



**AVON LAKE CITY SCHOOL DISTRICT
LORAIN COUNTY**

SINGLE AUDIT

FOR THE YEAR ENDED JUNE 30, 2003



**Auditor of State
Betty Montgomery**

**AVON LAKE CITY SCHOOL DISTRICT
LORAIN COUNTY**

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**AVON LAKE CITY SCHOOL DISTRICT
LORAIN COUNTY
SCHEDULE OF FEDERAL AWARDS RECEIPTS AND EXPENDITURES
FOR THE YEAR ENDED JUNE 30, 2003**

Federal Agency Pass-through Agency Federal Program	CFDA #	Pass-through Agency Awarding Number	Receipts	Non-Cash Receipts	Expenditures	Non-Cash Expenditures
United States Department Of Education						
Passed-through Ohio Department of Education						
Special Education Cluster:						
Special Education - Grants to States	84.027	048124 6B-SF	\$ 238,897		\$ 248,410	
Special Education - Preschool	84.173	048124 PG-S1	6,651		18,807	
Total Special Education Cluster			<u>245,548</u>		<u>267,217</u>	
Title 1 Grants to Local Educational Agencies	84.010	048124 C1-S1	36,037		184,117	
Innovative Education Program Strategies	84.298	048124 C2-S1	17,243		18,758	
Improving Teacher Quality State Grants	84.367	048124 TR-S1	25,577		36,561	
Eisenhower Professional Development State Grant	84.281	048124 MS-S1	-		10,233	
School Renovation Grants	84.352A	048124 AT-S3	2,495		2,495	
Technology Literacy Challenge Fund Grants	84.318	048124 TJ-S1	911		312	
Safe and Drug-Free Schools and Communities- State Grants	84.186	048124 DR-S1	4,127		9,903	
Total United States Department of Education			<u>331,938</u>		<u>529,596</u>	
United States Department Of Agriculture						
Passed-through Ohio Department of Education						
Child Nutrition Cluster:						
National School Lunch Program	10.555	048124 LL-P4	70,605		70,605	
Food Distribution Program	10.550	048124 04-PU		\$ 42,615		\$ 39,929
Total Nutrition Cluster/ Total United States Department of Agriculture			<u>70,605</u>	<u>42,615</u>	<u>70,605</u>	<u>39,929</u>
Total Federal Financial Assistance			<u>\$ 402,543</u>	<u>\$ 42,615</u>	<u>\$ 600,201</u>	<u>\$ 39,929</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
JUNE 30, 2003**

NOTE A - SIGNIFICANT ACCOUNTING POLICIES

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

NOTE B – CHILD NUTRITION CLUSTER

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

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



**Auditor of State
Betty Montgomery**

**INDEPENDENT ACCOUNTANTS' REPORT ON COMPLIANCE AND ON
INTERNAL CONTROL 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 Avon Lake City School District, Lorain County, Ohio, (the District) as of and for the year ended June 30, 2003, and have issued our report thereon dated December 19, 2003, wherein we noted the District adopted Government Accounting Standards Board Statement No. 34, Interpretation No. 6 and changed its accounting for capital assets. 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 *Government Auditing Standards*, issued by the Comptroller General of the United States.

Compliance

As part of obtaining reasonable assurance about whether the District's financial statements are free of material misstatement, we performed tests of its compliance with certain provisions of laws, regulations, contracts and grants, noncompliance with which could have a direct and material effect on 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 such an opinion. The results of our tests disclosed no instances of noncompliance that are required to be reported under *Government Auditing Standards*. However, we noted certain immaterial instances of noncompliance that we have reported to management of the District in a separate letter dated December 19, 2003.

Internal Control Over Financial Reporting

In planning and performing our audit, we considered the District's internal control over financial reporting in order to determine our auditing procedures for the purpose of expressing our opinion on the financial statements and not to provide assurance on the internal control over financial reporting. Our consideration of the internal control over financial reporting would not necessarily disclose all matters in the internal control over financial reporting that might be material weaknesses. A material weakness is a condition in which the design or operation of one or more of the internal control components does not reduce to a relatively low level the risk that misstatements in amounts that would be material in relation to the financial statements being audited may occur and not be detected within a timely period by employees in the normal course of performing their assigned functions. We noted no matters involving the internal control over financial reporting and its operation that we consider to be material weaknesses. However, we noted certain matters involving the internal control over financial reporting that do not require inclusion in this report that we have reported to management of the District in a separate letter dated December 19, 2003.

Avon Lake City School District
Lorain County
Independent Accountants' Report on Compliance and on
Internal Control Required by *Government Auditing Standards*
Page 2

This report is intended for the information and use of management, the Board of Education, and federal awarding agencies and pass-through entities, and is not intended to be and should not be used by anyone other than these specified parties.

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

Betty Montgomery
Auditor of State

December 19, 2003



Auditor of State Betty Montgomery

INDEPENDENT ACCOUNTANTS' REPORT ON COMPLIANCE WITH REQUIREMENTS APPLICABLE TO EACH MAJOR FEDERAL PROGRAM AND 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, Lorain County, Ohio, (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 are applicable to its major federal program for the year ended June 30, 2003. The District's major federal program is identified in the summary of auditor's results section of the accompanying schedule of findings. Compliance with the requirements of laws, regulations, contracts and grants applicable to its major federal program is the responsibility of the District's management. 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 obtain reasonable assurance about whether noncompliance occurred with the types of compliance requirements referred to above that could have a direct and material effect on a major federal program. An audit includes examining, on a test basis, evidence about the District's compliance with those requirements and performing such other procedures as we considered necessary in the circumstances. We believe that 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 District complied, in all material respects, with the requirements referred to above that are applicable to its major federal program for the year ended June 30, 2003. However, we noted certain instances of noncompliance that do not require inclusion in this report that we have reported to the management of the District in a separate letter dated December 19, 2003.

Internal Control Over Compliance

The management of the District is responsible for establishing and maintaining effective internal control over compliance with 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 have a direct and material effect on a major federal program in order to determine our auditing procedures for the purpose of expressing our opinion on compliance and to test and report on internal control over compliance in accordance with OMB Circular A-133.

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**Internal Control Over Compliance
(Continued)**

Our consideration of the internal control over compliance would not necessarily disclose all matters in the internal control that might be material weaknesses. A material weakness is a condition in which the design or operation of one or more of the internal control components does not reduce to a relatively low level the risk that noncompliance with applicable requirements of laws, regulations, contracts and grants that would be material in relation to a major federal program being audited may occur and not be detected within a timely period by employees in the normal course of performing their assigned functions. We noted no matters involving the internal control over compliance and its operation that we consider to be material weaknesses. However, we noted other matters involving the internal control over federal compliance that do not require inclusion in this report, that we have reported to the management of the District in a separate letter dated December 19, 2003.

Schedule of Federal Awards Expenditures

We have audited the basic financial statements of the Avon Lake City School District as of and for the year ended June 30, 2003, and have issued our report thereon dated December 19, 2003, wherein we noted the District adopted Government Accounting Standards Board Statement No. 34, Interpretation No. 6 and changed its accounting for capital assets. Our audit was performed for the purpose of forming an opinion on the basic financial statements taken as a whole. The accompanying schedule of federal awards expenditures is presented for purposes of additional analysis as required by OMB Circular A-133 and is not a required part of the basic financial statements. Such information has been subjected to the auditing procedures applied in the audit of the basic financial statements and, in our opinion, is fairly stated, in all material respects, in relation to the basic financial statements taken as a whole.

This report is intended for the information and use of management, Board of Education, and federal awarding agencies and pass-through entities, and is not intended to be and should not be used by anyone other than these specified parties.



Betty Montgomery
Auditor of State

December 19, 2003

**AVON LAKE CITY SCHOOL DISTRICT
LORAIN COUNTY**

**SCHEDULE OF FINDINGS
OMB CIRCULAR A -133 § .505**

JUNE 30, 2003

1. SUMMARY OF AUDITOR'S RESULTS
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<i>(d)(1)(i)</i>	<i>Type of Financial Statement Opinion</i>	Unqualified
<i>(d)(1)(ii)</i>	<i>Were there any material control weakness conditions reported at the financial statement level (GAGAS)?</i>	No
<i>(d)(1)(ii)</i>	<i>Were there any other reportable control weakness conditions reported at the financial statement level (GAGAS)?</i>	No
<i>(d)(1)(iii)</i>	<i>Was there any reported material non-compliance at the financial statement level (GAGAS)?</i>	No
<i>(d)(1)(iv)</i>	<i>Were there any material internal control weakness conditions reported for major federal programs?</i>	No
<i>(d)(1)(iv)</i>	<i>Were there any other reportable internal control weakness conditions reported for major federal programs?</i>	No
<i>(d)(1)(v)</i>	<i>Type of Major Programs' Compliance Opinion</i>	Unqualified
<i>(d)(1)(vi)</i>	<i>Are there any reportable findings under § .510?</i>	No
<i>(d)(1)(vii)</i>	<i>Major Programs (list):</i>	Title I Grants to Local Educational Agencies – CFDA# 84.010
<i>(d)(1)(viii)</i>	<i>Dollar Threshold: Type A/B Programs</i>	\$ 300,000
<i>(d)(1)(ix)</i>	<i>Low Risk Auditee?</i>	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
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None

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

**Comprehensive
Annual Financial Report
For the Fiscal Year Ended June 30, 2003**

Prepared by

**Denise J. Armour
Treasurer**

Avon Lake City School District
Comprehensive Annual Financial Report
For the Fiscal Year Ended June 30, 2003
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Avon Lake City Schools

Treasurer's Office

175 Avon Belden Rd.

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December 19, 2003

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, 2003. 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 comprehensive annual financial report is presented in three sections as follows:

1. **The Introductory Section**, which contains a Table of Contents, Letter of Transmittal, List of Principal Officials, the Organizational Chart of the School District, the GFOA Certificate of Achievement and the ASBO Certificate of Excellence.
2. **The Financial Section**, which begins with the Independent Accountants' Report and includes Management's Discussion and Analysis, the Basic Financial Statements and Notes that provide an overview of the School District's financial position and operating results, the Combining Statements by Fund Type and other schedules providing detailed information relative to the Basic Financial Statements.
3. **The Statistical Section**, which presents social and economic data, financial trends and the fiscal capacity of the Avon Lake City School District.

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 has just completed the most recent 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 \$78,839,008 in the School District land, land improvements, buildings, furniture and equipment, vehicles, textbooks and library books and construction in progress (excludes accumulated depreciation).

The legislative power of the School District is vested in the Board of Education, consisting of five members elected at-large for staggered four year terms. 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 one claims servicing pool 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 Association, the Lake Erie Council of Governments (LERC) Insurance Program and the Avon Lake Public Library. These organizations are presented in Notes 18, 19, and 20 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.

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 vote 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. Each year, the assessment rate of this property and inventory was lowered one percent until 1993 when it reached twenty-five percent. Ohio lawmakers have again passed a law that is lowering the property and inventory tax by two percent a year. This results 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 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 will lower income from local property tax and increase 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 4.86 mill replacement levy in May of 2003. The additional revenues generated from this levy, along with monitoring expenditures, are expected to carry the School District through the next five-year period beginning in 2004.

Major Initiatives

Ohio Report Card

The Ohio Report Card is issued in February 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 2003 report card demonstrated that the School District improved in 22 of 22 indicators. The School District is now rated in the category titled, "Excellent."

Federal Projects

The School District files applications for federal funds electronically utilizing the Consolidated Local Plan. This allows the Director, Mr. John Richard, 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 almost 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 will be complete in October and ready for use 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 fixed 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 Assistant Superintendent 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 first 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 new 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 2003 and a comparison, where available, to performance in 2002 and analysis of resources available for the future. Because the discussion focused 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 2003. 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 \$542,047 at June 30, 2003.

Cash Management

The Board pursues an aggressive cash management program by expediting the receipts of revenues and prudently depositing available cash 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 for interim balances.

Interest revenue in the governmental funds totaled \$641,818 for fiscal year 2003, of which \$371,600 was credited to the general fund, \$267,137 to the building fund and \$3,081 to the special revenue funds. Information regarding School District investments is found in Note 6 of the basic financial statements.

Risk Management

The School District participates in a claims servicing pool for health and medical benefits for its employees. The Lake Erie Regional Council of Governments (LERC) "pool" is comprised of fourteen Lorain County school districts. All risk is transferred to LERC and claims are paid through a common fund controlled by LERC. Stop-loss coverage is purchased by LERC.

All employees of Avon Lake City School District are covered by a blanket bond, while certain individuals in policy-making roles are covered by separated, 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 State 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 subjected to an annual examination by an independent auditor. An annual audit services to maintain and strengthen the School District's accounting and budgetary controls. Independent Auditor Betty Montgomery, 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, 2003. 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 governments 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 ending June 30, 2002. 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, 2002 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, 2003, which will be submitted to ASBO for review, will conform to ASBO's principals and standards.

Acknowledgments

The publication of this Comprehensive Annual Financial Report according to the new financial reporting model is another 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.

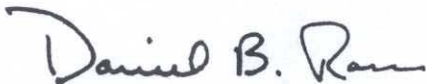
Special appreciation is expressed to the Local Government Services Section of State Auditor Betty Montgomery's office for assistance in the planning, designing and reviewing this financial report.

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

Respectfully submitted,



Denise J. Armour, Treasurer



Daniel B. Ross, Ph. D., Superintendent

Avon Lake Board of Education

Principal Officials
June 30, 2003

Board of Education

Dr. Terrance Ryan.....President
Mr. Michael J. Mannino..... Vice-President
Mr. Mark Bennett..... Member
Mr. Michael J. Holleran Member
Mrs. Nancy Stoneburner Member

Treasurer

Mrs. Denise J. Armour

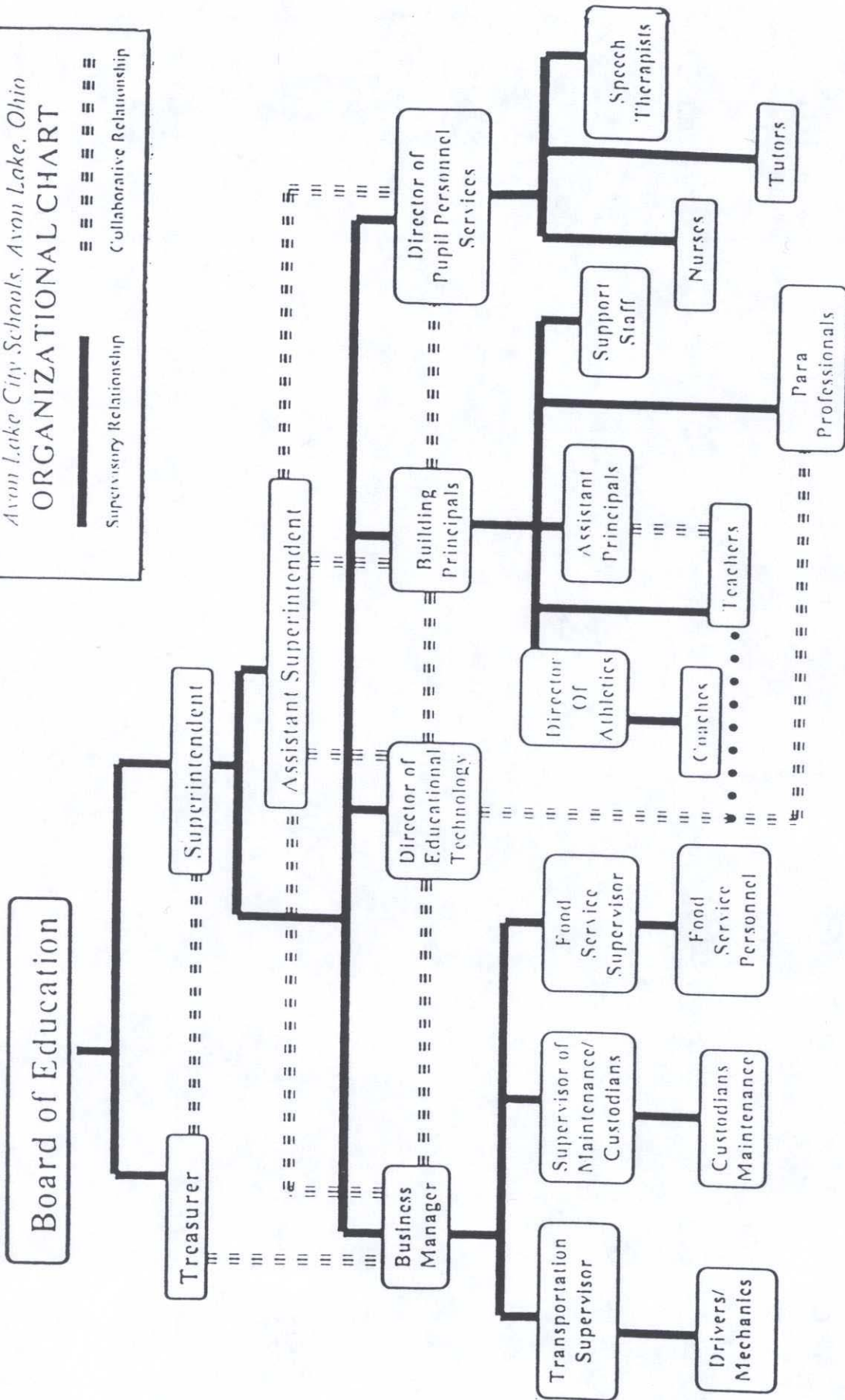
Administration

Dr. Daniel B. Ross, Ph.D. Superintendent
Dr. Cheryl Dubsky Assistant 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 School
District, Ohio

For its Comprehensive Annual
Financial Report
for the Fiscal Year Ended
June 30, 2002

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



William Patrick Bate

President

Jeffrey R. Emer

Executive Director

ASSOCIATION OF SCHOOL BUSINESS OFFICIALS
INTERNATIONAL

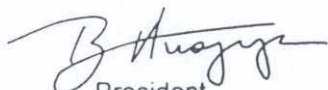


This Certificate of Excellence in Financial Reporting is presented to

AVON LAKE CITY SCHOOLS

For its Comprehensive Annual Financial Report (CAFR)
For the Fiscal Year Ended June 30, 2002

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


President


Executive Director

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**Auditor of State
Betty Montgomery**

INDEPENDENT ACCOUNTANTS' REPORT

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

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 fiscal year ended June 30, 2003, 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 *Government Auditing Standards*, issued by the Comptroller General of the United States. Those standards require that we plan and perform the audit to obtain reasonable assurance about 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, 2003, and the respective budgetary comparison for the General Fund thereof for the year then ended in conformity with accounting principles generally accepted in the United States of America.

As described in Note 3, during the year ended June 30, 2003, the District implemented a new financial reporting modal, as required by the provisions of Governmental Accounting Standards Board Statement No. 34, *Basic Financial Statements – and Management's Discussion and Analysis – for State and Local Governments* and Interpretation No. 6 and changed its accounting for capital assets.

In accordance with *Government Auditing Standards*, we have also issued our report dated December 19, 2003, 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 grants. That report is an integral part of an audit performed in accordance with *Government Auditing Standards* and should be read in conjunction with this report in considering the results of our audit.

Management's Discussion and Analysis is not a required part of the basic financial statements but is supplementary information the Government Accounting Standards Board requires. We have applied certain limited procedures, which consisted principally of inquiries of management regarding the methods of measurement and presentation of the required supplementary information. However, we did not audit the information and express no opinion on it.

We conducted our audit to form opinions 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 are presented for additional analysis and are not a required part of the basic financial statements. We subjected the combining nonmajor fund statements and schedules to the auditing procedures applied in the audit of the basic financial statements. In our opinion, this information is fairly stated in all material respects in relation to the basic financial statements taken as a whole. We did not subject the introductory section and statistical tables to the auditing procedures applied in the audit of the basic financial statements, and accordingly, we express no opinion on them.



Betty Montgomery
Auditor of State

December 19, 2003

Avon Lake City School District
Management's Discussion and Analysis
For the Fiscal Year Ended June 30, 2003
Unaudited

The discussion and analysis of the Avon Lake City School District's financial performance provides an overall review of the School District's financial activities for the fiscal year ended June 30, 2003. 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 2003 are as follows:

- Total net assets increased \$4,277,400 in governmental activities.
- Revenues for governmental activities totaled \$33,835,954 in fiscal year 2003. Of this total \$31,635,264 or 93.5 percent consisted of general revenues while program revenues accounted for the balance of \$2,200,690 or 6.5 percent.
- Program expenses totaled \$29,558,554. Instructional expenses made up \$13,516,820 or 45.7 percent of this total while support services accounted for \$11,322,085 or 38.3 percent. Other expenses, \$4,719,649, rounded out the remaining 16.0 percent.
- Total outstanding debt decreased by \$992,739 to \$50,047,485 in fiscal year 2003.

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 Avon Lake City 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 2003 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, 2003
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 that, 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, support services, operation and maintenances of plant, pupil transportation, operation of non-instructional services and extracurricular activities.

Reporting the School District's Most Significant Funds

Fund Financial Statements

The analysis of the School District's major funds begins on page 8. Fund financial reports provide detailed information about the School District's major funds. The School District uses many funds to account for a multitude of financial transactions. However, these fund financial statements concentrate on the School District's most significant funds. The School District's major governmental funds are the general fund, bond retirement debt service fund and the building improvements capital projects 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.

Avon Lake City School District
Management's Discussion and Analysis
For the Fiscal Year Ended June 30, 2003
Unaudited

The School District as a Whole

The Statement of Net Assets provides the perspective of the School District as a whole. Table 1 provides a summary of the School District's governmental activities net assets for fiscal year 2003 compared to fiscal year 2002:

Table 1
Net Assets

	2003	2002
Assets		
Current and Other Assets	\$42,392,530	\$45,222,872
Capital Assets, Net	56,788,164	49,754,167
<i>Total Assets</i>	99,180,694	94,977,039
Liabilities		
Current and Other Liabilities	29,688,385	28,543,058
Long-Term Liabilities:		
Due Within One Year	1,946,251	1,696,949
Due in More than One Year	49,473,271	50,941,645
<i>Total Liabilities</i>	81,107,907	81,181,652
Net Assets		
Invested in Capital Assets, Net of Related Debt	9,132,085	1,080,041
Restricted:		
Capital Projects	2,311,319	7,361,951
Set-Asides	828,648	520,488
Other Purposes	626,113	707,345
Unrestricted	5,174,622	4,125,562
<i>Total Net Assets</i>	\$18,072,787	\$13,795,387

Total assets increased by \$4,203,655. The majority of this increase can be attributed to the increase of \$7,033,997 in capital assets for the construction in progress of various building improvements which was offset by the decrease of \$2,665,828 in equity in pooled cash and cash equivalents.

Total liabilities decreased by \$73,745 which was primarily the result of claims payable for the self insurance program.

Avon Lake City School District
Management's Discussion and Analysis
For the Fiscal Year Ended June 30, 2003
Unaudited

Table 2 shows the changes in governmental activities net assets for fiscal year 2003. Since this is the first year the School District has prepared financial statements following GASB Statement 34, revenue and expense comparisons to fiscal year 2002 are not available. In future years, when prior year information is available, a comparative analysis of government-wide data will be presented.

