



**AVON LAKE CITY SCHOOL DISTRICT  
LORAIN COUNTY**

**SINGLE AUDIT**

**FOR THE YEAR ENDED JUNE 30, 2005**



**Auditor of State  
Betty Montgomery**



**AVON LAKE CITY SCHOOL DISTRICT  
LORAIN COUNTY**

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**AVON LAKE CITY SCHOOL DISTRICT  
LORAIN COUNTY**

**SCHEDULE OF FEDERAL AWARDS RECEIPTS AND EXPENDITURES  
FOR THE YEAR ENDED JUNE 30, 2005**

Federal Grantor/ Pass Through Grantor Program Title	Pass Through Entity Number	Federal CFDA Number	Receipts	Non-Cash Receipts	Expenditures	Non-Cash Expenditures
<b>U.S. DEPARTMENT OF AGRICULTURE</b>						
<i>Passed Through Ohio Department of Education:</i>						
Child Nutrition Cluster:						
Food Distribution Program	048124 05 PU 05	10.550		\$62,420		\$62,180
National School Breakfast	048124 05 PU 05	10.553	\$182	-	\$182	-
National School Lunch Program	048124 LL P4 04	10.555	83,946	-	83,946	-
<b>Total U.S. Department of Agriculture - Child Nutrition Cluster</b>			<b>84,128</b>	<b>62,420</b>	<b>84,128</b>	<b>62,180</b>
<b>U.S. DEPARTMENT OF EDUCATION</b>						
<i>Passed Through Ohio Department of Education:</i>						
Title 1, Part A	048124 C1 S1 05	84.010	(230)	-	2,990	-
Special Education Cluster:						
Special Education Grants to States, IDEA Part B	048124 6B SF 04	84.027	-	-	58,142	-
Special Education Grants to States, IDEA Part B	048124 6B SF 05	84.027	351,208	-	439,953	-
Total Special Education Grants to States, IDEA Part B			351,208	-	498,095	-
Special Education Preschool Grants	048124 PG D7 04	84.173	5,400	-	4,335	-
	048124 PG S1 05	84.173	15,512	-	23,435	-
Total Special Education Preschool Grants			20,912	-	27,770	-
Total Special Education Cluster			372,120	-	525,865	-
Safe and Drug Free Schools	048124 DR S1 02	84.186	(6,364)	-	-	-
Safe and Drug Free Schools	048124 DR S1 04	84.186	(1,452)	-	5,977	-
Safe and Drug Free Schools	048124 DR S1 05	84.186	7,471	-	5,232	-
Total Safe and Drug Free Schools			(345)	-	11,209	-
State Grants for Innovative Programs	048124 C2 S1 04	84.298	2,712	-	14,973	-
State Grants for Innovative Programs	048124 C2 S1 05	84.298	15,023	-	1,935	-
Total State Grants for Innovative Programs			17,735	-	16,908	-
Title II-D Education Technology Grant	048124 TJ S1 05	84.318	(1,126)	-	-	-
Title II Part A - Teacher and Principal Training and Recruiting	048124 TR S1 04	84.367	-	-	1,266	-
Title II Part A - Teacher and Principal Training and Recruiting	048124 TR S1 05	84.367	53,117	-	66,195	-
Total Title II Part A Teacher and Principal Training and Recruiting			53,117	-	67,461	-
<b>Total U.S. Department of Education</b>			<b>441,271</b>	<b>-</b>	<b>624,433</b>	<b>-</b>
<b>Total All Federal Funds</b>			<b>\$525,399</b>	<b>\$62,420</b>	<b>\$708,561</b>	<b>\$62,180</b>

The accompanying notes are an integral part of this schedule.

**AVON LAKE CITY SCHOOL DISTRICT  
LORAIN COUNTY**

**NOTES TO THE SCHEDULE OF FEDERAL AWARDS RECEIPTS AND EXPENDITURES  
FOR THE FISCAL YEAR ENDED JUNE 30, 2005**

**NOTE A - SIGNIFICANT ACCOUNTING POLICIES**

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

**NOTE B - CHILD NUTRITION CLUSTER**

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

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

**NOTE C – NEGATIVE RECEIPTS**

The District returned receipts of \$6,364 from the Safe and Drug Free Schools Grant, \$1,126 from the Title II-D Education Technology Grant, and \$230 from the Title I, Part A Grant to the Ohio Department of Education because the grant funds had not been expended within the allowable time period. The Ohio Department of Education transferred \$1,452 from grant year 2004 to grant year 2005 in the Safe and Drug Free School Grant.

CFDA – Catalog of Federal Domestic Assistance

N/A – Not Applicable



**Auditor of State  
Betty Montgomery**

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

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

We have audited the financial statements of governmental activities, each major fund and the aggregate remaining fund information of the Avon Lake City School District, Lorain County, Ohio, (the District) as of and for the year ended June 30, 2005, and have issued our report thereon dated December 7, 2005, which was qualified since certain information related to the Internal Service Fund expenses and liabilities reported with the governmental activities and with remaining fund information was not available for audit. Except for this matter, we conducted our audit in accordance with auditing standards generally accepted in the United States of America and the standards applicable to financial audits contained in the Comptroller General of the United States' *Government Auditing Standards*.

**Internal Control Over Financial Reporting**

In planning and performing our audit, we considered the District's internal control over financial reporting to determine our auditing procedures in order to express our opinions on the financial statements and not to opine on the internal control over financial reporting. However, we noted a certain matter involving the internal control over financial reporting and its operation that we consider a reportable condition. Reportable conditions involve matters coming to our attention relating to significant deficiencies in the design or operation of the internal control over financial reporting that, in our judgment, could adversely affect the District's ability to record, process, summarize, and report financial data consistent with management's assertions in the financial statements. A reportable condition is described in the accompanying schedule of findings as item 2005-001.

A material weakness is a reportable condition in which the design or operation of one or more of the internal control components does not reduce to a relatively low level the risk that misstatements caused by error or fraud in amounts material to the financial statements we audited may occur and not be timely detected by employees when performing their assigned functions. Our consideration of the internal control over financial reporting would not necessarily disclose all matters in the internal control that might be reportable conditions and, accordingly, would not necessarily disclose all reportable conditions that are also considered material weaknesses. We consider reportable condition 2005-001 listed above to be a material weakness. In a separate letter to the District's management dated December 7, 2005, we reported other matters involving internal control over financial reporting which we did not deem reportable conditions.

### **Compliance and Other Matters**

As part of reasonably assuring whether the District's financial statements are free of material misstatement, we tested its compliance with certain provisions of laws, regulations, contracts, and grant agreements, noncompliance with which could directly and materially affect the determination of financial statement amounts. However, providing an opinion on compliance with those provisions was not an objective of our audit and, accordingly, we do not express an opinion. The results of our tests disclosed no instances of noncompliance or other matters we must report under *Government Auditing Standards*. In a separate letter to the District's management dated December 7, 2005, we reported other matters related to noncompliance we deemed immaterial.

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

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

**Betty Montgomery**  
Auditor of State

December 7, 2005





## **Auditor of State Betty Montgomery**

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

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

#### **Compliance**

We have audited the compliance of the Avon Lake City School District, Lorain County, Ohio, (the District) with the types of compliance requirements described in the U.S. Office of Management and Budget (OMB) Circular A-133, Compliance Supplement that apply to its major federal program for the year ended June 30, 2005. The summary of auditor's results section of the accompanying schedule of findings identifies the District's major federal program. The District's management is responsible for complying with the requirements of laws, regulations, contracts, and grants applicable to each major federal program. Our responsibility is to express an opinion on the District's compliance based on our audit.

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

In our opinion, the Avon Lake City School District complied, in all material respects, with the requirements referred to above that apply to its major federal program for the year ended June 30, 2005.

#### **Internal Control Over Compliance**

The District's management is responsible for establishing and maintaining effective internal control over compliance with requirements of laws, regulations, contracts, and grants applicable to federal programs. In planning and performing our audit, we considered the District's internal control over compliance with requirements that could directly and materially affect a major federal program to determine our auditing procedures for the purpose of expressing our opinion on compliance and to test and report on internal control over compliance in accordance with OMB Circular A-133.

Our consideration of the internal control over compliance would not necessarily disclose all matters in the internal control that might be material weaknesses. A material weakness is a reportable condition in which the design or operation of one or more of the internal control components does not reduce to a relatively low level the risk that noncompliance with applicable requirements of laws, regulations, contracts and grants caused by error or fraud that would be material in relation to a major federal program being audited may occur and not be timely detected by employees when performing their assigned functions. We noted no matters involving the internal control over compliance and its operation that we consider to be material weaknesses.

#### **Federal Awards Receipts and Expenditures Schedule**

We have audited the financial statements of the governmental activities, each major fund and the aggregate remaining fund information of Avon Lake City School District as of and for the year ended June 30, 2005, and have issued our report thereon dated December 7, 2005, which was qualified since certain information related to Internal Service Fund expenses and liabilities reported with the governmental activities and with remaining fund information was not available for audit. Our audit was performed to form opinions on the financial statements that collectively comprise the District's basic financial statements. The accompanying federal awards receipts and expenditures schedule provides additional information as required by OMB Circular A-133 and is not a required part of the basic financial statements. We subjected this information to the auditing procedures applied in the audit of the basic financial statements. In our opinion, this information is fairly stated, in all material respects, in relation to the basic financial statements taken as a whole.

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



**Betty Montgomery**  
Auditor of State

December 7, 2005

**AVON LAKE CITY SCHOOL DISTRICT  
LORAIN COUNTY**

**SCHEDULE OF FINDINGS  
OMB CIRCULAR A -133 § .505  
JUNE 30, 2005**

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

<b>(d)(1)(i)</b>	<b>Type of Financial Statement Opinion</b>	Qualified
<b>(d)(1)(ii)</b>	<b>Were there any material control weakness conditions reported at the financial statement level (GAGAS)?</b>	Yes
<b>(d)(1)(ii)</b>	<b>Were there any other reportable control weakness conditions reported at the financial statement level (GAGAS)?</b>	No
<b>(d)(1)(iii)</b>	<b>Was there any reported material noncompliance at the financial statement level (GAGAS)?</b>	No
<b>(d)(1)(iv)</b>	<b>Were there any material internal control weakness conditions reported for major federal programs?</b>	No
<b>(d)(1)(iv)</b>	<b>Were there any other reportable internal control weakness conditions reported for major federal programs?</b>	No
<b>(d)(1)(v)</b>	<b>Type of Major Programs' Compliance Opinion</b>	Unqualified
<b>(d)(1)(vi)</b>	<b>Are there any reportable findings under § .510?</b>	No
<b>(d)(1)(vii)</b>	<b>Major Programs (list):</b>	Special Education Cluster: Special Education Grants to States – CFDA 84.027 Special Education-Preschool Grants – CFDA 84.173
<b>(d)(1)(viii)</b>	<b>Dollar Threshold: Type A/B Programs</b>	Type A: > \$ 300,000 Type B: all others
<b>(d)(1)(ix)</b>	<b>Low Risk Auditee?</b>	No

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

<b>FINDING NUMBER</b>	<b>2005-001</b>
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**SERVICE ORGANIZATION REPORTING**

Statement on Auditing Standards (SAS) No. 70, *Service Organizations*, is a recognized auditing standard developed by the American Institute of Certified Public Accountants (AICPA). A SAS 70 audit or service auditor's examination is widely recognized, because it represents that a service organization has been through an in-depth audit of their internal control activities, which generally include controls over information technology and related processes. Service organizations or service providers must demonstrate that they have adequate internal controls and safeguards when they host or process data belonging to their customers.

**AVON LAKE CITY SCHOOL DISTRICT  
LORAIN COUNTY**

**SCHEDULE OF FINDINGS  
OMB CIRCULAR A -133 § .505  
JUNE 30, 2005  
(CONTINUED)**

<b>FINDING NUMBER</b>	<b>2005-001</b>
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**SERVICE ORGANIZATION REPORTING (Continued)**

The District has a contract with Bridge Benefits, Inc., a third-party administrator, to provide claims processing for the District's self-insurance program. Under SAS 70, the District should be receiving a SAS 70 report from their third-party administrator annually.

Without a current Service Auditor's Report, a service organization may have to entertain multiple audit requests from its customers and their respective auditors. Multiple visits from user auditors can place a strain on the service organization's resources. A Service Auditor's Report ensures that all user organizations and their auditors have access to the same information and in many cases this will satisfy the user auditor's requirements.

To reasonably ensure the completeness and accuracy of health claims processed by Bridge Benefits, Inc., a Statement of Auditing Standards No. 70 (SAS-70) Tier II report which prescribes testing and reporting standards for audits of claims processing internal controls in place at the service organization should be provided. Thus, the District should obtain a "Report on Policies and Procedures Placed in Operation and Tests of Operating Effectiveness" from Bridge Benefits. Such a report, if unqualified, would provide evidence to the District's management that health insurance and prescription claims are being processed in conformance with the District's health insurance plan. Failure to obtain such a report puts the burden on management to provide evidence that claim payments are allowable under the plan.

Other operations that would require a SAS-70 report include, at a minimum, outsourcing computer processing and payroll operations.

<b>3. FINDINGS AND QUESTIONED COSTS FOR FEDERAL AWARDS</b>
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None.

**AVON LAKE CITY SCHOOL DISTRICT  
LORAIN COUNTY**

**SCHEDULE OF PRIOR AUDIT FINDINGS  
OMB CIRCULAR A -133 § .315 (b)  
JUNE 30, 2005**

Finding Number	Finding Summary	Fully Corrected?	Not Corrected, Partially Corrected; Significantly Different Corrective Action Taken; or Finding No Longer Valid; <b><i>Explain</i></b>
2004-001	Ohio Rev. Code Section 5705.39 - Appropriations exceeding estimated resources	No	Noncompliance citation reissued in the management letter.
2004-002	Ohio Rev. Code Section 5705.41(B) – Expenditures exceeding appropriations	No	Noncompliance citation reissued in the management letter.



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

**COMPREHENSIVE  
ANNUAL FINANCIAL REPORT  
FOR THE FISCAL YEAR ENDED JUNE 30, 2005**

**Prepared by**

**Denise J. Armour  
Treasurer**





**Avon Lake City School District**  
*Comprehensive Annual Financial Report*  
*For the Fiscal Year Ended June 30, 2005*  
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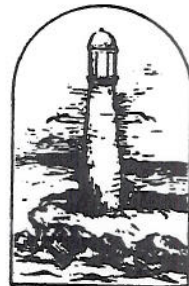
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# Avon Lake City Schools

Treasurer's Office

175 Avon Belden Rd.

Avon Lake, Ohio 44012-1650

(440) 933-5163

(440) 933-7328

December 7, 2005

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, 2005. This CAFR includes an opinion from the State Auditor and conforms to generally accepted accounting principles as applicable to governmental entities. Responsibility for the accuracy of the data presented and the completeness and fairness of the presentation, including all disclosures, rests with the School District. To the best of our knowledge and belief, the enclosed data is accurate in all material respects and are reported in a manner designed to present fairly the financial position and results of operations of the School District. This report will provide the taxpayers of the Avon Lake City School District with the comprehensive financial data in a format which will enable them to gain an understanding of the School District's financial affairs. Copies will be made available to the Avon Lake Public Library, major taxpayers, financial rating services and other interested parties.

The comprehensive annual financial report is presented in three sections as follows:

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

## The School District

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

In order to meet the needs of a growing community, the high school was expanded several times. In the mid 1970's instructional classrooms and a physical education complex were added and the Learwood Middle School, Erieview Elementary, Eastview Elementary, Westview Elementary, Redwood Elementary and Troy Junior High School were constructed. Troy Junior High School was closed for educational purposes in 1982 because of the energy crisis and decreased enrollment. In 1988, Troy Junior High was reopened as the Avon Lake Community Education Center. The Community Education Center ceased to operate in the Troy Building as of July, 1991 due to the economy of operations. The Troy Intermediate School building was reopened for instruction beginning in the fall of 1995. In 1999, Avon Lake City Schools began their last building project that added classrooms to all seven (7) buildings. Avon Lake High School has just completed the most recent major renovation, which included additional physical education facilities and an auditorium that hosted the Cleveland Pops Orchestra for the dedication of the facilities. Today the citizens have an investment of \$ 79,665,631 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, consisting of five members elected at-large for staggered four year terms. Statutorily, the School District operates under standards prescribed by the Ohio State Board of Education as provided in division (D) of Section 3301.07 of the Ohio Revised Code, to provide services authorized by charter and further mandated by State and Federal agencies.

### **Reporting Entity**

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

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

The School District participates in four jointly governed organizations and is associated with one related organization. These organizations are the Lake Erie Educational Computer Association (LEECA), the Lake Erie Regional Council of Governments (LERC), the Lorain County Joint Vocational School District, the Ohio Schools Council and the Avon Lake Public Library. These organizations are presented in Notes 17 and 18 to the basic financial statements.

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

### **Economic Condition and Outlook**

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

Ohio lawmakers have also passed legislation that has been reducing tangible taxes (the taxes paid by business on equipment and inventory) over the past decade. Effective July 1, 2005 with passage of H.B. 66, tangible taxes will diminish over the next four (4) years. The State of Ohio has promised that School Districts will be made whole until 2010 after which there will be a loss of revenue. Ohio lawmakers have again passed a law that resulted in lost revenue for all Ohio schools.

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

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

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

### ***School District Local Funding***

School District management will carefully control expenses during the coming years to continue to assure that tax levy revenues are adequate and well spent. Voters approved a 4.86 mill replacement levy in May of 2003.

### **Major Initiatives**

#### ***Ohio Report Card***

The Ohio Report Card is issued in early fall of each school year. The report uses data from the previous school year to inform the public of School District success or failure in 22 indicators. The 2005 report card demonstrated that the School District, for the past four (4) years, has been rated in the category titled, "Excellent."

#### ***Federal Projects***

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

#### ***Educational Programs and Facilities Improvement***

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

## Financial Information

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

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

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

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

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

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

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

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

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

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

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

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

As a part of this new reporting model, management is responsible for preparing a Management's Discussion and Analysis of the School District. This discussion follows the Independent Accountants' Report, providing an assessment of the School District's finances for 2005 and a comparison to performance in 2004 and analysis of resources available for the future. Because the discussion focuses on major funds, only the internal service fund is discussed briefly in this letter.

**Financial Highlights – Internal Service Fund** The only internal service fund carried on the financial records of the School District is related to self-insurance. This fund was created in fiscal year 2004. This fund accounts for the revenues and expenses related to the provision of medical surgical, prescription drug, dental and vision benefits for all School District employees. The internal service fund had net assets of \$ 217,346 at June 30, 2005.

### **Cash Management**

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

Interest revenue in the governmental funds totaled \$ 327,617 for fiscal year 2005, of which \$ 304,416 was credited to the general fund, \$ 19,424 to the building fund and \$ 3,777 to the special revenue funds. Information regarding School District investments is found in Note 6 of the basic financial statements.

### **Risk Management**

The School District is self-insured for medical, surgical, prescription drug, and dental benefits for the School District employees. The School District uses the self-insurance internal service fund to account for and finance its uninsured risks of loss in this program. A third party, Bridge Benefits, reviews all claims which are then paid by the School District.

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

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

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

### **Independent Audit**

State statute requires the School District to be subjected to an annual examination by an independent auditor. An annual audit serves to maintain and strengthen the School District's accounting and budgetary controls. Independent Auditor Betty Montgomery, Auditor of State, was selected to render an opinion on the School District's financial statements as of and for the year ended June 30, 2005. 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, 2004. 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, 2004 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, 2005, which will be submitted to ASBO for review, will conform to ASBO's principles and standards.

### **Acknowledgments**

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

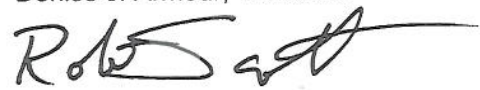
Special appreciation is expressed to Costin + Company, CPA's for assistance in the planning, designing and reviewing this financial report.

