



OHIO AUDITOR OF STATE
KEITH FABER



AVON LAKE CITY SCHOOL DISTRICT
LORAIN COUNTY

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**AVON LAKE CITY SCHOOL DISTRICT
LORAIN COUNTY**

**SCHEDULE OF EXPENDITURES OF FEDERAL AWARDS
FOR THE YEAR ENDED JUNE 30, 2018**

FEDERAL GRANTOR Pass Through Grantor Program / Cluster Title	Federal CFDA Number	Pass Through Entity Identifying Number	Total Federal Expenditures
U.S. DEPARTMENT OF AGRICULTURE			
<i>Passed Through Ohio Department of Education</i>			
Child Nutrition Cluster:			
National School Lunch Program	10.555	N/A	\$ 259,011
National School Lunch Program - Commodities	10.555	N/A	75,308
Total Child Nutrition Cluster			<u>334,319</u>
Total U.S. Department of Agriculture			<u>334,319</u>
U.S. DEPARTMENT OF EDUCATION			
<i>Passed Through Ohio Department of Education</i>			
Title I, Grants to Local Educational Agencies-2017	84.010	N/A	30,026
Title I, Grants to Local Educational Agencies-2018	84.010	N/A	195,340
Total Title I, Grants to Local Education Agencies			<u>225,366</u>
Title II-A, Improving Teacher Quality State Grants	84.367	N/A	<u>59,717</u>
Title IV-A, Student Support and Academic Enrichment Program	84.424	N/A	<u>10,000</u>
Special Education Cluster:			
Special Education Part B	84.027	N/A	652,709
Special Education Preschool	84.173	N/A	17,990
Total Special Education Cluster			<u>670,699</u>
Total U.S. Department of Education			<u>965,782</u>
Total Expenditures of Federal Awards			<u>\$ 1,300,101</u>

The accompanying notes are an integral part of this schedule.

**AVON LAKE CITY SCHOOL DISTRICT
LORAIN COUNTY**

**NOTES TO THE SCHEDULE OF EXPENDITURES OF FEDERAL AWARDS
2 C.F.R. § 200.510(b)(6)
FISCAL YEAR ENDED JUNE 30, 2018**

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, 2018. 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, 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 entitlement value. The District allocated donated food commodities to the respective programs that benefitted from the use of those donated food commodities.

NOTE E - MATCHING REQUIREMENTS

Certain Federal programs require the District to contribute non-Federal funds (matching funds) to support the Federally-funded programs. The District has met its matching requirements. The Schedule does not include the expenditure of non-Federal matching funds.

NOTE F – TRANSFERS BETWEEN PROGRAM YEARS

Federal regulations require schools to obligate certain federal awards by June 30. However, with ODE's consent, schools can transfer unobligated amounts to the subsequent fiscal year's program. The District transferred the following amounts from 2017 to 2018 programs:

<u>Program Title</u>	<u>CFDA Number</u>	<u>Amount Transferred</u>
Title I Grants	84.010	\$ 25,847

CFDA – Catalog of Federal Domestic Assistance.

N/A – Not applicable.



**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, (the District) as of and for the year ended June 30, 2018, and the related notes to the financial statements, which collectively comprise the District's basic financial statements and have issued our report thereon dated February 25, 2019, wherein we noted the District adopted new accounting guidance in Governmental Accounting Standards Board Statement No. 75, *Accounting and Financial Reporting for Postemployment Benefits Other Than Pensions*.

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.



Keith Faber
Auditor of State
Columbus, Ohio

February 25, 2019



**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**

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, 2018. 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 programs.

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.

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Opinion on the Major Federal Program

In our opinion, the Avon Lake City School District complied, in all material respects with the compliance requirements referred to above that could directly and materially affect its major federal program for the year ended June 30, 2018.

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 compliance requirement will not be prevented, or timely detected and corrected. A *significant deficiency in internal control over compliance* is a deficiency, or a combination of deficiencies, in internal control over compliance with federal program's applicable compliance requirement that is less severe than a material weakness in internal control over compliance, yet important enough to merit attention by those charged with governance.

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

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

Report on Schedule of 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 (the District) as of and for the year ended June 30, 2018, and the related notes to the financial statements, which collectively comprise the District's basic financial statements. We issued our unmodified report thereon dated February 25, 2019. Our opinion also explained that the District adopted new accounting guidance in Governmental Accounting Standards Board Statement No. 75 during the year. We conducted our audit to opine on the District's basic financial statements as a whole. The accompanying Schedule of 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.



Keith Faber
Auditor of State
Columbus, Ohio

February 25, 2019

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**AVON LAKE CITY SCHOOL DISTRICT
LORAIN COUNTY**

**SCHEDULE OF FINDINGS
2 C.F.R. § 200.515
JUNE 30, 2018**

1. SUMMARY OF AUDITOR'S RESULTS

(d)(1)(i)	Type of Financial Statement Opinion	Unmodified
(d)(1)(ii)	Were there any material weaknesses in internal control reported at the financial statement level (GAGAS)?	No
(d)(1)(ii)	Were there any significant deficiencies in internal control reported at the financial statement level (GAGAS)?	No
(d)(1)(iii)	Was there any reported material noncompliance at the financial statement level (GAGAS)?	No
(d)(1)(iv)	Were there any material weaknesses in internal control reported for major federal programs?	No
(d)(1)(iv)	Were there any significant deficiencies in internal control reported for major federal programs?	No
(d)(1)(v)	Type of Major Programs' Compliance Opinion	Unmodified
(d)(1)(vi)	Are there any reportable findings under 2 C.F.R. § 200.516(a)?	No
(d)(1)(vii)	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
(d)(1)(viii)	Dollar Threshold: Type A/B Programs	Type A: > \$ 750,000 Type B: all others
(d)(1)(ix)	Low Risk Auditee under 2 C.F.R. § 200.520?	Yes

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

None.

3. FINDINGS FOR FEDERAL AWARDS

None.

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



**COMPREHENSIVE ANNUAL FINANCIAL REPORT
FOR THE FISCAL YEAR ENDED JUNE 30, 2018**

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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, 2018**

Prepared by

**Autumn Reed
Treasurer**

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Avon Lake City School District
Comprehensive Annual Financial Report
For the Fiscal Year Ended June 30, 2018
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AVON LAKE CITY SCHOOLS

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



Superintendent
Robert D. Scott
440.933.6210
440.933.6711 fax

Treasurer
Autumn Reed
440.933.5163
440.933.7540 fax

Board of Education

James A. Stobe, President
Pamela Ohradzansky, Vice President
Dale W. Cracas
Ronald D. Jantz Jr.
Michael P. Sherban

February 25, 2019

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, 2018. 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 and currently houses 33 buses and 2 vans. These projects were necessary to keep up with the growing enrollment. Today the citizens have an investment of \$ 103,292,743 in the School District land, land improvements, buildings, furniture and equipment, and vehicles (excludes accumulated depreciation).

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

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

Reporting Entity

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

The School District participates in five jointly governed organizations and is associated with one related organization. These organizations are Connect, 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 223 non-certified personnel, 231 certified full-time teaching personnel and 15 administrative employees to provide services to 3,833 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 83% of the tax base followed by 11% commercial/industrial and 6% public utility personal property. 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 value of taxable property in the school district changes, the tax rates are adjusted so income, or voted dollars, will remain about the same. Historically, millage rates have been adjusted or rolled back due to a positive 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; therefore, the inverse occurred and millage rates were rolled up (never exceeding the original voted rate).

The financial future of the School District is not without its challenges locally. The School District is home to several businesses, but since 2013 has focused discussion around its largest taxpayer a coal fired power plant located along the shoreline of Lake Erie. The power plant has contested both its real property and public utility personal property (PUPP) valuations for several of the previous tax years. Under Ohio law, a school district may file a counter complaint against a real property appeal; however, there is no recourse or due process for a school district to dispute PUPP values set by the Ohio Department of Taxation (ODT). The County Auditor determines the value of all real property; whereas, PUPP values are assessed by ODT. The School District's reliance on local property taxes will continue to be a challenge locally for the District. Externally, the State funding model continues to create apprehension for the School District. Unfunded State and Federal mandates will also continue to present challenges for the School District.

Major Initiatives

Ohio Report Card

The State of Ohio's 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 state test data from the previous school year to inform the public of the School District's performance and to supply the school district with data for planning and programming. 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. Starting in 2019 Districts are being assigned "District Grade." Avon Lake's District Grade is a B. The lowest letter grade received on the State Report Card by Avon Lake City School District is a C in Improving At-Risk K-3 Readers. Avon Lake continues to improve and has a variety of initiatives in place to raise or maintain our scores. Avon Lake is dedicated to the success of all of our students and uses a variety of assessments (testing, non-testing, co-curricular, extra-curricular, academic and non-academic) which allow staff to focus on the success of the whole child.

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 seven educational campuses.

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 12th grade program alignment is key as annually 92% of Avon Lake graduates attend 2 year colleges, 4 year colleges or enter the military. On the average more than 60% of our students receive college credit without leaving our campus.

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 2018.

Social Media plays an important part in the district communication plan. The District has a Facebook page and Twitter account, which are 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 2018 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. The School District utilizes this fund to account for the operation of the School District's self-insurance fund's reserve balance for employee insurance related benefits. The Internal Service Fund had net position of \$ 775,521 at June 30, 2018.

Long-Term Financial Planning

Annually, the School District prepares a five-year financial forecast. The financial forecast is the foundation for the School District's operations and is used as a financial planning tool to assist the School District in determining its ability to meet certain financial obligations and plan future funding needs. The five-year forecast of revenue and expenditures serves as a financial planning tool, which provides a snapshot of historical and projected revenues and expense over the next five years and is accompanied by financial assumption notes. The assumptions are an integral part of the forecast and represent what the School District believes are significant factors impacting the forecast. Through a collaborative process, the administration assists the Board of Education in determining and prioritizing the needs of the School District. In accordance with State law, the Board of Education approves the financial forecast and submits it to the Ohio Department of Education prior to October 31 and approves an updated version prior to May 31. The financial forecast can be found on the School District's web site at www.avonlakecityschools.org.

Independent Audit

State statute requires the School District to be audited at least every two fiscal years by an independent auditor. An annual audit serves to maintain and strengthen the School District's accounting and budgetary controls. Independent Auditor Keith Faber, 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, 2018. 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, 2017. 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, 2017 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, 2018, 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, 2015, 2016 and 2017. 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 and Kendall, CPA's for assistance in the planning, designing and reviewing, of this financial report.

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

Respectfully submitted,



Autumn Reed, Treasurer



Robert D. Scott, Superintendent

Avon Lake Board of Education

Principal Officials
June 30, 2018

Board of Education

Mr. James A. Stobe.....	President
Mrs. Pamela Ohradzansky.....	Vice - President
Mr. Dale W. Cracas.....	Member
Mr. Ronald D. Jantz, Jr.....	Member
Mr. Michael P. Sherban.....	Member

Treasurer

Ms. Autumn Reed

Administration

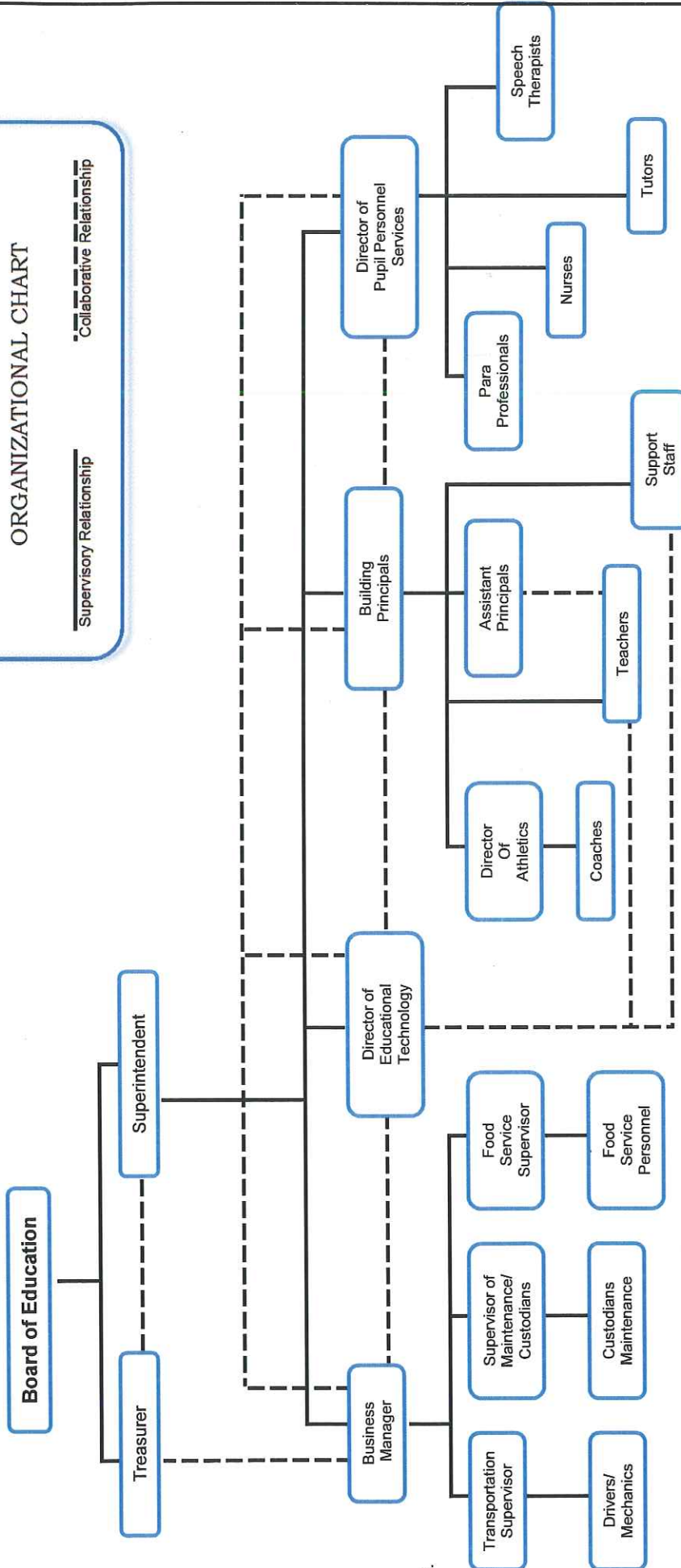
Mr. Robert D. Scott.....	Superintendent
Mr. Thomas R. Barone.....	Business Manager

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, 2017

Christopher P. Morill

Executive Director/CEO



ASSOCIATION OF
SCHOOL BUSINESS OFFICIALS
INTERNATIONAL

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

Avon Lake City School District

**for its Comprehensive Annual Financial Report (CAFR)
for the Fiscal Year Ended June 30, 2017.**

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



A handwritten signature in black ink, reading 'Charles E. Peterson, Jr.' The signature is written in a cursive style and is positioned above a horizontal line.

Charles E. Peterson, Jr., SFO, RSBA, MBA
President

A handwritten signature in black ink, reading 'John D. Musso'. The signature is written in a cursive style and is positioned above a horizontal line.

John D. Musso, CAE
Executive Director

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**FINANCIAL
SECTION**



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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, 2018, 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 such 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, 2018, 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.

Emphasis of Matter

As discussed in Note 2 to the financial statements, during 2018, the District adopted new accounting guidance in Governmental Accounting Standards Board (GASB) Statement No. 75, *Accounting and Financial Reporting for Postemployment Benefits Other Than Pensions*. We did not modify our opinion regarding this matter.

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 and other postemployment benefit liabilities and pension and other postemployment benefit 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 this information to the auditing procedures we applied to the basic financial statements. We also applied certain additional procedures, including comparing and reconciling this information directly to the underlying accounting and other records used to prepare the basic financial statements or to the basic financial statements themselves in accordance with auditing standards generally accepted in the United States of America. In our opinion, this information is fairly stated in all material respects in relation to the basic financial statements taken as a whole.

We did not subject the introductory section and statistical 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 will also issue our report dated February 25, 2019, 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.



Keith Faber
Auditor of State
Columbus, Ohio

February 25, 2019

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Avon Lake City School District
Management's Discussion and Analysis
For the Fiscal Year Ended June 30, 2018
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, 2018. 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 2018 are as follows:

- In total, net position for governmental activities increased by \$ 28,700,077 in 2018.
- Revenues for governmental activities totaled \$ 56,547,490 fiscal year 2018. Of this total \$ 52,597,484 or 93.01 percent consisted of general revenues while program revenues accounted for the balance of \$ 3,950,006 or 6.99 percent.
- Program expenses totaled \$ 27,847,413. Instructional expenses made up \$ 11,110,663 or 39.90 percent of this total while support services accounted for \$ 12,884,035 or 46.27 percent. Other expenses of \$ 3,852,715 rounded out the remaining 13.83 percent.
- Total outstanding debt had a net decrease of \$ 3,484,330 to \$ 38,168,373 in fiscal year 2018.

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 2018 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, 2018
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 13. 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 \$ 471,833. This increase can be attributed primarily to increases of \$ 842,042 in equity in pooled cash and \$ 1,767,533 in taxes receivable, which increases were offset by a net decrease in capital assets of \$ 2,098,546.

Deferred outflows of resources related to pensions and other post-employment benefits (OPEB) increased by \$ 3,691,408.

Total liabilities decreased by \$ 23,129,129, primarily due to a decreases in net pension, net OPEB liabilities and other long-term liabilities.

Deferred inflows of resources related to property taxes decreased by \$ 4,151,058, while deferred inflows of resources related to pensions and OPEB increased by \$ 2,465,849.

Over time, net position can serve as an indicator of a government's financial position. At June 30, 2018, the School District's liabilities and deferred inflows of resources exceeded assets and deferred outflows of resources by \$ 14,111,575. Of this total, \$ 6,506,101 is restricted in use.

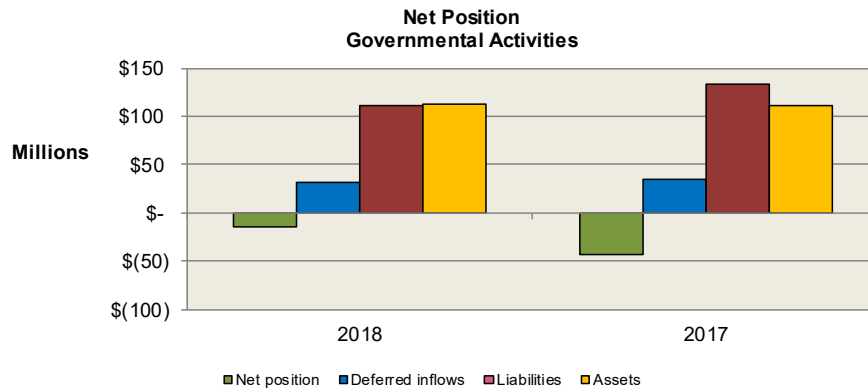
Avon Lake City School District
Management's Discussion and Analysis
For the Fiscal Year Ended June 30, 2018
Unaudited

Table 1 provides a summary of the School District's net position for fiscal year 2018 compared to fiscal year 2017:

TABLE I
Total Net Position

	<u>2018</u>	<u>Restated 2017</u>
Assets		
Current and other assets	\$ 63,687,038	\$ 61,116,659
Total capital assets, net	48,318,283	50,416,829
Total assets	<u>112,005,321</u>	<u>111,533,488</u>
Deferred outflows of resources		
Deferred charge on refunding	2,106,465	2,379,171
Pension	15,596,363	12,491,893
OPEB	698,376	111,438
Total deferred outflows of resources	<u>18,401,204</u>	<u>14,982,502</u>
Liabilities		
Current liabilities	4,850,495	4,132,962
Long term liabilities		
Due within one year	4,826,354	4,569,217
Due in more than one year		
Net pension liability	50,545,705	68,250,535
OPEB	11,724,882	14,399,316
Other amounts	39,019,670	42,744,205
Total liabilities	<u>110,967,106</u>	<u>134,096,235</u>
Deferred inflows of resources		
Property taxes levied for next year	29,526,515	33,677,573
Unavailable resources	43,610	38,814
Pension	2,517,803	1,515,020
OPEB	1,463,066	-
Total deferred inflows of resources	<u>33,550,994</u>	<u>35,231,407</u>
Net position		
Net investment in capital assets	13,024,434	12,128,924
Restricted	6,506,101	5,485,518
Unrestricted	(33,642,110)	(60,426,094)
Total net position	<u><u>\$ (14,111,575)</u></u>	<u><u>\$ (42,811,652)</u></u>

Avon Lake City School District
Management's Discussion and Analysis
For the Fiscal Year Ended June 30, 2018
Unaudited



The net pension liability (NPL) is the largest single liability reported by the School District at June 30, 2018 and is reported pursuant to GASB Statement 68, “Accounting and Financial Reporting for Pensions—an Amendment of GASB Statement 27.” For fiscal year 2018, the School District adopted GASB Statement 75, “Accounting and Financial Reporting for Postemployment Benefits Other Than Pensions,” which significantly revises accounting for costs and liabilities related to other postemployment benefits (OPEB). 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 OPEB, the net pension liability and the net OPEB liability to the reported net position and subtracting deferred outflows related to pension and OPEB.

Governmental Accounting Standards Board standards are national and apply to all government financial reports prepared in accordance with generally accepted accounting principles. Prior accounting for pensions (GASB 27) and postemployment benefits (GASB 45) focused on a funding approach. This approach limited pension and OPEB costs to contributions annually required by law, which may or may not be sufficient to fully fund each plan’s *net pension liability* or *net OPEB liability*. GASB 68 and GASB 75 take an earnings approach to pension and OPEB accounting; however, the nature of Ohio’s statewide pension/OPEB plans and state law governing those systems requires additional explanation in order to properly understand the information presented in these statements.

GASB 68 and GASB 75 require the net pension liability and the net OPEB liability to equal the School District’s proportionate share of each plan’s collective:

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

GASB notes that pension and OPEB 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 and other postemployment benefits. GASB noted that the unfunded portion of this 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 these liabilities. 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 Ohio revised Code permits, but does not require the retirement systems to provide healthcare to eligible benefit recipients. The retirement systems may allocate a portion of the employer contributions to provide for these OPEB benefits.

Avon Lake City School District
Management's Discussion and Analysis
For the Fiscal Year Ended June 30, 2018
Unaudited

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 retirement system. In Ohio, there is no legal means to enforce the unfunded liability of the pension/OPEB plan *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 retirement system is responsible for the administration of the pension and OPEB plans.

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 or the net OPEB liability. As explained above, changes in benefits, contribution rates, and return on investments affect the balance of these liabilities, 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 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 and the net OPEB liability are satisfied, these liabilities are separately identified within the long-term liability section of the statement of net position.

In accordance with GASB 68 and GASB 75, the School District's statements prepared on an accrual basis of accounting include an annual pension expense and an annual OPEB expense for their proportionate share of each plan's *change* in net pension liability and net OPEB liability, respectively, not accounted for as deferred inflows/outflows.

As a result of implementing GASB 75, the School District is reporting a net OPEB liability and deferred inflows/outflows of resources related to OPEB on the accrual basis of accounting. This implementation also had the effect of restating net position at June 30, 2017, from (\$ 28,523,774) to (\$ 42,811,652).

Table 2 shows total revenues, expenses and changes in net position for fiscal year 2018 compared to fiscal year 2017. Total revenues for 2018 were \$ 7,927,172 higher than in 2017, primarily due to the amount of taxes receivable available for advance from the county auditor. Total expenses were \$ 21,004,679 lower than in 2017 due to the effects of GASB 68 and GASB 75. The impact of these two GASBs was a net negative expense of \$ 17,926,372 which greatly distorts a comparative analysis between 2018 and 2017 expenses.

