7,096,997	6,973,114	6,114,769	6,201,476
Investment earnings	991,730	893,618	602,965	331,950	120,589	665,235
Miscellaneous	514,745	420,789	338,661	271,569	538,981	536,927
Total primary government	<u>40,156,900</u>	<u>40,487,150</u>	<u>35,402,012</u>	<u>36,485,115</u>	<u>33,195,373</u>	<u>31,635,264</u>
Change in net assets						
Total primary government	<u>\$ 2,580,152</u>	<u>\$ 5,914,316</u>	<u>\$ (468,966)</u>	<u>\$ 616,550</u>	<u>\$ (622,633)</u>	<u>\$ 4,277,400</u>

Note:

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

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

	2008	2007	2006	2005	2004	2003	2002	2001	2000	1999
General Fund										
Reserved	\$ 3,946,887	\$ 6,638,795	\$ 5,815,564	\$ 4,687,670	\$ 2,877,394	\$ 3,518,950	\$ 3,775,434	\$ 3,244,894	\$ 3,087,428	\$ 2,580,919
Unreserved	8,013,360	2,938,192	(957,142)	1,099,541	2,780,039	2,505,782	1,822,594	638,880	1,398,725	710,363
Total General Fund	<u>\$ 11,960,247</u>	<u>\$ 9,576,987</u>	<u>\$ 4,858,422</u>	<u>\$ 5,787,211</u>	<u>\$ 5,657,433</u>	<u>\$ 6,024,732</u>	<u>\$ 5,598,028</u>	<u>\$ 3,883,774</u>	<u>\$ 4,486,153</u>	<u>\$ 3,291,282</u>
All other governmental funds										
Reserved	\$ 1,049,532	\$ 1,155,863	\$ 1,596,764	\$ 1,573,675	\$ 629,297	\$ 2,000,056	\$ 8,091,755	\$ 31,157,309	\$ 7,468,479	\$ 485,813
Unreserved, reported in										
Special Revenue Funds (1)	399,154	517,234	606,911	444,599	459,923	506,653	525,868	352,109	412,210	270,505
Debt Service Funds	3,510,634	3,378,684	2,852,044	2,191,254	1,879,686	1,867,075	1,866,270	1,900,733	1,700,199	2,319,290
Capital Projects Funds	563,974	979,842	898,290	787,624	1,363,806	917,499	(67,374)	564,347	34,335,290	24,541
Total all other governmental funds	<u>\$ 5,523,294</u>	<u>\$ 6,031,623</u>	<u>\$ 5,954,009</u>	<u>\$ 4,997,152</u>	<u>\$ 4,332,712</u>	<u>\$ 5,291,283</u>	<u>\$ 10,416,519</u>	<u>\$ 33,974,498</u>	<u>\$ 43,916,178</u>	<u>\$ 3,100,149</u>

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

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

	2008	2007	2006	2005	2004	2003	2002	2001	2000	1999
Taxes	\$ 28,945,490	\$ 30,878,851	\$ 27,353,596	\$ 28,925,023	\$ 26,350,410	\$ 24,201,750	\$ 23,763,436	\$ 21,492,775	\$ 20,719,032	\$ 17,735,288
Tuition and fees	392,331	429,498	413,904	396,737	315,929	291,902	-	-	-	-
Interest	964,222	696,609	496,026	327,617	114,933	641,818	1,030,724	3,856,734	2,209,388	573,565
Intergovernmental	10,962,623	9,589,750	8,130,155	7,994,271	7,304,436	7,162,106	6,104,383	3,944,108	3,538,190	3,246,696
Extracurricular	532,721	508,682	370,501	446,956	503,878	323,363	348,905	378,122	313,653	261,595
Charges for services	866,132	737,172	619,103	586,662	550,903	532,352	161,439	184,131	84,619	71,198
Miscellaneous	519,105	405,813	333,105	291,547	667,027	695,986	219,983	296,944	233,442	103,424
Total	\$ 43,182,624	\$ 43,246,375	\$ 37,716,390	\$ 38,968,813	\$ 35,807,516	\$ 33,849,277	\$ 31,628,870	\$ 30,152,814	\$ 27,098,324	\$ 21,991,766

