



Dave Yost • Auditor of State



**AVON LAKE CITY SCHOOL DISTRICT  
LORAIN COUNTY**

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**AVON LAKE CITY SCHOOL DISTRICT  
LORAIN COUNTY**

**SCHEDULE OF RECEIPTS AND EXPENDITURES OF FEDERAL AWARDS  
FOR THE YEAR ENDED JUNE 30, 2016**

<b>FEDERAL GRANTOR Pass Through Grantor Program / Cluster Title</b>	<b>Federal CFDA Number</b>	<b>Grant Year</b>	<b>Receipts</b>	<b>Non-Cash Receipts</b>	<b>Expenditures</b>	<b>Non-Cash Expenditures</b>
<b>U.S. DEPARTMENT OF AGRICULTURE</b>						
<i>Passed Through Ohio Department of Education</i>						
National School Lunch Program	10.555	2016	\$ 256,529	\$ 59,384	\$ 256,529	\$ 59,384
Total U.S. Department of Agriculture			<u>256,529</u>	<u>59,384</u>	<u>256,529</u>	<u>59,384</u>
<b>U.S. DEPARTMENT OF EDUCATION</b>						
<i>Passed Through Ohio Department of Education</i>						
Title I, Grants to Local Educational Agencies	84.010	2016	143,712		138,458	
Improving Teacher Quality State Grants	84.367	2016	55,105		55,105	
Special Education Cluster:						
Special Education Part B	84.027	2016	618,448		572,149	
Special Education Preschool	84.173	2016	17,750		17,749	
Total Special Education Cluster			<u>636,198</u>		<u>589,898</u>	
Total U.S. Department of Education			<u>835,015</u>		<u>783,461</u>	
<b>Total Receipts and Expenditures of Federal Awards</b>			<u><u>\$ 1,091,544</u></u>	<u><u>\$ 59,384</u></u>	<u><u>\$ 1,039,990</u></u>	<u><u>\$ 59,384</u></u>

*The accompanying notes are an integral part of this schedule.*

**AVON LAKE CITY SCHOOL DISTRICT  
LORAIN COUNTY**

**NOTES TO THE SCHEDULE OF RECEIPTS AND EXPENDITURES OF FEDERAL AWARDS  
2 CFR 200.510(b)(6)  
FISCAL YEAR ENDED JUNE 30, 2016**

**NOTE A – BASIS OF PRESENTATION**

The accompanying Schedule of Receipts and Expenditures of Federal Awards (the Schedule) includes the federal award activity of the Avon Lake City School District (the District) under programs of the federal government for the year ended June 30, 2016. The information on this Schedule is prepared in accordance with the requirements of Title 2 U.S. Code of Federal Regulations Part 200, *Uniform Administrative Requirements, Cost Principles, and Audit Requirements for Federal Awards* (Uniform Guidance). Because the Schedule presents only a selected portion of the operations of the District, it is not intended to and does not present the financial position, changes in net position, or cash flows of the District.

**NOTE B – SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES**

Expenditures reported on the Schedule are reported on the cash basis of accounting. Such expenditures are recognized following, as applicable, either the cost principles contained in OMB Circular A-87 *Cost Principles for State, Local, and Indian Tribal Governments* (codified in 2 CFR Part 225), or the cost principles contained in Title 2 U.S. Code of Federal Regulations Part 200, *Uniform Administrative Requirements, Cost Principles, and Audit Requirements for Federal Awards*, wherein certain types of expenditures may or may not be allowable or may be limited as to reimbursement. The District has elected not to use the 10-percent de minimis indirect cost rate as allowed under the Uniform Guidance.

**NOTE C - CHILD NUTRITION CLUSTER**

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

**NOTE D – FOOD DONATION PROGRAM**

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



# Dave Yost • Auditor of State

## INDEPENDENT AUDITOR'S REPORT ON INTERNAL CONTROL OVER FINANCIAL REPORTING AND ON COMPLIANCE AND OTHER MATTERS REQUIRED BY GOVERNMENT AUDITING STANDARDS

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

To the Board of Education:

We have audited, in accordance with auditing standards generally accepted in the United States and the Comptroller General of the United States' *Government Auditing Standards*, the financial statements of the governmental activities, each major fund, and the aggregate remaining fund information of the Avon Lake City School District, Lorain County, Ohio (the District) as of and for the year ended June 30, 2016, and the related notes to the financial statements, which collectively comprise the District's basic financial statements and have issued our report thereon dated December 29, 2016.

### ***Internal Control Over Financial Reporting***

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

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

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

***Compliance and Other Matters***

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

***Purpose of this Report***

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

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

**Dave Yost**  
Auditor of State  
Columbus, Ohio

December 29, 2016





# Dave Yost • Auditor of State

## INDEPENDENT AUDITOR'S REPORT ON COMPLIANCE WITH REQUIREMENTS APPLICABLE TO THE MAJOR FEDERAL PROGRAM AND ON INTERNAL CONTROL OVER COMPLIANCE REQUIRED BY THE UNIFORM GUIDANCE, AND THE SCHEDULE OF RECEIPTS AND EXPENDITURES OF FEDERAL AWARDS

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

To the Board of Education:

### ***Report on Compliance for the Major Federal Program***

We have audited the Avon Lake City School District's (the District) compliance with the applicable requirements described in the U.S. Office of Management and Budget (OMB) *Compliance Supplement* that could directly and materially affect the Avon Lake City School District's major federal program for the year ended June 30, 2016. The *Summary of Auditor's Results* in the accompanying schedule of findings identifies the District's major federal program.

### ***Management's Responsibility***

The District's management is responsible for complying with federal statutes, regulations, and the terms and conditions of its federal awards applicable to its federal program.

### ***Auditor's Responsibility***

Our responsibility is to opine on the District's compliance for the District's major federal program based on our audit of the applicable compliance requirements referred to above. Our compliance audit followed auditing standards generally accepted in the United States of America; the standards for financial audits included in the Comptroller General of the United States' *Government Auditing Standards*; and the audit requirements of Title 2 U.S. *Code of Federal Regulations* Part 200, *Uniform Administrative Requirements, Cost Principles, and Audit Requirements for Federal Awards* (Uniform Guidance). These standards and the Uniform Guidance require us to plan and perform the audit to reasonably assure whether noncompliance with the applicable compliance requirements referred to above that could directly and materially affect a major federal program occurred. An audit includes examining, on a test basis, evidence about the District's compliance with those requirements and performing such other procedures as we considered necessary in the circumstances.

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

***Basis for Qualified Opinion on the Special Education Cluster***

As described in finding 2016-001 in the accompanying schedule of findings, the District did not comply with requirements regarding *Maintenance of Effort* applicable to its *Special Education Cluster* major federal program. Compliance with this requirement is necessary, in our opinion, for the District to comply with requirements applicable to this program.

***Qualified Opinion on the Special Education Cluster***

In our opinion, except for the noncompliance described in the *Basis for Qualified Opinion on the Special Education Cluster* paragraph, the Avon Lake City School District complied, in all material respects, with the requirements referred to above that could directly and materially affect its *Special Education Cluster* for the year ended June 30, 2016.

***Other Matters***

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

***Report on Internal Control over Compliance***

The District's management is responsible for establishing and maintaining effective internal control over compliance with the applicable compliance requirements referred to above. In planning and performing our compliance audit, we considered the District's internal control over compliance with the applicable requirements that could directly and materially affect a major federal program, to determine our auditing procedures appropriate for opining on each major federal program's compliance and to test and report on internal control over compliance in accordance with the Uniform Guidance, but not to the extent needed to opine on the effectiveness of internal control over compliance. Accordingly, we have not opined on the effectiveness of the District's internal control over compliance.

*A deficiency in internal control over compliance* exists when the design or operation of a control over compliance does not allow management or employees, when performing their assigned functions, to prevent, or to timely detect and correct, noncompliance with a federal program's applicable compliance requirement. *A material weakness in internal control over compliance* is a deficiency, or combination of deficiencies in internal control over compliance, such that there is a reasonable possibility that material noncompliance with a federal program's compliance requirement will not be prevented, or timely detected or corrected. *A significant deficiency in internal over compliance* is a deficiency or a combination of deficiencies in internal control over compliance with a federal program's applicable compliance requirement that is less severe than a material weakness in internal control over compliance, yet important enough to merit attention by those charged with governance.

Our consideration of internal control over compliance was for the limited purpose described in the first paragraph of this section and was not designed to identify all deficiencies in internal control over compliance that might be material weaknesses or significant deficiencies. Therefore, we cannot assure we have identified all deficiencies in internal control over compliance that might be material weaknesses or significant deficiencies. However, we identified a certain deficiency in internal control over compliance that we consider to be a material weakness, described in the accompanying schedule of findings as item 2016-001.

The District's response to our internal control over compliance finding is described in the accompanying schedule of findings and corrective action plan. We did not audit the District's response and, accordingly, we express no opinion on it.

This report only describes the scope of our tests of internal control over compliance and the results of this testing based on the Uniform Guidance requirements. Accordingly, this report is not suitable for any other purpose.

***Report on Schedule of Receipts and Expenditures of Federal Awards Required by the Uniform Guidance***

We have also audited the financial statements of the governmental activities, each major fund and the aggregate remaining fund information of the Avon Lake City School District, Lorain County, Ohio (the District) as of and for the year ended June 30, 2016, and the related notes to the financial statements, which collectively comprise the District's basic financial statements. We issued our unmodified report thereon dated December 29, 2016. We conducted our audit to opine on the District's basic financial statements as a whole. The accompanying Schedule of Receipts and Expenditures of Federal Awards presents additional analysis required by the Uniform Guidance and is not a required part of the basic financial statements. The schedule is management's responsibility, and was derived from and relates directly to the underlying accounting and other records management used to prepare the basic financial statements. We subjected this schedule to the auditing procedures we applied to the basic financial statements. We also applied certain additional procedures, including comparing and reconciling this schedule directly to the underlying accounting and other records used to prepare the basic financial statements or to the basic financial statements themselves, and other additional procedures in accordance with auditing standards generally accepted in the United States of America. In our opinion, this schedule is fairly stated, in all material respects, in relation to the basic financial statements taken as a whole.



**Dave Yost**  
Auditor of State  
Columbus, Ohio

December 29, 2016

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**AVON LAKE CITY SCHOOL DISTRICT  
LORAIN COUNTY**

**SCHEDULE OF FINDINGS  
2 CFR § 200.515  
JUNE 30, 2016**

**1. SUMMARY OF AUDITOR'S RESULTS**

<i>(d)(1)(i)</i>	Type of Financial Statement Opinion	Unmodified
<i>(d)(1)(ii)</i>	Were there any material weaknesses in internal control reported at the financial statement level (GAGAS)?	No
<i>(d)(1)(ii)</i>	Were there any significant deficiencies in internal control reported at the financial statement level (GAGAS)?	No
<i>(d)(1)(iii)</i>	Was there any reported material noncompliance at the financial statement level (GAGAS)?	No
<i>(d)(1)(iv)</i>	Were there any material weaknesses in internal control reported for major federal programs?	Yes
<i>(d)(1)(iv)</i>	Were there any significant deficiencies in internal control reported for major federal programs?	No
<i>(d)(1)(v)</i>	Type of Major Programs' Compliance Opinion	Qualified
<i>(d)(1)(vi)</i>	Are there any reportable findings under 2 CFR § 200.516(a)?	Yes
<i>(d)(1)(vii)</i>	Major Programs (list):	Special Education Cluster (IDEA): Special Education - Grants to States (IDEA, Part B) - CFDA #84.027 Special Education - Preschool Grants (IDEA Preschool) - CFDA #84.173
<i>(d)(1)(viii)</i>	Dollar Threshold: Type A/B Programs	Type A: > \$ 750,000 Type B: all others
<i>(d)(1)(ix)</i>	Low Risk Auditee under 2 CFR §200.520?	Yes

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

None.

**AVON LAKE CITY SCHOOL DISTRICT  
LORAIN COUNTY**

**SCHEDULE OF FINDINGS  
2 CFR § 200.515  
JUNE 30, 2016  
(Continued)**

<b>3. FINDINGS FOR FEDERAL AWARDS</b>
---------------------------------------

<b>Finding Number</b>	2016-001
<b>CFDA Title and Number</b>	Special Education Cluster (IDEA): Special Education - Grants to States (IDEA, Part B) - CFDA #84.027 Special Education - Preschool Grants (IDEA Preschool) - CFDA #84.173
<b>Federal Award Number / Year</b>	2016
<b>Federal Agency</b>	U.S. Department of Education
<b>Pass-Through Agency</b>	Ohio Department of Education

**Material Weakness, Material Noncompliance Finding – Maintenance of Effort (MOE)**

**34 CFR §300.203(b)(1)** states that except as provided in 34 CFR §300.204 and 34 CFR §300.205, funds provided to a Local Educational Agency (LEA) under Part B of the Disabilities Education Act must not be used to reduce the level of expenditures for the education of children with disabilities made by the LEA from local funds below the level of those expenditures for the preceding fiscal year.

**34 CFR 300.203(b)(2)** states an LEA meets this standard if it does not reduce the level of expenditures for the education of children with disabilities made by the LEA from at least one of the following sources below the level of those expenditures from the same source for the preceding fiscal year, except as provided in §§ 300.204 and 300.205:

- (i) Local funds only;
- (ii) The combination of State and local funds;
- (iii) Local funds only on a per capita basis; or
- (iv) The combination of State and local funds on a per capita basis.

**34 CFR 300.203(b)(3)** states expenditures made from funds provided by the Federal government for which the State Educational Agency (SEA) is required to account to the Federal government or for which the LEA is required to account to the Federal government directly or through the SEA may not be considered in determining whether an LEA meets the standard in paragraphs (b)(1) and (2) of this section.

The Ohio Department of Education (ODE) determines compliance based on information LEA's submit through Education Management Information System (EMIS). One of the District reports used in this calculation is the Statewide Student Identifier System (SSID) Level Count report found in the Student Data Center (SDC).

The SDC SSID Level Count report for the ninth grade level at Avon Lake High School did not report excused or unexcused absences for the 2013 - 2014 School Year. The District did not report excused absences to ODE for the High School during the 2013 – 2014 School Year. Furthermore, the District did not accurately report unexcused absences for the High School during the same school year.

Five students with excused absences were selected from District backup attendance data. We determined these excused absences were not reported correctly on the SDC SSID level count report submitted to ODE.

**AVON LAKE CITY SCHOOL DISTRICT  
LORAIN COUNTY**

**SCHEDULE OF FINDINGS  
2 CFR § 200.515  
JUNE 30, 2016  
(Continued)**

<b>3. FINDINGS FOR FEDERAL AWARDS</b>
---------------------------------------

<b>Finding Number</b>	2016-001
<b>CFDA Title and Number</b>	Special Education Cluster (IDEA): Special Education - Grants to States (IDEA, Part B) - CFDA #84.027 Special Education - Preschool Grants (IDEA Preschool) - CFDA #84.173
<b>Federal Award Number / Year</b>	2016
<b>Federal Agency</b>	U.S. Department of Education
<b>Pass-Through Agency</b>	Ohio Department of Education

**Material Weakness, Material Noncompliance Finding – Maintenance of Effort (MOE) – (Continued)**

Five students with unexcused absences were selected from District backup attendance data. We determined three of the five unexcused absences were not reported correctly on the SDC SSID level count report submitted to ODE. Also, one of the five students selected for testing could not be located on the SDC SSID level count report submitted to ODE.

The errors identified above were due, in part, to the District's failure to properly set up the PowerSchool software platform for the High School. The excused and unexcused absences boxes were not marked (activated) during the setup of PowerSchool, therefore; the information was not gathered and reported to ODE correctly.

Failure to accurately report excused and unexcused absences to ODE through the SDC SSID Level Count Reports diminishes the accuracy and reliability of the ODE's calculation of the District's MOE and could negatively impact the District's future funding.

We recommend the District review all PowerSchool setup requirements in addition to all information uploaded to PowerSchool to ensure that information is accurately being reported to ODE. SDC SSID level count report submitted to ODE should be reviewed for accuracy. Evidence of such review should be documented and retained on file.

**Official's Response:** We reviewed our procedures and process as it relates to Maintenance of Effort and have put controls in place limiting the number of personnel who have access to attendance codes, which will ensure existing codes are reported accurately in the future. The District will provide SDC training to administration to help identify potential data issues prior to final submission.

**AVON LAKE CITY SCHOOL DISTRICT  
LORAIN COUNTY**

**CORRECTIVE ACTION PLAN  
2 CFR § 200.511(c)  
June 30, 2016**

<b>Finding Number</b>	<b>Planned Corrective Action</b>	<b>Anticipated Completion Date</b>	<b>Responsible Contact Person</b>
2016-001	We reviewed our procedures and process as it relates to Maintenance of Effort and have put controls in place limiting the number of personnel who have access to attendance codes, which will ensure existing codes are reported accurately in the future. The District will provide SDC training to administration to help identify potential data issues prior to final submission.	2016	Autumn Streng, Treasurer



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



**COMPREHENSIVE ANNUAL FINANCIAL REPORT  
FOR THE FISCAL YEAR ENDED JUNE 30, 2016**

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# INTRODUCTORY SECTION



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

**COMPREHENSIVE  
ANNUAL FINANCIAL REPORT  
FOR THE FISCAL YEAR ENDED JUNE 30, 2016**

**Prepared by**

**Autumn Streng  
Treasurer**

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**Avon Lake City School District**  
*Comprehensive Annual Financial Report*  
*For the Fiscal Year Ended June 30, 2016*  
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# AVON LAKE CITY SCHOOLS

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175 Avon Belden Road  
Avon Lake, Ohio 44012  
[www.avonlakecityschools.org](http://www.avonlakecityschools.org)



**Superintendent**  
Robert D. Scott  
440.933.6210  
440.933.6711 fax

**Treasurer**  
Autumn Streng  
440.933.5163  
440.933.7540 fax

## **Board of Education**

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

December 29, 2016

Board of Education Members and Residents of  
Avon Lake City School District

We are pleased to submit to you the Comprehensive Annual Financial Report (CAFR) of the Avon Lake City School District for the fiscal year ended June 30, 2016. This CAFR includes an opinion from the State Auditor and conforms to generally accepted accounting principles as applicable to governmental entities. Responsibility for the accuracy of the data presented and the completeness and fairness of the presentation, including all disclosures, rests with the School District. To the best of our knowledge and belief, the enclosed data is accurate in all material respects and are reported in a manner designed to present fairly the financial position and results of operations of the School District. This report will provide the taxpayers of the Avon Lake City School District with the comprehensive financial data in a format which will enable them to gain an understanding of the School District's financial affairs. Copies will be made available to the Avon Lake Public Library, major taxpayers, financial rating services and other interested parties.

## **The School District**

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

In order to meet the needs of a growing community, the high school was expanded several times. In the mid-1970's instructional classrooms and a physical education complex were added and the Learwood Middle School, Erieview Elementary, Eastview Elementary, Westview Elementary, Redwood Elementary and Troy Junior High School were constructed. Troy Junior High School was closed for educational purposes in 1982 because of the energy crisis and decreased enrollment. In 1988, Troy Junior High was reopened as the Avon Lake Community Education Center. The Community Education Center ceased to operate in the Troy Building as of July, 1991 due to the economy of operations. The Troy Intermediate School building was reopened for instruction beginning in the fall of 1995. In 1999, Avon Lake City Schools began a building project that added classrooms to all six (6) buildings. Avon Lake High School completed a major renovation, which included additional physical education facilities and an auditorium that hosted the Cleveland Pops Orchestra for the dedication of the facilities. In 2009, two (2) additional bond issues were passed totaling \$18,500,000. These renovations and additions began in March 2010 on the stadium portion of the project with completion of the stadium renovations by August 2010. Classroom additions to five (5) buildings began in May 2010 and completed August 2011. A new Transportation Center opened in the summer of 2011. These projects were necessary to keep up with the growing enrollment. Today the citizens have an investment of \$102,881,779 in the School District land, land improvements, buildings, furniture and equipment, and vehicles (excludes accumulated depreciation).

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

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

## **Reporting Entity**

The School District has reviewed its reporting entity definition in order to ensure conformance with Governmental Accounting Standards Board (GASB) Statement No. 14, "The Financial Reporting Entity" as amended by GASB Statement No. 39, "Determining Whether Certain Organizations Are Component Units" and GASB Statement No. 61, "The Financial Reporting Entity: Omnibus – an amendment of GASB Statements No.14 and No.34". In evaluating how to define the School District for financial reporting purposes, management has considered all agencies, departments and organizations making up the Avon Lake City School District (the primary government) and its potential component units. The School District has no component units.

The School District participates in four jointly governed organizations and is associated with one related organization. These organizations are the North Coast Council Ohio (NCCO), the Lorain County Joint Vocational School District, the Ohio Schools Council, Suburban Health Consortium and the Avon Lake Public Library. These organizations are presented in Notes 15 and 16 to the basic financial statements.

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

## **Organizational Structure**

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

The School District is located in Avon Lake, Lorain County, Ohio, and includes an area extending roughly twelve square miles around the City. It is staffed by 226 non-certified personnel, 229 certified full-time teaching personnel and 14 administrative employees to provide services to 3,807 students and other community members. The School District operates 4 elementary schools (K-4), 1 intermediate school (5-6), 1 middle school (7-8) and 1 high school (9-12).

## **Economic Condition and Outlook**

The School District's tax base is primarily residential at 84% of the tax base followed by 8% commercial/industrial and 5% public utility personal property. The reliance on local funding continues to be challenging for the School District as direct reimbursements for tangible personal property tax continue to be reduced from the State.

House Bill 920 (H.B. 920), passed by the Ohio legislature in 1976, prohibits the inflationary growth of revenue generated by most voted tax issues. When the worth of taxable property in the school district changes, the tax rates are adjusted so income, or voted dollars, will remain about the same. In recent years, school districts have seen an inverse effect on millage rates due to H.B. 920. Historically, millage rates have been adjusted or rolled back due to a positive reappraisal. Inversely, millage rates may also be rolled up (never exceeding the original voted rate) in times of negative reappraisal. The School District's millage rates were rolled back for many years; however, the City of Avon Lake experienced a negative reappraisal and triennial update in 2009 and 2015 respectively.

In 2005, Ohio lawmakers eliminated tangible personal property tax has also seen several state budgets since 2006, which has significantly impacted the School District's tangible personal property and public utility personal property tax revenue.

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

The financial future of the School District is not without its challenges. The School District is home to several businesses, but since 2012 has focused discussion around a power plant, which resides along the shoreline of Lake Erie. The power plant announced it would shut down in April 2015 due to the costs associated with meeting future EPA regulations for a coal fired plant. In December of 2012, the power plant was purchased by NRG which announced its intention to keep the plant open as a peaker plant. NRG was successful in securing a one year extension from the EPA regulations contingent upon building a natural gas pipeline to transport natural gas to the power plant. The public utility personal property (PUPP) value of the power plant was reduced for tax year 2013 by 54%. Unlike real estate value, the PUPP value is determined by the Ohio Department of Taxation (ODT) not by the County Auditor. Ohio law does not provide any recourse or due process for a city or school district to dispute the ODT preliminary value. Even with the 54% PUPP reduction, the power plant remains the largest taxpayer in Avon Lake. NRG filed a complaint in 2014 with the Lorain County Board of Revisions to reduce the real estate value of the power plant. Unlike the PUPP situation, the School District does have recourse to file a counter complaint against this appeal and has. The Board of Revision ruled in favor of the School District; therefore, NRG filed an appeal with the Ohio Board of Tax Appeals. This hearing is scheduled for April 2016.

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

School District enrollment has increased by 244 students since the 2006-2007 school year. Enrollment for the 2013-2014 school year was 3,772 students. Enrollment for the 2014-2015 school year was 3,735 students. The School District enlisted the assistance of a professional demographer to develop enrollment projections. Projections are developed assuming low, moderate and high growth rates in the School District. The last enrollment projections completed in October, 2015. The recommended growth rate in the student population is projected to decrease with student enrollment projections for the 2021-2022 school year estimated enrollment of 3,722 students.

### **School District Local Funding**

School District management will carefully control expenses during the coming years to continue to assure that tax levy revenues are adequate and well spent. Voters approved an 8.28 mill new 10 year emergency levy in May of 2013, which generates \$6,500,000 annually.

### **Major Initiatives**

#### **Ohio Report Card**

The State of Ohio's School/School District Report Card is issued in early fall of most school years depending on ODE's (the Ohio Department of Education) ability to gather and aggregate the testing data. The report uses data from the previous school year to inform the public of the School District's success or failure on the state standardized tests and achieving set indicators based on these tests. The Avon Lake City School District demonstrated 10 years of Excellence with Distinction through the 2011-2012 Ohio Local Report Card. The rating system used by the Ohio State Board of Education changed beginning with the 2012-2013 school year. The Local Report Card is now comprised of different components with letter grades assigned within each component. Since the change the District has received an A or B in the Achievement component for both Performance Index and Indicators Met.

## **Federal Projects**

The School District files applications for federal funds electronically utilizing the Comprehensive Continuous Improvement Planning Application. This allows the Superintendent, Mr. Robert Scott, to coordinate the applications to the goals of the Continuous Improvement Plan. The School District continues to apply for all federal funds for which the School District is eligible. This includes the Class-Size Reduction Grant under Title II-A allowing for additional teachers in the primary grades. Student readiness for advancement in each grade has been the primary focus of these services. The School District's largest federal award generally is related to the Special Education, Part B-IDEA grant. Through the use of federal stimulus funding, the School District added two special education classrooms at Redwood Elementary in fiscal year 2012.

## **Educational Programs and Facilities Improvement**

In May 1999, the voters of Avon Lake City School District passed a \$41,800,000 bond issue for the purpose of various improvements to school buildings. Expansions of six of the School District's buildings and renovations to seven of the Avon Lake City School District buildings are complete. In January 2002, the high school expanded into the newly completed classrooms, cafeteria and commons area, and additional physical education areas. In the fall of 2003, newly renovated music areas were opened for student use. The auditorium was complete in the fall of 2003 and is being used by our students and our public. In November 2009, the voters of Avon Lake City School District passed two bond issues. The first bond issue was for \$5,500,000 to renovate the athletic stadium and build a Transportation Center to house 40 buses. The second bond issue passed in November 2009 for \$13,000,000 was used to renovate classroom space at five of the buildings.

In addition to the above renovation projects, the Avon Lake City School District has continued to remain proactive in both maintaining and improving all district facilities. Some of these improvements include security enhancements, such as, the 2013 project that redesigned the entrance to Troy Intermediate School to assure a more secure and streamlined access way into the building. The Avon Lake City School District has also remained committed to the technology required to enhance and expand the use of security cameras across the school district. This along with roof replacements/repairs, replacement of both driveways and sidewalks, along with purchases of new classroom desks and chairs provides our students with a safe and comfortable learning environment.

Avon Lake City School District continues to maintain, modify and establish educational programs that are rigorous and prepare students for success after graduation. Excellent pre-kindergarten through 12<sup>th</sup> grade program alignment is key as annually 95% of Avon Lake graduates attend 2 year colleges, 4 year colleges or enter the military. On the average 60% of our students receive college credit before graduation.

## **Website**

The District website is a comprehensive source of information about the School District. Users of the site can access information on news from the schools and various departments, teacher web sites, athletic information, and upcoming events. Parents are granted access to the District's PowerSchool program for online access to student grades and other information posted by teachers. Avon Lake City School District's website was updated in the fall of 2016.

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

## **Financial Information**

### **Internal Accounting and Budgetary Control**

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

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

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

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

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

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

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

### **Financial Condition**

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

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

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

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

Management is responsible for preparing a Management Discussion and Analysis (MD&A) of the School District. This discussion follows the Independent Auditor's Report, providing an assessment of the District's finances for fiscal year 2016 and a discussion of current issues affecting the School District in the future. The MD&A should be read in conjunction with this letter of transmittal. Because the MD&A focuses on major funds, only the Internal Service Fund is discussed briefly in this letter.

**Financial Highlights – Internal Service Fund** The only Internal Service Fund carried on the financial records of the School District is related to self-insurance. This fund was created in fiscal year 2004. This fund accounts for the revenues and expenses related to the provision of medical, prescription drug, dental and vision benefits for all School District employees. The Internal Service Fund had net position of \$ 1,904,993 at June 30, 2016.

### **Long-Term Financial Planning**

Annually, the School District prepares a five-year financial forecast. The financial forecast is the foundation for the School District's operations and is used as a financial planning tool to assist the School District in determining its ability to meet certain financial obligations and plan future funding needs. The five-year forecast of revenue and expenditures serves as a financial planning tool, which provides a snapshot of historical and projected revenues and expense over the next five years and is accompanied by financial assumption notes. The assumptions are an integral part of the forecast and represent what the School

District believes are significant factors impacting the forecast. Through a collaborative process, the administration assists the Board of Education in determining and prioritizing the needs of the School District. In accordance with State law, the Board of Education approves the financial forecast and submits it to the Ohio Department of Education prior to October 31 and approves an updated version prior to May 31. The financial forecast can be found on the School District's web site at [www.avonlakecityschools.org](http://www.avonlakecityschools.org).

### **Independent Audit**

State statute requires the School District to be audited at least every two fiscal years by an independent auditor. An annual audit serves to maintain and strengthen the School District's accounting and budgetary controls. Independent Auditor **Dave Yost**, Auditor of State, was selected to render an opinion on the School District's financial statements as of and for the year ended June 30, 2016. The opinion appears at the beginning of the financial section of this report.

Pursuant to statute, the State prescribes a uniform accounting system to standardize accounting classification and financial reporting for all school districts in Ohio. The School District adopted and has been in conformance with the automated version of that system beginning with its financial report for the 1979 year.

### **Awards**

GFOA Certificate of Achievement - The Government Finance Officers Association of the United States and Canada (GFOA) awarded a Certificate of Achievement for Excellence in Financial Reporting to Avon Lake City School District for its Comprehensive Annual Financial Report for the fiscal year ended June 30, 2015. The Certificate of Achievement is a prestigious national award recognizing conformance with the highest standards in the area of governmental financial reporting.

In order to be awarded a Certificate of Achievement, a government unit must publish an easily readable and efficiently organized Comprehensive Annual Financial Report, whose contents conform to program standards. Such a report must satisfy both generally accepted accounting principles and applicable legal requirements.