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

Respectfully submitted,



Denise J. Armour, Treasurer



Robert D. Scott, Superintendent

Avon Lake Board of Education

Principal Officials  
June 30, 2005

**Board of Education**

Mr. Michael J. Mannino..... President  
Mr. Michael J. Holleran..... Vice - President  
Mr. Mark Bennett ..... Member  
Mr. Charles Froehlich ..... Member  
Mrs. Pamela Ohradzansky ..... Member

**Treasurer**

Mrs. Denise J. Armour

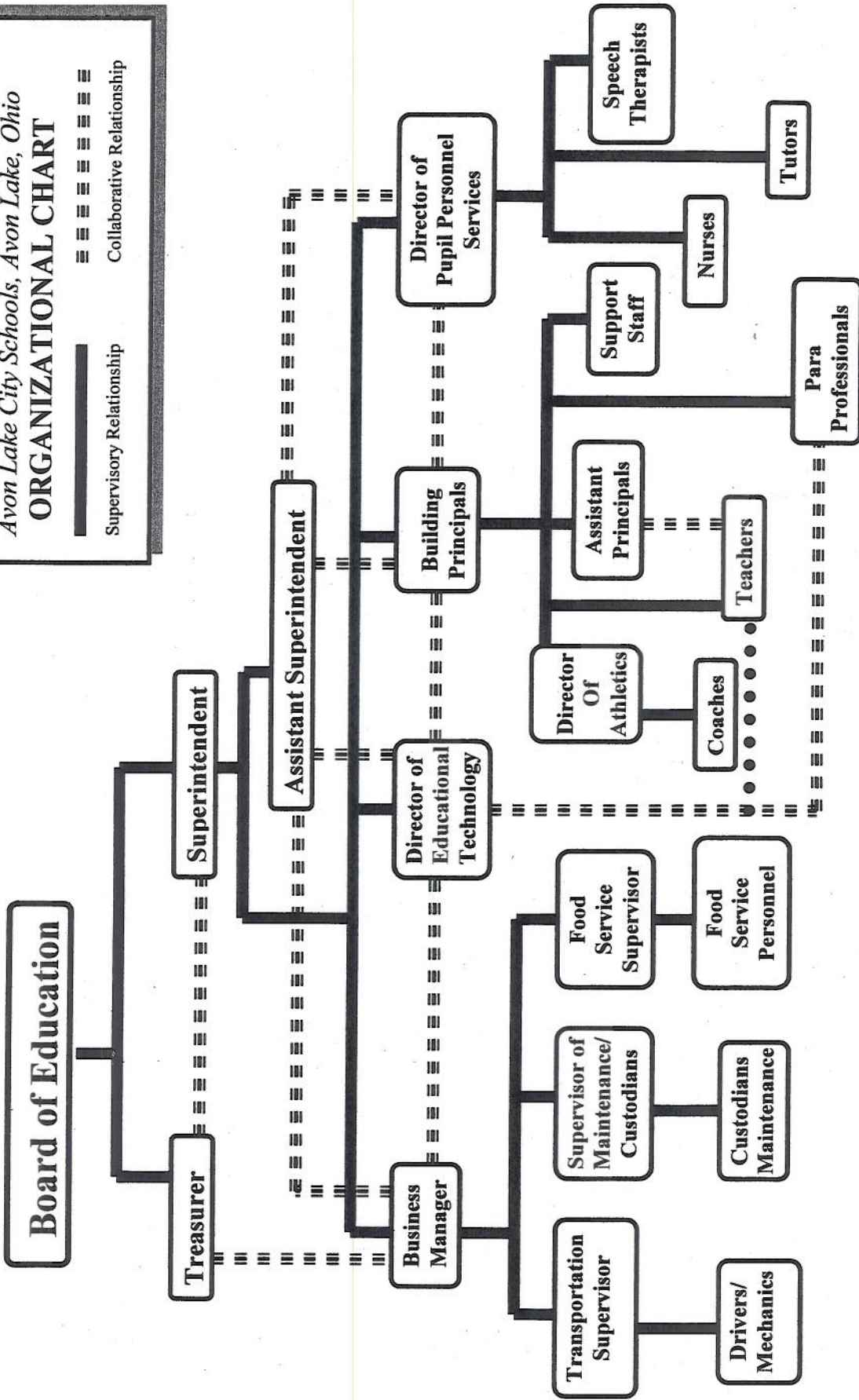
**Administration**

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

Avon Lake City Schools, Avon Lake, Ohio

# ORGANIZATIONAL CHART

— Supervisory Relationship  
 - - - - - Collaborative Relationship



# Certificate of Achievement for Excellence in Financial Reporting

Presented to

Avon Lake City  
School District, Ohio

For its Comprehensive Annual  
Financial Report  
for the Fiscal Year Ended  
June 30, 2004

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



*Nancy L. Zielle*

President

*Jeffrey R. Emer*

Executive Director

ASSOCIATION OF SCHOOL BUSINESS OFFICIALS  
INTERNATIONAL



This Certificate of Excellence in Financial Reporting is presented to

**AVON LAKE CITY SCHOOLS**

For its Comprehensive Annual Financial Report (CAFR)  
For the Fiscal Year Ended June 30, 2004

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

*John J. Tomlinson*  
President

*Barbara W. Keller*  
Executive Director

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## Auditor of State Betty Montgomery

### INDEPENDENT ACCOUNTANTS' REPORT

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

We have audited the accompanying financial statements of the governmental activities, each major fund, and the aggregate remaining fund information of the Avon Lake City School District, Lorain County, Ohio, (the District) as of and for the year ended June 30, 2005, which collectively comprise the District's basic financial statements as listed in the table of contents. These financial statements are the responsibility of the District's management. Our responsibility is to express opinions on these financial statements based on our audit.

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

Insurance claims reported in the Self Insurance Fund (an internal service fund, included in the governmental activities and as remaining fund information) are processed by a service organization independent of the District. The service organization did not provide us with information we requested regarding the design or proper operation of its internal controls. We were therefore unable to satisfy ourselves as to the proper processing of health insurance claims expenses and liabilities. Those claims represent 8% of the expenses and .4% of accrued liabilities reported with the governmental activities, and 42% of the expenditures and 15% of the liabilities reported with the remaining fund information.

In our opinion, except for the effects of such adjustments, if any as might have been necessary had we been able to examine certain information regarding health insurance claims reported with the governmental activities and remaining fund information as described in the preceding paragraph, 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 for the Avon Lake City School District, Lorain County, Ohio, as of June 30, 2005 and the changes in financial position and cash flows, where applicable, thereof and the respective budgetary comparison for the General Fund and for the year then ended in conformity with accounting principles generally accepted in the United States of America.

In accordance with *Government Auditing Standards*, we have also issued our report dated December 7, 2005, on our consideration of the District's internal control over financial reporting and our tests of its compliance with certain provisions of laws, regulations, contracts and grant agreements and other matters. While we did not opine on the internal control over financial reporting or on compliance, that report describes the scope of our testing of internal control over financial reporting and compliance and the results of that testing. That report is an integral part of an audit performed in accordance with *Government Auditing Standards*. You should read it in conjunction with this report in assessing the results of our audit.

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

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



**Betty Montgomery**  
Auditor of State

December 7, 2005



**Avon Lake City School District**  
*Management's Discussion and Analysis*  
*For the Fiscal Year Ended June 30, 2005*  
*Unaudited*

The discussion and analysis of the Avon Lake City School District's (School District) financial performance provides an overall review of the School District's financial activities for the fiscal year ended June 30, 2005. The intent of this discussion and analysis is to look at the School District's financial performance as a whole. Readers should also review the transmittal letter, notes to the basic financial statements and financial statements to enhance their understanding of the School District's financial performance.

### **Financial Highlights**

Key financial highlights for fiscal year 2005 are as follows:

- In total, net assets for governmental activities have increased from \$ 17.5 million at June 30, 2004, to \$ 18.1 million at June 30, 2005.
- Revenues for governmental activities totaled \$ 38,950,035 in fiscal year 2005. Of this total \$ 36,485,115 or 93.67 percent consisted of general revenues while program revenues accounted for the balance of \$ 2,464,920 or 6.33 percent.
- Program expenses totaled \$ 38,333,485. Instructional expenses made up \$ 20,063,040 or 52.34 percent of this total while support services accounted for \$ 13,435,280 or 35.05 percent. Other expenses, \$ 4,834,865, rounded out the remaining 12.61 percent.
- Total outstanding debt decreased by \$ 1,929,106 to \$ 47,686,384 in fiscal year 2005.

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

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

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

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

Statement of Net Assets and the Statement of Activities

While this document contains all the funds used by the School District to provide programs and activities, the view of the School District as an entity looks at all financial transactions and asks the question, "How did we do financially during the 2005 fiscal year?" The Statement of Net Assets and the Statement of Activities answer this question. These statements include all assets and liabilities using the accrual basis of accounting similar to the accounting used by most private-sector companies. Accrual basis of accounting takes into account all of the current year's revenues and expenses regardless of when cash is received or paid.

**Avon Lake City School District**  
*Management's Discussion and Analysis*  
*For the Fiscal Year Ended June 30, 2005*  
*Unaudited*

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

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

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

#### **Fund Financial Statements**

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

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

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

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

Total assets decreased by \$ 4,651,989. The majority of this decrease can be attributed to the decrease of \$ 1,921,879 in pooled cash and cash equivalents and the decrease of \$ 2,160,727 in capital assets. Cash decreased because the School District's instruction expenses increased. The School District hired a larger staff in fiscal year 2005 to fill new positions at Learwood Middle School. The decrease in capital assets is attributable to a net change in accumulated depreciation of \$ 2,315,939.

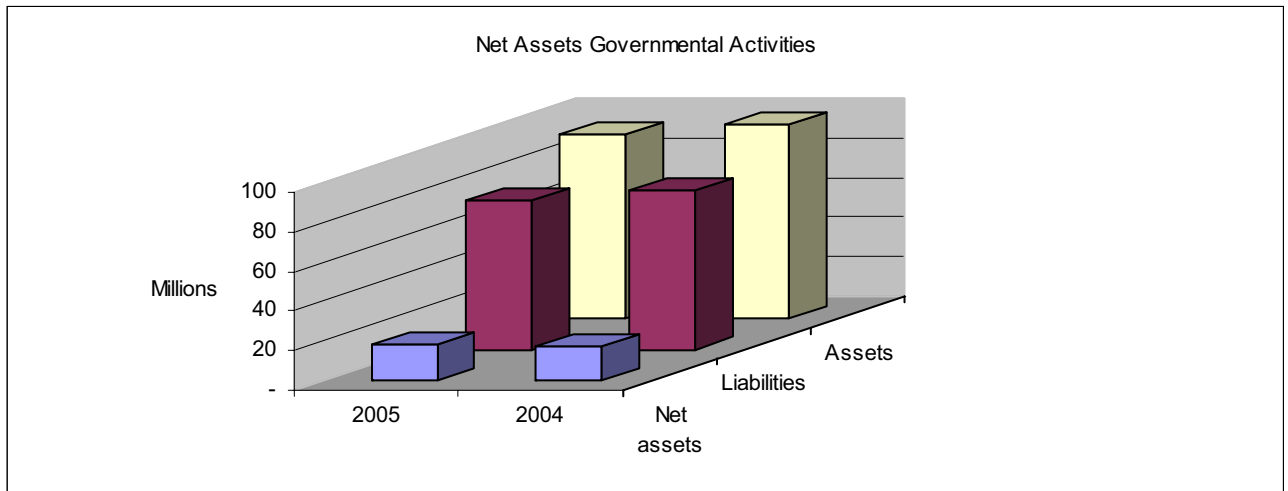
Total liabilities decreased by \$ 5,268,539. The majority of the decrease can be attributed to the decrease in unearned revenue of \$ 3,229,925. Long-term liabilities that are due in more than one year have also decreased by \$ 2,110,675. This is offset slightly by an increase of \$ 302,392 in those liabilities due within one year.

To determine the overall financial performance of the School District one must consider the relative changes in net assets. A change in net assets indicates how an entity is providing for future generations. Net assets increased by \$ 616,550 from 2004. The School District will need to be concerned about spending resources of future generations and consider the need for additional operating resources. Table 1 provides a summary of the School District's net assets for fiscal year 2005 compared to fiscal year 2004:

**Avon Lake City School District**  
*Management's Discussion and Analysis*  
*For the Fiscal Year Ended June 30, 2005*  
*Unaudited*

**Table 1**  
**Total Net Assets**

	<u>2005</u>	<u>2004</u>
<b>Assets</b>		
Current and other assets	\$ 37,037,274	\$ 39,528,536
Total capital assets, net	<u>56,158,773</u>	<u>58,319,500</u>
<b>Total assets</b>	<u><b>93,196,047</b></u>	<u><b>97,848,036</b></u>
<b>Liabilities</b>		
Current liabilities	26,211,381	29,671,637
Long term liabilities		
Due within one year	2,619,437	2,317,045
Due in more than one year	<u>46,260,315</u>	<u>48,370,990</u>
<b>Total liabilities</b>	<u><b>75,091,133</b></u>	<u><b>80,359,672</b></u>
<b>Net assets</b>		
Invested in capital assets, net of related debt	13,551,954	13,733,342
Restricted	5,115,807	4,615,689
Unrestricted	<u>(562,847)</u>	<u>(860,667)</u>
<b>Total net assets</b>	<u><b>\$ 18,104,914</b></u>	<u><b>\$ 17,488,364</b></u>



**Avon Lake City School District**  
*Management's Discussion and Analysis*  
*For the Fiscal Year Ended June 30, 2005*  
*Unaudited*

Table 2 shows total revenues, expenses and changes in net assets for fiscal year 2005 compared to fiscal year 2004. The increase in fiscal year 2005 net assets can be mainly attributed to an increase in property taxes of \$ 2,487,448, which was offset by an increase in instruction expenses of \$ 1,036,180 and an increase of \$ 866,784 in operation and maintenance expenses.

**Table 2**  
Changes in Net Assets

	2005	2004 Restated
Revenues		
Program revenues		
Charges for services	\$ 1,454,218	\$ 1,370,710
Operating grants, interest and contributions	1,010,702	1,327,736
Capital grants, interest and contributions	-	13,585
Total program revenues	<u>2,464,920</u>	<u>2,712,031</u>
General revenues		
Property taxes	28,908,482	26,421,034
Grants and entitlements not restricted to specific purposes	6,973,114	6,114,769
Investment earnings	331,950	120,589
Miscellaneous	271,569	538,981
Total general revenues	<u>36,485,115</u>	<u>33,195,373</u>
Total revenues	<u>38,950,035</u>	<u>35,907,404</u>
Program expenses		
Instruction	20,063,340	19,026,860
Supporting services		
Pupil and instructional staff	3,403,932	3,818,621
Board of education, administration, fiscal services and business	4,117,369	3,992,110
Operation and maintenance	4,582,836	3,716,052
Pupil transportation	1,318,645	1,157,158
Central services	12,498	11,129
Operation of non-instructional		
Food service operation	829,674	694,053
Community services	334,781	288,654
Extracurricular activities	1,243,236	1,098,085
Interest and fiscal charges	2,427,174	2,727,315
Total expenses	<u>38,333,485</u>	<u>36,530,037</u>
Increase (decrease) in net assets	616,550	(622,633)
Net assets at beginning of year, restated	17,488,364	18,110,997
Net assets at end of year	<u>\$ 18,104,914</u>	<u>\$ 17,488,364</u>

**Avon Lake City School District**  
*Management's Discussion and Analysis*  
*For the Fiscal Year Ended June 30, 2005*  
*Unaudited*

The vast majority of revenue supporting all Governmental Activities is general revenue. General revenue accounted for \$36.5 million or 93.67 percent of the total revenue. The most significant portion of general revenue is local property tax. The other type of revenue that accounts for 6.33 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 decreased by 9.11 percent in 2005 from 2004. This decrease can be attributed primarily to a reduction in funds received for grants, contributions and charges for services and sales.

As you can see, 52.34 percent of the School District's expenses were used to fund instructional expenses. Additional support services for pupils, staff and business operation expenses were 35.05 percent. The remaining 12.61 percent of program expenses was used to facilitate other obligations of the School District such as interest and fiscal charges, the food service program and various extracurricular activities. The School District hired a larger staff in fiscal year 2004 to fill new positions in the addition to the high school which increased instruction expenses.

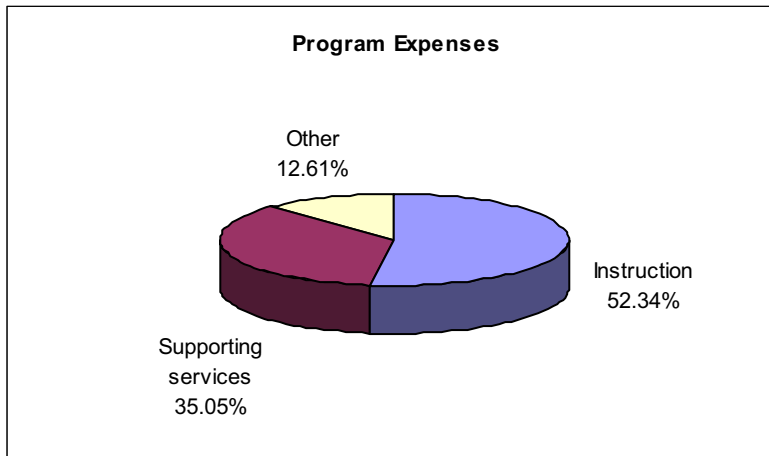
Interest expense was primarily attributable to the outstanding bonds.

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

**Table 3**  
 Governmental Activities

	Total Cost of Services		Net Cost of Services	
	2005	2004	2005	2004
Instruction	\$ 20,063,340	\$ 19,026,860	\$(19,408,005)	\$(18,289,115)
Supporting services				
Pupil and instructional staff	3,403,932	3,818,621	(2,915,945)	(3,342,227)
Board of education, administration, fiscal services and business	4,117,369	3,992,110	(4,043,642)	(3,979,841)
Operation and maintenance	4,582,836	3,716,052	(4,579,511)	(3,697,782)
Pupil transportation	1,318,645	1,157,158	(1,317,429)	(1,122,519)
Central services	12,498	11,129	(8,358)	(3,767)
Operation of non-instructional				
Food service operation	829,674	694,053	(83,718)	20,047
Community services	334,781	288,654	(289,982)	(46,579)
Extracurricular activities	1,243,236	1,098,085	(794,801)	(628,908)
Interest and fiscal charges	2,427,174	2,727,315	(2,427,174)	(2,727,315)
<b>Total expenses</b>	<b>\$ 38,333,485</b>	<b>\$ 36,530,037</b>	<b>\$(35,868,565)</b>	<b>\$(33,818,006)</b>

**Avon Lake City School District**  
*Management's Discussion and Analysis*  
*For the Fiscal Year Ended June 30, 2005*  
*Unaudited*



The dependence upon tax revenues for governmental activities is apparent. Over 75.41 percent of total expenses are supported through taxes. Grant and entitlements not restricted to specific programs support 18.19 percent, while investment and other miscellaneous type revenue support the remaining activity costs. The community, as a whole, is the primary support for the School District students.

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

***The School District's Funds***

Information about the School District's major funds starts on page 15. These governmental funds are accounted for using the modified accrual basis of accounting. All governmental funds had total revenues of \$ 38,968,813 and expenditures of \$ 38,586,663. The net change in fund balance for the year was most significant in the bond retirement fund which included an increase of \$ 985,388. In total, the net change in fund balance was \$ 794,218.

**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 2005, the School District amended its general fund budget numerous times, none significant. For the general fund, the final budget basis revenue estimate was \$ 29,336,035 which was the same as the original budget estimate. The final budget basis expenditures estimate totaled \$ 32,442,326 which was \$ 263,815 above the same as the original budget estimate. The unencumbered ending cash balance totaled \$ 4,150,342.

**Avon Lake City School District**  
*Management's Discussion and Analysis*  
*For the Fiscal Year Ended June 30, 2005*  
*Unaudited*

**Capital Assets and Debt Administration**

**Capital Assets**

At the end of fiscal 2005, the School District, net of depreciation, had \$ 56,158,773 invested in land, land improvements, buildings and improvements, furniture and equipment, and vehicles. Table 4 show fiscal year 2005 values compared to fiscal year 2004. More detailed information is presented in Note 10 of the notes to the basic financial statements.

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

	2005	Restated 2004
Land	\$ 5,656,440	\$ 5,656,440
Land improvements	1,221,708	1,325,233
Building and improvements	44,966,573	46,496,414
Furniture and equipment	3,802,503	4,360,613
Vehicles	511,549	480,800
Total capital assets	\$ 56,158,773	\$ 58,319,500

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

**Avon Lake City School District**  
*Management's Discussion and Analysis*  
*For the Fiscal Year Ended June 30, 2005*  
*Unaudited*

**Debt**

At June 30, 2005, the Avon Lake School District had \$ 47,143,092 in bonds, notes and loans outstanding, a decrease of \$ 1,546,637 from fiscal year 2004. \$ 2,123,950 of the bonds, notes and loans are due within one year. Table 5 below summarizes the School District's bonds, notes, loans outstanding and capital leases. More detailed information is presented in Note 16 of the notes to the basic financial statements.

**Table 5**  
 Outstanding Debt Year-End

	2005	2004
Term and serial bonds	\$ 41,110,000	\$ 43,525,000
Capital appreciation bonds	1,664,925	649,977
Accretion on capital appreciation bonds	2,698,447	2,479,749
Serial notes	1,010,000	1,190,000
Capital appreciation notes	250,717	250,717
Accretion on capital appreciation notes	84,984	59,583
Fiber optics loan	166,950	326,634
HVAC loan	157,069	208,069
Capital leases	543,292	925,761
Total outstanding debt	<u>\$ 47,686,384</u>	<u>\$ 49,615,490</u>

At June 30, 2005, the School District's overall legal debt margin was \$ 30,499,288 with an unvoted debt margin of \$ 775,307. The debt is well within permissible limits. The School District maintains a Moody's rating of Aa3.

**Current Issues**

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

The School District has the necessary revenue base to support current program levels for only the next fiscal year. Our future revenue base is dependent upon the renewal of an emergency levy expiring in 2009. The School District is seeking additional revenue in November, 2005.



**Avon Lake City School District**  
*Management's Discussion and Analysis*  
*For the Fiscal Year Ended June 30, 2005*  
*Unaudited*

Several significant legislative and judicial actions have occurred that will have a major impact on our School District. The Ohio Supreme Court has issued its fourth decision regarding school funding reform in Ohio. We believe that the ultimate resolution of funding reform is still some time away. The sudden downturn in the economy has put pressures on both the State budget as well as our local School District budget. We are concerned about current economic conditions and the possible negative impact on local tax revenues. The ongoing legislative efforts to support the existence of community (charter) schools come at the expense of our current State subsidy. This year approximately \$ 50,000 will be deducted from our State subsidy and redirected to local community (charter) schools. The School District's commitment to improve fiscal management has led to many budgeting, reporting and internal control enhancements.

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

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

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

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AVON LAKE CITY SCHOOL DISTRICT  
LORAIN COUNTY

STATEMENT OF NET ASSETS

JUNE 30, 2005

	Governmental Activities
<b>Assets</b>	
Equity in pooled cash	\$ 9,356,131
Accounts receivable	635
Intergovernmental receivable	278,519
Inventories and supplies	46,759
Taxes receivable	27,355,230
Capital assets	
Nondepreciable capital assets	5,656,440
Depreciable capital assets, net	50,502,333
<b>Total assets</b>	<b>93,196,047</b>
 <b>Liabilities</b>	
Accounts and contracts payable	379,245
Accrued salaries, wages and benefits	2,398,584
Claims payable	302,753
Accrued interest payable	61,398
Intergovernmental payable	892,449
Unearned revenue	22,176,952
Long term liabilities	
Due within one year	2,619,437
Due in more than one year	46,260,315
<b>Total liabilities</b>	<b>75,091,133</b>
 <b>Net assets</b>	
Invested in capital assets, net of related debt	13,551,954
Restricted for:	
Capital projects	1,175,002
Debt service	3,163,053
Set-asides	212,593
Food service	35,278
School supplies	111,097
Extracurricular activities	104,774
State grants	37,529
Federal grants	92,431
Donations	179,806
Other purposes	4,244
Unrestricted	(562,847)
<b>Total net assets</b>	<b>\$ 18,104,914</b>

See accompanying notes to the basic financial statements.

