

**LAKWOOD LOCAL SCHOOL DISTRICT**

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





# Dave Yost • Auditor of State

Board of Education  
Lakewood Local School District  
525 East Main Street  
Hebron, Ohio 43025

We have reviewed the *Independent Auditor's Report* of the Lakewood Local School District, Licking County, prepared by Julian & Grube, Inc., for the audit period July 1, 2015 through June 30, 2016. Based upon this review, we have accepted these reports in lieu of the audit required by Section 117.11, Revised Code. The Auditor of State did not audit the accompanying financial statements and, accordingly, we are unable to express, and do not express an opinion on them.

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

A handwritten signature in black ink that reads "Dave Yost".

Dave Yost  
Auditor of State

January 4, 2017

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***LAKWOOD LOCAL SCHOOL DISTRICT***

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***HEBRON, OHIO***

**COMPREHENSIVE ANNUAL  
FINANCIAL REPORT**

**FOR THE FISCAL YEAR ENDED  
June 30, 2016**

*Prepared by:*

**Ms. Glenna Plaisted  
Treasurer/CFO**



**LAKWOOD LOCAL SCHOOL DISTRICT**

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# LAKWOOD LOCAL SCHOOL DISTRICT

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**LAKWOOD LOCAL SCHOOL DISTRICT**

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## *INTRODUCTORY SECTION*

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Lakewood Local Schools • 525 East Main Street • P.O. Box 70 • Hebron, Ohio 43025 • 740-928-5878 • Fax 740-928-3152

November 18, 2016

To the Citizens and Board of Education of the Lakewood Local School District:

The Comprehensive Annual Financial Report (CAFR) of the Lakewood Local School District (District) for the fiscal year ended June 30, 2016 is hereby submitted. This report was prepared by the Treasurer's Office and includes the unmodified opinion of our auditors.

The CAFR is prepared in accordance with accounting principles generally accepted in the United States of America (GAAP) and in conformance with standards of financial reporting established by the Governmental Accounting Standards Board (GASB) using guidelines recommended by the Government Finance Officers Association of the United States and Canada (GFOA).

Responsibility for both the accuracy of the data, and the completeness and fairness of the presentation, including all disclosures, rests with the District. To the best of our knowledge and belief, the enclosed data is accurate in all material respects and is reported in a manner designed to present fairly the financial position and results of operations of the District. All disclosures necessary to enable the reader to gain an understanding of the District's financial activities have been included.

Accounting principles generally accepted in the United States of America (GAAP) requires that management provide a narrative introduction, overview and analysis to accompany the basic financial statements in the form of Management's Discussion and Analysis (MD&A). This letter of transmittal is designed to complement MD&A and should be read in conjunction with it. The Lakewood Local School District's MD&A can be found immediately following the Independent Auditor's Report.

The District offers a full range of educational programs and services. These include elementary and secondary general studies, advanced placement courses, gifted education, college preparatory and Tech Prep, special education services, and a broad range of co-curricular and extracurricular activities.

### **THE DISTRICT AND ITS FACILITIES**

The Lakewood Local School District is located in southern Licking County approximately 25 miles east of Columbus, the state capital. The District encompasses approximately 115 square miles. The principle communities are the Village of Hebron, the Village of Buckeye Lake, Jacksontown and the surrounding farming townships. The District has a diversified industrial base as well as residential and agricultural communities. Interstate 70 and State Routes 79, 40 and 13 serve as the major transportation arteries. The District serves approximately 1,804 students.

## ***LAKWOOD LOCAL SCHOOL DISTRICT***

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### ***Letter of Transmittal***

***For the Fiscal Year Ended June 30, 2016***

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The District's facilities include 1 elementary school (grades K-2), 1 intermediate school (grades 3-5), 1 middle school (grades 6-8), 1 high school (grades 9-12), a bus garage, the administrative building and an athletic complex. The high school is the District's newest facility built in 2000, Jackson Intermediate School built in 1972 and 1967, Middle School built in 1959 and Hebron Elementary built in 1914.

The Board of Education of the Lakewood Local School District (the Board) is a five member body politic and corporate, as defined by Section 3313.02, Ohio Revised Code. The Board serves as the taxing authority, contracting body, policy maker, and approves an appropriation resolution which serves as the basis for control and authorization for all expenditures of District tax money.

The Superintendent is the chief executive officer of the District, responsible to the Board for total educational and support operations. Ms. Mary Kay Andrews has served as Superintendent since January 1, 2015.

The Treasurer/CFO is the chief financial officer of the District, responsible to the Board for maintaining all financial records, issuing warrants in payment of liabilities incurred by the School District, acting as custodian of all School District funds and investing idle funds as permitted by Ohio law. Ms. Glenna Plaisted has served as Treasurer/CFO for the past sixteen years.

Great schools are important to the quality of life in the Villages of Hebron, Buckeye Lake and the Jacksontown area and help maintain the property values in the District. But beyond these considerations, the educational program itself is of primary importance. The Lakewood Local School District continuously strives toward providing students with a quality education. It is therefore appropriate to review the foundation on which the District's programs are built.

### **CURRICULUM DEVELOPMENT**

The Lakewood Local School District provides a comprehensive K-12 program: instruction, assessment, intervention and special needs programming. The curriculum supports the Ohio State Tests (Grades 3-12) and Diagnostic Tests (K-3). Advanced placement classes are offered in language arts, science, math and social studies at the high school. Also credit flex is available to help increase learning and engagement and assist students to graduate ready for success in college and their careers.

### **INSTRUCTION MATERIALS**

The administration, staff, board members, and community have identified that keeping current with today's educational methodology and utilizing updated student textbooks, technology and materials are critical components necessary to provide students with a quality education. The Ohio state standards and model curriculum have been implemented at all levels.

# **LAKWOOD LOCAL SCHOOL DISTRICT**

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## ***Letter of Transmittal***

***For the Fiscal Year Ended June 30, 2016***

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### **TECHNOLOGY**

Lakewood students are introduced to technology in preschool and encouraged to use technology to advance their learning potential. Students at every grade level are linked to the Internet. Teachers have incorporated the use of technology into their classrooms and enabled students to use technology to help facilitate life-long learning. Wireless access is available in all district buildings, and the use of personal wireless devices is being utilized in our middle and high schools. Implementation of 1:1 for 9<sup>th</sup>, 10<sup>th</sup> and 11<sup>th</sup> graders began in the fall of 2015-2016.

The District has a web page which can be located at [www.lakewoodlocal.k12.oh.us](http://www.lakewoodlocal.k12.oh.us).

### **STAFF DEVELOPMENT**

Locally provided staff development is an extremely important part of professional growth. The Superintendent, with the input from staff and building administrators, assess staff needs and plan after school sessions, in-service days, and summer sessions for certified staff consistent with the District goals. The emphasis on these professional development activities is to provide professional staff with the knowledge base required for implementation of effective teaching strategies and enhance instruction. In addition to locally provided staff development, the Lakewood Local School District supports staff members who attend conferences outside of the District and continually encourages staff to examine, understand, and implement best practices used in educational settings with emphasis on formative instructional practices.

### **INTERVENTION AND SPECIAL PROGRAMS**

Lakewood Local School District recognizes its responsibility to offer academic instruction that is appropriate for every child. Student abilities and performance levels are measured and used to determine appropriate instruction. The RTI and 3-Tier Problem Solving model are used. Research-based programs such as Corrective Reading and Reading Mastery have been implemented to use for Tier 2 and Tier 3 interventions. The District also uses STAR as a quality benchmark assessment tool in grades K-11.

For those students requiring supplemental help or varied instructional methods, plans are developed and monitored by intervention assistance teams that include teachers, administrators and intervention specialists. Parental involvement is critical in the process of student needs and intervention plans.

### **GIFTED AND TALENTED PROGRAMMING AND ADVANCED PLACEMENT COURSES**

Opportunities for more challenging work are available through the Gifted and Talented Program. This program serves identified students in grades 3-12. The curriculum includes enrichment activities, independent research and project based learning with an emphasis on higher level thinking skills.

Advanced placement courses in English, American History, Calculus AB and Chemistry are offered at the high school level.

# ***LAKWOOD LOCAL SCHOOL DISTRICT***

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## ***Letter of Transmittal***

***For the Fiscal Year Ended June 30, 2016***

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### **SPECIAL EDUCATION**

The District serves students who are on Individualized Educational Programs. These students are served in the following programs: speech/language, multi handicapped, cognitively disabled handicapped, severe emotionally disturbed, specific learning disabled, other health impaired and hearing impaired.

Program options and related services for students on Individualized Educational Plans are structured to provide a continuum of services based on individual needs. These options insure that all students are educated in the least restrictive environment possible. The Lakewood Local School District is committed to providing educational excellence for all students with disabilities, expanding their skills and aptitudes to be successful in the educational setting, in the community, and as adult contributors in society.

### **CONTINUOUS IMPROVEMENT PLANNING**

The District's Continuous Improvement Plan includes these goals:

#### **Goal #1**

All students will be reading on grade level by the third grade and every year thereafter as measured by common assessments.

#### **Goal #2**

100% of students will show at least one-year of expected growth in mathematics according to value-added measures in grades 4-8 and through quality benchmark assessments in non-tested grades.

#### **Goal #3**

90% of parents/families will participate in activities and effectively utilize resources designed for supporting student development in math and reading.

### **STATE REPORT CARD PERFORMANCE**

Lakewood Local School District earned high marks in various areas, while earning low ratings in others, on the 2015-16 Local Report Card. Lakewood earned "A's" in Overall Value Added, the measure that indicates the amount of academic growth students make over a year's time, and Graduation Rate. In addition, 100% of Third Grade students met the state's Reading promotion point. Although we earned a low grade in Annual Measurable Objectives, which measures the difference in performance for different subgroups of students, the district data in Math showed that Lakewood students are making significant, gap closing growth in Math, especially with our Students with Disabilities and Economically Disadvantaged populations. Lakewood earned a "C" in the Prepared for Success measure, the first year of this grade. This grade measures the percent of students who earned industry credentials, participated in dual enrollment credit/AP courses and earned remediation free scores on ACT/SAT. There will be continued focus and energy on improving our results in the Lakewood Local School District as we continue to prepare students for Careers and College. Efforts will also be focused on improving the K-3 Literacy grade and ensuring students are Reading and Writing at grade level.



# ***LAKEWOOD LOCAL SCHOOL DISTRICT***

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***Letter of Transmittal  
For the Fiscal Year Ended June 30, 2016***

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## **ECONOMIC CONDITION AND OUTLOOK**

The District is located approximately 25 miles east from the metropolitan city of Columbus providing a wealth of opportunity for cultural, social and economic resources for its residents. Central Ohio Technical College and The Ohio State University of Newark share facilities and are located in the nearby City of Newark. Denison University is located in the adjoining Village of Granville. These colleges provide excellent educational opportunities for the Lakewood community.

The Villages of Hebron and Buckeye Lake offer excellent opportunities for business growth and expansion. Within the District's boundaries, an Industrial Park stimulates the economy through a diverse group of employers, from the small family operated business to major commercial/industrial and service corporations. The five largest employers in the District in terms of numbers of employees are: THK Manufacturing of America, Kroger, Heritage Sportswear, Inc., Bayer Corporation and Harry & David Operations.

The District has two (2) emergency operating levies. One was passed on November 2, 2010 and generates \$3,528,880 per year. The second one was passed on May 7, 2013 and generates \$2,058,646 per year. These emergency levies represent 38% of the total tax related revenues for the District. The current revenue, along with the District's cash balance, will provide the District with necessary funds to meet its operating expenses through fiscal year 2020.

**Long-Term Financial Planning** – The District prepares a five-year forecast for use as a tool for long range planning. The five-year forecast projects local and state revenues, spending patterns within each area of the budget, and cash balances in the District's operating fund. The District uses the five-year forecast to provide a basis for making financial decisions, including the construction of the annual budget, adjustments to staffing levels, collective bargaining, and the placement of tax levies on the ballot.

## **RECENT SIGNIFICANT ACCOMPLISHMENTS**

### **Financial**

The District received the Certificate of Excellence in Financial Reporting from the Government Finance Officers Association for the thirteenth consecutive year.

The District received the Award for Outstanding Achievement in Popular Annual Financial Reporting from the Government Finance Officers Association for the seventh consecutive year.

## **MAJOR INITIATIVES FOR THE FUTURE**

### **Financial**

To receive the Certificate of Excellence in Financial Reporting from the Government Finance Officers Association for the District's 2016 CAFR.

To receive the Award for Outstanding Achievement in Popular Annual Financial Reporting from the Government Finance Officers Association for the 2016 Popular Annual Financial Report.

### **Instruction**

The District continues to seek improvement in the areas measured by the Local Report Card. An overall "A" rating on the Report Card is the goal.

# ***LAKEWOOD LOCAL SCHOOL DISTRICT***

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***Letter of Transmittal***  
***For the Fiscal Year Ended June 30, 2016***

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## **FINANCIAL INFORMATION**

**ACCOUNTING SYSTEM** – The District’s accounting system is organized on a fund basis. Each fund is a separate self-balancing accounting entity. The 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.

**INTERNAL CONTROLS** – The Treasurer/CFO of the District is responsible for establishing internal controls designed to ensure that the assets of the District are protected from loss, theft, or misuse, and to ensure that adequate accounting data is compiled to allow for the preparation of financial statements in conformity with generally accepted accounting principles. The Management Team is responsible for assisting with implementation of the established internal controls. Internal controls are designed to provide reasonable, but not absolute, assurance that these objectives are met. The concept of reasonable assurance recognizes that: (1) the cost of a control should not exceed the benefits likely to be derived; and (2) the valuation of cost and benefit requires estimates and judgments by management. Management believes the internal controls adequately meet the above objective.

**SINGLE AUDIT** – As a recipient of federal and state financial assistance, the District is also responsible for ensuring that adequate internal controls are in place to ensure compliance with applicable laws and regulations related to these programs. Internal controls are subject to periodic evaluation and audit by the Treasurer, Management Team and staff of the District.

As part of the District’s single audit, tests are made to determine the adequacy of the internal controls, including that portion relating to federal financial assistance programs, as well as to verify that the District has complied with applicable laws and regulations. The results of the District’s single audit for the fiscal year ended June 30, 2016, as of this writing, revealed no instances of material weaknesses in internal control or significant violations of applicable laws and regulations.

**BUDGETARY CONTROLS** – The budgetary process is prescribed by provisions of the Ohio Revised Code and entails the preparation of budgetary documents within an established timetable. The major documents prepared are the certificate of estimated resources and the appropriations resolution, all of which are prepared on the budgetary basis of accounting. The certificate of estimated resources and the appropriations resolution are subject to amendment throughout the year with the legal restriction that appropriations cannot exceed estimated resources, as certified. All funds, other than agency funds, are legally required to be budgeted and appropriated. The primary level of budgetary control required by Ohio Revised Code is at the fund level. The level of budgetary control imposed by the District (the level at which expenditures cannot legally exceed the appropriated amount) is established at the broad object level (first level) for the general fund and at the fund level for all other funds. Any budgetary modifications at these levels may only be made by resolution of the Board of Education. The District also maintains an encumbrance accounting system as one technique of accomplishing budgetary control. Encumbered amounts at year-end are carried forward to succeeding years and are not re-appropriated.

## **LAKWOOD LOCAL SCHOOL DISTRICT**

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### ***Letter of Transmittal***

***For the Fiscal Year Ended June 30, 2016***

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**INDEPENDENT AUDIT** – This report includes an unmodified audit report regarding the District’s financial statements. The audit was conducted by Julian & Grube, Inc. The Independent Auditor’s Report on the basic financial statements is included in the financial section of this report.

**AWARDS** – The Government Finance Officers Association of the United States and Canada (GFOA) awarded a Certificate of Achievement of Excellence in Financial Reporting to the Lakewood Local School District for its Comprehensive Annual Financial Report for the fiscal year ended June 30, 2015. This was the thirteenth year that the District has applied for and achieved this prestigious award. In order to be awarded a Certificate of Achievement, a governmental unit must publish an easily readable and efficiently organized comprehensive annual financial report. The 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 that our current comprehensive annual financial report continues to meet the program’s requirements and we are submitting it to the GFOA to determine its eligibility for another certificate.

**ACKNOWLEDGMENTS** – The preparation of the Comprehensive Annual Financial Report was made possible with the support and efforts of the staff in the Treasurer’s Office and many other dedicated employees of the District. We also would like to recognize Donald J. Schonhardt & Associates, Inc. for their assistance in preparing this report.

In closing, without the continued support of the Board of Education, who values quality financial information, the preparation of this report would not have been possible.

Respectfully submitted,



Glenna J. Plaisted, CPA  
Treasurer/CFO



Mary Kay Andrews  
Superintendent

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## ***LAKEWOOD LOCAL SCHOOL DISTRICT***

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***Members of the Board of Education and Administration  
For the Fiscal Year Ended June 30, 2016***

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### ***Members of the Board of Education***

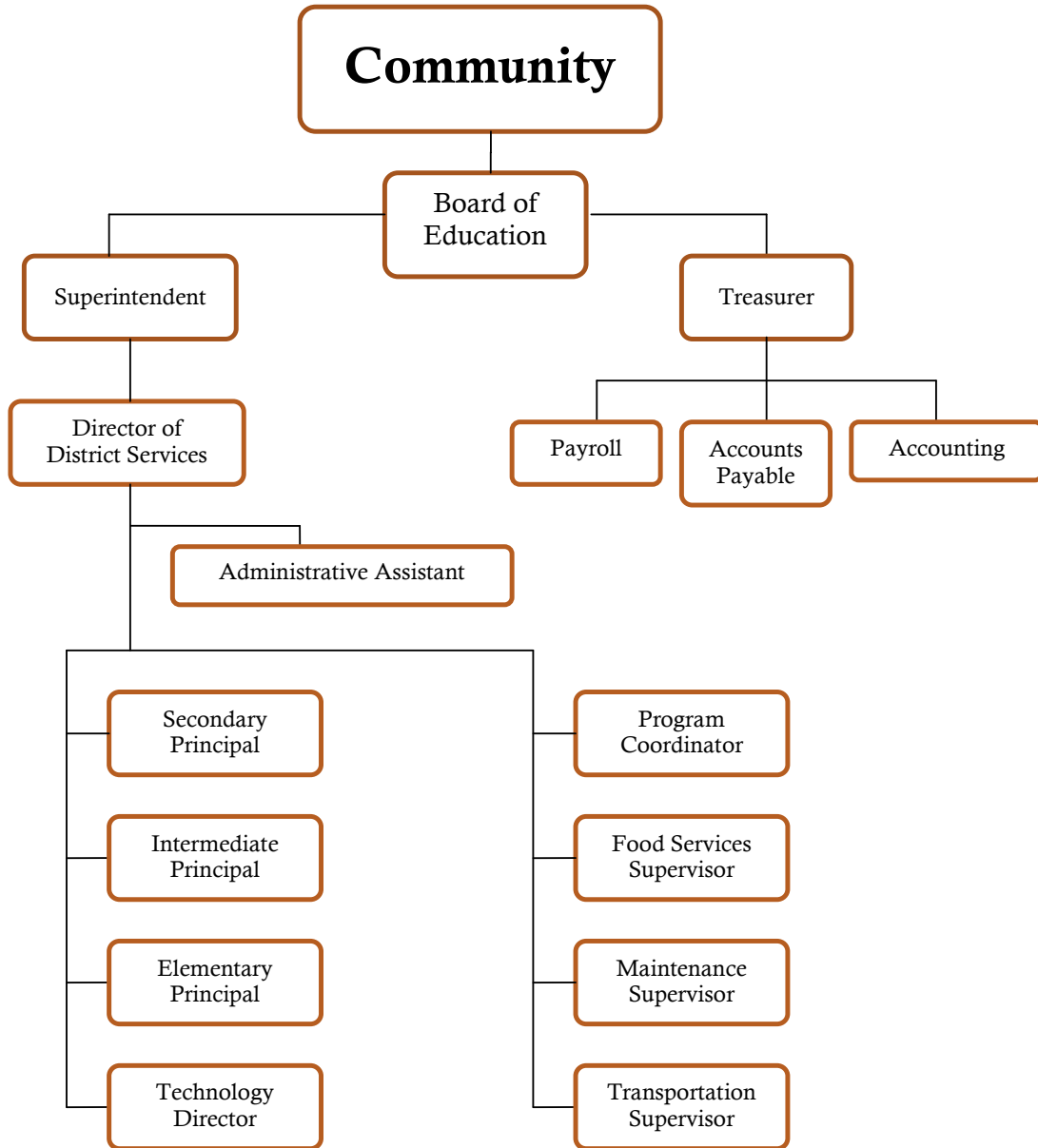
	<u>Began Service as A Board Member</u>	<u>Present Term Expires</u>
Judy White, President	January 1, 2006	December 31, 2017
Trisha Good, Vice President	January 1, 2008	December 31, 2017
Tim Phillips	July 6, 2011	December 31, 2017
William Gulick Jr.	January 1, 2012	December 31, 2019
Steve Thorp	January 1, 2016	December 31, 2019

### ***Administration***

	<u>Position</u>	<u>Date of Hire</u>
Mary Kay Andrews	Superintendent	January 1, 2015
Glenna J. Plaisted	Treasurer/CFO	May 15, 2000

# LAKEWOOD LOCAL SCHOOL DISTRICT

*Organizational Chart  
For the Fiscal Year Ended June 30, 2016*



**LAKWOOD LOCAL SCHOOL DISTRICT**

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*Government Finance Officers Association of the United States and Canada  
Certificate of Achievement for Excellence in Financial Reporting*

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Government Finance Officers Association

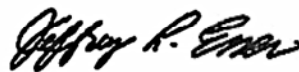
**Certificate of  
Achievement  
for Excellence  
in Financial  
Reporting**

Presented to

**Lakewood Local School District  
Ohio**

For its Comprehensive Annual  
Financial Report  
for the Fiscal Year Ended

**June 30, 2015**



Executive Director/CEO

## *FINANCIAL SECTION*

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# Julian & Grube, Inc.

*Serving Ohio Local Governments*

333 County Line Rd. West, Westerville, OH 43082 Phone: 614.846.1899 Fax: 614.846.2799

## **Independent Auditor's Report**

Lakewood Local School District  
Licking County  
525 East Main Street, P.O. Box 70  
Hebron, Ohio 43025

To the Board of Education:

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

We have audited the accompanying financial statements of the governmental activities, the business-type activities, the discretely presented component unit, each major fund, and the aggregate remaining fund information of the Lakewood Local School District, Licking County, Ohio, as of and for the fiscal year ended June 30, 2016, and the related notes to the financial statements, which collectively comprise the Lakewood Local School District's basic financial statements as listed in the table of contents.

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

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

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

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

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

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

### ***Opinion***

In our opinion, the financial statements referred to above present fairly, in all material respects, the respective financial position of the governmental activities, the business-type activities, the discretely presented component unit, each major fund, and the aggregate remaining fund information of the Lakewood Local School District, Licking County, Ohio, as of June 30, 2016, and the respective changes in financial position and, where applicable, cash flows thereof and the budgetary comparison for the General fund thereof for the fiscal year then ended in accordance with the accounting principles generally accepted in the United States of America.

Independent Auditor's Report  
Lakewood Local School District

***Other Matters***

*Required Supplementary Information*

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

*Supplementary and Other Information*

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

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

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

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

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

In accordance with *Government Auditing Standards*, we have also issued our report dated November 18, 2016, on our consideration of the Lakewood Local School District's internal control over financial reporting and our tests of its compliance with certain provisions of laws, regulations, contracts and grant agreements and other matters. That report describes the scope of our internal control testing over financial reporting and compliance, and the results of that testing, and does not opine on internal control over financial reporting or on compliance. That report is an integral part of an audit performed in accordance with *Government Auditing Standards* in considering the Lakewood Local School District's internal control over financial reporting and compliance.



Julian & Grube, Inc.  
November 18, 2016

# ***LAKEWOOD LOCAL SCHOOL DISTRICT***

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***Management's Discussion and Analysis  
For the Fiscal Year Ended June 30, 2016***

***Unaudited***

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The management's discussion and analysis of Lakewood Local School District's financial performance provides an overall review of the District's financial activities for the fiscal year ended June 30, 2016. The intent of this discussion and analysis is to look at the District's financial performance as a whole; readers should also review the financial statements and notes to the basic financial statements to enhance their understanding of the District's financial performance.

## **FINANCIAL HIGHLIGHTS**

Key financial highlights for 2016 are as follows:

- ❑ In total, net position increased \$3,667,706. Net position of governmental activities increased \$3,691,633, which represents a 35.2% increase from 2015. Net position of business-type activities decreased \$23,927 or 22.9% from 2015.
- ❑ General revenues accounted for \$23,538,880 in revenue or 86.8% of all revenues. Program specific revenues in the form of charges for services and sales and grants and contributions accounted for \$3,576,308 or 13.2% of total revenues of \$27,115,188
- ❑ The District had \$22,552,213 in expenses related to governmental activities; only \$2,704,966 of these expenses were offset by program specific charges for services and sales, operating grants and contributions.
- ❑ Among major funds, the general fund had \$23,656,750 in revenues and \$20,889,704 in expenditures. During fiscal year 2016, the general fund's fund balance increased from \$14,260,890 to \$17,099,016.

## **OVERVIEW OF THE FINANCIAL STATEMENTS**

This annual report consists of four parts – management's discussion and analysis and the basic financial statements, required supplemental information and an optional section that presents combining statements for nonmajor governmental funds. The basic financial statements include two kinds of statements that present different views of the District:

These statements are as follows:

1. The Government-Wide Financial Statements – These statements provide both long-term and short-term information about the District's overall financial status.
2. The Fund Financial Statements – These statements focus on individual parts of the District, reporting the District's operations in more detail than the government-wide statements.

The financial statements also include notes that explain some of the information in the financial statements and provide more detailed data.

# ***LAKWOOD LOCAL SCHOOL DISTRICT***

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***Management's Discussion and Analysis  
For the Fiscal Year Ended June 30, 2016***

***Unaudited***

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## **Government-wide Statements**

The government-wide statements report information about the District as a whole using accounting methods similar to those used by private-sector companies. The statement of net position includes all of the District's assets, deferred outflows of resources, liabilities, and deferred inflows of resources. All of the current year's revenues and expenses are accounted for in the statement of activities regardless of when cash is received or paid.

The two government-wide statements report the District's net position and how it has changed. Net-position (the difference between the District's assets and deferred outflows of resources, and liabilities and deferred inflows of resources) is one way to measure the District's financial health or position.

- Over time, increases or decreases in the District's net position are an indicator of whether its financial health is improving or deteriorating, respectively.
- To assess the overall health of the District you need to consider additional nonfinancial factors such as the property tax base, current property tax laws, student enrollment growth and facility conditions.

The government-wide financial statements of the District are divided into two categories:

- **Governmental Activities** – Most of the District's programs and services are reported here including instruction, support services, operation and maintenance of plant, pupil transportation and extracurricular activities.
- **Business-Type Activities** – This service is provided on a charge for goods or services basis to recover all of the expenses of the goods or services provided. The District's food service is reported as business-type activities.

## **Fund Financial Statements**

The fund financial statements provide more detailed information about the District's most significant funds, not the District as a whole. Funds are accounting devices that the District uses to keep track of specific sources of funding and spending for particular purposes.

**Governmental Funds** – Most of the 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 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 District's general government operations and the basic services it provides. Governmental fund information helps you determine whether there are more or fewer financial resources that can be spent in the near future to finance educational programs. The relationship (or differences) between governmental activities (reported in the Statement of Net Position and the Statement of Activities) and governmental funds is reconciled in the financial statements.

## **LAKEWOOD LOCAL SCHOOL DISTRICT**

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Proprietary Funds – Proprietary funds use the same basis of accounting as business-type activities; therefore, these statements will essentially match.

Fiduciary Funds – The District is the trustee, or fiduciary, for various student-managed activity programs listed as an agency fund. All of the District's fiduciary activities are reported in a separate Statement of Assets and Liabilities. We exclude these activities from the District's other financial statements because the assets cannot be utilized by the District to finance its operations.

### **FINANCIAL ANALYSIS OF THE SCHOOL DISTRICT AS A WHOLE**

The Statement of Net Position provides a perspective of the District as a whole. The following table provides a summary of the District's net position for 2016 compared to 2015:

	Governmental Activities		Business-type Activities		Total	
	2016	2015	2016	2015	2016	2015
Current and other assets	\$34,127,055	\$31,248,909	\$91,718	\$125,478	\$34,218,773	\$31,374,387
Capital assets, Net	12,905,486	13,144,489	132,142	144,393	13,037,628	13,288,882
Total assets	<u>47,032,541</u>	<u>44,393,398</u>	<u>223,860</u>	<u>269,871</u>	<u>47,256,401</u>	<u>44,663,269</u>
Deferred outflows of resources	<u>2,970,018</u>	<u>2,155,684</u>	<u>25,059</u>	<u>23,871</u>	<u>2,995,077</u>	<u>2,179,555</u>
Net pension liability	29,193,240	25,943,011	265,049	266,098	29,458,289	26,209,109
Other long-term liabilities	9,935,533	10,831,002	3,906	15,993	9,939,439	10,846,995
Other liabilities	2,246,750	1,990,381	72,588	73,063	2,319,338	2,063,444
Total liabilities	<u>41,375,523</u>	<u>38,764,394</u>	<u>341,543</u>	<u>355,154</u>	<u>41,717,066</u>	<u>39,119,548</u>
Deferred inflows of resources	<u>15,416,031</u>	<u>18,265,316</u>	<u>35,903</u>	<u>43,188</u>	<u>15,451,934</u>	<u>18,308,504</u>
Net position (deficit):						
Net investment in capital assets	3,741,768	3,636,986	132,142	144,393	3,873,910	3,781,379
Restricted	874,980	838,419	0	0	874,980	838,419
Unrestricted	<u>(11,405,743)</u>	<u>(14,956,033)</u>	<u>(260,669)</u>	<u>(248,993)</u>	<u>(11,666,412)</u>	<u>(15,205,026)</u>
Total net deficit	<u>(\$6,788,995)</u>	<u>(\$10,480,628)</u>	<u>(\$128,527)</u>	<u>(\$104,600)</u>	<u>(\$6,917,522)</u>	<u>(\$10,585,228)</u>

The implementation of GASB Statement 68, "Accounting and Financial Reporting for Pensions—an Amendment of GASB Statement 27," in fiscal year 2015, significantly revised accounting for pension costs and liabilities. For reasons discussed below, many end users of this financial statement will gain a clearer understanding of the District's actual financial condition by adding deferred inflows related to pension and the net pension liability to the reported net position and subtracting deferred outflows related to pension.