A Certificate of Achievement is valid for a period of one year only. We believe our current report conforms to the Certificate of Achievement program requirements and we are submitting it to GFOA for consideration.

ASBO Certificate - The Association of School Business Officials International (ASBO) awarded a Certificate of Excellence in Financial Reporting for the fiscal year ended June 30, 2015 to the Avon Lake City School District. This award certifies that the Comprehensive Annual Financial Report substantially conformed to the principles and standards of financial reporting as recommended and adopted by the Association of School Business Officials. The award is granted only after an intensive review of the financial report by an expert panel of certified public accountants and practicing school business officials.

Management believes that the Comprehensive Annual Financial Report for fiscal year ended June 30, 2016, which will be submitted to ASBO for review, will conform to ASBO's principles and standards.

Auditor of State Award – This award is presented by the Auditor of State. Fewer than five percent of all Ohio government agencies are eligible for this award. Certain criteria must be met to receive this award. Standards include: 1) The entity must complete and submit a Comprehensive Annual Financial Report (CAFR), 2) there must be no findings or issues present in the audit report, and 3) there must be no other financial concerns involving the entity. The Avon Lake City Schools have received this award the following years: 1999, 2000, 2002, 2006, 2007, 2008, 2009, 2011, 2012, 2013, 2014 and 2015. The district considers this the highest of all honors.

## Acknowledgments

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

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

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

Respectfully submitted,

A handwritten signature in cursive script that reads "Autumn Streng".

Autumn Streng, Treasurer

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

Robert D. Scott, Superintendent



Avon Lake Board of Education

Principal Officials  
June 30, 2016

**Board of Education**

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

**Treasurer**

Mrs. Autumn Streng

**Administration**

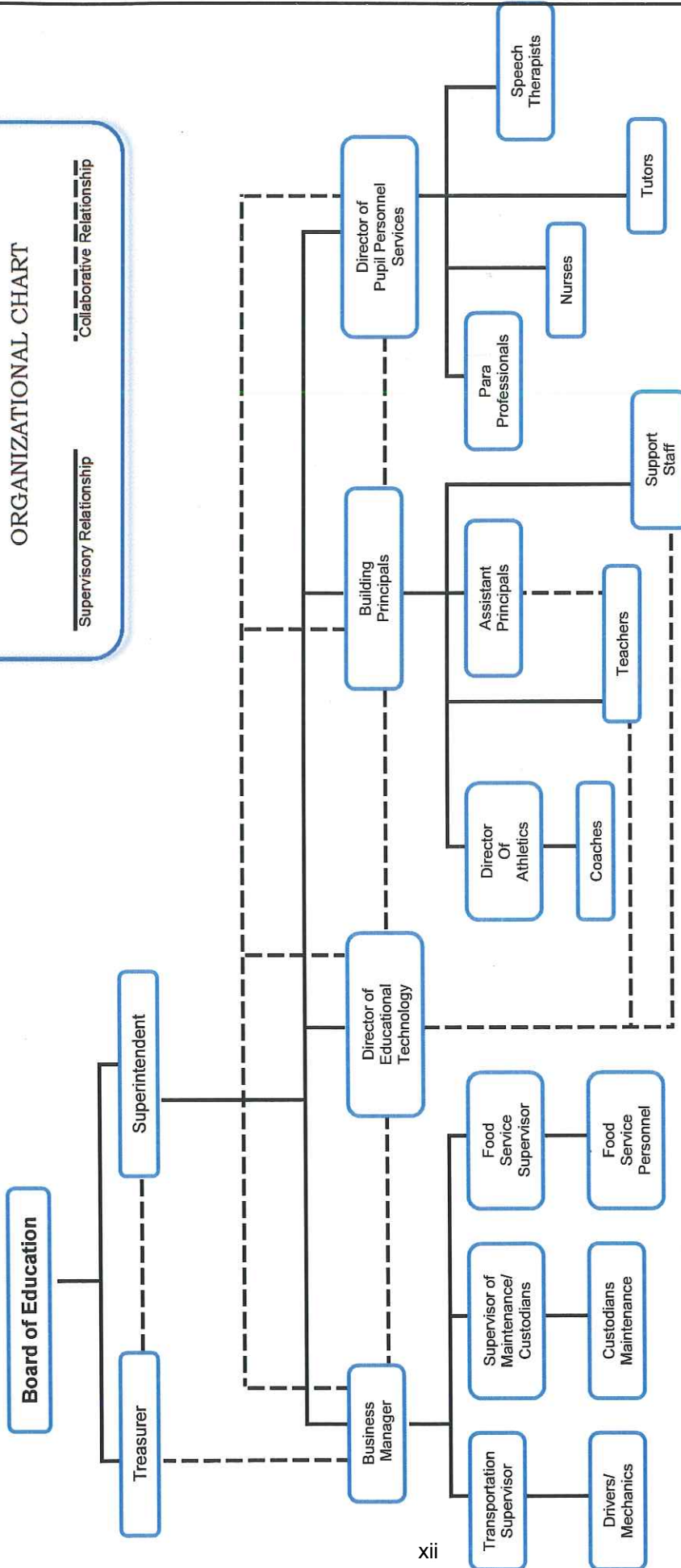
Mr. Robert D. Scott ..... Superintendent  
Mr. Thomas R. Barone ..... Business Manager

Avon Lake City Schools, Avon Lake, Ohio

ORGANIZATIONAL CHART

Supervisory Relationship

Collaborative Relationship





Government Finance Officers Association

**Certificate of  
Achievement  
for Excellence  
in Financial  
Reporting**

Presented to

**Avon Lake City School District  
Ohio**

For its Comprehensive Annual  
Financial Report  
for the Fiscal Year Ended

**June 30, 2015**

Executive Director/CEO



ASSOCIATION OF  
SCHOOL BUSINESS OFFICIALS  
INTERNATIONAL

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

**Avon Lake City School District**

**for its Comprehensive Annual Financial Report (CAFR)  
for the Fiscal Year Ended June 30, 2015.**

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



*Brenda Burkett*

Brenda R. Burkett, CPA, CSBA, SFO  
President

*John D. Musso*

John D. Musso, CAE, RSBA  
Executive Director

**FINANCIAL  
SECTION**



Back of divider page



# Dave Yost • Auditor of State

## INDEPENDENT AUDITOR'S REPORT

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

To the Board of Education:

### ***Report on the Financial Statements***

We have audited the accompanying financial statements of the governmental activities, each major fund, and the aggregate remaining fund information of Avon Lake City School District, Lorain County, Ohio (the District), as of and for the year ended June 30, 2016, and the related notes to the financial statements, which collectively comprise the District's basic financial statements as listed in the table of contents.

### ***Management's Responsibility for the Financial Statements***

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

### ***Auditor's Responsibility***

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

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

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

### ***Opinion***

In our opinion, the financial statements referred to above present fairly, in all material respects, the respective financial position of the governmental activities, each major fund, and the aggregate remaining fund information of the Avon Lake City School District, Lorain County, Ohio, as of June 30, 2016, and the respective changes in financial position and, where applicable, cash flows thereof and the budgetary comparison for the General Fund thereof for the year then ended in accordance with the accounting principles generally accepted in the United States of America.

### ***Other Matters***

#### *Required Supplementary Information*

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

#### *Supplementary and Other Information*

Our audit was conducted to opine on the District's basic financial statements taken as a whole.

The introductory section, the financial section's combining statements, individual fund statements and schedules, and the statistical section information present additional analysis and are not a required part of the basic financial statements.

The statements and schedules are management's responsibility, and derive from and relate directly to the underlying accounting and other records used to prepare the basic financial statements. We subjected these statements and schedules to the auditing procedures we applied to the basic financial statements. We also applied certain additional procedures, including comparing and reconciling statements and schedules directly to the underlying accounting and other records used to prepare the basic financial statements or to the basic financial statements themselves in accordance with auditing standards generally accepted in the United States of America. In our opinion, these statements and schedules are fairly stated in all material respects in relation to the basic financial statements taken as a whole.

We did not subject the introductory section and statistical section information to the auditing procedures applied in the audit of the basic financial statements and, accordingly, we express no opinion or any other assurance on them.



***Other Reporting Required by Government Auditing Standards***

In accordance with *Government Auditing Standards*, we have also issued our report dated December 29, 2016, on our consideration of the District's internal control over financial reporting and our tests of its compliance with certain provisions of laws, regulations, contracts and grant agreements and other matters. That report describes the scope of our internal control testing over financial reporting and compliance, and the results of that testing, and does not opine on internal control over financial reporting or on compliance. That report is an integral part of an audit performed in accordance with *Government Auditing Standards* in considering the District's internal control over financial reporting and compliance.

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

**Dave Yost**  
Auditor of State  
Columbus, Ohio

December 29, 2016

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**Avon Lake City School District**  
*Management's Discussion and Analysis*  
*For the Fiscal Year Ended June 30, 2016*  
*Unaudited*

The management's discussion and analysis of the Avon Lake City School District's (School District) financial performance provides an overall review of the School District's financial activities for the fiscal year ended June 30, 2016. The intent of this discussion and analysis is to look at the School District's financial performance as a whole. Readers should also review the transmittal letter, basic financial statements and notes to the basic financial statements to enhance their understanding of the School District's financial performance.

### **Financial Highlights**

Key financial highlights for fiscal year 2016 are as follows:

- In total, net position for governmental activities increased by \$ 4.5 million in 2016.
- Revenues for governmental activities totaled \$ 51,227,960 fiscal year 2016. Of this total \$ 47,006,940 or 91.76 percent consisted of general revenues while program revenues accounted for the balance of \$ 4,221,020 or 8.24 percent.
- Program expenses totaled \$ 46,759,419. Instructional expenses made up \$ 25,969,892 or 55.54 percent of this total while support services accounted for \$ 15,964,191 or 34.14 percent. Other expenses, \$ 4,825,336 rounded out the remaining 10.32 percent.
- Total outstanding debt had a net decrease of \$ 3,706,459 to \$ 45,016,343 in fiscal year 2016.

### **Using this Comprehensive Annual Financial Report (CAFR)**

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

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

### **Reporting the School District as a Whole**

Statement of Net Position and the Statement of Activities

While this document contains all the funds used by the School District to provide programs and activities, the view of the School District as an entity looks at all financial transactions and asks the question, "How did we do financially during the 2016 fiscal year?" The Statement of Net Position and the Statement of Activities answer this question. These statements include all assets, deferred outflows of resources, liabilities and deferred inflows of resources using the accrual basis of accounting similar to the accounting used by most private-sector companies. Accrual basis of accounting takes into account all of the current year's revenues and expenses regardless of when cash is received or paid.

**Avon Lake City School District**  
*Management's Discussion and Analysis*  
*For the Fiscal Year Ended June 30, 2016*  
*Unaudited*

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

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

### **Reporting the School District's Most Significant Funds**

#### **Fund Financial Statements**

The analysis of the School District's major funds begins on page 20. Fund financial statements provide detailed information about the School District's major funds. The School District uses many funds to account for a multitude of financial transactions; however, these fund financial statements concentrate on the School District's most significant funds. The School District's major governmental funds are the General Fund and Bond Retirement Debt Service Fund.

#### **Governmental Funds**

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

#### **The School District as a Whole**

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

Total assets increased by \$ 2,377,422. This increase can be attributed primarily to increases of \$ 3,559,881 in equity in pooled cash and \$ 965,228 in taxes receivable. This increase was offset by a decrease in capital assets of \$ 2,102,078.

Deferred outflows of resources related to pensions increased by \$ 2,708,413.

Total liabilities increased by \$ 273,950, primarily due to a net increase in long-term liabilities.

Deferred inflows of resources related to property taxes increased by \$ 202,28, while deferred inflows of resources related to pensions decreased by \$ 120,793.

Over time, net position can serve as an indicator of a government's financial position. At June 30, 2016, the School District's liabilities and deferred inflows of resources exceeded assets and deferred outflows of resources by \$ 29,361,431. Of this total, \$ 5,234,676 is restricted in use.

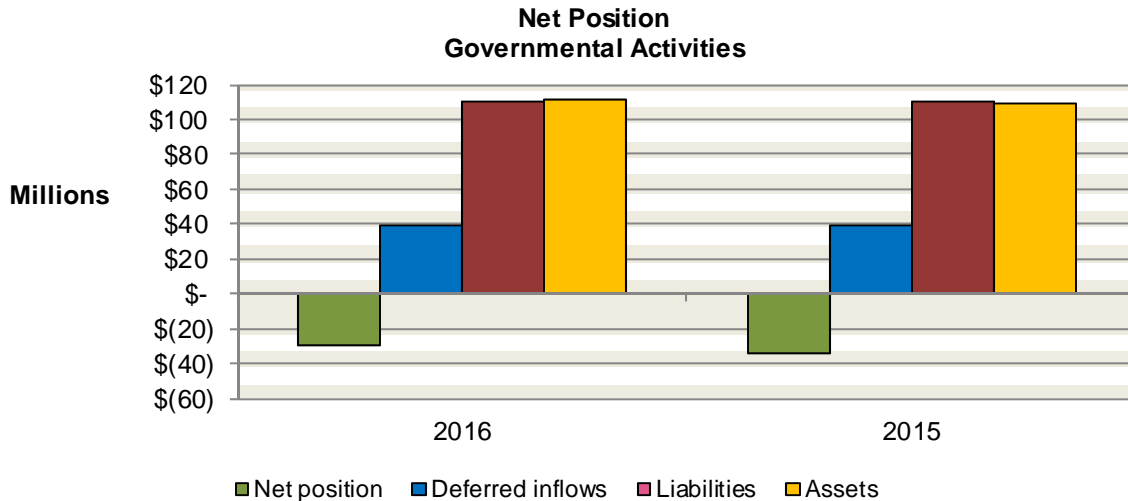
**Avon Lake City School District**  
*Management's Discussion and Analysis*  
*For the Fiscal Year Ended June 30, 2016*  
*Unaudited*

Table 1 provides a summary of the School District's net position for fiscal year 2016 compared to fiscal year 2015:

**TABLE I**  
Total Net Position

	<u>2016</u>	<u>2015</u>
<b>Assets</b>		
Current and other assets	\$ 59,325,858	\$ 54,846,358
Total capital assets, net	<u>51,892,274</u>	<u>53,994,352</u>
Total assets	<u>111,218,132</u>	<u>108,840,710</u>
<b>Deferred outflows of resources</b>		
Deferred charge on refunding	2,651,877	2,924,583
Pension	<u>6,300,237</u>	<u>3,591,824</u>
Total deferred outflows of resources	<u>8,952,114</u>	<u>6,516,407</u>
<b>Liabilities</b>		
Current liabilities	3,721,052	3,725,302
Long term liabilities		
Due within one year	4,621,371	5,114,195
Due in more than one year		
Net pension liability	55,896,972	51,508,946
Other amounts	<u>46,323,936</u>	<u>49,940,938</u>
Total liabilities	<u>110,563,331</u>	<u>110,289,381</u>
<b>Deferred inflows of resources</b>		
Property taxes levied for next year	31,626,306	31,424,022
Unavailable resources	27,522	38,375
Pension	<u>7,314,518</u>	<u>7,435,311</u>
Total deferred inflows of resources	<u>38,968,346</u>	<u>38,897,708</u>
<b>Net position</b>		
Net investment in capital assets	10,190,220	8,870,400
Restricted	5,234,676	5,287,563
Unrestricted	<u>(44,786,327)</u>	<u>(47,987,935)</u>
Total net position	<u><u>\$(29,361,431)</u></u>	<u><u>\$(33,829,972)</u></u>

**Avon Lake City School District**  
*Management's Discussion and Analysis*  
*For the Fiscal Year Ended June 30, 2016*  
*Unaudited*



The net pension liability (NPL) is the largest single liability reported by the School District at June 30, 2016 and is reported pursuant to GASB Statement 68, "Accounting and Financial Reporting for Pensions—an Amendment of GASB Statement 27." For reasons discussed below, many end users of this financial statement will gain a clearer understanding of the School District's actual financial condition by adding deferred inflows related to pension and the net pension liability to the reported net position and subtracting deferred outflows related to pension.

Governmental Accounting Standards Board standards are national and apply to all government financial reports prepared in accordance with generally accepted accounting principles. When accounting for pension costs, GASB 27 focused on a funding approach. This approach limited pension costs to contributions annually required by law, which may or may not be sufficient to fully fund each plan's net pension liability. GASB 68 takes an earnings approach to pension accounting; however, the nature of Ohio's statewide pension systems and state law governing those systems requires additional explanation in order to properly understand the information presented in these statements.

GASB 68 requires the net pension liability to equal the School District's proportionate share of each plan's collective:

1. Present value of estimated future pension benefits attributable to active and inactive employees' past service
2. Minus plan assets available to pay these benefits

GASB notes that pension obligations, whether funded or unfunded, are part of the "employment exchange" that is, the employee is trading his or her labor in exchange for wages, benefits, and the promise of a future pension. GASB noted that the unfunded portion of this pension promise is a present obligation of the government, part of a bargained-for benefit to the employee, and should accordingly be reported by the government as a liability since they received the benefit of the exchange. However, the School District is not responsible for certain key factors affecting the balance of this liability. In Ohio, the employee shares the obligation of funding pension benefits with the employer. Both employer and employee contribution rates are capped by State statute. A change in these caps requires action of both Houses of the General Assembly and approval of the Governor. Benefit provisions are also determined by State statute. The employee enters the employment exchange with the knowledge that the employer's promise is limited not by contract but by law. The employer enters the exchange also knowing that there is a specific, legal limit to its contribution to the pension system. In Ohio, there is no legal means to enforce the unfunded liability of the pension system as against the public employer. State law operates to mitigate/lessen the moral obligation of the public employer to the employee, because all parties enter the employment exchange with notice as to the law. The pension system is responsible for the administration of the plan.

**Avon Lake City School District**  
*Management's Discussion and Analysis*  
*For the Fiscal Year Ended June 30, 2016*  
*Unaudited*

Most long-term liabilities have set repayment schedules or, in the case of compensated absences (i.e. sick and vacation leave), are satisfied through paid time-off or termination payments. There is no repayment schedule for the net pension liability. As explained above, changes in pension benefits, contribution rates, and return on investments affect the balance of the net pension liability, but are outside the control of the local government. In the event that contributions, investment returns, and other changes are insufficient to keep up with required pension payments, State statute does not assign/identify the responsible party for the unfunded portion. Due to the unique nature of how the net pension liability is satisfied, this liability is separately identified within the long-term liability section of the statement of net position.

In accordance with GASB 68, the School District's statements prepared on an accrual basis of accounting include an annual pension expense for their proportionate share of each plan's change in net pension liability not accounted for as deferred inflows/outflows.

Table 2 shows total revenues, expenses and changes in net position for fiscal year 2016 compared to fiscal year 2015. Total revenue and total expenses for 2016 were \$ 2,531,556 and \$ 3,546,602, respectively, higher than in 2015.

**Table 2**  
**JUNE 30, 2016**

	<u>2016</u>	<u>2015</u>
Revenues		
Program revenues		
Charges for services and sales	\$ 2,500,033	\$ 2,170,237
Operating grants, interest and contributions	1,720,987	1,457,351
Total program revenues	<u>4,221,020</u>	<u>3,627,588</u>
General revenues		
Property taxes	35,708,549	33,788,354
Grants and entitlements not restricted to specific purposes	10,650,510	10,764,213
Investment earnings	149,799	42,117
Miscellaneous	498,082	474,132
Total general revenues	<u>47,006,940</u>	<u>45,068,816</u>
Total revenues	<u>51,227,960</u>	<u>48,696,404</u>
Program expenses		
Instruction	25,969,892	23,794,480
Supporting services		
Pupil and instructional staff	4,371,392	3,566,048
Board of education, administration, fiscal services and business	5,155,786	4,541,271
Operation and maintenance	4,329,269	4,476,025
Pupil transportation	1,817,520	1,805,718
Central services	290,224	293,523
Operation of non-instructional services		
Food service operation	1,254,263	1,174,997
Community services	649,046	369,498
Extracurricular activities	1,261,581	1,132,041
Interest and fiscal charges	1,660,446	2,059,216
Total expenses	<u>46,759,419</u>	<u>43,212,817</u>
Increase in net position	4,468,541	5,483,587
Net position at beginning of year	<u>(33,829,972)</u>	<u>(39,313,559)</u>
Net position at end of year	<u><u>\$(29,361,431)</u></u>	<u><u>\$(33,829,972)</u></u>

**Avon Lake City School District**  
*Management's Discussion and Analysis*  
*For the Fiscal Year Ended June 30, 2016*  
*Unaudited*

The vast majority of revenue supporting all Governmental Activities is general revenue. General revenue accounted for \$ 47.0 million or 91.76 percent of the total revenue. The most significant portion of general revenue is local property tax. The other type of revenue that accounts for 8.24 percent of total revenue is called program revenues. Program revenues are derived directly from the program or entities outside the School District as a whole, and can help to reduce the net cost of services provided by the School District. Program revenues increased by \$ 593,432 in 2016 from 2015. This increase can be attributed to increases of \$ 329,796 in charges for services and sales and of \$ 263,636 in grants and contributions.

As you can see 55.54 percent of the School District's expenses were used to fund instructional expenses. Additional support services for pupils, staff, and business operation expenses were 34.14 percent. The remaining 10.32 percent of program expenses was used to facilitate other obligations of the School District such as interest and fiscal charges, the food service program and various extracurricular activities. Interest expense was primarily attributable to the outstanding bonds.

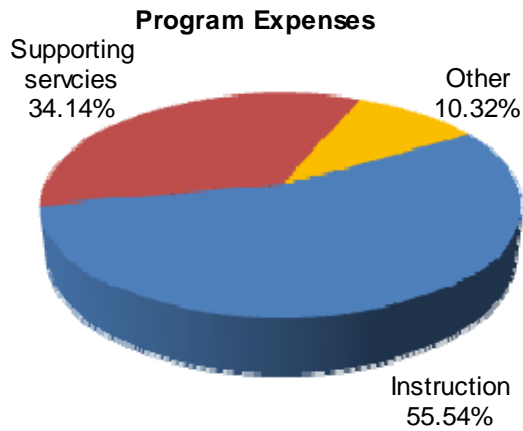
The Statement of Activities shows the total net cost of program services. Table 3 shows the total cost of services for governmental activities and the net cost of those services. That is, it identifies the cost of these services supported by tax revenue and unrestricted State entitlements.

**Table 3**  
 Governmental Activities

	<u>Total Cost of Services</u>		<u>Net Cost of Services</u>	
	<u>2016</u>	<u>2015</u>	<u>2016</u>	<u>2015</u>
Program expenses				
Instruction	\$ 25,969,892	\$ 23,794,480	\$(24,785,662)	\$(22,662,991)
Supporting services				
Pupil and instructional staff	4,371,392	3,566,048	(3,926,719)	(3,024,257)
Board of education, administration, fiscal services and business	5,155,786	4,541,271	(5,046,077)	(4,522,317)
Operation and maintenance	4,329,269	4,476,025	(4,329,269)	(4,476,025)
Pupil transportation	1,817,520	1,805,718	(1,817,520)	(1,805,718)
Central services	290,224	293,523	(273,108)	(254,267)
Operation of non-instructional services				
Food service operation	1,254,263	1,174,997	(3,261)	42,093
Community services	649,046	369,498	(58,962)	(62,418)
Extracurricular activities	1,261,581	1,132,041	(637,375)	(760,113)
Interest and fiscal charges	1,660,446	2,059,216	(1,660,446)	(2,059,216)
Total expenses	<u>\$ 46,759,419</u>	<u>\$ 43,212,817</u>	<u>\$(42,538,399)</u>	<u>\$(39,585,229)</u>



**Avon Lake City School District**  
*Management's Discussion and Analysis*  
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The dependence upon tax revenues for governmental activities is apparent. Over 76.37 percent of total expenses are supported through taxes. Grants and entitlements not restricted to specific programs support 22.78 percent, while program revenue supports 9.03 percent. Investment and other miscellaneous type revenue support the remaining activity costs. The community, as a whole, is the primary support for the School District students.

**Avon Lake City School District**  
*Management's Discussion and Analysis*  
*For the Fiscal Year Ended June 30, 2016*  
*Unaudited*

**The School District's Funds**

Information about the School District's major funds starts on page 20. These governmental funds are accounted for using the modified accrual basis of accounting. All governmental funds had total revenues of \$ 50,727,128, and expenditures of \$ 45,679,445. In total, the net change in fund balance was an increase of \$ 5,047,683.

The net change in fund balance for the year was most significant in the General Fund. In 2016, the General Fund's total revenue was \$ 1,600,272 higher than 2015. This was primarily the result of increases in taxes revenue of \$ 1,010,428 and \$ 304,629 in tuition and fees. Expenditures of the General Fund were \$ 644,555 lower than the prior year. The decrease in General Fund expenditures is primarily due to a decrease in instruction of \$ 1,158,609, which was offset by an increase of \$ 526,558 in supporting services.

The following schedule shows the significant changes between fiscal year 2016 and 2015 for the General Fund.

	General Fund		
	2016	2015	Change
Revenue			
Taxes	\$ 31,081,127	\$ 30,070,699	\$ 1,010,428
Tuition and fees	756,497	451,868	304,629
Interest	141,311	35,217	106,094
Intergovernmental	9,104,191	9,142,419	(38,228)
Extracurricular	284,269	261,657	22,612
Miscellaneous	664,859	470,122	194,737
Total revenues	<u>42,032,254</u>	<u>40,431,982</u>	<u>1,600,272</u>
Expenditures			
Current			
Instruction	21,776,041	22,934,650	(1,158,609)
Supporting services	14,078,821	13,552,263	526,558
Operation of non-instructional services	84,052	82,887	1,165
Extracurricular activities	838,420	833,287	5,133
Capital outlay	9,963	-	9,963
Debt service			
Principal	71,898	96,399	(24,501)
Interest	2,707	6,971	(4,264)
Total expenditures	<u>36,861,902</u>	<u>37,506,457</u>	<u>(644,555)</u>
Other financing sources (uses)			
Transfers in	-	15,000	(15,000)
Capital lease	-	42,450	(42,450)
Total other financing sources (uses)	<u>-</u>	<u>57,450</u>	<u>(57,450)</u>
Net change in fund balances	5,170,352	2,982,975	2,187,377
Fund balances, beginning of year	<u>9,591,320</u>	<u>6,608,345</u>	<u>2,982,975</u>
Fund balances, end of year	<u>\$ 14,761,672</u>	<u>\$ 9,591,320</u>	<u>\$ 5,170,352</u>

**Avon Lake City School District**  
*Management's Discussion and Analysis*  
*For the Fiscal Year Ended June 30, 2016*  
*Unaudited*

The following schedule shows the significant changes between fiscal year 2016 and 2015 for the Bond Retirement Fund.

Bond Retirement Fund			
	2016	2015	Change
Revenue			
Taxes	\$ 3,547,479	\$ 3,528,524	\$ 18,955
Interest	-	6,770	(6,770)
Intergovernmental	1,452,151	1,479,707	(27,556)
Total revenues	<u>4,999,630</u>	<u>5,015,001</u>	<u>(15,371)</u>
Expenditures			
Current			
Supporting services			
Fiscal services	62,561	66,393	(3,832)
Debt service			
Principal	3,350,000	6,955,000	(3,605,000)
Interest	1,682,753	3,303,275	(1,620,522)
Total expenditures	<u>5,095,314</u>	<u>10,324,668</u>	<u>(5,229,354)</u>
Excess (deficiency) of revenues over expenditures	<u>(95,684)</u>	<u>(5,309,667)</u>	<u>5,213,983</u>
Other financing sources (uses)			
Refunding bonds issued	-	31,594,934	(31,594,934)
Premium on debt issue	-	1,732,429	(1,732,429)
Payment to refunding escrow agent	-	(27,835,000)	27,835,000
Total other financing sources (uses)	<u>-</u>	<u>5,492,363</u>	<u>(5,492,363)</u>
Net change in fund balances	(95,684)	182,696	(278,380)
Fund balances, beginning of year	<u>3,839,361</u>	<u>3,656,665</u>	<u>182,696</u>
Fund balances, end of year	<u>\$ 3,743,677</u>	<u>\$ 3,839,361</u>	<u>\$ (95,684)</u>

**General Fund Budgeting Highlights**

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

During the course of fiscal year 2016, the School District amended its General Fund budget several times to reflect changes in unanticipated receipts and amended appropriations. For the General Fund, the final budget basis revenue estimate, excluding other financing sources, was \$ 41,197,578 which was \$ 723,571 higher than the original budget estimate and \$ 5,105 less than actual revenue. The final budget basis expenditures estimate, excluding other financing uses, totaled \$ 38,387,080 which was \$ 252,885 higher than the original budget estimate. Actual expenditures were \$ 148,072 less than final budget basis expenditures. The unencumbered ending cash balance totaled \$ 13,550,679.

**Avon Lake City School District**  
*Management's Discussion and Analysis*  
*For the Fiscal Year Ended June 30, 2016*  
*Unaudited*

**Capital Assets and Debt Administration**

**Capital Assets**

At the end of fiscal 2016, the School District, net of depreciation, had \$ 51,892,274 invested in land, construction in process, land improvements, buildings and improvements, furniture and equipment, and vehicles. Table 4 shows fiscal year 2016 values compared to fiscal year 2015. More detailed information is presented in Note 8 of the notes to the basic financial statements.

**Table 4**  
 Capital Assets  
 (Net of Accumulated Depreciation)

	2016	2015
Land	\$ 6,050,145	\$ 6,041,645
Construction in progress	-	152,252
Land improvements	1,022,007	1,392,187
Buildings and improvements	42,563,781	45,459,036
Furniture and equipment	1,539,980	230,166
Vehicles	716,361	719,066
Total net capital assets	\$ 51,892,274	\$ 53,994,352

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

**Debt**

At June 30, 2016, the Avon Lake School District had \$ 45,016,343 in bonds and capital leases, a decrease of \$ 3,706,459 from fiscal year 2015. \$ 3,414,146 of the bonds and capital leases are due within one year. Table 5 below summarizes the School District's bonds and capital leases. More detailed information is presented in Notes 13 and 14 of the notes to the basic financial statements.