AVON LAKE CITY SCHOOL DISTRICT  
LORAIN COUNTY

STATEMENT OF ACTIVITIES

FOR THE YEAR ENDED JUNE 30, 2005

	Expenses	Program Revenues		Net (Expense) Revenue and Changes in Net Assets
		Charges for Services and Sales	Operating Grants Interest and Contributions	
Governmental activities				
Instruction				
Regular	\$ 17,067,490	\$ 377,713	\$ 140,965	\$ (16,548,812)
Special	2,057,130	-	135,879	(1,921,251)
Vocational	252,331	-	-	(252,331)
Adult/continuing	36,793	778	-	(36,015)
Other instruction	649,596	-	-	(649,596)
Supporting services				
Pupil	2,530,881	40,630	361,065	(2,129,186)
Instructional staff	873,051	-	86,292	(786,759)
Board of education	18,202	-	73,727	55,525
Administration	3,090,189	-	-	(3,090,189)
Fiscal services	922,519	-	-	(922,519)
Business	86,459	-	-	(86,459)
Operation and maintenance	4,582,836	-	3,325	(4,579,511)
Pupil transportation	1,318,645	-	1,216	(1,317,429)
Central services	12,498	-	4,140	(8,358)
Operation of non-instructional				
Food service operation	829,674	586,662	159,294	(83,718)
Community services	334,781	-	44,799	(289,982)
Extracurricular activities	1,243,236	448,435	-	(794,801)
Interest and fiscal charges	2,427,174	-	-	(2,427,174)
Totals	<u>\$ 38,333,485</u>	<u>\$ 1,454,218</u>	<u>\$ 1,010,702</u>	<u>(35,868,565)</u>

General revenues

Property taxes levied for:

General purpose	24,308,114
Debt service	3,900,350
Capital improvements	700,018
Grants and entitlements not restricted to specific purposes:	6,973,114
Investment earnings	331,950
Miscellaneous	271,569
Total general revenues	<u>36,485,115</u>

Change in net assets	616,550
Net assets at beginning of year, restated	17,488,364
Net assets at end of year	<u>\$ 18,104,914</u>

See accompanying notes to the basic financial statements.

AVON LAKE CITY SCHOOL DISTRICT  
LORAIN COUNTY  
BALANCE SHEET – GOVERNMENTAL FUNDS  
JUNE 30, 2005

	General Fund	Bond Retirement Fund	Other Governmental Funds	Total Governmental Funds
<b>Assets</b>				
Equity in pooled cash	\$ 4,791,807	\$ 1,250,063	\$ 2,581,569	\$ 8,623,439
Restricted cash	212,593	-	-	212,593
Receivables, net of allowance				
Taxes, current	21,982,246	3,383,665	1,775,719	27,141,630
Taxes, delinquent	174,000	25,900	13,700	213,600
Accounts and other	45	-	590	635
Intergovernmental receivable	4,116	-	274,403	278,519
Interfund receivable	107,501	-	-	107,501
Inventories and supplies	22,652	-	24,107	46,759
<b>Total assets</b>	<b>\$ 27,294,960</b>	<b>\$ 4,659,628</b>	<b>\$ 4,670,088</b>	<b>\$ 36,624,676</b>
<b>Liabilities and fund balances</b>				
<b>Liabilities</b>				
Accounts and contracts payable	\$ 303,028	\$ -	\$ 76,217	\$ 379,245
Accrued wages and benefits	2,345,698	-	52,886	2,398,584
Intergovernmental payable	583,760	-	11,853	595,613
Interfund payable	-	-	107,501	107,501
Unearned revenue	18,239,781	2,651,754	1,428,938	22,320,473
Compensated absences	35,482	-	3,415	38,897
<b>Total liabilities</b>	<b>21,507,749</b>	<b>2,651,754</b>	<b>1,680,810</b>	<b>25,840,313</b>
<b>Fund balances</b>				
Reserved for encumbrances	558,612	-	455,383	1,013,995
Reserved for property taxes	3,916,465	757,811	360,481	5,034,757
Reserved for textbooks	98,603	-	-	98,603
Reserved for budget stabilization	113,990	-	-	113,990
Unreserved, reported in				
General Fund	1,099,541	-	-	1,099,541
Special Revenue Funds	-	-	444,599	444,599
Debt Service Fund	-	1,250,063	941,191	2,191,254
Capital Projects Funds	-	-	787,624	787,624
<b>Total fund balances</b>	<b>5,787,211</b>	<b>2,007,874</b>	<b>2,989,278</b>	<b>10,784,363</b>
<b>Total liabilities and fund balances</b>	<b>\$ 27,294,960</b>	<b>\$ 4,659,628</b>	<b>\$ 4,670,088</b>	<b>\$ 36,624,676</b>

See accompanying notes to the basic financial statements.

AVON LAKE CITY SCHOOL DISTRICT  
LORAIN COUNTY  
RECONCILIATION OF TOTAL GOVERNMENTAL FUND BALANCES TO  
NET ASSETS OF GOVERNMENTAL ACTIVITIES  
JUNE 30, 2005

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Total governmental funds balances	\$ 10,784,363
Amount reported for governmental activities in the statement of net assets are different because:	
Capital assets used in governmental activities are not financial resources and therefore not reported in the funds.	56,158,773
Other long term assets are not available to pay for current period expenditures and therefore are deferred in the funds: Delinquent property taxes	143,521
An internal service fund is used by management to charge the costs of insurance to individual funds. The assets and liabilities of the internal service fund are included in governmental activities in the statement of net assets.	217,346
Intergovernmental payables includes contractually required pension contributions not expected to be paid with expendable available financial resources and therefore are not reported in the funds.	(296,836)
Long-term liabilities are not due and payable in the current period and therefore are not reported in the funds:	
Compensated absences	(1,154,471)
Notes payable	(1,345,701)
Loans payable	(324,019)
Bonds payable	(45,473,372)
Capital lease payable	(543,292)
Accrued interest payable	(61,398)
	(52,895,253)
Net assets of governmental activities	\$ 18,104,914

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, 2005

	General Fund	Bond Retirement Fund	Other Governmental Funds	Total Governmental Funds
<b>Revenues</b>				
Taxes	\$ 24,320,772	\$ 3,709,610	\$ 894,641	\$ 28,925,023
Interest	304,416	-	23,201	327,617
Intergovernmental	6,123,324	471,898	1,399,049	7,994,271
Extracurricular	-	-	446,956	446,956
Charges for services	-	-	586,662	586,662
Other	411,479	-	276,805	688,284
<b>Total revenues</b>	<b>31,159,991</b>	<b>4,181,508</b>	<b>3,627,314</b>	<b>38,968,813</b>
<b>Expenditures</b>				
<b>Current</b>				
<b>Instruction</b>				
Regular	14,925,767	-	249,143	15,174,910
Special	1,908,985	-	126,406	2,035,391
Vocational	247,656	-	-	247,656
Adult/continuing	37,489	-	-	37,489
Other instruction	649,596	-	-	649,596
<b>Supporting services</b>				
Pupil	2,203,020	-	451,233	2,654,253
Instructional staff	816,671	-	87,432	904,103
Board of education	18,249	-	-	18,249
Administration	2,901,213	-	73,851	2,975,064
Fiscal services	834,777	53,837	12,320	900,934
Business	83,903	-	-	83,903
Operation and maintenance	3,771,278	-	341,122	4,112,400
Pupil transportation	1,170,336	-	111,512	1,281,848
Central services	3,745	-	8,753	12,498
<b>Operation of non-instructional</b>				
Food service operation	-	-	761,281	761,281
Community services	-	-	331,941	331,941
Extracurricular activities	743,046	-	433,207	1,176,253
Capital outlay	215,100	-	118,421	333,521
<b>Debt service</b>				
Principal	382,469	1,355,000	435,684	2,173,153
Interest	32,349	2,558,912	130,959	2,722,220
<b>Total expenditures</b>	<b>30,945,649</b>	<b>3,967,749</b>	<b>3,673,265</b>	<b>38,586,663</b>
Excess (deficiency) of revenues over expenditures	214,342	213,759	(45,951)	382,150
<b>Other financing sources (uses)</b>				
Transfers-in	-	389,564	-	389,564
Proceeds from refunding bonds	-	38,173,344	2,396,498	40,569,842
Transfers-out	(84,564)	-	(305,000)	(389,564)
Payment to escrow agent	-	(37,791,279)	(2,366,495)	(40,157,774)
<b>Total other financing sources (uses)</b>	<b>(84,564)</b>	<b>771,629</b>	<b>(274,997)</b>	<b>412,068</b>
<b>Net change in fund balances</b>	<b>129,778</b>	<b>985,388</b>	<b>(320,948)</b>	<b>794,218</b>
Fund balances, beginning of year	5,657,433	1,022,486	3,310,226	9,990,145
<b>Fund balances, end of year</b>	<b>\$ 5,787,211</b>	<b>\$ 2,007,874</b>	<b>\$ 2,989,278</b>	<b>\$ 10,784,363</b>

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, 2005

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Net change in fund balances - total governmental funds \$ 794,218

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

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

	Capital outlay, net	764,722	
	Depreciation expense	<u>(2,925,449)</u>	(2,160,727)

Revenues in the statement of activities that do not provide current financial resources are not reported as revenues in the funds.

	Property taxes	(16,541)	
	Intergovernmental	<u>(10,455)</u>	(26,996)

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

2,173,153

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	131,012	
	Annual accretion	<u>(244,099)</u>	(113,087)

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

	Compensated absences	(150,581)	
	Pension obligations	<u>(5,289)</u>	(155,870)

The internal service fund used by management to charge the costs of insurance to individual funds is not reported in the district-wide statement of activities. Governmental fund expenditures and the related internal service fund revenues are eliminated. The net revenue (expense) of the internal service fund is allocated among the governmental activities.

105,859

Change in net assets of governmental activities

\$ 616,550

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, 2005

	General Fund			Variance with Final Budget Positive (Negative)
	Budget Amounts		Actual	
	Original	Final		
Revenues				
Taxes	\$ 22,365,381	\$ 22,365,381	\$ 22,042,871	\$ (322,510)
Tuition and fees	131,560	131,560	377,813	246,253
Interest	1,047,355	1,047,355	304,416	(742,939)
Intergovernmental	5,791,239	5,791,239	6,119,208	327,969
Miscellaneous	500	500	76,543	76,043
Total revenues	<u>29,336,035</u>	<u>29,336,035</u>	<u>28,920,851</u>	<u>(415,184)</u>
Expenditures				
Current				
Instruction				
Regular	16,344,259	16,352,956	15,352,209	1,000,747
Special	1,847,727	1,847,727	1,821,968	25,759
Vocational	246,100	246,100	238,786	7,314
Adult/continuing	41,000	41,000	36,802	4,198
Other instruction	685,126	515,714	684,311	(168,597)
Supporting services				
Pupil	2,473,499	2,473,499	2,305,222	168,277
Instructional staff	845,218	845,218	820,579	24,639
Board of education	23,000	23,000	18,442	4,558
Administration	3,178,636	3,178,636	3,042,833	135,803
Fiscal services	841,215	821,215	840,861	(19,646)
Business	88,575	88,575	82,926	5,649
Operation and maintenance	3,971,084	3,965,384	3,976,629	(11,245)
Pupil transportation	1,176,791	1,155,291	1,176,360	(21,069)
Central services	4,206	2,606	4,150	(1,544)
Extracurricular activities				
Academic and subject oriented	62,455	62,455	69,304	(6,849)
Occupation oriented	10,300	100	10,222	(10,122)
Sports oriented	603,850	600,850	602,374	(1,524)
Co-curricular activities	48,000	12,000	47,883	(35,883)
Capital outlay	215,100	210,000	215,100	(5,100)
Total expenditures	<u>32,706,141</u>	<u>32,442,326</u>	<u>31,346,961</u>	<u>1,095,365</u>
Excess (deficiency) of revenues over expenditures	<u>(3,370,106)</u>	<u>(3,106,291)</u>	<u>(2,426,110)</u>	<u>680,181</u>
Other financing sources (uses)				
Gain (loss) on sale of assets	-	-	50	50
Advances in	-	-	190,212	190,212
Refund of prior year expenditures	-	-	80,052	80,052
Transfers-out	(85,000)	(85,000)	(84,564)	436
Advances out	-	-	(297,714)	(297,714)
Total other financing sources (uses)	<u>(85,000)</u>	<u>(85,000)</u>	<u>(111,964)</u>	<u>(26,964)</u>
Net change in fund balance	<u>(3,455,106)</u>	<u>(3,191,291)</u>	<u>(2,538,074)</u>	<u>653,217</u>
Prior year encumbrances	862,968	862,968	862,968	-
Fund balances, beginning of year	5,825,448	5,825,448	5,825,448	-
Fund balances, end of year	<u>\$ 3,233,310</u>	<u>\$ 3,497,125</u>	<u>\$ 4,150,342</u>	<u>\$ 653,217</u>

See accompanying notes to the basic financial statements.

AVON LAKE CITY SCHOOL DISTRICT  
LORAIN COUNTY

STATEMENT OF FUND NET ASSETS  
INTERNAL SERVICE FUND

JUNE 30, 2005

---

	<u>Self Insurance</u>
Assets	
Current assets	
Equity in pooled cash	\$ 520,099
Total assets	<u>520,099</u>
Liabilities	
Current liabilities	
Claims payable	302,753
Total liabilities	<u>302,753</u>
Net assets	
Unrestricted	<u>\$ 217,346</u>

See accompanying notes to the basic financial statements.

AVON LAKE CITY SCHOOL DISTRICT  
 LORAIN COUNTY  
 STATEMENT OF REVENUE, EXPENSES AND CHANGES IN FUND NET ASSETS  
 INTERNAL SERVICE FUND  
 FOR THE YEAR ENDED JUNE 30, 2005

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	Self Insurance
Operating revenues	
Charges for services	\$ 3,518,135
Operating expenses	
Purchased services	403,042
Claims	3,013,567
Total operating expenses	3,416,609
Operating income	101,526
Nonoperating revenues	
Interest income	4,333
Change in net assets	105,859
Net assets, beginning of year	111,487
Net assets, end of year	\$ 217,346

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, 2005

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	Self Insurance
Cash flows from operating activities	
Cash received from interfund services	\$ 3,518,135
Cash payments for claims	(3,324,778)
Cash payments for goods and services	(403,042)
Cash received from other sources	73,835
Net cash provided by operating activities	(135,850)
 Cash flows from investing activities	
Interest income	4,333
Net cash provided by investing activities	4,333
 Net increase in cash and cash equivalents	(131,517)
 Cash and cash equivalents, beginning of year	651,616
Cash and cash equivalents, end of year	\$ 520,099
  Reconciliation of operating income to net cash used for operating activities:	
Operating income	\$ 101,526
Adjustments	
Decrease in accounts receivable	73,835
Decrease in claims payable	(311,211)
Total adjustments	(237,376)
Net cash used for operating activities	\$ (135,850)

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, 2005

---

Assets	
Equity in pooled cash	\$ 136,427
Total assets	<u>136,427</u>
Liabilities	
Due to students	132,726
Due to others	3,701
Total liabilities	<u>\$ 136,427</u>

See accompanying notes to the basic financial statements.

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AVON LAKE CITY SCHOOL DISTRICT  
LORAIN COUNTY  
NOTES TO THE BASIC FINANCIAL STATEMENTS  
FOR THE YEAR ENDED JUNE 30, 2005

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NOTE 1 - DESCRIPTION OF THE SCHOOL DISTRICT AND REPORTING ENTITY

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

The School District is located in Avon Lake, Lorain County, Ohio, and includes an area extending roughly twelve square miles around the City. It is staffed by 216 non-certified personnel, 224 certified full-time teaching personnel and 16 administrative employees to provide services to 3,279 students and other community members. The School District operates 4 elementary schools (K-4), 1 intermediate school (5-6), 1 middle school (7-8) and 1 high school (9-12).

REPORTING ENTITY

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

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

The School District participates in four jointly governed organizations and is associated with a related organization. The organizations are the Lake Erie Educational Computer Association (LEECA), the Lake Erie Regional Council of Governments (LERC), the Lorain County Joint Vocational School District, the Ohio Schools Council Association, and the Avon Lake Public Library. These organizations are presented in Notes 17 and 18 of the basic financial statements.

NOTE 2 - SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

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

AVON LAKE CITY SCHOOL DISTRICT  
LORAIN COUNTY  
NOTES TO THE BASIC FINANCIAL STATEMENTS  
FOR THE YEAR ENDED JUNE 30, 2005  
(CONTINUED)

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NOTE 2 - SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (continued)

A. BASIS OF PRESENTATION

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

Government-wide Financial Statements

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

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

Fund Financial Statements

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

B. FUND ACCOUNTING

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

Governmental Funds

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



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NOTE 2 - SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (continued)

B. FUND ACCOUNTING (continued)

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

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

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

Proprietary Fund Type

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

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

Fiduciary Fund Type

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

C. MEASUREMENT FOCUS

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

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NOTE 2 - SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (continued)

C. MEASUREMENT FOCUS (continued)

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

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

D. BASIS OF ACCOUNTING

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

Revenues - Exchange and Non-exchange Transactions

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

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

AVON LAKE CITY SCHOOL DISTRICT  
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NOTE 2 - SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (continued)

D. BASIS OF ACCOUNTING (continued)

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

Unearned Revenue

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

Property taxes for which there is an enforceable legal claim as of June 30, 2005, but which were levied to finance fiscal year 2006 operations, have been recorded as unearned revenue. Grants and entitlements received before eligibility requirements are met are also recorded as unearned revenue.

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

Expenses/Expenditures

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

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

E. BUDGETARY PROCESS

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

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

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NOTE 2 - SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (continued)

E. BUDGETARY PROCESS (continued)

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

F. CASH AND CASH EQUIVALENTS

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

During fiscal year 2005, investments were limited to repurchase agreements, Federal Home Loan Bank Bonds, Federal National Mortgage Association Notes and STAROhio.

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

STAROhio is an investment pool managed by the State Treasurer's Office which allows governments within the State to pool their funds for investment purposes. STAROhio is not registered with the SEC as an investment company, but does operate in a manner consistent with Rule 2a7 of the Investment Company Act of 1940. Investments in STAROhio are valued at STAROhio's share price, which is the price the investment could be sold for on June 30, 2005.

Following Ohio statutes, the Board of Education has, by resolution, identified the funds to receive an allocation of interest earnings. Interest revenue credited to the general fund during fiscal year 2005 amounted to \$ 304,416 which includes \$ 125,406 assigned from other School District funds.

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

G. RESTRICTED ASSETS

Assets are reported as restricted when limitations on their use change in nature or normal understanding of the availability of the asset. Such constraints are either imposed by creditors, contributors, grantors, or laws of other governments or imposed by enabling legislation. Restricted assets in the general fund include amounts required by State statute to be set-aside for textbooks and the creation of a reserve for budget stabilization. See Note 20 for additional information regarding set-asides.

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NOTES TO THE BASIC FINANCIAL STATEMENTS  
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NOTE 2 - SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (continued)

H. PREPAID ITEMS

Payments made to vendors for services that will benefit periods beyond June 30, 2005, are reported as prepaid items using the consumption method. A current asset for the prepaid amount is recorded at the time of the purchase and an expenditure/expense is reported in the year in which services are consumed.

I. INVENTORY

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

J. CAPITAL ASSETS

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

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

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

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

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NOTE 2 - SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (continued)

K. INTERFUND BALANCES

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

L. COMPENSATED ABSENCES

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

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

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

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

M. ACCRUED LIABILITIES AND LONG-TERM OBLIGATIONS

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

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

N. NET ASSETS

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

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

AVON LAKE CITY SCHOOL DISTRICT  
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NOTES TO THE BASIC FINANCIAL STATEMENTS  
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NOTE 2 - SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (continued)

O. FUND BALANCE RESERVES

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

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

P. OPERATING REVENUES AND EXPENSES

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

Q. EXTRAORDINARY AND SPECIAL ITEMS

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

R. ESTIMATES

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

Note 3 - RESTATEMENT OF NET ASSETS

The beginning balance of net assets has been restated to remove the cost, and related accumulated depreciation, of textbooks and library books from capital assets; to correct for an error in calculating accumulated depreciation, primarily buildings and improvements, and to correct for an error in the recognition of delinquent property tax revenue. The restatement had the following effect on net assets:

	Previously Reported, June 30, 2004	Correction	Restated Balance June 30, 2004
Capital assets, being depreciated	\$ 75,701,210	\$ (1,847,231)	\$ 73,853,979
Accumulated depreciation	(24,367,674)	3,176,755	(21,190,919)
Unearned revenue	(25,124,165)	(282,712)	(25,406,877)
	<u>\$ 26,209,371</u>	<u>\$ 1,046,812</u>	<u>\$ 27,256,183</u>

These corrections increased net assets by \$ 1,046,812 from \$ 16,441,552 to \$ 17,488,364. The effect on change in net assets for 2004 is not readily determinable.

AVON LAKE CITY SCHOOL DISTRICT  
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(CONTINUED)

**NOTE 4 – COMPLIANCE AND ACCOUNTABILITY**

At June 30, 2005, the Class Size Reduction Fund had a deficit fund balance of \$ 1,786. The deficit resulted from adjustments for accrued liabilities.

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

	Estimated Revenue Plus Carryover Balances	Original Appropriations	Excess
Nonmajor Funds			
Special Revenue Funds			
School Net Development	\$ 4,178	\$ 6,267	\$ (2,089)
Student Reading Intervention	8,460	65,605	(57,145)
Alternative Schools	45,740	49,735	(3,995)
Title VI-B	459,321	586,552	(127,231)
Title V	11,955	16,959	(5,004)
Early Childhood Education Development	15,000	21,764	(6,764)

**NOTE 5 - BUDGETARY BASIS OF ACCOUNTING**

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

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

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

Net Change in Fund Balance	
	General Fund
Budget basis	\$ (2,538,074)
Adjustments, increase (decrease)	
Revenue accruals	1,968,826
Expenditure accruals	699,026
GAAP basis, as reported	\$ 129,778



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NOTE 6 - DEPOSITS AND INVESTMENTS

A. LEGAL REQUIREMENTS

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

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

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

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

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

Interim monies may be invested in the following securities:

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

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FOR THE YEAR ENDED JUNE 30, 2005  
(CONTINUED)

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NOTE 6 - DEPOSITS AND INVESTMENTS (continued)

A. LEGAL REQUIREMENTS (continued)

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

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

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

At fiscal year end, the District had \$ 15,050 in cash on hand which is included on the balance sheet of the District as part of "Equity in Pooled Cash".