Avon Lake City School District
Management's Discussion and Analysis
For the Fiscal Year Ended June 30, 2018
Unaudited

TABLE 2
Net Position
Governmental Activities

	<u>2018</u>	<u>Restated 2017</u>
Revenues		
Program revenues		
Charges for services and sales	\$ 2,311,924	\$ 2,216,055
Operating grants, interest and contributions	1,638,082	1,671,614
Total program revenues	<u>3,950,006</u>	<u>3,887,669</u>
General revenues		
Property taxes	42,195,159	33,779,335
Grants and entitlements not restricted to specific purposes	9,728,165	10,234,739
Investment earnings	265,039	213,539
Miscellaneous	409,121	505,036
Total general revenues	<u>52,597,484</u>	<u>44,732,649</u>
Total revenues	<u>56,547,490</u>	<u>48,620,318</u>
Program expenses		
Instruction	11,110,663	26,620,595
Supporting services		
Pupil and instructional staff	2,750,548	4,681,873
Board of education, administration, fiscal services and business	3,490,449	5,228,171
Operation and maintenance	4,672,811	5,085,469
Pupil transportation	1,728,198	1,956,379
Central services	242,029	237,835
Operation of non-instructional services		
Food service operation	1,176,719	1,252,674
Community services	187,543	511,931
Extracurricular activities	624,601	1,281,536
Interest and fiscal charges	1,863,852	1,995,629
Total expenses	<u>27,847,413</u>	<u>48,852,092</u>
Increase in net position	28,700,077	(231,774)
Net position at beginning of year, restated	(42,811,652)	N/A
Net position at end of year	<u><u>\$(14,111,575)</u></u>	<u><u>\$(42,811,652)</u></u>

Avon Lake City School District
Management's Discussion and Analysis
For the Fiscal Year Ended June 30, 2018
Unaudited

The information necessary to restate the 2017 beginning balances and the 2017 OPEB expense amounts for the effects of the initial implementation of GASB 75 is not available. Therefore, 2017 functional expenses still include OPEB expense of \$ 111,438 computed under GASB 45. GASB 45 required recognizing pension expense equal to the contractually required contributions to the plan. Under GASB 75, OPEB expense represents additional amounts earned, adjusted by deferred inflows/outflows. The contractually required contribution is no longer a component of OPEB expense. Under GASB 75, the 2018 statements report negative OPEB expense of \$ 1,654,259. Consequently, in order to compare 2018 total program expenses to 2017, the following adjustments are needed:

Total 2018 program expenses under GASB 75	\$ 27,847,413
Negative OPEB expense under GASB 75	1,654,259
2018 contractually required contributions	144,047
Adjusted 2018 program expenses	29,645,719
Total 2017 program expenses under GASB 45	48,852,092
Decrease in program expenses not related to OPEB	\$(19,206,373)

The vast majority of revenue supporting all Governmental Activities is general revenue, which accounted for \$ 52,597,484 or 93.01 percent of the total revenue. General revenue increased \$ 7,864,835 in 2018 from 2017. The increase is primarily due to an increase of \$ 8,415,824 in property tax revenue, which is the result of an increase in the amount available for advance from the county auditor. The other type of revenue that accounts for 6.99 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 \$ 62,337 in 2018 from 2017. This increase can be attributed to an increase of \$ 95,869 in charges for services and sales and a decrease of \$ 33,532 in operating grants, interest and contributions.

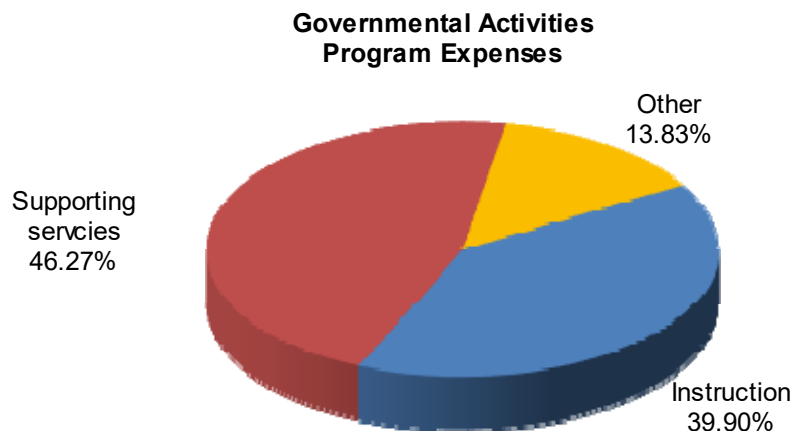
As you can see 39.90 percent of the School District's expenses were used to fund instructional expenses. Additional support services for pupils, staff, and business operation expenses were 46.27 percent. The remaining 13.83 percent of program expenses was used to facilitate other obligations of the School District such as interest and fiscal charges, the food service program, community services and various extracurricular activities. Interest expense was primarily attributable to the outstanding bonds.

Avon Lake City School District
Management's Discussion and Analysis
For the Fiscal Year Ended June 30, 2018
Unaudited

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

TABLE 3
 Governmental Activities

	Total Cost of Services		Net Cost of Services	
	2018	2017	2018	2017
Program expenses				
Instruction	\$ 11,110,663	\$ 26,620,595	\$ (9,507,956)	\$(25,118,657)
Supporting services				
Pupil and instructional staff	2,750,548	4,681,873	(2,397,003)	(4,306,073)
Board of education, administration, fiscal services and business	3,490,449	5,228,171	(3,361,063)	(5,056,051)
Operation and maintenance	4,672,811	5,085,469	(4,672,811)	(5,085,469)
Pupil transportation	1,728,198	1,956,379	(1,728,198)	(1,956,379)
Central services	242,029	237,835	(242,029)	(225,235)
Operation of non-instructional services				
Food service operation	1,176,719	1,252,674	82,788	(115,294)
Community services	187,543	511,931	97,247	(186,940)
Extracurricular activities	624,601	1,281,536	(304,530)	(918,696)
Interest and fiscal charges	1,863,852	1,995,629	(1,863,852)	(1,995,629)
Total expenses	<u>\$ 27,847,413</u>	<u>\$ 48,852,092</u>	<u>\$(23,897,407)</u>	<u>\$(44,964,423)</u>



The dependence upon tax revenues for governmental activities is apparent. Tax revenue comprised 74.62 percent of total revenue. 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, 2018
Unaudited

The School District's Funds

Information about the School District's major funds starts on page 17. These governmental funds are accounted for using the modified accrual basis of accounting. Excluding other financing sources and uses, all governmental funds had total revenues of \$ 55,507,344, and expenditures of \$ 49,937,740. In total, the net change in fund balance was an increase of \$ 5,570,664.

The net change in fund balance for the year was most significant in the General Fund. In 2018, the General Fund's total revenue was \$ 5,855,286 higher than 2017. This was primarily the result of an increase in taxes revenue of \$ 6,307,335. The increase in taxes revenue is due to an increase in the amount available for advance from the county auditor. Expenditures of the General Fund were \$ 1,024,588 higher than the prior year. The increase in General Fund expenditures is primarily due to an increase in instruction of \$ 1,318,265.

The following schedule shows the significant changes between fiscal year 2018 and 2017 for the General Fund.

	General Fund		
	2018	2017	Change
Revenue			
Taxes	\$ 36,368,663	\$ 30,061,328	\$ 6,307,335
Tuition and fees	953,897	875,906	77,991
Interest	240,420	195,964	44,456
Intergovernmental	8,307,831	8,864,292	(556,461)
Extracurricular	65,095	59,514	5,581
Miscellaneous	404,817	428,433	(23,616)
Total revenues	<u>46,340,723</u>	<u>40,485,437</u>	<u>5,855,286</u>
Expenditures			
Current			
Instruction	25,190,378	23,872,113	1,318,265
Supporting services	15,119,495	15,362,708	(243,213)
Operation of non-instructional services	78,868	66,296	12,572
Extracurricular activities	787,706	838,307	(50,601)
Debt service			
Principal	12,107	24,147	(12,040)
Interest	132	527	(395)
Total expenditures	<u>41,188,686</u>	<u>40,164,098</u>	<u>1,024,588</u>
Other financing sources (uses)			
Transfers in	371	-	371
Transfers out	-	(3,666)	3,666
Proceeds from sale of capital assets	1,060	1,481	(421)
Total other financing sources (uses)	<u>1,431</u>	<u>(2,185)</u>	<u>3,616</u>
Net change in fund balances	5,153,468	319,154	4,834,314
Fund balances, beginning of year	<u>14,725,760</u>	<u>14,406,606</u>	<u>319,154</u>
Fund balances, end of year	<u>\$ 19,879,228</u>	<u>\$ 14,725,760</u>	<u>\$ 5,153,468</u>

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Management's Discussion and Analysis
For the Fiscal Year Ended June 30, 2018
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The following schedule shows the significant changes between fiscal year 2018 and 2017 for the Bond Retirement Fund.

	Bond Retirement Fund		
	2018	2017	Change
Revenue			
Taxes	\$ 4,146,695	\$ 3,383,189	\$ 763,506
Intergovernmental	1,450,490	1,446,355	4,135
Total revenues	5,597,185	4,829,544	767,641
Expenditures			
Current			
Supporting services			
Fiscal services	56,088	61,023	(4,935)
Debt service			
Principal	3,435,000	3,390,000	45,000
Interest	1,631,337	1,662,289	(30,952)
Total expenditures	5,122,425	5,113,312	9,113
Net change in fund balances	474,760	(283,768)	758,528
Fund balances, beginning of year	3,459,909	3,743,677	(283,768)
Fund balances, end of year	\$ 3,934,669	\$ 3,459,909	\$ 474,760

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 2018, 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 \$ 41,825,065 which was \$ 2,771,045 higher than the original budget estimate and \$ 26,694 less than actual revenue. The final budget basis expenditures estimate, excluding other financing uses, totaled \$ 42,551,867 which was \$ 1,672,742 higher than the original budget estimate. Actual expenditures were \$ 1,040,902 less than final budget basis expenditures. The unencumbered ending cash balance totaled \$ 16,817,723.

Avon Lake City School District
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Capital Assets and Debt Administration

Capital Assets

At the end of fiscal 2018, the School District, net of depreciation, had \$ 48,318,283 invested in land, construction in process, land improvements, buildings and improvements, furniture and equipment, and vehicles. Table 4 shows fiscal year 2018 values compared to fiscal year 2017. More detailed information is presented in Note 8 of the notes to the basic financial statements.

Table 4
 Capital Assets
 (Net of Accumulated Depreciation)

	2018	2017
Land	\$ 6,050,145	\$ 6,050,145
Construction in progress	-	533,510
Land improvements	898,877	970,561
Buildings and improvements	39,541,851	40,748,575
Furniture and equipment	1,221,272	1,386,071
Vehicles	606,138	727,967
Total net capital assets	\$ 48,318,283	\$ 50,416,829

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

Debt

At June 30, 2018, the Avon Lake School District had \$ 38,168,373 in bonds payable, a decrease of \$ 3,484,330 from fiscal year 2017. \$ 3,480,000 of the bonds 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

	2018	2017
Term and serial bonds	\$ 34,415,000	\$ 37,850,000
Capital appreciation bonds	425,800	425,800
Accretion on capital appreciation bonds	768,059	506,828
Unamortized bond premiums	2,559,514	2,857,968
Capital leases	-	12,107
Total outstanding debt	\$ 38,168,373	\$ 41,652,703

Avon Lake City School District
Management's Discussion and Analysis
For the Fiscal Year Ended June 30, 2018
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 June 2017.

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 School 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.

On January 9, 2018, the School District entered into an Agreement with NRG Power Midwest LP the owner of the power plant which resides in the City of Avon Lake. The Agreement settles real estate litigation that had been ongoing and set valuations for tax year 2013 through 2020. In addition to the real estate litigation, the School District also realized losses related to the power plant's Public Utility Personal Property (PUPP) values for tax years 2014, 2015 and 2016. The Ohio Department of Taxation rendered a Final Determination, which reduced NRG's PUPP values for each of these respective years. As a result, the School District owed NRG a refund of \$1,649,505. This refund will be paid back to NRG through real estate and PUPP tax credits in fiscal years 2018 and 2019.

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. For fiscal year 2018, the State core funding per pupil was \$6,010; however, legislation capped the School District's year over year State funding revenue growth in turn reducing the amount of State funding the School District received to \$1,152 per pupil. The ongoing legislative efforts to support the existence of community (charter) schools continue to come at the expense of the School District as more than \$284,000 was deducted from the School District's State funding and redirected to community (charter) schools in fiscal year 2018. The School District has been significantly impacted by the State TPP/Deregulation reimbursement phase out. In fiscal year 2005, the School District received over \$4.7 million annually for TPP/Deregulation reimbursement from the State. In fiscal year 2018, the School District received \$155,801 in TPP reimbursement and received a cap offset for \$435,500. The State also began phasing out the fixed sum (emergency levy) reimbursement the School District receives of \$143,575 and will shift this tax burden to local property tax payers. The State reimbursement will be eliminated in fiscal year 2023.

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 award and Association of School Business Officials International (ASBO) Certificate of Excellence 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 Reed, Treasurer, can be contacted at the Avon Lake City School District, 175 Avon Belden Rd., Avon Lake, Ohio 44012 or by email at Autumn.Reed@avonlakecityschools.org.

AVON LAKE CITY SCHOOL DISTRICT
LORAIN COUNTY

STATEMENT OF NET POSITION

JUNE 30, 2018

	Governmental Activities
Assets	
Equity in pooled cash	\$ 24,668,304
Intergovernmental receivables	105,531
Accounts receivable and other	13,378
Inventories and supplies	65,676
Taxes receivable	38,834,149
Capital assets	
Nondepreciable capital assets	6,050,145
Depreciable capital assets	42,268,138
Total assets	112,005,321
Deferred outflow s of resources	
Deferred charge on refunding	2,106,465
Pension	15,596,363
OPEB	698,376
Total deferred outflow s of resources	18,401,204
Liabilities	
Accounts and contracts payable	363,236
Accrued salaries, wages and benefits	3,717,321
Accrued interest payable	134,400
Intergovernmental payable	635,538
Long-term liabilities	
Due w ithin one year	4,826,354
Due in more than one year	
Net pension liability	50,545,705
Net OPEB liability	11,724,882
Other amounts due in more than one year	39,019,670
Total liabilities	110,967,106
Deferred inflow s of resources	
Property taxes levied for next year	29,526,515
Deferred revenue	43,610
Pension	2,517,803
OPEB	1,463,066
Total deferred inflow s of resources	33,550,994
Net position	
Net investment in capital assets	13,024,434
Restricted for:	
Debt service	4,024,825
Capital projects	1,609,953
Food service	566,668
Extracurricular activities	116,703
Donations	187,952
Unrestricted	(33,642,110)
Total net position	\$ (14,111,575)

See accompanying notes to the basic financial statements.

AVON LAKE CITY SCHOOL DISTRICT
LORAIN COUNTY

STATEMENT OF ACTIVITIES

FOR THE YEAR ENDED JUNE 30, 2018

	Expenses	Program Revenues		Net (Expense) Revenues and Changes in Net Position
		Charges for Services and Sales	Operating Grants, Interest and Contributions	
Governmental activities:				
Instruction				
Regular	\$ 7,818,029	\$ 962,328	\$ 86,789	\$ (6,768,912)
Special	2,633,328	4,563	542,997	(2,085,768)
Adult/continuing	7,757	-	-	(7,757)
Other instruction	651,549	-	6,030	(645,519)
Supporting services				
Pupil	1,562,912	129,543	161,661	(1,271,708)
Instructional staff	1,187,636	11,912	50,429	(1,125,295)
Board of education	22,218	-	-	(22,218)
Administration	2,088,751	-	129,386	(1,959,365)
Fiscal services	1,079,161	-	-	(1,079,161)
Business	300,319	-	-	(300,319)
Operation and maintenance	4,672,811	-	-	(4,672,811)
Pupil transportation	1,728,198	-	-	(1,728,198)
Central services	242,029	-	-	(242,029)
Operation of non-instructional services				
Food service operation	1,176,719	921,460	338,047	82,788
Community services	187,543	-	284,790	97,247
Extracurricular activities	624,601	282,118	37,953	(304,530)
Interest and fiscal charges	1,863,852	-	-	(1,863,852)
Total	<u>\$ 27,847,413</u>	<u>\$ 2,311,924</u>	<u>\$ 1,638,082</u>	<u>(23,897,407)</u>

General revenues

Property taxes levied for:	
General purposes	37,265,363
Debt service	4,247,695
Capital improvements	682,101
Grants and entitlements not restricted to specific purposes	9,728,165
Investment earnings	265,039
Miscellaneous	409,121
Total general revenues	<u>52,597,484</u>
Change in net position	28,700,077
Net position at beginning of year, restated	(42,811,652)
Net position at end of year	<u>\$ (14,111,575)</u>

See accompanying notes to the basic financial statements.

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AVON LAKE CITY SCHOOL DISTRICT
LORAIN COUNTY
BALANCE SHEET – GOVERNMENTAL FUNDS
JUNE 30, 2018

	General Fund	Bond Retirement Fund	Other Governmental Funds	Total Governmental Funds
Assets				
Equity in pooled cash	\$ 18,024,100	\$ 3,163,317	\$ 2,590,532	\$ 23,777,949
Restricted cash	113,990	-	-	113,990
Receivables, net of allowance				
Taxes, current	32,523,341	3,676,890	601,018	36,801,249
Taxes, delinquent	1,796,600	203,100	33,200	2,032,900
Accounts and other	3,204	-	10,174	13,378
Intergovernmental receivables	102,613	-	2,918	105,531
Interfund receivables	2,918	-	-	2,918
Inventories and supplies	55,469	-	10,207	65,676
Total assets	\$ 52,622,235	\$ 7,043,307	\$ 3,248,049	\$ 62,913,591
Liabilities				
Accounts and contracts payable	\$ 345,025	\$ -	\$ 17,367	\$ 362,392
Accrued salaries, wages and benefits	3,622,275	-	95,046	3,717,321
Intergovernmental payable	622,417	-	13,121	635,538
Interfund payable	-	-	2,918	2,918
Matured compensated absences	227,329	-	35,259	262,588
Total liabilities	4,817,046	-	163,711	4,980,757
Deferred inflows of resources				
Property taxes levied for next year and unavailable resources	27,925,961	3,108,638	570,398	31,604,997
Total deferred inflows of resources	27,925,961	3,108,638	570,398	31,604,997
Fund balances (deficits)				
Nonspendable	55,469	-	10,207	65,676
Restricted	-	3,934,669	2,531,340	6,466,009
Committed	113,990	-	-	113,990
Assigned	975,342	-	-	975,342
Unassigned	18,734,427	-	(27,607)	18,706,820
Total fund balances (deficits)	19,879,228	3,934,669	2,513,940	26,327,837
Total liabilities, deferred inflows of resources and fund balances (deficits)	\$ 52,622,235	\$ 7,043,307	\$ 3,248,049	\$ 62,913,591

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, 2018

Total governmental fund balances		\$ 26,327,837
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.		48,318,283
Other long-term assets are not available to pay for current period expenditures and therefore are deferred in the funds.		
Property taxes receivable and unavailable revenue		2,034,872
Unamortized premiums on bonds issued are not recognized in the funds.		(2,559,514)
Unamortized deferred charges on refundings are not recognized in the funds.		2,106,465
Accrued interest payable is not due and payable in the current period and therefore is not reported in the funds.		(134,400)
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.		775,521
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	15,596,363	
Deferred inflow s - pension	(2,517,803)	
Net pension liability	(50,545,705)	
Deferred outflow s - OPEB	698,376	
Deferred inflow s - OPEB	(1,463,066)	
Net OPEB liability	(11,724,882)	(49,956,717)
Long-term liabilities are not due and payable in the current period and therefore are not reported in the funds:		
Compensated absences payable	(5,415,063)	
Bonds payable	(35,608,859)	(41,023,922)
Net position of governmental activities		\$ (14,111,575)

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, 2018

	General Fund	Bond Retirement Fund	Other Governmental Funds	Total Governmental Funds
Revenue				
Taxes	\$ 36,368,663	\$ 4,146,695	\$ 665,401	\$ 41,180,759
Tuition and fees	953,897	-	-	953,897
Interest	240,420	-	11,550	251,970
Intergovernmental	8,307,831	1,450,490	1,595,954	11,354,275
Extracurricular	65,095	-	255,522	320,617
Charges for services	-	-	947,402	947,402
Donations and contributions	-	-	37,953	37,953
Miscellaneous	404,817	-	55,654	460,471
Total revenues	<u>46,340,723</u>	<u>5,597,185</u>	<u>3,569,436</u>	<u>55,507,344</u>
Expenditures				
Current				
Instruction				
Regular	19,605,677	-	207,114	19,812,791
Special	4,717,820	-	527,606	5,245,426
Adult/continuing	9,132	-	-	9,132
Other instruction	857,749	-	6,380	864,129
Supporting services				
Pupil	2,531,261	-	161,661	2,692,922
Instructional staff	1,570,646	-	46,622	1,617,268
Board of education	22,218	-	-	22,218
Administration	3,280,843	-	129,386	3,410,229
Fiscal services	1,108,174	56,088	8,926	1,173,188
Business	344,425	-	-	344,425
Operation and maintenance	4,219,664	-	52,741	4,272,405
Pupil transportation	1,778,629	-	-	1,778,629
Central services	263,635	-	-	263,635
Operation of non-instructional services				
Food service operation	-	-	1,250,428	1,250,428
Community services	78,868	-	311,904	390,772
Extracurricular activities	787,706	-	330,086	1,117,792
Capital outlay	-	-	593,775	593,775
Debt service				
Principal	12,107	3,435,000	-	3,447,107
Interest	132	1,631,337	-	1,631,469
Total expenditures	<u>41,188,686</u>	<u>5,122,425</u>	<u>3,626,629</u>	<u>49,937,740</u>
Excess (deficiency) of revenues over expenditures	<u>5,152,037</u>	<u>474,760</u>	<u>(57,193)</u>	<u>5,569,604</u>
Other financing sources (uses)				
Transfers in	371	-	-	371
Transfers out	-	-	(371)	(371)
Proceeds from sale of assets	1,060	-	-	1,060
Total other financing sources (uses)	<u>1,431</u>	<u>-</u>	<u>(371)</u>	<u>1,060</u>
Net change in fund balances	5,153,468	474,760	(57,564)	5,570,664
Fund balances, beginning of year	<u>14,725,760</u>	<u>3,459,909</u>	<u>2,571,504</u>	<u>20,757,173</u>
Fund balances, end of year	<u>\$ 19,879,228</u>	<u>\$ 3,934,669</u>	<u>\$ 2,513,940</u>	<u>\$ 26,327,837</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, 2018

Net change in fund balances - total governmental funds		\$ 5,570,664
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	\$ 116,647
	Depreciation expense	<u>(2,268,851)</u>
		(2,152,204)
Governmental funds only report the disposal of assets to the extent proceeds are received from the sale. In the statement of activities, a gain or loss is reported for each disposal. This is the amount of the loss on the disposal of capital assets, net of proceeds received.		
		(355)
Revenues in the statement of activities that do not provide current financial resources are not reported as revenues in the funds.		
	Property taxes	1,014,400
	Intergovernmental revenue	<u>1,972</u>
		1,016,372
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.		
		3,447,107
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	3,100
	Annual accretion	(261,231)
	Amortization of bond premium	298,454
	Amortization of deferred charges	<u>(272,706)</u>
		(232,383)
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	(19,825)
Contractually required contributions are reported as expenditures in governmental funds; however, the statement of net position reports these amounts as deferred outflows.		
	Pension	3,534,401
	OPEB	<u>144,047</u>
		3,678,448
Except for amounts reported as deferred inflows/outflows, changes in the net pension/OPEB liability are reported as pension/OPEB expense in the statement of activities		
	Pension	16,272,117
	OPEB	<u>1,654,259</u>
		17,926,376
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>(534,123)</u>
Change in net position of governmental activities		<u><u>\$ 28,700,077</u></u>

See accompanying notes to the basic financial statements.