Table 2
Changes in Net Assets

	2003
Revenues	
Program Revenues:	
Charges for Services and Sales	\$1,147,617
Operating Grants and Contributions	974,121
Capital Grants and Contributions	78,952
<i>Total Program Revenues</i>	2,200,690
General Revenues:	
Property Taxes	24,231,626
Grants and Entitlements	6,201,476
Investment Earnings	665,235
Miscellaneous	536,927
<i>Total General Revenues</i>	31,635,264
Total Revenues	33,835,954
Program Expenses	
Instruction	13,516,820
Support Services:	
Pupil and Instructional Staff	3,147,888
Board of Education, Administration, Fiscal and Business	3,439,090
Operation and Maintenance of Plant	3,639,874
Pupil Transportation	1,063,898
Central	31,335
Operation of Non-Instructional Services:	
Food Service Operations	646,164
Other Non-Instructional Services	241,576
Extracurricular Activities	938,883
Interest and Fiscal Charges	2,893,026
<i>Total Program Expenses</i>	29,558,554
Increase in Net Assets	4,277,400
<i>Net Assets Beginning of Year - Restated</i>	13,795,387
<i>Net Assets End of Year</i>	\$18,072,787

Avon Lake City School District
Management's Discussion and Analysis
For the Fiscal Year Ended June 30, 2003
Unaudited

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.

Our School District, which is very dependent upon local property taxes, is hampered by a lack of revenue growth and must periodically ask the voters to increase property taxes to maintain a constant level of service. Property taxes made up 71.6 percent of revenues for governmental activities for Avon Lake City Schools in fiscal year 2003.

The largest governmental activities program expense remains instruction, comprising 45.7 percent of expenses. When combined with pupil and instructional support these categories make up 56.4 percent of expenses.

Interest expense was primarily attributable to the outstanding bonds.

The Statement of Activities shows the cost of program services and the charges for services and grants offsetting those services. Table 3 shows, for government activities, the total cost of services. The \$27,357,864 net cost of services tells the reader that these services are not self-supporting, but are supported by tax revenues and unrestricted State entitlements.

Table 3
 Governmental Activities

	Total Cost of Services	Net Cost of Services
	2003	2003
Instruction	\$13,516,820	(\$13,037,817)
Support Services:		
Pupil and Instructional Staff	3,147,888	(2,692,681)
Board of Education, Administration, Fiscal and Business	3,439,090	(3,393,314)
Operation and Maintenance	3,639,874	(3,592,840)
Pupil Transportation	1,063,898	(1,063,898)
Central	31,335	(20,382)
Operation of Non-Instructional Services:		
Food Service Operations	646,164	(2,311)
Other Non-Instructional Services	241,576	(239,325)
Extracurricular Activities	938,883	(422,270)
Interest and Fiscal Charges	2,893,026	(2,893,026)
Total Expenses	\$29,558,554	(\$27,357,864)

Avon Lake City School District
Management's Discussion and Analysis
For the Fiscal Year Ended June 30, 2003
Unaudited

The dependence upon tax revenues for governmental activities is apparent. Over 82.0 percent of total expenses are supported through taxes. Grant and entitlements not restricted to specific programs support 21.0 percent, while investment and other miscellaneous type revenue support the remaining activity costs. Program revenues only account for 7.5 percent of all governmental expenses. The community, as a whole, is the primary support for Avon Lake City School District students.

The School District's Funds

Information about the School District's major funds starts on page 14. These governmental funds are accounted for using the modified accrual basis of accounting. All governmental funds had total revenues of \$33,849,277 and expenditures of \$38,300,425. The net change in fund balance for the year was most significant in the building improvement fund, a decrease of \$4,565,838. In total, the excess of revenues under expenditures was (\$4,451,148) and fund balance was decreased to \$11,316,015.

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 2003, the School District amended its general fund budget numerous times, none significant. For the general fund, the final budget basis revenue estimate was \$28,035,221, \$1,591,031 above the original budget estimate of \$26,444,190. The main difference between the original and final estimates was due to an increase in property taxes offset by a reduction of funding for special education students in the School District. Total actual revenues were \$28,039,994, \$1,595,804 above the original budget estimate. The final budget basis expenditures estimate totaled \$27,940,425, a \$98,335 decrease over the original budget estimate of \$28,038,760. The unencumbered ending cash balance totaled \$5,585,716.

Capital Assets and Debt Administration

Capital Assets

At the end of fiscal 2003, the School District had \$56,788,164, invested in land, land improvements, buildings and improvements, furniture and equipment, vehicles and textbooks and library books. Table 4 show fiscal year 2003 values compared to fiscal year 2002. More detailed information is presented in Note 10 of the notes to the basic financial statements.

Avon Lake City School District
Management's Discussion and Analysis
For the Fiscal Year Ended June 30, 2003
Unaudited

Table 4
 Capital Assets

	2003	2002
Land	\$5,656,440	\$5,656,440
Land Improvements	1,257,736	370,014
Buildings and Improvements	34,149,649	3,097,259
Furniture and Equipment	2,832,210	2,082,249
Vehicles	463,682	516,179
Textbooks and Library Books	921,875	0
Construction in Progress	11,506,572	38,032,026
Totals	\$56,788,164	\$49,754,167

All capital assets, except land and construction in progress, are reported net of depreciation. The increase in capital assets is primarily due to the near completion of construction in progress for building improvements, offset by depreciation expense. Land improvements also increased due to nearing the end of our construction project. The School District continued its ongoing commitment to maintaining and improving its capital assets.

Debt

At June 30, 2003, the Avon Lake School District had \$50,047,485 in bonds, notes and loans outstanding, a decrease of \$992,739 from fiscal year 2002. \$1,576,734 of the bonds, notes and loans are due within one year. Table 5 below summarizes the School District's bonds, notes and loans outstanding. More detailed information is presented in Note 17 of the notes to the basic financial statements.

Table 5
 Outstanding Debt at Year End

	2003	2002
Energy Conservation Improvements Bonds	\$600,000	\$735,000
Public Library Improvement Bonds	2,675,000	2,850,000
Troy Renovation/Improvement Bonds	1,670,000	1,725,000
School Facilities Term and Serial Bonds	39,775,000	40,500,000
Capital Appreciation Bonds	2,970,331	2,819,052
Energy Conservation Notes	1,620,717	1,785,717
Fiber Optics Loan	479,368	625,455
HVAC Loan	257,069	0
Totals	\$50,047,485	\$51,040,224

At June 30, 2003, the School District's overall legal debt margin was \$18,164,576 with an unvoted debt margin of \$699,243. The debt is well within permissible limits. The School District maintains a Moody's rating of A-1.

Avon Lake City School District
Management's Discussion and Analysis
For the Fiscal Year Ended June 30, 2003
Unaudited

Current Issues

The Avon Lake School District has also been impacted by the continuing national trend of rapidly escalating employee benefit costs. The Avon Lake City 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 four fiscal years. Our future revenue base is dependent upon the renewal of an emergency levy expiring in 2009. In May of 2003, the School District passed a renewal \$3.4 million emergency levy.

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 \$46,000 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 twelve years.

Contacting the School District's Fiscal Management

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

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Avon Lake City School District

Statement of Net Assets

June 30, 2003

	Governmental Activities
Assets	
Equity in Pooled Cash and Cash Equivalents	\$13,112,641
Cash and Cash Equivalents with Fiscal Agents	741,517
Accounts Receivable	2,825
Intergovernmental Receivable	1,288,196
Prepaid Items	240,855
Inventory Held for Resale	8,945
Materials and Supplies Inventory	82,885
Property Taxes Receivable	26,914,666
Nondepreciable Capital Assets	17,163,012
Depreciable Capital Assets, Net	39,625,152
	<hr/>
<i>Total Assets</i>	99,180,694
Liabilities	
Accounts Payable	336,952
Contracts Payable	485,337
Retainage Payable	741,517
Accrued Wages and Benefits	2,152,677
Intergovernmental Payable	848,361
Early Retirement Incentive Payable	94,452
Matured Compensated Absences Payable	73,199
Deferred Revenue	24,195,129
Claims Payable	563,680
Accrued Interest Payable	197,081
Long-Term Liabilities:	
Due Within One Year	1,946,251
Due In More Than One Year	49,473,271
	<hr/>
<i>Total Liabilities</i>	81,107,907
Net Assets	
Invested in Capital Assets, Net of Related Debt	9,132,085
Restricted for:	
Capital Projects	2,311,319
Set-Asides	828,648
Other Purposes	626,113
Unrestricted	5,174,622
	<hr/>
<i>Total Net Assets</i>	\$18,072,787

See accompanying notes to the basic financial statements

Avon Lake City School District
Statement of Activities
For the Fiscal Year Ended June 30, 2003

	Program Revenues				Net (Expense)
	Expenses	Charges for Services and Sales	Operating Grants and Contributions	Capital Grants and Contributions	Revenue and Changes in Net Assets
Governmental Activities					
Instruction:					
Regular	\$11,689,934	\$176,260	\$108,669	\$78,952	(\$11,326,053)
Special	1,616,580	18,238	94,107	0	(1,504,235)
Vocational	197,384	0	0	0	(197,384)
Adult/Continuing	12,922	2,777	0	0	(10,145)
Support Services:					
Pupils	1,564,520	49,685	364,561	0	(1,150,274)
Instructional Services	1,583,368	22,223	18,738	0	(1,542,407)
Board of Education	14,625	0	0	0	(14,625)
Administration	2,590,859	32,906	12,870	0	(2,545,083)
Fiscal	772,525	0	0	0	(772,525)
Business	61,081	0	0	0	(61,081)
Operation and Maintenance of Plant	3,639,874	46,273	761	0	(3,592,840)
Pupil Transportation	1,063,898	0	0	0	(1,063,898)
Central	31,335	0	10,953	0	(20,382)
Operation of Non-Instructional Services:					
Food Service Operations	646,164	520,370	123,483	0	(2,311)
Other Non-Instructional Services	241,576	0	2,251	0	(239,325)
Extracurricular Activities	938,883	278,885	237,728	0	(422,270)
Interest and Fiscal Charges	2,893,026	0	0	0	(2,893,026)
<i>Total Governmental Activities</i>	<u>\$29,558,554</u>	<u>\$1,147,617</u>	<u>\$974,121</u>	<u>\$78,952</u>	<u>(27,357,864)</u>

General Revenues

Property Taxes Levied for:	
General Purposes	21,030,950
Debt Service	2,983,852
Capital Projects	216,824
Grants and Entitlements not Restricted to Specific Programs	6,201,476
Investment Earnings	665,235
Miscellaneous	536,927
<i>Total General Revenues</i>	<u>31,635,264</u>
Change in Net Assets	4,277,400
<i>Net Assets Beginning of Year - See Note 3</i>	<u>13,795,387</u>
<i>Net Assets End of Year</i>	<u><u>\$18,072,787</u></u>

See accompanying notes to the basic financial statements

Avon Lake City School District

Balance Sheet

Governmental Funds

June 30, 2003

	General	Bond Retirement	Building Improvements	Other Governmental Funds	Total Governmental Funds
Assets					
Equity in Pooled Cash and Cash Equivalents	\$5,842,371	\$545,293	\$2,468,265	\$2,322,337	\$11,178,266
Cash and Cash Equivalents with Fiscal Agents	0	0	741,517	0	741,517
Restricted Assets:					
Equity in Pooled Cash and Cash Equivalents	828,648	0	0	0	828,648
Accounts Receivable	2,568	0	0	257	2,825
Intergovernmental Receivable	867,999	21,742	0	398,455	1,288,196
Prepaid Items	237,897	0	0	2,958	240,855
Inventory Held for Resale	0	0	0	8,945	8,945
Materials and Supplies Inventory	70,060	0	0	12,825	82,885
Property Taxes Receivable	21,920,512	3,207,567	0	1,786,587	26,914,666
Interfund Receivable	218,448	0	0	0	218,448
<i>Total Assets</i>	<u>\$29,988,503</u>	<u>\$3,774,602</u>	<u>\$3,209,782</u>	<u>\$4,532,364</u>	<u>\$41,505,251</u>
Liabilities and Fund Balances					
Liabilities					
Accounts Payable	\$281,304	\$0	\$0	\$55,648	\$336,952
Contracts Payable	0	0	384,410	100,927	485,337
Retainage Payable	0	0	741,517	0	741,517
Accrued Wages and Benefits	2,107,673	0	0	45,004	2,152,677
Interfund Payable	0	0	0	218,448	218,448
Intergovernmental Payable	493,115	0	0	13,748	506,863
Early Retirement Incentive Payable	94,452	0	0	0	94,452
Matured Compensated Absences Payable	73,199	0	0	0	73,199
Deferred Revenue	20,914,028	2,892,562	0	1,769,290	25,575,880
Accrued Interest Payable	0	3,911	0	0	3,911
<i>Total Liabilities</i>	<u>23,963,771</u>	<u>2,896,473</u>	<u>1,125,927</u>	<u>2,203,065</u>	<u>30,189,236</u>
Fund Balances					
Reserved for Encumbrances	854,631	0	1,291,751	196,588	2,342,970
Reserved for Property Taxes	1,835,671	336,747	0	174,970	2,347,388
Reserved for Textbooks	714,658	0	0	0	714,658
Reserved for Budget Stabilization	113,990	0	0	0	113,990
Unreserved Undesignated, Reported in:					
General Fund	2,505,782	0	0	0	2,505,782
Special Revenue Funds	0	0	0	506,653	506,653
Debt Service Funds	0	541,382	0	1,325,693	1,867,075
Capital Projects Funds	0	0	792,104	125,395	917,499
<i>Total Fund Balances</i>	<u>6,024,732</u>	<u>878,129</u>	<u>2,083,855</u>	<u>2,329,299</u>	<u>11,316,015</u>
<i>Total Liabilities and Fund Balances</i>	<u>\$29,988,503</u>	<u>\$3,774,602</u>	<u>\$3,209,782</u>	<u>\$4,532,364</u>	<u>\$41,505,251</u>

See accompanying notes to the basic financial statements

Avon Lake City School District
*Reconciliation of Total Governmental Fund Balances to
 Net Assets of Governmental Activities
 June 30, 2003*

Total Governmental Fund Balances		\$11,316,015
 <i>Amounts reported for governmental activities in the statement of net assets are different because</i>		
Capital assets used in governmental activities are not financial resources and therefore are not reported in the funds.		56,788,164
Other long-term assets are not available to pay for current-period expenditures and therefore are deferred in the funds:		
Delinquent Property Taxes	372,149	
Intergovernmental	<u>1,008,602</u>	
Total		1,380,751
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 funds are included in governmental activities in the statement of net assets.		542,047
Due to other governments includes contractually required pension contributions not expected to be paid with expendable available financial resources and therefore not reported in the funds.		(341,498)
In the statement of activities, interest is accrued on outstanding bonds, whereas in governmental fund, an interest expenditure is reported when due.		(193,170)
Long-term liabilities are not due and payable in the current period and therefore are not reported in the funds.		
General Obligation Bonds	(44,720,000)	
Capital Appreciation Bonds	(2,970,331)	
Notes Payable	(1,620,717)	
Loans Payable	(736,437)	
Capital Lease Obligation Payable	(283,594)	
Compensated Absences	<u>(1,088,443)</u>	
Total		<u>(51,419,522)</u>
<i>Net Assets of Governmental Activities</i>		<u><u>\$18,072,787</u></u>

See accompanying notes to the basic financial statements

Avon Lake City School District
Statement of Revenues, Expenditures and Changes in Fund Balances
Governmental Funds
For the Fiscal Year Ended June 30, 2003

	General	Bond Retirement	Building Improvements	Other Governmental Funds	Total Governmental Funds
Revenues					
Property Taxes	\$21,007,440	\$2,719,057	\$0	\$475,253	\$24,201,750
Intergovernmental	5,810,978	287,396	0	1,063,732	7,162,106
Interest	371,600	0	267,137	3,081	641,818
Tuition and Fees	272,018	0	0	19,884	291,902
Rentals	6,377	0	0	2,495	8,872
Extracurricular Activities	0	0	0	323,363	323,363
Contributions and Donations	4,630	0	33,458	120,971	159,059
Charges for Services	3,110	0	0	520,370	523,480
Miscellaneous	53,134	0	402,493	81,300	536,927
<i>Total Revenues</i>	<u>27,529,287</u>	<u>3,006,453</u>	<u>703,088</u>	<u>2,610,449</u>	<u>33,849,277</u>
Expenditures					
Current:					
Instruction:					
Regular	12,756,990	0	0	116,953	12,873,943
Special	1,444,399	0	0	189,862	1,634,261
Vocational	202,223	0	0	0	202,223
Adult/Continuing	9,578	0	0	1,650	11,228
Support Services:					
Pupils	1,215,261	0	0	363,671	1,578,932
Instructional Staff	1,544,127	0	0	41,166	1,585,293
Board of Education	14,630	0	0	0	14,630
Administration	2,667,641	0	0	20,765	2,688,406
Fiscal	708,025	73,254	0	4,150	785,429
Business	64,486	0	0	0	64,486
Operation and Maintenance of Plant	3,661,508	0	0	1,424	3,662,932
Pupil Transportation	1,106,931	0	0	0	1,106,931
Central	15,780	0	0	15,555	31,335
Operation of Non-Instructional Services:					
Food Service Operations	0	0	0	619,239	619,239
Other Non-Instructional Services	0	0	0	241,458	241,458
Extracurricular Activities	613,235	0	0	351,742	964,977
Capital Outlay	232,410	0	5,351,450	500,890	6,084,750
Debt Service:					
Principal Retirement	200,308	1,080,000	146,087	175,000	1,601,395
Interest and Fiscal Charges	16,106	2,352,019	28,458	151,994	2,548,577
<i>Total Expenditures</i>	<u>26,473,638</u>	<u>3,505,273</u>	<u>5,525,995</u>	<u>2,795,519</u>	<u>38,300,425</u>
<i>Excess of Revenues Over (Under) Expenditures</i>	<u>1,055,649</u>	<u>(498,820)</u>	<u>(4,822,907)</u>	<u>(185,070)</u>	<u>(4,451,148)</u>
Other Financing Sources (Uses)					
Loan Issued	0	0	257,069	0	257,069
Transfers In	0	383,457	0	0	383,457
Transfers Out	(83,457)	0	0	(300,000)	(383,457)
<i>Total Other Financing Sources (Uses)</i>	<u>(83,457)</u>	<u>383,457</u>	<u>257,069</u>	<u>(300,000)</u>	<u>257,069</u>
<i>Net Change in Fund Balances</i>	972,192	(115,363)	(4,565,838)	(485,070)	(4,194,079)
<i>Fund Balances Beginning of Year - Restated (See Note 3)</i>	<u>5,052,540</u>	<u>993,492</u>	<u>6,649,693</u>	<u>2,814,369</u>	<u>15,510,094</u>
<i>Fund Balances End of Year</i>	<u>\$6,024,732</u>	<u>\$878,129</u>	<u>\$2,083,855</u>	<u>\$2,329,299</u>	<u>\$11,316,015</u>

See accompanying notes to the basic financial statements

Avon Lake City School District
*Reconciliation of the Statement of Revenues, Expenditures and Changes
in Fund Balances of Governmental Funds to the Statement of Activities
For the Fiscal Year Ended June 30, 2003*

Net Change in Fund Balances - Total Governmental Funds (\$4,194,079)

*Amounts reported for governmental activities in the
statement of activities are different because*

Governmental funds report capital outlays as expenditures. However, in the statement of activities, the cost of those assets are allocated over their useful lives as depreciation expense. This amount by which capital outlay exceeded depreciation in the current period.

Capital Asset Additions	8,892,411
Current Year Depreciation	<u>(1,858,414)</u>

Total	7,033,997
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Revenues in the statement of activities that do not provide current financial resources are not reported as revenues in the funds.

Delinquent Property Taxes	29,876
Intergovernmental	<u>(66,616)</u>

Total	(36,740)
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Repayment of bond, loan and capital lease principal is an expenditure in the governmental funds, but the repayment reduces long-term liabilities in the statement of net assets.

1,601,395

In the statement of activities, interest is accrued on outstanding bonds, whereas in governmental funds, an interest expenditure is reported when due.

(193,170)

Bond accretion in the statement of activities does not require the use of current financial resources and therefore is not reported as an expenditure in governmental funds.

(151,279)

Other financing sources in the governmental funds that increase long-term liabilities in the statements of net assets are not reported as revenues in the statement of activities.

(257,069)

Some expenses reported in the statement of activities, such as compensated absences and intergovernmental payable which represent contractually required pension contributions, do not require the use of current financial resources and therefore are not reported as expenditures in governmental funds.

Compensated Absences	26,025
Pension Obligation	<u>(93,727)</u>

Total	<u>(67,702)</u>
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The internal service fund used by management to charge the costs of insurance to individual funds is not reported in the district-wide statements of activities.

Governmental expenditures and related internal service fund revenues are eliminated. The net revenue (expense) of the internal service fund is allocated among the governmental activities.