B. DEPOSITS

Custodial credit risk is the risk that, in the event of a bank failure, the District's deposits may not be returned. The District does not have a deposit policy for custodial credit risk. At fiscal year end, the carrying amount of the District's deposits was \$ 8,959,455 and the bank balance was \$ 9,253,404. Of the bank balance, \$ 300,000 was covered by federal depository insurance and \$ 8,953,404 was uninsured. Of the remaining balance, \$ 8,953,404 was collateralized with securities held by the pledging institution's trust department not in the District's name.

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NOTE 6 - DEPOSITS AND INVESTMENTS (continued)

C. INVESTMENTS

For an investment, custodial credit risk is the risk that, in the event of the failure of the counterparty, the District will not be able to recover the value of its investments or collateral securities that are in the possession of an outside party. As of June 30, 2005, the District had the following investments:

	Maturities	Fair Value
STAROhio	n/a	\$ 518,053

D. INTEREST RATE RISK

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

E. CREDIT RISK

The District follows the Ohio Revised Code that limits its investment choices. As of June 30, 2005, the District's investments in StarOhio were rated AAA by Standard & Poor's.

F. CONCENTRATION OF CREDIT RISK

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

NOTE 7 - PROPERTY TAXES

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

Property taxes include amounts levied against all real, public utility and tangible personal property (used in business) located in the School District. Real property tax revenue received during calendar year 2005 represents collections of calendar year 2004 taxes. Real property taxes received in calendar year 2005 were levied after April 1, 2004, on the assessed value listed as of January 1, 2004, the lien date. Assessed values for real property taxes are established by State law at thirty-five percent of appraised market value. Real property taxes are payable annually or semi-annually. If paid annually, payment is due December 31; if paid semi-annually, the first payment is due December 31 with the remainder payable by June 20. Under certain circumstances, State statute permits alternate payment dates to be established.

Public utility property tax revenue in calendar year 2005 presents collections of calendar year 2004 taxes. Public utility real and tangible personal property taxes received in calendar year 2005 became a lien December 31, 2003, were levied after April 1, 2004 and are collected in 2005 with real property taxes. Public utility real property is assessed at thirty-five percent of true value, public utility tangible personal property currently is assessed at varying percentages of true value.

AVON LAKE CITY SCHOOL DISTRICT  
LORAIN COUNTY  
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(CONTINUED)

NOTE 7 - PROPERTY TAXES (continued)

Tangible personal property tax revenue received during calendar year 2005 (other than public utility property) represents the collection of 2005 taxes. Tangible personal property taxes received in calendar year 2005 were levied after April 1, 2004, on the value as of December 31, 2004. Tangible personal property is currently assessed at twenty-five percent of true value for capital assets and twenty-three percent of true value for inventory. Payments by multi-county taxpayers are due September 20. Single county taxpayers may pay annually or semi-annually. If paid annually, payment is due April 30; if paid semi-annually, the first payment is due April 30, with the remainder payable by September 20. Tangible personal property taxes paid by April 30 are usually received by the School District prior to June 30.

The School District receives property taxes from Lorain County. The County Auditor periodically advances to the School District its portion of the taxes collected. Second-half real property tax payments collected by June 30, 2005, are available to finance fiscal year 2005 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, 2005 and for which there is an enforceable legal claim. Although total property tax collections for the next fiscal year are measurable, only the amount of real property taxes available as an advance at June 30 were levied to finance current fiscal year operations and is reported as revenue at fiscal year-end. The portion of the receivable not levied to finance current fiscal year operations is offset by a credit to unearned revenue.

The amount available as an advance at June 30, 2005 was \$ 3,916,465 in the general fund, \$ 757,811 in the bond retirement debt service fund, \$ 248,267 in the library bond retirement debt service fund and \$ 112,214 in the permanent improvements capital projects fund. The amount available as an advance at June 30, 2004, was \$ 1,638,564 in the general fund, \$ 317,087 in the bond retirement debt service fund, \$ 105,722 in the library bond retirement debt service fund and \$ 47,178 in the permanent improvements capital projects fund.

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

The assessed values upon which the fiscal year 2005 taxes were collected are:

	2004 Second Half Collections		2005 First Half Collections	
	Amount	%	Amount	%
Agricultural/ Residential and Other Real Estate	\$ 577,484,470	77.68 %	\$ 608,828,450	78.52 %
Public Utility Personal	89,826,130	12.08	94,787,120	12.23
Tangible Personal Property	76,118,840	10.24	71,691,440	9.25
	<u>\$ 743,429,440</u>	<u>100.00 %</u>	<u>\$ 775,307,010</u>	<u>100.00 %</u>
 Tax Rate per \$ 1,000 of Assessed Valuation:	 <u>60.36</u>		 <u>64.51</u>	

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NOTE 8 - RECEIVABLES

Receivables at June 30, 2005, consisted of property taxes, intergovernmental grants, and accounts (rent and tuition). All receivables are considered collectible in full due to the ability to foreclose for the nonpayment of taxes, the stable condition of State programs, and the current fiscal year guarantee of federal funds. All receivables are expected to be collected within one year.

A summary of the principal items of intergovernmental receivables follows:

<u>Fund</u>	<u>Amount</u>
General Fund	\$ 4,116
Food Service Fund	28,959
Alternative Schools Fund	6,318
Title VI-B Fund	217,351
Drug Free School Fund	1,536
Early Childhood Education Development Fund	8,063
Class Size Reduction Fund	12,176
Total Intergovernmental Receivable	<u>\$ 278,519</u>

NOTE 9 - INTERFUND BALANCES AND TRANSFERS

Interfund balances at June 30, 2005 were as follows:

	<u>Receivable</u>	<u>Payable</u>
General Fund	\$ 107,501	\$ -
Special Revenue Funds		
Title VI-B	-	87,565
Early Childhood Development	-	6,858
Class Size Reduction	-	13,078
Total Special Revenue Funds	<u>\$ -</u>	<u>\$ 107,501</u>

Transfers are used to move revenues from the fund that statute or budget requires to collect them to the fund that statute or budget requires to expend them. The general fund and the permanent improvements capital projects fund transferred monies to the major bond retirement debt service fund for debt payment purposes in the amount of \$ 84,564 and \$ 305,000, respectively.

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NOTE 10 - CAPITAL ASSETS

Capital asset activity for the fiscal year ended June 30, 2005, was as follows:

<u>Governmental Activities</u>	Balance June 30, 2004 (As Restated)	Additions	Disposals	Balance June 30, 2005
Nondepreciable capital assets				
Land	\$ 5,656,440	\$ -	\$ -	\$ 5,656,440
Depreciable capital assets				
Land improvements	1,793,427	-	-	1,793,427
Buildings and improvements	60,381,198	107,363	-	60,488,561
Furniture and equipment	10,372,622	540,682	541,592	10,371,712
Vehicles	1,306,732	138,291	89,532	1,355,491
Total capital assets being depreciated	<u>73,853,979</u>	<u>786,336</u>	<u>631,124</u>	<u>74,009,191</u>
Less accumulated depreciation				
Land improvements	468,194	103,525	-	571,719
Buildings and improvements	13,884,784	1,637,204	-	15,521,988
Furniture and equipment	6,012,009	1,077,178	519,978	6,569,209
Vehicles	825,932	107,542	89,532	843,942
Total accumulated depreciation	<u>21,190,919</u>	<u>2,925,449</u>	<u>609,510</u>	<u>23,506,858</u>
Depreciable capital assets, net of accumulated depreciation	<u>52,663,060</u>	<u>(2,139,113)</u>	<u>21,614</u>	<u>50,502,333</u>
Governmental activities capital assets, net	<u>\$ 58,319,500</u>	<u>\$ (2,139,113)</u>	<u>\$ 21,614</u>	<u>\$ 56,158,773</u>

Depreciation expense was charged to governmental functions as follows:

Instruction	
Regular	\$ 2,358,847
Supporting services	
Administration	125,480
Operation and maintenance of plant	188,665
Pupil transportation	136,687
Operation of non-instructional services	
Food service	50,399
Extracurricular activities	
Sports oriented	65,371
Total depreciation expense	<u>\$ 2,925,449</u>

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NOTE 11 - RISK MANAGEMENT

A. PROPERTY AND LIABILITY

The School District is exposed to various risks of loss related to torts; theft of, damage to, and destruction of assets; errors and omissions; injuries to employees and natural disasters. During fiscal year 2005 the School District contracted with Indiana Insurance Company for property insurance. Professional liability is protected by the Hylant Group Insurance Company with a \$ 3,000,000 aggregate limit. Vehicles are covered by the Grange Mutual Insurance Company and hold a \$ 250 deductible for comprehensive and \$ 500 deductible for collision. Automobile liability has a \$ 1,000,000 combined single limit of liability.

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

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

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

B. EMPLOYEE MEDICAL COVERAGE

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

The School District maintains stop-loss coverage for its insurance program. Stop-loss is maintained at \$ 150,000 per employee per calendar year. The stop-loss limit was met in fiscal year 2005 by one participant.

The claims liability of \$ 302,753 reported in the internal service fund at June 30, 2005, is based on an estimate provided by the third party administrator and the requirements of Governmental Accounting Standards Board Statement No. 30 which requires that a liability for unpaid claims costs, including estimates of costs relating to incurred but not reported claims, be reported. The estimate was not affected by incremental claim adjustment expenses and does not include other allocated or unallocated claim adjustment expenses.

Changes in the claims liability amount in 2005 and 2004 were:

	<u>June 30, 2005</u>	<u>June 30, 2004</u>
Unpaid claims, beginning of year	\$ 613,964	\$ 563,680
Incurred claims	3,013,567	2,604,456
Paid claims	(3,324,778)	(2,554,172)
Unpaid claims, end of year	<u>\$ 302,753</u>	<u>\$ 613,964</u>

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NOTE 12 - DEFINED BENEFIT PENSION PLANS

A. SCHOOL EMPLOYEES RETIREMENT SYSTEM

The School District contributes to the School Employees Retirement System of Ohio (SERS), a cost-sharing multiple employer defined benefit pension plan. SERS provides retirement and disability benefits, annual cost-of-living adjustments, and death benefits to plan members and beneficiaries. Authority to establish and amend benefits is provided by Chapter 3309 of the Ohio Revised Code. SERS issues a publicly available, stand-alone financial report that includes financial statements and required supplementary information. That report may be obtained by writing to the School Employees Retirement System, 300 East Broad Street, Suite 100, Columbus, Ohio 43215-3746 or by calling (614) 222-5853.

Plan members are required to contribute 10 percent of their annual covered salary and the School District is required to contribute at an actuarially determined rate. The current School District rate is 14 percent of annual covered payroll. A portion of the School District's contribution is used to fund pension obligations with the remainder being used to fund health care benefits. For fiscal year 2005, 10.57 percent of annual covered salary was the portion used to fund pension obligations; for fiscal year 2004, 9.09 percent of annual covered salary was the portion used to fund pension obligations. The contribution requirements of plan members and employers are established and may be amended, up to a statutory maximum amount, by the SERS' Retirement Board. The School District's required contributions for pension obligations to SERS for the fiscal years ended June 30, 2005, 2004, and 2003, were \$ 500,646, \$ 389,259 and \$ 343,563, respectively. 49.4 percent has been contributed for fiscal year 2005, and 100 percent for fiscal years 2004 and 2003.

B. STATE TEACHERS RETIREMENT SYSTEM

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

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



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NOTE 12 - DEFINED BENEFIT PENSION PLANS (continued)

B. STATE TEACHERS RETIREMENT SYSTEM (continued)

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

For the fiscal year ended June 30, 2005, plan members were required to contribute 10 percent of their annual covered salaries. The School District was required to contribute 14 percent; 13 percent was the portion used to fund pension obligations. Contribution rates are established by the State Teachers Retirement Board, upon recommendations of its consulting actuary, not to exceed statutory maximum rates of 10 percent for members and 14 percent for employers. Chapter 3307 of the Ohio Revised Code provides statutory authority for member and employer contributions.

The School District's required contributions for pension obligations to the DB Plan for the fiscal years ended June 30, 2005, 2004, and 2003 were \$ 1,828,649, \$ 1,740,960, and \$1 ,651,379, respectively; 82.4 percent has been contributed for fiscal year 2005 and 100 percent for fiscal years 2004 and 2003.

C. SOCIAL SECURITY SYSTEM

Effective July 1, 1991, all employees not otherwise covered by the School Employees Retirement System or the State Teachers Retirement System have an option to choose Social Security or the School Employees Retirement System/State Teachers Retirement System. As of June 30, 2005, one member has elected Social Security. The Board's liability is 6.2 percent of wages paid.

NOTE 13 - POSTEMPLOYMENT BENEFITS

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

STRS retirees who participate in the DB or Combined Plans and their dependents are eligible for health care coverage. The STRS Board has statutory authority over how much, if any, of the health care costs will be absorbed by STRS. All benefit recipients pay a portion of the health care cost in the form of a monthly premium. By law, the cost of coverage paid from STRS funds is included in the employer contribution rate, currently 14 percent of covered payroll. For the fiscal year ended June 30, 2005, the STRS Board allocated employer contributions equal to 1 percent of covered payroll to the Health Care Reserve Fund. For the School District, this amount equaled \$ 140,665 for fiscal year 2005.

STRS pays health care benefits from the Health Care Reserve Fund. At June 30, 2004, (the latest information available), the balance in the Fund was \$ 3.1 billion. For the year ended June 30, 2004, net health care costs paid by STRS were \$ 268,739,000 and STRS had 111,853 eligible benefit recipients.

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NOTE 13 - POSTEMPLOYMENT BENEFITS (continued)

For SERS, coverage is made available to service retirees with ten or more fiscal years of qualifying service credit, and to disability and survivor benefit recipients. All retirees and beneficiaries are required to pay a portion of their premium for health care. The portion is based on years of service, Medicare eligibility, and retirement status. Premiums may be reduced for retirees whose household income falls below the poverty level.

After the allocation for basic benefits, the remainder of the employer's 14 percent contribution is allocated to providing health care benefits. For the fiscal year ended June 30, 2005, employer contributions to fund health care benefits were 3.43 percent of covered payroll, a decrease of 1.48 percent from fiscal year 2004. In addition, SERS levies a surcharge to fund health care benefits equal to 14 percent of the difference between a minimum pay and the member's pay, pro-rated for partial service credit. For fiscal year 2005, the minimum pay was established at \$ 27,400. However, the surcharge is capped at 2 percent of each employer's SERS salaries. For the 2005 fiscal year, the School District paid \$ 305,553 to fund health care benefits, including the surcharge.

The surcharge, added to the unallocated portion of the 14 percent employer contribution rate, provides for maintenance of the asset target level for the health care fund. The target level for the health care reserve is 150 percent of annual health care expenses. Expenses for health care for the fiscal year ended June 30, 2004 (the latest information available), were \$ 223,443,805 and the target level was \$ 335.2 million. At June 30, 2004, SERS had net assets available for payment of health care benefits of \$ 300.8 million. SERS has approximately 62,000 participants currently receiving health care benefits.

NOTE 14 - OTHER EMPLOYEE BENEFITS

A. COMPENSATED ABSENCES

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

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

B. LIFE INSURANCE

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

C. EARLY RETIREMENT INCENTIVE

The School District Board of Education approved an Early Retirement Incentive program in fiscal year 2003 for certified employees. The retirement incentive is based upon retirement eligibility under STRS and notification by April of every year. The retirement incentive will be paid based upon the actual date of retirement. The payments are made from the general fund. Final payments for retirements were made in July 2004.

AVON LAKE CITY SCHOOL DISTRICT  
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(CONTINUED)

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NOTE 15 - CAPITAL LEASES

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

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

Asset	Cost	Accumulated Depreciation	Net
Copiers	\$ 337,426	\$ 101,228	\$ 236,198
Computer equipment	1,349,296	759,066	590,230
Total	<u>\$ 1,686,722</u>	<u>\$ 860,294</u>	<u>\$ 826,428</u>

The following is a schedule of the future long-term minimum lease payments required under the capital leases and the present value of the minimum lease payments as of June 30, 2005.

	Year ending June 30,	Amount
	2006	\$ 339,300
	2007	119,210
	2008	75,192
	2009	37,596
Total minimum lease payments		<u>571,298</u>
Less amount representing interest		<u>28,006</u>
Net present value of minimum lease payments		<u>\$ 543,292</u>

AVON LAKE CITY SCHOOL DISTRICT  
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NOTE 16 - 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				
Energy conservation improvements	1997	4.6656%	\$ 2,195,000	12/1/2007
Public library improvement	1993	5.5116%	4,000,000	7/15/2004
Troy renovation / improvement	1995	6.2720%	2,000,000	7/15/2004
School facilities term and serial	1999	4.125 - 5.4%	41,150,000	12/1/2023
School facilities capital appreciation	1999	4.125 - 5.4%	649,977	12/1/2011
Refunding				
Serial and term	2004	2.0 - 4.40%	3,410,000	12/1/2019
Capital appreciation	2004	11.925%	429,998	12/1/2009
Refunding				
Serial	2005	3.0 - 4.75%	32,415,000	12/1/2026
Capital appreciation	2005	24.104%	584,950	12/1/2013
Long-term notes				
Energy conservation notes				
Serial notes	2002	2.4 - 4.2%	1,535,000	12/1/2011
Capital appreciation notes	2002	2.4 - 4.2%	250,717	12/1/2007
Loans				
Fiber optic loan	2002	4.55%	800,000	12/1/2006
HVAC loan	2003	3.0 - 3.9%	257,069	12/1/2008

During 2005, the District advance refunded portions of certain general obligation bonds issued in 1993, 1995, and 1999, with two separate general obligation refundings. The District issued \$ 36,839,948 of general obligation refunding bonds to provide resources to purchase U.S. government securities that were placed in an irrevocable trust for the purpose of generating resources for all future debt service payments of the refunded debt. As a result, the refunded bonds are considered to be defeased and the liability has been removed from the financial statements. The advance refundings were undertaken to reduce total debt service payments over the next 21 years by \$ 2,502,950 and to obtain an economic gain of \$ 1,745,762.

At June 30, 2005, outstanding general obligation bonds of \$ 36,840,000 are considered to be defeased.

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(CONTINUED)

NOTE 16 - LONG-TERM OBLIGATIONS (continued)

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

	Principal Outstanding 6/30/2004	Additions	Reductions	Principal Outstanding 6/30/2005	Due in 1 year
General obligation bonds					
Energy conservation improvements	\$ 475,000	\$ -	\$ 125,000	\$ 350,000	\$ 125,000
Public Library Improvement	2,490,000	-	2,490,000	-	-
Troy Renovation/Improvement	1,610,000	-	1,610,000	-	-
Refunding bonds - 2004					
Term and serial bonds	-	3,410,000	40,000	3,370,000	350,000
Capital appreciation bonds	-	429,998	-	429,998	-
Accretion on capital appreciation bonds	-	50,750	-	50,750	-
Refunding bonds - 2005					
Serial bonds	-	32,415,000	-	32,415,000	170,000
Capital appreciation bonds	-	584,950	-	584,950	-
School Facilities					
Term and serial bonds	38,950,000	-	33,975,000	4,975,000	1,075,000
Capital appreciation bonds	649,977	-	-	649,977	-
Accretion on capital appreciation bonds	2,479,749	167,948	-	2,647,697	-
Total general obligation bonds	<u>46,654,726</u>	<u>37,058,646</u>	<u>38,240,000</u>	<u>45,473,372</u>	<u>1,720,000</u>
Energy conservation notes					
Serial notes	1,190,000	-	180,000	1,010,000	185,000
Capital appreciation notes	250,717	-	-	250,717	-
Accretion on capital appreciation notes	59,583	25,401	-	84,984	-
Total energy conservation notes	<u>1,500,300</u>	<u>25,401</u>	<u>180,000</u>	<u>1,345,701</u>	<u>185,000</u>
Loans payable					
Fiber optic	326,634	-	159,684	166,950	166,950
HVAC	208,069	-	51,000	157,069	52,000
Total loans payable	<u>534,703</u>	<u>-</u>	<u>210,684</u>	<u>324,019</u>	<u>218,950</u>
Capital leases	925,761	-	382,469	543,292	321,685
Compensated absences	1,003,589	202,301	12,522	1,193,368	173,802
Total governmental activities	<u>\$ 50,619,079</u>	<u>\$ 37,286,348</u>	<u>\$ 39,025,675</u>	<u>\$ 48,879,752</u>	<u>\$ 2,619,437</u>

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NOTE 16 - LONG-TERM OBLIGATIONS (continued)

General obligation bonds will be paid from property taxes receipted in the Debt Service Fund. In 1993, the School District issued bonds for improvements to the public library in the amount of \$ 4,000,000. The bonds are included as School District debt because the School District serves as the taxing authority for the library and is required to issue tax related debt. The principal will be paid from the Library Bond Retirement Debt Service Fund. These bonds were defeased with the proceeds from refunding bonds issued July 15, 2004.

Energy conservation long-term notes were issued in fiscal year 2002 for \$ 1,785,717. These note issues included serial and capital appreciation notes in the amounts of \$ 1,535,000 and \$ 250,717, respectively. The principal will be paid from the Bond Retirement Debt Service Fund. The capital appreciation notes will mature in fiscal years 2007 and 2008. The maturity amount of the notes is \$ 390,000. In fiscal year 2005, \$ 25,401 was accreted for a total note obligation of \$ 84,984.

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

School Facilities General Obligation Bonds –

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

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

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

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

The capital appreciation bonds will mature in fiscal years 2009 through 2011. The final amount of the bonds is \$ 4,395,000. In fiscal year 2005, \$ 167,948 was accreted for a total bond obligation of \$ 2,647,697.

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.