AVON LAKE CITY SCHOOL DISTRICT
LORAIN COUNTY

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

FOR THE YEAR ENDED JUNE 30, 2018

	General Fund			Variance with Final Budget Positive (Negative)
	Budget Amounts		Actual	
	Original	Final		
Revenues				
Taxes	\$ 29,916,395	\$ 32,039,088	\$ 32,059,536	\$ 20,448
Tuition and fees	886,135	949,010	949,616	606
Interest	221,410	237,120	237,271	151
Intergovernmental	7,748,126	8,297,888	8,303,184	5,296
Miscellaneous	281,954	301,959	302,152	193
Total revenues	<u>39,054,020</u>	<u>41,825,065</u>	<u>41,851,759</u>	<u>26,694</u>
Expenditures				
Current				
Instruction				
Regular	19,428,577	20,223,583	19,728,872	494,711
Special	4,879,198	5,078,851	4,954,612	124,239
Adult/continuing	8,991	9,357	9,129	228
Other	812,617	845,868	825,177	20,691
Supporting services				
Pupil	2,336,723	2,432,340	2,372,840	59,500
Instructional staff	1,601,339	1,666,864	1,626,090	40,774
Board of education	21,915	22,812	22,254	558
Administration	3,238,220	3,370,726	3,288,271	82,455
Fiscal services	1,078,726	1,122,866	1,095,399	27,467
Business	339,150	353,026	344,391	8,635
Operation and maintenance	4,282,806	4,458,055	4,349,003	109,052
Pupil transportation	1,771,635	1,844,128	1,799,017	45,111
Central services	226,488	235,756	229,989	5,767
Operation of non-instructional services				
Community services	75,412	78,498	76,578	1,920
Extracurricular activities				
Academic and subject oriented	86,899	90,455	88,242	2,213
Occupation oriented	1,422	1,480	1,444	36
Sports oriented	634,743	660,717	644,554	16,163
Co-curricular activities	54,264	56,485	55,103	1,382
Total expenditures	<u>40,879,125</u>	<u>42,551,867</u>	<u>41,510,965</u>	<u>1,040,902</u>
Excess (deficiency) of revenues over expenditures	<u>(1,825,105)</u>	<u>(726,802)</u>	<u>340,794</u>	<u>1,067,596</u>
Other financing sources				
Transfers-in	-	241,329	241,329	-
Proceeds from sale of assets	-	1,060	1,060	-
Advances in	-	14,067	14,067	-
Refund of prior year expenditures	-	109,074	109,074	-
Transfers-out	-	(237,803)	(237,803)	-
Advances out	-	(3,244)	(3,244)	-
Total other financing sources	<u>-</u>	<u>124,483</u>	<u>124,483</u>	<u>-</u>
Net change in fund balance	<u>(1,825,105)</u>	<u>(602,319)</u>	<u>465,277</u>	<u>1,067,596</u>
Prior year encumbrances	1,336,765	1,336,765	1,336,765	-
Fund balances, beginning of year	<u>15,015,681</u>	<u>15,015,681</u>	<u>15,015,681</u>	<u>-</u>
Fund balances, end of year	<u>\$ 14,527,341</u>	<u>\$ 15,750,127</u>	<u>\$ 16,817,723</u>	<u>\$ 1,067,596</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, 2018

	<u>Self Insurance</u>
Assets	
Current assets	
Equity in pooled cash	\$ 776,365
Total assets	<u>\$ 776,365</u>
Liabilities	
Current liabilities	
Accounts and contracts payable	\$ 844
Total liabilities	<u>844</u>
Net position	
Unrestricted	<u>\$ 775,521</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, 2018

	Self Insurance
Operating expenses	
Purchased services	\$ 9,999
Benefits	537,193
Total operating expenses	547,192
Operating loss	(547,192)
Nonoperating revenues	
Interest income	13,069
Total nonoperating revenues	13,069
Change in net position	(534,123)
Net position, beginning of year	1,309,644
Net position, end of year	\$ 775,521

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, 2018

	Self Insurance
Cash flows from operating activities	
Cash payments for benefits	\$ (540,196)
Cash payments for goods and services	(9,999)
Net cash used in operating activities	(550,195)
Cash flows from investing activities	
Interest income	13,069
Net cash provided by investing activities	13,069
Net decrease in cash and cash equivalents	(537,126)
Cash and cash equivalents, beginning of year	1,313,491
Cash and cash equivalents, end of year	\$ 776,365
Reconciliation of operating loss to net cash used in operating activities:	
Operating loss	\$ (547,192)
Adjustments	
Decrease in accounts and contracts payable	(3,003)
Total adjustments	(3,003)
Net cash used in operating activities	\$ (550,195)

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, 2018

	<u>Agency Funds</u>
Assets	
Equity in pooled cash	\$ 156,129
Total assets	<u>\$ 156,129</u>
Liabilities	
Accounts payable	\$ 26,218
Due to students	126,211
Due to others	3,700
Total liabilities	<u>\$ 156,129</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, 2018

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 223 non-certified personnel, 231 certified full-time teaching personnel, and 15 administrative employees to provide services to 3,833 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 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, 2018

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, 2018

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, 2018

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, 2018

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 represent 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, for pension and OPEB. The deferred outflows of resources related to pension and OPEB plans are explained in Notes 10 and 11.

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 until that time. For the School District, deferred inflows of resources include property taxes, pension, OPEB and unavailable revenue. Property taxes represent amounts for which there is an enforceable legal claim as of June 30, 2018, but which were levied to finance fiscal year 2019 operations. These amounts have been recorded as a deferred inflow on both the government-wide statement of net position and 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, cafeteria receipts and grants. These amounts are deferred and recognized as an inflow of resources in the period the amounts become available. The details of these unavailable revenues are identified on the Reconciliation of Total Governmental Fund Balances to Net Position of Governmental Activities fund on page 18. Deferred inflows of resources related to pension and OPEB plans are reported on the government-wide statement of net position. (See Notes 10 and 11).

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, 2018

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

Cash received by the School District is deposited in one central bank account with individual fund balance integrity maintained through School District records. Monies for all funds are maintained in this account or temporarily transferred to the State Treasurer's investment pool (STAR Ohio) or other short term investments. Following Ohio statutes, the Board of Education has, by resolution, identified the funds to receive an allocation of interest earnings. During fiscal year 2018, interest revenue credited to the General Fund amounted to \$ 240,420 of which \$ 79,112 was assigned from other funds.

Except for investment contracts and money market investments that had a remaining maturity of one year or less at the time of purchase, investments are reported at fair value, which is based on quoted market prices. Investment contracts and money market investments that had a remaining maturity of one year or less at the time of purchase are reported at cost or amortized cost.

During fiscal year 2018, investments were limited to STAR Ohio, commercial paper, U.S. government money market mutual funds and Federal securities.

The School District has invested in the State Treasury Asset Reserve of Ohio (STAR Ohio) during the year. Investment in STAR Ohio is measured at the net asset value (NAV) per share provided by STAR Ohio. The NAV per share is calculated on an amortized cost basis that provides an NAV per share that approximates fair value.

For 2018, there were no limitations or restrictions on any participant withdrawals due to redemption notice periods, liquidity fees, or redemption gates. However, notice must be given 24 hours in advance of all deposits and withdrawals exceeding \$25 million. STAR Ohio reserves the right to limit the transaction to \$50 million, requiring the excess amount to be transacted the following business day(s), but only to the \$50 million limit. All accounts of the participant will be combined for these purposes.

Investments with an original maturity of three months or less at the time of purchase are considered to be 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, 2018

NOTE 1 - SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (continued)

I. PREPAID ITEMS

Payments made to vendors for services that will benefit periods beyond June 30, 2018, 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 acquisition 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

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.

AVON LAKE CITY SCHOOL DISTRICT
LORAIN COUNTY
NOTES TO THE BASIC FINANCIAL STATEMENTS
FOR THE YEAR ENDED JUNE 30, 2018

NOTE 1 - SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (continued)

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 in 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 and judgments, compensated absences 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. Net pension/OPEB liability should be recognized in the governmental funds to the extent that benefit payments are due and payable and the pension/OPEB plan's fiduciary net position is not sufficient for payment of those benefits.

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 \$ 6,506,101 of restricted net position, none of which is restricted by enabling legislation.

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

AVON LAKE CITY SCHOOL DISTRICT
LORAIN COUNTY
NOTES TO THE BASIC FINANCIAL STATEMENTS
FOR THE YEAR ENDED JUNE 30, 2018

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, 2018

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/OTHER POSTEMPLOYMENT BENEFITS (OPEB)

For purposes of measuring the net pension/OPEB liability, deferred outflows of resources and deferred inflows of resources related to pensions/OPEB, and pension/OPEB expense, information about the fiduciary net position of the pension/OPEB plans and additions to/deductions from their fiduciary net position have been determined on the same basis as they are reported by the pension/OPEB plan. For this purpose, benefit payments (including refunds of employee contributions) are recognized when due and payable in accordance with the benefit terms. The pension/OPEB plans 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. Neither type of transaction occurred during 2018.

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 2018, the School District has implemented GASB Statement No. 75, “*Accounting and Financial Reporting for Postemployment Benefits Other Than Pension*”, GASB Statement No. 81 “*Irrevocable Split- Interest Agreements*” GASB Statement No. 85, “*Omnibus 2017*” and GASB Statement No. 86, “*Certain Debt Extinguishments*”.

GASB Statement No. 75 improves the accounting and financial reporting by state and local governments for postemployment benefits other than pension (OPEB). It also improves information provided by state and local governmental employers about financial support for OPEB that is provided by other entities. The implementation of GASB Statement No. 75 affected the School District’s postemployment benefit plan disclosures, as presented in Note 11 to the basic financial statements.

GASB Statement No. 81 improves the accounting and financial reporting for irrevocable split-interest agreements by providing recognition and measurement guidance for situations in which a government is a beneficiary of the agreement. The implementation of GASB Statement No. 81 did not have an effect on the financial statements of the School District.

AVON LAKE CITY SCHOOL DISTRICT
LORAIN COUNTY
NOTES TO THE BASIC FINANCIAL STATEMENTS
FOR THE YEAR ENDED JUNE 30, 2018

NOTE 2 – CHANGE IN ACCOUNTING PRINCIPLES (continued)

GASB Statement No. 85 addresses practice issues that have been identified during implementation and application of certain GASB Statements. This Statement addresses a variety of topics including issues related to blending component units, goodwill, fair value measurement and application, and OPEB. The implementation of GASB Statement No. 85 did not have an effect on the financial statements of the School District.

GASB Statement No. 86 improves consistency in accounting and financial reporting for in-substance defeasance of debt by providing guidance for transactions in which cash and other monetary assets acquired with only existing resources - resources other than the proceeds of refunding debt - are placed in an irrevocable trust for the sole purpose of extinguishing debt. This Statement also improves accounting and financial reporting for prepaid insurance on debt that is extinguished and notes to financial statements for debt that is defeased in substance. The implementation of GASB Statement No. 86 did not have an effect on the financial statements of the School District.

A net position restatement is required in order to implement GASB Statement No 75. The governmental activities at June 30, 2017 have been restated as follows:

	Governmental Activities
Net position June 30, 2017	\$ (28,523,774)
Adjustments	
Net OPEB liabilities	(14,399,316)
Deferred outflow - payments subsequent to measurement date	111,438
Restated net position June 30, 2017	\$ (42,811,652)

Other than employer contributions subsequent to the measurement date, the School District made no restatement for deferred inflows/outflows of resources as the information needed to generate these restatements was not available.

AVON LAKE CITY SCHOOL DISTRICT
LORAIN COUNTY
NOTES TO THE BASIC FINANCIAL STATEMENTS
FOR THE YEAR ENDED JUNE 30, 2018

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	\$ 465,277
Adjustments, increase (decrease)	
Revenue accruals	3,956,034
Expenditure accruals	(346,245)
Funds budgeted elsewhere **	25,253
Encumbrances	1,053,149
GAAP basis, as reported	\$ 5,153,468

** 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
LORAIN COUNTY
NOTES TO THE BASIC FINANCIAL STATEMENTS
FOR THE YEAR ENDED JUNE 30, 2018

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	\$ 55,469	\$ -	\$ 10,207	\$ 65,676
Restricted for:				
Debt service	-	3,934,669	21,456	3,956,125
Capital projects	-	-	1,576,753	1,576,753
Food service	-	-	628,476	628,476
Extracurricular activities	-	-	116,703	116,703
Donations	-	-	187,952	187,952
Total restricted	<u>-</u>	<u>3,934,669</u>	<u>2,531,340</u>	<u>6,466,009</u>
Committed				
Budget reserve	<u>113,990</u>	<u>-</u>	<u>-</u>	<u>113,990</u>
Assigned to				
Scholarships	105,542	-	-	105,542
Field trips and assemblies	161,109	-	-	161,109
Student instruction	600,861	-	-	600,861
Student and staff support	107,830	-	-	107,830
Total assigned	<u>975,342</u>	<u>-</u>	<u>-</u>	<u>975,342</u>
Unassigned	<u>18,734,427</u>	<u>-</u>	<u>(27,607)</u>	<u>18,706,820</u>
Total fund balances	<u>\$ 19,879,228</u>	<u>\$ 3,934,669</u>	<u>\$ 2,513,940</u>	<u>\$ 26,327,837</u>

AVON LAKE CITY SCHOOL DISTRICT
LORAIN COUNTY
NOTES TO THE BASIC FINANCIAL STATEMENTS
FOR THE YEAR ENDED JUNE 30, 2018

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.

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;
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.

AVON LAKE CITY SCHOOL DISTRICT
LORAIN COUNTY
NOTES TO THE BASIC FINANCIAL STATEMENTS
FOR THE YEAR ENDED JUNE 30, 2018

NOTE 5 - DEPOSITS AND INVESTMENTS (continued)

A. LEGAL REQUIREMENTS (continued)

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.

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 \$ 18,300 in cash on hand which is included on the balance sheet of the School District as part of "Equity in Pooled Cash".

B. DEPOSITS

At June 30, 2018, the carrying amount of all School District deposits was \$ 9,142,623 and the bank balance of all School District deposits was \$ 9,453,569. Of the bank balance, \$ 4,424,619 was covered by the FDIC and \$ 5,028,950 was potentially exposed to custodial credit risk discussed below because those deposits were uninsured and could be uncollateralized.

Custodial credit risk is the risk that, in the event of bank failure, the School District will not be able to recover deposits or collateral securities that are in the possession of an outside party. The School District has no deposit policy for custodial credit risk beyond the requirements of State statute. Ohio law requires that deposits either be insured or protected by (1) eligible securities pledged to the School District and deposited with a qualified trustee by the financial institution as security for repayment whose market value at all times shall be at least 105 percent of the deposits being secured, or (2) participation in the Ohio Pooled Collateral System (OPCS), a collateral pool of eligible securities deposited with a qualified trustee and pledged to the Treasurer of State to secure the repayment of all public monies deposited in the financial institution. OPCS requires the total market value of the securities pledged to be 102 percent of the deposits being secured or a rate set by the Treasurer of State. For 2018, the School District's financial institutions were approved for a reduced collateral rate of 102 percent through the OPCS. Although all statutory requirements for the deposit of money had been followed, noncompliance with Federal requirements could potentially subject the School District to a successful claim by the FDIC.

AVON LAKE CITY SCHOOL DISTRICT
LORAIN COUNTY
NOTES TO THE BASIC FINANCIAL STATEMENTS
FOR THE YEAR ENDED JUNE 30, 2018

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, 2018, 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	\$ 285,284	1.82%	\$ 285,284	\$ -	\$ -
Federal securities	7,908,411	50.49%	1,750,000	1,082,938	5,075,473
Money market	3,538,276	22.59%	3,538,276	-	-
Commercial paper	3,931,539	25.10%	3,931,539	-	-
	<u>\$ 15,663,510</u>	<u>100.00%</u>	<u>\$ 9,505,099</u>	<u>\$ 1,082,938</u>	<u>\$ 5,075,473</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, 2018. 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, 2018, 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 investments in commercial paper were rated A1 and A1+ by Standard & Poor's and P1 by Moody'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, 2018

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 2018 represents collections of calendar year 2017 taxes. Real property taxes received in calendar year 2018 were levied after April 1, 2017, on the assessed value listed as of January 1, 2017, 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 2018 represents collections of calendar year 2017 taxes. Public utility real and tangible personal property taxes received in calendar year 2018 became a lien December 31, 2016, were levied after April 1, 2017 and are collected in 2018 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, 2018, are available to finance fiscal year 2018 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, 2018 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, 2018 was \$ 6,393,980 in the General Fund, \$ 771,352 in the Bond Retirement Debt Service Fund and \$ 109,402 in the Permanent Improvements Capital Projects Fund. The amount available as an advance at June 30, 2017 was \$ 2,084,853 in the General Fund, \$ 250,096 in the Bond Retirement Debt Service Fund and \$ 35,594 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 2018 taxes were collected are:

	<u>2017 Second Half Collections</u>		<u>2018 First Half Collections</u>	
	<u>Amount</u>	<u>%</u>	<u>Amount</u>	<u>%</u>
Agricultural/ Residential and Other Real Estate	\$ 815,545,460	94.09 %	\$ 827,576,400	93.79 %
Public Utility Personal	51,256,120	5.91	54,806,360	6.21
	<u>\$ 866,801,580</u>	<u>100.00 %</u>	<u>\$ 882,382,760</u>	<u>100.00 %</u>
Tax Rate per \$ 1,000 of Assessed Valuation:	<u>\$ 72.41</u>		<u>\$ 72.28</u>	

AVON LAKE CITY SCHOOL DISTRICT
LORAIN COUNTY
NOTES TO THE BASIC FINANCIAL STATEMENTS
FOR THE YEAR ENDED JUNE 30, 2018

NOTE 7 – RECEIVABLES

Receivables at June 30, 2018, consisted of property taxes, accounts receivable, interfund receivables and due from other governments. All receivables are considered substantially collectible in full due to the ability to foreclose for the nonpayment of taxes, the stable condition of State programs, and the current year guarantee of federal funds. All receivables are expected to be collected within one year.

NOTE 8 - CAPITAL ASSETS

Capital asset activity for the fiscal year ended June 30, 2018 was as follows:

<u>Governmental Activities</u>	Balance June 30, 2017	Additions	Disposals	Balance June 30, 2018
Nondepreciable capital assets				
Land	\$ 6,050,145	-	-	\$ 6,050,145
Construction in process	533,510	-	533,510	-
Total nondepreciable capital assets	<u>6,583,655</u>	<u>-</u>	<u>533,510</u>	<u>6,050,145</u>
Depreciable capital assets				
Land improvements	2,857,370	-	-	2,857,370
Buildings and improvements	79,323,986	533,510	-	79,857,496
Furniture and equipment	12,233,387	160,395	563,789	11,829,993
Vehicles	2,687,474	10,265	-	2,697,739
Total capital assets being depreciated	<u>97,102,217</u>	<u>704,170</u>	<u>563,789</u>	<u>97,242,598</u>
Less accumulated depreciation				
Land improvements	1,886,809	71,684	-	1,958,493
Buildings and improvements	38,575,411	1,740,234	-	40,315,645
Furniture and equipment	10,847,316	324,839	563,434	10,608,721
Vehicles	1,959,507	132,094	-	2,091,601
Total accumulated depreciation	<u>53,269,043</u>	<u>2,268,851</u>	<u>563,434</u>	<u>54,974,460</u>
Depreciable capital assets, net of accumulated depreciation	<u>43,833,174</u>	<u>(1,564,681)</u>	<u>355</u>	<u>42,268,138</u>
Governmental activities capital assets, net	<u>\$ 50,416,829</u>	<u>\$ (1,564,681)</u>	<u>\$ 533,865</u>	<u>\$ 48,318,283</u>

AVON LAKE CITY SCHOOL DISTRICT
LORAIN COUNTY
NOTES TO THE BASIC FINANCIAL STATEMENTS
FOR THE YEAR ENDED JUNE 30, 2018

NOTE 8 - CAPITAL ASSETS (continued)

Depreciation expense was charged to governmental activities as follows:

Instruction	
Regular	\$ 2,080,814
Supporting services	
Administration	2,734
Operation and maintenance of plant	18,427
Pupil transportation	141,580
Operation of non-instructional services	
Food service	8,159
Extracurricular activities	
Sports oriented	17,137
Total depreciation expense	\$ 2,268,851

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 2018, 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 \$ 100,000 position bond for the treasurer and business manager, a \$ 20,000 employee dishonesty policy for the Board of Education president, and a \$ 100,000 employee dishonesty policy for the superintendent. The School District maintains a \$ 500,000 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, prescription drug and dental benefits. Rates are set through an annual calculation process prepared by the Consortium's health insurance consultant. 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 2018, the School District paid 85% of the cost of the monthly premium for all employees.

AVON LAKE CITY SCHOOL DISTRICT
LORAIN COUNTY
NOTES TO THE BASIC FINANCIAL STATEMENTS
FOR THE YEAR ENDED JUNE 30, 2018

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 under Employers/Audit Resources.

AVON LAKE CITY SCHOOL DISTRICT
LORAIN COUNTY
NOTES TO THE BASIC FINANCIAL STATEMENTS
FOR THE YEAR ENDED JUNE 30, 2018

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 School 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, 2018, the allocation to pension, death benefits, and Medicare B was 13.5 percent. The remaining 0.5 percent of the employer contribution rate was allocated to the Health Care Fund.

The School District's contractually required contribution to SERS was \$ 901,632 for fiscal year 2018, of which \$ 64,383 is reported as an intergovernmental payable.

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.

AVON LAKE CITY SCHOOL DISTRICT
LORAIN COUNTY
NOTES TO THE BASIC FINANCIAL STATEMENTS
FOR THE YEAR ENDED JUNE 30, 2018

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. Effective July 1, 2017, the cost-of-living adjustment was reduced to zero. Members are eligible to retire at age 60 with five years of qualifying service credit, or age 55 with 26 years of service, or 31 years of service regardless of age. Eligibility changes will be phased in until August 1, 2026, when retirement eligibility for unreduced benefits will be five years of service credit and age 65, or 35 years of service credit and at least age 60.

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, 12 percent of the 14 percent member rate goes to the DC Plan and the remaining 2 percent is applied to the DB Plan. Member contributions to the DC Plan are allocated among investment choices by the member, and contributions to the DB Plan from the employer and the member 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 service. The defined contribution portion of the account may be taken as a lump sum payment or converted to a lifetime monthly annuity after termination of employment at age 50 or later.

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. For fiscal year 2018, plan members were required to contribute 14 percent of their annual covered salary. The District was required to contribute 14 percent; the entire 14 percent was the portion used to fund pension obligations. The fiscal year 2018 contribution rates were equal to the statutory maximum rates.

The School District's contractually required contribution to STRS was \$ 2,632,769 for fiscal year 2018, of which \$ 408,848 is reported as an intergovernmental payable.

AVON LAKE CITY SCHOOL DISTRICT
LORAIN COUNTY
NOTES TO THE BASIC FINANCIAL STATEMENTS
FOR THE YEAR ENDED JUNE 30, 2018

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, 2017, 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	\$ 11,681,452	\$ 38,864,253	\$ 50,545,705
Pension expense	\$ (591,505)	\$(15,680,608)	\$(16,272,113)
Proportion of the net pension liability - prior measurement date	0.20282300%	0.15954871%	
Proportion of the net pension liability - current measurement date	<u>0.19551270%</u>	<u>0.16360304%</u>	
	<u>0.00731030%</u>	<u>-0.00405433%</u>	

At June 30, 2018, 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	\$ 502,729	\$ 1,500,755	\$ 2,003,484
Change in assumptions	604,057	8,500,039	9,104,096
Changes in proportionate share and difference between School District contributions and proportionate share of contributions	-	954,382	954,382
School District contributions subsequent to the measurement date	<u>901,632</u>	<u>2,632,769</u>	<u>3,534,401</u>
Total deferred outflows of resources	<u>\$ 2,008,418</u>	<u>\$ 13,587,945</u>	<u>\$ 15,596,363</u>
Deferred inflows of resources			
Differences between expected and actual experience	\$ -	\$ 313,231	\$ 313,231
Net difference between projected and actual earnings on pension plan investments	55,449	1,282,566	1,338,015
Changes in proportionate share and difference between School District contributions and proportionate share of contributions	<u>370,568</u>	<u>495,989</u>	<u>866,557</u>
Total deferred inflows of resources	<u>\$ 426,017</u>	<u>\$ 2,091,786</u>	<u>\$ 2,517,803</u>

AVON LAKE CITY SCHOOL DISTRICT
LORAIN COUNTY
NOTES TO THE BASIC FINANCIAL STATEMENTS
FOR THE YEAR ENDED JUNE 30, 2018

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)

\$ 3,534,401 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, 2019. Other amounts reported as deferred outflows of resources and deferred inflows of resources related to pension will be recognized in pension expense as follows:

Fiscal Year Ending June 30:	SERS	STRS	Total
2019	\$ 304,368	\$ 1,531,281	\$ 1,835,649
2020	557,860	3,692,985	4,250,845
2021	90,860	2,721,590	2,812,450
2022	(272,319)	917,534	645,215
	\$ 680,769	\$ 8,863,390	\$ 9,544,159

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, 2017, are presented below:

Wage inflation	3.00 percent
Future salary increases, including inflation	3.50 percent to 18.20 percent
COLA or Ad Hoc COLA	2.50 percent
Investment rate of return	7.50 percent of net of investments expense, including inflation
Actuarial cost method	Entry age normal (Level Percent of Payroll)

AVON LAKE CITY SCHOOL DISTRICT
LORAIN COUNTY
NOTES TO THE BASIC FINANCIAL STATEMENTS
FOR THE YEAR ENDED JUNE 30, 2018

NOTE 10 - DEFINED BENEFIT PENSION PLANS (continued)

E. ACTUARIAL ASSUMPTIONS – SERS (continued)

Prior to 2017, an assumption of 3 percent was used for COLA or Ad Hoc COLA.

For 2017, the mortality rates were based on the RP-2014 Blue Collar Mortality Table with fully generational projection and a five-year age set-back for both males and females. Mortality among service retired members, and beneficiaries were based upon the RP-2014 Blue Collar Mortality Table with fully generational projection with Scale BB, 120 percent of male rates, and 110 percent of female rates. Mortality among disable members were based upon the RP-2000 Disabled Mortality Table, 90 percent for male rates and 100 percent for female rates, set back five years is used for the period after disability retirement.

