

Comprehensive Annual Financial Report

Fiscal Year End, June 30, 2018



Reading Counts Assembly—Hebron Elementary

Lakewood Local School District
Hebron, Ohio



www.lakewoodlocal.k12.oh.us

525 East Main Street
Hebron, Ohio 43025



Dave Yost • Auditor of State

Board of Education
Lakewood Local School District
525 East Main Street
P. O. Box 70
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, 2017 through June 30, 2018. 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

December 17, 2018

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LAKWOOD LOCAL SCHOOL DISTRICT

HEBRON, OHIO

**COMPREHENSIVE ANNUAL
FINANCIAL REPORT**

**FOR THE FISCAL YEAR ENDED
June 30, 2018**

Prepared by:

**Ms. Glenna Plaisted
Treasurer/CFO**



LAKWOOD LOCAL SCHOOL DISTRICT

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LAKWOOD LOCAL SCHOOL DISTRICT



INTRODUCTORY SECTION





November 19, 2018

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

We are pleased to submit to you the Comprehensive Annual Financial Report (CAFR) of the Lakewood Local School District (District) for the fiscal year ended June 30, 2018. This CAFR includes an opinion from our auditors, Julian & Grube, Inc. and conforms to generally accepted accounting principles (GAAP) as prescribed by the Governmental Accounting Standards Board (GASB). Responsibility for the accuracy of the data presented 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.

State law requires that an official report prepared on the GAAP basis be prepared annually within 150 days after the close of the year. The report includes the basic financial statements that provide information about the District's financial position and the results of financial operations.

This report will provide the taxpayers of the District with comprehensive financial data in a format that will enable them to gain a clear understanding of the District's finances. Copies will be made available upon request and/or can be printed from the District's website.

DISTRICT PROFILE

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 1,878 students in grades K-12. The District also serves 62 preschool students.

The District's facilities include 1 elementary school (grades PreK-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.

www.lakewoodlocal.k12.oh.us

LAKWOOD LOCAL SCHOOL DISTRICT

LAKEWOOD LOCAL SCHOOL DISTRICT

Letter of Transmittal

For the Fiscal Year Ended June 30, 2018

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 District, acting as custodian of all District funds and investing idle funds as permitted by Ohio law. Ms. Glenna Plaisted has served as Treasurer/CFO since May 15, 2000.

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.

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.

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.

Lancer Connect, our educational options program, provides online courses and teacher support for students who may want or need to take courses outside of the traditional school environment.

Young residents are also eligible to apply for acceptance into our pre-school program. The pre-school curriculum aligns with the Ohio Department of Education's Early Learning and Development Standards for preschool children, and includes instructional areas in: Approaches to Learning, Language and Literacy, Cognition, Social Emotional Development, Physical Well Being and Motor Development.

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.

LAKEWOOD LOCAL SCHOOL DISTRICT

Letter of Transmittal

For the Fiscal Year Ended June 30, 2018

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. Wireless access is available in all district buildings. Students also have access to tablets and/or Chromebook at all four buildings. The high school is 1:1, meaning every student has a Chromebook for instructional use 24 hours a day, 7 days a week. Teachers have incorporated the use of technology into their classrooms and enabled students to use technology to help facilitate life-long learning.

The District has a web page which can be located at 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 Foundations, Spire and Math-U-See have been implemented to use for Tier 2 or Tier 3 interventions. The District also uses STAR as a quality benchmark assessment tool in grades K-8. Quarterly assessments have been developed in grades 9-12 to measure student mastery of course objectives in the core subject areas.

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. Interventions for students are occurring within teachers' daily instruction as they differentiate instruction to meet the needs of individual students and during Academic Assist or Enrichment/Intervention periods. Parental involvement is critical in the process of understanding student needs and developing intervention plans. In addition, we engage parents via surveys, focus groups, Learning with Loved One events and the development of our Continuous Improvement Plan (CIP).

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. Classroom teachers that teach gifted students completed at least 30 hours of gifted professional development this school year.

LAKWOOD LOCAL SCHOOL DISTRICT

Letter of Transmittal

For the Fiscal Year Ended June 30, 2018

Advanced placement courses in English, American History, Calculus AB, Chemistry, European History, U.S. Government, Statistics and Biology are offered at the high school level. Students also participate in college level courses and earn dual credit (high school and university credit). Courses are offered at the high school and also various universities.

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.