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NOTE 16 - LONG-TERM OBLIGATIONS (continued)

Refunding Bonds, Series 2004 (continued)

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

Year	Principal Amount to be Redeemed
2014	\$ 105,000
2015	110,000

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

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

Year	Principal Amount to be Redeemed
2017	\$ 120,000
2018	120,000

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

The School District's overall legal debt margin was \$ 30,499,288 and the unvoted legal debt margin was \$ 775,307 at June 30, 2005. Principal and interest requirements to retire long-term obligations outstanding at June 30, 2005, are as follows:

Year ending June 30,	General Obligation Bonds		Capital Appreciation Bonds	
	Principal	Interest	Principal	Interest
2006	\$ 1,720,000	\$ 1,731,456	\$ -	\$ -
2007	1,915,000	1,748,708	-	-
2008	2,055,000	1,665,255	-	-
2009	1,665,000	1,491,626	228,855	242,070
2010	280,000	1,448,850	455,877	1,475,049
2011-2015	4,045,000	4,531,172	980,193	8,346,308
2016-2020	10,775,000	5,631,087	-	-
2021-2025	12,685,000	2,982,088	-	-
2026-2027	5,970,000	279,400	-	-
	<u>\$ 41,110,000</u>	<u>\$ 21,509,642</u>	<u>\$ 1,664,925</u>	<u>\$ 10,063,427</u>

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NOTE 16 - LONG-TERM OBLIGATIONS (continued)

Year ending June 30,	Energy Conservation Notes		Capital Appreciation Notes		Total	
	Principal	Interest	Principal	Interest	Principal	Interest
2006	\$ 185,000	\$ 36,317	\$ -	\$ -	\$ 1,905,000	\$ 1,767,773
2007	-	33,357	130,287	64,713	2,045,287	1,846,778
2008	-	33,357	120,430	74,570	2,175,430	1,773,182
2009	195,000	29,604	-	-	2,088,855	1,763,300
2010	200,000	21,850	-	-	935,877	2,945,749
2011-2015	430,000	18,165	-	-	5,455,193	12,895,645
2016-2020	-	-	-	-	10,775,000	5,631,087
2021-2025	-	-	-	-	12,685,000	2,982,088
2026-2027	-	-	-	-	5,970,000	279,400
	<u>\$ 1,010,000</u>	<u>\$ 172,650</u>	<u>\$ 250,717</u>	<u>\$ 139,283</u>	<u>\$ 44,035,642</u>	<u>\$ 31,885,002</u>

The fiber optics and HVAC loan principal will be paid from the Building Improvement Capital Projects Fund. Interest will be paid from the General Fund. The principal and interest payments to retire the long-term notes are as follows:

Year ending June 30,	Principal	Interest	Total
2006	\$ 218,950	\$ 12,946	\$ 231,896
2007	53,000	3,784	56,784
2008	52,069	2,010	54,079
	<u>\$ 324,019</u>	<u>\$ 18,740</u>	<u>\$ 342,759</u>

NOTE 17 - JOINTLY GOVERNED ORGANIZATIONS

A. LAKE ERIE EDUCATIONAL COMPUTER ASSOCIATION (LEECA)

The Lake Erie Educational Computer Association (LEECA) is a jointly governed organization among thirty school districts. The organization was formed for the purpose of applying modern technology with the aid of computers and other electronic equipment to administrative and instructional functions among member districts. Each of the governments of these schools supports LEECA based upon a per pupil charge dependent upon the software package utilized. The LEECA assembly consists of a superintendent or designated representative from each participating school district and a representative from the fiscal agent. LEECA is governed by a Board of Directors chosen from the general membership of the LEECA assembly. The Board of Directors consists of a representative from the fiscal agent, the chairman of each of the operating committees, and at least one Assembly member from each county in which the participating school districts are located. The degree of control exercised by any participating school district is limited to its representation on the Board. The School District paid \$ 41,461 for services during fiscal year 2005. Financial information can be obtained by contacting the Treasurer at the Educational Service Center at the Lorain County Board of Education, who serves as the fiscal agent, at 1885 Lake Avenue, Elyria, Ohio, 44035.



AVON LAKE CITY SCHOOL DISTRICT  
LORAIN COUNTY  
NOTES TO THE BASIC FINANCIAL STATEMENTS  
FOR THE YEAR ENDED JUNE 30, 2005  
(CONTINUED)

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NOTE 17 - JOINTLY GOVERNED ORGANIZATIONS (continued)

B. LAKE ERIE REGIONAL COUNCIL OF GOVERNMENTS (LERC)

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

The LERC assembly consists of a superintendent or designated representative from each participating school district and the fiscal agent. LERC is governed by a Board of Directors chosen from the general membership. The degree of control exercised by any participating school district is limited to its representation on the Board. In fiscal year 2005, the School District paid \$ 9,974. Financial information can be obtained by contacting the Treasurer at the Educational Service Center at the Lorain County Board of Education at 1885 Lake Avenue, Elyria, Ohio, 44035.

C. LORAIN COUNTY JOINT VOCATIONAL SCHOOL DISTRICT

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

D. OHIO SCHOOLS COUNCIL ASSOCIATION

The Ohio Schools Council Association (Council) is a jointly governed organization among ninety-one school districts. The organization was formed to purchase quality products and services at the lowest possible cost to the member districts. Each district supports the Council by paying an annual participation fee. The Council's Board consists of seven superintendents of the participating districts whose term rotates every year. The degree of control exercised by any school district is limited to its representation on the Board. In fiscal year 2005, the School District paid \$ 796 to the Council. Financial information can be obtained by contacting David A. Cottrell, the Executive Secretary/Treasurer of the Ohio Schools Council at 6133 Rockside Road, Suite 10, Independence, Ohio, 44101.

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

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

AVON LAKE CITY SCHOOL DISTRICT  
LORAIN COUNTY  
NOTES TO THE BASIC FINANCIAL STATEMENTS  
FOR THE YEAR ENDED JUNE 30, 2005  
(CONTINUED)

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NOTE 17 - JOINTLY GOVERNED ORGANIZATIONS (continued)

D. OHIO SCHOOLS COUNCIL ASSOCIATION (continued)

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

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

NOTE 18 - RELATED ORGANIZATION

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

NOTE 19 - STATE SCHOOL FUNDING DECISION

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

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

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

AVON LAKE CITY SCHOOL DISTRICT  
LORAIN COUNTY  
NOTES TO THE BASIC FINANCIAL STATEMENTS  
FOR THE YEAR ENDED JUNE 30, 2005  
(CONTINUED)

NOTE 20 - SET-ASIDES

The School District is required by State statute to annually set aside in the general fund an amount based on a statutory formula for the purchase of textbooks and other instruction materials and an equal amount for the acquisition and construction of capital improvements. Amounts not spent by fiscal year end or offset by similarly restricted resources received during the fiscal year must be held in cash at fiscal year end. These amounts must be carried forward to be used for the same purposes in future fiscal years. In prior fiscal years, the School District was also required to set aside money for budget stabilization. At June 30, 2005, only the unspent portion of certain worker's compensation refunds continues to be set aside for budget stabilization.

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

	Budget Stabilization Reserve	Capital Improvements Reserve	Textbooks/ Instructional Materials
Set-aside reserve balance, June 30, 2004	\$ 113,990	\$ -	\$ 358,668
Current year set-aside requirements	-	486,263	486,263
Qualifying disbursements	-	(1,097,613)	(746,328)
Total	<u>\$ 113,990</u>	<u>\$ (611,350)</u>	<u>\$ 98,603</u>
Set-aside balance carried forward to future fiscal years	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>
Set-aside reserve balance as of June 30, 2005	<u>\$ 113,990</u>	<u>\$ -</u>	<u>\$ 98,603</u>

Although the School District had qualifying disbursements during the fiscal year that reduced the set-aside amount to below zero for capital improvements set-aside, this amount may not be used to reduce the set-aside requirement for future years. This negative balance is therefore not presented as being carried forward to future fiscal years. The total reserve balance for the set-asides at the end of the fiscal year was \$ 212,593.

NOTE 21 - CONTINGENCIES

The School District received financial assistance from federal and State agencies in the form of grants. The disbursements of funds received under these programs generally require compliance with terms and conditions specified in the grant agreements and are subject to audit by the grantor agencies. Any disallowed claims resulting from such audits could become a liability of the general fund or other applicable funds. However, in the opinion of management, any such disallowed claims will not have a material adverse effect on the overall financial position of the School District at June 30, 2005.

AVON LAKE CITY SCHOOL DISTRICT  
LORAIN COUNTY  
NOTES TO THE BASIC FINANCIAL STATEMENTS  
FOR THE YEAR ENDED JUNE 30, 2005  
(CONTINUED)

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NOTE 22 – COMMERCIAL ACTIVITIES TAX

In June, 2005 the State of Ohio enacted legislation, portions of which take effect at various times, that phases out the taxation of tangible personal property used in business (other than certain public utility tangible personal property) over four years from tax year 2006 to tax year 2009. New manufacturing machinery and equipment first reportable after 2004 is not subject to tangible personal property taxation. To compensate local government units for the foregone revenue, the recently enacted legislation provides for State distributions from revenue generated by a newly enacted commercial activities tax. The reimbursements are to be based on the aggregate value of tangible personal property reported for the local government for tax year 2004 (based on voted levies approved by the electors by September 1, 2005). Generally these distributions will fully reimburse the local government units at that base level through 2010 and then in declining amounts from 2011 through 2017.

Combining  
and  
Individual Fund Statements  
and Schedules

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

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### **Nonmajor Special Revenue Funds**

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

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

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

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

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

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

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

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

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

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

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

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

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

**Student Reading Intevention Fund** This fund accounts for monies that improve reading outcomes on the reading proficiency test for students.

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

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

**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.

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

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### **Nonmajor Special Revenue Funds (continued)**

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**Title I Fund** To account for Federal monies used to assist the School District in meeting the special needs of educationally deprived children.

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

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

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

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

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

### **Nonmajor Debt Service Fund**

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

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

### **Nonmajor Capital Projects Funds**

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

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

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

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

AVON LAKE CITY SCHOOL DISTRICT  
 COMBINING BALANCE SHEET  
 NONMAJOR GOVERNMENTAL FUNDS  
 JUNE 30, 2005

	Nonmajor Special Revenue Funds	Nonmajor Debt Service Funds	Nonmajor Capital Projects Funds	Total Nonmajor Governmental Funds
<b>Assets</b>				
Equity in pooled cash	\$ 576,119	\$ 941,191	\$ 1,064,259	\$ 2,581,569
Receivables, net of allowance				
Taxes, current	-	1,143,196	632,523	1,775,719
Taxes, delinquent	-	8,800	4,900	13,700
Accounts and other	590	-	-	590
Intergovernmental receivable	274,403	-	-	274,403
Inventories and supplies	24,107	-	-	24,107
<b>Total assets</b>	<b>\$ 875,219</b>	<b>\$ 2,093,187</b>	<b>\$ 1,701,682</b>	<b>\$ 4,670,088</b>
<b>Liabilities and fund balances</b>				
<b>Liabilities</b>				
Accounts and contracts payable	\$ 71,542	\$ -	\$ 4,675	\$ 76,217
Accrued wages and benefits	52,886	-	-	52,886
Intergovernmental payable	11,853	-	-	11,853
Interfund payable	107,501	-	-	107,501
Unearned revenue	-	903,729	525,209	1,428,938
Compensated absences	3,415	-	-	3,415
<b>Total liabilities</b>	<b>247,197</b>	<b>903,729</b>	<b>529,884</b>	<b>1,680,810</b>
<b>Fund balances</b>				
Reserved for textbooks				
Reserved for budget stabilization				
Reserved for property taxes	-	248,267	112,214	360,481
Reserved for encumbrances	183,423	-	271,960	455,383
Unreserved	444,599	941,191	787,624	2,173,414
<b>Total fund balances</b>	<b>628,022</b>	<b>1,189,458</b>	<b>1,171,798</b>	<b>2,989,278</b>
<b>Total liabilities and fund balances</b>	<b>\$ 875,219</b>	<b>\$ 2,093,187</b>	<b>\$ 1,701,682</b>	<b>\$ 4,670,088</b>



AVON LAKE CITY SCHOOL DISTRICT  
 COMBINING STATEMENT OF REVENUES, EXPENDITURES AND CHANGES IN FUND BALANCES  
 NONMAJOR GOVERNMENTAL FUNDS  
 FOR THE YEAR ENDED JUNE 30, 2005

	Nonmajor Special Funds	Nonmajor Debt Service Funds	Nonmajor Capital Projects Funds	Total Nonmajor Governmental Funds
<b>Revenues</b>				
Taxes	\$ -	\$ 194,161	\$ 700,480	\$ 894,641
Tuition and fees	19,024	-	-	19,024
Interest	3,777	-	19,424	23,201
Intergovernmental	1,223,100	20,609	155,340	1,399,049
Extracurricular	446,956	-	-	446,956
Contributions and donations	13,894	-	-	13,894
Charges for services	586,662	-	-	586,662
Other	233,387	-	10,500	243,887
<b>Total revenues</b>	<u>2,526,800</u>	<u>214,770</u>	<u>885,744</u>	<u>3,627,314</u>
<b>Expenditures</b>				
<b>Current</b>				
<b>Instruction</b>				
Regular	160,325	-	88,818	249,143
Special	126,406	-	-	126,406
<b>Supporting services</b>				
Pupil	451,233	-	-	451,233
Instructional staff	87,432	-	-	87,432
Administration	73,851	-	-	73,851
Fiscal services	-	835	11,485	12,320
Operation and maintenance	6,979	-	334,143	341,122
Pupil transportation	1,216	-	110,296	111,512
Central services	8,753	-	-	8,753
<b>Operation of non-instructional</b>				
Food service operation	761,281	-	-	761,281
Community services	331,941	-	-	331,941
Extracurricular activities	433,207	-	-	433,207
Capital outlay	-	-	118,421	118,421
<b>Debt service</b>				
Principal	-	225,000	210,684	435,684
Interest	-	109,489	21,470	130,959
<b>Total expenditures</b>	<u>2,442,624</u>	<u>335,324</u>	<u>895,317</u>	<u>3,673,265</u>
Excess (deficiency) of revenues over expenditures	<u>84,176</u>	<u>(120,554)</u>	<u>(9,573)</u>	<u>(45,951)</u>
<b>Other financing sources (uses)</b>				
Proceeds from refunding bonds	-	2,396,498	-	2,396,498
Transfers-out	-	-	(305,000)	(305,000)
Payment to escrow agent	-	(2,366,495)	-	(2,366,495)
<b>Total other financing sources (uses)</b>	<u>-</u>	<u>30,003</u>	<u>(305,000)</u>	<u>(274,997)</u>
<b>Net change in fund balances</b>	<u>84,176</u>	<u>(90,551)</u>	<u>(314,573)</u>	<u>(320,948)</u>
Fund balances, beginning of year	<u>543,846</u>	<u>1,280,009</u>	<u>1,486,371</u>	<u>3,310,226</u>
<b>Fund balances, end of year</b>	<u>\$ 628,022</u>	<u>\$ 1,189,458</u>	<u>\$ 1,171,798</u>	<u>\$ 2,989,278</u>

AVON LAKE CITY SCHOOL DISTRICT  
 COMBINING BALANCE SHEET  
 NONMAJOR SPECIAL REVENUE FUNDS  
 JUNE 30, 2005

	Food Service	Scholarship	Michael Baumhauer Scholarship	Adult Education	Public School Support
<b>Assets</b>					
Equity in pooled cash	\$ 63,398	\$ 30,835	\$ 13,184	\$ 4,244	\$ 111,960
Receivables, net of allowance					
Accounts and other	-	-	-	-	-
Intergovernmental receivable	28,959	-	-	-	-
Inventories and supplies	24,107	-	-	-	-
<b>Total assets</b>	<b>\$ 116,464</b>	<b>\$ 30,835</b>	<b>\$ 13,184</b>	<b>\$ 4,244</b>	<b>\$ 111,960</b>
<b>Liabilities and fund balances</b>					
<b>Liabilities</b>					
Accounts and contracts payable	\$ -	\$ -	\$ -	\$ -	\$ 863
Accrued wages and benefits	24,334	-	-	-	-
Intergovernmental payable	8,812	-	-	-	-
Interfund payable	-	-	-	-	-
Compensated absences	3,415	-	-	-	-
<b>Total liabilities</b>	<b>36,561</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>863</b>
<b>Fund balances</b>					
Reserved for encumbrances	1,646	-	610	-	3,925
Unreserved	78,257	30,835	12,574	4,244	107,172
<b>Total fund balances</b>	<b>79,903</b>	<b>30,835</b>	<b>13,184</b>	<b>4,244</b>	<b>111,097</b>
<b>Total liabilities and fund balances</b>	<b>\$ 116,464</b>	<b>\$ 30,835</b>	<b>\$ 13,184</b>	<b>\$ 4,244</b>	<b>\$ 111,960</b>

Local Grants	Athletics	Auxiliary Services	Management Information Systems	Entry Year Programs	Data Communications	School Net Development
\$ 149,007	\$ 112,558	\$ 61,583	\$ 24,307	\$ 100	\$ -	\$ 76
-	590	-	-	-	-	-
-	-	-	-	-	-	-
-	-	-	-	-	-	-
<u>\$ 149,007</u>	<u>\$ 113,148</u>	<u>\$ 61,583</u>	<u>\$ 24,307</u>	<u>\$ 100</u>	<u>\$ -</u>	<u>\$ 76</u>
\$ 13,220	\$ 8,374	\$ 25,595	\$ -	\$ -	\$ -	\$ -
-	-	14,704	-	-	-	-
-	-	3,041	-	-	-	-
-	-	-	-	-	-	-
-	-	-	-	-	-	-
<u>13,220</u>	<u>8,374</u>	<u>43,340</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>
12,701	49,723	21,356	-	100	-	-
123,086	55,051	(3,113)	24,307	-	-	76
<u>135,787</u>	<u>104,774</u>	<u>18,243</u>	<u>24,307</u>	<u>100</u>	<u>-</u>	<u>76</u>
<u>\$ 149,007</u>	<u>\$ 113,148</u>	<u>\$ 61,583</u>	<u>\$ 24,307</u>	<u>\$ 100</u>	<u>\$ -</u>	<u>\$ 76</u>

(continued)

AVON LAKE CITY SCHOOL DISTRICT  
 COMBINING BALANCE SHEET  
 NONMAJOR SPECIAL REVENUE FUNDS  
 JUNE 30, 2005  
 (CONCLUDED)

	Student Reading Intervention	Alternative Schools	Miscellaneous State Grants	Title VI-B
<b>Assets</b>				
Equity in pooled cash	\$ 2	\$ 388	\$ -	\$ -
Receivables, net of allowance				
Accounts and other	-	-	-	-
Intergovernmental receivable	-	6,318	-	217,351
Inventories and supplies	-	-	-	-
<b>Total assets</b>	<b>\$ 2</b>	<b>\$ 6,706</b>	<b>\$ -</b>	<b>\$ 217,351</b>
<b>Liabilities and fund balances</b>				
<b>Liabilities</b>				
Accounts and contracts payable	\$ -	\$ 1,089	\$ -	\$ 21,517
Accrued wages and benefits	-	-	-	13,848
Intergovernmental payable	-	-	-	-
Interfund payable	-	-	-	87,565
Compensated absences	-	-	-	-
<b>Total liabilities</b>	<b>-</b>	<b>1,089</b>	<b>-</b>	<b>122,930</b>
<b>Fund balances</b>				
Reserved for encumbrances	-	6,262	-	83,559
Unreserved	2	(645)	-	10,862
<b>Total fund balances</b>	<b>2</b>	<b>5,617</b>	<b>-</b>	<b>94,421</b>
<b>Total liabilities and fund balances</b>	<b>\$ 2</b>	<b>\$ 6,706</b>	<b>\$ -</b>	<b>\$ 217,351</b>

Title I	Title V	Drug Free Schools	Early Childhood Education Development	Class Size Reduction	Miscellaneous Federal Grants	Total Nonmajor Special Revenue Funds
\$ -	\$ 2,782	\$ 1,695	\$ -	\$ -	\$ -	\$ 576,119
-	-	-	-	-	-	590
-	-	1,536	8,063	12,176	-	274,403
-	-	-	-	-	-	24,107
<u>\$ -</u>	<u>\$ 2,782</u>	<u>\$ 3,231</u>	<u>\$ 8,063</u>	<u>\$ 12,176</u>	<u>\$ -</u>	<u>\$ 875,219</u>
\$ -	\$ -	\$ -	\$ -	\$ 884	\$ -	\$ 71,542
-	-	-	-	-	-	52,886
-	-	-	-	-	-	11,853
-	-	-	6,858	13,078	-	107,501
-	-	-	-	-	-	3,415
<u>-</u>	<u>-</u>	<u>-</u>	<u>6,858</u>	<u>13,962</u>	<u>-</u>	<u>247,197</u>
-	50	3,030	-	461	-	183,423
-	2,732	201	1,205	(2,247)	-	444,599
<u>-</u>	<u>2,782</u>	<u>3,231</u>	<u>1,205</u>	<u>(1,786)</u>	<u>-</u>	<u>628,022</u>
<u>\$ -</u>	<u>\$ 2,782</u>	<u>\$ 3,231</u>	<u>\$ 8,063</u>	<u>\$ 12,176</u>	<u>\$ -</u>	<u>\$ 875,219</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, 2005

	Food Service	Scholarship	Michael Baumhauer Scholarship	Adult Education	Public School Support
Revenues					
Tuition and fees	\$ -	\$ 250	\$ -	\$ 778	\$ 961
Interest	3,166	431	180	-	-
Intergovernmental	159,294	-	-	-	-
Extracurricular	-	-	-	-	43,425
Contributions and donations	-	10,553	3,341	-	-
Charges for services	586,662	-	-	-	-
Other	-	-	-	-	104,297
Total revenues	<u>749,122</u>	<u>11,234</u>	<u>3,521</u>	<u>778</u>	<u>148,683</u>
Expenditures					
Current					
Instruction					
Regular	-	-	-	-	201
Special	-	1,339	-	-	1,184
Supporting services					
Pupil	-	-	-	-	127,321
Instructional staff	-	-	-	-	1,140
Administration	-	-	-	-	-
Operation and maintenance	-	-	-	-	-
Pupil transportation	-	-	-	-	-
Central services	-	-	-	-	-
Operation of non-instructional					
Food service operation	761,281	-	-	-	-
Community services	-	-	-	-	-
Extracurricular activities	-	-	-	-	3,756
Total expenditures	<u>761,281</u>	<u>1,339</u>	<u>-</u>	<u>-</u>	<u>133,602</u>
Net change in fund balances	(12,159)	9,895	3,521	778	15,081
Fund balances, beginning of year	<u>92,062</u>	<u>20,940</u>	<u>9,663</u>	<u>3,466</u>	<u>96,016</u>
Fund balances, end of year	<u>\$ 79,903</u>	<u>\$ 30,835</u>	<u>\$ 13,184</u>	<u>\$ 4,244</u>	<u>\$ 111,097</u>

