

***ELYRIA CITY SCHOOL DISTRICT
LORAIN COUNTY, OHIO***

Audit Report

For the Year Ended June 30, 2006

CHARLES E. HARRIS & ASSOCIATES, INC.
Certified Public Accountants and Government Consultants



Mary Taylor, CPA
Auditor of State

Board of Education
Elyria City School District
42101 Griswold Road
Elyria, Ohio 44035

We have reviewed the *Report of Independent Accountants* of the Elyria City School District, Lorain County, prepared by Charles E. Harris & Associates, Inc., for the audit period July 1, 2005 through June 30, 2006. Based upon this review, we have accepted these reports in lieu of the audit required by Section 117.11, Revised Code. The Auditor of State did not audit the accompanying financial statements and, accordingly, we are unable to express, and do not express an opinion on them.

Our review was made in reference to the applicable sections of legislative criteria, as reflected by the Ohio Constitution, and the Revised Code, policies, procedures and guidelines of the Auditor of State, regulations and grant requirements. The Elyria City School District is responsible for compliance with these laws and regulations.

Mary Taylor

Mary Taylor, CPA
Auditor of State

May 31, 2007

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ELYRIA CITY SCHOOL DISTRICT
Lorain County, Ohio
Audit Report
For the Year Ended June 30, 2006

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Charles E. Harris & Associates, Inc.
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OPINION ON SUPPLEMENTARY SCHEDULE
OF FEDERAL AWARDS EXPENDITURES

Elyria City School District
Lorain County
42101 Griswold Road
Elyria, Ohio 44035

To the Board of Education:

We have audited the financial statements of the governmental activities, business-type activities, each major fund, and the aggregate remaining fund information of the Elyria City School District, Lorain County, Ohio (the District) as of and for the year ended June 30, 2006, which collectively comprise the District's basic financial statements and have issued our report thereon dated April 12, 2007. These financial statements are the responsibility of the District's management. Our responsibility is to express an opinion 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 conducted 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 opinion.

Our audit was performed for the purpose of forming an opinion on the financial statements of the Elyria City School District, Lorain County, Ohio taken as a whole. The accompanying Schedule of Federal Awards Expenditures is presented for purposes of additional analysis as required by the *U.S. Office of Management and Budget, Circular A-133, Audit of States, Local Governments, and Non-Profit Organizations*, and is not a required part of the financial statements. The information in that schedule has been subjected to the auditing procedures applied in the audit of the financial statements and, in our opinion, is fairly presented in all material respects in relation to the financial statements taken as a whole.

Charles E. Harris & Associates, Inc.
April 12, 2007

ELYRIA CITY SCHOOL DISTRICT
Lorain County, Ohio
Schedule of Federal Awards Expenditures
For the Year Ended June 30, 2006

Federal Grantor/Program Title	Pass Through Entity Number	CFDA Number	Receipts Recognized	Program Expenditures
<u>U.S. Department of Agriculture</u>				
Passed Through the Ohio Department of Agriculture				
Food Distribution	N/A	10.550	\$ 153,593	\$ 153,593
Nutrition Cluster:				
National School Breakfast Program	043943-05PU-2006	10.553	382,828	382,828
National School Lunch Program	043943-LLP4-2006	10.555	1,218,643	1,218,643
Summer Food Program	043943-23PU-2005	10.559	52,885	52,885
Total Nutrition Cluster			1,654,356	1,654,356
Team Nutrition	N/A	10.574	-	6,143
Emergency Response 2005	N/A	10.574	46,838	46,176
Emergency Response 2006	N/A	10.574	1,189	(7)
Total Team Nutrition			48,027	52,312
Total U.S. Department of Agriculture			1,855,976	1,860,261
<u>U.S. Department of Education</u>				
Direct Grant:				
Safe & Drug Free Community Services 2004	043943-T4S1-2004	84.184C	4,642	6,639
Safe & Drug Free Community Services 2005	043943-T4S1-2005	84.184C	11,250	11,250
Safe & Drug Free Community Services 2006	043943-T4S1-2006	84.184C	-	(100)
Total Safe & Drug Free Community Services			15,892	17,789
Mentoring 2005	N/A	84.184B	5,616	5,616
Mentoring 2006	N/A	84.184B	106,205	90,314
Total Mentoring			111,821	95,930
Passed Through Ohio Department of Education				
Special Education Cluster:				
Preschool 2005	043943-PGS1-2005	84.173	16,619	16,619
Preschool 2006	043943-PGS1-2006	84.173	75,349	67,037
Positive Behavior Support 2005	043943-6BPB-2005	84.027	25,846	25,805
Positive Behavior Support 2006	043943-6BPB-2006	84.027	11,710	4,903
Access Program 2005	043943-6BSD-2005	84.027	39,667	39,617
Access Program 2006	043943-6BSD-2006	84.027	89,372	79,294
Title VI-B 2005	043943-6BSF-2005	84.027	183,714	231,101
Title VI-B 2006	043943-6BSF-2006	84.027	1,884,478	1,650,084
Total Special Education Cluster			2,326,755	2,114,460
Adult Basic Education 2004	043943-ABS1-2004	84.002	(21,594)	-
Adult Basic Education 2005	043943-ABS1-2005	84.002	38,036	17,856
Adult Basic Education 2006	043943-ABS1-2006	84.002	76,342	128,005
Total Adult Basic Education			92,784	145,861
Federal Emergency Repair Program	N/A	84.352	7,228	7,228
Title I 2005	043943-C1S1-2005	84.010	278,102	278,324
Title I 2006	043943-C1S1-2006	84.010	1,901,117	1,791,640
School Improvements 2005	043943-C1SK-2005	84.010	30,850	30,850
School Improvements 2006	043943-C1SK-2006	84.010	19,150	17,777
Total Title I			2,229,219	2,118,591
Title V 2005	043943-C2S1-2005	84.298	(9,322)	15,978
Title V 2006	043943-C2S1-2006	84.298	54,652	43,487
Total Title V			45,330	59,465
Comprehensive School Reform 2005	043943-RFCC-2005	84.332	120,000	120,000
Comprehensive School Reform 2006	043943-RFCC-2006	84.332	409,927	274,697
Smaller Learning Communities 2005	043943-RFK3-2005	84.332	35,007	33,016
Smaller Learning Communities 2006	043943-RFK3-2006	84.332	-	2,459
Roosevelt School	043943-RFS3-2004	84.332	26,202	32,975
Center For School Reform	N/A	84.332	-	11,404
Total Comprehensive School Reform, Smaller Learning Communities, & Roosevelt School			591,136	474,551

(continued)

ELYRIA CITY SCHOOL DISTRICT
Lorain County, Ohio
Schedule of Federal Awards Expenditures - (Continued)
For the Year Ended June 30, 2006

Federal Grantor/Program Title	Pass Through Entity Number	CFDA Number	Receipts Recognized	Program Expenditures
<u>U.S. Department of Education - (continued)</u>				
Drug Free Schools 2005	043943-DRS1-2005	84.186	\$ 6,437	\$ 6,437
Drug Free Schools 2006	043943-DRS1-2006	84.186	54,100	44,810
Total Drug Free Schools			60,537	51,247
Title II-A 2005	043943-TRS1-2005	84.367	98,543	141,233
Title II-A 2006	043943-TRS1-2006	84.367	485,303	445,185
Total Title II-A			583,846	586,418
Title III LEP	N/A	84.036	-	5,126
Ohio Smaller Learning Community	N/A	84.021	-	22,639
Federal Smaller Learning Community	N/A	84.021	13,999	13,978
Total Ohio Smaller Learning Community			13,999	36,617
Title II-D 2005	043943-TJS1-2005	84.318	1,739	9,381
Title II-D 2006	043943-TJS1-2006	84.318	45,000	25,689
Total Title II-D			46,739	35,070
Total U.S. Department of Education			6,125,286	5,748,353
<u>U.S. Department of National and Community Service</u>				
Passed Through Ohio Department of National and Community Service				
Learn and Serve America 2005	043943-SVS1-2005	94.004	10,487	10,500
Learn and Serve America 2006	043943-SVS1-2006	94.004	11,546	8,236
Total Learn and Serve America			22,033	18,736
Safety In Ohio Through Service 2005	04943-SVHS-2005	94.004A	32,035	32,159
Safety In Ohio Through Service 2006	04943-SVHS-2006	94.004A	50,454	61,167
Total Safety In Ohio Through Service			82,489	93,326
Total U.S. Department of National and Community Service			104,522	112,062
<u>U.S. Department of Health and Human Services</u>				
Passed through Ohio Department of Mental Retardation and Developmental Disabilities				
Medicaid Title XIX	N/A	93.778	277,198	277,198
Total U.S. Department of Health and Human Services			277,198	277,198
Total Federal Expenditures			\$ 8,362,982	\$ 7,997,874

See accompanying Notes to the Schedule of Federal Awards Expenditures

ELYRIA CITY SCHOOL DISTRICT
Notes to the Schedule of Federal Awards Expenditures
For the Year Ended June 30, 2006

1. Significant Accounting Policies

The accompanying schedule of federal awards expenditures is a summary of the activity of the District's federal award programs. The schedule has been prepared on the cash basis of accounting. Consequently, certain revenues are recognized when received rather than when earned and certain expenditures are recognized when paid rather than when the obligation is incurred.

2. Food Distribution

Nonmonetary assistance is reported in the schedule at fair market value of the commodities received and disbursed. Monies are commingled with State grants. It is assumed federal monies are expended first. At June 30, 2006, the District had immaterial food commodities in inventory recorded in the Food Service Fund.

REPORT ON INTERNAL CONTROL OVER FINANCIAL REPORTING AND ON
COMPLIANCE AND OTHER MATTERS BASED ON AN AUDIT OF FINANCIAL
STATEMENTS REQUIRED BY *GOVERNMENT AUDITING STANDARDS*

Elyria City School District
Lorain County
42101 Griswold Road
Elyria, Ohio 44035

To the Board of Education:

We have audited the financial statements of the governmental activities, business-type activities, each major fund, and the aggregate remaining fund information of the Elyria City School District, Lorain County, Ohio as of and for the year ended June 30, 2006, which collectively comprise the District's basic financial statements and have issued our report thereon dated April 12, 2007. We conducted our audit in accordance with auditing standards generally accepted in the United States of America and the standards applicable to financial audits contained in *Government Auditing Standards*, issued by the Comptroller General of the United States.

Internal Controls 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 an opinion on the internal control over financial reporting. Our consideration of internal control would not necessarily disclose all matters in the internal control over financial reporting that might be material weaknesses. A material weakness is a reportable condition in which the design or operation of one or more internal control components does not reduce to a relatively low level the risk that misstatements caused by error or fraud 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 other matter involving the internal control over financial reporting that do not require inclusion in this report that, we have reported to management of the Elyria City School District, Lorain County, Ohio in a separate letter dated April 12, 2007.

Compliance and Other Matters

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 agreements and other matters, 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*.

This report is intended for the information and use of management, the Board of Education, 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.

Charles E. Harris & Associates, Inc.

April 12, 2007

REPORT ON COMPLIANCE WITH REQUIREMENTS APPLICABLE TO
EACH MAJOR PROGRAM AND INTERNAL CONTROL OVER COMPLIANCE
IN ACCORDANCE WITH OMB CIRCULAR A-133

Elyria City School District
Lorain County
42101 Griswold Road
Elyria, Ohio 44035

To the Board of Education:

Compliance

We have audited the compliance of the Elyria City School District, Lorain County, Ohio with the types of compliance requirements described in *U.S. Office of Management and Budget (OMB) Circular A-133 Compliance Supplement* that are applicable to its major federal programs for the year ended June 30, 2006. The District's major federal programs are identified in the summary of auditor's results section of the accompanying schedule of findings and questioned costs. Compliance with the requirements of laws, regulations, contracts and grants applicable to its major federal programs 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 with the types of compliance requirements referred to above that could have a direct and material effect on a major program occurred. An audit includes examining, on a test basis, evidence about the District's compliance with those requirements and performing such other procedures as we considered necessary in the circumstances. We believe 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 programs for the year ended June 30, 2006.

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*.

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 caused by error or fraud 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.

This report intended for the information and use of management, the Board of Education, 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.

Charles E. Harris & Associates, Inc.
April 12, 2007

**SCHEDULE OF FINDINGS AND QUESTIONED COSTS
OMB CIRCULAR A-133 SECTION .505**

**ELYRIA CITY SCHOOL DISTRICT
LORAIN COUNTY
June 30, 2006**

1. SUMMARY OF AUDITOR'S RESULTS

(d)(1)(i)	<i>Type of Financial Statement Opinion</i>	Unqualified
(d)(1)(ii)	<i>Were there any material control weakness conditions reported at the financial statement level (GAGAS)?</i>	No
(d)(1)(ii)	<i>Were there any other reportable control weakness conditions reported at the financial statement level (GAGAS)?</i>	No
(d)(1)(iii)	<i>Was there any reported material non-compliance at the financial statement level (GAGAS)?</i>	No
(d)(1)(iv)	<i>Were there any material internal control weakness conditions reported for major federal programs?</i>	No
(d)(1)(iv)	<i>Were there any other reportable internal control weakness conditions reported for major federal programs?</i>	No
(d)(1)(v)	<i>Type of Major Programs' Compliance Opinion</i>	Unqualified
(d)(1)(vi)	<i>Are there any reportable findings under Section .510</i>	No
(d)(1)(vii)	<i>Major Programs:</i>	Nutrition Cluster: CFDA# 10.553,10.555, and 10.559 Comprehensive Sch.Reform: CFDA# 84.332
(d)(1)(viii)	<i>Dollar Threshold: Type A\B Programs</i>	Type A: > \$300,000 Type B: all others
(d)(1)(ix)	<i>Low Risk Auditee?</i>	Yes

SCHEDULE OF FINDINGS AND QUESTIONED COSTS - (continued)
OMB CIRCULAR A-133 SECTION .505

ELYRIA CITY SCHOOL DISTRICT
LORAIN COUNTY
June 30, 2006

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

None.

3. FINDINGS AND QUESTIONED COSTS FOR FEDERAL AWARDS

None.

STATUS OF PRIOR AUDIT'S CITATIONS AND RECOMMENDATIONS

The prior audit report, for the year ending June 30, 2005, reported no material citations or recommendations.



Elyria City School District

Elyria, Ohio



Comprehensive Annual Financial Report

For the year ending June 30, 2006



Elyria City School District
Elyria, Ohio

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

Prepared By:
Fred Stephens, Treasurer and
Treasurer's Office Staff

Elyria City School District
Comprehensive Annual Financial Report
Fiscal Year Ended June 30, 2006

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Comprehensive Annual Financial Report
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INTRODUCTORY SECTION

April 12, 2007

**Elyria Board of Education Members and
Citizens of the Elyria City School Community:**

As the Superintendent and Treasurer of the Elyria City School District (the “School District”), we are pleased to submit to you the Comprehensive Annual Financial Report (CAFR) issued by the School District. This CAFR includes an unqualified opinion from an Independent Certified Public Accountant and conforms to accounting principles generally accepted in the United States of America (GAAP) as applicable to governmental entities. This CAFR conforms to standards of financial reporting established by the Governmental Accounting Standards Board (GASB).

Responsibility for both the accuracy of the data, 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 is reported in a manner designed to present fairly the financial position and results of operations of the various funds of the School District. All disclosures necessary to enable the reader to gain an understanding of the School District’s financial activities have been included.

The Comprehensive Annual Financial Report (“CAFR”) is presented in three sections: introductory, financial and statistical.

- The introductory section includes the table of contents, this transmittal letter, Board of Education members and elected officials, the School District’s organizational chart and a list of its appointed officials.
- The financial section which begins with the report of independent accountants and includes the management’s discussion and analysis, the basic financial statements and notes provide an overview of the School District’s financial position and operating results, and combining statements by fund type, and other statements that provide detailed information relative to the basic financial statements.
- The statistical section includes selected financial and demographic information, generally presented on a multi-year basis.

The School District provides a full range of educational programs and services. These include elementary and secondary curriculum offerings at the general, college preparatory and vocational levels, and a broad range of co-curricular and extracurricular activities, adult and community education offerings, and special education services. Elyria High School juniors and seniors attend the Lorain County Joint Vocational School for vocational training classes and eligible High School students attend Lorain County Community College located in the city of Elyria, under the post-secondary school enrollment option and the new Early College Program. In addition, the School District provides state-financed assistance to non-public schools located within its boundaries. This assistance is accounted for in a special revenue fund. The non-public school operations and the vocational school operations do not meet the established criteria for inclusion in the reporting entity and, accordingly, are excluded from this report.

GENERAL INFORMATION CONCERNING THE BOARD AND THE SCHOOL DISTRICT

The Reporting Entity

The School District has reviewed its reporting entity definition in order to ensure conformance with the Governmental Accounting Standards Board Statement No. 14, “The Financial Reporting Entity”. In evaluating how to define the School District for financial reporting purposes, management has considered all agencies, departments and organizations making up the Elyria City School District (the primary government) and its potential component units.

Numerous entities operate within the School District’s geographical boundaries. These entities have been excluded from the accompanying financial statements because the School District cannot legally access their resources, the School District has no obligation to finance deficits or provide financial support to them and the School District is not obligated for their debts.

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

The Board of Education and the Administration

The Board of Education of the Elyria City School District (the “Board”) is a political and corporate body charged with the responsibility of managing and controlling affairs of the School District and, together with the School District, is governed by the general laws of the State of Ohio as set forth in the Ohio Revised Code. The Board is comprised of five members who are elected for overlapping four-year terms.

The Superintendent of Schools (the “Superintendent”), appointed by the Board for a term not longer than five years, is the chief executive officer of the School District and has the responsibility for directing and assigning teachers and other employees, assigning the pupils to the proper schools and grades, and performing such other duties as determined by the Board. The current Superintendent, Mr. Paul M. Rigda, has been Superintendent since August 24, 2005.

The Treasurer is the Chief Financial Officer of the Board and the School District and is, pursuant to statutory requirements, appointed by the Board for a four-year term (following a probationary two-year term) and reports directly to the Board. The present Treasurer, Fred V. Stephens, has been Treasurer since January 1, 2004; his current four-year contract continues until January 3, 2010.

The School District and Its Facilities

The Elyria City School District is located in the City of Elyria in Lorain County, Ohio. In fiscal year 2005-2006, there were students 7,761 enrolled in the School District compared to 7,956 students enrolled in the previous year. The School District currently operates eleven (11) elementary schools that total 487,315 of building square footage the oldest was constructed in 1907 and the youngest in 1969, three (3) junior high schools with a total of 244,122 building square footage the oldest was constructed in 1961 and the youngest in 1970, one high school covering 247,207 square feet was constructed in 1894, one alternative learning center constructed in 2001 and one special education pre-school constructed in 1996 with 15,745 and 28,785 square footage, respectively. The School District maintains one administrative facility that houses an all-day every day Kindergarten Village of 307 students constructed in 1999, all central functions for the School District including all maintenance functions and a central kitchen for its food service program. The School District serves as the primary education provider for high incidence special education programs, which provide special curricula and skills programs for students from all of Lorain County and surrounding school districts.

Employee Relations and Benefits

For FY06, the School District employed 1,009 full and part-time teaching and support personnel. In the fiscal year ended June 30, 2006, the School District paid from its general and Poverty Based Assistance fund \$39,080,458 in salaries and \$12,574,328 in fringe benefits and other labor-related costs such as employer retirement contributions, workers’ compensation insurance coverage, unemployment compensation, life insurance and medical and dental insurance premiums. Both labor and benefit costs were reduced substantially from 2005.

For collective bargaining purposes, the NEA/OEA/Elyria Education Association (EEA) represents the School District’s teachers and educational specialists. The OEA/NEA Elyria Schools Support Staff (ESSS) represents the School District’s classified employees. A collective bargaining agreement with the Elyria Education Association (EEA) expires July 31, 2008. The collective bargaining agreement with the Elyria School Support Staff (ESSS) expires December 31, 2008.

The School District provides medical health insurance coverage to its employees through Medical Mutual Insurance Company. A three tier 5/15/30, Prescription drug program is provided to eligible employees through Caremark. The School District provides life insurance and accidental death and dismemberment insurance to eligible employees through Medical Life. Dental insurance is provided to eligible employees through Delta Dental of Ohio and vision insurance is provided through VSP. All District employees participate in either the State Teachers Retirement System (STRS) or the School Employees Retirement System (SERS). The School District made required contributions for pension obligations to these Systems on behalf of its employees in the amount of \$5,639,854 during the 2006 fiscal year.

ECONOMIC CONDITION AND OUTLOOK

Taxes

Property taxes are a major source of revenue for the School District. For property taxation purposes, assessment of real property is performed on a calendar year basis by the elected County Auditor subject to supervision by the State Tax Commissioner, and assessment of public utility property and tangible personal property is performed by the State Tax Commissioner. Property taxes are billed by the County Auditor and collected by the County Treasurer.

Taxes collected from “Real Property” (other than Public Utilities) in one calendar year are levied in the preceding calendar year on assessed values as of January 1 of that preceding year. Taxes collected from “Tangible Personal Property” (other than Public Utilities) in one calendar year are levied in the prior calendar year on assessed values listed as of December 31 of the prior year. Public Utility real and tangible personal property taxes collected in one calendar year are levied in the preceding calendar year on assessed values determined as of December 31 of the year preceding the tax collection year.

The “assessed valuation” of real property is fixed at 35 percent of true value and is determined pursuant to rules of the State Tax Commissioner, except that real property devoted exclusively to agricultural use is assessed at not more than 35 percent of its current agricultural use value. Real property devoted exclusively to forestry or timber growing is taxed at 50 percent of the local tax rate upon its true value.

Generally, tangible personal property used in business (except for public utility) is currently assessed for taxation purposes at 24 percent of its true value (in general, the same as net book value). Certain public utility tangible personal property (except railroad operating property) currently is assessed at 88 percent of its true value. The first \$10,000 of taxable value of tangible personal property is exempted from taxation; partial reimbursement of reduced collections resulting from the partial exemption is paid from state sources.

The General Assembly exercised its power to revise the laws applicable to the determination of assessed valuation of taxable property and the amount of receipts to be produced by taxes levied on that property (HB66), and may continue to make similar revisions.

Ohio law grants tax credits to offset increases in taxes resulting from increases in the true value of real property. Legislation implementing a 1980 constitutional amendment classified real property between (i) residential and agricultural and (ii) all other real property, and provides for tax reduction factors to be separately computed for and applied to each class. These credits apply to certain voted levies on real property and do not apply to unvoted tax levies to pay debt service on general obligation debt.

School Foundation

The State's School Foundation Program is another major source of revenue for the School District's General Fund. The State assists public school districts under a statutory program, which includes direct payments to districts based upon a statutory formula. Such payments are made through the School Foundation Program established by the Ohio Revised Code (the "Code"). School Foundation Program funds distributed to a school district is required to be used for current operating expenses, unless specifically allocated by the State for some other purposes.

Basic eligibility for School Foundation Program payments is based on a school district's compliance with State-mandated minimum standards. The School District is in compliance with those standards and has no reason to believe it will not remain in compliance.

During the fiscal year ended June 30, 2005, the School District received \$29,248,542 of school State support for its general fund.

Local Economy

The Elyria area has a high percentage of its total work force employed in durable goods manufacturing, including automotive assembly, assembly of parts used in the transportation industry, tool and die-casting and metal fabricating. Manufacturing accounted for some 40-45% of the Elyria area's total work force employment during 2005. The rate of unemployment, at the end of the fiscal year 2005, for the Elyria City area was 5.8%.

The strength of the Elyria area economy is derived from its diversity in small manufacturing companies. Over 150 manufacturing concerns dominate the local economy and provide employment opportunities.

The School District contains the “Westfield Shopping Town Midway” the largest retailing center in Lorain County and the largest retail mall between Cleveland and Toledo. The mall, anchored by four major department stores and two major discount stores, continues to see major expansion of its retailing space. Construction completed in recent years, added six new retailing centers, Sofa Express, The Home Depot, Dick’s Sporting Goods, a major food chain store (Giant Eagle) a large retail department store (Target) and Circuit City, a major appliance home entertainment store. With the addition of these centers, the surrounding Westfield Mall area is developing specialty shops and the food service industry continues to expand with new offerings.

MAJOR INITIATIVES AND ACCOMPLISHMENTS

Curriculum Initiatives

- The School District made a substantial financial commitment to update its course of study (K-12). A major initiative started in 2002 and continuing to present was to develop a software program called an Indicator Reporting Information System (IRIS) that allow teachers to check the progress of each student longitudinally across time, using indicators that are aligned with new State reporting standards.

Classroom Technology

- The School District has a standard for use of technology and uses fiber optics and a Wide Area Network (WAN) to all of its building to accommodate the use of administrative and instructional technology. The School District’s schools are PC based Smart boards are in use district wide and quickly expanding to meet the needs of all staff and students. Acquisitions of computers are made annually to supplement existing computers to provide students with the latest hardware and software technology and to replace outdated equipment.

District Academic Progress

- The Elyria City School District, one of the “Urban-21” districts in Ohio, is ranked Academically Effective on the Ohio Department of Education Report Card. Elyria is one of only four urban school districts in Ohio ranked Effective.
 - The School District climbed from emergency status, just eight years ago, to Effective in 2005-2006. The School District achieved Effective status on the basis of the Performance Index Score which measures how well students do on Reading and Math tests.
 - The School District is striving for a rating of Excellent in 2006-2007.

- District-wide, Elyria boasts a 90% attendance rate, a rarity among urban school districts.
- The School District's student to teacher ratio is low: Kindergarten--20:1, Grade 1--3-22:1, and Grades 4 and above—25:1.

Elyria High School

- Elyria High school provides its students with the benefits of being in a large high school but with a small school feel. Freshmen are placed on one of five academic teams that provide individualized attention. Each team has its own assistant principal and guidance counselors. The entire school is divided into four houses. Students remain in the same homeroom and house throughout high school.
- The Elyria High School building, aside from the Washington building structure, is in structural disrepair and in need of replacement. Throughout the year the Board of Education and Superintendent have been working with our legislators and the Ohio School Facilities Commission to enhance the financial feasibility of a new Elyria High School.

Academic Services

- Elyria is one of only four Effective Urban School districts in Ohio. The School District achieved Effective Status on the basis of its Performance index score, which measures how well each individual student does on Reading and Math tests.
- Elyria City School district offers numerous academic programs, including honors and advanced placement courses, Gifted and Talented Education opportunities, comprehensive special education programming and services for English-as-a-second-language students.
- Elyria offers a very successful all-day kindergarten program at no additional cost to parents. The program enjoys tremendous success: students enrolled in Elyria's all-day K program show significant achievement in reading and math well past kindergarten years. The program was expanded this year to serve more students.
- Elyria Schools offers an expansive preschool program.
- Elyria Schools offers more than 100 Smartboards in classrooms throughout the School District. Smart boards are a kind-of "interactive chalkboard" which doubles as computer screens and a whiteboards. The boards are redefining how teachers teach and students learn: lesson plans are more interactive and students enjoy the hands-on approach to learning. The boards have helped improve students' attention, classroom participation and behavior.

- Elyria teachers throughout the School District are trained in the principles of the Universal Design for Learning model, which lets teachers plan instruction in advance to prevent barriers to student learning using different formats, tools and technology such as Smartboards.
- Elyria High School rolled out a new Media Productions class this year. Students are learning the ins and outs of broadcasting and will eventually write, produce and anchor their own morning announcement broadcast on WEHS TV. The broadcast will feature event announcements and video journalism pieces to tell the story of the high school to the community.
- The students work out of a newly built T.V. studio, nicknamed “The Shew,” that incorporates state-of-the-art lighting and camera equipment.
- Also new at Elyria High School: college-style English offerings for seniors. Seniors can choose two of 10 senior English courses, including minority voices, myths and legends, modern drama and novels, short fiction, British Literature, professional communication, speech, philosophy and criticism: the art of persuasion, nonfiction: real life, real issues, and journalism.

Special Education

- Elyria’s special education department offers a wide continuum of services—13 disability areas and many related services. Elyria serves approximately 1,300 students identified with a disability. Most of these students are Elyria residents attending Elyria Schools; however a number of outside residents are served through the School District’s comprehensive special education programming.
- Elyria enjoys successful inclusion/teaming practices: general education teachers and intervention specialists work together so that students with disabilities have access to the general education curriculum and are involved with typical peers to the fullest extent possible.
- The School District has been recognized at the state level for its inclusive efforts: The staffs of Elyria High School and Westwood Junior High School are recipients of the Walter-Horn Award for Partnering for Progress.
- Elyria hosts the yearly regional Special Olympics at Ely Stadium and year-long activities such as bowling, golf and basketball.
- Of the School District’s alternate assessment scores (Alternate Assessment is a testing option for students with the most severe disabilities), most are accelerated or advanced.

Treasurers Department Focus

The Treasurers office is working on continuously improving the department by increasing efficiency and effectiveness.

- Designing a program to use credit and purchasing cards in place of cash.
- Effectively monitor payments to community schools
- Analyze systems and processes to conserve valuable resources
- Effectively using a budget planning cycle based on district needs that allows for input from all affected departments.
- Use the School District's updated web page as a community resource for Board of Education and Financial Service information on the School District.

For the Future

The School District will continue to implement the cost reduction plan and monitor the results.

The School District continues to develop its technology system to allow all teachers and students access to the Internet. Teachers and administrators will have immediate access to District information on students, budget and staff. The School District is implementing Smart Board technology into the classroom and has trained and placed equipment on line for the new school year.

The School District will place a bond issue on the ballot for a new Elyria High School in FY2007 qualifying for the OSFC Exceptional Needs Program giving the School District one third on the costs upon passage of the bond issue.

FINANCIAL INFORMATION

Pursuant to accounting procedures prescribed by the Ohio Revised Code (ORC), revenues and expenditures are recorded on a budgetary basis during the fiscal year. The accounting procedures prescribed by the ORC are generally applicable to all school districts in Ohio and differ from GAAP as promulgated by the Governmental Accounting Standards Board.

Annual financial reports on a budgetary basis are prepared by the Treasurer and filed with the State Department of Education as required by state statute. The State Auditor of Ohio requires that the School District prepare and publish an annual financial report using accounting principles generally accepted in the United States of America.

Fiscal Management

The Treasurer, as chief financial officer of the Board of Education and the School District, is responsible for receiving, maintaining custody of and disbursing and properly reporting all funds of the Board.

Budgeting, Tax Levy and Appropriations Procedures

The Ohio Revised Code contains detailed provisions regarding district budgeting, tax levy and appropriation procedures. The procedures involve review by Lorain County (The “County”) officials at several stages.

District budgeting for a fiscal year formally begins with the preparation of a tax budget. After a public hearing, this budget is adopted by the Board prior to the fiscal year to which it pertains. Among other items, the tax budget must show the amounts required for debt service, the estimated receipts received from sources other than property taxes and the net amount for which a property tax levy must be made. The tax budget then is presented for review by the County Budget Commission, comprised of the County Auditor, County Treasurer and County Prosecuting Attorney.

The Budget Commission reviews the tax budget. The Code provides that “if any debt charge is omitted from the budget, the commission shall include it therein”. Upon approval of the tax budget, the County Budget Commission certifies to the Board its action together with the approved tax rates. Thereafter, the Board levies the approved taxes and certifies them to the proper County officials. The approved and certified tax rates are reflected in the tax bills sent to property owners during the collection year. Real property taxes are payable on a calendar basis, generally in two installments with the first usually in January and the second in July.

If a permanent appropriation measure is not ready for adoption at the beginning of each fiscal year, the Board adopts a temporary appropriation measure to begin that new fiscal year and then, within three months, adopts a permanent appropriation measure for that fiscal year. Permanent appropriation measures may be, and generally are, amended or supplemented during the fiscal year. Annual appropriations may not exceed the County Budget Commission’s official estimates of resources. The County Auditor must certify that the Board’s appropriation measures, including any supplements or amendments, do not appropriate monies in excess of the amounts set forth in the latest of those official estimates.

Budgetary Controls

The objective of budgetary controls is to ensure compliance with legal provisions embodied in the annual appropriation resolution. The level of budgetary control (the level at which expenditures cannot legally exceed the appropriated amount) is established at the fund level. The School District maintains an encumbrance accounting system as one technique of accomplishing budgetary control. Unencumbered appropriation balances are reviewed prior to the release of purchase orders to ensure funds are available to meet the obligation created by the purchase order. Encumbered amounts at year-end are carried forward to succeeding years and are not re-appropriated. Estimated revenues and appropriations are amended at year-end based on actual revenue, expenditure and encumbrance activity.

Internal Controls

The management of the School District is responsible for establishing and maintaining an internal control structure designed to ensure that the assets of the School District are protected from loss, theft or misuse and to ensure that adequate accounting data are compiled to allow for the preparation of financial statements in conformity with generally accepted accounting principles. The internal control structure is designed to provide reasonable, but not absolute, assurance that these objectives are met. The concept of reasonable assurance recognizes that: (1) the cost of a control should not exceed the benefits likely derived from its implementation; and, (2) the valuation of cost and benefits requires estimates and judgments by management.