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

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

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

	2008	2007	2006	2005	2004	2003	2002	2001	2000	1999
Expenditures										
Current										
Instruction										
Regular	\$ 16,937,907	\$ 15,986,540	\$ 15,389,028	\$ 15,174,910	\$ 14,917,287	\$ 12,873,943	\$ 11,851,577	\$ 11,182,553	\$ 10,542,815	\$ 9,866,600
Special	2,465,979	2,248,108	2,042,418	2,035,391	1,712,208	1,634,261	1,357,776	1,717,385	1,595,555	1,271,982
Vocational	225,510	191,448	182,050	247,656	220,233	202,223	177,076	191,316	177,010	143,794
Adult/continuing	12,723	17,641	13,449	37,489	32,829	11,228	-	-	-	-
Other instruction	873,680	752,655	718,927	649,596	-	-	-	-	-	-
Supporting services										
Pupil	2,822,913	2,719,829	3,276,384	2,654,253	2,021,379	1,578,932	1,348,868	1,299,685	1,147,167	1,065,280
Instructional staff	813,483	775,914	693,314	904,103	1,625,559	1,585,293	1,397,177	1,185,753	957,277	898,107
Board of education	22,687	19,802	17,999	18,249	12,386	14,630	14,203	38,207	334,084	251,372
Administration	2,825,802	2,764,553	2,690,840	2,975,064	2,989,248	2,688,406	2,512,923	2,523,349	2,032,944	1,717,655
Fiscal services	1,006,220	1,110,120	952,909	900,934	887,229	785,429	684,597	582,021	519,373	502,699
Business	152,428	119,427	85,006	83,903	74,498	64,486	66,560	62,840	88,365	89,847
Operation and maintenance	4,246,416	4,062,031	4,180,675	4,112,400	3,783,645	3,662,932	2,914,613	2,513,142	2,038,514	1,906,088
Pupil transportation	1,566,804	1,334,046	1,169,507	1,281,848	1,162,022	1,106,931	842,024	785,314	779,798	675,732
Central services	280,156	160,111	62,203	12,498	11,129	31,335	43,687	74,075	46,077	27,430
Operation of non-instructional services										
Food service operation	1,045,573	978,364	764,245	761,281	726,173	619,239	-	-	-	-
Community services	340,386	290,382	206,188	331,941	288,491	241,458	190,950	180,021	166,016	145,319
Extracurricular activities	1,136,892	972,308	991,341	1,176,253	1,081,643	964,977	916,161	832,866	660,459	615,600
Capital outlay	459,960	249,233	240,474	333,521	2,143,711	6,084,750	28,287,138	13,974,311	3,463,186	669,928
Debt service										
Principal	2,360,022	2,220,806	2,226,686	2,173,153	2,011,312	1,601,395	1,460,620	615,000	585,000	634,655
Interest	1,712,152	1,795,160	1,784,679	2,722,220	2,509,149	2,548,577	2,613,177	2,964,060	2,967,142	499,727
Total expenditures	\$ 41,307,693	\$ 38,768,478	\$ 37,688,322	\$ 38,586,663	\$ 38,210,131	\$ 38,300,425	\$ 56,679,127	\$ 40,721,898	\$ 28,100,782	\$ 20,981,815
Debt service as a percentage of noncapital expenditures	10.02%	10.53%	10.71%	12.94%	12.69%	14.11%	14.35%	13.38%	14.42%	5.58%

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)

	2008	2007	2006	2005	2004	2003	2002	2001	2000	1999
Excess of revenues over (under) expenditures	\$ 1,874,931	\$ 4,477,897	\$ 28,068	\$ 382,150	\$ (2,402,615)	\$ (4,451,148)	\$ (25,050,257)	\$ (10,569,084)	\$ (1,002,458)	\$ 1,009,951
Other financing sources (uses)										
Proceeds of refunding bonds	-	-	-	40,569,842	-	-	-	-	-	-
Transfers-in	330,858	361,451	360,568	389,564	355,825	383,457	367,490	29,943	409,807	424,002
Proceeds from loan issue	-	-	-	-	-	257,069	800,000	-	-	-
Proceeds from note issue	-	-	-	-	-	-	1,785,717	-	-	-
Proceeds from bond issue	-	-	-	-	-	-	-	-	43,005,134	-
Gain on sale of capital assets	-	-	-	-	-	-	1,600	500	-	4,622
Capital lease proceeds	-	318,282	-	-	1,076,745	-	609,977	-	-	-
Transfers-out	(330,858)	(361,451)	(360,568)	(389,564)	(355,825)	(383,457)	(370,807)	(4,948)	(409,807)	(424,002)
Payment to bond escrow agent	-	-	-	(40,157,774)	-	-	-	-	-	-
Total other financing sources (uses)	-	318,282	-	412,068	1,076,745	257,069	3,193,977	25,495	43,005,134	4,622
Net change in fund balances	\$ 1,874,931	\$ 4,796,179	\$ 28,068	\$ 794,218	\$ (1,325,870)	\$ (4,194,079)	\$ (21,856,280)	\$ (10,543,589)	\$ 42,002,676	\$ 1,014,573

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

Year	Agriculture, Residential and Other Real Property		Public Utility Property		Tangible Personal Property		Total		Total Assessed Rate (4)
	Assessed Value	Estimated Actual Value (1)	Assessed Value	Estimated Actual Value (2)	Assessed Value	Estimated Actual Value (3)	Assessed Value	Estimated Actual Value	
2008	\$ 764,003,830	\$ 2,182,868,086	\$ 80,644,620	\$ 91,641,614	\$ 16,228,352	\$ 259,653,632	\$ 860,876,802	\$ 2,534,163,332	\$ 65.82
2007	732,930,700	2,094,087,714	82,074,850	93,266,875	32,948,472	263,587,776	847,954,022	2,450,942,365	68.62
2006	639,000,320	1,825,715,200	89,484,090	101,686,466	52,701,113	210,804,452	781,185,523	2,138,206,118	60.26
2005	608,828,450	1,739,509,857	94,787,120	107,712,636	71,691,440	311,701,913	775,307,010	2,158,924,406	64.51
2004	577,484,470	1,649,955,629	89,826,130	102,075,148	76,118,840	330,951,478	743,429,440	2,082,982,255	60.36
2003	526,706,330	1,504,875,229	87,013,120	98,878,545	85,523,650	342,094,600	699,243,100	1,945,848,374	60.69
2002	496,622,850	1,418,922,429	90,597,440	102,951,636	73,893,390	295,573,560	661,113,680	1,817,447,625	61.14
2001	477,312,060	1,363,748,743	119,221,210	135,478,648	74,240,490	296,961,960	670,773,760	1,796,189,351	55.94
2000	409,716,690	1,170,619,114	102,252,710	116,196,261	77,626,205	310,504,820	589,595,605	1,597,320,195	56.54
1999	396,077,135	1,131,648,957	89,551,480	101,763,045	73,246,003	292,984,012	558,874,618	1,526,396,014	56.63

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

- (1) This amount is calculated based upon an assessed value of 35 percent of actual value.
- (2) This amount is calculated based upon the current assessed value of 88 percent of actual value.
- (3) For 2008 the amount is calculated based upon an assessed value of 6.25 percent of actual value.
 For 2007 the amount is calculated based upon an assessed value of 12.5 percent of actual value.
 For all years prior to 2007 the amount is calculated based upon an assessed value of 25 percent of actual value.
- (4) Total assessed rate is per \$ 1,000 assessed valuation.