<u>Local Grants</u>	<u>Athletics</u>	<u>Auxiliary Services</u>	<u>Management Information Systems</u>	<u>Entry Year Programs</u>	<u>Data Communications</u>	<u>School Net Development</u>
\$ 17,035	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -
-	-	-	-	-	-	-
-	-	234,247	10,775	12,100	21,000	4,140
-	403,531	-	-	-	-	-
-	-	-	-	-	-	-
-	-	-	-	-	-	-
86,816	41,148	-	-	-	-	-
<u>103,851</u>	<u>444,679</u>	<u>234,247</u>	<u>10,775</u>	<u>12,100</u>	<u>21,000</u>	<u>4,140</u>
31,946	-	-	-	8,840	-	-
749	-	-	-	-	-	-
-	-	-	-	-	-	-
-	-	-	-	3,260	21,000	-
10,000	-	-	899	-	-	-
-	-	-	-	-	-	-
-	-	-	-	-	-	6,242
-	-	-	-	-	-	-
-	-	281,530	-	-	-	-
11,256	417,414	-	-	-	-	-
<u>53,951</u>	<u>417,414</u>	<u>281,530</u>	<u>899</u>	<u>12,100</u>	<u>21,000</u>	<u>6,242</u>
49,900	27,265	(47,283)	9,876	-	-	(2,102)
<u>85,887</u>	<u>77,509</u>	<u>65,526</u>	<u>14,431</u>	<u>100</u>	<u>-</u>	<u>2,178</u>
<u>\$ 135,787</u>	<u>\$ 104,774</u>	<u>\$ 18,243</u>	<u>\$ 24,307</u>	<u>\$ 100</u>	<u>\$ -</u>	<u>\$ 76</u>

(continued)

AVON LAKE CITY SCHOOL DISTRICT  
 COMBINING STATEMENT OF REVENUES, EXPENDITURES AND CHANGES IN FUND BALANCES  
 NONMAJOR SPECIAL REVENUE FUNDS  
 FOR THE YEAR ENDED JUNE 30, 2005  
 (CONCLUDED)

	Student Reading Intervention	Alternative Schools	Miscellaneous State Grants	Title VI-B
<b>Revenues</b>				
Tuition and fees	\$ -	\$ -	\$ -	\$ -
Interest	-	-	-	-
Intergovernmental	57,145	38,995	-	568,559
Extracurricular	-	-	-	-
Contributions and donations	-	-	-	-
Charges for services	-	-	-	-
Other	-	-	-	-
<b>Total revenues</b>	<b>57,145</b>	<b>38,995</b>	<b>-</b>	<b>568,559</b>
<b>Expenditures</b>				
<b>Current</b>				
<b>Instruction</b>				
Regular	60,458	8,370	-	-
Special	-	19,605	-	98,129
<b>Supporting services</b>				
Pupil	-	2,826	-	321,086
Instructional staff	-	1,695	-	-
Administration	-	1,941	-	61,011
Operation and maintenance	-	-	-	-
Pupil transportation	-	1,216	-	-
Central services	-	-	2,511	-
<b>Operation of non-instructional</b>				
Food service operation	-	-	-	-
Community services	5,145	630	-	42,699
Extracurricular activities	-	-	-	-
<b>Total expenditures</b>	<b>65,603</b>	<b>36,283</b>	<b>2,511</b>	<b>522,925</b>
<b>Net change in fund balances</b>	<b>(8,458)</b>	<b>2,712</b>	<b>(2,511)</b>	<b>45,634</b>
<b>Fund balances, beginning of year</b>	<b>8,460</b>	<b>2,905</b>	<b>2,511</b>	<b>48,787</b>
<b>Fund balances, end of year</b>	<b>\$ 2</b>	<b>\$ 5,617</b>	<b>\$ -</b>	<b>\$ 94,421</b>



Title I	Title V	Drug Free Schools	Early Childhood Education Development	Class Size Reduction	Miscellaneous Federal Grants	Total Nonmajor Special Revenue Funds
\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ 19,024
-	-	-	-	-	-	3,777
-	15,023	7,554	28,975	65,293	-	1,223,100
-	-	-	-	-	-	446,956
-	-	-	-	-	-	13,894
-	-	-	-	-	-	586,662
-	-	-	-	-	1,126	233,387
-	15,023	7,554	28,975	65,293	1,126	2,526,800
2,004	13,452	4,099	-	30,610	1,126	161,106
-	-	-	5,400	-	-	126,406
-	-	-	-	-	-	451,233
-	101	130	22,370	37,736	-	87,432
-	-	-	-	-	-	73,851
-	-	6,979	-	-	-	6,979
-	-	-	-	-	-	1,216
-	-	-	-	-	-	8,753
-	-	-	-	-	-	761,281
-	1,937	-	-	-	-	331,941
-	-	-	-	-	-	432,426
2,004	15,490	11,208	27,770	68,346	1,126	2,442,624
(2,004)	(467)	(3,654)	1,205	(3,053)	-	84,176
2,004	3,249	6,885	-	1,267	-	543,846
\$ -	\$ 2,782	\$ 3,231	\$ 1,205	\$ (1,786)	\$ -	\$ 628,022

AVON LAKE CITY SCHOOL DISTRICT  
 COMBINING BALANCE SHEET  
 NONMAJOR CAPITAL PROJECTS FUNDS  
 JUNE 30, 2005

	Permanent Improvements	Building Improvements	School Net Plus	Total Capital Projects
<b>Assets</b>				
Equity in pooled cash	\$ 198,090	\$ 865,967	\$ 202	\$ 1,064,259
Receivables, net of allowance				
Taxes, current	632,523	-	-	632,523
Taxes, delinquent	4,900	-	-	4,900
<b>Total assets</b>	<b>\$ 835,513</b>	<b>\$ 865,967</b>	<b>\$ 202</b>	<b>\$ 1,701,682</b>
<b>Liabilities and fund balances</b>				
<b>Liabilities</b>				
Accounts and contracts payable	\$ 4,675	\$ -	\$ -	\$ 4,675
Unearned revenue	525,209	-	-	525,209
<b>Total liabilities</b>	<b>529,884</b>	<b>-</b>	<b>-</b>	<b>529,884</b>
<b>Fund balances</b>				
Reserved for property taxes	112,214	-	-	112,214
Reserved for encumbrances	63,520	208,440	-	271,960
Unreserved	129,895	657,527	202	787,624
<b>Total fund balances</b>	<b>305,629</b>	<b>865,967</b>	<b>202</b>	<b>1,171,798</b>
<b>Total liabilities and fund balances</b>	<b>\$ 835,513</b>	<b>\$ 865,967</b>	<b>\$ 202</b>	<b>\$ 1,701,682</b>

AVON LAKE CITY SCHOOL DISTRICT  
 COMBINING STATEMENT OF REVENUES, EXPENDITURES AND CHANGES IN FUND BALANCES  
 NONMAJOR CAPITAL PROJECTS FUNDS  
 FOR THE YEAR ENDED JUNE 30, 2005

	Permanent Improvements	Building Improvements	School Net Plus	Total Capital Projects
Revenues				
Taxes	\$ 700,480	\$ -	\$ -	\$ 700,480
Interest	-	19,424	-	19,424
Intergovernmental	126,990	-	28,350	155,340
Other	-	10,500	-	10,500
Total revenues	<u>827,470</u>	<u>29,924</u>	<u>28,350</u>	<u>885,744</u>
Expenditures				
Current				
Instruction				
Regular	1,116	59,554	28,148	88,818
Supporting services				
Fiscal services	10,857	628	-	11,485
Operation and maintenance	334,143	-	-	334,143
Pupil transportation	110,296	-	-	110,296
Capital outlay	1,524	116,897	-	118,421
Debt service				
Principal	-	210,684	-	210,684
Interest	-	21,470	-	21,470
Total expenditures	<u>457,936</u>	<u>409,233</u>	<u>28,148</u>	<u>895,317</u>
Excess (deficiency) of revenues over expenditures	<u>369,534</u>	<u>(379,309)</u>	<u>202</u>	<u>(9,573)</u>
Other financing sources (uses)				
Transfers-out	(305,000)	-	-	(305,000)
Total other financing sources (uses)	<u>(305,000)</u>	<u>-</u>	<u>-</u>	<u>(305,000)</u>
Net change in fund balances	64,534	(379,309)	202	(314,573)
Fund balances, beginning of year	<u>241,095</u>	<u>1,245,276</u>	<u>-</u>	<u>1,486,371</u>
Fund balances, end of year	<u>\$ 305,629</u>	<u>\$ 865,967</u>	<u>\$ 202</u>	<u>\$ 1,171,798</u>

**Individual Fund Statements – Nonmajor Funds**

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**Agency Funds**

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

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

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

AVON LAKE CITY SCHOOL DISTRICT  
 COMBINING STATEMENT OF CHANGES IN ASSETS AND LIABILITIES  
 ALL AGENCY FUNDS  
 FOR THE YEAR ENDED JUNE 30, 2005

	Student Activities Fund			
	Beginning Balance	Additions	Deductions	Ending Balance
	June 30, 2004			June 30, 2005
<b>Assets</b>				
Equity in pooled cash	\$ 119,991	\$ 271,183	\$ 258,448	\$ 132,726
Total assets	<u>\$ 119,991</u>	<u>\$ 271,183</u>	<u>\$ 258,448</u>	<u>\$ 132,726</u>
<b>Liabilities</b>				
Accounts payable	\$ 3,361	\$ -	\$ 3,361	-
Due to students	116,630	271,183	255,087	\$ 132,726
Total liabilities	<u>\$ 119,991</u>	<u>\$ 271,183</u>	<u>\$ 258,448</u>	<u>\$ 132,726</u>

	Staff Services Fund			
	Beginning Balance	Additions	Deductions	Ending Balance
	June 30, 2004			June 30, 2005
<b>Assets</b>				
Equity in pooled cash	\$ 3,054	\$ 2,768	\$ 2,121	\$ 3,701
Total assets	<u>3,054</u>	<u>2,768</u>	<u>2,121</u>	<u>3,701</u>
<b>Liabilities</b>				
Due to others	\$ 3,054	\$ 2,768	\$ 2,121	\$ 3,701
Total liabilities	<u>\$ 3,054</u>	<u>\$ 2,768</u>	<u>\$ 2,121</u>	<u>\$ 3,701</u>

	Total Agency Funds			
	Beginning Balance	Additions	Deductions	Ending Balance
	June 30, 2004			June 30, 2005
<b>Assets</b>				
Equity in pooled cash	\$ 123,045	\$ 273,951	\$ 260,569	\$ 136,427
Total assets	<u>123,045</u>	<u>273,951</u>	<u>260,569</u>	<u>136,427</u>
<b>Liabilities</b>				
Accounts payable	\$ 3,361	\$ -	\$ 3,361	\$ -
Due to students	116,630	271,183	255,087	132,726
Due to others	3,054	2,768	2,121	3,701
Total liabilities	<u>\$ 123,045</u>	<u>\$ 273,951</u>	<u>\$ 260,569</u>	<u>\$ 136,427</u>

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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, 2005

	General Fund			Variance with Final Budget Positive (Negative)
	Budget Amounts		Actual	
	Original	Final		
<b>Revenues</b>				
Taxes	\$ 22,365,381	\$ 22,365,381	\$ 22,042,871	\$ (322,510)
Tuition and fees	131,560	131,560	377,813	246,253
Interest	1,047,355	1,047,355	304,416	(742,939)
Intergovernmental	5,791,239	5,791,239	6,119,208	327,969
Miscellaneous	500	500	76,543	76,043
<b>Total revenues</b>	<b>29,336,035</b>	<b>29,336,035</b>	<b>28,920,851</b>	<b>(415,184)</b>
<b>Expenditures</b>				
<b>Current</b>				
<b>Instruction</b>				
<b>Regular</b>				
Salaries	10,258,750	10,258,750	10,130,449	128,301
Benefits	3,651,650	3,651,650	3,230,437	421,213
Purchased services	985,922	985,922	588,365	397,557
Materials and supplies	1,132,123	1,140,820	1,124,645	16,175
Capital outlay	315,814	315,814	278,313	37,501
<b>Total regular</b>	<b>16,344,259</b>	<b>16,352,956</b>	<b>15,352,209</b>	<b>1,000,747</b>
<b>Special</b>				
Salaries	1,337,000	1,337,000	1,338,669	(1,669)
Benefits	491,050	491,050	480,980	10,070
Purchased services	8,500	8,500	-	8,500
Materials and supplies	11,177	11,177	2,319	8,858
<b>Total special</b>	<b>1,847,727</b>	<b>1,847,727</b>	<b>1,821,968</b>	<b>25,759</b>
<b>Vocational</b>				
Salaries	173,000	173,000	170,397	2,603
Benefits	72,100	72,100	67,221	4,879
Purchased services	1,000	1,000	1,168	(168)
<b>Total vocational</b>	<b>246,100</b>	<b>246,100</b>	<b>238,786</b>	<b>7,314</b>
<b>Adult/continuing</b>				
Salaries	35,000	35,000	31,379	3,621
Benefits	6,000	6,000	5,373	627
Materials and supplies	-	-	50	(50)
<b>Total adult/continuing</b>	<b>41,000</b>	<b>41,000</b>	<b>36,802</b>	<b>4,198</b>
<b>Other</b>				
Purchased services	262,412	223,000	261,955	(38,955)
Other	422,714	292,714	422,356	(129,642)
<b>Total other instruction</b>	<b>685,126</b>	<b>515,714</b>	<b>684,311</b>	<b>(168,597)</b>
<b>Total instruction</b>	<b>19,164,212</b>	<b>19,003,497</b>	<b>18,134,076</b>	<b>869,421</b>

(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, 2005

	General Fund			Variance with Final Budget Positive (Negative)
	Budget Amounts		Actual	
	Original	Final		
Supporting services				
Pupil				
Salaries	1,675,700	1,675,700	1,485,549	190,151
Benefits	585,400	585,400	562,761	22,639
Purchased services	149,633	149,633	186,537	(36,904)
Materials and supplies	25,266	25,266	32,572	(7,306)
Capital outlay	37,500	37,500	37,803	(303)
Total pupil	<u>2,473,499</u>	<u>2,473,499</u>	<u>2,305,222</u>	<u>168,277</u>
Instructional staff				
Salaries	591,500	591,500	533,286	58,214
Benefits	177,127	177,127	213,652	(36,525)
Purchased services	15,950	15,950	15,445	505
Materials and supplies	47,117	47,117	46,980	137
Capital outlay	13,024	13,024	10,907	2,117
Other	500	500	309	191
Total instructional staff	<u>845,218</u>	<u>845,218</u>	<u>820,579</u>	<u>24,639</u>
Board of education				
Salaries	7,000	7,000	6,960	40
Benefits	1,500	1,500	304	1,196
Purchased services	8,500	8,500	6,360	2,140
Other	6,000	6,000	4,818	1,182
Total business	<u>23,000</u>	<u>23,000</u>	<u>18,442</u>	<u>4,558</u>
Administration				
Salaries	1,781,000	1,781,000	1,720,002	60,998
Benefits	799,683	799,683	723,463	76,220
Purchased services	489,297	489,297	514,197	(24,900)
Materials and supplies	47,400	47,400	36,105	11,295
Capital outlay	28,691	28,691	23,691	5,000
Other	32,565	32,565	25,375	7,190
Total administration	<u>3,178,636</u>	<u>3,178,636</u>	<u>3,042,833</u>	<u>135,803</u>
Fiscal				
Salaries	248,300	248,300	235,893	12,407
Benefits	112,500	112,500	110,403	2,097
Purchased services	71,165	51,165	76,939	(25,774)
Materials and supplies	8,660	8,660	11,056	(2,396)
Capital outlay	1,000	1,000	-	1,000
Other	399,590	399,590	406,570	(6,980)
Total fiscal	<u>841,215</u>	<u>821,215</u>	<u>840,861</u>	<u>(19,646)</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, 2005

	General Fund			Variance with Final Budget Positive (Negative)
	Budget Amounts		Actual	
	Original	Final		
Business				
Salaries	56,300	56,300	53,880	2,420
Benefits	29,050	29,050	27,516	1,534
Purchased services	3,225	3,225	1,530	1,695
Total fiscal	<u>88,575</u>	<u>88,575</u>	<u>82,926</u>	<u>5,649</u>
Operation and maintenance				
Salaries	1,446,500	1,446,500	1,392,530	53,970
Benefits	573,310	573,310	570,238	3,072
Purchased services	1,663,893	1,658,193	1,739,704	(81,511)
Materials and supplies	264,891	264,891	258,666	6,225
Capital outlay	22,490	22,490	15,491	6,999
Total operation and maintenance	<u>3,971,084</u>	<u>3,965,384</u>	<u>3,976,629</u>	<u>(11,245)</u>
Pupil transportation				
Salaries	737,000	737,000	741,512	(4,512)
Benefits	236,600	236,600	236,229	371
Purchased services	62,705	62,705	72,702	(9,997)
Materials and supplies	123,486	101,986	124,228	(22,242)
Capital outlay	16,000	16,000	1,310	14,690
Other	1,000	1,000	379	621
Total pupil transportation	<u>1,176,791</u>	<u>1,155,291</u>	<u>1,176,360</u>	<u>(21,069)</u>
Central services				
Purchased services	4,206	2,606	4,150	(1,544)
Total central services	<u>4,206</u>	<u>2,606</u>	<u>4,150</u>	<u>(1,544)</u>
Total supporting services	<u>12,602,224</u>	<u>12,553,424</u>	<u>12,268,002</u>	<u>285,422</u>
Extracurricular activities				
Academic and subject oriented				
Salaries	46,000	46,000	58,352	(12,352)
Benefits	7,850	7,850	8,087	(237)
Purchased services	4,000	4,000	-	4,000
Materials and supplies	4,605	4,605	2,865	1,740
Total academic and subject oriented	<u>62,455</u>	<u>62,455</u>	<u>69,304</u>	<u>(6,849)</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, 2005

	(Concluded)		General Fund		Variance with Final Budget Positive (Negative)
	Budget Amounts		Actual		
	Original	Final			
Occupation oriented					
Salaries	9,000	-	8,907		(8,907)
Benefits	1,300	100	1,315		(1,215)
Total occupation oriented	<u>10,300</u>	<u>100</u>	<u>10,222</u>		<u>(10,122)</u>
Sports oriented					
Salaries	474,500	471,500	484,984		(13,484)
Benefits	122,350	122,350	114,629		7,721
Purchased services	7,000	7,000	2,761		4,239
Total sports oriented	<u>603,850</u>	<u>600,850</u>	<u>602,374</u>		<u>(1,524)</u>
Co-curricular activities					
Salaries	42,000	12,000	41,967		(29,967)
Benefits	6,000	-	5,916		(5,916)
Total co-curricular activities	<u>48,000</u>	<u>12,000</u>	<u>47,883</u>		<u>(35,883)</u>
Total extracurricular activities	<u>724,605</u>	<u>675,405</u>	<u>729,783</u>		<u>(54,378)</u>
Capital outlay	<u>215,100</u>	<u>210,000</u>	<u>215,100</u>		<u>(5,100)</u>
Total expenditures	<u>32,706,141</u>	<u>32,442,326</u>	<u>31,346,961</u>		<u>1,095,365</u>
Excess (deficiency) of revenues over expenditures	<u>(3,370,106)</u>	<u>(3,106,291)</u>	<u>(2,426,110)</u>		<u>680,181</u>
Other financing sources (uses)					
Gain (loss) on sale of assets	-	-	50		50
Advances in	-	-	190,212		190,212
Refund of prior year expenditures	-	-	80,052		80,052
Transfers-out	(85,000)	(85,000)	(84,564)		436
Advances out	-	-	(297,714)		(297,714)
Total other financing sources (uses)	<u>(85,000)</u>	<u>(85,000)</u>	<u>(111,964)</u>		<u>(26,964)</u>
Net change in fund balance	(3,455,106)	(3,191,291)	(2,538,074)		653,217
Prior year encumbrances	862,968	862,968	862,968		-
Fund balances, beginning of year	<u>5,825,448</u>	<u>5,825,448</u>	<u>5,825,448</u>		<u>-</u>
Fund balances, end of year	<u>\$ 3,233,310</u>	<u>\$ 3,497,125</u>	<u>\$ 4,150,342</u>		<u>\$ 653,217</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, 2005

	Bond Retirement Fund			Variance with Final Budget Positive (Negative)
	Budget Amounts		Actual	
	Original	Final		
Total revenues and other sources	\$ 3,423,238	\$ 3,423,238	\$ 4,131,922	\$ 708,684
Total expenditures and other uses	3,636,607	3,636,607	3,587,259	49,348
Net change in fund balance	(213,369)	(213,369)	544,663	758,032
Prior year encumbrances	-	-	-	-
Fund balances, beginning of year	705,399	705,399	705,399	-
Fund balances, end of year	<u>\$ 492,030</u>	<u>\$ 492,030</u>	<u>\$ 1,250,062</u>	<u>\$ 758,032</u>

	Food Service Fund			Variance with Final Budget Positive (Negative)
	Budget Amounts		Actual	
	Original	Final		
Total revenues and other sources	\$ 669,000	\$ 669,000	\$ 669,615	\$ 615
Total expenditures and other uses	625,488	689,489	688,270	1,219
Net change in fund balance	43,512	(20,489)	(18,655)	1,834
Prior year encumbrances	12,908	12,908	12,908	-
Fund balances, beginning of year	67,499	67,499	67,499	-
Fund balances, end of year	<u>\$ 123,919</u>	<u>\$ 59,918</u>	<u>\$ 61,752</u>	<u>\$ 1,834</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, 2005

	Scholarship Fund			Variance with Final Budget Positive (Negative)
	Budget Amounts		Actual	
	Original	Final		
Total revenues and other sources	\$ 8,000	\$ 8,000	\$ 11,234	\$ 3,234
Total expenditures and other uses	2,500	2,500	1,339	1,161
Net change in fund balance	5,500	5,500	9,895	4,395
Prior year encumbrances	-	-	-	-
Fund balances, beginning of year	20,940	20,940	20,940	-
Fund balances, end of year	<u>\$ 26,440</u>	<u>\$ 26,440</u>	<u>\$ 30,835</u>	<u>\$ 4,395</u>