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

## ***LAKEWOOD LOCAL SCHOOL DISTRICT***

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***Management's Discussion and Analysis  
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Under the new standards required by GASB 68, the net pension liability equals the District's proportionate share of each plan's collective:

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

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

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

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

## ***LAKEWOOD LOCAL SCHOOL DISTRICT***

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***Management's Discussion and Analysis  
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At fiscal year-end for governmental activities, capital assets represented 27% of total assets. Capital assets include land, construction in progress, land improvements, buildings and improvements, furniture, fixtures, equipment, and vehicles. Net investment in capital assets, at June 30, 2016 was \$3,741,768. These capital assets are used to provide services to the students and are not available for future spending. Although the District's investment in capital assets is reported net of related debt, it should be noted that the resources to repay the debt must be provided from other sources, since capital assets may not be used to liquidate these liabilities.

A portion of the District's net position, \$874,980, represents resources that are subject to external restriction on how they may be used. Excluding the effect of GASB 68, the District has approximately \$17 million in unrestricted net position which may be used to meet the District's ongoing obligations to the students and creditors.

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## **LAKEWOOD LOCAL SCHOOL DISTRICT**

**Management's Discussion and Analysis  
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Changes in Net Position – The following table shows the changes in net position for fiscal years 2016 and 2015:

	Governmental Activities		Business-type Activities		Total	
	2016	2015	2016	2015	2016	2015
Revenues						
Program Revenues:						
Charges for Services and Sales	\$1,051,742	\$1,160,540	\$309,230	\$255,156	\$1,360,972	\$1,415,696
Operating Grants and Contributions	1,653,224	1,388,215	538,906	626,528	2,192,130	2,014,743
Capital Grants and Contributions	0	0	23,206	44,478	23,206	44,478
Total Program Revenues	<u>2,704,966</u>	<u>2,548,755</u>	<u>871,342</u>	<u>926,162</u>	<u>3,576,308</u>	<u>3,474,917</u>
General Revenues:						
Property Taxes	14,272,979	13,920,688	0	0	14,272,979	13,920,688
Grants and Entitlements	9,057,291	9,075,972	0	0	9,057,291	9,075,972
Other	208,610	189,610	0	0	208,610	189,610
Total General Revenues	<u>23,538,880</u>	<u>23,186,270</u>	<u>0</u>	<u>0</u>	<u>23,538,880</u>	<u>23,186,270</u>
Total Revenues	<u>26,243,846</u>	<u>25,735,025</u>	<u>871,342</u>	<u>926,162</u>	<u>27,115,188</u>	<u>26,661,187</u>
Program Expenses						
Instruction	13,345,921	12,620,972	0	0	13,345,921	12,620,972
Support Services:						
Pupils	1,457,380	1,376,862	0	0	1,457,380	1,376,862
Instructional Staff	591,749	416,746	0	0	591,749	416,746
Board of Education	113,093	81,842	0	0	113,093	81,842
Administration	1,885,623	1,876,291	0	0	1,885,623	1,876,291
Fiscal Services	665,621	650,991	0	0	665,621	650,991
Business	21,627	9,027	0	0	21,627	9,027
Operation and Maintenance of Plant	1,679,574	1,552,021	0	0	1,679,574	1,552,021
Pupil Transportation	1,591,323	1,624,650	0	0	1,591,323	1,624,650
Central	34,528	63,281	0	0	34,528	63,281
Operation of Non-Instructional Services	195,606	240,464	0	0	195,606	240,464
Extracurricular Activities	551,485	519,113	0	0	551,485	519,113
Interest and Fiscal Charges	418,683	509,433	0	0	418,683	509,433
Food Service	0	0	895,269	920,073	895,269	920,073
Total Expenses	<u>22,552,213</u>	<u>21,541,693</u>	<u>895,269</u>	<u>920,073</u>	<u>23,447,482</u>	<u>22,461,766</u>
Total Change in Net Position	3,691,633	4,193,332	(23,927)	6,089	3,667,706	4,199,421
Beginning Net Position (Deficit)	(10,480,628)	(14,673,960)	(104,600)	(110,689)	(10,585,228)	(14,784,649)
Ending Net Deficit	<u>(\$6,788,995)</u>	<u>(\$10,480,628)</u>	<u>(\$128,527)</u>	<u>(\$104,600)</u>	<u>(\$6,917,522)</u>	<u>(\$10,585,228)</u>



# LAKEWOOD LOCAL SCHOOL DISTRICT

**Management's Discussion and Analysis  
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**Unaudited**

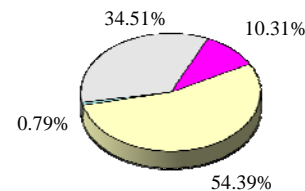
## **Governmental Activities**

Net position of the District's governmental activities increased by \$3,691,633. Total governmental expenses of \$22,552,213 were offset by program revenues of \$2,704,966 and general revenues of \$23,538,880. Program revenues supported 12.0% of the total governmental expenses. The primary sources of revenues consist of property taxes and grants and entitlements which total \$23,330,270 and represent 99.1% of total general governmental revenue.

The unique nature of property taxes in Ohio creates the need to routinely seek voter approval for operating funds. The overall revenue generated by a voted levy does not increase solely as a result of inflation. It increases as a result of new construction or collection from a new voted levy. Although school districts experience inflationary growth in expenses, tax revenue does not keep pace with increased expenses. As an example, a homeowner with a home valued at \$100,000 and taxed at 1.00 mill would pay \$35.00 annually in taxes. If three years later the home were reappraised and increased to \$200,000 (and the inflationary increase in value is comparable to other property owners) the effective tax rate would become .5 mills and the owner would still pay \$35.00 and the school district would collect the same dollar value generated in the year it passed. Thus, school districts dependent upon property taxes are hampered by a lack of revenue growth and must regularly return to the voters to maintain a constant level of service.

The District passed a five year renewal emergency levy on May 7, 2013 that generates tax revenues of \$2,058,646 yearly. Voters also approved a new ten year emergency operating levy on November 2, 2010 for \$3,528,880. Fiscal year 2016 includes the total revenues generated from both these emergency levies. Property taxes made up 54% of revenues for governmental activities for the District in fiscal year 2016. The District's reliance upon tax revenues is demonstrated by the following graph:

Revenue Sources	2016	Percent of Total
General Grants	\$9,057,291	34.51%
Program Revenues	2,704,966	10.31%
Property Tax Revenues	14,272,979	54.39%
General Other	208,610	0.79%
Total Revenue	<u>\$26,243,846</u>	<u>100.00%</u>



## **Business-Type Activities**

Net position of the business-type activities decreased by \$23,927. These programs had revenues of \$871,342 and expenses of \$895,269 for fiscal year 2016. Business activities receive no support from tax revenues; however, they have received support from governmental activities.

## **LAKWOOD LOCAL SCHOOL DISTRICT**

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### **FINANCIAL ANALYSIS OF THE SCHOOL DISTRICT'S FUNDS**

The District's governmental funds reported a combined fund balance of \$17,099,016, which is higher than last year's total of \$15,091,374. The schedule below indicates the fund balance and the total change in fund balance by fund type as of June 30, 2016 and 2015.

	Fund Balance June 30, 2016	Fund Balance June 30, 2015	Increase (Decrease)
General	\$17,099,016	\$14,260,890	\$2,838,126
Debt Service	692,895	704,400	(11,505)
Other Governmental	84,496	126,084	(41,588)
Total	\$17,876,407	\$15,091,374	\$2,785,033

General Fund – The District's General Fund balance increase is due to several factors. The tables that follow assist in illustrating the financial activities and balance of the General Fund:

	2016 Revenues	2015 Revenues	Increase (Decrease)
Taxes	\$13,314,199	\$13,168,370	\$145,829
Tuition	827,692	698,547	129,145
Investment Earnings	110,693	60,360	50,333
Extracurricular Activities	37,729	25,447	12,282
Class Materials and Fees	55,707	54,377	1,330
Intergovernmental - State	8,892,789	9,005,185	(112,396)
Intergovernmental - Federal	135,809	93,525	42,284
All Other Revenue	282,132	385,903	(103,771)
Total	\$23,656,750	\$23,491,714	\$165,036

General Fund revenues in 2016 increased approximately 0.7% compared to revenues in fiscal year 2015. During fiscal year 2016, the District realized a small increase in tax revenues from changes in property values, along with a large delinquent public utility tax collection. The District had an increase in Tuition that is attributed to the increase in open enrollment revenues. The decrease in Intergovernmental – State revenues resulted from a loss of \$151,422 in Tangible Personal Property Reimbursement. The District also had a decrease in All Other Revenue which can be attributed to the loss of sponsorship revenues received from the Lakewood Digital Academy.

## **LAKWOOD LOCAL SCHOOL DISTRICT**

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	2016 Expenditures	2015 Expenditures	Increase (Decrease)
Instruction	\$12,127,180	\$11,633,028	\$494,152
Supporting Services:			
Pupils	1,392,671	1,287,793	104,878
Instructional Staff	505,941	330,334	175,607
Board of Education	113,146	82,111	31,035
Administration	1,875,556	1,972,212	(96,656)
Fiscal Services	659,125	650,039	9,086
Business	21,811	9,339	12,472
Operation & Maintenance of Plant	1,973,427	1,737,241	236,186
Pupil Transportation	1,668,532	1,614,427	54,105
Central	27,123	68,386	(41,263)
Operation of Non-Instructional Services	154,352	200,197	(45,845)
Extracurricular Activities	330,613	254,977	75,636
Debt Service:			
Principal Retirement	36,424	36,137	287
Interest and Fiscal Charges	3,803	4,711	(908)
Total	\$20,889,704	\$19,880,932	\$1,008,772

The expenditures increased by \$1,008,772 or 5.1% compared to the prior year. The District's budget is 78% personnel related. The District had a 3% increase in base salary for fiscal year 2016 and paid the negotiated step increase ranging from 0% to 5% based on the number of years of service and type of degree. The District health insurance premiums increased 15% for the January 2016 renewal. The District also had a couple large capital improvement projects which included high school science lab upgrades, roof top units and paving which was approximately 18% of the above increase.

*Debt Service Fund* – The fund balance did not change significantly.

### **GENERAL FUND BUDGETARY HIGHLIGHTS**

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

During the course of fiscal year 2016 the District amended its General Fund budget several times, none significant.

The General Fund budget basis revenue of \$23.4 million did not significantly change from the original budget estimates.

Actual expenditures compared to the final budget resulted in an overall positive variance.

## **LAKEWOOD LOCAL SCHOOL DISTRICT**

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### **CAPITAL ASSETS AND DEBT ADMINISTRATION**

#### *Capital Assets*

At the end of fiscal 2016, the District had \$13,037,628 net of accumulated depreciation invested in land, construction in progress, buildings, equipment and vehicles. Of this total, \$12,905,486 was related to governmental activities and \$132,142 to the business-type activities. The following table shows fiscal year 2016 and 2015 balances:

	Governmental Activities		Change
	2016	2015	
Land	\$275,555	\$275,555	\$0
Land Improvements	1,195,889	1,109,939	85,950
Buildings and Improvements	22,576,767	22,409,395	167,372
Furniture, Fixtures and Equipment	3,729,345	3,716,273	13,072
Vehicles	2,219,438	2,188,220	31,218
Construction in Progress	19,600	0	19,600
Less: Accumulated Depreciation	(17,111,108)	(16,554,893)	(556,215)
Totals	\$12,905,486	\$13,144,489	(\$239,003)

	Business-Type Activities		Change
	2016	2015	
Furniture and Equipment	\$426,776	\$427,409	(\$633)
Less: Accumulated Depreciation	(294,634)	(283,016)	(11,618)
Totals	\$132,142	\$144,393	(\$12,251)

The change in capital asset additions/disposals was offset by depreciation for an overall decrease in governmental capital assets. Additional information on the District's capital assets can be found in Note 8.

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## **LAKEWOOD LOCAL SCHOOL DISTRICT**

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### *Debt*

At June 30, 2016 the District had \$397.4 million in bonds, notes, loans, and other long-term obligations outstanding, \$891,903 due within one year. The following table summarizes the District's debt and other long-term liabilities outstanding as of June 30, 2016 and June 30, 2015:

	<u>2016</u>	<u>2015</u>
Governmental Activities:		
General Obligation Bonds:		
School Improvement	\$8,922,230	\$9,660,419
Energy Conservation Bonds Payable	692,648	881,276
Net Pension Liability	29,193,240	25,943,011
Capital Leases Payable	82,910	56,564
Compensated Absences	<u>237,745</u>	<u>232,743</u>
Total Governmental Activities	39,128,773	36,774,013
Business-Type Activities:		
Net Pension Liability	265,049	266,098
Compensated Absences	<u>3,906</u>	<u>15,993</u>
Total Business-Type Activities	<u>268,955</u>	<u>282,091</u>
Totals	<u><u>\$39,397,728</u></u>	<u><u>\$37,056,104</u></u>

Under current state statutes, the District's general obligation bonded debt issues are subject to a legal limitation based on 9% of the total assessed value of real and personal property. At June 30, 2016, the District's outstanding debt was below the legal limit. Additional information on the District's long-term debt can be found in Note 11.

### **CURRENT FINANCIAL RELATED ACTIVITIES**

As the preceding information shows, the District relies heavily upon property taxes and grants and entitlements to provide the funds necessary to maintain its educational programs. The District passed a new ten year emergency operating levy on November 2, 2010. The total amount of revenue from this emergency operating levy is \$3,528,880 per year. The District also has a five year renewal emergency operating levy that was passed on May 7, 2013. The total amount of revenue from this emergency operating levy is \$2,058,646 per year. The current revenue, along with the District's cash balance, will provide the District with the necessary funds to meet its operating expenses in fiscal years 2017-2020. The District anticipates returning to its voters asking for a renewal of the above listed emergency operating levies.

The Board of Education and administration of the District must continue to maintain careful financial planning and prudent fiscal management in order to preserve the financial stability of the District.

In conclusion, the Lakewood Local School District has committed itself to financial excellence for many years.

# ***LAKEWOOD LOCAL SCHOOL DISTRICT***

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***Management's Discussion and Analysis  
For the Fiscal Year Ended June 30, 2016***

***Unaudited***

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## **REQUESTS FOR INFORMATION**

This financial report is designed to provide our citizens, taxpayers, investors and creditors with a general overview of the District's finances and to show the District's accountability for the money it receives. If you have questions about this report or need additional financial information contact Glenna Plaisted, Treasurer/CFO, Lakewood Local School District, 525 East Main Street, Post Office Box 70, Hebron, Ohio 43025, or email at [gplaisted@laca.org](mailto:gplaisted@laca.org).

## LAKEWOOD LOCAL SCHOOL DISTRICT

### Statement of Net Position June 30, 2016

	Governmental Activities	Business-Type Activities	Total	Component Unit Digital Academy
<b>Assets:</b>				
Cash and Cash Equivalents	\$ 3,930,153	\$ 72,380	\$ 4,002,533	\$ 21,302
Investments	14,796,877	0	14,796,877	0
Receivables:				
Taxes	14,789,196	0	14,789,196	0
Accounts	61,651	0	61,651	0
Intergovernmental	204,367	0	204,367	0
Interest	32,470	0	32,470	0
Inventory	34,544	6,706	41,250	0
Prepaid Items	277,797	12,632	290,429	133
Capital Assets:				
Nondepreciable Capital Assets	295,155	0	295,155	0
Depreciable Capital Assets, Net	12,610,331	132,142	12,742,473	18,236
Total Capital Assets, Net	12,905,486	132,142	13,037,628	18,236
<b>Total Assets</b>	<b>47,032,541</b>	<b>223,860</b>	<b>47,256,401</b>	<b>39,671</b>
<b>Deferred Outflows of Resources:</b>				
Deferred Charge on Refunding	76,738	0	76,738	0
Pension	2,893,280	25,059	2,918,339	0
<b>Total Deferred Outflows of Resources</b>	<b>2,970,018</b>	<b>25,059</b>	<b>2,995,077</b>	<b>0</b>
<b>Liabilities:</b>				
Accounts Payable	222,292	248	222,540	0
Accrued Wages and Benefits	1,680,554	51,221	1,731,775	0
Intergovernmental Payable	316,711	21,119	337,830	78,412
Accrued Interest Payable	27,193	0	27,193	0
Long Term Liabilities:				
Due Within One Year	891,800	103	891,903	0
Due in More Than One Year:				
Net Pension Liability	29,193,240	265,049	29,458,289	0
Other Amounts Due in More Than One Year	9,043,733	3,803	9,047,536	0
<b>Total Liabilities</b>	<b>41,375,523</b>	<b>341,543</b>	<b>41,717,066</b>	<b>78,412</b>
<b>Deferred Inflows of Resources:</b>				
Property Taxes	13,303,049	0	13,303,049	0
Pension	2,112,982	35,903	2,148,885	0
<b>Total Deferred Inflows of Resources</b>	<b>15,416,031</b>	<b>35,903</b>	<b>15,451,934</b>	<b>0</b>
<b>Net Position:</b>				
Net Investment in Capital Assets	3,741,768	132,142	3,873,910	18,236
Restricted For:				
Debt Service	696,827	0	696,827	0
Federally Funded Programs	79,445	0	79,445	0
Other Purposes	98,708	0	98,708	0
Unrestricted (Deficit)	(11,405,743)	(260,669)	(11,666,412)	(56,977)
<b>Total Net Position</b>	<b>\$ (6,788,995)</b>	<b>\$ (128,527)</b>	<b>\$ (6,917,522)</b>	<b>\$ (38,741)</b>

See accompanying notes to the basic financial statements

**LAKWOOD LOCAL SCHOOL DISTRICT**

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**Statement of Activities**  
**For the Fiscal Year Ended June 30, 2016**

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	Program Revenues			
	Expenses	Charges for Services and Sales	Operating Grants and Contributions	Capital Grants and Contributions
<b>Governmental Activities:</b>				
Instruction	\$ 13,345,921	\$ 887,993	\$ 1,191,042	\$ 0
Support Services:				
Pupils	1,457,380	0	95,562	0
Instructional Staff	591,749	0	176,903	0
Board of Education	113,093	0	0	0
Administration	1,885,623	28,129	15,000	0
Fiscal Services	665,621	0	0	0
Business	21,627	0	0	0
Operation and Maintenance of Plant	1,679,574	0	13,013	0
Pupil Transportation	1,591,323	0	0	0
Central	34,528	0	0	0
Operation of Non-Instructional Services	195,606	0	138,764	0
Extracurricular Activities	551,485	135,620	22,940	0
Interest and Fiscal Charges	418,683	0	0	0
<b>Total Governmental Activities</b>	22,552,213	1,051,742	1,653,224	0
<b>Business-Type Activities:</b>				
Food Service	895,269	309,230	538,906	23,206
<b>Total Business-Type Activities</b>	895,269	309,230	538,906	23,206
<b>Totals</b>	\$ 23,447,482	\$ 1,360,972	\$ 2,192,130	\$ 23,206
<b>Component Unit:</b>				
Digital Academy	\$ 233,969	\$ 2,997	\$ 20,645	\$ 0

**General Revenues:**

Property Taxes Levied for:  
    General Purposes  
    Debt Service  
Grants and Entitlements not Restricted to Specific Programs  
Investment Earnings  
Miscellaneous

Total General Revenues

Change in Net Position

Net Position Beginning of Year

Net Position End of Year

See accompanying notes to the basic financial statements



**LAKWOOD LOCAL SCHOOL DISTRICT**

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Net (Expense) Revenue and Changes in Net Position			Component Unit
Governmental Activities	Business-Type Activities	Total	Digital Academy
\$ (11,266,886)	\$ 0	\$ (11,266,886)	
(1,361,818)	0	(1,361,818)	
(414,846)	0	(414,846)	
(113,093)	0	(113,093)	
(1,842,494)	0	(1,842,494)	
(665,621)	0	(665,621)	
(21,627)	0	(21,627)	
(1,666,561)	0	(1,666,561)	
(1,591,323)	0	(1,591,323)	
(34,528)	0	(34,528)	
(56,842)	0	(56,842)	
(392,925)	0	(392,925)	
(418,683)	0	(418,683)	
(19,847,247)	0	(19,847,247)	
0	(23,927)	(23,927)	
0	(23,927)	(23,927)	
(19,847,247)	(23,927)	(19,871,174)	
			\$ (210,327)
13,341,342	0	13,341,342	0
931,637	0	931,637	0
9,057,291	0	9,057,291	245,561
112,905	0	112,905	4
95,705	0	95,705	13
23,538,880	0	23,538,880	245,578
3,691,633	(23,927)	3,667,706	35,251
(10,480,628)	(104,600)	(10,585,228)	(73,992)
\$ (6,788,995)	\$ (128,527)	\$ (6,917,522)	\$ (38,741)

## ***LAKWOOD LOCAL SCHOOL DISTRICT***

***Balance Sheet  
Governmental Funds  
June 30, 2016***

	General	Debt Service	Other Governmental Funds	Total Governmental Funds
<b>Assets:</b>				
Cash and Cash Equivalents	\$ 3,181,556	\$ 650,285	\$ 98,312	\$ 3,930,153
Investments	14,796,877	0	0	14,796,877
Receivables:				
Taxes	13,964,182	825,014	0	14,789,196
Accounts	61,651	0	0	61,651
Intergovernmental	10,853	0	193,514	204,367
Interest	32,470	0	0	32,470
Interfund Loan Receivable	4,002	0	0	4,002
Inventory	34,544	0	0	34,544
Prepaid Items	249,423	0	28,374	277,797
<b>Total Assets</b>	<b>\$ 32,335,558</b>	<b>\$ 1,475,299</b>	<b>\$ 320,200</b>	<b>\$ 34,131,057</b>
<b>Liabilities:</b>				
Accounts Payable	\$ 139,031	\$ 0	\$ 83,261	\$ 222,292
Accrued Wages and Benefits	1,615,544	0	65,010	1,680,554
Intergovernmental Payable	304,197	0	12,514	316,711
Interfund Loans Payable	0	0	4,002	4,002
Compensated Absences Payable	4,718	0	0	4,718
<b>Total Liabilities</b>	<b>2,063,490</b>	<b>0</b>	<b>164,787</b>	<b>2,228,277</b>
<b>Deferred Inflows of Resources:</b>				
Property Taxes	12,551,770	751,279	0	13,303,049
Unavailable Revenue	621,282	31,125	70,917	723,324
<b>Total Deferred Inflows of Resources</b>	<b>13,173,052</b>	<b>782,404</b>	<b>70,917</b>	<b>14,026,373</b>
<b>Fund Balances:</b>				
Nonspendable	283,967	0	28,374	312,341
Restricted	22,740	692,895	76,017	791,652
Committed	204,164	0	0	204,164
Assigned	598,691	0	0	598,691
Unassigned	15,989,454	0	(19,895)	15,969,559
<b>Total Fund Balances</b>	<b>17,099,016</b>	<b>692,895</b>	<b>84,496</b>	<b>17,876,407</b>
<b>Total Liabilities, Deferred Inflows of Resources, and Fund Balances</b>	<b>\$ 32,335,558</b>	<b>\$ 1,475,299</b>	<b>\$ 320,200</b>	<b>\$ 34,131,057</b>

See accompanying notes to the basic financial statements

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**LAKEWOOD LOCAL SCHOOL DISTRICT**

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***Reconciliation of Total Governmental Fund Balances to  
Net Position of Governmental Activities  
June 30, 2016***

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<b>Total Governmental Fund Balances</b>		\$ 17,876,407
<b><i>Amounts reported for governmental activities in the statement of net position are different because</i></b>		
Capital Assets used in governmental activities are not resources and therefore are not reported in the funds.		12,905,486
Other long-term assets are not available to pay for current- period expenditures and therefore are deferred in the funds.		723,324
The net pension liability is not due and payable in the current period; therefore, the liability and related deferred inflows/outflows are not reported in governmental funds:		
Deferred Outflows - Pension	2,893,280	
Deferred Inflows - Pension	(2,112,982)	
Net Pension Liability	<u>(29,193,240)</u>	(28,412,942)
Long-term liabilities, including bonds payable, are not due and payable in the current period and therefore are not reported in the funds.		
Energy Conservation Bonds Payable	(692,648)	
General Obligation Bonds Payable	(8,123,713)	
Deferred loss on refunding (to be amortized as interest expense)	76,738	
Issuance Premium (to be amortized against interest expense)	(341,185)	
Interest Accretion (to be amortized as interest expense)	(457,332)	
Capital Leases Payable	(82,910)	
Compensated Absences Payable	(233,027)	
Accrued Interest Payable	<u>(27,193)</u>	<u>(9,881,270)</u>
<b><i>Net Position of Governmental Activities</i></b>		<b><u>\$ (6,788,995)</u></b>

See accompanying notes to the basic financial statements

## **LAKEWOOD LOCAL SCHOOL DISTRICT**

**Statement of Revenues, Expenditures and Changes in Fund Balances**  
**Governmental Funds**  
**For the Fiscal Year Ended June 30, 2016**

	General	Debt Service	Other Governmental Funds	Total Governmental Funds
<b>Revenues:</b>				
Local Sources:				
Taxes	\$ 13,314,199	\$ 934,539	\$ 0	\$ 14,248,738
Tuition	827,692	0	0	827,692
Investment Earnings	110,693	0	0	110,693
Extracurricular Activities	37,729	0	97,891	135,620
Class Materials and Fees	55,707	0	0	55,707
Intermediate Sources	0	0	14,522	14,522
Intergovernmental - State	8,892,789	225,678	102,515	9,220,982
Intergovernmental - Federal	135,809	0	1,114,131	1,249,940
All Other Revenue	282,132	0	450	282,582
<b>Total Revenue</b>	<b>23,656,750</b>	<b>1,160,217</b>	<b>1,329,509</b>	<b>26,146,476</b>
<b>Expenditures:</b>				
Current:				
Instruction	12,127,180	0	979,463	13,106,643
Supporting Services:				
Pupils	1,392,671	0	92,242	1,484,913
Instructional Staff	505,941	0	175,240	681,181
Board of Education	113,146	0	0	113,146
Administration	1,875,556	0	16,080	1,891,636
Fiscal Services	659,125	12,050	154	671,329
Business	21,811	0	0	21,811
Operation and Maintenance of Plant	1,973,427	0	11,086	1,984,513
Pupil Transportation	1,668,532	0	0	1,668,532
Central	27,123	0	0	27,123
Operation of Non-Instructional Services	154,352	0	0	154,352
Extracurricular Activities	330,613	0	96,832	427,445
Debt Service:				
Principal Retirement	36,424	973,628	0	1,010,052
Interest and Fiscal Charges	3,803	339,860	0	343,663
<b>Total Expenditures</b>	<b>20,889,704</b>	<b>1,325,538</b>	<b>1,371,097</b>	<b>23,586,339</b>
Excess (Deficiency) of Revenues Over (Under) Expenditures	2,767,046	(165,321)	(41,588)	2,560,137

## **LAKWOOD LOCAL SCHOOL DISTRICT**

	General	Debt Service	Other Governmental Funds	Total Governmental Funds
<b>Other Financing Sources (Uses):</b>				
Sale of Capital Assets	5,600	0	0	5,600
Refunding General Obligation Bonds Issued	0	8,055,000	0	8,055,000
Premium on Refunding General Obligation Bonds	0	372,202	0	372,202
Other Financing Sources - Capital Leases	62,770	0	0	62,770
Payment to Refunded Bond Escrow Agent	0	(8,273,386)	0	(8,273,386)
<b>Total Other Financing Sources (Uses)</b>	<b>68,370</b>	<b>153,816</b>	<b>0</b>	<b>222,186</b>
Net Change in Fund Balance	2,835,416	(11,505)	(41,588)	2,782,323
<b>Fund Balances at Beginning of Year</b>	<b>14,260,890</b>	<b>704,400</b>	<b>126,084</b>	<b>15,091,374</b>
Increase in Inventory Reserve	2,710	0	0	2,710
<b>Fund Balances End of Year</b>	<b>\$ 17,099,016</b>	<b>\$ 692,895</b>	<b>\$ 84,496</b>	<b>\$ 17,876,407</b>

See accompanying notes to the basic financial statements

**LAKEWOOD LOCAL SCHOOL DISTRICT**

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***Reconciliation of the Statement of Revenues, Expenditures and  
Changes in Fund Balances of Governmental Funds  
To the Statement of Activities  
For the Fiscal Year Ended June 30, 2016***

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<b>Net Change in Fund Balances - Total Governmental Funds</b>	\$	2,782,323
 <i>Amounts reported for governmental activities in the statement of activities are different because</i>		
Governmental funds report capital outlays as expenditures. However, in the statement of activities, the cost of those assets is allocated over their estimated useful lives as depreciation expense. This is the amount by which depreciation exceeded capital outlays in the current period.		(218,596)
The net effect of various miscellaneous transactions involving capital assets (i.e., sales and donations) is to decrease net position.		(20,407)
Revenues in the statement of activities that do not provide current financial resources are not reported as revenues in the funds.		97,370
Contractually required contributions are reported as expenditures in governmental funds; however, the statement of net position reports these amounts as deferred outflows.		1,703,289
Except for amounts reported as deferred inflows/outflows, changes in the net pension liability are reported as pension expense in the statement of activities.		(1,357,502)
The issuance of long-term debt (e.g. notes, leases) provides current financial resources to government funds, while the repayment of the principal of long-term debt consumes the current financial resources of government funds. Neither transaction, however, has any effect on net position. This amount is the net effect of these differences in the treatment of long-term debt and related items.		793,466
In the statement of activities, interest is accrued on outstanding bonds, whereas in governmental funds, interest expenditure is reported when due.		(99,061)
Some expenses reported in the statement of activities do not require the use of current financial resources and therefore are not reported as expenditures in the governmental funds.		
Compensated Absences	(16,000)	
Amortization of Deferred Loss on Refunding	(6,976)	
Amortization of Premium on Bond Issuance	31,017	
Change in Inventory	2,710	10,751
<b><i>Change in Net Position of Governmental Activities</i></b>	<b>\$</b>	<b><u>3,691,633</u></b>

See accompanying notes to the basic financial statements

## LAKEWOOD LOCAL SCHOOL DISTRICT

**Statement of Revenues, Expenditures and Changes in  
Fund Balance – Budget and Actual (Non-GAAP Budgetary Basis)  
General Fund  
For the Fiscal Year Ended June 30, 2016**