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

LAST TEN FISCAL YEARS

Year	School Levy	Library	County Levy	JVS Levy	City Levy	Total Levy	Debt Service Included in Total Levy			
							School (1)	County (2)	City	Total
2008	\$ 65.82	\$ 1.80	\$ 13.39	\$ 2.45	\$ 6.95	\$ 90.41	\$ 3.95	\$ -	\$ -	\$ 3.95
2007	68.62	1.80	13.49	2.45	6.95	93.31	4.16	-	-	4.16
2006	60.26	1.80	13.49	2.45	6.95	84.95	4.91	-	-	4.91
2005	64.51	1.80	13.19	2.45	6.95	88.90	4.91	-	-	4.91
2004	60.36	1.80	12.89	2.45	7.24	84.74	4.98	-	-	4.98
2003	60.69	1.80	12.89	2.45	7.24	85.07	4.98	-	-	4.98
2002	61.14	1.80	12.89	2.45	7.24	85.52	5.15	-	-	5.15
2001	55.94	1.80	10.79	2.45	7.24	78.22	5.18	-	-	5.18
2000	56.54	1.80	10.79	2.45	7.24	78.82	5.78	-	-	5.78
1999	56.63	1.80	12.69	2.45	7.24	80.81	5.87	-	-	5.87

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

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

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

AVON LAKE CITY SCHOOL DISTRICT
 PRINCIPAL TAXPAYERS –
 TANGIBLE PERSONAL PROPERTY
 AS OF JUNE 30, 2008 AND JUNE 30, 1998

DECEMBER 31, 2007

Name of Taxpayer	Assessed Value (1)	Percent of Total Assessed Value
Ford Motor Company	\$ 7,656,640	0.90%
PolyOne Corporation	2,866,600	0.34%
Lubrizol Advanced	2,545,720	0.30%
Centurytel of Ohio, Inc.	855,370	0.10%
Glidden Company	420,010	0.05%
Ed Tomko Chrysler	318,210	0.04%
Watteredge, Inc.	283,510	0.03%
Retail DIV	268,600	0.03%
Sayers Finance Corp	232,030	0.03%
Western Scott Fetzer Co	222,700	0.03%
	<u>\$ 15,669,390</u>	<u>1.85%</u>
Total assessed value	<u>\$ 847,954,022</u>	

DECEMBER 31, 1998

Name of Taxpayer	Assessed Value (1)	Percent of Total Assessed Value
Ford Motor Company	\$ 24,045,230	4.30%
The Geon Company	16,999,950	3.04%
BF Goodrich Company	14,465,780	2.59%
Glidden Company	1,825,600	0.33%
Midwest Electrical Supply Co	1,783,230	0.32%
Rosborough Manufacturing Corporation	1,040,670	0.19%
IBM Credit Corp.	1,037,250	0.19%
Scott Fetzer Company	866,030	0.15%
WatterEdge Uniflex, Inc	763,360	0.14%
Nissan Motor Manufacturing Corporation	660,666	0.12%
	<u>\$ 63,487,766</u>	<u>11.37%</u>
Total assessed value	<u>\$ 558,874,618</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 2008 and 1999 collection year, respectively.

AVON LAKE CITY SCHOOL DISTRICT

PRINCIPAL TAXPAYERS –
REAL ESTATE TAX

AS OF JUNE 30, 2008 AND JUNE 30, 1998

DECEMBER 31, 2007

Name of Taxpayer	Assessed Value (1)	Percent of Total Assessed Value
Ford Motor Company	7,510,160	0.89%
American Transmission	4,379,710	0.52%
Polyone Corporation	4,126,190	0.49%
American Landmark LTD	3,405,920	0.40%
Legacy Pointe Ltd	3,245,530	0.38%
Waterside Crossings Ltd	2,892,920	0.34%
Avon Lake Village LLC	2,720,690	0.32%
Towne Care Center LLC	2,529,490	0.30%
Kopf Properties II Ltd	2,259,190	0.27%
Learwood Square Co LLC	2,109,980	0.25%
	\$ 35,179,780	4.16%
Total assessed value	\$ 847,954,022	

DECEMBER 31, 1998

Name of Taxpayer	Assessed Value (1)	Percent of Total Assessed Value
Ford Motor Company	\$ 7,921,560	1.42%
The Geon Company	3,879,750	0.69%
BF Goodrich Company	1,997,350	0.36%
Learwood Square Company	1,525,660	0.27%
Landings Shops and Offices	1,251,560	0.22%
Berg, Alexander M.	1,243,040	0.22%
Avon Lake Associates	1,168,830	0.21%
Riser Foods Company	1,054,800	0.19%
Shoreham Development Company	967,180	0.17%
Hadju, Paul E.	945,860	0.17%
	\$ 21,955,590	3.92%
Total assessed value	\$ 558,874,618	

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 2008 and 1999 collection year, respectively.