	Michael Baumhauer Scholarship Fund			Variance with Final Budget Positive (Negative)
	Budget Amounts		Actual	
	Original	Final		
Total revenues and other sources	\$ 2,000	\$ 2,000	\$ 3,521	\$ 1,521
Total expenditures and other uses	5,100	5,100	610	4,490
Net change in fund balance	(3,100)	(3,100)	2,911	6,011
Prior year encumbrances	-	-	-	-
Fund balances, beginning of year	9,663	9,663	9,663	-
Fund balances, end of year	<u>\$ 6,563</u>	<u>\$ 6,563</u>	<u>\$ 12,574</u>	<u>\$ 6,011</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, 2005

	Adult Education Fund			Variance with Final Budget Positive (Negative)
	Budget Amounts		Actual	
	Original	Final		
Total revenues and other sources	\$ 5,000	\$ 5,000	\$ 778	\$ (4,222)
Total expenditures and other uses	2,000	2,000	-	2,000
Net change in fund balance	3,000	3,000	778	(2,222)
Prior year encumbrances	-	-	-	-
Fund balances, beginning of year	3,466	3,466	3,466	-
Fund balances, end of year	<u>\$ 6,466</u>	<u>\$ 6,466</u>	<u>\$ 4,244</u>	<u>\$ (2,222)</u>

	Public School Support Fund			Variance with Final Budget Positive (Negative)
	Budget Amounts		Actual	
	Original	Final		
Total revenues and other sources	\$ 100,000	\$ 100,000	\$ 154,712	\$ 54,712
Total expenditures and other uses	154,563	174,660	143,045	31,615
Net change in fund balance	(54,563)	(74,660)	11,667	86,327
Prior year encumbrances	6,863	6,863	6,863	-
Fund balances, beginning of year	88,642	88,642	88,642	-
Fund balances, end of year	<u>\$ 40,942</u>	<u>\$ 20,845</u>	<u>\$ 107,172</u>	<u>\$ 86,327</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, 2005

	Local Grants Fund			Variance with Final Budget Positive (Negative)
	Budget Amounts		Actual	
	Original	Final		
Total revenues and other sources	\$ 5,000	\$ 36,130	\$ 104,091	\$ 67,961
Total expenditures and other uses	36,380	80,725	71,979	8,746
Net change in fund balance	(31,380)	(44,595)	32,112	76,707
Prior year encumbrances	18,130	18,130	18,130	-
Fund balances, beginning of year	72,844	72,844	72,844	-
Fund balances, end of year	<u>\$ 59,594</u>	<u>\$ 46,379</u>	<u>\$ 123,086</u>	<u>\$ 76,707</u>

	Athletic Fund			Variance with Final Budget Positive (Negative)
	Budget Amounts		Actual	
	Original	Final		
Total revenues and other sources	\$ 330,000	\$ 460,000	\$ 444,870	\$ (15,130)
Total expenditures and other uses	314,721	516,349	492,088	24,261
Net change in fund balance	15,279	(56,349)	(47,218)	9,131
Prior year encumbrances	49,651	49,651	49,651	-
Fund balances, beginning of year	56,105	56,105	56,105	-
Fund balances, end of year	<u>\$ 121,035</u>	<u>\$ 49,407</u>	<u>\$ 58,538</u>	<u>\$ 9,131</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, 2005

	Auxiliary Services Fund			Variance with Final Budget Positive (Negative)
	Budget Amounts		Actual	
	Original	Final		
Total revenues and other sources	\$ 266,000	\$ 266,000	\$ 231,068	\$ (34,932)
Total expenditures and other uses	320,368	322,518	307,317	15,201
Net change in fund balance	(54,368)	(56,518)	(76,249)	(19,731)
Prior year encumbrances	18,877	18,877	18,877	-
Fund balances, beginning of year	72,327	72,327	72,327	-
Fund balances, end of year	<u>\$ 36,836</u>	<u>\$ 34,686</u>	<u>\$ 14,955</u>	<u>\$ (19,731)</u>

	Management Information Systems Fund			Variance with Final Budget Positive (Negative)
	Budget Amounts		Actual	
	Original	Final		
Total revenues and other sources	\$ 5,000	\$ 5,000	\$ 10,775	\$ 5,775
Total expenditures and other uses	12,000	19,431	899	18,532
Net change in fund balance	(7,000)	(14,431)	9,876	24,307
Prior year encumbrances	-	-	-	-
Fund balances, beginning of year	14,431	14,431	14,431	-
Fund balances, end of year	<u>\$ 7,431</u>	<u>\$ -</u>	<u>\$ 24,307</u>	<u>\$ 24,307</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, 2005

	Entry Year Programs Fund			Variance with Final Budget Positive (Negative)
	Budget Amounts		Actual	
	Original	Final		
Total revenues and other sources	\$ 4,000	\$ 14,440	\$ 14,440	\$ -
Total expenditures and other uses	2,563	14,540	14,540	-
Net change in fund balance	1,437	(100)	(100)	-
Prior year encumbrances	100	100	100	-
Fund balances, beginning of year	-	-	-	-
Fund balances, end of year	<u>\$ 1,537</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>

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



AVON LAKE CITY SCHOOL DISTRICT  
SCHEDULE OF REVENUES, EXPENDITURES AND CHANGES  
IN FUND BALANCE – BUDGET (NON-GAAP) BASIS AND ACTUAL  
FOR THE YEAR ENDED JUNE 30, 2005

	School Net Development Fund			Variance with Final Budget Positive (Negative)
	Budget Amounts		Actual	
	Original	Final		
Total revenues and other sources	\$ 2,000	\$ 4,089	\$ 4,140	\$ 51
Total expenditures and other uses	6,267	6,267	6,242	25
Net change in fund balance	(4,267)	(2,178)	(2,102)	76
Prior year encumbrances	1,894	1,894	1,894	-
Fund balances, beginning of year	284	284	284	-
Fund balances, end of year	\$ (2,089)	\$ -	\$ 76	\$ 76

	Student Reading Intervention Fund			Variance with Final Budget Positive (Negative)
	Budget Amounts		Actual	
	Original	Final		
Total revenues and other sources	\$ -	\$ 58,055	\$ 57,145	\$ (910)
Total expenditures and other uses	65,605	65,605	65,603	2
Net change in fund balance	(65,605)	(7,550)	(8,458)	(908)
Prior year encumbrances	-	-	-	-
Fund balances, beginning of year	8,460	8,460	8,460	-
Fund balances, end of year	\$ (57,145)	\$ 910	\$ 2	\$ (908)

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, 2005

	Alternative Schools Fund			Variance with Final Budget Positive (Negative)
	Budget Amounts		Actual	
	Original	Final		
Total revenues and other sources	\$ 35,000	\$ 44,447	\$ 33,543	\$ (10,904)
Total expenditures and other uses	49,735	51,246	51,246	-
Net change in fund balance	(14,735)	(6,799)	(17,703)	(10,904)
Prior year encumbrances	10,740	10,740	10,740	-
Fund balances, beginning of year	-	-	-	-
Fund balances, end of year	<u>\$ (3,995)</u>	<u>\$ 3,941</u>	<u>\$ (6,963)</u>	<u>\$ (10,904)</u>

	Miscellaneous State Grants Fund			Variance with Final Budget Positive (Negative)
	Budget Amounts		Actual	
	Original	Final		
Total revenues and other sources	\$ -	\$ -	\$ -	\$ -
Total expenditures and other uses	2,511	2,511	2,511	-
Net change in fund balance	(2,511)	(2,511)	(2,511)	-
Prior year encumbrances	-	-	-	-
Fund balances, beginning of year	2,511	2,511	2,511	-
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, 2005

	Title VI-B Fund			Variance with Final Budget Positive (Negative)
	Budget Amounts		Actual	
	Original	Final		
Total revenues and other sources	\$ 400,000	\$ 768,559	\$ 529,090	\$ (239,469)
Total expenditures and other uses	586,552	693,487	693,487	-
Net change in fund balance	(186,552)	75,072	(164,397)	(239,469)
Prior year encumbrances	17,993	17,993	17,993	-
Fund balances, beginning of year	41,328	41,328	41,328	-
Fund balances, end of year	<u>\$ (127,231)</u>	<u>\$ 134,393</u>	<u>\$ (105,076)</u>	<u>\$ (239,469)</u>

	Title I Fund			Variance with Final Budget Positive (Negative)
	Budget Amounts		Actual	
	Original	Final		
Total revenues and other sources	\$ 3,220	\$ 3,220	\$ -	\$ (3,220)
Total expenditures and other uses	6,440	6,440	3,220	3,220
Net change in fund balance	(3,220)	(3,220)	(3,220)	-
Prior year encumbrances	3,220	3,220	3,220	-
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, 2005

	Title V Fund			Variance with Final Budget Positive (Negative)
	Budget Amounts		Actual	
	Original	Final		
Total revenues and other sources	\$ 10,000	\$ 15,023	\$ 17,735	\$ 2,712
Total expenditures and other uses	16,959	16,978	16,958	20
Net change in fund balance	(6,959)	(1,955)	777	2,732
Prior year encumbrances	1,936	1,936	1,936	-
Fund balances, beginning of year	19	19	19	-
Fund balances, end of year	<u>\$ (5,004)</u>	<u>\$ -</u>	<u>\$ 2,732</u>	<u>\$ 2,732</u>

	Drug Free Schools Fund			Variance with Final Budget Positive (Negative)
	Budget Amounts		Actual	
	Original	Final		
Total revenues and other sources	\$ 8,000	\$ 9,810	\$ 8,475	\$ (1,335)
Total expenditures and other uses	7,922	16,696	16,696	-
Net change in fund balance	78	(6,886)	(8,221)	(1,335)
Prior year encumbrances	451	451	451	-
Fund balances, beginning of year	6,435	6,435	6,435	-
Fund balances, end of year	<u>\$ 6,964</u>	<u>\$ -</u>	<u>\$ (1,335)</u>	<u>\$ (1,335)</u>

AVON LAKE CITY SCHOOL DISTRICT  
SCHEDULE OF REVENUES, EXPENDITURES AND CHANGES  
IN FUND BALANCE – BUDGET (NON-GAAP) BASIS AND ACTUAL  
FOR THE YEAR ENDED JUNE 30, 2005

	Early Childhood Education Development Fund			Variance with Final Budget Positive (Negative)
	Budget Amounts		Actual	
	Original	Final		
Total revenues and other sources	\$ 15,000	\$ 27,770	\$ 27,770	\$ -
Total expenditures and other uses	21,764	27,770	27,770	-
Net change in fund balance	(6,764)	-	-	-
Prior year encumbrances	-	-	-	-
Fund balances, beginning of year	-	-	-	-
Fund balances, end of year	<u>\$ (6,764)</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>

	Class Size Reduction Fund			Variance with Final Budget Positive (Negative)
	Budget Amounts		Actual	
	Original	Final		
Total revenues and other sources	\$ 81,544	\$ 82,925	\$ 81,580	\$ (1,345)
Total expenditures and other uses	66,544	84,192	84,192	-
Net change in fund balance	15,000	(1,267)	(2,612)	(1,345)
Prior year encumbrances	-	-	-	-
Fund balances, beginning of year	1,267	1,267	1,267	-
Fund balances, end of year	<u>\$ 16,267</u>	<u>\$ -</u>	<u>\$ (1,345)</u>	<u>\$ (1,345)</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, 2005

	Miscellaneous Federal Grants Fund			Variance with Final Budget Positive (Negative)
	Budget Amounts		Actual	
	Original	Final		
Total revenues and other sources	\$ -	\$ -	\$ 1,126	\$ 1,126
Total expenditures and other uses	-	-	1,126	(1,126)
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>

	Library Bond Retirement Fund			Variance with Final Budget Positive (Negative)
	Budget Amounts		Actual	
	Original	Final		
Total revenues and other sources	\$ 227,000	\$ 227,000	\$ 74,586	\$ (152,414)
Total expenditures and other uses	331,669	331,669	307,685	23,984
Net change in fund balance	(104,669)	(104,669)	(233,099)	(128,430)
Prior year encumbrances	-	-	-	-
Fund balances, beginning of year	1,174,290	1,174,290	1,174,290	-
Fund balances, end of year	<u>\$ 1,069,621</u>	<u>\$ 1,069,621</u>	<u>\$ 941,191</u>	<u>\$ (128,430)</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, 2005

	Permanent Improvements Fund			Variance with Final Budget Positive (Negative)
	Budget Amounts		Actual	
	Original	Final		
Total revenues and other sources	\$ 675,000	\$ 841,282	\$ 841,282	\$ -
Total expenditures and other uses	660,977	905,304	905,304	-
Net change in fund balance	14,023	(64,022)	(64,022)	-
Prior year encumbrances	977	977	977	-
Fund balances, beginning of year	192,940	192,940	192,940	-
Fund balances, end of year	<u>\$ 207,940</u>	<u>\$ 129,895</u>	<u>\$ 129,895</u>	<u>\$ -</u>

	Building Improvements Fund			Variance with Final Budget Positive (Negative)
	Budget Amounts		Actual	
	Original	Final		
Total revenues and other sources	\$ 5,000	\$ 83,000	\$ 29,924	\$ (53,076)
Total expenditures and other uses	693,820	695,379	635,124	60,255
Net change in fund balance	(688,820)	(612,379)	(605,200)	7,179
Prior year encumbrances	82,820	82,820	82,820	-
Fund balances, beginning of year	1,179,907	1,179,907	1,179,907	-
Fund balances, end of year	<u>\$ 573,907</u>	<u>\$ 650,348</u>	<u>\$ 657,527</u>	<u>\$ 7,179</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, 2005

	School Net Plus Fund			Variance with Final Budget Positive (Negative)
	Budget Amounts		Actual	
	Original	Final		
Total revenues and other sources	\$ 28,350	\$ 28,350	\$ 28,350	\$ -
Total expenditures and other uses	28,350	28,350	28,148	202
Net change in fund balance	-	-	202	202
Prior year encumbrances	-	-	-	-
Fund balances, beginning of year	-	-	-	-
Fund balances, end of year	<u>\$ -</u>	<u>\$ -</u>	<u>\$ 202</u>	<u>\$ 202</u>

	Self Insurance Fund			Variance with Final Budget Positive (Negative)
	Budget Amounts		Actual	
	Original	Final		
Total revenues and other sources	\$ 2,485,000	\$ 3,976,980	\$ 3,596,303	\$ (380,677)
Total expenditures and other uses	2,331,628	4,339,596	3,939,331	400,265
Net change in fund balance	153,372	(362,616)	(343,028)	19,588
Prior year encumbrances	131,628	131,628	131,628	-
Fund balances, beginning of year	519,988	519,988	519,988	-
Fund balances, end of year	<u>\$ 804,988</u>	<u>\$ 289,000</u>	<u>\$ 308,588</u>	<u>\$ 19,588</u>



AVON LAKE CITY SCHOOL DISTRICT  
GOVERNMENTAL ACTIVITIES REVENUES BY SOURCE AND EXPENSES BY FUNCTION (1)  
LAST THREE FISCAL YEARS

	2005	2004	2003
Revenues			
Program revenues			
Charges for services	\$ 1,454,218	\$ 1,370,710	\$ 1,147,617
Operating grants, interest and contributions	1,010,702	1,327,736	974,121
Capital grants, interest and contributions	-	13,585	78,952
General revenues			
Property taxes	28,908,482	26,421,034	24,231,626
Intergovernmental	6,973,114	6,114,769	6,201,476
Investment earnings	331,950	120,589	665,235
Miscellaneous	271,569	538,981	536,927
Total	<u>\$ 38,950,035</u>	<u>\$ 35,907,404</u>	<u>\$ 33,835,954</u>
 Total revenues			
 Program expenses			
Instruction			
Regular	\$ 17,067,490	\$ 17,041,281	\$ 11,689,934
Special	2,057,130	1,726,273	1,616,580
Vocational	252,331	226,332	197,384
Adult / continuing	36,793	32,974	12,922
Other	649,596	648,448	419,259
Supporting services			
Pupil	2,530,881	2,235,500	1,564,520
Instructional staff	873,051	934,673	1,164,109
Board of education	18,202	12,284	14,625
Administration	3,090,189	3,032,320	2,590,859
Fiscal services	922,519	875,443	772,525
Business	86,459	72,063	61,081
Operation and maintenance	4,582,836	3,716,052	3,639,874
Pupil transportation	1,318,645	1,157,158	1,063,898
Central services	12,498	11,129	31,335
Operation of non-instructional			
Food service operation	829,674	694,053	646,164
Community services	334,781	288,654	241,576
Extracurricular activities	1,243,236	1,098,085	938,883
Interest and fiscal charges	2,427,174	2,727,315	2,893,026
Total	<u>\$ 38,333,485</u>	<u>\$ 36,530,037</u>	<u>\$ 29,558,554</u>

Source: School District Financial Records

(1) Presented on the full accrual basis of accounting.

AVON LAKE CITY SCHOOL DISTRICT  
GENERAL FUND REVENUES BY SOURCE AND EXPENDITURES BY FUNCTION (1)  
LAST TEN FISCAL YEARS

	2005	2004	2003	2002
<b>Revenues</b>				
Property taxes	\$ 24,320,772	\$ 22,540,907	\$ 21,007,440	\$ 19,985,115
Interest	304,416	85,274	371,600	582,665
Intergovernmental	6,123,324	5,918,022	5,810,978	4,673,595
Miscellaneous	411,479	566,698	339,269	165,849
<b>Total</b>	<b>\$ 31,159,991</b>	<b>\$ 29,110,901</b>	<b>\$ 27,529,287</b>	<b>\$ 25,407,224</b>
<b>Expenditures</b>				
Current:				
Instruction				
Regular	\$ 14,925,767	\$ 14,569,730	\$ 12,756,990	\$ 11,711,694
Special	1,908,985	1,590,004	1,444,399	1,321,832
Vocational	247,656	220,233	202,223	177,076
Adult/continuing	37,489	32,829	9,578	-
Other	649,596	-	-	-
Support services				
Pupils	2,203,020	1,557,610	1,215,261	1,087,711
Instructional staff	816,671	1,561,124	1,544,127	1,357,218
Board of education	18,249	12,332	14,630	14,203
Administration	2,901,213	2,901,916	2,667,641	2,450,716
Fiscal	834,777	827,237	708,025	639,722
Business	83,903	74,498	64,486	66,560
Operation and maintenance	3,771,278	3,645,472	3,661,508	2,914,613
Pupil transportation	1,170,336	1,106,037	1,106,931	842,024
Central	3,745	5,004	15,780	21,947
Operation of non-instructional services				
Extracurricular activities	743,046	574,356	613,235	588,948
Capital outlay	215,100	1,351,638	232,410	928,811
Debt service	414,818	474,100	216,414	140,896
<b>Total</b>	<b>\$ 30,945,649</b>	<b>\$ 30,504,120</b>	<b>\$ 26,473,638</b>	<b>\$ 24,263,971</b>

Source: School District Financial Records

(1) Presented on the modified accrual basis of accounting.

2001	2000	1999	1998	1997	1996
\$ 17,840,415	\$ 17,874,806	\$ 16,580,423	\$ 17,208,664	\$ 15,073,363	\$ 13,390,746
1,412,294	591,833	573,104	470,030	459,232	466,185
2,834,731	2,704,578	2,463,033	2,533,899	2,134,049	2,003,493
231,291	90,447	33,259	129,245	11,262	58,954
<u>\$ 22,318,731</u>	<u>\$ 21,261,664</u>	<u>\$ 19,649,819</u>	<u>\$ 20,341,838</u>	<u>\$ 17,677,906</u>	<u>\$ 15,919,378</u>

\$ 11,045,523	\$ 10,420,650	\$ 9,733,316	\$ 9,501,146	\$ 9,017,623	\$ 8,965,145
1,575,253	1,443,861	1,168,753	1,076,002	875,483	867,875
191,316	177,010	143,794	134,168	130,345	125,976
-	-	-	-	-	-
-	-	-	-	99,601	158,798
1,115,029	1,005,906	983,075	941,077	778,467	772,524
1,165,923	920,043	800,467	801,111	734,898	704,616
38,207	334,084	251,372	284,936	240,762	169,656
2,480,528	1,981,966	1,684,343	1,730,171	1,488,630	1,429,355
578,080	518,842	502,699	480,054	454,284	450,189
62,840	88,365	89,847	66,341	49,108	44,247
2,513,142	2,038,514	1,906,088	1,897,775	1,988,334	1,950,536
785,314	779,798	675,721	691,100	717,771	575,253
50,437	-	-	189	850	2,018
-	454	2,026	826	259	295,717
560,911	365,524	353,830	328,864	305,228	108,400
758,453	-	-	-	-	-
-	-	79,624	68,891	85,900	-
<u>\$ 22,920,956</u>	<u>\$ 20,075,017</u>	<u>\$ 18,374,955</u>	<u>\$ 18,002,651</u>	<u>\$ 16,967,543</u>	<u>\$ 16,620,305</u>

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

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Year (2)	Total Tax Levy	Current Tax Collections	Percent of Current Taxes Collected	Delinquent Tax Collections	Total Tax Collections
2004	\$ 28,283,085	\$ 27,988,587	98.96%	\$ 504,570	\$ 28,493,157
2003	23,975,086	23,572,502	98.32%	277,716	23,850,218
2002	22,599,575	22,572,967	99.88	251,027	22,823,994
2001	20,308,622	20,104,185	98.99	180,557	20,284,742
2000	18,396,971	18,217,508	99.02	146,642	18,364,150
1999	15,320,145	15,193,124	99.17	163,710	15,356,834
1998	15,321,549	15,177,360	99.06	110,063	15,287,423
1997	14,972,306	14,856,181	99.22	131,575	14,987,756
1996	13,406,720	13,590,249	101.37	285,652	13,875,901
1995	12,810,239	12,685,229	99.02	119,613	12,804,842

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

- (1) Includes Homestead/Rollback taxes assessed locally, but distributed through the State and reported as Intergovernmental Revenue.
- (2) Represents collection year. 2005 information cannot be presented because all collections have not been made by June 30.