Teachers in all buildings are engaged in regular Teacher-Based Team meetings, where they analyze student data in English Language Arts and Math that align to the District's CIP goals above. Action steps and instructional strategies/interventions are implemented based on the student data. Plans are tweaked and instructional strategies/interventions modified as needed based on progress monitoring data.

STATE REPORT CARD PERFORMANCE

The Ohio Department of Education's (ODE) Ohio School Report Cards are designed to give each school district a clear picture of the progress in raising achievement and preparing our students for their futures. The information provided in the Report Card outlines areas that ODE views as most critical to successful learning. As a District we have some areas to celebrate and some areas of focus.

LAKEWOOD LOCAL SCHOOL DISTRICT

Letter of Transmittal

For the Fiscal Year Ended June 30, 2018

Our overall District letter grade is a “D”. The overall District letter grade is a new feature of the report card this year and is generated based on the combination of component grades. We were certainly disappointed to see an overall grade of “D” on our District report card. Although we realize the report card and the state testing that determines the report card grades are important, we do not believe it is the complete, definitive portrait of our school district, our students and our staff.

Achievement Component- This represents the level of proficiency of students on the state tests. It is made up of two parts: performance index and indicators met. Our component grade is a “D”. This is the same grade we earned last year. We are pleased that we increased the number of indicators met from last year to this year. Compared to the 2017 report card, we increased achievement in 17 of the indicators, showing in some areas significant gains in achievement as measured by the Ohio State Tests (OST). Even though the percentages do not meet the state standard of 80% proficient, this indicates we are on the right path.

Gap Closing- This shows how well we meet performance expectations for sub-groups of students, such as our students with disabilities and economically disadvantaged. This measure was completely revamped for the 2017-2018 school year. Our District earned a letter grade of “F”. The elementary buildings are showing a “C”, which shows we are closing the gap in the earlier grades. We expect to see this earlier growth since we have chosen to focus on the elementary grades and economically disadvantaged students in both reading and math. Focusing on the lower grades now allows the progress to roll up.

Value-Added- This measures the amount of growth students make from year to year. Value-Added scores for the District are lower, overall for the District this year. However, there is evidence of more than expected progress in grades 4, 5 and 7 at Jackson Intermediate School and Lakewood Middle School. Jackson earned a “B” and the middle school earned a “C”. We have put an emphasis on implementing new curricular pieces and had significant professional development and teacher collaboration in these buildings.

Improving At-Risk K-3 Reading- Our District earned a “D” this year for this component of the local report card. This measures our success rate of moving students in grades K-3 from off-track to on-track from fall to fall. Although we saw a decrease in ‘Improving At-Risk Readers Component’ at Hebron Elementary School and Jackson Intermediate School, we continue to have 100% of our non-exempt students meeting the Third Grade Reading Guarantee. We use Renaissance STAR assessments to determine student on-track status and provide individualized Reading Improvement and Monitoring Plans (RIMPS) for all students who are deemed to be off-track.

Graduation Rate- This is the percent of students who graduate who started at LHS, including students who may have moved and did not enroll elsewhere. Data reflects the graduating classes of 2016 and 2017. We earned a component score of “B” for the second year with a 4-year graduation rate of 90.4% and a 5-year graduations rate of 94.5% as reported with ODE data. However, if we look at the graduation rate of students who attended Lakewood Schools for all four years of high school, the graduation rate increases to 97.1%. We continue to focus heavily on finding pathways to gradation for all students despite the challenging graduation requirements that have been set.

LAKEWOOD LOCAL SCHOOL DISTRICT

Letter of Transmittal

For the Fiscal Year Ended June 30, 2018

Prepared for Success-This measures whether students are training in a technical field or preparing for work or college. Data reflects the graduating classes of 2016 and 2017. Our District component grade for this measure dropped from a “D” to an “F” due to an increase in the benchmark. This measure awards credits for students who earn remediation-free scores on the ACT for English, reading and math exams, earn an honors Diploma or earn high marks on an industry-recognized credentialing test in one of 13 high-demand career fields. Districts get bonus points for students who achieve at least one of the above and earn a score of 3 or higher on at least one AP Exam or earn at least 3 credits in College Credit Plus (CCP) courses.

We use all of this data to develop our practice and guide our discussions. Before the final release of the report card, our district teams worked this summer to put plans in place to focus on areas of continued growth. Our building goals and Quality Profile are located on the District website under District Profile.

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, Harry & David Operations, MPW Properties, Hendrickson, and RR Donnelley.