The most recent experience study was completed for the five year period ended June 30, 2015.

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%	0.50%
U.S. stocks	22.50%	4.75%
Non-U.S. stocks	22.50%	7.00%
Fixed income	19.00%	1.50%
Privatae equity	10.00%	8.00%
Real assets	15.00%	5.00%
Multi-asset strategies	10.00%	3.00%
	<u>100.00%</u>	

Discount Rate - The total pension liability was calculated using the discount rate of 7.50 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 (7.50 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.

AVON LAKE CITY SCHOOL DISTRICT
LORAIN COUNTY
NOTES TO THE BASIC FINANCIAL STATEMENTS
FOR THE YEAR ENDED JUNE 30, 2018

NOTE 10 - DEFINED BENEFIT PENSION PLANS (continued)

E. ACTUARIAL ASSUMPTIONS – SERS (continued)

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 7.50 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 (6.50 percent), or one percentage point higher (8.50 percent) than the current rate.

	1% Decrease (6.50%)	Current Discount Rate (7.50%)	1% Increase (8.50%)
School District's proportionate share of the net pension liability	\$ 16,210,820	\$ 11,681,452	\$ 7,887,183

F. ACTUARIAL ASSUMPTIONS - STRS

The total pension liability in the June 30, 2017, actuarial valuation was determined using the following actuarial assumptions, applied to all periods included in the measurement:

Inflation	2.50 percent
Projected salary increases	12.50 percent at age 20 to 2.50 percent at age 65
Investment rate of return	7.45 percent, net of investment expenses, including inflation
Payroll increases	3.00 percent
Cost-of-living adjustments (COLA)	0 percent effective July 1, 2017

For the July 1, 2017, actuarial valuation, post-retirement mortality rates for healthy retirees are based on the RP-2014 Annuitant Mortality Table with 50 percent of rates through age 69, 70 percent of rates between ages 70 and 79, 90 percent of rates between ages 80 and 84, and 100 percent of rates thereafter, projected forward generationally using mortality improvement scale MP-2016. Post-retirement disabled mortality rates are based on the RP-2014 Disabled Mortality Table with 90 percent of rates for males and 100 percent of rates for females, projected forward generationally using mortality improvement scale MP-2016. Pre-retirement mortality rates are based on RP-2014 Employee Mortality Table, projected forward generationally using mortality improvement scale MP-2016.

For the July 1, 2016 actuarial valuation, 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 no set back from age 90 and above.

Actuarial assumptions used in the July 1 2017, valuation are based on the results of an actuarial experience study for the period July 1, 2011 through June 30, 2016. Actuarial assumptions used in the June 30, 2016, valuation are based on the results of an actuarial experience study, effective July 1, 2012.

AVON LAKE CITY SCHOOL DISTRICT
LORAIN COUNTY
NOTES TO THE BASIC FINANCIAL STATEMENTS
FOR THE YEAR ENDED JUNE 30, 2018

NOTE 10 - DEFINED BENEFIT PENSION PLANS (continued)

E. ACTUARIAL ASSUMPTIONS – STRS (continued)

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	28.00%	7.35%
International equity	23.00%	7.55%
Alternatives	17.00%	7.09%
Fixed income	21.00%	3.00%
Real estate	10.00%	6.00%
Liquidity reserves	1.00%	2.25%
	<u>100.00%</u>	

* The 10-Year annualized geometric nominal returns, which include the real rate of return and inflation of 2.25% and does not include investment expenses. Over a 30-year period, STRS Ohio's investment consultant indicates that the above target allocations should generate a return above the actuarial rate of return, without net value added by management.

Discount Rate - The discount rate used to measure the total pension liability was 7.45 percent as of June 30, 2017. The discount rate used to measure the total pension liability was 7.75 percent as of June 30, 2016. 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, 2017. Therefore, the long-term expected rate of return on pension plan investments of 7.45 percent was applied to all periods of projected benefit payment to determine the total pension liability as of June 30, 2017.

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 7.45 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 (6.45 percent) or one-percentage-point higher (8.45 percent) than the current rate:

	<u>1% Decrease (6.45%)</u>	<u>Current Discount Rate (7.45%)</u>	<u>1% Increase (8.45%)</u>
School District's proportionate share of the net pension liability	<u>\$ 55,710,584</u>	<u>\$ 38,864,253</u>	<u>\$ 24,673,744</u>

AVON LAKE CITY SCHOOL DISTRICT
LORAIN COUNTY
NOTES TO THE BASIC FINANCIAL STATEMENTS
FOR THE YEAR ENDED JUNE 30, 2018

NOTE 11 – DEFINED BENEFIT OPEB PLANS

A. NET OPEB LIABILITY

The net OPEB liability reported on the statement of net position represents a liability to employees for OPEB. OPEB is a component of exchange transactions—between an employer and its employees—of salaries and benefits for employee services. OPEB 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 OPEB is a present obligation because it was created as a result of employment exchanges that already have occurred.

The net OPEB liability represents the School District's proportionate share of each OPEB plan's collective actuarial present value of projected benefit payments attributable to past periods of service, net of each OPEB plan's fiduciary net position. The net OPEB 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 these estimates 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 OPEB are financed; however, the School District does receive the benefit of employees' services in exchange for compensation including OPEB.

GASB 75 assumes the liability is solely the obligation of the employer, because they benefit from employee services. OPEB contributions come from these employers and health care plan enrollees which pay a portion of the health care costs in the form of a monthly premium. The Ohio revised Code permits, but does not require the retirement systems to provide healthcare to eligible benefit recipients. Any change to benefits or funding could significantly affect the net OPEB liability. Resulting adjustments to the net OPEB liability would be effective when the changes are legally enforceable. The retirement systems may allocate a portion of the employer contributions to provide for these OPEB benefits.

The proportionate share of each plan's unfunded benefits is presented as a long-term *net OPEB liability* on the accrual basis of accounting. Any liability for the contractually-required OPEB 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)

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 75 purposes, this plan is considered a cost-sharing other postemployment benefit (OPEB) plan. SERS' Health Care Plan provides healthcare benefits to eligible individuals receiving retirement, disability, and survivor benefits, and to their eligible dependents. Members who retire after June 1, 1986, need 10 years of service credit, exclusive of most types of purchased credit, to qualify to participate in SERS' health care coverage. In addition to age and service retirees, disability benefit recipients and beneficiaries who are receiving monthly benefits due to the death of a member or retiree, are eligible for SERS' health care coverage. Most retirees and dependents choosing SERS' health care coverage are over the age of 65 and therefore enrolled in a fully insured Medicare Advantage plan; however, SERS maintains a traditional, self-insured preferred provider organization for its non-Medicare retiree population. For both groups, SERS offers a self-insured prescription drug program. Health care is a benefit that is permitted, not mandated, by statute. 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 under Employers/Audit Resources.

AVON LAKE CITY SCHOOL DISTRICT
LORAIN COUNTY
NOTES TO THE BASIC FINANCIAL STATEMENTS
FOR THE YEAR ENDED JUNE 30, 2018

NOTE 11 – DEFINED BENEFIT OPEB PLANS (continued)

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

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. Active employee members do not contribute to the Health Care Plan. The SERS Retirement Board established the rules for the premiums paid by the retirees for health care coverage for themselves and their dependents or for their surviving beneficiaries. Premiums vary depending on the plan selected, qualified years of service, Medicare eligibility, and retirement status.

Funding Policy - State statute permits SERS to fund the health care benefits through employer contributions. Each year, after the allocation for statutorily required pensions and benefits, the Retirement Board may allocate the remainder of the employer contribution of 14 percent of covered payroll to the Health Care Fund in accordance with the funding policy. For fiscal year 2018, .5 percent of covered payroll was made to health care. An additional health care surcharge on employers is collected for employees earning less than an actuarially determined minimum compensation amount, pro-rated if less than a full year of service credit was earned. For fiscal year 2018, this amount was \$ 23,700. 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 2018, the School District's surcharge obligation was \$ 110,653.

The surcharge, added to the allocated portion of the 14 percent employer contribution rate is the total amount assigned to the Health Care Fund. The School District's contractually required contribution to SERS was \$ 144,047 for fiscal year 2018. Of this amount, \$ 113,038 is reported as an intergovernmental payable.

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

Plan Description – The State Teachers Retirement System of Ohio (STRS) administers a cost-sharing Health Plan administered 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 partial reimbursement of monthly Medicare Part B premiums. Medicare Part B premium reimbursements will be discontinued effective January 1, 2020. The Plan is included in the report of STRS which can be obtained by visiting 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 discretionary authority over how much, if any, of the health care costs will be absorbed by STRS Ohio. Active employee members do not contribute to the Health Care Plan. Nearly all health care plan enrollees, for the most recent year, pay a portion of the health care costs in the form of a monthly premium. Under Ohio law, funding for post-employment health care may be deducted from employer contributions, currently 14 percent of covered payroll. For the fiscal year ended June 30, 2018, STRS Ohio did not allocate any employer contributions to post-employment health care.

AVON LAKE CITY SCHOOL DISTRICT
LORAIN COUNTY
NOTES TO THE BASIC FINANCIAL STATEMENTS
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NOTE 11 – DEFINED BENEFIT OPEB PLANS (continued)

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

The net OPEB liability was measured as of June 30, 2017, and the total OPEB liability used to calculate the net OPEB liability was determined by an actuarial valuation as of that date. The School District's proportion of the net OPEB liability was based on the School District's share of contributions to the respective retirement systems relative to the contributions of all participating entities. Following is information related to the proportionate share and OPEB expense:

	<u>SERS</u>	<u>STRS</u>	<u>Total</u>
Proportionate share of the net OPEB liability	\$ 5,341,695	\$ 6,383,187	\$ 11,724,882
OPEB expense	\$ 262,570	\$ (1,916,829)	\$ (1,654,259)
Proportion of the net OPEB liability - prior measurement date	0.20581850%	0.15954871%	
Proportion of the net OPEB liability - current measurement date	<u>0.19903940%</u>	<u>0.16360304%</u>	
	<u>-0.00677910%</u>	<u>0.00405433%</u>	

At June 30, 2018, the School District reported deferred outflows of resources and deferred inflows of resources related to OPEB from the following sources:

	<u>SERS</u>	<u>STRS</u>	<u>Total</u>
Deferred outflows of resources			
Differences between expected and actual experience	\$ -	\$ 368,477	\$ 368,477
Changes in proportionate share and differences between School District contributions and proportionate share of contributions	-	185,852	185,852
School District contributions subsequent to the measurement date	<u>144,047</u>	<u>-</u>	<u>144,047</u>
Total deferred outflows of resources	<u>\$ 144,047</u>	<u>\$ 554,329</u>	<u>\$ 698,376</u>
Deferred inflows of resources			
Change in assumptions	\$ 506,899	\$ 514,186	\$ 1,021,085
Net difference between projected and actual earnings on OPEB plan investments	14,106	272,833	286,939
Changes in proportionate share and difference between School District contributions and proportionate share of contributions	<u>155,042</u>	<u>-</u>	<u>155,042</u>
Total deferred inflows of resources	<u>\$ 676,047</u>	<u>\$ 787,019</u>	<u>\$ 1,463,066</u>

AVON LAKE CITY SCHOOL DISTRICT
LORAIN COUNTY
NOTES TO THE BASIC FINANCIAL STATEMENTS
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NOTE 11 – DEFINED BENEFIT OPEB PLANS (continued)

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

\$ 144,047 reported as deferred outflows of resources related to OPEB resulting from School District contributions subsequent to the measurement date will be recognized as a reduction of the net OPEB liability in the year ending June 30, 2019. Other amounts reported as deferred outflows of resources and deferred inflows of resources related to OPEB will be recognized in OPEB expense as follows:

Fiscal Year Ending June 30:	SERS	STRS	Total
2019	\$ (243,360)	\$ (61,518)	\$ (304,878)
2020	(243,360)	(61,518)	(304,878)
2021	(185,801)	(61,518)	(247,319)
2022	(3,526)	(61,518)	(65,044)
2023	-	6,690	6,690
Thereafter	-	6,692	6,692
	<u>\$ (676,047)</u>	<u>\$ (232,690)</u>	<u>\$ (908,737)</u>

E. ACTUARIAL ASSUMPTIONS – SERS

The total OPEB liability is determined by SERS' actuaries in accordance with GASB Statement No. 74, as part of their annual actuarial valuation for each 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 terminations). 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.

AVON LAKE CITY SCHOOL DISTRICT
LORAIN COUNTY
NOTES TO THE BASIC FINANCIAL STATEMENTS
FOR THE YEAR ENDED JUNE 30, 2018

NOTE 11 – DEFINED BENEFIT OPEB PLANS (continued)

E. ACTUARIAL ASSUMPTIONS – SERS (continued)

Key methods and assumptions used in calculating the total OPEB liability in the latest actuarial valuation date of June 30, 2017, are presented below:

Wage inflation	3.00 percent
Future salary increases, including inflation	3.50 percent to 18.20 percent
Investment rate of return	7.50 percent of net of investments expense, including inflation
Municipal bond index rate:	
Measurement date	3.56 percent
Prior measurement date	2.92 percent
Single equivalent interest rate, net of plan investment expense, including price inflation	
Measurement date	3.63 percent
Prior measurement date	2.98 percent
Medical trend assumptions	
Medicare	5.50 to 5.00 percent
Pre-medicare	7.50 to 5.00 percent

Mortality rates were based on the RP-2014 Blue Collar Mortality Table with fully generational projection and Scale BB, 120 percent of male rates and 110 percent of female rates. RP-2000 Disabled Mortality Table with 90 percent for male rates and 100 percent for female rates set back five years.

The most recent experience study was completed for the five year period ended June 30, 2015.

The long-term expected rate of return on plan assets is reviewed as part of the actuarial five-year experience study. The most recent study covers fiscal years 2010 through 2015, and was adopted by the Board on April 21, 2016. Several factors are considered in evaluating the long-term rate of return assumption including long-term historical data, estimates inherent in current market data, and a log-normal distribution analysis in which best-estimate ranges of expected future real rates of return were developed by the investment consultant for each major asset class. These ranges were combined to produce the long-term expected rate of return, 7.50 percent, by weighting the expected future real rates of return by the target asset allocation percentage and then adding expected inflation. The capital market assumptions developed by the investment consultant are intended for use over a 10-year horizon and may not be useful in setting the long-term rate of return for funding pension plans which covers a longer timeframe. The assumption is intended to be a long-term assumption and is not expected to change absent a significant change in the asset allocation, a change in the inflation assumption, or a fundamental change in the market that alters expected returns in future years.

AVON LAKE CITY SCHOOL DISTRICT
LORAIN COUNTY
NOTES TO THE BASIC FINANCIAL STATEMENTS
FOR THE YEAR ENDED JUNE 30, 2018

NOTE 11 – DEFINED BENEFIT OPEB PLANS (continued)

E. ACTUARIAL ASSUMPTIONS – SERS (continued)

The target asset allocation and best estimates of arithmetic real rates of return for each major asset class, as used in the June 30, 2015 five-year experience study, are summarized as follows:

Asset Class	Target Allocation	Long-term Expected Real Rate of Return
Cash	1.00%	0.50%
U.S. stocks	22.50%	4.75%
Non-U.S. stocks	22.50%	7.00%
Fixed income	19.00%	1.50%
Private equity	10.00%	8.00%
Real assets	15.00%	5.00%
Multi-asset strategies	10.00%	3.00%
	100.00%	

Discount Rate - The discount rate used to measure the total OPEB liability at June 30, 2017 was 3.63 percent. The discount rate used to measure total OPEB liability prior to June 30, 2017 was 2.98 percent. The projection of cash flows used to determine the discount rate assumed that contributions will be made from members and the System at the state statute contribution rate of 2.00 percent of projected covered employee payroll each year, which includes a 1.50 percent payroll surcharge and 0.50 percent of contributions from the basic benefits plan. Based on these assumptions, the OPEB plan's fiduciary net position was projected to become insufficient to make future benefit payments during the fiscal year ending June 30, 2025. Therefore, the long-term expected rate of return on OPEB plan assets was used to present value the projected benefit payments through the fiscal year ending June 30, 2024 and the Fidelity General Obligation 20-year Municipal Bond Index rate of 3.56 percent, as of June 30, 2017 (i.e. municipal bond rate), was used to present value the projected benefit payments for the remaining years in the projection. The total present value of projected benefit payments from all years was then used to determine the single rate of return that was used as the discount rate. The projection of future benefit payments for all current plan members was until the benefit payments ran out.

AVON LAKE CITY SCHOOL DISTRICT
LORAIN COUNTY
NOTES TO THE BASIC FINANCIAL STATEMENTS
FOR THE YEAR ENDED JUNE 30, 2018

NOTE 11 – DEFINED BENEFIT OPEB PLANS (continued)

E. ACTUARIAL ASSUMPTIONS – SERS (continued)

Sensitivity of the School District's Proportionate Share of the Net OPEB Liability to Changes in the Discount Rate and Changes in the Health Care Cost Trend Rates - The net OPEB liability is sensitive to changes in the discount rate and the health care cost trend rate. The following table presents the net OPEB liability of SERS, what SERS' net OPEB liability would be if it were calculated using a discount rate that is 1 percentage point lower (2.63%) and higher (4.63%) than the current discount rate (3.63%). Also shown is what SERS' net OPEB liability would be based on health care cost trend rates that are 1 percentage point lower (6.5% decreasing to 4.0%) and higher (8.5% decreasing to 6.0%) than the current rate.

	1% Decrease (2.63%)	Current Discount Rate (3.63%)	1% Increase (4.63%)
School District's proportionate share of the net OPEB liability	\$ 6,450,776	\$ 5,341,695	\$ 4,463,019

	1% Decrease	Current Trend Rate	1% Increase
School District's proportionate share of the net OPEB liability	\$ 4,334,385	\$ 5,341,695	\$ 6,674,886

F. ACTUARIAL ASSUMPTIONS – STRS

Key methods and assumptions used in the latest actuarial valuation, reflecting experience study results used in the June 30, 2017, actuarial valuation are presented below:

Inflation	2.50 percent
Projected salary increases	12.50 percent at age 20 to 2.50 percent at age 65
Investment rate of return	7.45 percent, net of investment expenses, including inflation
Payroll increases	3 percent
Cost-of-living adjustments (COLA)	0.0 percent, effective July 1, 2017
Blended discount rate of return	4.13 percent
Health care cost trends	6 to 11 percent initial, 4.5 percent ultimate

AVON LAKE CITY SCHOOL DISTRICT
LORAIN COUNTY
NOTES TO THE BASIC FINANCIAL STATEMENTS
FOR THE YEAR ENDED JUNE 30, 2018

NOTE 11 – DEFINED BENEFIT OPEB PLANS (continued)

F. ACTUARIAL ASSUMPTIONS – STRS (continued)

Projections of benefits include the historical pattern of sharing benefit costs between the employers and retired plan members.

For healthy retirees the mortality rates are based on the RP-2014 Annuitant Mortality Table with 50 percent of rates through age 69, 70 percent of rates between ages 70 and 79, 90 percent of rates between ages 80 and 84, and 100 percent of rates thereafter, projected forward generationally using mortality improvement scale MP-2016. For disabled retirees, mortality rates are based on the RP-2014 Disabled Mortality Table with 90 percent of rates for males and 100 percent of rates for females, projected forward generationally using mortality improvement scale MP-2016.

Actuarial assumptions used in the June 30, 2017, valuation are based on the results of an actuarial experience study for the period July 1, 2011 through June 30, 2016.

Since the prior measurement date, the discount rate was increased from 3.26 percent to 4.13 percent based on the methodology defined under GASB *Statement No. 74, Financial Reporting for Postemployment Benefit Plans Other Than Pension Plans (OPEB)* and the long term expected rate of return was reduced from 7.75 percent to 7.45 percent. Valuation year per capita health care costs were updated, and the salary scale was modified. The percentage of future retirees electing each option was updated based on current data and the percentage of future disabled retirees and terminated vested participants electing health coverage were decreased. The assumed mortality, disability, retirement, withdrawal and future health care cost trend rates were modified along with the portion of rebated prescription drug costs.

Also since the prior measurement date, the subsidy multiplier for non-Medicare benefit recipients was reduced from 2.1 percent to 1.9 percent per year of service. Medicare Part B premium reimbursements were discontinued for certain survivors and beneficiaries and all remaining Medicare Part B premium reimbursements will be discontinued beginning January 2019. Subsequent to the current measurement date, the date for discontinuing remaining Medicare Part B premium reimbursements was extended to January 2020.

STRS' investment consultant develops an estimate range for the investment return assumption based on the target allocation adopted by the Retirement Board. The target allocation and long-term expected rate of return for each major asset class are summarized as follows:

Asset Class	Target Allocation	Long-term Expected Real Rate of Return *
Domestic equity	28.00%	7.35%
International equity	23.00%	7.55%
Alternatives	17.00%	7.09%
Fixed income	21.00%	3.00%
Real estate	10.00%	6.00%
Liquidity reserves	1.00%	2.25%
	100.00%	

* 10 year annualized geometric nominal returns, which include the real rate of return and inflation of 2.25 percent and does not include investment expenses. Over a 30-year period, STRS' investment consultant indicates that the above target allocations should generate a return above the actual rate of return, without net value added by management

AVON LAKE CITY SCHOOL DISTRICT
LORAIN COUNTY
NOTES TO THE BASIC FINANCIAL STATEMENTS
FOR THE YEAR ENDED JUNE 30, 2018

NOTE 11 – DEFINED BENEFIT OPEB PLANS (continued)

F. ACTUARIAL ASSUMPTIONS – STRS (continued)

Discount Rate -The discount rate used to measure the total OPEB liability was 4.13 percent as of June 30, 2017. The projection of cash flows used to determine the discount rate assumes STRS Ohio continues to allocate no employer contributions to the health care fund. Based on these assumptions, the OPEB plan's fiduciary net position was not projected to be sufficient to make all projected future benefit payments of current plan members. The OPEB plan's fiduciary net position was projected to become insufficient to make future benefit payments during the fiscal year ending June 30, 2037. Therefore, the long-term expected rate of return on OPEB plan assets was used to determine the present value of the projected benefit payments through the fiscal year ending June 30, 2036 and the Bond Buyer 20-year municipal bond rate of 3.58 percent as of June 30, 2017 (i.e. municipal bond rate), was used to determine the present value of the projected benefit payments for the remaining years in the projection. The total present value of projected benefit payments from all years was then used to determine the single rate of return that was used as the discount rate. The blended discount rate of 4.13 percent, which represents the long-term expected rate of return of 7.45 percent for the funded benefit payments and the Bond Buyer 20-year municipal bond rate of 3.58 percent for the unfunded benefit payments, was used to measure the total OPEB liability as of June 30, 2017. A blended discount rate of 3.26 percent which represents the long term expected rate of return of 7.75 percent for the funded benefit payments and the Bond Buyer 20-year municipal bond rate of 2.85 percent for the unfunded benefit payments was used to measure the total OPEB liability at June 30, 2016.

Sensitivity of the School District's Proportionate Share of the Net OPEB Liability to Changes in the Discount and Health Care Cost Trend Rate -The following table represents the net OPEB liability as of June 30, 2017, calculated using the current period discount rate assumption of 4.13 percent, as well as what the net OPEB liability would be if it were calculated using a discount rate that is one percentage point lower (3.13 percent) or one percentage point higher (5.13 percent) than the current assumption. Also shown is the net OPEB liability as if it were calculated using health care cost trend rates that are one percentage point lower or one percentage point higher than the current health care cost trend rates.

	1% Decrease (3.13%)	Current Discount Rate (4.13%)	1% Increase (5.13%)
School District's proportionate share of the net pension liability	\$ 8,569,326	\$ 6,383,187	\$ 4,655,423

	1% Decrease	Current Trend Rate	1% Increase
School District's proportionate share of the net pension liability	\$ 4,434,765	\$ 6,383,187	\$ 8,947,539

AVON LAKE CITY SCHOOL DISTRICT
LORAIN COUNTY
NOTES TO THE BASIC FINANCIAL STATEMENTS
FOR THE YEAR ENDED JUNE 30, 2018

NOTE 12 - OTHER EMPLOYEE BENEFITS

A. COMPENSATED ABSENCES

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

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

B. LIFE INSURANCE

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

NOTE 13 - CAPITAL LEASES

The School District had 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. The assets are included in capital assets at the estimated fair value at the time of acquisition of \$ 309,749. Depreciation expense in fiscal 2018 was \$ 24,055. Accumulated depreciation was \$ 309,749 as of June 30, 2018. As of June 30, 2018, all the capital leases were paid in full.