FINANCIAL CONDITION

This is the fourth year the School District has prepared financial statements following GASB 34 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 financial statements distinguish between those activities of the School District that are governmental and these that are considered business-type activities.

Fund Financial Statements These statements present information for individual major funds rather than fund type. Non-major funds are presented in total in one column. Governmental funds use the modified accrual basis of accounting and include reconciliations 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 the law is based upon accounting for certain transactions on a basis of cash receipts, disbursements and encumbrances.

As a part of the new reporting model, management is responsible for preparing a discussion and analysis for the School District. This discussion follows this letter of transmittal, providing an assessment of the School District's finances for 2006. Because that discussion focuses on major funds other non-major funds are discussed briefly in this letter.

Financial Highlights – Internal Service Fund The only internal service fund carried on the financial records related to self-insurance. This fund accounts for the revenues and expenses is related to the provision of dental and medical benefits to the School District employees. The School District has implemented a medical self-insurance program. The internal service fund had net assets of \$2,074,201 at June 30, 2006 compared with net assets of \$3,182,825 at June 30, 2005, reflecting decrease of \$1,108,624.

Financial Highlights – Fiduciary Funds The trust fund carried on the financial records of the School District is a private purpose trust that has net assets totaling \$284,788 at June 30, 2006.

Cash Management

The School District operates a cash management program designed to provide safety, liquidity and yield in that order. Funds are invested in the State Treasury Asset Reserve of Ohio (STAR Ohio) Investment Pool, United States Government bills and notes, certificates of deposit, mutual funds, and in repurchase agreements. The amount of investment income in fiscal year 2006 for the general fund was \$497,633. A more detailed description of the School District's investment functions is described in Note 3 to the financial statements.

Risk Management

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 2006, the School District contracted with Indiana Insurance Company for general liability insurance with a \$2,000,000 single occurrence limit and a \$5,000,000 aggregate. Buildings and contents are covered under a Commercial Property Comprehensive Building Insurance policy with a \$1,000 deductible.

The School District's vehicles are covered under a business auto policy with Indiana Insurance Company for primary coverage. This policy carries a \$250 deductible and a \$2,000,000 limit for bodily injury and property damage and a \$1,000,000 limit for uninsured motorist.

Pension Plan

All District's employees are covered by the statewide School Employees Retirement System of Ohio (SERS) or the State Teachers Retirement System (STRS) with the exception of Board of Education members who have chosen to participate in Social Security. The School District's employers contributions to both systems are based on a percentage of employee's salaries. State law requires the School District to pay the employer share as determined by each retirement system. See Note 11 of the basic financial statements for complete details.

USE OF REPORT

This report is published to provide the Board of Education, the citizens of the Elyria School District and other interested persons, detailed information concerning the financial condition of the School District, with the particular emphasis placed on the utilization of resources during fiscal year 2006. Further, this report will serve as a guide to formulating policies and conducting the School District's day-to-day activities. The information is presented in a manner designed to fairly set forth the financial activity of its various funds. All disclosures necessary to enable the reader to gain the maximum understanding of the School District's financial affairs have been included.

In today's public awareness environment it is increasingly important that the public agencies prepare soundly conceived annual financial reports independently audited by a qualified firm or agency. It has become essential that such reports be prepared in accordance with generally accepted accounting principals (GAAP). Bond rating agencies review the data presented before determining a public agency's bond rating.

OTHER INFORMATION

Independent Audit: State statutes require the School District to be subjected to an annual examination by an independent auditor. An annual audit serves to maintain and strengthen the School District's accounting and budgetary controls. Either the Ohio State Auditor's office or an Independent Public Accountant (IPA) contracted by the State and the School District may conduct the annual audit. The School District requested and received permission from the State Auditor to contract with an (IPA) for completion of the annual audit for a three-year period. For the fiscal year ended June 30, 2006, Charles E. Harris & Associates, Inc. completed the audit. The auditor's unqualified audit opinion on the basic financial statements and combining and individual fund statements and schedules is included in 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 that system beginning with its financial reporting for the 1981 fiscal year.

AWARDS

The Government Finance Officers Association of the United States and Canada (GFOA) awarded a Certificate of Achievement for Excellence in Financial Reporting to the Elyria Schools for its Comprehensive Annual Financial Report for the year ended June 30, 2004. In order to be awarded a Certificate of Achievement, a government must publish an easily readable and efficiently organized comprehensive annual financial report whose contents conform to program standards. Such a CAFR 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 CAFR, conforms to the Certificate of Achievement program requirements and we are submitting it to GFOA to determine its eligibility for another certificate.

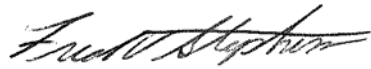
ACKNOWLEDGMENTS

The preparation of the Comprehensive Annual Financial Report was made possible by the diligence of the Treasurer's staff under the coordination of Fred Stephens, Treasurer/Chief Financial Officer. We truly appreciate the contributions made by each staff member in the preparation of this report.

The preparation of this report could not have been accomplished without the efficient and dedicated services of the Assistant Treasurer, Katie Henes and the staff of the Treasurer's Office; Mary Lou Burnside, Brenda Greenberg, MariJane LaFleur, Julie Parker, Hope Williams and Lorraine Watters. We want to express our appreciation to all who assisted and contributed to its preparation. We would like to acknowledge all members of the Board of Education who have expressed their interest and support in planning and conducting the financial operations of the School District in a fiscally responsible, professional and progressive manner.



Paul M. Rigda
Superintendent



Fred V. Stephens
Treasurer and Chief Financial Officer

Elyria City School District, Ohio
Principal Officials Roster

Members of the Board of Education

The Board of Education is a body politic and corporate with the responsibility of managing and controlling affairs of the School District and is, together with the School District, governed by laws of the State of Ohio. The Board is comprised of five members who are elected for overlapping four-year terms. The current members of the Board of Education of the Elyria City School District are:

	<i>Began Service as a Board Member</i>	<i>Present Term Expires</i>
<i>Donald Boddy, Member</i>	July 28, 1998	December 31, 2007
<i>Evelyn France, Member</i>	April 23, 1996	December 31, 2009
<i>Holly Brinda, Member (President – July 1, 2005 to January 3, 2006)</i>	January 1, 2000	December 31, 2007
<i>Kathryn Karpus, Vice President</i>	January 1, 2003	December 31, 2007
<i>Virginia Hawes, President (President – January 4, 2006 to June 30, 2006)</i>	January 1, 2002	December 31, 2009

Superintendent of Schools

The Superintendent is the executive officer of the School District and is responsible for administering policies adopted by the Board of Education. The superintendent is expected to provide leadership in all phases of policy formulation and is the chief advisory to the Board on all aspects of the educational program and total operation of the School District. Superintendent, Paul M. Rigda has Superintendent since August 24, 2005.

Treasurer/Chief Financial Officer

The Treasurer/Chief financial Officer serves as the fiscal officer of the School District and, with the Board President, executes all conveyances made by the Board of Education. The Treasurer/Chief Financial Officer, Fred V. Stephens, has held the position since January 1, 2004.

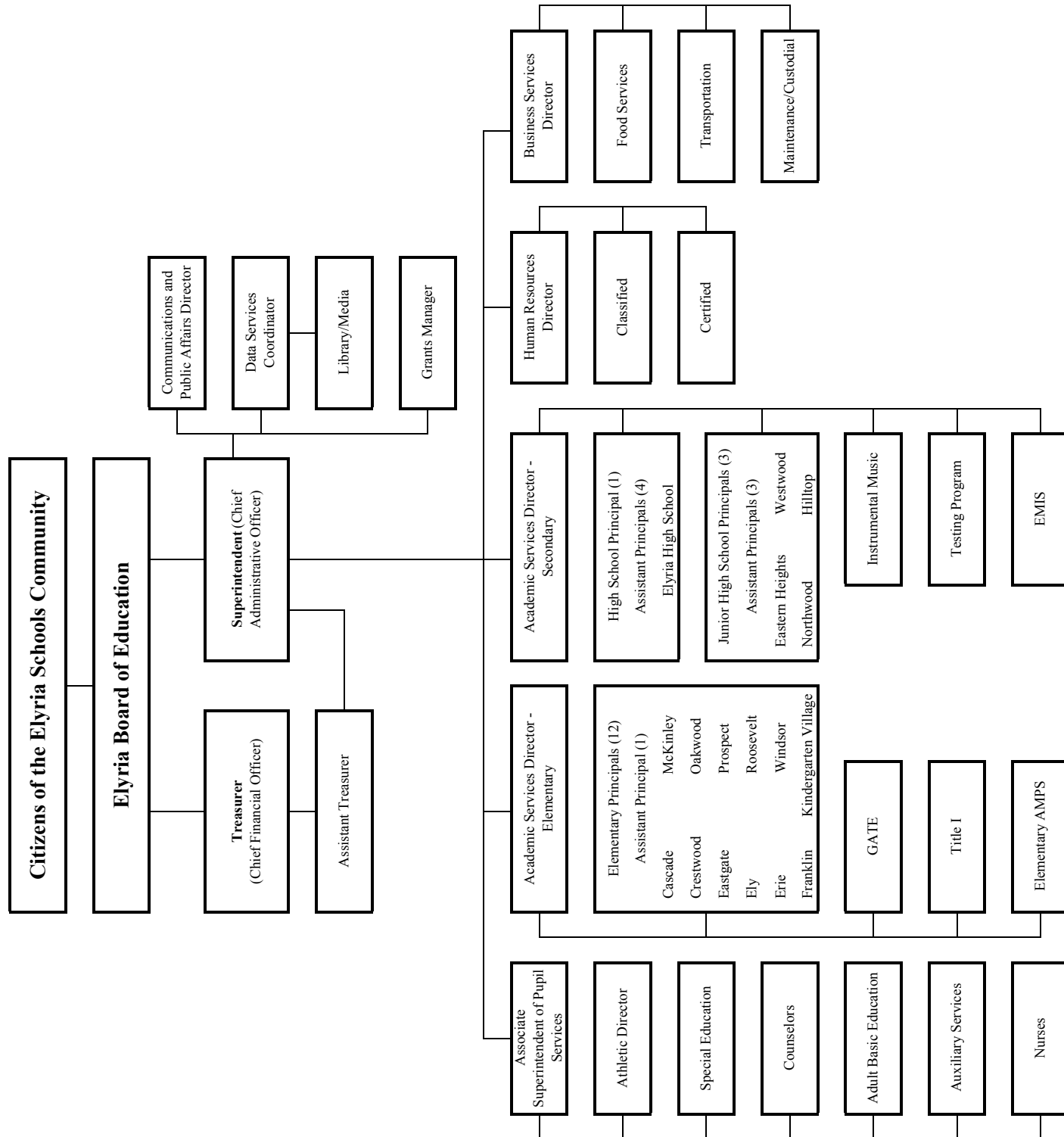
Elyria City School District, Ohio
Management Team

Mr. Paul M. Rigda	Superintendent of Schools/CEO
Fred V. Stephens	Treasurer, Chief Financial Officer
Gordon Dupree	Associate Supt., Pupil Services
Gary Taylor	Director of Human Resources
Amy Kren	Coordinator of Communications and Public Affairs
Dr. Mark Sutter	Director of Academic Services, Secondary
Dr. Michele Stoffan	Director of Academic Services, Elementary
Joanne Burgess	G.A.T.E. Coordinator, Gifted Program
Brian Kokai	Director of Technology
Dawn McCready	Director of Special Education
Katie Henes	Assistant Treasurer
Richard Nielson	Director of Business Services
Mark McGuire	Athletic Director
Willard Jett	Director of Food Services, Sodexo
Cheri Lengyel	Supervisor for Transportation, First Student
Dianne Quinn	Elyria High School Principal
Kimberly Blevins	Eastern Heights Junior High School Principal
Thomas Jama	Northwood Junior High School Principal
Gregory Horace	Westwood Junior High School Principal
Aretha Dixon	Cascade Elementary Principal

Elyria City School District, Ohio
Management Team (Continued)

Sherrri Parent	Crestwood Elementary Principal
Charles Sanfilippo	Eastgate Elementary Principal
Jack Dibee	Ely Elementary Principal
Timothy Brown	Erie Elementary Principal
Chip Hall	McKinley Elementary Principal
Kimberly Riposo-Conley	Franklin Elementary Principal
Ann Schloss	Oakwood Elementary Principal
Michael Amann	Prospect Elementary Principal
Elaine Carlin	Roosevelt Elementary Principal
Richard Ackerman	Windsor Elementary Principal
Robyn Fisher	Spring Valley (Early Childhood Center)
Rita Tomsic	Kindergarten Village Principal
Allen Senkovich	Hilltop Academy (Alternative School)

ORGANIZATIONAL CHART FOR THE ELYRIA CITY SCHOOLS



FINANCIAL SECTION

Charles E. Harris & Associates, Inc.
Certified Public Accountants

Rockefeller Building
614 W Superior Ave Ste 1242
Cleveland OH 44113-1306
Office phone - (216) 575-1630
Fax - (216) 436-2411

REPORT OF INDEPENDENT ACCOUNTANTS

**Elyria City School District
Lorain County
42101 Griswold Rd.
Elyria, Ohio 44035**

To the Board of Education:

We have audited the accompanying financial statements of the governmental activities, business-type activities, each major fund and the aggregate remaining fund information of the Elyria City School District, Ohio, (the District), as of and for the year ended June 30, 2006, 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 an opinion on these basic financial statements based on our audit.

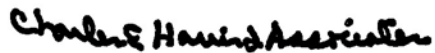
We conducted our audit in accordance with auditing standards generally accepted in the United States of America and the standards applicable to financial audits contained in *Government Auditing Standards*, issued by the Comptroller General of the United States. Those standards require that we plan and perform the audit to obtain reasonable assurance about whether the basic financial statements are free of material misstatement. An audit includes examining, on a test basis, evidence supporting the amounts and disclosures in the basic 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 opinion.

In our opinion, the financial statements referred to above present fairly, in all material respects, the respective financial position of the governmental activities, business-type activities, each major fund, and the aggregate remaining fund information of the Elyria City School District, Ohio, as of June 30, 2006, and the respective changes in financial position and cash flows, where applicable, and the respective budgetary comparison for the General Fund for the year ended in conformity with accounting principles generally accepted in the United States of America.

The Management's Discussion and Analysis on pages 3 through 17 is not a required part of the basic financial statements, but is supplementary information required by accounting principles generally accepted in the United States of America. We have applied certain limited procedures, which consisted principally of inquiries of management regarding the methods of measurement and presentation of the supplementary information. However, we did not audit the information and express no opinion on it.

In accordance with *Government Auditing Standards*, we have also issued a report dated April 12, 2007 on our consideration of the District's internal control over financial reporting and our tests of its compliance with certain provisions of laws, regulations, contracts, grant agreements and other matters. While we did not opine on the internal control over financial reporting or on compliance, that report describes the scope of our testing of internal control over financial reporting and compliance and results of that testing. That report is an integral part of an audit performed in accordance with *Government Auditing Standards*. You should read it in conjunction with this report in assessing the results of our audit.

Our audit was conducted for the purpose of forming opinions on the financial statements that collectively comprise the District's basic financial statements. The introductory section, combining and individual nonmajor fund statements, and statistical tables are presented for purposes of additional analysis and are not a required part of the basic financial statements. The combining and individual nonmajor fund financial statements have been subjected to the auditing procedures applied in the audit of the basic financial statements and, in our opinion, are fairly stated in all material respects in relation to the basic financial statements taken as a whole. The introductory section and statistical tables have not been subjected to the auditing procedures applied in the audit of the basic financial statements and, accordingly, we express no opinion on them.

A handwritten signature in black ink that reads "Charles E. Harris". The signature is written in a cursive, slightly slanted style.

Charles E. Harris & Associates, Inc.
April 12, 2007

Elyria City School District
Management's Discussion and Analysis
For the Fiscal Year Ended June 30, 2006
Unaudited

The discussion and analysis of Elyria City School District's (the School District) financial performance provides an overall review of the School District's financial activities for the fiscal year ended June 30, 2006. 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 financial statements and the notes to the basic financial statements to enhance their understanding of the School District's financial performance.

Financial Highlights

Key financial highlights for 2006 are as follows:

- Net assets of governmental activities decreased \$5.67 million, which represented a 48.4 percent decrease from 2005. Net assets of business-type activities also decreased by \$0.31 million or 81.2 percent from 2005. Overall, the School District's net assets ended at \$6.1 million.
- For governmental activities, general revenues accounted for \$60.7 in revenue or 84.6 percent of all revenues. Program specific revenues in the form of charges for service, grants, and contributions accounted for \$11.1 million or 15.4 percent of total revenues of \$71.8 million.
- The School District had \$77.4 million in expenses related to governmental activities; \$11.1 million of these expenses were offset by program specific revenues (charges for services, grants, or contributions). General revenues (primarily state foundation and taxes) of \$60.7 million were not adequate to provide for these programs.
- For business-type activity, program specific revenues in the form of charges for service and grants accounted for \$2.4 million in revenue or 99.9 percents of all revenues. General revenues only accounted for 0.1 percent of the total revenues.
- The School District had \$2.7 million in expenses related to business-type activity. Almost all of these expenses were offset by program specific revenues (charges for services, grants, or contributions). General revenue (primarily investment earnings) did not cover all the expenses for this program.
- The general fund, the only major fund, had \$64.6 million in revenues and \$70.8 in expenditures. The general fund's balance increased from \$1.6 million to \$1.8 million.

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Using this Annual Financial Report

This annual report consists of a series of financial statements and notes to those statements. These statements are organized so the reader can understand Elyria City School District as a financial whole, an entire operating entity. The statements then proceed to provide an increasingly detailed look at specific 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. In the case of Elyria City School District, the general fund is the most significant fund.

Reporting the School District as a Whole

Government-wide Financial Statements. The analysis of the School District as a whole begins on page 5. While this document contains all the funds used by the School District to provide programs and activities, the view of the School District as a whole considers all financial transactions and asks the questions, "Are we in a better financial position this year than last?" and "Why?" or "Why not?". The *Statement of Net Assets* and the *Statement of Activities* assist in answering these questions. These statements include all assets and liabilities using the accrual basis of accounting, similar to the accounting used by most private-sector companies. Accrual accounting takes into account all of the current year's revenues and expenses regardless of when cash is received or paid.

The *statement of net assets* presents information on all of the School District's assets and liabilities, with the difference between the two reported as net assets. Over time, increases or decreases in net assets may serve as a useful indicator of whether the financial position of the School District is improving or deteriorating.

The *statement of activities* presents information showing how the government's net assets changed during the most recent fiscal year. All changes in net assets are reported as soon as the underlying event giving rise to the change occurs, *regardless of the timing of related cash flows*. Thus, revenues and expenses are reported in this statement for some items that will only result in cash flows in future fiscal periods (e.g., uncollected taxes and earned by unused vacation leave).

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Both of the government-wide financial statements distinguish functions of the School District that are principally supported by taxes and intergovernmental revenues (*governmental activities*) from other functions that are intended to recover all or a significant portion of their costs through user fees and charges (*business-type activities*). The governmental activities of the School District include instruction, support services, operation of non-instructional services, and extracurricular activities. The business-type activity of the School District includes lunchroom/cafeteria.

The government-wide financial statements can be found on pages 19-21 of this report.

Fund Financial Statements. A *fund* is a grouping of related accounts that is used to maintain control over resources that have been segregated for specific activities or objective. The School District, like the state and local governments, uses fund accounting to ensure and demonstrate compliance with finance-related legal requirements. All of the funds of the School District can be divided into three categories: governmental funds, proprietary funds, and fiduciary funds.

Governmental Funds Governmental funds are used to account for essentially the same functions reported as governmental activities in the government-wide financial statements. However, unlike the government-wide financial statements, governmental fund financial statements focus on near-term inflows and outflows of spendable resources, as well as on balances of spendable resources available at the end of the fiscal year. Such information may be useful in evaluating a government's near-term financing requirements.

Because the focus of governmental funds is narrower than that of the government-wide financial statements, it is useful to compare the information presented for governmental funds with similar information presented for governmental activities in the government-wide financial statements. By doing so, the reader may better understand the long-term impact of the government's near-term financing decisions. Both the governmental fund balance sheet and the governmental fund statement of revenues, expenditures, and changes in fund balances provide a reconciliation to facilitate this comparison between governmental funds and governmental activities.

The School District maintains thirty-three individual governmental funds. Information is presented separately in the governmental fund balance sheet and in the government fund statement of revenues, expenditures, and changes in fund balances for the general fund, which is considered to be the major fund. Data from the other thirty-two governmental funds are combined into a single, aggregated presentation. Individual fund data for each of these non-major governmental funds is provided in the form of combining statements elsewhere in this report.

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The School District adopts an annual appropriated budget for its general fund. A budgetary comparison statement has been provided for the general fund to demonstrate compliance with this budget.

The basic fund financial statements can be found on pages 22-26 of this report.

Proprietary Funds The School District maintains two different types of proprietary funds. Enterprise funds are used to report the same function presented as business-type activity in the government-wide financial statements. The School District uses enterprise fund to account for its cafeteria/lunchroom fund. The internal service fund is an accounting device used to accumulate and allocate costs internally amount the School District's various functions. The School District uses its internal service fund to account for its healthcare costs. Because this service predominantly benefits governmental rather than business-type functions, they have been included within governmental activities in the government-wide statements.

Proprietary funds provide the same type of information as the government-wide financial statements, only in more detail. The proprietary fund financial statements provide separate information for the lunchroom/cafeteria, which is considered to be a non-major fund of the School District.

The basic proprietary fund financial statements can be found on pages 27-29 of this report.

Fiduciary Funds Fiduciary funds are used to account for resources held for the benefit of parties outside the government. Fiduciary funds are not reflected in the government-wide financial statement because the resources of these funds are not available to support the School District's own programs. The accounting used for fiduciary funds is much like that used for the proprietary funds.

The basic fiduciary fund financial statements can be found on pages 30-31 of this report.

Notes to the Financial Statements. The notes provide additional information that is essential to the full understanding of the data provided in the government-wide and fund financial statements. The notes to the financial statements can be found on pages 32-61 of this report.

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Other Information. In addition to the basic financial statements and accompanying notes, this report also presents the combining statements. The combining statements referred to earlier in connection with non-major governmental funds is presented immediately following the notes to the financial statements. Combining and individual fund statements and schedules can be found on page 62-112 of this report.

Government-wide Financial Analysis

As noted earlier, net assets may serve over time as a useful indicator of a government's financial position. In the case of the School District, assets exceeded liabilities by \$6.1 million at the close of the most recent fiscal year.

Capital assets, net of related debt reported on the government-wide statements represents a large component of net assets. Capital assets include land, land improvements, buildings and improvements, furniture, equipment and fixtures, vehicles and library and textbooks, all of which are used to provide services to students and are not available for future spending. Although the School District's investment in capital assets is reported net of related debt, it should be noted that the resources to repay the debt must be provided from other sources, since capital assets may not be used to liquidate these liabilities.

A portion of the School District's net assets, \$2.8 million, represents resources that are subject to external restrictions on how the funds may be used. Of the total restricted net assets, \$0.03 million is restricted for debt service payments, \$.9 million is restricted for capital projects and approximately \$1.9 million is restricted for other purposes. The remaining deficit balance of net assets of \$.5 million for governmental activities and \$79,658 for business-type activities is unrestricted.

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	Net Assets (In Millions)					
	Governmental Activities		Business-Type Activities		Total	
	2005	2006	2005	2006	2005	2006
Assets:						
Current and Other Assets	\$ 43.98	\$ 45.12	\$ 0.39	\$ 0.09	\$ 44.37	\$ 45.21
Capital Assets	<u>4.22</u>	<u>9.30</u>	<u>0.16</u>	<u>0.15</u>	<u>4.22</u>	<u>9.45</u>
<i>Total Assets</i>	<u>48.20</u>	<u>54.42</u>	<u>0.55</u>	<u>0.24</u>	<u>48.59</u>	<u>54.66</u>
Liabilities:						
Current Liabilities	30.78	36.81	0.17	0.17	30.95	36.98
Long-Term Liabilities	<u>5.70</u>	<u>11.55</u>	<u>-</u>	<u>-</u>	<u>5.70</u>	<u>11.55</u>
<i>Total Liabilities</i>	<u>36.48</u>	<u>48.36</u>	<u>0.17</u>	<u>0.17</u>	<u>36.65</u>	<u>48.53</u>
Net Assets:						
Invested in Capital Assets	3.78	3.75	0.16	0.15	3.94	3.90
Restricted	4.13	2.80	-	-	4.13	2.80
Unrestricted	<u>3.81</u>	<u>(0.49)</u>	<u>0.22</u>	<u>(0.08)</u>	<u>4.03</u>	<u>(0.57)</u>
<i>Total Net Assets</i>	<u>\$ 11.72</u>	<u>\$ 6.06</u>	<u>\$ 0.38</u>	<u>\$ 0.07</u>	<u>\$ 12.10</u>	<u>\$ 6.13</u>

The School Districts net assets decreased by nearly \$6.0 million during the current fiscal year. All of these represent the degree of ongoing expenses increasing with the corresponding declining revenue during the year.

Governmental Activities

Governmental activities decreased the School District's net assets by \$5.7 million, thereby accounting for 94.8 percent of the total decline in net assets of the School District. Key elements of this decrease are as follows:

- Elyria City School District depends on both property taxes and State funding.
- Several revenue sources fund our governmental activities with property tax and State foundation revenues being the largest contributors. Property tax levies generated over \$29.3 million in 2006. General revenues from grants and entitlements, such as the school foundation program, generated over \$29.4 million. Due to the combination of taxes and intergovernmental funding representing nearly 79.3% of all revenues, the School District monitors both of these sources very closely for fluctuations.

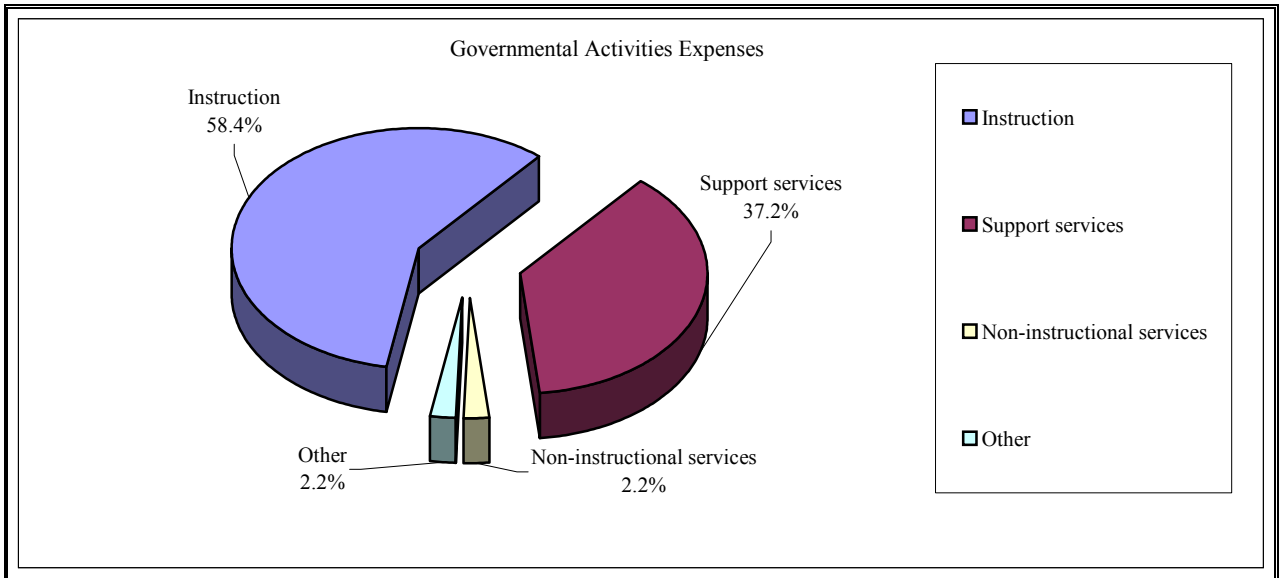
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Changes in Net Assets

	Governmental		Business-Type		Totals	
	Activities		Activities			
	<u>2005</u>	<u>2006</u>	<u>2005</u>	<u>2006</u>	<u>2005</u>	<u>2006</u>
Revenue:						
Program Revenues:						
Charges for Services and Sales	\$ 1,944,156	\$ 1,857,122	\$ 819,045	\$ 812,436	\$ 2,763,201	\$ 2,669,558
Operating Grants - and Contributions	9,914,012	9,158,389	1,843,386	1,578,490	11,757,398	10,736,879
Capital Grants - and Contributions	72,135	37,077	-	-	72,135	37,077
General Revenues:						
Property Taxes	33,420,811	29,346,211	-	-	33,420,811	29,346,211
Grants and Entitlements	30,408,503	29,446,131	-	-	30,408,503	29,446,131
Investment Earnings	441,169	588,635	1,668	2,360	442,837	590,995
Miscellaneous	316,991	1,335,485	-	-	316,991	1,335,485
Total Revenues	<u>76,517,777</u>	<u>71,769,050</u>	<u>2,664,099</u>	<u>2,393,286</u>	<u>79,181,876</u>	<u>74,162,336</u>
Expenses:						
Instructions:						
Regular	31,649,471	30,324,346	-	-	31,649,471	30,324,346
Special	9,763,249	9,353,369	-	-	9,763,249	9,353,369
Vocational	352,683	363,744	-	-	352,683	363,744
Adult	72,170	56,007	-	-	72,170	56,007
Other	4,682,829	5,123,266	-	-	4,682,829	5,123,266
Support Services						
Pupils	5,370,367	4,530,777	-	-	5,370,367	4,530,777
Instructional Staff	4,943,033	4,534,477	-	-	4,943,033	4,534,477
Board of Education	82,330	93,169	-	-	82,330	93,169
Administration	5,603,999	5,197,206	-	-	5,603,999	5,197,206
Fiscal	1,758,681	1,439,234	-	-	1,758,681	1,439,234
Business	1,000,184	1,148,114	-	-	1,000,184	1,148,114
Operation and Maintenance - of Plant	6,639,825	7,899,488	-	-	6,639,825	7,899,488
Pupil Transportation	3,198,557	2,688,579	-	-	3,198,557	2,688,579
Central	1,565,055	1,317,013	-	-	1,565,055	1,317,013
Operation of Non-instructional Services						
Instructional Services	1,854,580	1,693,187	-	-	1,854,580	1,693,187
Extracurricular Activities	1,400,631	1,294,248	-	-	1,400,631	1,294,248
Interest and Fiscal Charges	43,075	380,415	-	-	43,075	380,415
Food Services	-	-	2,678,175	2,704,945	2,678,175	2,704,945
Total Expenses	<u>79,980,719</u>	<u>77,436,639</u>	<u>2,678,175</u>	<u>2,704,945</u>	<u>82,658,894</u>	<u>80,141,584</u>
Changes in Net Assets	(3,462,942)	(5,667,589)	(14,076)	(311,659)	(3,477,018)	(5,979,248)
Beginning Net Assets, Restated	15,183,187	11,720,245	397,779	383,703	15,580,966	12,103,948
Ending Net Assets	<u>\$ 11,720,245</u>	<u>\$ 6,052,656</u>	<u>\$ 383,703</u>	<u>\$ 72,044</u>	<u>\$ 12,103,948</u>	<u>\$ 6,124,700</u>

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- Expenses also decreased during the current fiscal year, approximately \$2.5 million. Most of the decrease could be accounted from instruction and support services. Regular instruction decreased significantly compared to others. Special instruction, pupils, instructional staff, administration and pupil transportation also contributed to the decrease.
- A review of the change in net assets table reflects that the total cost of instructional services was \$45,220,732 or 58.4 percent of governmental program expenses. Instructional expenses include activities directly related to the teaching of pupils and the interaction between teacher and pupil. As compared to the prior year, these expenses decreased \$1,299,670, or 2.9 percent.
- Pupil services and instructional staff include the activities involved in assisting staff and the content and process of teaching pupils. These expenses represent \$9,065,254 of the total governmental program expenses, or 11.7 percent. These expenses decreased over the prior year in the amount of \$1,248,146, or 13.8 percent.
- For the most part, the decrease in expenses closely paralleled management's approach to conservative spending. However, the School District did not bring in sufficient resources to offset the cost of operation, which results in decrease in net assets in the governmental activities.