**Table 5**  
 Outstanding Debt Year-End

	2016	2015
Term and serial bonds	\$ 41,240,000	\$ 44,590,000
Capital appreciation bonds	425,800	425,800
Accretion on capital appreciation bonds	157,867	143,976
Unamortized bond premiums	3,156,422	3,454,874
Capital leases	36,254	108,152
Total outstanding debt	\$ 45,016,343	\$ 48,722,802

**Avon Lake City School District**  
*Management's Discussion and Analysis*  
*For the Fiscal Year Ended June 30, 2016*  
*Unaudited*

**Current Issues**

The Avon Lake Board of Education and administration closely monitor revenues and expenditures in accordance with its financial forecast. This monitoring process was affirmed by Moody's Investors Services in July 2014.

The School District has continued to struggle with many of the same economic issues as other school districts including increasing operating costs, unfunded mandates and decreasing revenue sources. The financial future of the District is not without its internal, as well as, external challenges. In the foreseeable future, the internal challenge will remain as long as the School District is required to rely on local property taxes to fund its operations. There is pending litigation with the power plant located in the City of Avon Lake. The power plant is challenging their real estate value for tax years 2013 and 2015 that could have a negative impact on the School District's revenue stream. External challenges continue to evolve as the economy and the State of Ohio determine the outcome and viability of the State's educational funding system. The ongoing legislative efforts to support the existence of community (charter) schools continue to come at the expense of our current State funding. Over \$450,000 was deducted from the School District's State funding and redirected to community (charter) schools in fiscal year 2016.

The School District has received the Government Finance Officers Association of the United States and Canada (GFOA) Certificate of Achievement for Excellence in Financial Reporting awards since 1994.

**Contacting the School District's Fiscal Management**

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

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AVON LAKE CITY SCHOOL DISTRICT  
LORAIN COUNTY

STATEMENT OF NET POSITION

JUNE 30, 2016

	Governmental Activities
<b>Assets</b>	
Equity in pooled cash	\$ 22,683,128
Inventories and supplies	62,822
Taxes receivable	36,579,908
Capital assets	
Nondepreciable capital assets	6,050,145
Depreciable capital assets	45,842,129
<b>Total assets</b>	<b>111,218,132</b>
<b>Deferred outflow s of resources</b>	
Deferred charge on refunding	2,651,877
Pension	6,300,237
<b>Total deferred outflow s of resources</b>	<b>8,952,114</b>
<b>Liabilities</b>	
Accounts and contracts payable	120,067
Accrued salaries, wages and benefits	3,323,467
Accrued interest payable	127,900
Intergovernmental payable	149,618
Long-term liabilities	
Due w ithin one year	4,621,371
Due in more than one year	
Net pension liability	55,896,972
Other amounts due in more than one year	46,323,936
<b>Total liabilities</b>	<b>110,563,331</b>
<b>Deferred inflow s of resources</b>	
Property taxes levied for next year	31,626,306
Unavailable resources	27,522
Pension	7,314,518
<b>Total deferred inflow s of resources</b>	<b>38,968,346</b>
<b>Net position</b>	
Net investment in capital assets	10,190,220
Restricted for:	
Debt service	3,257,088
Capital projects	1,117,759
Food service	629,087
Extracurricular activities	148,190
State grants	26,814
Federal grants	44,742
Donations	10,996
Unrestricted	(44,786,327)
<b>Total net position</b>	<b>\$ (29,361,431)</b>

See accompanying notes to the basic financial statements.

AVON LAKE CITY SCHOOL DISTRICT  
LORAIN COUNTY

STATEMENT OF ACTIVITIES  
FOR THE YEAR ENDED JUNE 30, 2016

	Expenses	Charges for Services and Sales	Operating Grants, Interest and Contributions	Net (Expense) Revenues and Changes in Net Position
Governmental activities:				
Instruction				
Regular	\$ 20,312,398	\$ 616,949	\$ 49,579	\$ (19,645,870)
Special	4,760,004	86,777	422,528	(4,250,699)
Adult/continuing	9,562	-	-	(9,562)
Other instruction	887,928	-	8,397	(879,531)
Supporting services				
Pupil	2,762,880	202,258	217,387	(2,343,235)
Instructional staff	1,608,512	7,979	17,049	(1,583,484)
Board of education	19,446	-	-	(19,446)
Administration	3,560,633	-	109,709	(3,450,924)
Fiscal services	1,257,474	-	-	(1,257,474)
Business	318,233	-	-	(318,233)
Operation and maintenance	4,329,269	-	-	(4,329,269)
Pupil transportation	1,817,520	-	-	(1,817,520)
Central services	290,224	4,516	12,600	(273,108)
Operation of non-instructional services				
Food service operation	1,254,263	957,348	293,654	(3,261)
Community services	649,046	-	590,084	(58,962)
Extracurricular activities	1,261,581	624,206	-	(637,375)
Interest and fiscal charges	1,660,446	-	-	(1,660,446)
Total	<u>\$ 46,759,419</u>	<u>\$ 2,500,033</u>	<u>\$ 1,720,987</u>	<u>(42,538,399)</u>

General revenues	
Property taxes levied for:	
General purposes	31,534,627
Debt service	3,596,979
Capital improvements	576,943
Grants and entitlements not restricted to specific purposes	10,650,510
Investment earnings	149,799
Miscellaneous	498,082
Total general revenues	<u>47,006,940</u>
Change in net position	4,468,541
Net position at beginning of year	(33,829,972)
Net position at end of year	<u>\$ (29,361,431)</u>

See accompanying notes to the basic financial statements.



AVON LAKE CITY SCHOOL DISTRICT  
LORAIN COUNTY  
BALANCE SHEET – GOVERNMENTAL FUNDS  
JUNE 30, 2016

	General Fund	Bond Retirement Fund	Other Governmental Funds	Total Governmental Funds
<b>Assets</b>				
Equity in pooled cash	\$ 14,968,439	\$ 3,356,581	\$ 2,335,609	\$ 20,660,629
Restricted cash	113,990	-	-	113,990
Receivables, net of allowance				
Taxes, current	31,223,465	3,555,368	564,275	35,343,108
Taxes, delinquent	1,092,700	124,400	19,700	1,236,800
Interfund receivables	145,573	-	-	145,573
Inventories and supplies	50,056	-	12,766	62,822
<b>Total assets</b>	<b>\$ 47,594,223</b>	<b>\$ 7,036,349</b>	<b>\$ 2,932,350</b>	<b>\$ 57,562,922</b>
<b>Liabilities</b>				
Accounts and contracts payable	\$ 104,507	\$ -	\$ 12,044	\$ 116,551
Accrued salaries, wages and benefits	3,218,716	-	104,751	3,323,467
Intergovernmental payable	148,235	-	1,383	149,618
Interfund payable	-	-	145,573	145,573
Matured compensated absences	317,288	-	-	317,288
<b>Total liabilities</b>	<b>3,788,746</b>	<b>-</b>	<b>263,751</b>	<b>4,052,497</b>
<b>Deferred inflows of resources</b>				
Property taxes levied for next year and unavailable resources	29,043,805	3,292,672	554,151	32,890,628
<b>Total deferred inflows of resources</b>	<b>29,043,805</b>	<b>3,292,672</b>	<b>554,151</b>	<b>32,890,628</b>
<b>Fund balances (deficits)</b>				
Nonspendable	50,056	-	12,766	62,822
Restricted	-	3,743,677	2,117,066	5,860,743
Committed	113,990	-	-	113,990
Assigned	1,117,869	-	-	1,117,869
Unassigned	13,479,757	-	(15,384)	13,464,373
<b>Total fund balances (deficits)</b>	<b>14,761,672</b>	<b>3,743,677</b>	<b>2,114,448</b>	<b>20,619,797</b>
<b>Total liabilities, deferred inflows of resources and fund balances (deficits)</b>	<b>\$ 47,594,223</b>	<b>\$ 7,036,349</b>	<b>\$ 2,932,350</b>	<b>\$ 57,562,922</b>

See accompanying notes to the basic financial statements.

AVON LAKE CITY SCHOOL DISTRICT  
LORAIN COUNTY

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

JUNE 30, 2016

Total governmental fund balances		\$ 20,619,797
Amount reported for governmental activities in the statement of net position are different because:		
Capital assets used in governmental activities are not financial resources and therefore not reported in the funds.		51,892,274
Other long-term assets are not available to pay for current period expenditures and therefore are deferred in the funds.		
Property taxes receivable		1,236,800
Unamortized premiums on bonds issued are not recognized in the funds.		(3,156,422)
Unamortized deferred charges on refundings are not recognized in the funds.		2,651,877
Accrued interest payable is not due and payable in the current period and therefore is not reported in the funds.		(127,900)
An internal service fund is used by management to charge the costs of insurance to individual funds. The assets and liabilities of the internal service fund are included in governmental activities in the statement of net position.		1,904,993
The net pension liability is not due and payable in the current period; therefore, the liability and related deferred inflow s/outflow s are not reported in the funds.		
Deferred outflow s - pension	6,300,237	
Deferred inflow s - pension	(7,314,518)	
Net pension liability	(55,896,972)	(56,911,253)
Long-term liabilities are not due and payable in the current period and therefore are not reported in the funds:		
Compensated absences payable	(5,611,676)	
Bonds payable	(41,823,667)	
Capital lease payable	(36,254)	(47,471,597)
Net position of governmental activities		\$ (29,361,431)

See accompanying notes to the basic financial statements.

AVON LAKE CITY SCHOOL DISTRICT  
LORAIN COUNTY

STATEMENT OF REVENUES, EXPENDITURES AND CHANGES IN FUND BALANCES -  
GOVERNMENTAL FUNDS

FOR THE YEAR ENDED JUNE 30, 2016

	General Fund	Bond Retirement Fund	Other Governmental Funds	Total Governmental Funds
Revenue				
Taxes	\$ 31,081,127	\$ 3,547,479	\$ 568,743	\$ 35,197,349
Tuition and fees	756,497	-	7,875	764,372
Interest	141,311	-	2,539	143,850
Intergovernmental	9,104,191	1,452,151	1,815,155	12,371,497
Extracurricular	284,269	-	297,015	581,284
Charges for services	-	-	957,348	957,348
Miscellaneous	664,859	-	46,569	711,428
Total revenues	<u>42,032,254</u>	<u>4,999,630</u>	<u>3,695,244</u>	<u>50,727,128</u>
Expenditures				
Current				
Instruction				
Regular	16,755,735	-	442,468	17,198,203
Special	4,140,080	-	377,126	4,517,206
Adult/continuing	9,058	-	-	9,058
Other instruction	871,168	-	8,397	879,565
Supporting services				
Pupil	2,423,321	-	217,387	2,640,708
Instructional staff	1,426,767	-	56,544	1,483,311
Board of education	18,900	-	-	18,900
Administration	3,059,571	-	109,709	3,169,280
Fiscal services	1,130,381	62,561	9,899	1,202,841
Business	301,237	-	-	301,237
Operation and maintenance	3,877,947	-	112,373	3,990,320
Pupil transportation	1,565,719	-	160,602	1,726,321
Central services	274,978	-	13,695	288,673
Operation of non-instructional services				
Food service operation	-	-	1,193,148	1,193,148
Community services	84,052	-	548,305	632,357
Extracurricular activities	838,420	-	359,595	1,198,015
Capital outlay	9,963	-	112,981	122,944
Debt service				
Principal	71,898	3,350,000	-	3,421,898
Interest	2,707	1,682,753	-	1,685,460
Total expenditures	<u>36,861,902</u>	<u>5,095,314</u>	<u>3,722,229</u>	<u>45,679,445</u>
Net change in fund balances	5,170,352	(95,684)	(26,985)	5,047,683
Fund balances, beginning of year	9,591,320	3,839,361	2,141,433	15,572,114
Fund balances, end of year	<u>\$ 14,761,672</u>	<u>\$ 3,743,677</u>	<u>\$ 2,114,448</u>	<u>\$ 20,619,797</u>

See accompanying notes to the basic financial statements.

AVON LAKE CITY SCHOOL DISTRICT  
LORAIN COUNTY

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

FOR THE YEAR ENDED JUNE 30, 2016

Net change in fund balances - total governmental funds		\$ 5,047,683
Amounts reported for governmental activities in the statement of activities are different because:		
Governmental funds report capital outlay as expenditures. However, in the statement of activities, the cost of those assets is allocated over their useful lives and reported as depreciation expense. This is the amount by which depreciation expense exceeded net capital outlay in the current period.		
	Capital outlay, net	\$ 676,545
	Depreciation expense	<u>(2,778,623)</u>
		(2,102,078)
Revenues in the statement of activities that do not provide current financial resources are not reported as revenues in the funds.		
	Property taxes	511,200
Repayment of bond, loan, note and capital lease principal is an expenditure in the governmental funds, but the repayment reduces long-term liabilities in the statement of net position.		
		3,421,898
In the statement of activities, interest accrued on outstanding bonds and bond and notes accretion are amortized over the term of the bonds and notes, whereas in governmental funds, the expenditure is reported when the bonds and notes are issued.		
	Accrued interest	13,158
	Annual accretion	(13,891)
	Amortization of bond premium	298,452
	Amortization of deferred charges	<u>(272,706)</u>
		25,013
Some expenses reported in the statement of activities do not require the use of current financial resources and therefore are not reported as expenditures in governmental funds.		
	Compensated absences	(311,202)
Contractually required contributions are reported as expenditures in governmental funds, however, the statement of activities reports these amounts as deferred outflows.		
		3,182,618
Except for amounts reported as deferred inflows/outflows, changes in the net pension liability are reported as pension expense in the statement of activities		
		(4,741,437)
The internal service fund used by management to charge the costs of insurance to individual funds is not reported in the government-wide statement of activities. Governmental fund expenditures and the related internal service fund revenues are eliminated. The net revenue (expense) of the internal service fund is allocated among the governmental activities.		
		<u>(565,154)</u>
Change in net position of governmental activities		<u>\$ 4,468,541</u>

See accompanying notes to the basic financial statements.

AVON LAKE CITY SCHOOL DISTRICT  
LORAIN COUNTY

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

FOR THE YEAR ENDED JUNE 30, 2016

	General Fund			Variance with Final Budget Positive (Negative)
	Budget Amounts		Actual	
	Original	Final		
Revenues				
Taxes	\$ 30,305,732	\$ 30,847,521	\$ 30,851,344	\$ 3,823
Tuition and fees	602,236	613,002	613,078	76
Interest	138,425	140,900	140,917	17
Intergovernmental	8,943,182	9,103,063	9,104,191	1,128
Extracurricular	227,355	231,419	231,448	29
Miscellaneous	257,077	261,673	261,705	32
Total revenues	<u>40,474,007</u>	<u>41,197,578</u>	<u>41,202,683</u>	<u>5,105</u>
Expenditures				
Current				
Instruction				
Regular	17,987,695	18,106,975	18,037,130	69,845
Special	4,205,466	4,233,353	4,217,024	16,329
Adult/continuing	10,713	10,785	10,743	42
Other	893,215	899,139	895,670	3,469
Supporting services				
Pupil	2,189,002	2,203,517	2,195,018	8,499
Instructional staff	1,415,602	1,424,990	1,419,494	5,496
Board of education	18,870	18,996	18,923	73
Administration	3,145,298	3,166,156	3,153,943	12,213
Fiscal services	1,140,578	1,148,142	1,143,713	4,429
Business	304,385	306,405	305,223	1,182
Operation and maintenance	4,142,592	4,170,066	4,153,980	16,086
Pupil transportation	1,591,172	1,601,724	1,595,545	6,179
Central services	268,174	269,951	268,910	1,041
Operation of non-instructional services				
Community services	77,058	77,569	77,270	299
Extracurricular activities				
Academic and subject oriented	87,800	88,382	88,042	340
Occupation oriented	1,294	1,302	1,297	5
Sports oriented	607,053	611,081	608,723	2,358
Co-curricular activities	48,228	48,547	48,360	187
Total expenditures	<u>38,134,195</u>	<u>38,387,080</u>	<u>38,239,008</u>	<u>148,072</u>
Excess (deficiency) of revenues over expenditures	<u>2,339,812</u>	<u>2,810,498</u>	<u>2,963,675</u>	<u>153,177</u>
Other financing sources				
Gain on sale of assets	-	688	688	-
Advances in	-	1,542	1,542	-
Refund of prior year expenditures	-	93,847	93,847	-
Advances out	-	(147,115)	(147,115)	-
Total other financing sources	<u>-</u>	<u>(51,038)</u>	<u>(51,038)</u>	<u>-</u>
Net change in fund balance	2,339,812	2,759,460	2,912,637	153,177
Prior year encumbrances	1,274,719	1,274,719	1,274,719	-
Fund balances, beginning of year	9,363,323	9,363,323	9,363,323	-
Fund balances, end of year	<u>\$ 12,977,854</u>	<u>\$ 13,397,502</u>	<u>\$ 13,550,679</u>	<u>\$ 153,177</u>

See accompanying notes to the basic financial statements.

AVON LAKE CITY SCHOOL DISTRICT  
LORAIN COUNTY

STATEMENT OF FUND NET POSITION  
INTERNAL SERVICE FUND

JUNE 30, 2016

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	<u>Self Insurance</u>
Assets	
Current assets	
Equity in pooled cash	\$ 1,908,509
Total assets	<u>\$ 1,908,509</u>
Liabilities	
Current liabilities	
Accounts and contracts payable	\$ 3,516
Total liabilities	<u>3,516</u>
Net position	
Unrestricted	<u>\$ 1,904,993</u>

See accompanying notes to the basic financial statements.

AVON LAKE CITY SCHOOL DISTRICT  
 LORAIN COUNTY  
 STATEMENT OF REVENUE, EXPENSES AND CHANGES IN FUND NET POSITION  
 INTERNAL SERVICE FUND  
 FOR THE YEAR ENDED JUNE 30, 2016

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	Self Insurance
Operating revenues	
Miscellaneous	\$ 23
Operating expenses	
Purchased services	\$ 15,244
Benefits	555,882
Total operating expenses	571,126
Operating loss	(571,103)
Nonoperating revenues	
Interest income	5,949
Total nonoperating revenues	5,949
Change in net position	(565,154)
Net position, beginning of year	2,470,147
Net position, end of year	\$ 1,904,993

See accompanying notes to the basic financial statements.

AVON LAKE CITY SCHOOL DISTRICT  
LORAIN COUNTY

STATEMENT OF CASH FLOWS  
INTERNAL SERVICE FUND

FOR THE YEAR ENDED JUNE 30, 2016

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	<u>Self Insurance</u>
Cash flows from operating activities	
Cash payments for benefits	\$ (553,236)
Cash payments for goods and services	(15,244)
Other operating revenues	23
Net cash used in operating activities	<u>(568,457)</u>
Cash flows from investing activities	
Interest income	5,949
Net cash provided by investing activities	<u>5,949</u>
Net decrease in cash and cash equivalents	(562,508)
Cash and cash equivalents, beginning of year	<u>2,471,017</u>
Cash and cash equivalents, end of year	<u>\$ 1,908,509</u>
Reconciliation of operating loss to net cash used in operating activities:	
Operating loss	\$ (571,103)
Adjustments	
Increase in accounts and contracts payable	2,646
Total adjustments	<u>2,646</u>
Net cash used in operating activities	<u>\$ (568,457)</u>

See accompanying notes to the basic financial statements.



AVON LAKE CITY SCHOOL DISTRICT  
LORAIN COUNTY  
STATEMENT OF FIDUCIARY ASSETS AND LIABILITIES  
AGENCY FUNDS

JUNE 30, 2016

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	<u>Agency Funds</u>
Assets	
Equity in pooled cash	\$ 62,506
Total assets	<u>\$ 62,506</u>
Liabilities	
Accounts payable	\$ 1,477
Due to students	56,417
Due to others	4,612
Total liabilities	<u>\$ 62,506</u>

See accompanying notes to the basic financial statements.

AVON LAKE CITY SCHOOL DISTRICT  
LORAIN COUNTY  
NOTES TO THE BASIC FINANCIAL STATEMENTS  
FOR THE YEAR ENDED JUNE 30, 2016

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**NOTE 1 SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES**

**A. REPORTING ENTITY**

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

The School District is located in Avon Lake, Lorain County, Ohio, and includes an area extending roughly twelve square miles around the City. It is staffed by 226 non-certified personnel, 229 certified full-time teaching personnel, and 14 administrative employees to provide services to 3,807 students and other community members. The School District operates 4 elementary schools (K-4), 1 intermediate school (5-6), 1 middle school (7-8), and 1 high school (9-12).

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

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

The School District participates in four jointly governed organizations and is associated with a related organization. The organizations are the Connect, the Lorain County Joint Vocational School District, the Ohio Schools Council Association, the Suburban Health Consortium, and the Avon Lake Public Library. These organizations are presented in Notes 15 and 16 of the basic financial statements.

**B. BASIS OF PRESENTATION**

The financial statements of the School District have been prepared in conformity with generally accepted accounting principles (GAAP) as applied to governmental units. The Governmental Accounting Standards Board (GASB) is the accepted standard-setting body for establishing governmental accounting and financial reporting principles. The more significant of the School District's accounting policies are described below.

AVON LAKE CITY SCHOOL DISTRICT  
LORAIN COUNTY  
NOTES TO THE BASIC FINANCIAL STATEMENTS  
FOR THE YEAR ENDED JUNE 30, 2016

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NOTE 1 - SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (continued)

B. BASIS OF PRESENTATION (continued)

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

Government-wide Financial Statements

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

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

Fund Financial Statements

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

C. FUND ACCOUNTING

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

Governmental Funds

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

AVON LAKE CITY SCHOOL DISTRICT  
LORAIN COUNTY  
NOTES TO THE BASIC FINANCIAL STATEMENTS  
FOR THE YEAR ENDED JUNE 30, 2016

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NOTE 1 - SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (continued)

C. FUND ACCOUNTING (continued)

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

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

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

Proprietary Fund Type

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

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

Fiduciary Fund Type

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

D. MEASUREMENT FOCUS

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

AVON LAKE CITY SCHOOL DISTRICT  
LORAIN COUNTY  
NOTES TO THE BASIC FINANCIAL STATEMENTS  
FOR THE YEAR ENDED JUNE 30, 2016

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NOTE 1 - SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (continued)

D. MEASUREMENT FOCUS (continued)

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

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

E. BASIS OF ACCOUNTING

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

Revenues - Exchange and Non-exchange Transactions

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

Non-exchange transactions, in which the School District receives value without directly giving equal value in return, include property taxes, grants, entitlements, and donations. On an accrual basis, revenue from property taxes is recognized in the fiscal year for which the taxes are levied (See Note 6). Revenue from grants, entitlements, and donations is recognized in the fiscal year in which all eligibility requirements have been satisfied. Eligibility requirements include timing requirements, which specify the fiscal year when the resources are required to be used or the fiscal year when use is first permitted, matching requirements, in which the School District must provide local resources to be used for a specified purpose, and expenditure requirements, in which the resources are provided to the School District on a reimbursement basis. On a modified accrual basis, revenue from non-exchange transactions must also be available before it can be recognized.

AVON LAKE CITY SCHOOL DISTRICT  
LORAIN COUNTY  
NOTES TO THE BASIC FINANCIAL STATEMENTS  
FOR THE YEAR ENDED JUNE 30, 2016

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NOTE 1 - SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (continued)

E. BASIS OF ACCOUNTING (continued)

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

Deferred Outflows/Inflows of Resources

In addition to assets, the statements of financial position will sometimes report a separate section for deferred outflows of resources. Deferred outflows of resources, represents a consumption of net position that applies to a future period and will not be recognized as an outflow of resources (expense/expenditure) until then. For the School District, deferred outflows of resources are reported on the government-wide statement of net position for deferred charges on refunding and pensions. A deferred charge on refunding results from the difference in the carrying value of refunded debt and its reacquisition price. This amount is deferred and amortized over the shorter of the life of the refunded or refunding debt. The deferred outflows of resources related to pensions are explained in Note 10.

In addition to liabilities, the statements of financial position report a separate section for deferred inflows of resources. Deferred inflows of resources represent an acquisition of net position that applies to a future period and will not be recognized as an inflow of resources (revenue) until that time. For the School District, deferred inflows of resources include property taxes, pensions, cafeteria receipts, and unavailable revenues. Property taxes represent amounts for which there is an enforceable legal claim as of June 30, 2016, but which were levied to finance year 2017 operations. Cafeteria receipts represent the positive account balance on student lunch cards as of June 30, 2016, which amounts will be used to purchase lunch in future fiscal years. These amounts have been recorded as deferred inflows on both the government-wide statement of net position and the governmental fund financial statements. Unavailable revenue is reported only on the governmental funds balance sheet, and represents receivables which will not be collected within the available period. For the School District, unavailable revenue includes delinquent property taxes. These amounts are deferred and recognized as inflows of resources in the period the amounts become available. Deferred inflows of resources related to pensions are reported on the government-wide statement of position. (See Note10)

Expenses/Expenditures

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

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

F. BUDGETARY PROCESS

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

AVON LAKE CITY SCHOOL DISTRICT  
LORAIN COUNTY  
NOTES TO THE BASIC FINANCIAL STATEMENTS  
FOR THE YEAR ENDED JUNE 30, 2016

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NOTE 1 - SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (continued)

F. BUDGETARY PROCESS (continued)

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

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

G. CASH AND CASH EQUIVALENTS

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

During fiscal year 2016, investments were limited to STAR Ohio, commercial paper, U.S. government money market mutual funds and Federal securities.

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

STAR Ohio is an investment pool managed by the State Treasurer's Office which allows governments within the State to pool their funds for investment purposes. STAR Ohio is not registered with the SEC as an investment company, but does operate in a manner consistent with Rule 2a7 of the Investment Company Act of 1940. Investments in STAR Ohio are valued at STAR Ohio's share price, which is the price the investment could be sold for on June 30, 2016.

Following Ohio statutes, the Board of Education has, by resolution, identified the funds to receive an allocation of interest earnings. Interest revenue credited to the General Fund during fiscal year 2016 amounted to \$ 141,311 which includes \$ 82,126 assigned from other funds.

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

H. RESTRICTED ASSETS

Assets are reported as restricted when limitations on their use change in nature or normal understanding of the availability of the asset. Such constraints are either imposed by creditors, contributors, grantors, or laws of other governments or imposed by enabling legislation. Restricted assets in the General Fund include amounts required by State Statute to be set-aside for the creation of a reserve for budget stabilization. See Note 19 for additional information regarding set-asides.

AVON LAKE CITY SCHOOL DISTRICT  
LORAIN COUNTY  
NOTES TO THE BASIC FINANCIAL STATEMENTS  
FOR THE YEAR ENDED JUNE 30, 2016

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NOTE 1 - SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (continued)

I. PREPAID ITEMS

Payments made to vendors for services that will benefit periods beyond June 30, 2016, are reported as prepaid items using the consumption method. A current asset for the prepaid amount is recorded at the time of the purchase and an expenditure/expense is reported in the year in which services are consumed.

J. INVENTORY

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

K. CAPITAL ASSETS

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

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

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

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



AVON LAKE CITY SCHOOL DISTRICT  
LORAIN COUNTY  
NOTES TO THE BASIC FINANCIAL STATEMENTS  
FOR THE YEAR ENDED JUNE 30, 2016

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NOTE 1 - SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (continued)

L. INTERFUND BALANCES

On fund financial statements, receivables and payables resulting from short-term interfund loans are classified as "interfund loans receivables/payables". These amounts are eliminated in the statement of net position.

M. COMPENSATED ABSENCES

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

Sick leave benefits are accrued as a liability using the vesting method.

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

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

N. ACCRUED LIABILITIES AND LONG-TERM OBLIGATIONS

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

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

O. NET POSITION

Net position represents the difference between assets and deferred outflows of resources and liabilities and deferred inflows of resources. Net investment in capital assets, consists of capital assets, net of accumulated depreciation, reduced by the outstanding balances of any borrowing used for the acquisition, construction or improvement of those assets. Net positions are reported as restricted when there are limitations imposed on their use either through the enabling legislation adopted by the School District or through external restrictions imposed by creditors, grantors or laws or regulations of other governments.

The government-wide statement of net position reports \$ 5,234,676 of restricted net position, none of which is restricted by enabling legislation.

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

AVON LAKE CITY SCHOOL DISTRICT  
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NOTES TO THE BASIC FINANCIAL STATEMENTS  
FOR THE YEAR ENDED JUNE 30, 2016

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NOTE 1 - SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (continued)

P. FUND BALANCE

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

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

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

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

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

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

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

AVON LAKE CITY SCHOOL DISTRICT  
LORAIN COUNTY  
NOTES TO THE BASIC FINANCIAL STATEMENTS  
FOR THE YEAR ENDED JUNE 30, 2016

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NOTE 1 - SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (continued)

Q. OPERATING REVENUES AND EXPENSES

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

R. PENSIONS

For purposes of measuring the net pension liability, deferred outflows of resources and deferred inflows of resources related to pensions, and pension expense, information about the fiduciary net position of the pension plans and additions to/deductions from their fiduciary net position have been determined on the same basis as they are reported by the pension systems. For this purpose, benefit payments (including refunds of employee contributions) are recognized when due and payable in accordance with the benefit terms. The pension systems report investments at fair value.

S. EXTRAORDINARY AND SPECIAL ITEMS

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

T. ESTIMATES

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

NOTE 2 – CHANGE IN ACCOUNTING PRINCIPLES

For fiscal year 2016 the School District implemented Governmental Accounting Standards Board (GASB) Statements No.72, No. 73, No. 76, No. 79, and No.82.

GASB Statement No. 72, "Fair Value Measurement and Application" The objective of this Statement is to improve financial reporting by clarifying the definition of fair value for financial reporting purposes, establishing general principles for measuring fair value, providing additional fair value application guidance, and enhancing disclosures about fair value measurements. These improvements are based in part on the concepts and definitions established in Concepts Statement No. 6, Measurement of Elements of Financial Statements, and other relevant literature. The implementation of GASB Statement No. 72 did not have an effect on the financial statement of the School District.