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

AVON LAKE CITY SCHOOL DISTRICT
LORAIN COUNTY
NOTES TO THE BASIC FINANCIAL STATEMENTS
FOR THE YEAR ENDED JUNE 30, 2018

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, 2018, \$ 45,155,000 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:

	Restated Outstanding 6/30/2017	Additions	Reductions	Outstanding 6/30/2018	Due in 1 year
General obligation bonds					
Refunding bonds - 2004					
Term and serial bonds	\$ 370,000	\$ -	\$ 120,000	\$ 250,000	\$ 120,000
Refunding bonds - 2005					
Serial bonds	1,000,000	-	-	1,000,000	-
Various purpose construction bonds - 2010					
Term and serial bonds	10,370,000	-	950,000	9,420,000	965,000
Capital appreciation bonds	25,866	-	-	25,866	-
Accretion on capital appreciation bonds	70,986	20,338	-	91,324	-
Refunding bonds - 2015					
Term and serial bonds	26,110,000	-	2,365,000	23,745,000	2,395,000
Capital appreciation bonds	399,934	-	-	399,934	-
Accretion on capital appreciation bonds	435,842	240,893	-	676,735	-
Unamortized bond premiums	2,857,968	-	298,454	2,559,514	-
Total general obligation bonds	<u>41,640,596</u>	<u>261,231</u>	<u>3,733,454</u>	<u>38,168,373</u>	<u>3,480,000</u>
Net pension liability					
STRS	53,405,763	-	14,541,510	38,864,253	-
SERS	14,844,772	-	3,163,320	11,681,452	-
Total net pension liability	<u>68,250,535</u>	<u>-</u>	<u>17,704,830</u>	<u>50,545,705</u>	<u>-</u>
Net OPEB liability					
STRS	8,532,706	-	2,149,519	6,383,187	-
SERS	5,866,610	-	524,915	5,341,695	-
Total net OPEB liability	<u>14,399,316</u>	<u>-</u>	<u>2,674,434</u>	<u>11,724,882</u>	<u>-</u>
Capital leases	12,107	-	12,107	-	-
Compensated absences	5,660,719	1,139,042	1,122,110	5,677,651	1,346,354
Total governmental activities	<u>\$ 129,963,273</u>	<u>\$ 1,400,273</u>	<u>\$ 25,246,935</u>	<u>\$ 106,116,611</u>	<u>\$ 4,826,354</u>

AVON LAKE CITY SCHOOL DISTRICT
LORAIN COUNTY
NOTES TO THE BASIC FINANCIAL STATEMENTS
FOR THE YEAR ENDED JUNE 30, 2018

NOTE 14 - LONG-TERM OBLIGATIONS (continued)

There is no repayment schedule for the net pension liability and net OPEB liability, however, employer pension and OPEB contributions are made from the General Fund. For additional information related to the net pension liability and net OPEB liability see Note 10 and 11.

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

Capital lease obligations were 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.

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, 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>
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, 2018

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 \$ 43,153,420 and the unvoted legal debt margin was \$ 882,383 at June 30, 2018. Principal and interest requirements to retire long-term obligations outstanding at June 30, 2018, are as follows:

June 30,	General Obligation Bonds		Capital Appreciation Bonds		Total	
	Principal	Interest	Principal	Interest	Principal	Interest
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	1,025,000	1,443,343	-	-	1,025,000	1,443,343
2023	3,605,000	1,401,743	-	-	3,605,000	1,401,743
2024-2028	15,670,000	4,383,368	399,934	2,155,066	16,069,934	6,538,434
2029-2032	3,590,000	284,225	25,866	679,134	3,615,866	963,359
	<u>\$ 34,415,000</u>	<u>\$ 12,115,096</u>	<u>\$ 425,800</u>	<u>\$ 2,834,200</u>	<u>\$ 34,840,800</u>	<u>\$ 14,949,296</u>

AVON LAKE CITY SCHOOL DISTRICT
LORAIN COUNTY
NOTES TO THE BASIC FINANCIAL STATEMENTS
FOR THE YEAR ENDED JUNE 30, 2018

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, 2018, the School District paid \$ 70,186 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, 2018, the School District paid \$ 116,695 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, 2018

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 coverages 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 ended June 30, 2018, the School District paid \$ 5,902,821 to the Consortium.

AVON LAKE CITY SCHOOL DISTRICT
LORAIN COUNTY
NOTES TO THE BASIC FINANCIAL STATEMENTS
FOR THE YEAR ENDED JUNE 30, 2018

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 2018, expenditures for operating leases totaled \$ 123,739.

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, 2018.

	Year ending June 30,	Amount
Total minimum lease payments	2019	\$ 73,715
	2020	61,179
		\$ 134,894

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, 2018.

School District foundation funding is based on the annualized full-time equivalent (FTE) enrollment of each student. The Ohio Department of Education (ODE) is legislatively required to adjust/reconcile funding as enrollment information is updated by schools throughout the State, which can extend past the fiscal year end. As of the date of this report, additional ODE adjustments for fiscal year 2018 are not finalized. As a result, the impact of future FTE adjustments on the fiscal year 2018 financial statements is not determinable, at this time. Management believes this may result in either an additional receivable to, or a liability of, the School District.

AVON LAKE CITY SCHOOL DISTRICT
LORAIN COUNTY
NOTES TO THE BASIC FINANCIAL STATEMENTS
FOR THE YEAR ENDED JUNE 30, 2018

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, 2018, 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, 2017	\$ 113,990	\$ -
Current year set-aside requirements	-	666,288
Qualifying disbursements	-	(1,230,263)
Total	\$ 113,990	\$ (563,975)
Set-aside balance carried forward to future fiscal years	\$ -	\$ -
Set-aside reserve balance as of June 30, 2018	\$ 113,990	\$ (563,975)

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 TRANSACTIONS

A. INTERFUND RECEIVABLES/PAYABLES

On the fund financial statements at June 30, 2018, interfund balances consisted of the following:

	Due from Nonmajor Governmental Funds
Due to General Fund	\$ 2,918

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.

B. TRANSFERS IN/OUT

On the fund financial statements at June 30, 2018, interfund transfers consisted of the following:

	Transfer from Nonmajor Governmental Funds
Transfer to General Fund	\$ 371

The transfer to the General Fund was to close out programs and projects in the Local grants fund.

AVON LAKE CITY SCHOOL DISTRICT
LORAIN COUNTY
NOTES TO THE BASIC FINANCIAL STATEMENTS
FOR THE YEAR ENDED JUNE 30, 2018

NOTE 21 – TAX ABATEMENT

In 1994, pursuant to Ohio Revised code Sections 3735.60 to 3735.70 on Community Reinvestment Area (CRA), the City of Avon Lake (City) established “Community Reinvestment Area No. 2” (Reinvestment Area) with Resolution 132-94. In 2014, the city renewed the original legislation with Resolution 82-2014. The boundaries of the Reinvestment Area were the boundaries of the entire incorporated area of the City of Avon Lake. With that legislation, the City authorized tax abatements which equals an agreed upon percentage of the additional property tax resulting from the increase in an increased assessed value as a result of the improvements. The amount of the abatement is deducted from the recipient’s property tax bill.

The establishment of the Reinvestment Area gave the City the ability to maintain and expand businesses located in the City and created new jobs by abating or reducing assessed valuation of properties, resulting in abated taxes, from new or improved business real estate. For fiscal year 2018, the Avon Lake City School District has foregone approximately \$ 250,000 in tax revenue as a result of the abatements the City entered into.

NOTE 22 – COMPLIANCE AND ACCOUNTABILITY

Not apparent in the basic financial statements are the following deficit fund equity balances:

Special Revenue Funds	
Auxiliary Services	\$ 24,135
Miscellaneous State Grants	1,972
Title II-A	1,500
	<u>\$ 27,607</u>

The General Fund is liable for any deficits in these funds and provides transfers when cash is required, not when accruals occur. These deficit fund balances resulted from reflecting expenditures in accordance with the modified accrual basis of accounting, which are larger than amounts recognized on the budget basis. The School District, in accordance with its budget basis, will appropriate such expenditures from resources of the subsequent year.

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REQUIRED SUPPLEMENTARY INFORMATION

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 FIVE FISCAL YEARS (1)

	<u>2018</u>	<u>2017</u>	<u>2016</u>	<u>2015</u>
School District's proportion of the net pension liability	0.19551270%	0.20282300%	0.20439600%	0.20473100%
School District's proportionate share of the net pension liability	\$ 11,681,452	\$ 14,844,772	\$ 11,663,057	\$ 10,361,320
School District's covered payroll	\$ 6,735,593	\$ 6,015,535	\$ 6,183,455	\$ 5,721,082
School District's proportionate share of the net pension liability as a percentage of its covered payroll	173.43%	246.77%	188.62%	181.11%
Plan fiduciary net position as a percentage of the total pension liability	69.50%	62.98%	69.16%	71.70%

(1) Information prior to 2014 is not available. This schedule is intended to show information for 10 years. Additional years will be displayed as they become available.

(2) Amounts presented for each fiscal year were determined as of the School District's measurement date which is the prior year-end.

See notes to required supplementary information.

2014

0.20473100%

\$ 12,174,695

\$ 5,925,975

205.45%

65.52%

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 FIVE FISCAL YEARS (1)

	<u>2018</u>	<u>2017</u>	<u>2016</u>	<u>2015</u>
School District's proportion of the net pension liability	0.16360304%	0.15954871%	0.16005300%	0.169168%
School District's proportionate share of the net pension liability	\$ 38,864,253	\$ 53,405,763	\$ 44,233,915	\$ 41,147,626
School District's covered payroll	\$ 18,151,993	\$ 16,717,462	\$ 16,704,889	\$ 17,297,477
School District's proportionate share of the net pension liability as a percentage of its covered payroll	214.10%	319.46%	264.80%	237.88%
Plan fiduciary net position as a percentage of the total pension liability	75.30%	66.80%	72.10%	74.70%

- (1) Information prior to 2014 is not available. This schedule is intended to show information for 10 years. Additional years will be displayed as they become available.
- (2) Amounts presented for each fiscal year were determined as of the School District's measurement date which is the prior year-end.

See notes to required supplementary information.

2014

0.169168%

\$ 49,014,783

\$ 18,060,615

271.39%

69.30%

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

	<u>2018</u>	<u>2017</u>	<u>2016</u>	<u>2015</u>
Contractually required contribution	\$ 901,632	\$ 942,983	\$ 842,175	\$ 814,979
Contributions in relation to the contractually required contribution	<u>(901,632)</u>	<u>(942,983)</u>	<u>(842,175)</u>	<u>(814,979)</u>
Contribution deficiency (excess)	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>
School District covered payroll	<u>\$ 6,678,752</u>	<u>\$ 6,735,593</u>	<u>\$ 6,015,535</u>	<u>\$ 6,183,455</u>
Contributions as a percentage of covered payroll	<u>13.50%</u>	<u>14.00%</u>	<u>14.00%</u>	<u>13.18%</u>

See notes to required supplementary information.

2014	2013	2012	2011	2010	2009
\$ 792,942	\$ 820,155	\$ 752,662	\$ 718,849	\$ 759,519	\$ 495,564
(792,942)	(820,155)	(752,662)	(718,849)	(759,519)	(495,564)
\$ -	\$ -	\$ -	\$ -	\$ -	\$ -
\$ 5,721,082	\$ 5,925,975	\$ 5,596,000	\$ 5,718,767	\$ 5,609,446	\$ 5,036,220
13.86%	13.84%	13.45%	12.57%	13.54%	9.84%

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

	2018	2017	2016	2015
Contractually required contribution	\$ 2,632,769	\$ 2,541,279	\$ 2,340,443	\$ 2,338,684
Contributions in relation to the contractually required contribution	(2,632,769)	(2,541,279)	(2,340,443)	(2,338,684)
Contribution deficiency (excess)	\$ -	\$ -	\$ -	\$ -
School District covered payroll	\$ 18,805,491	\$ 18,151,993	\$ 16,717,462	\$ 16,704,889
Contributions as a percentage of covered payroll	14.00%	14.00%	14.00%	14.00%

See notes to required supplementary information.

2014	2013	2012	2011	2010	2009
<u>\$ 2,248,672</u>	<u>\$ 2,347,880</u>	<u>\$ 2,390,611</u>	<u>\$ 2,377,345</u>	<u>\$ 2,277,435</u>	<u>\$ 2,132,033</u>
<u>(2,248,672)</u>	<u>(2,347,880)</u>	<u>(2,390,611)</u>	<u>(2,377,345)</u>	<u>(2,277,435)</u>	<u>(2,132,033)</u>
<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>
<u>\$ 17,297,477</u>	<u>\$ 18,060,615</u>	<u>\$ 18,389,315</u>	<u>\$ 18,287,269</u>	<u>\$ 17,518,731</u>	<u>\$ 16,400,254</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>

AVON LAKE CITY SCHOOL DISTRICT
LORAIN COUNTY

REQUIRED SUPPLEMENTARY INFORMATION

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

LAST TWO FISCAL YEARS (1)

	2018	2017
School District's proportion of the net OPEB liability	0.1990394%	0.2058185%
School District's proportionate share of the net OPEB liability	\$ 5,341,695	\$ 5,866,610
School District's covered payroll	\$ 6,735,593	\$ 6,015,535
School District's proportionate share of the net OPEB liability as a percentage of its covered payroll	79.31%	97.52%
Plan fiduciary net position as a percentage of the total OPEB liability	12.46%	11.49%

(1) Information prior to 2017 is not available. This schedule is intended to show information for 10 years. Additional years will be displayed as they become available.

(2) Amounts presented for each fiscal year were determined as of the School District's measurement date which is the prior year end.

See notes to required supplementary information.

AVON LAKE CITY SCHOOL DISTRICT
LORAIN COUNTY

REQUIRED SUPPLEMENTARY INFORMATION

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

LAST TWO FISCAL YEARS (1)

	2018	2017
School District's proportion of the net OPEB liability	0.16360304%	0.15954871%
School District's proportionate share of the net OPEB liability	\$ 6,383,187	\$ 8,532,706
School District's covered payroll	\$ 18,151,993	\$ 16,717,462
School District's proportionate share of the net OPEB liability as a percentage of its covered payroll	35.17%	51.04%
Plan fiduciary net position as a percentage of the total OPEB liability	47.10%	37.30%

(1) Information prior to 2017 is not available. This schedule is intended to show information for 10 years. Additional years will be displayed as they become available.

(2) Amounts presented for each fiscal year were determined as of the School District's measurement date which is the prior year end.

See notes to required supplementary information.

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

	2018	2017	2016	2015
Contractually required contribution (1)	\$ 144,047	\$ 111,438	\$ 105,345	\$ 156,213
Contributions in relation to the contractually required contribution	(144,047)	(111,438)	(105,345)	(156,213)
Contribution deficiency (excess)	\$ -	\$ -	\$ -	\$ -
School District covered payroll	\$ 6,678,752	\$ 6,735,593	\$ 6,015,535	\$ 6,183,455
OPEB contributions as a percentage of covered payroll	2.16%	1.65%	1.75%	2.53%

(1) Includes Surcharge

See notes to required supplementary information.

2014	2013	2012	2011	2010	2009
\$ 118,686	\$ 104,118	\$ 178,746	\$ 177,039	\$ 108,096	\$ 226,791
(118,686)	(104,118)	(178,746)	(177,039)	(108,096)	(226,791)
\$ -	\$ -	\$ -	\$ -	\$ -	\$ -
\$ 5,721,082	\$ 5,925,975	\$ 5,596,000	\$ 5,718,767	\$ 5,609,446	\$ 5,036,220
2.07%	1.76%	3.19%	3.10%	1.93%	4.50%

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

	2018	2017	2016	2015
Contractually required contribution (1)	\$ -	\$ -	\$ -	\$ -
Contributions in relation to the contractually required contribution	-	-	-	-
Contribution deficiency (excess)	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>
School District covered payroll	\$ 18,805,491	\$ 18,151,993	\$ 16,717,462	\$ 16,704,889
OPEB contributions as a percentage of covered payroll	0.00%	0.00%	0.00%	0.00%

See notes to required supplementary information.

2014	2013	2012	2011	2010	2009
<u>\$ 172,975</u>	<u>\$ 180,606</u>	<u>\$ 183,893</u>	<u>\$ 182,873</u>	<u>\$ 175,187</u>	<u>\$ 164,003</u>
<u>(172,975)</u>	<u>(180,606)</u>	<u>(183,893)</u>	<u>(182,873)</u>	<u>(175,187)</u>	<u>(164,003)</u>
<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>
\$ 17,297,477	\$ 18,060,615	\$ 18,389,315	\$ 18,287,269	\$ 17,518,731	\$ 16,400,254
1.00%	1.00%	1.00%	1.00%	1.00%	1.00%

AVON LAKE CITY SCHOOL DISTRICT
LORAIN COUNTY
NOTES TO REQUIRED SUPPLEMENTARY INFORMATION
FOR THE YEAR ENDED JUNE 30, 2018

NOTE 1 – PENSION

A. SCHOOL EMPLOYEES RETIREMENT SYSTEM (SERS) OF OHIO

Changes in benefit terms: There were no changes in benefit terms from the amounts reported for fiscal years 2014-2017. For fiscal year 2018, SERS changed from a fixed 3% annual increase to a Cost of Living Adjustment (COLA) based on the changed in the Consumer Price Index (CPI-W), with a cap of 2.5% and a floor of 0%.

Changes in assumptions: There were no changes in methods and assumptions used in the calculation of actuarial determined contributions for fiscal years 2014-2016. For fiscal year 2017, the following changes of assumptions affected the total pension liability since the prior measurement date: (a) the assumed rate of inflation was reduced from 3.25% to 3.00%, (b) payroll growth assumption was reduced from 4.00% to 3.50%, (c) assumed real wage growth was reduced from 0.75% to 0.50%, (d) Rates of withdrawal, retirement and disability were updated to reflect recent experience, (e) mortality among active members was updated to RP-2014 Blue Collar Mortality Table with fully generational projection and a five year age set-back for both males and females, (f) mortality among service retired members, and beneficiaries was updated to the following RP-2014 Blue Collar Mortality Table with fully generational projection with Scale BB, 120% of male rates, and 110% of female rates, (g) mortality among disabled members was updated to RP-2000 Disabled Mortality Table, 90% for male rates and 100% for female rates, set back five years is used for the period after disability retirement and (h) the discount rate was reduced from 7.75% to 7.50%. There were no changes in methods and assumptions used in the calculation of actuarial determined contributions for fiscal year 2018.

B. STATE TEACHERS RETIREMENT SYSTEM (STRS) OF OHIO

Changes in benefit terms: There were no changes in benefit terms from the amounts reported for fiscal years 2014-2017. For fiscal year 2018, STRS decreased the Cost of Living Adjustment (COLA) to zero.

Changes in assumptions: There were no changes in methods and assumptions used in the calculation of actuarial determined contributions for fiscal years 2014-2017. For fiscal year 2018, the following changes of assumption affected the total pension liability since the prior measurement date: (a) the long term expected rate of return was reduced from 7.75% to 7.45%, (b) the inflation assumption was lowered from 2.75% to 2.50%, (c) the payroll growth assumption was lowered to 3.00%, (d) total salary increases rate was lowered by decreasing the merit component of the individual salary increases, in addition to a decrease of 0.25% due to lower inflation (e) the healthy and disabled mortality assumptions were updated to the RP-2014 mortality tables with generational improvement scale MP-2016 and (f) rates of retirement, termination and disability were modified to better reflect anticipated future experience

AVON LAKE CITY SCHOOL DISTRICT
LORAIN COUNTY
NOTES TO REQUIRED SUPPLEMENTARY INFORMATION
FOR THE YEAR ENDED JUNE 30, 2018

NOTE 2 –OTHER POST EMPLOYMENT BENEFITS (OPEB)

A. SCHOOL EMPLOYEES RETIREMENT SYSTEM (SERS) OF OHIO

Changes in benefit terms: There were no changes in benefit terms from the amounts reported for fiscal years 2017-2018.

Changes in assumptions: There were no changes in methods and assumptions used in the calculation of actuarial determined contributions for fiscal years 2017. For fiscal year 2018, the following changes of assumptions affected the total OPEB liability since the prior measurement date: (a) assumed rate of inflation was reduced from 3.25% to 3.00%, (b) payroll growth assumption was reduced from 4.00% to 3.50%, (c) assumed real wage growth was reduced from 0.75% to 0.50%, (d) rates of withdrawal, retirement, and disability were updated to reflect recent experience, (e) mortality among active members was updated to the following: RP-2014 Blue Collar Mortality Table with fully generational projection and a five-year age set-back for both males and females, (f) mortality among service retired members, and beneficiaries was updated to the following: RP-2014 Blue Collar Mortality Table with fully generational projection with Scale BB, 120% of male rates, and 110% of female rates, (g) mortality among disabled members was updated to the following: RP-2000 Disabled Mortality Table, 90% for male rates and 100% for female rates, set back five years is used for the period after disability retirement

B. STATE TEACHERS RETIREMENT SYSTEM (STRS) OF OHIO

Changes in benefit terms: There were no changes in benefit terms from the amounts reported for fiscal year 2017. For fiscal year 2018, STRS reduced the subsidy multiplier for non-Medicare benefit recipients from 2.1% to 1.9% per year of service. Medicare Part B premium reimbursements were discontinued for certain survivors and beneficiaries and all remaining Medicare Part B premium reimbursements will be discontinued beginning January 2019.

Changes in assumptions: There were no changes in methods and assumptions used in the calculation of actuarial determined contributions for fiscal year 2017. For fiscal year 2018, the following changes of assumption affected the total OPEB liability since the prior measurement date: (a) the discount rate was increased from 3.26% to 4.13% based on the methodology defined under GASB Statement No. 74, Financial Reporting for Postemployment Benefit Plans Other Than Pension Plans (OPEB), (b) the long term expected rate of return was reduced from 7.75% to 7.45%, (c) valuation year per capita health care costs were updated, and the salary scale was modified, (d) the percentage of future retirees electing each option was updated based on current data and the percentage of future disabled retirees and terminated vested participants electing health coverage were decreased and (e) the assumed mortality, disability, retirement, withdrawal and future health care cost trend rates were modified along with the portion of rebated prescription drug costs.

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Combining
and
Individual Fund Statements
and Schedules

AVON LAKE CITY SCHOOL DISTRICT
COMBINING BALANCE SHEET
NONMAJOR GOVERNMENTAL FUNDS
JUNE 30, 2018

Fund Descriptions – Nonmajor Governmental Funds

Nonmajor Special Revenue Funds

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

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

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

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

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

Miscellaneous State Grants To account for various monies received from state agencies which are not classified elsewhere.

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.

The following funds are included in the General Fund (GAAP basis), but have separate legally adopted budgets (budget basis). These funds are not included in the combining statements for the nonmajor special revenue funds since they are reported in the General Fund (GAAP basis); however, the budgetary schedules for these funds are presented in this section.

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

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

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

(continued)

AVON LAKE CITY SCHOOL DISTRICT
COMBINING BALANCE SHEET
NONMAJOR GOVERNMENTAL FUNDS
JUNE 30, 2018

Fund Descriptions – Nonmajor Governmental Funds

Nonmajor Debt Service Fund

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

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

Nonmajor Capital Projects Fund

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.