The District relies heavily on property tax revenues to maintain its educational programs. The District has two (2) temporary emergency operating levies. On November 7, 2017 the District passed a renewal of a five year emergency levy which generates \$2,353,259 per year. A ten year emergency levy was passed on November 2, 2010 and generates \$3,528,880 per year. These emergency levies represent 38% of the total tax related revenues for the District. The District anticipates returning to its voters for a renewal of the ten year emergency levy in November 2019. With the passage of this renewal levy, the District should be able to meet its operating expenses through fiscal year 2023 as projected on the District five-year forecast.

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.

LAKEWOOD LOCAL SCHOOL DISTRICT

Letter of Transmittal

For the Fiscal Year Ended June 30, 2018

The Board of Education approved a transfer of \$500,000 from the General Fund to the Capital Projects Fund each of the past two fiscal years. It is anticipated that the Board of Education will approve additional transfers of \$500,000 each fiscal year from the General Fund to the Capital Projects Fund for fiscal years ending June 30, 2019 and June 30, 2020. These monies will be used to assist in addressing the facility needs within the District.

The District was on the November 2018 ballot with a bond issue to build a new elementary school (grades Pre-K through 5) along with needed improvements for the middle school and high school. The bond issue attempt was unsuccessful and the District will go back to the voters in May 2019.

RECENT INITIATIVES/ACCOMPLISHMENTS

There were a number of District initiatives/accomplishments made during the fiscal year ended June 30, 2018. Some of those were as follows:

Financial

The District received an unmodified opinion on the Fiscal Year 2017 audit with no citations or recommendations noted.

The District received the Certificate of Excellence in Financial Reporting from the Government Finance Officers Association for the Lakewood Local School District Comprehensive Annual Report (CAFR) for Fiscal Year ending June 30, 2017. The Certificate of Achievement is the highest form of recognition in governmental accounting and financial reporting, and its attainment represents a significant accomplishment by a government and its management. This is the fifteenth consecutive year the District has received this award.

The District received the Award for Outstanding Achievement in Popular Annual Financial Reporting from the Government Finance Officers Association for the Lakewood Local School District Popular Annual Financial Report (PAFR) for the Fiscal Year ending June 30, 2017. This colorful easy to read document is a useful tool in educating the public and staff on the revenues and expenditures of the School District. This is the ninth consecutive year the District has received this award.

Instructional/Other

- Established a Business Advisory Council at Lakewood High School. To date, more than 50 businesses have provided input on curriculum/job skills needed, provided mentorship/internship opportunities for students and offered training and credentialing for students.
- Lakewood High School administrators led a drug testing task force made up of administrators, staff members, students, coaches and parents. They met numerous times to review the needs of our school, review drug testing policies from other local districts and to develop a random drug testing program that would fit the needs of the students at Lakewood High School and Lakewood Middle School. This program will begin implementation for the 2018-2019 school year.
- Received a \$30,000 grant from Making Middle Grades Work to implement key practices at Lakewood Middle School.
- As part of our districtwide Leaders & Learners initiative, the Middle School developed a daily block of time that is focused on character development and academic content writing aligned to state standards.

LAKEWOOD LOCAL SCHOOL DISTRICT

Letter of Transmittal

For the Fiscal Year Ended June 30, 2018

- Jackson Intermediate School partnered with the Village Network to bring on-site counseling for referred students to the school building.
- Teachers at Jackson Intermediate School participated on leadership teams (LEAD team) that focused on developing student leaders, increasing building morale, providing an effective learning environment and making family connections. The students participated in a building-wide incentive program that recognized students for good behavior.
- Lakewood Preschool earned a 5-star rating, the highest rate possible, for Step Up to Quality from the Ohio Department of Education.
- Teachers at Hebron Elementary used Project Based Learning as a strategy to hook students to learning, integrate subjects and provide students with opportunities to apply what they learned in authentic ways. Teachers also integrated design challenges into the classroom to teach students the problem solving framework and develop much needed 21st Century Skills.
- Hebron Elementary offered a Leaders in Training program for 2nd graders. Interested students completed an application (included writing an essay, getting recommendations from previous teachers and having an interview). Leaders met weekly with the school social worker and helped in various ways in the school.

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 2018 Comprehensive Annual Financial Report (CAFR).

To receive the Award for Outstanding Achievement in Popular Annual Financial Reporting from the Government Finance Officers Association for the 2018 Popular Annual Financial Report (PAFR).

Instructional

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, in addition to engaging the students and providing opportunities for enrichment and intervention as needed. In working towards our district goals and an "A" rating on the local report card, we continue to review our curriculum, alignment and assessment practices.