542,047

Change in Net Assets of Governmental Activities

\$4,277,400

See accompanying notes to the basic financial statements

Avon Lake City School District
Statement of Revenues, Expenditures and Changes
In Fund Balance - Budget (Non-GAAP Basis) and Actual
General Fund
For the Fiscal Year Ended June 30, 2003

	Budgeted Amounts		Actual	Variance With Final Budget Positive (Negative)
	Original	Final		
Revenues				
Property Taxes	\$20,180,633	\$23,307,107	\$21,564,879	(\$1,742,228)
Intergovernmental	5,480,232	4,224,552	5,772,166	1,547,614
Interest	310,030	200,908	330,352	129,444
Tuition and Fees	414,155	205,022	272,163	67,141
Rentals	5,741	5,845	6,117	272
Contributions and Donations	0	0	4,000	4,000
Charges for Services	38,322	77,182	41,412	(35,770)
Miscellaneous	15,077	14,605	48,905	34,300
Total Revenues	26,444,190	28,035,221	28,039,994	4,773
Expenditures				
Current:				
Instruction:				
Regular	14,256,127	13,967,661	13,811,337	156,324
Special	1,380,596	1,380,596	1,417,124	(36,528)
Vocational	203,800	203,800	192,651	11,149
Adult/Continuing	0	0	9,473	(9,473)
Support Services:				
Pupils	1,441,141	1,394,972	1,275,979	118,993
Instructional Staff	1,506,189	1,525,051	1,507,080	17,971
Board of Education	29,200	29,200	15,639	13,561
Administration	2,832,779	2,869,080	2,673,643	195,437
Fiscal	728,052	728,052	711,661	16,391
Business	99,449	99,449	65,721	33,728
Operation and Maintenance of Plant	3,471,545	3,652,682	3,789,869	(137,187)
Pupil Transportation	1,051,000	1,051,000	1,130,935	(79,935)
Central	25,500	25,500	15,737	9,763
Extracurricular Activities	617,413	617,413	621,556	(4,143)
Capital Outlay	395,969	395,969	431,883	(35,914)
Total Expenditures	28,038,760	27,940,425	27,670,288	270,137
<i>Excess of Revenues Over (Under) Expenditures</i>	<i>(1,594,570)</i>	<i>94,796</i>	<i>369,706</i>	<i>274,910</i>
Other Financing Uses				
Advances Out	0	0	(218,448)	(218,448)
Transfers Out	(50,000)	(83,630)	(83,457)	173
Total Other Financing Uses	(50,000)	(83,630)	(301,905)	(218,275)
Net Change in Fund Balance	(1,644,570)	11,166	67,801	56,635
Fund Balance Beginning of Year	4,638,228	4,638,228	4,638,228	0
Prior Year Encumbrances Appropriated	879,687	879,687	879,687	0
Fund Balance End of Year	\$3,873,345	\$5,529,081	\$5,585,716	\$56,635

See accompanying notes to the basic financial statements

Avon Lake City School District
Statement of Fund Net Assets
Internal Service Fund
June 30, 2003

	<u>Self Insurance</u>
Assets	
Equity in Pooled Cash and Cash Equivalents	\$1,105,727
Liabilities	
Claims Payable	<u>563,680</u>
Net Assets	
Unrestricted	<u>542,047</u>
<i>Total Net Assets</i>	<u><u>\$542,047</u></u>

See accompanying notes to the basic financial statements

Avon Lake City School District
*Statement of Revenues, Expenses
and Changes in Fund Net Assets
Internal Service Fund
For the Fiscal Year Ended June 30, 3003*

	<u>Self Insurance</u>
Operating Revenues	
Charges for Services	<u>\$3,552,426</u>
Operating Expenses	
Purchased Services	359,699
Claims	<u>2,674,097</u>
<i>Total Operating Expenses</i>	<u>3,033,796</u>
<i>Operating Income</i>	518,630
Non Operating Revenues	
Interest	<u>23,417</u>
<i>Change in Net Assets</i>	542,047
<i>Net Assets Beginning of Year</i>	<u>0</u>
<i>Net Assets End of Year</i>	<u><u>\$542,047</u></u>

See accompanying notes to the basic financial statements

Avon Lake City School District
Statement of Cash Flows
Internal Service Fund
For the Fiscal Year Ended June 30, 2003

	<u>Self Insurance</u>
<i>Increase (Decrease) in Cash and Cash Equivalents</i>	
Cash Flows from Operating Activities	
Cash Received from Interfund Services	\$3,552,426
Cash Payments for Goods and Services	(359,699)
Cash Payments for Claims	(2,110,417)
<i>Net Cash Provided by Operating Activities</i>	1,082,310
Cash Flows from Investing Activities	
Interest on Investments	23,417
<i>Net Increases in Cash and Cash Equivalents</i>	1,105,727
<i>Cash and Cash Equivalents Beginning of Year</i>	0
<i>Cash and Cash Equivalents End of Year</i>	\$1,105,727
Reconciliation of Operating Income to Net Cash Provided by Operating Activities	
Operating Income	\$518,630
Increase in Liabilities:	
Claims Payable	563,680
<i>Net Cash Provided by Operating Activities</i>	\$1,082,310

See accompanying notes to the basic financial statements

Avon Lake City School District
Statement of Fiduciary Assets and Liabilities
Agency Funds
June 30, 2003

Assets

Equity in Pooled Cash and Cash Equivalents	<u><u>\$124,284</u></u>
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Liabilities

Undistributed Monies	\$3,040
Due to Students	<u>121,244</u>

<i>Total Liabilities</i>	<u><u>\$124,284</u></u>
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See accompanying notes to the basic financial statements

Avon Lake City School District, Ohio

*Notes to the Basic Financial Statements
For the Fiscal Year Ended June 30, 2003*

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, Ohio, Lorain County, and includes an area extending roughly twelve square miles around the City. It is staffed by 202 non-certified personnel, 209 certified full-time teaching personnel and 13 administrative employees to provide services to 3,355 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 Avon Lake City 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 a claims servicing pool, 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, the Lake Erie Regional Council of Governments (LERC) Insurance Program and the Avon Lake Public Library. These organizations are presented in Notes 18, 19 and 20 of the basic financial statements.

Note 2 - Summary of Significant Accounting Policies

The financial statements of the Avon Lake City School District have been prepared in conformity with generally accepted accounting principles (GAAP) as applied to local 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 proprietary fund provided they do not conflict with or contradict GASB pronouncements. The most significant of the School District's accounting policies are described below.

Avon Lake City School District, Ohio

*Notes to the Basic Financial Statements
For the Fiscal Year Ended June 30, 2003*

A. Basis of Presentation

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

Government-wide Financial Statements The statement of net assets and the statement of activities display information about the School District as a whole. These statements include the financial activities of the primary government, except for fiduciary funds. The activity of the internal service fund is eliminated to avoid "doubling up" revenues and expenses.

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

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

B. Fund Accounting

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

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

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.

Bond Retirement Debt Service 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.

Avon Lake City School District, Ohio

*Notes to the Basic Financial Statements
For the Fiscal Year Ended June 30, 2003*

Building Improvements Capital Projects Fund The building improvements fund accounts for financial resources to be used for the acquisition, construction, or improvement of major capital facilities.

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

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

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

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

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.

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

Avon Lake City School District, Ohio

*Notes to the Basic Financial Statements
For the Fiscal Year Ended June 30, 2003*

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 deferred revenue and in the presentation of expenses versus expenditures.

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

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

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

Deferred Revenue Deferred 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, 2003, but which were levied to finance fiscal year 2004 operations, have been recorded as deferred revenue. Grants and entitlements received before eligibility requirements are met are also recorded as deferred revenue.

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

Avon Lake City School District, Ohio

*Notes to the Basic Financial Statements
For the Fiscal Year Ended June 30, 2003*

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 was in effect at the time the final appropriations were passed by the Board of Education.

The appropriations resolution is subject to amendment by the Board throughout the fiscal year with the restriction that appropriations may not exceed estimated revenues 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 and cash equivalents".

The School District utilizes two financial institutions to serve as agents for construction projects' deposits. The balance in these accounts is presented as "cash and cash equivalents with fiscal agents".

During fiscal year 2003, investments were limited to certificates of deposit, repurchase agreements, Federal National Mortgage Association Notes, and STAROhio.

Investments are reported at fair value which is based on quoted market prices, with the exception of certificates of deposit and 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, 2003.

Avon Lake City School District, Ohio

*Notes to the Basic Financial Statements
For the Fiscal Year Ended June 30, 2003*

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 2003 amounted to \$371,600 which includes \$54,126 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 availability of the asset. Such constraints are either imposed by creditors, contributors, grantors, or laws of other governments or imposed by enabling legislation. Restricted assets in the general fund include amounts required by State statute to be set-aside for textbooks and the creation of a reserve for budget stabilization. See Note 22 for additional information regarding set-asides.

H. Prepaid Items

Payments made to vendors for services that will benefit periods beyond June 30, 2003, 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 hundred dollars. The School District does not possess any infrastructure. Improvements are capitalized; the costs of normal maintenance and repairs that do not add to the value of an asset or materially extend an asset's life are not.

All reported capital assets except land and construction in progress 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>Description</u>	<u>Estimated Lives</u>
Land Improvements	3 - 25 years
Building and Improvements	5 - 50 years
Furniture and Equipment	3 - 25 years
Vehicles	7 - 10 years
Textbooks and Library Books	15 years

Avon Lake City School District, Ohio

*Notes to the Basic Financial Statements
For the Fiscal Year Ended June 30, 2003*

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.

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.

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 and retirement incentives 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 food service, student activities, and the grant programs of public school support, athletics and title VI-B.

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

Avon Lake City School District, Ohio

*Notes to the Basic Financial Statements
For the Fiscal Year Ended June 30, 2003*

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 encumbrances, property taxes, textbooks 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.

Note 3 – Change in Accounting Principles and Restatement of Fund Balances/Net Assets

Change in Accounting Principles For fiscal year 2003, the School District has implemented GASB Statement No. 34, “Basic Financial Statements and Management’s Discussion and Analysis - for State and Local Governments”, GASB Statement No. 37, “Basic Financial Statements for State and Local Governments: Omnibus”, GASB Statement No. 38, “Certain Financial Statement Note Disclosures”, GASB Statement 41, “Budgetary Comparison Schedules – Perspective Differences”, and GASB Interpretation No. 6, “Recognition and Measurement of Certain Liabilities and Expenditures in Governmental Fund Financial Statements.”

GASB Statement No. 34 creates new basic financial statements for reporting on the School District’s financial activities. The financial statements now include government-wide financial statements prepared on an accrual basis of accounting and fund financial statements which present information for individual major funds rather than by fund type. Nonmajor funds are presented in total in one column. Fiduciary funds are reported by type.

Avon Lake City School District, Ohio

*Notes to the Basic Financial Statements
For the Fiscal Year Ended June 30, 2003*

On the government-wide financial statements, the beginning net asset amount for governmental activities reflects the change in fund balance for governmental funds at June 30, 2002, caused by the reclassification of funds based on the guidance provided in Statement No. 34, which includes reclassifying enterprise funds as special revenue funds for reporting purposes, and the conversion to the accrual basis of accounting.

GASB Statement No. 37 clarifies certain provisions of Statement No. 34, including the required content of the Management's Discussion and Analysis, the classification of program revenues and the criteria for determining major funds. GASB Statement No. 38 modifies, establishes and rescinds certain financial statement note disclosures.

GASB Statement No. 41 allows the presentation of budgetary schedules as required supplementary information based on the fund, organization or program structure that the government uses for its legally adopted budget when significant budgetary perspective differences result in the school district not being able to present budgetary comparisons for the general and each major special revenue fund. The implementation of Statement No. 41 did not effect the presentation of the budgetary statements of the School District.

GASB Interpretation No. 6 clarifies the application of standards for modified accrual recognition of certain liabilities and expenditures in areas where differences have arisen, or potentially could arise, in interpretation and practice.

Restatement of Prior Fiscal Year Fund Balance The implementation of these changes, together with restatements for interfund receivable/payable that were previously overstated had the following effects on fund balance/equity of the major and nonmajor funds of the School District. The transition from governmental fund balance to net assets of the governmental activities is also presented.

	General	Bond Retirement	Building Improvements	Nonmajor	Totals
Fund Balances, June 30, 2002	\$5,598,028	\$993,492	\$6,649,693	\$2,773,334	\$16,014,547
Implementation of GASB					
Interpretation No. 6	(24,683)	0	0	30,317	5,634
Claims Payable Adjustment	(629,661)	0	0	0	(629,661)
Overstatement of Interfund (Receivable)/Payable	(166)	0	0	166	0
Fund Reclassification	109,022	0	0	10,552	119,574
Restated Fund Balance, June 30, 2002	<u>\$5,052,540</u>	<u>\$993,492</u>	<u>\$6,649,693</u>	<u>\$2,814,369</u>	15,510,094
GASB 34 Adjustments:					
Capital Assets					49,754,167
Long-Term (Deferred) Assets					1,417,491
Long-Term Liabilities					(52,638,594)
Pension Obligations					<u>(247,771)</u>
Governmental Activities Net Assets, June 30, 2002					<u>\$13,795,387</u>

Avon Lake City School District, Ohio

*Notes to the Basic Financial Statements
For the Fiscal Year Ended June 30, 2003*

	<u>Business-Type Activities</u>
Net Assets, June 30, 2002	\$719,588
Fund Reclassification	<u>(719,588)</u>
Adjusted Net Assets, June 30, 2002	<u><u>\$0</u></u>

Note 4 – Compliance

Contrary to section 5705.39, Ohio Revised Code, the following funds had original appropriations in excess of estimated original resources plus the carryover balance.

<u>Nonmajor Funds</u>	<u>Estimated Revenue Plus Carryover Balances</u>	<u>Appropriations</u>	<u>Excess</u>
Special Revenue Funds:			
Athletics	\$327,663	\$395,166	(\$67,503)
Class Size Reduction	67,000	67,309	(309)
Capital Projects Fund:			
Interactive Video Distance Learning	21,955	22,105	(150)

Contrary to section 5705.41, Ohio Revised Code, the following funds had expenditures plus encumbrances in excess of appropriations.

<u>Nonmajor Funds</u>	<u>Appropriations</u>	<u>Expenditures Plus Encumbrances</u>	<u>Excess</u>
Special Revenue Funds:			
Food Service	\$577,900	\$586,941	(\$9,041)
Auxiliary Services	298,240	304,147	(5,907)
School Net Development	8,766	10,068	(1,302)
Title VI-B	276,817	286,252	(9,435)
Drug Free Schools	17,448	17,751	(303)
Internal Service Fund:			
Self Insurance	2,240,476	2,470,116	(229,640)

Although these violations were not corrected by fiscal year end, management has indicated that appropriations will be closely monitored to ensure no future violations.

Note 5 - 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:

Avon Lake City School District, Ohio

*Notes to the Basic Financial Statements
For the Fiscal Year Ended June 30, 2003*

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).
4. Investments are reported at fair value (GAAP basis) rather than cost (budget 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

	<u>General</u>
GAAP Basis	\$972,192
Net Adjustment for Revenue Accruals	574,897
Beginning Change in Fair Value of Investments	(57,014)
Ending Change in Fair Value of Investments	(7,176)
Net Adjustment for Expenditure Accruals	(104,171)
Advances Out	(218,448)
Adjustments for Encumbrances	<u>(1,092,479)</u>
Budget Basis	<u><u>\$67,801</u></u>

Note 6 - Deposits and Investments

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

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

Inactive deposits are public deposits that 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 deposits are deposits of interim monies. 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.

Avon Lake City School District, Ohio

*Notes to the Basic Financial Statements
For the Fiscal Year Ended June 30, 2003*

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

Interim monies may be deposited or invested in the following securities:

1. United States Treasury Notes, Bills, Bonds, 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 obligations or securities 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;
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 two percent and be marked to market daily, and that 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) of this section 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 (STAROhio);
7. Certain banker's acceptances and commercial paper notes for a period not to exceed one hundred and eighty days from purchase date in an amount not to exceed twenty-five percent of the interim monies available for investment at any one time; and,
8. Under limited circumstances, corporate debt interest 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 fiscal years from the date of purchase unless matched to a specific obligation or debt of the School District, and must be purchased with the expectation that it will be held to maturity.

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

Cash on Hand At fiscal year end, the School District had \$12,900 in unreported cash which is included on the balance sheet of the School District as part of "equity in pooled cash and cash equivalents."

Avon Lake City School District, Ohio

*Notes to the Basic Financial Statements
For the Fiscal Year Ended June 30, 2003*

The following information classifies deposits and investments by categories of risk as defined in GASB Statement No. 3, "Deposits with Financial Institutions, Investments, and Reverse Repurchase Agreements."

Deposits At fiscal year end, the carrying amount of the School District's deposits was \$6,705,903 and the bank balance was \$5,734,334. Of the bank balance:

1. \$400,000 was covered by federal depository insurance; and
2. \$5,334,334 was uninsured and uncollateralized. Although all statutory requirements for the deposit of money had been followed, noncompliance with federal requirements could potentially subject the School District to a successful claim by the FDIC.

Investments The School District's investments are required to be categorized to give an indication of the level of risk assumed by the School District at fiscal year end. Category 1 includes investments that are insured or registered or are held by the School District or its agent in the School District's name. Category 2 includes uninsured and unregistered investments which are held by the counterparty's trust department or agent in the School District's name. Category 3 includes uninsured and unregistered investments which are held by the counterparty, or by its trust department or agent but not in the School District's name. The School District's investment in STAROhio, an investment pool operated by the State Treasurer, is an unclassified investment since it is not evidenced by securities that exist in physical or book entry form.

	Category 3	Carrying and Fair Value
Repurchase Agreements	\$4,878,708	\$4,878,708
Investments:		
Federal National Mortgage Association Notes	1,003,295	1,003,295
STAROhio		1,377,636
	\$5,882,003	\$7,259,639
Totals		

The classification of cash and cash equivalents, and investments on the combined financial statements is based on criteria set forth in GASB Statement No. 9. A reconciliation between the classification of cash and investments on the combined basic financial statements and the classifications per GASB Statement No. 3 is as follows:

	Cash and Cash Equivalents/Deposits	Investments
GASB Statement No. 9	\$13,978,442	\$0
Cash on Hand	(12,900)	0
Investments which are part of the cash management pool:		
Repurchase Agreements	(4,878,708)	4,878,708
Federal National Mortgage Association Notes	(1,003,295)	1,003,295
STAROhio	(1,377,636)	1,377,636
GASB Statement No. 3	\$6,705,903	\$7,259,639

Avon Lake City School District, Ohio

*Notes to the Basic Financial Statements
For the Fiscal Year Ended June 30, 2003*

Note 7 - Property Taxes

Property taxes are levied and assessed on a calendar year basis while the School District fiscal year runs from July through June. First half tax collections are received by the School District in the second half of the fiscal year. Second half 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 2003 represents collections of calendar year 2002 taxes. Real property taxes received in calendar year 2003 were levied after April 1, 2002, on the assessed value listed as of January 1, 2002, 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 2003 presents collections of calendar year 2002 taxes. Public utility real and tangible personal property taxes received in calendar year 2003 became a lien December 31, 2001, were levied after April 1, 2002 and are collected in 2003 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.

Tangible personal property tax revenue received during calendar year 2003 (other than public utility property) represents the collection of 2003 taxes. Tangible personal property taxes received in calendar year 2003 were levied after April 1, 2002, on the value as of December 31, 2002. Tangible personal property is currently assessed at twenty-five percent of true value for capital assets and twenty-four percent of true value for inventory. Payments by multi-county taxpayers are due September 20. Single county taxpayers may pay annually or semi-annually. If paid annually, payment is due April 30; if paid semi-annually, the first payment is due April 30, with the remainder payable by September 20. Tangible personal property taxes paid by April 30 are usually received by the School District prior to June 30.

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, 2003, are available to finance fiscal year 2003 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, 2003 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 was levied to finance current fiscal year operations and is reported as revenue at fiscal year end. The portion of the receivable not levied to finance current fiscal year operations is offset by a credit to deferred revenue.

The amount available as an advance at June 30, 2003 was \$1,835,671 in the general fund, \$336,747 in the bond retirement debt service fund, \$119,206 in the library bond retirement debt service fund and \$55,764 in the permanent improvements capital projects fund. The amount available as an advance at June 30, 2002, was \$2,393,110 in the general fund, \$614,002 in the bond retirement debt service fund, and \$71,260 in the permanent improvements capital projects fund.

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

Avon Lake City School District, Ohio

*Notes to the Basic Financial Statements
For the Fiscal Year Ended June 30, 2003*

The assessed values upon which the fiscal year 2003 taxes were collected are:

	2002 Second Half Collections		2003 First Half Collections	
	<u>Amount</u>	<u>Percent</u>	<u>Amount</u>	<u>Percent</u>
Agricultural/Residential and Other Real Estate	\$496,622,850	75.12 %	\$526,706,330	75.33 %
Public Utility Personal	90,597,440	13.70	87,013,120	12.44
Tangible Personal Property	<u>73,893,390</u>	<u>11.18</u>	<u>85,523,650</u>	<u>12.23</u>
Total	<u>\$661,113,680</u>	<u>100.00 %</u>	<u>\$699,243,100</u>	<u>100.00 %</u>
 Tax rate per \$1,000 of assessed valuation	 \$61.14		 \$60.69	

Note 8 - Receivables

Receivables at June 30, 2003, consisted of property taxes, intergovernmental grants, and accounts (rent and tuition). All receivables are considered collectible in full due to the ability to foreclose for the nonpayment of taxes, the stable condition of State programs, and the current fiscal year guarantee of federal funds. All receivables are expected to be collected within one year.

A summary of the principal items of intergovernmental receivables follows:

	<u>Amounts</u>
Major Funds:	
General	\$867,999
Bond Retirement	<u>21,742</u>
Total Major Funds	<u>889,741</u>
 Nonmajor Funds:	
Food Service	9,513
Title VI-B	115,116
Title I	54,280
Title V	2,555
Drug Free Schools	6,734
Early Childhood Education Development	10,852
Class Size Reduction	41,732
Library Bond Retirement	132,416
Permanent Improvements	<u>25,257</u>
Total Nonmajor Funds	<u>398,455</u>
Total All Funds	<u>\$1,288,196</u>

Avon Lake City School District, Ohio

*Notes to the Basic Financial Statements
For the Fiscal Year Ended June 30, 2003*

Note 9 - Interfund Transfers and Balances

A. 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 major general fund and the nonmajor permanent improvements capital projects fund transferred monies to the major bond retirement debt service fund for debt payment purposes.

	Transfer From:		
	<u>Major</u>	<u>Nonmajor</u>	
	<u>General</u>	<u>Permanent Improvement</u>	<u>Totals</u>
Transfer To:			
Major:			
Bond Retirement	<u>\$83,457</u>	<u>\$300,000</u>	<u>\$383,457</u>

B. Balances

Interfund receivables and payables are due to the timing of the receipt of grant monies by the nonmajor funds. At the end of the fiscal year, the School District advanced money from the general fund to other funds to provide additional resources for current operations. Interfund balances at June 30, 2003, consist of the following:

<u>Interfund Payable</u>	<u>Interfund Receivable</u>
	<u>General</u>
Nonmajor Funds:	
Title VI-B	\$115,116
Title I	54,281
Title V	2,555
Drug Free Schools	6,774
Preschool Grant	11,006
Class Size Reduction	28,316
Miscellaneous Federal Grants	<u>400</u>
Total	<u>\$218,448</u>

Avon Lake City School District, Ohio

*Notes to the Basic Financial Statements
For the Fiscal Year Ended June 30, 2003*

Note 10 - Capital Assets

Capital asset activity for the fiscal year ended June 30, 2003, was as follows:

	Balance 6/30/02	Additions	Deletions	Balance 6/30/03
Governmental Activities				
<i>Capital Assets, not being depreciated:</i>				
Land	\$5,656,440	\$0	\$0	\$5,656,440
Construction in Progress	38,032,026	5,188,388	(31,713,842)	11,506,572
<i>Total Capital Assets, not being depreciated</i>	<u>43,688,466</u>	<u>5,188,388</u>	<u>(31,713,842)</u>	<u>17,163,012</u>
<i>Capital Assets, being depreciated:</i>				
Land Improvements	816,033	977,394	0	1,793,427
Buildings and Improvements	15,948,073	31,956,588	0	47,904,661
Furniture and Equipment	6,672,379	1,378,652	0	8,051,031
Vehicles	1,219,755	29,710	0	1,249,465
Textbooks and Library Books	1,601,891	1,075,521	0	2,677,412
<i>Total Capital Assets, being depreciated</i>	<u>26,258,131</u>	<u>35,417,865</u>	<u>0</u>	<u>61,675,996</u>
Less Accumulated Depreciation:				
Land Improvements	(446,019)	(89,672)	0	(535,691)
Buildings and Improvements	(12,850,814)	(904,198)	0	(13,755,012)
Furniture and Equipment	(4,590,130)	(628,691)	0	(5,218,821)
Vehicles	(703,576)	(82,207)	0	(785,783)
Textbooks and Library Books	(1,601,891)	(153,646)	0	(1,755,537)
Total Accumulation Depreciation	<u>(20,192,430)</u>	<u>(1,858,414) *</u>	<u>0</u>	<u>(22,050,844)</u>
Total Capital Assets being depreciated, net	<u>6,065,701</u>	<u>33,559,451</u>	<u>0</u>	<u>39,625,152</u>
Governmental Activities Capital Assets, Net	<u>\$49,754,167</u>	<u>\$38,747,839</u>	<u>(\$31,713,842)</u>	<u>\$56,788,164</u>

* Depreciation expense was charged to governmental functions as follows:

Instruction:	
Regular	\$1,667,636
Support Services:	
Administration	24,561
Operation and Maintenance of Plant	21,879
Pupil Transportation	85,276
Extracurricular Activities	<u>59,062</u>
Total Depreciation Expense	<u>\$1,858,414</u>

Avon Lake City School District, Ohio

*Notes to the Basic Financial Statements
For the Fiscal Year Ended June 30, 2003*

Note 11 – Risk Management

A. Property and Liability

The School District is exposed to various risks of loss related to torts; theft of, damage to, and destruction of assets; errors and omissions; injuries to employees and natural disasters. During fiscal year 2003 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 \$300 deductible for comprehensive and 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 \$90,000 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.