AVON LAKE CITY SCHOOL DISTRICT
 COMBINING BALANCE SHEET
 NONMAJOR GOVERNMENTAL FUNDS
 JUNE 30, 2018

	Total Nonmajor Special Revenue Funds	Nonmajor Debt Service Fund	Nonmajor Capital Projects Fund	Total Nonmajor Governmental Funds
Assets				
Equity in pooled cash	\$ 1,101,725	\$ 21,456	\$ 1,467,351	\$ 2,590,532
Receivables, net of allowance				
Taxes, current	-	-	601,018	601,018
Taxes, delinquent	-	-	33,200	33,200
Accounts and other	10,174	-	-	10,174
Intergovernmental receivables	2,918	-	-	2,918
Inventories and supplies	10,207	-	-	10,207
Total assets	\$ 1,125,024	\$ 21,456	\$ 2,101,569	\$ 3,248,049
Liabilities				
Accounts and contracts payable	\$ 17,367	\$ -	\$ -	\$ 17,367
Accrued salaries, wages and benefits	95,046	-	-	95,046
Intergovernmental payable	13,121	-	-	13,121
Interfund payable	2,918	-	-	2,918
Matured compensated absences	35,259	-	-	35,259
Total liabilities	163,711	-	-	163,711
Deferred inflows of resources				
Property taxes levied for next year and unavailable resources	45,582	-	524,816	570,398
Total deferred inflows of resources	45,582	-	524,816	570,398
Fund balances				
Nonspendable	10,207	-	-	10,207
Restricted	933,131	21,456	1,576,753	2,531,340
Unassigned (deficit)	(27,607)	-	-	(27,607)
Total fund balances (deficit)	915,731	21,456	1,576,753	2,513,940
Total liabilities, deferred inflows of resources and fund balances (deficit)	\$ 1,125,024	\$ 21,456	\$ 2,101,569	\$ 3,248,049

AVON LAKE CITY SCHOOL DISTRICT
 COMBINING STATEMENT OF REVENUES, EXPENDITURES AND CHANGES IN FUND BALANCES
 NONMAJOR GOVERNMENTAL FUNDS
 FOR THE YEAR ENDED JUNE 30, 2018

	Total Nonmajor Special Revenue Funds	Nonmajor Debt Service Fund	Nonmajor Capital Projects Fund	Total Nonmajor Governmental Funds
Revenue				
Taxes	\$ -	\$ -	\$ 665,401	\$ 665,401
Interest	11,550	-	-	11,550
Intergovernmental	1,533,157	-	62,797	1,595,954
Extracurricular	255,522	-	-	255,522
Charges for services	947,402	-	-	947,402
Donations and contributions	37,953	-	-	37,953
Miscellaneous	55,654	-	-	55,654
Total revenues	<u>2,841,238</u>	<u>-</u>	<u>728,198</u>	<u>3,569,436</u>
Expenditures				
Current				
Instruction				
Regular	205,569	-	1,545	207,114
Special	527,606	-	-	527,606
Other instruction	6,380	-	-	6,380
Supporting services				
Pupil	161,661	-	-	161,661
Instructional staff	46,622	-	-	46,622
Administration	129,386	-	-	129,386
Fiscal services	-	-	8,926	8,926
Operation and maintenance	15,035	-	37,706	52,741
Operation of non-instructional services				
Food service operation	1,250,428	-	-	1,250,428
Community services	311,904	-	-	311,904
Extracurricular activities	330,086	-	-	330,086
Capital outlay	-	-	593,775	593,775
Total expenditures	<u>2,984,677</u>	<u>-</u>	<u>641,952</u>	<u>3,626,629</u>
Excess (deficiency) of revenues over expenditures	<u>(143,439)</u>	<u>-</u>	<u>86,246</u>	<u>(57,193)</u>
Other financing sources (uses)				
Transfers out	(371)	-	-	(371)
Total other financing sources (uses)	<u>(371)</u>	<u>-</u>	<u>-</u>	<u>(371)</u>
Net change in fund balances	(143,810)	-	86,246	(57,564)
Fund balances, beginning of year	<u>1,059,541</u>	<u>21,456</u>	<u>1,490,507</u>	<u>2,571,504</u>
Fund balances, end of year	<u>\$ 915,731</u>	<u>\$ 21,456</u>	<u>\$ 1,576,753</u>	<u>\$ 2,513,940</u>

AVON LAKE CITY SCHOOL DISTRICT
 COMBINING BALANCE SHEET
 NONMAJOR SPECIAL REVENUE FUNDS
 JUNE 30, 2018

	Food Service	Local Grants	Athletics	Auxiliary Service
Assets				
Equity in pooled cash	\$ 746,500	188,836	\$ 115,889	\$ 48,528
Receivables, net of allowance				
Accounts and other	-	-	10,174	-
Intergovernmental receivables	-	-	-	-
Inventories and supplies	10,207	-	-	-
Total assets	\$ 756,707	188,836	\$ 126,063	\$ 48,528
Liabilities				
Accounts and contracts payable	\$ -	884	\$ 9,360	\$ 3,651
Accrued salaries, wages and benefits	65,466	-	-	29,580
Intergovernmental payable	8,948	-	-	4,173
Interfund payable	-	-	-	-
Matured compensated absences	-	-	-	35,259
Total liabilities	74,414	884	9,360	72,663
Deferred inflows of resources				
Property taxes levied for next year and unavailable resources	43,610	-	-	-
Total deferred inflows of resources	43,610	-	-	-
Fund balances				
Nonspendable	10,207	-	-	-
Restricted	628,476	187,952	116,703	-
Unassigned (deficit)	-	-	-	(24,135)
Total fund balances (deficit)	638,683	187,952	116,703	(24,135)
Total liabilities, deferred inflows of resources and fund balances (deficit)	\$ 756,707	188,836	\$ 126,063	\$ 48,528

Miscellaneous State Grants	Title VI-B	Title I	Early Childhood Education Development	Title II-A	Total Nonmajor Special Revenue Funds
\$ 1,972	\$ -	\$ -	\$ -	\$ -	\$ 1,101,725
-	-	-	-	-	10,174
1,972	-	-	-	946	2,918
-	-	-	-	-	10,207
<u>\$ 3,944</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ 946</u>	<u>\$ 1,125,024</u>
\$ 1,972	\$ -	\$ -	\$ -	\$ 1,500	\$ 17,367
-	-	-	-	-	95,046
-	-	-	-	-	13,121
1,972	-	-	-	946	2,918
-	-	-	-	-	35,259
<u>3,944</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>2,446</u>	<u>163,711</u>
<u>1,972</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>45,582</u>
<u>1,972</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>45,582</u>
-	-	-	-	-	10,207
-	-	-	-	-	933,131
<u>(1,972)</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>(1,500)</u>	<u>(27,607)</u>
<u>(1,972)</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>(1,500)</u>	<u>915,731</u>
<u>\$ 3,944</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ 946</u>	<u>\$ 1,125,024</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, 2018

	Food Service	Local Grants	Athletics	Auxiliary Service
Revenue				
Interest	\$ 10,592	\$ -	\$ -	\$ 958
Intergovernmental	338,047	-	-	255,099
Extracurricular	-	-	255,522	-
Charges for services	921,460	-	25,942	-
Donations and contributions	-	-	37,953	-
Miscellaneous	-	55,000	654	-
Total revenues	<u>1,270,099</u>	<u>55,000</u>	<u>320,071</u>	<u>256,057</u>
Expenditures				
Current				
Instruction				
Regular	-	175,962	-	-
Special	-	2,468	-	-
Other instruction	-	350	-	-
Supporting services				
Pupil	-	-	-	-
Instructional staff	-	-	-	-
Administration	-	-	-	-
Operation and maintenance	-	14,905	130	-
Operation of non-instructional services				
Food service operation	1,250,428	-	-	-
Community services	-	1,635	-	281,336
Extracurricular activities	-	-	330,086	-
Total expenditures	<u>1,250,428</u>	<u>195,320</u>	<u>330,216</u>	<u>281,336</u>
Excess (deficiency) of revenues over expenditures	<u>19,671</u>	<u>(140,320)</u>	<u>(10,145)</u>	<u>(25,279)</u>
Other financing sources (uses)				
Transfers out	-	(371)	-	-
Total other financing sources (uses)	<u>-</u>	<u>(371)</u>	<u>-</u>	<u>-</u>
Net change in fund balances	19,671	(140,691)	(10,145)	(25,279)
Fund balances, beginning of year	<u>619,012</u>	<u>328,643</u>	<u>126,848</u>	<u>1,144</u>
Fund balances (deficit), end of year	<u>\$ 638,683</u>	<u>\$ 187,952</u>	<u>\$ 116,703</u>	<u>\$ (24,135)</u>

Miscellaneous State Grants	Title VI-B	Title I	Early Childhood Education Development	Title II-A	Total Nonmajor Special Revenue Funds
\$ -	\$ -	\$ -	\$ -	\$ -	\$ 11,550
-	652,708	209,597	17,990	59,716	1,533,157
-	-	-	-	-	255,522
-	-	-	-	-	947,402
-	-	-	-	-	37,953
-	-	-	-	-	55,654
-	652,708	209,597	17,990	59,716	2,841,238
-	-	-	-	29,607	205,569
1,972	321,980	185,779	15,407	-	527,606
-	-	6,030	-	-	6,380
-	161,661	-	-	-	161,661
-	16,235	4,982	-	25,405	46,622
-	129,386	-	-	-	129,386
-	-	-	-	-	15,035
-	-	-	-	-	1,250,428
-	22,233	654	-	6,046	311,904
-	-	-	-	-	330,086
1,972	651,495	197,445	15,407	61,058	2,984,677
(1,972)	1,213	12,152	2,583	(1,342)	(143,439)
-	-	-	-	-	(371)
-	-	-	-	-	(371)
(1,972)	1,213	12,152	2,583	(1,342)	(143,810)
-	(1,213)	(12,152)	(2,583)	(158)	1,059,541
\$ (1,972)	\$ -	\$ -	\$ -	\$ (1,500)	\$ 915,731

Fund Descriptions

Agency Funds

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

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

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

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, 2018

	Beginning Balance June 30, 2017	Additions	Reductions	Ending Balance June 30, 2018
Student Activities Fund				
Assets				
Equity in pooled cash	\$ 104,340	\$ 226,615	\$ 178,526	\$ 152,429
Total assets	<u>\$ 104,340</u>	<u>\$ 226,615</u>	<u>\$ 178,526</u>	<u>\$ 152,429</u>
Liabilities				
Accounts payable	\$ 383	\$ 26,218	\$ 383	\$ 26,218
Due to students	103,957	200,397	178,143	126,211
Total liabilities	<u>\$ 104,340</u>	<u>\$ 226,615</u>	<u>\$ 178,526</u>	<u>\$ 152,429</u>
Staff Services Fund				
Assets				
Equity in pooled cash	\$ 3,087	\$ 1,652	\$ 1,039	\$ 3,700
Total assets	<u>\$ 3,087</u>	<u>\$ 1,652</u>	<u>\$ 1,039</u>	<u>\$ 3,700</u>
Liabilities				
Due to others	\$ 3,087	\$ 1,652	\$ 1,039	\$ 3,700
Total liabilities	<u>\$ 3,087</u>	<u>\$ 1,652</u>	<u>\$ 1,039</u>	<u>\$ 3,700</u>
District Agency Fund				
Assets				
Equity in pooled cash	\$ -	\$ 10,577	\$ 10,577	\$ -
Total assets	<u>\$ -</u>	<u>\$ 10,577</u>	<u>\$ 10,577</u>	<u>\$ -</u>
Liabilities				
Due to others	\$ -	\$ 10,577	\$ 10,577	\$ -
Total liabilities	<u>\$ -</u>	<u>\$ 10,577</u>	<u>\$ 10,577</u>	<u>\$ -</u>
Total Agency Funds				
Assets				
Equity in pooled cash	\$ 107,427	\$ 238,844	\$ 190,142	\$ 156,129
Total assets	<u>\$ 107,427</u>	<u>\$ 238,844</u>	<u>\$ 190,142</u>	<u>\$ 156,129</u>
Liabilities				
Accounts payable	\$ 383	\$ 26,218	\$ 383	\$ 26,218
Due to students	103,957	200,397	178,143	126,211
Due to others	3,087	12,229	11,616	3,700
Total liabilities	<u>\$ 107,427</u>	<u>\$ 238,844</u>	<u>\$ 190,142</u>	<u>\$ 156,129</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, 2018

	General Fund			Variance with Final Budget Positive (Negative)
	Budget Amounts		Actual	
	Original	Final		
Revenues				
Taxes	\$ 29,916,395	\$ 32,039,088	\$ 32,059,536	\$ 20,448
Tuition and fees	886,135	949,010	949,616	606
Interest	221,410	237,120	237,271	151
Intergovernmental	7,748,126	8,297,888	8,303,184	5,296
Miscellaneous	281,954	301,959	302,152	193
Total revenues	<u>39,054,020</u>	<u>41,825,065</u>	<u>41,851,759</u>	<u>26,694</u>
Expenditures				
Current				
Instruction				
Regular				
Salaries	13,056,035	13,590,280	13,257,834	332,446
Benefits	4,703,873	4,896,353	4,776,578	119,775
Purchased services	938,371	976,769	952,875	23,894
Materials and supplies	554,870	577,575	563,446	14,129
Capital outlay	175,428	182,606	178,139	4,467
Total regular	<u>19,428,577</u>	<u>20,223,583</u>	<u>19,728,872</u>	<u>494,711</u>
Special				
Salaries	2,561,552	2,666,369	2,601,144	65,225
Benefits	808,950	842,051	821,453	20,598
Purchased services	1,484,347	1,545,086	1,507,290	37,796
Materials and supplies	15,478	16,111	15,717	394
Capital outlay	8,871	9,234	9,008	226
Total special	<u>4,879,198</u>	<u>5,078,851</u>	<u>4,954,612</u>	<u>124,239</u>
Adult/continuing				
Salaries	7,794	8,112	7,914	198
Benefits	1,197	1,245	1,215	30
Total adult/continuing	<u>8,991</u>	<u>9,357</u>	<u>9,129</u>	<u>228</u>
Other				
Salaries	195,076	203,058	198,091	4,967
Benefits	50,083	52,132	50,857	1,275
Purchased services	543,505	565,745	551,906	13,839
Other	23,953	24,933	24,323	610
Total other instruction	<u>812,617</u>	<u>845,868</u>	<u>825,177</u>	<u>20,691</u>
Total instruction	<u>25,129,383</u>	<u>26,157,659</u>	<u>25,517,790</u>	<u>639,869</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, 2018

	General Fund			Variance with Final Budget Positive (Negative)
	Budget Amounts		Actual	
	Original	Final		
Supporting services				
Pupil				
Salaries	1,466,909	1,526,934	1,489,582	37,352
Benefits	558,852	581,720	567,490	14,230
Purchased services	309,267	321,922	314,047	7,875
Capital outlay	1,695	1,764	1,721	43
Total pupil	<u>2,336,723</u>	<u>2,432,340</u>	<u>2,372,840</u>	<u>59,500</u>
Instructional staff				
Salaries	896,878	933,577	910,740	22,837
Benefits	331,401	344,961	336,523	8,438
Contractual services	327,357	340,752	332,417	8,335
Materials and supplies	22,485	23,406	22,833	573
Capital outlay	23,002	23,944	23,358	586
Other	216	224	219	5
Total instructional staff	<u>1,601,339</u>	<u>1,666,864</u>	<u>1,626,090</u>	<u>40,774</u>
Board of education				
Salaries	7,509	7,816	7,625	191
Benefits	1,045	1,088	1,061	27
Purchased services	4,782	4,978	4,856	122
Materials and supplies	8,579	8,930	8,712	218
Total board of education	<u>21,915</u>	<u>22,812</u>	<u>22,254</u>	<u>558</u>
Administration				
Salaries	1,829,711	1,904,582	1,857,992	46,590
Benefits	924,997	962,847	939,294	23,553
Purchased services	374,363	389,681	380,149	9,532
Materials and supplies	19,979	20,797	20,288	509
Capital outlay	49,162	51,174	49,922	1,252
Other	40,008	41,645	40,626	1,019
Total administration	<u>3,238,220</u>	<u>3,370,726</u>	<u>3,288,271</u>	<u>82,455</u>
Fiscal				
Salaries	328,951	342,411	334,035	8,376
Benefits	156,276	162,670	158,691	3,979
Purchased services	43,605	45,389	44,279	1,110
Materials and supplies	2,108	2,195	2,141	54
Other	547,786	570,201	556,253	13,948
Total fiscal	<u>1,078,726</u>	<u>1,122,866</u>	<u>1,095,399</u>	<u>27,467</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, 2018

	General Fund			Variance with Final Budget Positive (Negative)
	Budget Amounts		Actual	
	Original	Final		
Business				
Salaries	216,828	225,700	220,179	5,521
Benefits	95,589	99,500	97,066	2,434
Purchased services	24,639	25,647	25,020	627
Other	2,094	2,179	2,126	53
Total business	<u>339,150</u>	<u>353,026</u>	<u>344,391</u>	<u>8,635</u>
Operation and maintenance				
Salaries	1,447,748	1,506,989	1,470,125	36,864
Benefits	621,881	647,328	631,493	15,835
Purchased services	1,834,366	1,909,427	1,862,719	46,708
Materials and supplies	314,115	326,968	318,970	7,998
Capital outlay	64,696	67,343	65,696	1,647
Total operation and maintenance	<u>4,282,806</u>	<u>4,458,055</u>	<u>4,349,003</u>	<u>109,052</u>
Pupil transportation				
Salaries	1,126,163	1,172,244	1,143,569	28,675
Benefits	262,597	273,343	266,656	6,687
Purchased services	113,879	118,539	115,639	2,900
Materials and supplies	268,390	279,372	272,538	6,834
Other	606	630	615	15
Total pupil transportation	<u>1,771,635</u>	<u>1,844,128</u>	<u>1,799,017</u>	<u>45,111</u>
Central services				
Salaries	12,105	12,600	12,292	308
Benefits	31,577	32,869	32,065	804
Other	182,806	190,287	185,632	4,655
Total central services	<u>226,488</u>	<u>235,756</u>	<u>229,989</u>	<u>5,767</u>
Total supporting services	<u>14,897,002</u>	<u>15,506,573</u>	<u>15,127,254</u>	<u>379,319</u>
Operation of non-instructional services				
Community services				
Salaries	50,289	52,347	51,066	1,281
Benefits	5,807	6,045	5,897	148
Purchased services	394	410	400	10
Materials and supplies	8,971	9,338	9,110	228
Capital outlay	9,951	10,358	10,105	253
Total community services	<u>75,412</u>	<u>78,498</u>	<u>76,578</u>	<u>1,920</u>
Total operation of non-instructional services	<u>75,412</u>	<u>78,498</u>	<u>76,578</u>	<u>1,920</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, 2018

	(Concluded)		General Fund		Variance with Final Budget Positive (Negative)
	Budget Amounts		Actual		
	Original	Final			
Extracurricular activities					
Academic and subject oriented					
Salaries	69,851	72,710	70,931		1,779
Benefits	11,344	11,808	11,519		289
Purchased services	2,551	2,655	2,590		65
Materials and supplies	3,153	3,282	3,202		80
Total academic and subject oriented	<u>86,899</u>	<u>90,455</u>	<u>88,242</u>		<u>2,213</u>
Occupation oriented					
Salaries	1,223	1,273	1,242		31
Benefits	199	207	202		5
Total occupation oriented	<u>1,422</u>	<u>1,480</u>	<u>1,444</u>		<u>36</u>
Sports oriented					
Salaries	530,280	551,979	538,476		13,503
Benefits	99,002	103,053	100,532		2,521
Purchased services	5,103	5,312	5,182		130
Other	358	373	364		9
Total sports oriented	<u>634,743</u>	<u>660,717</u>	<u>644,554</u>		<u>16,163</u>
Co-curricular activities					
Salaries	46,492	48,395	47,211		1,184
Benefits	7,772	8,090	7,892		198
Total co-curricular activities	<u>54,264</u>	<u>56,485</u>	<u>55,103</u>		<u>1,382</u>
Total extracurricular activities	<u>777,328</u>	<u>809,137</u>	<u>789,343</u>		<u>19,794</u>
Total expenditures	<u>40,879,125</u>	<u>42,551,867</u>	<u>41,510,965</u>		<u>1,040,902</u>
Excess (deficiency) of revenues over expenditures	<u>(1,825,105)</u>	<u>(726,802)</u>	<u>340,794</u>		<u>1,067,596</u>
Other financing sources					
Transfers-in	-	241,329	241,329		-
Proceeds from sale of assets	-	1,060	1,060		-
Advances in	-	14,067	14,067		-
Refund of prior year expenditures	-	109,074	109,074		-
Transfers-out	-	(237,803)	(237,803)		-
Advances out	-	(3,244)	(3,244)		-
Total other financing sources	<u>-</u>	<u>124,483</u>	<u>124,483</u>		<u>-</u>
Net change in fund balance	<u>(1,825,105)</u>	<u>(602,319)</u>	<u>465,277</u>		<u>1,067,596</u>
Prior year encumbrances	1,336,765	1,336,765	1,336,765		-
Fund balances, beginning of year	<u>15,015,681</u>	<u>15,015,681</u>	<u>15,015,681</u>		<u>-</u>
Fund balances, end of year	<u>\$ 14,527,341</u>	<u>\$ 15,750,127</u>	<u>\$ 16,817,723</u>		<u>\$ 1,067,596</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, 2018

	Bond Retirement Fund			Variance with Final Budget Positive (Negative)
	Budget Amounts		Actual	
	Original	Final		
Total revenues and other sources	\$ 4,563,291	\$ 5,075,929	\$ 5,075,929	\$ -
Total expenditures and other uses	5,129,378	5,129,378	5,122,425	6,953
Net change in fund balance	(566,087)	(53,449)	(46,496)	6,953
Prior year encumbrances	-	-	-	-
Fund balances, beginning of year	3,209,811	3,209,811	3,209,811	-
Fund balances, end of year	<u>\$ 2,643,724</u>	<u>\$ 3,156,362</u>	<u>\$ 3,163,315</u>	<u>\$ 6,953</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, 2018

	Food Service			Variance with Final Budget Positive (Negative)
	Budget Amounts		Actual	
	Original	Final		
Total revenues and other sources	\$ 1,300,000	\$ 1,198,093	\$ 1,199,587	\$ 1,494
Total expenditures and other uses	1,141,404	1,341,404	1,179,628	161,776
Net change in fund balance	158,596	(143,311)	19,959	163,270
Prior year encumbrances	1,039	1,039	1,039	-
Fund balances, beginning of year	714,583	714,583	714,583	-
Fund balances, end of year	<u>\$ 874,218</u>	<u>\$ 572,311</u>	<u>\$ 735,581</u>	<u>\$ 163,270</u>

	Local Grants Fund			Variance with Final Budget Positive (Negative)
	Budget Amounts		Actual	
	Original	Final		
Total revenues and other sources	\$ 100,000	\$ 55,000	\$ 55,000	\$ -
Total expenditures and other uses	205,206	273,359	267,531	5,828
Net change in fund balance	(105,206)	(218,359)	(212,531)	5,828
Prior year encumbrances	25,350	25,350	25,350	-
Fund balances, beginning of year	318,557	318,557	318,557	-
Fund balances, end of year	<u>\$ 238,701</u>	<u>\$ 125,548</u>	<u>\$ 131,376</u>	<u>\$ 5,828</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, 2018

	Athletics Fund			Variance with Final Budget Positive (Negative)
	Budget Amounts		Actual	
	Original	Final		
Total revenues and other sources	\$ 341,830	\$ 307,678	\$ 309,978	\$ 2,300
Total expenditures and other uses	378,603	414,103	367,157	46,946
Net change in fund balance	(36,773)	(106,425)	(57,179)	49,246
Prior year encumbrances	36,773	36,773	36,773	-
Fund balances, beginning of year	103,263	103,263	103,263	-
Fund balances, end of year	<u>\$ 103,263</u>	<u>\$ 33,611</u>	<u>\$ 82,857</u>	<u>\$ 49,246</u>

	Auxiliary Services Fund			Variance with Final Budget Positive (Negative)
	Budget Amounts		Actual	
	Original	Final		
Total revenues and other sources	\$ 225,000	\$ 255,977	\$ 256,057	\$ 80
Total expenditures and other uses	227,016	257,116	242,039	15,077
Net change in fund balance	(2,016)	(1,139)	14,018	15,157
Prior year encumbrances	2,016	2,016	2,016	-
Fund balances, beginning of year	29,357	29,357	29,357	-
Fund balances, end of year	<u>\$ 29,357</u>	<u>\$ 30,234</u>	<u>\$ 45,391</u>	<u>\$ 15,157</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, 2018

	Miscellaneous State Grants Fund			Variance with Final Budget Positive (Negative)
	Budget Amounts		Actual	
	Original	Final		
Total revenues and other sources	\$ -	\$ 1,972	\$ 1,972	\$ -
Total expenditures and other uses	-	1,972	1,972	-
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	\$ 652,708	\$ 652,708	\$ 652,708	\$ -
Total expenditures and other uses	652,708	652,708	652,708	-
Net change in fund balance	-	-	-	-
Prior year encumbrances	-	-	-	-
Fund balances, beginning of year	-	-	-	-
Fund balances, end of year	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>

AVON LAKE CITY SCHOOL DISTRICT
SCHEDULE OF REVENUES, EXPENDITURES AND CHANGES
IN FUND BALANCE – BUDGET (NON-GAAP BASIS) AND ACTUAL
FOR THE YEAR ENDED JUNE 30, 2018

	Title I Fund			Variance with Final Budget Positive (Negative)
	Budget Amounts		Actual	
	Original	Final		
Total revenues and other sources	\$ 169,459	\$ 239,108	\$ 239,108	\$ -
Total expenditures and other uses	169,459	239,108	239,108	-
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>