AVON LAKE CITY SCHOOL DISTRICT  
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FOR THE YEAR ENDED JUNE 30, 2016

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NOTE 2 – CHANGE IN ACCOUNTING PRINCIPLES (continued)

A. CHANGE IN ACCOUNTING PRINCIPLES (continued)

GASB Statement No. 73, “Accounting and Financial Reporting for Pensions and Related Assets That Are Not within the Scope of GASB Statement 68, and Amendments to Certain Provisions of GASB Statements 67 and 68.” The principal objective of this Statement is to improve the usefulness of information for decisions made by the various users of the general purpose external financial reports (financial reports) of governments whose employees—both active employees<sup>1</sup> and inactive employees—are provided with pensions that are not within the scope of Statement No. 68, *Accounting and Financial Reporting for Pensions*, as amended. One aspect of that objective is to provide information about the effects of pension-related transactions and other events on the elements of the basic financial statements of state and local governmental employers. This information will assist users in assessing the relationship between a government’s inflows of resources and its total cost (including pension expense) of providing government services each period. Another aspect of that objective is to provide users with information about the government’s pension obligations. The implementation of GASB Statement No. 73 did not have an effect on the financial statement of the School District.

GASB Statement No. 76, “The Hierarchy of Generally Accepted Accounting Principles for State and Local Governments.” The objective of this Statement is to identify—in the context of the current governmental financial reporting environment—the sources of accounting principles used to prepare financial statements of state and local governmental entities in conformity with generally accepted accounting principles (GAAP) and the framework for selecting those principles. The implementation of GASB Statement No. 76 did not have an effect on the financial statement of the School District.

GASB Statement No. 79, “Certain External Investment Pools and Pool Participants” establishes accounting and financial reporting standards for qualifying external investment pools that elect to measure for financial reporting purposes all of their investments at amortized cost. This Statement provides accounting and financial reporting guidance and also establishes additional note disclosure requirements for governments that participate in those pools. The School District participates in STAR Ohio which implemented GASB Statement No. 79 for the fiscal year 2016. The School District incorporated the corresponding GASB 79 guidance into their fiscal year 2016 financial statements; however, there is no effect on beginning net position/fund balance.

GASB Statement No. 82, “Pension Issues an Amendment of GASB Statements No. 67, No. 68 and No. 73’ improves consistency in the application of pension accounting. These changes were incorporated in the School District’s fiscal year 2016 financial statements; however, there was no effect on beginning net position/fund balance

AVON LAKE CITY SCHOOL DISTRICT  
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NOTES TO THE BASIC FINANCIAL STATEMENTS  
FOR THE YEAR ENDED JUNE 30, 2016

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**NOTE 3 - BUDGETARY BASIS OF ACCOUNTING**

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

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

The following table summarizes the adjustments necessary to reconcile the GAAP basis statements to the budgetary basis statements for the General Fund.

Net Change in Fund Balance	
	General Fund
Budget basis	\$ 2,912,637
Adjustments, increase (decrease)	
Revenue accruals	374,378
Expenditure accruals	3,196,280
Funds budgeted elsewhere **	(38,224)
Encumbrances	(1,274,719)
GAAP basis, as reported	\$ 5,170,352

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

AVON LAKE CITY SCHOOL DISTRICT  
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NOTES TO THE BASIC FINANCIAL STATEMENTS  
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NOTE 4 – FUND BALANCES

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

Fund balances	General Fund	Bond Retirement Fund	Nonmajor Governmental Funds	Total
Nonspendable				
Inventory	\$ 50,056	\$ -	\$ 12,766	\$ 62,822
Restricted for:				
Debt service	-	3,743,677	21,456	3,765,133
Capital projects	-	-	1,098,059	1,098,059
Food service	-	-	695,325	695,325
Extracurricular activities	-	-	148,190	148,190
State grants	-	-	98,298	98,298
Federal grants	-	-	44,742	44,742
Donations	-	-	10,996	10,996
Total restricted	-	3,743,677	2,117,066	5,860,743
Committed				
Budget reserve	113,990	-	-	113,990
Assigned to				
Scholarships	86,230	-	-	86,230
Field trips and assemblies	166,894	-	-	166,894
Student instruction	401,142	-	-	401,142
Student and staff support	462,822	-	-	462,822
Other	781	-	-	781
Total assigned	1,117,869	-	-	1,117,869
Unassigned	13,479,757	-	(15,384)	13,464,373
Total fund balances	\$ 14,761,672	\$ 3,743,677	\$ 2,114,448	\$ 20,619,797

AVON LAKE CITY SCHOOL DISTRICT  
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NOTES TO THE BASIC FINANCIAL STATEMENTS  
FOR THE YEAR ENDED JUNE 30, 2016

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NOTE 5 - DEPOSITS AND INVESTMENTS

A. LEGAL REQUIREMENTS

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

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

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

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

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

Interim monies may be invested in the following securities:

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

AVON LAKE CITY SCHOOL DISTRICT  
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NOTES TO THE BASIC FINANCIAL STATEMENTS  
FOR THE YEAR ENDED JUNE 30, 2016

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NOTE 5 - DEPOSITS AND INVESTMENTS (continued)

A. LEGAL REQUIREMENTS (continued)

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

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

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

At fiscal year end, the School District had \$ 13,300 in cash on hand which is included on the balance sheet of the School District as part of "Equity in Pooled Cash".

B. DEPOSITS

Custodial credit risk is the risk that, in the event of a bank failure, the School District's deposits may not be returned. The School District does not have a deposit policy for custodial credit risk. At fiscal year end, the carrying amount of the School District's deposits was \$ 11,034,103 and the bank balance was \$ 11,297,833. Of the bank balance, \$ 5,448,507 was covered by federal depository insurance and \$ 5,849,326 was uninsured. Of the remaining balance, \$ 5,849,326 was collateralized with securities held by the pledging institution's trust department not in the School District's name. Although the securities were held by the pledging financial institutions' trust department and all statutory requirements for the deposit of money had been followed, noncompliance with Federal requirements could potentially subject the School District to a successful claim by the FDIC.

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



AVON LAKE CITY SCHOOL DISTRICT  
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NOTE 5 - DEPOSITS AND INVESTMENTS (continued)

C. INVESTMENTS

For an investment, custodial credit risk is the risk that, in the event of the failure of the counterparty, the School District will not be able to recover the value of its investments or collateral securities that are in the possession of an outside party. The School District has no investment policy dealing with investment custodial risk beyond the requirement in State statute that prohibits payment for investments prior to the delivery of the securities representing such investments to the treasurer or qualified trustee. As of June 30, 2016, the School District had the following investments:

	Fair Value	Percentage of Investments	Investment Maturities		
			Less than 1 year	1 - 2 years	3 years and longer
STAR Ohio	\$ 279,025	2.39%	\$ 279,025	\$ -	\$ -
Federal securities	6,299,937	53.85%	-	1,100,000	5,199,937
Money market	3,333,101	28.49%	3,333,101	-	-
Commercial paper	1,786,168	15.27%	1,786,168	-	-
	<u>\$ 11,698,231</u>	<u>100.00%</u>	<u>\$ 5,398,294</u>	<u>\$ 1,100,000</u>	<u>\$ 5,199,937</u>

The School District categorizes its fair value measurements within the fair value hierarchy established by generally accepted accounting principles. The hierarchy is based on the valuation inputs used to measure the fair value of the asset. Level 1 inputs are quoted prices in active markets for identical assets. Level 2 inputs are significant other observable inputs. Level 3 inputs are significant unobservable inputs. The above table identifies the School District's recurring fair value measurements as of June 30, 2016. As discussed further in Note 1G, STAR Ohio is reported at its share price. All other investments of the School District are valued using quoted market prices (Level 1 inputs).

D. INTEREST RATE RISK

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

E. CREDIT RISK

The School District follows the Ohio Revised Code that limits its investment choices, as disclosed in Note 5 A. As of June 30, 2016 the School District's investment in Star Ohio and the U.S. government money market mutual fund were rated AAAM by Standard & Poor's. The two commercial paper investments were rated A+ and AA- by Standard and Poor's.

F. CONCENTRATION OF CREDIT RISK

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

AVON LAKE CITY SCHOOL DISTRICT  
LORAIN COUNTY  
NOTES TO THE BASIC FINANCIAL STATEMENTS  
FOR THE YEAR ENDED JUNE 30, 2016

**NOTE 6 - PROPERTY TAXES**

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

Property taxes include amounts levied against all real, public utility and tangible personal property (used in business) located in the School District. Real property tax revenue received in calendar 2016 represents collections of calendar year 2015 taxes. Real property taxes received in calendar year 2016 were levied after April 1, 2015, on the assessed value listed as of January 1, 2015, the lien date. Assessed values for real property taxes are established by State law at 35 percent of appraised market value. Real property taxes are payable annually or semi-annually. If paid annually, payment is due December 31; if paid semi-annually, the first payment is due December 31 with the remainder payable by June 20. Under certain circumstances, State Statute permits alternate payment dates to be established.

Public utility property tax revenue received in calendar 2016 represents collections of calendar year 2015 taxes. Public utility real and tangible personal property taxes received in calendar year 2016 became a lien December 31, 2014, were levied after April 1, 2015 and are collected in 2016 with real property taxes. Public utility real property is assessed at 35 percent of true value; public utility tangible personal property currently is assessed at varying percentages of true value.

The School District receives property taxes from Lorain County. The County Auditor periodically advances to the School District its portion of the taxes collected. Second-half real property tax payments collected by the County by June 30, 2016, are available to finance fiscal year 2016 operations. The amount available to be advanced can vary based on the date the tax bills are sent.

Accrued property taxes receivable includes real property, public utility property and tangible personal property taxes which are measurable as of June 30, 2016 and for which there is an enforceable legal claim. Although total property tax collections for the next fiscal year are measurable, only delinquent settlement of tangible personal property taxes and the amount of real property taxes available as an advance at June 30 was levied to finance current fiscal year operations and is reported as revenue at fiscal year end. The portion of the receivable not levied to finance current fiscal year operations is offset by a credit to deferred revenue.

The amount available as an advance at June 30, 2016 was \$ 3,272,360 in the General Fund, \$ 387,096 in the Bond Retirement Debt Service Fund and \$ 57,346 in the Permanent Improvements Capital Projects Fund. The amount available as an advance at June 30, 2015 was \$ 3,042,577 in the General Fund, \$ 369,652 in the Bond Retirement Debt Service Fund and \$ 52,829 in the Permanent Improvements Capital Projects Fund.

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

The assessed values upon which the fiscal year 2016 taxes were collected are:

	<u>2015 Second Half Collections</u>		<u>2016 First Half Collections</u>	
	<u>Amount</u>	<u>%</u>	<u>Amount</u>	<u>%</u>
Agricultural/ Residential and Other Real Estate	\$ 748,573,960	95.03 %	\$ 805,781,100	94.85 %
Public Utility Personal	39,187,470	4.97	43,768,750	5.15
	<u>\$ 787,761,430</u>	<u>100.00 %</u>	<u>\$ 849,549,850</u>	<u>100.00 %</u>
 Tax Rate per \$ 1,000 of Assessed Valuation:	 <u>\$ 74.57</u>		 <u>\$ 72.69</u>	

AVON LAKE CITY SCHOOL DISTRICT  
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NOTES TO THE BASIC FINANCIAL STATEMENTS  
FOR THE YEAR ENDED JUNE 30, 2016

**NOTE 7 – RECEIVABLES**

Receivables at June 30, 2016, consisted of property taxes and are considered collectible in full due to the ability to foreclose for the nonpayment of taxes. All receivables are expected to be collected within one year.

**NOTE 8 - CAPITAL ASSETS**

Capital asset activity for the fiscal year ended June 30, 2016 was as follows:

Governmental Activities	Balance June 30, 2015	Additions	Disposals	Balance June 30, 2016
<b>Nondepreciable capital assets</b>				
Land	\$ 6,041,645	\$ 8,500	\$ -	\$ 6,050,145
Construction in process	152,252	-	152,252	-
<b>Total nondepreciable capital assets</b>	<b>6,193,897</b>	<b>8,500</b>	<b>152,252</b>	<b>6,050,145</b>
<b>Depreciable capital assets</b>				
Land improvements	2,835,370	22,000	-	2,857,370
Buildings and improvements	78,821,711	464,161	-	79,285,872
Furniture and equipment	11,938,913	189,851	42,698	12,086,066
Vehicles	2,519,212	160,602	77,488	2,602,326
<b>Total capital assets being depreciated</b>	<b>96,115,206</b>	<b>836,614</b>	<b>120,186</b>	<b>96,831,634</b>
<b>Less accumulated depreciation</b>				
Land improvements	1,765,397	69,966	-	1,835,363
Buildings and improvements	34,628,935	2,093,156	-	36,722,091
Furniture and equipment	10,117,655	454,812	26,381	10,546,086
Vehicles	1,802,764	160,689	77,488	1,885,965
<b>Total accumulated depreciation</b>	<b>48,314,751</b>	<b>2,778,623</b>	<b>103,869</b>	<b>50,989,505</b>
<b>Depreciable capital assets, net of accumulated depreciation</b>	<b>47,800,455</b>	<b>(1,942,009)</b>	<b>16,317</b>	<b>45,842,129</b>
<b>Governmental activities capital assets, net</b>	<b>\$ 53,994,352</b>	<b>\$ (1,933,509)</b>	<b>\$ 168,569</b>	<b>\$ 51,892,274</b>

AVON LAKE CITY SCHOOL DISTRICT  
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NOTES TO THE BASIC FINANCIAL STATEMENTS  
FOR THE YEAR ENDED JUNE 30, 2016

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NOTE 8 - CAPITAL ASSETS (continued)

Depreciation expense was charged to governmental activities as follows:

Instruction	
Regular	\$ 2,002,117
Supporting services	
Administration	210,342
Fiscal	155
Operation and maintenance of plant	355,790
Pupil transportation	166,357
Operation of non-instructional services	
Food service	25,541
Extracurricular activities	
Sports oriented	18,321
Total depreciation expense	\$ 2,778,623

NOTE 9 - RISK MANAGEMENT

A. PROPERTY AND LIABILITY

The School District is exposed to various risks of loss related to torts; theft of, damage to, and destruction of assets; errors and omissions; injuries to employees and natural disasters. During fiscal year 2016 the School District contracted with Liberty Mutual Insurance for property insurance. Professional liability is protected by the Liberty Mutual Insurance with a \$ 1,000,000 aggregate limit. General Liability has a \$ 2,000,000 aggregate limit. The Umbrella limit is \$ 3,000,000. Vehicles are covered by the Liberty Mutual Insurance and hold a \$ 1,000 deductible for comprehensive and \$ 1,000 deductible for collision. Automobile liability has a \$ 1,000,000 combined single limit of liability.

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

The School District maintains a \$ 50,000 public official bond for the treasurer, a \$ 20,000 public official bond for the Board of Education president, and a \$ 20,000 public official bond for the superintendent. The School District maintains a \$ 250,000 employee dishonesty policy for all other employees with a \$ 500 deductible with Liberty Mutual Insurance.

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

B. EMPLOYEE MEDICAL COVERAGE

The School District is a member of the Suburban Health Consortium, a shared risk pool to provide employee medical, surgical, prescription drug, vision and dental benefits. Rates are set through an annual calculation process. The School District pays a monthly contribution and a pro-rata share of their "buy-in" contribution to existing plan reserves which is placed in a common fund from which the claim payments are made for all participating districts. For 2016, the School District paid 85% of the cost of the monthly premium for all employees.

AVON LAKE CITY SCHOOL DISTRICT  
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NOTE 10 - DEFINED BENEFIT PENSION PLANS

A. NET PENSION LIABILITY

The net pension liability reported on the statement of net position represents a liability to employees for pensions. Pensions are a component of exchange transactions—between an employer and its employees—of salaries and benefits for employee services. Pensions are provided to an employee—on a deferred-payment basis—as part of the total compensation package offered by an employer for employee services each financial period. The obligation to sacrifice resources for pensions is a present obligation because it was created as a result of employment exchanges that already have occurred.

The net pension liability represents the School District's proportionate share of each pension plan's collective actuarial present value of projected benefit payments attributable to past periods of service, net of each pension plan's fiduciary net position. The net pension liability calculation is dependent on critical long-term variables, including estimated average life expectancies, earnings on investments, cost of living adjustments and others. While these estimates use the best information available, unknowable future events require adjusting this estimate annually.

Ohio Revised Code limits the School District's obligation for this liability to annually required payments. The School District cannot control benefit terms or the manner in which pensions are financed; however, the School District does receive the benefit of employees' services in exchange for compensation including pension.

GASB 68 assumes the liability is solely the obligation of the employer, because (1) they benefit from employee services; and (2) State statute requires all funding to come from these employers. All contributions to date have come solely from these employers (which also includes costs paid in the form of withholdings from employees). State statute requires the pension plans to amortize unfunded liabilities within 30 years. If the amortization period exceeds 30 years, each pension plan's board must propose corrective action to the State legislature. Any resulting legislative change to benefits or funding could significantly affect the net pension liability. Resulting adjustments to the net pension liability would be effective when the changes are legally enforceable.

The proportionate share of each plan's unfunded benefits is presented as a long-term *net pension liability* on the accrual basis of accounting. Any liability for the contractually-required pension contribution outstanding at the end of the year is included in *intergovernmental payable* on both the accrual and modified accrual bases of accounting.

B. PLAN DESCRIPTION - SCHOOL EMPLOYEES RETIREMENT SYSTEM (SERS)

Plan Description – School District non-teaching employees participate in SERS, a cost-sharing multiple-employer defined benefit pension plan administered by SERS. SERS provides retirement, disability and survivor benefits, annual cost-of-living adjustments, and death benefits to plan members and beneficiaries. Authority to establish and amend benefits is provided by Ohio Revised Code Chapter 3309. SERS issues a publicly available, stand-alone financial report that includes financial statements, required supplementary information and detailed information about SERS' fiduciary net position. That report can be obtained by visiting the SERS website at [www.ohsers.org](http://www.ohsers.org) under Employers/Audit Resources.

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NOTE 10 - DEFINED BENEFIT PENSION PLANS (continued)

B. PLAN DESCRIPTION - SCHOOL EMPLOYEES RETIREMENT SYSTEM (SERS) (continued)

Age and service requirements for retirement are as follows:

	Eligible to retire on or before August 1, 2017*	Eligible to retire on or after August 1, 2017
Full benefits	Any age with 30 years of service credit	Age 67 with 10 years of service credit; or Age 57 with 30 years of service credit
Actuarially reduced benefits	Age 60 with 5 years of service credit Age 55 with 25 years of service credit	Age 62 with 10 years of service credit; or Age 60 with 25 years of service credit

\* Members with 25 years of service credit as of August 1, 2017 will be included in this plan.

Annual retirement benefits are calculated based on final average salary multiplied by a percentage that varies based on year of service; 2.2 percent for the first thirty years of service and 2.5 percent for years of service credit over 30. Final average salary is the average of the highest three years of salary.

One year after an effective benefit date, a benefit recipient is entitled to a three percent cost-of-living adjustment (COLA). This same COLA is added each year to the base benefit amount on the anniversary date of the benefit.

Funding Policy – Plan members are required to contribute 10 percent of their annual covered salary and the District is required to contribute 14 percent of annual covered payroll. The contribution requirements of plan members and employers are established and may be amended by the SERS' Retirement Board up to statutory maximum amounts of 10 percent for plan members and 14 percent for employers. The Retirement Board, acting with the advice of the actuary, allocates the employer contribution rate among four of the System's funds (Pension Trust Fund, Death Benefit Fund, Medicare B Fund, and Health Care Fund). For the fiscal year ended June 30, 2016, the allocation to pension was 13.21%, death benefits was 0.05%, and Medicare B was 0.74% percent. No portion of the employer contribution was allocated to the Health Care Fund.

The School District's contractually required contribution to SERS was \$ 842,175 for fiscal year 2016, which 100 percent was paid.

C. PLAN DESCRIPTION - STATE TEACHERS RETIREMENT SYSTEM (STRS)

Plan Description – School District licensed teachers and other faculty members participate in STRS Ohio, a cost-sharing multiple-employer public employee retirement system administered by STRS. STRS provides retirement and disability benefits to members and death and survivor benefits to beneficiaries. STRS issues a stand-alone financial report that includes financial statements, required supplementary information and detailed information about STRS' fiduciary net position. That report can be obtained by writing to STRS, 275 E. Broad St., Columbus, OH 43215-3771, by calling (888) 227-7877, or by visiting the STRS Web site at [www.strsoh.org](http://www.strsoh.org).

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NOTE 10 - DEFINED BENEFIT PENSION PLANS (continued)

C. PLAN DESCRIPTION - STATE TEACHERS RETIREMENT SYSTEM (STRS) (continued)

New members have a choice of three retirement plans; a Defined Benefit (DB) Plan, a Defined Contribution (DC) Plan and a Combined Plan. Benefits are established by Ohio Revised Code Chapter 3307. The DB plan offers an annual retirement allowance based on final average salary multiplied by a percentage that varies based on years of service. Effective August 1, 2015, the calculation will be 2.2 percent of final average salary for the five highest years of earnings multiplied by all years of service. With certain exceptions, the basic benefit is increased each year by two percent of the original base benefit. For members retiring August 1, 2013, or later, the first two percent is paid on the fifth anniversary of the retirement benefit. Members are eligible to retire at age 60 with five years of qualifying service credit, or age 55 with 25 years of service, or 30 years of service regardless of age. Age and service requirements for retirement will increase effective August 1, 2015, and will continue to increase periodically until they reach age 60 with 35 years of service or age 65 with five years of service on August 1, 2026.

The DC Plan allows members to place all their member contributions and 9.5 percent of the 14 percent employer contributions into an investment account. Investment allocation decisions are determined by the member. The remaining 4.5 percent of the 14 percent employer rate is allocated to the defined benefit unfunded liability. A member is eligible to receive a retirement benefit at age 50 and termination of employment. The member may elect to receive a lifetime monthly annuity or a lump sum withdrawal.

The Combined Plan offers features of both the DB Plan and the DC Plan. In the Combined Plan, member contributions are allocated among investment choices by the member, and employer contributions are used to fund the defined benefit payment at a reduced level from the regular DB Plan. The defined benefit portion of the Combined Plan payment is payable to a member on or after age 60 with five years of services. The defined contribution portion of the account may be taken as a lump sum payment or converted to a lifetime monthly annuity at age 50.

New members who choose the DC plan or Combined Plan will have another opportunity to reselect a permanent plan during their fifth year of membership. Members may remain in the same plan or transfer to another STRS plan. The optional annuitization of a member's defined contribution account or the defined contribution portion of a member's Combined Plan account to a lifetime benefit results in STRS bearing the risk of investment gain or loss on the account. STRS has therefore included all three plan options as one defined benefit plan for GASB 68 reporting purposes.

A DB or Combined Plan member with five or more years of credited service who is determined to be disabled may qualify for a disability benefit. Eligible survivors of members who die before service retirement may qualify for monthly benefits. New members on or after July 1, 2013, must have at least ten years of qualifying service credit that apply for disability benefits. Members in the DC Plan who become disabled are entitled only to their account balance. If a member of the DC Plan dies before retirement benefits begin, the member's designated beneficiary is entitled to receive the member's account balance.

Funding Policy – Employer and member contribution rates are established by the State Teachers Retirement Board and limited by Chapter 3307 of the Ohio Revised Code. The statutory maximum employee contribution rate was increased one percent July 1, 2014, and will be increased one percent each year until it reaches 14 percent on July 1, 2016. For the fiscal year ended June 30, 2015, plan members were required to contribute 12 percent of their annual covered salary. The School District was required to contribute 14 percent; the entire 14 percent was the portion used to fund pension obligations. The fiscal year 2016 contribution rates were equal to the statutory maximum rates.

The School District's contractually required contribution to STRS was \$ 2,340,443 for fiscal year 2016, which 100% was paid.

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NOTE 10 - DEFINED BENEFIT PENSION PLANS (continued)

D. PENSION LIABILITIES, PENSION EXPENSE, AND DEFERRED OUTFLOWS OF RESOURCES AND DEFERRED INFLOWS OF RESOURCES RELATED TO PENSIONS

The net pension liability was measured as of June 30, 2015, and the total pension liability used to calculate the net pension liability was determined by an actuarial valuation as of that date. The School District's proportion of the net pension liability was based on the School District's share of contributions to the pension plan relative to the contributions of all participating entities. Following is information related to the proportionate share and pension expense:

	<u>SERS</u>	<u>STRS</u>	<u>Total</u>
Proportionate share of the net pension liability	\$ 11,663,057	\$ 44,233,915	\$ 55,896,972
Pension expense	\$ 1,187,453	\$ 3,553,984	\$ 4,741,437
Proportion of the net pension liability - prior measurement date	0.204731%	0.169168%	
Proportion of the net pension liability -			

At June 30, 2016, the School District reported deferred outflows of resources and deferred inflows of resources related to pensions from the following sources:

	<u>SERS</u>	<u>STRS</u>	<u>Total</u>
Deferred outflows of resources			
Differences between expected and actual experience	\$ 1,065,293	\$ 2,052,326	\$ 3,117,619
School District contributions subsequent to the measurement date	842,175	2,340,443	3,182,618
Total deferred outflows of resources	<u>\$ 1,907,468</u>	<u>\$ 4,392,769</u>	<u>\$ 6,300,237</u>
Deferred inflows of resources			
Net difference between projected and actual earnings on pension plan investments	\$ 1,345,337	\$ 3,869,528	\$ 5,214,865
Changes in proportionate share and difference between School District contributions and proportionate share of contributions	14,778	2,084,875	2,099,653
Net difference between projected and actual earnings on pension plan investments	<u>\$ 1,360,115</u>	<u>\$ 5,954,403</u>	<u>\$ 7,314,518</u>

\$ 3,182,618 reported as deferred outflows of resources related to pension resulting from School District contributions subsequent to the measurement date will be recognized as a reduction of the net pension liability in the year ending June 30, 2017. Other amounts reported as deferred outflows of resources and deferred inflows of resources related to pension will be recognized in pension expense as follows:



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NOTE 10 - DEFINED BENEFIT PENSION PLANS (continued)

D. PENSION LIABILITIES, PENSION EXPENSE, AND DEFERRED OUTFLOWS OF RESOURCES AND DEFERRED INFLOWS OF RESOURCES RELATED TO PENSIONS (continued)

Fiscal Year Ending June 30:	SERS	STRS	Total
2017	\$ (145,708)	\$ (1,336,336)	\$ (1,482,044)
2018	(145,708)	(1,336,336)	(1,482,044)
2019	(226,049)	(1,697,153)	(1,923,202)
2020	222,643	467,748	690,391
	<u>\$ (294,822)</u>	<u>\$ (3,902,077)</u>	<u>\$ (4,196,899)</u>

E. ACTUARIAL ASSUMPTIONS - SERS

SERS' total pension liability was determined by their actuaries in accordance with GASB Statement No. 67, as part of their annual actuarial valuation for each defined benefit retirement plan. Actuarial valuations of an ongoing plan involve estimates of the value of reported amounts (e.g., salaries, credited service) and assumptions about the probability of occurrence of events far into the future (e.g., mortality, disabilities, retirements, employment termination). Actuarially determined amounts are subject to continual review and potential modifications, as actual results are compared with past expectations and new estimates are made about the future.

Projections of benefits for financial reporting purposes are based on the substantive plan (the plan as understood by the employers and plan members) and include the types of benefits provided at the time of each valuation and the historical pattern of sharing benefit costs between the employers and plan members to that point. The projection of benefits for financial reporting purposes does not explicitly incorporate the potential effects of legal or contractual funding limitations.

Actuarial calculations reflect a long-term perspective. For a newly hired employee, actuarial calculations will take into account the employee's entire career with the employer and also take into consideration the benefits, if any, paid to the employee after termination of employment until the death of the employee and any applicable contingent annuitant. In many cases actuarial calculations reflect several decades of service with the employer and the payment of benefits after termination.

Key methods and assumptions used in calculating the total pension liability in the latest actuarial valuation, prepared as of June 30, 2015, are presented below:

Wage inflation	3.25 percent
Future salary increases, including inflation	4.00 percent to 22 percent
COLA or Ad Hoc COLA	3 percent
Investment rate of return	7.75 percent of net of investments expense, including inflation
Actuarial cost method	Early age normal

For post-retirement mortality, the table used in evaluating allowances to be paid is the 1994 Group Annuity Mortality Table set back one year for both men and women. Special mortality tables are used for the period after disability retirement.

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NOTE 10 - DEFINED BENEFIT PENSION PLANS (continued)

E. ACTUARIAL ASSUMPTIONS – SERS (continued)

The most recent experience study was completed June 30, 2010.

The long-term return expectation for the Pension Plan Investments has been determined using a building-block approach and assumes a time horizon, as defined in SERS' *Statement of Investment Policy*. A forecasted rate of inflation serves as the baseline for the return expectation. Various real return premiums over the baseline inflation rate have been established for each asset class. The long-term expected nominal rate of return has been determined by calculating a weighted averaged of the expected real return premiums for each asset class, adding the projected inflation rate, and adding the expected return from rebalancing uncorrelated asset classes. The target allocation and best estimates of arithmetic real rates of return for each major assets class are summarized in the following table:

<u>Asset Class</u>	<u>Target Allocation</u>	<u>Long-term Expected Real Rate of Return</u>
Cash	1.00%	0.00%
U.S. stocks	22.50%	5.00%
Non-U.S. stocks	22.50%	5.50%
Fixed income	19.00%	1.50%
Privatae equity	10.00%	10.00%
Real assets	10.00%	5.00%
Multi-asset strategies	15.00%	7.50%
	<u>100.00%</u>	

Discount Rate - The total pension liability was calculated using the discount rate of 7.75 percent. The projection of cash flows used to determine the discount rate assumed the contributions from employers and from the members would be computed based on contribution requirements as stipulated by State statute. Projected inflows from investment earning were calculated using the long-term assumed investment rate of return (7.75 percent). Based on those assumptions, the plan's fiduciary net position was projected to be available to make all future benefit payments of current plan members. Therefore, the long-term expected rate of return on pension plan investments was applied to all periods of projected benefits to determine the total pension liability.

Sensitivity of the School District's Proportionate Share of the Net Pension Liability to Changes in the Discount Rate - Net pension liability is sensitive to changes in the discount rate, and to illustrate the potential impact the following table presents the net pension liability calculated using the discount rate of 7.75 percent, as well as what each plan's net pension liability would be if it were calculated using a discount rate that is one percentage point lower (6.75 percent), or one percentage point higher (8.75 percent) than the current rate.