B. Employee Medical Coverage

The School District is self-insured for medical, surgical, prescription drug, dental and vision benefits for the School District employees. The School District uses the self-insurance internal service fund to account for and finance its uninsured risks of loss in this program. A third party, Commercial Benefits, 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.

Prior to fiscal year 2002, the School District managed its health benefits on a self-insurance basis in the general fund. During fiscal year 2003, the School District set up an internal service fund to account for the self-insurance activity. The School District maintains stop-loss coverage for its insurance program. Stop-loss is maintained at \$165,000 per employee per fiscal year. The stop-loss limit was not met in fiscal year 2003.

The claims liability of \$563,680 reported in the internal service fund at June 30, 2003, 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 2002 and 2003 were:

	<u>Balance at Beginning of Year</u>	<u>Current Year Claims</u>	<u>Current Year Payments</u>	<u>Balance at End of Year</u>
2002	\$409,796	\$1,897,146	\$1,677,281	\$629,661
2003	629,661	2,044,436	2,110,417	563,680

Avon Lake City School District, Ohio

*Notes to the Basic Financial Statements
For the Fiscal Year Ended June 30, 2003*

Note 12 - Defined Benefit Pension Plans

A. School Employees Retirement System (SERS)

The School District contributes to the School Employees Retirement System (SERS), a cost-sharing multiple employer defined benefit pension plan. SERS provides retirement and disability benefits, annual cost-of-living adjustments, and death benefits to plan members and beneficiaries. Authority to establish and amend benefits is provided by Chapter 3309 of the Ohio Revised Code. SERS issues a publicly available, stand-alone financial report that includes financial statements and required supplementary information. That report may be obtained by writing to the School Employees Retirement System, 300 East Broad Street, Suite 100, Columbus, Ohio 43215-3476.

Plan members are required to contribute 9 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 2003, 8.17 percent of annual covered salary was the portion used to fund pension obligations. For fiscal year 2002, 5.46 percent was used to fund pension obligations. The contribution requirements of plan members and employers are established and may be amended, up to a statutory maximum amount, by the SERS' Retirement Board. The School District's required contributions for pension obligations to SERS for the fiscal years ended June 30, 2003, 2002, and 2001 were \$343,563, \$204,838, and \$187,976, respectively. 48.60 percent has been contributed for fiscal year 2003, and 100 percent for fiscal years 2002 and 2001.

B. State Teachers Retirement System

The School District participates in the State Teachers Retirement System of Ohio (STRS Ohio), a cost-sharing multiple employer public employee retirement system. STRS Ohio provides retirement and disability benefits to members and death and survivor benefits to beneficiaries. STRS Ohio issues a stand-alone financial report that may be obtained by writing to STRS Ohio, 275 E. Broad St., Columbus, Ohio 43215-3371 or by calling (614) 227-4090.

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

Avon Lake City School District, Ohio

*Notes to the Basic Financial Statements
For the Fiscal Year Ended June 30, 2003*

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

For the fiscal year ended June 30, 2003, plan members were required to contribute 9.3 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 2002, the portion used to fund pension obligations was 9.5 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 the DB Plan for the fiscal years ended June 30, 2003, 2002, and 2001 were \$1,651,379, \$1,133,682, and \$685,340 respectively; 86.69 percent has been contributed for fiscal year 2003 and 100 percent for fiscal years 2002 and 2001. Contributions to the DC and Combined Plans for fiscal year 2003 were \$19,886 made by the School District and \$32,558 made by the plan members.

C. Social Security System

Effective July 1, 1991, all employees not otherwise covered by the School Employees Retirement System or the State Teachers Retirement System have an option to choose Social Security or the School Employees Retirement System/State Teachers Retirement System. As of June 30, 2003, two members have elected Social Security. The Board's liability is 6.2 percent of wages paid.

Note 13 - Postemployment Benefits

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

All STRS Ohio benefit recipients and sponsored dependents are eligible for health care coverage. The STRS Ohio Board has statutory authority over how much, if any, of the health care cost will be absorbed by STRS Ohio. Most benefit recipients pay a portion of the health care cost in the form of a monthly premium. By law, the cost of coverage paid from STRS Ohio funds is included in the employer contribution rate, currently 14 percent of covered payroll. For the fiscal year ended June 30, 2003, the STRS Ohio Board allocated employer contributions equal to 1 percent of covered payroll to the Health Care Reserve Fund. For the School District, this amount equaled \$127,029 for fiscal year 2003.

STRS Ohio pays health care benefits from the Health Care Reserve Fund. At June 30, 2002, (the latest information available) the balance in the Fund was \$3.011 billion. For the year ended June 30, 2002, net health care costs paid by STRS Ohio were \$354,697,000 and STRS Ohio had 105,300 eligible benefit recipients.

Avon Lake City School District, Ohio

*Notes to the Basic Financial Statements
For the Fiscal Year Ended June 30, 2003*

For SERS, coverage is made available to service retirees with ten or more fiscal years of qualifying service credit, and to disability and survivor benefit recipients. Members retiring on or after August 1, 1989, with less than twenty-five years of service credit must pay a portion of their premium for health care. The portion is based on years of service up to a maximum of 75 percent of the premium.

After the allocation for basic benefits, the remainder of the employer's 14 percent contribution is allocated to providing health care benefits. For the fiscal year ended June 30, 2003, employer contributions to fund health care benefits were 5.83 percent of covered payroll, a decrease of 2.71 percent from fiscal year 2002. In addition, SERS levies a surcharge to fund health care benefits equal to 14 percent of the difference between a minimum pay and the member's pay, pro-rated for partial service credit. For fiscal year 2003, the minimum pay has been established at \$14,500. For the School District, the amount contributed to fund health care benefits, including the surcharge, during the 2003 fiscal year equaled \$349,993.

The surcharge, added to the unallocated portion of the 14 percent employer contribution rate, provides for maintenance of the asset target level for the health care fund. The target level for the health care reserve is 150 percent of the annual health care expenses. Expenses for health care for the fiscal year ended June 30, 2003 were \$204,930,737 and the target level was \$307.4 million. At June 30, 2003, SERS had net assets available for payment of health care benefits of \$303.6 million. SERS has approximately 50,000 participants currently receiving health care benefits.

Note 14 - Other Employee Benefits

A. Compensated Absences

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

Teachers, administrators, and classified employees earn sick leave at the rate of 1.25 days per month. Sick leave accumulation is unlimited. Upon retirement or death, payment is made for one-fourth of accrued, but unused sick leave credit to a maximum of 40 days for classified employees and 55 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.

C. Early Retirement Incentive

The Avon Lake School District Board of Education approved an Early Retirement Incentive program in fiscal year 2002 for certified employees. The retirement incentive is based upon retirement eligibility under STRS and notification by April of every year. The retirement incentive will be paid based upon the actual date of retirement. The payments are made from the general fund. Payments for fiscal year 2003 retirements will be made in July 2003. The liability is reported on the statement of net assets as matured compensated absences payable.

Avon Lake City School District, Ohio

*Notes to the Basic Financial Statements
For the Fiscal Year Ended June 30, 2003*

Note 15 – Capital Leases

Capital lease obligations relate to computers acquired by the School District. The leases 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 general fund on the basic financial statements. These expenditures are reflected as program/function expenditures on a budget basis.

The computers acquired by lease have been capitalized in the amount of \$609,977. Accumulated depreciation as of June 30, 2003 was \$243,991, leaving a current book value of \$365,986. The following is a schedule of the lease payments and the present value of the minimum lease payments as of June 30, 2003.

<u>Fiscal Year Ending June 30,</u>	<u>Amount</u>
2004	\$216,414
2005	<u>75,517</u>
Total Lease Payments	291,931
Less: Amount Representing Interest	<u>(8,337)</u>
Present Value of Minimum Lease Payments	<u><u>\$283,594</u></u>

Avon Lake City School District, Ohio

*Notes to the Basic Financial Statements
For the Fiscal Year Ended June 30, 2003*

Note 16 – Contractual Commitments

As of June 30, 2003, the School District had the following contractual commitments:

<u>Contractor</u>	<u>Contract Amount</u>	<u>Amount paid as of 6/30/03</u>	<u>Amount Remaining on Contract</u>
Acme Arsenia Company	\$1,495,260	\$1,466,449	\$28,811
Apollon	34,100	34,100	0
Avaya	990,167	900,925	89,242
Bay	2,919,110	2,919,110	0
Bennet Company	491,160	491,160	0
Bommer	137,494	137,494	0
Building Technicians	794,540	661,420	133,120
Cincinnati Floors	264,380	264,380	0
Corporate Flooring	951,343	873,468	77,875
Crown Flooring	67,238	67,238	0
Custom Fabricators	868,215	866,437	1,778
EPI	94,787	94,787	0
Fortney	1,749,227	1,749,227	0
Gable Elev	137,266	95,132	42,134
Gaimbrone	3,897,304	3,857,792	39,512
Great Lakes Hotel	435,655	435,655	0
Harrington Electric	1,335,686	1,114,170	221,516
Higgins	568,908	568,908	0
Independence	2,162,080	2,159,167	2,913
Lakeland Glass	62,190	62,190	0
Lorain Glass	435,745	429,134	6,611
M.W. Mielke	3,784,065	3,784,065	0
Marous	2,615,272	2,523,457	91,815
Phoenix Cement	1,178,787	1,176,125	2,662
Precision Environmental	1,105,903	999,077	106,826
RJ Martin	2,695,575	2,639,844	55,731
Republic	126,040	126,040	0
Rittman Incorporated	1,852,872	1,849,486	3,386
RJ Platten Contracting Company	441,077	441,077	0
S A Communele	1,108,766	1,108,766	0
Soehnlén Piping Company	1,763,330	1,727,410	35,920
Sound Com	1,442,242	1,412,494	29,748
SS Kemp	509,764	509,764	0
Stiengass	514,396	511,355	3,041
The GQ	610,918	589,970	20,948
Tomarios	303,383	257,442	45,941
Universal Custom	7,789	7,789	0
Waller Duman	105,241	105,241	0
Total	<u>\$40,057,275</u>	<u>\$39,017,745</u>	<u>\$1,039,530</u>

Avon Lake City School District, Ohio

Notes to the Basic Financial Statements

For the Fiscal Year Ended June 30, 2003

Note 17 - Long-Term Obligations

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

	<u>Original Issue Date</u>	<u>Interest Rate</u>	<u>Original Issue Amount</u>	<u>Date of Maturity</u>
<i>General Obligation Bonds</i>				
Energy Conservation Improvements	1991	4.6656 %	\$2,195,000	December 1, 2008
Public Library Improvement	1993	5.5116 %	4,000,000	December 1, 2012
Troy Renovation/Improvement	1995	6.2720 %	2,000,000	December 1, 2020
School Facilities Term and Serial	1999	4.125 - 5.4 %	41,150,000	December 1, 2027
School Facilities Capital Appreciation	1999	4.125 - 5.4 %	649,977	December 1, 2011
<i>Long-term Notes Payable</i>				
Energy Conservation Notes	2002	2.4 - 4.2 %	1,785,717	December 1, 2011
<i>Loans</i>				
Fiber Optics Loan	2002	4.55 %	800,000	December 1, 2006
HVAC Loan	2003	3.0 - 3.9 %	257,069	December 1, 2008

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

	<u>Principal Outstanding 06/30/02</u>	<u>Additions</u>	<u>Reductions</u>	<u>Principal Outstanding 06/30/03</u>	<u>Amount Due in One Year</u>
Governmental Activities:					
<i>General Obligation Bonds:</i>					
Energy Conservation Improvements	\$735,000	\$0	(\$135,000)	\$600,000	\$125,000
Public Library Improvement	2,850,000	0	(175,000)	2,675,000	185,000
Troy Renovation/Improvement	1,725,000	0	(55,000)	1,670,000	60,000
School Facilities Term and Serial Bonds	40,500,000	0	(725,000)	39,775,000	825,000
Capital Appreciation Bonds	2,819,052	151,279	0	2,970,331	0
<i>Total General Obligation Bonds</i>	<u>48,629,052</u>	<u>151,279</u>	<u>(1,090,000)</u>	<u>47,690,331</u>	<u>1,195,000</u>
Energy Conservation Notes	1,785,717	0	(165,000)	1,620,717	180,000
Capital Leases	483,902	0	(200,308)	283,594	208,660
<i>Loans:</i>					
Fiber Optics Loan	625,455	0	(146,087)	479,368	152,734
HVAC Loan	0	257,069	0	257,069	49,000
<i>Total Loans</i>	<u>625,455</u>	<u>257,069</u>	<u>(146,087)</u>	<u>736,437</u>	<u>201,734</u>
Compensated Absences Payable	1,114,468	0	(26,025)	1,088,443	160,857
<i>Total Governmental Activities</i>	<u>\$52,638,594</u>	<u>\$408,348</u>	<u>(\$1,627,420)</u>	<u>\$51,419,522</u>	<u>\$1,946,251</u>

Avon Lake City School District, Ohio

*Notes to the Basic Financial Statements
For the Fiscal Year Ended June 30, 2003*

General obligation bonds will be paid from property taxes receipted in the debt service fund. In 1993, the School District issued bonds for improvements to the public library in the amount of \$4,000,000. The bonds are included as School District debt because the School District serves as the taxing authority for the library and is required to issue tax related debt. The principal will be paid from the library bond retirement debt service fund.

Energy conservation long-term notes were issued in fiscal year 2002 for \$1,785,717. The principal will be paid from the bond retirement debt service fund.

Capital lease obligation will be paid from the general fund. The fiber optics loan and the HVAC loan will be paid out of the 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 fund from which the employees' salaries are paid.

School Facilities General Obligation Bonds – On September 15, 1999, Avon Lake City 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 maturing on December 1, 2014, are subject to mandatory sinking fund redemption in part by lot pursuant to the terms of the mandatory sinking fund redemption requirements of the School District. The mandatory redemption is to occur on December 1, of each of the years 2012 through 2013 (with the balance of \$1,635,000 to be paid at stated maturity on December 1, 2014) at a redemption price equal to 100 percent of the principal amount redeemed, plus accrued interest to the redemption date, according to the following schedule:

<u>Year</u>	<u>Amount</u>
2012	\$1,465,000
2013	1,550,000

The term bonds maturing on December 1, 2019, are subject to mandatory sinking fund redemption in part by lot pursuant to the terms of the mandatory sinking fund redemption requirements of the School District. The mandatory redemption is to occur on December 1, of each of the years 2015 through 2018 (with the balance of \$2,145,000 to be paid at stated maturity on December 1, 2019) at a redemption price equal to 100 percent of the principal amount redeemed, plus accrued interest to the redemption date, according to the following schedule:

<u>Year</u>	<u>Amount</u>
2015	\$1,730,000
2016	1,825,000
2017	1,925,000
2018	2,030,000

Avon Lake City School District, Ohio

*Notes to the Basic Financial Statements
For the Fiscal Year Ended June 30, 2003*

The term bonds maturing on December 1, 2026, are subject to mandatory sinking fund redemption in part by lot pursuant to the terms of the mandatory sinking fund redemption requirements of the School District. The mandatory redemption is to occur on December 1, of each of the years 2020 through 2025 (with the balance of \$3,120,000 to be paid at stated maturity on December 1, 2026) at a redemption price equal to 100 percent of the principal amount redeemed, plus accrued interest to the redemption date, according to the following schedule:

<u>Year</u>	<u>Amount</u>
2020	\$2,260,000
2021	2,385,000
2022	2,520,000
2023	2,655,000
2024	2,800,000
2025	2,955,000

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 in 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:

<u>Redemption Dates (Dates Inclusive)</u>	<u>Redemption Prices</u>
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 maturity amount of the bonds is \$4,395,000. In fiscal year 2003, \$151,279 was accreted for a total bond obligation of \$2,970,331.

The School District's overall legal debt margin was \$18,164,576 and the unvoted legal debt margin was \$699,243 at June 30, 2003. Principal and interest requirements to retire long-term obligations outstanding at June 30, 2003, are as follows:

Avon Lake City School District, Ohio

*Notes to the Basic Financial Statements
For the Fiscal Year Ended June 30, 2003*

	General Obligation Bonds		Energy Conservation Notes	
	Principal	Interest	Principal	Interest
2004	\$1,195,000	\$2,397,319	\$180,000	\$46,747
2005	1,360,000	2,338,384	180,000	41,843
2006	1,470,000	2,271,715	185,000	36,317
2007	1,585,000	2,197,589	130,287	98,070
2008	1,730,000	2,115,272	120,430	107,927
2009-2013	4,645,000	13,505,462	825,000	69,619
2014-2018	9,575,000	7,737,528	0	0
2019-2023	11,630,000	4,815,538	0	0
2024-2027	11,530,000	1,310,925	0	0
Total	\$44,720,000	\$38,689,732	\$1,620,717	\$400,523

	Capital Appreciation Bonds		Total	
	Principal	Interest	Principal	Interest
2004	\$0	\$0	\$1,375,000	\$2,444,066
2005	0	0	1,540,000	2,380,227
2006	0	0	1,655,000	2,308,032
2007	0	0	1,715,287	2,295,659
2008	0	0	1,850,430	2,223,199
2009-2013	649,977	3,745,023	6,119,977	17,320,104
2014-2018	0	0	9,575,000	7,737,528
2019-2023	0	0	11,630,000	4,815,538
2024-2027	0	0	11,530,000	1,310,925
Total	\$649,977	\$3,745,023	\$46,990,694	\$42,835,278

The fiber optics and HVAC loans will be paid from the building improvements capital projects fund. The principal and interest payments to retire the long-term notes are as follows:

<u>Fiscal year ending June 30,</u>	<u>Principal</u>	<u>Interest</u>	<u>Total</u>
2004	\$201,734	\$29,471	\$231,205
2005	210,684	21,470	232,154
2006	218,950	12,946	231,896
2007	53,000	3,784	56,784
2008	52,069	2,010	54,079
Total	\$736,437	\$69,681	\$806,118

Note 18 - Jointly Governed Organizations

A. Lake Erie Educational Computer Association (LEECA)

The Lake Erie Educational Computer Association (LEECA) is a jointly governed organization among thirty 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.

Avon Lake City School District, Ohio

*Notes to the Basic Financial Statements
For the Fiscal Year Ended June 30, 2003*

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 \$28,786 for services during fiscal year 2003. Financial information can be obtained by contacting the Treasurer at the Educational Service Center at the Lorain County Board of Education, who serves as the fiscal agent, at 1885 Lake Avenue, Elyria, Ohio, 44035.

B. Lake Erie Regional Council of Governments (LERC)

The Lake Erie Regional Council of Governments (LERC) is a jointly governed organization among 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, driver's 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 2003, the School District paid \$10,176. 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 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 2003, the School District paid \$750 to the Council. Financial information can be obtained by contacting Kathleen T. Neal, the Executive Secretary/Treasurer of the Ohio Schools Council at 6133 Rockside Road, Suite 10, Independence, Ohio, 44101.

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

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

Avon Lake City School District, Ohio

*Notes to the Basic Financial Statements
For the Fiscal Year Ended June 30, 2003*

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

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

Note 19 – Claims Serving Pool

The School District participates in the Lake Erie Council of Governments (LERC) Insurance Program, a claims servicing pool comprised of fourteen Lorain County school districts. Each school district has a representative on the assembly (usually the superintendent or designee). The plan's business and affairs are conducted by a five member Board of Directors elected by the LERC's assembly. The assembly elects officers for one year terms to serve on the Board of Directors. Each member pays a monthly premium based on their claims history and a monthly administration fee. The Avon Lake City School District paid \$200,047 to LERC during fiscal year 2003 for services. All participating members retain their risk and are completely responsible for paying their own claims. The LERC act solely as the claims servicing agent.

Note 20 – 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 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 21 - 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, 2003.

Avon Lake City School District, Ohio

*Notes to the Basic Financial Statements
For the Fiscal Year Ended June 30, 2003*

Note 22 – 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, 2003, 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.

	Budget Stabilization Reserve	Capital Improvements Reserve	Textbooks/ Instructional Materials
Set-aside Reserve Balance as of June 30, 2002	\$113,990	\$0	\$406,498
Current Year Set-aside Requirement	0	1,138,940	1,138,940
Balance carried over from Prior Year	0	0	0
Qualifying Disbursements	0	(7,999,863)	(830,780)
Totals	<u>\$113,990</u>	<u>(\$6,860,923)</u>	<u>\$714,658</u>
Set-aside Balance Carried Forward to Future Fiscal Years	<u>\$113,990</u>	<u>\$0</u>	<u>\$714,658</u>
Set-aside Reserve Balance as of June 30, 2003	<u>\$113,990</u>	<u>\$0</u>	<u>\$714,658</u>

The School District had qualifying disbursements during the fiscal year that reduced the textbooks set-aside amount below zero. This amount may be used to reduce the set aside requirement of future years. Although the School District had qualifying disbursements during the fiscal year that reduced the set-aside amount to below zero for capital improvements set-aside, this amount may not be used to reduce the set-aside requirement for future years. This negative balance is therefore not presented as being carried forward to future fiscal years. The total reserve balance for the set-asides at the end of the fiscal year was \$828,648.

Note 23 – State School Funding Decision

On December 11, 2002, the Ohio Supreme Court issued its latest opinion regarding the State’s school funding plan. The decision reaffirmed earlier decisions that Ohio’s current school-funding decision is unconstitutional.

The Supreme Court relinquished jurisdiction over the case and directed “...the Ohio General Assembly to enact a school-funding scheme that is thorough and efficient...”

The School District is currently unable to determine what effect, if any, this decision will have on its future State funding and on its financial operations.