AVON LAKE CITY SCHOOL DISTRICT

PRINCIPAL TAXPAYERS –
PUBLIC UTILITY TAX

AS OF JUNE 30, 2008 AND JUNE 30, 1998

DECEMBER 31, 2007

Name of Taxpayer	Assessed Value (1)	Percent of Total Assessed Value
Orion Power Midwest LP	\$ 84,515,250	9.97%
Cleveland Electric	9,817,410	1.16%
Columbia Gas of Ohio Inc	1,217,050	0.14%
	\$ 95,549,710	11.27%
 Total assessed value	 \$ 847,954,022	

DECEMBER 31, 1998

Name of Taxpayer	Assessed Value (1)	Percent of Total Assessed Value
Cleveland Electric Illuminating Company	\$ 82,473,900	14.76%
Century Telephone of Ohio	4,056,780	0.73%
Columbia Gas of Ohio	3,020,800	0.54%
	\$ 89,551,480	16.03%
 Total assessed value	 \$ 558,874,618	

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 2008 and 1999 collection year, respectively.
Assessed Values include public utilities and real estate values, details of which are not available.

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

Year (2)	Total Tax Levy	Current Tax Collections	Percent of Current Taxes Collected	Delinquent Tax Collections	Total Tax Collections	Ratio of Total Tax Collections to Total Tax Levy	Outstanding Delinquent Taxes	Ratio of Delinquent Taxes to Total Tax Levy
2007	\$ 33,151,604	\$ 32,586,663	98.30%	\$ 541,056	\$ 33,127,719	99.93%	\$ 272,778	0.82%
2006	33,809,716	33,207,530	98.22%	2,936,395	36,143,925	106.90%	197,744	0.58%
2005	28,644,396	27,902,337	97.41%	413,543	28,315,880	98.85%	2,240,206 (3)	7.82%
2004	28,283,085	27,988,587	98.96%	504,570	28,493,157	100.74%	204,731	0.72%
2003	23,975,086	23,572,502	98.32%	277,716	23,850,218	99.48%	143,552	0.60%
2002	22,599,575	22,572,967	99.88%	251,027	22,823,994	100.99%	101,237	0.45%
2001	20,308,622	20,104,185	98.99%	180,557	20,284,742	99.88%	278,567	1.37%
2000	18,396,971	18,217,508	99.02%	146,642	18,364,150	99.82%	248,453	1.35%
1999	15,320,145	15,193,124	99.17%	163,710	15,356,834	100.24%	182,242	1.19%
1998	15,321,549	15,177,360	99.06%	110,063	15,287,423	99.78%	181,537	1.18%

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

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

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

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

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

Year	General Obligation Bonded Debt (1)	Notes Payable	Loans Payable	Capital Leases	Total Primary Government	Percentage of Personal Income (a)	Per Capita (a)	Per ADM (a)
2008	\$ 41,122,890	\$ 825,000	\$ -	\$ 226,336	\$ 42,174,226	7.19%	\$ 2,324	\$ 12,095
2007	42,669,901	1,013,730	51,069	285,289	44,019,989	7.50%	2,426	12,730
2006	44,143,314	1,188,182	104,069	221,606	45,657,171	7.78%	\$ 2,516	\$ 13,425
2005	45,473,372	1,345,701	324,019	543,292	47,686,384	8.13%	2,628	14,543
2004	46,654,726	1,500,300	534,703	925,761	49,615,490	8.46%	2,734	15,201
2003	47,690,331	1,620,717	736,437	283,594	50,331,079	8.58%	2,774	15,434
2002	48,629,052	1,785,717	625,455	483,902	51,524,126	8.78%	2,840	16,346
2001	49,648,295	-	-	-	49,648,295	8.46%	2,736	16,041
2000	50,135,432	-	-	-	50,135,432	8.54%	2,763	16,915
1999	7,020,000	-	-	125,525	7,145,525	2.32%	431	2,417

Source: (1) School District Financial Records

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

AVON LAKE CITY SCHOOL DISTRICT
 COMPUTATION OF DIRECT AND OVERLAPPING GENERAL OBLIGATION DEBT
 AS OF JUNE 30, 2008

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	\$ 37,909,925	\$ 860,876,802	100.00%	<u>\$ 37,909,925</u>
Overlapping				
Lorain County (2)	40,997,459	6,905,550,835	12.47%	5,110,926
City of Avon Lake (2)	<u>16,706,184</u>	847,954,022	100.00%	<u>16,706,184</u>
Sub Total				<u>21,817,110</u>
Total	<u>\$ 95,613,568</u>			<u>\$ 59,727,035</u>

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

- (1) Percentages are computed by dividing the assessed valuation of the political subdivision located within the boundaries of the School District by the total assessed valuation of the subdivision.
- (2) Debt is as of December 31, 2007.