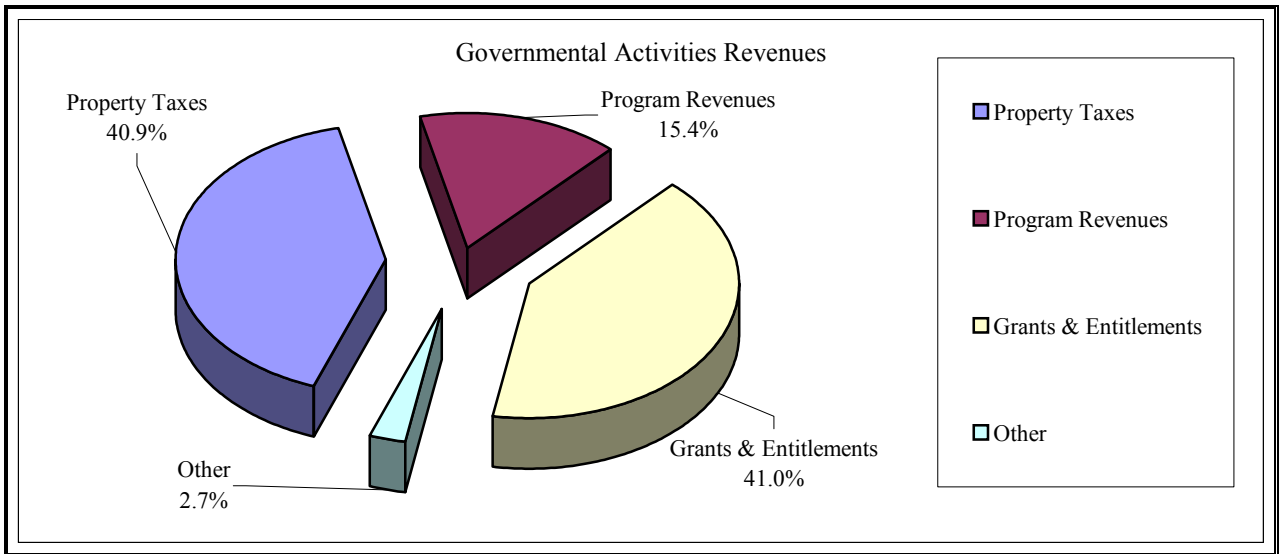
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The Statement of Activities shows the cost of program services and the charges for services and grants offsetting those services. The table below shows, for governmental and business-type activities, the total cost of services and the net cost of services. That is, it identifies the cost of these services supported by tax revenue and unrestricted State entitlements.

	Program Expenses					
	<u>2005</u>		<u>2006</u>		<u>Net Change</u>	
	<u>Total Cost</u> <u>of Services</u>	<u>Net Cost</u> <u>of Services</u>	<u>Total Cost</u> <u>of Services</u>	<u>Net Cost</u> <u>of Services</u>	<u>Total Cost</u> <u>of Services</u>	<u>Net Cost</u> <u>of Services</u>
<i>Governmental Activities:</i>						
<i>Instructions:</i>						
Regular	\$ 31,649,471	\$ (30,186,301)	\$ 30,324,346	\$ (27,648,070)	\$ (1,325,125)	\$ 2,538,231
Special	9,763,249	(5,888,499)	9,353,369	(6,737,351)	(409,880)	(848,852)
Vocational	352,683	(352,683)	363,744	(363,744)	11,061	(11,061)
Adult	72,170	(551)	56,007	92,719	(16,163)	93,270
Other	4,682,829	(4,682,829)	5,123,266	(4,873,176)	440,437	(190,347)
<i>Support Services</i>						
Pupils	5,370,367	(4,573,846)	4,530,777	(4,100,962)	(839,590)	472,884
Instructional Staff	4,943,033	(2,083,443)	4,534,477	(2,627,518)	(408,556)	(544,075)
Board of Education	82,330	(82,330)	93,169	(93,169)	10,839	(10,839)
Administration	5,603,999	(4,698,383)	5,197,206	(4,160,179)	(406,793)	538,204
Fiscal	1,758,681	(1,728,396)	1,439,234	(1,439,234)	(319,447)	289,162
Business	1,000,184	(1,000,043)	1,148,114	(1,148,114)	147,930	(148,071)
Operation and -						
Maintenance of Plant	6,639,825	(6,639,825)	7,899,488	(7,710,364)	1,259,663	(1,070,539)
Pupil Transportation	3,198,557	(3,106,759)	2,688,579	(2,651,502)	(509,978)	455,257
Central	1,565,055	(1,397,109)	1,317,013	(1,227,825)	(248,042)	169,284
Operation of Non-						
instructional Services	1,854,580	(1,853,201)	1,693,187	(472,508)	(161,393)	1,380,693
Extracurricular Activities	1,400,631	266,857	1,294,248	(842,639)	(106,383)	(1,109,496)
Interest and Fiscal Charges	43,075	(43,075)	380,415	(380,415)	337,340	(337,340)
<i>Total Governmental -</i>						
<i>Activities</i>	<u>\$ 79,980,719</u>	<u>\$ (68,050,416)</u>	<u>\$ 77,436,639</u>	<u>\$ (66,384,051)</u>	<u>\$ (2,544,080)</u>	<u>\$ 1,666,365</u>
 <i>Business-Type Activities:</i>						
Lunchroom/Cafeteria	<u>2,678,175</u>	<u>(15,744)</u>	<u>2,704,945</u>	<u>(314,019)</u>	<u>26,770</u>	<u>(298,275)</u>
<i>Total Expenses</i>	<u>\$ 82,658,894</u>	<u>\$ (68,066,160)</u>	<u>\$ 80,141,584</u>	<u>\$ (66,698,070)</u>	<u>\$ (2,517,310)</u>	<u>\$ 1,368,090</u>

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The dependence upon tax revenues for governmental activities is apparent. The net cost of the programs of (\$66,384,051) was supported by mostly by property taxes. Program revenues totaled \$11,052,588 accounting for 14.3 percent of all governmental expenses. Program revenues include charges for services, grants and contributions that are program specific. The community, as a whole, is the primary support for Elyria City School District students.



The unique nature of property taxes in Ohio creates the need to routinely seek voter approval for operating funds. The overall revenue generated by a voted levy does not increase solely as a result of inflation. As an example, a homeowner with a home valued at \$100,000 and taxed at 1.0 mill would pay \$35.00 annually in taxes. If three years later the home were reappraised and increased to \$200,000 (and this inflationary increase in value is comparable to other property owners) the effective tax rate would become .5 mills and the owner would still pay \$35.00.

Thus, school districts dependent upon property taxes are hampered by a lack of revenue growth and must return to voters to maintain a constant level of service. Property taxes made up 40.9 percent of revenue for governmental activities for Elyria City School District in fiscal year 2006, a 13.9 percent decrease from prior years.

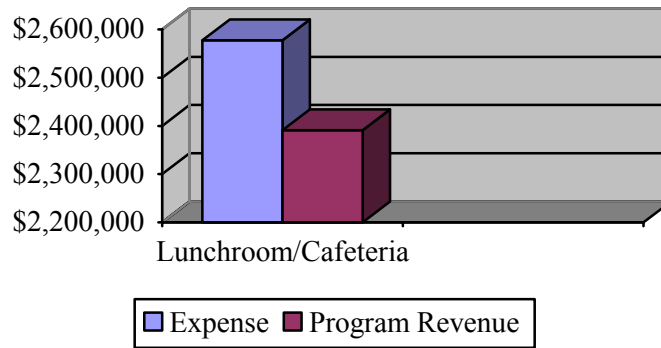
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Business-Type Activity

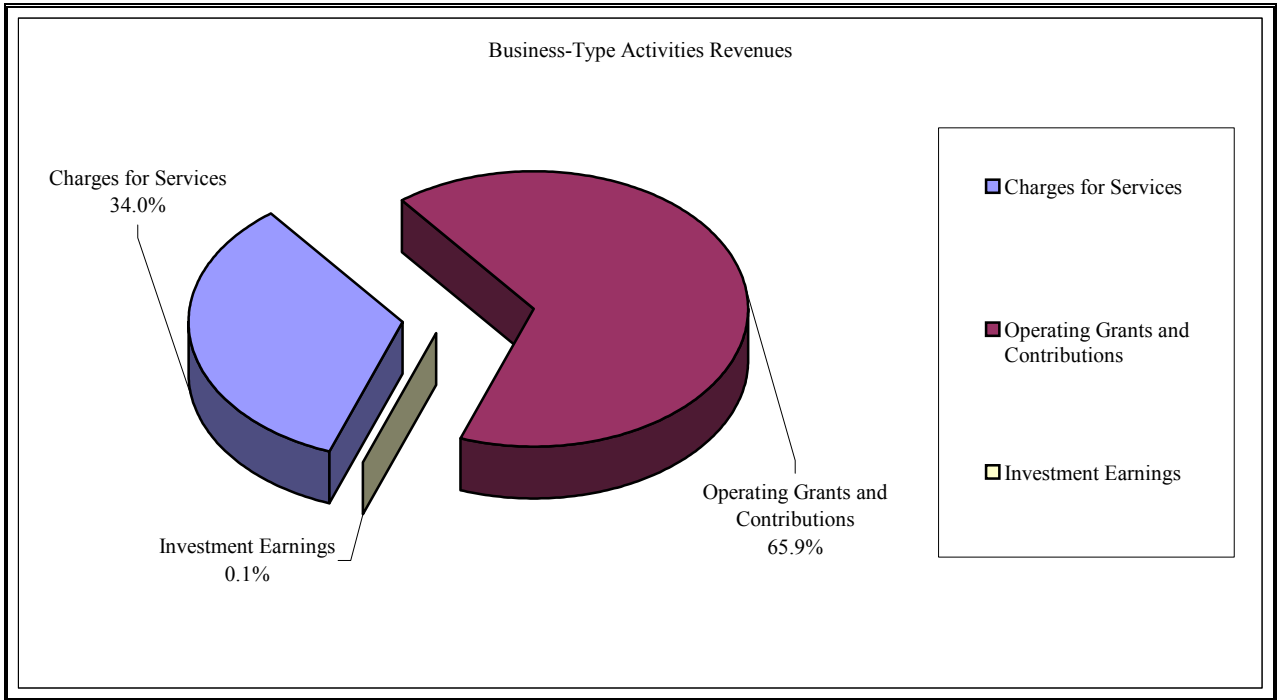
Business-type activity decreased the School District's net assets by \$311 thousand. The only business-type activity for the School District was lunchroom/cafeteria. Key elements of this decrease are as follows:

- Charges for services for decreased by \$6,609 due to the decrease in sales and operating grants and contributions decreased \$264,896.
- Expenses increased by \$26,770. Most of the increase could be accounted from purchased services.

Expense and Program Revenues
Business-Type Activities



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Financial Analysis of the Governmental Funds

Governmental Funds Information about the School District's governmental funds starts on page 22. These funds are accounted for using the modified accrual basis of accounting. All governmental funds had total revenues of \$75.6 million and expenditures of \$82.4 million. The total governmental fund balance increased \$0.17 million. The net change in governmental fund balance for the year was most significant in the general fund, where the general fund's fund balance increased by \$.2 million for fiscal year 2006.

The general fund is the chief operating fund of the School District. At the end of the current fiscal year, unreserved fund balance of the general fund was negative \$4.6 million, while total fund balance increased to \$1.8 million. As a measure of the general fund's liquidity, it may be useful to compare both unreserved fund balance and total fund balance to total expenditures. Unreserved fund balance represents less than one percent of total general fund expenditures, while total fund balance represents three percent of that same amount.

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Key factors in this increase of fund balance for the general fund are as follows:

- Revenues increased approximately \$16 thousand. Although there was a decrease in property tax and intergovernmental revenue the School District received unanticipated miscellaneous revenue that offset this deficiency. The decrease in the tax revenue is due to the phase-out of the collection of tangible property taxes.
- During the fiscal year the School District entered into several capital lease agreements which increased expenditures significantly. As an offset to these capital leases an equal amount was recorded as an other financing source, thus increasing the fund balance. The lease payments will be reported as principal and interest payments in subsequent years. Except for the capital lease expenditures, the School District reduced other expenditures by \$3.0 million.
- Due to the decrease in revenues and the larger decrease in expenditures, the School District spent slightly less than what it brought in during fiscal year 2006, which resulted in the increase of fund balance for the general fund.

Proprietary Funds The School District's proprietary funds provides the same type of information found in the government-wide financial statements, but in more detail. Information about the School District's proprietary funds starts on page 27.

Unrestricted net assets of the lunchroom/cafeteria are as follows:

Propriety Funds' Net Assets		
Lunchroom/Cafeteria		
	2005	2006
Revenues	\$ 2,664,099	\$ 2,393,286
Expenses	2,678,175	2,704,945
Net Income (Loss)	(14,076)	(311,659)
Beginning Net Assets	397,779	383,703
Ending Net Assets	\$ 383,703	\$ 72,044

Lunchroom/cafeteria net assets declined significantly during the current fiscal year. The key elements of the decrease are due to a decrease in federal revenues and an increase in the cost of purchased services.

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 budgeted fund is the general fund.

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During the course of fiscal year 2006 the School District amended its general fund budget numerous times. The School District uses site-based budgeting and the budgeting systems are designed to tightly control total site budgets but provide flexibility for site management.

For the general fund, budget basis revenue was \$66.6 million, which was \$0.1 million greater than the original budget of \$66.5. The final amended budget appropriations of the general fund were \$65.7 million, which is \$0.1 million less than original budget appropriations of \$65.8 million.

Actual revenue for the general fund was \$64.2 million a decrease of \$2.4 million from the final budget estimate. This decrease was mainly attributed to a decrease in property taxes as well as intergovernmental revenue. Intergovernmental revenue fluctuates year to year and is budgeted on a conservative basis to avoid overestimating revenue. The School District's general fund unencumbered cash balance at the end of the fiscal year was \$2.4 million. As of June 30, 2006, the amount of expenditures plus encumbrances fell short of appropriations by \$668,299 or 1.03 percent of final appropriations.

Capital Assets and Debt Administration

Capital Assets The School District's investment in capital assets for its governmental and business-type activities as of June 30, 2006, amount to \$9.5 million (net of accumulated depreciation). This investment in capital assets includes land, improvements, buildings, equipment, furniture, vehicles and textbooks. The total increase in the School District's investment in capital assets for the current fiscal year was 53.7 percent. While governmental activities increased by 54.7 percent, the business-type activities also decreased by 2.8 percent.

	Capital Assets					
	(Net of Depreciation)					
	Governmental Activities		Business-Type Activities		Total	
	<u>2005</u>	<u>2006</u>	<u>2005</u>	<u>2006</u>	<u>2005</u>	<u>2006</u>
Land and Improvements	\$ 1,095,732	\$ 1,302,264	\$ -	\$ -	\$ 1,095,732	\$ 1,302,264
Building and Improvements	1,674,514	6,926,932	-	-	1,674,514	6,926,932
Furniture, Fixtures - and Equipment	1,434,824	1,024,650	155,881	151,702	1,590,705	1,176,352
Vehicles	12,916	49,022	-	-	12,916	49,022
Library and Textbooks	<u>1,067</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>1,067</u>	<u>-</u>
Total Capital Assets, Net	<u>\$ 4,219,053</u>	<u>\$ 9,302,868</u>	<u>\$ 155,881</u>	<u>\$ 151,702</u>	<u>\$ 4,374,934</u>	<u>\$ 9,454,570</u>

While there were \$6,107,987 of buildings, furniture fixtures and equipment and vehicles additions, the additions were offset by \$1,194,958 of accumulated depreciation.

Elyria City School District
Management's Discussion and Analysis
For the Fiscal Year Ended June 30, 2006
Unaudited

Additional information on the School District's capital assets can be found in note 7 of the basic financial statements.

Debt Administration During the fiscal year the \$370,000 of Library Construction Bonds matured. In addition the School District had several capital lease additions totaling \$6,915,029 of which \$5,786,513 were capitalized.

Additional information on the School District's debt administration can be found in note 8 and 9 of the basic financial statements.

Current Financial Related Activities

On December 11, 2004, 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 plan 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 its financial operations. Virtually, no additional state revenue will be available to Elyria School District. Thus, both taxes and state revenue are fixed or declining.

This requires management to plan carefully and prudently to provide the resources to meet student needs over the next several years.

Elyria School District has committed itself to financial excellence for many years. The School District has received the Government Finance Officers Association (GFOA) Certificate of Achievement for Excellence in Financial Reporting since 1999.

In addition, the School District's system of budgeting and internal controls is well regarded. All of the School District's financial abilities will be needed to meet the challenges of the future.

Contacting the School District's Financial Management

This financial report is designed to provide our citizen's, taxpayers, investors and creditors with a general overview of the School District's finances and to show the School District's accountability for the money it receives. If you have questions about this report or need additional financial information contact Fred Stephens, Treasurer at Elyria School District, 42101 Griswold Road, Elyria, Ohio 44035.

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Elyria City School District

Statement of Net Assets

June 30, 2006

	Governmental Activities	Business-Type Activities	Total
<u>Assets:</u>			
Equity in pooled cash and cash equivalents	\$ 9,647,477	\$ 48,968	\$ 9,696,445
Cash and cash equivalents:			
In segregated accounts	723	-	723
Receivables:			
Intergovernmental	618,432	-	618,432
Taxes	34,798,044	-	34,798,044
Prepaid items	52,107	-	52,107
Inventory held for resale	-	32,531	32,531
Materials and supplies inventory	-	6,523	6,523
Land	831,546	-	831,546
Depreciable capital assets, net	8,471,322	151,702	8,623,024
Total assets	<u>54,419,651</u>	<u>239,724</u>	<u>54,659,375</u>
<u>Liabilities:</u>			
Accounts payable	606,396	2,114	608,510
Accrued wages	5,935,392	88,029	6,023,421
Intergovernmental payable	474,860	4,738	479,598
Pension obligation payable	1,679,522	63,371	1,742,893
Compensated absences payable	99,278	9,428	108,706
Deferred revenue	26,929,770	-	26,929,770
Claims payable	1,088,800	-	1,088,800
Long-term liabilities:			
Due within one year	779,038	-	779,038
Due in more than one year	10,773,939	-	10,773,939
Total liabilities	<u>48,366,995</u>	<u>167,680</u>	<u>48,534,675</u>
<u>Net assets:</u>			
Invested in capital assets, net of related debt	3,746,145	151,702	3,897,847
Restricted for:			
Capital projects	909,343	-	909,343
Debt service	27,183	-	27,183
Other purposes	1,866,135	-	1,866,135
Unrestricted	(496,150)	(79,658)	(575,808)
Total net assets	<u>\$ 6,052,656</u>	<u>\$ 72,044</u>	<u>\$ 6,124,700</u>

See accompanying notes to the basic financial statements.

Elyria City School District
Statement of Activities
For the Fiscal Year Ended June 30, 2006

	Expenses	Program Revenues		
		Charges for Services	Operating Grants, Contributions and Interest	Capital Grants and Contributions
<u>Governmental Activities:</u>				
Instruction:				
Regular	\$ 30,324,346	\$ 1,062,428	\$ 1,613,848	\$ -
Special	9,353,369	315,540	2,300,478	-
Vocational	363,744	-	-	-
Adult/continuing	56,007	-	148,726	-
Other	5,123,266	-	250,090	-
Support services:				
Pupils	4,530,777	-	429,815	-
Instructional staff	4,534,477	2,277	1,904,682	-
Board of education	93,169	-	-	-
Administration	5,197,206	-	1,037,027	-
Fiscal	1,439,234	-	-	-
Business	1,148,114	-	-	-
Operation and maintenance of plant	7,899,488	77,716	111,408	-
Pupil transportation	2,688,579	-	-	37,077
Central	1,317,013	-	89,188	-
Operation of non-instructional services	1,693,187	2,559	1,218,120	-
Extracurricular activities	1,294,248	396,602	55,007	-
Interest and fiscal charges	380,415	-	-	-
Total governmental activities	<u>\$ 77,436,639</u>	<u>\$ 1,857,122</u>	<u>\$ 9,158,389</u>	<u>\$ 37,077</u>
<u>Business-Type Activities</u>				
Lunchroom/Cafeteria	\$ 2,704,945	\$ 812,436	\$ 1,578,490	\$ -
Total Business-Type Activities	<u>2,704,945</u>	<u>812,436</u>	<u>1,578,490</u>	<u>-</u>
Totals	<u>\$ 80,141,584</u>	<u>\$ 2,669,558</u>	<u>\$ 10,736,879</u>	<u>\$ 37,077</u>

General Revenues:

Property taxes levied for:
 General purposes
 Debt service
Grants and entitlements not restricted to specific programs
Investment earnings
Miscellaneous
Total general revenues

Change in net assets

Net assets beginning of year
Net assets end of year

See accompanying notes to the basic financial statements.

Net (Expense) Revenue and Changes in Net Assets	Net (Expense) Revenue and Changes in Net Assets	
Governmental Activities	Business-Type Activities	Total
\$ (27,648,070)	\$ -	\$ (27,648,070)
(6,737,351)	-	(6,737,351)
(363,744)	-	(363,744)
92,719	-	92,719
(4,873,176)	-	(4,873,176)
(4,100,962)	-	(4,100,962)
(2,627,518)	-	(2,627,518)
(93,169)	-	(93,169)
(4,160,179)	-	(4,160,179)
(1,439,234)	-	(1,439,234)
(1,148,114)	-	(1,148,114)
(7,710,364)	-	(7,710,364)
(2,651,502)	-	(2,651,502)
(1,227,825)	-	(1,227,825)
(472,508)	-	(472,508)
(842,639)	-	(842,639)
(380,415)	-	(380,415)
(66,384,051)	-	(66,384,051)
-	(314,019)	(314,019)
-	(314,019)	(314,019)
(66,384,051)	(314,019)	(66,698,070)
28,393,790	-	28,393,790
952,421	-	952,421
29,446,131	-	29,446,131
588,635	2,360	590,995
1,335,485	-	1,335,485
60,716,462	2,360	60,718,822
(5,667,589)	(311,659)	(5,979,248)
11,720,245	383,703	12,103,948
\$ 6,052,656	\$ 72,044	\$ 6,124,700

Elyria City School District

Balance Sheet

Governmental Funds

June 30, 2006

	General	Other Governmental Funds	Total Governmental Funds
<u>Assets:</u>			
Equity in pooled cash and cash equivalents	\$ 2,962,778	\$ 3,515,203	\$ 6,477,981
Cash and cash equivalents:			
In segregated accounts	-	723	723
Receivables:			
Taxes	34,798,044	-	34,798,044
Intergovernmental	-	618,432	618,432
Interfund	139,655	-	139,655
Prepaid items	52,107	-	52,107
Total assets	<u>\$ 37,952,584</u>	<u>\$ 4,134,358</u>	<u>\$ 42,086,942</u>
<u>Liabilities:</u>			
Accounts payable	\$ 300,918	\$ 305,478	\$ 606,396
Accrued wages	5,294,219	639,732	5,933,951
Interfund payable	-	139,655	139,655
Intergovernmental payable	429,285	45,326	474,611
Pension obligation payable	1,473,211	201,506	1,674,717
Compensated absences payable	99,278	-	99,278
Deferred revenue	28,520,619	-	28,520,619
Total liabilities	<u>36,117,530</u>	<u>1,331,697</u>	<u>37,449,227</u>
<u>Fund balances:</u>			
Reserved:			
Reserved for encumbrances	198,484	304,400	502,884
Reserved for property tax	6,249,015	-	6,249,015
Unreserved, undesignated, reported in:			
General fund	(4,612,445)	-	(4,612,445)
Special revenue funds	-	1,714,596	1,714,596
Debt service fund	-	27,183	27,183
Capital projects funds	-	756,482	756,482
Total fund balances	<u>1,835,054</u>	<u>2,802,661</u>	<u>4,637,715</u>
Total liabilities and fund balances	<u>\$ 37,952,584</u>	<u>\$ 4,134,358</u>	<u>\$ 42,086,942</u>

See accompanying notes to the basic financial statements.

Elyria City School District
Reconciliation of Total Governmental Fund Balances to
Net Assets of Governmental Activities
June 30, 2006

Total governmental funds balances		\$ 4,637,715
Amounts reported for governmental activities in the statement of net assets are different because:		
Capital assets used in governmental activities are not financial resources and therefore are not reported in the funds.		9,302,868
Other long-term assets that are not available to pay for current-period expenditures and therefore are deferred in the funds:		
Property taxes	\$ 1,562,439	
Intergovernmental	28,410	
Total	<u>1,590,849</u>	1,590,849
An internal service fund is used by management to charge the costs of insurance to individual funds. The assets and liabilities of the internal service fund are included in governmental activities in the statement of net assets.		2,074,201
Long-term liabilities that are not due and payable in the current period and therefore are not reported in the funds:		
Compensated absences	\$ (5,092,656)	
Capital leases	(6,460,321)	
Total	<u>(11,552,977)</u>	<u>(11,552,977)</u>
Net assets of governmental activities		<u>\$ 6,052,656</u>

See accompanying notes to the basic financial statements.

Elyria City School District

Statement of Revenues, Expenditures and Changes in Fund Balances

Governmental Funds

For the Fiscal Year Ended June 30, 2006

	General	Other Governmental Funds	Total Governmental Funds
<u>Revenues:</u>			
Taxes	\$ 31,998,920	\$ 41,433	\$ 32,040,353
Intergovernmental	29,569,388	10,103,437	39,672,825
Interest	497,633	426	498,059
Tuition and fees	1,110,147	239,818	1,349,965
Extracurricular activities	15,302	317,896	333,198
Gifts and donations	22,621	125,424	148,045
Charges for services	-	2,559	2,559
Rent	77,717	-	77,717
Miscellaneous	1,342,486	169,262	1,511,748
Total revenues	<u>64,634,214</u>	<u>11,000,255</u>	<u>75,634,469</u>
<u>Expenditures:</u>			
Current:			
Instruction:			
Regular	27,183,189	2,356,648	29,539,837
Special	6,847,121	2,367,885	9,215,006
Vocational	344,886	-	344,886
Adult/continuing	-	55,732	55,732
Other	5,056,175	67,091	5,123,266
Support services:			
Pupils	3,782,010	724,376	4,506,386
Instructional staff	2,233,867	2,130,709	4,364,576
Board of education	93,169	-	93,169
Administration	4,250,412	772,558	5,022,970
Fiscal	1,394,768	1,067	1,395,835
Business	1,131,684	-	1,131,684
Operation and maintenance of plant	6,817,232	534,325	7,351,557
Pupil transportation	2,498,435	87,576	2,586,011
Central	992,269	137,439	1,129,708
Operation of non-instructional services	468,789	1,146,658	1,615,447
Extracurricular activities	884,501	387,761	1,272,262
Capital outlay	5,882,536	468,837	6,351,373
Debt service:			
Principal retirement	525,875	370,000	895,875
Interest and fiscal charges	368,760	11,655	380,415
Total expenditures	<u>70,755,678</u>	<u>11,620,317</u>	<u>82,375,995</u>
Excess of revenues over (under) expenditures	<u>(6,121,464)</u>	<u>(620,062)</u>	<u>(6,741,526)</u>
<u>Other financing sources (uses):</u>			
Inception of capital lease	6,915,029	-	6,915,029
Transfers in	-	597,608	597,608
Transfers out	(597,608)	-	(597,608)
Total other financing sources (uses)	<u>6,317,421</u>	<u>597,608</u>	<u>6,915,029</u>
Net change in fund balances	195,957	(22,454)	173,503
Fund balances beginning of year	<u>1,639,097</u>	<u>2,825,115</u>	<u>4,464,212</u>
Fund balances end of year	<u>\$ 1,835,054</u>	<u>\$ 2,802,661</u>	<u>\$ 4,637,715</u>

See accompanying notes to the basic financial statements.

Elyria 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, 2006**

Net change in fund balances - total governmental funds	\$	173,503
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 capital assets is allocated over their estimated useful lives as depreciation expense.		
In the current period, these amounts are:		
Capital asset additions, net	\$	6,351,373
Depreciation expense		<u>(1,194,958)</u>
Excess of depreciation expense over net capital asset additions		5,156,415
Governmental funds only report the disposal of capital assets to the extent proceeds are received from the sale. In the statement of activities, a gain or loss is reported for each disposal.		(72,600)
Revenues in the statement of activities that do not provide current financial resources are not reported as revenues in the funds. These activities consist of:		
Property taxes	\$	(2,694,144)
Intergovernmental		<u>(1,262,277)</u>
Net change in deferred revenues during the year		(3,956,421)
Repayment of debt principal is an expenditure in the governmental funds, but the repayment reduces long-term liabilities in the statement of net assets.		895,875
Some capital additions were financed through capital leases. In governmental funds, a capital lease arrangement is considered a source of financing, but in the statements of net assets, the lease obligation is reported as a liability.		
Inception of a capital lease		(6,915,029)
Some items reported in the statement of activities do not require the use of current financial resources and therefore are not reported as expenditures in governmental funds. These activities consist of:		
Decrease in compensated absences		159,292
The internal service fund used by management to charge the costs of medical, prescription drug, dental and vision claims to individual funds are not reported in the statement of activities.		
Governmental fund expenditures and related internal service fund revenues are eliminated		<u>(1,108,624)</u>
Change in net assets of governmental activities	<u>\$</u>	<u>(5,667,589)</u>

See accompanying notes to the basic financial statements.

Elyria 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, 2006

	Original Budget	Final Budget	Actual	Variance with Final Budget Positive (Negative)
<u>Revenues:</u>				
Taxes	\$ 33,010,835	\$ 33,059,315	\$ 31,865,880	\$ (1,193,435)
Intergovernmental	30,631,829	30,676,815	29,569,388	(1,107,427)
Interest	431,614	432,248	416,644	(15,604)
Tuition and fees	1,127,705	1,129,361	1,088,591	(40,770)
Extracurricular activities	24,675	24,675	15,302	(9,373)
Gifts and donations	37,012	37,012	22,621	(14,391)
Rent	80,509	80,627	77,717	(2,910)
Miscellaneous	1,186,535	1,188,268	1,145,624	(42,644)
Total revenues	<u>66,530,714</u>	<u>66,628,321</u>	<u>64,201,767</u>	<u>(2,426,554)</u>
<u>Expenditures:</u>				
Current:				
Instruction:				
Regular	25,979,484	25,818,776	27,535,421	(1,716,645)
Special	5,887,776	5,916,897	6,940,793	(1,023,896)
Vocational	266,162	246,555	347,723	(101,168)
Other	4,600,000	4,600,000	5,091,522	(491,522)
Support services:				
Pupils	3,499,747	3,499,722	3,947,124	(447,402)
Instructional staff	2,101,919	2,103,680	2,277,224	(173,544)
Board of education	198,933	198,933	98,016	100,917
Administration	3,606,595	3,625,655	4,308,847	(683,192)
Fiscal	8,088,863	8,091,741	1,420,400	6,671,341
Business	863,971	844,021	856,618	(12,597)
Operation and maintenance of plant	5,577,474	5,615,114	6,625,400	(1,010,286)
Pupil transportation	2,713,806	2,713,806	2,638,629	75,177
Central	1,098,481	1,110,493	1,071,798	38,695
Operation of non-instructional services	383,922	383,922	450,574	(66,652)
Extracurricular activities	369,792	369,792	889,369	(519,577)
Capital outlay	30,657	30,867	33,416	(2,549)
Debt service:				
Principal retirement	536,641	536,641	505,442	31,199
Total expenditures	<u>65,804,223</u>	<u>65,706,615</u>	<u>65,038,316</u>	<u>668,299</u>
Excess of revenues over (under) expenditures	<u>726,491</u>	<u>921,706</u>	<u>(836,549)</u>	<u>(1,758,255)</u>
<u>Other financing sources (uses):</u>				
Proceeds from the sale of capital assets	-	-	1,431	1,431
Refund of prior year expenditures	-	-	160,533	160,533
Refund of prior year receipts	(25,000)	(25,000)	(22,400)	2,600
Advances in	-	-	154,304	154,304
Advances out	(200,000)	(200,000)	(170,822)	29,178
Transfers out	(500,000)	(597,608)	(597,608)	-
Total other financing sources (uses)	<u>(725,000)</u>	<u>(822,608)</u>	<u>(474,562)</u>	<u>348,046</u>
Net change in fund balance	1,491	99,098	(1,311,111)	(1,410,209)
Fund balances at beginning of year	3,577,969	3,577,969	3,577,969	-
Prior year encumbrances appropriated	138,263	138,263	138,263	-
Fund balances at end of year	<u>\$ 3,717,723</u>	<u>\$ 3,815,330</u>	<u>\$ 2,405,121</u>	<u>\$ (1,410,209)</u>

See accompanying notes to the basic financial statements.