**Combining
and
Individual Fund Statements
and Schedules**

Combining Statements – Nonmajor 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 monies which provide services and materials to pupils attending non-public schools within the School District.

Teacher Development Fund To account for receipts and expenditures for the development of in-service programs.

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

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

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

Miscellaneous State Grants Fund To account for State monies which support academic and enrichment programs for the student body.

Education for Economic Security Fund To account for monies used to improve the skills of teachers and the quality of instruction in mathematics, science, foreign languages and computer learning, and to increase the access of all students to that instruction.

(continued)

Nonmajor Special Revenue Funds (continued)

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

Title I Fund To account for Federal monies used to assist the School District in meeting the special 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 State 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 To account for Federal monies which support academic and enrichment programs for the student body.

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.

School Net Plus Fund To account for State monies used to provide technology equipment to classrooms at the K-5 grade levels that support the transmission of voice, video and data, and to provide a computer workstation and related technology for every classroom.

Interactive Video Distance Learner Fund To account for State monies to be used to provide interactive video cameras for classrooms.

Avon Lake City School District
Combining Balance Sheet
Nonmajor Governmental Funds
June 30, 2003

	Nonmajor Special Revenue Funds	Nonmajor Library Bond Retirement Fund	Nonmajor Capital Projects Funds	Total Nonmajor Governmental Funds
Assets				
Equity in Pooled Cash and Cash Equivalents	\$757,828	\$1,325,693	\$238,816	\$2,322,337
Accounts Receivable	257	0	0	257
Intergovernmental Receivable	240,782	132,416	25,257	398,455
Prepaid Items	2,958	0	0	2,958
Inventory Held for Resale	8,945	0	0	8,945
Materials and Supplies Inventory	12,825	0	0	12,825
Property Taxes Receivable	0	1,140,267	646,320	1,786,587
<i>Total Assets</i>	<u>\$1,023,595</u>	<u>\$2,598,376</u>	<u>\$910,393</u>	<u>\$4,532,364</u>
Liabilities and Fund Balances				
Liabilities				
Accounts Payable	\$55,648	\$0	\$0	\$55,648
Contracts Payable	0	0	100,927	100,927
Accrued Wages and Benefits	45,004	0	0	45,004
Interfund Payable	218,448	0	0	218,448
Intergovernmental Payable	13,748	0	0	13,748
Deferred Revenue	0	1,153,477	615,813	1,769,290
<i>Total Liabilities</i>	<u>332,848</u>	<u>1,153,477</u>	<u>716,740</u>	<u>2,203,065</u>
Fund Balances				
Reserved for Encumbrances	184,094	0	12,494	196,588
Reserved for Property Taxes	0	119,206	55,764	174,970
Unreserved, Undesignated				
Reported in:				
Special Revenue Funds	506,653	0	0	506,653
Debt Service Funds	0	1,325,693	0	1,325,693
Capital Projects Funds	0	0	125,395	125,395
<i>Total Fund Balances</i>	<u>690,747</u>	<u>1,444,899</u>	<u>193,653</u>	<u>2,329,299</u>
<i>Total Liabilities and Fund Balances</i>	<u>\$1,023,595</u>	<u>\$2,598,376</u>	<u>\$910,393</u>	<u>\$4,532,364</u>

Avon Lake City School District
Combining Statement of Revenues, Expenditures and Changes in Fund Balances
Nonmajor Governmental Funds
For the Fiscal Year Ended June 30, 2003

	Nonmajor Special Revenue Funds	Nonmajor Library Bond Retirement Fund	Nonmajor Capital Projects Funds	Total Nonmajor Governmental Funds
Revenues				
Property Taxes	\$0	\$259,175	\$216,078	\$475,253
Intergovernmental	934,965	30,088	98,679	1,063,732
Interest	3,081	0	0	3,081
Tuition and Fees	19,884	0	0	19,884
Rentals	2,495	0	0	2,495
Extracurricular Activities	323,363	0	0	323,363
Contributions and Donations	120,971	0	0	120,971
Charges for Services	520,370	0	0	520,370
Miscellaneous	81,300	0	0	81,300
<i>Total Revenues</i>	<u>2,006,429</u>	<u>289,263</u>	<u>314,757</u>	<u>2,610,449</u>
Expenditures				
Current:				
Instruction:				
Regular	116,953	0	0	116,953
Special	189,862	0	0	189,862
Adult/Continuing	1,650	0	0	1,650
Support Services:				
Pupils	363,671	0	0	363,671
Instructional Staff	41,166	0	0	41,166
Administration	20,765	0	0	20,765
Fiscal	0	4,150	0	4,150
Operation and Maintenance of Plant	1,424	0	0	1,424
Central	15,555	0	0	15,555
Operation of Non-Instructional Services:				
Food Service Operations	619,239	0	0	619,239
Other Non-Instructional Services	241,458	0	0	241,458
Extracurricular Activities	351,742	0	0	351,742
Capital Outlay	0	0	500,890	500,890
Debt Service:				
Principal Retirement	0	175,000	0	175,000
Interest and Fiscal Charges	0	151,994	0	151,994
<i>Total Expenditures</i>	<u>1,963,485</u>	<u>331,144</u>	<u>500,890</u>	<u>2,795,519</u>
<i>Excess of Revenues Over (Under) Expenditures</i>	42,944	(41,881)	(186,133)	(185,070)
Other Financing Uses				
Transfers Out	0	0	(300,000)	(300,000)
<i>Net Change in Fund Balances</i>	42,944	(41,881)	(486,133)	(485,070)
<i>Fund Balances Beginning of Year</i>	<u>647,803</u>	<u>1,486,780</u>	<u>679,786</u>	<u>2,814,369</u>
<i>Fund Balances End of Year</i>	<u>\$690,747</u>	<u>\$1,444,899</u>	<u>\$193,653</u>	<u>\$2,329,299</u>

Avon Lake City School District
Combining Balance Sheet
Nonmajor Special Revenue Funds
June 30, 2003

	<u>Food Service</u>	<u>Scholarship</u>	<u>Michael Baumhauer Scholarship</u>	<u>Adult Education</u>
Assets				
Equity in Pooled Cash and Cash Equivalents	\$106,140	\$16,406	\$11,475	\$4,977
Accounts Receivable	0	0	0	0
Intergovernmental Receivable	9,513	0	0	0
Prepaid Items	1,978	0	0	0
Inventory Held for Resale	8,945	0	0	0
Materials and Supplies Inventory	12,825	0	0	0
<i>Total Assets</i>	<u>\$139,401</u>	<u>\$16,406</u>	<u>\$11,475</u>	<u>\$4,977</u>
Liabilities and Fund Balances				
Liabilities				
Accounts Payable	\$0	\$0	\$0	\$2,150
Accrued Wages and Benefits	25,675	0	0	0
Interfund Payable	0	0	0	0
Intergovernmental Payable	9,591	0	0	0
<i>Total Liabilities</i>	<u>35,266</u>	<u>0</u>	<u>0</u>	<u>2,150</u>
Fund Balances				
Reserved for Encumbrances	0	0	0	0
Unreserved, Undesignated (Deficit)	104,135	16,406	11,475	2,827
<i>Total Fund Balances</i>	<u>104,135</u>	<u>16,406</u>	<u>11,475</u>	<u>2,827</u>
<i>Total Liabilities and Fund Balances</i>	<u>\$139,401</u>	<u>\$16,406</u>	<u>\$11,475</u>	<u>\$4,977</u>

<u>Public School Support</u>	<u>Local Grants</u>	<u>Athletics</u>	<u>Auxiliary Services</u>	<u>Management Information Systems</u>	<u>Data Communications</u>
\$125,055	\$50,712	\$117,379	\$101,481	\$32,099	\$155
0	0	257	0	0	0
0	0	0	0	0	0
0	0	0	122	0	0
0	0	0	0	0	0
0	0	0	0	0	0
<u>\$125,055</u>	<u>\$50,712</u>	<u>\$117,636</u>	<u>\$101,603</u>	<u>\$32,099</u>	<u>\$155</u>
\$1,695	\$11,989	\$21,751	\$11,089	\$0	\$0
0	0	0	8,872	0	0
0	0	0	0	0	0
300	0	250	696	0	0
<u>1,995</u>	<u>11,989</u>	<u>22,001</u>	<u>20,657</u>	<u>0</u>	<u>0</u>
6,115	5,197	32,471	96,056	0	0
116,945	33,526	63,164	(15,110)	32,099	155
<u>123,060</u>	<u>38,723</u>	<u>95,635</u>	<u>80,946</u>	<u>32,099</u>	<u>155</u>
<u>\$125,055</u>	<u>\$50,712</u>	<u>\$117,636</u>	<u>\$101,603</u>	<u>\$32,099</u>	<u>\$155</u>

(continued)

Avon Lake City School District
Combining Balance Sheet
Nonmajor Special Revenue Funds (Continued)
June 30, 2003

	School Net Development	Miscellaneous State Grants	Title VI-B	Title I
Assets				
Equity in Pooled Cash and Cash Equivalents	\$1,108	\$2,914	\$143,522	\$5,446
Accounts Receivable	0	0	0	0
Intergovernmental Receivable	0	0	115,116	54,280
Prepaid Items	0	0	858	0
Inventory Held for Resale	0	0	0	0
Materials and Supplies Inventory	0	0	0	0
<i>Total Assets</i>	<u>\$1,108</u>	<u>\$2,914</u>	<u>\$259,496</u>	<u>\$59,726</u>
Liabilities and Fund Balances				
Liabilities				
Accounts Payable	\$0	\$0	\$5,545	\$0
Accrued Wages and Benefits	0	0	10,457	0
Interfund Payable	0	0	115,116	54,281
Intergovernmental Payable	0	0	1,156	955
<i>Total Liabilities</i>	<u>0</u>	<u>0</u>	<u>132,274</u>	<u>55,236</u>
Fund Balances				
Reserved for Encumbrances	935	0	32,297	0
Unreserved, Undesignated (Deficit)	173	2,914	94,925	4,490
<i>Total Fund Balances</i>	<u>1,108</u>	<u>2,914</u>	<u>127,222</u>	<u>4,490</u>
<i>Total Liabilities and Fund Balances</i>	<u>\$1,108</u>	<u>\$2,914</u>	<u>\$259,496</u>	<u>\$59,726</u>

<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>
\$6,155	\$14,318	\$154	\$17,333	\$999	\$757,828
0	0	0	0	0	257
2,555	6,734	10,852	41,732	0	240,782
0	0	0	0	0	2,958
0	0	0	0	0	8,945
0	0	0	0	0	12,825
<u>\$8,710</u>	<u>\$21,052</u>	<u>\$11,006</u>	<u>\$59,065</u>	<u>\$999</u>	<u>\$1,023,595</u>
\$329	\$0	\$0	\$1,100	\$0	\$55,648
0	0	0	0	0	45,004
2,555	6,774	11,006	28,316	400	218,448
0	0	0	800	0	13,748
<u>2,884</u>	<u>6,774</u>	<u>11,006</u>	<u>30,216</u>	<u>400</u>	<u>332,848</u>
2,183	7,847	0	633	360	184,094
3,643	6,431	0	28,216	239	506,653
<u>5,826</u>	<u>14,278</u>	<u>0</u>	<u>28,849</u>	<u>599</u>	<u>690,747</u>
<u>\$8,710</u>	<u>\$21,052</u>	<u>\$11,006</u>	<u>\$59,065</u>	<u>\$999</u>	<u>\$1,023,595</u>

Avon Lake City School District
Combining Statement of Revenues, Expenditures and Changes in Fund Balances
Nonmajor Special Revenue Funds
For the Fiscal Year Ended June 30, 2003

	Food Service	Scholarship	Michael Baumhauer Scholarship	Adult Education
Revenues				
Intergovernmental	\$123,483	\$0	\$0	\$0
Interest	1,165	214	145	0
Tuition and Fees	0	0	0	2,777
Rentals	0	0	0	0
Extracurricular Activities	0	0	0	0
Contributions and Donations	0	6,259	2,251	0
Charges for Services	520,370	0	0	0
Miscellaneous	75	0	0	0
<i>Total Revenues</i>	<u>645,093</u>	<u>6,473</u>	<u>2,396</u>	<u>2,777</u>
Expenditures				
Current:				
Instruction:				
Regular	0	0	0	0
Special	0	1,404	0	0
Adult/Continuing	0	0	0	1,650
Support Services:				
Pupils	0	0	0	0
Instructional Staff	0	0	0	0
Administration	0	0	0	0
Operation and Maintenance of Plant	0	0	0	0
Central	0	0	0	0
Operation of Non-Instructional Services:				
Food Service Operations	619,239	0	0	0
Other Non-Instructional Services	0	1,000	717	0
Extracurricular Activities	0	0	0	0
<i>Total Expenditures</i>	<u>619,239</u>	<u>2,404</u>	<u>717</u>	<u>1,650</u>
<i>Net Change in Fund Balances</i>	25,854	4,069	1,679	1,127
<i>Fund Balances Beginning of Year</i>	<u>78,281</u>	<u>12,337</u>	<u>9,796</u>	<u>1,700</u>
<i>Fund Balances End of Year</i>	<u>\$104,135</u>	<u>\$16,406</u>	<u>\$11,475</u>	<u>\$2,827</u>

Public School Support	Local Grants	Athletics	Auxiliary Services	Teacher Development	Management Information Systems	Data Communications
\$0	\$1,000	\$0	\$202,604	\$0	\$12,329	\$0
0	0	0	1,557	0	0	0
1,322	15,785	0	0	0	0	0
0	0	0	0	0	0	0
48,363	0	275,000	0	0	0	0
59,479	24,013	28,969	0	0	0	0
0	0	0	0	0	0	0
75,434	0	5,791	0	0	0	0
<u>184,598</u>	<u>40,798</u>	<u>309,760</u>	<u>204,161</u>	<u>0</u>	<u>12,329</u>	<u>0</u>
112	34,633	0	0	0	0	31,525
1,513	276	0	0	0	0	0
0	0	0	0	0	0	0
167,630	0	0	0	0	0	0
120	0	0	0	3,450	0	0
0	0	0	0	0	0	0
0	0	0	0	0	0	0
0	0	0	0	0	0	0
0	0	0	0	0	0	0
0	0	0	195,878	0	0	0
0	11,395	340,347	0	0	0	0
<u>169,375</u>	<u>46,304</u>	<u>340,347</u>	<u>195,878</u>	<u>3,450</u>	<u>0</u>	<u>31,525</u>
15,223	(5,506)	(30,587)	8,283	(3,450)	12,329	(31,525)
<u>107,837</u>	<u>44,229</u>	<u>126,222</u>	<u>72,663</u>	<u>3,450</u>	<u>19,770</u>	<u>31,680</u>
<u>\$123,060</u>	<u>\$38,723</u>	<u>\$95,635</u>	<u>\$80,946</u>	<u>\$0</u>	<u>\$32,099</u>	<u>\$155</u>

(continued)

Avon Lake City School District
Combining Statement of Revenues, Expenditures and Changes in Fund Balances
Nonmajor Special Revenue Funds (continued)
For the Fiscal Year Ended June 30, 2003

	School Net Development	Miscellaneous State Grants	Education for Economic Security	Title VI-B
Revenues				
Intergovernmental	\$8,050	\$2,903	\$0	\$377,898
Interest	0	0	0	0
Tuition and Fees	0	0	0	0
Rentals	0	0	0	0
Extracurricular Activities	0	0	0	0
Contributions and Donations	0	0	0	0
Charges for Services	0	0	0	0
Miscellaneous	0	0	0	0
<i>Total Revenues</i>	<u>8,050</u>	<u>2,903</u>	<u>0</u>	<u>377,898</u>
Expenditures				
Current:				
Instruction:				
Regular	0	0	0	0
Special	0	0	0	22,013
Adult/Continuing	0	0	0	0
Support Services:				
Pupils	0	0	0	189,291
Instructional Staff	0	0	10,013	0
Administration	0	0	0	20,765
Operation and Maintenance of Plant	0	0	0	0
Central	9,133	6,422	0	0
Operation of Non-Instructional Services:				
Food Service Operations	0	0	0	0
Other Non-Instructional Services	0	579	0	23,155
Extracurricular Activities	0	0	0	0
<i>Total Expenditures</i>	<u>9,133</u>	<u>7,001</u>	<u>10,013</u>	<u>255,224</u>
<i>Net Change in Fund Balances</i>	(1,083)	(4,098)	(10,013)	122,674
<i>Fund Balances Beginning of Year</i>	<u>2,191</u>	<u>7,012</u>	<u>10,013</u>	<u>4,548</u>
<i>Fund Balances End of Year</i>	<u>\$1,108</u>	<u>\$2,914</u>	<u>\$0</u>	<u>\$127,222</u>

Title I	Title V	Drug Free Schools	Early Childhood Education Development	Class Size Reduction	Miscellaneous Federal Grants	Total Nonmajor Special Revenue Funds
\$90,316	\$19,798	\$10,861	\$17,503	\$67,309	\$911	\$934,965
0	0	0	0	0	0	3,081
0	0	0	0	0	0	19,884
0	0	0	0	0	2,495	2,495
0	0	0	0	0	0	323,363
0	0	0	0	0	0	120,971
0	0	0	0	0	0	520,370
0	0	0	0	0	0	81,300
<u>90,316</u>	<u>19,798</u>	<u>10,861</u>	<u>17,503</u>	<u>67,309</u>	<u>3,406</u>	<u>2,006,429</u>
0	14,160	1,730	0	34,793	0	116,953
163,889	0	0	767	0	0	189,862
0	0	0	0	0	0	1,650
0	0	6,750	0	0	0	363,671
0	3,069	0	18,040	3,667	2,807	41,166
0	0	0	0	0	0	20,765
0	0	1,424	0	0	0	1,424
0	0	0	0	0	0	15,555
0	0	0	0	0	0	619,239
18,268	1,861	0	0	0	0	241,458
0	0	0	0	0	0	351,742
<u>182,157</u>	<u>19,090</u>	<u>9,904</u>	<u>18,807</u>	<u>38,460</u>	<u>2,807</u>	<u>1,963,485</u>
(91,841)	708	957	(1,304)	28,849	599	42,944
<u>96,331</u>	<u>5,118</u>	<u>13,321</u>	<u>1,304</u>	<u>0</u>	<u>0</u>	<u>647,803</u>
<u>\$4,490</u>	<u>\$5,826</u>	<u>\$14,278</u>	<u>\$0</u>	<u>\$28,849</u>	<u>\$599</u>	<u>\$690,747</u>

Avon Lake City School District
Combining Balance Sheet
Nonmajor Capital Projects Funds
June 30, 2003

	<u>Permanent Improvements</u>	<u>School Net Plus</u>	<u>Interactive Video Distance Learner</u>	<u>Total Nonmajor Capital Projects Funds</u>
Assets				
Equity in Pooled Cash and Cash Equivalents	\$233,633	\$29	\$5,154	\$238,816
Intergovernmental Receivable	25,257	0	0	25,257
Property Taxes Receivable	<u>646,320</u>	<u>0</u>	<u>0</u>	<u>646,320</u>
<i>Total Assets</i>	<u><u>\$905,210</u></u>	<u><u>\$29</u></u>	<u><u>\$5,154</u></u>	<u><u>\$910,393</u></u>
Liabilities and Fund Balances				
Liabilities				
Contracts Payable	\$100,927	\$0	\$0	\$100,927
Deferred Revenue	<u>615,813</u>	<u>0</u>	<u>0</u>	<u>615,813</u>
<i>Total Liabilities</i>	<u>716,740</u>	<u>0</u>	<u>0</u>	<u>716,740</u>
Fund Balances				
Reserved for Encumbrances	11,614	0	880	12,494
Reserved for Property Taxes	55,764	0	0	55,764
Unreserved, Undesignated	<u>121,092</u>	<u>29</u>	<u>4,274</u>	<u>125,395</u>
<i>Total Fund Balances</i>	<u>188,470</u>	<u>29</u>	<u>5,154</u>	<u>193,653</u>
<i>Total Liabilities and Fund Balances</i>	<u><u>\$905,210</u></u>	<u><u>\$29</u></u>	<u><u>\$5,154</u></u>	<u><u>\$910,393</u></u>

Avon Lake City School District
Combining Statement of Revenues, Expenditures and Changes in Fund Balances
Nonmajor Capital Projects Funds
For the Fiscal Year Ended June 30, 2003

	Permanent Improvements	School Net Plus	Interactive Video Distance Learner	Total Nonmajor Capital Projects Funds
Revenues				
Property Taxes	\$216,078	\$0	\$0	\$216,078
Intergovernmental	53,185	45,494	0	98,679
<i>Total Revenues</i>	269,263	45,494	0	314,757
Expenditures				
Capital Outlay	438,020	46,069	16,801	500,890
<i>Excess of Revenues Under Expenditures</i>	(168,757)	(575)	(16,801)	(186,133)
Other Financing Uses				
Transfers Out	(300,000)	0	0	(300,000)
<i>Net Change in Fund Balances</i>	(468,757)	(575)	(16,801)	(486,133)
<i>Fund Balances Beginning of Year</i>	657,227	604	21,955	679,786
<i>Fund Balances End of Year</i>	\$188,470	\$29	\$5,154	\$193,653

Combining Statements – Nonmajor Funds

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 Fiscal Year Ended June 30, 2003

	Beginning Balance 06/30/02	Additions	Deductions	Ending Balance 06/30/03
<i>Student Managed Activities</i>				
Assets				
Equity in Pooled Cash and Cash Equivalents	\$116,342	\$242,887	\$237,985	\$121,244
Liabilities				
Accounts Payable	\$95	\$0	\$95	\$0
Due to Students	116,247	242,887	237,890	121,244
<i>Total Liabilities</i>	\$116,342	\$242,887	\$237,985	\$121,244
<i>Staff Services</i>				
Assets				
Equity in Pooled Cash and Cash Equivalents	\$2,952	\$2,487	\$2,399	\$3,040
Liabilities				
Undistributed Monies	\$2,952	\$2,487	\$2,399	\$3,040
<i>Total - All Agency Funds</i>				
Assets				
Equity in Pooled Cash and Cash Equivalents	\$119,294	\$245,374	\$240,384	\$124,284
Liabilities				
Accounts Payable	\$95	\$0	\$95	\$0
Undistributed Monies	2,952	2,487	2,399	3,040
Due to Students	116,247	242,887	237,890	121,244
<i>Total Liabilities</i>	\$119,294	\$245,374	\$240,384	\$124,284

**Individual Fund Schedules of Revenues, Expenditures/Expenses
and Changes in Fund Balances/Equity -
Budget (Non-GAAP Basis) and Actual**

Avon Lake City School District
Schedule of Revenues, Expenditures and Changes
In Fund Balance - Budget (Non-GAAP Basis) and Actual
General Fund
For the Fiscal Year Ended June 30, 2003