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

	2008 (1)	2007 (1)	2006 (1)	2005	2004	2003	2002	2001	2000	1999
Assessed Valuation	\$ 764,003,830	\$ 732,930,700	\$ 639,000,320	\$ 775,307,010	\$ 743,429,440	\$ 699,243,100	\$ 661,113,680	\$ 670,773,760	\$ 589,592,105	\$ 558,874,513
Debt Limit -9% of Assessed Value (2)	68,760,345	65,963,763	57,510,029	69,777,631	66,908,650	62,931,879	59,500,231	60,369,638	53,063,289	50,298,706
Debt applicable to limitation										
Total voted general obligation debt	37,084,925	42,569,901	43,918,314	42,424,925	43,699,977	47,090,331	48,629,052	49,648,295	50,135,142	7,020,000
Total unvoted general obligation debt	825,000	1,113,730	1,413,182	1,610,717	1,915,717	2,220,717	-	-	-	-
Less amount available in debt service funds	(3,510,634)	(3,378,682)	(2,852,044)	(3,197,332)	(2,302,495)	(2,323,028)	(2,480,271)	(2,436,179)	(2,475,278)	(2,410,455)
Amount of debt subject to debt limit:	34,399,291	40,304,949	42,479,452	40,838,310	43,313,199	46,988,020	46,148,781	47,212,116	47,659,864	4,609,545
Overall debt margin	34,361,054	25,658,814	15,030,577	28,939,321	23,595,451	15,943,859	13,351,450	13,157,522	5,403,425	45,689,161
Overall Limit - .10% of Assessed Value (2)	\$ 764,004	\$ 732,931	\$ 639,000	\$ 775,307	\$ 743,429	\$ 699,243	\$ 661,114	\$ 670,774	\$ 589,592	\$ 558,875
Amount of debt subject to debt limit:	-	-	-	-	-	-	-	-	-	-
Unvoted Debt Margin	\$ 764,004	\$ 732,931	\$ 639,000	\$ 775,307	\$ 743,429	\$ 699,243	\$ 661,114	\$ 670,774	\$ 589,592	\$ 558,875
Additional Limit for Unvoted Energy Conservation Bonds and Notes:										
Debt Limit - .9% of Assessed Value	\$ 6,876,034	\$ 6,596,376	\$ 5,751,003	\$ 6,977,763	\$ 6,690,865	\$ 6,293,188	\$ 5,950,023	\$ 6,036,964	\$ 5,306,329	\$ 5,029,871
Amount of debt subject to debt limit:	825,000	1,113,730	1,413,182	1,610,717	1,915,717	2,220,717	735,000	1,025,000	1,340,000	1,680,000
Additional Unvoted Debt Margin	\$ 6,051,034	\$ 5,482,646	\$ 4,337,821	\$ 5,367,046	\$ 4,775,148	\$ 4,072,471	\$ 5,215,023	\$ 5,011,964	\$ 3,966,329	\$ 3,349,871

Source: Lorain County Auditor and School District Financial Records.

- (1) Beginning in fiscal year 2006, HB530 changed the assessed valuation utilized in the legal debt margin calculation to exclude tangible personal property as well as railroad and telephone tangible property.
- (2) Ohio Bond Law established a limit of 9% for voted debt and 1/10 of 1% of unvoted debt.

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

Calendar Year	Population (1)	Per Capita Income	Personal Income	Average Daily Student Enrollment (3)	Unemployment Rate (2)		
					Lorain County	Ohio	U.S.
2008	18,145	\$ 32,336	\$ 586,736,720	3,487	7.8%	6.6%	5.5%
2007	18,145	32,336	586,736,720	3,458	6.6%	6.1%	4.5%
2006	18,145	32,336	586,736,720	3,401	5.4%	5.1%	4.6%
2005	18,145	32,336	586,736,720	3,279	6.5%	6.2%	5.7%
2004	18,145	32,336	586,736,720	3,264	6.2%	6.4%	5.6%
2003	18,145	32,336	586,736,720	3,261	7.4%	6.8%	6.3%
2002	18,145	32,336	586,736,720	3,152	6.0%	6.0%	5.8%
2001	18,145	32,336	586,736,720	3,095	5.0%	4.5%	4.5%
2000	18,145	32,336	586,736,720	2,964	4.0%	4.3%	4.0%
1999	16,570	18,627	308,649,390	2,956	4.8%	4.5%	4.3%

Source:

- (1) Population statistics for the City of Avon Lake for the years 1994 through 1999 were estimated by the U.S. Census Bureau in the Population Estimate Program. The population figure for the year 2000 through 2007 is actual based on the 2000 Census.
- (2) The Cleveland Public Library - Document Section as of July 1st
- (3) Average Daily Student Enrollment is compiled as of the first week in October reported to the Ohio Department of Education for the fiscal year.

AVON LAKE CITY SCHOOL DISTRICT
 PRINCIPAL EMPLOYERS
 AS OF DECEMBER 31, 2007 AND 2001

Employer	Nature of Activity or Business	December 2007		December 2001 (1)	
		Approximate Number of Employees (2)	Rank	Approximate Number of Employees	Rank
Ford Motor Company	Van and sport utility vehicle assembly	2,404	1	2,715	1
Avon Lake City School District	Public education	764	2	379	3
PolyOne Corporation	Distributor of thermoplastics, compounds & resins	603	3	500	2
Babcock & Wilcox Construction	Construction	377	4	-	-
City of Avon Lake	Government	339	5	138	8
CEVA Logistics US		236	6	-	-
Discount Drug Mart	Drug Store	190	7	-	-
Lubrizol Advanced Materials/Noveon	Manufactures polymers & specialties chemicals	190	8	175	5
Watteredge Uniflex, Inc.	Manufactures industrial devices and accessories	138	9	-	-
Orion Power Operating Svcs MI	Power company	109	10	-	-
Western/Scott Fetzer Company	Gas control technology	-	-	280	4
Sunrise Medical HHG, Inc.	Manufactures customized wheelchairs	-	-	154	6
Arrow Aluminum Castings Co	Aluminum, sand, and permanent mold castings	-	-	125	9
Rosborough Manufacturing	Steel industry equipment & chemical mixing	-	-	125	10
Giant Eagle/Riser Foods Company	Grocery store	-	-	145	7

(1) Information prior to 2001 is not available

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

Sources: The City of Avon Lake in cooperation with the Regional Income Tax Agency and School District Records.
 Data to compute the percentage of total employment that each listed employer represents is not available.