Elyria City School District
Statement of Fund Net Assets
Proprietary Funds
June 30, 2006

	Business-Type Activities - Enterprise Fund - <u>Lunchroom/Cafeteria</u>	Governmental Activities - Internal Service Fund - <u>Self Insurance</u>
<u>Assets:</u>		
Equity in pooled cash and cash equivalents	\$ 48,968	\$ 3,169,496
Inventory held for resale	32,531	-
Material and supplies inventory	6,523	-
Total current assets	<u>88,022</u>	<u>3,169,496</u>
Depreciable capital assets, net	151,702	-
Total assets	<u><u>\$ 239,724</u></u>	<u><u>\$ 3,169,496</u></u>
<u>Liabilities:</u>		
Accounts payable	\$ 2,114	\$ -
Accrued wages	88,029	1,441
Intergovernmental payable	4,738	249
Pension obligation payable	63,371	4,805
Compensated absences payable	9,428	-
Claims payable	-	1,088,800
Total liabilities	<u>167,680</u>	<u>1,095,295</u>
<u>Net assets:</u>		
Invested in capital assets, net of related debt	151,702	-
Unrestricted	<u>(79,658)</u>	<u>2,074,201</u>
Total net assets	<u><u>\$ 72,044</u></u>	<u><u>\$ 2,074,201</u></u>

See accompanying notes to the basic financial statements.

Elyria City School District
Statement of Revenues, Expenses and Changes in Fund Net Assets
Proprietary Funds
For the Fiscal Year Ended June 30, 2006

	Business-Type Activities - Enterprise Fund - Lunchroom/Cafeteria	Governmental Activities - Internal Service Fund - Self Insurance
<u>Operating revenues:</u>		
Charges for services	\$ -	\$ 5,980,070
Sales	812,436	-
Total operating revenues	<u>812,436</u>	<u>5,980,070</u>
<u>Operating expenses:</u>		
Salaries	776,335	40,383
Fringe benefits	303,125	187,958
Purchased services	1,332,206	2,908,656
Materials and supply	262,782	-
Depreciation	30,497	-
Claims	-	4,042,699
Total operating expenses	<u>2,704,945</u>	<u>7,179,696</u>
Operating income	(1,892,509)	(1,199,626)
<u>Non-operating revenues:</u>		
Federal donated commodities	127,810	-
Intergovernmental	1,450,680	-
Interest	2,360	91,002
Total non-operating revenues	<u>1,580,850</u>	<u>91,002</u>
Change in net assets	(311,659)	(1,108,624)
Net assets beginning of year	<u>383,703</u>	<u>3,182,825</u>
Net assets end of year	<u>\$ 72,044</u>	<u>\$ 2,074,201</u>

See accompanying notes to the basic financial statements.

Elyria City School District
Statement of Cash Flows
Internal Service Fund
For the Fiscal Year Ended June 30, 2006

	Business-Type Activities - Enterprise Fund - Lunchroom/Cafeteria	Governmental Activities - Internal Service Fund - Self Insurance
<u>Cash flows from operating activities:</u>		
Cash received from customers	\$ 812,436	\$ 6,989,858
Cash payments to suppliers for goods and services	(1,471,624)	(2,908,656)
Cash payments to employees for services	(778,101)	(43,813)
Cash payments for employee benefits	(336,794)	(186,013)
Cash payments for claims	-	(4,087,299)
Net cash provided by (used for) operating activities	<u>(1,774,083)</u>	<u>(235,923)</u>
<u>Cash flows from noncapital financing activities:</u>		
Operating grants	<u>1,735,803</u>	<u>-</u>
<u>Cash flows from capital financing activities:</u>		
Acquisition of capital assets	<u>(26,318)</u>	<u>-</u>
Net cash provided by capital financing activities	<u>(26,318)</u>	<u>-</u>
<u>Cash flows from investing activities:</u>		
Interest on investments	<u>2,360</u>	<u>91,002</u>
Net increase (decrease) in cash and cash equivalents	(62,238)	(144,921)
Cash and cash equivalents at beginning of year	111,206	3,314,417
Cash and cash equivalents at end of year	<u>\$ 48,968</u>	<u>\$ 3,169,496</u>
<u>Reconciliation of operating income (loss) to net cash provided by (used for) operating activities:</u>		
Operating income (loss)	\$ (1,892,509)	\$ (1,199,626)
Adjustments to reconcile operating income (loss) to net cash provided by (used for) operating activities:		
Depreciation	30,497	-
Federal donated commodities	127,810	-
Change in assets and liabilities:		
(Increase) decrease in assets:		
Inventory held for resale	(6,349)	-
Material and supplies inventory	(606)	-
Due from other funds	-	1,009,788
Increase (decrease) in liabilities:		
Accounts payable	(1,617)	-
Accrued wages	3,174	(1,084)
Compensated absences payable	9,428	(2,088)
Intergovernmental payable	(38,851)	(3,118)
Pension obligation payable	26,159	4,805
Due to other funds	(31,219)	-
Claims payable	-	(44,600)
Total adjustments	<u>118,426</u>	<u>963,703</u>
Net cash provided by (used for) operating activities	<u>\$ (1,774,083)</u>	<u>\$ (235,923)</u>

See accompanying notes to the basic financial statements.

Elyria City School District
Statement of Fiduciary Net Assets
Fiduciary Funds
June 30, 2006

	Private Purpose Trust	
	Scholarship	Agency
<u>Assets:</u>		
Equity in pooled cash and cash equivalents	\$ 284,788	\$ 175,163
<u>Liabilities:</u>		
Accounts payable	\$ -	\$ 6,340
Due to students	-	168,823
Total liabilities	-	\$ 175,163
<u>Net assets:</u>		
Held in trust for scholarships	\$ 284,788	

See accompanying notes to the basic financial statements.

Elyria City School District
Statement of Changes in Fiduciary Net Assets
Private Purpose Trust Fund
For the Fiscal Year Ended June 30, 2006

	Private Purpose Trust
	<u>Scholarship</u>
<u>Additions:</u>	
Interest	\$ 1,934
Gifts and donations	14,090
Total additions	<u>16,024</u>
 <u>Deductions:</u>	
Payments in accordance with trust agreements	<u>2,084</u>
Change in net assets	13,940
Net assets beginning of year	<u>270,848</u>
Net assets end of year	<u>\$ 284,788</u>

See accompanying notes to the basic financial statements.

Elyria City School District
Notes to the Basic Financial Statements
For the Fiscal Year Ended June 30, 2006

Note 1 – Summary of Significant Accounting Policies

Reporting Entity: The Elyria City School District (the School District) is a local school district corporation governed by an elected Board of Education. The reporting entity is composed of the primary government, component units, and other organizations that are included to ensure that the financial statements of the School District are not misleading. The primary government consists of all funds, departments, boards and agencies that are not legally separate from the School District. For the Elyria City School District, this includes general operations, food service and student related activities of the District.

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 the debt or levying of taxes. Based on the foregoing criteria, the School District has no component units.

The School District is involved with Lake Erie Educational Computer Association (LEECA), which is defined as jointly governed organization. Additional information concerning the jointly governed organization is presented in Note 13.

The financial statements of the School District have been prepared in conformity with generally accepted accounting principles (GAAP) as applied to governmental units. The Governmental Accounting Standards Board (GASB) is the accepted standard-setting body for establishing governmental accounting and financial reporting principles. The School District also applies Financial Accounting Standards Board (FASB) statements and interpretations issued after November 30, 1989, to its governmental and business-type activities, and to its proprietary activities provided they do not conflict with or contradict GASB pronouncements. The more significant of the School District's accounting policies are described below.

A. Fund Accounting

The School District uses funds to report on its financial position and the results of its operations. Fund accounting is designed to demonstrate legal compliance and to aid financial management by segregating transactions related to certain School District functions or activities.

Elyria City School District
Notes to the Basic Financial Statements
For the Fiscal Year Ended June 30, 2006

A fund is defined as a fiscal and accounting entity with a self-balancing set of accounts recording cash and other financial resources, together with all related liabilities and residual equities or balances, and changes therein, which are segregated for the purpose of carrying on specific activities or attaining certain objectives in accordance with special regulations, restrictions or limitations.

For financial statement presentation purposes, the various funds of the School District are grouped into the following generic fund types under the broad fund categories governmental, proprietary and fiduciary.

Governmental Fund Types Governmental funds focus 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 is the School District major governmental fund:

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

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

Proprietary Fund Types Proprietary funds focus on the determination of the changes in net assets, financial position and cash flows and are classified as either enterprise or internal service.

Enterprise Fund Enterprise fund is used to account for any activity for which a fee is charged to external users for goods or services. The School District's major enterprise fund is:

Lunchroom/Cafeteria Fund This fund accounts for the financial transactions related to the food service operations of the School District.

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, or to other governments, on a cost reimbursement basis. The School District's internal service fund is:

Elyria City School District
Notes to the Basic Financial Statements
For the Fiscal Year Ended June 30, 2006

Self-Insurance Fund This fund accounts for monies received from other funds as payment for providing medical, hospitalization, dental, vision, life, or other similar employee health benefits. The self-insurance fund may make payments for services provided to employees, for reimbursements to employees who have paid providers, to third party administrators for claim payments or administration, for stop-loss coverage, or other reinsurance or other similar purpose.

Fiduciary Fund Types Fiduciary funds reporting focuses on net assets and changes in net assets. The fiduciary fund category is split into four classifications: pension trusts, 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's only trust fund is a private purpose trust fund which accounts for a scholarship program for students. Agency funds are custodial in nature (assets equal liabilities) and do not involve measurement of results of operations. The School District's only agency fund is a student activities fund which accounts for student activities for students.

B. Basis of Presentation

Government-wide Financial Statements The statement of net assets and 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. Internal service fund activity is eliminated to avoid "doubling up" revenues and expenses. The statements distinguish between those activities of the School District that are considered business type activities.

The government-wide statements are prepared using the economic resources measurement focus. This is the same approach used in the preparation of the proprietary fund financial statements but differs from the manner in which governmental fund financial statements are prepared. Governmental fund financial statements therefore include reconciliations with brief explanations to better identify the relation between the government-wide statements and the statements to governmental funds.

The government-wide statement of activities presents a comparison between direct expenses and program revenues for each segment of the business-type activities of the School District and for each function or program of the School District's governmental activities. Direct expenses are those that are specifically associated with a service, program or department and are therefore, clearly identifiable to a particular function. Program revenues include charges paid by the recipient of the goods and services offered by the program and grants and contributions that are restricted to meeting the operational or capital requirements of a particular program.

Elyria City School District
Notes to the Basic Financial Statements
For the Fiscal Year Ended June 30, 2006

Revenues which are not classified as program revenues are presented as general revenues which identify the extent to which each business segment or governmental function is self-financing or draws from the general revenues of the School District.

Fund Financial Statements Fund financial statements report detailed information about the School District. The focus of governmental and enterprise fund financial statements is on major funds rather than reporting funds by type. Each major fund is represented in a separate column. Non-major funds are aggregated and presented in a single column. Internal service funds are combined and the totals are presented in a single column on the face of the proprietary fund statements. Fiduciary funds are reported by fund type.

The accounting and financial reporting treatment applied to a fund is determined by its measurement focus. All governmental fund types are accounted for using a flow of current financial resources measurement focus. The financial statements for governmental funds are a balance sheet, which generally includes only current assets and current liabilities, and statement of revenues, expenditures and changes in fund balances, which reports on the sources (i.e., revenues and other financing sources) and uses (i.e., expenditures and other financial uses) of current financial resources.

All proprietary fund types are accounted for on a flow of economic resources measurement focus. With this measurement focus, all assets and all liabilities associated with the operation of these funds are included on the statement of net assets. The statement of changes in fund net assets presents increases (i.e., revenues) and decreases (i.e., expenses) in net total assets. The statement of cash flows provides information about how the School District finances and meets the cash flow needs of its proprietary activities.

The trust fund is reported using the economic resources measurement focus.

C. 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 fund also use the accrual basis of accounting.

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 year-end.

Elyria City School District
Notes to the Basic Financial Statements
For the Fiscal Year Ended June 30, 2006

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 4). 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 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 as an advance, interest, tuition, grants, student fees and rentals.

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, 2006, but which were levied to finance fiscal year 2007 operations, have been recorded as deferred revenue. Grants and entitlements received before eligibility requirements are met are also recorded as deferred revenue. On the modified accrual basis, receivables that will not be collected within the available period have also been reported as deferred revenue.

On the accrual basis of accounting, expenses are recognized at the time 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 governmental funds.

D. Budgetary Data

The budgetary process is prescribed by provisions of the Ohio Revised Code and entails the preparation of budgetary documents within an established timetable. The major documents prepared are the tax budget, the certificate of estimated resources, and the appropriation resolution, all of which are prepared on the budgetary basis of accounting. The certificate of estimated resources and the appropriation resolution are subject to amendment throughout the year with the legal restriction that appropriations cannot exceed estimated resources, as certified. All funds, other than agency funds, are legally required to be budgeted and appropriated.

Elyria City School District
Notes to the Basic Financial Statements
For the Fiscal Year Ended June 30, 2006

The legal level of budgetary control is at the fund level.

Tax Budget Prior to January 15, the Superintendent and Treasurer submit to the Board of Education a proposed operating budget for the fiscal year commencing the following July 1. The budget includes proposed expenditures and the means of financing for all funds. Public hearings are publicized and conducted to obtain taxpayers' comments. The express purpose of this budget document is to reflect the need for existing (or increased) tax rates. By no later than January 20, the Board-adopted budget is filed with the Lorain County Budget Commission for rate determination.

Estimated Resources By April 1, the Board of Education accepts, by formal resolution, the tax rates as determined by the Budget Commission and receives the Commission's certificate of estimated resources which states the projected revenue of each fund. Prior to June 30, the School District must revise its budget so that total contemplated expenditures from any fund during the ensuing year will not exceed the amount stated in the certificate of estimated resources. The revised budget then serves as the basis for the appropriation measure. On or about July 1, the certificate is amended to include any unencumbered cash balances from the preceding year. The certificate may be further amended during the year if projected increases or decreases in revenue are identified by the School District Treasurer.

The amounts reported as the original budgeted amounts in the budgetary statements reflect the amounts in the certificate when the original appropriations were adopted. The amount reported as the final budgeted amount in the budgetary statement reflects the amounts in the final amended certificate issued during fiscal year 2006.

Appropriations Upon receipt from the County Auditor of an amended certificate of estimated resources based on final assessed values and tax rates or a certificate saying no new certificate is necessary; the annual appropriation resolution is enacted by the Board of Education at the fund level. Prior to the passage of the annual appropriation measure, the Board may pass a temporary appropriation measure to meet the ordinary expenses of the School District. The appropriation resolution, by fund, must be within the estimated resources as certified by the County Budget Commission.

Any revisions that alter the total of any fund appropriation must be approved by the Board of Education. The Board may pass supplemental fund appropriations so long as the total appropriations by fund do not exceed the amounts set forth in the most recent certificate of estimated resources.

Elyria City School District
Notes to the Basic Financial Statements
For the Fiscal Year Ended June 30, 2006

The amounts reported as the original budgeted amounts in the budgetary statements reflect the appropriation in the first complete appropriated budget, including amounts automatically carried over from the prior years. The amounts reported as the final budgeted amounts in the statement of budgetary comparisons represent the final appropriation amounts, including all supplemental appropriations. Formal budgetary integration is employed as a management control device during the year for all funds consistent with statutory provisions.

Encumbrances As part of formal budgetary control, purchase orders, contracts and other commitments for the expenditure of monies are recorded as the equivalent of expenditures on the non-GAAP budgetary basis in order to reserve that portion of the applicable appropriation and to determine and maintain legal compliance. Encumbrances plus expenditures may not legally exceed appropriations at the legal level of control. On the GAAP basis, encumbrances outstanding at fiscal year end are reported as a reservation of fund balance for subsequent-year expenditures for governmental funds and reported in the notes to the financial statements for proprietary funds.

Lapsing of Appropriations At the close of each year, the unencumbered balance of each appropriation reverts to the respective fund from which it was appropriated and becomes subject to future appropriation. Encumbered appropriations are carried forward to the succeeding fiscal year and are not reappropriated.

E. Cash and Cash Equivalents

To improve cash management, cash received by the School District is pooled. Monies for all funds, including proprietary funds, are maintained in this pool. Individual fund integrity is maintained through School District records. Each fund's interest in the pool is presented as "equity in pooled cash and cash equivalents" on the financial statements.

The School District uses Group Healthcare to serve as a claim administrator for its self-insurance program. The balance of this account is presented on the financial statements as "cash and cash equivalents in segregated accounts" and represents deposits.

During fiscal year 2006, the District invested in STAR Ohio, the State Treasurer's Investment Pool. 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.

Elyria City School District
Notes to the Basic Financial Statements
For the Fiscal Year Ended June 30, 2006

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, 2006.

Following Ohio statutes, the Board of Education has, by resolution, specified the funds to receive an allocation of interest. Interest revenue credited to the general fund amounted to \$497,633, which includes \$261,037 assigned from other funds.

For presentation on the financial statements, 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 considered to be cash equivalents. Investments with an original maturity of more than three months that are not made from the pool are considered to be investments.

F. Restricted Assets

Assets are reported as restricted assets when limitations on their use change the normal understanding of the availability of the asset. Such constraints are imposed by creditors, contributors, grantors, and laws of other governments or by enabling legislation. Restricted assets may include unexpended revenues restricted for the purchase of school buses, and amounts required to be set aside by the School District for the purchase of textbooks or for the acquisition or construction of capital assets. Restricted assets may also include amounts set aside as a reserve or designated for budget stabilization, which is now optional as determined by the School District. The School District spent all restricted assets in accordance with specific restrictions during the fiscal year. See Note 15 for the calculation of the year-end restricted asset balance and the corresponding fund balance reserves.

G. Prepaid Items

Payments made to vendors for services that will benefit periods beyond June 30, 2006, are recorded 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. For the current fiscal year, there were no prepaid items.

H. Inventory

On government-wide financial statements, inventories are represented at the lower of cost or market on a first-in, first-out basis and are expensed when used.

Elyria City School District
Notes to the Basic Financial Statements
For the Fiscal Year Ended June 30, 2006

On fund financial statements, inventories of governmental funds are stated at cost while inventories of proprietary funds are stated at the lower of cost or market. For all funds, cost is determined on a first-in, first-out basis. Inventory in governmental funds consists of expendable supplies held for consumption. The cost of inventory items is recorded as an expenditure in the governmental fund types when used. Inventories of proprietary funds consist of donated food, and purchased food held for resale and is expensed when used.

I. Capital Assets

General capital assets are those assets not specifically related to activities reported in the proprietary funds. These assets generally result from expenditures in the governmental funds. These assets are reported in the government activities column of the government-wide statement of net assets but are not reported in the fund financial statements. Capital assets utilized by the proprietary funds are reported both in the business-type activities column of the government-wide statement of net assets and in the respective funds.

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

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:

Description	Governmental Activities Estimated Lives	Business-Type Activities Estimated Lives
Land Improvements	20 years	N/A
Building and Improvements	20-50 years	N/A
Furniture	20 years	20 years
Equipment	5-15 years	15 years
Fixtures	20 years	20 years
Vehicles	8 years	N/A
Library and Text Books	6 years	N/A

Elyria City School District
Notes to the Basic Financial Statements
For the Fiscal Year Ended June 30, 2006

J. Interfund Balances

On the fund financial statements, receivables and payables resulting short-term interfund loans are classified as “interfund receivables/payables.” These amounts are eliminated in the governmental and business-type activities columns of the statement of net assets, except for the net residual amounts due between governmental and business-type activities, which are presented as internal balances.

K. Compensated Absences

In accordance with the provisions of Statement No. 16 of the Governmental Accounting Standards Board, “Accounting for Compensated Absences”, a liability for vacation leave is accrued if a) the employees’ rights to payment are attributable to services already rendered; and b) it is probable that the employer will compensate the employees for the benefits through paid time off or other means, such as cash payment at termination or retirement. A liability for severance is accrued using the vesting method; i.e., the liability is based on the sick leave accumulated at the balance sheet date by those employees who are currently eligible to receive termination (severance) payments, as well as those employees expected to become eligible in the future. For purposes of establishing a liability for severance on employees expected to become eligible to retire in the future, all classified and non-classified employees that had ten years or more than ten years of service were considered expected to become eligible to retire in accordance with GASB 16.

The total liability for vacation and severance payments has been calculated using pay rates in effect at the balance sheet date, and reduced to the maximum payment allowed by labor contract and/or statute, plus any applicable additional salary related payments.

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

For governmental fund financial statements, upon the occurrence of employee resignations and retirements, compensated absences are recognized as liabilities and expenditures to the extent payments come due and payable as of June 30, 2006. These amounts are recorded in the account “compensated absences payable” in the fund from which the employees who have accumulated leave are paid. The remaining compensated absences are recorded as long term liabilities on the Statement of Net Assets.

L. 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 proprietary funds are reported on the proprietary fund financial statements.

Elyria City School District
Notes to the Basic Financial Statements
For the Fiscal Year Ended June 30, 2006

In general, governmental fund payables and accrued liabilities are reported as obligations of the funds regardless of whether they will be liquidated with current resources. However, claims and judgments, compensated absences, contractually required pension contributions and special termination benefits 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. In general, liabilities that mature or come due for payment during the fiscal year are considered to have been made with current available financial resources. Bonds and other long-term obligations that will be paid from governmental funds are not recognized as a liability in the fund financial statements when due.

M. Interfund Activity

Transfers between governmental and business-type activities on the government-wide statements are reported in the same manner as general revenue.

Exchange transactions between funds are reported as revenues in the seller funds and as expenditures/expenses in the purchaser funds. Flows of cash, or goods from one fund to another without a requirement for repayment, are reported as interfund transfers. Interfund transfers are reported as other financing sources/uses in governmental funds and after non-operating revenues/expenses in proprietary funds. Repayments from funds responsible for particular expenditures/expenses to the funds that initially paid from them are not presented on the financial statements.

N. 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 available expendable resources and therefore are not available for appropriations or expenditures. 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 and property taxes. The reserve for property taxes represents taxes recognized as revenue under generally accepted accounting principles but not available for appropriation under State statute. The net assets held in trust for scholarships signify the legal restrictions on the use of principal.

O. Net Assets

Net assets represent the difference between assets and liabilities. Net assets invested in capital assets, net of related debt consists of capital assets, net of accumulated depreciation, reduced by the outstanding balances of any borrowings used for the acquisition, construction or improvement of those assets.

Elyria City School District
Notes to the Basic Financial Statements
For the Fiscal Year Ended June 30, 2006

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.

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

P. Contributions of Capital

Contributions of capital in proprietary fund financial statements arise from outside contributions of capital assets, or from grants or outside contributions of resources restricted to capital acquisition and construction.

Q. 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.

R. 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 sales for food service and charges for services for self-insurance programs. Operating expenses are necessary cost occurred to provide the good or service that is the primary activity of the fund.

Note 2 – 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 Budget 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 GAAP basis are:

1. Revenues are recorded when received in cash (budget basis) as opposed to when susceptible to accrual (GAAP basis).

Elyria City School District
Notes to the Basic Financial Statements
For the Fiscal Year Ended June 30, 2006

2. Expenditures/expenses are recorded when paid in cash (budget basis) as opposed to when the liability is incurred (GAAP basis).

3. Encumbrances are treated as expenditures/expenses for all funds (budget basis) rather than as a reservation of fund balance for (GAAP basis).

The following tables summarize the adjustments necessary to reconcile the GAAP basis statements to the budgetary basis statements for the general fund:

Net Change in Fund Balance	
GAAP Basis	\$ 195,957
Net Adjustment for Revenue Accruals	(7,031,208)
Net Adjustment for Expenditure Accruals	5,955,769
Adjustment for Encumbrances	(431,629)
Budget Basis	\$ (1,311,111)

Note 3 – 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 two 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.

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

- United States Treasury Notes, Bill, Bonds, or any other obligation or security issued by the United States Treasury or any other obligation guaranteed as to payment of principal and interest by the United States;

Elyria City School District
Notes to the Basic Financial Statements
For the Fiscal Year Ended June 30, 2006

- Bonds, notes, debentures, or any other obligations or securities issued by any federal government agency or instrumentality, including but not limited to, 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;
- Written repurchase agreements in 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 marked to market daily, and that the term of the agreement must not exceed thirty days;
- Bonds and other obligations of the State of Ohio;
- 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;
- The State Treasurer's investment pool (STAROhio);
- Certain banker's acceptance and commercial paper notes for a period not to exceed one hundred and eighty days in an amount not to exceed twenty-five percent of the interim monies available for investment at any one time; and,
- Under limited circumstances, corporate debt interests rated in either of the two highest rating classifications by at least two nationally recognized rating agencies.

Investments in stripped principal or interest obligations reverse repurchase agreements and derivatives are prohibited. The issuance of taxable notes for the purpose of arbitrage, the use of leverage and short selling are also prohibited. An investment must mature within five years from the date of purchase unless matched to a specific obligation or debt of the School District, and must be purchased with the expectation that it will be held to maturity. Investments may only be made through specified dealers and institutions. Payment for investments may be made only upon delivery of the securities representing the investments to the Treasurer or, if the securities are not represented by a certificate, upon receipt of confirmation of transfer from the custodian.

A. Undeposited Cash

At June 30, 2006, the School District had \$2,410 in undeposited cash on hand which is included as part of "equity in pooled cash and cash equivalents".

Elyria City School District
Notes to the Basic Financial Statements
For the Fiscal Year Ended June 30, 2006

B. Deposit with Financial Institutions

Custodial credit risk is the risk that, in the event of a bank failure, the School District's deposits may not be returned. According to state law, public depositories must give security for all public funds on deposit in excess of those funds that are insured by the federal deposit insurance corporation (FDIC) or by any other agency or instrumentality of the federal government. These institutions may either specifically collateralize individual accounts in lieu of amounts insured by the FDIC, or may pledge a pool of government securities valued at least 105% of the total value of public monies on deposit at the institution. The School District's policy is to deposit money with financial institutions that are able to abide by the laws governing insurance and collateral of public funds.

As of June 30, the carrying amount of the School District's deposits was (\$352,786). The School District's bank balance of \$877,431 was exposed to custodial credit risk as follows:

Uninsured and collateral held by pledging bank's trust department and not in the School District's name	\$ 664,099
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The difference in the carrying amount and the bank balance is caused by outstanding checks. The negative carrying amount is due to the overnight repurchase agreement.

C. Investments

Investments are reported at fair value. As of June 30, 2006, the School District had the following investments and maturities:

	Fair Value	Weighted Average Maturity (Years)
FNMA	\$ 2,980,857	0.01*
FHLMC discounted note	5,940,414	0.02*
STAROhio	1,231,224	0.00
Repurchase Agreement	355,000	0.00
Total Fair Value	\$ 10,507,495	
Portfolio Weighted Average Maturity		0.03

* The securities have various call dates. The School District believes no securities will be called.

Elyria City School District
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For the Fiscal Year Ended June 30, 2006

Custodial credit risk for an investment is the risk that in the event of failure of the counterparty, the School District will not be able to recover the value of its investments or collateral securities that are in the possession of an outside party. The School District's \$355,000 investment in repurchase agreements is secured by an investment in Federal National Mortgage Association (FNMA) which is rated AAA by Standard & Poor's.

These securities, held by the counterparty and not in the School District's name, must be obligations of or guaranteed by the United States and mature or be redeemable within five years of the date of the related repurchase agreement. The School District's policy is to invest money with financial institutions that are able to abide by the laws governing insurance and collateral of public funds.

Interest rate risk is the possibility that changes in interest rates will adversely affect the fair value of an investment. The School District's investment policy does not address limits on investment maturities as a means of managing its exposure to fair value losses arising from increasing interest rates.

Credit risk is the possibility that an issuer or other counterparty to an investment will not fulfill its obligation. The School District's investment policy requires certain credit ratings for some investments as allowed by state law. The School District's investments at June 30, 2006 in Federal National Mortgage Association (FNMA) and Federal Home Loan Mortgage Corporation (FHLMC) are rated AAA by Standard & Poor's. Its investments in Star Ohio are rated AAAM by Standard & Poor's.

Concentration of credit risk is the possibility of loss attributed to the magnitude of the School District's investment in a single issuer. More than 5 percent of the School District's investments are in FNMA and FHLMC. The School District places no limit on the amount that may be invested in any one issuer. The following table includes the percentage of each investment type held by the School District at June 30, 2006:

<u>Investment Type</u>	<u>Fair Value</u>	<u>% of Total</u>
FHMA	\$ 2,980,857	33.41%
FHLMC DN	5,940,414	66.59%
Total Fair Value	<u>\$ 8,921,271</u>	

Elyria City School District
Notes to the Basic Financial Statements
For the Fiscal Year Ended June 30, 2006

Note 4 – Property Taxes

Property taxes are levied and assessed on a calendar year basis. Second half distributions occur in a new fiscal year. Property taxes include amounts levied against all real, public utility and tangible personal (used in business) property located within the School District. Real property taxes are levied after April 1 on the assessed value listed as of the prior January 1, the lien date. Public utility property taxes attached as a lien on December 31 of the prior year, were levied April 1 and are collected with real property taxes. Assessed values for real property taxes are established by State law at 35% of appraised market value. All property is required to be revalued every six years. Public utility property taxes are assessed at 35% of true value and public utility tangible personal property currently is assessed at varying percentages of true value. Tangible personal property taxes are levied after April 1 on the value listed as of December 31 of the current year. In prior years, tangible personal property was assessed at 25% of true value for capital assets and 23% of true value for inventory. The tangible personal property tax is being phased out - the assessment percentage for all property including inventory for 2006 is 18.75%. This will be reduced to 12.5% for 2007, 6.25% for 2008 and zero for 2009.

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 alternative payment dates to be established.

Tangible personal property taxes paid 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.

The School District receives property taxes from Lorain County. The County Treasurer periodically advances to the School District its portion of the taxes collected. Second-half real property tax payments collected by the county by year-end are available to finance the current fiscal year operations. The amount available to be advanced can vary based on the date the tax bills are sent.

Accrued property taxes receivable represents delinquent taxes outstanding and real property, tangible personal property and public utility taxes, which became measurable as of year-end. Although total property tax collections for the next fiscal year are measurable, only a portion of the amount available as an advance at year-end is intended to finance current year operations. The receivable is therefore offset by a credit to deferred revenue for that portion not intended to finance current year operations. The amount available as an advance at year-end was \$6,249,015 in the general fund and is recognized as revenue on the fund financial statements.

Elyria City School District
Notes to the Basic Financial Statements
For the Fiscal Year Ended June 30, 2006

The School District receives payments in lieu of certain tax payments as a result of negotiated tax abatement agreements. On the accrual basis, collectible delinquent property taxes have been recorded as revenue on the statement of activities. There were no new levies passed during the current fiscal year. The assessed values upon which the current fiscal year taxes were collected are:

<u>Property Category</u>	<u>2005</u> <u>Assessed Value</u>		<u>2006</u> <u>Assessed Value</u>	
	<u>Amount</u>	<u>Percent</u>	<u>Amount</u>	<u>Percent</u>
Real Property:				
Agricultural/Residential and Other Real Estate	\$ 559,361,640	56.27%	\$ 565,572,840	58.92%
Commercial and Industrial	253,226,380	25.47%	256,441,150	26.71%
Public Utility	153,880	0.02%	153,790	0.02%
Tangible Property:				
Personal Property	149,394,909	15.03%	108,182,189	11.27%
Public Property	<u>31,978,290</u>	3.22%	<u>29,596,200</u>	3.08%
Total Assessed Value	<u>\$ 994,115,099</u>		<u>\$ 959,946,169</u>	

Note 5 – Receivables

Receivables at June 30, 2006, consisted of property taxes, intergovernmental grants and interfund. All receivables are considered collectible in full.

Intergovernmental receivables consisted of the following for grants:

	<u>Amount</u>
<i>Nonmajor Governmental Funds:</i>	
Public School Preschool	\$ 572
Miscellaneous State Grants	5,000
Adult Basic Education	15,037
Title VI-B	257,943
Title I	238,558
Preschool Handicapped Grants	6,006
Class Size Reduction	72,317
Miscellaneous Federal Grants	<u>22,999</u>
Total Intergovernmental Receivable	<u>\$ 618,432</u>

Note 6 – Interfund Balances

A. Interfund Transfers

Interfund transfers for the year ended June 30, 2006, consisted of the following, as reported on the fund financial statements:

Elyria City School District
Notes to the Basic Financial Statements
For the Fiscal Year Ended June 30, 2006

	<u>Transfer Out:</u>
	General
	Fund
<u>Transfer In:</u>	
Nonmajor funds	\$ 597,608

During the year, the general fund transferred \$597,608 to the Termination Benefits - Retirement special revenue fund. Transfers are used to (1) move revenues from the fund that statute or budget required to collect them to the fund that statute or budget requires to expend them, (2) move receipts restricted to debt service from the funds collecting the receipts to the debt service fund as debt service payments become due, and (3) use unrestricted revenues collected in the general fund to finance various programs accounted for in other funds in accordance with budgetary authorizations.

B. Interfund Receivables and Payables

Interfund balances at June 30, 2006 consisted of the following:

	<i>Interfund Receivable</i>	<i>Interfund Payable</i>
<i>General fund</i>	\$ 139,655	\$ -
<i>Nonmajor governmental funds</i>	-	139,655
<i>Totals</i>	\$ 139,655	\$ 139,655

All balances resulted from the time lag between the dates that (1) interfund goods and services are provided or reimbursable expenditures occur, (2) transactions are recorded in the accounting system, or (3) payments between funds are made. As of June 30, 2006, all interfund loans outstanding are anticipated to be repaid in fiscal year 2007.