We are working towards a balanced literacy framework for English Language Arts at the elementary levels. We have gradually implemented new programs pieces, Foundations and Lucy Calkins' Reading Units of Study, to the framework. Teachers are receiving ongoing professional development and are collaborating around best practices in the implementation of these programs.

The Engage New York math program continues to be used in the District. Our K-8 Math Instructional Coach and Title I Math teacher, along with building teacher leaders, continue to provide professional development to teachers on a weekly to biweekly basis, model best practices, do intervention with groups of students and create resources (i.e., pacing guides, assessments, spiral reviews, how-to videos for teachers, students and parents).

Teachers at the high school will continue to focus on teaching and learning best practices for the implementation of the 1:1 Chromebook program. Teachers will receive training and become Google certified.

LAKEWOOD LOCAL SCHOOL DISTRICT

Letter of Transmittal

For the Fiscal Year Ended June 30, 2018

Finally, we will be embarking on strategic planning in early 2019. In preparation for our strategic planning, the district will be working with consultants on a full curriculum audit that will explore ten components, including leadership, culture, teaching & learning and student assessment & data management.

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 – Management 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 Internal Control structure is designed to provide reasonable, but not absolute, assurance that these objectives are met. The concept of reasonable assurance recognizes that: (1) the cost of a control should not exceed the benefits likely 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.

MANAGEMENT’S DISCUSSION AND ANALYSIS – Generally Accepted Accounting Principles require that management provide a narrative introduction, overview, and analysis to accompany the basic financial statements in the form of the management’s discussion and analysis (MD&A). This letter of transmittal is designed to complement the 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.

RELEVANT FINANCIAL GUIDELINE – In January 2017, the Board of Education passed a resolution to adopt a General Fund Balance Guideline. The fund balance guideline is equal to 60 days operational cash as the minimum operational benchmark for determining the ending General Fund balance needs. The minimum benchmark should be reflected on the five year forecast in the current year and the next three (3) projected years of the forecast.

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, 2018, as of this writing, revealed no instances of material weaknesses in internal control or significant violations of applicable laws and regulations.

LAKEWOOD LOCAL SCHOOL DISTRICT

Letter of Transmittal

For the Fiscal Year Ended June 30, 2018

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 object 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.

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 AND ACKNOWLEDGMENTS

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 (CAFR) for the fiscal year ended June 30, 2017. The Certificate of Achievement is a prestigious national award recognizing conformance with the highest standards for preparation of State and local government financial reports. 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, with contents conforming to program standards. 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.

In addition, the School District received the Award for Outstanding Achievement in Popular Annual Financial Reporting (PAFR) from GFOA for the year ended June 30, 2017. The PAFR is a condensed, more user-friendly financial report intended to provide highlights of the District's financial condition.

ACKNOWLEDGMENTS – The publication of this report is a major step toward the commitment to professionalizing the financial reporting of the Lakewood Local School District and significantly increases the accountability of the School District to the taxpayers. The accomplishment of this report would not have been possible without the assistance, support, and efforts of the Treasurer's office and various administrators and employees of the School District. We also would like to recognize Donald J. Schonhardt & Associates, Inc. for their assistance in preparing this report.

LAKEWOOD LOCAL SCHOOL DISTRICT

Letter of Transmittal

For the Fiscal Year Ended June 30, 2018

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,

A handwritten signature in black ink that reads "Glenna J. Plaisted CPA". The signature is written in a cursive style and is positioned above the typed name.

Glenna J. Plaisted, CPA, CGMA
Treasurer/CFO

LAKWOOD LOCAL SCHOOL DISTRICT

***Members of the Board of Education and Administration
For the Fiscal Year Ended June 30, 2018***

Members of the Board of Education

	<u>Began Service as A Board Member</u>	<u>Present Term Expires</u>
Tara Houdeshell, President	January 1, 2018	December 31, 2021
Jonathan Lynch, Vice President	January 1, 2018	December 31, 2021
Nathan Corum	June 20, 2018	December 31, 2019
Brittany Misner	May 10, 2018	December 31, 2019
Bill Pollard	January 1, 2018	December 31, 2021