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Ratio of Total Tax Collections to Total Tax Levy	Outstanding Delinquent Taxes	Ratio of Delinquent Taxes to Total Tax Levy
100.74%	\$ 204,731	0.72%
99.48%	143,552	0.60
100.99	101,237	0.45
99.88	278,567	1.37
99.82	248,453	1.35
100.24	182,242	1.19
99.78	181,537	1.18
100.10	139,709	0.93
103.50	124,759	0.93
99.96	290,597	2.27

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

Year	Agriculture, Residential and Other Real Estate		Public Utility Property	
	Assessed Value	Estimated Actual Value (1)	Assessed Value	Estimated Actual Value (1)
2005	\$ 608,828,450	\$ 1,739,509,857	\$ 94,787,120	\$ 107,712,636
2004	577,484,470	1,649,955,629	89,826,130	102,075,148
2003	526,706,330	1,504,875,229	87,013,120	98,878,545
2002	496,622,850	1,418,922,429	90,597,440	102,951,636
2001	477,312,060	1,363,748,743	119,221,210	135,478,648
2000	409,716,690	1,170,619,114	102,252,710	116,196,261
1999	396,077,135	1,131,648,957	89,551,480	101,763,045
1998	379,164,090	1,083,325,971	94,906,220	107,847,977
1997	338,117,080	966,048,800	95,204,230	108,186,625
1996	329,046,290	940,132,257	94,160,740	107,000,841

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

(1) This amount is calculated based on the following percentages:  
 Real estate is assessed at 35 percent of actual value;  
 Public utility personal is assessed at 88 percent of actual value, and  
 Tangible personal property is assessed at 25 percent of actual value  
 for capital assets and 23 percent for inventory.

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Tangible Personal Property		Total		Ratio
Assessed Value	Estimated Actual Value (1)	Assessed Value	Estimated Actual Value (1)	
\$ 71,691,440	\$ 311,701,913	\$ 775,307,010	\$ 2,158,924,406	36%
76,118,840	330,951,478	743,429,440	2,082,982,255	36
85,523,650	342,094,600	699,243,100	1,945,848,374	36
73,893,390	295,573,560	661,113,680	1,817,447,625	36
74,240,490	296,961,960	670,773,760	1,796,189,351	37
77,626,205	310,504,820	589,595,605	1,597,320,195	37
73,246,003	292,984,012	558,874,618	1,526,396,014	37
63,205,045	252,820,180	537,275,355	1,443,994,128	37
57,582,400	230,329,600	490,903,710	1,304,565,025	38
56,089,805	224,359,220	479,296,835	1,271,492,318	38

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

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Year	School Levy	Library	County Levy	JVS Levy	City Levy	Total Levy
2005	\$ 64.51	\$ 1.80	\$ 13.19	\$ 2.45	\$ 6.95	\$ 88.90
2004	60.36	1.80	12.89	2.45	7.24	84.74
2003	60.69	1.80	12.89	2.45	7.24	85.07
2002	61.14	1.80	12.89	2.45	7.24	85.52
2001	55.94	1.80	10.79	2.45	7.24	78.22
2000	56.54	1.80	10.79	2.45	7.24	78.82
1999	56.63	1.80	12.69	2.45	7.24	80.81
1998	53.87	1.80	12.69	2.45	7.24	78.05
1997	53.87	1.80	12.69	2.45	7.24	78.05
1996	49.97	0.98	12.69	2.45	7.24	73.33

Source: Lorain County Auditor -

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

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

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



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Debt Service Included in Total Levy			
School (1)	County (2)	City	Total
\$ 4.91	\$ -	\$ -	\$ 4.91
4.98	-	-	4.98
4.98	-	-	4.98
5.15	-	-	5.15
5.18	-	-	5.18
5.78	-	-	5.78
5.87	-	-	5.87
1.25	-	-	1.25
1.25	-	-	1.25
2.13	-	-	2.13

AVON LAKE CITY SCHOOL DISTRICT  
 DEMOGRAPHIC STATISTICS  
 LAST TEN YEARS

Year	Avon Lake Population (1)	Avon Lake Per Capita Income (3)	Avon Lake Median Age (1)	School Enrollment (2)	Unemployment Rate (3)		
					Lorain County	Ohio	U.S.
2005	18,145	32,336	38	3,279	6.5%	6.2%	6.0%
2004	18,145	32,336	38	3,264	6.2	6.4	5.6
2003	18,145	32,336	38	3,261	7.4	6.8	6.3
2002	18,145	32,336	38	3,152	6.0	6.0	5.8
2001	18,145	32,336	35	3,095	5.0	4.5	4.5
2000	18,145	32,336	35	2,964	4.0	4.3	4.0
1999	16,570	20,406	35	2,956	4.8	4.5	4.3
1998	16,570	20,406	35	3,014	4.5	4.4	4.5
1997	16,570	20,406	35	3,167	5.0	4.5	5.0
1996	16,570	20,406	35	2,997	5.0	4.9	5.3

(1) U.S. Census Bureau

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

(3) U.S. Department of Labor for month ending June of each year

AVON LAKE CITY SCHOOL DISTRICT  
RATIO OF NET GENERAL OBLIGATION BONDED DEBT TO  
ASSESSED VALUE AND NET BONDED DEBT PER CAPITA  
LAST TEN FISCAL YEARS

Year	Gross General Bonded Debt	Debt Service Monies Available	Net General Obligation Bonded Debt (1)	Assessed Value (2)	Population (3)	Ratio of Net Debt to Assessed Value	Net Debt Per Capita
2005	\$ 42,825,675	\$ 3,197,332	39,628,343	\$ 775,307,010	18,145	5.11%	2,184
2004	44,174,977	2,302,495	41,872,482	743,429,440	18,145	5.63	2,308
2003	47,690,331	2,323,028	45,367,303	699,243,100	18,145	6.49	2,500
2002	48,629,052	2,480,271	46,148,781	661,113,680	18,145	6.98	2,543
2001	49,648,295	2,436,179	47,212,116	670,773,760	18,145	7.04	2,602
2000	50,135,432	2,475,278	47,660,154	589,592,605	18,145	8.08	2,627
1999	7,020,000	2,410,455	4,609,545	558,874,618	16,570	0.82	278
1998	7,595,000	2,759,502	4,835,498	537,275,355	16,570	0.90	292
1997	6,584,555	2,887,354	3,697,201	490,903,710	16,570	0.75	223
1996	6,925,893	2,617,417	4,308,476	479,296,835	16,570	0.90	260

Source:

- (1) Includes all general obligation bonded debt
- (2) Lorain County Auditor
- (3) U.S. Bureau of Census, Census of Population, Federal 2000 Census.  
Lorain County Regional Planning Commission.

AVON LAKE CITY SCHOOL DISTRICT  
 COMPUTATION OF DIRECT AND OVERLAPPING GENERAL OBLIGATION BONDED DEBT  
 DECEMBER 31, 2004

Jurisdiction	General Obligation Bonded Debt Outstanding	Percentage Applicable to School District (1)	Amount Applicable to School District
<b>Direct</b>			
Avon Lake City School District	\$ 42,825,675	100.00%	\$ 42,825,675
<b>Overlapping</b>			
Lorain County	28,165,000	3.65	1,028,023
City of Avon Lake	6,055,371	100.00	6,055,371
<i>Total Overlapping</i>	<u>34,220,371</u>		<u>7,083,394</u>
<b>Total</b>	<u>\$ 77,046,046</u>		<u>\$ 49,909,069</u>

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

(1) Percentages were determined by dividing the assessed valuation of the political subdivision located within the boundaries of the School District by the total assessed valuation of the subdivision. The valuations used were for the 2005 collection year.

AVON LAKE CITY SCHOOL DISTRICT  
 COMPUTATION OF LEGAL DEBT MARGIN  
 JUNE 30, 2005

Assessed Valuation		\$ 775,307,010
Debt Limit - 9% of Assessed Value (1)		\$ 69,777,631
Amount of Debt Applicable to Debt Limit:		
General Obligation Bonds	\$ 42,175,698	
Capital Appreciation Bonds	649,977	
Energy Conservation Notes	1,010,000	
Capital Appreciation Notes	250,717	
Fiber Optics Loans	166,950	
HVAC Loans	157,069	
Less: Amount Available in Debt Service	<u>(3,197,332)</u>	
Total Outstanding Debt		41,213,079
Less Exemptions:		
Energy Conservation Bonds	350,000	
Energy Conservation Notes	1,010,000	
Capital Appreciation Notes	250,717	
Fiber Optics Loans	166,950	
HVAC Loans	<u>157,069</u>	
Total Exemptions		<u>1,934,736</u>
Amount of Debt Applicable Debt Limit		<u>39,278,343</u>
Overall Debt Margin		<u>\$ 30,499,288</u>
Debt Limit - .10% of Assessed Value		\$ 775,307
Amount of Debt Applicable		<u>-</u>
Unvoted Debt Margin		<u>\$ 775,307</u>
Additional Limit for Unvoted Energy Conservation Bonds and Notes:		
Debt Limit - .9% of Assessed Value		\$ 6,977,763
Energy Conservation Bonds	350,000	
Energy Conservation Notes	1,010,000	
Capital Appreciation Notes	<u>250,717</u>	
Total Additional Limits		<u>1,610,717</u>
Additional Unvoted Debt Margin		<u>\$ 5,367,046</u>

Source: Lorain County Auditor and School District Financial Records

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

AVON LAKE CITY SCHOOL DISTRICT  
 RATIO OF ANNUAL DEBT SERVICE EXPENDITURES FOR  
 GENERAL OBLIGATION BONDED DEBT TO GENERAL FUND EXPENDITURES  
 LAST TEN FISCAL YEARS

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Year	Principal	Interest	Total Debt Service	Total General Fund Expenditures	Ratio of Debt Service to General Fund Expenditures (Percentage)
2005	\$ 1,355,000	\$ 2,558,912	\$ 3,913,912	\$ 30,945,649	12.65%
2004	1,195,000	2,296,985	3,491,985	30,504,120	11.45
2003	1,090,000	2,352,019	3,442,019	26,473,638	13.00
2002	1,160,000	2,581,333	3,741,333	24,263,971	15.42
2001	615,000	2,591,581	3,206,581	22,920,956	13.99
2000	585,000	1,958,028	2,543,028	20,075,017	12.67
1999	575,000	409,831	984,831	18,374,955	5.36
1998	1,184,555	455,020	1,639,575	18,002,651	9.11
1997	341,338	428,543	769,881	16,967,543	4.54
1996	299,744	442,046	741,790	16,620,305	4.46

Source: School District Financial Records

(1) Includes fiscal charges

AVON LAKE CITY SCHOOL DISTRICT  
 FINANCIAL INSTITUTION DEPOSITS AND BUILDING PERMITS  
 LAST TEN YEARS

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Year	Financial Institution Deposits (1)	Value of Building Permits Issued (2)
2004	\$ 685,900,000	\$ 78,433,560
2003	649,005,000	83,338,651
2002	614,592,000	65,291,133
2001	555,591,000	68,487,424
2000	513,002,000	73,644,362
1999	463,871,000	49,976,735
1998	444,974,000	39,797,585
1997	920,050,000	39,422,199
1996	1,329,795,000	44,956,627
1995	1,237,991,000	46,141,844

Sources:

(1) Bank - Cleveland Federal Reserve Bank

(2) City of Avon Lake, Building Department. Data are presented on a calendar year basis because that is the manner in which the information is maintained by the City and Banks.

AVON LAKE CITY SCHOOL DISTRICT  
 PRINCIPAL TAXPAYERS – REAL ESTATE TAX  
 DECEMBER 31, 2004

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Name of Taxpayer	Assessed Value (1)	Percent of Real Assessed Value
Ford Motor Company	\$ 9,945,200	1.63
Geon Company	4,084,290	0.67
Legacy Pointe LTD	2,508,730	0.41
KOPF Properties LTD	2,435,570	0.40
Gamellia Construcion, Inc.	2,423,960	0.40
Waterside Grossings LTD	2,034,680	0.33
Learwood Square Company LLC	1,923,590	0.32
Towne Independent Living	1,898,610	0.31
PMD Group INC	1,785,010	0.29
American Landmark LTD	1,755,900	0.29
Total	\$ 30,795,540	5.06%
 Total Assessed Value	 \$ 608,828,450	

Source: Lorain County Auditor

(1) Assessed values are for the 2005 collection year.



AVON LAKE CITY SCHOOL DISTRICT  
 PRINCIPAL TAXPAYERS – TANGIBLE PERSONAL PROPERTY TAX  
 DECEMBER 31, 2004

Name of Taxpayer	Assessed Value (1)	Percent of Tangible Assessed Value
Ford Motor Company	\$ 21,087,830	29.41
Noveon Inc	17,065,160	23.80
Polyone Corporation	13,812,360	19.27
Ed Tomko Chrysler	1,287,400	1.80
Glidden Supply Company	1,218,450	1.70
Riser Foods Company	912,480	1.27
Western Scott Fetzer Company	812,160	1.13
Tops Market LLC	727,210	1.01
Polymore Diagnostics Inc	714,810	1.00
Sayers Finance Corp.	676,290	0.94
Total	<u>\$ 58,314,150</u>	<u>81.34</u>
 Total Assessed Value	 <u>71,691,440</u>	

Source: Lorain County Auditor

(1) Assessed values are for the 2005 collection year.

AVON LAKE CITY SCHOOL DISTRICT  
 PRINCIPAL TAXPAYERS – PUBLIC UTILITIES TAX  
 DECEMBER 31, 2004

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Name of Taxpayer	Assessed Value (1)	Percent of Real Assessed Value
Orion Power Midwest LP	\$ 77,281,420	81.53
Cleveland Electric	9,493,430	10.02
American Transmission	4,504,920	4.75
Centurytel of Ohio Inc	2,423,610	2.56
Columbia Gas of Ohio Inc	1,083,740	1.14
	\$ 94,787,120	100.00
 Total Assessed Value	 \$ 94,787,120	

Source: Lorain County Auditor

AVON LAKE CITY SCHOOL DISTRICT  
 PER PUPIL COST  
 LAST TEN FISCAL YEARS

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Year	General Fund Expenditures (1)	Average Daily Student Enrollment (2)	Per Pupil Cost (2)
2005	\$ 30,945,649	3,279	\$ 9,799
2004	30,504,120	3,264	9,396
2003	26,473,638	3,261	8,405
2002	24,263,971	3,152	8,298
2001	22,920,956	3,095	7,734
2000	20,075,017	2,964	8,268
1999	18,374,955	2,956	6,746
1998	18,002,651	3,014	6,658
1997	16,967,543	3,167	5,762
1996	16,620,305	2,997	5,546

Source: (1) School District Financial Records.

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

AVON LAKE CITY SCHOOL DISTRICT  
TEACHER EDUCATION AND EXPERIENCE  
JUNE 30, 2005

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Degree	Number of Teachers	Percentage of Total
Bachelor's Degree	14	6.25%
Bachelor + 10	18	8.04%
Bachelor + 20	31	13.84%
Master's Degree	73	32.45%
Master's + 10	50	22.32%
Master's + 20	16	7.14%
Master's + 30	22	9.82%
Total	224	99.86%

Years of Experience	Number of Teachers	Percentage of Total
0 - 5	46	20.53%
6 - 10	63	28.13%
11 and Over	115	51.34%
	224	100.00%

Source: School District Personnel Records

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

English:	Avon Lake	State of Ohio	National	Science Reasoning:	Avon Lake	State of Ohio	National
2004 - 2005	22.7	20.7	20.4	2004 - 2005	23.4	21.5	20.9
2003 - 2004	21.9	20.7	20.4	2003 - 2004	22.8	21.5	20.9
2002 - 2003	21.8	20.6	20.3	2002 - 2003	22.5	21.4	20.8
2001 - 2002	21.8	20.6	20.2	2001 - 2002	22.5	21.5	20.8
2000 - 2001	21.6	20.7	20.5	2000 - 2001	22.5	21.5	21.0
1999 - 2000	21.8	20.7	20.5	1999 - 2000	22.8	21.4	21.0
1998 - 1999	21.6	20.8	20.5	1998 - 1999	22.2	21.4	21.0
1997 - 1998	22.0	20.7	20.4	1997 - 1998	22.6	21.5	21.1
1996 - 1997	21.7	20.6	20.3	1996 - 1997	21.5	21.4	21.0
1995 - 1996	21.7	20.8	20.2	1995 - 1996	22.2	21.5	21.1

Math:	Avon Lake	State of Ohio	National	Composite:	Avon Lake	State of Ohio	National
2004 - 2005	24.2	21.2	20.7	2004 - 2005	23.7	21.4	20.9
2003 - 2004	23.3	21.1	20.7	2003 - 2004	22.9	21.4	20.9
2002 - 2003	23.3	21.1	20.6	2002 - 2003	22.6	21.4	20.8
2001 - 2002	23.3	21.2	20.6	2001 - 2002	22.8	21.4	20.8
2000 - 2001	22.3	21.1	20.7	2000 - 2001	22.3	21.4	21.0
1999 - 2000	22.7	21.2	20.7	1999 - 2000	22.8	21.4	21.0
1998 - 1999	22.3	21.1	20.7	1998 - 1999	22.2	21.4	21.0
1997 - 1998	22.5	21.2	20.8	1997 - 1998	22.7	21.4	21.0
1996 - 1997	22.0	21.0	20.6	1996 - 1997	21.9	21.3	21.0
1995 - 1996	21.9	20.7	20.2	1995 - 1996	22.1	21.3	20.9

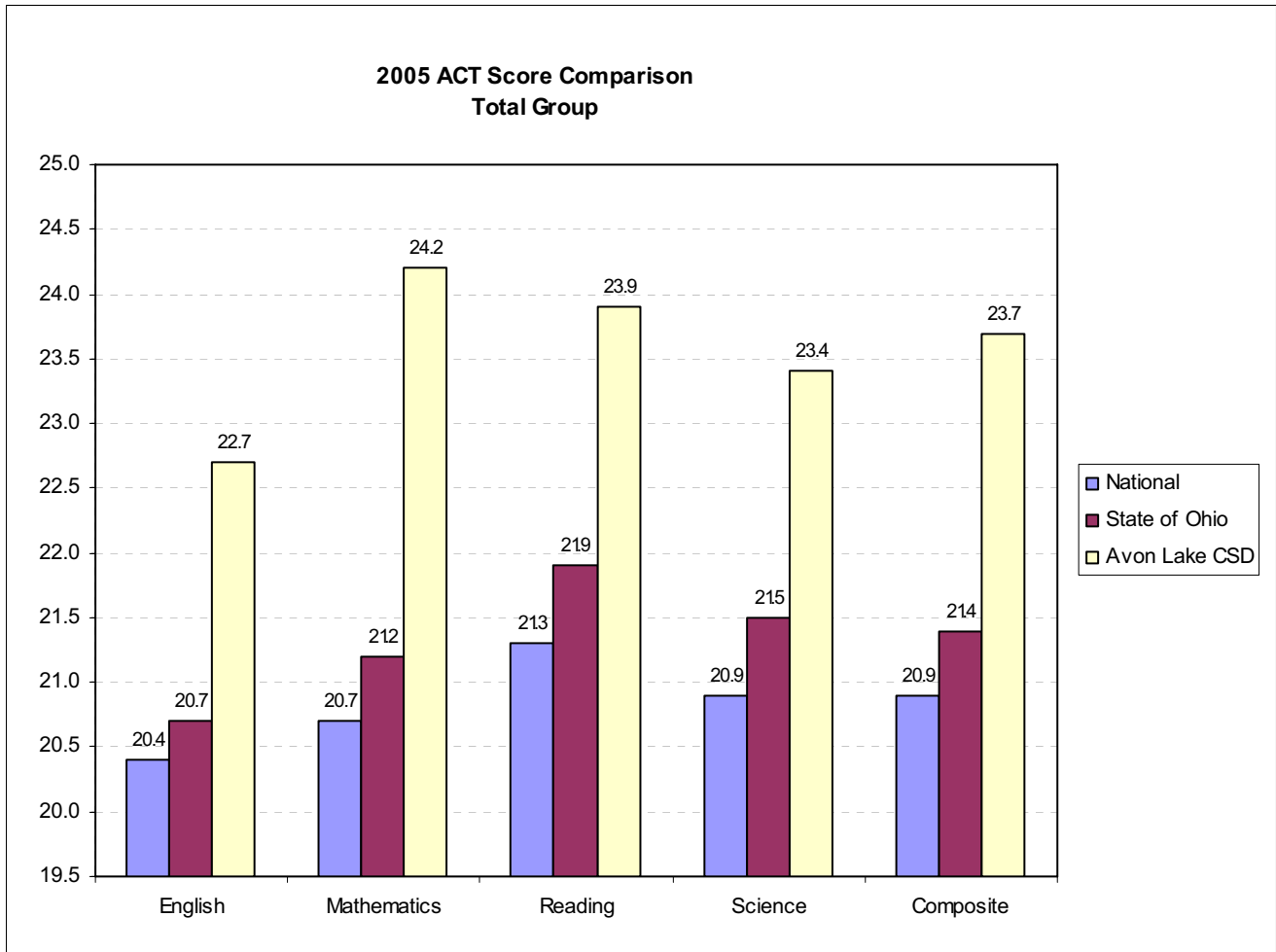
Reading:	Avon Lake	State of Ohio	National
2004 - 2005	23.9	21.9	21.3
2003 - 2004	23.3	21.9	21.3
2002 - 2003	22.3	21.8	21.2
2001 - 2002	23.4	21.8	21.1
2000 - 2001	22.4	21.8	21.3
1999 - 2000	23.0	21.9	21.4
1998 - 1999	22.3	21.9	21.4
1997 - 1998	23.1	21.8	21.4
1996 - 1997	22.0	21.8	21.3
1995 - 1996	22.1	21.9	21.3

Source: American College Testing Program

AVON LAKE CITY SCHOOL DISTRICT

ACT SCORE COMPARISON

JUNE 30, 2005





**Auditor of State  
Betty Montgomery**

88 East Broad Street  
P.O. Box 1140  
Columbus, Ohio 43216-1140

Telephone 614-466-4514  
800-282-0370

Facsimile 614-466-4490

**AVON LAKE CITY SCHOOL DISTRICT**

**LORAIN COUNTY**

**CLERK'S CERTIFICATION**

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

*Susan Babbitt*

**CLERK OF THE BUREAU**

**CERTIFIED  
JANUARY 12, 2006**