	<u>1% Decrease (6.75%)</u>	<u>Current Discount Rate (7.75%)</u>	<u>1% Increase (8.75%)</u>
School District's proportionate share of the net pension liability	<u>\$ 16,172,468</u>	<u>\$ 11,663,057</u>	<u>\$ 7,865,761</u>

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NOTE 10 - DEFINED BENEFIT PENSION PLANS (continued)

F. ACTUARIAL ASSUMPTIONS - STRS

The total pension liability in the June 30, 2015, actuarial valuation was determined using the following actuarial assumptions, applied to all periods included in the measurement:

2.75 percent  
2.75 percent at age 70 to 12.25 percent at age 20  
7.75 percent, net of investment expenses  
2 percent simple applied as follows: for members retiring before  
August 1, 2013. 2 percent per year; for members retiring August 1, 2013,  
or later, 2 percent COLA paid on fifth anniversary of retirement date.

Mortality rates were based on the RP-2000 Combined Mortality Table (Projection 2022—Scale AA) for Males and Females. Males' ages are set-back two years through age 89 and no set-back for age 90 and above. Females younger than age 80 are set back four years, one year set back from age 80 through 89 and not set back from age 90 and above.

Actuarial assumptions used in the June 30, 2015, valuation are based on the results of an actuarial experience study, effective July 1, 2012.

The 10 year expected real rate of return on pension plan investments was determined by STRS' investment consultant by developing best estimates of expected future real rates of return for each major asset class. The target allocation and best estimates of geometric real rates of return for each major asset class are summarized as follows:

<u>Asset Class</u>	<u>Target Allocation</u>	<u>Long-term Expected Real Rate of Return</u>
Domestic equity	31.00%	8.00%
International equity	26.00%	7.85%
Alternatives	14.00%	8.00%
Fixed income	18.00%	3.75%
Real estate	10.00%	6.75%
Liquidity reserves	1.00%	3.00%
	<u>100.00%</u>	

Discount Rate - The discount rate used to measure the total pension liability was 7.75 percent as of June 30, 2015. The projection of cash flows used to determine the discount rate assumes member and employer contributions will be made at the statutory contribution rates in accordance with rate increases described above. For this purpose, only employer contributions that are intended to fund benefits of current plan members and their beneficiaries are included. Projected employer contributions that are intended to fund the service costs of future plan members and their beneficiaries, as well as projected contributions from future plan members, are not included. Based on those assumptions, STRS' fiduciary net position was projected to be available to make all projected future benefit payments to current plan members as of June 30, 2015. Therefore, the long-term expected rate of return on pension plan investments of 7.75 percent was applied to all periods of projected benefit payment to determine the total pension liability as of June 30, 2015.

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NOTE 10 - DEFINED BENEFIT PENSION PLANS (continued)

F. ACTUARIAL ASSUMPTIONS - STRS

Sensitivity of the School District's Proportionate Share of the Net Pension Liability to Changes in the Discount Rate - The following table presents the School District's proportionate share of the net pension liability calculated using the current period discount rate assumption of 7.75 percent, as well as what the School District's proportionate share of the net pension liability would be if it were calculated using a discount rate that is one-percentage-point lower (6.75 percent) or one-percentage-point higher (8.75 percent) than the current rate:

	1% Decrease (6.75%)	Current Discount Rate (7.75%)	1% Increase (8.75%)
School District's proportionate share of the net pension liability	\$ 61,444,245	\$ 44,233,915	\$ 29,680,015

NOTE 11 - POSTEMPLOYMENT BENEFITS

A. SCHOOL EMPLOYEES RETIREMENT SYSTEM

Health Care Plan Description - The School District contributes to the SERS Health Care Fund, administered by SERS for non-certificated retirees and their beneficiaries. For GASB 45 purposes, this plan is considered a cost-sharing, multiple-employer, defined benefit other postemployment benefit (OPEB) plan. The Health Care Plan includes hospitalization and physicians' fees through several types of plans including HMO's, PPO's, Medicare Advantage, and traditional indemnity plans as well as a prescription drug program. The financial report of the Plan is included in the SERS Comprehensive Annual Financial Report which can be obtained on SERS' website at [www.ohsers.org](http://www.ohsers.org) under Employers/Audit Resources.

Access to health care for retirees and beneficiaries is permitted in accordance with Section 3309 of the Ohio Revised Code. The Health Care Fund was established and is administered in accordance with Internal Revenue Code Section 105(e). SERS' Retirement Board reserves the right to change or discontinue any health plan or program. Health care is financed through a combination of employer contributions and retiree premiums, copays and deductibles on covered health care expenses, investment returns, and any funds received as a result of SERS' participation in Medicare programs. Active employee members do not contribute to the Health Care Plan. Retirees and their beneficiaries are required to pay a health care premium that varies depending on the plan selected, the number of qualified years of service, Medicare eligibility and retirement status.

Funding Policy - State statute permits SERS to fund the health care benefits through employer contributions. Each year, after the allocation for statutorily required basic benefits, the Retirement Board allocates the remainder of the employer contribution of 14 percent of covered payroll to the Health Care Fund. For fiscal year 2016, 0.00 percent of covered payroll was allocated to health care. In addition, employers pay a surcharge for employees earning less than an actuarially determined minimum compensation amount, pro-rated according to service credit earned. For fiscal year 2016, this amount was \$ 23,000. Statutes provide that no employer shall pay a health care surcharge greater than 2 percent of that employer's SERS-covered payroll; nor may SERS collect in aggregate more than 1.5 percent of the total statewide SERS-covered payroll for the health care surcharge. . For fiscal year 2016, the School District's surcharge obligation was \$ 105,345.

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NOTE 11 - POSTEMPLOYMENT BENEFITS (continued)

A. SCHOOL EMPLOYEES RETIREMENT SYSTEM (continued)

The School District's contributions for health care for the fiscal years ended June 30, 2016, 2015, and 2014 were \$ 105,345, \$ 156,213, and \$ 118,686, respectively. The full amount has been contributed for fiscal years 2016, 2015 and 2014.

B. STATE TEACHERS RETIREMENT SYSTEM

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

Funding Policy – Ohio Revised Code Chapter 3307 authorizes STRS Ohio to offer the Plan and gives the Retirement Board authority over how much, if any, of the health care costs will be absorbed by STRS. Active employee members do not contribute to the Health Care Plan. All benefit recipients, for the most recent year, pay a monthly premium. Under Ohio law, funding for post-employment health care may be deducted from employer contributions. For fiscal year 2015, the most recent information available, STRS did not allocate any employer contributions to post-employment health care. The School District's contributions for health care for the fiscal years ended June 30, 2016, 2015, and 2014 were \$ 0, \$ 0, and \$ 172,975 respectively. The full amount has been contributed for fiscal years 2016, 2015 and 2014.

NOTE 12 - OTHER EMPLOYEE BENEFITS

A. COMPENSATED ABSENCES

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

Teachers, administrators, and classified employees earn sick leave at the rate of 1.25 days per month. Sick leave accumulation is unlimited. Upon retirement or death, payment is made for one-fourth of accrued, but unused sick leave credit to a maximum of 40 days for classified employees and 100 days for certified employees.

B. LIFE INSURANCE

The School District provides life insurance and accidental death and dismemberment insurance to its employees. Coverage is equal to employees' annual salary amount rounded to the nearest one thousand dollars. Life insurance is covered through the Prudential Life Insurance.

AVON LAKE CITY SCHOOL DISTRICT  
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**NOTE 13 - CAPITAL LEASES**

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

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

Asset	Cost	Accumulated Depreciation	Net Book Value
Copiers	\$ 267,299	\$ 262,845	\$ 4,454
Computer equipment	42,450	9,905	32,545
	<u>\$ 309,749</u>	<u>\$ 272,750</u>	<u>\$ 36,999</u>

The following is a schedule of the future long-term minimum lease payments required under the capital leases and the present value of the minimum lease payments as of June 30, 2015.

	Year ending June 30,	Amount
	2017	\$ 24,673
	2018	12,239
Total minimum lease payments		<u>36,912</u>
Less amount representing interest		658
Net present value of minimum lease payments		<u>\$ 36,254</u>

**NOTE 14 - LONG-TERM OBLIGATIONS**

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

	Original Issue Date	Interest Rate	Original Issue Amount	Date of Maturity
General obligation bonds				
Refunding				
Serial and term	2004	2.0 - 4.40%	\$ 3,410,000	12/1/2019
Refunding				
Serial	2005	3.0 - 4.75%	\$ 32,415,000	12/1/2026
Capital appreciation	2005	24.104%	\$ 584,950	12/1/2013
School facilities term and serial	2010	1.0 - 6.05%	\$ 18,470,000	12/1/2031
School facilities capital appreciation	2010	20.00%	\$ 25,866	12/1/2027
Refunding				
Serial and term	2015	.35 - 4.00%	\$ 31,195,000	12/1/2031
Capital appreciation	2015	27.0%	\$ 399,934	12/1/2021

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NOTE 14 - LONG-TERM OBLIGATIONS (continued)

In 2005, the School District defeased portions of certain general obligation bonds issued in 1993, 1995, and 1999, with two separate general obligation refundings. In 2015, the School District defeased general obligation bonds issued in 2005.

At June 30, 2016, \$ 53,150,000 of bonds outstanding are considered to be defeased.

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

	Principal Outstanding 6/30/2015	Additions	Reductions	Principal Outstanding 6/30/2016	Due in 1 year
General obligation bonds					
Refunding bonds - 2004					
Term and serial bonds	\$ 595,000	\$ -	\$ 110,000	\$ 485,000	\$ 115,000
Refunding bonds - 2005					
Serial bonds	1,000,000	-	-	1,000,000	-
Various purpose construction bonds - 2010					
Term and serial bonds	12,210,000	-	910,000	11,300,000	930,000
Capital appreciation bonds	25,866	-	-	25,866	-
Accretion on capital appreciation bonds	40,285	13,891	-	54,176	-
Refunding bonds - 2015					
Term and serial bonds	30,785,000	-	2,330,000	28,455,000	2,345,000
Capital appreciation bonds	399,934	-	-	399,934	-
Accretion on capital appreciation bonds	103,691	-	-	103,691	-
Unamortized bond premiums	3,454,874	-	298,452	3,156,422	-
Total general obligation bonds	<u>48,614,650</u>	<u>13,891</u>	<u>3,648,452</u>	<u>44,980,089</u>	<u>3,390,000</u>
Net pension liability					
STRS	41,147,626	3,086,289	-	44,233,915	-
SERS	10,361,320	1,301,737	-	11,663,057	-
	<u>51,508,946</u>	<u>4,388,026</u>	<u>-</u>	<u>55,896,972</u>	<u>-</u>
Capital leases	108,152	-	71,898	36,254	24,146
Compensated absences	6,332,331	1,288,930	1,692,297	5,928,964	1,207,225
Total governmental activities	<u>\$ 106,564,079</u>	<u>\$ 5,690,847</u>	<u>\$ 5,412,647</u>	<u>\$ 106,842,279</u>	<u>\$ 4,621,371</u>

General obligation bonds will be paid from property taxes receipted in the Bond Retirement Fund.

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

AVON LAKE CITY SCHOOL DISTRICT  
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NOTES TO THE BASIC FINANCIAL STATEMENTS  
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NOTE 14 - LONG-TERM OBLIGATIONS (continued)

Refunding Bonds, Series 2004

On July 15, 2004, the School District issued \$ 3,839,998 in voted general obligation bonds for the purpose of refunding a portion of bonds issued on June 15, 1993 and to advance refund a portion of bonds issued on June 1, 1994. The bond issue included serial, term and capital appreciation bonds in the amount of \$ 2,710,000, \$ 700,000 and \$ 429,998 respectively. The bonds were issued at a premium of \$ 216,103. The bonds will be retired with a voted property tax levy from the Debt Service Fund. The capital appreciation bonds matured in fiscal years 2009 through 2010.

The term bonds maturing on December 1, 2016 are subject to mandatory sinking fund redemption at a redemption price of 100% of the principal amount to be redeemed, plus accrued interest to the date of redemption, on December 1 in the years. The remaining principal amount of such current interest bonds, \$ 115,000, will be paid at stated maturity on December 1, 2016.

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

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

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

Refunding Bonds, Series 2005

On June 23, 2005, the School District issued \$ 32,999,950 in voted general obligation bonds for the purpose to advance refund a portion of bonds issued in 1999. The bond issue included serial and capital appreciation bonds in the amount of \$ 32,415,000 and \$ 584,950 respectively. The bonds were issued at a premium of \$ 3,536,571. The bonds will be retired with a voted property tax levy from the Debt Service Fund. The capital appreciation bonds matured in fiscal years 2012 and 2013. A portion of these bonds were advance refunded in 2015.



AVON LAKE CITY SCHOOL DISTRICT  
LORAIN COUNTY  
NOTES TO THE BASIC FINANCIAL STATEMENTS  
FOR THE YEAR ENDED JUNE 30, 2016

NOTE 14 - LONG-TERM OBLIGATIONS (continued)

Various Purpose Construction Bonds, 2010 Series

On July 29, 2010, the School District issued \$ 18,495,866 in voted general obligation bonds for the following purposes: (i) constructing, improving, furnishing, and equipping school facilities, with related site improvements and appurtenances thereto; and (ii) constructing, improving, furnishing, and equipping a high school athletics stadium, with related site improvements and appurtenances thereto; constructing, furnishing, and equipping a transportation facility, with related site improvements and appurtenances thereto; and acquiring interests in land necessary in connection therewith (collectively, the Project), and (iii) retiring outstanding bond anticipation notes of the School District previously issued for the purpose of funding the Project. The bond issue included: Series 2010A bonds consisting of \$ 665,000 current interest serial bonds and \$ 25,866 capital appreciation bonds, Series 2010B bonds consisting of \$ 3,780,000 current interest term bond, and Series 2010C bonds consisting of \$ 14,025,000 current interest serial bonds. The bonds were issued at a premium of \$ 287,087. The Series 2010A and 2010C bonds will be retired with a voted property tax levy from the Debt Service Fund. In 2015 the Series 2010B bonds were extinguished in a current refunding with the proceeds of Series 2014A serial and term bonds.

Refunding Bonds, Series 2015

On August 5, 2014, the School District issued \$ 31,594,934 in voted general obligation bonds consisting of \$ 3,760,000 Series 2014A and \$ 27,834,934 Series 2014B bonds. The Series 2014A bonds are unlimited tax general obligation bonds issued for the purpose of currently refunding the Refunded Series 2010B Bonds. The Series 2014B bonds are unlimited tax general obligation bonds issued for the purpose of advance refunding a portion of Refunded Series 2005 Bonds. Series 2014A include \$ 2,760,000 serial bonds, maturing in 2031 and \$ 1,000,000 term bonds, maturing in 2028. Series 2014B consist of \$ 27,435,000 serial bonds, maturing in 2026 and \$ 399,934 capital appreciation bond, maturing in 2021. The bonds were issued at a premium of \$ 1,732,429. The Series bonds will be retired with a voted property tax levy from the Debt Service Fund.

The School District's overall legal debt margin was \$ 35,446,723 and the unvoted legal debt margin was \$ 849,550 at June 30, 2016. Principal and interest requirements to retire long-term obligations outstanding at June 30, 2016, are as follows:

June 30,	General Obligation Bonds		Capital Appreciation Bonds		Total	
	Principal	Interest	Principal	Interest	Principal	Interest
2017	\$ 3,390,000	\$ 1,662,289	\$ -	\$ -	\$ 3,390,000	\$ 1,662,289
2018	3,435,000	1,631,337	-	-	3,435,000	1,631,337
2019	3,480,000	1,589,728	-	-	3,480,000	1,589,728
2020	3,555,000	1,537,042	-	-	3,555,000	1,537,042
2021	3,490,000	1,475,647	-	-	3,490,000	1,475,647
2022-2026	16,085,000	6,491,279	399,934	2,155,066	16,484,934	8,646,345
2027-2031	6,860,000	1,002,500	25,866	679,134	6,885,866	1,681,634
2032	945,000	18,900	-	-	945,000	18,900
	<u>\$ 41,240,000</u>	<u>\$ 15,408,722</u>	<u>\$ 425,800</u>	<u>\$ 2,834,200</u>	<u>\$ 41,665,800</u>	<u>\$ 18,242,922</u>

AVON LAKE CITY SCHOOL DISTRICT  
LORAIN COUNTY  
NOTES TO THE BASIC FINANCIAL STATEMENTS  
FOR THE YEAR ENDED JUNE 30, 2016

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NOTE 15- JOINTLY GOVERNED ORGANIZATIONS

A. CONNECT

The North Coast Council became known as Connect effective April 1, 2016. The new governing Board of Directors, the Educational Service Centers of Cuyahoga, Lorain and Medina County and the Ohio Schools Council, have accepted the ownership, responsibility and liability of Connect in order to provide exemplary service to member districts. The Superintendent/Executive Director of the three ESCs and Ohio Schools Council shall serve on Connect's Board of Directors. The purpose of Connect is applying modern technology (with the aid of computers and other electronic equipment) to administrative and instructional functions for member districts. Fiscal information for Connect is available from the Treasurer of the Educational Service Center of Cuyahoga County (fiscal agent), located at 6393 Oak Tree Boulevard, Independence, Ohio 44131. During the year ended June 30, 2016, the School District paid \$ 94,498 to Connect for basic service charges.

B. LORAIN COUNTY JOINT VOCATIONAL SCHOOL DISTRICT

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

C. OHIO SCHOOLS COUNCIL ASSOCIATION

The Ohio Schools Council (Council) is a jointly governed organization among 196 school districts. The jointly governed organization was created by school districts for the purpose of saving money through volume purchases. Each district supports the Council by paying an annual participation fee. Each school district member's superintendent serves as a representative of the Assembly. The Assembly elects five of the Council's Board members and the remaining four are representatives of the Greater Cleveland School Superintendents' Association. The Council operates under a nine-member Board of Directors (the Board). The Board is the policy making authority of the Council. The Board meets monthly September to June. The Board appoints an Executive Director who is responsible for receiving and disbursing funds, investing available funds, preparing financial reports for the Board and Assembly and carrying out such other responsibilities as designated by the Board. Financial information can be obtained by contacting the Executive Director at the Ohio Schools Council at 6393 Oak Tree Blvd., Suite 377, Independence, Ohio 44131. During the year ended June 30, 2016, the School District paid \$ 234,143 to the Council.

The School District participates in the natural gas purchase program. This program allows the School District to purchase natural gas at reduced rates. Compass Energy has been selected as the supplier and program manager. There are currently 151 participants in the program. The participants make monthly payments based on estimated usage. Each September, these estimated payments are compared to their actual usage for the year (July to June). Districts that paid more in estimated billings than their actual billings are issued credits on future billings in September until the credits are exhausted and districts that did not pay enough on estimated billings are invoiced for the difference on the September monthly estimated billing.

AVON LAKE CITY SCHOOL DISTRICT  
LORAIN COUNTY  
NOTES TO THE BASIC FINANCIAL STATEMENTS  
FOR THE YEAR ENDED JUNE 30, 2016

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NOTE 15- JOINTLY GOVERNED ORGANIZATIONS

D. SUBURBAN HEALTH CONSORTIUM

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

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

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

Upon withdrawal of a Consortium Member, the Consortium shall pay the run out of all claims for such Consortium Member provided such Consortium Member has paid to the Consortium, prior to the effective date of withdrawal a withdrawal fee in the amount equal to two months' premiums at the Consortium Member's current rate. Payment of the withdrawal fee does not extend insurance coverage for two months. Upon automatic withdrawal, for non-payment of premiums required by the Consortium Agreement, the Consortium shall pay the run out of all claims for such Consortium Member provided that the Consortium has received from such Consortium Member all outstanding and unpaid premiums and other amounts and the withdrawal fee equal to two months' premiums at the Consortium Member's current rates. Any Consortium Member which withdraws from the Consortium pursuant to the Consortium Agreement shall have no claim to the Consortium's assets. Financial information for the Consortium can be obtained from the Treasurer of the Orange City School District (the "Fiscal Agent") at 32000 Chagrin Blvd, Pepper Pike, Ohio 44124. During the year the year ended June 30, 2016, the School District paid \$ 4,582,866 to the Consortium

AVON LAKE CITY SCHOOL DISTRICT  
LORAIN COUNTY  
NOTES TO THE BASIC FINANCIAL STATEMENTS  
FOR THE YEAR ENDED JUNE 30, 2016

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**NOTE 16 - RELATED ORGANIZATION**

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

**NOTE 17 – OPERATING LEASES**

The School District is obligated under certain leases accounted for as operating leases. Operating leases do not give rise to property rights or lease obligations. During 2016, expenditures for operating leases totaled \$ 149,724.

The following is a schedule of future minimum lease payments required under operating leases that have initial or remaining non-cancelable lease terms in excess of one year as of June 30, 2016.

	Year ending June 30,	Amount
	2017	\$ 95,827
	2018	50,024
Total minimum lease payments		<u>\$ 145,851</u>

**NOTE 18 - CONTINGENCIES**

The School District received financial assistance from federal and State agencies in the form of grants. The disbursements of funds received under these programs generally require compliance with terms and conditions specified in the grant agreements and are subject to audit by the grantor agencies. Any disallowed claims resulting from such audits could become a liability of the General Fund or other applicable funds. However, in the opinion of management, any such disallowed claims will not have a material adverse effect on the overall financial position of the School District at June 30, 2016.

District Foundation funding is based on the annualized full-time equivalent (FTE) enrollment of each student. Effective for the 2015-2016 school year, traditional Districts must comply with minimum hours of instruction, instead of a minimum number of school days each year. The funding formula the Ohio Department of Education (ODE) is legislatively required to follow will continue to adjust as enrollment information is updated by the District, which can extend past the fiscal year-end. As of the date of this report, ODE has not finalized the impact of enrollment adjustments to the June 30, 2016 Foundation funding for the District; therefore, the financial statement impact is not determinable at this time. ODE and management believe this will result in either a receivable to or liability of the District.

AVON LAKE CITY SCHOOL DISTRICT  
LORAIN COUNTY  
NOTES TO THE BASIC FINANCIAL STATEMENTS  
FOR THE YEAR ENDED JUNE 30, 2016

NOTE 19 - SET-ASIDES

The School District is required by State statute to annually set aside in the General Fund an amount based on a statutory formula for the acquisition and construction of capital improvements. Amounts not spent by fiscal year end or offset by similarly restricted resources received during the fiscal year must be held in cash at fiscal year end. These amounts must be carried forward to be used for the same purposes in future fiscal years. In prior fiscal years, the School District was also required to set aside money for budget stabilization. At June 30, 2016, only the unspent portion of certain worker's compensation refunds continues to be set aside for budget stabilization.

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

	Budget Stabilization Reserve	Capital Improvements Reserve
Set-aside reserve balance, June 30, 2015	\$ 113,990	\$ -
Current year set-aside requirements	-	625,462
Qualifying disbursements	-	(878,892)
Total	\$ 113,990	\$ (253,430)
Set-aside balance carried forward to future fiscal years	\$ -	\$ -
Set-aside reserve balance as of June 30, 2016	\$ 113,990	\$ (253,430)

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

NOTE 20 – INTERFUND BALANCES

On the fund financial statements at June 30, 2016, interfund balances consisted of the following:

	Due from Nonmajor Governmental Funds
Due to:	
General Fund	\$ 145,573

General fund loans made to non-major governmental funds were made to support programs and projects in the Special Revenue Auxiliary Service Fund and are scheduled to be repaid in the subsequent year.

AVON LAKE CITY SCHOOL DISTRICT  
LORAIN COUNTY

REQUIRED SUPPLEMENTARY INFORMATION

SCHEDULE OF THE SCHOOL DISTRICT'S PROPORTIONATE SHARE OF THE NET PENSION LIABILITY  
SCHOOL EMPLOYEES RETIREMENT SYSTEM OF OHIO

LAST THREE FISCAL YEARS (1)

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	2015	2014	2013
School District's proportion of the net pension liability	0.204396%	0.204731%	0.204731%
School District's proportionate share of the net pension liability	\$ 11,663,057	\$ 10,361,320	\$ 12,174,695
School District's covered-employee payroll	\$ 6,183,455	\$ 5,721,082	\$ 5,925,975
School District's proportionate share of the net pension liability as a percentage of its covered-employee payroll	188.62%	181.11%	205.45%
Plan fiduciary net position as a percentage of the total pension liability	69.16%	71.70%	65.52%

(1) Information prior to 2013 is not available

AVON LAKE CITY SCHOOL DISTRICT  
LORAIN COUNTY

REQUIRED SUPPLEMENTARY INFORMATION

SCHEDULE OF THE SCHOOL DISTRICT'S PROPORTIONATE SHARE OF THE NET PENSION LIABILITY  
STATE TEACHERS RETIREMENT SYSTEM OF OHIO

LAST THREE FISCAL YEARS (1)

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	2015	2014	2013
School District's proportion of the net pension liability	0.160053%	0.169168%	0.169168%
School District's proportionate share of the net pension liability	\$ 44,233,915	\$ 41,147,626	\$ 49,014,783
School District's covered-employee payroll	\$ 16,704,889	\$ 17,297,477	\$ 18,060,615
School District's proportionate share of the net pension liability as a percentage of its covered-employee payroll	264.80%	237.88%	271.39%
Plan fiduciary net position as a percentage of the total pension liability	72.10%	74.70%	69.30%

(1) Information prior to 2013 is not available

AVON LAKE CITY SCHOOL DISTRICT  
 LORAIN COUNTY  
 REQUIRED SUPPLEMENTARY INFORMATION  
 SCHEDULE OF SCHOOL DISTRICT CONTRIBUTIONS  
 SCHOOL EMPLOYEES RETIREMENT SYSTEM OF OHIO  
 LAST TEN FISCAL YEARS

	2016	2015	2014	2013
Contractually required contribution	\$ 842,175	\$ 814,979	\$ 792,942	\$ 820,155
Contributions in relation to the contractually required contribution	(842,175)	(814,979)	(792,942)	(820,155)
Contribution deficiency (excess)	\$ -	\$ -	\$ -	\$ -
School District covered-employee payroll	\$ 6,015,535	\$ 6,183,455	\$ 5,721,082	\$ 5,925,975
Contributions as a percentage of covered-employee payroll	14.00%	13.18%	13.86%	13.84%



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2012	2011	2010	2009	2008	2007
\$ 752,662	\$ 718,849	\$ 759,519	\$ 495,564	\$ 486,887	\$ 513,773
(752,662)	(718,849)	(759,519)	(495,564)	(486,887)	(513,773)
\$ -	\$ -	\$ -	\$ -	\$ -	
\$ 5,596,000	\$ 5,718,767	\$ 5,609,446	\$ 5,036,220	\$ 4,958,116	\$ 4,810,609
13.45%	12.57%	13.54%	9.84%	9.82%	10.68%

AVON LAKE CITY SCHOOL DISTRICT  
 LORAIN COUNTY  
 REQUIRED SUPPLEMENTARY INFORMATION  
 SCHEDULE OF SCHOOL DISTRICT CONTRIBUTIONS  
 STATE TEACHERS RETIREMENT SYSTEM OF OHIO  
 LAST TEN FISCAL YEARS

	2016	2015	2014	2013
Contractually required contribution	\$ 2,340,443	\$ 2,338,684	\$ 2,248,672	\$ 2,347,880
Contributions in relation to the contractually required contribution	(2,340,443)	(2,338,684)	(2,248,672)	(2,347,880)
Contribution deficiency (excess)	\$ -	\$ -	\$ -	\$ -
School District covered-employee payroll	\$ 16,717,462	\$ 16,704,889	\$ 17,297,477	\$ 18,060,615
Contributions as a percentage of covered-employee payroll	14.00%	14.00%	13.00%	13.00%

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2012	2011	2010	2009	2008	2007
<u>\$ 2,390,611</u>	<u>\$ 2,377,345</u>	<u>\$ 2,277,435</u>	<u>\$ 2,132,033</u>	<u>\$ 2,078,683</u>	<u>\$ 1,958,466</u>
<u>(2,390,611)</u>	<u>(2,377,345)</u>	<u>(2,277,435)</u>	<u>(2,132,033)</u>	<u>(2,078,683)</u>	<u>(1,958,466)</u>
<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>
<u>\$ 18,389,315</u>	<u>\$ 18,287,269</u>	<u>\$ 17,518,731</u>	<u>\$ 16,400,254</u>	<u>\$ 15,989,869</u>	<u>\$ 15,065,123</u>
<u>13.00%</u>	<u>13.00%</u>	<u>13.00%</u>	<u>13.00%</u>	<u>13.00%</u>	<u>13.00%</u>

Combining  
and  
Individual Fund Statements  
and Schedules

## **Fund Descriptions – Nonmajor Governmental Funds**

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### **Nonmajor Special Revenue Funds**

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

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

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

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

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

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

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

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

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

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

(continued)

**Fund Descriptions – Nonmajor Governmental Funds**

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**Nonmajor Debt Service Fund**

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

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

**Nonmajor Capital Projects Fund**

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

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

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AVON LAKE CITY SCHOOL DISTRICT  
 COMBINING BALANCE SHEET  
 NONMAJOR GOVERNMENTAL FUNDS  
 JUNE 30, 2016

	Total Nonmajor Special Revenue Funds	Nonmajor Debt Service Fund	Nonmajor Capital Projects Fund	Total Nonmajor Governmental Funds
<b>Assets</b>				
Equity in pooled cash	\$ 1,273,440	\$ 21,456	\$ 1,040,713	\$ 2,335,609
Receivables, net of allowance				
Taxes, current	-	-	564,275	564,275
Taxes, delinquent	-	-	19,700	19,700
Inventories and supplies	12,766	-	-	12,766
<b>Total assets</b>	<b>\$ 1,286,206</b>	<b>\$ 21,456</b>	<b>\$ 1,624,688</b>	<b>\$ 2,932,350</b>
<b>Liabilities</b>				
Accounts and contracts payable	\$ 12,044	\$ -	\$ -	\$ 12,044
Accrued salaries, wages and benefits	104,751	-	-	104,751
Intergovernmental payable	1,383	-	-	1,383
Interfund payable	145,573	-	-	145,573
<b>Total liabilities</b>	<b>263,751</b>	<b>-</b>	<b>-</b>	<b>263,751</b>
<b>Deferred inflows of resources</b>				
Property taxes levied for next year and unavailable resources	27,522	-	526,629	554,151
<b>Total deferred inflows of resources</b>	<b>27,522</b>	<b>-</b>	<b>526,629</b>	<b>554,151</b>
<b>Fund balances</b>				
Nonspendable	12,766	-	-	12,766
Restricted	997,551	21,456	1,098,059	2,117,066
Unassigned (deficit)	(15,384)	-	-	(15,384)
<b>Total fund balances (deficit)</b>	<b>994,933</b>	<b>21,456</b>	<b>1,098,059</b>	<b>2,114,448</b>
<b>Total liabilities, deferred inflows of resources and fund balances (deficit)</b>	<b>\$ 1,286,206</b>	<b>\$ 21,456</b>	<b>\$ 1,624,688</b>	<b>\$ 2,932,350</b>