	Original Budget	Final Budget	Actual	Variance with Final Budget Positive (Negative)
<b>Revenues:</b>				
Local Sources:				
Taxes	\$ 13,312,871	\$ 13,203,409	\$ 13,203,409	\$ 0
Tuition	696,500	772,503	772,503	0
Investment Earnings	56,500	90,000	89,753	(247)
Class Material and Fees	63,155	55,120	54,610	(510)
Intergovernmental - State	8,961,063	8,892,789	8,892,789	0
Intergovernmental - Federal	30,000	124,500	135,285	10,785
All Other Revenues	298,800	249,368	263,650	14,282
Total Revenues	23,418,889	23,387,689	23,411,999	24,310
<b>Expenditures:</b>				
Current:				
Instructional Services	12,202,573	12,160,887	12,021,513	139,374
Support Services:				
Pupils	1,373,694	1,419,984	1,400,901	19,083
Instructional Staff	534,266	519,806	497,231	22,575
Board of Education	111,405	124,077	111,387	12,690
Administration	1,979,078	1,915,802	1,885,488	30,314
Fiscal Services	662,762	671,739	660,406	11,333
Business	53,085	39,328	35,915	3,413
Operation and Maintenance of Plant	2,209,578	2,510,416	2,386,203	124,213
Pupil Transportation	1,955,245	1,847,753	1,771,453	76,300
Central	24,990	23,885	23,069	816
Operation of Non-Instructional Services	202,113	164,750	162,783	1,967
Extracurricular Activities	312,070	305,318	288,883	16,435
Total Expenditures	21,620,859	21,703,745	21,245,232	458,513
Excess (Deficiency) of Revenues Over (Under) Expenditures	1,798,030	1,683,944	2,166,767	482,823
<b>Other Financing Sources (Uses):</b>				
Sale of Capital Assets	5,500	5,600	5,600	0
Transfers Out	(5,000)	0	0	0
Total Other Financing Sources (Uses):	500	5,600	5,600	0
Net Change in Fund Balance	1,798,530	1,689,544	2,172,367	482,823
Fund Balance at Beginning of Year	14,824,734	14,824,734	14,824,734	0
Prior Year Encumbrances	352,278	352,278	352,278	0
Fund Balance at End of Year	\$ 16,975,542	\$ 16,866,556	\$ 17,349,379	\$ 482,823

See accompanying notes to the basic financial statements

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**LAKEWOOD LOCAL SCHOOL DISTRICT**

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***Statement of Net Position***  
***Proprietary Fund***  
***June 30, 2016***

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	Business-Type Activities
	<u>Enterprise Funds</u>
	<u>Food Service</u>
<b>Assets:</b>	
<i>Current Assets:</i>	
Cash and Cash Equivalents	\$ 72,380
Inventory Held for Resale	6,706
Prepaid Items	12,632
<i>Total Current Assets</i>	<u>91,718</u>
<i>Non Current Assets:</i>	
Capital Assets, Net	132,142
<b>Total Assets</b>	<u>223,860</u>
<b>Deferred Outflows of Resources:</b>	
Pension	<u>25,059</u>
<b>Liabilities:</b>	
<i>Current Liabilities:</i>	
Accounts Payable	248
Accrued Wages and Benefits	51,221
Intergovernmental Payable	21,119
Compensated Absences Payable - current	103
<i>Total Current Liabilities</i>	<u>72,691</u>
<i>Long Term Liabilities:</i>	
Compensated Absences Payable	3,803
Net Pension Liability	265,049
<i>Total Long-term Liabilities</i>	<u>268,852</u>
<b>Total Liabilities</b>	<u>341,543</u>
<b>Deferred Inflows of Resources:</b>	
Pension	<u>35,903</u>
<b>Net Position:</b>	
Net Investment in Capital Assets	132,142
Unrestricted	(260,669)
<b>Total Net Position</b>	<u>\$ (128,527)</u>

See accompanying notes to the basic financial statements



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**LAKEWOOD LOCAL SCHOOL DISTRICT**

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**Statement of Revenues, Expenses and Changes in Fund Net Position**  
**Proprietary Fund**  
**For the Fiscal Year Ended June 30, 2016**

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	Business-Type Activities
	<u>Enterprise Funds</u>
	<u>Food Service</u>
<b>Operating Revenues:</b>	
Sales	\$ 308,988
<b>Total Operating Revenues</b>	<u>308,988</u>
<b>Operating Expenses:</b>	
Salaries and Wages	278,896
Fringe Benefits	176,358
Contractual Services	14,981
Supplies and Materials	407,832
Depreciation	16,163
Other Operating Expense	1,039
<b>Total Operating Expenses</b>	<u>895,269</u>
Operating Loss	(586,281)
<b>Nonoperating Revenue (Expenses):</b>	
Intergovernmental Grants	538,906
Investment Earnings	242
<b>Total Nonoperating Revenues (Expenses)</b>	<u>539,148</u>
Net Loss before Contributions	(47,133)
Capital Contributions	23,206
Change in Net Position	(23,927)
Net Position Beginning of Year	<u>(104,600)</u>
Net Position End of Year	<u>\$ (128,527)</u>

See accompanying notes to the basic financial statements

## **LAKEWOOD LOCAL SCHOOL DISTRICT**

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***Statement of Cash Flows  
Proprietary Fund  
For the Fiscal Year Ended June 30, 2016***

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	Business-Type Activities Enterprise Fund
	Food Service
<u>Cash Flows from Operating Activities:</u>	
Cash Received from Customers	\$309,885
Cash Payments for Goods and Services	(371,449)
Cash Payments to Employees for Services and Benefits	(477,724)
Net Cash Used by Operating Activities	(539,288)
<u>Cash Flows from Noncapital Financing Activities:</u>	
Intergovernmental Grants Received	483,657
Net Cash Provided by Noncapital Financing Activities	483,657
<u>Cash Flows from Capital and Related Financing Activities:</u>	
Acquisition of Capital Assets	(3,912)
Capital Grants Received	23,206
Net Cash Provided by Capital Financing Activities	19,294
<u>Cash Flows from Investing Activities:</u>	
Receipt of Interest	242
Net Cash Provided by Investing Activities	242
Net Decrease in Cash and Cash Equivalents	(36,095)
Cash and Cash Equivalents at Beginning of Year	108,475
Cash and Cash Equivalents at End of Year	\$72,380
<u>Reconciliation of Operating Loss to Net Cash Used by Operating Activities:</u>	
Operating Loss	(\$586,281)
Adjustments to Reconcile Operating Loss to Net Cash Used by Operating Activities:	
Depreciation Expense	16,163
Donated Commodities Used During the Year	55,249
Changes in Assets and Liabilities:	
Decrease in Accounts Receivable	897
Increase in Inventory	(2,595)
Increase in Prepaid Items	(637)
Increase in Deferred Outflow-Pension	(1,188)
Decrease in Accounts Payable	(251)
Increase in Accrued Wages and Benefits	2,593
Decrease in Intergovernmental Payables	(2,817)
Decrease in Compensated Absences	(12,087)
Decrease in Net Pension Liability	(1,049)
Decrease in Deferred Inflow-Pension	(7,285)
Total Adjustments	46,993
Net Cash Used by Operating Activities	(\$539,288)

Schedule of Noncash Investing, Capital and Financing Activities:

During fiscal year 2016, the Food Service Fund received \$55,249 in donated commodities from the federal government.

See accompanying notes to the basic financial statements

**LAKEWOOD LOCAL SCHOOL DISTRICT**

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*Statement of Assets and Liabilities*  
*Fiduciary Fund*  
*June 30, 2016*

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	<u>Agency</u>
<b>Assets:</b>	
Cash and Cash Equivalents	\$ 25,527
<b>Total Assets</b>	<u>\$ 25,527</u>
<b>Liabilities:</b>	
Due to Students	\$ 25,527
<b>Total Liabilities</b>	<u>\$ 25,527</u>

See accompanying notes to the basic financial statements

# **LAKEWOOD LOCAL SCHOOL DISTRICT**

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## ***Notes to the Basic Financial Statements For the Fiscal Year Ended June 30, 2016***

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### **NOTE 1 - SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES**

#### **A. Reporting Entity**

Lakewood Local School District, Ohio (the "District") is a body politic and corporate established for the purpose of exercising the rights and privileges conveyed to it by the constitution and laws of the State of Ohio.

The District is governed by a locally elected five member Board of Education (the Board) which provides educational services. The Board controls the District's instructional support facilities staffed by approximately 102 non-certified and approximately 157 certified teaching personnel and administrative employees providing education to 1,804 students.

The accompanying basic financial statements comply with the provisions of Governmental Accounting Standards Board (GASB) Statement No. 14, "*The Financial Reporting Entity*," as amended by GASB Statement No. 39 "*Determining Whether Certain Organizations Are Component Units*", in that the financial statements include all organizations, activities, functions and component units for which the District (the reporting entity) is financially accountable. The District is financially accountable for an organization if the District appoints a voting majority of the organization's governing board and (1) the District is able to significantly influence the programs or services performed or provided by the organization; or (2) the District is legally entitled to or can otherwise access the organization's resources; or (3) the District is legally obligated or has otherwise assumed the responsibility to finance the deficits of, or provide financial support to, the organization; or (4) the District is obligated for the debt of the organization. Component units may also include organizations that are fiscally dependent on the District in that the District approves the budget, the issuance of debt, or the levying of taxes. The District has one component unit, the Lakewood Digital Academy (the "Academy"), for which the District appoints all of the Board and is able to significantly influence the programs and services performed by the Academy.

The reporting entity of the District includes the following services: instructional (regular, special education), student guidance, extracurricular activities, food service, pupil transportation and care and upkeep of grounds and buildings.

Lakewood Local School District participates in three jointly governed organizations and one insurance purchasing pool. These organizations are the Licking Area Computer Association (LACA), META Solutions (META), Central Ohio Special Education Regional Resource Center and the Sheakley/Better Business Bureau of Central Ohio, Inc., Workers' Compensation Group Rating Program. Information regarding these organizations is presented in Notes 13 and 14.

Discretely Presented Component Unit - The component unit column on the Financial Statements includes the financial data of the District's component unit. It is reported in a separate column to emphasize that it is legally separate from the District.

# ***LAKEWOOD LOCAL SCHOOL DISTRICT***

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## ***Notes to the Basic Financial Statements For the Fiscal Year Ended June 30, 2016***

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### **NOTE 1 - SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)**

#### **A. Reporting Entity** (Continued)

The Lakewood Digital Academy (the "Academy") is a legally separate not-for-profit served by an appointed five-member Board of Directors which consists of residents of the Lakewood Local School District. The Academy, under a contractual agreement with the Lakewood Local School District, provides comprehensive educational programs of high quality, tied to state and national standards, which can be delivered to students in the kindergarten through grade 12 population. It is operated in cooperation with the District to provide an innovative and cost-effective solution to the special problems of disabled students, students removed from school for disciplinary reasons, students needing advanced or specialized courses, which are not available locally, and others who are not currently enrolled in any public school and who are not receiving a meaningful, comprehensive, and standards-based educational program. Based on the significant services provided by the District to the Academy, the Academy's purpose of servicing the students within the District, and the relationship between the Board of Education of the District and the Board of Directors of the Academy, the Academy is reflected as a component unit of the District.

The Lakewood Local School District passed a resolution to close the Lakewood Digital Academy effective June 30, 2016.

The Treasurer/CFO of Lakewood Local School District is the Chief Financial Officer. The Academy operates on a fiscal year ending June 30. Separately issued financial statements can be obtained from Lakewood Digital Academy, 525 East Main Street, Post Office Box 70, Hebron, Ohio, 43025.

The accounting policies and financial reporting practices of the District, including the Academy conform to accounting principles generally accepted in the United States of America as applicable to governmental units. The following is a summary of its significant accounting policies.

#### **B. Basis of Presentation - Fund Accounting**

The accounting system is organized and operated on the basis of funds, each of which is considered a separate accounting entity. The operations of each fund are accounted for with a separate set of self-balancing accounts that comprise its assets, deferred outflows of resources, liabilities, deferred inflows of resources, fund equity, revenues and expenditures/expenses.

The following fund types are used by the District:

***Governmental Funds*** - These are funds through which most governmental functions typically are financed. The acquisition, use and balances of the District's expendable financial resources and the related current liabilities (except those accounted for in the proprietary funds) are accounted for through governmental funds. The measurement focus is based upon determination of "financial flow" (sources, uses and balances of financial resources). The following are the District's major governmental funds:

# ***LAKEWOOD LOCAL SCHOOL DISTRICT***

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## ***Notes to the Basic Financial Statements For the Fiscal Year Ended June 30, 2016***

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### **NOTE 1 - SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)**

#### **B. Basis of Presentation - Fund Accounting** (Continued)

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

Debt Service Fund - This fund is used for the accumulation of resources for, and the payment of, general long-term debt principal and interest.

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

***Proprietary Funds*** – The proprietary funds are accounted for on an “economic resources” measurement focus. This measurement focus provides that all assets and deferred outflows of resources and all liabilities and deferred inflows of resources associated with the operation of the proprietary funds are included on the balance sheet. The proprietary fund operating statements present increases (i.e., revenues) and decreases (i.e., expenses) in net total position.

Enterprise Fund - This fund is used to account for operations that are financed and operated in a manner similar to private business enterprises in which the intent of the governing body is that the costs (expenses, including depreciation) of providing goods or services to the general public on a continuing basis be financed or recovered primarily through user charges. The District’s major enterprise fund is:

Food Services Fund – This fund accounts for the financial transactions related to the food service operations of the District.

***Fiduciary Funds*** – Fiduciary fund reporting focuses on net position and changes in net position. The fiduciary 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 District under a trust agreement for individuals, private organizations or other governments and therefore not available to support the District’s own programs. The District’s agency funds account for various student-managed activity programs and tournament money for the Ohio High School Athletic Association. The agency funds are custodial in nature (assets equal liabilities) and do not involve the measurement of results of operation.

#### **C. Basis of Presentation and Measurement Focus – Financial Statements**

***Government-wide Financial Statements*** – The statement of net position and the statement of activities display information about the District as a whole. These statements include the financial activities of the primary government, except for fiduciary funds. The statements distinguish between those activities of the District that are governmental and those that are considered business-type activities.

## ***LAKEWOOD LOCAL SCHOOL DISTRICT***

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### ***Notes to the Basic Financial Statements For the Fiscal Year Ended June 30, 2016***

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#### **NOTE 1 - SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)**

##### **C. Basis of Presentation and Measurement Focus – Financial Statements** (Continued)

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

The government-wide statement of activities presents a comparison between direct expenses and program revenues for each segment of the business-type activities of the District and for each function or program of the 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 and grants and contributions that are restricted to meeting the operational or capital requirements of a particular program. Revenues which are not classified as program revenues are presented as general revenues of the District, with certain limited exceptions. The comparison of direct expenses with program revenues identifies the extent to which each business segment or governmental function is self-financing or draws from the general revenues of the District.

**Fund Financial Statements** – Fund financial statements report detailed information about the District. The focus of governmental and enterprise fund financial statements is on major funds rather than reporting funds by type. Each major fund is presented in a separate column. Nonmajor funds are aggregated and presented in a single column. Fiduciary funds are reported by fund type.

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

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

# **LAKEWOOD LOCAL SCHOOL DISTRICT**

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## ***Notes to the Basic Financial Statements For the Fiscal Year Ended June 30, 2016***

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### **NOTE 1 - SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)**

#### **D. Basis of Accounting**

Basis of accounting represents the methodology utilized in the recognition of revenues and expenditures or expenses reported in the financial statements. The accounting and reporting treatment applied to a fund is determined by its measurement focus.

The modified accrual basis of accounting is followed by the governmental funds. Under the modified accrual basis of accounting, revenues are recorded when susceptible to accrual, i.e., both measurable and available. The term "available" means collectible within the current period or soon enough thereafter to be used to pay liabilities of the current period, which for the District is considered to be 60 days after fiscal year end. Expenditures are recognized in the accounting period in which the fund liability is incurred, if measurable, except for unmatured interest on general long-term debt which is recognized when due.

Under the modified accrual basis, the following revenue sources are considered susceptible to accrual at year end: property taxes, tuition, grants and entitlements, student fees, and interest on investments.

The accrual basis of accounting is utilized for reporting purposes by the government-wide financial statements, proprietary funds and fiduciary funds. Revenues are recognized when they are earned and expenses are recognized when incurred.

***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.

Non-exchange transactions, in which the 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. Revenue from grants, entitlements and donations is recognized in the fiscal year in which all eligibility requirements have been satisfied. Grants and entitlements received before eligibility requirements are met are recorded as unearned revenue.

Eligibility requirements include timing requirements, which specify the year when the resources are required to be used or the fiscal year when use is first permitted, matching requirements, in which the District must provide local resources to be used for a specified purpose, and expenditure requirements, in which the resources are provided to the District on a reimbursement basis. On a modified accrual basis, revenue from non-exchange transactions must also be available before it can be recognized.



# ***LAKEWOOD LOCAL SCHOOL DISTRICT***

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## ***Notes to the Basic Financial Statements For the Fiscal Year Ended June 30, 2016***

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### **NOTE 1 - SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)**

#### **E. Budgetary Process**

The budgetary process is prescribed by provisions of the Ohio Revised Code and entails the preparation of budgetary documents within an established timetable. The major documents prepared are the certificate of estimated resources and the appropriation resolution, all of which are prepared on the budgetary basis of accounting. The certificate of estimated resources and the appropriation resolution are subject to amendment throughout the year.

All funds other than agency funds are legally required to be budgeted and appropriated; however, only the General Fund and major Special Revenue funds are presented as basic financial statements. The primary level of budgetary control is at the fund level for all funds except the General Fund for which it is at the object level. Budgetary modifications may only be made by resolution of the Board of Education.

#### **1. Estimated Resources**

Prior to March 15, the Board accepts by formal resolution, the tax rates as determined by the County Budget Commission and receives the Commission's Certificate of Estimated Resources which states the projected revenue of each fund. Prior to June 30, the District must revise its budget so that the total contemplated expenditures from any fund during the ensuing fiscal year will not exceed the amount available as stated in the certificate of estimated resources. The revised budget then serves as the basis for the annual appropriations measure. On or about July 1, the certificate of estimated resources is amended to include any unencumbered fund balances from the preceding year. The certificate may be further amended during the year if a new source of revenue is identified or actual receipts exceed current estimates. The amounts reported on the budgetary statement reflect the amounts in the final amended official certificate of estimated resources issued during fiscal year 2016.

#### **2. Appropriations**

A temporary appropriation measure to control expenditures may be passed on or about July 1 of each year for the period July 1 through September 30. An annual appropriation resolution must be passed by October 1 of each year for the period July 1 through June 30. The appropriation resolution establishes spending controls at the fund level except for the General Fund which is at the object level. The appropriation resolution may be amended during the year as additional information becomes available, provided that total fund appropriations do not exceed the current estimated resources as certified. During the year, several supplemental appropriations were necessary to budget the use of contingency funds. Administrative control is maintained through the establishment of more detailed line-item budgets. The budgetary figures which appear in the "Statement of Revenues, Expenditures, and Changes in Fund Balances-Budget and Actual-General Fund" are provided on the budgetary basis to provide a comparison of actual results to the final budget, including all amendments and modifications.

# **LAKEWOOD LOCAL SCHOOL DISTRICT**

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## ***Notes to the Basic Financial Statements For the Fiscal Year Ended June 30, 2016***

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### **NOTE 1 - SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)**

#### **E. Budgetary Process (Continued)**

##### **3. Lapsing of Appropriations**

At the close of each fiscal year, the unencumbered balance of each appropriation reverts to the respective fund from which it was appropriated and becomes subject to future appropriations. The encumbered appropriation balance is carried forward to the subsequent fiscal year and need not be reappropriated.

##### **4. Component Unit**

The contract between the Academy and the District requires a 5 year annual school budget for each year of the contract; however, the budget does not have to follow the provisions of Ohio Revised Code Section 5705.

##### **5. Budgetary Basis of Accounting**

The District's budgetary process accounts for certain transactions on a basis other than accounting principles generally accepted in the United States of America (GAAP). The major differences between the budgetary basis and the GAAP basis lie in the manner in which revenues and expenditures are recorded. Under the budgetary basis, revenues and expenditures are recognized on a cash basis. Utilizing the cash basis, revenues are recorded when received in cash and expenditures when paid. Under the GAAP basis, revenues and expenditures are recorded on the modified accrual basis of accounting. Encumbrances are recorded as the equivalent of expenditures (budgetary basis) as opposed to reservations of fund balance (GAAP basis).

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**LAKEWOOD LOCAL SCHOOL DISTRICT**

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**Notes to the Basic Financial Statements  
For the Fiscal Year Ended June 30, 2016**

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**NOTE 1 - SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)**

**E. Budgetary Process (Continued)**

**5. Budgetary Basis of Accounting (Continued)**

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
GAAP Basis (as reported)	\$2,835,416
Increase (Decrease):	
Accrued Revenues at June 30, 2016, received during FY 2017	(895,904)
Accrued Revenues at June 30, 2015, received during FY 2016	712,446
Accrued Expenditures at June 30, 2016, paid during FY 2017	2,063,490
Accrued Expenditures at June 30, 2015, paid during FY 2016	(1,900,383)
FY 2015 Prepays for FY 2016	208,699
FY 2016 Prepays for FY 2017	(249,423)
Adjustment to Fair Value of Investments Perspective Difference-	(8,874)
Budgeted Special Revenue Fund reclassified as General Fund	(7,866)
Encumbrances Outstanding	(585,234)
Budget Basis	\$2,172,367

**F. Cash and Cash Equivalents**

During fiscal year 2016, cash and cash equivalents included amounts in demand deposits, certificates of deposit and the State Treasury Asset Reserve (STAR Ohio). STAR Ohio is a very liquid investment and is reported as a cash equivalent in the basic financial statements.

The District pools its cash for investment and resource management purposes. Each fund's equity in pooled cash and investments represents the balance on hand as if each fund maintained its own cash and investment account. See Note 4, "Cash, Cash Equivalents and Investments."

# ***LAKEWOOD LOCAL SCHOOL DISTRICT***

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## ***Notes to the Basic Financial Statements For the Fiscal Year Ended June 30, 2016***

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### **NOTE 1 - SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)**

#### **G. Investments**

Investment procedures and interest allocations are restricted by provisions of the Ohio Constitution and the Ohio Revised Code. In accordance with GASB Statement No. 31, "Accounting and Financial Reporting for Certain Investments and for External Investment Pools", the District records all its investments at fair value except for nonparticipating investment contracts (repurchase agreements and certificates of deposit) which are reported at cost, which approximates fair value. All investment income, including changes in the fair value of investments, is recognized as revenue in the operating statements. Fair value is determined by quoted market prices. See Note 4, "Cash, Cash Equivalents and Investments."

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

#### **H. Inventory**

On government-wide financial statements, the governmental fund financial statements, and the proprietary fund financial statements, purchased inventories are presented at the lower of cost or market and donated commodities are presented at their entitlement value. Inventories are recorded on a first-in, first-out basis and are expensed when used. Inventories are accounted for using the purchase method on the governmental fund financial statements and using the consumption method on the government-wide and proprietary fund financial statements.

On the governmental fund financial statements, reported material and supplies inventory is equally offset by a nonspendable fund balance in the governmental funds which indicates that it does not constitute available spendable resources even though it is a component of net current assets.

Inventory consists of expendable supplies held for consumption, donated food and purchased food.

#### **I. Prepaid Items**

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

# LAKEWOOD LOCAL SCHOOL DISTRICT

## *Notes to the Basic Financial Statements For the Fiscal Year Ended June 30, 2016*

### NOTE 1 - SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)

#### **J. Capital Assets and Depreciation**

Capital assets are defined by the District as assets with an initial, individual cost of more than \$600 for capital assets acquired prior to July 1, 2015 and more than \$1,000 for capital assets acquired subsequent to July 1, 2015.

##### 1. Property, Plant and Equipment - Governmental Activities

Governmental activities capital assets are those not directly related to the business-type funds. These generally are acquired or constructed for governmental activities and are recorded as expenditures in the governmental funds and are capitalized at cost (or estimated historical cost for assets not purchased in recent years). These assets are reported in the Governmental Activities column of the Government-wide Statement of Net Position, but they are not reported in the Governmental Fund Financial Statements.

##### 1. Property, Plant and Equipment - Governmental Activities (Continued)

Contributed capital assets are recorded at fair market value at the date received. The District does not possess any infrastructure. Estimated historical costs for governmental activities capital asset values were initially determined by identifying historical costs where such information was available. In cases where information supporting original cost was not obtainable, estimated historical costs were developed. For certain capital assets, the estimates were arrived at by indexing estimated current costs back to the estimated year of acquisition.

##### 2. Property, Plant and Equipment - Business-Type Activities

Property, plant and equipment acquired by the proprietary funds are stated at cost (or estimated historical cost). Contributed capital assets are recorded at fair market value at the date received. These assets are reported in both the Business-Type Activities column of the Government-wide Statement of Net Position and in the respective funds.

##### 3. Depreciation

All capital assets are depreciated excluding land and construction in progress. Depreciation has been provided using the straight-line method over the following estimated useful lives:

<u>Description</u>	<u>Estimated Lives (in years)</u>
Land Improvements	10 - 15
Buildings and Improvements	12 - 40
Furniture, Fixtures and Equipment	5 - 15
Vehicles	7 - 10

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**LAKEWOOD LOCAL SCHOOL DISTRICT**

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***Notes to the Basic Financial Statements  
For the Fiscal Year Ended June 30, 2016***

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**NOTE 1 - SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)**

**K. Long-Term Obligations**

Long-term liabilities are being repaid from the following funds:

<u>Obligation</u>	<u>Fund</u>
General Obligation Bonds Payable	Debt Service Fund
Energy Conservation Bonds	Debt Service Fund
Compensated Absences	General Fund, Food Services Fund
Capital Leases	General Fund

**L. Compensated Absences**

In accordance with GASB Statement No. 16, “*Accounting for Compensated Absences*,” vacation benefits are accrued as a liability when an employee’s right to receive compensation is attributable to services already rendered, and it is probable that the employee will be compensated through paid time off or some other means, such as cash payments at termination or retirement. Supervisory personnel and classified exempt employees who work twelve month contracts are granted vacation leave based on length of service. Sick leave benefits are accrued as a liability using the vesting method. Employees may earn 15 days of sick leave per year. Upon retirement, employees will receive one-fourth of the accumulated sick leave up to a maximum of 55 or 65 days depending on the employee’s position.

Compensated absences accumulated by governmental fund type and proprietary fund type employees are reported as an expense when earned in the government-wide financial statements. For governmental fund financial statements, compensated absences are recognized as a liability and expenditure to the extent payments come due each period upon the occurrence of employee resignations and retirements. These amounts are recorded in the fund from which the employees who have accumulated leave are paid. The noncurrent portion of the liability is not recorded. For proprietary funds, the entire compensated absences amount is reported as a fund liability. See Note 1K for funds liquidating compensated absences.

**M. Net Position**

Net position represents the difference between assets and deferred outflows of resources, and liabilities and deferred inflows of resources. Net investment in capital assets, consists of capital assets, net of accumulated depreciation, reduced by the outstanding balances of any borrowings used for the acquisition, construction or improvement of those assets. Net position is reported as restricted when there are limitations imposed on their use either through the enabling legislation adopted by the District or through external restrictions imposed by creditors, grantors or laws or regulations of other governments. Net position restricted for other purposes is for extracurricular activities and career technology. None of the restricted net position reported at June 30, 2016 was by enabling legislation. The District applies restricted resources when an expense is incurred for purposes for which both restricted and unrestricted resources are available.

## **LAKEWOOD LOCAL SCHOOL DISTRICT**

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### ***Notes to the Basic Financial Statements For the Fiscal Year Ended June 30, 2016***

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#### **NOTE 1 - SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)**

##### **N. Fund Balance**

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

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

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

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

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

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

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

## ***LAKEWOOD LOCAL SCHOOL DISTRICT***

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### ***Notes to the Basic Financial Statements For the Fiscal Year Ended June 30, 2016***

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#### **NOTE 1 - SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)**

##### **O. Pensions**

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

##### **P. Interfund Activity**

On fund financial statements, receivables and payables resulting from short-term interfund loans are classified as “interfund loans receivables/payables”. Flows of cash or goods from one fund to another without a requirement for repayment are reported as interfund transfers. Interfund transfers are reported as other financing sources/uses in governmental funds and after nonoperating revenues/expenses in proprietary funds. Interfund activity within governmental activities and business-type activities are eliminated for reporting on the government-wide financial statements.

##### **Q. Estimates**

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

##### **R. Operating Revenues and Expenses**

Proprietary funds distinguish operating revenues and expenses from nonoperating items. Operating revenues are those revenues that are generated directly from the primary activity of the proprietary funds. For the District, these revenues are sales for food service. Operating expenses are necessary costs incurred to provide the good or service that is the primary activity of the fund. All revenues and expenses not meeting this definition are reported as nonoperating revenues and expenses.

##### **S. Extraordinary and Special Items**

Extraordinary items are transactions or events that are both unusual in nature and infrequent in occurrence. Special items are transactions or events that are within the control of the Board of Education and that are either unusual in nature or infrequent in occurrence. There were no extraordinary or special items reported for fiscal year 2016.



# **LAKEWOOD LOCAL SCHOOL DISTRICT**

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## ***Notes to the Basic Financial Statements For the Fiscal Year Ended June 30, 2016***

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### **NOTE 1 - SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)**

#### **T. Bond Premiums, Bond Discounts, Gains on Refunding and Issuance Costs**

In the government-wide financial statements, bond premiums and discounts are deferred and amortized over the term of the bonds using the straight-line method, which approximates the effective interest method. Bonds payable are reported net of the applicable bond premium and discount. Bond issuance costs are expensed. Bond premiums are deferred and accreted over the term of the bonds. Any gain or loss on refunding is allocated over the life of the old debt or the new debt whichever is shorter.

On the governmental fund financial statements, governmental fund types recognize issuance costs, bond premiums, and bond discounts in the current period. The face amount of the debt issue is reported as other financing sources. Premiums and discounts received on debt issuances are reported as other financing sources and uses. Issuance costs, whether or not withheld from the actual debt proceeds received, are reported as debt service expenditures.

#### **U. Deferred Outflows/Inflows of Resources**

In addition to assets, the statement of net position will sometimes report a separate section for deferred outflows of resources. This separate financial statement element, deferred outflows of resources, represents a consumption of net position that applies to a future period(s) and so will not be recognized as an outflow of resources (expense/ expenditure) until then. For the District, deferred outflows of resources are reported on the government-wide statement of net position for deferred charges on refunding and for pension. A deferred charge on refunding results from the difference in the carrying value of refunded debt and its reacquisition price. This amount is deferred and amortized over the shorter of the life of the refunded or refunding debt. The deferred outflows of resources related to pension are explained in Note 9.

In addition to liabilities, the statement of net position will sometimes report a separate section for deferred inflows of resources. This separate financial statement element, deferred inflows of resources, represents an acquisition of net position that applies to a future period(s) and so will not be recognized as an inflow of resources (revenue) until that time. For the District, deferred inflows of resources include property taxes, pension, and unavailable revenue. On the government-wide statement of net position and governmental funds balance sheet, property taxes that are intended to finance future fiscal periods are reported as deferred inflows. In addition, the governmental funds balance sheet reports deferred inflows which arise only under a modified accrual basis of accounting. Accordingly, the item, unavailable amounts, is reported only in the governmental funds balance sheet. The governmental funds report unavailable amounts for property taxes, investment earnings, grants, and state levied shared taxes. These amounts are deferred and recognized as an inflow of resources in the period that the amounts become available. Deferred inflows of resources related to pension are reported on the government-wide statement of net position explained in Note 9.