	Budgeted Amounts		Actual	Variance With Final Budget Positive (Negative)
	Original	Final		
Revenues				
Property Taxes	\$20,180,633	\$23,307,107	\$21,564,879	(\$1,742,228)
Intergovernmental	5,480,232	4,224,552	5,772,166	1,547,614
Interest	310,030	200,908	330,352	129,444
Tuition and Fees	414,155	205,022	272,163	67,141
Rentals	5,741	5,845	6,117	272
Contributions and Donations	0	0	4,000	4,000
Charges for Services	38,322	77,182	41,412	(35,770)
Miscellaneous	15,077	14,605	48,905	34,300
Total Revenues	26,444,190	28,035,221	28,039,994	4,773
Expenditures				
Current:				
Instruction:				
Regular:				
Salaries	9,494,905	9,379,904	9,361,054	18,850
Fringe Benefits	3,194,625	2,958,865	2,599,262	359,603
Purchased Services	246,762	442,775	1,150,518	(707,743)
Materials and Supplies	1,044,132	972,362	537,160	435,202
Capital Outlay	275,703	213,755	163,343	50,412
Total Regular	14,256,127	13,967,661	13,811,337	156,324
Special:				
Salaries	1,009,900	1,009,900	1,121,307	(111,407)
Fringe Benefits	357,250	357,250	289,704	67,546
Purchased Services	11,000	11,000	6,113	4,887
Materials and Supplies	2,446	2,446	0	2,446
Total Special	1,380,596	1,380,596	1,417,124	(36,528)
Vocational:				
Salaries	152,000	152,000	142,947	9,053
Fringe Benefits	50,800	50,800	48,976	1,824
Purchased Services	1,000	1,000	728	272
Total Vocational	203,800	203,800	192,651	11,149
Adult/Continuing:				
Salaries	0	0	9,338	(9,338)
Fringe Benefits	0	0	135	(135)
Total Adult/Continuing	0	0	9,473	(9,473)
Total Instruction	\$15,840,523	\$15,552,057	\$15,430,585	\$121,472

(continued)

Avon Lake City School District
Schedule of Revenues, Expenditures and Changes
In Fund Balance - Budget (Non-GAAP Basis) and Actual
General Fund (continued)
For the Fiscal Year Ended June 30, 2003

	Budgeted Amounts		Actual	Variance With
	Original	Final		Final Budget
				Positive (Negative)
Support Services:				
Pupils:				
Salaries	\$843,600	\$843,600	\$825,216	\$18,384
Fringe Benefits	289,050	289,050	241,310	47,740
Purchased Services	300,466	252,297	189,301	62,996
Materials and Supplies	8,025	10,025	9,996	29
Capital Outlay	0	0	10,156	(10,156)
Total Pupils	1,441,141	1,394,972	1,275,979	118,993
Instructional Staff:				
Salaries	1,097,100	1,097,100	1,045,311	51,789
Fringe Benefits	345,700	345,700	388,966	(43,266)
Purchased Services	14,950	14,950	13,980	970
Materials and Supplies	37,639	56,501	47,825	8,676
Capital Outlay	10,300	10,300	10,255	45
Other	500	500	743	(243)
Total Instructional Staff	1,506,189	1,525,051	1,507,080	17,971
Board of Education:				
Salaries	7,000	7,000	4,720	2,280
Fringe Benefits	1,200	1,200	247	953
Purchased Services	16,000	16,000	4,422	11,578
Other	5,000	5,000	6,250	(1,250)
Total Board of Education	29,200	29,200	15,639	13,561
Administration:				
Salaries	1,570,000	1,570,000	1,574,869	(4,869)
Fringe Benefits	637,800	637,800	551,582	86,218
Purchased Services	572,054	552,108	434,410	117,698
Materials and Supplies	16,418	42,678	57,189	(14,511)
Capital Outlay	6,007	35,994	27,770	8,224
Other	30,500	30,500	27,823	2,677
Total Administration	2,832,779	2,869,080	2,673,643	195,437
Fiscal:				
Salaries	219,500	219,500	221,318	(1,818)
Fringe Benefits	88,950	88,950	56,060	32,890
Purchased Services	50,371	50,371	37,139	13,232
Materials and Supplies	12,290	12,290	7,048	5,242
Capital Outlay	8,000	8,000	17,169	(9,169)
Other	348,941	348,941	372,927	(23,986)
Total Fiscal	\$728,052	\$728,052	\$711,661	\$16,391

(continued)

Avon Lake City School District
Schedule of Revenues, Expenditures and Changes
In Fund Balance - Budget (Non-GAAP Basis) and Actual
General Fund (continued)
For the Fiscal Year Ended June 30, 2003

	Budgeted Amounts		Actual	Variance With Final Budget Positive (Negative)
	Original	Final		
Business:				
Salaries	\$53,400	\$53,400	\$52,098	\$1,302
Fringe Benefits	21,500	21,500	11,269	10,231
Purchased Services	24,549	24,549	2,354	22,195
Total Business	99,449	99,449	65,721	33,728
Operation and Maintenance of Plant:				
Salaries	1,190,600	1,238,600	1,269,797	(31,197)
Fringe Benefits	387,255	387,255	438,546	(51,291)
Purchased Services	1,530,745	1,562,041	1,609,211	(47,170)
Materials and Supplies	333,992	435,833	433,657	2,176
Capital Outlay	28,953	28,953	38,658	(9,705)
Total Operation and Maintenance of Plant	3,471,545	3,652,682	3,789,869	(137,187)
Pupil Transportation:				
Salaries	665,100	665,100	674,613	(9,513)
Fringe Benefits	173,670	173,670	179,343	(5,673)
Purchased Services	57,718	57,718	56,564	1,154
Materials and Supplies	59,157	59,157	77,642	(18,485)
Capital Outlay	95,055	95,055	141,889	(46,834)
Other	300	300	884	(584)
Total Pupil Transportation	1,051,000	1,051,000	1,130,935	(79,935)
Central:				
Salaries	22,000	22,000	15,512	6,488
Fringe Benefits	3,500	3,500	225	3,275
Total Central	25,500	25,500	15,737	9,763
Total Support Services	11,184,855	11,374,986	11,186,264	188,722
Extracurricular Activities:				
Academic Oriented Activities:				
Salaries	45,000	45,000	43,063	1,937
Fringe Benefits	5,000	5,000	39	4,961
Purchased Services	3,400	3,400	2,306	1,094
Materials and Supplies	1,963	1,963	10,385	(8,422)
Total Academic Oriented Activities	55,363	55,363	55,793	(430)
Occupation Oriented Activities:				
Salaries	3,200	3,200	1,152	2,048
Fringe Benefits	500	500	0	500
Total Occupation Oriented Activities	\$3,700	\$3,700	\$1,152	\$2,548

(continued)

Avon Lake City School District
Schedule of Revenues, Expenditures and Changes
In Fund Balance - Budget (Non-GAAP Basis) and Actual
General Fund (continued)
For the Fiscal Year Ended June 30, 2003

	<u>Budgeted Amounts</u>		<u>Actual</u>	Variance With
	<u>Original</u>	<u>Final</u>		Final Budget Positive (Negative)
Sports Oriented Activities:				
Salaries	\$399,200	\$399,200	\$410,376	(\$11,176)
Fringe Benefits	82,150	82,150	27,860	54,290
Purchased Services	6,500	6,500	4,993	1,507
Capital Outlay	0	0	33,458	(33,458)
Other	500	500	150	350
Total Sports Oriented Activities	<u>488,350</u>	<u>488,350</u>	<u>476,837</u>	<u>11,513</u>
School and Public Services Activities:				
Salaries	65,000	65,000	37,026	27,974
Fringe Benefits	5,000	5,000	50,748	(45,748)
Total School and Public Services Activities	<u>70,000</u>	<u>70,000</u>	<u>87,774</u>	<u>(17,774)</u>
Total Extracurricular Activities	<u>617,413</u>	<u>617,413</u>	<u>621,556</u>	<u>(4,143)</u>
Capital Outlay:				
Site Improvement Services:				
Purchased Services	175,000	175,000	175,520	(520)
Building Acquisition and Construction Services:				
Purchased Services	3,000	3,000	500	2,500
Capital Outlay	217,969	217,969	255,863	(37,894)
Total Building Acquisition and Construction Services	<u>220,969</u>	<u>220,969</u>	<u>256,363</u>	<u>(35,394)</u>
Total Capital Outlay	<u>395,969</u>	<u>395,969</u>	<u>431,883</u>	<u>(35,914)</u>
<i>Total Expenditures</i>	<u>28,038,760</u>	<u>27,940,425</u>	<u>27,670,288</u>	<u>270,137</u>
<i>Excess of Revenues Over (Under) Expenditures</i>	<u>(1,594,570)</u>	<u>94,796</u>	<u>369,706</u>	<u>274,910</u>
Other Financing Uses				
Advances Out	0	0	(218,448)	(218,448)
Transfers Out	(50,000)	(83,630)	(83,457)	173
<i>Total Other Financing Uses</i>	<u>(50,000)</u>	<u>(83,630)</u>	<u>(301,905)</u>	<u>(218,275)</u>
<i>Net Change in Fund Balance</i>	<u>(1,644,570)</u>	<u>11,166</u>	<u>67,801</u>	<u>56,635</u>
<i>Fund Balance Beginning of Year</i>	4,638,228	4,638,228	4,638,228	0
Prior Year Encumbrances Appropriated	<u>879,687</u>	<u>879,687</u>	<u>879,687</u>	<u>0</u>
<i>Fund Balance End of Year</i>	<u><u>\$3,873,345</u></u>	<u><u>\$5,529,081</u></u>	<u><u>\$5,585,716</u></u>	<u><u>\$56,635</u></u>

Avon Lake City School District
Schedule of Revenues, Expenditures and Changes
In Fund Balance - Budget (Non-GAAP) and Actual
Bond Retirement Fund
For the Fiscal Year Ended June 30, 2003

	Budgeted Amounts		Actual	Variance with Final Budget Positive (Negative)
	Original	Final		
Revenues				
Property Taxes	\$1,815,196	\$3,542,226	\$2,838,339	(\$703,887)
Intergovernmental	292,064	294,996	287,396	(7,600)
<i>Total Revenues</i>	<u>2,107,260</u>	<u>3,837,222</u>	<u>3,125,735</u>	<u>(711,487)</u>
Expenditures				
Current:				
Support Services:				
Fiscal	8,000	29,136	24,281	4,855
Debt Service:				
Principal Retirement	1,270,000	1,288,864	1,080,000	208,864
Interest and Fiscal Charges	969,230	2,138,599	2,348,108	(209,509)
Total Debt Service	<u>2,239,230</u>	<u>3,427,463</u>	<u>3,428,108</u>	<u>(645)</u>
<i>Total Expenditures</i>	<u>2,247,230</u>	<u>3,456,599</u>	<u>3,452,389</u>	<u>4,210</u>
<i>Excess of Revenues Over (Under) Expenditures</i>	(139,970)	380,623	(326,654)	(707,277)
Other Financing Sources				
Transfers In	0	0	383,457	383,457
<i>Net Change in Fund Balance</i>	(139,970)	380,623	56,803	(323,820)
<i>Fund Balance Beginning of Year</i>	<u>488,490</u>	<u>488,490</u>	<u>488,490</u>	<u>0</u>
<i>Fund Balance End of Year</i>	<u>\$348,520</u>	<u>\$869,113</u>	<u>\$545,293</u>	<u>(\$323,820)</u>

Avon Lake City School District
Schedule of Revenues, Expenditures and Changes
In Fund Balance - Budget (Non-GAAP) and Actual
Building Improvements Fund
For the Fiscal Year Ended June 30, 2003

	Budgeted Amounts		Actual	Variance with Final Budget Positive (Negative)
	Original	Final		
Revenues				
Interest	\$264,049	\$238,186	\$267,137	\$28,951
Contributions and Donations	33,458	33,457	33,458	1
Miscellaneous	2,493	402,493	402,493	0
<i>Total Revenues</i>	<u>300,000</u>	<u>674,136</u>	<u>703,088</u>	<u>28,952</u>
Expenditures				
Current:				
Instruction:				
Regular	116,395	599,230	156,476	442,754
Support Services:				
Board of Education	2,500	2,500	0	2,500
Fiscal	8,336	8,336	13,336	(5,000)
<i>Total Support Services</i>	<u>10,836</u>	<u>10,836</u>	<u>13,336</u>	<u>(2,500)</u>
Capital Outlay	7,096,008	7,448,213	7,462,899	(14,686)
<i>Total Expenditures</i>	<u>7,223,239</u>	<u>8,058,279</u>	<u>7,632,711</u>	<u>425,568</u>
<i>Excess of Revenues Under Expenditures</i>	(6,923,239)	(7,384,143)	(6,929,623)	454,520
Other Financing Sources				
Loan Issued	0	257,069	257,069	0
<i>Net Change in Fund Balance</i>	(6,923,239)	(7,127,074)	(6,672,554)	454,520
<i>Fund Balance Beginning of Year</i>	362,652	362,652	362,652	0
Prior Year Encumbrances Appropriated	7,211,330	7,211,330	7,211,330	0
<i>Fund Balance End of Year</i>	<u>\$650,743</u>	<u>\$446,908</u>	<u>\$901,428</u>	<u>\$454,520</u>

Avon Lake City School District
Schedule of Revenues, Expenditures and Changes
In Fund Balance - Budget (Non-GAAP) and Actual
Food Service Fund
For the Fiscal Year Ended June 30, 2003

	Budgeted Amounts		Actual	Variance with Final Budget Positive (Negative)
	Original	Final		
Revenues				
Intergovernmental	\$7,900	\$59,171	\$72,058	\$12,887
Interest	6,000	6,000	1,165	(4,835)
Charges for Services	486,100	535,867	527,838	(8,029)
Miscellaneous	0	0	75	75
<i>Total Revenues</i>	500,000	601,038	601,136	98
Expenditures				
Current:				
Operation of Non-Instructional Services	559,350	577,900	586,941	(9,041)
<i>Net Change in Fund Balance</i>	(59,350)	23,138	14,195	(8,943)
<i>Fund Balance Beginning of Year</i>	88,892	88,892	88,892	0
Prior Year Encumbrances Appropriated	3,053	3,053	3,053	0
<i>Fund Balance End of Year</i>	<u>\$32,595</u>	<u>\$115,083</u>	<u>\$106,140</u>	<u>(\$8,943)</u>

Avon Lake City School District
Schedule of Revenues, Expenditures and Changes
In Fund Balance - Budget (Non-GAAP) and Actual
Scholarship Fund
For the Fiscal Year Ended June 30, 2003

	<u>Budgeted Amounts</u>		<u>Actual</u>	<u>Variance with Final Budget Positive (Negative)</u>
	<u>Original</u>	<u>Final</u>		
Revenues				
Interest	\$149	\$233	\$214	(\$19)
Contributions and Donations	<u>0</u>	<u>6,220</u>	<u>6,259</u>	<u>39</u>
<i>Total Revenues</i>	<u>149</u>	<u>6,453</u>	<u>6,473</u>	<u>20</u>
Expenditures				
Current:				
Instruction:				
Special	1,100	1,134	1,404	(270)
Operation of Non-Instructional Services	<u>1,000</u>	<u>1,279</u>	<u>1,000</u>	<u>279</u>
<i>Total Expenditures</i>	<u>2,100</u>	<u>2,413</u>	<u>2,404</u>	<u>9</u>
<i>Net Change in Fund Balance</i>	(1,951)	4,040	4,069	29
<i>Fund Balance Beginning of Year</i>	<u>12,337</u>	<u>12,337</u>	<u>12,337</u>	<u>0</u>
<i>Fund Balance End of Year</i>	<u><u>\$10,386</u></u>	<u><u>\$16,377</u></u>	<u><u>\$16,406</u></u>	<u><u>\$29</u></u>

Avon Lake City School District
*Schedule of Revenues, Expenditures and Changes
In Fund Balance - Budget (Non-GAAP) and Actual
Michael Baumhauer Scholarship Fund
For the Fiscal Year Ended June 30, 2003*

	Budgeted Amounts		Actual	Variance with Final Budget Positive (Negative)
	Original	Final		
Revenues				
Interest	\$50	\$186	\$145	(\$41)
Contributions and Donations	0	2,202	2,251	49
<i>Total Revenues</i>	50	2,388	2,396	8
Expenditures				
Current:				
Operation of Non-Instructional Services	6,175	6,175	717	5,458
<i>Net Change in Fund Balance</i>	(6,125)	(3,787)	1,679	5,466
<i>Fund Balance Beginning of Year</i>	9,621	9,621	9,621	0
Prior Year Encumbrances Appropriated	175	175	175	0
<i>Fund Balance End of Year</i>	<u>\$3,671</u>	<u>\$6,009</u>	<u>\$11,475</u>	<u>\$5,466</u>

Avon Lake City School District
Schedule of Revenues, Expenditures and Changes
In Fund Balance - Budget (Non-GAAP) and Actual
Adult Education Fund
For the Fiscal Year Ended June 30, 2003

	<u>Budgeted Amounts</u>		<u>Actual</u>	<u>Variance with Final Budget Positive (Negative)</u>
	<u>Original</u>	<u>Final</u>		
Revenues				
Tuition and Fees	\$28	\$2,760	\$2,777	\$17
Expenditures				
Current:				
Instruction:				
Adult/Continuing	<u>258</u>	<u>1,659</u>	<u>1,659</u>	<u>0</u>
<i>Net Change in Fund Balance</i>	(230)	1,101	1,118	17
<i>Fund Balance Beginning of Year</i>	<u>1,700</u>	<u>1,700</u>	<u>1,700</u>	<u>0</u>
<i>Fund Balance End of Year</i>	<u><u>\$1,470</u></u>	<u><u>\$2,801</u></u>	<u><u>\$2,818</u></u>	<u><u>\$17</u></u>

Avon Lake City School District
Schedule of Revenues, Expenditures and Changes
In Fund Balance - Budget (Non-GAAP) and Actual
Public School Support Fund
For the Fiscal Year Ended June 30, 2003

	Budgeted Amounts		Actual	Variance with Final Budget Positive (Negative)
	Original	Final		
Revenues				
Tuition and Fees	\$1,519	\$729	\$1,322	\$593
Extracurricular Activities	40,727	59,998	49,180	(10,818)
Contributions and Donations	14,233	80,582	59,479	(21,103)
Miscellaneous	33,521	43,933	75,434	31,501
<i>Total Revenues</i>	<u>90,000</u>	<u>185,242</u>	<u>185,415</u>	<u>173</u>
Expenditures				
Current:				
Instruction:				
Regular	500	500	112	388
Special	950	1,542	1,542	0
Total Instruction	<u>1,450</u>	<u>2,042</u>	<u>1,654</u>	<u>388</u>
Support Services:				
Pupils	90,580	201,911	178,577	23,334
Instructional Staff	6,500	6,500	120	6,380
Total Support Services	<u>97,080</u>	<u>208,411</u>	<u>178,697</u>	<u>29,714</u>
Extracurricular Activities	<u>1,050</u>	<u>1,050</u>	<u>0</u>	<u>1,050</u>
<i>Total Expenditures</i>	<u>99,580</u>	<u>211,503</u>	<u>180,351</u>	<u>31,152</u>
<i>Net Change in Fund Balance</i>	(9,580)	(26,261)	5,064	31,325
<i>Fund Balance Beginning of Year</i>	94,391	94,391	94,391	0
Prior Year Encumbrances Appropriated	<u>18,230</u>	<u>18,230</u>	<u>18,230</u>	<u>0</u>
<i>Fund Balance End of Year</i>	<u>\$103,041</u>	<u>\$86,360</u>	<u>\$117,685</u>	<u>\$31,325</u>

Avon Lake City School District
Schedule of Revenues, Expenditures and Changes
In Fund Balance - Budget (Non-GAAP) and Actual
Local Grants Fund
For the Fiscal Year Ended June 30, 2003

	<u>Budgeted Amounts</u>		<u>Actual</u>	Variance with
	<u>Original</u>	<u>Final</u>		Final Budget Positive (Negative)
Revenues				
Intergovernmental	\$1,000	\$0	\$1,000	\$1,000
Tuition and Fees	15,300	15,300	15,785	485
Extracurricular Activities	43,000	43,000	0	(43,000)
Contributions and Donations	20,200	0	24,015	24,015
<i>Total Revenues</i>	<u>79,500</u>	<u>58,300</u>	<u>40,800</u>	<u>(17,500)</u>
Expenditures				
Current:				
Instruction:				
Regular	36,403	57,688	43,171	14,517
Special	576	576	576	0
Total Instruction	36,979	58,264	43,747	14,517
Extracurricular Activities	12,464	12,464	11,445	1,019
<i>Total Expenditures</i>	<u>49,443</u>	<u>70,728</u>	<u>55,192</u>	<u>15,536</u>
<i>Net Change in Fund Balance</i>	30,057	(12,428)	(14,392)	(1,964)
<i>Fund Balance Beginning of Year</i>	33,418	33,418	33,418	0
Prior Year Encumbrances Appropriated	14,500	14,500	14,500	0
<i>Fund Balance End of Year</i>	<u>\$77,975</u>	<u>\$35,490</u>	<u>\$33,526</u>	<u>(\$1,964)</u>

Avon Lake City School District
Schedule of Revenues, Expenditures and Changes
In Fund Balance - Budget (Non-GAAP) and Actual
Athletics Fund
For the Fiscal Year Ended June 30, 2003

	Budgeted Amounts		Actual	Variance with Final Budget Positive (Negative)
	Original	Final		
Revenues				
Extracurricular Activities	\$144,050	\$285,304	\$274,742	(\$10,562)
Contributions and Donations	39,850	58,675	28,969	(29,706)
Miscellaneous	4,000	6,251	5,791	(460)
<i>Total Revenues</i>	187,900	350,230	309,502	(40,728)
Expenditures				
Current:				
Extracurricular Activities	395,166	429,766	386,358	43,408
<i>Net Change in Fund Balance</i>	(207,266)	(79,536)	(76,856)	2,680
<i>Fund Balance Beginning of Year</i>	86,646	86,646	86,646	0
Prior Year Encumbrances Appropriated	53,117	53,117	53,117	0
<i>Fund Balance (Deficit) End of Year</i>	(\$67,503)	\$60,227	\$62,907	\$2,680

Avon Lake City School District
*Schedule of Revenues, Expenditures and Changes
 In Fund Balance - Budget (Non-GAAP) and Actual
 Auxiliary Services Fund
 For the Fiscal Year Ended June 30, 2003*

	<u>Budgeted Amounts</u>		<u>Actual</u>	<u>Variance with Final Budget Positive (Negative)</u>
	<u>Original</u>	<u>Final</u>		
Revenues				
Intergovernmental	\$200,000	\$203,741	\$202,604	(\$1,137)
Interest	0	325	1,557	1,232
<i>Total Revenues</i>	200,000	204,066	204,161	95
Expenditures				
Current:				
Operation of Non-instructional Services	94,706	298,240	304,147	(5,907)
<i>Net Change in Fund Balance</i>	105,294	(94,174)	(99,986)	(5,812)
<i>Fund Balance Beginning of Year</i>	67,887	67,887	67,887	0
Prior Year Encumbrances Appropriated	26,434	26,434	26,434	0
<i>Fund Balance (Deficit) End of Year</i>	<u>\$199,615</u>	<u>\$147</u>	<u>(\$5,665)</u>	<u>(\$5,812)</u>