Elyria City School District
Notes to the Basic Financial Statements
For the Fiscal Year Ended June 30, 2006

Note 7 – Capital Assets

Capital asset activity for the fiscal year ended June 30, 2006, was as follows:

	Balance 7/1/2005	Addition	Deletion	Balance 6/30/2006
Governmental Activities				
<i>Capital Assets, not being depreciated:</i>				
Land	\$ 588,160	\$ 243,386	\$ -	\$ 831,546
<i>Capital Assets, Being Depreciated:</i>				
Land Improvements	1,913,456	-	-	1,913,456
Building and Improvements	23,888,266	5,790,639	-	29,678,905
Furniture, Equipment and Fixtures	8,053,683	274,693	(1,004,415)	7,323,961
Vehicles	668,033	42,655	(207,023)	503,665
Library and Textbooks	1,679,422	-	-	1,679,422
<i>Total Capital Assets, being depreciated</i>	<u>36,202,860</u>	<u>6,107,987</u>	<u>(1,211,438)</u>	<u>41,099,409</u>
Less Accumulated Depreciation:				
Land Improvements	(1,405,884)	(36,854)	-	(1,442,738)
Building and Improvements	(22,213,752)	(538,221)	-	(22,751,973)
Furniture, Equipment and Fixtures	(6,618,859)	(612,267)	931,815	(6,299,311)
Vehicles	(655,117)	(6,549)	207,023	(454,643)
Library and Textbooks	(1,678,355)	(1,067)	-	(1,679,422)
<i>Total Accumulated Depreciation</i>	<u>(32,571,967)</u>	<u>(1,194,958)</u>	<u>1,138,838</u>	<u>(32,628,087)</u>
<i>Total Capital Assets being depreciated, net</i>	<u>3,630,893</u>	<u>4,913,029</u>	<u>(72,600)</u>	<u>8,471,322</u>
Governmental Activities Capital Assets, Net	<u>\$ 4,219,053</u>	<u>\$ 5,156,415</u>	<u>\$ (72,600)</u>	<u>\$ 9,302,868</u>
Business-Type Activities				
Furniture, Equipment and Fixtures	\$ 526,347	\$ 26,318	\$ (5,351)	547,314
Less Accumulated Depreciation	<u>(370,466)</u>	<u>(30,497)</u>	<u>5,351</u>	<u>(395,612)</u>
Business-Type Activities Capital Assets, Net	<u>\$ 155,881</u>	<u>\$ (4,179)</u>	<u>\$ -</u>	<u>\$ 151,702</u>

Elyria City School District
Notes to the Basic Financial Statements
For the Fiscal Year Ended June 30, 2006

Depreciation expense was charged to governmental functions as follows:

Instruction:	
Regular	\$ 456,948
Special	8,796
Vocational	1,684
Adult	275
Support Services:	
Pupil	10,277
Instructional Staff	71,412
Administration	56,504
Fiscal	397
Operation Maintenance and Plant	398,958
Central	155,558
Operation of Non-instructional Services	11,740
Extracurricular Activities	<u>22,409</u>
 Total Depreciation Expense	 \$ <u>1,194,958</u>

Note 8 – Leases

Capital Leases The School District is a party to lease agreements as lessee for financing the acquisition of communication equipment and photocopiers. The lease agreements qualified as future minimum leases for accounting purposes and, therefore, were recorded at the present values of the future minimum lease payments as of the inception dates in the government-wide statements.

The gross amount of assets acquired under capital leases by major assets class was \$6,915,029.

The future minimum lease obligations and the net present values of these minimum lease payments as of June 30, 2006, were as follow:

Year Ending June 30,	Lease
	<u>Payments</u>
2007	\$ 2,103,034
2008	825,103
2009	825,103
2010	678,168
2011	552,438
2012-2016	2,683,204
2017-2020	<u>1,878,243</u>
Total Minimum Lease Payments	9,545,293
Less: Amount Representing Interest	<u>(3,084,972)</u>
Present Value of Minimum Lease Payment	<u>\$ 6,460,321</u>

Elyria City School District
Notes to the Basic Financial Statements
For the Fiscal Year Ended June 30, 2006

Note 9 - Long-term liabilities

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

	Principal Outstanding 6/30/2005	Additions	Reductions	Principal Outstanding 6/30/2006	Due within One Year
<u>Governmental Activities</u>					
1992 Library Construction Bonds	\$ 370,000	\$ -	\$ (370,000)	\$ -	\$ -
Capital Leases	71,167	6,915,029	(525,875)	6,460,321	575,385
Compensated Absences	5,254,036	735,516	(896,896)	5,092,656	203,653
Total Governmental Activities Long-Term Liabilities	<u>\$ 5,695,203</u>	<u>\$ 7,650,545</u>	<u>\$ (1,792,771)</u>	<u>\$ 11,552,977</u>	<u>\$ 779,038</u>
<u>Business Type Activities</u>					
Compensated Absences	-	9,428	-	9,428	-
Total Business-Type Activities	<u>\$ -</u>	<u>\$ 9,428</u>	<u>\$ -</u>	<u>\$ 9,428</u>	<u>\$ -</u>

Outstanding bonds were issued to provide funds for the acquisition and construction of equipment and facilities and are general obligations of the School District for which its full faith, credit and resources are pledged for repayment. Accordingly, obligations resulting from bond indebtedness are represented within the governmental activities. The 1992 Library Construction Bonds matured during the fiscal year and were repaid.

Compensated absences will be paid from the fund which the employee is paid. In prior years, this has primarily been the general and lunchroom/cafeteria funds.

Note 10 – Risk Management

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. For fiscal year 2006 the School District contracted with Indiana Insurance Company for property insurance. Professional liability is protected by Indiana Insurance Company with \$5,000,000 aggregate limit.

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Vehicles are covered by Indiana Insurance Company. Automobile liability has \$2,000,000 combined single limit of liability. Settled claims have not exceeded this commercial coverage in any of the past several years. The School District did not reduce their limit of liability in the current year.

The Board President and the Superintendent are covered with surety bonds for \$50,000 with Westfield Ohio Farmers. The Treasurer is covered by a surety bond in the amount of \$50,000. This bond is with Ohio Farmers Insurance Company.

The School District participates in the Ohio School Board Association Workers' Compensation Group Rating Program (GRP), an insurance premium rating pool for public school districts. The GRP's business and affairs are conducted by a three member Board of Directors consisting of the President, the President-Elect and the Immediate Past President of the Ohio School Boards Association. The Executive Director of the OSBA, or his designee, serves as coordinator of the program. Each year, the participating school districts pay an enrollment fee to the GRP to cover the costs of administering the program.

The intent of the GRP is to achieve the benefit of a reduced premium for the School District by virtue of its grouping and representation with other participants in GRP. The workers' compensation experience of the participating school districts is calculated as one experience and a common premium rate is applied to all school districts in the GRP. Each participant pays its workers' compensation premium to the State based on the rate for the GRP rather than its individual rate. The total savings are then calculated and each participant's individual performance is compared to the overall savings percentage of GRP. A participant will then either receive money from or be required to contribute to the "Equity Pooling Fund". The "equity pooling" arrangement insures that each participant shares equally in the overall performance of the GRP is limited to school districts that can meet the GRP's selection criteria. The firm of Gates McDonald & Co. provides administrative, cost control and actuarial services to the GRP.

The School District has established a medical self-insurance fund for School District employees and their covered dependents, in order to minimize the annual cost of medical insurance. The program is administered by the School District and is assisted by an outside third-party administrator. At year end, self-insurance was in effect with stop loss of \$150,000 per member and an aggregate stop-loss of \$4,544,186 for medical claims. Excess losses are insured by the Medical Mutual of Ohio plan.

Self-insurance for liability exposure is maintained in an internal service fund. The internal service fund is responsible for collecting interfund premiums from funds having payroll expenditures. The internal service fund is also responsible for paying claim settlements and administrative fees as invoiced by the Medical Mutual of Ohio plan as well as Advanced PCS, which administers the prescription plan.

Elyria City School District
Notes to the Basic Financial Statements
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The claims liability is \$1,088,800 reported in the self-insurance fund at June 30, 2006 is based on the liability for unpaid claims costs, including estimates of costs relating to incurred but not reported claims. The amount was based on an estimate provided by the third-party administrator. The change in the liability for the last two years is presented in the following table.

		Balance at Beginning of Year		Current Year Claims		Claims Payments		Balance at End of Year
2005	\$	1,014,700	\$	6,462,195	\$	6,343,495	\$	1,133,400
2006	\$	1,133,400	\$	4,042,699	\$	4,087,299	\$	1,088,800

Note 11 – Defined Benefit Pension Plans

A. School Employees Retirement System

The School District contributes to the School Employees System of Ohio (SERS), a cost-sharing multiple employer defined pension system. 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 State statute per Chapter 3309 of the Ohio Revised Code. SERS issues a publicly available, stand-alone financial report that includes financial statements and required supplementary information. That report may be obtained by writing to the School Employees Retirement System, 300 East Board Street, Suite 100, Columbus, Ohio 43215-3746 or by calling (614) 222-5853. It is also posted on SERS’ website, www.ohsers.org, under forms and publications.

Plan members are required to contribute 10 percent of their annual covered salary and the School District is required to contribute 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 2006, 10.58 percent of annual covered salary was the portion used to fund pension obligations. For fiscal year 2005, 10.57 percent of annual covered salary was the portion use 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 SERS’ Retirement Board. The School District’s required contributions for pension obligations to SERS for the fiscal years ended June 30, 2006, 2005, and 2004 were \$1,072,776, \$1,720,654, and \$1,424,124, respectively; 39.7 percent has been contributed for fiscal year 2006 and 100 percent for the fiscal years 2005 and 2004. \$647,337 representing the unpaid contribution for fiscal year 2006 is recorded as a liability.

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Notes to the Basic Financial Statements
For the Fiscal Year Ended June 30, 2006

B. State Teachers Retirement System

The School District participates in the State Teachers Retirement System of Ohio (STRS), a cost-sharing multiple employer public employee retirement system. STRS provides retirement and disability benefits, annual cost-of-living adjustments, and death and survivor benefits to members and beneficiaries. Benefits are established by Chapter 3307 of the Ohio Revised Code. STRS issues a publicly available, stand alone financial report that includes financial statements and required supplementary information for STRS. That report may be obtained by writing to the State Teachers Retirement System, 275 East Broad Street, Columbus, Ohio 43215-3371, by calling (614) 227-4090, or by visiting the STRS' Ohio website at www.strsoh.org.

New members have a choice of three retirement plans, a Defined Benefit (DB) Plan, a Defined Contribution (DC) Plan and a Combined Plan. The DB Plan offers an annual retirement allowance based on final average salary times a percentage that varies based on years of service, or an allowance based on member contribution 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 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.

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.

Elyria City School District
Notes to the Basic Financial Statements
For the Fiscal Year Ended June 30, 2006

For the fiscal year ended June 30, 2006, plan members are required to contribute 10 percent of their annual covered salaries and the School District is required to contribute at an actuarially determined rate. The current rate is 14% of annual covered payroll; 13 percent was the portion used to fund pension obligations. Contribution rates are established by the State Teachers Retirement Board, upon recommendation of its consulting actuary, not to exceed statutory maximum rates of 10 percent for members and 14 percent for employers. Chapter 3307 of the Ohio Revised Code provides statutory authority for member and employer contributions.

The School District's required contributions for pension obligations to STRS for the fiscal years ended June 30, 2006, 2005, and 2004 were \$4,567,078, \$5,208,420, and \$5,111,471, respectively; 83.7 percent has been contributed for fiscal year 2006 and 100 percent for the fiscal years 2005 and 2004. \$746,319 representing the unpaid contribution for fiscal year 2006 is recorded as a liability.

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/State Teachers Retirement System. As of June 30, 2006, all members of the Board of Education have elected social security. The Board's liability is 6.2 percent of wages paid.

Note 12 – Postemployment Benefits

The School District provides comprehensive health care benefits to retired teachers and their dependents through the State Teachers Retirement System (STRS), and to retired non-certified employees and their dependents through the School Employees Retirement System (SERS). Benefits include hospitalization, physicians' fees, prescription drugs, and partial 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.

STRS retirees who participated in the DB or combined plans and their dependents are eligible for health care coverage. The STRS Board has statutory authority over how much, if any, of the health care costs will be absorbed by STRS. All benefit recipients pay a portion of health care cost in the form of a monthly premium. By law, the cost of coverage paid from STRS funds is included in the employer contribution rate, currently 14 percent of covered payroll. For the fiscal years ended June 30, 2006 and June 30, 2005, the board allocated employer contributions equal to 1 percent of covered payroll to the Health Care Stabilization Fund. For the School District, this amount equaled \$351,314 for fiscal year 2006.

Elyria City School District
Notes to the Basic Financial Statements
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STRS pays health care benefits from the Health Care Stabilization Fund. The balance in the Health Care Stabilization Fund was \$3.5 billion at June 30, 2006, and eligible benefit recipients totaled 119,184 and net health care costs paid by STRS were \$282,743,000.

For the School Employees Retirement System (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. Effective January 1, 2004, all retirees and beneficiaries are required to pay a portion of their health care premium. The portion is based on years of service, Medicare eligibility, and retirement status. For this fiscal year, employer contributions to fund health care benefits were 3.42% of covered payroll.

In addition, SERS levies a surcharge to fund health care benefits equal to 14% of the difference between a minimum pay and the member's pay, pro-rated for partial service credit. For fiscal year 2006, the minimum pay has been established at \$35,800. The surcharge, added to the unallocated portion of the 14% contribution rate, provides for maintenance of the asset target level for the health care plan. For the School District, the amount of employer contributions used to fund health care equaled \$493,589, which includes a surcharge during the 2006 fiscal year.

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

Note 13 – Jointly Governed Organizations

Lake Erie Educational Computer Association The Lake Erie Educational Computer Association (LEECA) is a jointly governed organization among thirty school districts. The jointly governed organization was formed for the purpose of applying modern technology with the aid of the computers and other electronic equipment to administrative and instructional functions among districts. Each of the governments of these schools supports LEECA based upon a per pupil charge, dependent or designated representative from each participating school district and a representative from the fiscal agent. LEECA is governed by a Board of Directors chosen from the general membership of the LEECA assembly. The Board of Directors consists of a representative from the fiscal agent, and 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.

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Financial information can be obtained by writing the Treasurer at the Educational Service Center of Lorain County, 1885 Lake Avenue, Elyria, Ohio 44035. During fiscal year 2006, the School District contributed \$108,532 to LEECA.

Note 14 – Contingencies

A. Grants

The School District received financial assistance from federal and state agencies in the form of grants. The expenditure of funds received under these programs generally requires 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, 2006.

B. Litigation

The School District is party to legal proceedings. The School District is of the opinion that ultimate disposition of claims will not have a material effect, if any, on the financial condition of the School District.

Note 15 – Set-Aside Requirements

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 instructional materials and an equal amount for the acquisition and construction of capital improvements. Amounts not spent by year-end or offset by similarly restricted resources received during the year must be held in cash at year-end and carried forward to be used for the same purposes in future years.

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

	Textbooks	Capital Improvement	Total
Set-aside balance as of June 30, 2005	\$ (628,328)	\$ -	\$ (628,328)
Current year set-aside requirement	1,145,558	1,145,558	2,291,116
Qualifying expenditures	(1,042,186)	(1,903,584)	(2,945,770)
Totals	\$ (524,956)	\$ (758,026)	\$ (1,282,982)

Elyria City School District
Notes to the Basic Financial Statements
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The School District had qualifying disbursements during the fiscal year that reduced the textbook set-aside amounts below zero. This extra amount may be used to reduce the set-aside requirements in future fiscal years.

Although the School District had qualifying disbursements during the fiscal year that reduced the set-aside amount to below zero for the capital acquisition set-aside, this amount may not be used to reduce the set-aside requirement of future years. This negative balance is therefore not presented as being carried forward to future years.

Note 16 – Accountability and Changes in Accounting Principles

A. Accountability

As of June 30, 2006, several funds had deficit fund balances. These deficits were caused by the application of GAAP; namely in the reporting of various liabilities attributable to the fiscal year. These deficit balances will be eliminated by anticipated future intergovernmental revenues or other subsidies not recognized and recorded at June 30. The following funds had deficit balances:

	<u>Amount</u>
<u>Nonmajor Special Revenue Funds:</u>	
Termination Benefits - Retirement	\$ 16,942
Disadvantaged Pupil Impact Aid	60
Title III	6,115

Elyria City School District
Notes to the Basic Financial Statements
For the Fiscal Year Ended June 30, 2006

B. Changes in Accounting Principles

For the fiscal year ended 2006, the School District implemented GASB Statement No. 42, "Accounting and Financial Reporting Impairment of Capital Assets and for Insurance Recoveries", GASB Statements No. 44, "Economic Condition Reporting: The Statistical Section" and GASB Statement No. 47, "Accounting for Termination Benefits." GASB Statement No. 42 establishes accounting and financial reporting standards for impairment of capital assets. A capital asset is considered impaired when its service utility has declined significantly and unexpectedly. This statement also clarifies and establishes accounting requirements for insurance recoveries. The purpose of GASB Statement No. 44 is to improve the understandability and usefulness of the information that State and local governments present and supplementary information in the statistical section. GASB Statement No. 47 establishes standards of accounting and financial reporting for termination benefits. The implementation of GASB Statement No. 42 and 47 did not materially affect the presentation of the financial statements of the School District.

*Combining Statements and
Individual Fund Schedules*

Combining Statements and Individual Fund Schedules

Combining Statements-Nonmajor Funds Nonmajor Special Revenue Funds

The Special Revenue funds are used to account for proceeds of specific revenue sources (other than expendable trusts, or for major capital projects) that are legally restricted to expenditure for specified purpose. Following is a description of the School District's nonmajor special revenue funds:

Special Trust Fund - This fund accounts for monies from local donations for the purpose of scholarships for students.

Uniform School Supplies Fund - This fund accounts for the purchase and sale of school supplies for use in the School District.

Rotary Fund - This fund accounts for all revenues and expense related to the following activities: high school bookstore, evening school, summer school and safety town.

Public School Support Fund - This fund accounts for school site sales revenue and expenditures for assemblies and other activity costs.

Local Grants Fund - This fund accounts for proceeds of specific revenue sources, except for State and Federal grants that are legally restricted to expenditures for specific purposes.

Termination Benefits Fund - This fund accounts for payments of termination benefits and for paying salaries when the number of pay periods exceeds the usual and customary for a year.

Athletic and Music Fund - This fund accounts for gate receipts and other revenues from athletic events and costs (except supplemental coaching contracts) of the athletic program, including transportation.

Auxiliary Services Fund - This fund accounts for State grant monies that provide services and materials to pupils attending non-public schools within the School District.

Educational Management Information Systems Fund - This fund accounts for State monies which support the costs associated with the requirements of the management information system.

Public School Preschool Fund - This fund accounts for State monies used to assist the School District paying the cost of preschool programs for three and four year olds.

Entry Year Teacher Fund - This fund accounts for stipends given to the mentor teachers.

Disadvantaged Pupil Impact Aid Fund - This fund accounts for State Monies received for disadvantage pupil impact aid.

Data Communications Fund - To account for revenues received from the state to be used to install and provide support costs for data communication links to connect any school to the local A-site.

SchoolNet Professional Development Fund - This fund accounts for State monies to assist staff in gaining knowledge of technology.

Combining Statements-Nonmajor Funds (continued)
Nonmajor Special Revenue Fund (continued)

Ohio Reads Grant Fund - This fund accounts for State monies to improve reading outcomes, especially on the fourth grade reading proficiency test and for volunteer coordinators in public schools and costs associated with volunteer coordination, for background checks for volunteers, to evaluate the Ohio Reads Program and for operating expenses associated with administering the program.

Summer School Fund – A fund to permit school districts to establish summer school remediation programs that serve as an extension of the regular school year for those students requiring remedial work prior to the beginning of the next school year.

Alternative School Fund – This fund accounts for monies used for alternative education for new and existing at risk and delinquent youths.

Poverty Aid Fund - This fund accounts for monies appropriated for poverty based assistance as part of the state foundation system. Programs included are academic intervention, all-day kindergarten, class-size reduction, Limited English Proficient students, professional development, dropout prevention and community outreach.

Miscellaneous State Grants Fund - This fund accounts for State monies which support academic and enrichment programs for the student body.

Adult Basic Education Fund - This fund accounts for Federal monies used for instructional programs for persons sixteen years of age and older who are not enrolled in school and who have less than a twelfth-grade education.

Title VI-B Fund - This fund accounts for Federal monies used to assist schools in the identification of handicapped children, development of procedural safeguards, and provision of full educational opportunities to handicapped children at the preschool, elementary and secondary levels.

Title III Fund - This fund accounts for monies to develop and carry out elementary and secondary school programs, including activities at the pre-school level, to meet the educational needs of children of limited English proficiency.

Title I Fund - This fund accounts for Federal monies used to assist the School District in meeting the special needs of educationally deprived children.

Title VI Fund - This fund accounts for monies which assist State and local educational agencies in the reform of elementary and secondary education.

Drug Free Schools Grant Fund - This fund accounts for Federal revenues which support the implementation of programs for drug abuse education and prevention.

Preschool Handicapped Grant Fund – This fund accounts for Federal monies, which provide for the cost of developing a public school preschool for handicapped and non-handicapped children.

Class Size Reduction Fund – This fund accounts for Federal monies used to reduce class sizes in elementary schools.

Combining Statements-Nonmajor Funds (continued)
Nonmajor Special Revenue Fund (continued)

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

Nonmajor Debt Service Fund

Bond Retirement Fund - This fund accounts for the accumulation of resources for, and the payment of, long-term debt principal, interest and fiscal charges.

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 Improvement Fund - This fund accounts for property taxes levied to be used for various capital improvements within the School District.

Capital Building Fund - This fund accounts for monies to be used for building improvements.

SchoolNet Plus Fund - This fund accounts for State monies to be used to provide wiring to all classrooms that supports the transmission of voice, video and data, and to provide a computer workstation and related technology for every classroom.

Federal Emergency Repair Program Fund - This fund accounts for Federal monies to be used for building repair.

Elyria City School District
Combining Balance Sheet
Nonmajor Governmental Funds
June 30, 2006

	Nonmajor Special Revenue Funds	Nonmajor Debt Service Fund	Nonmajor Capital Projects Funds	Total Nonmajor Governmental Funds
<u>Assets:</u>				
Equity in pooled cash and cash equivalents	\$ 2,569,473	\$ 27,183	\$ 918,547	\$ 3,515,203
Cash and cash equivalents:				
In segregated accounts	723	-	-	723
Receivables:				
Intergovernmental	618,432	-	-	618,432
Taxes	-	-	-	-
Total assets	<u>\$ 3,188,628</u>	<u>\$ 27,183</u>	<u>\$ 918,547</u>	<u>\$ 4,134,358</u>
<u>Liabilities and fund balance:</u>				
<u>Liabilities:</u>				
Accounts payable	\$ 296,274	\$ -	\$ 9,204	\$ 305,478
Accrued wages	639,732	-	-	639,732
Interfund payable	139,655	-	-	139,655
Intergovernmental payable	45,266	-	-	45,266
Pension obligation payable	201,566	-	-	201,566
Total liabilities	<u>1,322,493</u>	<u>-</u>	<u>9,204</u>	<u>1,331,697</u>
<u>Fund balance:</u>				
Reserved for encumbrances	151,539	-	152,861	304,400
Unreserved:				
Undesignated, reported in:				
Special revenue funds	1,714,596	-	-	1,714,596
Debt service fund	-	27,183	-	27,183
Capital projects funds	-	-	756,482	756,482
Total fund balance	<u>1,866,135</u>	<u>27,183</u>	<u>909,343</u>	<u>2,802,661</u>
Total liabilities and fund balance	<u>\$ 3,188,628</u>	<u>\$ 27,183</u>	<u>\$ 918,547</u>	<u>\$ 4,134,358</u>

Elyria City School District
Combining Statement of Revenues, Expenditures
and Changes in Fund Balances
Nonmajor Governmental Funds
For the Fiscal Year Ended June 30, 2006

	Nonmajor Special Revenue Funds	Nonmajor Debt Service Fund	Nonmajor Capital Projects Funds	Total Nonmajor Governmental Funds
<u>Revenues:</u>				
Taxes	\$ -	\$ 41,433	\$ -	\$ 41,433
Intergovernmental	10,088,764	7,445	7,228	10,103,437
Interest	426	-	-	426
Tuition and fees	239,818	-	-	239,818
Extracurricular activities	317,896	-	-	317,896
Gifts and donations	125,424	-	-	125,424
Charges for services	2,559	-	-	2,559
Miscellaneous	169,262	-	-	169,262
Total revenues	<u>10,944,149</u>	<u>48,878</u>	<u>7,228</u>	<u>11,000,255</u>
<u>Expenditures:</u>				
Current:				
Instruction:				
Regular	2,354,328	-	2,320	2,356,648
Special	2,367,885	-	-	2,367,885
Adult/Continuing	55,732	-	-	55,732
Other	67,091	-	-	67,091
Support services:				
Pupils	724,376	-	-	724,376
Instructional staff	2,130,709	-	-	2,130,709
Administration	772,558	-	-	772,558
Fiscal	-	1,067	-	1,067
Operation and maintenance of plant	100,814	-	433,511	534,325
Pupil transportation	87,576	-	-	87,576
Central	130,714	-	6,725	137,439
Operation of non-instructional services	1,146,658	-	-	1,146,658
Extracurricular activities	387,761	-	-	387,761
Capital outlay	169,306	-	299,531	468,837
Debt service:				
Principal retirement	-	370,000	-	370,000
Interest and fiscal charges	-	11,655	-	11,655
Total expenditures	<u>10,495,508</u>	<u>382,722</u>	<u>742,087</u>	<u>11,620,317</u>
Excess of revenues over (under) expenditures	<u>448,641</u>	<u>(333,844)</u>	<u>(734,859)</u>	<u>(620,062)</u>
<u>Other financing sources (uses):</u>				
Transfers in	597,608	-	-	597,608
Net change in fund balances	1,046,249	(333,844)	(734,859)	(22,454)
Fund balances at beginning of year	819,886	361,027	1,644,202	2,825,115
Fund balances at end of year	<u>\$ 1,866,135</u>	<u>\$ 27,183</u>	<u>\$ 909,343</u>	<u>\$ 2,802,661</u>

Elyria City School District
Combining Balance Sheet
Nonmajor Special Revenue Funds
June 30, 2006

	Special Trust	Uniform School Supplies	Rotary	Public School Support
<u>Assets:</u>				
Equity in pooled cash and cash equivalents	\$ 699	\$ 323,899	\$ 97,855	\$ 170,385
Cash and cash equivalents:				
In segregated accounts	-	-	-	723
Receivables:				
Intergovernmental	-	-	-	-
Total assets	<u>\$ 699</u>	<u>\$ 323,899</u>	<u>\$ 97,855</u>	<u>\$ 171,108</u>
<u>Liabilities and fund balance :</u>				
<u>Liabilities:</u>				
Accounts payable	\$ -	\$ 5,043	\$ -	\$ 1,906
Accrued wages	-	-	-	-
Interfund payable	-	-	48,091	-
Intergovernmental payable	-	-	325	-
Pension obligation payable	-	-	-	-
Total liabilities	<u>-</u>	<u>5,043</u>	<u>48,416</u>	<u>1,906</u>
<u>Fund balance:</u>				
Reserved for encumbrances	-	1,945	-	726
Unreserved:				
Undesignated, reported in:				
Special revenue funds	699	316,911	49,439	168,476
Total fund balance	<u>699</u>	<u>318,856</u>	<u>49,439</u>	<u>169,202</u>
Total liabilities and fund balance	<u>\$ 699</u>	<u>\$ 323,899</u>	<u>\$ 97,855</u>	<u>\$ 171,108</u>

Local Grants	Termination Benefits	Athletic and Music	Auxiliary Services	Education Management Information System	Public School Preschool	Entry Year Teacher
\$ 39,152	\$ -	\$ 205,803	\$ 237,522	\$ 30,860	\$ 1,333	\$ 2,666
-	-	-	-	-	-	-
-	-	-	-	-	572	-
<u>\$ 39,152</u>	<u>\$ -</u>	<u>\$ 205,803</u>	<u>\$ 237,522</u>	<u>\$ 30,860</u>	<u>\$ 1,905</u>	<u>\$ 2,666</u>

\$ 6,340	\$ -	\$ -	\$ 80,294	\$ -	\$ -	\$ -
25	-	-	19,110	904	-	1,060
10,319	-	-	-	-	-	-
54	-	-	2,434	1,353	-	102
1,246	16,942	-	5,083	1,216	1,205	358
<u>17,984</u>	<u>16,942</u>	<u>-</u>	<u>106,921</u>	<u>3,473</u>	<u>1,205</u>	<u>1,520</u>

316	-	5,641	27,605	-	-	-
<u>20,852</u>	<u>(16,942)</u>	<u>200,162</u>	<u>102,996</u>	<u>27,387</u>	<u>700</u>	<u>1,146</u>
<u>21,168</u>	<u>(16,942)</u>	<u>205,803</u>	<u>130,601</u>	<u>27,387</u>	<u>700</u>	<u>1,146</u>
<u>\$ 39,152</u>	<u>\$ -</u>	<u>\$ 205,803</u>	<u>\$ 237,522</u>	<u>\$ 30,860</u>	<u>\$ 1,905</u>	<u>\$ 2,666</u>

(Continued)

Elyria City School District
Combining Balance Sheet
Nonmajor Special Revenue Funds
June 30, 2006

	Disadvantaged Pupil Impact Aid	Data Communication	SchoolNet Professional Development	Ohio Reads Grant
<u>Assets:</u>				
Equity in pooled cash and cash equivalents	\$ -	\$ 37,906	\$ 1,943	\$ 6,926
Cash and cash equivalents:				
In segregated accounts	-	-	-	-
Receivables:				
Intergovernmental	-	-	-	-
Total assets	<u>\$ -</u>	<u>\$ 37,906</u>	<u>\$ 1,943</u>	<u>\$ 6,926</u>
<u>Liabilities and fund balance :</u>				
<u>Liabilities:</u>				
Accounts payable	\$ -	\$ 1,600	\$ -	\$ 4,611
Accrued wages	-	1,606	-	-
Interfund payable	-	-	-	-
Intergovernmental payable	60	164	568	127
Pension obligation payable	-	2,518	168	-
Total liabilities	<u>60</u>	<u>5,888</u>	<u>736</u>	<u>4,738</u>
<u>Fund balance:</u>				
Reserved for encumbrances	-	-	-	-
Unreserved:				
Undesignated, reported in:				
Special revenue funds	(60)	32,018	1,207	2,188
Total fund balance	<u>(60)</u>	<u>32,018</u>	<u>1,207</u>	<u>2,188</u>
Total liabilities and fund balance	<u>\$ -</u>	<u>\$ 37,906</u>	<u>\$ 1,943</u>	<u>\$ 6,926</u>

Summer School	Alternative School	Poverty Aid	Miscellaneous State Grants	Adult Basic Education	Title VI-B	Title III
\$ 10,874	\$ 2,945	\$ 741,428	\$ 7,507	\$ 6,010	\$ 269,251	\$ 937
-	-	-	-	-	-	-
-	-	-	5,000	15,037	257,943	-
<u>\$ 10,874</u>	<u>\$ 2,945</u>	<u>\$ 741,428</u>	<u>\$ 12,507</u>	<u>\$ 21,047</u>	<u>\$ 527,194</u>	<u>\$ 937</u>
\$ -	\$ -	\$ 21,266	\$ -	\$ 180	\$ 72,232	\$ 979
-	-	227,965	176	5,102	135,020	-
-	-	-	4,384	-	17,879	6,063
-	546	14,508	20	715	8,696	10
-	-	54,727	198	3,223	54,919	-
-	546	318,466	4,778	9,220	288,746	7,052
-	2,606	-	-	21	44,026	-
10,874	(207)	422,962	7,729	11,806	194,422	(6,115)
10,874	2,399	422,962	7,729	11,827	238,448	(6,115)
<u>\$ 10,874</u>	<u>\$ 2,945</u>	<u>\$ 741,428</u>	<u>\$ 12,507</u>	<u>\$ 21,047</u>	<u>\$ 527,194</u>	<u>\$ 937</u>

(Continued)

Elyria City School District
Combining Balance Sheet
Nonmajor Special Revenue Funds
June 30, 2006