**LAKWOOD LOCAL SCHOOL DISTRICT**

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**Notes to the Basic Financial Statements  
For the Fiscal Year Ended June 30, 2016**

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**NOTE 1 - SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)**

**V. Fair Value**

The District categorizes its fair value measurements within the fair value hierarchy established by generally accepted accounting principles. The hierarchy is based on the valuation inputs used to measure the fair value of the asset. Level 1 inputs are quoted prices in active markets for identical assets; Level 2 inputs are significant other observable inputs; Level 3 inputs are significant unobservable inputs.

**NOTE 2 – FUND BALANCES**

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

<u>Fund Balances</u>	<u>General Fund</u>	<u>Debt Service</u>	<u>Other Governmental Funds</u>	<u>Total Governmental Funds</u>
Nonspendable:				
Prepaid Items	\$249,423	\$0	\$28,374	\$277,797
Supplies Inventory	34,544	0	0	34,544
Total Nonspendable	<u>283,967</u>	<u>0</u>	<u>28,374</u>	<u>312,341</u>
Restricted:				
Career Technology Education	22,740	0	0	22,740
Local Grants	0	0	3,523	3,523
Extracurricular Activities	0	0	72,445	72,445
Preschool	0	0	49	49
Debt Service Payments	0	692,895	0	692,895
Total Restricted	<u>22,740</u>	<u>692,895</u>	<u>76,017</u>	<u>791,652</u>
Committed:				
Building Maintenance and Renovation	204,164	0	0	204,164
Assigned:				
Services and Supplies	553,459	0	0	553,459
Student and Staff Support	45,232	0	0	45,232
Total Assigned	<u>598,691</u>	<u>0</u>	<u>0</u>	<u>598,691</u>
Unassigned	15,989,454	0	(19,895)	15,969,559
Total Fund Balances	<u><u>\$17,099,016</u></u>	<u><u>\$692,895</u></u>	<u><u>\$84,496</u></u>	<u><u>\$17,876,407</u></u>

## **LAKWOOD LOCAL SCHOOL DISTRICT**

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### ***Notes to the Basic Financial Statements For the Fiscal Year Ended June 30, 2016***

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#### **NOTE 3 – EXPLANATION OF CERTAIN DIFFERENCES BETWEEN THE GOVERNMENTAL FUND STATEMENT OF REVENUES, EXPENDITURES, AND CHANGES IN FUND BALANCES AND THE GOVERNMENT-WIDE STATEMENT OF ACTIVITIES**

The governmental fund statement of revenues, expenditures, and changes in fund balances includes a reconciliation between net changes in fund balances – total governmental funds and changes in net position of governmental activities as reported in the government – wide statement of activities. The following is a detailed listing of those reconciling items that are net adjustments or a combination of several transactions:

*Amount by which depreciation exceeded capital outlays in the current period:*

Capital Outlay	\$741,100
Depreciation Expense	(959,696)
	<u>(\$218,596)</u>

*Amount of loss on disposal of capital assets net of proceeds received:*

Loss on Disposal of Capital Asset	(\$14,807)
Proceeds Received	(5,600)
	<u>(\$20,407)</u>

*Governmental revenues not reported in the funds:*

Increase in Investment Earnings	\$2,212
Increase in Grants Revenue	70,917
Increase in Delinquent Tax Revenue	24,241
	<u>\$97,370</u>

*Amount of bond and lease principal payments:*

Bond Principal Payment	\$785,000
Energy Conservation Bond Principal Payment	188,628
Refunding General Obligation Bond Proceeds	(8,055,000)
Premium on Refunding General Obligation Bond Proceeds	(372,202)
Payment to Refunded Bond Escrow Agent	8,273,386
Capital Lease Proceeds	(62,770)
Capital Lease Payment	36,424
	<u>\$793,466</u>

## ***LAKEWOOD LOCAL SCHOOL DISTRICT***

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### ***Notes to the Basic Financial Statements For the Fiscal Year Ended June 30, 2016***

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#### **NOTE 4 – CASH, CASH EQUIVALENTS AND INVESTMENTS**

Cash resources of several individual funds are combined to form a pool of cash, cash equivalents and investments. The District has adopted an Investment Policy that follows Ohio Revised Code Chapter 135 and applies the prudent person standard. The prudent person standard requires the Treasurer/CFO to exercise the care, skill and experience that a prudent person would use to manage his/her personal financial affairs and to seek investments that will preserve principal while maximizing income.

Statutes require the classification of funds held by the District into three categories. Category 1 consists of “active” funds - those funds required to be kept in a “cash” or “near cash” status for immediate use by the District. Such funds must be maintained either as cash in the District Treasury or in depository accounts payable or withdrawable on demand, including negotiable order of withdrawal (NOW) accounts.

Category 2 consists of “inactive” funds - those funds not required for use within the current five year period of designation of depositories. Inactive funds may be deposited or invested only as certificates of deposit maturing not later than the end of the current period of designation of depositories.

Category 3 consists of “interim” funds - those funds which are not needed for immediate use but, which will be needed before the end of the current period of designation of depositories. Interim funds may be invested or deposited in the following securities:

- United States treasury notes, bills, bonds, or any other obligation or security issued by the United States treasury or any other obligation guaranteed as to principal or interest by the United States;
- Bonds, notes, debentures, or any other obligations or securities issued by any federal government agency or instrumentality, including but not limited to, the federal national mortgage association, federal home loan bank, federal farm credit bank, federal home loan mortgage corporation, government national mortgage association, and student loan marketing association. All federal agency securities shall be direct issuances of federal government agencies or instrumentalities;
- Written repurchase agreements in the securities listed above provided that the market value of the securities subject to the repurchase agreement must exceed the principal value of the agreement by at least two percent and be marked to market daily, and that the term of the agreement must not exceed thirty days;
- Interim deposits in eligible institutions applying for interim funds;

**LAKEWOOD LOCAL SCHOOL DISTRICT**

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***Notes to the Basic Financial Statements  
For the Fiscal Year Ended June 30, 2016***

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**NOTE 4 – CASH, CASH EQUIVALENTS, AND INVESTMENTS (Continued)**

- Bonds and other obligations of the State of Ohio;
- No-load money market mutual funds consisting exclusively of obligations described in the first two bullets of this section and repurchase agreements secured by such obligations, provided that investments in securities described in this division are made only through eligible institutions, and
- The State Treasury Asset Reserve of Ohio (STAR Ohio).

**A. Deposits**

Custodial credit risk is the risk that in the event of bank failure, the government's deposits may not be returned. Protection of District cash and deposits is provided by the federal deposit insurance corporation as well as qualified securities pledged by the institution holding the assets. The District has no policy on custodial credit risk and is governed by Ohio Revised Code. Ohio Law requires that deposits be placed in eligible banks or savings and loan associations located in Ohio. Any public depository in which the District places deposits must pledge as collateral eligible securities of aggregate market value equal to the excess of deposits not insured by the Federal Deposit Insurance Corporation (FDIC). The securities pledged as collateral are pledged to a pool for each individual financial institution in amounts equal to at least 105% of the carrying value of all public deposits held by each institution. Obligations that may be pledged as collateral are limited to obligations of the United States and its agencies and obligations of any state, county, municipal corporation or other legally constituted authority of any other state, or any instrumentality of such county, municipal corporation or other authority. Collateral is held by trustees including the Federal Reserve Bank and designated third party trustees of the financial institutions.

At year end the carrying amount of the District's deposits was \$8,052,979 and the bank balance was \$8,681,453. Federal depository insurance covered \$8,650,346 of the bank balance and \$31,107 was uninsured. Of the remaining uninsured bank balance, the District was exposed to custodial risk as follows:

	<u>Balance</u>
Uninsured and collateralized with securities held by the pledging institution's trust department not in the District's name	<u>\$31,107</u>
Total Balance	<u><u>\$31,107</u></u>

Investment earnings of \$4,724 earned by other funds were credited to the General Fund as required by state statute.

## **LAKEWOOD LOCAL SCHOOL DISTRICT**

### ***Notes to the Basic Financial Statements For the Fiscal Year Ended June 30, 2016***

#### **NOTE 4 – CASH, CASH EQUIVALENTS, AND INVESTMENTS (Continued)**

##### **B. Investments**

The District's investments at June 30, 2016 were as follows:

	Fair Value	Credit Rating	Investment Maturities (in Years)		
			less than 1	1-3	3-5
Repurchase Agreements	\$1,221,393	*	\$1,221,393	\$0	\$0
STAR Ohio	3,103,688	AAAm <sup>1</sup>	3,103,688	0	0
FHLB	1,326,861	a AA+ <sup>1</sup>	170,066	521,769	635,026
FHLMC	770,424	AA+ <sup>1</sup>	0	770,424	0
FFCB	620,025	b AA+ <sup>1</sup>	0	620,025	0
FNMA	2,069,016	c AA+ <sup>1</sup>	0	1,408,904	660,112
JP Morgan Commercial Paper	648,418	A-1 <sup>1</sup>	648,418	0	0
UBS Finance Commercial Paper	134,846	A-1 <sup>1</sup>	134,846	0	0
Toyota Motor Credit Commercial Paper	877,287	A-1+ <sup>1</sup>	877,287	0	0
<b>Total Investments</b>	<b>\$10,771,958</b>		<b>\$6,155,698</b>	<b>\$3,321,122</b>	<b>\$1,295,138</b>

\* United States Treasury and United States Agency securities underlie the repurchase agreements. United States Agency securities are rated AA+ by Standard and Poor's.

<sup>1</sup> Standard & Poor's

<sup>a</sup> \$416,739 in securities were called and \$275,096 in securities are callable on October 13, 2016.

<sup>b</sup> A \$620,025 security is callable on October 13, 2016.

<sup>c</sup> \$808,660 in securities were called and \$1,035,187 in securities are callable in October 2016 and \$225,169 in securities are callable on December 28, 2016.

*Interest Rate Risk* – The Ohio Revised Code generally limits security purchases to those that mature within five years of settlement date. The District has no investment policy that limits investment purchases beyond the requirements of Ohio Revised Code.

*Investment Credit Risk* – The District has no investment policy that limits its investment choices other than the limitation of State statute for “interim” funds described previously.

*Concentration of Credit Risk* – The District places no limit on the amount the District may invest in one issuer. Of the District's total investments, 11.34% are in repurchase agreements, 28.81% are in STAR Ohio, 12.32% are in FHLB securities, 7.15% are in FHLMC securities, 5.76% are in FFCB securities, 19.21% are in FNMA securities, and 15.41% are in Commercial Paper.

**LAKEWOOD LOCAL SCHOOL DISTRICT**

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**Notes to the Basic Financial Statements  
For the Fiscal Year Ended June 30, 2016**

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**NOTE 4 – CASH, CASH EQUIVALENTS, AND INVESTMENTS (Continued)**

**B. Investments** (Continued)

*Custodial Credit Risk* – 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 investment or collateral securities that are in the possession of an outside party. Of the District’s investment in repurchase agreements, the entire balance is collateralized by underlying securities pledged by the investment’s counterparty, not in the name of the District. The District has no policy on custodial credit risk and is governed by Ohio Revised Code as described under Deposits.

**C. Reconciliation of Cash, Cash Equivalents and Investments**

The classification of cash, cash equivalents and investments on the financial statements is based on criteria set forth in GASB Statement No. 9. Certificates of deposit with an original maturity of three months or less are treated as cash equivalents. The classification of cash and cash equivalents (deposits) for purposes of this note are based on criteria set forth in GASB Statement No. 3.

	<u>Cash and Cash Equivalents</u>	<u>Investments</u>
Per Financial Statements	\$4,028,060	\$14,796,877
Certificates of Deposit (with original maturities of more than 3 months)	8,350,000	(8,350,000)
Repurchase Agreements	(1,221,393)	1,221,393
STAR Ohio	(3,103,688)	3,103,688
Per GASB Statement No. 3	<u>\$8,052,979</u>	<u>\$10,771,958</u>

**D. Component Unit**

At year end the carrying amount of the Academy’s deposits was \$21,302 and the bank balance was \$21,859. Federal depository insurance covered the entire bank balance. There are no significant statutory restrictions regarding the deposit and investment of funds by the Academy.

# **LAKEWOOD LOCAL SCHOOL DISTRICT**

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## ***Notes to the Basic Financial Statements For the Fiscal Year Ended June 30, 2016***

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### **NOTE 5 - PROPERTY TAXES**

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

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

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

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

	2015 Second Half <u>Collections</u>	2016 First Half <u>Collections</u>
Agricultural/Residential and Other Real Estate	\$404,571,981	\$395,670,850
Public Utility Personal	23,420,060	27,025,450
Total Assessed Value	<u>\$427,992,041</u>	<u>\$422,696,300</u>
Tax rate per \$1,000 of assessed valuation	\$54.40	\$54.20

### **NOTE 6 - RECEIVABLES**

Receivables at June 30, 2016 consisted of taxes, accounts, interest and intergovernmental receivables.



**LAKWOOD LOCAL SCHOOL DISTRICT**

**Notes to the Basic Financial Statements  
For the Fiscal Year Ended June 30, 2016**

**NOTE 7 - INTERFUND RECEIVABLES AND PAYABLES**

Following is a summary of interfund receivables and payables for all funds at June 30, 2016:

	Interfund Loan Receivables	Interfund Loan Payables
General Fund	\$4,002	\$0
Nonmajor Governmental Funds	0	4,002
Totals	\$4,002	\$4,002

The Interfund Loan is a short-term loan to cover temporary cash deficits.

**NOTE 8 - CAPITAL ASSETS**

**A. Governmental Activities Capital Assets**

Summary by category of changes in governmental activities capital assets at June 30, 2016:

<i>Historical Cost:</i>				
Class	Balance at June 30, 2015	Additions	Deletions	Balance at June 30, 2016
<i>Capital Assets not being depreciated:</i>				
Land	\$275,555	\$0	\$0	\$275,555
Construction In Progress	0	19,600	0	19,600
Subtotal	275,555	19,600	0	295,155
<i>Capital Assets being depreciated:</i>				
Land Improvements	1,109,939	101,725	(15,775)	1,195,889
Buildings and Improvements	22,409,395	167,372	0	22,576,767
Furniture, Fixtures and Equipment	3,716,273	249,405	(236,333)	3,729,345
Vehicles	2,188,220	202,998	(171,780)	2,219,438
Subtotal	29,423,827	721,500	(423,888)	29,721,439
Total Cost	\$29,699,382	\$741,100	(\$423,888)	\$30,016,594
 <i>Accumulated Depreciation:</i>				
Class	Balance at June 30, 2015	Additions	Deletions	Balance at June 30, 2016
Land Improvements	(\$505,160)	(\$59,671)	\$15,775	(\$549,056)
Buildings and Improvements	(11,510,359)	(534,914)	0	(12,045,273)
Furniture, Fixtures and Equipment	(3,006,655)	(244,070)	215,926	(3,034,799)
Vehicles	(1,532,719)	(121,041)	171,780	(1,481,980)
Total Depreciation	(\$16,554,893)	(\$959,696) *	\$403,481	(\$17,111,108)
<i>Net Value:</i>	\$13,144,489			\$12,905,486

***LAKEWOOD LOCAL SCHOOL DISTRICT***

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***Notes to the Basic Financial Statements  
For the Fiscal Year Ended June 30, 2016***

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**NOTE 8 - CAPITAL ASSETS (Continued)**

**A. Governmental Activities Capital Assets (Continued)**

\* Depreciation expenses were charged to governmental functions as follows:

Instruction	\$536,890
Support Services:	
Instructional Staff	29,804
Administration	33,768
Operations and Maintenance of Plant	48,801
Pupil Transportation	128,904
Other Noninstructional Services	42,003
Extracurricular Activities	139,526
Total Depreciation Expense	\$959,696

**B. Business-Type Activities Capital Assets**

Summary by Category at June 30, 2016:

Class	Balance at June 30, 2015	Additions	Deletions	Balance at June 30, 2016
Furniture and Equipment	\$427,409	\$3,912	(\$4,545)	\$426,776
Accumulated Depreciation	(283,016)	(16,163)	4,545	(294,634)
<b><i>Net Value:</i></b>	\$144,393	(\$12,251)	\$0	\$132,142

**C. Component Unit Capital Assets**

Summary by Category at June 30, 2016:

Class	Balance at June 30, 2015	Additions	Deletions	Balance at June 30, 2016
Furniture and Equipment	\$134,509	\$0	(\$74,954)	\$59,555
Accumulated Depreciation	(108,012)	(7,739)	74,432	(41,319)
<b><i>Net Value:</i></b>	\$26,497	(\$7,739)	(\$522)	\$18,236

# ***LAKEWOOD LOCAL SCHOOL DISTRICT***

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## ***Notes to the Basic Financial Statements For the Fiscal Year Ended June 30, 2016***

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### **NOTE 9 - DEFINED BENEFIT PENSION PLANS**

All of the District's full-time employees participate in one of two separate retirement systems which are cost-sharing, multiple-employer defined benefit pension plans.

#### **A. Net Pension Liability**

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

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

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

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

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

**LAKEWOOD LOCAL SCHOOL DISTRICT**

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**Notes to the Basic Financial Statements  
For the Fiscal Year Ended June 30, 2016**

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**NOTE 9 - DEFINED BENEFIT PENSION PLANS (Continued)**

**B. Plan Description**

***School Employees Retirement System (SERS)***

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

Age and service requirements for retirement are as follows:

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

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

Annual retirement benefits are calculated based on final average salary multiplied by a percentage that varies based on year of service; 2.2 percent for the first thirty years of service and 2.5 percent for years of service credit over 30. Final average salary is the average of the highest three years of salary. One year after an effective benefit date, a benefit recipient is entitled to a three percent cost-of-living adjustment (COLA). This same COLA is added each year to the base benefit amount on the anniversary date of the benefit.

Funding Policy – Plan members are required to contribute 10 percent of their annual covered salary and the District is required to contribute 14 percent of annual covered payroll. The contribution requirements of plan members and employers are established and may be amended by the SERS’ Retirement Board up to statutory maximum amounts of 10 percent for plan members and 14 percent for employers. The Retirement Board, acting with the advice of the actuary, allocates the employer contribution rate among four of the System’s funds (Pension Trust Fund, Death Benefit Fund, Medicare B Fund, and Health Care Fund). For the fiscal year ended June 30, 2016, the allocation to pension, death benefits, and Medicare B was 14.00 percent. None of the 14 percent employer contribution rate was allocated to the Health Care Fund.

The District’s contractually required contribution to SERS was \$395,366 for fiscal year 2016. Of this amount \$23,489 is reported as an intergovernmental payable.

## ***LAKEWOOD LOCAL SCHOOL DISTRICT***

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### ***Notes to the Basic Financial Statements For the Fiscal Year Ended June 30, 2016***

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#### **NOTE 9 - DEFINED BENEFIT PENSION PLANS (Continued)**

##### **B. Plan Description (Continued)**

###### ***State Teachers Retirement System (STRS)***

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

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

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

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

## **LAKEWOOD LOCAL SCHOOL DISTRICT**

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### ***Notes to the Basic Financial Statements For the Fiscal Year Ended June 30, 2016***

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#### **NOTE 9 - DEFINED BENEFIT PENSION PLANS (Continued)**

##### **B. Plan Description (Continued)**

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

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

Funding Policy – Employer and member contribution rates are established by the State Teachers Retirement Board and limited by Chapter 3307 of the Ohio Revised Code. The statutory maximum employee contribution rate was increased one percent July 1, 2015, and will be increased one percent until it reaches 14 percent on July 1, 2016. For the fiscal year ended June 30, 2016, plan members were required to contribute 13 percent of their annual covered salary. The District was required to contribute 14 percent; the entire 14 percent was the portion used to fund pension obligations. The fiscal year 2016 contribution rates were equal to the statutory maximum rates.

The District's contractually required contribution to STRS was \$1,328,719 for fiscal year 2016. Of this amount \$226,472 is reported as an intergovernmental payable.

**LAKEWOOD LOCAL SCHOOL DISTRICT**

**Notes to the Basic Financial Statements  
For the Fiscal Year Ended June 30, 2016**

**NOTE 9 - DEFINED BENEFIT PENSION PLANS (Continued)**

**C. Pension Liabilities, Pension Expense, and Deferred Outflows of Resources and Deferred Inflows of Resources Related to Pensions**

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

	<u>SERS</u>	<u>STRS</u>	<u>Total</u>
Proportionate Share of the Net Pension Liability	\$5,038,946	\$24,419,343	\$29,458,289
Proportion of the Net Pension Liability -2016	0.0883081%	0.08835719%	
Proportion of the Net Pension Liability -2015	<u>0.0906530%</u>	<u>0.08889036%</u>	
Percentage Change	<u>(0.0023449%)</u>	<u>(0.00053317%)</u>	
Pension Expense	\$307,595	\$1,061,181	\$1,368,776

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

	<u>SERS</u>	<u>STRS</u>	<u>Total</u>
<b>Deferred Outflows of Resources</b>			
Differences between expected and actual experience	\$81,040	\$1,113,214	\$1,194,254
School District contributions subsequent to the measurement date	<u>395,366</u>	<u>1,328,719</u>	<u>1,724,085</u>
Total Deferred Outflows of Resources	<u>\$476,406</u>	<u>\$2,441,933</u>	<u>\$2,918,339</u>
<b>Deferred Inflows of Resources</b>			
Net difference between projected and actual earnings on pension plan investments	\$166,956	\$1,756,213	\$1,923,169
Changes in proportionate share	<u>103,772</u>	<u>121,944</u>	<u>225,716</u>
Total Deferred Inflows of Resources	<u>\$270,728</u>	<u>\$1,878,157</u>	<u>\$2,148,885</u>

\$1,724,085 reported as deferred outflows of resources related to pension resulting from District contributions subsequent to the measurement date will be recognized as a reduction of the net pension liability in the year ending June 30, 2017. Other amounts reported as deferred outflows of resources and deferred inflows of resources related to pension will be recognized in pension expense as follows:

	<u>SERS</u>	<u>STRS</u>	<u>Total</u>
Fiscal Year Ending June 30:			
2017	(\$93,785)	(\$426,804)	(\$520,589)
2018	(93,785)	(426,804)	(520,589)
2019	(94,267)	(426,806)	(521,073)
2020	<u>92,149</u>	<u>515,471</u>	<u>607,620</u>
Total	<u>(\$189,688)</u>	<u>(\$764,943)</u>	<u>(\$954,631)</u>

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## **LAKEWOOD LOCAL SCHOOL DISTRICT**

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### ***Notes to the Basic Financial Statements For the Fiscal Year Ended June 30, 2016***

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#### **NOTE 9 - DEFINED BENEFIT PENSION PLANS (Continued)**

##### **D. Actuarial Assumptions**

###### ***School Employees Retirement System (SERS)***

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

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

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

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

Wage Inflation	3.25 percent
Future Salary Increases, including inflation	4.00 percent to 22 percent
COLA or Ad Hoc COLA	3 percent
Investment Rate of Return	7.75 percent net of investments expense, including inflation
Actuarial Cost Method	Entry Age Normal

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

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

The long-term return expectation for the Pension Plan Investments has been determined using a building-block approach and assumes a time horizon, as defined in SERS' *Statement of Investment Policy*. A forecasted rate of inflation serves as the baseline for the return expectation.



**LAKEWOOD LOCAL SCHOOL DISTRICT**

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**Notes to the Basic Financial Statements  
For the Fiscal Year Ended June 30, 2016**

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**NOTE 9 - DEFINED BENEFIT PENSION PLANS (Continued)**

**D. Actuarial Assumptions (Continued)**

Various real return premiums over the baseline inflation rate have been established for each asset class. The long-term expected nominal rate of return has been determined by calculating a weighted average of the expected real return premiums for each asset class, adding the projected inflation rate, and adding the expected return from rebalancing uncorrelated asset classes. The target allocation and best estimates of arithmetic real rates of return for each major assets class are summarized in the following table:

<u>Asset Class</u>	<u>Target Allocation</u>	<u>Long-Term Expected Real Rate of Return</u>
Cash	1.00 %	0.00 %
US Stocks	22.50	5.00
Non-US Stocks	22.50	5.50
Fixed Income	19.00	1.50
Private Equity	10.00	10.00
Real Assets	10.00	5.00
Multi-Asset Strategies	15.00	7.50
Total	<u>100.00 %</u>	

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

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

	1% Decrease (6.75%)	Current Discount Rate (7.75%)	1% Increase (8.75%)
School District's proportionate share of the net pension liability	\$6,987,207	\$5,038,946	\$3,398,349

**LAKEWOOD LOCAL SCHOOL DISTRICT**

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***Notes to the Basic Financial Statements  
For the Fiscal Year Ended June 30, 2016***

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**NOTE 9 - DEFINED BENEFIT PENSION PLANS (Continued)**

**D. Actuarial Assumptions (Continued)**

***State Teachers Retirement System (STRS)***

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

Inflation	2.75 percent
Projected salary increases	2.75 percent at age 70 to 12.25 percent at age 20
Investment Rate of Return	7.75 percent, net of investment expenses
Cost-of-Living Adjustments (COLA)	2 percent simple applied as follows: for members retiring before August 1, 2013, 2 percent per year; for members retiring August 1, 2013, or later, 2 percent COLA paid on fifth anniversary of retirement date.

Mortality rates were based on the RP-2000 Combined Mortality Table (Projection 2022—Scale AA) for Males and Females. Males’ ages are set-back two years through age 89 and no set-back for age 90 and above. Females younger than age 80 are set back four years, one year set back from age 80 through 89 and no set back from age 90 and above.

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

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

<u>Asset Class</u>	<u>Target Allocation</u>	<u>Long-Term Expected Real Rate of Return</u>
Domestic Equity	31.00 %	8.00 %
International Equity	26.00	7.85
Alternatives	14.00	8.00
Fixed Income	18.00	3.75
Real Estate	10.00	6.75
Liquidity Reserves	1.00	3.00
Total	<u>100.00 %</u>	

**LAKWOOD LOCAL SCHOOL DISTRICT**

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***Notes to the Basic Financial Statements  
For the Fiscal Year Ended June 30, 2016***

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**NOTE 9 - DEFINED BENEFIT PENSION PLANS (Continued)**

**D. Actuarial Assumptions (Continued)**

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

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

	1% Decrease (6.75%)	Current Discount Rate (7.75%)	1% Increase (8.75%)
School District's proportionate share of the net pension liability	\$33,920,309	\$24,419,343	\$16,384,859

## ***LAKEWOOD LOCAL SCHOOL DISTRICT***

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### ***Notes to the Basic Financial Statements For the Fiscal Year Ended June 30, 2016***

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#### **NOTE 10 - POSTEMPLOYMENT BENEFITS**

##### **A. School Employee Retirement System**

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

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

Funding Policy – State statute permits SERS to fund the health care benefits through employer contributions. Each year, after the allocation for statutorily required benefits, the Retirement Board allocates the remainder of the employer contribution of 14 percent of covered payroll to the Health Care Fund. The Health Care Fund was established and is administered in accordance with Internal Revenue Code Section 105(e). For 2016, no percentage of covered payroll was allocated to health care. An additional health care surcharge on employers is collected for employees earning less than an actuarially determined minimum compensation amount (\$23,000 for 2016), pro-rated according to service credit earned. Statutes provide that no employer shall pay a health care surcharge greater than 2% of that employer's SERS-covered payroll; nor may SERS collect in aggregate more than 1.5% of the total statewide SERS-covered payroll for the health care surcharge. For fiscal year 2016, the District's surcharge obligation was \$43,311.

Active employee members do not contribute to the Health Care Plan. Retirees and their beneficiaries are required to pay a health care premium that varies depending on the plan selected, the number of qualified years of service, Medicare eligibility and retirement status.

The District's contributions for health care for the fiscal years ended June 30, 2016, 2015, and 2014 were \$43,311, \$68,302, and \$49,905 respectively; which were equal to the required contributions for each year.

## ***LAKEWOOD LOCAL SCHOOL DISTRICT***

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### ***Notes to the Basic Financial Statements For the Fiscal Year Ended June 30, 2016***

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#### **NOTE 10 - POSTEMPLOYMENT BENEFITS (Continued)**

##### **B. State Teachers Retirement System**

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

Funding Policy – Ohio Revised Code Chapter 3307 authorizes STRS Ohio to offer the Plan and gives the Retirement Board authority over how much, if any, of the health care costs will be absorbed by STRS Ohio. Active employee members do not contribute to the Plan. All benefit recipients pay a monthly premium. Under Ohio law, funding for post-employment health care may be deducted from employer contributions. For 2016, STRS Ohio allocated employer contributions equal to zero percent of covered payroll to the Health Care Stabilization Fund. The District's contributions for health care for the fiscal years ended June 30, 2016, 2015, and 2014 were \$0, \$0, and \$91,663 respectively; which were equal to the required contributions for each year.

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## **LAKEWOOD LOCAL SCHOOL DISTRICT**

### **Notes to the Basic Financial Statements For the Fiscal Year Ended June 30, 2016**

#### **NOTE 11 - LONG-TERM DEBT AND OTHER LONG-TERM OBLIGATIONS**

Details of the changes in long-term debt and other long-term obligations of the District for the fiscal year ended June 30, 2016 are as follows:

		Balance June 30, 2015	Issued	(Retired)	Balance June 30, 2016	Due Within One Year
<b>Governmental Activities:</b>						
(Energy Conservation Bonds Payable)						
Energy Conservation Project	5.00%	\$147,111	\$0	(\$96,858)	\$50,253	\$50,253
Energy Conservation Project	3.55%	734,165	0	(91,770)	642,395	91,771
Total Energy Conservation Bonds Payable		881,276	0	(188,628)	692,648	142,024
(General Obligation Bonds Payable)						
School Improvement						
Refunding Bonds 2006	2.75-4.1%	8,489,991	0	(8,311,278)	178,713	178,713
School Improvement						
Refunding Bonds 2016	2.00-3.00%	0	8,055,000	(110,000)	7,945,000	35,000
Premium on Refunding Bonds		349,627	372,202	(380,644)	341,185	0
Interest Accretion		820,801	110,253	(473,722)	457,332	457,332
Total General Obligation Bonds Payable		9,660,419	8,537,455	(9,275,644)	8,922,230	671,045
(Net Pension Liability)						
School Teachers Retirement System						
		21,621,212	2,798,131	0	24,419,343	0
School Employees Retirement System						
		4,321,799	452,098	0	4,773,897	0
Total Net Pension Liability		25,943,011	3,250,229	0	29,193,240	0
Capital Leases Payable						
		56,564	62,770	(36,424)	82,910	37,828
Compensated Absences						
		232,743	202,114	(197,112)	237,745	40,903
Total Governmental Activities		<u>\$36,774,013</u>	<u>\$12,052,568</u>	<u>(\$9,697,808)</u>	<u>\$39,128,773</u>	<u>\$891,800</u>
<b>Business-Type Activities:</b>						
Net Pension Liability-						
School Employees Retirement System						
		\$266,098	\$0	(\$1,049)	\$265,049	\$0
Compensated Absences						
		15,993	3,906	(15,993)	3,906	103
Total Business Type Activities		<u>\$282,091</u>	<u>\$3,906</u>	<u>(\$17,042)</u>	<u>\$268,955</u>	<u>\$103</u>

The original amounts of the Energy Conservation Bonds Payable, \$802,987 and \$917,707 were used to finance the cost of acquiring and installing energy conservation measures. The original amounts of the General Obligation Bonds Payable of \$9,999,991 were used to finance the cost of building a new high school facility.