Avon Lake City School District
Schedule of Revenues, Expenditures and Changes
In Fund Balance - Budget (Non-GAAP) and Actual
Teacher Development Fund
For the Fiscal Year Ended June 30, 2003

	<u>Budgeted Amounts</u>		<u>Actual</u>	<u>Variance with Final Budget Positive (Negative)</u>
	<u>Original</u>	<u>Final</u>		
Revenues				
Intergovernmental	\$21,500	\$0	\$0	\$0
Expenditures				
Current:				
Support Services:				
Instructional Staff	<u>0</u>	<u>3,450</u>	<u>3,450</u>	<u>0</u>
<i>Net Change in Fund Balance</i>	21,500	(3,450)	(3,450)	0
<i>Fund Balance Beginning of Year</i>	<u>3,450</u>	<u>3,450</u>	<u>3,450</u>	<u>0</u>
<i>Fund Balance End of Year</i>	<u><u>\$24,950</u></u>	<u><u>\$0</u></u>	<u><u>\$0</u></u>	<u><u>\$0</u></u>

Avon Lake City School District
*Schedule of Revenues, Expenditures and Changes
 In Fund Balance - Budget (Non-GAAP) and Actual
 Management Information Systems Fund
 For the Fiscal Year Ended June 30, 2003*

	Budgeted Amounts		Actual	Variance with Final Budget Positive (Negative)
	Original	Final		
Revenues				
Intergovernmental	\$16,800	\$12,329	\$12,329	\$0
Expenditures				
Current:				
Support Services:				
Administration	19,769	19,769	0	19,769
<i>Net Change in Fund Balance</i>	(2,969)	(7,440)	12,329	19,769
<i>Fund Balance Beginning of Year</i>	19,770	19,770	19,770	0
<i>Fund Balance End of Year</i>	<u>\$16,801</u>	<u>\$12,330</u>	<u>\$32,099</u>	<u>\$19,769</u>

Avon Lake City School District
*Schedule of Revenues, Expenditures and Changes
 In Fund Balance - Budget (Non-GAAP) and Actual
 Data Communications Fund
 For the Fiscal Year Ended June 30, 2003*

	<u>Budgeted Amounts</u>		<u>Actual</u>	<u>Variance with Final Budget Positive (Negative)</u>
	<u>Original</u>	<u>Final</u>		
Revenues				
Intergovernmental	\$4,200	\$0	\$0	\$0
Expenditures				
Current:				
Instruction:				
Regular	<u>31,680</u>	<u>31,680</u>	<u>31,525</u>	<u>155</u>
<i>Net Change in Fund Balance</i>	(27,480)	(31,680)	(31,525)	155
<i>Fund Balance Beginning of Year</i>	<u>31,680</u>	<u>31,680</u>	<u>31,680</u>	<u>0</u>
<i>Fund Balance End of Year</i>	<u><u>\$4,200</u></u>	<u><u>\$0</u></u>	<u><u>\$155</u></u>	<u><u>\$155</u></u>

Avon Lake City School District
*Schedule of Revenues, Expenditures and Changes
 In Fund Balance - Budget (Non-GAAP) and Actual
 School Net Development Fund
 For the Fiscal Year Ended June 30, 2003*

	<u>Budgeted Amounts</u>		<u>Actual</u>	<u>Variance with Final Budget Positive (Negative)</u>
	<u>Original</u>	<u>Final</u>		
Revenues				
Intergovernmental	\$3,450	\$8,050	\$8,050	\$0
Expenditures				
Current:				
Support Services:				
Central	<u>5,641</u>	<u>8,766</u>	<u>10,068</u>	<u>(1,302)</u>
<i>Net Change in Fund Balance</i>	(2,191)	(716)	(2,018)	(1,302)
<i>Fund Balance Beginning of Year</i>	2,016	2,016	2,016	0
Prior Year Encumbrances Appropriated	<u>175</u>	<u>175</u>	<u>175</u>	<u>0</u>
<i>Fund Balance End of Year</i>	<u><u>\$0</u></u>	<u><u>\$1,475</u></u>	<u><u>\$173</u></u>	<u><u>(\$1,302)</u></u>

Avon Lake City School District
*Schedule of Revenues, Expenditures and Changes
 In Fund Balance - Budget (Non-GAAP) and Actual
 Miscellaneous State Grants Fund
 For the Fiscal Year Ended June 30, 2003*

	<u>Budgeted Amounts</u>		<u>Actual</u>	<u>Variance with Final Budget Positive (Negative)</u>
	<u>Original</u>	<u>Final</u>		
Revenues				
Intergovernmental	\$12,000	\$2,903	\$2,903	\$0
Expenditures				
Current:				
Support Services:				
Central	7,013	6,434	6,424	10
Operation of Non-instructional Services	0	579	579	0
<i>Total Expenditures</i>	<u>7,013</u>	<u>7,013</u>	<u>7,003</u>	<u>10</u>
<i>Net Change in Fund Balance</i>	4,987	(4,110)	(4,100)	10
<i>Fund Balance Beginning of Year</i>	<u>7,014</u>	<u>7,014</u>	<u>7,014</u>	<u>0</u>
<i>Fund Balance End of Year</i>	<u><u>\$12,001</u></u>	<u><u>\$2,904</u></u>	<u><u>\$2,914</u></u>	<u><u>\$10</u></u>

Avon Lake City School District
*Schedule of Revenues, Expenditures and Changes
 In Fund Balance - Budget (Non-GAAP) and Actual
 Education for Economic Security Fund
 For the Fiscal Year Ended June 30, 2003*

	Budgeted Amounts		Actual	Variance with Final Budget Positive (Negative)
	Original	Final		
Revenues				
Intergovernmental	\$16,300	\$0	\$0	\$0
Expenditures				
Current:				
Support Services:				
Instructional Staff	10,796	10,233	10,233	0
<i>Net Change in Fund Balance</i>	5,504	(10,233)	(10,233)	0
<i>Fund Balance Beginning of Year</i>	9,681	9,681	9,681	0
Prior Year Encumbrances Appropriated	552	552	552	0
<i>Fund Balance End of Year</i>	<u>\$15,737</u>	<u>\$0</u>	<u>\$0</u>	<u>\$0</u>

Avon Lake City School District
Schedule of Revenues, Expenditures and Changes
In Fund Balance - Budget (Non-GAAP) and Actual
Title VI-B Fund
For the Fiscal Year Ended June 30, 2003

	<u>Budgeted Amounts</u>		<u>Actual</u>	<u>Variance with Final Budget Positive (Negative)</u>
	<u>Original</u>	<u>Final</u>		
Revenues				
Intergovernmental	\$150,000	\$262,783	\$262,782	(\$1)
Expenditures				
Current:				
Instruction:				
Special	18,858	54,934	55,043	(109)
Support Services:				
Pupils	0	140,919	184,241	(43,322)
Administration	0	49,683	21,158	28,525
Total Support Services	0	190,602	205,399	(14,797)
Operation of Non-Instructional Services	0	31,281	25,810	5,471
<i>Total Expenditures</i>	18,858	276,817	286,252	(9,435)
<i>Excess of Revenues Over (Under) Expenditures</i>	131,142	(14,034)	(23,470)	(9,436)
Other Financing Sources				
Advances In	0	0	115,116	115,116
<i>Net Change in Fund Balance</i>	131,142	(14,034)	91,646	105,680
<i>Fund Balance Beginning of Year</i>	13,979	13,979	13,979	0
Prior Year Encumbrances Appropriated	55	55	55	0
<i>Fund Balance End of Year</i>	<u>\$145,176</u>	<u>\$0</u>	<u>\$105,680</u>	<u>\$105,680</u>

Avon Lake City School District
Schedule of Revenues, Expenditures and Changes
In Fund Balance - Budget (Non-GAAP) and Actual
Title I Fund
For the Fiscal Year Ended June 30, 2003

	<u>Budgeted Amounts</u>		<u>Actual</u>	<u>Variance with Final Budget Positive (Negative)</u>
	<u>Original</u>	<u>Final</u>		
Revenues				
Intergovernmental	<u>\$90,000</u>	<u>\$84,871</u>	<u>\$36,036</u>	<u>(\$48,835)</u>
Expenditures				
Current:				
Instruction:				
Special	80,838	165,849	165,849	0
Operation of Non-Instructional Services	<u>18,268</u>	<u>18,268</u>	<u>18,268</u>	<u>0</u>
<i>Total Expenditures</i>	<u>99,106</u>	<u>184,117</u>	<u>184,117</u>	<u>0</u>
<i>Excess of Revenues Under Expenditures</i>	(9,106)	(99,246)	(148,081)	(48,835)
Other Financing Sources				
Advances In	<u>0</u>	<u>0</u>	<u>54,281</u>	<u>54,281</u>
<i>Net Change in Fund Balance</i>	(9,106)	(99,246)	(93,800)	5,446
<i>Fund Balance Beginning of Year</i>	<u>99,246</u>	<u>99,246</u>	<u>99,246</u>	<u>0</u>
<i>Fund Balance End of Year</i>	<u><u>\$90,140</u></u>	<u><u>\$0</u></u>	<u><u>\$5,446</u></u>	<u><u>\$5,446</u></u>

Avon Lake City School District
Schedule of Revenues, Expenditures and Changes
In Fund Balance - Budget (Non-GAAP) and Actual
Title V Fund
For the Fiscal Year Ended June 30, 2003

	<u>Budgeted Amounts</u>		<u>Actual</u>	<u>Variance with Final Budget Positive (Negative)</u>
	<u>Original</u>	<u>Final</u>		
Revenues				
Intergovernmental	\$8,075	\$17,243	\$17,243	\$0
Expenditures				
Current:				
Instruction:				
Regular	3,980	15,205	15,330	(125)
Support Services:				
Instructional Staff	0	3,275	3,069	206
Operation of Non-Instructional Services	0	3,877	2,872	1,005
<i>Total Expenditures</i>	<u>3,980</u>	<u>22,357</u>	<u>21,271</u>	<u>1,086</u>
<i>Excess of Revenues Over (Under) Expenditures</i>	4,095	(5,114)	(4,028)	1,086
Other Financing Sources				
Advances In	0	0	2,555	2,555
<i>Net Change in Fund Balance</i>	4,095	(5,114)	(1,473)	3,641
<i>Fund Balance Beginning of Year</i>	1,685	1,685	1,685	0
Prior Year Encumbrances Appropriated	3,431	3,431	3,431	0
<i>Fund Balance End of Year</i>	<u>\$9,211</u>	<u>\$2</u>	<u>\$3,643</u>	<u>\$3,641</u>

Avon Lake City School District
Schedule of Revenues, Expenditures and Changes
In Fund Balance - Budget (Non-GAAP) and Actual
Drug Free Schools Fund
For the Fiscal Year Ended June 30, 2003

	<u>Budgeted Amounts</u>		<u>Actual</u>	<u>Variance with Final Budget Positive (Negative)</u>
	<u>Original</u>	<u>Final</u>		
Revenues				
Intergovernmental	\$15,750	\$4,127	\$4,127	\$0
Expenditures				
Current:				
Instruction:				
Regular	7,157	7,157	7,062	95
Support Services:				
Pupils	4,720	8,855	9,265	(410)
Operation and Maintenance of Plant	1,424	1,424	1,424	0
Total Support Services	6,144	10,279	10,689	(410)
Operation of Non-Instructional Services	21	12	0	12
<i>Total Expenditures</i>	13,322	17,448	17,751	(303)
<i>Excess of Revenues Over (Under) Expenditures</i>	2,428	(13,321)	(13,624)	(303)
Other Financing Sources				
Advances In	0	0	6,774	6,774
<i>Net Change in Fund Balance</i>	2,428	(13,321)	(6,850)	6,471
<i>Fund Balance Beginning of Year</i>	13,299	13,299	13,299	0
Prior Year Encumbrances Appropriated	22	22	22	0
<i>Fund Balance End of Year</i>	<u>\$15,749</u>	<u>\$0</u>	<u>\$6,471</u>	<u>\$6,471</u>

Avon Lake City School District
*Schedule of Revenues, Expenditures and Changes
In Fund Balance - Budget (Non-GAAP) and Actual
Early Childhood Education Development Fund
For the Fiscal Year Ended June 30, 2003*

	<u>Budgeted Amounts</u>		<u>Actual</u>	<u>Variance with Final Budget Positive (Negative)</u>
	<u>Original</u>	<u>Final</u>		
Revenues				
Intergovernmental	\$17,000	\$17,657	\$6,651	(\$11,006)
Expenditures				
Current:				
Instruction:				
Special	0	767	767	0
Support Services:				
Instructional Staff	1,466	18,040	18,040	0
<i>Total Expenditures</i>	<u>1,466</u>	<u>18,807</u>	<u>18,807</u>	<u>0</u>
<i>Excess of Revenues Over (Under) Expenditures</i>	15,534	(1,150)	(12,156)	(11,006)
Other Financing Sources				
Advances In	0	0	11,006	11,006
<i>Net Change in Fund Balance</i>	15,534	(1,150)	(1,150)	0
<i>Fund Balance Beginning of Year</i>	<u>1,304</u>	<u>1,304</u>	<u>1,304</u>	<u>0</u>
<i>Fund Balance End of Year</i>	<u><u>\$16,838</u></u>	<u><u>\$154</u></u>	<u><u>\$154</u></u>	<u><u>\$0</u></u>

Avon Lake City School District
Schedule of Revenues, Expenditures and Changes
In Fund Balance - Budget (Non-GAAP) and Actual
Class Size Reduction Fund
For the Fiscal Year Ended June 30, 2003

	<u>Budgeted Amounts</u>		<u>Actual</u>	<u>Variance with Final Budget Positive (Negative)</u>
	<u>Original</u>	<u>Final</u>		
Revenues				
Intergovernmental	<u>\$67,000</u>	<u>\$67,309</u>	<u>\$25,577</u>	<u>(\$41,732)</u>
Expenditures				
Current:				
Instruction:				
Regular	67,309	57,309	32,893	24,416
Support Services:				
Instructional Staff	<u>0</u>	<u>10,000</u>	<u>6,200</u>	<u>3,800</u>
<i>Total Expenditures</i>	<u>67,309</u>	<u>67,309</u>	<u>39,093</u>	<u>28,216</u>
<i>Excess of Revenues Over (Under) Expenditures</i>	(309)	0	(13,516)	(13,516)
Other Financing Sources				
Advances In	<u>0</u>	<u>0</u>	<u>28,316</u>	<u>28,316</u>
<i>Net Change in Fund Balance</i>	(309)	0	14,800	14,800
<i>Fund Balance Beginning of Year</i>	<u>0</u>	<u>0</u>	<u>0</u>	<u>0</u>
<i>Fund Balance (Deficit) End of Year</i>	<u>(\$309)</u>	<u>\$0</u>	<u>\$14,800</u>	<u>\$14,800</u>

Avon Lake City School District
Schedule of Revenues, Expenditures and Changes
In Fund Balance - Budget (Non-GAAP) and Actual
Miscellaneous Federal Grants Fund
For the Fiscal Year Ended June 30, 2003

	Budgeted Amounts		Actual	Variance with Final Budget Positive (Negative)
	Original	Final		
Revenues				
Intergovernmental	\$1,388	\$3,883	\$911	(\$2,972)
Rentals	1,009	1,009	2,495	1,486
<i>Total Revenues</i>	2,397	4,892	3,406	(1,486)
Expenditures				
Current:				
Support Services:				
Instructional Staff	2,397	4,892	3,167	1,725
<i>Excess of Revenues Over Expenditures</i>	0	0	239	239
Other Financing Sources				
Advances In	0	0	400	400
<i>Net Change in Fund Balance</i>	0	0	639	639
<i>Fund Balance Beginning of Year</i>	0	0	0	0
<i>Fund Balance End of Year</i>	<u>\$0</u>	<u>\$0</u>	<u>\$639</u>	<u>\$639</u>

Avon Lake City School District
Schedule of Revenues, Expenditures and Changes
In Fund Balance - Budget (Non-GAAP) and Actual
Library Bond Retirement Fund
For the Fiscal Year Ended June 30, 2003

	<u>Budgeted Amounts</u>		<u>Actual</u>	<u>Variance with Final Budget Positive (Negative)</u>
	<u>Original</u>	<u>Final</u>		
Revenues				
Property Taxes	\$1,033,365	\$1,033,365	\$297,942	(\$735,423)
Intergovernmental	148,296	148,296	30,088	(118,208)
<i>Total Revenues</i>	<u>1,181,661</u>	<u>1,181,661</u>	<u>328,030</u>	<u>(853,631)</u>
Expenditures				
Current:				
Support Services:				
Fiscal	20,000	20,000	4,149	15,851
Debt Service:				
Principal Retirement	175,000	175,000	175,000	0
Interest and Fiscal Charges	68,963	151,994	151,994	0
Total Debt Service	<u>243,963</u>	<u>326,994</u>	<u>326,994</u>	<u>0</u>
<i>Total Expenditures</i>	<u>263,963</u>	<u>346,994</u>	<u>331,143</u>	<u>15,851</u>
<i>Net Change in Fund Balance</i>	917,698	834,667	(3,113)	(837,780)
<i>Fund Balance Beginning of Year</i>	<u>1,328,806</u>	<u>1,328,806</u>	<u>1,328,806</u>	<u>0</u>
<i>Fund Balance End of Year</i>	<u><u>\$2,246,504</u></u>	<u><u>\$2,163,473</u></u>	<u><u>\$1,325,693</u></u>	<u><u>(\$837,780)</u></u>

Avon Lake City School District
Schedule of Revenues, Expenditures and Changes
In Fund Balance - Budget (Non-GAAP) and Actual
Permanent Improvement Fund
For the Fiscal Year Ended June 30, 2003

	<u>Budgeted Amounts</u>		<u>Actual</u>	Variance with
	<u>Original</u>	<u>Final</u>		Final Budget Positive (Negative)
Revenues				
Property Taxes	\$582,538	\$611,547	\$631,574	\$20,027
Intergovernmental	73,211	73,211	53,185	(20,026)
<i>Total Revenues</i>	<u>655,749</u>	<u>684,758</u>	<u>684,759</u>	<u>1</u>
Expenditures				
Current:				
Instruction:				
Regular	175,763	182,938	7,175	175,763
Support Services:				
Fiscal	9,000	9,455	9,455	0
Operation and Maintenance of Plant	354,144	371,614	121,018	250,596
Pupil Transportation	77,984	77,984	26,677	51,307
Total Support Services	441,128	459,053	157,150	301,903
Capital Outlay	5,552	5,552	285,308	(279,756)
<i>Total Expenditures</i>	<u>622,443</u>	<u>647,543</u>	<u>449,633</u>	<u>197,910</u>
<i>Excess of Revenues Over Expenditures</i>	33,306	37,215	235,126	197,911
Other Financing Uses				
Transfers Out	(120,000)	(120,000)	(300,000)	(180,000)
<i>Net Change in Fund Balance</i>	(86,694)	(82,785)	(64,874)	17,911
<i>Fund Balance Beginning of Year</i>	55,523	55,523	55,523	0
Prior Year Encumbrances Appropriated	130,443	130,443	130,443	0
<i>Fund Balance End of Year</i>	<u>\$99,272</u>	<u>\$103,181</u>	<u>\$121,092</u>	<u>\$17,911</u>

Avon Lake City School District
Schedule of Revenues, Expenditures and Changes
In Fund Balance - Budget (Non-GAAP) and Actual
School Net Plus Fund
For the Fiscal Year Ended June 30, 2003

	<u>Budgeted Amounts</u>		<u>Actual</u>	<u>Variance with Final Budget Positive (Negative)</u>
	<u>Original</u>	<u>Final</u>		
Revenues				
Intergovernmental	\$45,494	\$45,494	\$45,494	\$0
Expenditures				
Current:				
Instruction:				
Regular	45,495	45,495	45,466	29
Support Services:				
Central	604	604	604	0
<i>Total Expenditures</i>	<u>46,099</u>	<u>46,099</u>	<u>46,070</u>	<u>29</u>
<i>Net Change in Fund Balance</i>	(605)	(605)	(576)	29
<i>Fund Balance Beginning of Year</i>	<u>605</u>	<u>605</u>	<u>605</u>	<u>0</u>
<i>Fund Balance End of Year</i>	<u><u>\$0</u></u>	<u><u>\$0</u></u>	<u><u>\$29</u></u>	<u><u>\$29</u></u>

Avon Lake City School District
*Schedule of Revenues, Expenditures and Changes
 In Fund Balance - Budget (Non-GAAP) and Actual
 Interactive Video Distance Learning Fund
 For the Fiscal Year Ended June 30, 2003*

	<u>Budgeted Amounts</u>		<u>Actual</u>	Variance with Final Budget Positive (Negative)
	<u>Original</u>	<u>Final</u>		<u>(Negative)</u>
Revenues	\$0	\$0	\$0	\$0
Expenditures				
Current:				
Instruction:				
Regular	<u>22,105</u>	<u>21,955</u>	<u>17,681</u>	<u>4,274</u>
<i>Net Change in Fund Balance</i>	(22,105)	(21,955)	(17,681)	4,274
<i>Fund Balance Beginning of Year</i>	14,310	14,310	14,310	0
Prior Year Encumbrances Appropriated	<u>7,645</u>	<u>7,645</u>	<u>7,645</u>	<u>0</u>
<i>Fund Balance (Deficit) End of Year</i>	<u>(\$150)</u>	<u>\$0</u>	<u>\$4,274</u>	<u>\$4,274</u>

Avon Lake City School District
Schedule of Revenues, Expenses and Changes
In Fund Equity - Budget (Non-GAAP) and Actual
Self Insurance Fund
For the Fiscal Year Ended June 30, 2003

	<u>Budgeted Amounts</u>		<u>Actual</u>	<u>Variance with Final Budget Positive (Negative)</u>
	<u>Original</u>	<u>Final</u>		
Revenues				
Charges for Services	\$3,147,572	\$3,147,572	\$3,552,426	\$404,854
Interest	23,417	23,417	23,417	0
<i>Total Revenues</i>	<u>3,170,989</u>	<u>3,170,989</u>	<u>3,575,843</u>	<u>404,854</u>
Expenses				
Purchased Services	336,071	336,071	359,699	(23,628)
Claims	1,904,405	1,904,405	2,110,417	(206,012)
<i>Total Expenses</i>	<u>2,240,476</u>	<u>2,240,476</u>	<u>2,470,116</u>	<u>(229,640)</u>
<i>Net Change in Fund Equity</i>	930,513	930,513	1,105,727	175,214
<i>Fund Equity Beginning of Year</i>	<u>0</u>	<u>0</u>	<u>0</u>	<u>0</u>
<i>Fund Equity End of Year</i>	<u><u>\$930,513</u></u>	<u><u>\$930,513</u></u>	<u><u>\$1,105,727</u></u>	<u><u>\$175,214</u></u>

STATISTICAL SECTION

The following statistical tables reflect various social and economic data, financial trends and the fiscal capacity of the School District.