AVON LAKE CITY SCHOOL DISTRICT  
 COMBINING STATEMENT OF REVENUES, EXPENDITURES AND CHANGES IN FUND BALANCES  
 NONMAJOR GOVERNMENTAL FUNDS  
 FOR THE YEAR ENDED JUNE 30, 2016

	Total Nonmajor Special Revenue Funds	Nonmajor Debt Service Fund	Nonmajor Capital Projects Fund	Total Nonmajor Governmental Funds
Revenue				
Taxes	\$ -	\$ -	\$ 568,743	\$ 568,743
Tuition and fees	7,875	-	-	7,875
Interest	2,539	-	-	2,539
Intergovernmental	1,709,465	-	105,690	1,815,155
Extracurricular	297,015	-	-	297,015
Charges for services	957,348	-	-	957,348
Miscellaneous	46,569	-	-	46,569
Total revenues	<u>3,020,811</u>	<u>-</u>	<u>674,433</u>	<u>3,695,244</u>
Expenditures				
Current				
Instruction				
Regular	441,019	-	1,449	442,468
Special	377,126	-	-	377,126
Other instruction	8,397	-	-	8,397
Supporting services				
Pupil	217,387	-	-	217,387
Instructional staff	56,544	-	-	56,544
Administration	109,709	-	-	109,709
Fiscal services	-	-	9,899	9,899
Operation and maintenance	-	-	112,373	112,373
Pupil transportation	-	-	160,602	160,602
Central services	13,695	-	-	13,695
Operation of non-instructional services				
Food service operation	1,193,148	-	-	1,193,148
Community services	548,305	-	-	548,305
Extracurricular activities	359,595	-	-	359,595
Capital outlay	-	-	112,981	112,981
Total expenditures	<u>3,324,925</u>	<u>-</u>	<u>397,304</u>	<u>3,722,229</u>
Net change in fund balances	(304,114)	-	277,129	(26,985)
Fund balances, beginning of year	<u>1,299,047</u>	<u>21,456</u>	<u>820,930</u>	<u>2,141,433</u>
Fund balances, end of year	<u>\$ 994,933</u>	<u>\$ 21,456</u>	<u>\$ 1,098,059</u>	<u>\$ 2,114,448</u>

AVON LAKE CITY SCHOOL DISTRICT  
 COMBINING BALANCE SHEET  
 NONMAJOR SPECIAL REVENUE FUNDS  
 JUNE 30, 2016

	Food Service	Local Grants	Athletics
<b>Assets</b>			
Equity in pooled cash	\$ 776,434	27,316	\$ 151,503
Inventories and supplies	12,766	-	-
<b>Total assets</b>	<b>\$ 789,200</b>	<b>27,316</b>	<b>\$ 151,503</b>
<b>Liabilities</b>			
Accounts and contracts payable	\$ 1,095	3,865	\$ 3,313
Accrued salaries, wages and benefits	64,111	-	-
Intergovernmental payable	836	-	-
Interfund payable	-	-	-
<b>Total liabilities</b>	<b>66,042</b>	<b>3,865</b>	<b>3,313</b>
<b>Deferred inflow s of resources</b>			
Property taxes levied for next year and unavailable resources	15,067	12,455	-
<b>Total deferred inflow s of resources</b>	<b>15,067</b>	<b>12,455</b>	<b>-</b>
<b>Fund balances</b>			
Nonspendable	12,766	-	-
Restricted	695,325	10,996	148,190
Unassigned (deficit)	-	-	-
<b>Total fund balances (deficit)</b>	<b>708,091</b>	<b>10,996</b>	<b>148,190</b>
<b>Total liabilities, deferred inflow s of resources and fund balances (deficit)</b>	<b>\$ 789,200</b>	<b>27,316</b>	<b>\$ 151,503</b>

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Auxiliary Service	Data Communications
\$ 266,635	\$ -
-	-
<u>\$ 266,635</u>	<u>\$ -</u>
\$ 3,771	\$ -
18,740	-
253	-
<u>145,573</u>	<u>-</u>
<u>168,337</u>	<u>-</u>
<u>-</u>	<u>-</u>
<u>-</u>	<u>-</u>
-	-
98,298	-
-	-
<u>98,298</u>	<u>-</u>
<u>\$ 266,635</u>	<u>\$ -</u>

(continued)

AVON LAKE CITY SCHOOL DISTRICT  
 COMBINING BALANCE SHEET  
 NONMAJOR SPECIAL REVENUE FUNDS  
 JUNE 30, 2016  
 (CONCLUDED)

	Title VI-B	Title I	Early Childhood Education Development
<b>Assets</b>			
Equity in pooled cash	\$ 46,298	\$ 5,254	\$ -
Inventories and supplies	-	-	-
<b>Total assets</b>	<b>\$ 46,298</b>	<b>\$ 5,254</b>	<b>\$ -</b>
<b>Liabilities</b>			
Accounts and contracts payable	\$ -	\$ -	\$ -
Accrued salaries, wages and benefits	1,556	20,344	-
Intergovernmental payable	-	294	-
Interfund payable	-	-	-
<b>Total liabilities</b>	<b>1,556</b>	<b>20,638</b>	<b>-</b>
<b>Deferred inflow s of resources</b>			
Property taxes levied for next year and unavailable resources	-	-	-
<b>Total deferred inflow s of resources</b>	<b>-</b>	<b>-</b>	<b>-</b>
<b>Fund balances</b>			
Nonspendable	-	-	-
Restricted	44,742	-	-
Unassigned (deficit)	-	(15,384)	-
<b>Total fund balances (deficit)</b>	<b>44,742</b>	<b>(15,384)</b>	<b>-</b>
<b>Total liabilities, deferred inflow s of resources and fund balances (deficit)</b>	<b>\$ 46,298</b>	<b>\$ 5,254</b>	<b>\$ -</b>

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Title II-A	Total Nonmajor Special Revenue Funds
\$ -	\$ 1,273,440
-	12,766
<u>\$ -</u>	<u>\$ 1,286,206</u>
\$ -	12,044
-	104,751
-	1,383
-	145,573
<u>-</u>	<u>263,751</u>
-	27,522
<u>-</u>	<u>27,522</u>
-	12,766
-	997,551
-	(15,384)
<u>-</u>	<u>994,933</u>
<u>\$ -</u>	<u>\$ 1,286,206</u>

AVON LAKE CITY SCHOOL DISTRICT  
 COMBINING STATEMENT OF REVENUES, EXPENDITURES AND CHANGES IN FUND BALANCES  
 NONMAJOR SPECIAL REVENUE FUNDS  
 FOR THE YEAR ENDED JUNE 30, 2016

	Food Service	Local Grants	Athletics
<b>Revenue</b>			
Tuition and fees	\$ -	\$ 7,875	\$ -
Interest	2,196	-	-
Intergovernmental	293,654	-	-
Extracurricular	-	-	297,015
Charges for services	957,348	-	-
Miscellaneous	-	11,522	35,047
<b>Total revenues</b>	<b>1,253,198</b>	<b>19,397</b>	<b>332,062</b>
<b>Expenditures</b>			
<b>Current</b>			
<b>Instruction</b>			
Regular	-	402,962	-
Special	-	2,709	-
Other instruction	-	-	-
<b>Supporting services</b>			
Pupil	-	-	-
Instructional staff	-	39,495	-
Administration	-	-	-
Central services	-	1,095	-
<b>Operation of non-instructional services</b>			
Food service operation	1,188,887	4,261	-
Community services	-	-	-
Extracurricular activities	-	8,575	351,020
<b>Total expenditures</b>	<b>1,188,887</b>	<b>459,097</b>	<b>351,020</b>
<b>Net change in fund balances</b>	<b>64,311</b>	<b>(439,700)</b>	<b>(18,958)</b>
<b>Fund balances, beginning of year</b>	<b>643,780</b>	<b>450,696</b>	<b>167,148</b>
<b>Fund balances (deficit), end of year</b>	<b>\$ 708,091</b>	<b>\$ 10,996</b>	<b>\$ 148,190</b>

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Auxiliary Service	Data Communications
\$ -	\$ -
343	-
568,197	12,600
-	-
-	-
-	-
<u>568,540</u>	<u>12,600</u>
-	-
-	-
-	-
-	-
-	-
-	12,600
-	-
526,418	-
-	-
<u>526,418</u>	<u>12,600</u>
42,122	-
56,176	-
<u>\$ 98,298</u>	<u>\$ -</u>

(continued)

AVON LAKE CITY SCHOOL DISTRICT  
 COMBINING STATEMENT OF REVENUES, EXPENDITURES AND CHANGES IN FUND BALANCES  
 NONMAJOR SPECIAL REVENUE FUNDS  
 FOR THE YEAR ENDED JUNE 30, 2016

(CONCLUDED)

	Title VI-B	Title I	Early Childhood Education Development
Revenue			
Tuition and fees	\$ -	\$ -	\$ -
Interest	-	-	-
Intergovernmental	618,447	143,712	17,749
Extracurricular	-	-	-
Charges for services	-	-	-
Miscellaneous	-	-	-
Total revenues	<u>618,447</u>	<u>143,712</u>	<u>17,749</u>
Expenditures			
Current			
Instruction			
Regular	-	-	-
Special	224,576	132,092	17,749
Other instruction	-	8,397	-
Supporting services			
Pupil	217,387	-	-
Instructional staff	-	-	-
Administration	109,709	-	-
Central services	-	-	-
Operation of non-instructional services			
Food service operation	-	-	-
Community services	21,887	-	-
Extracurricular activities	-	-	-
Total expenditures	<u>573,559</u>	<u>140,489</u>	<u>17,749</u>
Net change in fund balances	44,888	3,223	-
Fund balances, beginning of year	<u>(146)</u>	<u>(18,607)</u>	<u>-</u>
Fund balances (deficit), end of year	<u>\$ 44,742</u>	<u>\$ (15,384)</u>	<u>\$ -</u>



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Title II-A	Total Nonmajor Special Revenue Funds
\$ -	\$ 7,875
-	2,539
55,106	1,709,465
-	297,015
-	957,348
-	46,569
<u>55,106</u>	<u>3,020,811</u>

38,057	441,019
-	377,126
-	8,397
-	217,387
17,049	56,544
-	109,709
-	13,695
-	1,193,148
-	548,305
-	359,595
<u>55,106</u>	<u>3,324,925</u>
-	(304,114)
<u>-</u>	<u>1,299,047</u>
<u>\$ -</u>	<u>\$ 994,933</u>

## ***Fund Descriptions***

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### **Agency Funds**

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

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

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

***District Agency Fund*** This fund reflects resources that are collected for various tournaments and remitted to the Ohio High School Athletic Association (OHSAA).

AVON LAKE CITY SCHOOL DISTRICT  
 COMBINING STATEMENT OF CHANGES IN ASSETS AND LIABILITIES  
 ALL AGENCY FUNDS  
 FOR THE YEAR ENDED JUNE 30, 2016

	Beginning Balance June 30, 2015	Additions	Reductions	Ending Balance June 30, 2016
<b>Student Activities Fund</b>				
Assets				
Equity in pooled cash	\$ 83,457	\$ 171,063	\$ 196,626	\$ 57,894
Total assets	<u>\$ 83,457</u>	<u>\$ 171,063</u>	<u>\$ 196,626</u>	<u>\$ 57,894</u>
Liabilities				
Accounts payable	\$ 2,669	\$ 1,477	\$ 2,669	\$ 1,477
Due to students	80,788	169,586	193,957	56,417
Total liabilities	<u>\$ 83,457</u>	<u>\$ 171,063</u>	<u>\$ 196,626</u>	<u>\$ 57,894</u>
<b>Staff Services Fund</b>				
Assets				
Equity in pooled cash	\$ 3,772	\$ 1,520	\$ 680	\$ 4,612
Total assets	<u>\$ 3,772</u>	<u>\$ 1,520</u>	<u>\$ 680</u>	<u>\$ 4,612</u>
Liabilities				
Due to others	\$ 3,772	\$ 1,520	\$ 680	\$ 4,612
Total liabilities	<u>\$ 3,772</u>	<u>\$ 1,520</u>	<u>\$ 680</u>	<u>\$ 4,612</u>
<b>District Agency Fund</b>				
Assets				
Equity in pooled cash	\$ -	\$ 12,504	\$ 12,504	\$ -
Total assets	<u>\$ -</u>	<u>\$ 12,504</u>	<u>\$ 12,504</u>	<u>\$ -</u>
Liabilities				
Due to others	\$ -	\$ 12,504	\$ 12,504	\$ -
Total liabilities	<u>\$ -</u>	<u>\$ 12,504</u>	<u>\$ 12,504</u>	<u>\$ -</u>
<b>Total Agency Funds</b>				
Assets				
Equity in pooled cash	\$ 87,229	\$ 185,087	\$ 209,810	\$ 62,506
Total assets	<u>\$ 87,229</u>	<u>\$ 185,087</u>	<u>\$ 209,810</u>	<u>\$ 62,506</u>
Liabilities				
Accounts payable	\$ 2,669	\$ 1,477	\$ 2,669	\$ 1,477
Due to students	80,788	169,586	193,957	56,417
Due to others	3,772	14,024	13,184	4,612
Total liabilities	<u>\$ 87,229</u>	<u>\$ 185,087</u>	<u>\$ 209,810</u>	<u>\$ 62,506</u>

AVON LAKE CITY SCHOOL DISTRICT  
SCHEDULE OF REVENUES, EXPENDITURES AND CHANGES  
IN FUND BALANCE – BUDGET (NON-GAAP BASIS) AND ACTUAL  
FOR THE YEAR ENDED JUNE 30, 2016

	General Fund			Variance with Final Budget Positive (Negative)
	Budget Amounts		Actual	
	Original	Final		
Revenues				
Taxes	\$ 30,305,732	\$ 30,847,521	\$ 30,851,344	\$ 3,823
Tuition and fees	602,236	613,002	613,078	76
Interest	138,425	140,900	140,917	17
Intergovernmental	8,943,182	9,103,063	9,104,191	1,128
Extracurricular	227,355	231,419	231,448	29
Miscellaneous	257,077	261,673	261,705	32
Total revenues	<u>40,474,007</u>	<u>41,197,578</u>	<u>41,202,683</u>	<u>5,105</u>
Expenditures				
Current				
Instruction				
Regular				
Salaries	11,820,139	11,898,518	11,852,622	45,896
Benefits	4,254,660	4,282,875	4,266,354	16,521
Purchased services	930,628	936,800	933,186	3,614
Materials and supplies	937,626	943,844	940,203	3,641
Capital outlay	44,642	44,938	44,765	173
Total regular	<u>17,987,695</u>	<u>18,106,975</u>	<u>18,037,130</u>	<u>69,845</u>
Special				
Salaries	2,595,474	2,612,686	2,602,608	10,078
Benefits	729,180	734,015	731,184	2,831
Purchased services	850,071	855,708	852,407	3,301
Materials and supplies	11,457	11,532	11,488	44
Capital outlay	19,284	19,412	19,337	75
Total special	<u>4,205,466</u>	<u>4,233,353</u>	<u>4,217,024</u>	<u>16,329</u>
Adult/continuing				
Salaries	9,291	9,353	9,317	36
Benefits	1,422	1,432	1,426	6
Total adult/continuing	<u>10,713</u>	<u>10,785</u>	<u>10,743</u>	<u>42</u>
Other				
Salaries	117,373	118,152	117,696	456
Benefits	16,437	16,546	16,482	64
Purchased services	735,810	740,689	737,832	2,857
Other	23,595	23,752	23,660	92
Total other instruction	<u>893,215</u>	<u>899,139</u>	<u>895,670</u>	<u>3,469</u>
Total instruction	<u>23,097,089</u>	<u>23,250,252</u>	<u>23,160,567</u>	<u>89,685</u>

(continued)

AVON LAKE CITY SCHOOL DISTRICT  
SCHEDULE OF REVENUES, EXPENDITURES AND CHANGES  
IN FUND BALANCE – BUDGET (NON-GAAP BASIS) AND ACTUAL  
FOR THE YEAR ENDED JUNE 30, 2016

	General Fund			Variance with Final Budget Positive (Negative)
	Budget Amounts		Actual	
	Original	Final		
Supporting services				
Pupil				
Salaries	1,349,465	1,358,414	1,353,174	5,240
Benefits	504,706	508,053	506,093	1,960
Purchased services	293,972	295,921	294,780	1,141
Materials and supplies	39,763	40,026	39,872	154
Capital outlay	1,096	1,103	1,099	4
Total pupil	<u>2,189,002</u>	<u>2,203,517</u>	<u>2,195,018</u>	<u>8,499</u>
Instructional staff				
Salaries	686,898	691,453	688,786	2,667
Benefits	277,547	279,388	278,310	1,078
Purchased services	261,134	262,866	261,852	1,014
Materials and supplies	14,009	14,102	14,048	54
Capital outlay	176,014	177,181	176,498	683
Total instructional staff	<u>1,415,602</u>	<u>1,424,990</u>	<u>1,419,494</u>	<u>5,496</u>
Board of education				
Salaries	7,479	7,529	7,500	29
Benefits	1,082	1,089	1,085	4
Purchased services	2,841	2,860	2,849	11
Other	7,468	7,518	7,489	29
Total board of education	<u>18,870</u>	<u>18,996</u>	<u>18,923</u>	<u>73</u>
Administration				
Salaries	1,780,157	1,791,962	1,785,050	6,912
Benefits	849,635	855,269	851,970	3,299
Purchased services	452,965	455,969	454,210	1,759
Materials and supplies	21,572	21,715	21,631	84
Capital outlay	1,367	1,376	1,371	5
Other	39,602	39,865	39,711	154
Total administration	<u>3,145,298</u>	<u>3,166,156</u>	<u>3,153,943</u>	<u>12,213</u>
Fiscal				
Salaries	341,371	343,635	342,309	1,326
Benefits	150,509	151,507	150,923	584
Purchased services	45,726	46,030	45,852	178
Materials and supplies	3,573	3,597	3,583	14
Other	599,399	603,373	601,046	2,327
Total fiscal	<u>1,140,578</u>	<u>1,148,142</u>	<u>1,143,713</u>	<u>4,429</u>

(continued)

AVON LAKE CITY SCHOOL DISTRICT  
SCHEDULE OF REVENUES, EXPENDITURES AND CHANGES  
IN FUND BALANCE – BUDGET (NON-GAAP BASIS) AND ACTUAL  
FOR THE YEAR ENDED JUNE 30, 2016

	General Fund			Variance with Final Budget Positive (Negative)
	Budget Amounts		Actual	
	Original	Final		
Business				
Salaries	198,192	199,507	198,737	770
Benefits	88,969	89,559	89,214	345
Purchased services	12,090	12,170	12,123	47
Capital outlay	4,215	4,243	4,227	16
Other	919	926	922	4
Total business	<u>304,385</u>	<u>306,405</u>	<u>305,223</u>	<u>1,182</u>
Operation and maintenance				
Salaries	1,442,882	1,452,451	1,446,848	5,603
Benefits	510,641	514,028	512,045	1,983
Purchased services	1,900,526	1,913,130	1,905,750	7,380
Materials and supplies	284,340	286,226	285,122	1,104
Capital outlay	4,203	4,231	4,215	16
Total operation and maintenance	<u>4,142,592</u>	<u>4,170,066</u>	<u>4,153,980</u>	<u>16,086</u>
Pupil transportation				
Salaries	1,027,543	1,034,357	1,030,367	3,990
Benefits	263,696	265,445	264,421	1,024
Purchased services	119,468	120,260	119,796	464
Materials and supplies	180,198	181,393	180,693	700
Other	267	269	268	1
Total pupil transportation	<u>1,591,172</u>	<u>1,601,724</u>	<u>1,595,545</u>	<u>6,179</u>
Central services				
Salaries	8,492	8,548	8,515	33
Purchased services	75,492	75,992	75,699	293
Other	184,190	185,411	184,696	715
Total central services	<u>268,174</u>	<u>269,951</u>	<u>268,910</u>	<u>1,041</u>
Total supporting services	<u>14,215,673</u>	<u>14,309,947</u>	<u>14,254,749</u>	<u>55,198</u>
Operation of non-instructional services				
Community services				
Salaries	60,135	60,533	60,300	233
Benefits	11,559	11,636	11,591	45
Materials and supplies	5,364	5,400	5,379	21
Total community services	<u>77,058</u>	<u>77,569</u>	<u>77,270</u>	<u>299</u>
Total operation of non-instructional services	<u>77,058</u>	<u>77,569</u>	<u>77,270</u>	<u>299</u>

(continued)

AVON LAKE CITY SCHOOL DISTRICT  
SCHEDULE OF REVENUES, EXPENDITURES AND CHANGES  
IN FUND BALANCE – BUDGET (NON-GAAP BASIS) AND ACTUAL  
FOR THE YEAR ENDED JUNE 30, 2016

(Concluded)				
General Fund				
	Budget Amounts		Actual	Variance with Final Budget Positive (Negative)
	Original	Final		
Extracurricular activities				
Academic and subject oriented				
Salaries	73,473	73,960	73,675	285
Benefits	9,527	9,590	9,553	37
Purchased services	1,665	1,676	1,670	6
Materials and supplies	3,135	3,156	3,144	12
Total academic and subject oriented	<u>87,800</u>	<u>88,382</u>	<u>88,042</u>	<u>340</u>
Occupation oriented				
Salaries	1,135	1,142	1,138	4
Benefits	159	160	159	1
Total occupation oriented	<u>1,294</u>	<u>1,302</u>	<u>1,297</u>	<u>5</u>
Sports oriented				
Salaries	511,729	515,123	513,136	1,987
Benefits	77,395	77,909	77,608	301
Purchased services	17,705	17,823	17,754	69
Other	224	226	225	1
Total sports oriented	<u>607,053</u>	<u>611,081</u>	<u>608,723</u>	<u>2,358</u>
Co-curricular activities				
Salaries	42,316	42,596	42,432	164
Benefits	5,912	5,951	5,928	23
Total co-curricular activities	<u>48,228</u>	<u>48,547</u>	<u>48,360</u>	<u>187</u>
Total extracurricular activities	<u>744,375</u>	<u>749,312</u>	<u>746,422</u>	<u>2,890</u>
Total expenditures	<u>38,134,195</u>	<u>38,387,080</u>	<u>38,239,008</u>	<u>148,072</u>
Excess (deficiency) of revenues over expenditures	<u>2,339,812</u>	<u>2,810,498</u>	<u>2,963,675</u>	<u>153,177</u>
Other financing sources				
Gain on sale of assets	-	688	688	-
Advances in	-	1,542	1,542	-
Refund of prior year expenditures	-	93,847	93,847	-
Advances out	-	(147,115)	(147,115)	-
Total other financing sources	<u>-</u>	<u>(51,038)</u>	<u>(51,038)</u>	<u>-</u>
Net change in fund balance	2,339,812	2,759,460	2,912,637	153,177
Prior year encumbrances	1,274,719	1,274,719	1,274,719	-
Fund balances, beginning of year	9,363,323	9,363,323	9,363,323	-
Fund balances, end of year	<u>\$ 12,977,854</u>	<u>\$ 13,397,502</u>	<u>\$ 13,550,679</u>	<u>\$ 153,177</u>

AVON LAKE CITY SCHOOL DISTRICT  
 SCHEDULE OF REVENUES, EXPENDITURES AND CHANGES  
 IN FUND BALANCE – BUDGET (NON-GAAP BASIS) AND ACTUAL  
 FOR THE YEAR ENDED JUNE 30, 2016

	Bond Retirement Fund			Variance with Final Budget Positive (Negative)
	Budget Amounts		Actual	
	Original	Final		
Total revenues and other sources	\$ 4,300,407	\$ 4,982,187	\$ 4,982,187	\$ -
Total expenditures and other uses	5,099,530	5,099,530	5,095,314	4,216
Net change in fund balance	(799,123)	(117,343)	(113,127)	4,216
Prior year encumbrances	-	-	-	-
Fund balances, beginning of year	3,469,708	3,469,708	3,469,708	-
Fund balances, end of year	<u>\$ 2,670,585</u>	<u>\$ 3,352,365</u>	<u>\$ 3,356,581</u>	<u>\$ 4,216</u>



AVON LAKE CITY SCHOOL DISTRICT  
SCHEDULE OF REVENUES, EXPENDITURES AND CHANGES  
IN FUND BALANCE – BUDGET (NON-GAAP BASIS) AND ACTUAL  
FOR THE YEAR ENDED JUNE 30, 2016

	Food Service			Variance with Final Budget Positive (Negative)
	Budget Amounts		Actual	
	Original	Final		
Total revenues and other sources	\$ 1,300,000	\$ 1,196,170	\$ 1,196,506	\$ 336
Total expenditures and other uses	1,204,019	1,204,019	1,145,917	58,102
Net change in fund balance	95,981	(7,849)	50,589	58,438
Prior year encumbrances	8,874	8,874	8,874	-
Fund balances, beginning of year	712,422	712,422	712,422	-
Fund balances, end of year	<u>\$ 817,277</u>	<u>\$ 713,447</u>	<u>\$ 771,885</u>	<u>\$ 58,438</u>

	Local Grants Fund			Variance with Final Budget Positive (Negative)
	Budget Amounts		Actual	
	Original	Final		
Total revenues and other sources	\$ 91,000	\$ 196,120	\$ 196,120	\$ -
Total expenditures and other uses	83,239	303,239	288,499	14,740
Net change in fund balance	7,761	(107,119)	(92,379)	14,740
Prior year encumbrances	16,877	16,877	16,877	-
Fund balances, beginning of year	417,992	417,992	417,992	-
Fund balances, end of year	<u>\$ 442,630</u>	<u>\$ 327,750</u>	<u>\$ 342,490</u>	<u>\$ 14,740</u>

AVON LAKE CITY SCHOOL DISTRICT  
SCHEDULE OF REVENUES, EXPENDITURES AND CHANGES  
IN FUND BALANCE – BUDGET (NON-GAAP BASIS) AND ACTUAL  
FOR THE YEAR ENDED JUNE 30, 2016

	Athletic Fund			Variance with Final Budget Positive (Negative)
	Budget Amounts		Actual	
	Original	Final		
Total revenues and other sources	\$ 361,100	\$ 332,062	\$ 332,062	\$ -
Total expenditures and other uses	422,603	422,603	397,097	25,506
Net change in fund balance	(61,503)	(90,541)	(65,035)	25,506
Prior year encumbrances	65,628	65,628	65,628	-
Fund balances, beginning of year	111,938	111,938	111,938	-
Fund balances, end of year	<u>\$ 116,063</u>	<u>\$ 87,025</u>	<u>\$ 112,531</u>	<u>\$ 25,506</u>

	Auxiliary Services Fund			Variance with Final Budget Positive (Negative)
	Budget Amounts		Actual	
	Original	Final		
Total revenues and other sources	\$ 513,267	\$ 714,110	\$ 714,162	\$ 52
Total expenditures and other uses	635,936	635,936	624,198	11,738
Net change in fund balance	(122,669)	78,174	89,964	11,790
Prior year encumbrances	104,475	104,475	104,475	-
Fund balances, beginning of year	18,194	18,194	18,194	-
Fund balances, end of year	<u>\$ -</u>	<u>\$ 200,843</u>	<u>\$ 212,633</u>	<u>\$ 11,790</u>

AVON LAKE CITY SCHOOL DISTRICT  
SCHEDULE OF REVENUES, EXPENDITURES AND CHANGES  
IN FUND BALANCE – BUDGET (NON-GAAP BASIS) AND ACTUAL  
FOR THE YEAR ENDED JUNE 30, 2016

	Data Communications Fund			Variance with Final Budget Positive (Negative)
	Budget Amounts		Actual	
	Original	Final		
Total revenues and other sources	\$ 12,600	\$ 12,600	\$ 12,600	\$ -
Total expenditures and other uses	12,600	12,600	12,600	-
Net change in fund balance	-	-	-	-
Prior year encumbrances	-	-	-	-
Fund balances, beginning of year	-	-	-	-
Fund balances, end of year	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>

	Title VI-B Fund			Variance with Final Budget Positive (Negative)
	Budget Amounts		Actual	
	Original	Final		
Total revenues and other sources	\$ 618,448	\$ 618,448	\$ 618,448	\$ -
Total expenditures and other uses	618,448	618,448	596,465	21,983
Net change in fund balance	-	-	21,983	21,983
Prior year encumbrances	-	-	-	-
Fund balances, beginning of year	-	-	-	-
Fund balances, end of year	<u>\$ -</u>	<u>\$ -</u>	<u>\$ 21,983</u>	<u>\$ 21,983</u>

AVON LAKE CITY SCHOOL DISTRICT  
SCHEDULE OF REVENUES, EXPENDITURES AND CHANGES  
IN FUND BALANCE – BUDGET (NON-GAAP BASIS) AND ACTUAL  
FOR THE YEAR ENDED JUNE 30, 2016

	Title I Fund			Variance with Final Budget Positive (Negative)
	Budget Amounts		Actual	
	Original	Final		
Total revenues and other sources	\$ 205,720	\$ 143,712	\$ 143,712	\$ -
Total expenditures and other uses	205,720	143,712	138,458	5,254
Net change in fund balance	-	-	5,254	5,254
Prior year encumbrances	-	-	-	-
Fund balances, beginning of year	-	-	-	-
Fund balances, end of year	\$ -	\$ -	\$ 5,254	\$ 5,254

	Early Childhood Education Development Fund			Variance with Final Budget Positive (Negative)
	Budget Amounts		Actual	
	Original	Final		
Total revenues and other sources	\$ 17,750	\$ 17,750	\$ 17,750	\$ -
Total expenditures and other uses	17,750	17,750	17,750	-
Net change in fund balance	-	-	-	-
Prior year encumbrances	-	-	-	-
Fund balances, beginning of year	-	-	-	-
Fund balances, end of year	\$ -	\$ -	\$ -	\$ -