Treasurer/CFO

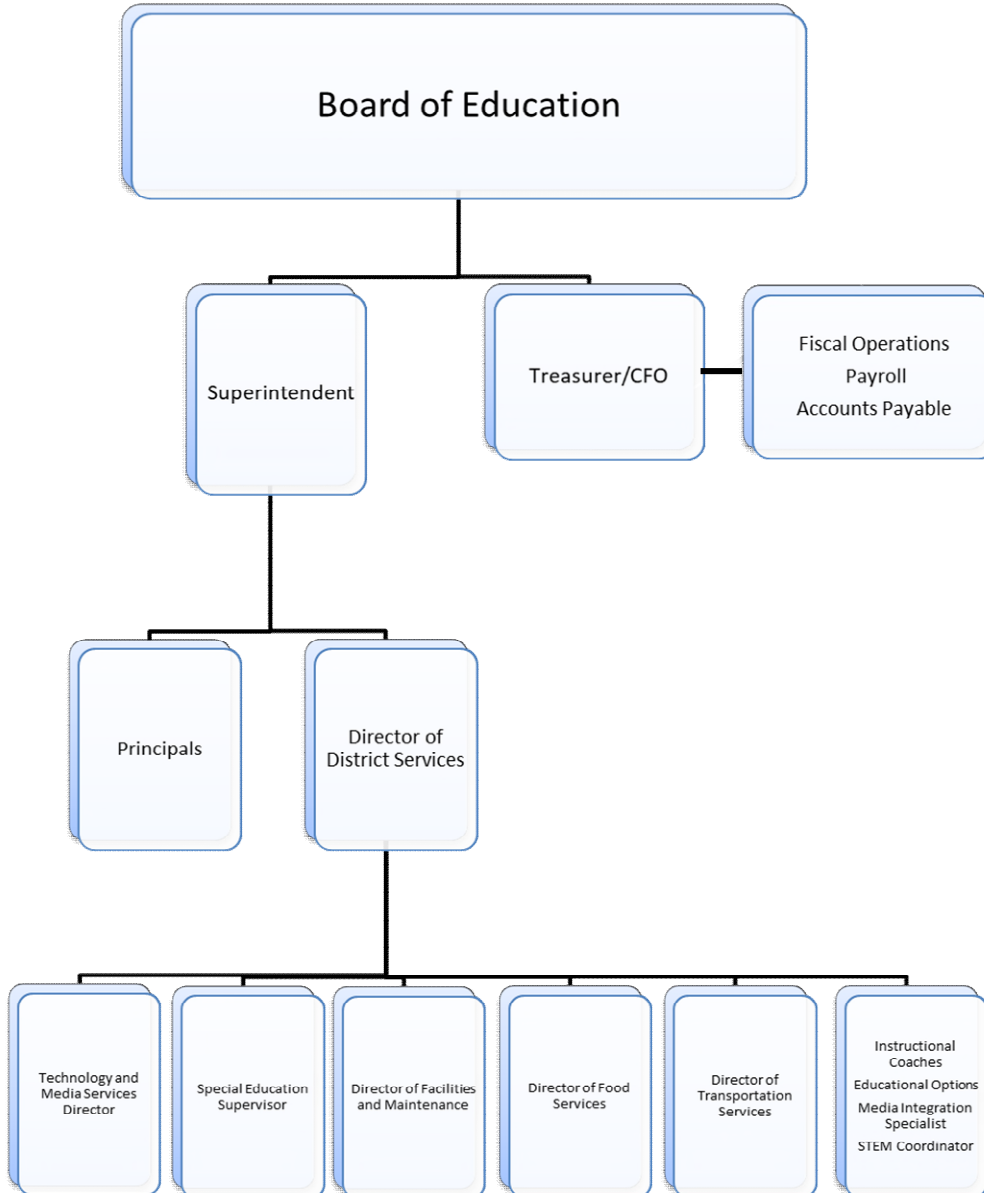
	<u>Position</u>
Glenna J. Plaisted	Treasurer/CFO

Administration

	<u>Position</u>
Mary Kay Andrews	Superintendent
Patricia Pickering	Director of District Services

LAKWOOD LOCAL SCHOOL DISTRICT

Organizational Chart For the Fiscal Year Ended June 30, 2018



LAKWOOD LOCAL SCHOOL DISTRICT

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



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, 2017

Christopher P. Morill

Executive Director/CEO

FINANCIAL SECTION





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, 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, 2018, 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 such opinion. An audit also includes evaluating the appropriateness of management's accounting policies and the reasonableness of their significant accounting estimates, as well as our evaluation of the overall financial statement presentation.

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

Opinion

In our opinion, the financial statements referred to above present fairly, in all material respects, the respective financial position of the governmental activities, the business-type activities, each major fund, and the aggregate remaining fund information of the Lakewood Local School District, Licking County, Ohio, as of June 30, 2018, and the respective changes in financial position and, where applicable, cash flows thereof and the budgetary comparison for the General fund thereof for the fiscal year then ended in accordance with the accounting principles generally accepted in the United States of America.