Avon Lake City School District
General Fund Revenues by Source
and Expenditures by Function (1)
Last Ten Fiscal Years

	2003	2002	2001	2000
Revenues				
Property Taxes	\$21,007,440	\$19,985,115	\$17,840,415	\$17,874,806
Intergovernmental	5,810,978	4,673,595	2,834,731	2,704,578
Interest	371,600	582,665	1,412,294	591,833
Tuition and Fees	272,018	137,356	178,074	75,037
Rentals	6,377	7,303	5,922	9,582
Contributions and Donations	4,630	4,482	33,918	10
Charges for Services	3,110	0	0	0
Miscellaneous	53,134	16,708	13,377	5,818
Total	\$27,529,287	\$25,407,224	\$22,318,731	\$21,261,664
Expenditures				
Current:				
Instruction:				
Regular	\$12,756,990	\$11,711,694	\$11,045,523	\$10,420,650
Special	1,444,399	1,321,832	1,575,253	1,443,861
Vocational	202,223	177,076	191,316	177,010
Adult/Continuing	9,578	0	0	0
Other	0	0	0	0
Support Services:				
Pupils	1,215,261	1,087,711	1,115,029	1,005,906
Instructional Staff	1,544,127	1,357,218	1,165,923	920,043
Board of Education	14,630	14,203	38,207	334,084
Administration	2,667,641	2,450,716	2,480,528	1,981,966
Fiscal	708,025	639,722	578,080	518,842
Business	64,486	66,560	62,840	88,365
Operation and Maintenance of Plant	3,661,508	2,914,613	2,513,142	2,038,514
Pupil Transportation	1,106,931	842,024	785,314	779,798
Central	15,780	21,947	50,437	0
Operation of Non-Instructional Services	0	0	0	454
Extracurricular Activities	613,235	588,948	560,911	365,524
Capital Outlay	232,410	928,811	758,453	0
Debt Service	216,414	140,896	0	0
Total	\$26,473,638	\$24,263,971	\$22,920,956	\$20,075,017

Source: School District Financial Records

(1) Information is based on modified accrual. Information for full accrual for governmental activities will be presented when there are enough years of information to make comparisons.

1999	1998	1997	1996	1995	1994
\$16,580,423	\$17,208,664	\$15,073,363	\$13,390,746	\$12,755,058	\$13,584,077
2,463,033	2,533,899	2,134,049	2,003,493	1,907,190	1,890,466
573,104	470,030	459,232	466,185	317,623	195,317
22,185	4,845	1,570	6,623	2,746	209
6,314	7,918	5,595	4,345	71,258	91,885
0	0	0	47,361	0	7,610
0	0	4,097	32	4,054	445
4,760	116,482	0	593	1,083	618
<u>\$19,649,819</u>	<u>\$20,341,838</u>	<u>\$17,677,906</u>	<u>\$15,919,378</u>	<u>\$15,059,012</u>	<u>\$15,770,627</u>

\$9,733,316	\$9,501,146	\$9,017,623	\$8,965,145	\$8,388,986	\$7,668,443
1,168,753	1,076,002	875,483	867,875	952,528	767,464
143,794	134,168	130,345	125,976	112,860	105,714
0	0	0	0	0	0
0	0	99,601	158,798	60,672	36,409
983,075	941,077	778,467	772,524	692,396	685,511
800,467	801,111	734,898	704,616	704,771	587,647
251,372	284,936	240,762	169,656	126,097	166,437
1,684,343	1,730,171	1,488,630	1,429,355	1,288,794	1,240,211
502,699	480,054	454,284	450,189	429,404	431,720
89,847	66,341	49,108	44,247	43,277	64,927
1,906,088	1,897,775	1,988,334	1,950,536	1,843,260	1,692,571
675,721	691,100	717,771	575,253	491,164	488,077
0	189	850	2,018	7,384	7,270
2,026	826	259	295,717	0	736
353,830	328,864	305,228	108,400	276,300	233,195
0	0	0	0	0	0
79,624	68,891	85,900	0	0	10,562
<u>\$18,374,955</u>	<u>\$18,002,651</u>	<u>\$16,967,543</u>	<u>\$16,620,305</u>	<u>\$15,417,893</u>	<u>\$14,186,894</u>

Avon Lake City School District
Property Tax Levies and Collections
Real and Tangible Personal Property (1)
Last Ten Years

Year (2)	Total Tax Levy	Current Tax Collections	Percent of Current Taxes Collected	Delinquent Tax Collections	Total Tax Collections
2002	\$22,599,575	\$22,572,967	99.88%	\$251,027	\$22,823,994
2001	20,308,622	20,104,185	98.99	180,557	20,284,742
2000	18,396,971	18,217,508	99.02	146,642	18,364,150
1999	15,320,145	15,193,124	99.17	163,710	15,356,834
1998	15,321,549	15,177,360	99.06	110,063	15,287,423
1997	14,972,306	14,856,181	99.22	131,575	14,987,756
1996	13,406,720	13,590,249	101.37	285,652	13,875,901
1995	12,810,239	12,685,229	99.02	119,613	12,804,842
1994	12,273,302	12,421,928	101.21	240,839	12,662,767
1993	12,298,619	12,163,344	98.90	78,745	12,242,089

Source: Lorain County, Ohio; 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. 2003 information cannot be presented because all collections have not been made by June 30.

<u>Ratio of Total Tax Collections to Total Tax Levy</u>	<u>Outstanding Delinquent Taxes</u>	<u>Ratio of Delinquent Taxes to Total Tax Levy</u>
100.99%	\$101,237	0.45%
99.88	278,567	1.37
99.82	248,453	1.35
100.24	182,242	1.19
99.78	181,537	1.18
100.10	139,709	0.93
103.50	124,759	0.93
99.96	290,597	2.27
103.17	136,699	1.11
99.54	258,631	2.10

Avon Lake City School District
Assessed and Estimated Actual Value of Taxable Property
Last Ten Years

Year	Agriculture, Residential and Other Real Estate		Public Utility Property	
	Assessed Value	Estimated Actual Value (1)	Assessed Value	Estimated Actual Value (1)
2003	\$526,706,330	\$1,504,875,229	\$87,013,120	\$98,878,545
2002	496,622,850	1,418,922,429	90,597,440	102,951,636
2001	477,312,060	1,363,748,743	119,221,210	135,478,648
2000	409,716,690	1,170,619,114	102,252,710	116,196,261
1999	396,077,135	1,131,648,957	89,551,480	101,763,045
1998	379,164,090	1,083,325,971	94,906,220	107,847,977
1997	338,117,080	966,048,800	95,204,230	108,186,625
1996	329,046,290	940,132,257	94,160,740	107,000,841
1995	320,859,670	916,741,914	86,832,890	98,673,739
1994	271,566,780	775,905,086	88,332,100	100,377,386

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 on the following percentages:
 Real estate is assessed at 35 percent of actual value;
 Public utility personal is assessed at 88 percent of actual value, and
 Tangible personal property is assessed at 25 percent of actual value
 for capital assets and 24 percent for inventory.

Tangible Personal Property		Total		Ratio
Assessed Value	Estimated Actual Value (1)	Assessed Value	Estimated Actual Value (1)	
\$85,523,650	\$342,094,600	\$699,243,100	\$1,945,848,374	36%
73,893,390	295,573,560	661,113,680	1,817,447,625	36
74,240,490	296,961,960	670,773,760	1,796,189,351	37
77,626,205	310,504,820	589,595,605	1,597,320,195	37
73,246,003	292,984,012	558,874,618	1,526,396,014	37
63,205,045	252,820,180	537,275,355	1,443,994,128	37
57,582,400	230,329,600	490,903,710	1,304,565,025	38
56,089,805	224,359,220	479,296,835	1,271,492,318	38
61,390,491	245,561,964	469,083,051	1,260,977,617	37
64,741,939	258,967,756	424,640,819	1,135,250,228	37

Avon Lake City School District
Property Tax Rates - Direct and Overlapping Governments
(Per \$1,000 of Assessed Valuation)
Last Ten Years

Year	School Levy	Library	County Levy	JVS Levy	City Levy	Total Levy
2003	\$60.69	\$1.80	\$12.89	\$2.45	\$7.24	\$85.07
2002	61.14	1.80	12.89	2.45	7.24	85.52
2001	55.94	1.80	10.79	2.45	7.24	78.22
2000	56.54	1.80	10.79	2.45	7.24	78.82
1999	56.63	1.80	12.69	2.45	7.24	80.81
1998	53.87	1.80	12.69	2.45	7.24	78.05
1997	53.87	1.80	12.69	2.45	7.24	78.05
1996	49.97	0.98	12.69	2.45	7.24	73.33
1995	48.99	0.98	11.49	2.45	7.24	71.15
1994	48.49	0.98	11.49	2.45	7.24	70.65

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

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

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

Debt Service Included in Total Levy			
School (1)	County (2)	City	Total
\$4.98	\$0.00	\$0.00	\$4.98
5.15	0.00	0.00	5.15
5.18	0.00	0.00	5.18
5.78	0.00	0.00	5.78
5.87	0.00	0.00	5.87
1.25	0.00	0.00	1.25
1.25	0.00	0.00	1.25
2.13	0.00	0.00	2.13
1.63	0.00	0.00	1.63
1.63	0.00	0.00	1.63

Avon Lake City School District

Demographic Statistics

Last Ten Years

<u>Year</u>	<u>Population (1)</u>	<u>Per Capita Income (3)</u>	<u>Median Age (1)</u>	<u>Education Level in Years of Formal Schooling (1)</u>	<u>School Enrollment</u>	<u>Unemployment Rate (2)</u>
2003	18,145	\$32,336	38	13.5	3,355	6.8%
2002	18,145	32,336	38	13.5	3,302	4.1
2001	18,145	20,406	35	13.5	3,257	4.1
2000	17,171	20,406	35	13.5	3,081	4.1
1999	16,570	20,406	35	13.5	3,017	3.8
1998	16,570	20,406	35	13.5	3,058	4.4
1997	16,570	20,406	35	13.5	3,064	6.9
1996	16,570	20,406	35	13.5	2,997	4.4
1995	16,570	20,406	35	13.5	2,980	4.9
1994	16,156	20,406	35	13.5	2,919	4.5

(1) Bureau of Census/Lorain County Regional Planning Commission

(2) State Department of Labor figures for Lorain County

(3) Ohio Department of Taxation

Avon Lake City School District
*Ratio of Net General Obligation Bonded Debt to
Assessed Value and Net Bonded Debt Per Capita
Last Ten Fiscal Years*

<u>Year</u>	<u>Gross General Bonded Debt</u>	<u>Debt Service Monies Available</u>	<u>Net General Obligation Bonded Debt (1)</u>	<u>Assessed Value (2)</u>	<u>Population (3)</u>	<u>Ratio of Net Debt to Assessed Value</u>	<u>Net Debt Per Capita</u>
2003	\$47,690,331	\$2,323,028	\$45,367,303	\$699,243,100	18,145	6.49%	\$2,500
2002	48,629,052	2,480,271	46,148,781	661,113,680	18,145	6.98	2,543
2001	49,648,295	2,436,179	47,212,116	670,773,760	18,145	7.04	2,602
2000	50,135,432	2,475,278	47,660,154	589,592,605	17,171	8.08	2,776
1999	7,020,000	2,410,455	4,609,545	558,874,618	16,570	0.82	278
1998	7,595,000	2,759,502	4,835,498	537,275,355	16,570	0.90	292
1997	6,584,555	2,887,354	3,697,201	490,903,710	16,570	0.75	223
1996	6,925,893	2,617,417	4,308,476	479,296,835	16,570	0.90	260
1995	7,225,637	2,174,974	5,050,663	469,083,051	16,570	1.08	305
1994	5,507,569	1,896,259	3,611,310	424,640,819	16,156	0.85	224

Source:

(1) Includes all general obligation bonded debt

(2) Lorain County, Ohio; County Auditor

(3) U.S. Bureau of Census, Census of Population, Federal 2000 Census.
Lorain County Regional Planning Commission.

Avon Lake City School District
Computation of Direct and Overlapping General Obligation Bonded Debt
December 31, 2002

Jurisdiction	General Obligation Bonded Debt Outstanding	Percentage Applicable to School District (1)	Amount Applicable to School District
Direct			
Avon Lake City School District	<u>\$47,690,331</u>	100.00%	<u>\$47,690,331</u>
Overlapping			
Lorain County	27,235,000	3.65	994,078
City of Avon Lake	<u>5,574,779</u>	100.00	<u>5,574,779</u>
<i>Total Overlapping</i>	<u>32,809,779</u>		<u>6,568,857</u>
Total	<u><u>\$80,500,110</u></u>		<u><u>\$54,259,188</u></u>

Source: Lorain County Auditor, Avon Lake City School District and City of Avon Lake Finance Department.

- (1) Percentages were determined 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. The valuations used were for the 2002 collection year.

Avon Lake City School District
Computation of Legal Debt Margin
 June 30, 2003

Assessed Valuation		<u>\$699,243,100</u>
Debt Limit - 9% of Assessed Value (1)		<u>\$62,931,879</u>
Amount of Debt Applicable to Debt Limit:		
General Obligation Bonds	\$44,120,000	
Capital Appreciation Bonds	2,970,331	
Energy Conservation Bonds	600,000	
Energy Conservation Notes	1,620,717	
Fiber Optics Loans	479,368	
HVAC Loans	257,069	
Less: Amount Available in Debt Service	<u>(2,323,028)</u>	
Total Outstanding Debt		47,724,457
Less Exemptions:		
Energy Conservation Bonds	600,000	
Energy Conservation Notes	1,620,717	
Fiber Optics Loans	479,368	
HVAC Loans	<u>257,069</u>	
Total Exemptions		<u>2,957,154</u>
Amount of Debt Applicable Debt Limit		<u>44,767,303</u>
Overall Debt Margin		<u>\$18,164,576</u>
Debt Limit - .10% of Assessed Value		\$699,243
Amount of Debt Applicable		<u>0</u>
Unvoted Debt Margin		<u>\$699,243</u>
Additional Limit for Unvoted Energy Conservation Bonds and Notes:		
Debt Limit - .9% of Assessed Value		\$6,293,188
Energy Conservation Notes	1,620,717	
Energy Conservation Bonds	<u>600,000</u>	
Total Additional Limits		<u>2,220,717</u>
Additional Unvoted Debt Margin		<u>\$4,072,471</u>

Source: Lorain County Auditor and School District Financial Records

(1) Ohio Bond Law sets a limit of 9% for overall debt and 1/10 of 1% for unvoted debt.

Avon Lake City School District
*Ratio of Annual Debt Service Expenditures for
 General Obligation Bonded Debt to General Fund Expenditures
 Last Ten Fiscal Years*

Year	Principal	Interest	Total Debt Service	Total General Fund Expenditures	Ratio of Debt Service to General Fund Expenditures (Percentage)
2003	\$1,090,000	\$2,352,019	\$3,442,019	\$26,473,638	13.00%
2002	1,160,000	2,581,333	3,741,333	24,263,971	15.42
2001	615,000	2,591,581	3,206,581	22,920,956	13.99
2000	585,000	1,958,028	2,543,028	20,075,017	12.67
1999	575,000	409,831	984,831	18,374,955	5.36
1998	1,184,555	455,020	1,639,575	18,002,651	9.11
1997	341,338	428,543	769,881	16,967,543	4.54
1996	299,744	442,046	741,790	16,620,305	4.46
1995	281,932	336,114	618,046	15,417,893	4.01
1994	149,629	400,831	550,460	14,186,894	3.88

Source: School District Financial Records

Avon Lake City School District
*Industrial Employment,
 Financial Institution Deposits and Building Permits
 Last Ten Years*

<u>Year</u>	<u>Industrial Employment (1)</u>	<u>Financial Institution Deposits (2)</u>	<u>Value of Building Permits Issued (3)</u>
2002	7,300	\$614,592,000	\$65,291,133
2001	7,300	555,591,000	68,487,424
2000	7,300	513,002,000	73,644,362
1999	7,300	463,871,000	49,976,735
1998	7,300	444,974,000	39,797,585
1997	7,300	920,050,000	39,422,199
1996	7,300	1,329,795,000	44,956,627
1995	7,300	1,237,991,000	46,141,844
1994	7,300	1,254,166,000	35,493,678
1993	7,300	1,170,558,000	35,126,902

Sources:

- (1) Ohio Bureau of Employment Services
- (2) Bank - Cleveland Federal Reserve Bank
- (3) City of Avon Lake, Building Department. Data are presented on a calendar year basis because that is the manner in which the information is maintained by the City and Banks.

Avon Lake City School District

Principal Taxpayers

Real Estate Tax

December 31, 2002

<u>Name of Taxpayer</u>	<u>Assessed Value (1)</u>	<u>Percent of Tangible Assessed Value</u>
Orion Power Midwest LP	\$85,837,970	16.30%
Ford Motor Company	12,073,570	2.29
American Transmission	4,876,050	0.93
Geon Company	3,889,810	0.74
Avon Lake Village LLC	3,738,080	0.71
Legacy Pointe LTD	2,325,210	0.44
KOPF Properties LTD	2,296,720	0.44
Learwood Square Company LLC	1,815,420	0.34
PMD Group INC	1,785,010	0.34
Landings Shops and Offices	<u>1,281,320</u>	<u>0.24</u>
Total	<u>\$119,919,160</u>	<u>22.77%</u>
Total Assessed Value	<u>\$526,706,330</u>	

Source: Lorain County Auditor

(1) Assessed values are for the 2003 collection year.

Avon Lake City School District
Principal Taxpayers
Tangible Personal Property Tax
December 31, 2002

<u>Name of Taxpayer</u>	<u>Assessed Value (1)</u>	<u>Percent of Tangible Assessed Value</u>
Ford Motor Company	\$27,453,450	32.10%
Noveon Inc	20,035,303	23.43
Polyone Corporation	15,611,410	18.25
Glidden Supply Company	2,868,590	3.35
Wester Scott Fetzer Company	1,287,370	1.51
Ed Tomko Chrysler	1,142,820	1.37
Riser Foods Company	1,116,740	1.31
Tops Market LLC	963,220	1.13
Polymore Diagnostics Inc	694,530	0.81
Watteredge Uniflex Inc	<u>655,440</u>	<u>0.77</u>
Total	<u>\$71,828,873</u>	<u>83.99%</u>
Total Assessed Value	<u>\$85,523,650</u>	

Source: Lorain County Auditor

(1) Assessed values are for the 2003 collection year.

Avon Lake City School District

Principal Taxpayers

Public Utilities Tax

December 31, 2002

<u>Name of Taxpayer</u>	<u>Assessed Value (1)</u>	<u>Percent of Total Assessed Value</u>
Orion Power Midwest LP	\$71,385,564	82.04%
Cleveland Electric	10,528,588	12.10
American Transmission Systems Inc	<u>5,098,969</u>	<u>5.86</u>
Total	<u>\$87,013,121</u>	<u>100.00%</u>
Total School District Assessed Valuation	<u>\$87,013,121</u>	

Source: Lorain County Auditor

(1) Assessed values are the 2003 collection year.

Avon Lake City School District

Per Pupil Cost

Last Ten Fiscal Years

<u>Year</u>	<u>General Fund Expenditures</u>	<u>Average Daily Student Enrollment</u>	<u>Per Pupil Cost</u>
2003	\$26,473,638	3,355	\$7,891
2002	24,263,971	3,302	7,348
2001	22,920,956	3,257	7,037
2000	20,075,017	3,081	6,516
1999	18,374,955	3,017	6,090
1998	42,995,973 18,002,651	3,058	5,887
1997	16,967,543	3,064	5,538
1996	16,620,305	2,997	5,546
1995	15,417,893	2,980	5,174
1994	14,186,894	2,919	4,860

Source: School District Financial Records.

Avon Lake City School District
Teacher Education and Experience
 June 30, 2003

Degree	Number of Teachers	Percentage of Total
Bachelor's Degree	25	11.96%
Bachelor + 10	14	6.70
Bachelor + 20	25	11.96
Master's Degree	62	29.67
Master's + 10	46	22.01
Master's + 20	14	6.70
Master's + 30	23	11.00
Total	209	100.00%

Years of Experience	Number of Teachers	Percentage of Total
0 - 5	36	17.22%
6 - 10	48	22.97
11 and Over	125	59.81
	209	100.00%

Source: School District Personnel 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 Reasoning:</u>	<u>Avon Lake</u>	<u>State of Ohio</u>	<u>National</u>
2002 - 2003	21.8	20.6	20.3	2002 - 2003	22.5	21.4	20.8
2001 - 2002	21.8	20.6	20.2	2001 - 2002	22.5	21.5	20.8
2000 - 2001	21.6	20.7	20.5	2000 - 2001	22.5	21.5	21.0
1999 - 2000	21.8	20.7	20.5	1999 - 2000	22.8	21.4	21.0
1998 - 1999	21.6	20.8	20.5	1998 - 1999	22.2	21.4	21.0
1997 - 1998	22.0	20.7	20.4	1997 - 1998	22.6	21.5	21.1
1996 - 1997	21.7	20.6	20.3	1996 - 1997	21.5	21.4	21.0
1995 - 1996	21.7	20.8	20.2	1995 - 1996	22.2	21.5	21.1
1994 - 1995	21.5	20.8	20.3	1994 - 1995	22.2	21.3	21.0
1993 - 1994	21.6	20.7	20.3	1993 - 1994	22.5	21.3	20.9

<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>
2002 - 2003	23.3	21.1	20.6	2002 - 2003	22.6	21.4	20.8
2001 - 2002	23.3	21.2	20.6	2001 - 2002	22.8	21.4	20.8
2000 - 2001	22.3	21.1	20.7	2000 - 2001	22.3	21.4	21.0
1999 - 2000	22.7	21.2	20.7	1999 - 2000	22.8	21.4	21.0
1998 - 1999	22.3	21.1	20.7	1998 - 1999	22.2	21.4	21.0
1997 - 1998	22.5	21.2	20.8	1997 - 1998	22.7	21.4	21.0
1996 - 1997	22.0	21.0	20.6	1996 - 1997	21.9	21.3	21.0
1995 - 1996	21.9	20.7	20.2	1995 - 1996	22.1	21.3	20.9
1994 - 1995	21.8	20.6	20.2	1994 - 1995	22.1	21.2	20.8
1993 - 1994	22.2	20.5	20.2	1993 - 1994	22.2	21.2	20.8

<u>Reading:</u>	<u>Avon Lake</u>	<u>State of Ohio</u>	<u>National</u>
2002 - 2003	22.3	21.8	21.2
2001 - 2002	23.4	21.8	21.1
2000 - 2001	22.4	21.8	21.3
1999 - 2000	23.0	21.9	21.4
1998 - 1999	22.3	21.9	21.4
1997 - 1998	23.1	21.8	21.4
1996 - 1997	22.0	21.8	21.3
1995 - 1996	22.1	21.9	21.3
1994 - 1995	22.5	21.7	21.3
1993 - 1994	22.3	21.8	21.2

Source: American College Testing Program

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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
FEBRUARY 12, 2004**