The District pays obligations related to employee compensation from the fund benefitting from their service.

**LAKEWOOD LOCAL SCHOOL DISTRICT**

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**Notes to the Basic Financial Statements  
For the Fiscal Year Ended June 30, 2016**

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**NOTE 11- LONG-TERM DEBT AND OTHER LONG-TERM OBLIGATIONS (Continued)**

**A. Principal and Interest Requirements**

A summary of the District's future long-term debt funding requirements, including principal and interest payments as of June 30, 2016, follows:

Years	Energy Conservation Bonds Payable		General Obligation Bonds Payable	
	Principal	Interest	Principal	Interest
2017	\$142,024	\$22,776	\$213,713	\$707,974
2018	91,771	18,153	705,000	204,288
2019	91,771	14,851	725,000	190,394
2020	91,771	11,547	735,000	176,200
2021	91,771	4,941	750,000	159,350
2022-2026	183,540	9,909	4,100,000	448,950
2027	0	0	895,000	13,425
Totals	<u>\$692,648</u>	<u>\$82,177</u>	<u>\$8,123,713</u>	<u>\$1,900,581</u>

**B. Defeased Debt**

In September 2015, the District defeased \$8,110,000 of General Obligation Bonds dated September 27, 2005 (the "2005 Bonds") through the issuance of \$8,055,000 of General Obligation Bonds. The net proceeds of the 2005 Bonds have been invested in obligations guaranteed as to both principal and interest by the United States and placed in irrevocable escrow accounts which, including interest earned, will be used to pay the principal and interest on the refunded bonds. The refunded bonds were called by the escrow agent during fiscal year 2016, and are not included in the District's outstanding debt. The refunding was undertaken to reduce total debt service payments over the next 12 years by \$895,277 and resulted in an economic gain of \$796,556

**LAKEWOOD LOCAL SCHOOL DISTRICT**

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***Notes to the Basic Financial Statements  
For the Fiscal Year Ended June 30, 2016***

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**NOTE 12 - CAPITAL LEASE COMMITMENTS**

The District leases copiers under capital leases. The cost of the equipment obtained under capital leases is \$178,208, the accumulated depreciation is \$101,935 and the net book value is \$76,273, which is included in the Governmental Activities Capital Assets and the related liability is included in the Governmental Activities Long-Term Liabilities.

The following is a schedule of the future minimum lease payments under the capital leases together with the present value of the net minimum lease payments as of June 30, 2016:

Year Ending June 30,	Capital Lease
2017	\$40,103
2018	17,824
2019	13,368
2020	13,368
2021	2,228
Minimum Lease Payments	86,891
Less: Amount representing interest at the District's incremental borrowing rate of interest	(3,981)
Present Value of minimum lease payments	<u>\$82,910</u>

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**LAKEWOOD LOCAL SCHOOL DISTRICT**

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***Notes to the Basic Financial Statements  
For the Fiscal Year Ended June 30, 2016***

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**NOTE 13 - RISK MANAGEMENT**

The District is exposed to various risks of loss related to torts; theft of, damage to, and destruction of assets; errors and omissions; natural disasters; and injuries to employees. During fiscal year 2016 the District contracted with insurance providers for various insurance coverages, as follows:

Insurance Provider	Coverage	Deductible	Aggregate
Wright Specialty Insurance Company	Fleet Insurance	\$500/Comprehensive \$500/Collision	\$1,000,000
Wright Specialty Insurance Company	Buildings and Contents	\$5,000	\$77,268,097
Wright Specialty Insurance Company	School District Liability	\$0	\$2,000,000
Wright Specialty Insurance Company	School Leaders Errors and Omissions	\$2,500	\$1,000,000
Wright Specialty Insurance Company	Umbrella Policy	\$0	\$3,000,000
Travelers Casualty & Surety Co. of America	Employee Bond	\$0	\$100,000

There has been no significant reduction in insurance coverages from coverages in the prior year. In addition, settled claims resulting from these risks have not exceeded commercial insurance coverages in any of the past three fiscal years.

The District participates in the Sheakley/Better Business Bureau of Central Ohio, Inc. Workers' Compensation Group Retrospective Rating Program (the GRP), an insurance purchasing pool. Each year, the participating school districts pay an enrollment fee to the GRP to cover the costs of administering the program. The intent of the GRP is to achieve the benefit of a reduced premium for the District by virtue of its grouping and representation with other participants in the GRP. The workers' compensation experience of the participating school districts is calculated as one experience and a common premium rate is applied to all school districts in the GRP. Each participant pays its workers' compensation premium to the State, based on the rate for the GRP rather than its individual rate. Total savings are then calculated and each participant's individual performance is compared to the overall savings percentage of the GRP. A participant will then either receive money from or be required to contribute to the "Equity Pooling Fund". This "equity pooling" arrangement insures that each participant shares equally in the overall performance of the GRP. Participation in the GRP is limited to school districts that can meet the GRP's selection criteria. The firm of Sheakley, Inc. provides administrative, cost control and actuarial services to the GRP.

## ***LAKEWOOD LOCAL SCHOOL DISTRICT***

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### ***Notes to the Basic Financial Statements For the Fiscal Year Ended June 30, 2016***

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#### **NOTE 14 - JOINTLY GOVERNED ORGANIZATIONS**

##### **A. Licking Area Computer Association**

The District is a participant in the Licking Area Computer Association (LACA) which is one of nineteen Information Technology Centers (ITC's) in the State of Ohio that make up the Ohio Education Computer Network (OECN). LACA is a non-profit organization, owned and governed by the schools it serves. 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 school districts. The governing board of LACA consists of seventeen members made up of the seventeen district superintendents. The continued existence of LACA is not dependent on the District's continued participation and no equity interest exists. The LACA constitution states that any school district withdrawing from the Association prior to dissolution forfeits their claim to the Association's capital assets. The District paid LACA \$113,299 for services provided during the year. Financial information can be obtained from their fiscal agent, the Career and Technology Education Centers of Licking County, Treasurer, at 150 Price Road, Newark, Ohio 43055.

##### **B. META Solutions**

The District participates in META Solutions (META), a jointly governed organization. The organization is composed of over 250 members, which includes school districts, joint vocational schools, educational service centers and libraries covering over 50 counties in Ohio. META helps its members purchase services, insurance, supplies, and other items at a discounted rate. The governing board of META is directed by 11 members which are composed of superintendents of the board of education of a participating school district. Each year, the participating school districts pay a membership fee to META to cover the costs of administering the program. The District's membership payment to META for fiscal year 2016 was \$382. Financial information may be obtained from the META Solutions, Fiscal Officer, 2100 Citygate Dr., Columbus, OH 43219.

## ***LAKEWOOD LOCAL SCHOOL DISTRICT***

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### ***Notes to the Basic Financial Statements For the Fiscal Year Ended June 30, 2016***

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#### **NOTE 14 - JOINTLY GOVERNED ORGANIZATIONS (Continued)**

##### **C. Central Ohio Special Education Regional Resource Center**

The Central Ohio Special Education Regional Resource Center (COSERRC) is a jointly governed organization operated by a Governing Board that is composed of superintendents of member school districts in Central Ohio (which comprise sixty percent of the Board), two parents of children with disabilities, one representative of a chartered nonpublic school, one representative of a county board of Mental Retardation and Developmental Disabilities, representatives of universities, and student and persons with disabilities representations. The District participates in the following services of COSERRC: Identification and Program Development Project, Regional Educational Assessment Programming Project, Instructional Resource Center Project, Early Childhood Services Project, and the Ohio Resource Center for Low Incidence and Severely Handicapped Project. These services are to assist the District in complying with mandates of Public Law 99-457 for educating children with disabilities. There is no financial commitment made by the districts involved in COSERRC. COSERRC is not dependent upon the continued participation of the District and the District does not maintain an equity interest in or financial responsibility for COSERRC. The District made no contributions to COSERRC during fiscal year 2016.

#### **NOTE 15 – RELATED PARTY TRANSACTIONS**

The Sponsorship Contract and the annual Purchased Services Contracts between the Lakewood Digital Academy and the District outlined the specific payments to be made during fiscal year 2016. During 2016, the Academy made payments to the District of \$167,140 for administrative and fiscal services, a management fee, for services of the Director, a technology director, and special education related services.

#### **NOTE 16 – SIGNIFICANT COMMITMENTS**

Significant encumbrances outstanding at fiscal year-end in the General Fund are \$585,234 and are reported as assigned fund balance.

#### **NOTE 17 – CEASED OPERATIONS/SUBSEQUENT EVENTS**

Lakewood Local School District, sponsor for the Lakewood Digital Academy, a discretely presented component unit of the District, approved the closure of the Academy on June 30, 2016. Subsequent to the closure, the Academy began selling the remaining capital assets.

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**LAKEWOOD LOCAL SCHOOL DISTRICT**

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***Notes to the Basic Financial Statements  
For the Fiscal Year Ended June 30, 2016***

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**NOTE 18 – STATUTORY RESERVES**

The District is required by state law to set aside certain general fund revenue amounts for capital acquisition into a reserve. During the fiscal year ended June 30, 2016, the reserve activity (cash-basis) was as follows:

	<u>Capital Acquisition Reserve</u>
Set-aside Cash Balance as of June 30, 2015	\$0
Current Year Set-Aside Requirement	321,712
Current Year Qualifying Expenditures	<u>(939,005)</u>
Total	<u>(\$617,293)</u>
Set-aside Cash Balance Carried Forward to FY 2017	<u>\$0</u>

Actual capital expenditures in excess of current year or accumulated set-aside requirements from the capital acquisition reserve may not be carried forward to offset future years' capital acquisition reserve set-aside requirements.

**NOTE 19 - CONTINGENCIES**

**A. Grants**

The District receives financial assistance from federal agencies in the form of grants. The disbursement of funds received under these programs generally requires compliance with terms and conditions specified in the grant agreements and is subject to audit by the grantor agencies. Any disallowed claims resulting from such audits could become a liability. However, the effect of any such disallowed claims on the overall financial position of the District at June 30, 2016, if applicable, cannot be determined at this time.

**B. Litigation**

The District is not a party to various legal proceedings which seek damages or injunctive relief generally incidental to its operations and pending projects as of June 30, 2016.

**C. Foundation Funding**

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

## ***LAKEWOOD LOCAL SCHOOL DISTRICT***

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### ***Notes to the Basic Financial Statements For the Fiscal Year Ended June 30, 2016***

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#### **NOTE 20 – CHANGE IN ACCOUNTING PRINCIPLES**

For fiscal year 2016, the District has implemented GASB Statement No. 72, “Fair Value Measurement and Application”, GASB Statement No. 73 “Accounting and Financial Reporting for Pensions and Related Assets That Are Not within the Scope of GASB Statement 68, and Amendments to Certain Provisions of GASB Statements 67 and 68”, GASB Statement No. 76, “The Hierarchy of Generally Accepted Accounting Principles for State and Local Governments”, and GASB Statement No. 79, “Certain External Investment Pools and Pool Participants”.

GASB Statement No. 72 addresses accounting and financial reporting issues related to fair value measurement. This Statement also provides guidance for applying fair value to certain investments and disclosures related to all fair value measurements. The implementation of GASB Statement No. 72 did not have an effect on the financial statements of the District.

GASB Statement No. 73 improves the usefulness of information about pensions included in the general purposes external financial reports of state and local governments for making decisions and assessing accountability. The implementation of GASB Statement No. 73 did not have an effect on the financial statements of the District.

GASB Statement No. 76 identifies - in the context of the current governmental financial reporting environment - the hierarchy of generally accepted accounting principles (GAAP). This Statement reduces the GAAP hierarchy to two categories of authoritative GAAP and addresses the use of authoritative and nonauthoritative literature in the event that the accounting treatment for a transaction or other event is not specified within a source of authoritative GAAP. The implementation of GASB Statement No. 76 did not have an effect on the financial statements of the District.

GASB Statement No. 79 establishes criteria for an external investment pool to qualify for making the election to measure all of its investments at amortized cost for financial reporting purposes. The implementation of GASB Statement No. 79 did not have an effect on the financial statements of the District.

***LAKWOOD LOCAL SCHOOL DISTRICT***

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***REQUIRED SUPPLEMENTAL INFORMATION***

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**LAKEWOOD LOCAL SCHOOL DISTRICT**

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***Required Supplemental Information  
Schedule of District's Proportionate Share of the Net Pension Liability  
Last Three Fiscal Years***

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**State Teachers Retirement System**

Fiscal Year	2013	2014	2015
District's proportion of the net pension liability	0.08889036%	0.08889036%	0.08835719%
District's proportionate share of the net pension liability	\$25,755,046	\$21,621,212	\$24,419,343
District's covered-employee payroll	\$9,096,169	\$9,154,592	\$9,214,014
District's proportionate share of the net pension liability as a percentage of its covered-employee payroll	283.14%	236.18%	265.02%
Plan fiduciary net position as a percentage of the total pension liability	69.30%	74.70%	72.10%

Source: District Treasurer's Office and State Teachers Retirement System

**School Employees Retirement System**

Fiscal Year	2013	2014	2015
District's proportion of the net pension liability	0.090653%	0.090653%	0.0883081%
District's proportionate share of the net pension liability	\$5,390,843	\$4,587,897	\$5,038,946
District's covered-employee payroll	\$3,114,169	\$2,649,149	\$2,825,789
District's proportionate share of the net pension liability as a percentage of its covered-employee payroll	173.11%	173.18%	178.32%
Plan fiduciary net position as a percentage of the total pension liability	65.52%	71.70%	69.16%

Source: District Treasurer's Office and School Employees Retirement System

Notes: The District implemented GASB Statement 68 in 2015.

Information prior to 2013 is not available.

The schedule is reported as of the measurement date of the Net Pension Liability.

**LAKEWOOD LOCAL SCHOOL DISTRICT**

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***Required Supplemental Information  
Schedule of District Contributions  
Last Ten Fiscal Years***

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**State Teachers Retirement System**

Fiscal Year	<u>2007</u>	<u>2008</u>	<u>2009</u>	<u>2010</u>
Contractually required contribution	\$1,243,108	\$1,234,305	\$1,242,618	\$1,263,299
Contributions in relation to the contractually required contribution	<u>1,243,108</u>	<u>1,234,305</u>	<u>1,242,618</u>	<u>1,263,299</u>
Contribution deficiency (excess)	<u>\$0</u>	<u>\$0</u>	<u>\$0</u>	<u>\$0</u>
District's covered-employee payroll	\$9,562,369	\$9,494,654	\$9,558,600	\$9,717,685
Contributions as a percentage of covered-employee payroll	13.00%	13.00%	13.00%	13.00%

Source: District Treasurer's Office and State Teachers Retirement System

**School Employees Retirement System**

Fiscal Year	<u>2007</u>	<u>2008</u>	<u>2009</u>	<u>2010</u>
Contractually required contribution	\$266,435	\$261,344	\$271,010	\$372,845
Contributions in relation to the contractually required contribution	<u>266,435</u>	<u>261,344</u>	<u>271,010</u>	<u>372,845</u>
Contribution deficiency (excess)	<u>\$0</u>	<u>\$0</u>	<u>\$0</u>	<u>\$0</u>
District's covered-employee payroll	\$2,494,710	\$2,661,344	\$2,754,167	\$2,753,656
Contributions as a percentage of covered-employee payroll	10.68%	9.82%	9.84%	13.54%

Source: District Treasurer's Office and School Employees Retirement System

Notes: The District implemented GASB Statement 68 in 2015.



***LAKWOOD LOCAL SCHOOL DISTRICT***

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<u>2011</u>	<u>2012</u>	<u>2013</u>	<u>2014</u>	<u>2015</u>	<u>2016</u>
\$1,252,624	\$1,223,564	\$1,182,502	\$1,190,097	\$1,289,962	\$1,328,179
<u>1,252,624</u>	<u>1,223,564</u>	<u>1,182,502</u>	<u>1,190,097</u>	<u>1,289,962</u>	<u>1,328,179</u>
<u>\$0</u>	<u>\$0</u>	<u>\$0</u>	<u>\$0</u>	<u>\$0</u>	<u>\$0</u>
\$9,635,569	\$9,412,008	\$9,096,169	\$9,154,592	\$9,214,014	\$9,486,993
13.00%	13.00%	13.00%	13.00%	14.00%	14.00%

<u>2011</u>	<u>2012</u>	<u>2013</u>	<u>2014</u>	<u>2015</u>	<u>2016</u>
\$381,216	\$402,670	\$431,001	\$367,172	\$372,439	\$395,366
<u>381,216</u>	<u>402,670</u>	<u>431,001</u>	<u>367,172</u>	<u>372,439</u>	<u>395,366</u>
<u>\$0</u>	<u>\$0</u>	<u>\$0</u>	<u>\$0</u>	<u>\$0</u>	<u>\$0</u>
\$3,032,745	\$2,993,829	\$3,114,169	\$2,649,149	\$2,825,789	\$2,824,043
12.57%	13.45%	13.84%	13.86%	13.18%	14.00%

**LAKWOOD LOCAL SCHOOL DISTRICT**

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*LAKWOOD LOCAL SCHOOL DISTRICT*

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*COMBINING AND INDIVIDUAL FUND  
STATEMENTS AND SCHEDULES*

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*THE FOLLOWING COMBINING STATEMENTS AND SCHEDULES INCLUDE  
THE MAJOR AND NONMAJOR GOVERNMENTAL FUNDS.*

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# ***LAKEWOOD LOCAL SCHOOL DISTRICT***

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## ***Nonmajor Governmental Funds***

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### ***Special Revenue Funds***

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Special Revenue Funds are used to account for the proceeds of specific revenue sources (other than amounts relating to private purpose trusts or major capital projects) that are legally restricted to expenditures for specified purposes.

#### **Public School Support Fund**

To account for specific local revenue sources, other than taxes that are restricted to expenditures for specified purposes, curricular and extracurricular, approved by board resolutions. (The Balance Sheet and Statement of Revenues, Expenditures and Changes in Fund Balances are not presented because this fund is reported as part of the General Fund on a GAAP basis.)

#### **Other Grant Fund**

To account for the proceeds of specific revenue sources, except for state and federal grants that are legally restricted to expenditures for specified purposes.

#### **Student Activity Fund**

To account for student activity programs which have student participation in the activity, but do not have student management of the programs. Typically this includes athletic programs, band, chorus, yearbook and other similar types of activities.

#### **Early Childhood Education Fund**

To account for state grants received to be used for preschool programs for three and four year olds.

#### **Data Communications Fund**

To account for monies received for the maintenance of the Ohio Educational Computer Network connections. (The Balance Sheet is not presented because there are no assets or liabilities at fiscal year-end.)

#### **Special Education Part B-IDEA Fund**

To account for federal monies received in providing an appropriate public education to all children with disabilities.

#### **Title I-School Improvement Fund**

To account for federal revenues received to be used to help improve the teaching and learning of children failing, or most at risk of failing to meet challenging State academic achievement standards. (The Balance Sheet is not presented because there are no assets or liabilities at fiscal year-end.)

(Continued)

# *LAKWOOD LOCAL SCHOOL DISTRICT*

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## *Special Revenue Funds*

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### **Title I Fund**

To account for federal revenues received to meet the special needs of educationally deprived children.

### **IDEA Preschool Grant for Handicapped Fund**

To account for federal revenue funds to be used for the improvement and expansion of services for handicapped children ages three (3) through five (5) years.

### **Title II-A Fund**

To account for federal monies received which are used to hire additional classroom teachers in grades 1 through 3, so that the number of students per teacher will be reduced. (The Balance Sheet is not presented because there are no assets or liabilities at fiscal year-end.)

**LAKWOOD LOCAL SCHOOL DISTRICT**

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**Combining Balance Sheet  
Nonmajor Governmental Funds  
June 30, 2016**

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	Other Grant	Student Activity	Early Childhood Education	Special Education Part B-IDEA
<b>Assets:</b>				
Cash and Cash Equivalents	\$ 3,523	\$ 72,517	\$ 838	\$ 0
Receivables:				
Accounts	0	0	0	0
Intergovernmental	0	0	7,880	12,082
Prepaid Items	0	0	841	1,677
<b>Total Assets</b>	<b>\$ 3,523</b>	<b>\$ 72,517</b>	<b>\$ 9,559</b>	<b>\$ 13,759</b>
<b>Liabilities:</b>				
Accounts Payable	\$ 0	\$ 72	\$ 908	\$ 0
Accrued Wages and Benefits	0	0	6,590	6,119
Intergovernmental Payable	0	0	1,220	1,961
Interfund Loans Payable	0	0	0	4,002
<b>Total Liabilities</b>	<b>0</b>	<b>72</b>	<b>8,718</b>	<b>12,082</b>
<b>Deferred Inflows of Resources:</b>				
Unavailable Revenue	0	0	0	0
<b>Total Deferred Inflows of Resources</b>	<b>0</b>	<b>0</b>	<b>0</b>	<b>0</b>
<b>Fund Balances:</b>				
Nonspendable	0	0	841	1,677
Restricted	3,523	72,445	0	0
Unassigned	0	0	0	0
<b>Total Fund Balances</b>	<b>3,523</b>	<b>72,445</b>	<b>841</b>	<b>1,677</b>
<b>Total Liabilities, Deferred Inflows of Resources, and Fund Balances</b>	<b>\$ 3,523</b>	<b>\$ 72,517</b>	<b>\$ 9,559</b>	<b>\$ 13,759</b>

**LAKWOOD LOCAL SCHOOL DISTRICT**

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Title I	IDEA Preschool Grant for Handicapped	Total Nonmajor Special Revenue Funds
\$ 21,434	\$ 0	\$ 98,312
0	0	0
173,503	49	193,514
25,856	0	28,374
<u>\$ 220,793</u>	<u>\$ 49</u>	<u>\$ 320,200</u>
\$ 82,281	\$ 0	\$ 83,261
52,301	0	65,010
9,333	0	12,514
0	0	4,002
<u>143,915</u>	<u>0</u>	<u>164,787</u>
<u>70,917</u>	<u>0</u>	<u>70,917</u>
<u>70,917</u>	<u>0</u>	<u>70,917</u>
25,856	0	28,374
0	49	76,017
<u>(19,895)</u>	<u>0</u>	<u>(19,895)</u>
<u>5,961</u>	<u>49</u>	<u>84,496</u>
<u>\$ 220,793</u>	<u>\$ 49</u>	<u>\$ 320,200</u>

**LAKWOOD LOCAL SCHOOL DISTRICT**

***Combining Statement of Revenues, Expenditures and Changes in Fund Balances  
Nonmajor Governmental Funds  
For the Fiscal Year Ended June 30, 2016***

	<u>Other Grant</u>	<u>Student Activity</u>	<u>Early Childhood Education</u>	<u>Data Communications</u>
<b>Revenues:</b>				
Local Sources:				
Extracurricular Activities	\$ 0	\$ 97,891	\$ 0	\$ 0
Intermediate Sources	6,972	7,550	0	0
Intergovernmental - State	0	0	95,315	7,200
Intergovernmental - Federal	0	0	0	0
All Other Revenue	0	450	0	0
<b>Total Revenue</b>	<u>6,972</u>	<u>105,891</u>	<u>95,315</u>	<u>7,200</u>
<b>Expenditures:</b>				
Current:				
Instruction	3,295	0	93,345	0
Supporting Services:				
Pupils	0	0	0	0
Instructional Staff	0	0	0	0
Administration	0	1,080	0	0
Fiscal Services	154	0	0	0
Operation and Maintenance of Plant	0	0	3,886	7,200
Extracurricular Activities	0	96,832	0	0
<b>Total Expenditures</b>	<u>3,449</u>	<u>97,912</u>	<u>97,231</u>	<u>7,200</u>
Excess (Deficiency) of Revenues				
Over Expenditures	3,523	7,979	(1,916)	0
<b>Fund Balances at Beginning of Year</b>	<u>0</u>	<u>64,466</u>	<u>2,757</u>	<u>0</u>
<b>Fund Balances End of Year</b>	<u>\$ 3,523</u>	<u>\$ 72,445</u>	<u>\$ 841</u>	<u>\$ 0</u>



**LAKWOOD LOCAL SCHOOL DISTRICT**

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Special Education Part B-IDEA	Title I School Improvement	Title I	IDEA Preschool Grant for Handicapped	Title II-A	Total Nonmajor Special Revenue Funds
\$ 0	\$ 0	\$ 0	\$ 0	\$ 0	\$ 97,891
0	0	0	0	0	14,522
0	0	0	0	0	102,515
370,278	0	646,903	9,699	87,251	1,114,131
<u>0</u>	<u>0</u>	<u>0</u>	<u>0</u>	<u>0</u>	<u>450</u>
<u>370,278</u>	<u>0</u>	<u>646,903</u>	<u>9,699</u>	<u>87,251</u>	<u>1,329,509</u>
265,888	4,588	515,446	9,650	87,251	979,463
92,242	0	0	0	0	92,242
0	908	174,332	0	0	175,240
15,000	0	0	0	0	16,080
0	0	0	0	0	154
0	0	0	0	0	11,086
<u>0</u>	<u>0</u>	<u>0</u>	<u>0</u>	<u>0</u>	<u>96,832</u>
<u>373,130</u>	<u>5,496</u>	<u>689,778</u>	<u>9,650</u>	<u>87,251</u>	<u>1,371,097</u>
(2,852)	(5,496)	(42,875)	49	0	(41,588)
<u>4,529</u>	<u>5,496</u>	<u>48,836</u>	<u>0</u>	<u>0</u>	<u>126,084</u>
<u>\$ 1,677</u>	<u>\$ 0</u>	<u>\$ 5,961</u>	<u>\$ 49</u>	<u>\$ 0</u>	<u>\$ 84,496</u>

## **LAKWOOD LOCAL SCHOOL DISTRICT**

***Schedule of Revenues, Expenditures and Changes in  
Fund Balance – Budget and Actual (Non-GAAP Budgetary Basis)  
Major Funds – General Fund  
For the Fiscal Year Ended June 30, 2016***

	Original Budget	Final Budget	Actual	Variance with Final Budget Positive (Negative)
<b>Revenues:</b>				
Local Sources:				
Taxes	\$ 13,312,871	\$ 13,203,409	\$ 13,203,409	\$ 0
Tuition	696,500	772,503	772,503	0
Investment Earnings	56,500	90,000	89,753	(247)
Class Material and Fees	63,155	55,120	54,610	(510)
Intergovernmental - State	8,961,063	8,892,789	8,892,789	0
Intergovernmental - Federal	30,000	124,500	135,285	10,785
All Other Revenues	298,800	249,368	263,650	14,282
Total Revenues	23,418,889	23,387,689	23,411,999	24,310
<b>Expenditures:</b>				
Instructional Services:				
Regular:				
Salaries and Wages	6,308,950	6,209,229	6,145,891	63,338
Fringe Benefits	2,277,251	2,301,029	2,291,793	9,236
Purchased Services	1,353,761	1,243,561	1,237,360	6,201
Supplies and Materials	164,011	271,656	265,782	5,874
Other Expenditures	6,228	6,229	6,229	0
Capital Outlay	56,586	99,308	99,308	0
Total Regular	10,166,787	10,131,012	10,046,363	84,649
Special:				
Salaries and Wages	785,224	791,837	778,560	13,277
Fringe Benefits	303,805	296,056	294,228	1,828
Purchased Services	650,804	631,529	607,391	24,138
Supplies and Materials	13,171	16,807	14,232	2,575
Other Expenditures	94,043	94,043	93,989	54
Capital Outlay	0	2,220	2,220	0
Total Special	1,847,047	1,832,492	1,790,620	41,872
Vocational:				
Salaries and Wages	115,701	115,794	114,731	1,063
Fringe Benefits	42,766	44,135	43,346	789
Purchased Services	111	2,636	2,170	466
Supplies and Materials	16,009	17,022	8,004	9,018
Capital Outlay	7,627	7,627	6,627	1,000
Total Vocational	182,214	187,214	174,878	12,336

(Continued)

**LAKWOOD LOCAL SCHOOL DISTRICT**

***Schedule of Revenues, Expenditures and Changes in  
Fund Balance – Budget and Actual (Non-GAAP Budgetary Basis)  
Major Funds – General Fund  
For the Fiscal Year Ended June 30, 2016***

	<u>Original Budget</u>	<u>Final Budget</u>	<u>Actual</u>	<u>Variance with Final Budget Positive (Negative)</u>
Other:				
Salaries and Wages	2,500	2,500	2,125	375
Fringe Benefits	525	534	433	101
Purchased Services	3,500	7,135	7,094	41
Total Other	<u>6,525</u>	<u>10,169</u>	<u>9,652</u>	<u>517</u>
Total Instructional Services	<u>12,202,573</u>	<u>12,160,887</u>	<u>12,021,513</u>	<u>139,374</u>
Support Services:				
Pupils:				
Salaries and Wages	826,601	839,085	833,165	5,920
Fringe Benefits	361,796	374,398	367,249	7,149
Purchased Services	135,082	141,186	136,699	4,487
Supplies and Materials	10,199	18,112	16,864	1,248
Other Expenditures	40,016	47,203	46,924	279
Total Pupils	<u>1,373,694</u>	<u>1,419,984</u>	<u>1,400,901</u>	<u>19,083</u>
Instructional Staff:				
Salaries and Wages	253,996	256,432	255,870	562
Fringe Benefits	139,477	109,549	96,191	13,358
Purchased Services	93,017	85,937	78,591	7,346
Supplies and Materials	20,265	31,338	30,414	924
Other Expenditures	2,511	2,512	2,127	385
Capital Outlay	25,000	34,038	34,038	0
Total Instructional Staff	<u>534,266</u>	<u>519,806</u>	<u>497,231</u>	<u>22,575</u>
Board of Education:				
Salaries and Wages	7,500	7,500	7,375	125
Fringe Benefits	1,742	1,762	1,582	180
Purchased Services	93,956	103,346	91,035	12,311
Supplies and Materials	0	2,050	1,976	74
Other Expenditures	8,207	9,419	9,419	0
Total Board of Education	<u>111,405</u>	<u>124,077</u>	<u>111,387</u>	<u>12,690</u>

(Continued)

## **LAKWOOD LOCAL SCHOOL DISTRICT**

***Schedule of Revenues, Expenditures and Changes in  
Fund Balance – Budget and Actual (Non-GAAP Budgetary Basis)  
Major Funds – General Fund  
For the Fiscal Year Ended June 30, 2016***