	Early Childhood Education Development Fund			Variance with Final Budget Positive (Negative)
	Budget Amounts		Actual	
	Original	Final		
Total revenues and other sources	\$ 18,500	\$ 17,990	\$ 17,990	\$ -
Total expenditures and other uses	17,990	17,990	17,990	-
Net change in fund balance	510	-	-	-
Prior year encumbrances	-	-	-	-
Fund balances, beginning of year	-	-	-	-
Fund balances, end of year	<u>\$ 510</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>

AVON LAKE CITY SCHOOL DISTRICT
SCHEDULE OF REVENUES, EXPENDITURES AND CHANGES
IN FUND BALANCE – BUDGET (NON-GAAP BASIS) AND ACTUAL
FOR THE YEAR ENDED JUNE 30, 2018

	Title II-A Fund			Variance with Final Budget Positive (Negative)
	Budget Amounts		Actual	
	Original	Final		
Total revenues and other sources	\$ 60,002	\$ 59,717	\$ 59,717	\$ -
Total expenditures and other uses	60,002	59,717	59,717	-
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	\$ 4,000	\$ 13,147	\$ 13,256	\$ 109
Total expenditures and other uses	2,000	3,500	3,500	-
Net change in fund balance	2,000	9,647	9,756	109
Prior year encumbrances	-	-	-	-
Fund balances, beginning of year	93,573	93,573	93,573	-
Fund balances, end of year	<u>\$ 95,573</u>	<u>\$ 103,220</u>	<u>\$ 103,329</u>	<u>\$ 109</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, 2018

Michael Baumhauer Scholarship Fund				
	Budget Amounts		Actual	Variance with Final Budget Positive (Negative)
	Original	Final		
Total revenues and other sources	\$ -	\$ -	\$ -	\$ -
Total expenditures and other uses	-	118	118	-
Net change in fund balance	-	(118)	(118)	-
Prior year encumbrances	-	-	-	-
Fund balances, beginning of year	2,831	2,831	2,831	-
Fund balances, end of year	<u>\$ 2,831</u>	<u>\$ 2,713</u>	<u>\$ 2,713</u>	<u>\$ -</u>

Public School Support Fund				
	Budget Amounts		Actual	Variance with Final Budget Positive (Negative)
	Original	Final		
Total revenues and other sources	\$ 92,200	\$ 158,640	\$ 158,750	\$ 110
Total expenditures and other uses	111,270	179,270	156,169	23,101
Net change in fund balance	(19,070)	(20,630)	2,581	23,211
Prior year encumbrances	19,070	19,070	19,070	-
Fund balances, beginning of year	127,731	127,731	127,731	-
Fund balances, end of year	<u>\$ 127,731</u>	<u>\$ 126,171</u>	<u>\$ 149,382</u>	<u>\$ 23,211</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, 2018

	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	\$ 647,292	\$ 704,390	\$ 704,390	\$ -
Total expenditures and other uses	1,259,410	1,259,410	860,417	398,993
Net change in fund balance	(612,118)	(555,020)	(156,027)	398,993
Prior year encumbrances	497,910	497,910	497,910	-
Fund balances, beginning of year	957,003	957,003	957,003	-
Fund balances, end of year	<u>\$ 842,795</u>	<u>\$ 899,893</u>	<u>\$ 1,298,886</u>	<u>\$ 398,993</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, 2018

	Self Insurance Fund			Variance with Final Budget Positive (Negative)
	Budget Amounts		Actual	
	Original	Final		
Total revenues and other sources	\$ 646,100	\$ 11,784	\$ 13,069	\$ 1,285
Total expenditures and other uses	648,820	563,820	550,195	13,625
Net change in fund balance	(2,720)	(552,036)	(537,126)	14,910
Prior year encumbrances	2,720	2,720	2,720	-
Fund balances, beginning of year	1,310,771	1,310,771	1,310,771	-
Fund balances, end of year	<u>\$ 1,310,771</u>	<u>\$ 761,455</u>	<u>\$ 776,365</u>	<u>\$ 14,910</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.

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

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

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

	2018	2017	2016	2015
Governmental activities				
Net investment in capital assets	\$ 13,024,434	\$ 12,128,924	\$ 10,190,220	\$ 8,870,400
Restricted	6,506,101	5,485,518	5,234,676	5,287,563
Unrestricted	(33,642,110)	(60,426,094)	(43,716,896)	(47,987,935)
Total primary government net position	<u>\$ (14,111,575)</u>	<u>\$ (42,811,652)</u>	<u>\$ (28,292,000)</u>	<u>\$ (33,829,972)</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.
Year 2016 has been restated due to a prior period adjustment related to deferred inflow s, deferred outflow s and net pension liability.
Year 2017 has been restated due to the implementation of GASB Statement No. 75.

2014	2013	2012	2011	2010	2009
\$ 7,729,401	\$ 8,694,493	\$ 8,871,320	\$ 12,743,280	\$ 11,156,547	\$ 10,893,237
5,404,860	6,424,518	5,964,568	4,720,978	4,999,853	4,855,418
(52,447,820)	4,095,943	5,494,757	5,324,122	9,744,093	11,777,501
<u>\$ (39,313,559)</u>	<u>\$ 19,214,954</u>	<u>\$ 20,330,645</u>	<u>\$ 22,788,380</u>	<u>\$ 25,900,493</u>	<u>\$ 27,526,156</u>

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

	2018	2017	2016	2015
Expenses				
Governmental activities:				
Instruction				
Regular	\$ 7,818,029	\$ 20,522,649	\$ 20,312,398	\$ 18,710,477
Special	2,633,328	5,176,972	4,760,004	4,264,727
Vocational	-	-	-	-
Adult/continuing	7,757	9,751	9,562	9,972
Other instruction	651,549	911,223	887,928	809,304
Supporting services				
Pupil	1,562,912	2,780,478	2,762,880	2,239,083
Instructional staff	1,187,636	1,901,395	1,608,512	1,326,965
Board of education	22,218	19,701	19,446	20,544
Administration	2,088,751	3,635,512	3,560,633	3,102,611
Fiscal services	1,079,161	1,212,368	1,257,474	1,134,761
Business	300,319	360,590	318,233	283,355
Operation and maintenance	4,672,811	5,085,469	4,329,269	4,476,025
Pupil transportation	1,728,198	1,956,379	1,817,520	1,805,718
Central services	242,029	237,835	290,224	293,523
Operation of non-instructional services				
Food service operation	1,176,719	1,252,674	1,254,263	1,174,997
Community services	187,543	511,931	649,046	369,498
Extracurricular activities	624,601	1,281,536	1,261,581	1,132,041
Interest and fiscal charges	1,863,852	1,995,629	1,660,446	2,059,216
Total primary government expenses	<u>27,847,413</u>	<u>48,852,092</u>	<u>46,759,419</u>	<u>43,212,817</u>
Program revenues				
Governmental activities:				
Charges for services and sales				
Instruction	966,891	857,411	703,726	733,885
Supporting services	141,455	146,448	214,753	146,927
Food service	921,460	849,356	957,348	917,497
Extracurricular activities	282,118	362,840	624,206	371,928
Operating grants, interest and contributions	1,638,082	1,671,614	1,720,987	1,457,351
Total primary government program revenues	<u>3,950,006</u>	<u>3,887,669</u>	<u>4,221,020</u>	<u>3,627,588</u>
Net (expense) revenue				
Total primary government net expense	<u>\$ (23,897,407)</u>	<u>\$ (44,964,423)</u>	<u>\$ (42,538,399)</u>	<u>\$ (39,585,229)</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.
The decrease in expenses in 2018 is due to net negative expense of \$17,926,372 related to the effects of GASB 68 and GASB 75.

2014	2013	2012	2011	2010	2009
\$ 19,441,025	\$ 21,373,667	\$ 19,371,019	\$ 21,087,414	\$ 19,551,234	\$ 18,279,003
4,135,900	3,014,516	2,727,407	2,982,052	3,061,161	2,818,062
3,273	106,982	65,886	217,831	213,572	204,700
11,580	12,586	17,130	24,489	19,879	18,913
1,126,292	1,371,889	1,544,720	1,430,175	1,147,296	1,000,656
2,572,330	4,243,694	3,685,135	3,771,628	3,304,479	3,318,731
1,123,271	968,197	895,534	975,585	974,710	922,353
24,029	16,134	21,129	19,913	32,737	20,568
3,049,875	3,195,086	3,516,540	3,408,972	3,492,495	3,334,181
992,046	1,068,458	1,111,341	1,130,131	1,135,733	997,105
198,081	153,061	144,746	146,305	417,440	114,110
4,802,518	4,187,039	7,165,255	7,717,754	6,781,144	4,926,928
1,724,228	1,802,544	1,362,748	1,724,226	1,530,111	1,500,578
232,342	320,972	217,284	160,103	158,131	190,642
1,237,815	1,356,079	1,377,802	1,305,908	1,246,386	1,161,495
410,932	279,348	259,851	283,718	219,142	261,704
1,266,615	1,335,805	1,297,017	1,318,728	1,212,842	1,195,904
2,788,163	3,015,472	3,036,866	3,394,925	2,220,063	2,241,575
<u>45,140,315</u>	<u>47,821,529</u>	<u>47,817,410</u>	<u>51,099,857</u>	<u>46,718,555</u>	<u>42,507,208</u>
684,434	614,733	507,683	614,720	797,192	552,773
232,665	68,539	50,507	64,416	16,155	34,303
966,715	1,069,630	1,106,780	1,065,511	1,053,176	946,830
412,092	416,515	480,230	494,972	380,392	324,217
1,596,335	1,604,613	1,815,456	1,748,392	1,743,573	1,353,955
<u>3,892,241</u>	<u>3,774,030</u>	<u>3,960,656</u>	<u>3,988,011</u>	<u>3,990,488</u>	<u>3,212,078</u>
<u>\$ (41,248,074)</u>	<u>\$ (44,047,499)</u>	<u>\$ (43,856,754)</u>	<u>\$ (47,111,846)</u>	<u>\$ (42,728,067)</u>	<u>\$ (39,295,130)</u>

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

	2018	2017	2016	2015
Net (expense) revenue				
Total primary government net expense	\$ (23,897,407)	\$ (44,964,423)	\$ (42,538,399)	\$ (39,585,229)
General revenues and other changes in net position				
Governmental activities:				
Property taxes levied for:				
General purposes	37,265,363	29,868,528	31,534,627	29,777,599
Debt service	4,247,695	3,360,889	3,596,979	3,486,624
Capital improvements	682,101	549,918	576,943	524,131
Grants and entitlements				
not restricted to specific purposes	9,728,165	10,234,739	10,650,510	10,764,213
Investment earnings	265,039	213,539	149,799	42,117
Miscellaneous	409,121	505,036	498,082	474,132
Total primary government	<u>52,597,484</u>	<u>44,732,649</u>	<u>47,006,940</u>	<u>45,068,816</u>
Change in net position				
Total primary government	<u>\$ 28,700,077</u>	<u>\$ (231,774)</u>	<u>\$ 4,468,541</u>	<u>\$ 5,483,587</u>

Note:

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

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

<u>2014</u>	<u>2013</u>	<u>2012</u>	<u>2011</u>	<u>2010</u>	<u>2009</u>
<u>\$ (41,248,074)</u>	<u>\$ (44,047,499)</u>	<u>\$ (43,856,754)</u>	<u>\$ (47,111,846)</u>	<u>\$ (42,728,067)</u>	<u>\$ (39,295,130)</u>
26,118,293	27,718,418	25,420,556	26,250,202	25,322,233	25,550,920
3,584,698	4,682,640	4,058,496	4,289,589	3,484,747	2,876,031
522,441	627,991	571,993	588,220	570,598	584,393
10,162,477	9,341,447	10,707,023	11,894,621	11,093,394	10,613,902
41,298	55,891	94,718	180,345	305,142	701,154
531,290	505,421	563,411	796,756	326,290	364,470
<u>40,960,497</u>	<u>42,931,808</u>	<u>41,416,197</u>	<u>43,999,733</u>	<u>41,102,404</u>	<u>40,690,870</u>
<u>\$ (287,577)</u>	<u>\$ (1,115,691)</u>	<u>\$ (2,440,557)</u>	<u>\$ (3,112,113)</u>	<u>\$ (1,625,663)</u>	<u>\$ 1,395,740</u>

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

	<u>2018</u>	<u>2017</u>	<u>2016</u>	<u>2015</u>
General Fund				
Nondisposable	\$ 55,469	\$ 38,487	\$ 50,056	\$ 48,362
Committed	113,990	113,990	113,990	113,990
Assigned	975,342	1,447,992	1,117,869	1,507,312
Unassigned	18,734,427	13,125,291	13,479,757	7,921,656
Total General Fund	<u>\$ 19,879,228</u>	<u>\$ 14,725,760</u>	<u>\$ 14,761,672</u>	<u>\$ 9,591,320</u>
All other governmental funds				
Nondisposable	\$ 10,207	\$ 13,060	\$ 12,766	\$ 15,938
Restricted	6,466,009	6,034,459	5,860,743	5,983,609
Unassigned	(27,607)	(16,106)	(15,384)	(18,753)
Total all other governmental funds	<u>\$ 6,448,609</u>	<u>\$ 6,031,413</u>	<u>\$ 5,858,125</u>	<u>\$ 5,980,794</u>

The District implemented GASB Statement No. 54 in 2011.

2014	2013	2012	2011	2010
\$ 34,038	\$ 47,316	\$ 45,491	\$ 35,732	\$ 32,990
113,990	113,990	113,990	113,990	113,990
898,319	665,041	2,359,708	1,762,398	190,855
5,561,998	3,953,162	6,738,578	10,644,654	14,004,294
<u>\$ 6,608,345</u>	<u>\$ 4,779,509</u>	<u>\$ 9,257,767</u>	<u>\$ 12,556,774</u>	<u>\$ 14,342,129</u>
\$ 12,053	\$ 14,359	\$ 15,520	\$ 11,702	\$ 12,286
5,844,916	5,904,638	5,775,418	6,850,257	16,541,940
-	(363,414)	(123,968)	(50,134)	-
<u>\$ 5,856,969</u>	<u>\$ 5,555,583</u>	<u>\$ 5,666,970</u>	<u>\$ 6,811,825</u>	<u>\$ 16,554,226</u>

AVON LAKE CITY SCHOOL DISTRICT
 FUND BALANCES – GOVERNMENTAL FUNDS
 PRIOR TENTH FISCAL YEAR
 (MODIFIED ACCRUAL BASIS OF ACCOUNTING)

	2009
General Fund	
Reserved	\$ 3,346,802
Unreserved	10,818,347
Total General Fund	\$ 14,165,149

All other governmental funds	
Reserved	\$ 530,529
Unreserved, reported in	
Special Revenue Funds	456,708
Debt Service Funds	3,528,921
Capital Projects Funds	366,052
Total all other governmental funds	\$ 4,882,210

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)

	2018 (1)	2017	2016	2015
Taxes	\$ 41,180,759	\$ 33,997,635	\$ 35,197,349	\$ 34,128,554
Tuition and fees	953,897	878,384	764,372	462,453
Interest	251,970	202,399	143,850	42,400
Intergovernmental	11,354,275	11,906,353	12,371,497	12,221,564
Extracurricular	320,617	406,907	581,284	545,476
Charges for services	947,402	849,356	957,348	917,497
Donations and contributions	37,953	-	-	-
Rental	-	-	-	-
Other	460,471	584,963	711,428	793,652
Total	<u>\$ 55,507,344</u>	<u>\$ 48,825,997</u>	<u>\$ 50,727,128</u>	<u>\$ 49,111,596</u>

(1) Donations and contributions previously included in Other.

2014	2013	2012	2011	2010	2009
\$ 32,684,832	\$ 30,618,749	\$ 29,737,745	\$ 30,522,111	\$ 29,380,946	\$ 28,993,866
617,658	683,272	558,190	561,156	813,347	637,145
42,567	49,359	87,668	183,515	314,202	624,928
11,758,812	10,946,060	12,522,479	13,643,013	12,836,967	11,967,857
557,933	416,515	480,230	612,952	380,392	324,217
966,715	1,069,630	1,106,780	1,065,511	1,053,176	946,830
-	-	-	-	-	-
-	-	107,967	-	-	-
684,890	528,239	455,819	497,609	366,952	313,843
<u>\$ 47,313,407</u>	<u>\$ 44,311,824</u>	<u>\$ 45,056,878</u>	<u>\$ 47,085,867</u>	<u>\$ 45,145,982</u>	<u>\$ 43,808,686</u>

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

	2018	2017	2016	2015
Expenditures				
Current				
Instruction				
Regular	19,812,791	\$ 18,709,138	\$ 17,198,203	\$ 18,219,805
Special	5,245,426	4,999,838	4,517,206	4,462,878
Vocational	-	-	-	-
Adult/continuing	9,132	9,275	9,058	10,840
Other instruction	864,129	894,323	879,565	837,976
Supporting services				
Pupil	2,692,922	2,740,598	2,640,708	2,462,414
Instructional staff	1,617,268	1,895,541	1,483,311	1,362,396
Board of education	22,218	19,701	18,900	21,594
Administration	3,410,229	3,188,001	3,169,280	2,961,584
Fiscal services	1,173,188	1,186,098	1,202,841	1,154,589
Business	344,425	334,096	301,237	294,868
Operation and maintenance	4,272,405	4,521,621	3,990,320	4,253,903
Pupil transportation	1,778,629	1,932,475	1,726,321	1,852,395
Central services	263,635	236,060	288,673	295,225
Operation of non-instructional services				
Food service operation	1,250,428	1,234,810	1,193,148	1,160,788
Community services	390,772	489,629	632,357	374,877
Extracurricular activities	1,117,792	1,221,935	1,198,015	1,166,613
Capital outlay	593,775	-	122,944	33,635
Debt service				
Principal	3,447,107	3,414,147	3,421,898	7,051,399
Interest	1,631,469	1,662,816	1,685,460	3,310,246
Total expenditures	<u>\$ 49,937,740</u>	<u>\$ 48,690,102</u>	<u>\$ 45,679,445</u>	<u>\$ 51,288,025</u>
Debt service as a percentage of noncapital expenditures	<u>10.19%</u>	<u>10.65%</u>	<u>11.35%</u>	<u>20.44%</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.

2014	2013	2012	2011	2010	2009
\$ 17,332,276	\$ 19,616,034	\$ 19,398,187	\$ 18,704,165	\$ 17,796,812	\$ 17,382,770
4,110,175	3,006,578	2,769,506	2,938,897	2,960,127	2,690,806
3,273	102,771	104,068	211,155	210,124	177,680
11,580	12,586	17,130	24,489	19,879	18,913
1,119,051	1,365,666	1,540,655	1,424,724	1,140,459	999,671
2,559,018	4,181,604	3,600,350	3,772,336	3,228,080	3,204,774
1,104,025	959,047	881,209	977,290	956,756	894,123
24,029	16,134	21,129	19,913	32,737	20,568
2,857,123	3,040,381	3,139,182	3,039,568	3,340,083	3,052,822
998,075	1,059,950	1,132,733	1,122,087	1,125,868	986,045
164,140	145,900	137,857	140,589	117,271	109,264
4,364,108	4,421,660	4,505,781	4,905,476	4,980,130	4,695,334
1,693,821	1,891,030	1,563,521	1,576,223	1,641,022	1,439,131
232,342	320,972	217,284	160,103	158,131	190,642
1,183,381	1,311,263	1,318,768	1,264,265	1,198,927	1,122,933
408,039	259,618	252,561	272,656	214,944	260,846
1,319,363	1,306,724	1,301,928	1,492,792	1,184,128	1,131,542
40,654	1,039,794	2,833,760	14,427,006	3,857,450	283,812
3,154,540	2,318,449	2,817,336	18,184,699	2,532,353	2,356,701
2,504,172	2,525,308	2,366,009	2,738,143	1,630,373	1,678,758
<u>\$ 45,183,185</u>	<u>\$ 48,901,469</u>	<u>\$ 49,918,954</u>	<u>\$ 77,396,576</u>	<u>\$ 48,325,654</u>	<u>\$ 42,697,135</u>
<u>12.60%</u>	<u>10.31%</u>	<u>11.34%</u>	<u>32.28%</u>	<u>9.10%</u>	<u>9.91%</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)

	2018	2017	2016	2015
Excess of revenues over (under) expenditures	\$ 5,569,604	\$ 135,895	\$ 5,047,683	\$ (2,176,429)
Other financing sources (uses)				
Proceeds of refunding bonds	-	-	-	31,594,934
Transfers-in	371	3,666	-	15,000
Note issuance	-	-	-	-
Bond issuance	-	-	-	-
Premium on debt issuance	-	-	-	1,732,429
Proceeds from sale of assets	1,060	1,481	-	-
Capital lease proceeds	-	-	-	42,450
Transfers-out	(371)	(3,666)	-	-
Payment to bond escrow agent	-	-	-	(27,835,000)
Total other financing sources (uses)	1,060	1,481	-	5,549,813
Net change in fund balances	\$ 5,570,664	\$ 137,376	\$ 5,047,683	\$ 3,373,384

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.

2014	2013	2012	2011	2010	2009
<u>\$ 2,130,222</u>	<u>\$ (4,589,645)</u>	<u>\$ (4,862,076)</u>	<u>\$ (30,310,709)</u>	<u>\$ (3,179,672)</u>	<u>\$ 1,111,551</u>
-	-	-	-	-	-
-	-	224,620	223,545	221,850	224,604
-	-	-	-	15,000,000	-
-	-	-	18,495,866	-	-
-	-	-	287,087	-	-
-	-	-	-	-	-
-	-	418,214	-	28,668	452,267
-	-	(224,620)	(223,545)	(221,850)	(224,604)
-	-	-	-	-	-
<u>-</u>	<u>-</u>	<u>418,214</u>	<u>18,782,953</u>	<u>15,028,668</u>	<u>452,267</u>
<u>\$ 2,130,222</u>	<u>\$ (4,589,645)</u>	<u>\$ (4,443,862)</u>	<u>\$ (11,527,756)</u>	<u>\$ 11,848,996</u>	<u>\$ 1,563,818</u>

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

Year	Agriculture, Residential and Other Real Property		Public Utility Property		Tangible Personal Property	
	Assessed Value	Estimated Actual Value (1)	Assessed Value	Estimated Actual Value (2)	Assessed Value	Estimated Actual Value (3)
2018	\$ 827,576,400	\$ 2,364,504,000	\$ 54,806,360	\$ 62,279,955	\$ - (4)	\$ -
2017	815,545,460	2,330,129,886	51,256,120	58,245,591	- (4)	-
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

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

Assessed Value	Total Estimated Actual Value	Total Assessed Rate (5)
\$ 882,382,760	\$ 2,426,783,955	72.28
866,801,580	2,388,375,477	72.41
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

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			
	General Fund	Debt Service Fund	Capital Projects Fund	Total Direct Tax Rate
2018	66.15	4.63	1.50	72.28
2017	66.28	4.63	1.50	72.41
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

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

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

Library	County Levy	JVS Levy	City Levy	Total Direct and Overlapping Governments
2.80	15.58	2.45	8.08	101.19
2.80	15.08	2.45	8.08	100.82
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

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)
2018	\$ 40,890,274	\$ 38,981,253	95.33%	\$ 603,341	\$ 39,584,594
2017	40,053,461	39,490,769	98.60%	788,154	40,278,923
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

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.

Ratio of Total Tax Collections to Total Tax Levy (3)	Outstanding Delinquent Taxes	Ratio of Delinquent Taxes to Total Tax Levy
96.81%	\$ 2,032,945	4.97%
100.56%	1,018,493	2.54%
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%

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AVON LAKE CITY SCHOOL DISTRICT
 PRINCIPAL TAXPAYERS –
 REAL ESTATE TAX
 AS OF JUNE 30, 2018 AND JUNE 30, 2009

December 31, 2017		
Name of Taxpayer	Assessed Value (1)	Percent of Total Assessed Value
Ford Motor Company	\$ 4,877,560	0.55%
Polyone Corp.	4,598,500	0.52%
Health Care Reit Inc.	4,495,020	0.51%
Tow ne Care Center LLC	4,359,110	0.49%
181 Somerset Realty I LLC	4,356,650	0.49%
Hampshire Highlands One LLC	2,877,290	0.33%
Learw ood Square Company LLC	2,230,590	0.25%
Kopf Properties II LTD	2,156,510	0.24%
Legacy Pointe LTD	1,963,820	0.22%
Tow ne Independent Living LLC	1,892,090	0.21%
	\$ 33,807,140	3.81%
 Total assessed value	 \$ 882,382,760	

December 31, 2008		
Name of Taxpayer	Assessed Value (1)	Percent of Total Assessed Value
Ford Motor Company	\$ 7,510,160	0.87%
American Transmission	4,379,710	0.51%
Polyone Corporation	4,126,190	0.48%
American Landmark Ltd	3,405,920	0.39%
Legacy Pointe Ltd	3,245,530	0.38%
Waterside Crossing Ltd	2,892,920	0.34%
Avon Lake Village LLC	2,720,690	0.32%
Tow ne Care Center LLC	2,529,490	0.29%
Kopf Properties II Ltd	2,259,190	0.26%
Learw ood Square Co LLC	2,109,980	0.24%
	\$ 35,179,780	4.08%
 Total assessed value	 \$ 862,936,929	

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 2017 and 2008 collection year, respectively.