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

	<u>2008</u>	<u>2007</u>	<u>2006</u>	<u>2005</u>	<u>2004</u>
Professional Staff					
Teaching Staff:					
Elementary K-6	110.00	100.76	102.62	98.12	98.62
Middle	39.00	37.12	37.00	40.00	35.00
High	70.50	66.00	66.50	73.00	65.72
Tutors	19.41	14.15	14.16	10.77	10.65
Administrators					
District/Building	15.00	15.00	15.00	20.00	17.00
Auxiliary Positions					
Psychologist	1.00	1.00	1.00	1.00	1.00
Nurse	1.64	1.26	1.63	1.26	1.26
Speech & Language Therapist	3.23	2.43	2.43	2.43	2.03
Physical Therapist	1.00	1.00	1.00	0.00	0.00
Occupational Therapist/Assistant	2.00	2.00	1.00	0.75	0.75
Support Staff					
Counseling	9.10	9.10	9.00	9.00	8.50
Computer Tech	3.00	3.00	2.00	2.00	1.00
Printer	1.00	1.00	1.00	1.00	1.00
Librarian/Media	3.00	2.00	3.00	6.00	5.00
Library Aide	4.50	4.50	4.75	5.25	4.50
Clerical	24.78	24.28	27.96	27.34	26.94
Teaching Aide	26.26	23.07	24.51	22.87	30.37
General Maintenance	6.00	6.00	8.00	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	1.00
Bus Drivers	23.03	20.60	29.81	24.11	23.61
Custodial	28.00	28.00	28.00	30.00	28.00
Food Service	15.84	15.46	22.18	14.88	13.41
Security	3.32	2.33	1.50	1.00	1.00
Attendants & Monitors	24.03	25.44	35.50	26.01	16.97
Total	<u>437.64</u>	<u>408.50</u>	<u>442.55</u>	<u>425.79</u>	<u>401.33</u>

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

AVON LAKE CITY SCHOOL DISTRICT
OPERATING STATISTICS
LAST TEN FISCAL YEARS

Year	Average Daily Student Enrollment (1)	General Fund Expenditures	Cost Per Pupil (1)	Percent Change	Teaching Staff	Pupil Teacher Ratio	Percentage of Students Receiving Free or Reduced-Price Meals
2008	3,487	\$ 33,446,761	\$ 10,047	4.08%	230	15.16	6.84%
2007	3,458	31,526,703	9,653	0.86%	230	15.03	11.00%
2006	3,401	31,244,700	9,571	-2.33%	222	15.32	7.70%
2005	3,279	30,945,649	9,799	4.29%	224	14.64	7.40%
2004	3,264	30,504,120	9,396	11.79%	231	14.13	9.10%
2003	3,261	26,473,638	8,405	1.29%	209	15.60	11.10%
2002	3,152	24,263,971	8,298	7.29%	213	14.80	10.50%
2001	3,095	22,920,956	7,734	-6.46%	207	14.95	n/a
2000	2,964	20,075,017	8,268	22.56%	209	14.18	n/a
1999	2,956	18,374,955	6,746	1.32%	200	14.78	n/a

Source: School District Financial Records.

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

n/a Not available

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

Year	Minimum Salary (a)	Maximum Salary (a)	Avon Lake Average Salary (b)
2008	\$ 34,318	\$ 74,985	\$ 57,721
2007	33,318	72,800	55,908
2006	32,988	72,079	55,782
2005	31,950	69,811	53,245
2004	30,989	67,711	51,385
2003	30,086	65,738	50,119
2002	29,139	63,669	47,315
2001	28,263	61,755	47,491
2000	27,466	60,013	44,738
1999	26,731	58,407	45,118

Sources:

(a) District salary schedules

(b) Ohio Department of Education

AVON LAKE CITY SCHOOL DISTRICT
TEACHER EDUCATION AND EXPERIENCE
JUNE 30, 2008

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

<u>Experience</u>	<u>Number of Teachers</u>	<u>Percentage of Total</u>
0 - 5	41	17.83%
6-10	56	24.35%
11 and over	<u>133</u>	<u>57.83%</u>
	<u><u>230</u></u>	<u><u>100.01%</u></u>

Source: School District records.

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

<u>English:</u>	<u>Avon Lake</u>	<u>State of Ohio</u>	<u>National</u>	<u>Science:</u>	<u>Avon Lake</u>	<u>State of Ohio</u>	<u>National</u>
2007 - 2008	22.8	21.1	20.6	2007 - 2008	23.1	21.7	20.8
2006 - 2007	23.0	21.0	20.7	2006 - 2007	23.1	21.6	21.0
2005 - 2006	22.2	20.8	20.6	2005 - 2006	23.0	21.5	20.9
2004 - 2005	22.7	20.7	20.4	2004 - 2005	23.4	21.5	20.9
2003 - 2004	21.9	20.7	20.4	2003 - 2004	22.8	21.5	20.9
2002 - 2003	21.8	20.6	20.3	2002 - 2003	22.5	21.4	20.8
2001 - 2002	21.8	20.6	20.2	2001 - 2002	22.5	21.5	20.8
2000 - 2001	21.6	20.7	20.5	2000 - 2001	22.5	21.5	21.0
1999 - 2000	21.8	20.7	20.5	1999 - 2000	22.8	21.4	21.0
1998 - 1999	21.6	20.8	20.5	1998 - 1999	22.2	21.4	21.0