	Title I	Title VI	Drug Free School Grant	PreSchool Handicapped Grant
<u>Assets:</u>				
Equity in pooled cash and cash equivalents	\$ 253,313	\$ 11,166	\$ 9,290	\$ 8,418
Cash and cash equivalents:				
In segregated accounts	-	-	-	-
Receivables:				
Intergovernmental	238,558	-	-	6,006
Total assets	<u>\$ 491,871</u>	<u>\$ 11,166</u>	<u>\$ 9,290</u>	<u>\$ 14,424</u>
<u>Liabilities and fund balance :</u>				
<u>Liabilities:</u>				
Accounts payable	\$ 92,502	\$ 1,226	\$ -	\$ 770
Accrued wages	174,096	-	1,429	6,698
Interfund payable	40,259	-	-	-
Intergovernmental payable	11,369	76	35	346
Pension obligation payable	38,725	-	2,069	1,981
Total liabilities	<u>356,951</u>	<u>1,302</u>	<u>3,533</u>	<u>9,795</u>
<u>Fund balance:</u>				
Reserved for encumbrances	36,743	-	-	932
Unreserved:				
Undesignated, reported in:				
Special revenue funds	98,177	9,864	5,757	3,697
Total fund balance	<u>134,920</u>	<u>9,864</u>	<u>5,757</u>	<u>4,629</u>
Total liabilities and fund balance	<u>\$ 491,871</u>	<u>\$ 11,166</u>	<u>\$ 9,290</u>	<u>\$ 14,424</u>

<u>Class Size Reduction</u>	<u>Miscellaneous Federal Grant</u>	<u>Total Nonmajor Special Revenue Funds</u>
\$ 40,118	\$ 51,267	\$ 2,569,473
-	-	723
72,317	22,999	618,432
<u>\$ 112,435</u>	<u>\$ 74,266</u>	<u>\$ 3,188,628</u>

\$ 1,591	\$ 5,734	\$ 296,274
65,165	1,376	639,732
-	12,660	139,655
3,227	591	45,326
10,940	5,988	201,506
<u>80,923</u>	<u>26,349</u>	<u>1,322,493</u>

32	30,946	151,539
31,480	16,971	1,714,596
31,512	47,917	1,866,135
<u>\$ 112,435</u>	<u>\$ 74,266</u>	<u>\$ 3,188,628</u>

Elyria City School District
Combining Statement of Revenues, Expenditures
and Changes in Fund Balances
Nonmajor Special Revenue Funds
For the Fiscal Year Ended June 30, 2006

	Special Trust	Uniform School Supplies	Rotary	Public School Support
<u>Revenues:</u>				
Intergovernmental	\$ -	\$ -	\$ -	\$ -
Interest	-	-	-	-
Tuition and fees	-	239,818	-	-
Extracurricular activities	-	-	-	173,094
Gifts and donations	-	-	40,155	53,813
Charges for services	-	-	2,559	-
Miscellaneous	699	-	2,277	28,065
Total revenues	<u>699</u>	<u>239,818</u>	<u>44,991</u>	<u>254,972</u>
<u>Expenditures:</u>				
Current:				
Instruction:				
Regular	-	135,922	8,510	-
Special	-	208	9	-
Adult/continuing	-	-	-	-
Other	-	-	-	-
Support services:				
Pupils	-	-	-	-
Instructional staff	-	-	90,020	-
Administration	-	-	-	-
Operation and maintenance of plant	-	-	-	-
Pupil transportation	-	-	-	-
Central	-	-	-	-
Operation of non-instructional services:	-	-	1,474	-
Extracurricular activities	-	-	-	236,465
Capital outlay	-	-	-	1,299
Total expenditures	<u>-</u>	<u>136,130</u>	<u>100,013</u>	<u>237,764</u>
Excess of revenues over (under) expenditures	<u>699</u>	<u>103,688</u>	<u>(55,022)</u>	<u>17,208</u>
<u>Other financing sources (uses):</u>				
Transfers in	-	-	-	-
Net change in fund balances	699	103,688	(55,022)	17,208
Fund balances (deficit) at beginning of year	-	215,168	104,461	151,994
Fund balances (deficit) at end of year	<u>\$ 699</u>	<u>\$ 318,856</u>	<u>\$ 49,439</u>	<u>\$ 169,202</u>

Local Grants	Termination Benefits	Athletic and Music	Auxiliary Services	Education Management Information System	Public School Preschool	Entry Year Teacher
\$ -	\$ -	\$ -	\$ 1,087,133	\$ 21,145	\$ 84,915	\$ 12,150
-	-	-	426	-	-	-
-	-	-	-	-	-	-
-	-	144,802	-	-	-	-
26,043	-	4,050	-	-	-	-
-	-	-	-	-	-	-
30,245	-	25,396	-	-	-	-
<u>56,288</u>	<u>-</u>	<u>174,248</u>	<u>1,087,559</u>	<u>21,145</u>	<u>84,915</u>	<u>12,150</u>
16,578	597,608	-	-	-	-	-
-	-	-	-	-	59,134	10,264
-	-	-	-	-	-	-
-	-	-	-	-	-	-
18,006	-	-	-	-	-	-
1,625	16,942	-	-	-	15,080	-
-	-	-	-	-	10,001	495
-	-	-	-	-	-	-
-	-	-	-	-	-	-
8,662	-	-	-	43,942	-	-
-	-	-	972,898	-	-	-
9,837	-	141,459	-	-	-	-
5,296	-	-	23,227	-	-	-
<u>60,004</u>	<u>614,550</u>	<u>141,459</u>	<u>996,125</u>	<u>43,942</u>	<u>84,215</u>	<u>10,759</u>
<u>(3,716)</u>	<u>(614,550)</u>	<u>32,789</u>	<u>91,434</u>	<u>(22,797)</u>	<u>700</u>	<u>1,391</u>
-	597,608	-	-	-	-	-
(3,716)	(16,942)	32,789	91,434	(22,797)	700	1,391
24,884	-	173,014	39,167	50,184	-	(245)
<u>\$ 21,168</u>	<u>\$ (16,942)</u>	<u>\$ 205,803</u>	<u>\$ 130,601</u>	<u>\$ 27,387</u>	<u>\$ 700</u>	<u>\$ 1,146</u>

(Continued)

Elyria City School District
Combining Statement of Revenues, Expenditures
and Changes in Fund Balances
Nonmajor Special Revenue Funds
For the Fiscal Year Ended June 30, 2006

	Disadvantaged Pupil Impact Aid	Data Communication	SchoolNet Professional Development	Ohio Reads Grant
<u>Revenues:</u>				
Intergovernmental	\$ 213,996	\$ 57,000	\$ 6,300	\$ 64,000
Interest	-	-	-	-
Tuition and fees	-	-	-	-
Extracurricular activities	-	-	-	-
Gifts and donations	-	-	-	-
Charges for services	-	-	-	-
Miscellaneous	-	-	-	-
Total revenues	<u>213,996</u>	<u>57,000</u>	<u>6,300</u>	<u>64,000</u>
<u>Expenditures:</u>				
Current:				
Instruction:				
Regular		-	-	46,405
Special	-	-	-	-
Adult/continuing	-	-	-	-
Other	-	-	-	-
Support services:				
Pupils	-	-	-	12,774
Instructional staff	-	-	-	2,711
Administration	15,256	-	-	-
Operation and maintenance of plant	-	-	-	-
Pupil transportation	-	-	-	-
Central	-	56,418	6,278	-
Operation of non-instructional services:	-	-	-	-
Extracurricular activities	-	-	-	-
Capital outlay	-	3,329	-	-
Total expenditures	<u>15,256</u>	<u>59,747</u>	<u>6,278</u>	<u>61,890</u>
Excess of revenues over (under) expenditures	<u>198,740</u>	<u>(2,747)</u>	<u>22</u>	<u>2,110</u>
<u>Other financing sources (uses):</u>				
Transfers in	-	-	-	-
Net change in fund balance	198,740	(2,747)	22	2,110
Fund balances (deficit) at beginning of year	<u>(198,800)</u>	<u>34,765</u>	<u>1,185</u>	<u>78</u>
Fund balances (deficit) at end of year	<u>\$ (60)</u>	<u>\$ 32,018</u>	<u>\$ 1,207</u>	<u>\$ 2,188</u>

Summer School	Alternative School	Poverty Aid	Miscellaneous State Grants	Adult Basic Education	Title VI-B	Title III
\$ 706	\$ 204,697	\$ 2,482,100	\$ 15,000	\$ 153,478	\$ 2,248,439	\$ -
-	-	-	-	-	-	-
-	-	-	-	-	-	-
-	-	-	-	-	-	-
-	-	-	1,363	-	-	-
-	-	-	-	-	-	-
-	-	-	-	-	-	-
<u>706</u>	<u>204,697</u>	<u>2,482,100</u>	<u>16,363</u>	<u>153,478</u>	<u>2,248,439</u>	<u>-</u>
-	80,135	1,297,426	-	-	51,253	1,204
33,006	-	58,278	-	-	259,061	-
-	-	-	-	55,732	-	-
-	-	67,091	-	-	-	-
-	-	72,660	13,826	2,805	318,077	3,911
4,257	9,034	179,955	3,652	88,388	980,701	1,000
1,497	77,228	266,271	980	2,856	226,410	-
-	-	99,314	-	1,500	-	-
-	-	-	405	-	9,895	-
-	-	-	-	-	-	-
-	-	18,143	-	-	118,681	-
-	-	-	-	-	-	-
-	-	-	-	-	32,769	-
<u>38,760</u>	<u>166,397</u>	<u>2,059,138</u>	<u>18,863</u>	<u>151,281</u>	<u>1,996,847</u>	<u>6,115</u>
<u>(38,054)</u>	<u>38,300</u>	<u>422,962</u>	<u>(2,500)</u>	<u>2,197</u>	<u>251,592</u>	<u>(6,115)</u>
-	-	-	-	-	-	-
(38,054)	38,300	422,962	(2,500)	2,197	251,592	(6,115)
48,928	(35,901)	-	10,229	9,630	(13,144)	-
<u>\$ 10,874</u>	<u>\$ 2,399</u>	<u>\$ 422,962</u>	<u>\$ 7,729</u>	<u>\$ 11,827</u>	<u>\$ 238,448</u>	<u>\$ (6,115)</u>

(Continued)

Elyria City School District
Combining Statement of Revenues, Expenditures
and Changes in Fund Balances
Nonmajor Special Revenue Funds
For the Fiscal Year Ended June 30, 2006

	Title I	Title VI	Drug Free School Grant	PreSchool Handicapped Grant
<u>Revenues:</u>				
Intergovernmental	\$ 2,529,254	\$ 45,330	\$ 54,051	\$ 80,746
Interest	-	-	-	-
Tuition and fees	-	-	-	-
Extracurricular activities	-	-	-	-
Gifts and donations	-	-	-	-
Charges for services	-	-	-	-
Miscellaneous	-	-	-	-
Total revenues	<u>2,529,254</u>	<u>45,330</u>	<u>54,051</u>	<u>80,746</u>
<u>Expenditures:</u>				
Current:				
Instruction:				
Regular	71,061	76	-	-
Special	1,404,435	-	-	4,168
Adult/continuing	-	-	-	-
Other	-	-	-	-
Support services:				
Pupils	102,384	-	48,344	-
Instructional staff	578,208	43,933	-	21,339
Administration	116,635	-	-	45,071
Operation and maintenance of plant	-	-	-	-
Pupil transportation	71,875	-	-	-
Central	-	-	-	-
Operation of non-instructional services:	31,482	3,980	-	-
Extracurricular activities	-	-	-	-
Capital outlay	101,887	1,499	-	-
Total expenditures	<u>2,477,967</u>	<u>49,488</u>	<u>48,344</u>	<u>70,578</u>
Excess of revenues over (under) expenditures	<u>51,287</u>	<u>(4,158)</u>	<u>5,707</u>	<u>10,168</u>
<u>Other financing sources (uses):</u>				
Transfers in	-	-	-	-
Net change in fund balance	51,287	(4,158)	5,707	10,168
Fund balances (deficit) at beginning of year	83,633	14,022	50	(5,539)
Fund balances (deficit) at end of year	<u>\$ 134,920</u>	<u>\$ 9,864</u>	<u>\$ 5,757</u>	<u>\$ 4,629</u>

Class Size Reduction	Miscellaneous Federal Grant	Total Nonmajor Special Revenue Funds
\$ 506,749	\$ 221,575	\$ 10,088,764
-	-	426
-	-	239,818
-	-	317,896
-	-	125,424
-	-	2,559
-	82,580	169,262
<u>506,749</u>	<u>304,155</u>	<u>10,944,149</u>
-	48,150	2,354,328
539,322	-	2,367,885
-	-	55,732
-	-	67,091
-	131,589	724,376
19,534	74,330	2,130,709
-	9,858	772,558
-	-	100,814
-	5,401	87,576
-	15,414	130,714
-	-	1,146,658
-	-	387,761
-	-	169,306
<u>558,856</u>	<u>284,742</u>	<u>10,495,508</u>
<u>(52,107)</u>	<u>19,413</u>	<u>448,641</u>
-	-	597,608
(52,107)	19,413	1,046,249
83,619	28,504	819,886
<u>\$ 31,512</u>	<u>\$ 47,917</u>	<u>\$ 1,866,135</u>

Elyria City School District
Combining Balance Sheet
Nonmajor Capital Projects Funds
June 30, 2006

	Permanent Improvement	Capital Building	SchoolNet Plus	Federal Emergency Repair Program	Total Nonmajor Capital Projects Funds
<u>Assets:</u>					
Equity in pooled cash and cash equivalents	\$ 918,299	\$ 53	\$ 195	\$ -	\$ 918,547
Total assets	\$ 918,299	\$ 53	\$ 195	\$ -	\$ 918,547
<u>Liabilities and fund balance :</u>					
<u>Liabilities:</u>					
Accounts payable	\$ 9,204	\$ -	\$ -	\$ -	\$ 9,204
Total liabilities	9,204	-	-	-	9,204
<u>Fund balance:</u>					
Reserved for encumbrances	152,861	-	-	-	152,861
Unreserved:					
Undesignated, reported in:					
Capital projects funds	756,234	53	195	-	756,482
Total fund balance	909,095	53	195	-	909,343
Total liabilities and fund balance	\$ 918,299	\$ 53	\$ 195	\$ -	\$ 918,547

Elyria City School District
Combining Statement of Revenues, Expenditures
and Changes in Fund Balances
Nonmajor Capital Projects Funds
For the Fiscal Year Ended June 30, 2006

	<u>Permanent Improvement</u>	<u>Capital Building</u>	<u>SchoolNet Plus</u>	<u>Federal Emergency Repair Program</u>	<u>Total Nonmajor Capital Projects Funds</u>
<u>Revenues:</u>					
Intergovernmental	\$ -		\$ -	\$ 7,228	\$ 7,228
Total revenues	<u>-</u>	<u>-</u>	<u>-</u>	<u>7,228</u>	<u>7,228</u>
<u>Expenditures:</u>					
Current:					
Instruction:					
Regular	2,320	-	-	-	2,320
Support services:					
Operation and maintenance of plant	427,721	-	-	5,790	433,511
Central	6,725	-	-	-	6,725
Capital outlay	299,531	-	-	-	299,531
Total expenditures	<u>736,297</u>	<u>-</u>	<u>-</u>	<u>5,790</u>	<u>742,087</u>
Net change in fund balances	(736,297)	-	-	1,438	(734,859)
Fund balances at beginning of year	<u>1,645,392</u>	<u>53</u>	<u>195</u>	<u>(1,438)</u>	<u>1,644,202</u>
Fund balances at end of year	<u>\$ 909,095</u>	<u>\$ 53</u>	<u>\$ 195</u>	<u>\$ -</u>	<u>\$ 909,343</u>

*Individual Fund Schedules of Revenues, Expenditures and Changes in
Fund Balance – Budget (Non-GAAP Basis) and Actual
Governmental Funds – Nonmajor*

Elyria City School District
Schedule of Revenues, Expenditures and Changes in
Fund Balance - Budget (Non-GAAP Basis) and Actual
For the Fiscal Year Ended June 30, 2006

Special Trust Fund

	Final Budget	Actual	Variance with Final Budget Positive (Negative)
<u>Revenues:</u>			
Miscellaneous	\$ -	\$ 699	\$ 699
<u>Expenditures:</u>			
Total expenditures	-	-	-
Net change in fund balance	-	699	699
Fund balance at beginning of year	-	-	-
Fund balance at end of year	<u>\$ -</u>	<u>\$ 699</u>	<u>\$ 699</u>

Uniform School Supplies Fund

	Final Budget	Actual	Variance with Final Budget Positive (Negative)
<u>Revenues:</u>			
Tuition and fees	\$ 676,350	\$ 239,818	\$ (436,532)
<u>Expenditures:</u>			
Current:			
Instruction:			
Regular	534,770	182,546	352,224
Special	193,734	208	193,526
Total expenditures	728,504	182,754	545,750
Net change in fund balance	(52,154)	57,064	109,218
Fund balance at beginning of year	211,694	211,694	-
Prior year encumbrances appropriated	52,154	52,154	-
Fund balance at end of year	<u>\$ 211,694</u>	<u>\$ 320,912</u>	<u>\$ 109,218</u>

Elyria City School District
Schedule of Revenues, Expenditures and Changes in
Fund Balance - Budget (Non-GAAP Basis) and Actual
For the Fiscal Year Ended June 30, 2006

Rotary Fund

	Final Budget	Actual	Variance with Final Budget Positive (Negative)
<u>Revenues:</u>			
Charges for services	\$ 1,026	\$ 2,559	\$ 1,533
Gifts and donations	160,878	40,155	(120,723)
Miscellaneous	913	2,277	1,364
Total revenues	<u>162,817</u>	<u>44,991</u>	<u>(117,826)</u>
<u>Expenditures:</u>			
Current:			
Instruction:			
Regular	43,397	8,620	34,777
Instructional staff	113,325	89,704	23,621
Central	2,745	-	2,745
Operation of non-instructional services	3,421	1,474	1,947
Total expenditures	<u>162,888</u>	<u>99,798</u>	<u>63,090</u>
Excess of revenues over (under) expenditures	<u>(71)</u>	<u>(54,807)</u>	<u>(54,736)</u>
<u>Other financing sources (uses):</u>			
Advances in	-	48,091	48,091
Net change in fund balance	(71)	(6,716)	(6,645)
Fund balance at beginning of year	104,501	104,501	-
Prior year encumbrances appropriated	70	70	-
Fund balance at end of year	<u>\$ 104,500</u>	<u>\$ 97,855</u>	<u>\$ (6,645)</u>

Public School Support Fund

	Final Budget	Actual	Variance with Final Budget Positive (Negative)
<u>Revenues:</u>			
Extracurricular activities	\$ 89,457	\$ 173,094	\$ 83,637
Gifts and donations	28,334	53,813	25,479
Miscellaneous	14,777	28,065	13,288
Total revenues	<u>132,568</u>	<u>254,972</u>	<u>122,404</u>
<u>Expenditures:</u>			
Current:			
Instruction:			
Extracurricular activities	290,071	244,310	45,761
Total expenditures	<u>290,071</u>	<u>244,310</u>	<u>45,761</u>
Excess of revenues over (under) expenditures	<u>(157,503)</u>	<u>10,662</u>	<u>168,165</u>
Net change in fund balance	(157,503)	10,662	168,165
Fund balance at beginning of year	142,432	142,432	-
Prior year encumbrances appropriated	15,071	15,071	-
Fund balance at end of year	<u>\$ -</u>	<u>\$ 168,165</u>	<u>\$ 168,165</u>

Elyria City School District
Schedule of Revenues, Expenditures and Changes in
Fund Balance - Budget (Non-GAAP Basis) and Actual
For the Fiscal Year Ended June 30, 2006

Local Grants Fund

	Final Budget	Actual	Variance with Final Budget Positive (Negative)
<u>Revenues:</u>			
Gifts and donations	\$ 44,799	\$ 26,043	\$ (18,756)
Miscellaneous	26,300	30,245	3,945
Total revenues	<u>71,099</u>	<u>56,288</u>	<u>(14,811)</u>
<u>Expenditures:</u>			
Current:			
Instruction:			
Regular	36,989	18,184	18,805
Support services:			
Pupils	19,649	18,007	1,642
Instructional staff	6,084	1,791	4,293
Central	9,018	7,337	1,681
Extracurricular activities	24,447	11,271	13,176
Total expenditures	<u>96,187</u>	<u>56,590</u>	<u>39,597</u>
Excess of revenues over (under) expenditures	<u>(25,088)</u>	<u>(302)</u>	<u>24,786</u>
<u>Other financing sources (uses):</u>			
Advances in	-	10,319	10,319
Net change in fund balance	(25,088)	10,017	35,105
Fund balance at beginning of year	24,883	24,883	-
Prior year encumbrances appropriated	205	205	-
Fund balance at end of year	<u>\$ -</u>	<u>\$ 35,105</u>	<u>\$ 35,105</u>

Elyria City School District
Schedule of Revenues, Expenditures and Changes in
Fund Balance - Budget (Non-GAAP Basis) and Actual
For the Fiscal Year Ended June 30, 2006

Termination Benefits

	Revised Budget	Actual	Variance Favorable (Unfavorable)
<u>Revenues:</u>			
Total revenues	\$ -	\$ -	\$ -
<u>Expenditures:</u>			
Current:			
Instruction:			
Regular	597,608	597,608	-
<u>Other financing sources (uses):</u>			
Operating transfers in	597,608	597,608	-
Excess of revenues and other financing sources over (under) expenditures and other financing uses	-	-	-
Fund balances at beginning of year	-	-	-
Fund balances at end of year	\$ -	\$ -	\$ -

Athletic and Music Fund

	Final Budget	Actual	Variance with Final Budget Positive (Negative)
<u>Revenues:</u>			
Extracurricular activities	70,159	144,802	74,643
Gifts and donations	\$ 5,000	\$ 4,050	\$ (950)
Miscellaneous	16,257	25,396	9,139
Total revenues	91,416	174,248	82,832
<u>Expenditures:</u>			
Current:			
Instruction:			
Fiscal	31,000	-	31,000
Extracurricular activities	233,431	147,102	86,329
Total expenditures	264,431	147,102	117,329
Net change in fund balance	(173,015)	27,146	200,161
Fund balance at beginning of year	169,081	169,081	-
Prior year encumbrances appropriated	3,934	3,934	-
Fund balance at end of year	\$ -	\$ 200,161	\$ 200,161

Elyria City School District
Schedule of Revenues, Expenditures and Changes in
Fund Balance - Budget (Non-GAAP Basis) and Actual
For the Fiscal Year Ended June 30, 2006

Auxiliary Services Fund

	Final Budget	Actual	Variance with Final Budget Positive (Negative)
<u>Revenues:</u>			
Intergovernmental	\$ 1,124,818	\$ 1,087,133	\$ (37,685)
<u>Expenditures:</u>			
Current:			
Instruction:			
Operation of non-instructional services	1,259,806	1,092,803	167,003
Net change in fund balance	(134,988)	(5,244)	129,744
Fund balance at beginning of year	27,171	27,171	-
Prior year encumbrances appropriated	107,817	107,817	-
Fund balance at end of year	<u>\$ -</u>	<u>\$ 129,744</u>	<u>\$ 129,744</u>

Education Management Information Systems Fund

	Final Budget	Actual	Variance with Final Budget Positive (Negative)
<u>Revenues:</u>			
Intergovernmental	\$ 16,392	\$ 25,621	\$ 9,229
<u>Expenditures:</u>			
Current:			
Instruction:			
Central	64,052	43,511	20,541
Net change in fund balance	(47,660)	(17,890)	29,770
Fund balance at beginning of year	47,660	47,660	-
Fund balance at end of year	<u>\$ -</u>	<u>\$ 29,770</u>	<u>\$ 29,770</u>

Elyria City School District
Schedule of Revenues, Expenditures and Changes in
Fund Balance - Budget (Non-GAAP Basis) and Actual
For the Fiscal Year Ended June 30, 2006

Public School Preschool Fund

	Final Budget	Actual	Variance with Final Budget Positive (Negative)
<u>Revenues:</u>			
Intergovernmental	\$ 84,915	\$ 84,343	\$ (572)
<u>Expenditures:</u>			
Current:			
Instruction:			
Special	59,134	59,134	-
Instructional staff	15,080	15,080	-
Administration	10,701	8,796	1,905
Total expenditures	84,915	83,010	1,905
Net change in fund balance	-	1,333	1,333
Fund balance at beginning of year	-	-	-
Fund balance at end of year	\$ -	\$ 1,333	\$ 1,333

Entry Year Programs Fund

	Final Budget	Actual	Variance with Final Budget Positive (Negative)
<u>Revenues:</u>			
Intergovernmental	\$ 14,950	\$ 12,150	\$ (2,800)
<u>Expenditures:</u>			
Current:			
Instruction:			
Regular	1,050	-	1,050
Special	10,400	9,199	1,201
Administration	3,500	285	3,215
Total expenditures	14,950	9,484	5,466
Net change in fund balance	-	2,666	2,666
Fund balance at beginning of year	-	-	-
Fund balance at end of year	\$ -	\$ 2,666	\$ 2,666

Elyria City School District
Schedule of Revenues, Expenditures and Changes in
Fund Balance - Budget (Non-GAAP Basis) and Actual
For the Fiscal Year Ended June 30, 2006

Disadvantaged Pupil Impact Aid Fund

	Final Budget	Actual	Variance with Final Budget Positive (Negative)
<u>Revenues:</u>			
Intergovernmental	\$ 213,996	\$ 213,996	\$ -
<u>Expenditures:</u>			
Current:			
Instruction:			
Regular	145,711	144,871	840
Support services:			
Pupils	41,391	41,391	-
Instructional staff	19,945	19,945	-
Administration	59,397	60,237	(840)
Total expenditures	266,444	266,444	-
Net change in fund balance	(52,448)	(52,448)	-
Fund balance at beginning of year	52,448	52,448	-
Fund balance at end of year	\$ -	\$ -	\$ -

Data Communication Fund

	Final Budget	Actual	Variance with Final Budget Positive (Negative)
<u>Revenues:</u>			
Intergovernmental	\$ 51,791	\$ 57,000	\$ 5,209
<u>Expenditures:</u>			
Current:			
Central	94,023	61,326	32,697
Net change in fund balance	(42,232)	(4,326)	37,906
Fund balance at beginning of year	38,215	38,215	-
Prior year encumbrances appropriated	4,017	4,017	-
Fund balance at end of year	\$ -	\$ 37,906	\$ 37,906

Elyria City School District
Schedule of Revenues, Expenditures and Changes in
Fund Balance - Budget (Non-GAAP Basis) and Actual
For the Fiscal Year Ended June 30, 2006

SchoolNet Professional Development Fund

	Final Budget	Actual	Variance with Final Budget Positive (Negative)
<u>Revenues:</u>			
Intergovernmental	\$ 7,750	\$ 6,300	\$ (1,450)
<u>Expenditures:</u>			
Current:			
Support services:			
Central	8,958	6,095	2,863
Net change in fund balance	(1,208)	205	1,413
Fund balance at beginning of year	1,208	1,208	-
Fund balance at end of year	<u>\$ -</u>	<u>\$ 1,413</u>	<u>\$ 1,413</u>

Ohio Reads Grant Fund

	Final Budget	Actual	Variance with Final Budget Positive (Negative)
<u>Revenues:</u>			
Intergovernmental	\$ 88,000	\$ 64,000	\$ (24,000)
<u>Expenditures:</u>			
Current:			
Instruction:			
Regular	47,079	46,887	192
Special	45,652	45,574	78
Support services:			
Pupils	36,927	13,007	23,920
Instructional staff	3,994	2,688	1,306
Total expenditures	133,652	108,156	25,496
Net change in fund balance	(45,652)	(44,156)	1,496
Fund balance at beginning of year	77	77	-
Prior year encumbrances appropriated	45,575	45,575	-
Fund balance at end of year	<u>\$ -</u>	<u>\$ 1,496</u>	<u>\$ 1,496</u>

Elyria City School District
Schedule of Revenues, Expenditures and Changes in
Fund Balance - Budget (Non-GAAP Basis) and Actual
For the Fiscal Year Ended June 30, 2006

Summer School Fund

	Final Budget	Actual	Variance with Final Budget Positive (Negative)
<u>Revenues:</u>			
Intergovernmental	\$ 52,977	\$ 52,977	\$ -
<u>Expenditures:</u>			
Current:			
Instruction:			
Regular	10,874	-	10,874
Special	68,300	68,231	69
Instructional staff	4,257	4,257	-
Administration	1,702	1,771	(69)
Total expenditures	85,133	74,259	10,874
Net change in fund balance	(32,156)	(21,282)	10,874
Fund balance at beginning of year	363	363	-
Prior year encumbrances appropriated	31,793	31,793	-
Fund balance at end of year	\$ -	\$ 10,874	\$ 10,874

Alternative School Fund

	Final Budget	Actual	Variance with Final Budget Positive (Negative)
<u>Revenues:</u>			
Intergovernmental	\$ 204,697	\$ 204,697	\$ -
<u>Expenditures:</u>			
Current:			
Instruction:			
Regular	96,568	96,402	166
Instructional staff	22,963	23,616	(653)
Administration	96,964	95,068	1,896
Total expenditures	216,495	215,086	1,409
Net change in fund balance	(11,798)	(10,389)	1,409
Fund balance at beginning of year	11,798	11,798	-
Fund balance at end of year	\$ -	\$ 1,409	\$ 1,409

Elyria City School District
Schedule of Revenues, Expenditures and Changes in
Fund Balance - Budget (Non-GAAP Basis) and Actual
For the Fiscal Year Ended June 30, 2006

Poverty Aid Fund

	Revised Budget	Actual	Variance Favorable (Unfavorable)
<u>Revenues:</u>			
Intergovernmental	\$ 2,272,301	\$ 2,482,100	\$ 209,799
<u>Expenditures:</u>			
Current:			
Instruction:			
Regular	1,331,075	1,103,818	227,257
Special	-	47,497	(47,497)
Other	250,090	56,404	193,686
Support services:			
Pupils	92,136	62,689	29,447
Instructional staff	107,455	152,060	(44,605)
Administration	263,523	234,959	28,564
Fiscal	228,022	-	228,022
Operation and maintenance of plant	-	86,924	(86,924)
Operation of non-instructional services	-	16,769	(16,769)
Total expenditures	2,272,301	1,761,120	511,181
Excess of revenues and other financing sources over (under) expenditures and other financing uses	-	720,980	720,980
Fund balances at beginning of year	-	-	-
Fund balances at end of year	\$ -	\$ 720,980	\$ 720,980

Elyria City School District
Schedule of Revenues, Expenditures and Changes in
Fund Balance - Budget (Non-GAAP Basis) and Actual
For the Fiscal Year Ended June 30, 2006

Miscellaneous State Grants Fund

	Final Budget	Actual	Variance with Final Budget Positive (Negative)
<u>Revenues:</u>			
Intergovernmental	\$ 13,929	\$ 10,000	\$ (3,929)
Gifts and donations	-	1,363	1,363
Total revenues	<u>13,929</u>	<u>11,363</u>	<u>(2,566)</u>
<u>Expenditures:</u>			
Current:			
Instruction:			
Support services:			
Pupils	20,744	19,956	788
Instructional staff	5,869	3,652	2,217
Administration	988	998	(10)
Pupil transportation	2,194	405	1,789
Total expenditures	<u>29,795</u>	<u>25,011</u>	<u>4,784</u>
Excess of revenues over (under) expenditures	<u>(15,866)</u>	<u>(13,648)</u>	<u>2,218</u>
<u>Other financing sources (uses):</u>			
Advances in	<u>4,384</u>	<u>4,384</u>	<u>-</u>
Net change in fund balance	(11,482)	(9,264)	2,218
Fund balance at beginning of year	8,225	8,225	-
Prior year encumbrances appropriated	3,257	3,257	-
Fund balance at end of year	<u>\$ -</u>	<u>\$ 2,218</u>	<u>\$ 2,218</u>

Adult Basic Education Fund

	Final Budget	Actual	Variance with Final Budget Positive (Negative)
<u>Revenues:</u>			
Intergovernmental	\$ 178,811	\$ 150,456	\$ (28,355)
<u>Expenditures:</u>			
Current:			
Instruction:			
Adult/continuing	75,126	55,369	19,757
Support services:			
Pupils	3,200	2,805	395
Instructional staff	96,152	83,534	12,618
Administration	3,746	2,852	894
Capital outlay	2,000	1,500	500
Total expenditures	<u>180,224</u>	<u>146,060</u>	<u>34,164</u>
Net change in fund balance	(1,413)	4,396	5,809
Fund balance at beginning of year	1,413	1,413	-
Fund balance at end of year	<u>\$ -</u>	<u>\$ 5,809</u>	<u>\$ 5,809</u>

Elyria City School District
Schedule of Revenues, Expenditures and Changes in
Fund Balance - Budget (Non-GAAP Basis) and Actual
For the Fiscal Year Ended June 30, 2006