AVON LAKE CITY SCHOOL DISTRICT
 PRINCIPAL TAXPAYERS –
 PUBLIC UTILITY TAX
 AS OF JUNE 30, 2018 AND JUNE 30, 2009

December 31, 2017		
Name of Taxpayer	Assessed Value (1)	Percent of Total Assessed Value
American Transmission Systems INC	\$ 26,852,100	3.04%
NRG Pow er Midw est LP	13,112,950	1.49%
Cleveland Electric Illuminating Co	12,238,650	1.39%
Orion Pow er Midw est LP	8,835,740	1.00%
Columbia Gas of Ohio INC	3,350,570	0.38%
	\$ 64,390,010	7.30%
 Total assessed value	 \$ 882,382,760	

December 31, 2008		
Name of Taxpayer	Assessed Value (1)	Percent of Total Assessed Value
Orion Pow er Midw est Lp	\$ 84,515,250	9.79%
Cleveland Electric	9,817,410	1.14%
Columba Gas of Ohio, Inc.	1,217,050	0.14%
	95,549,710	11.07%
 Total assessed value	 \$ 862,936,929	

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 2017 and 2008 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, 2018

Jurisdiction	General Obligation Debt Outstanding	Total Assessed Value	Percentage Applicable to School District (1)	Amount Applicable to School District
Direct				
Avon Lake City School District	\$ 38,168,373	\$ 882,382,760	100.00%	\$ 38,168,373
Overlapping				
Lorain County (2)	23,545,000	6,601,399,790	13.37%	3,147,967
City of Avon Lake (2)	<u>15,029,483</u>	882,382,760	100.00%	<u>15,029,483</u>
Sub Total				<u>18,177,450</u>
Total	<u>\$ 76,742,856</u>			<u>\$ 56,345,823</u>

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

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

(2) - Debt is as of December 31, 2017

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)
2018	\$ 38,168,373	\$ -	\$ -	\$ -	\$ 38,168,373	4.06%	\$ 1,690	\$ 9,958
2017	41,640,596	-	-	12,107	41,652,703	4.35%	1,845	10,935
2016	44,980,089	-	-	36,254	45,016,343	4.84%	1,994	11,818
2015	48,614,650	-	-	108,152	48,722,802	5.24%	2,158	12,798
2014	48,239,669	-	-	162,101	48,401,770	5.25%	2,143	12,959
2013	51,136,537	-	-	251,641	51,388,178	5.48%	2,276	13,624
2012	52,867,070	-	-	345,090	53,212,160	5.67%	2,357	13,981
2011	54,427,867	220,000	-	148,517	54,796,384	6.03%	2,427	14,288
2010	38,090,898	15,430,000	-	378,216	53,899,114	5.85%	2,387	14,259
2009	39,639,503	630,000	-	561,902	40,831,405	6.96%	2,250	11,068

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)
2018	\$ 38,168,373	\$ 3,163,317	\$ 35,005,056	1.49%	\$ 1,550
2017	41,640,596	3,231,269	38,409,327	1.63%	1,701
2016	44,980,089	3,378,037	41,602,052	1.77%	1,842
2015 (4)	44,980,089	3,491,165	41,488,924	2.07%	1,837
2014	48,614,650	3,154,171	45,460,479	2.09%	2,013
2013	48,239,669	3,448,932	44,790,737	2.22%	1,984
2012	51,136,537	3,355,203	47,781,334	2.18%	2,116
2011	52,867,070	3,511,799	49,355,271	2.25%	2,186
2010	54,427,867	3,988,789	50,439,078	1.52%	2,234
2009	38,090,898	3,988,789	34,102,109	1.53%	1,879

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

	2018	2017	2016	2015
Assessed Valuation	\$ 882,382,760	\$ 866,801,580	\$ 849,549,850	\$ 787,761,430
Debt Limit -9% of Assessed Value (2)	79,414,448	78,012,142	76,459,487	70,898,529
Debt applicable to limitation				
Total voted general obligation debt	39,445,801	44,390,801	44,390,801	46,830,800
Total unvoted general obligation debt	-	-	-	-
Less amount available in debt service funds	(3,184,773)	(3,231,269)	(3,378,037)	(3,491,165)
Amount of debt subject to debt limit:	36,261,028	41,159,532	41,012,764	43,339,635
Overall debt margin	\$ 43,153,420	\$ 36,852,610	\$ 35,446,723	\$ 27,558,894
Legal Debt Margin as a Percentage of Debt Limit	54.34%	47.24%	46.36%	38.87%
Overall Limit - .10% of Assessed Value (1)	\$ 882,383	\$ 866,802	\$ 849,550	\$ 787,761
Amount of debt subject to debt limit:	-	-	-	-
Unvoted Debt Margin	\$ 882,383	\$ 866,802	\$ 849,550	\$ 787,761
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	\$ 7,941,445	\$ 7,801,214	\$ 7,645,949	\$ 7,089,853
Amount of debt subject to debt limit:	-	-	-	-
Additional Unvoted Debt Margin	\$ 7,941,445	\$ 7,801,214	\$ 7,645,949	\$ 7,089,853
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.

2014	2013	2012	2011	2010	2009
\$ 777,469,000	\$ 785,299,050	\$ 829,553,680	\$ 825,938,460	\$ 817,590,679	\$ 784,317,250
69,972,210	70,676,915	74,659,831	74,334,461	73,583,161	70,588,553
48,210,866	49,810,207	50,545,816	51,456,509	52,951,059	35,191,070
-	-	-	220,000	430,000	630,000
(3,154,172)	(3,448,932)	(3,355,203)	(3,511,799)	(3,988,789)	(3,528,921)
45,056,694	46,361,275	47,190,613	48,164,710	49,392,270	32,292,149
\$ 24,915,516	\$ 24,315,640	\$ 27,469,218	\$ 26,169,751	\$ 24,190,891	\$ 38,296,404
35.61%	34.40%	36.79%	35.21%	32.88%	54.25%
\$ 777,469	\$ 785,299	\$ 829,554	\$ 825,938	\$ 817,591	\$ 784,317
-	-	-	-	-	-
\$ 777,469	\$ 785,299	\$ 829,554	\$ 825,938	\$ 817,591	\$ 784,317
100.00%	100.00%	100.00%	100.00%	100.00%	100.00%
\$ 6,997,221	\$ 7,067,691	\$ 7,465,983	\$ 7,433,446	\$ 7,358,316	\$ 7,058,855
-	-	-	220,000	430,000	630,000
\$ 6,997,221	\$ 7,067,691	\$ 7,465,983	\$ 7,213,446	\$ 6,928,316	\$ 6,428,855
100.00%	100.00%	100.00%	97.04%	94.16%	91.08%

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.
2018	22,581 (1)	\$ 41,668	\$ 940,905,108	3,833	6.4%	4.1%	4.0%
2017	22,581 (1)	42,366	956,666,646	3,809	6.8%	5.4%	4.4%
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%

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, 2018 AND 2009

December 31, 2017

Employer	Nature of Activity or Business	Approximate Number of Employees (1)	Percentage To Total Employment	Rank
Ford Motor Company	Van and truck assembly	1,901	Not available	1
PolyOne Corporation	Distributor of thermoplastics, compounds & resins	746	Not available	2
Avon Lake City Schools	Public Education	541	Not available	3
Lubrizol Advanced	Manufactures polymers & specialties chemicals	260	Not available	4
City of Avon Lake	Government	365	Not available	5
Hinkley Lighting Inc.	Lighting Manufacturer and Distributer	122	Not available	6
Genon Energy Services LLC	Electric Power Plant	66	Not available	7
Grace Management Services Inc.	Retirement Village	223	Not available	8
The Cleveland Clinic Foundation	Family Health Center	101	Not available	9
Southwire Company LLC	Manufactures flexible power cables	119	Not available	10

December 31, 2008

Employer	Nature of Activity or Business	Approximate Number of Employees (1)	Percentage To Total Employment	Rank
Ford Motor Company	Van and sport utility vehicle assembly	3,131	Not available	1
Avon Lake City School District	Public Education	766	Not available	2
Lubrizol Advanced	Manufactures polymers & specialties chemicals	671	Not available	3
PolyOne Corporation	Distributor of thermoplastics, compounds & resins	647	Not available	4
City of Avon Lake	Government	229	Not available	5
Western/Scott Fetzer Company	Gas control technology	227	Not available	6
Discount Drug Mart	Drug Store	172	Not available	7
Giant Eagle/Riser Foods Company	Grocery Store	159	Not available	8
Grace Management	Retirement Village	152	Not available	9
Watteredge Uniflex, Inc.	Manufactures industrial devices and accessories	143	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>2018 (2,3)</u>	<u>2017 (1)</u>	<u>2016 (1)</u>	<u>2015 (1)</u>
Professional Staff				
<u>Teaching Staff:</u>				
Elementary K-6	109.79	110.90	105.75	105.30
Middle	39.31	37.50	38.50	35.00
High	61.09	57.51	58.50	56.00
Mutiple Buidings	10.60	6.00	13.00	13.00
Tutors	19.30	15.69	14.02	17.76
<u>Administrators</u>				
District/Building	15.80	14.14	14.00	14.00
<u>Auxiliary Positions</u>				
Psychologist	2.00	2.00	2.00	1.00
Nurse	4.00	4.00	5.00	5.00
Speech & Language Therapist	1.93	4.62	4.32	3.05
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	7.78	7.50	8.70	8.31
Computer Tech	3.00	3.00	4.00	3.00
Printer	1.00	1.00	1.00	1.00
Librarian/Media	2.00	2.00	2.00	2.00
Library Aide	9.00	7.63	6.63	7.63
Clerical	29.21	25.65	26.05	26.05
Teaching Aide	46.79	49.11	44.17	40.80
General Maintenance	5.00	5.00	5.00	5.00
Mechanic	2.00	2.00	2.00	2.00
Transportation Supervisor	1.00	1.00	1.00	1.00
Bus Drivers	29.54	23.45	24.65	26.03
Custodial	28.88	29.62	28.25	29.25
Food Service	23.16	18.27	18.12	19.32
Security	1.00	1.00	1.13	1.00
Groundskeeping	2.00	-	-	-
TV Production	1.00	-	-	-
Attendants & Monitors	45.60	20.43	22.48	22.03
Total	<u>504.78</u>	<u>452.02</u>	<u>453.27</u>	<u>447.53</u>

Source: School District records.

<u>2014 (1)</u>	<u>2013 (1)</u>	<u>2012 (1)</u>	<u>2011</u>	<u>2010</u>	<u>2009</u>
106.30	107.30	106.90	110.40	113.65	113.20
37.19	37.19	36.00	38.59	39.58	38.50
58.61	65.24	67.00	69.11	76.72	76.46
11.27	11.64	10.42	-	-	-
9.93	9.88	6.89	7.64	11.65	13.15
14.00	14.00	14.00	14.00	15.00	14.00
1.00	1.00	1.00	1.00	2.00	2.00
5.00	4.00	4.00	4.00	2.52	1.89
3.32	3.41	3.32	3.32	3.32	3.23
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	8.31	8.31	9.31	10.31	10.28
3.00	3.00	3.00	3.00	3.00	2.00
1.00	1.00	1.00	1.00	1.00	1.00
2.00	2.91	2.91	2.80	3.69	3.78
5.75	5.75	5.00	6.00	5.25	4.50
27.13	28.48	28.59	27.59	35.52	26.53
41.91	43.80	44.30	49.83	35.85	34.76
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	1.00	1.00	2.00	1.00
24.04	23.90	20.75	22.44	17.62	21.60
30.25	29.88	29.37	32.99	30.50	28.00
19.17	17.91	17.13	18.44	17.73	16.47
1.12	1.62	1.12	1.12	3.78	2.99
-	-	-	-	-	-
-	-	-	-	-	-
22.16	22.71	21.05	21.23	20.50	19.99
<u>444.46</u>	<u>454.93</u>	<u>444.06</u>	<u>455.81</u>	<u>462.19</u>	<u>446.33</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)
2018	3,833	\$ 41,188,686	\$ 10,746	1.91%	225	17.04	18.00%
2017	3,809	40,164,098	\$ 10,545	5.27%	228	16.71	20.00%
2016	3,807	38,134,195	10,017	-0.25%	225	16.92	19.00%
2015	3,735	37,506,457	10,042	5.09%	239	15.63	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	3,616	34,810,283	10,334	#DIV/0!	229	15.79	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

Year	Minimum Salary (a)	Maximum Salary (a)	Avon Lake Average Salary (b)
2018	39,219	87,459	\$ 68,228
2017	38,735	85,604	64,427
2016	37,790	83,516	61,856
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

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, 2018

Degree	Number of Teachers	Percentage of Total
Bachelor's Degree	16	7.1%
Bachelor + 10	5	2.2%
Bachelor + 20	13	5.8%
Master's Degree	49	21.8%
Master's + 10	56	24.9%
Master's + 20	23	10.2%
Master's + 30	34	15.1%
Master's + 45	29	12.9%
	<u>225</u>	<u>100.0%</u>

Experience	Number of Teachers	Percentage of Total
0 - 5	41	18.0%
6-10	56	25.0%
11 and over	128	57.0%
	<u>225</u>	<u>100.0%</u>

Source: School District records.

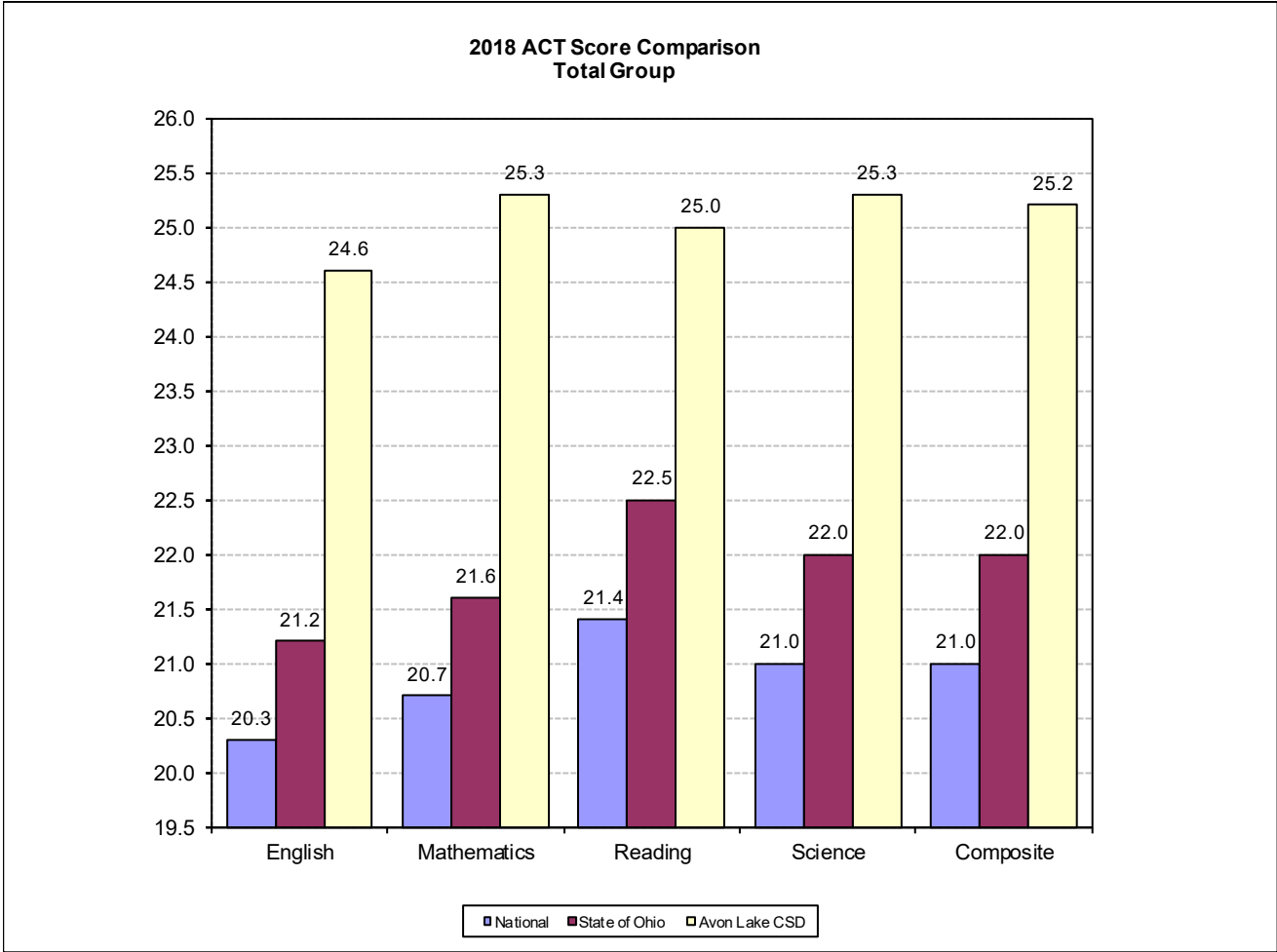
AVON LAKE CITY SCHOOL DISTRICT
 AVERAGE ACT SCORES
 LAST TEN FISCAL YEARS

English:	Avon Lake	State of Ohio	National	Science:	Avon Lake	State of Ohio	National
2017 - 2018	24.4	19.3	20.2	2017 - 2018	24.3	20.4	20.7
2016 - 2017	24.6	21.2	20.3	2016 - 2017	25.3	22.0	21.0
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

Math:	Avon Lake	State of Ohio	National	Composite:	Avon Lake	State of Ohio	National
2017 - 2018	24.8	20.3	20.5	2017 - 2018	24.8	20.3	20.8
2016 - 2017	25.3	21.6	20.7	2016 - 2017	25.2	22.0	21.0
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

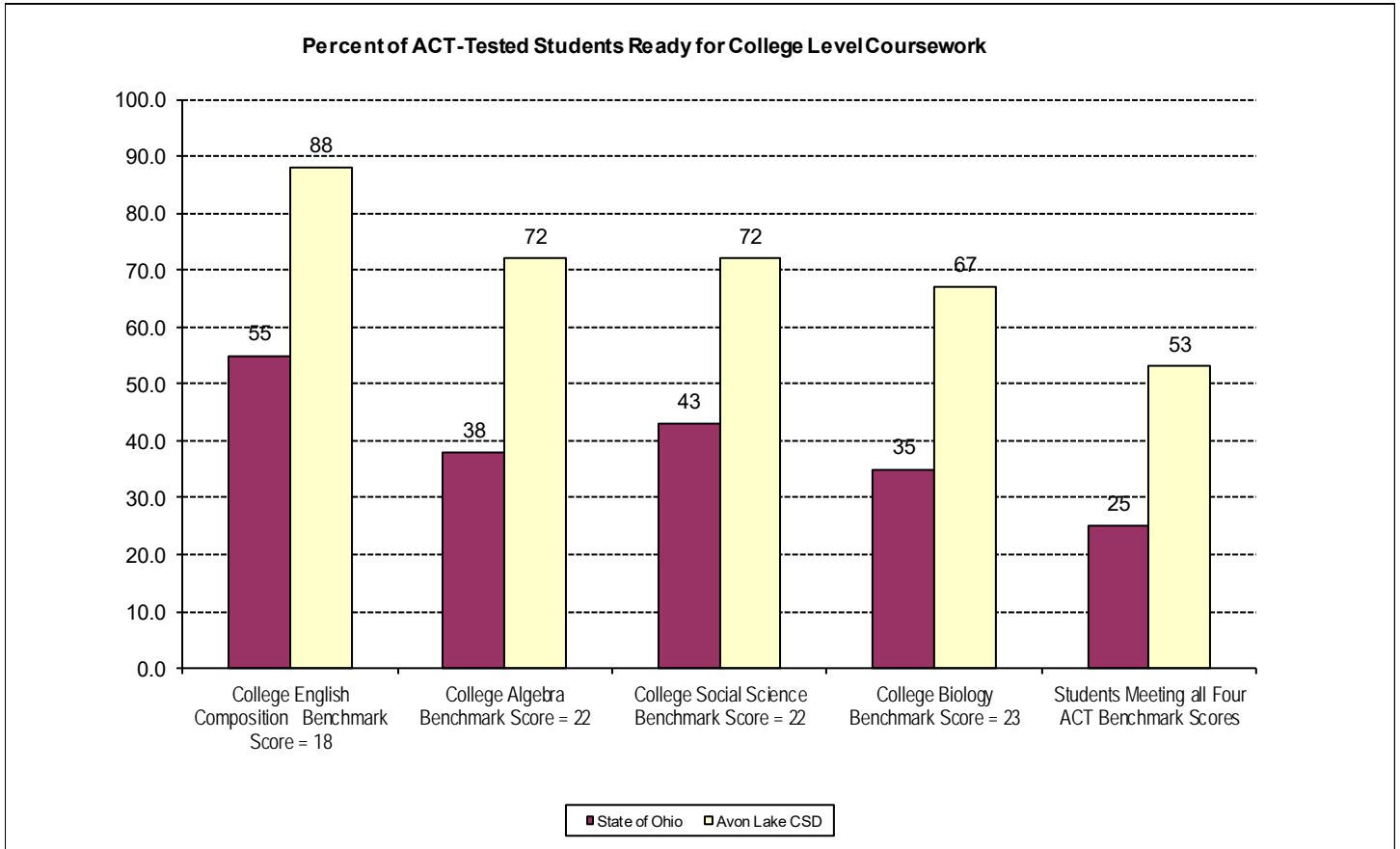
Reading:	Avon Lake	State of Ohio	National
2017 - 2018	25.3	20.8	21.3
2016 - 2017	25.0	22.5	21.4
2015 - 2016	23.4	22.1	21.3
2014 - 2015	24.8	22.5	21.4
2013 - 2014	24.7	22.4	21.3
2012 - 2013	25.1	22.2	21.1
2011 - 2012	23.4	22.1	21.3
2010 - 2011	24.1	22.1	21.3
2009 - 2010	24.2	22.1	21.3
2008 - 2009	24.0	22.2	21.4

AVON LAKE CITY SCHOOL DISTRICT
2017 ACT SCORE COMPARISON
JUNE 30, 2018



Source: American College Testing Program

AVON LAKE CITY SCHOOL DISTRICT
PERCENT OF ACT TESTED STUDENTS READY FOR COLLEGE LEVEL COURSEWORK
JUNE 30, 2018



Source: American College Testing Program

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

	2018	2017	2016	2015
Elementary Schools				
Eastview (1950)				
Square feet	42,048	42,048	42,048	42,048
Enrollment	413	436	418	429
Erievew (1950)				
Square feet	34,593	34,593	34,593	34,593
Enrollment	278	280	291	273
Redw ood (1962)				
Square feet	58,780	58,780	58,780	58,780
Enrollment	440	438	453	455
Troy (1970)				
Square feet	85,150	85,150	85,150	85,150
Enrollment	607	595	617	608
Westview (1957)				
Square feet	41,961	41,961	41,961	41,961
Enrollment	220	216	235	211
Middle School				
Learw ood (1959)				
Square feet	110,911	110,911	110,911	110,911
Enrollment	648	616	627	613
High School				
Avon Lake High (1927)				
Square feet	314,612	314,612	314,612	314,612
Enrollment	1,227	1,228	1,166	1,148

Source: District records.

2014	2013	2012	2011	2010	2009
42,048 448	42,048 428	42,048 408	42,048 350	34,158 340	34,158 337
34,593 288	34,593 288	34,593 289	34,593 286	31,445 282	31,445 280
58,780 462	58,780 460	58,780 484	58,780 498	50,220 448	50,220 441
85,150 615	86,150 601	86,150 590	86,150 594	86,150 566	86,150 537
41,961 226	41,961 261	41,961 272	41,961 280	39,505 279	39,505 264
110,911 573	110,911 605	110,911 582	110,911 576	98,767 572	98,767 582
314,612 1,171	314,612 1,178	314,612 1,210	314,612 1,197	314,612 1,202	314,612 1,175

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OHIO AUDITOR OF STATE KEITH FABER



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
MARCH 12, 2019**