AVON LAKE CITY SCHOOL DISTRICT  
SCHEDULE OF REVENUES, EXPENDITURES AND CHANGES  
IN FUND BALANCE – BUDGET (NON-GAAP BASIS) AND ACTUAL  
FOR THE YEAR ENDED JUNE 30, 2016

	Title II-A Fund			Variance with Final Budget Positive (Negative)
	Budget Amounts		Actual	
	Original	Final		
Total revenues and other sources	\$ 56,880	\$ 55,105	\$ 55,105	\$ -
Total expenditures and other uses	56,880	55,105	55,105	-
Net change in fund balance	-	-	-	-
Prior year encumbrances	-	-	-	-
Fund balances, beginning of year	-	-	-	-
Fund balances, end of year	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>

	Scholarship Fund			Variance with Final Budget Positive (Negative)
	Budget Amounts		Actual	
	Original	Final		
Total revenues and other sources	\$ 7,000	\$ 673	\$ 702	\$ 29
Total expenditures and other uses	7,000	7,705	7,705	-
Net change in fund balance	-	(7,032)	(7,003)	29
Prior year encumbrances	-	-	-	-
Fund balances, beginning of year	90,402	90,402	90,402	-
Fund balances, end of year	<u>\$ 90,402</u>	<u>\$ 83,370</u>	<u>\$ 83,399</u>	<u>\$ 29</u>

AVON LAKE CITY SCHOOL DISTRICT  
SCHEDULE OF REVENUES, EXPENDITURES AND CHANGES  
IN FUND BALANCE – BUDGET (NON-GAAP BASIS) AND ACTUAL  
FOR THE YEAR ENDED JUNE 30, 2016

	Michael Baumhauer Scholarship Fund			Variance with Final Budget Positive (Negative)
	Budget Amounts		Actual	
	Original	Final		
Total revenues and other sources	\$ 3,000	\$ -	\$ -	\$ -
Total expenditures and other uses	3,000	2,831	-	2,831
Net change in fund balance	-	(2,831)	-	2,831
Prior year encumbrances	-	-	-	-
Fund balances, beginning of year	2,831	2,831	2,831	-
Fund balances, end of year	\$ 2,831	\$ -	\$ 2,831	\$ 2,831

	Public School Support Fund			Variance with Final Budget Positive (Negative)
	Budget Amounts		Actual	
	Original	Final		
Total revenues and other sources	\$ 127,000	\$ 321,033	\$ 358,416	\$ 37,383
Total expenditures and other uses	247,440	422,440	417,556	4,884
Net change in fund balance	(120,440)	(101,407)	(59,140)	42,267
Prior year encumbrances	33,482	33,482	33,482	-
Fund balances, beginning of year	171,806	171,806	171,806	-
Fund balances, end of year	\$ 84,848	\$ 103,881	\$ 146,148	\$ 42,267

AVON LAKE CITY SCHOOL DISTRICT  
SCHEDULE OF REVENUES, EXPENDITURES AND CHANGES  
IN FUND BALANCE – BUDGET (NON-GAAP BASIS) AND ACTUAL  
FOR THE YEAR ENDED JUNE 30, 2016

	Library Bond Retirement Fund			Variance with Final Budget Positive (Negative)
	Budget Amounts		Actual	
	Original	Final		
Total revenues and other sources	\$ -	\$ -	\$ -	\$ -
Total expenditures and other uses	-	-	-	-
Net change in fund balance	-	-	-	-
Prior year encumbrances	-	-	-	-
Fund balances, beginning of year	21,456	21,456	21,456	-
Fund balances, end of year	<u>\$ 21,456</u>	<u>\$ 21,456</u>	<u>\$ 21,456</u>	<u>\$ -</u>

	Permanent Improvements Fund			Variance with Final Budget Positive (Negative)
	Budget Amounts		Actual	
	Original	Final		
Total revenues and other sources	\$ 701,238	\$ 719,915	\$ 719,915	\$ -
Total expenditures and other uses	1,011,274	761,274	619,939	141,335
Net change in fund balance	(310,036)	(41,359)	99,976	141,335
Prior year encumbrances	361,274	361,274	361,274	-
Fund balances, beginning of year	406,827	406,827	406,827	-
Fund balances, end of year	<u>\$ 458,065</u>	<u>\$ 726,742</u>	<u>\$ 868,077</u>	<u>\$ 141,335</u>

AVON LAKE CITY SCHOOL DISTRICT  
SCHEDULE OF REVENUES, EXPENDITURES AND CHANGES  
IN FUND BALANCE – BUDGET (NON-GAAP BASIS) AND ACTUAL  
FOR THE YEAR ENDED JUNE 30, 2016

	Self Insurance Fund			Variance with Final Budget Positive (Negative)
	Budget Amounts		Actual	
	Original	Final		
Total revenues and other sources	\$ -	\$ 5,146	\$ 5,972	\$ 826
Total expenditures and other uses	730,259	730,259	682,851	47,408
Net change in fund balance	(730,259)	(725,113)	(676,879)	48,234
Prior year encumbrances	212,541	212,541	212,541	-
Fund balances, beginning of year	2,258,476	2,258,476	2,258,476	-
Fund balances, end of year	<u>\$ 1,740,758</u>	<u>\$ 1,745,904</u>	<u>\$ 1,794,138</u>	<u>\$ 48,234</u>



# STATISTICAL SECTION



Back of divider page.

## STATISTICAL SECTION

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

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

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

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

	2016	2015	2014	2013
Governmental activities				
Net investment in capital assets	\$ 10,190,220	\$ 8,870,400	\$ 7,729,401	\$ 8,694,493
Restricted	5,234,676	5,287,563	5,404,860	6,424,518
Unrestricted	(44,786,327)	(47,987,935)	(52,447,820)	4,095,943
Total primary government net position	<u>\$ (29,361,431)</u>	<u>\$ (33,829,972)</u>	<u>\$ (39,313,559)</u>	<u>\$ 19,214,954</u>

**Note:**

Year 2012 has been restated to reflect the effects of a prior period adjustment recorded in 2013.  
Years 2011 and 2010 have been restated to reflect the effects of a prior period adjustment recorded in 2012.  
Year 2014 has been restated due to the implementation of GASB Statement No. 68.

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2012	2011	2010	2009	2008	2007
\$ 8,871,320	\$ 12,743,280	\$ 11,156,547	\$ 10,893,237	\$ 9,766,753	\$ 12,683,960
5,964,568	4,720,978	4,999,853	4,855,418	5,505,639	5,998,643
5,494,757	5,324,122	9,744,093	11,777,501	10,858,024	4,867,661
<u>\$ 20,330,645</u>	<u>\$ 22,788,380</u>	<u>\$ 25,900,493</u>	<u>\$ 27,526,156</u>	<u>\$ 26,130,416</u>	<u>\$ 23,550,264</u>

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

	2016	2015	2014	2013
<b>Expenses</b>				
Governmental activities:				
Instruction				
Regular	\$ 20,312,398	\$ 18,710,477	\$ 19,441,025	\$ 21,373,667
Special	4,760,004	4,264,727	4,135,900	3,014,516
Vocational	-	-	3,273	106,982
Adult/continuing	9,562	9,972	11,580	12,586
Other instruction	887,928	809,304	1,126,292	1,371,889
Supporting services				
Pupil	2,762,880	2,239,083	2,572,330	4,243,694
Instructional staff	1,608,512	1,326,965	1,123,271	968,197
Board of education	19,446	20,544	24,029	16,134
Administration	3,560,633	3,102,611	3,049,875	3,195,086
Fiscal services	1,257,474	1,134,761	992,046	1,068,458
Business	318,233	283,355	198,081	153,061
Operation and maintenance	4,329,269	4,476,025	4,802,518	4,187,039
Pupil transportation	1,817,520	1,805,718	1,724,228	1,802,544
Central services	290,224	293,523	232,342	320,972
Operation of non-instructional services				
Food service operation	1,254,263	1,174,997	1,237,815	1,356,079
Community services	649,046	369,498	410,932	279,348
Extracurricular activities	1,261,581	1,132,041	1,266,615	1,335,805
Interest and fiscal charges	1,660,446	2,059,216	2,788,163	3,015,472
Total primary government expenses	46,759,419	43,212,817	45,140,315	47,821,529
<b>Program revenues</b>				
Governmental activities:				
Charges for services and sales				
Instruction	703,726	733,885	684,434	614,733
Supporting services	214,753	146,927	232,665	68,539
Food service	957,348	917,497	966,715	1,069,630
Extracurricular activities	624,206	371,928	412,092	416,515
Operating grants, interest and contributions	1,720,987	1,457,351	1,596,335	1,604,613
Capital grants and contributions	-	-	-	-
Total primary government program revenues	4,221,020	3,627,588	3,892,241	3,774,030
<b>Net (expense) revenue</b>				
Total primary government net expense	\$ (42,538,399)	\$ (39,585,229)	\$ (41,248,074)	\$ (44,047,499)

**Note:**

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

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

2012	2011	2010	2009	2008	2007
\$ 19,371,019	\$ 21,087,414	\$ 19,551,234	\$ 18,279,003	\$ 17,922,399	\$ 16,867,890
2,727,407	2,982,052	3,061,161	2,818,062	2,436,905	2,268,431
65,886	217,831	213,572	204,700	224,077	194,969
17,130	24,489	19,879	18,913	12,723	16,538
1,544,720	1,430,175	1,147,296	1,000,656	873,473	754,362
3,685,135	3,771,628	3,304,479	3,318,731	2,823,282	2,670,535
895,534	975,585	974,710	922,353	761,803	690,660
21,129	19,913	32,737	20,568	22,687	19,802
3,516,540	3,408,972	3,492,495	3,334,181	2,961,136	2,785,367
1,111,341	1,130,131	1,135,733	997,105	1,004,099	1,090,308
144,746	146,305	417,440	114,110	152,539	114,811
7,165,255	7,717,754	6,781,144	4,926,928	4,891,117	4,073,937
1,362,748	1,724,226	1,530,111	1,500,578	1,507,204	1,292,500
217,284	160,103	158,131	190,642	280,156	160,111
1,377,802	1,305,908	1,246,386	1,161,495	1,088,114	1,002,790
259,851	283,718	219,142	261,704	340,766	272,981
1,297,017	1,318,728	1,212,842	1,195,904	1,186,993	1,020,672
3,036,866	3,394,925	2,220,063	2,241,575	2,219,378	2,251,030
<u>47,817,410</u>	<u>51,099,857</u>	<u>46,718,555</u>	<u>42,507,208</u>	<u>40,708,851</u>	<u>37,547,694</u>
507,683	614,720	797,192	552,773	390,215	427,914
50,507	64,416	16,155	34,303	37,203	33,162
1,106,780	1,065,511	1,053,176	946,830	866,132	737,172
480,230	494,972	380,392	324,217	497,279	476,264
1,815,456	1,748,392	1,743,573	1,353,955	1,341,274	1,300,348
-	-	-	-	-	-
<u>3,960,656</u>	<u>3,988,011</u>	<u>3,990,488</u>	<u>3,212,078</u>	<u>3,132,103</u>	<u>2,974,860</u>
<u>\$ (43,856,754)</u>	<u>\$ (47,111,846)</u>	<u>\$ (42,728,067)</u>	<u>\$ (39,295,130)</u>	<u>\$ (37,576,748)</u>	<u>\$ (34,572,834)</u>

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

	2016	2015	2014	2013
Net (expense) revenue				
Total primary government net expense	\$ (42,538,399)	\$ (39,585,229)	\$ (41,248,074)	\$ (44,047,499)
General revenues and other changes in net position				
Governmental activities:				
Property taxes levied for:				
General purposes	31,534,627	29,777,599	26,118,293	27,718,418
Debt service	3,596,979	3,486,624	3,584,698	4,682,640
Capital improvements	576,943	524,131	522,441	627,991
Grants and entitlements				
not restricted to specific purposes	10,650,510	10,764,213	10,162,477	9,341,447
Investment earnings	149,799	42,117	41,298	55,891
Miscellaneous	498,082	474,132	531,290	505,421
Total primary government	<u>47,006,940</u>	<u>45,068,816</u>	<u>40,960,497</u>	<u>42,931,808</u>
Change in net position				
Total primary government	<u>\$ 4,468,541</u>	<u>\$ 5,483,587</u>	<u>\$ (287,577)</u>	<u>\$ (1,115,691)</u>

**Note:**

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

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



2012	2011	2010	2009	2008	2007
<u>\$ (43,856,754)</u>	<u>\$ (47,111,846)</u>	<u>\$ (42,728,067)</u>	<u>\$ (39,295,130)</u>	<u>\$ (37,576,748)</u>	<u>\$ (34,572,834)</u>
25,420,556	26,250,202	25,322,233	25,550,920	25,621,127	27,006,784
4,058,496	4,289,589	3,484,747	2,876,031	2,816,421	3,215,144
571,993	588,220	570,598	584,393	591,528	661,413
10,707,023	11,894,621	11,093,394	10,613,902	9,621,349	8,289,402
94,718	180,345	305,142	701,154	991,730	893,618
563,411	796,756	326,290	364,470	514,745	420,789
<u>41,416,197</u>	<u>43,999,733</u>	<u>41,102,404</u>	<u>40,690,870</u>	<u>40,156,900</u>	<u>40,487,150</u>
<u>\$ (2,440,557)</u>	<u>\$ (3,112,113)</u>	<u>\$ (1,625,663)</u>	<u>\$ 1,395,740</u>	<u>\$ 2,580,152</u>	<u>\$ 5,914,316</u>

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

	2016	2015	2014	2013
General Fund				
Nonspendable	\$ 50,056	\$ 48,362	\$ 34,038	\$ 47,316
Committed	113,990	113,990	113,990	113,990
Assigned	1,117,869	1,507,312	898,319	665,041
Unassigned	13,479,757	7,921,656	5,561,998	3,953,162
Total General Fund	<u>\$ 14,761,672</u>	<u>\$ 9,591,320</u>	<u>\$ 6,608,345</u>	<u>\$ 4,779,509</u>
All other governmental funds				
Nonspendable	\$ 12,766	\$ 15,938	\$ 12,053	\$ 14,359
Restricted	5,860,743	5,983,609	5,844,916	5,904,638
Unassigned	(15,384)	(18,753)	-	(363,414)
Total all other governmental funds	<u>\$ 5,858,125</u>	<u>\$ 5,980,794</u>	<u>\$ 5,856,969</u>	<u>\$ 5,555,583</u>

The District implemented GASB Statement No. 54 in 2011.

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2012	2011	2010
\$ 45,491	\$ 35,732	\$ 32,990
113,990	113,990	113,990
2,359,708	1,762,398	190,855
6,738,578	10,644,654	14,004,294
<u>\$ 9,257,767</u>	<u>\$ 12,556,774</u>	<u>\$ 14,342,129</u>

\$ 15,520	\$ 11,702	\$ 12,286
5,775,418	6,850,257	16,541,940
(123,968)	(50,134)	-
<u>\$ 5,666,970</u>	<u>\$ 6,811,825</u>	<u>\$ 16,554,226</u>

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

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

The District implemented GASB Statement No. 54 in 2011.

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

	<u>2016</u>	<u>2015</u>	<u>2014</u>	<u>2013</u>
Taxes	\$ 35,197,349	\$ 34,128,554	\$ 32,684,832	\$ 30,618,749
Tuition and fees	764,372	462,453	617,658	683,272
Interest	143,850	42,400	42,567	49,359
Intergovernmental	12,371,497	12,221,564	11,758,812	10,946,060
Extracurricular	581,284	545,476	557,933	416,515
Charges for services	957,348	917,497	966,715	1,069,630
Rental	-	-	-	-
Other	<u>711,428</u>	<u>793,652</u>	<u>684,890</u>	<u>528,239</u>
Total	<u>\$ 50,727,128</u>	<u>\$ 49,111,596</u>	<u>\$ 47,313,407</u>	<u>\$ 44,311,824</u>

Source: School District Financial Records, Total Governmental Funds.

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2012	2011	2010	2009	2008	2007
\$ 29,737,745	\$ 30,522,111	\$ 29,380,946	\$ 28,993,866	\$ 28,945,490	\$ 30,878,851
558,190	561,156	813,347	637,145	392,331	429,498
87,668	183,515	314,202	624,928	964,222	696,609
12,522,479	13,643,013	12,836,967	11,967,857	10,962,623	9,589,750
480,230	612,952	380,392	324,217	532,721	508,682
1,106,780	1,065,511	1,053,176	946,830	866,132	737,172
107,967	-	-	-	-	-
455,819	497,609	366,952	313,843	519,105	405,813
<u>\$ 45,056,878</u>	<u>\$ 47,085,867</u>	<u>\$ 45,145,982</u>	<u>\$ 43,808,686</u>	<u>\$ 43,182,624</u>	<u>\$ 43,246,375</u>

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

	2016	2015	2014	2013
Expenditures				
Current				
Instruction				
Regular	\$ 17,198,203	\$ 18,219,805	\$ 17,332,276	\$ 19,616,034
Special	4,517,206	4,462,878	4,110,175	3,006,578
Vocational	-	-	3,273	102,771
Adult/continuing	9,058	10,840	11,580	12,586
Other instruction	879,565	837,976	1,119,051	1,365,666
Supporting services				
Pupil	2,640,708	2,462,414	2,559,018	4,181,604
Instructional staff	1,483,311	1,362,396	1,104,025	959,047
Board of education	18,900	21,594	24,029	16,134
Administration	3,169,280	2,961,584	2,857,123	3,040,381
Fiscal services	1,202,841	1,154,589	998,075	1,059,950
Business	301,237	294,868	164,140	145,900
Operation and maintenance	3,990,320	4,253,903	4,364,108	4,421,660
Pupil transportation	1,726,321	1,852,395	1,693,821	1,891,030
Central services	288,673	295,225	232,342	320,972
Operation of non-instructional services				
Food service operation	1,193,148	1,160,788	1,183,381	1,311,263
Community services	632,357	374,877	408,039	259,618
Extracurricular activities	1,198,015	1,166,613	1,319,363	1,306,724
Capital outlay	122,944	33,635	40,654	1,039,794
Debt service				
Principal	3,421,898	7,051,399	3,154,540	2,318,449
Interest	1,685,460	3,310,246	2,504,172	2,525,308
Total expenditures	<u>\$ 45,679,445</u>	<u>\$ 51,288,025</u>	<u>\$ 45,183,185</u>	<u>\$ 48,901,469</u>
Debt service as a percentage of noncapital expenditures	<u>11.35%</u>	<u>20.44%</u>	<u>12.60%</u>	<u>10.31%</u>

Source: School District Financial Records, Total Governmental Funds.

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

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



2012	2011	2010	2009	2008	2007
\$ 19,398,187	\$ 18,704,165	\$ 17,796,812	\$ 17,382,770	\$ 16,937,907	\$ 15,986,540
2,769,506	2,938,897	2,960,127	2,690,806	2,465,979	2,248,108
104,068	211,155	210,124	177,680	225,510	191,448
17,130	24,489	19,879	18,913	12,723	17,641
1,540,655	1,424,724	1,140,459	999,671	873,680	752,655
3,600,350	3,772,336	3,228,080	3,204,774	2,822,913	2,719,829
881,209	977,290	956,756	894,123	813,483	775,914
21,129	19,913	32,737	20,568	22,687	19,802
3,139,182	3,039,568	3,340,083	3,052,822	2,825,802	2,764,553
1,132,733	1,122,087	1,125,868	986,045	1,006,220	1,110,120
137,857	140,589	117,271	109,264	152,428	119,427
4,505,781	4,905,476	4,980,130	4,695,334	4,246,416	4,062,031
1,563,521	1,576,223	1,641,022	1,439,131	1,566,804	1,334,046
217,284	160,103	158,131	190,642	280,156	160,111
1,318,768	1,264,265	1,198,927	1,122,933	1,045,573	978,364
252,561	272,656	214,944	260,846	340,386	290,382
1,301,928	1,492,792	1,184,128	1,131,542	1,136,892	972,308
2,833,760	14,427,006	3,857,450	283,812	459,960	249,233
2,817,336	18,184,699	2,532,353	2,356,701	2,360,022	2,220,806
2,366,009	2,738,143	1,630,373	1,678,758	1,712,152	1,795,160
<u>\$ 49,918,954</u>	<u>\$ 77,396,576</u>	<u>\$ 48,325,654</u>	<u>\$ 42,697,135</u>	<u>\$ 41,307,693</u>	<u>\$ 38,768,478</u>
<u>11.34%</u>	<u>32.28%</u>	<u>9.10%</u>	<u>9.91%</u>	<u>10.02%</u>	<u>10.53%</u>

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

	2016	2015	2014	2013
Excess of revenues over (under) expenditures	\$ 5,047,683	\$ (2,176,429)	\$ 2,130,222	\$ (4,589,645)
Other financing sources (uses)				
Proceeds of refunding bonds	-	31,594,934	-	-
Transfers-in	-	15,000	-	-
Note issuance	-	-	-	-
Bond issuance	-	-	-	-
Premium on debt issuance	-	1,732,429	-	-
Capital lease proceeds	-	42,450	-	-
Transfers-out	-	-	-	-
Payment to bond escrow agent	-	(27,835,000)	-	-
Total other financing sources (uses)	-	5,549,813	-	-
Net change in fund balances	\$ 5,047,683	\$ 3,373,384	\$ 2,130,222	\$ (4,589,645)

Source: School District Financial Records, Total Governmental Funds.

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

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

2012	2011	2010	2009	2008	2007
\$ (4,862,076)	\$ (30,310,709)	\$ (3,179,672)	\$ 1,111,551	\$ 1,874,931	\$ 4,477,897
-	-	-	-	-	-
224,620	223,545	221,850	224,604	330,858	361,451
-	-	15,000,000	-	-	-
-	18,495,866	-	-	-	-
-	287,087	-	-	-	-
418,214	-	28,668	452,267	-	318,282
(224,620)	(223,545)	(221,850)	(224,604)	(330,858)	(361,451)
-	-	-	-	-	-
418,214	18,782,953	15,028,668	452,267	-	318,282
\$ (4,443,862)	\$ (11,527,756)	\$ 11,848,996	\$ 1,563,818	\$ 1,874,931	\$ 4,796,179

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

Year	Agriculture, Residential and Other Real Property		Public Utility Property		Tangible Personal Property	
	Assessed Value	Estimated Actual Value (1)	Assessed Value	Estimated Actual Value (2)	Assessed Value	Estimated Actual Value (3)
2016	\$ 805,781,100	\$ 2,302,231,714	\$ 43,768,750	\$ 49,737,216	\$ - (4)	\$ -
2015	748,573,960	2,138,782,743	39,187,470	44,531,216	- (4)	-
2014	739,254,670	2,112,156,200	38,214,330	43,425,375	- (4)	-
2013	729,211,340	2,083,460,971	56,087,710	63,736,034	- (4)	-
2012	774,133,040	2,211,808,686	55,420,640	62,978,000	- (4)	-
2011	768,801,730	2,196,576,371	57,136,730	64,928,102	- (4)	-
2010	760,700,870	2,173,431,057	56,540,920	64,251,045	348,889 (4)	1,395,556
2009	784,317,250	2,240,906,429	78,262,550	88,934,716	357,129 (4)	1,428,516
2008	764,003,830	2,182,868,086	80,644,620	91,641,614	16,228,352 (4)	259,653,632
2007	732,930,700	2,094,087,714	82,074,850	93,266,875	32,948,472 (4)	263,587,776

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

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

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<u>Assessed Value</u>	<u>Total Estimated Actual Value</u>	<u>Total Assessed Rate (5)</u>
\$ 849,549,850	\$ 2,351,968,930	72.69
787,761,430	2,183,313,959	74.57
777,469,000	2,155,581,575	75.10
785,299,050	2,147,197,005	67.23
829,553,680	2,274,786,686	65.57
825,938,460	2,261,504,473	65.89
817,590,679	2,239,077,658	66.03
862,936,929	2,331,269,661	68.62
860,876,802	2,534,163,332	60.26
847,954,022	2,450,942,365	64.51

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

Year	Avon Lake City School District			Total Direct Tax Rate
	General Fund	Debt Service Fund	Capital Projects Fund	
2016	66.54	4.65	1.50	72.69
2015	67.99	5.08	1.50	74.57
2014	68.15	5.45 (1)	1.50	75.10
2013	59.43	6.30 (1)	1.50	67.23
2012	58.93	5.14 (1)	1.50	65.57
2011	58.96	5.43 (1)	1.50	65.89
2010	59.06	5.47 (1)	1.50	66.03
2009	58.50	3.89 (1)	1.50	63.89
2008	58.57	3.95 (1)	1.50	64.02
2007	58.71	4.16 (1)	1.50	64.37

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

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

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Library	County Levy	JVS Levy	City Levy	Total Direct and Overlapping Governments
2.80	15.08	2.45	8.10	101.12
2.80	14.49	2.45	8.12	102.43
2.80	14.48	2.45	8.13	102.96
2.80	13.66	2.45	8.13	94.27
2.80	13.69	2.45	7.34	91.85
1.80	13.69	2.45	7.34	91.17
1.80	13.39	2.45	7.35	91.02
1.80	13.39	2.45	7.36	88.89
1.80	13.39	2.45	6.95	88.61
1.80	13.49	2.45	6.95	89.06

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

Year	Total Tax Levy	Current Tax Collections	Percent of Current Taxes Collected	Delinquent Tax Collections (2)	Total Tax Collections (3)
2016	\$ 39,270,119	\$ 38,620,473	98.35%	\$ 711,613	\$ 39,332,086
2015	38,765,645	38,248,862	98.67%	969,829	39,218,691
2014	40,848,669	40,146,050	98.28%	839,757	40,985,807
2013	35,554,953	33,201,145	93.38%	659,679	33,860,824
2012	35,151,187	34,962,596	99.46%	688,241	35,650,837
2011	34,849,546	32,758,150	94.00%	795,340	33,553,490
2010 (4)	Not available	Not available	Not available	Not available	Not available
2009	32,564,062	31,764,096	97.54%	843,204	32,607,300
2008	33,151,604	32,586,663	98.30%	541,056	33,127,719
2007	33,809,716	33,207,530	98.22%	2,936,395	36,143,925

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

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

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

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

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

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



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<u>Ratio of Total Tax Collections to Total Tax Levy (3)</u>	<u>Outstanding Delinquent Taxes</u>	<u>Ratio of Delinquent Taxes to Total Tax Levy</u>
100.16%	\$ 1,236,811	3.15%
101.17%	725,637	1.87%
100.34%	1,125,547	2.76%
95.24%	3,584,931	10.08%
101.42%	1,846,481	5.25%
96.28%	861,370	2.47%
Not available	Not available	Not available
100.13%	554,362	1.70%
99.93%	272,778	0.82%
106.90%	197,744	0.58%

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AVON LAKE CITY SCHOOL DISTRICT  
 PRINCIPAL TAXPAYERS –  
 REAL ESTATE TAX  
 AS OF JUNE 30, 2016 AND JUNE 30, 2007

December 31, 2015		
Name of Taxpayer	Assessed Value (1)	Percent of Total Assessed Value
Ford Motor Company	\$ 4,739,550	0.56%
181 Somerset Realty I LLC	4,356,650	0.51%
Health Care Reit Inc	4,133,560	0.49%
PolyOne Corporation	3,977,040	0.47%
Legacy Pointe Ltd	2,536,180	0.30%
Learwood Square Co LLC	2,230,590	0.26%
Kopf Properties II Ltd	2,156,510	0.25%
Haas Sandra	1,969,800	0.23%
Towne Independent Living	1,892,090	0.22%
Landings Shops & Offices Ltd	1,595,080	0.19%
	\$ 29,587,050	3.48%
 Total assessed value	 \$ 849,549,850	

December 31, 2006		
Name of Taxpayer	Assessed Value (1)	Percent of Total Assessed Value
Ford Motor Company	\$ 7,510,160	0.89%
American Transmission	4,142,520	0.49%
Polyone Corporation	4,126,190	0.49%
Legacy Pointe LTD	3,729,230	0.44%
American Landmark LTD	3,405,920	0.40%
Avon Lake Village LLC	2,625,810	0.31%
Kopf Properties III LTD	2,152,470	0.25%
Learwood Square Company LLC	2,081,280	0.25%
Noveon Inc	1,962,250	0.23%
Towne Independent Living	1,939,460	0.23%
	\$ 33,675,290	3.98%
 Total assessed value	 \$ 847,954,022	

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

(1) Assessed Values are for the 2016 and 2007 collection year, respectively.

AVON LAKE CITY SCHOOL DISTRICT  
 PRINCIPAL TAXPAYERS –  
 PUBLIC UTILITY TAX  
 AS OF JUNE 30, 2016 AND JUNE 30, 2007

December 31, 2015		
Name of Taxpayer	Assessed Value (1)	Percent of Total Assessed Value
Orion Pow er Midw est	\$ 19,034,690	2.24%
NRG Pow er Midw est	16,700,480	1.97%
American Transmission	12,549,900	1.48%
Cleveland Electric	11,986,910	1.41%
Columbia Gas of Ohio LLC	2,577,170	0.30%
	\$ 62,849,150	7.40%
 Total assessed value	 \$ 849,549,850	

December 31, 2006		
Name of Taxpayer	Assessed Value (1)	Percent of Total Assessed Value
Orion Pow er Midw est LP	\$ 84,561,980	9.97%
Cleveland Electric	9,729,860	1.15%
Centurytel of Ohio Inc	1,764,800	0.21%
Columbia Gas of Ohio Inc	1,154,390	0.14%
	\$ 97,211,030	11.47%
 Total assessed value	 \$ 847,954,022	

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

(1) Assessed Values are for the 2016 and 2007 collection year, respectively.  
 Assessed Values include public utilities and real estate values, details of which are not available.