<u>Math:</u>	<u>Avon Lake</u>	<u>State of Ohio</u>	<u>National</u>	<u>Composite:</u>	<u>Avon Lake</u>	<u>State of Ohio</u>	<u>National</u>
2007 - 2008	24.1	21.5	21.0	2007 - 2008	23.5	21.7	21.1
2006 - 2007	24.3	21.3	21.0	2006 - 2007	23.7	21.6	21.2
2005 - 2006	23.9	21.3	20.8	2005 - 2006	23.2	21.5	21.1
2004 - 2005	24.2	21.2	20.7	2004 - 2005	23.7	21.4	20.9
2003 - 2004	23.3	21.1	20.7	2003 - 2004	22.9	21.4	20.9
2002 - 2003	23.3	21.1	20.6	2002 - 2003	22.6	21.4	20.8
2001 - 2002	23.3	21.2	20.6	2001 - 2002	22.8	21.4	20.8
2000 - 2001	22.3	21.1	20.7	2000 - 2001	22.3	21.4	21.0
1999 - 2000	22.7	21.2	20.7	1999 - 2000	22.8	21.4	21.0
1998 - 1999	22.3	21.1	20.7	1998 - 1999	22.2	21.4	21.0

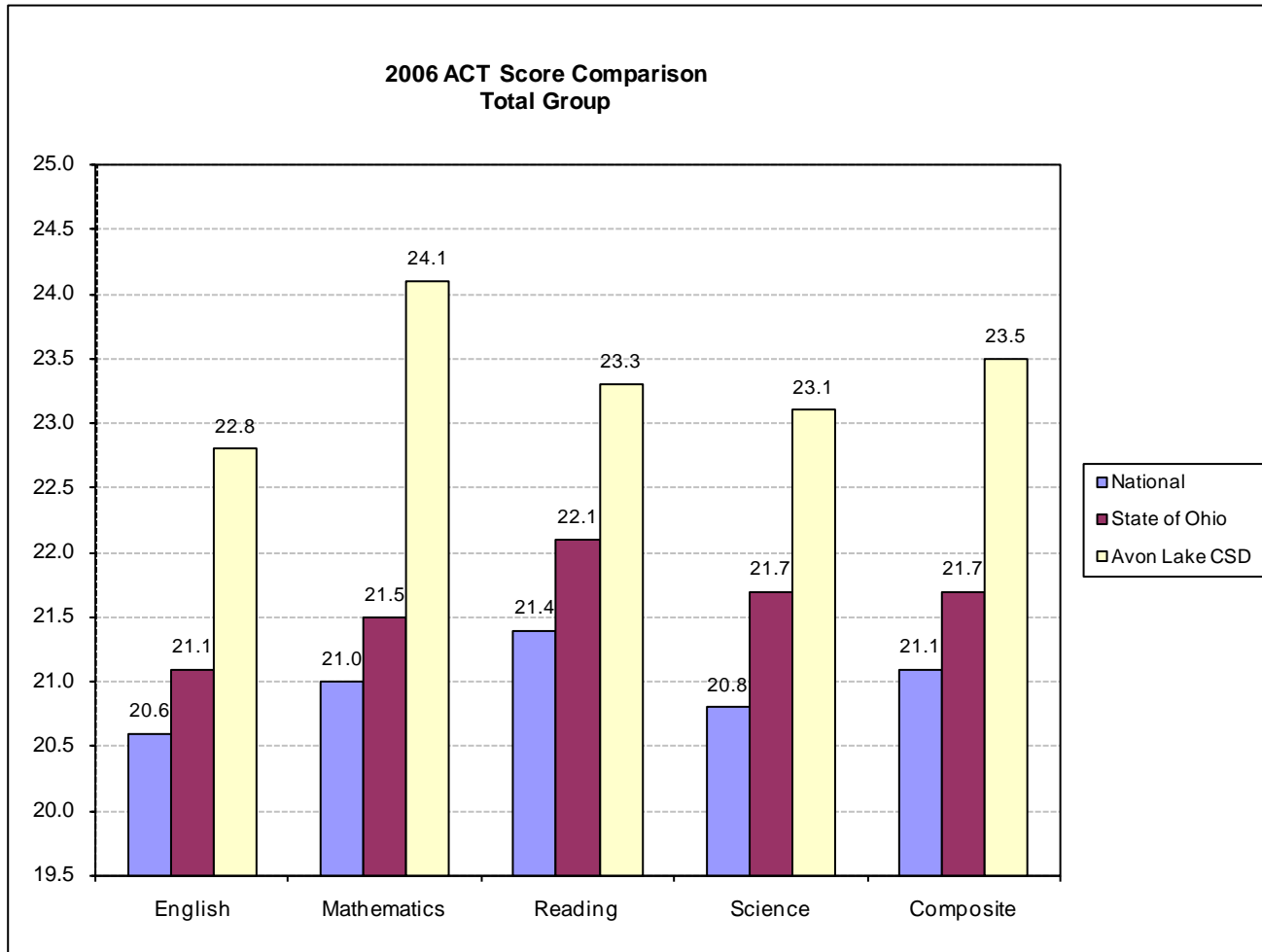
<u>Reading:</u>	<u>Avon Lake</u>	<u>State of Ohio</u>	<u>National</u>
2007 - 2008	23.3	22.1	21.4
2006 - 2007	23.6	22.0	21.5
2005 - 2006	23.0	21.9	21.4
2004 - 2005	23.9	21.9	21.3
2003 - 2004	23.3	21.9	21.3
2002 - 2003	22.3	21.8	21.2
2001 - 2002	23.4	21.8	21.1
2000 - 2001	22.4	21.8	21.3
1999 - 2000	23.0	21.9	21.4
1998 - 1999	22.3	21.9	21.4