	<u>Original Budget</u>	<u>Final Budget</u>	<u>Actual</u>	<u>Variance with Final Budget Positive (Negative)</u>
<b>Administration:</b>				
Salaries and Wages	1,102,218	1,106,255	1,102,628	3,627
Fringe Benefits	485,729	462,945	453,108	9,837
Purchased Services	98,148	101,442	88,084	13,358
Supplies and Materials	12,892	21,328	18,366	2,962
Other Expenditures	220,685	186,388	185,858	530
Capital Outlay	59,406	37,444	37,444	0
Total Administration	1,979,078	1,915,802	1,885,488	30,314
<b>Fiscal Services:</b>				
Salaries and Wages	219,750	229,570	229,570	0
Fringe Benefits	111,216	103,922	100,591	3,331
Purchased Services	46,397	49,059	42,290	6,769
Supplies and Materials	5,675	8,365	7,948	417
Other Expenditures	269,724	270,284	269,468	816
Capital Outlay	10,000	10,539	10,539	0
Total Fiscal Services	662,762	671,739	660,406	11,333
<b>Business:</b>				
Salaries and Wages	7,700	7,842	7,773	69
Fringe Benefits	10,978	11,273	11,112	161
Purchased Services	0	140	135	5
Supplies and Materials	31,500	18,500	15,322	3,178
Other Expenditures	2,907	1,573	1,573	0
Total Business	53,085	39,328	35,915	3,413
<b>Operation and Maintenance of Plant:</b>				
Salaries and Wages	593,751	608,471	599,047	9,424
Fringe Benefits	336,339	313,042	309,462	3,580
Purchased Services	818,872	765,014	675,588	89,426
Supplies and Materials	108,163	105,338	83,736	21,602
Other Expenditures	826	826	646	180
Capital Outlay	351,627	717,725	717,724	1
Total Operation and Maintenance Of Plant	2,209,578	2,510,416	2,386,203	124,213

(Continued)

**LAKWOOD LOCAL SCHOOL DISTRICT**

***Schedule of Revenues, Expenditures and Changes in  
Fund Balance – Budget and Actual (Non-GAAP Budgetary Basis)  
Major Funds – General Fund  
For the Fiscal Year Ended June 30, 2016***

	<u>Original Budget</u>	<u>Final Budget</u>	<u>Actual</u>	<u>Variance with Final Budget Positive (Negative)</u>
Pupil Transportation:				
Salaries and Wages	771,490	790,587	776,879	13,708
Fringe Benefits	491,227	467,559	460,610	6,949
Purchased Services	66,277	71,101	61,040	10,061
Supplies and Materials	268,461	254,966	209,644	45,322
Other Expenditures	1,004	1,004	744	260
Capital Outlay	356,786	262,536	262,536	0
Total Pupil Transportation	<u>1,955,245</u>	<u>1,847,753</u>	<u>1,771,453</u>	<u>76,300</u>
Central:				
Salaries and Wages	16,960	13,960	13,666	294
Fringe Benefits	6,478	6,422	5,900	522
Purchased Services	1,500	3,451	3,451	0
Other Expenditures	52	52	52	0
Total Central	<u>24,990</u>	<u>23,885</u>	<u>23,069</u>	<u>816</u>
Total Support Services	<u>8,904,103</u>	<u>9,072,790</u>	<u>8,772,053</u>	<u>300,737</u>
Operation of Non-Instructional Services:				
Salaries and Wages	127,080	124,771	123,754	1,017
Fringe Benefits	38,894	32,332	31,936	396
Purchased Services	6,480	4,988	4,908	80
Other Expenditures	2,659	2,659	2,185	474
Capital Outlay	27,000	0	0	0
Total Non-Instructional Services	<u>202,113</u>	<u>164,750</u>	<u>162,783</u>	<u>1,967</u>
Extracurricular Activities:				
Salaries and Wages	263,949	256,373	243,478	12,895
Fringe Benefits	42,371	43,195	39,655	3,540
Purchased Services	5,750	5,750	5,750	0
Total Extracurricular Activities	<u>312,070</u>	<u>305,318</u>	<u>288,883</u>	<u>16,435</u>
Total Expenditures	<u>21,620,859</u>	<u>21,703,745</u>	<u>21,245,232</u>	<u>458,513</u>
Excess (Deficiency) of Revenues				
Over (Under) Expenditures	1,798,030	1,683,944	2,166,767	482,823

(Continued)

**LAKWOOD LOCAL SCHOOL DISTRICT**

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***Schedule of Revenues, Expenditures and Changes in  
Fund Balance – Budget and Actual (Non-GAAP Budgetary Basis)  
Major Funds – General Fund  
For the Fiscal Year Ended June 30, 2016***

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	<u>Original Budget</u>	<u>Final Budget</u>	<u>Actual</u>	Variance with Final Budget Positive (Negative)
<b>Other Financing Sources (Uses):</b>				
Sale of Capital Assets	5,500	5,600	5,600	0
Transfers Out	(5,000)	0	0	0
Total Other Financing Sources (Uses):	<u>500</u>	<u>5,600</u>	<u>5,600</u>	<u>0</u>
Net Change in Fund Balance	1,798,530	1,689,544	2,172,367	482,823
Fund Balance at Beginning of Year	14,824,734	14,824,734	14,824,734	0
Prior Year Encumbrances	<u>352,278</u>	<u>352,278</u>	<u>352,278</u>	<u>0</u>
Fund Balance at End of Year	<u>\$ 16,975,542</u>	<u>\$ 16,866,556</u>	<u>\$ 17,349,379</u>	<u>\$ 482,823</u>

**LAKEWOOD LOCAL SCHOOL DISTRICT**

**Schedule of Revenues, Expenditures and Changes in  
Fund Balance – Budget and Actual (Non-GAAP Budgetary Basis)  
Major Funds - Debt Service Fund – Bond Retirement Fund  
For the Fiscal Year Ended June 30, 2016**

	Original Budget	Final Budget	Actual	Variance with Final Budget Positive (Negative)
<b>Revenues:</b>				
Local Sources:				
Taxes	\$ 986,228	\$ 932,719	\$ 932,719	\$ 0
Intergovernmental - State	229,957	225,678	225,678	0
Total Revenues	1,216,185	1,158,397	1,158,397	0
<b>Expenditures:</b>				
Current:				
Support Services:				
Fiscal Services:				
Other Expenditures	12,000	12,050	12,050	0
Total Fiscal Services	12,000	12,050	12,050	0
Debt Service:				
Principal Retirement	499,907	973,628	973,628	0
Interest and Fiscal Charges	663,030	339,860	339,860	0
Total Debt Service	1,162,937	1,313,488	1,313,488	0
Total Expenditures	1,174,937	1,325,538	1,325,538	0
Excess (Deficiency) of Revenues				
Over (Under) Expenditures	41,248	(167,141)	(167,141)	0
Other Financing Sources (Uses):				
Refunding General Obligation Bonds Issued	0	8,055,000	8,055,000	0
Premium on Refunding General Obligation Bonds	0	372,202	372,202	0
Payment to Refunded Bond Escrow Agent	0	(8,273,386)	(8,273,386)	0
Total Other Financing Sources (Uses)	0	153,816	153,816	0
Net Change in Fund Balance	41,248	(13,325)	(13,325)	0
Fund Balance at Beginning of Year	663,610	663,610	663,610	0
Fund Balance at End of Year	\$ 704,858	\$ 650,285	\$ 650,285	\$ 0

**LAKWOOD LOCAL SCHOOL DISTRICT**

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***Schedule of Revenues, Expenditures and Changes in  
Fund Balance – Budget and Actual (Non-GAAP Budgetary Basis)  
Nonmajor Special Revenue Funds  
For the Fiscal Year Ended June 30, 2016***

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**PUBLIC SCHOOL SUPPORT FUND**

	Original Budget	Final Budget	Actual	Variance with Final Budget Positive (Negative)
<b>Revenues:</b>				
Extracurricular Activities	\$ 38,000	\$ 37,504	\$ 36,897	\$ (607)
All Other Revenues	3,200	14,940	14,940	0
Total Revenues	41,200	52,444	51,837	(607)
<b>Expenditures:</b>				
Extracurricular Activities:				
Purchased Services	9,000	7,000	5,088	1,912
Supplies and Materials	39,059	32,809	30,123	2,686
Capital Outlay	4,453	8,760	8,760	0
Total Expenditures	52,512	48,569	43,971	4,598
Excess (Deficiency) of Revenues Over (Under) Expenditures	(11,312)	3,875	7,866	3,991
Fund Balance at Beginning of Year	21,511	21,511	21,511	0
Fund Balance at End of Year	\$ 10,199	\$ 25,386	\$ 29,377	\$ 3,991



**LAKWOOD LOCAL SCHOOL DISTRICT**

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**Schedule of Revenues, Expenditures and Changes in  
Fund Balance – Budget and Actual (Non-GAAP Budgetary Basis)  
Nonmajor Special Revenue Funds  
For the Fiscal Year Ended June 30, 2016**

---

<b>OTHER GRANT FUND</b>				Variance with Final Budget Positive (Negative)
	<u>Original Budget</u>	<u>Final Budget</u>	<u>Actual</u>	<u>(Negative)</u>
<b>Revenues:</b>				
Intermediate Sources	\$ 2,000	\$ 6,972	\$ 6,972	\$ 0
Total Revenues	<u>2,000</u>	<u>6,972</u>	<u>6,972</u>	<u>0</u>
<b>Expenditures:</b>				
Instructional Services:				
Regular:				
Salaries and Wages	1,600	1,600	1,600	0
Fringe Benefits	247	246	246	0
Supplies and Materials	<u>0</u>	<u>1,614</u>	<u>1,449</u>	<u>165</u>
Total Instructional Services	<u>1,847</u>	<u>3,460</u>	<u>3,295</u>	<u>165</u>
Support Services:				
Fiscal Services:				
Purchased Services	<u>153</u>	<u>154</u>	<u>154</u>	<u>0</u>
Total Expenditures	<u>2,000</u>	<u>3,614</u>	<u>3,449</u>	<u>165</u>
Excess (Deficiency) of Revenues Over (Under) Expenditures	0	3,358	3,523	165
Fund Balance at Beginning of Year	<u>0</u>	<u>0</u>	<u>0</u>	<u>0</u>
Fund Balance at End of Year	<u>\$ 0</u>	<u>\$ 3,358</u>	<u>\$ 3,523</u>	<u>\$ 165</u>

**LAKWOOD LOCAL SCHOOL DISTRICT**

**Schedule of Revenues, Expenditures and Changes in  
Fund Balance – Budget and Actual (Non-GAAP Budgetary Basis)  
Nonmajor Special Revenue Funds  
For the Fiscal Year Ended June 30, 2016**

<b>STUDENT ACTIVITY FUND</b>				Variance with Final Budget Positive (Negative)
	<u>Original Budget</u>	<u>Final Budget</u>	<u>Actual</u>	
<b>Revenues:</b>				
Extracurricular Activities	\$ 108,100	\$ 97,531	\$ 97,891	\$ 360
Intermediate Sources	5,000	7,550	7,550	0
All Other Revenues	<u>7,050</u>	<u>450</u>	<u>450</u>	<u>0</u>
Total Revenues	<u>120,150</u>	<u>105,531</u>	<u>105,891</u>	<u>360</u>
<b>Expenditures:</b>				
Support Services:				
Administration:				
Purchased Services	<u>1,080</u>	<u>1,080</u>	<u>1,080</u>	<u>0</u>
Total Support Services	<u>1,080</u>	<u>1,080</u>	<u>1,080</u>	<u>0</u>
Extracurricular Activities:				
Salaries and Wages	0	595	595	0
Fringe Benefits	0	90	90	0
Purchased Services	75,556	56,697	56,326	371
Supplies and Materials	42,938	42,226	38,545	3,681
Other Expenditures	1,125	2,000	2,000	0
Capital Outlay	<u>21,500</u>	<u>0</u>	<u>0</u>	<u>0</u>
Total Extracurricular Activities	<u>141,119</u>	<u>101,608</u>	<u>97,556</u>	<u>4,052</u>
Total Expenditures	<u>142,199</u>	<u>102,688</u>	<u>98,636</u>	<u>4,052</u>
Excess (Deficiency) of Revenues				
Over (Under) Expenditures	(22,049)	2,843	7,255	4,412
<b>Other Financing Sources (Uses):</b>				
Operating Transfers In	0	4	4	0
Operating Transfers Out	<u>(4)</u>	<u>(4)</u>	<u>(4)</u>	<u>0</u>
Total Other Financing Sources (Uses):	<u>(4)</u>	<u>0</u>	<u>0</u>	<u>0</u>
Net Change in Fund Balance	(22,053)	2,843	7,255	4,412
Fund Balance at Beginning of Year	64,296	64,296	64,296	0
Prior Year Encumbrances	<u>669</u>	<u>669</u>	<u>669</u>	<u>0</u>
Fund Balance at End of Year	<u>\$ 42,912</u>	<u>\$ 67,808</u>	<u>\$ 72,220</u>	<u>\$ 4,412</u>

**LAKWOOD LOCAL SCHOOL DISTRICT**

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***Schedule of Revenues, Expenditures and Changes in  
Fund Balance – Budget and Actual (Non-GAAP Budgetary Basis)  
Nonmajor Special Revenue Funds  
For the Fiscal Year Ended June 30, 2016***

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<b>EARLY CHILDHOOD EDUCATION FUND</b>				Variance with Final Budget Positive (Negative)
	<u>Original Budget</u>	<u>Final Budget</u>	<u>Actual</u>	<u>(Negative)</u>
<b>Revenues:</b>				
Intergovernmental - State	\$ 66,511	\$ 98,511	\$ 89,946	\$ (8,565)
Total Revenues	<u>66,511</u>	<u>98,511</u>	<u>89,946</u>	<u>(8,565)</u>
<b>Expenditures:</b>				
Instructional Services:				
Special:				
Salaries and Wages	52,199	52,425	47,751	4,674
Fringe Benefits	16,200	12,463	11,738	725
Purchased Services	250	3,994	3,318	676
Supplies and Materials	140	26,005	25,731	274
Total Instructional Services	<u>68,789</u>	<u>94,887</u>	<u>88,538</u>	<u>6,349</u>
Support Services:				
Operation and Maintenance of Plant:				
Supplies and Materials	0	5,902	5,902	0
Total Support Services	<u>0</u>	<u>5,902</u>	<u>5,902</u>	<u>0</u>
Total Expenditures	<u>68,789</u>	<u>100,789</u>	<u>94,440</u>	<u>6,349</u>
Excess (Deficiency) of Revenues				
Over (Under) Expenditures	(2,278)	(2,278)	(4,494)	(2,216)
Fund Balance at Beginning of Year	<u>2,278</u>	<u>2,278</u>	<u>2,278</u>	<u>0</u>
Fund Balance at End of Year	<u>\$ 0</u>	<u>\$ 0</u>	<u>\$ (2,216)</u>	<u>\$ (2,216)</u>

**LAKWOOD LOCAL SCHOOL DISTRICT**

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**Schedule of Revenues, Expenditures and Changes in  
Fund Balance – Budget and Actual (Non-GAAP Budgetary Basis)  
Nonmajor Special Revenue Funds  
For the Fiscal Year Ended June 30, 2016**

---

**DATA COMMUNICATIONS FUND**

	Original Budget	Final Budget	Actual	Variance with Final Budget Positive (Negative)
<b>Revenues:</b>				
Intergovernmental - State	\$ 7,200	\$ 7,200	\$ 7,200	\$ 0
Total Revenues	7,200	7,200	7,200	0
<b>Expenditures:</b>				
Support Services:				
Operation and Maintenance of Plant:				
Purchased Services	7,200	7,200	7,200	0
Total Expenditures	7,200	7,200	7,200	0
Excess (Deficiency) of Revenues Over (Under) Expenditures	0	0	0	0
Fund Balance at Beginning of Year	0	0	0	0
Fund Balance at End of Year	\$ 0	\$ 0	\$ 0	\$ 0

**LAKEWOOD LOCAL SCHOOL DISTRICT**

**Schedule of Revenues, Expenditures and Changes in  
Fund Balance – Budget and Actual (Non-GAAP Budgetary Basis)  
Nonmajor Special Revenue Funds  
For the Fiscal Year Ended June 30, 2016**

	Original Budget	Final Budget	Actual	Variance with Final Budget Positive (Negative)
<b>SPECIAL EDUCATION PART B-IDEA FUND</b>				
<b>Revenues:</b>				
Intergovernmental - Federal	\$ 371,178	\$ 371,178	\$ 358,196	\$ (12,982)
Total Revenues	371,178	371,178	358,196	(12,982)
<b>Expenditures:</b>				
Instructional Services:				
Special:				
Salaries and Wages	224,657	217,057	213,633	3,424
Fringe Benefits	57,143	54,146	52,295	1,851
Supplies and Materials	683	590	590	0
Total Instructional Services	282,483	271,793	266,518	5,275
Support Services:				
Pupils:				
Salaries and Wages	57,925	65,525	62,831	2,694
Fringe Benefits	29,978	34,371	34,360	11
Total Pupils	87,903	99,896	97,191	2,705
Instructional Staff:				
Salaries and Wages	2,000	1,000	0	1,000
Fringe Benefits	303	0	0	0
Total Instructional Staff	2,303	1,000	0	1,000
Administration:				
Purchased Services	15,000	15,000	15,000	0
Total Support Services	105,206	115,896	112,191	3,705
Total Expenditures	387,689	387,689	378,709	8,980
Excess (Deficiency) of Revenues				
Over (Under) Expenditures	(16,511)	(16,511)	(20,513)	(4,002)
<b>Other Financing Sources (Uses):</b>				
Transfers In	0	1,248	1,248	0
Transfers Out	0	(1,248)	(1,248)	0
Total Other Financing Sources (Uses):	0	0	0	0
Net Change in Fund Balance	(16,511)	(16,511)	(20,513)	(4,002)
Fund Balance at Beginning of Year	16,421	16,421	16,421	0
Prior Year Encumbrances	90	90	90	0
Fund Balance at End of Year	\$ 0	\$ 0	\$ (4,002)	\$ (4,002)

**LAKWOOD LOCAL SCHOOL DISTRICT**

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***Schedule of Revenues, Expenditures and Changes in  
Fund Balance – Budget and Actual (Non-GAAP Budgetary Basis)  
Nonmajor Special Revenue Funds  
For the Fiscal Year Ended June 30, 2016***

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<b>TITLE I SCHOOL IMPROVEMENT FUND</b>				Variance with Final Budget Positive (Negative)
	<u>Original Budget</u>	<u>Final Budget</u>	<u>Actual</u>	<u>(Negative)</u>
<b>Revenues:</b>				
Intergovernmental - Federal	\$ 6,961	\$ 6,680	\$ 6,680	\$ 0
Total Revenues	<u>6,961</u>	<u>6,680</u>	<u>6,680</u>	<u>0</u>
<b>Expenditures:</b>				
Instructional Services:				
Regular:				
Purchased Services	4,618	4,618	4,618	0
Total Instructional Services	<u>4,618</u>	<u>4,618</u>	<u>4,618</u>	<u>0</u>
Support Services:				
Instructional Staff:				
Salaries and Wages	3,980	3,699	3,699	0
Fringe Benefits	903	903	903	0
Total Support Services	<u>4,883</u>	<u>4,602</u>	<u>4,602</u>	<u>0</u>
Total Expenditures	<u>9,501</u>	<u>9,220</u>	<u>9,220</u>	<u>0</u>
Excess (Deficiency) of Revenues Over (Under) Expenditures	(2,540)	(2,540)	(2,540)	0
Fund Balance at Beginning of Year	(2,078)	(2,078)	(2,078)	0
Prior Year Encumbrances	4,618	4,618	4,618	0
Fund Balance at End of Year	<u>\$ 0</u>	<u>\$ 0</u>	<u>\$ 0</u>	<u>\$ 0</u>

**LAKWOOD LOCAL SCHOOL DISTRICT**

**Schedule of Revenues, Expenditures and Changes in  
Fund Balance – Budget and Actual (Non-GAAP Budgetary Basis)  
Nonmajor Special Revenue Funds  
For the Fiscal Year Ended June 30, 2016**

	TITLE I FUND			Variance with Final Budget Positive (Negative)
	Original Budget	Final Budget	Actual	
<b>Revenues:</b>				
Intergovernmental - Federal	\$ 960,318	\$ 809,446	\$ 599,317	\$ (210,129)
Total Revenues	<u>960,318</u>	<u>809,446</u>	<u>599,317</u>	<u>(210,129)</u>
<b>Expenditures:</b>				
Instructional Services:				
Regular:				
Supplies and Materials	6,274	191,376	182,949	8,427
Total Regular	<u>6,274</u>	<u>191,376</u>	<u>182,949</u>	<u>8,427</u>
Special:				
Salaries and Wages	428,502	281,961	250,448	31,513
Fringe Benefits	118,592	77,835	77,132	703
Purchased Services	13,074	13,074	13,074	0
Total Special	<u>560,168</u>	<u>372,870</u>	<u>340,654</u>	<u>32,216</u>
Other:				
Salaries and Wages	3,175	38,000	26,513	11,487
Fringe Benefits	496	10,235	9,194	1,041
Purchased Services	25,000	25,821	19,854	5,967
Total Other	<u>28,671</u>	<u>74,056</u>	<u>55,561</u>	<u>18,495</u>
Total Instructional Services	<u>595,113</u>	<u>638,302</u>	<u>579,164</u>	<u>59,138</u>
Support Services:				
Instructional Staff:				
Salaries and Wages	44,300	99,500	82,238	17,262
Fringe Benefits	20,000	36,565	35,779	786
Purchased Services	316,715	58,076	52,076	6,000
Supplies and Materials	4,500	3,995	3,995	0
Total Support Services	<u>385,515</u>	<u>198,136</u>	<u>174,088</u>	<u>24,048</u>
Operation of Non-Instructional Services:				
Supplies and Materials	14,539	7,857	0	7,857
Total Expenditures	<u>995,167</u>	<u>844,295</u>	<u>753,252</u>	<u>91,043</u>
Excess (Deficiency) of Revenues Over (Under) Expenditures	(34,849)	(34,849)	(153,935)	(119,086)

(Continued)

**LAKWOOD LOCAL SCHOOL DISTRICT**

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***Schedule of Revenues, Expenditures and Changes in  
Fund Balance – Budget and Actual (Non-GAAP Budgetary Basis)  
Nonmajor Special Revenue Funds  
For the Fiscal Year Ended June 30, 2016***

---

	TITLE I FUND			Variance with Final Budget Positive (Negative)
	<u>Original Budget</u>	<u>Final Budget</u>	<u>Actual</u>	
<b>Other Financing Sources (Uses):</b>				
Transfers In	0	31,226	31,226	0
Transfers Out	<u>0</u>	<u>(31,226)</u>	<u>(31,226)</u>	<u>0</u>
Total Other Financing Sources (Uses):	<u>0</u>	<u>0</u>	<u>0</u>	<u>0</u>
 Net Change in Fund Balance	 (34,849)	 (34,849)	 (153,935)	 (119,086)
 Fund Balance at Beginning of Year	 11,517	 11,517	 11,517	 0
Prior Year Encumbrances	<u>23,332</u>	<u>23,332</u>	<u>23,332</u>	<u>0</u>
Fund Balance at End of Year	<u>\$ 0</u>	<u>\$ 0</u>	<u>\$ (119,086)</u>	<u>\$ (119,086)</u>



**LAKWOOD LOCAL SCHOOL DISTRICT**

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***Schedule of Revenues, Expenditures and Changes in  
Fund Balance – Budget and Actual (Non-GAAP Budgetary Basis)  
Nonmajor Special Revenue Funds  
For the Fiscal Year Ended June 30, 2016***

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	<u>Original Budget</u>	<u>Final Budget</u>	<u>Actual</u>	Variance with Final Budget Positive (Negative)
<b>IDEA PRESCHOOL GRANT FOR HANDICAPPED FUND</b>				
<b>Revenues:</b>				
Intergovernmental - Federal	\$ 9,699	\$ 9,699	\$ 9,650	\$ (49)
Total Revenues	<u>9,699</u>	<u>9,699</u>	<u>9,650</u>	<u>(49)</u>
<b>Expenditures:</b>				
Instructional Services:				
Special:				
Salaries and Wages	9,699	9,699	9,650	49
Total Expenditures	<u>9,699</u>	<u>9,699</u>	<u>9,650</u>	<u>49</u>
Excess (Deficiency) of Revenues Over (Under) Expenditures	0	0	0	0
Fund Balance at Beginning of Year	<u>0</u>	<u>0</u>	<u>0</u>	<u>0</u>
Fund Balance at End of Year	<u>\$ 0</u>	<u>\$ 0</u>	<u>\$ 0</u>	<u>\$ 0</u>

**LAKWOOD LOCAL SCHOOL DISTRICT**

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**Schedule of Revenues, Expenditures and Changes in  
Fund Balance – Budget and Actual (Non-GAAP Budgetary Basis)  
Nonmajor Special Revenue Funds  
For the Fiscal Year Ended June 30, 2016**

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TITLE II-A FUND				Variance with Final Budget Positive (Negative)
	Original Budget	Final Budget	Actual	
<b>Revenues:</b>				
Intergovernmental - Federal	\$ 87,273	\$ 87,251	\$ 87,251	\$ 0
Total Revenues	87,273	87,251	87,251	0
<b>Expenditures:</b>				
Instructional Services:				
Regular:				
Salaries and Wages	87,273	87,251	87,251	0
Total Expenditures	87,273	87,251	87,251	0
Excess (Deficiency) of Revenues Over (Under) Expenditures	0	0	0	0
Fund Balance at Beginning of Year	0	0	0	0
Fund Balance at End of Year	\$ 0	\$ 0	\$ 0	\$ 0

## ***LAKWOOD LOCAL SCHOOL DISTRICT***

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### ***Fiduciary Funds***

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

### ***Agency Funds***

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#### **Student Managed Activity Fund**

To account for resources which belong to the student bodies of the various schools for sales and other revenue generating activities.

#### **Ohio High School Athletic Association (OHSAA) Tournament Fund**

To account for athletic tournament monies held by the District in a custodial capacity.

**LAKWOOD LOCAL SCHOOL DISTRICT**

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***Statement of Changes in Assets and Liabilities  
Agency Funds  
For the Fiscal Year Ended June 30, 2016***

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	Balance June 30, 2015	Additions	Deductions	Balance June 30, 2016
<b><u>Student Managed Activity Fund</u></b>				
Assets:				
Cash and Cash Equivalents	\$24,018	\$28,405	(\$26,896)	\$25,527
Total Assets	\$24,018	\$28,405	(\$26,896)	\$25,527
Liabilities:				
Due to Students	\$24,018	\$28,405	(\$26,896)	\$25,527
Total Liabilities	\$24,018	\$28,405	(\$26,896)	\$25,527
<b><u>OHSAA Tournament Fund</u></b>				
Assets:				
Cash and Cash Equivalents	\$0	\$9,571	(\$9,571)	\$0
Total Assets	\$0	\$9,571	(\$9,571)	\$0
Liabilities:				
Due to Others	\$0	\$9,571	(\$9,571)	\$0
Total Liabilities	\$0	\$9,571	(\$9,571)	\$0
<b><u>Totals - All Agency Funds</u></b>				
Assets:				
Cash and Cash Equivalents	\$24,018	\$37,976	(\$36,467)	\$25,527
Total Assets	\$24,018	\$37,976	(\$36,467)	\$25,527
Liabilities:				
Due to Others	\$0	\$9,571	(\$9,571)	\$0
Due to Students	24,018	28,405	(26,896)	25,527
Total Liabilities	\$24,018	\$37,976	(\$36,467)	\$25,527

## *STATISTICAL SECTION*

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***STATISTICAL TABLES***

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

***Contents***

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<b>Financial Trends</b>	S 2 – S 13
These schedules contain trend information to help the reader understand how the District's financial position has changed over time.	
<b>Revenue Capacity</b>	S 14 – S 21
These schedules contain information to help the reader understand and assess the factors affecting the District's ability to generate its most significant local revenue sources, the property tax.	
<b>Debt Capacity</b>	S 22 – S 29
These schedules present information to help the reader assess the affordability of the District's current levels of outstanding debt and the District's ability to issue additional debt in the future.	
<b>Economic and Demographic Information</b>	S 30 – S 33
These schedules offer economic and demographic indicators to help the reader understand the environment within which the District's financial activities take place and to provide information that facilitates comparisons of financial information over time and among governments.	
<b>Operating Information</b>	S 34 – S 45
These schedules contain service and infrastructure data to help the reader understand how the information in the District's financial report relates to the services the District provides and the activities it performs.	

**Sources Note:**

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

## *Lakewood Local School District*

*Net Position by Component  
Last Ten Years  
(accrual basis of accounting)*

	2007	2008	2009	2010
<b>Governmental Activities:</b>				
Net Investment in Capital Assets	\$2,965,032	\$2,999,249	\$2,920,072	\$3,151,387
Restricted for:				
Debt Service	561,041	663,568	809,399	1,082,006
Bus Purchase	0	12,630	6,140	0
Federally Funded Programs	0	0	0	0
Other Purposes	0	0	0	0
Unrestricted (Deficit)	4,505,221	4,560,589	4,342,665	3,691,366
Total Governmental Activities Net Position	<u>\$8,031,294</u>	<u>\$8,236,036</u>	<u>\$8,078,276</u>	<u>\$7,924,759</u>
<b>Business-type Activities:</b>				
Net Investment in Capital Assets	\$90,694	\$78,894	\$77,306	\$69,250
Unrestricted (Deficit)	(69,344)	(40,193)	212	62,199
Total Business-type Activities Net Position	<u>\$21,350</u>	<u>\$38,701</u>	<u>\$77,518</u>	<u>\$131,449</u>
<b>Primary Government:</b>				
Net Investment in Capital Assets	\$3,055,726	\$3,078,143	\$2,997,378	\$3,220,637
Restricted	561,041	676,198	815,539	1,082,006
Unrestricted	4,435,877	4,520,396	4,342,877	3,753,565
Total Primary Government Net Position	<u>\$8,052,644</u>	<u>\$8,274,737</u>	<u>\$8,155,794</u>	<u>\$8,056,208</u>

Source: District Treasurer's Office

\* Restated for implementation of GASB 68, Accounting and Reporting for Pensions.