Emphasis of Matter

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

Other Matters

Required Supplementary Information

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

Supplementary and Other Information

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

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

Other Reporting Required by Government Auditing Standards

In accordance with *Government Auditing Standards*, we have also issued our report dated November 19, 2018, 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 19, 2018



LAKEWOOD LOCAL SCHOOL DISTRICT

***Management's Discussion and Analysis
For the Fiscal Year Ended June 30, 2018***

Unaudited

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, 2018. 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 2018 are as follows:

- ❑ In total, net position increased \$14,021,022. Net position of governmental activities increased \$14,022,083, which represents a 111.8% increase from 2017. Net position of business-type activities decreased \$1,061 or 0.2% from 2017.
- ❑ General revenues accounted for \$24,576,035 in revenue or 85.5% of all revenues. Program specific revenues in the form of charges for services and sales and grants and contributions accounted for \$4,165,632 or 14.5% of total revenues of \$28,741,667
- ❑ The District had \$13,782,108 in expenses related to governmental activities; only \$3,228,156 of these expenses were offset by program specific charges for services and sales, and grants and contributions.
- ❑ Among major funds, the general fund had \$24,679,716 in revenues and \$24,945,819 in expenditures. During fiscal year 2018, the general fund's fund balance decreased from \$18,195,456 to \$17,533,945.

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.

LAKEWOOD LOCAL SCHOOL DISTRICT

***Management's Discussion and Analysis
For the Fiscal Year Ended June 30, 2018***

Unaudited

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.

LAKWOOD LOCAL SCHOOL DISTRICT

**Management's Discussion and Analysis
For the Fiscal Year Ended June 30, 2018**

Unaudited

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 2018 compared to 2017:

	Governmental Activities		Business-type Activities		Total	
	2018	Restated 2017	2018	Restated 2017	2018	Restated 2017
Assets:						
Current and other assets	\$35,127,830	\$36,843,202	\$89,156	\$84,725	\$35,216,986	\$36,927,927
Capital assets, Net	17,497,218	14,855,180	102,808	115,913	17,600,026	14,971,093
Total assets	<u>52,625,048</u>	<u>51,698,382</u>	<u>191,964</u>	<u>200,638</u>	<u>52,817,012</u>	<u>51,899,020</u>
Deferred outflows of resources:						
Refunding	62,786	69,762	0	0	62,786	69,762
Pension	8,000,983	6,347,075	194,860	253,206	8,195,843	6,600,281
OPEB	252,003	39,439	12,144	4,169	264,147	43,608
Total deferred outflows of resources	<u>8,315,772</u>	<u>6,456,276</u>	<u>207,004</u>	<u>257,375</u>	<u>8,522,776</u>	<u>6,713,651</u>
Liabilities:						
Net pension liability	25,885,284	35,595,957	495,151	560,509	26,380,435	36,156,466
Net OPEB liability	5,612,244	7,071,337	225,165	249,269	5,837,409	7,320,606
Other long-term liabilities	10,649,437	11,596,961	10,498	4,622	10,659,935	11,601,583
Other liabilities	2,316,127	2,703,632	72,088	69,565	2,388,215	2,773,197
Total liabilities	<u>44,463,092</u>	<u>56,967,887</u>	<u>802,902</u>	<u>883,965</u>	<u>45,265,994</u>	<u>57,851,852</u>
Deferred inflows of resources:						
Property Tax	13,039,743	13,517,511	0	0	13,039,743	13,517,511
Pension	1,250,195	210,946	12,144	18,457	1,262,339	229,403
OPEB	707,393	0	29,392	0	736,785	0
Total deferred inflows of resources	<u>14,997,331</u>	<u>13,728,457</u>	<u>41,536</u>	<u>18,457</u>	<u>15,038,867</u>	<u>13,746,914</u>
Net position (deficit):						
Net investment in capital assets	7,250,065	4,355,534	102,808	115,913	7,352,873	4,471,447
Restricted	853,153	696,852	0	0	853,153	696,852
Unrestricted	(6,622,821)	(17,594,072)	(548,278)	(560,322)	(7,171,099)	(18,154,394)
Total net position (deficit)	<u>\$1,480,397</u>	<u>(\$12,541,686)</u>	<u>(\$445,470)</u>	<u>(\$444,409)</u>	<u>\$1,034,927</u>	<u>(\$12,986,095)</u>