Source: American College Testing Program

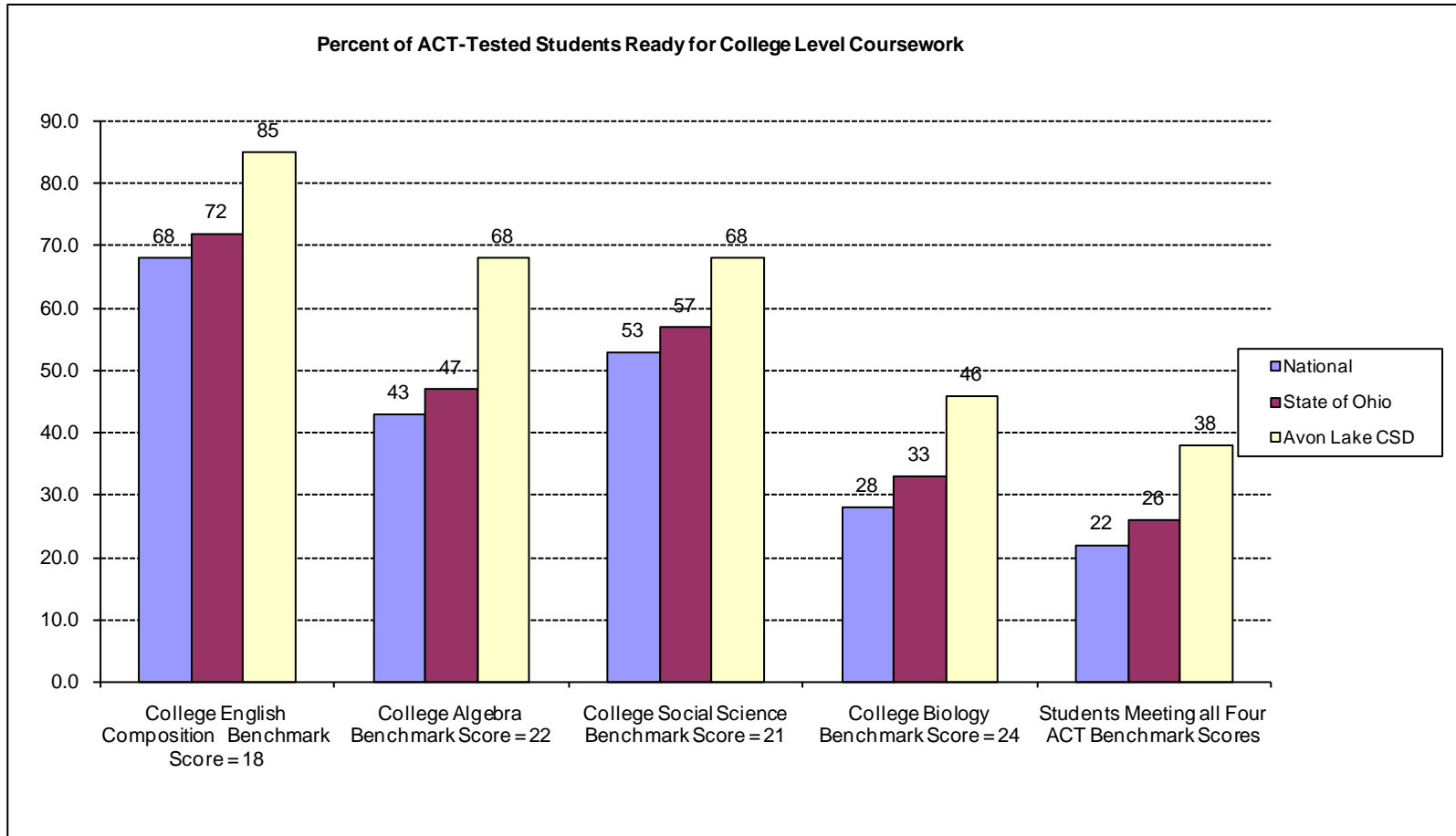
AVON LAKE CITY SCHOOL DISTRICT

2008 ACT SCORE COMPARISON

JUNE 30, 2008



AVON LAKE CITY SCHOOL DISTRICT
 PERCENT OF ACT TESTED STUDENTS READY FOR COLLEGE LEVEL COURSEWORK
 JUNE 30, 2008



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

	Fiscal Year									
	2008	2007	2006	2005	2004	2003	2002	2001	2000	1999
Elementary Schools										
Eastview (1950)										
Square feet	43,721	43,721	43,721	43,721	43,721	-	-	-	-	-
Enrollment	317	317	317	328	346	365	333	319	275	281
Erievue (1950)										
Square feet	37,905	37,905	37,905	37,905	37,905	-	-	-	-	-
Enrollment	258	258	258	260	258	239	232	229	248	270
Redwood (1962)										
Square feet	51,273	51,273	51,273	51,273	-	-	-	-	-	-
Enrollment	357	357	357	311	313	292	280	289	283	261
Troy (1970)										
Square feet	101,764	101,764	101,764	101,764	101,764	101,764	101,764	101,764	101,764	101,764
Enrollment	553	553	553	497	469	505	515	491	442	467
Westview (1957)										
Square feet	38,445	38,445	38,445	38,445	-	-	-	-	-	-
Enrollment	230	230	230	224	226	225	217	206	202	228
Middle School										
Learwood (1959)										
Square feet	108,839	108,839	108,839	108,839	-	-	-	-	-	-
Enrollment	512	512	512	531	531	536	511	499	513	519
High School										
Avon Lake High (1927)										
Square feet	321,552	321,552	321,552	321,552	-	-	-	-	-	-
Enrollment	1,173	1,173	1,173	1,128	1,122	1,099	1,065	1,063	1,001	930

Source: District records.

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Mary Taylor, CPA
Auditor of State

AVON LAKE CITY SCHOOL DISTRICT

LORAIN COUNTY

CLERK'S CERTIFICATION

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

Susan Babbitt

CLERK OF THE BUREAU

**CERTIFIED
JANUARY 13, 2009**