*Lakewood Local School District*

2011	2012	2013	2014	2015	2016
			*		
\$3,053,537	\$3,080,260	\$3,187,873	\$3,398,481	\$3,636,986	\$3,741,768
1,118,731	1,190,591	953,055	773,138	700,042	696,827
0	0	0	0	0	0
0	10,385	44,746	20,688	61,618	79,445
131,143	30,086	49,289	64,442	76,759	98,708
4,584,024	5,875,212	7,604,004	(18,930,709)	(14,956,033)	(11,405,743)
<u>\$8,887,435</u>	<u>\$10,186,534</u>	<u>\$11,838,967</u>	<u>(\$14,673,960)</u>	<u>(\$10,480,628)</u>	<u>(\$6,788,995)</u>
\$59,875	\$48,572	\$70,702	\$77,715	\$144,393	\$132,142
87,441	186,858	149,929	(188,404)	(248,993)	(260,669)
<u>\$147,316</u>	<u>\$235,430</u>	<u>\$220,631</u>	<u>(\$110,689)</u>	<u>(\$104,600)</u>	<u>(\$128,527)</u>
\$3,113,412	\$3,128,832	\$3,258,575	\$3,476,196	\$3,781,379	\$3,873,910
1,249,874	1,231,062	1,047,090	858,268	838,419	874,980
4,671,465	6,062,070	7,753,933	(19,119,113)	(15,205,026)	(11,666,412)
<u>\$9,034,751</u>	<u>\$10,421,964</u>	<u>\$12,059,598</u>	<u>(\$14,784,649)</u>	<u>(\$10,585,228)</u>	<u>(\$6,917,522)</u>

## *Lakewood Local School District*

### *Changes in Net Position Last Ten Years (accrual basis of accounting)*

	<u>2007</u>	<u>2008</u>	<u>2009</u>	<u>2010</u>
<b>Expenses</b>				
Governmental Activities:				
Instruction	\$11,924,997	\$12,302,597	\$12,633,476	\$13,547,787
Support Services:				
Pupils	1,203,075	1,328,800	1,336,465	1,312,081
Instructional Staff	437,342	479,753	410,672	386,414
Board of Education	55,443	52,022	50,581	81,589
Administration	1,550,432	1,609,024	1,698,850	1,816,833
Fiscal Services	618,603	639,771	629,272	590,518
Business	14,176	15,857	17,638	19,125
Operation and Maintenance of Plant	1,640,741	1,672,993	1,543,379	1,551,761
Pupil Transportation	1,446,278	1,530,009	1,491,670	1,589,527
Central	189,380	231,234	325,541	314,949
Operation of Non-Instructional Services	56,084	67,844	52,678	61,088
Extracurricular Activities	616,900	490,323	521,158	521,163
Interest and Fiscal Charges	711,383	669,526	616,719	593,824
<i>Total Governmental Activities Expenses</i>	<u>20,464,834</u>	<u>21,089,753</u>	<u>21,328,099</u>	<u>22,386,659</u>
Business-type Activities:				
Food Service	892,610	906,182	911,914	916,439
Uniform School Supplies	2,284	0	0	0
<i>Total Business-type Activities Expenses</i>	<u>894,894</u>	<u>906,182</u>	<u>911,914</u>	<u>916,439</u>
<i>Total Primary Government Expenses</i>	<u>\$21,359,728</u>	<u>\$21,995,935</u>	<u>\$22,240,013</u>	<u>\$23,303,098</u>
<b>Program Revenues</b>				
Governmental Activities:				
Charges for Services				
Instruction	\$422,548	\$481,461	\$427,350	\$379,277
Support Services:				
Administration	0	0	0	0
Operation of Non-Instructional Services	7,247	90,634	122,210	0
Extracurricular Activities	221,389	166,301	170,671	133,349
Operating Grants and Contributions	1,104,624	1,095,397	933,186	1,779,854
Capital Grants and Contributions	0	13,366	0	0
<i>Total Governmental Activities</i>	<u>1,755,808</u>	<u>1,847,159</u>	<u>1,653,417</u>	<u>2,292,480</u>
<i>Program Revenues</i>	<u>1,755,808</u>	<u>1,847,159</u>	<u>1,653,417</u>	<u>2,292,480</u>

***Lakewood Local School District***

2011	2012	2013	2014	2015	2016
\$13,150,165	\$12,333,823	\$12,351,032	\$12,499,288	\$12,620,972	\$13,345,921
1,224,974	1,339,037	1,406,457	1,424,694	1,376,862	1,457,380
281,544	257,656	357,042	355,036	416,746	591,749
54,198	70,084	89,155	94,778	81,842	113,093
1,889,652	1,880,781	1,933,761	1,821,632	1,876,291	1,885,623
600,845	617,723	680,434	692,254	650,991	665,621
19,723	20,952	22,403	22,110	9,027	21,627
1,551,640	1,585,727	1,718,852	1,690,189	1,552,021	1,679,574
1,543,782	1,530,781	1,592,255	1,645,923	1,624,650	1,591,323
281,113	284,079	90,763	104,488	63,281	34,528
45,099	59,427	73,594	215,078	240,464	195,606
537,562	526,540	483,728	512,262	519,113	551,485
575,861	550,947	653,040	535,225	509,433	418,683
<u>21,756,158</u>	<u>21,057,557</u>	<u>21,452,516</u>	<u>21,612,957</u>	<u>21,541,693</u>	<u>22,552,213</u>
953,088	898,959	930,083	980,354	920,073	895,269
0	0	0	0	0	0
<u>953,088</u>	<u>898,959</u>	<u>930,083</u>	<u>980,354</u>	<u>920,073</u>	<u>895,269</u>
<u>\$22,709,246</u>	<u>\$21,956,516</u>	<u>\$22,382,599</u>	<u>\$22,593,311</u>	<u>\$22,461,766</u>	<u>\$23,447,482</u>
\$400,842	\$504,070	\$479,394	\$714,405	\$759,132	\$887,993
74,513	125,625	92,292	127,884	73,127	28,129
0	0	0	153,529	180,233	0
139,843	141,550	138,859	139,560	148,048	135,620
1,596,451	911,323	899,632	1,257,477	1,388,215	1,653,224
51,000	0	0	0	0	0
<u>2,262,649</u>	<u>1,682,568</u>	<u>1,610,177</u>	<u>2,392,855</u>	<u>2,548,755</u>	<u>2,704,966</u>

(continued)

## *Lakewood Local School District*

### *Changes in Net Position Last Ten Years (accrual basis of accounting)*

	2007	2008	2009	2010
<b>Business-type Activities:</b>				
Charges for Services				
Food Service	408,877	369,761	345,558	327,032
Uniform School Supplies (1)	554	0	0	0
Operating Grants and Contributions	414,747	552,380	605,173	643,338
Capital Grants and Contributions	0	1,392	0	0
<i>Total Business-type Activities Program Revenues</i>	<u>824,178</u>	<u>923,533</u>	<u>950,731</u>	<u>970,370</u>
<i>Total Primary Government Program Revenues</i>	<u>2,579,986</u>	<u>2,770,692</u>	<u>2,604,148</u>	<u>3,262,850</u>
<b>Net (Expense)/Revenue</b>				
Governmental Activities	(18,709,026)	(19,242,594)	(19,674,682)	(20,094,179)
Business-type Activities	(70,716)	17,351	38,817	53,931
<i>Total Primary Government Net (Expense)/Revenue</i>	<u>(\$18,779,742)</u>	<u>(\$19,225,243)</u>	<u>(\$19,635,865)</u>	<u>(\$20,040,248)</u>
<b>General Revenues and Other Changes in Net Position</b>				
Governmental Activities:				
Property Taxes Levied for:				
General Purposes	\$11,475,144	\$10,207,940	\$9,649,606	\$9,844,340
Debt Service	1,019,211	1,040,662	1,110,071	1,217,236
Grants and Entitlements not				
Restricted to Specific Programs	6,992,396	7,692,375	8,487,771	8,710,003
Investment Earnings	390,834	336,879	161,685	78,975
Miscellaneous	241,454	169,480	107,789	90,108
<i>Total Governmental Activities</i>	<u>20,119,039</u>	<u>19,447,336</u>	<u>19,516,922</u>	<u>19,940,662</u>
Business-type Activities:				
<i>Total Business-type Activities</i>	<u>0</u>	<u>0</u>	<u>0</u>	<u>0</u>
<i>Total Primary Government</i>	<u>\$20,119,039</u>	<u>\$19,447,336</u>	<u>\$19,516,922</u>	<u>\$19,940,662</u>
<b>Change in Net Position</b>				
Governmental Activities	\$1,410,013	\$204,742	(\$157,760)	(\$153,517)
Business-type Activities	(70,716)	17,351	38,817	53,931
<i>Total Primary Government Change in Net Position</i>	<u>\$1,339,297</u>	<u>\$222,093</u>	<u>(\$118,943)</u>	<u>(\$99,586)</u>

Source: District Treasurer's Office

(1) Uniform School Supplies were eliminated in 2008.

**Lakewood Local School District**

2011	2012	2013	2014	2015	2016
305,258	299,813	283,204	264,932	255,156	309,230
0	0	0	0	0	0
663,697	687,260	615,150	675,475	626,528	538,906
0	0	16,930	0	44,478	23,206
968,955	987,073	915,284	940,407	926,162	871,342
3,231,604	2,669,641	2,525,461	3,333,262	3,474,917	3,576,308
(19,493,509)	(19,374,989)	(19,842,339)	(19,220,102)	(18,992,938)	(19,847,247)
15,867	88,114	(14,799)	(39,947)	6,089	(23,927)
<u>(\$19,477,642)</u>	<u>(\$19,286,875)</u>	<u>(\$19,857,138)</u>	<u>(\$19,260,049)</u>	<u>(\$18,986,849)</u>	<u>(\$19,871,174)</u>
\$10,519,556	\$10,951,598	\$12,319,747	\$12,443,682	\$13,002,282	\$13,341,342
978,147	1,000,239	749,321	840,483	918,406	931,637
8,861,970	8,611,887	8,272,161	8,521,195	9,075,972	9,057,291
31,769	31,405	24,272	49,826	65,975	112,905
64,743	78,959	129,271	149,236	123,635	95,705
20,456,185	20,674,088	21,494,772	22,004,422	23,186,270	23,538,880
0	0	0	0	0	0
<u>\$20,456,185</u>	<u>\$20,674,088</u>	<u>\$21,494,772</u>	<u>\$22,004,422</u>	<u>\$23,186,270</u>	<u>\$23,538,880</u>
\$962,676	\$1,299,099	\$1,652,433	\$2,784,320	\$4,193,332	\$3,691,633
15,867	88,114	(14,799)	(39,947)	6,089	(23,927)
<u>\$978,543</u>	<u>\$1,387,213</u>	<u>\$1,637,634</u>	<u>\$2,744,373</u>	<u>\$4,199,421</u>	<u>\$3,667,706</u>

## *Lakewood Local School District*

*Fund Balances, Governmental Funds  
Last Ten Years  
(modified accrual basis of accounting)*

	2007	2008	2009	2010	2011
<b>General Fund</b>					
Nonspendable	\$0	\$0	\$0	\$0	\$261,229
Restricted	0	0	0	0	14,083
Committed	0	0	0	0	204,164
Assigned	0	0	0	0	198,049
Unassigned	0	0	0	0	3,839,276
Reserved	834,999	747,675	946,834	1,583,171	0
Unreserved	4,209,277	4,172,532	4,031,381	2,615,971	0
<b>Total General Fund</b>	<u>5,044,276</u>	<u>4,920,207</u>	<u>4,978,215</u>	<u>4,199,142</u>	<u>4,516,801</u>
<b>All Other Governmental Funds</b>					
Nonspendable	0	0	0	0	6,032
Restricted	0	0	0	0	1,112,862
Committed	0	0	0	0	39,994
Reserved	695,054	71,966	60,261	172,840	0
Unreserved, Undesignated, Reported in:					
Special Revenue Funds	107,132	125,472	130,907	119,416	0
Debt Service Funds	0	616,915	747,349	897,885	0
Capital Projects Funds	0	47	0	0	0
<b>Total All Other Governmental Funds</b>	<u>802,186</u>	<u>814,400</u>	<u>938,517</u>	<u>1,190,141</u>	<u>1,158,888</u>
<b>Total Governmental Funds</b>	<u>\$5,846,462</u>	<u>\$5,734,607</u>	<u>\$5,916,732</u>	<u>\$5,389,283</u>	<u>\$5,675,689</u>

Source: District Treasurer's Office

Note: The District implemented GASB 54 in 2011 which established new fund balance classifications for governmental funds.

*Lakewood Local School District*

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2012	2013	2014	2015	2016
\$229,239	\$250,644	\$256,521	\$240,533	\$283,967
12,283	6,888	7,215	12,293	22,740
204,164	204,164	204,164	204,164	204,164
105,140	329,917	191,468	358,129	598,691
5,473,304	6,951,255	10,001,876	13,445,771	15,989,454
0	0	0	0	0
0	0	0	0	0
<u>6,024,130</u>	<u>7,742,868</u>	<u>10,661,244</u>	<u>14,260,890</u>	<u>17,099,016</u>
1,144	3,187	11,908	8,079	28,374
1,195,082	1,340,481	847,031	822,405	768,912
24,412	0	0	0	0
0	0	0	0	(19,895)
0	0	0	0	0
0	0	0	0	0
0	0	0	0	0
<u>1,220,638</u>	<u>1,343,668</u>	<u>858,939</u>	<u>830,484</u>	<u>777,391</u>
<u>\$7,244,768</u>	<u>\$9,086,536</u>	<u>\$11,520,183</u>	<u>\$15,091,374</u>	<u>\$17,876,407</u>

## *Lakewood Local School District*

*Changes in Fund Balances, Governmental Funds  
Last Ten Years  
(modified accrual basis of accounting)*

	2007	2008	2009	2010
<b>Revenues:</b>				
Local Sources:				
Taxes	\$12,210,024	\$11,251,513	\$10,904,861	\$10,945,760
Tuition	347,816	402,852	352,668	310,898
Investment Earnings	397,615	333,443	161,884	77,963
Extracurricular Activities	221,389	166,301	170,671	133,349
Class Materials and Fees	56,886	60,959	54,727	51,497
Intermediate Sources	6,025	6,090	0	9,156
Intergovernmental - State	7,168,131	7,830,061	8,552,098	8,694,393
Intergovernmental - Federal	897,102	940,318	864,923	1,693,267
All Other Revenue	290,331	308,750	260,916	200,031
<b>Total Revenue</b>	<u>21,595,319</u>	<u>21,300,287</u>	<u>21,322,748</u>	<u>22,116,314</u>
<b>Expenditures:</b>				
Current:				
Instruction	11,485,943	11,939,626	12,064,984	13,254,304
Supporting Services:				
Pupils	1,226,925	1,325,390	1,311,184	1,308,054
Instructional Staff	406,706	449,601	364,416	375,185
Board of Education	55,443	52,022	50,581	81,589
Administration	1,478,088	1,608,052	1,652,690	1,730,479
Fiscal Services	635,286	655,847	631,868	589,442
Business	14,176	15,857	17,638	19,125
Operation and Maintenance of Plant	2,295,967	1,989,400	1,594,021	1,567,970
Pupil Transportation	1,572,993	1,583,046	1,470,345	1,782,897
Central	189,380	230,891	323,475	314,738
Operation of Non-Instructional Services	13,061	25,112	11,119	16,361
Extracurricular Activities	489,006	371,969	406,712	382,776
Debt Service:				
Principal Retirement	664,459	726,254	689,350	710,783
Interest and Fiscal Charges	578,255	584,020	554,214	523,093
<b>Total Expenditures</b>	<u>21,105,688</u>	<u>21,557,087</u>	<u>21,142,597</u>	<u>22,656,796</u>
Excess (Deficiency) of Revenues Over Expenditures	489,631	(256,800)	180,151	(540,482)



*Lakewood Local School District*

2011	2012	2013	2014	2015	2016
\$10,884,473	\$12,245,105	\$13,248,007	\$13,436,540	\$14,087,532	\$14,248,738
337,206	438,497	408,398	650,229	698,547	827,692
36,866	31,452	22,055	52,248	60,360	110,693
139,843	141,550	138,859	139,560	148,048	135,620
46,764	42,551	49,154	50,416	54,377	55,707
2,963	10,611	11,426	11,596	4,096	14,522
8,830,092	8,578,408	8,251,872	8,814,106	9,297,404	9,220,982
1,531,114	995,061	869,840	978,300	1,144,087	1,249,940
172,373	244,743	252,566	448,573	401,803	282,582
<u>21,981,694</u>	<u>22,727,978</u>	<u>23,252,177</u>	<u>24,581,568</u>	<u>25,896,254</u>	<u>26,146,476</u>

12,814,543	11,877,724	12,313,518	12,092,287	12,494,915	13,106,643
1,245,592	1,342,818	1,412,351	1,471,483	1,416,326	1,484,913
314,412	249,370	328,525	324,617	393,902	681,181
54,198	70,084	89,155	94,778	82,111	113,146
1,828,106	1,889,853	1,886,388	1,816,665	1,998,667	1,891,636
600,730	620,617	681,351	692,505	661,533	671,329
19,723	20,952	22,403	22,110	9,339	21,811
1,534,442	1,587,658	2,408,006	2,030,914	1,744,441	1,984,513
1,419,379	1,593,860	1,618,106	1,696,832	1,614,427	1,668,532
292,924	285,917	94,657	104,334	68,386	27,123
5,051	24,668	33,553	170,451	200,197	154,352
399,254	404,400	348,584	377,215	386,409	427,445
736,789	745,851	786,671	828,344	860,099	1,010,052
495,886	460,527	444,476	426,804	386,175	343,663
<u>21,761,029</u>	<u>21,174,299</u>	<u>22,467,744</u>	<u>22,149,339</u>	<u>22,316,927</u>	<u>23,586,339</u>

220,665      1,553,679      784,433      2,432,229      3,579,327      2,560,137  
(Continued)

## *Lakewood Local School District*

*Changes in Fund Balances, Governmental Funds  
Last Ten Years  
(modified accrual basis of accounting)*

	2007	2008	2009	2010
<b>Other Financing Sources (Uses):</b>				
Sale of Capital Assets	833	44,279	9,472	3,112
School Energy Conservation Bonds Issued	802,984	0	0	0
Refunding General Obligation Bonds Issued	0	0	0	0
Premium on Refunding General Obligation Bonds	0	0	0	0
Other Financing Sources - Capital Leases	0	105,762	0	0
Payment to Refunded Bonds Escrow Agent	0	0	0	0
Transfers In	8,027	0	0	0
Transfers Out	(8,027)	0	0	0
<b>Total Other Financing Sources (Uses)</b>	<u>803,817</u>	<u>150,041</u>	<u>9,472</u>	<u>3,112</u>
<b>Net Change in Fund Balance</b>	<u>\$1,293,448</u>	<u>(\$106,759)</u>	<u>\$189,623</u>	<u>(\$537,370)</u>
 <b>Debt Service as a Percentage of Noncapital Expenditures</b>	 6.18%	 6.33%	 5.96%	 5.59%

Source: District Treasurer's Office

*Lakewood Local School District*

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2011	2012	2013	2014	2015	2016
19,614	23,393	6,039	2,392	5,850	5,600
0	0	917,707	0	0	0
0	0	0	0	0	8,055,000
0	0	0	0	0	372,202
58,218	0	115,438	0	0	62,770
0	0	0	0	0	(8,273,386)
0	20,000	0	0	3,000	0
0	(20,000)	0	0	(3,000)	0
<u>77,832</u>	<u>23,393</u>	<u>1,039,184</u>	<u>2,392</u>	<u>5,850</u>	<u>222,186</u>
<u>\$298,497</u>	<u>\$1,577,072</u>	<u>\$1,823,617</u>	<u>\$2,434,621</u>	<u>\$3,585,177</u>	<u>\$2,782,323</u>

5.72%	5.79%	5.79%	5.85%	5.68%	5.93%
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## *Lakewood Local School District*

### *Assessed Valuations and Estimated True Values of Taxable Property Last Ten Calendar Years*

<b>Tax year</b>	<u>2006</u>	<u>2007</u>	<u>2008</u>	<u>2009</u>
			**	
<b>Real Property</b>				
Assessed	\$331,604,510	\$339,533,800	\$345,573,200	\$355,041,030
Actual	947,441,457	970,096,571	987,352,000	1,014,402,943
<b>Public Utility</b>				
Assessed	15,792,870	13,838,480	14,132,430	14,316,970
Actual	15,792,870	13,838,480	14,132,430	14,316,970
<b>Tangible Personal Property</b>				
Assessed	51,175,750	46,169,358	21,195,490	1,012,140
Actual	272,937,333	369,354,864	339,127,840	10,121,400
<b>Total</b>				
Assessed	398,573,130	399,541,638	380,901,120	370,370,140
Actual	1,236,171,660	1,353,289,915	1,340,612,270	1,038,841,313
<b>Assessed Value as a Percentage of Actual Value</b>	32.24%	29.52%	28.41%	35.65%
<b>Total Direct Tax Rate</b>	\$44.98	\$45.80	\$47.38	\$47.82

Source: Licking County Auditor

\* Reappraisal

\*\* Update

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

Assessed value of Real Property is at 35%, Assessed value of Public Utility is at 100% and Assessed Value of Tangible Personal Property is at 18.75% for 2006, 12.5% for 2007, 6.25% for 2008, and 0% thereafter.

Additionally, telephone and telecommunications property was reclassified to general business personal property and assessed at 10% for 2009 and 0% from 2010 forward.

*Lakewood Local School District*

2010	2011	2012	2013	2014	2015
	*			**	**
\$358,258,840	\$372,060,130	\$378,886,250	\$388,406,130	\$404,571,981	\$395,670,850
1,023,596,686	1,063,028,943	1,082,532,143	1,109,731,800	1,155,919,946	1,130,488,143
15,135,460	16,483,410	16,994,710	21,658,260	23,420,060	27,025,450
15,135,460	16,483,410	16,994,710	21,658,260	23,420,060	27,025,450
0	0	0	0	0	0
0	0	0	0	0	0
373,394,300	388,543,540	395,880,960	410,064,390	427,992,041	422,696,300
1,038,732,146	1,079,512,353	1,099,526,853	1,131,390,060	1,179,340,006	1,179,340,006
35.95%	35.99%	36.00%	36.24%	36.29%	35.84%
\$57.23	\$56.92	\$54.33	\$54.51	\$54.40	\$54.20

## *Lakewood Local School District*

*Property Tax Rates of Direct and Overlapping Governments  
(per \$1,000 of assessed value)  
Last Ten Calendar Years*

Tax year	2006	2007	2008	2009
<b>Direct District Rates</b>				
General Fund	42.75	43.50	44.60	45.10
Bond Retirement Fund	2.23	2.30	2.78	2.72
Total	44.98	45.80	47.38	47.82
<b>Overlapping Rates</b>				
Licking County Joint Vocational School	3.00	3.00	2.50	2.50
Licking County	7.40	7.40	7.10	7.40
<b>Special Taxing Districts</b>				
City				
Heath	4.40 - 5.40	4.40 - 5.40	4.40 - 5.40	4.40-5.40
Villages				
Buckeye Lake	11.20	11.20	10.20 - 10.4	11.20-11.40
Hebron	13.20 - 13.30	13.20 - 13.30	13.20 - 13.30	13.20-13.30
Townships				
Bowling Green	5.80	5.80	5.80	5.80
Franklin	7.20	7.20	7.20	7.20
Licking	2.70 - 4.90	2.70 - 4.90	2.70 - 4.90	2.70-4.90
Union	0.80 - 6.20	0.80 - 6.20	0.80 - 6.20	0.80-6.20

**Source:**

Licking County Auditor's Office  
Presented on a calendar year basis because that is the manner  
in which the information is maintained by the County.

Note: Ohio Revised Code Sections 5705.02 and 5705.07 require a vote of the people  
for any millage exceeding the "unvoted" or "inside" millage.

*Lakewood Local School District*

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2010	2011	2012	2013	2014	2015
54.56	54.42	53.33	52.89	52.40	52.40
2.67	2.50	1.00	1.62	2.00	1.80
<u>57.23</u>	<u>56.92</u>	<u>54.33</u>	<u>54.51</u>	<u>54.40</u>	<u>54.20</u>
2.52	2.54	2.48	2.56	2.54	2.58
7.70	7.70	7.70	7.70	8.00	8.00
4.40-5.40	4.40-5.40	4.40-5.40	4.40 - 5.40	4.10-5.40	5.60-6.40
11.20-11.40	11.20-11.40	11.20-11.40	11.20 - 11.40	11.20-12.20	11.10-12.20
13.20-13.30	13.20-13.30	13.20-13.30	13.20 - 13.30	13.30	13.30
5.80	5.80	5.80	5.80	5.80	5.80
7.20	7.20	7.20	7.20	7.20	7.20
2.70-4.90	2.70-4.90	2.70-4.90	2.70- 4.90	2.70-4.90	3.10-4.90
0.80-6.20	0.80-6.20	0.80-6.20	2.30 - 7.70	2.30-7.40	2.30-7.40

## *Lakewood Local School District*

*Principal Taxpayers  
Real Estate Tax  
Current Year and Nine Years Ago*

Name of Taxpayer	Nature of Business	Calendar Year 2015		
		Assessed Value	Rank	Percent of Total Assessed Value
THK Manufacturing of America	Linear Motion Devices	\$6,429,900	1	1.63%
Lexington O C LLC	Warehouse	5,412,020	2	1.36%
Harry & David Operations	Distributor	5,250,010	3	1.32%
Southgate Co Limited Partnership	Developer	4,954,960	4	1.25%
111 Enterprise DR LLC	Warehouse	2,829,790	5	0.72%
Four B's (New Jersey General Partnership)	Warehouse	2,174,620	6	0.55%
Uhrman Development	Developer	2,072,600	7	0.52%
Coughlin Automotive Properties of Heath	Car Dealership	1,941,000	8	0.49%
Bayer Corporation	Manufacturing	1,883,460	9	0.48%
MPW Properties	Industrial Cleaning	1,765,090	10	0.45%
Subtotal		34,713,450		8.77%
All Others		360,957,400		91.23%
Total		<u>\$395,670,850</u>		<u>100.00%</u>

Name of Taxpayer	Nature of Business	Calendar Year 2006		
		Assessed Value	Rank	Percent of Total Assessed Value
Paragano Nazario	Warehouse	\$2,516,500	1	0.76%
Black, Monte R & Susan K (MPW)	Industrial Cleaning	2,146,490	2	0.65%
Donnelly R R & Sons Co.	Printing	1,605,770	3	0.48%
Bayer Polymers Inc.	Plastic Pellets	1,457,160	4	0.44%
Hebron Business Park	Developer	1,452,430	5	0.44%
Kroger Company	Food	1,345,050	6	0.41%
Leon Zazworsky	Developer	1,267,210	7	0.38%
GE Quartz Inc.	Electronics	1,211,250	8	0.37%
Diebold	ATM Machines	1,195,500	9	0.36%
Dow Chemical	Research	1,144,500	10	0.35%
Subtotal		15,341,860		4.64%
All Others		316,262,650		95.36%
Total		<u>\$331,604,510</u>		<u>100.00%</u>

Source: Licking County Auditor - Land and Buildings  
Based on valuation of property in 2015 and 2006

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



## *Lakewood Local School District*

*Principal Taxpayers  
Public Utilities Property Tax  
Current Year and Nine Years Ago*

Name of Taxpayer	Nature of Business	Calendar Year 2015		
		Assessed Value	Rank	Percent of Total Assessed Value
Ohio Power Company	Electricity	\$14,356,760	1	53.12%
AEP Ohio Transmission Co	Electricity	\$3,962,260	2	14.66%
Columbus Gas Transmission Corp	Natural Gas	\$1,967,980	3	7.28%
National Gas and Oil	Propane	\$1,597,400	4	5.91%
Licking Rural Electric	Electricity	\$1,594,560	5	5.91%
Dominion Transmission Inc.	Pipelines	\$1,444,600	6	5.35%
NGO Transmission Inc.	Natural Gas	\$1,118,910	7	4.14%
Columbia Gas of Ohio Inc.	Propane	\$722,890	8	2.67%
Dayton Power & Light Co	Electricity	\$199,050	9	0.74%
United Telephone	Phone	\$49,310	10	0.18%
Subtotal		<u>27,013,720</u>		<u>99.96%</u>
All Others		11,730		0.04%
Total		<u><u>\$27,025,450</u></u>		<u><u>100.00%</u></u>

Name of Taxpayer	Nature of Business	Calendar Year 2006		
		Assessed Value	Rank	Percent of Total Assessed Value
Ohio Power	Electricity	\$7,573,840	1	47.96%
Licking Rural Electric	Electricity	1,092,470	2	6.92%
Alltel	Telephone	973,980	3	6.17%
Columbia Gas	Propane	861,820	4	5.46%
NGO Transmission	Pipelines	379,440	5	2.40%
National Gas and Oil Co.	Propane	329,950	6	2.09%
Subtotal		<u>11,211,500</u>		<u>71.00%</u>
All Others		4,581,370		29.00%
Total		<u><u>\$15,792,870</u></u>		<u><u>100.00%</u></u>

Source: Licking County Auditor - Land and Buildings  
Based on valuation of property in 2015 and 2006

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

## *Lakewood Local School District*

### *Property Tax Levies and Collections Last Ten Years*

<b>Collection Year</b>	<u>2006</u>	<u>2007</u>	<u>2008</u>	<u>2009</u>
<b>Total Tax Levy</b>	\$14,075,322	\$13,358,051	\$12,403,103	\$12,186,409
<b>Collections within the Fiscal Year of the Levy</b>				
Current Tax Collections	12,341,116	11,258,713	10,823,468	10,691,070
Percent of Levy Collected	87.68%	84.28%	87.26%	87.73%
Delinquent Tax Collections	<u>737,187</u>	<u>932,863</u>	<u>614,811</u>	<u>536,494</u>
Total Tax Collections	13,078,303	12,191,576	11,438,279	11,227,564
<b>Percent of Total Tax Collections To Tax Levy</b>	92.92%	91.27%	92.22%	92.13%
<b>Accumulated Outstanding Delinquent Taxes</b>	997,019	1,166,474	964,824	958,846
<b>Percentage of Accumulated Delinquent Taxes to Total Tax Levy</b>	7.08%	8.73%	7.78%	7.87%

Source: Licking County Auditor's Office

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

The County's current computer system is unable to track delinquent tax collections by tax year.

*Lakewood Local School District*

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2010	2011	2012	2013	2014	2015
\$11,064,135	\$15,953,404	\$15,201,319	\$14,481,893	\$15,072,793	\$15,646,211
10,486,676	14,852,218	14,457,628	13,869,943	14,536,465	15,097,508
94.78%	93.10%	95.11%	95.77%	96.44%	96.49%
422,123	422,124	623,368	589,795	612,082	464,878
10,908,799	15,274,342	15,080,996	14,459,738	15,148,547	15,562,386
98.60%	95.74%	99.21%	99.85%	100.50%	99.46%
1,340,352	679,062	945,992	933,285	576,011	638,307
12.11%	4.26%	6.22%	6.44%	3.82%	4.08%

## *Lakewood Local School District*

### *Ratio of Outstanding Debt By Type Last Ten Years*

	2007	2008	2009	2010
<b>Governmental Activities</b> <sup>(1)</sup>				
Energy Conservation Bonds Payable	\$1,207,539	\$1,069,628	\$928,414	\$783,729
General Obligation Bonds Payable	13,156,289	12,736,531	12,290,427	11,837,649
Capital Leases	142,317	159,736	116,600	70,502
Total Primary Government	<u>\$14,506,145</u>	<u>\$13,965,895</u>	<u>\$13,335,441</u>	<u>\$12,691,880</u>
<b>Population</b> <sup>(2)</sup>				
Village of Buckeye Lake and Village of Hebron	5,202	5,192	5,195	5,237
Outstanding Debt Per Capita	2,789	2,690	2,567	2,424
<b>Income</b> <sup>(3)</sup>				
Personal (in thousands)	167,302	176,123	179,648	179,357
Percentage of Personal Income	8.67%	7.93%	7.42%	7.08%

\* Restated for Deferred Charge on Refunding

**Sources:**

- (1) District Treasurer's Office
- (2) US Bureau of Census of Population - latest update is calendar year 2010 which is used for the following fiscal year calculation.
- (3) US Department of Commerce, Bureau of Economic Analysis
  - (a) Per Capita Income is only available by County. Total Personal Income is a calculation based on previous calendar year.