	Title VI-B Fund		
	Final Budget	Actual	Variance with Final Budget Positive (Negative)
<u>Revenues:</u>			
Intergovernmental	\$ 2,736,591	\$ 2,234,787	\$ (501,804)
<u>Expenditures:</u>			
Current:			
Instruction:			
Regular	73,686	72,683	1,003
Special	404,242	296,567	107,675
Support services:			
Pupils	543,994	373,363	170,631
Instructional staff	1,238,631	1,018,788	219,843
Administration	348,596	227,446	121,150
Operation and maintenance of plant	1,421	-	1,421
Pupil transportation	47,500	21,372	26,128
Operation of non-instructional services	132,829	125,355	7,474
Total expenditures	<u>2,790,899</u>	<u>2,135,574</u>	<u>655,325</u>
Excess of revenues over (under) expenditures	<u>(54,308)</u>	<u>99,213</u>	<u>153,521</u>
<u>Other financing sources (uses):</u>			
Refund of prior year receipts	-	50	50
Advances in	17,879	17,879	-
Advances out	(10,961)	(10,961)	-
Total other financing sources (uses)	<u>6,918</u>	<u>6,968</u>	<u>50</u>
Net change in fund balance	(47,390)	106,181	153,571
Fund balance at beginning of year	(42,096)	(42,096)	-
Prior year encumbrances appropriated	89,486	89,486	-
Fund balance at end of year	<u>\$ -</u>	<u>\$ 153,571</u>	<u>\$ 153,571</u>

Elyria City School District
Schedule of Revenues, Expenditures and Changes in
Fund Balance - Budget (Non-GAAP Basis) and Actual
For the Fiscal Year Ended June 30, 2006

Title III Fund

	Final Budget	Actual	Variance with Final Budget Positive (Negative)
<u>Revenues:</u>			
Intergovernmental	\$ 6,561	\$ -	\$ (6,561)
<u>Expenditures:</u>			
Current:			
Instruction:			
Regular	1,150	1,194	(44)
Support services:			
Pupils	4,411	3,869	542
Instructional staff	1,000	1,000	-
Total expenditures	6,561	6,063	498
Excess of revenues over (under) expenditures	-	(6,063)	(6,063)
<u>Other financing sources (uses):</u>			
Advances in	-	6,063	6,063
Net change in fund balance	-	-	-
Fund balance at beginning of year	-	-	-
Fund balance at end of year	\$ -	\$ -	\$ -

Elyria City School District
Schedule of Revenues, Expenditures and Changes in
Fund Balance - Budget (Non-GAAP Basis) and Actual
For the Fiscal Year Ended June 30, 2006

Title I Fund

	Final Budget	Actual	Variance with Final Budget Positive (Negative)
<u>Revenues:</u>			
Intergovernmental	\$ 3,386,357	\$ 2,820,355	\$ (566,002)
<u>Expenditures:</u>			
Current:			
Instruction:			
Regular	117,527	117,044	483
Special	1,778,570	1,554,323	224,247
Support services:			
Pupils	129,142	108,014	21,128
Instructional staff	1,128,625	757,856	370,769
Administration	170,346	120,479	49,867
Operation of non-instructional services	32,373	31,510	863
Total expenditures	3,356,583	2,689,226	667,357
Excess of revenues over (under) expenditures	29,774	131,129	101,355
<u>Other financing sources (uses):</u>			
Advances in	40,259	40,259	-
Advances out	(78,394)	(78,394)	-
Total other financing sources (uses)	(38,135)	(38,135)	-
Net change in fund balance	(8,361)	92,994	101,355
Fund balance at beginning of year	(159,642)	(159,642)	-
Prior year encumbrances appropriated	168,120	168,120	-
Fund balance at end of year	\$ 117	\$ 101,472	\$ 101,355

Title VI Fund

	Final Budget	Actual	Variance with Final Budget Positive (Negative)
<u>Revenues:</u>			
Intergovernmental	\$ 50,317	\$ 45,330	\$ (4,987)
<u>Expenditures:</u>			
Current:			
Support services:			
Instructional staff	71,600	56,708	14,892
Operation of non-instructional services	4,017	3,982	35
Total expenditures	75,617	60,690	14,927
Net change in fund balance	(25,300)	(15,360)	9,940
Fund balance at beginning of year	9,387	9,387	-
Prior year encumbrances appropriated	15,913	15,913	-
Fund balance at end of year	\$ -	\$ 9,940	\$ 9,940

Elyria City School District
Schedule of Revenues, Expenditures and Changes in
Fund Balance - Budget (Non-GAAP Basis) and Actual
For the Fiscal Year Ended June 30, 2006

Drug Free School Grant Fund

	Final Budget	Actual	Variance with Final Budget Positive (Negative)
<u>Revenues:</u>			
Intergovernmental	\$ 60,536	\$ 60,537	\$ 1
<u>Expenditures:</u>			
Support services:			
Pupils	54,014	44,810	9,204
Operation of non-instructional services	299	144	155
Total expenditures	54,313	44,954	9,359
Excess of revenues over (under) expenditures	6,223	15,583	9,360
<u>Other financing sources (uses):</u>			
Advances out	-	(6,293)	(6,293)
Net change in fund balance	6,223	9,290	3,067
Fund balance at beginning of year	(176)	(176)	-
Prior year encumbrances appropriated	176	176	-
Fund balance at end of year	<u>\$ 6,223</u>	<u>\$ 9,290</u>	<u>\$ 3,067</u>

Preschool Handicapped Grant Fund

	Final Budget	Actual	Variance with Final Budget Positive (Negative)
<u>Revenues:</u>			
Intergovernmental	\$ 91,865	\$ 91,968	\$ 103
<u>Expenditures:</u>			
Current:			
Instruction:			
Special	287	5,136	(4,849)
Support services:			
Instructional staff	34,647	30,820	3,827
Administration	53,547	45,912	7,635
Total expenditures	88,481	81,868	6,613
Excess of revenues over (under) expenditures	3,384	10,100	6,716
<u>Other financing sources (uses):</u>			
Advances out	(3,489)	(3,489)	-
Net change in fund balance	(105)	6,611	6,716
Fund balance at beginning of year	105	105	-
Fund balance at end of year	<u>\$ -</u>	<u>\$ 6,716</u>	<u>\$ 6,716</u>

Elyria City School District
Schedule of Revenues, Expenditures and Changes in
Fund Balance - Budget (Non-GAAP Basis) and Actual
For the Fiscal Year Ended June 30, 2006

Class Size Reduction Fund

	Final Budget	Actual	Variance with Final Budget Positive (Negative)
<u>Revenues:</u>			
Intergovernmental	\$ 821,715	\$ 583,846	\$ (237,869)
<u>Expenditures:</u>			
Current:			
Instruction:			
Special	631,174	546,705	84,469
Support services:			
Instructional staff	231,807	41,335	190,472
Operation of non-instructional services	1,423	-	1,423
Total expenditures	<u>864,404</u>	<u>588,040</u>	<u>276,364</u>
Net change in fund balance	(42,689)	(4,194)	38,495
Fund balance at beginning of year	19,119	19,119	-
Prior year encumbrances appropriated	23,570	23,570	-
Fund balance at end of year	<u>\$ -</u>	<u>\$ 38,495</u>	<u>\$ 38,495</u>

Elyria City School District
Schedule of Revenues, Expenditures and Changes in
Fund Balance - Budget (Non-GAAP Basis) and Actual
For the Fiscal Year Ended June 30, 2006

Miscellaneous Federal Grants Fund

	Final Budget	Actual	Variance with Final Budget Positive (Negative)
<u>Revenues:</u>			
Intergovernmental	792,407	258,524	(533,883)
Miscellaneous	70,000	82,580	12,580
Total revenues	<u>862,407</u>	<u>341,104</u>	<u>(521,303)</u>
<u>Expenditures:</u>			
Current:			
Instruction:			
Regular	156,295	66,531	89,764
Support services:			
Pupils	509,566	162,376	347,190
Instructional staff	110,668	74,791	35,877
Administration	67,464	11,419	56,045
Pupil transportation	8,957	5,401	3,556
Central	16,064	13,058	3,006
Operation of non-instructional services	630	-	630
Total expenditures	<u>869,644</u>	<u>333,576</u>	<u>536,068</u>
Excess of revenues over (under) expenditures	<u>(7,237)</u>	<u>7,528</u>	<u>14,765</u>
<u>Other financing sources (uses):</u>			
Refund of prior year receipts	(104)	(104)	-
Advances in	20,063	20,063	-
Advances out	(29,965)	(29,965)	-
Total other financing sources (uses)	<u>(10,006)</u>	<u>(10,006)</u>	<u>-</u>
Net change in fund balance	(17,243)	(2,478)	14,765
Fund balance at beginning of year	(10,788)	(10,788)	-
Prior year encumbrances appropriated	28,031	28,031	-
Fund balance at end of year	<u>\$ -</u>	<u>\$ 14,765</u>	<u>\$ 14,765</u>

Elyria City School District
Schedule of Revenues, Expenditures and Changes in
Fund Balance - Budget (Non-GAAP Basis) and Actual
For the Fiscal Year Ended June 30, 2006

Bond Retirement Fund

	Final Budget	Actual	Variance with Final Budget Positive (Negative)
<u>Revenues:</u>			
Taxes	\$ 134,205	\$ 73,045	\$ (61,160)
Intergovernmental	14,912	7,445	(7,467)
Total revenues	<u>149,117</u>	<u>80,490</u>	<u>(68,627)</u>
<u>Expenditures:</u>			
Support services:			
Debt service:			
Principal retirement	370,000	370,000	-
Interest and fiscal charges	11,655	11,655	-
Total expenditures	<u>384,155</u>	<u>382,722</u>	<u>1,433</u>
Net change in fund balance	(235,038)	(302,232)	(67,194)
Fund balance at beginning of year	329,415	329,415	-
Fund balance at end of year	<u>\$ 94,377</u>	<u>\$ 27,183</u>	<u>\$ (67,194)</u>

Elyria City School District
Schedule of Revenues, Expenditures and Changes in
Fund Balance - Budget (Non-GAAP Basis) and Actual
For the Fiscal Year Ended June 30, 2006

Permanent Improvement Fund

	Final Budget	Actual	Variance with Final Budget Positive (Negative)
<u>Expenditures:</u>			
Current:			
Instruction:			
Regular	36,320	2,320	34,000
Support services:			
Operation and maintenance of plant	50,000	46,630	3,370
Central	7,000	6,725	275
Capital outlay	891,623	878,026	13,597
Total expenditures	984,943	933,701	51,242
Excess of revenues over (under) expenditures	(984,943)	(933,701)	51,242
<u>Other financing sources (uses):</u>			
Transfers in	150,000	-	(150,000)
Net change in fund balance	(834,943)	(933,701)	(98,758)
Fund balance at beginning of year	1,504,992	1,504,992	-
Prior year encumbrances appropriated	184,943	184,943	-
Fund balance at end of year	\$ 854,992	\$ 756,234	\$ (98,758)

Capital Building Fund

	Final Budget	Actual	Variance with Final Budget Positive (Negative)
<u>Revenues:</u>			
Total revenues	\$ -	\$ -	\$ -
<u>Expenditures:</u>			
Total expenditures	-	-	-
Net change in fund balance	-	-	-
Fund balance at beginning of year	53	53	-
Fund balance at end of year	\$ 53	\$ 53	\$ -

Elyria City School District
Schedule of Revenues, Expenditures and Changes in
Fund Balance - Budget (Non-GAAP Basis) and Actual
For the Fiscal Year Ended June 30, 2006

SchoolNet Plus Fund

	Final Budget	Actual	Variance with Final Budget Positive (Negative)
<u>Revenues:</u>			
Total revenues	-	-	-
<u>Expenditures:</u>			
Current:			
Support services:			
Central	199	-	199
Net change in fund balance	(199)	-	199
Fund balance at beginning of year	199	199	-
Fund balance at end of year	<u>\$ -</u>	<u>\$ 199</u>	<u>\$ 199</u>

Federal Emergency Repair Program

	Final Budget	Actual	Variance with Final Budget Positive (Negative)
<u>Revenues:</u>			
Intergovernmental	\$ 7,228	\$ 7,228	\$ -
<u>Expenditures:</u>			
Current:			
Support services:			
Operation and maintenance of plant	5,790	5,790	-
Excess of revenues over (under) expenditures	1,438	1,438	-
<u>Other financing sources (uses):</u>			
Advances out	(1,438)	(1,438)	-
Net change in fund balance	-	-	-
Fund balance at beginning of year	-	-	-
Fund balance at end of year	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>

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Individual Fund Schedules

Proprietary Funds

Lunchroom/Cafeteria Fund - This fund accounts for the financial transactions related to the food service operations of the School District.

Self-Insurance Fund - This fund accounts for monies received from other funds as payment for providing medical, hospitalization, life, dental, vision, or any other similar employee benefits. The Self-Insurance Fund may make payments for services provided to employees, for reimbursements to employees who have paid providers, to third party administrators for claim payment or administration, for stop-loss coverage or for any other reinsurance or other similar purposes.

*Individual Fund Schedules of Revenues, Expenses and Changes in
Fund Equity – Budget (Non-GAAP Basis) and Actual
Proprietary Funds*

Elyria City School District
Schedule of Revenues, Expenses
and Changes in Fund Equity - Budget (Non-GAAP Basis) and Actual
For the Fiscal Year Ended June 30, 2006

Lunchroom/Cafeteria Fund

	Final Budget	Actual	Variance with Final Budget Positive (Negative)
Operating Revenues:			
Sales	\$ 999,729	\$ 812,436	\$ (187,293)
Operating Expenses:			
Salaries	875,000	778,101	96,899
Fringe benefits	313,470	336,794	(23,324)
Purchased services	1,235,024	1,302,424	(67,400)
Materials and supplies	139,214	195,717	(56,503)
Capital outlay new	58,700	1,345	57,355
Total operating expenses	<u>2,621,408</u>	<u>2,614,381</u>	<u>7,027</u>
Operating Income/(Loss)	<u>(1,621,679)</u>	<u>(1,801,945)</u>	<u>(180,266)</u>
Non-operating Revenues/(Expenses):			
Interest	2,905	2,360	(545)
Operating grants	2,135,963	1,735,803	(400,160)
Total Non-operating Revenue/(Expense)	<u>2,138,868</u>	<u>1,738,163</u>	<u>(400,705)</u>
Net change in fund equity	517,189	(63,782)	(580,971)
Fund equity at beginning of year	108,271	108,271	-
Prior year encumbrances appropriated	2,938	2,938	-
Fund equity at end of year	<u>\$ 628,398</u>	<u>\$ 47,427</u>	<u>\$ (580,971)</u>

Elyria City School District
Schedule of Revenues, Expenses
and Changes in Fund Equity - Budget (Non-GAAP Basis) and Actual
For the Fiscal Year Ended June 30, 2006

Self Insurance Fund

	Final Budget	Actual	Variance with Final Budget Positive (Negative)
	<u> </u>	<u> </u>	<u> </u>
Operating Revenues:			
Sales	-	-	-
Charges for services	\$ 5,771,313	\$ 6,989,858	\$ 1,218,545
	<u> </u>	<u> </u>	<u> </u>
Operating Expenses:			
Salaries	43,332	43,813	(481)
Fringe benefits	169,695	186,013	(16,318)
Purchased services	7,483,098	6,995,954	487,144
Total operating expenses	<u>7,696,125</u>	<u>7,225,780</u>	<u>470,345</u>
Operating Income/(Loss)	<u>(1,924,812)</u>	<u>(235,922)</u>	<u>1,688,890</u>
Non-operating Revenues/(Expenses):			
Interest	<u>-</u>	<u>91,002</u>	<u>91,002</u>
Net change in fund equity	(1,924,812)	(144,920)	1,779,892
Fund equity at beginning of year	3,314,418	3,314,418	-
Fund equity at end of year	<u>\$ 1,389,606</u>	<u>\$ 3,169,498</u>	<u>\$ 1,779,892</u>

Combining Statement and Individual Fund Schedule

Fiduciary Funds

Fiduciary funds are used to account for assets held by the School District in a trustee capacity or as an agent for individuals, private organizations, other governmental units and other funds. The following are the School District's fiduciary fund types:

Private Purpose Trust Fund

Scholarship Trust Fund - This fund accounts for money, securities of land which have been set aside as an investment for public school purposes. The income from such a fund may be expended, but the principal must remain intact.

Agency Funds

Student Managed Activities Fund - This fund reflects resources that belong to the student bodies of the various schools, accounting for sales and other revenue generating activities.

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

Elyria City School District
Schedule of Revenues, Expenses
and Changes in Fund Equity - Budget (Non-GAAP Basis) and Actual
For the Fiscal Year Ended June 30, 2006

Scholarship Trust Fund

	Final Budget	Actual	Variance with Final Budget Positive (Negative)
Operating Revenues:			
Interest	1,935	1,935	-
Contributions and donations	14,089	14,089	-
Total revenues	<u>16,024</u>	<u>16,024</u>	<u>-</u>
Operating Expenses:			
Payment in accordance with trust agreements	147,746	2,250	145,496
Operating Income/(Loss)	<u>(131,722)</u>	<u>13,774</u>	<u>145,496</u>
Fund equity at beginning of year	271,015	271,015	-
Prior year encumbrances appropriated	-	-	-
Fund equity at end of year	<u>\$ 139,293</u>	<u>\$ 284,789</u>	<u>\$ 145,496</u>

Combining Statement

Elyria City School District
Combining Statement of Changes in Assets and Liabilities
Agency Fund
For the Fiscal Year Ended June 30, 2006

	<u>Beginning Balance July 1, 2005</u>	<u>Additions</u>	<u>Deductions</u>	<u>Ending Balance June 30, 2006</u>
Student Managed Activity				
<u>Assets:</u>				
Equity in pooled cash and cash equivalents	\$ 169,137	\$ 510,108	\$ (504,082)	\$ 175,163
<u>Liabilities:</u>				
Accounts payable	\$ 5,662	\$ 6,340	\$ (5,662)	\$ 6,340
Due to students	163,475	503,768	(498,420)	168,823
Total liabilities	<u>\$ 169,137</u>	<u>\$ 510,108</u>	<u>\$ (504,082)</u>	<u>\$ 175,163</u>

STATISTICAL SECTION

Statistical Section

This part of the School District's Comprehensive Annual Financial Report presents detailed information as a context for understanding what the information in the financial statements, note disclosures, and required supplementary information says about the School District's overall financial health.

<u>Contents</u>	<u>Page(s)</u>
Financial Trends These schedules contain trend information to help the reader understand how the School District's financial position has changed over time.	S 2 - S 7
Revenue Capacity These schedules contain information to help the reader understand and assess the factors affecting the School District's ability to generate its most significant local revenue source(s), the property tax (and the income tax).	S 8 - S 13
Debt Capacity These schedules present information to help the reader assess the affordability of the School District's current levels of outstanding debt and the School District's ability to issue additional debt in the future.	S 14 - S 17
Economic and Demographic Information These schedules offer economic and demographic indicators to help the reader understand the environment within which the School District's financial activities take place and to provide information that facilitates comparisons of financial information over time and among governments.	S 18 - S 19
Operating Information These schedules contain service and infrastructure data to help the reader understand how the information in the School District's financial report relates to the services the School District provides and the activities it performs.	S 20 - S 33

Sources: Unless otherwise noted, the information in these schedules is derived from the comprehensive annual financial reports for the relevant year. The School District implemented GASB Statement 34 in fiscal year 2003; schedules presenting government-wide information include information beginning in that fiscal year.

Elyria City School District

Net Assets by Component

Last Four Fiscal Years

	<u>2003</u>	<u>2004</u>	<u>2005</u>	<u>2006</u>
Governmental Activities:				
Invested in capital assets, net of related debt	\$ 5,455,137	\$ 4,562,508	\$ 3,933,767	\$ 3,746,145
Restricted for:				
Capital projects	2,669,729	2,122,554	1,644,202	909,343
Debt service	769,297	576,703	373,730	27,183
Other purposes	1,611,116	1,796,762	2,110,573	1,866,135
Unrestricted (deficit)	<u>9,558,826</u>	<u>6,593,715</u>	<u>4,041,676</u>	<u>(496,150)</u>
Total Governmental Activities Net Assets	<u>20,064,105</u>	<u>15,652,242</u>	<u>12,103,948</u>	<u>6,052,656</u>
Business-type Activities:				
Invested in Capital Assets, Net of Related Debt	215,686	185,087	155,881	151,702
Unrestricted (Deficit)	<u>159,816</u>	<u>212,692</u>	<u>227,822</u>	<u>(79,658)</u>
Total Business-type Activities Net Assets	<u>375,502</u>	<u>397,779</u>	<u>383,703</u>	<u>72,044</u>
Primary Government:				
Invested in Capital Assets, Net of Related Debt	5,239,451	4,377,421	3,777,886	3,897,847
Restricted	5,050,142	4,496,019	4,128,505	2,802,661
Unrestricted (Deficit)	<u>9,399,010</u>	<u>6,381,023</u>	<u>3,813,854</u>	<u>(575,808)</u>
Total Primary Government Net Assets	<u>\$ 19,688,603</u>	<u>\$ 15,254,463</u>	<u>\$ 11,720,245</u>	<u>\$ 6,124,700</u>

Source: School District financial records

Note: Accrual basis of accounting. Will be reported for the last ten years when there are enough years of information available.

Elyria City School District

Changes in Net Assets of Governmental and Business-Type Activities

Last Four Fiscal Years

	<u>2003</u>	<u>2004</u>	<u>2005</u>	<u>2006</u>
Expenses				
Governmental Activities:				
Regular Instruction	\$ 30,821,532	\$ 29,624,561	\$ 31,649,471	\$ 30,324,346
Special Instruction	9,309,759	9,113,085	9,763,249	9,376,862
Vocational Instruction	295,979	306,809	352,683	363,744
Adult Instruction	69,898	69,504	72,170	56,007
Other Instruction	3,023,391	3,855,812	4,682,829	5,123,266
Pupil Support	4,988,514	5,110,344	5,370,367	4,530,777
Instructional Staff Support	5,253,519	4,846,921	4,943,033	4,534,477
Board of Education	53,309	115,881	82,330	93,169
Administration	5,489,448	4,959,822	5,603,999	5,197,206
Fiscal	1,423,861	1,556,168	1,758,681	1,439,234
Business	964,200	760,780	1,000,184	1,148,114
Operation and Maintenance of Plant	6,792,093	6,900,583	6,639,825	7,899,488
Pupil Transportation	2,495,848	3,142,194	3,198,557	2,665,086
Central	1,718,658	1,336,426	1,565,055	1,317,013
Operation of non-instructional services	1,712,503	1,586,493	1,854,580	1,693,187
Extracurricular Activities	1,495,087	1,574,321	1,400,631	1,294,248
Interest and Fiscal Charges	81,549	59,738	43,075	380,415
<i>Total Governmental Activities Expenses</i>	<u>75,989,148</u>	<u>74,919,442</u>	<u>79,980,719</u>	<u>77,436,639</u>
Business-type Activities:				
Lunchroom/Cafeteria	<u>2,577,737</u>	<u>2,618,632</u>	<u>2,678,175</u>	<u>2,704,945</u>
<i>Total Primary Government Expenses</i>	<u>78,566,885</u>	<u>77,538,074</u>	<u>82,658,894</u>	<u>80,141,584</u>

Program Revenues

Governmental Activities:

<u>Charges for Services</u>				
Regular Instruction	-	615,424	212,169	1,062,428
Special Instruction	1,576,791	1,135,243	1,204,802	315,540
Adult Instruction	-	362	-	-
Pupil Support	-	22,063	22,345	-
Instructional Staff Support	-	59,322	25,201	2,277
Fiscal	-	30,065	30,285	-
Operation and maintenance of plant	-	-	-	77,716
Central	-	276	141	-
Operation of non-instructional services	-	945	1,379	2,559
Extracurricular Activities	208,441	426,014	447,834	396,602
<u>Operating Grants and Contributions</u>				
Regular Instruction	-	1,099,523	1,251,001	1,613,848
Special Instruction	2,085,097	2,680,839	2,669,948	2,300,478
Adult	72,708	68,589	71,619	148,726
Other	-	-	-	250,090
Pupil Support	61,501	597,555	774,176	429,815
Instructional Staff Support	922,320	1,761,242	2,834,389	1,904,682
Administration	140,874	679,642	905,757	1,037,027
Operation and Maintenance of Plant	-	1,027	-	111,408
Pupil Transport	49,979	73,966	91,798	-
Central	30,346	89,854	95,670	89,188
Operation of Non-Instructional Services	1,082,753	1,185,307	-	1,218,120
Extracurricular Activities	-	-	1,219,654	55,007
<u>Capital Grants and Contributions</u>				
Central	70,595	-	72,135	-
Operation and Maintenance of Plant	-	161,488	-	-
Pupil transportation	-	-	-	37,077
<i>Total Governmental Activities Program Revenues</i>	<u>6,301,405</u>	<u>10,688,746</u>	<u>11,930,303</u>	<u>11,052,588</u>

Elyria City School District

**Changes in Net Assets of Governmental and Business-Type Activities
Last Four Fiscal Years**

	<u>2003</u>	<u>2004</u>	<u>2005</u>	<u>2006</u>
Business-type Activities:				
Charges for Services	\$ 840,491	\$ 885,967	\$ 819,045	\$ 812,436
Operating Grants and Contributions	1,661,653	1,844,303	1,843,386	1,578,490
<i>Total Business-type Activities Program Revenues</i>	<u>2,502,144</u>	<u>2,730,270</u>	<u>2,662,431</u>	<u>2,390,926</u>
<i>Total Primary Government Program Revenues</i>	<u>8,803,549</u>	<u>13,419,016</u>	<u>14,592,734</u>	<u>13,443,514</u>
Net (Expense)/Revenue				
Governmental Activities	(69,687,743)	(64,230,696)	(68,050,416)	(66,384,051)
Business-type Activities	(75,593)	111,638	(15,744)	(314,019)
<i>Total Primary Government Net (Expense)/Revenue</i>	<u>(69,763,336)</u>	<u>(64,119,058)</u>	<u>(68,066,160)</u>	<u>(66,698,070)</u>
General Revenues and Other Changes in Net Assets				
Governmental Activities:				
Property Taxes Levied for:				
General Purposes	34,373,284	30,077,354	33,255,486	28,393,790
Debt Service	267,286	173,964	165,325	952,421
Income Taxes Levied for				
Grants and Entitlements not				
Restricted to Specific Programs	32,727,126	28,971,881	30,408,503	29,446,131
Investment Earnings	506,654	299,727	441,169	588,635
Miscellaneous	1,572,814	183,727	316,991	1,335,485
Transfers	(147,605)	-	-	-
<i>Total Governmental Activities</i>	<u>69,299,559</u>	<u>59,706,653</u>	<u>64,587,474</u>	<u>60,716,462</u>
Business-type Activities:				
Investment Earnings	483	542	1,668	2,360
Transfers	147,605	-	-	-
<i>Total Business-type Activities</i>	<u>148,088</u>	<u>542</u>	<u>1,668</u>	<u>2,360</u>
<i>Total Primary Government</i>	<u>69,447,647</u>	<u>59,707,195</u>	<u>64,589,142</u>	<u>60,718,822</u>
Change in Net Assets				
Governmental Activities	(388,184)	(4,524,043)	(3,462,942)	(5,667,589)
Business-type Activities	72,495	112,180	(14,076)	(311,659)
<i>Total Primary Government Change in Net Assets</i>	<u>(315,689)</u>	<u>(4,411,863)</u>	<u>(3,477,018)</u>	<u>(5,979,248)</u>
Net Assets beginning of the year				
Governmental Activities	20,076,787	19,778,506	15,183,187	11,720,245
Business-type Activities	303,007	285,599	397,779	383,703
<i>Total Primary Government</i>	<u>20,379,794</u>	<u>20,064,105</u>	<u>15,580,966</u>	<u>12,103,948</u>
Net assets end of year				
Governmental Activities	19,688,603	15,254,463	11,720,245	6,052,656
Business-type Activities	375,502	397,779	383,703	72,044
<i>Total Primary Government</i>	<u>\$ 20,064,105</u>	<u>\$ 15,652,242</u>	<u>\$ 12,103,948</u>	<u>\$ 6,124,700</u>

Source: School District financial records

Note: Accrual basis of accounting. Will be reported for the last ten years when there are enough years of information available.

Elyria City School District

**Program Revenues of Governmental and Business-Type Activities by Function
Last Four Fiscal Years**

	<u>2003</u>	<u>2004</u>	<u>2005</u>	<u>2006</u>
<i>Governmental activities:</i>				
Instruction:				
Regular	\$ -	\$ 1,714,947	\$ 1,463,170	\$ 2,676,276
Special	3,661,888	3,816,082	3,874,750	2,616,018
Adult/continuing	72,708	68,951	71,619	148,726
Other	-	-	-	250,090
Support services:				
Pupil	61,501	619,618	796,521	429,815
Instructional staff	922,320	1,820,564	2,859,590	1,906,959
Administration	140,874	679,642	905,616	1,037,027
Fiscal	-	30,065	30,285	-
Business	-	-	141	-
Operation and maintenance of plant	-	162,515	-	189,124
Pupil transportation	49,979	73,966	91,798	37,077
Central	100,941	90,130	167,946	89,188
Operation of non-instructional services	1,082,753	1,186,252	1,379	1,220,679
Extracurricular activities	208,441	426,014	1,667,488	451,609
<i>Total governmental program revenues</i>	<u><u>\$ 6,301,405</u></u>	<u><u>\$ 10,688,746</u></u>	<u><u>\$ 11,930,303</u></u>	<u><u>\$ 11,052,588</u></u>
<i>Business-Type Activities:</i>				
Lunchroom/Cafeteria	<u>2,502,144</u>	<u>2,730,270</u>	<u>2,662,431</u>	<u>2,390,926</u>
<i>Grand Totals</i>	<u><u>\$ 8,803,549</u></u>	<u><u>\$ 13,419,016</u></u>	<u><u>\$ 14,592,734</u></u>	<u><u>\$ 13,443,514</u></u>

Source: School District financial records

Note: Accrual basis of accounting. Will be reported for the last ten years when there are enough years of information available.

Elyria City School District
Fund Balances, Governmental Funds
Last Five Fiscal Years

	<u>2003</u>	<u>2004</u>	<u>2005</u>	<u>2006</u>
General fund				
Reserved	\$ 4,588,079	\$ 4,476,170	\$ 6,203,101	\$ 6,447,499
Unreserved	<u>4,376,261</u>	<u>(87,818)</u>	<u>(4,564,004)</u>	<u>(4,612,445)</u>
<i>Total general fund</i>	<u>8,964,340</u>	<u>4,388,352</u>	<u>1,639,097</u>	<u>1,835,054</u>
All other governmental funds				
Reserved	1,195,833	1,106,076	644,959	304,400
Unreserved, undesignated, Reported in:				
Special revenue funds	1,124,304	921,203	676,252	1,714,596
Debt service funds	-	-	-	27,183
Capital projects funds	<u>2,606,183</u>	<u>2,057,448</u>	<u>1,503,904</u>	<u>756,482</u>
Total all other governmental funds	<u>4,926,320</u>	<u>4,084,727</u>	<u>2,825,115</u>	<u>2,802,661</u>
<i>Total governmental funds</i>	<u>\$ 13,890,660</u>	<u>\$ 8,473,079</u>	<u>\$ 4,464,212</u>	<u>\$ 4,637,715</u>

Source: School District financial records

Note: Modified accrual basis of accounting. Will be reported for the last ten years when there are enough years of information available.