AVON LAKE CITY SCHOOL DISTRICT  
 COMPUTATION OF DIRECT AND OVERLAPPING GENERAL OBLIGATION DEBT  
 AS OF JUNE 30, 2016

Jurisdiction	General Obligation Debt Outstanding	Total Assessed Value	Percentage Applicable to School District (1)	Amount Applicable to School District
<b>Direct</b>				
Avon Lake City School District	\$ 44,980,089	\$ 787,761,430	100.00%	\$ 44,980,089
<b>Overlapping</b>				
Lorain County (2)	23,460,000	6,245,150,790	12.61%	2,958,306
City of Avon Lake (2)	<u>9,007,279</u>	787,761,430	100.00%	<u>9,007,279</u>
Sub Total				<u>11,965,585</u>
<b>Total</b>	<u>\$ 77,447,368</u>			<u>\$ 56,945,674</u>

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

(1) - Percentages are computed by dividing the assessed valuation of the political subdivision located within the boundaries of the School District by the total assessed valuation of the subdivision.

(2) - Debt is as of July 13, 2015.

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

Year	General Obligation Bonded Debt (1) (3) (5)	Notes Payable	Loans Payable	Capital Leases (4)	Total Primary Government	Percentage of Personal Income (2)	Per Capita (2)	Per ADM (2)
2016	\$ 44,980,089	\$ -	\$ -	\$ 36,254	\$ 45,016,343	4.84%	\$ 1,994	\$ 11,825
2015	48,614,650	-	-	108,152	48,722,802	5.39%	2,158	13,045
2014	48,239,669	-	-	162,101	48,401,770	5.25%	2,143	12,832
2013	51,136,537	-	-	251,641	51,388,178	5.48%	2,276	13,502
2012	52,867,070	-	-	345,090	53,212,160	5.85%	2,357	13,875
2011	54,427,867	220,000	-	148,517	54,796,384	5.95%	2,427	14,496
2010	38,090,898	15,430,000	-	378,216	53,899,114	9.19%	2,970	14,611
2009	39,639,503	630,000	-	561,902	40,831,405	6.96%	2,250	11,292
2008	41,122,890	825,000	-	226,336	42,174,226	7.19%	2,324	12,095
2007	42,669,901	1,013,730	51,069	285,289	44,019,989	7.50%	2,426	12,730

Source:

- (1) School District Financial Records
- (2) See Schedule S-32 for personal income, population, and ADM data.  
These ratios are calculated using data for the prior calendar year.
- (3) Years 2011 and 2010 have been restated to reflect the effects of a prior period adjustment recorded in 2012.
- (4) Year 2012 has been restated to reflect the effects of a prior period adjustment in 2013.
- (5) Year 2015 has been restated to include unamortized premiums.

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

Year	General Obligation Bonded Debt (1)	Debt Service Funds Available	Net Bonded Debt	Percentage of Actual Taxable Property Value (2)	Per Capita (3)
2016	\$ 44,980,089	\$ 3,378,037	\$ 41,602,052	1.77%	\$ 1,842
2015 (4)	48,614,650	3,491,165	45,123,485	2.07%	1,998
2014	48,239,669	3,154,171	45,085,498	2.09%	1,997
2013	51,136,537	3,448,932	47,687,605	2.22%	2,112
2012	52,867,070	3,355,203	49,511,867	2.18%	2,193
2011	54,427,867	3,511,799	50,916,068	2.25%	2,255
2010	38,090,898	3,988,789	34,102,109	1.52%	1,879
2009	39,639,503	3,988,789	35,650,714	1.53%	1,965
2008	41,122,890	3,528,921	37,593,969	1.48%	2,072
2007	42,669,901	3,510,634	39,159,267	1.60%	2,158

Source: (1) School District Financial Records.

(2) See Schedule S-19 for assessed valuation of property.

(3) See Schedule S-32 for population data.

(4) Year 2015 has been restated to include unamortized premiums.

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

	2016	2015	2014	2013
Assessed Valuation	\$ 849,549,850	\$ 787,761,430	\$ 777,469,000	\$ 785,299,050
Debt Limit -9% of Assessed Value (2)	76,459,487	70,898,529	69,972,210	70,676,915
Debt applicable to limitation				
Total voted general obligation debt	44,390,801	46,830,800	48,210,866	49,810,207
Total unvoted general obligation debt	-	-	-	-
Less amount available in debt service funds	(3,378,037)	(3,491,165)	(3,154,172)	(3,448,932)
Amount of debt subject to debt limit:	41,012,764	43,339,635	45,056,694	46,361,275
Overall debt margin	\$ 35,446,723	\$ 27,558,894	\$ 24,915,516	\$ 24,315,640
Legal Debt Margin as a Percentage of Debt Limit	46.36%	38.87%	35.61%	34.40%
Overall Limit - .10% of Assessed Value (1)	\$ 849,550	\$ 787,761	\$ 777,469	\$ 785,299
Amount of debt subject to debt limit:	-	-	-	-
Unvoted Debt Margin	\$ 849,550	\$ 787,761	\$ 777,469	\$ 785,299
Unvoted Legal Debt Margin as a Percentage of the Unvoted Debt Limit	100.00%	100.00%	100.00%	100.00%
Additional Limit for Unvoted Energy Conservation Bonds and Notes:				
Debt Limit - .9% of Assessed Value	\$ 7,645,949	\$ 7,089,853	\$ 6,997,221	\$ 7,067,691
Amount of debt subject to debt limit:	-	-	-	-
Additional Unvoted Debt Margin	\$ 7,645,949	\$ 7,089,853	\$ 6,997,221	\$ 7,067,691
Energy Conservation Debt - Additional Unvoted Legal Debt Margin as a Percentage of the Debt Limit	100.00%	100.00%	100.00%	100.00%

Source: Lorain County Auditor and School District Financial Records.

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



2012	2011	2010	2009	2008	2007
<u>\$ 829,553,680</u>	<u>\$ 825,938,460</u>	<u>\$ 817,590,679</u>	<u>\$ 784,317,250</u>	<u>\$ 764,003,830</u>	<u>\$ 732,930,700</u>
<u>74,659,831</u>	<u>74,334,461</u>	<u>73,583,161</u>	<u>70,588,553</u>	<u>68,760,345</u>	<u>65,963,763</u>
50,545,816	51,456,509	52,951,059	35,191,070	37,084,925	42,569,901
-	220,000	430,000	630,000	825,000	1,113,730
<u>(3,355,203)</u>	<u>(3,511,799)</u>	<u>(3,988,789)</u>	<u>(3,528,921)</u>	<u>(3,510,634)</u>	<u>(3,378,682)</u>
<u>47,190,613</u>	<u>48,164,710</u>	<u>49,392,270</u>	<u>32,292,149</u>	<u>34,399,291</u>	<u>40,304,949</u>
<u>\$ 27,469,218</u>	<u>\$ 26,169,751</u>	<u>\$ 24,190,891</u>	<u>\$ 38,296,404</u>	<u>\$ 34,361,054</u>	<u>\$ 25,658,814</u>
<u>36.79%</u>	<u>35.21%</u>	<u>32.88%</u>	<u>54.25%</u>	<u>49.97%</u>	<u>38.90%</u>
\$ 829,554	\$ 825,938	\$ 817,591	\$ 784,317	\$ 764,004	\$ 732,931
-	-	-	-	-	-
<u>\$ 829,554</u>	<u>\$ 825,938</u>	<u>\$ 817,591</u>	<u>\$ 784,317</u>	<u>\$ 764,004</u>	<u>\$ 732,931</u>
<u>100.00%</u>	<u>100.00%</u>	<u>100.00%</u>	<u>100.00%</u>	<u>100.00%</u>	<u>100.00%</u>
\$ 7,465,983	\$ 7,433,446	\$ 7,358,316	\$ 7,058,855	\$ 6,876,034	\$ 6,596,376
-	220,000	430,000	630,000	825,000	1,113,730
<u>\$ 7,465,983</u>	<u>\$ 7,213,446</u>	<u>\$ 6,928,316</u>	<u>\$ 6,428,855</u>	<u>\$ 6,051,034</u>	<u>\$ 5,482,646</u>
<u>100.00%</u>	<u>97.04%</u>	<u>94.16%</u>	<u>91.08%</u>	<u>88.00%</u>	<u>83.12%</u>

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

Calendar Year	Population	Per Capita Income	Personal Income	Average Daily Student Enrollment (3)	Unemployment Rate (4)		
					Lorain County	Ohio	U.S.
2016	22,581 (1)	\$ 41,195	\$ 930,224,295	3,807	6.0%	4.9%	4.9%
2015	22,581 (1)	40,049	904,346,469	3,735	6.9%	5.2%	5.3%
2014	22,581 (1)	40,858	922,614,498	3,772	6.6%	5.9%	6.1%
2013	22,581 (1)	41,559	938,443,779	3,806	8.3%	7.3%	7.6%
2012	22,581 (1)	40,269	909,314,289	3,835	8.3%	7.7%	8.2%
2011	22,581 (1)	40,790	921,078,990	3,780	8.2%	9.2%	9.2%
2010	18,145 (2)	32,336	586,736,720	3,689	9.8%	10.4%	9.5%
2009	18,145 (2)	32,336	586,736,720	3,616	11.5%	11.2%	9.5%
2008	18,145 (2)	32,336	586,736,720	3,487	7.8%	6.6%	5.5%
2007	18,145 (2)	32,336	586,736,720	3,458	6.6%	6.1%	4.5%

Source:

(1) Based on the 2010 Census.

(2) Based on the 2000 Census.

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

(4) Bureau of Labor Statistics.

AVON LAKE CITY SCHOOL DISTRICT  
 PRINCIPAL EMPLOYERS  
 AS OF JUNE 30 , 2016 AND 2007

December 2015

Employer	Nature of Activity or Business	Approximate Number of Employees (1)	Percentage To Total Employment (2)	Rank
Ford Motor Company	Van and sport utility vehicle assembly	1,844	Not available	1
Polyone Corporation	Distributor of thermoplastics, compounds & resins	699	Not available	2
Avon Lake City Schools	Public education	545	Not available	3
City of Avon Lake	Government	393	Not available	4
Lubrizol Advanced Materials Inc.	Manufactures polymers & specialties chemicals	243	Not available	5
Grace Management Services Inc.	Retirement village	200	Not available	6
CSIG Property Solutions Inc.	Property Solutions	196	Not available	7
Thogus Products Co.	Provider of plastic injection molding services	196	Not available	8
Riser Foods Co.	Grocery store	188	Not available	9
Avon Lake Animal Clinic Inc.	Animal clinic	185	Not available	10

December 2006

Employer	Nature of Activity or Business	Approximate Number of Employees (1)	Percentage To Total Employment (2)	Rank
Ford Motor Company	Van and sport utility vehicle assembly	3,485	Not available	1
Avon Lake City School District	Public education	733	Not available	2
PolyOne Corporation	Distributor of thermoplastics, compounds & resins	593	Not available	3
Unicare Life & Health Ins. Co.	Insurance company	591	Not available	4
Western/Scott Fetzer Company	Gas control technology	226	Not available	5
Noveon, Inc	Manufactures polymers & specialties chemicals	204	Not available	6
The City of Avon Lake	Governmental	204	Not available	6
Giant Eagle/Riser Foods Company	Grocery store	196	Not available	7
Simakas Co., Inc.	Mechanical - boiler & furnace	150	Not available	8
Wateredge Unifiles, Inc	Manufactures industrial devices and accessories	109	Not available	9
Orion Power Operating Svcs MI	Power company	108	Not available	10

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

- (1) Number of employees is based on forms W-2 filed with the Regional Income Tax Agency and include seasonal and part-time employees.
- (2) Data to compute the percentage of total employment that each listed employer represents is not available.

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

	<u>2016 (1)</u>	<u>2015 (1)</u>	<u>2014 (1)</u>	<u>2013 (1)</u>
Professional Staff				
<u>Teaching Staff:</u>				
Elementary K-6	105.75	105.30	106.30	107.30
Middle	38.50	35.00	37.19	37.19
High	58.50	56.00	58.61	65.24
Mutiple Buidings	13.00	13.00	11.27	11.64
Tutors	14.02	17.76	9.93	9.88
<u>Administrators</u>				
District/Building	14.00	14.00	14.00	14.00
<u>Auxiliary Positions</u>				
Psychologist	2.00	1.00	1.00	1.00
Nurse	5.00	5.00	5.00	4.00
Speech & Language Therapist	4.32	3.05	3.32	3.41
Physical Therapist	1.00	1.00	1.00	1.00
Occupational Therapist/Assistant	2.00	2.00	2.00	2.00
<u>Support Staff</u>				
Counseling	8.70	8.31	8.31	8.31
Computer Tech	4.00	3.00	3.00	3.00
Printer	1.00	1.00	1.00	1.00
Librarian/Media	2.00	2.00	2.00	2.91
Library Aide	6.63	7.63	5.75	5.75
Clerical	26.05	26.05	27.13	28.48
Teaching Aide	44.17	40.80	41.91	43.80
General Maintenance	5.00	5.00	6.00	6.00
Mechanic	2.00	2.00	2.00	2.00
Transportation Supervisor	1.00	1.00	1.00	1.00
Bus Drivers	24.65	26.03	24.04	23.90
Custodial	28.25	29.25	30.25	29.88
Food Service	18.12	19.32	19.17	17.91
Security	1.13	1.00	1.12	1.62
Attendants & Monitors	22.48	22.03	22.16	22.71
Total	<u>453.27</u>	<u>447.53</u>	<u>444.46</u>	<u>454.93</u>

Source: School District records.

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

<u>2012 (1)</u>	<u>2011</u>	<u>2010</u>	<u>2009</u>	<u>2008</u>	<u>2007</u>
106.90	110.40	113.65	113.20	110.00	100.76
36.00	38.59	39.58	38.50	39.00	37.12
67.00	69.11	76.72	76.46	70.50	66.00
10.42	-	-	-	-	-
6.89	7.64	11.65	13.15	19.41	14.15
14.00	14.00	15.00	14.00	15.00	15.00
1.00	1.00	2.00	2.00	1.00	1.00
4.00	4.00	2.52	1.89	1.64	1.26
3.32	3.32	3.32	3.23	3.23	2.43
1.00	1.00	1.00	1.00	1.00	1.00
2.00	2.00	2.00	2.00	2.00	2.00
8.31	9.31	10.31	10.28	9.10	9.10
3.00	3.00	3.00	2.00	3.00	3.00
1.00	1.00	1.00	1.00	1.00	1.00
2.91	2.80	3.69	3.78	3.00	2.00
5.00	6.00	5.25	4.50	4.50	4.50
28.59	27.59	35.52	26.53	24.78	24.28
44.30	49.83	35.85	34.76	26.26	23.07
6.00	6.00	6.00	6.00	6.00	6.00
2.00	2.00	2.00	2.00	2.00	2.00
1.00	1.00	2.00	1.00	1.00	1.00
20.75	22.44	17.62	21.60	23.03	20.60
29.37	32.99	30.50	28.00	28.00	28.00
17.13	18.44	17.73	16.47	15.84	15.46
1.12	1.12	3.78	2.99	3.32	2.33
21.05	21.23	20.50	19.99	24.03	25.44
<u>444.06</u>	<u>455.81</u>	<u>462.19</u>	<u>446.33</u>	<u>437.64</u>	<u>408.50</u>

AVON LAKE CITY SCHOOL DISTRICT  
OPERATING STATISTICS  
LAST TEN FISCAL YEARS

Year	Average Daily Student Enrollment (a)	General Fund Expenditures	Cost Per Pupil (b)	Percent Change	Teaching Staff	Pupil Teacher Ratio	Percentage of Students Receiving Free or Reduced-Price Meals ( c )
2016	3,807	\$ 38,134,195	\$ 10,017	-0.20%	225	16.92	19.00%
2015	3,737	37,506,457	10,037	5.03%	239	15.64	18.00%
2014	3,772	36,046,397	9,556	-6.60%	226	16.69	18.00%
2013	3,806	38,940,060	10,231	-5.77%	232	16.41	19.00%
2012	3,835	38,625,770	10,858	-0.42%	239	15.56	19.00%
2011	3,780	38,748,151	10,904	3.22%	232	16.29	20.00%
2010	3,689	36,689,971	10,564	2.23%	230	16.04	not available
2009	3,458	34,810,283	10,334	2.86%	229	15.10	not available
2008	3,401	33,446,761	10,047	4.08%	230	14.79	not available
2007	3,279	31,526,703	9,653	0.86%	230	14.26	not available

Source: School District Financial Records.

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

(b) Cost per pupil for 2013 and later is calculated based on General Fund Expenditures divided by average daily enrollment. Cost per pupil for years 2012 and earlier was provided by the Ohio Department of Education.

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

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Year		Minimum Salary (a)	Maximum Salary (a)	Avon Lake Average Salary (b)
2016	(c) \$	38,735	\$ 85,604	n/a (d)
2015	(c)	36,779	81,282	n/a (d)
2014	(c)	36,779	81,282	63,195
2013	(c)	36,779	81,282	64,756
2012	(c)	36,779	81,282	62,969
2011	(c)	36,779	81,282	62,969
2010		36,779	81,282	61,599
2009		35,879	79,293	59,822
2008		34,318	74,985	57,721
2007		33,318	72,800	55,908

Sources:

(a) District salary schedules

(b) Ohio Department of Education (ODE)

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

(d) Not supplied on ODE website as of the date of this report.

AVON LAKE CITY SCHOOL DISTRICT  
TEACHER EDUCATION AND EXPERIENCE  
JUNE 30, 2016

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Degree	Number of Teachers	Percentage of Total
Bachelor's Degree	18	8.0%
Bachelor + 10	8	3.6%
Bachelor + 20	12	5.3%
Master's Degree	75	33.3%
Master's + 10	40	17.8%
Master's + 20	25	11.1%
Master's + 30	30	13.3%
Master's + 45	17	7.6%
	<u>225</u>	<u>100.0%</u>

Experience	Number of Teachers	Percentage of Total
0 - 5	62	27.5%
6-10	60	26.7%
11 and over	103	45.8%
	<u>225</u>	<u>100.0%</u>

Source: School District records.



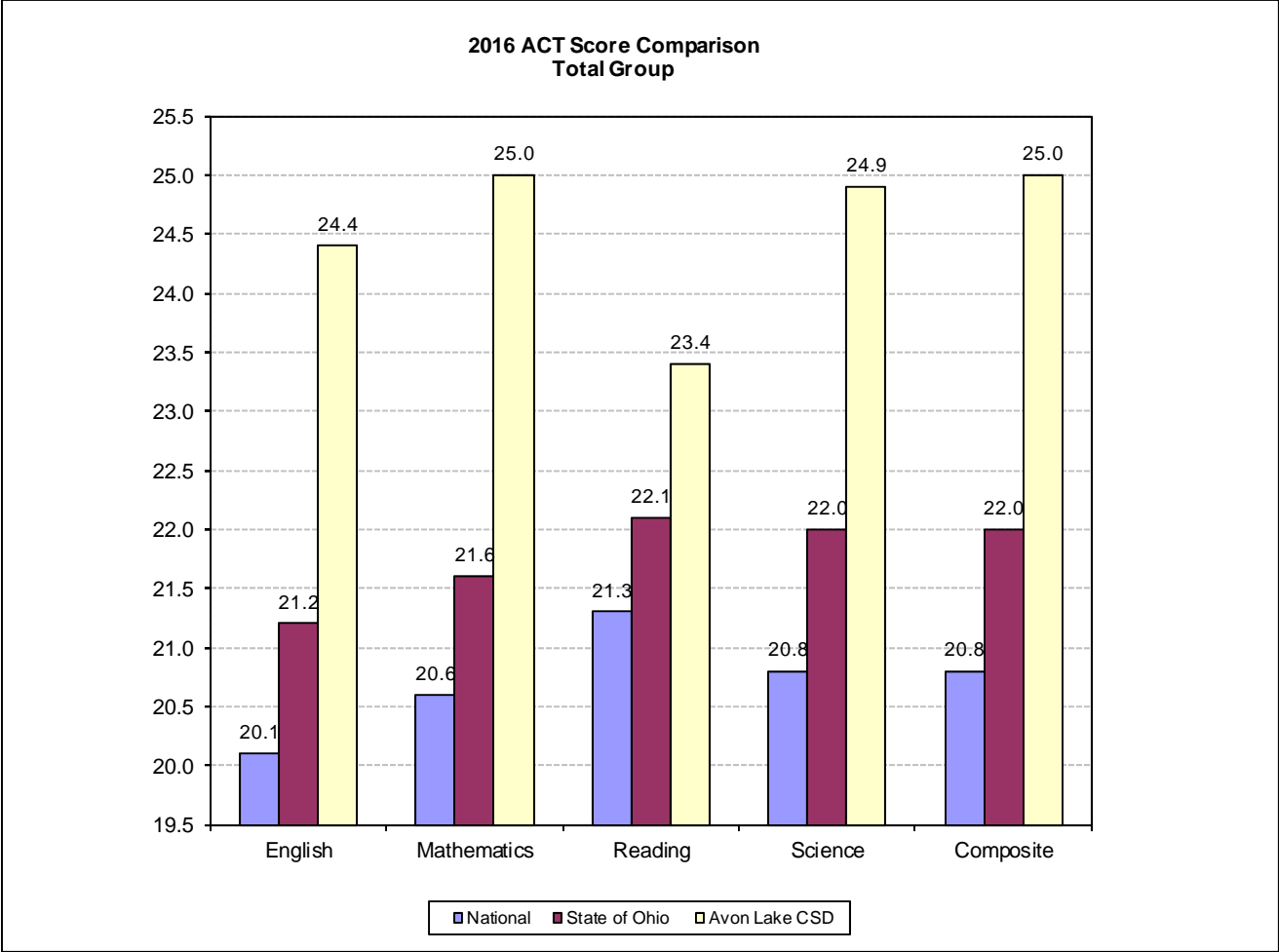
AVON LAKE CITY SCHOOL DISTRICT  
 AVERAGE ACT SCORES  
 LAST TEN FISCAL YEARS

English:	Avon Lake	State of Ohio	National	Science:	Avon Lake	State of Ohio	National
2015 - 2016	24.4	21.2	20.1	2015 - 2016	24.9	22.0	20.8
2014 - 2015	24.1	21.4	20.4	2014 - 2015	24.4	22.0	20.9
2013 - 2014	24.0	21.4	20.3	2013 - 2014	24.7	22.0	20.8
2012 - 2013	25.0	21.2	20.2	2012 - 2013	24.6	21.8	20.7
2011 - 2012	22.9	21.1	20.5	2011 - 2012	23.9	21.8	20.9
2010 - 2011	23.3	21.1	20.6	2010 - 2011	23.9	21.8	20.9
2009 - 2010	23.9	21.2	20.5	2009 - 2010	24.3	21.8	20.9
2008 - 2009	23.5	21.1	20.6	2008 - 2009	23.9	21.7	20.9
2007 - 2008	22.8	21.1	20.6	2007 - 2008	23.1	21.7	20.8
2006 - 2007	23.0	21.0	20.7	2006 - 2007	23.1	21.6	21.0

Math:	Avon Lake	State of Ohio	National	Composite:	Avon Lake	State of Ohio	National
2015 - 2016	25.0	21.6	20.6	2015 - 2016	25.0	22.0	20.8
2014 - 2015	24.6	21.7	20.8	2014 - 2015	24.6	22.0	21.0
2013 - 2014	25.0	21.7	20.9	2013 - 2014	24.8	22.0	21.0
2012 - 2013	25.1	21.5	20.9	2012 - 2013	25.0	21.8	20.9
2011 - 2012	24.3	21.5	21.1	2011 - 2012	23.8	21.8	21.1
2010 - 2011	24.3	21.5	21.1	2010 - 2011	24.0	21.8	21.1
2009 - 2010	24.9	21.5	21.0	2009 - 2010	24.5	21.8	21.0
2008 - 2009	24.5	21.4	21.0	2008 - 2009	24.1	21.7	21.1
2007 - 2008	24.1	21.5	21.0	2007 - 2008	23.5	21.7	21.1
2006 - 2007	24.3	21.3	21.0	2006 - 2007	23.7	21.6	21.2

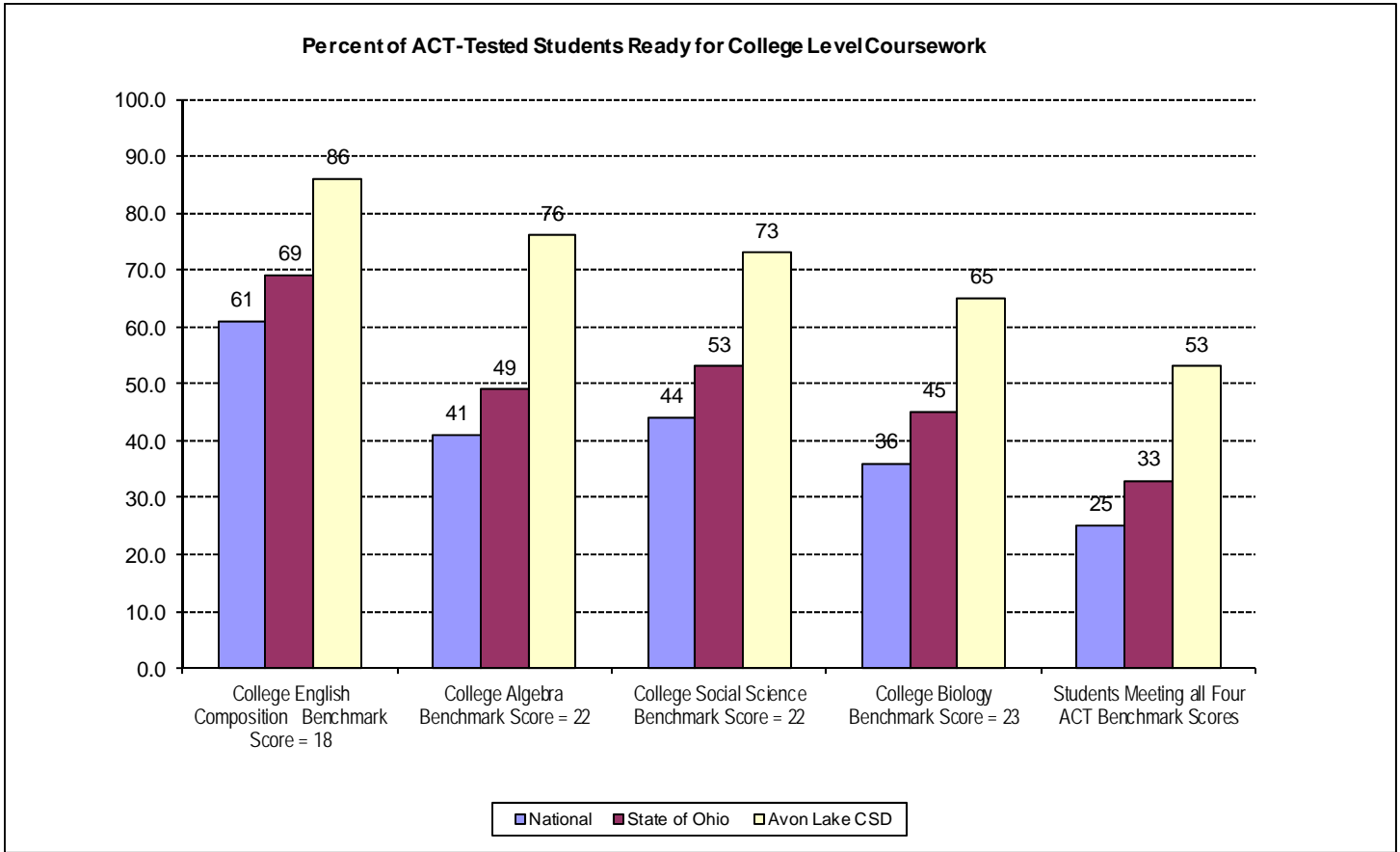
Reading:	Avon Lake	State of Ohio	National
2015 - 2016	23.4	22.1	21.3
2014 - 2015	24.8	22.5	21.4
2013 - 2014	24.7	22.4	21.3
2012 - 2013	25.1	22.2	21.1
2011 - 2012	23.4	22.1	21.3
2010 - 2011	24.1	22.1	21.3
2009 - 2010	24.2	22.1	21.3
2008 - 2009	24.0	22.2	21.4
2007 - 2008	23.3	22.1	21.4
2006 - 2007	23.6	22.0	21.5

AVON LAKE CITY SCHOOL DISTRICT  
2016 ACT SCORE COMPARISON  
JUNE 30, 2016



Source: American College Testing Program

AVON LAKE CITY SCHOOL DISTRICT  
 PERCENT OF ACT TESTED STUDENTS READY FOR COLLEGE LEVEL COURSEWORK  
 JUNE 30, 2016



Source: American College Testing Program

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

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	2016	2015	2014	2013
<b>Elementary Schools</b>				
Eastview (1950)				
Square feet	42,048	42,048	42,048	42,048
Enrollment	418	429	448	428
Erievew (1950)				
Square feet	34,593	34,593	34,593	34,593
Enrollment	291	273	288	288
Redw ood (1962)				
Square feet	58,780	58,780	58,780	58,780
Enrollment	453	455	462	460
Troy (1970)				
Square feet	85,150	85,150	85,150	86,150
Enrollment	617	608	615	601
Westview (1957)				
Square feet	41,961	41,961	41,961	41,961
Enrollment	235	211	226	261
<b>Middle School</b>				
Learw ood (1959)				
Square feet	110,911	110,911	110,911	110,911
Enrollment	627	613	573	605
<b>High School</b>				
Avon Lake High (1927)				
Square feet	314,612	314,612	314,612	314,612
Enrollment	1,166	1,148	1,171	1,178

Source: District records.

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2012	2011	2010	2009	2008	2007
42,048 408	42,048 350	34,158 340	34,158 337	34,158 315	34,158 330
34,593 289	34,593 286	31,445 282	31,445 280	31,445 261	31,445 244
58,780 484	58,780 498	50,220 448	50,220 441	50,220 379	50,220 357
86,150 590	86,150 594	86,150 566	86,150 537	86,150 529	86,150 547
41,961 272	41,961 280	39,505 279	39,505 264	39,505 257	39,505 235
110,911 582	110,911 576	98,767 572	98,767 582	98,767 581	98,767 536
314,612 1,210	314,612 1,197	314,612 1,202	314,612 1,175	314,612 1,164	314,612 1,197

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# Dave Yost • Auditor of State

AVON LAKE CITY SCHOOL DISTRICT

LORAIN COUNTY

## CLERK'S CERTIFICATION

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

*Susan Babbitt*

CLERK OF THE BUREAU

CERTIFIED  
JANUARY 24, 2017