*Lakewood Local School District*

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2011	2012	2013	2014	2015	2016
	*				
\$635,398	\$483,237	\$1,244,758	\$1,065,238	\$881,276	\$692,648
11,369,250	11,240,539	10,724,872	10,197,601	9,660,419	8,922,230
85,262	51,572	126,525	92,701	56,564	82,910
<u>\$12,089,910</u>	<u>\$11,775,348</u>	<u>\$12,096,155</u>	<u>\$11,355,540</u>	<u>\$10,598,259</u>	<u>\$9,697,788</u>
5,082	5,082	5,082	5,082	5,082	5,082
2,379	2,317	2,380	2,234	2,085	1,908
176,721	190,529	202,518	203,377	202,441	202,441
6.84%	6.18%	5.97%	5.58%	5.24%	4.79%

## *Lakewood Local School District*

### *Ratios of General Bonded Debt Outstanding Last Ten Years*

Year	2007	2008	2009	2010
<b>Population</b> <sup>(1)</sup>	5,202	5,192	5,195	5,237
<b>Assessed Value</b> <sup>(2)</sup>	398,573,130	399,541,638	380,901,120	370,370,140
<b>General Bonded Debt</b> <sup>(3)</sup>				
General Obligation Bonds	13,156,289	12,736,531	12,290,427	11,837,649
<b>Resources Available to Pay Principal</b> <sup>(4)</sup>	458,592	509,837	588,779	811,856
<b>Net General Bonded Debt</b>	12,697,697	12,226,694	11,701,648	11,025,793
<b>Ratio of Net Bonded Debt to Estimated Actual Value</b>	3.19%	3.06%	3.07%	3.0%
<b>Net Bonded Debt per Capita</b>	2,440.93	2,354.91	2,252.48	2,105.36

\* Restated for Deferred Charge on Refunding

**Source:**

- (1) U.S. Bureau of Census of Population - previous calendar year
- (2) Licking County Auditor
- (3) Includes all general obligation bonded debt supported by property taxes.
- (4) Includes only Debt Service funds available for general obligation bonded debt supported by property taxes.

*Lakewood Local School District*

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2011	2012	2013	2014	2015	2016
	*				
5,082	5,082	5,082	5,082	5,082	5,082
373,394,300	388,543,540	395,880,960	410,064,390	427,992,041	422,696,300
11,369,250	11,240,539	10,724,872	10,197,601	9,660,419	8,922,230
928,414	1,041,410	847,327	533,493	444,792	447,421
10,440,836	10,199,129	9,877,545	9,664,108	9,215,627	8,474,809
2.8%	2.6%	2.5%	2.4%	2.2%	2.0%
2,054.47	2,006.91	1,943.63	1,901.63	1,813.39	1,667.61





## *Lakewood Local School District*

*Computation of Direct and Overlapping  
Debt Attributable to Governmental Activities  
June 30, 2016*

Jurisdiction	Gross Debt Outstanding	Percentage Applicable to Lakewood Local School District (1)	Amount Applicable to Lakewood Local School District
<b>Direct:</b>			
Lakewood Local School District	\$9,697,788	100.00%	\$9,697,788
<b>Overlapping:</b>			
Licking County	16,855,525	10.82%	1,823,768
Heath City	5,565,000	7.72%	429,618
Village of Hebron	1,785,000	100.00%	1,785,000
Licking County Career Center -JVS	20,570,000	10.46%	2,151,622
		Subtotal	6,190,008
		Total	\$15,887,796

**Source:** Ohio Municipal Advisory Council, June 2016

(1) Overlapping percentage was calculated by dividing each overlapping subdivision's assessed valuation within the District by the subdivision's total assessed valuation.

## *Lakewood Local School District*

### *Debt Limitations Last Ten Years*

<b>Collection Year</b>	<u>2007</u>	<u>2008</u>	<u>2009</u>	<u>2010</u>
Net Assessed Valuation	\$398,573,130	\$399,541,638	\$380,901,120	\$370,370,140
Legal Debt Limitation (%) (1)	9.00%	9.00%	9.00%	9.00%
Legal Debt Limitation (\$) (1)	35,871,582	35,958,747	34,281,101	33,333,313
Applicable District Debt Outstanding	13,156,289	12,736,531	12,290,427	11,837,649
Less: Applicable Debt Service Fund Amounts (2)	(458,592)	(509,837)	(588,779)	(811,856)
Net Indebtedness Subject to Limitation	<u>12,697,697</u>	<u>12,226,694</u>	<u>11,701,648</u>	<u>11,025,793</u>
Overall Legal Debt Margin	<u>\$23,173,885</u>	<u>\$23,732,053</u>	<u>\$22,579,453</u>	<u>\$22,307,520</u>
Legal Debt Limitation (%) (1)	0.10%	0.10%	0.10%	0.10%
Legal Debt Limitation (\$) (1)	398,573	399,542	380,901	370,370
Applicable District Debt Outstanding	0	0	0	0
Unvoted Legal Debt Margin	<u>\$398,573</u>	<u>\$399,542</u>	<u>\$380,901</u>	<u>\$370,370</u>
Legal Debt Limitation (%) (1)	0.90%	0.90%	0.90%	0.90%
Legal Debt Limitation (\$) (1)	3,587,158	3,595,875	3,428,110	3,333,331
Applicable District Debt Outstanding	<u>(1,207,539)</u>	<u>(1,069,628)</u>	<u>(928,414)</u>	<u>(783,729)</u>
Unvoted Energy Conservation Loans Legal Debt Margin	<u>\$2,379,619</u>	<u>\$2,526,247</u>	<u>\$2,499,696</u>	<u>\$2,549,602</u>

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

(2) Includes only Debt Service funds available for general obligation bonded debt supported by property taxes.

**Lakewood Local School District**

2011	2012	2013	2014	2015	2016
\$373,394,300	\$388,543,540	\$395,880,960	\$410,064,390	\$427,992,041	\$422,696,300
9.00%	9.00%	9.00%	9.00%	9.00%	9.00%
33,605,487	34,968,919	35,629,286	36,905,795	38,519,284	38,042,667
11,369,250	11,240,539	10,724,872	10,197,601	9,660,419	8,922,230
(928,414)	(1,041,410)	(847,327)	(533,493)	(444,792)	(447,421)
10,440,836	10,199,129	9,877,545	9,664,108	9,215,627	8,474,809
<u>\$23,164,651</u>	<u>\$24,769,790</u>	<u>\$25,751,741</u>	<u>\$27,241,687</u>	<u>\$29,303,657</u>	<u>\$29,567,858</u>
0.10%	0.10%	0.10%	0.10%	0.10%	0.10%
373,394	388,544	395,881	410,064	427,992	422,696
0	0	0	0	0	0
<u>\$373,394</u>	<u>\$388,544</u>	<u>\$395,881</u>	<u>\$410,064</u>	<u>\$427,992</u>	<u>\$422,696</u>
0.90%	0.90%	0.90%	0.90%	0.90%	0.90%
3,360,549	3,496,892	3,562,929	3,690,580	3,851,928	3,804,267
(635,398)	(483,237)	(1,244,758)	(1,065,238)	(881,276)	(692,648)
<u>\$2,725,151</u>	<u>\$3,013,655</u>	<u>\$2,318,171</u>	<u>\$2,625,342</u>	<u>\$2,970,652</u>	<u>\$3,111,619</u>

## *Lakewood Local School District*

### *Demographic and Economic Statistics Last Ten Years*

<b>Calendar Year*</b>	<b>2006</b>	<b>2007</b>	<b>2008</b>	<b>2009</b>	
<b>Population</b> (1)					
Village of Buckeye Lake and Village of Hebron	5,202	5,192	5,195	5,237	
Licking County	156,287	156,985	157,721	158,488	
<b>Income</b> (2) (a)					
Total Personal (in thousands)	167,302	176,123	179,648	179,357	
Per Capita	32,161	33,922	34,581	34,248	
<b>Unemployment Rate</b> (3)					
Federal	4.6%	4.6%	5.8%	9.3%	
State	5.5%	5.6%	6.6%	10.2%	
Licking County	5.1%	5.2%	6.1%	9.3%	
	<b>Fiscal Year</b>	<b>2007</b>	<b>2008</b>	<b>2009</b>	<b>2010</b>
<b>School Enrollment</b> (4)					
Grades K - 5	1,018	966	937	912	
Grades 6 - 8	525	515	495	504	
Grades 9 - 12	687	672	702	707	
Non-Grade	4	29	29	30	
Total	<u>2,234</u>	<u>2,182</u>	<u>2,163</u>	<u>2,153</u>	

\* Presented on a calendar year basis because that is the manner in which the information is maintained.

(1) US Bureau of Census of Population - latest update is calendar year 2010.

(2) US Department of Commerce, Bureau of Economic Analysis

(a) Per Capita Income is only available by County (2015 not available),  
Total Personal Income is a calculation

(3) State Department of Labor Statistics

(4) District Treasurer's Office, October enrollment figure.

*Lakewood Local School District*

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2010	2011	2012	2013	2014	2015
5,082	5,082	5,082	5,082	5,082	5,082
166,492	167,248	167,537	168,375	169,390	170,570
176,721	190,529	202,518	203,377	202,441	202,441
34,774	37,491	39,850	40,019	39,835	39,835
9.6%	8.9%	8.1%	7.4%	6.2%	5.3%
10.1%	8.6%	7.2%	7.4%	5.7%	4.9%
9.5%	8.0%	6.5%	6.9%	5.1%	4.4%
2011	2012	2013	2014	2015	2016
851	864	839	816	797	805
507	484	500	445	409	430
670	671	643	658	610	567
57	44	51	51	56	2
<u>2,085</u>	<u>2,063</u>	<u>2,033</u>	<u>1,970</u>	<u>1,872</u>	<u>1,804</u>



## *Lakewood Local School District*

### *Principal Employers Current Year and Nine Years Ago*

		2016	
Employer	Nature of Business	Number of Employees	Rank
THK Manufacturing of America	Linier Motion Devices	330	1
Kroger	Grocery	205	3
Heritage Sportswear	Clothing Manufacturing	171	2
Bayer Corporation	Polymers	152	4
Harry & David	Distributor	120	5
Hendrickson Axle	Auxiliary Axle Manufacturing	109	6
Renosol Corp	Foam Auto Seats	106	7
SunField	Steel Stamping	106	8
State Industrial	Machining	82	9
AGC	Metal Machining Automotive	75	10
Total		1,456	
Total Employment within the District		N/A	

		2007	
Employer	Nature of Business	Number of Employees	Rank
THK	Linier Motion Devices	306	1
Bear Creek	Distributor	260	2
Poma Glass & Specialty (AFG)	Glass Finishing	135	3
ECOLAB	Cleaning Supplies	124	4
Heritage Sportswear	Clothing Dept	114	5
The Boler Co.	Truck Axles	92	6
Sunfield	Steel Stamping	87	7
Allied Tube	Razor Wire/ Fencing	64	8
Ohio Metal Tech	Auto Parts	58	9
Renosol	Foam Auto Seats	53	10
Total		1,293	
Total Employment within the District		3,940	

**Sources:** Village of Hebron Administrative Offices  
N/A - not available

## *Lakewood Local School District*

### *School District Employees by Type Last Ten Years*

	2007	2008	2009	2010	2011
<b>Supervisory</b>					
Instructional Administrators	4	3	4	3	3
Noninstructional Administrators	3	3	4	5	5
Principals	5	5	5	4	4
Assistant Principals	2	2	2	3	3
<b>Instruction</b>					
Classroom Teachers					
Elementary	67	68	64	63	63
Middle	44	43	41	37	40
High	49	51	50	50	47
<b>Student Services</b>					
Guidance Counselors	4	4	4	4	4
Social Workers	2	2	2	2	2
Psychologists	1	1	1	1	2
Librarians	4	4	4	4	4
Other Professional Non-Instructional	1	2	2	2	2
<b>Support Services</b>					
Clerical/Secretaries	14	14	16	16	16
Aides/Safety Monitors	15	17	16	18	17
Food Service	20	17	16	15	15
Maintenance/Grounds	22	19	19	17	17
Transportation	30	31	31	33	24
<i>Total Employees</i>	<u>287</u>	<u>286</u>	<u>281</u>	<u>277</u>	<u>268</u>

**Method:** 1.00 for each full-time, 0.50 for each part-time and 0.25 for each seasonal employee

Source: District Treasurer's Office



*Lakewood Local School District*

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2012	2013	2014	2015	2016
3	3	3	3	3
5	5	5	5	5
4	4	4	4	4
3	3	3	3	3
58	55	55	57	62
43	42	41	43	39
45	43	44	46	45
4	4	4	3	3
1	1	1	1	1
2	2	2	2	2
1	1	1	0	1
5	5	4	5	4
15	15	14	14	14
17	16	17	17	17
16	16	17	17	14
16	18	18	16	17
22	28	27	27	27
<u>260</u>	<u>261</u>	<u>260</u>	<u>263</u>	<u>261</u>

## *Lakewood Local School District*

### *Operating Indicators - Cost per Pupil Last Ten Years*

Fiscal Year	2007	2008	2009	2010	2011
Enrollment (October Count)	2,234	2,182	2,163	2,153	2,085
Modified Accrual Basis					
Operating Expenditures	21,105,688	21,557,087	21,142,597	22,656,796	21,761,029
Cost per Pupil	9,447	9,880	9,775	10,523	10,437
Percentage of Change	7.0%	4.6%	(1.1%)	7.7%	(0.8%)
Accrual Basis (1)					
Expenses	\$19,753,451	\$20,420,227	\$20,711,380	\$21,792,835	\$21,180,297
Cost per Pupil	8,842	9,358	9,575	10,122	10,158
Percentage of Change	3.3%	5.8%	2.3%	5.7%	0.4%
Teaching Staff	168	162	162	160	160

Source: District Treasurer's Office

(1) Expenses exclude interest and fiscal charges

*Lakewood Local School District*

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2012	2013	2014	2015	2016
2,063	2,033	1,970	1,872	1,804
21,179,299	22,467,744	22,149,339	22,316,927	23,586,339
10,266 (1.6%)	11,052 7.6%	11,243 1.7%	11,921 6.0%	13,074 9.7%
\$20,506,610	\$20,799,476	\$21,077,732	\$21,032,260	\$22,133,530
9,940 (2.1%)	10,231 2.9%	10,699 4.6%	11,235 5.0%	12,269 9.2%
142	138	148	146	146

## *Lakewood Local School District*

### *Operating Indicators by Function Last Ten Years*

	2007	2008	2009	2010
<b>Governmental Activities</b>				
Pupils				
Enrollment	2,234	2,182	2,163	2,153
Graduates	160	145	149	168
Percent of Students with Disabilities	14.0%	14.6%	14.8%	15.2%
Board of Education				
Regularly scheduled board meeting per year	12	12	12	12
Fiscal Services				
Purchase Orders Processed	2,012	1,734	1,604	1,472
Checks Issued (non payroll)	2,833	2,645	2,536	2,424
Operation and Maintenance of Plant				
District Square Footage Maintained	357,393	357,393	357,393	357,393
District Square Acreage Maintained	114	114	114	114
Pupil Transportation				
Average Daily Students Transported	1,754	1,760	1,496	1,539
Average Daily Bus Fleet Miles	2,299	2,156	2,213	2,048
Number of Buses	32	30	34	32
Extracurricular Activities				
High School Varsity Teams	16	16	16	16
<b>Business-Type Activities</b>				
Food Service				
Student Lunches Served Annually	223,445	232,741	225,851	217,601
Free/Reduced Student Lunches Served Annually	104,025	107,176	106,742	112,316

Source: District Treasurer's Office and Ohio Department of Education Report Card Data

*Lakewood Local School District*

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2011	2012	2013	2014	2015	2016
2,085	2,063	2,033	1,970	1,872	1,804
138	149	145	147	159	134
15.2%	15.0%	15.0%	14.7%	16.0%	17.5%
12	12	12	12	12	12
1,433	1,419	1,332	1,363	1,404	1,437
2,366	2,456	2,598	2,548	2,530	2,598
357,393	357,393	357,393	357,393	357,393	357,393
114	114	114	114	114	114
1,374	1,383	1,347	1,334	1,330	1,357
2,444	2,008	2,353	2,425	2,019	2,038
33	31	33	34	34	34
16	16	15	19	19	19
210,673	209,325	192,996	205,687	190,690	176,446
113,561	125,391	119,828	119,006	109,099	103,649

## *Lakewood Local School District*

### *Operating Indicators - Teacher Base Salaries Last Ten Years*

Fiscal Year	2007	2008	2009	2010	2011
Minimum Salary	28,961	29,830	30,606	31,402	31,402
Maximum Salary	61,542	63,389	65,038	66,729	66,729
District Average Salary (1)	47,691	49,038	49,410	52,771	53,293
County Average Salary (1)	47,110	49,633	49,961	51,707	51,585
State Average Salary (1)	53,536	53,410	54,656	55,958	56,715

Source: District Treasurer's Office and Ohio Department of Education

### *Operating Indicators - Teacher by Education Last Ten Years*

Fiscal Year	2007	2008	2009	2010	2011
Bachelor's Degree	14	19	19	15	10
Bachelor + 15	49	44	43	36	35
Master's Degree	58	56	56	66	64
Master's Degree + 15	47	43	44	43	41
Total	168	162	162	160	150

Source: District Treasurer's Office

*Lakewood Local School District*

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2012	2013	2014	2015	2016
31,402	31,716	31,875	32,433	33,406
66,729	67,397	67,734	68,920	70,988
51,491	47,559	47,455	48,135	50,259
51,585	51,214	50,576	49,727	51,335
56,715	56,307	55,606	54,673	56,441

2012	2013	2014	2015	2016
5	6	9	7	12
35	35	36	33	25
68	66	73	66	70
34	31	30	35	39
142	138	148	141	146

## *Lakewood Local School District*

### *Capital Asset Statistics by Building Last Ten Years*

	2007	2008	2009	2010	2011
<b>Secondary</b>					
Lakewood Local High School					
Square Footage	150,848	150,848	150,848	150,848	150,848
Capacity (students)	1,000	1,000	1,000	1,000	1,000
Enrollment	691	674	705	707	670
<b>Middle</b>					
Lakewood Local Middle School					
Square Footage	60,700	60,700	60,700	60,700	60,700
Capacity (students)	720	720	720	720	720
Enrollment	525	515	495	504	507
<b>Intermediate</b>					
Jackson Intermediate School (1)					
Square Footage	50,238	75,107	75,107	75,107	75,107
Capacity (students)	525	975	975	975	975
Enrollment	336	508	497	483	437
<b>Elementary</b>					
Lakewood Local Jackson Elementary School					
Square Footage	24,869	N/A	N/A	N/A	N/A
Capacity (students)	450	N/A	N/A	N/A	N/A
Enrollment	304	N/A	N/A	N/A	N/A
Lakewood Local Hebron Elementary School					
Square Footage	58,138	58,138	58,138	58,138	58,138
Capacity (students)	675	675	675	675	675
Enrollment	378	485	466	459	471
<b>All Other</b>					
Central Administration Building					
Square Footage	3,696	3,696	3,696	3,696	3,696
Transportation/Maintenance/Food Service Building					
Square Footage	8,904	8,904	8,904	8,904	8,904

(1) District realigned in 2008: Hebron Elementary (K-2), Jackson Intermediate (3-5), Middle School (6-8), High School (9-12)

Source: District Treasurer's Office



*Lakewood Local School District*

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2012	2013	2014	2015	2016
150,848	150,848	150,848	150,848	150,848
1,000	1,000	1,000	1,000	1,000
671	646	658	610	567
60,700	60,700	60,700	60,700	60,700
720	720	720	720	720
484	500	445	409	430
75,107	75,107	75,107	75,107	75,107
975	975	975	975	975
434	421	412	412	412
N/A	N/A	N/A	N/A	N/A
N/A	N/A	N/A	N/A	N/A
N/A	N/A	N/A	N/A	N/A
58,138	58,138	58,138	58,138	58,138
675	675	675	675	675
474	466	455	441	395
3,696	3,696	3,696	3,696	3,696
8,904	8,904	8,904	8,904	8,904

## *Lakewood Local School District*

### *Educational and Operating Statistics Last Ten Years*

	2007	2008	2009	2010	2011
<b>Cost per Student (ODE) (1)</b>					
Lakewood	8,548	9,154	8,995	9,723	9,754
Ohio (Average)	9,586	9,939	10,184	10,512	10,571
<b>Attendance Rate (1)</b>					
Lakewood	94.60%	94.60%	94.90%	94.80%	>95.00%
Ohio (Average)	94.10%	94.20%	94.30%	94.30%	94.50%
<b>Graduation Rate (1)</b>					
Lakewood (a)	94.70%	91.20%	96.10%	98.80%	99.40%
Ohio (Average)	86.10%	86.90%	84.60%	83.00%	84.30%

**Source:**

District's Student Records and Ohio Department of Education

(1) ODE calculation is not based on GAAP financial reports.

(a) Beginning with FY12, the Graduation rates from ODE are calculated using a method required by federal law that tracks students when they transfer from school to school- Longitudinal Graduation 4 Year Rate.

*Lakewood Local School District*

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2012	2013	2014	2015	2016
9,561	9,282	8,887	9,278	9,918
10,508	10,149	9,536	9,904	9,837
>95.00%	94.60%	95.00%	95.00%	94.80%
94.50%	94.20%	94.30%	94.10%	94.10%
86.00%	89.00%	87.00%	95.00%	95.00%
81.30%	82.20%	92.30%	93.00%	93.00%



**LAKWOOD LOCAL SCHOOL DISTRICT  
LICKING COUNTY, OHIO**

**SUPPLEMENTAL REPORTS**

**FOR THE FISCAL YEAR ENDED  
JUNE 30, 2016**

**GLENN A. PLAISTED, CPA, TREASURER**

**LAKEWOOD LOCAL SCHOOL DISTRICT  
LICKING COUNTY, OHIO**

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**LAKEWOOD LOCAL SCHOOL DISTRICT  
SCHEDULE OF EXPENDITURES OF FEDERAL AWARDS  
FOR THE FISCAL YEAR ENDED JUNE 30, 2016**

FEDERAL GRANTOR/ SUB GRANTOR/ PROGRAM TITLE	CFDA NUMBER	(A) GRANT NUMBER	(B) CASH FEDERAL DISBURSEMENTS
<b>U.S. DEPARTMENT OF AGRICULTURE PASSED THROUGH THE OHIO DEPARTMENT OF EDUCATION</b>			
(C)(D) <b>Child Nutrition Cluster:</b> School Breakfast Program	10.553	2016	\$ 124,478
(C)(D) National School Lunch Program	10.555	2016	350,021
(D)(E) National School Lunch Program - Food Donation	10.555	2016	55,249
<b>Total National School Lunch Program</b>			<u>405,270</u>
<b>Total U.S. Department of Agriculture and Child Nutrition Cluster</b>			<u>529,748</u>
<b>U.S. DEPARTMENT OF EDUCATION PASSED THROUGH THE OHIO DEPARTMENT OF EDUCATION</b>			
(H) Title I Grants to Local Educational Agencies	84.010	2015	67,843
(H) Title I Grants to Local Educational Agencies	84.010	2016	554,109
<b>Total Title I Grants to Local Educational Agencies</b>			<u>621,952</u>
<b>Special Education Grant Cluster:</b>			
(F)(H) Special Education_Grants to States	84.027	2015	15,263
(F)(H) Special Education_Grants to States	84.027	2016	364,694
<b>Total Special Education_Grants to States</b>			<u>379,957</u>
(F) Special Education_Preschool Grants	84.173	2016	9,650
<b>Total Special Education Grant Cluster</b>			<u>389,607</u>
Improving Teacher Quality State Grants	84.367	2016	87,251
<b>Total U.S. Department of Education</b>			<u>1,098,810</u>
<b>Total Federal Financial Assistance</b>			<u>\$ 1,628,558</u>

**NOTES TO THE SCHEDULE OF EXPENDITURES OF FEDERAL AWARDS:**

- (A) OAKS did not assign pass-through numbers for fiscal year 2016.
- (B) This schedule includes the federal award activity of the Lakewood Local School District under programs of the federal government for the fiscal year ended June 30, 2016 and is prepared in accordance with the cash basis of accounting. The information on this schedule is prepared in accordance with the requirements of Title 2 U.S. Code of Federal Regulations Part 200, *Uniform Administrative Requirements, Cost Principles, and Audit Requirements for Federal Awards* (Uniform Guidance). Because the schedule presents only a selected portion of the operations of the Lakewood Local School District, it is not intended to and does not present the financial position, changes in net position, or cash flows of the Lakewood Local School District.
- (C) Commingled with state and local revenue from sales of breakfast and lunches; assumed expenditures were made on a first-in, first-out basis.
- (D) Included as part of "Child Nutrition Cluster" in determining major programs.
- (E) The Food Donation Program is a non-cash, in kind, federal grant. Commodities are reported at the entitlement value.
- (F) Included as part of "Special Education Grant Cluster" when determining major programs.
- (G) CFR Section 200.414 of the Uniform Guidance allows a non-federal entity that has never received a negotiated indirect cost rate to charge a de minimis rate of 10% of modified total direct costs to indirect costs. The District has elected not to use the 10% de minimis indirect cost rate.
- (H) The District generally must spend Federal assistance within 15 months of receipt (funds must be obligated by June 30th and spent by September 30th). However, with Ohio Department of Education ("ODE")'s approval, a District can transfer unspent Federal assistance to the succeeding year, thus allowing the District a total of 27 months to spend the assistance. Schools can document this by using special cost centers for each year's activity, and transferring the amounts ODE approves between the cost centers. During fiscal year 2016, the ODE authorized the following transfers:

Program Title	CFDA	Grant Year	Transfers Out	Transfers In
Title I Grants to Local Educational Agencies	84.010	2015	\$ 31,226	
Title I Grants to Local Educational Agencies	84.010	2016		\$ 31,226
Special Education_Grants to States	84.027	2015	1,248	
Special Education_Grants to States	84.027	2016		1,248
Totals			<u>\$ 32,474</u>	<u>\$ 32,474</u>



**Julian & Grube, Inc.**  
*Serving Ohio Local Governments*

333 County Line Rd. West, Westerville, OH 43082 Phone: 614.846.1899 Fax: 614.846.2799

**Independent Auditor's Report on Internal Control Over Financial Reporting and on  
Compliance and Other Matters Required by *Government Auditing Standards***

Lakewood Local School District  
Licking County  
525 East Main Street, P.O. Box 70  
Hebron, Ohio 43025

To the Board of Education:

We have audited, in accordance with auditing standards generally accepted in the United States and the Comptroller General of the United States' *Government Auditing Standards*, the financial statements of the governmental activities, the business-type activities, the discretely presented component unit, each major fund, and the aggregate remaining fund information of the Lakewood Local School District, Licking County, Ohio, as of and for the fiscal year ended June 30, 2016, and the related notes to the financial statements, which collectively comprise the Lakewood Local School District's basic financial statements and have issued our report thereon dated November 18, 2016.

***Internal Control Over Financial Reporting***

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

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

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



Board of Education  
Lakewood Local School District

***Compliance and Other Matters***

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

***Purpose of this Report***

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

A handwritten signature in cursive script that reads "Julian & Grube, Inc.".

Julian & Grube, Inc.  
November 18, 2016



## **Julian & Grube, Inc.**

*Serving Ohio Local Governments*

333 County Line Rd. West, Westerville, OH 43082 Phone: 614.846.1899 Fax: 614.846.2799

### **Independent Auditor's Report on Compliance With Requirements Applicable to the Major Federal Program and on Internal Control Over Compliance and Schedule of Expenditures of Federal Awards Required by The Uniform Guidance**

Lakewood Local School District  
Licking County  
525 East Main Street, P.O. Box 70  
Hebron, Ohio 43025

To the Board of Education:

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

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

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

The Lakewood Local School District's Management is responsible for complying with federal statutes, regulations, and the terms and conditions of its federal awards applicable to its federal programs.

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

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

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

#### ***Opinion on the Major Federal Program***

In our opinion, the Lakewood Local School District complied, in all material respects with the compliance requirements referred to above that could directly and materially affect its major federal program for the fiscal year ended June 30, 2016.

Board of Education  
Lakewood Local School District

***Report on Internal Control Over Compliance***

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

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

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

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

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

We have also audited the financial statements of the governmental activities, the business-type activities, the discretely-presented component unit, each major fund and the aggregate remaining fund information of the Lakewood Local School District as of and for the fiscal year ended June 30, 2016, and the related notes to the financial statements, which collectively comprise the Lakewood Local School District's basic financial statements. We issued our unmodified report thereon dated November 18, 2016. We conducted our audit to opine on the Lakewood Local School District's basic financial statements as a whole. The accompanying schedule of expenditures of federal awards presents additional analysis required by the Uniform Guidance and is not a required part of the basic financial statements. The schedule is management's responsibility, and was derived from and relates directly to the underlying accounting and other records management used to prepare the basic financial statements. We subjected this schedule to the auditing procedures we applied to the basic financial statements. We also applied certain additional procedures, including comparing and reconciling this schedule directly to the underlying accounting and other records used to prepare the basic financial statements or to the basic financial statements themselves, and other additional procedures in accordance with auditing standards generally accepted in the United States of America. In our opinion, this schedule is fairly stated, in all material respects, in relation to the basic financial statements taken as a whole.



Julian & Grube, Inc.  
November 18, 2016

**LAKESWOOD LOCAL SCHOOL DISTRICT  
LICKING COUNTY, OHIO**

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

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

<b>2. FINDINGS RELATED TO THE BASIC FINANCIAL STATEMENTS REQUIRED TO BE REPORTED IN ACCORDANCE WITH GAGAS</b>
---

None

<b>3. FINDINGS AND QUESTIONED COSTS FOR FEDERAL AWARDS</b>
--

None



# Dave Yost • Auditor of State

LAKESWOOD LOCAL SCHOOL DISTRICT

LICKING 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 17, 2017