Elyria City School District

Changes in Fund Balances, Governmental Funds Last Five Fiscal Years

	2003	2004	2005	2006
Revenues				
Property taxes	\$ 32,312,688	\$ 30,060,012	\$ 32,484,610	\$ 32,040,353
Intergovernmental	37,609,121	37,522,772	39,566,176	39,672,825
Interest	436,535	274,734	385,568	498,059
Tuition and fees	1,367,169	1,478,415	1,204,802	1,349,965
Extracurricular activities	208,441	263,465	255,565	333,198
Gifts and donations	-	-	-	148,045
Rentals	-	-	-	77,717
Charges for services	261,887	250,386	164,623	2,559
Miscellaneous	1,217,433	477,723	627,095	1,511,748
<i>Total revenues</i>	<u>73,413,274</u>	<u>70,327,507</u>	<u>74,688,439</u>	<u>75,634,469</u>
Expenditures				
Current:				
Instruction:				
Regular	29,177,819	29,919,369	30,145,146	29,539,837
Special	8,947,016	9,403,221	9,597,893	9,238,499
Vocational	276,238	296,045	350,838	344,886
Adult	69,347	68,953	71,619	55,732
Other	3,023,391	3,855,812	4,682,829	5,123,266
Support services:				
Pupils	4,869,487	5,247,102	5,223,783	4,506,386
Instructional staff	4,969,212	4,677,036	4,884,329	4,364,576
Board of education	53,309	115,881	82,330	93,169
Administration	5,151,754	5,193,092	5,419,991	5,022,970
Fiscal	1,381,960	1,560,604	1,756,688	1,395,835
Business	944,392	760,545	999,273	1,131,684
Operation and maintenance of plant	6,394,881	6,352,738	6,272,668	7,351,557
Pupil transportation	2,481,359	3,095,430	3,198,557	2,562,518
Central	1,500,277	1,157,404	1,395,321	1,129,708
Operation of non-instructional services	1,724,033	1,578,708	1,902,631	1,615,447
Extracurricular activities	1,366,050	1,393,910	1,367,461	1,272,262
Capital outlay	391,273	783,234	357,455	6,351,373
Debt Service:				
Principal retirement	366,438	375,294	418,049	895,875
Interest and fiscal charges	83,271	61,614	44,046	380,415
<i>Total expenditures</i>	<u>73,171,507</u>	<u>75,895,992</u>	<u>78,170,907</u>	<u>82,375,995</u>
Excess of revenues over (under) expenditures	<u>241,767</u>	<u>(5,568,485)</u>	<u>(3,482,468)</u>	<u>(6,741,526)</u>
Other financing sources (uses)				
Proceeds from sale of fixed assets	-	3,299	11,731	-
Inception of capital lease	-	-	-	6,915,029
Transfers in	727,713	279,502	2,400,000	597,608
Transfers out	(875,318)	(279,502)	(2,400,000)	(597,608)
<i>Total other financing sources (uses)</i>	<u>(147,605)</u>	<u>3,299</u>	<u>11,731</u>	<u>6,915,029</u>
<i>Net change in fund balances</i>	\$ 94,162	\$ (5,565,186)	\$ (3,470,737)	\$ 173,503
Debt service as a percentage of noncapital expenditures	0.6179%	0.5817%	0.5938%	1.6788%

Source: School District financial records

Note: Modified accrual basis of accounting. Will be reported for the last ten years when enough information is available.

Elyria City School District

Assessed and Estimated Actual Value of Taxable Property

Last Ten Collection Years

Collection Year	Real Property		Tangible Personal Property				Total		Ratio
	Assessed Value ⁽¹⁾		Public Utility		General Business		Assessed Value	Estimated Actual Value	
	Residential/ Agricultural	Estimated Actual Value	Assessed Value	Estimated Actual Value	Assessed Value	Estimated Actual Value			
1997	\$ 536,896,990	\$ 1,533,991,400	\$ 54,728,310	\$ 62,191,261	\$ 138,145,420	\$ 552,581,680	\$ 729,770,720	\$ 2,148,764,341	33.96%
1998	622,107,390	1,777,449,686	52,963,900	60,186,250	140,637,370	562,549,480	815,708,660	2,400,185,416	33.99%
1999	628,641,190	1,796,117,686	52,552,350	59,718,580	145,298,703	581,194,812	826,492,243	2,437,031,077	33.91%
2000	641,228,700	1,832,082,000	51,049,790	58,011,125	146,075,720	584,302,880	838,354,210	2,474,396,005	33.88%
2001	751,449,050	2,146,997,286	45,315,950	51,495,398	158,244,650	632,978,600	955,009,650	2,831,471,283	33.73%
2002	753,902,860	2,154,008,171	33,609,340	38,192,432	156,666,730	626,666,920	944,178,930	2,818,867,523	33.49%
2003	760,673,700	2,173,353,429	34,479,990	39,181,807	160,437,610	641,750,440	955,591,300	2,854,285,675	33.48%
2004	815,355,400	2,329,586,857	32,132,170	36,513,830	146,627,529	586,510,116	994,115,099	2,952,610,803	33.67%
2005	812,741,900	2,322,119,714	31,978,290	36,338,966	149,394,909	597,579,636	994,115,099	2,956,038,316	33.63%
2006	822,167,780	2,349,050,800	29,596,200	33,632,045	108,182,189	432,728,756	959,946,169	2,815,411,601	34.10%

Real property is reappraised every six years with a State mandated update of the current market value in the third year following each reappraisal.

The assessed value of real property (including public utility real property is 35% of estimated true value. Personal property tax is assessed on all tangible personal property used in business in Ohio. The assessed value of public utility personal property ranges from 25% of true value for railroad property to 88% for electric transmission and distribution property. General business tangible personal property was assess in previous years at 25% for machinery and equipment and 23% for inventories. General business tangible personal property tax is being phased out beginning in 2006. The listing percentage is 18.75% for 2006, 12.5% for 2007, 6.25% for 2008 and zero for 2009.

The tangible personal property values associated with each year are the values that, when multiplied by the applicable rates, generated the property tax revenue billed in that year. For real property, the amounts generated by multiplying the assessed values by the applicable rates would be reduced by the 10%, the 2 1/2% and the homestead exemptions before being billed. Beginning in the 2006 collection year, the 10% rollback for commercial/industrial property has been eliminated.

Source: Office of the County Auditor, Lorain County, Ohio

(1) Includes real property commercial, industrial and public utility.

Elyria City School District

Property Tax Rates - Direct and Overlapping Governments

(Per \$1,000 of Assessed Valuation)

Last Ten Calendar Years

Collection Year	Effective Rates		Elyria School Levy	City of Elyria Levy	Lorain County Levy	JVS	Lorain Library District	Total Levy	Debt Service Included in total levy		
	Residential/ Agriculture	Commercial/ Industrial							County	Library	Total
	2006	\$ 49.35							\$ 56.46	\$ 56.48	\$ 5.20
2005	49.35	56.46	56.48	5.20	13.19	2.45	-	77.32	0.30	-	0.30
2004	49.35	56.46	56.73	4.20	12.89	2.45	-	76.27	0.30	-	0.30
2003	49.35	56.46	56.81	4.20	12.89	2.45	-	76.35	0.30	-	0.30
2002	49.35	56.46	57.09	4.20	12.89	2.45	-	76.63	0.30	-	0.30
2001	49.35	56.46	57.11	11.00	10.79	2.45	-	81.35	0.30	-	0.30
2000	49.35	56.46	52.71	11.00	10.79	2.45	-	76.95	0.30	-	0.30
1999	49.35	56.46	52.71	11.00	10.79	2.45	-	76.95	0.30	-	0.30
1998	49.35	56.46	53.58	9.20	10.79	2.45	-	76.02	0.30	-	0.30
1997	49.35	56.46	53.68	9.20	12.69	2.45	-	78.02	0.20	-	0.20

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Source: Lorain County Auditor

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

Elyria City School District
Property Tax Levies and Collections
Last Ten Calendar Years (1)

Collection Year ²	Current Tax Levy	Current Tax Collections	Percent of Current Tax Collections to Current Tax Levy	Delinquent Tax Collections ³	Total Tax Collections	Percent of Total Tax Collections to Current Tax Levy	Delinquent Taxes Receivable
1996	\$ 20,130,549	\$ 19,674,024	97.73%	\$ 470,432	\$ 20,144,456	100.07%	\$ 456,525
1997	20,678,051	20,433,935	98.82	447,839	20,881,774	100.99	244,116
1998	20,804,376	20,242,177	97.30	496,193	20,738,370	99.68	562,199
1999	24,134,465	23,417,468	97.03	665,700	24,083,168	99.79	716,997
2000	24,150,777	23,505,881	97.33	607,448	24,113,329	99.84	644,896
2001	24,464,870	23,683,286	96.81	591,915	24,275,201	99.22	781,584
2002	29,540,935	29,399,440	99.52	1,274,768	30,674,208	103.84	141,495
2003	32,941,887	31,652,776	96.09	1,210,319	32,863,095	99.76	1,289,111
2004	33,139,216	31,391,812	94.73	1,049,836	32,441,648	97.90	1,747,404
2005	34,640,923	31,865,879	91.99	1,257,136	33,123,015	95.62	1,517,908

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Source: Office of the County Auditor, Lorain County, Ohio.

- (1) Includes Homestead/Rollback taxes assessed locally, but distributed through the State and reported as Intergovernmental revenue.
- (2) The 2006 information cannot be presented because all collections have not been made by June 30, 2006.
- (3) The County does not identify delinquent tax collections by tax year.

Elyria City School District

Principal Taxpayers

Real Estate Tax

2006 and 1999¹

Name of Taxpayer	2006			1999		
	Assessed Value	Rank	Percent of Real Property Assessed Value	Assessed Value	Rank	Percent of Real Property Assessed Value
Wea Midway LLC	\$ 15,246,870	1	1.85%	\$ -		0.00%
New Plan of Midway Inc	6,870,810	2	0.84%	-		0.00%
First Interstate Elyria	6,229,160	3	0.76%	5,788,530	7	0.92%
HK New Plan Exchange	3,225,890	4	0.39%	-		0.00%
Elyria United	3,141,700	5	0.38%	-		0.00%
Invacare Corporation	3,106,340	6	0.38%	4,702,150	10	0.75%
Holiday Inn of Elyria	3,092,780	7	0.38%	-		0.00%
Midway Realty Company	3,060,160	8	0.37%	-		0.00%
Dayton Hudson	2,948,230	9	0.36%	-		0.00%
Comprehensive Ventures	2,892,640	10	0.35%	-		0.00%
Totals	<u>\$ 49,814,580</u>		<u>6.06%</u>	<u>\$ 10,490,680</u>		<u>1.67%</u>
Total assessed valuation	<u>\$ 822,167,780</u>			<u>\$ 628,641,190</u>		

Source: Office of the County Auditor, Lorain County, Ohio.

(1) The amounts presented represent the assessed values upon which 2006 and 1999 collections were based.

Elyria City School District

Principal Taxpayers

Tangible Personal Property Tax

2006 and 1999¹

Name of Taxpayer	2006			1999		
	Assessed Value	Rank	Percent of Tangible Personal Property Assessed Value	Assessed Value	Rank	Percent of Tangible Personal Property Assessed Value
Ridge Tool Company	\$ 8,438,350	1	7.80%	\$ 12,169,180	4	8.38%
Engelhard Corporation	5,849,340	2	5.41%	11,565,230	5	7.96%
Diamond Products	3,927,930	3	3.63%	5,199,020	8	3.58%
Maverick C & P Inc	3,615,260	4	3.34%	-		0.00%
Parker Hannifin	3,592,490	5	3.32%	-		0.00%
Polyone Corporation	3,381,240	6	3.13%	-		0.00%
Crane Co.	2,616,130	7	2.42%	-		0.00%
Invacare Corporation	2,546,870	8	2.35%	4,702,150	10	3.24%
Nylonge Company	2,289,180	9	2.12%	-		0.00%
Nelson Stud Welding Inc.	2,033,770	10	1.88%	-		0.00%
Totals	\$ 38,290,560		35.39%	\$ 33,635,580		23.15%
Total assessed valuation	\$ 108,182,189			\$ 145,298,703		

Source: Office of the County Auditor, Lorain County, Ohio.

(1) The amounts presented represent the assessed values upon which 2006 and 1999 collections were based.

Elyria City School District

Principal Taxpayers

Public Utilities Tax

2006 and 1999¹

Name of Taxpayer	2006			1999		
	Assessed Value	Rank	Percent of Public Utility Assessed Value	Assessed Value	Rank	Percent of Public Utility Assessed Value
Ohio Edison Co.	14,054,920	1	47.49%	26,419,940	1	50.27%
ALLTEL Ohio	10,223,170	2	34.54%	17,372,760	2	33.06%
Columbia Gas of Ohio Inc.	2,362,020	3	7.98%	-		0.00%
American Transmission	2,083,590	4	7.04%	-		0.00%
Totals	<u>\$ 28,723,700</u>		<u>97.05%</u>	<u>\$ 43,792,700</u>		<u>83.33%</u>
Total assessed valuation	<u>\$ 29,596,200</u>			<u>\$ 52,552,350</u>		

Source: Office of the County Auditor, Lorain County, Ohio.

(1) The amounts presented represent the assessed values upon which 2006 and 1999 collections were based.

Elyria City School District
Computation of Legal Debt Margin
Last Ten Fiscal Years

	<u>1997</u>	<u>1998</u>	<u>1999</u>	<u>2000</u>	<u>2001</u>
Tax Valuation	<u>\$ 729,770,720</u>	<u>\$ 815,708,660</u>	<u>\$ 826,492,243</u>	<u>\$ 838,354,210</u>	<u>\$ 955,009,650</u>
Debt Limit - 9% of Taxable Valuation (1)	<u>65,679,365</u>	<u>73,413,779</u>	<u>74,384,302</u>	<u>75,451,879</u>	<u>85,950,869</u>
Amount of Debt Applicable to Debt Limit					
Bonds	2,660,000	2,440,000	2,195,000	1,935,000	1,660,000
Less Amount Available in Debt Service	<u>(557,021)</u>	<u>(605,462)</u>	<u>(565,649)</u>	<u>(576,148)</u>	<u>(664,300)</u>
Amount of Debt Subject to Limit	<u>2,102,979</u>	<u>1,834,538</u>	<u>1,629,351</u>	<u>1,358,852</u>	<u>995,700</u>
Legal Debt Margin	<u>\$ 63,576,386</u>	<u>\$ 71,579,241</u>	<u>\$ 72,754,951</u>	<u>\$ 74,093,027</u>	<u>\$ 84,955,169</u>
Legal Debt Margin as a Percentage of the Debt Limit	96.80%	97.50%	97.81%	98.20%	98.84%
Unvoted Debt Limit - .10% of Taxable Valuation	\$ 729,771	\$ 815,709	\$ 826,492	\$ 838,354	\$ 955,010
Amount of Debt Subject to Limit	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>
Unvoted Legal Debt Margin	<u>\$ 729,771</u>	<u>\$ 815,709</u>	<u>\$ 826,492</u>	<u>\$ 838,354</u>	<u>\$ 955,010</u>
Unvoted Legal Debt Margin as a Percentage of the Unvoted Debt Limit	100.00%	100.00%	100.00%	100.00%	100.00%

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.

<u>2002</u>	<u>2003</u>	<u>2004</u>	<u>2005</u>	<u>2006</u>
<u>\$ 944,178,930</u>	<u>\$ 955,591,300</u>	<u>\$ 994,115,099</u>	<u>\$ 994,115,099</u>	<u>\$ 959,946,169</u>
<u>84,976,104</u>	<u>86,003,217</u>	<u>89,470,359</u>	<u>89,470,359</u>	<u>86,395,155</u>
<u>1,360,000</u>	<u>1,050,000</u>	<u>720,000</u>	<u>370,000</u>	<u>-</u>
<u>(855,140)</u>	<u>(734,399)</u>	<u>(540,747)</u>	<u>(329,415)</u>	<u>(27,183)</u>
<u>504,860</u>	<u>315,601</u>	<u>179,253</u>	<u>40,585</u>	<u>(27,183)</u>
<u>\$ 84,471,244</u>	<u>\$ 85,687,616</u>	<u>\$ 89,291,106</u>	<u>\$ 89,429,774</u>	<u>\$ 86,422,338</u>
99.41%	99.63%	99.80%	99.95%	100.03%
\$ 944,179	\$ 955,591	\$ 994,115	\$ 994,115	\$ 959,946
-	-	-	-	-
<u>\$ 944,179</u>	<u>\$ 955,591</u>	<u>\$ 994,115</u>	<u>\$ 994,115</u>	<u>\$ 959,946</u>
100.00%	100.00%	100.00%	100.00%	100.00%

Elyria City School District

**Ratio of Debt to Assessed Value and Debt per Capita
Last Ten Fiscal Years**

Fiscal Year	Population ¹	Assessed Value of Taxable Property ²	General Bonded Debt				
			General Bonded Debt Outstanding	Resources Available to Pay Principal	Net General Bonded Debt	Ratio of Net Bonded Debt to Estimated Actual Value	Net Bonded Debt per Capita
1997	56,746 a	\$ 729,770,720	\$ 2,660,000	\$ 557,021	\$ 2,102,979	0.29%	37.06
1998	56,746 a	815,708,660	2,440,000	605,462	1,834,538	0.22%	32.33
1999	56,746 a	826,492,243	2,195,000	565,649	1,629,351	0.20%	28.71
2000	56,746 b	838,354,210	1,935,000	576,148	1,358,852	0.16%	23.95
2001	55,953 b	955,009,650	1,660,000	664,300	995,700	0.10%	17.80
2002	55,953 b	944,178,930	1,360,000	855,140	504,860	0.05%	9.02
2003	55,953 b	955,591,300	1,050,000	734,399	315,601	0.03%	5.64
2004	55,953 b	994,115,099	720,000	540,747	179,253	0.02%	3.20
2005	55,953 b	994,115,099	370,000	329,415	40,585	0.00%	0.73
2006	55,953 b	959,946,169	-	27,183	(27,183)	0.00%	(0.49)

Sources: (1) U.S. Bureau of Census, Census of Population.
 (a) 1990 Federal Census
 (b) 2000 Federal Census

(2) Office of the County Auditor, Lorain County, Ohio.

Elyria City School District
Computation of Direct and Overlapping
Debt Attributable to Governmental Activities
June 30, 2006

	Debt Attributable to Governmental Activities ¹	Percentage Applicable to School District ²	Amount of Direct and Overlapping Debt
Direct Debt:			
Payable from Property Taxes Elyria City School District	\$ -	100.00%	\$ -
Overlapping:			
Lorain County	\$ 26,890,000	16.09%	\$ 4,326,601
City of Lorain	\$ 27,509,628	100.00%	\$ 27,509,628
Total Overlapping Debt	<u>54,399,628</u>	100.00%	<u>31,836,229</u>
Total Direct and Overlapping Debt	<u>\$ 54,399,628</u>		<u>\$ 31,836,229</u>

Source: Office of the Auditor, Lorain County, Ohio and Elyria City School District

Note: Data is presented on a calendar year basis because that is the manner in which the information in main

(1) The District did not have any general obligation debt as of June 30, 2006.

(2) Percentages were determined by dividing the assessed valuation of the overlapping government located within the boundaries of the School District by the total assessed valuation of the government. The valuations used were for the 2006 collection year.

Elyria City School District
Demographic and Economic Statistics
Last Ten Years

<u>Year</u>	<u>Elyria CSD Area Population¹</u>	<u>Personal Income² (in thousands)</u>	<u>Per Capita Personal Income (in thousands)</u>	<u>Unemployment Rate³</u>
1997	56746	\$ 894,629,363	15,766	6.90%
1998	56746	945,885,233	16,669	6.30%
1999	56746	976,736,160	17,212	5.40%
2000	56746	1,022,980,574	18,027	5.20%
2001	55953	989,915,608	17,692	5.50%
2002	55953	966,261,015	17,269	6.10%
2003	55953	879,667,017	15,722	6.40%
2004	55953	906,077,970	16,194	6.30%
2005	55953	n/a	n/a	6.20%
2006	55953	n/a	n/a	6.00%

Sources: (1) U.S. Bureau of Census, Census of Population.
(2) Ohio Department of Taxation
(3) U.S. Department of Labor.

n/a - information not available

Elyria City School District

Principal Employers

Current Year and Ten Years Ago

Employer	Nature of Business	2006	1997
		Number of Employees	Number of Employees
Ford Motor Company	Manufacturer	3,693	4,200
Lorain County	Government	2,085	n/a
Community Health Partners	Medical	1,790	2,300
Invacare Corp.	Medical	1,537	n/a
EMH Regional Medical Center	Medical	1,289	n/a
Republic Engineered Products Inc.	Manufacturing	1,200	n/a
Lorain City Schools	Education	1,084	1,200
State of Ohio	Government	1,067	n/a
Oberlin College	Education	982	n/a
Elyria City Schools	Education	850	n/a
Total		<u>15,577</u>	<u>7,700</u>
Total employment within the School District		n/a	n/a

Source: Office of the Auditor, Lorain County, Ohio.

Elyria City School District

Building Statistics

Last Ten Fiscal Years

	<u>1997</u>	<u>1998</u>	<u>1999</u>	<u>2000</u>	<u>2001</u>
Elyria High School					
Constructed in 1894					
Total building square footage	247,207	247,207	247,207	247,207	247,207
Enrollment grades 9-12	2219	2121	2099	1771	2044
Student capacity	1832	1832	1832	1832	1832
Eastern Heights Junior High School					
Constructed in 1969					
Total building square footage	74,820	74,820	74,820	74,820	74,820
Enrollment grades 7 - 8	418	435	432	412	405
Student capacity	601	601	601	601	601
Northwood Junior High school					
Constructed in 1961					
Total building square footage	76,076	76,076	76,076	76,076	76,076
Enrollment grades 7 - 8	466	478	492	444	436
Student capacity	487	487	487	487	487
Westwood Junior High School					
Constructed in 1970					
Total building square footage	93,226	93,226	93,226	93,226	93,226
Enrollment grades 7 - 8	438	426	416	397	421
Student capacity	466	466	466	466	466
Hilltop Academy					
Constructed in 2001					
Total building square footage	n/a	n/a	n/a	n/a	15745
Enrollment grades 6 - 9	n/a	n/a	n/a	n/a	20
Student capacity					
Cascade Elementary					
Constructed in 1929					
Total building square footage	35,472	35,472	35,472	35,472	35,472
Enrollment grades K - 6	461	442	443	396	403
Student capacity	550	550	550	550	550
Crestwood Elementary					
Constructed in 1955					
Total building square footage	45,018	45,018	45,018	45,018	45,018
Enrollment grades K - 6	536	555	507	468	455
Student capacity	625	625	625	625	625

<u>2002</u>	<u>2003</u>	<u>2004</u>	<u>2005</u>	<u>2006</u>
247,207	247,207	247,207	247,207	247,207
2022	1886	1977	2010	2059
1832	1832	1832	1832	1832
74,820	74,820	74,820	74,820	74,820
380	411	410	397	410
601	601	601	601	601
76,076	76,076	76,076	76,076	76,076
475	490	485	433	409
487	487	487	487	487
93,226	93,226	93,226	93,226	93,226
413	407	438	418	393
466	466	466	466	466
15745	15745	15745	15745	15745
29	33	31	25	26
35,472	35,472	35,472	35,472	35,472
366	352	351	333	295
550	550	550	550	550
45,018	45,018	45,018	45,018	45,018
447	427	434	381	374
625	625	625	625	625

(continued)

Elyria City School District

Building Statistics

Last Ten Fiscal Years

	<u>1997</u>	<u>1998</u>	<u>1999</u>	<u>2000</u>	<u>2001</u>
East gate Elementary					
Constructed in 1961					
Total building square footage	38,957	38,957	38,957	38,957	38,957
Enrollment grades K - 6	420	374	258	347	383
Student capacity	575	575	575	575	575
Ely Elementary					
Constructed in 1920					
Total building square footage	66,174	66,174	66,174	66,174	66,174
Enrollment grades K - 6	538	528	529	545	461
Student capacity	550	550	550	550	550
Erie Elementary					
Constructed in 1969					
Total building square footage	36,183	36,183	36,183	36,183	36,183
Enrollment grades K - 6	416	385	356	295	297
Student capacity	375	375	375	375	375
Franklin Elementary					
Constructed in 1950					
Total building square footage	74,275	74,275	74,275	74,275	74,275
Enrollment grades K - 6	514	521	471	397	389
Student capacity	800	800	800	800	800
McKinley Elementary					
Constructed in 1907					
Total building square footage	40,273	40,273	40,273	40,273	40,273
Enrollment grades K - 6	453	439	421	367	384
Student capacity	550	550	550	550	550
Oakwood Elementary					
Constructed in 1961					
Total building square footage	35,556	35,556	35,556	35,556	35,556
Enrollment grades 1 - 6	379	378	381	353	363
Student capacity	450	450	450	450	450
Prospect Elementary					
Constructed in 1965					
Total building square footage	39,401	39,401	39,401	39,401	39,401
Enrollment grades K - 6	462	460	421	387	401
Student capacity	500	500	500	500	500

<u>2002</u>	<u>2003</u>	<u>2004</u>	<u>2005</u>	<u>2006</u>
38,957	38,957	38,957	38,957	38,957
358	337	334	305	282
575	38957	38957	38957	38957
66,174	66,174	66,174	66,174	66,174
442	426	415	398	361
550	550	550	550	550
36,183	36,183	36,183	36,183	36,183
306	310	316	299	283
375	375	375	375	375
74,275	74,275	74,275	74,275	74,275
398	307	274	270	293
800	800	800	800	800
40,273	40,273	40,273	40,273	40,273
352	343	351	353	346
550	550	550	550	550
35,556	500	500	500	500
350	360	364	370	360
450	450	450	450	450
39,401	39,401	39,401	39,401	39,401
381	367	381	354	344
500	500	500	500	500

(continued)

Elyria City School District

Building Statistics

Last Ten Fiscal Years

	<u>1997</u>	<u>1998</u>	<u>1999</u>	<u>2000</u>	<u>2001</u>
Roosevelt Elementary					
Constructed in 1922					
Total building square footage	61,861	61,861	61,861	61,861	61,861
Enrollment grades K - 6	462	486	494	396	470
Student capacity	650	650	650	650	650
Windsor Elementary					
Constructed in 1963					
Total building square footage	49,201	49,201	49,201	49,201	49,201
Enrollment grades K - 6	503	503	474	435	443
Student capacity	675	675	675	675	675
Kindergarten Village					
Constructed in 1999					
Total building square footage	n/a	n/a	111,369	111,369	111,369
Enrollment grades K - 1	n/a	n/a	218	293	313
Student capacity					
Spring Valley Early Childhood Center					
Constructed in 1996					
Total building square footage	28,785	28,785	28,785	28,785	28,785
Enrollment grades n/a	56	88	94	64	43
Student capacity					

Source: School District Records.

<u>2002</u>	<u>2003</u>	<u>2004</u>	<u>2005</u>	<u>2006</u>
61,861	61,861	61,861	61,861	61,861
449	448	461	406	345
650	650	650	650	650
49,201	49,201	49,201	49,201	49,201
426	409	408	417	426
675	675	675	675	675
111,369	111,369	111,369	111,369	111,369
314	311	324	318	305
28,785	28,785	28,785	28,785	28,785
44	41	44	43	41

Elyria City School District

**School District Employees by Function/Program
Last Three Fiscal Years**

<u>Function/Program</u>	<u>2004</u>	<u>2005</u>	<u>2006</u>
Regular instruction			
Elementary classroom teachers	275.34	286.50	294.44
High school classroom teachers	97.82	99.68	101.50
Special instruction			
Elementary classroom teachers	45.30	48.49	50.42
Supplemental Service Teacher	9.70	9.50	11.50
High school classroom teachers	20.40	22.50	23.00
Vocational instruction			
High school classroom teachers	2.00	2.00	2.00
Pupil support services			
Adapted Physical Education Therapist	2.00	2.50	2.40
Curriculum Specialist	2.00	2.00	2.00
Educational Services Teacher	6.20	6.00	7.80
Guidance counselors	1.00	1.00	32.00
Librarians	2.00	1.00	9.00
Nurse	0.67	0.67	5.00
Occupational Therapist	5.00	5.00	5.00
Other Professional - Educational	9.20	10.60	12.00
Physical Therapist	2.00	3.00	3.00
Psychologists	1.00	1.00	17.00
Remedial Specialist	26.00	29.50	30.14
Social Work	1.00	1.00	1.00
Speech and language pathologists	8.70	9.68	10.36
Teacher Mentor/Evaluator	12.00	12.00	12.00
Tutor/Small Group Instructor	28.40	29.50	31.01
Administrators			
Elementary	22.00	22.10	23.00
High school	18.00	20.00	22.00
Operation of plant			
Custodians	5.00	5.00	5.00
Maintenance	2.00	2.00	2.00
Pupil transportation			
Bus drivers	44.00	48.00	45.00
Food service program			
Elementary cooks	12.50	14.00	12.00
High school cooks	5.00	5.00	5.00

Source: School District Records.

Method: Using 1.0 for each full-time employee and 0.50 for each part-time and seasonal employee. The count is performed on September 1 of each year.

Note: Information prior to 2004 is not available.

Elyria City School District

Operating Statistics

Last Ten Fiscal Years

<u>Fiscal Year</u>	<u>Expenses</u>	<u>Enrollment</u>	<u>Cost Per Pupil</u>	<u>Teaching Staff</u>	<u>Pupil/Teacher Ratio</u>
1997	\$52,248,646	8,502	\$ 6,145	n/a	n/a
1998	54,179,866	8,369	6,474	n/a	n/a
1999	55,603,822	8,276	6,719	60	137.9
2000	60,246,938	8,105	7,433	57	142.2
2001	63,401,378	8,155	7,775	59	138.2
2002	65,137,527	7,869	8,278	59	133.4
2003	68,092,090	7,960	8,554	56	142.1
2004	70,861,660	7,745	9,149	61	127.0
2005	72,623,510	7,571	9,592	53	142.8
2006	76,137,184	7,352	10,356	66	111.4

Source: School District Records.

Elyria City School District

Teachers' Salaries

Last Ten Fiscal Years

<u>Fiscal Year</u>	<u>Minimum Salary¹</u>	<u>Average Salary²</u>	<u>Average Salary Comparable Districts³</u>	<u>Statewide Average Salary³</u>
1997	\$ 26,325	\$ 39,835	n/a	n/a
1998	26,325	39,835	n/a	n/a
1999	26,852	37,854	n/a	n/a
2000	26,852	40,362	n/a	n/a
2001	28,912	41,854	36,716	42,995
2002	29,777	43,585	35,547	43,755
2003	27,738	45,736	38,942	45,645
2004	28,792	48,112	39,560	47,659
2005	29,512	49,137	42,260	49,438
2006	29,512	49,171	44,284	50,772

Source: School District Records.

- (1) Starting teacher with no experience.
- (2) Teacher with a Masters degree and more than 30 year's experience.
- (3) Provided by the Ohio Department of Education.

Elyria City School District

Full-Time Equivalent Teachers by Education

Last Five Fiscal Years

<u>Degree</u>	<u>2002</u>	<u>2003</u>	<u>2004</u>	<u>2005</u>	<u>2006</u>
Bachelor's Degree	288	267	263	216	271
Master's Degree	337	395	318	324	469
Doctorate	3	5	2	2	3
Total	<u>628</u>	<u>667</u>	<u>583</u>	<u>542</u>	<u>743</u>

Source: School District Records. Information prior to 2002 is not available.

Elyria City School District

Enrollment Statistics

Last Ten Fiscal Years

<u>Fiscal Year</u>	<u>Elementary Schools</u>	<u>High Schools</u>	<u>Total</u>
1997	4961	3541	8502
1998	4909	3460	8369
1999	4837	3439	8276
2000	5081	3024	8105
2001	4849	3306	8155
2002	4579	3290	7869
2003	4766	3194	7960
2004	4435	3310	7745
2005	4313	3258	7571
2006	4081	3271	7352

Source: Ohio Department of Education

Elyria City School District
Nutrition Services - Facts and Figures
Last Eight Fiscal Years
Year Ending June 30, 2006

	<u>2006</u>	<u>2005</u>	<u>2004</u>	<u>2003</u>	<u>2002</u>	<u>2001</u>	<u>2000</u>	<u>1999</u>
Average Daily Membership	7600	7640	7663	7883	8058	7963	8258	8390
Total Students Eligible for free Lunch	3479	3352	3291	2946	2736	2530	2388	2475
Participation Percent	46%	44%	43%	37%	34%	32%	29%	29%
Total Students Eligible for Reduced Lunch	699	663	677	757	702	756	713	727
Participation Percent	9%	9%	9%	10%	9%	9%	9%	9%
Total Both Plans	<u>4178</u>	<u>4015</u>	<u>3968</u>	<u>3703</u>	<u>3438</u>	<u>3286</u>	<u>3101</u>	<u>3202</u>

Source: Ohio Department of Education.

§31 Note: Information prior to 1999 is not available.

Elyria City School District
Average Number of Students per Teacher
Last Ten Fiscal Years

<u>Fiscal Year</u>	<u>Elyria CSD Average</u>	<u>State Average</u>
1997	19.90	20.70
1998	19.20	20.40
1999	18.00	18.60
2000	16.30	18.10
2001	16.20	18.00
2002	15.30	16.90
2003	14.90	16.50
2004	15.80	18.50
2005	15.10	18.50
2006	15.80	18.60

Source: Ohio Department of Education

Elyria City School District
Attendance and Graduation Rates
Last Ten Fiscal Years

<u>Fiscal Year</u>	<u>Elyria CSD Attendance Rate</u>	<u>State Average</u>	<u>Elyria CSD Graduation Rate</u>	<u>State Average</u>
1997	92.90%	n/a	74.40%	n/a
1998	93.30%	93.90%	74.30%	79.90%
1999	92.60%	93.50%	74.60%	81.40%
2000	93.20%	93.60%	73.70%	80.70%
2001	93.00%	93.90%	86.40%	81.20%
2002	93.40%	94.30%	83.70%	82.80%
2003	94.20%	94.50%	85.10%	83.90%
2004	94.50%	94.50%	82.10%	84.30%
2005	94.60%	94.30%	80.50%	85.90%
2006	94.70%	94.10%	84.40%	86.20%

Source: Ohio Department of Education Local Report Cards.

State average is not available for 1997.



Mary Taylor, CPA
Auditor of State

ELYRIA 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
JUNE 12, 2007**