LAKEWOOD LOCAL SCHOOL DISTRICT

***Management's Discussion and Analysis
For the Fiscal Year Ended June 30, 2018***

Unaudited

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 fiscal year 2018, the District adopted GASB Statement 75, "Accounting and Financial Reporting for Postemployment Benefits Other Than Pensions," which also significantly revises accounting for costs and liabilities related to other postemployment benefits (OPEB). For reasons discussed below, many end users of this financial statement will gain a clearer understanding of the District's actual financial condition by adding deferred inflows related to pension and OPEB, the net pension liability and the net OPEB liability to the reported net position and subtracting deferred outflows related to pension and OPEB.

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

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

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

GASB notes that pension and OPEB obligations, whether funded or unfunded, are part of the "employment exchange" – that is, the employee is trading his or her labor in exchange for wages, benefits, and the promise of a future pension and other postemployment benefits. GASB noted that the unfunded portion of this promise is a present obligation of the government, part of a bargained-for benefit to the employee, and should accordingly be reported by the government as a liability since they received the benefit of the exchange. However, the District is not responsible for certain key factors affecting the balance of these liabilities. In Ohio, the employee shares the obligation of funding pension benefits with the employer. Both employer and employee contribution rates are capped by State statute. A change in these caps requires action of both Houses of the General Assembly and approval of the Governor. Benefit provisions are also determined by State statute. The Ohio revised Code permits, but does not require the retirement systems to provide healthcare to eligible benefit recipients. The retirement systems may allocate a portion of the employer contributions to provide for these OPEB benefits.

The employee enters the employment exchange with the knowledge that the employer's promise is limited not by contract but by law. The employer enters the exchange also knowing that there is a specific, legal limit to its contribution to the retirement system. In Ohio, there is no legal means to enforce the unfunded liability of the pension/OPEB plan as against the public employer. State law operates to mitigate/lessen the moral obligation of the public employer to the employee, because all parties enter the employment exchange with notice as to the law. The retirement system is responsible for the administration of the pension and OPEB plans.

LAKEWOOD LOCAL SCHOOL DISTRICT

***Management's Discussion and Analysis
For the Fiscal Year Ended June 30, 2018***

Unaudited

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

In accordance with GASB 68 and GASB 75, the District's statements prepared on an accrual basis of accounting include an annual pension expense and an annual OPEB expense for their proportionate share of each plan's change in net pension liability and net OPEB liability, respectively, not accounted for as deferred inflows/outflows. As a result of implementing GASB 75, the District is reporting a net OPEB liability and deferred inflows/outflows of resources related to OPEB on the accrual basis of accounting. This implementation also had the effect of restating net position at June 30, 2017, from a net deficit of \$5,509,788 to a net deficit of \$12,541,686 in governmental activities and from a net deficit of \$199,309 to a net deficit of \$444,409 in business-type activities.

At fiscal year-end for governmental activities, capital assets represented 33% 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, 2018 was \$7,250,065. 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, \$853,153, represents resources that are subject to external restriction on how they may be used. Excluding the effect of GASB 68 and GASB 75, the District has approximately \$18.5 million in unrestricted net position which may be used to meet the District's ongoing obligations to the students and creditors.

LAKWOOD LOCAL SCHOOL DISTRICT

**Management's Discussion and Analysis
For the Fiscal Year Ended June 30, 2018**

Unaudited

Changes in Net Position – The following table shows the changes in net position for fiscal years 2018 and 2017:

	Governmental Activities		Business-type Activities		Total	
	2018	2017	2018	2017	2018	2017
Revenues						
Program Revenues:						
Charges for Services and Sales	\$1,487,225	\$1,391,636	\$348,571	\$331,827	\$1,835,796	\$1,723,463
Operating Grants and Contributions	1,282,931	1,438,208	588,905	581,800	1,871,836	2,020,008
Capital Grants and Contributions	458,000	0	0	0	458,000	0
Total Program Revenues	<u>3,228,156</u>	<u>2,829,844</u>	<u>937,476</u>	<u>913,627</u>	<u>4,165,632</u>	<u>3,743,471</u>
General Revenues:						
Property Taxes	15,962,535	14,038,989	0	0	15,962,535	14,038,989
Grants and Entitlements	8,221,497	8,902,300	0	0	8,221,497	8,902,300
Other	392,003	264,518	0	0	392,003	264,518
Total General Revenues	<u>24,576,035</u>	<u>23,205,807</u>	<u>0</u>	<u>0</u>	<u>24,576,035</u>	<u>23,205,807</u>
Total Revenues	<u>27,804,191</u>	<u>26,035,651</u>	<u>937,476</u>	<u>913,627</u>	<u>28,741,667</u>	<u>26,949,278</u>
Program Expenses						
Instruction	6,499,863	14,940,596	0	0	6,499,863	14,940,596
Support Services:						
Pupils	942,383	1,701,739	0	0	942,383	1,701,739
Instructional Staff	428,326	704,846	0	0	428,326	704,846
Board of Education	174,438	90,134	0	0	174,438	90,134
Administration	961,114	2,046,793	0	0	961,114	2,046,793
Fiscal Services	643,616	747,064	0	0	643,616	747,064
Business	24,802	26,278	0	0	24,802	26,278
Operation and Maintenance of Plant	1,593,046	1,737,436	0	0	1,593,046	1,737,436
Pupil Transportation	1,608,005	1,786,288	0	0	1,608,005	1,786,288
Central	15,121	23,814	0	0	15,121	23,814
Operation of Non-Instructional Services	46,340	49,796	0	0	46,340	49,796
Extracurricular Activities	578,496	624,287	0	0	578,496	624,287
Interest and Fiscal Charges	266,558	277,373	0	0	266,558	277,373
Food Service	0	0	938,537	984,409	938,537	984,409
Total Expenses	<u>13,782,108</u>	<u>24,756,444</u>	<u>938,537</u>	<u>984,409</u>	<u>14,720,645</u>	<u>25,740,853</u>
Total Change in Net Position (Deficit)	14,022,083	1,279,207	(1,061)	(70,782)	14,021,022	1,208,425
Beginning Net Position (Deficit), Restated	(12,541,686)	N/A	(444,409)	N/A	(12,986,095)	N/A
Ending Net Position (Deficit)	<u>\$1,480,397</u>	<u>(\$12,541,686)</u>	<u>(\$445,470)</u>	<u>(\$444,409)</u>	<u>\$1,034,927</u>	<u>(\$12,986,095)</u>

LAKWOOD LOCAL SCHOOL DISTRICT

**Management's Discussion and Analysis
For the Fiscal Year Ended June 30, 2018**

Unaudited

The information necessary to restate the 2017 beginning balances and the 2017 OPEB expense amounts for the effects of the initial implementation of GASB 75 is not available. Therefore, 2017 functional expenses still include OPEB expense of \$39,439 for Governmental Activities and \$4,169 for Business-type Activities computed under GASB 45. GASB 45 required recognizing OPEB expense equal to the contractually required contributions to the plan. Under GASB 75, OPEB expense represents additional amounts earned, adjusted by deferred inflows/outflows. The contractually required contribution is no longer a component of OPEB expense. Under GASB 75, the 2018 statements report negative OPEB expense of \$913,270 for Governmental Activities and positive OPEB expense of \$9,457 for Business-type Activities.

Consequently, in order to compare 2018 total program expenses to 2017, the following adjustments are needed:

	Governmental Activities	Business-type Activities
Total 2018 program expenses under GASB 75	\$13,782,108	\$938,537
Negative (Positive) OPEB expense under GASB 75	913,270	(9,457)
2018 contractually required contribution	50,994	12,144
Adjusted 2018 program expenses	14,746,372	941,224
Total 2017 program expenses under GASB 45	24,756,444	984,409
Change in program expenses not related to OPEB	(\$10,010,072)	(\$43,185)

Governmental Activities

Net position of the District's governmental activities increased by \$14,022,083. This substantial increase can mostly be attributed to changes in the net pension and net OPEB liabilities. The negative pension expense for fiscal year 2018 is \$8,486,282. Total governmental expenses of \$13,782,108 were offset by program revenues of \$3,228,156 and general revenues of \$24,576,035. Program revenues supported 23.4% of the total governmental expenses. The primary sources of revenues consist of property taxes and grants and entitlements which total \$24,184,032 and represent 98.4% 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.

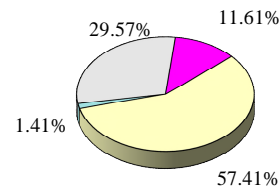
LAKWOOD LOCAL SCHOOL DISTRICT

**Management's Discussion and Analysis
For the Fiscal Year Ended June 30, 2018**

Unaudited

The District passed a five year renewal emergency levy on November 7, 2017 that generates tax revenues of \$2,353,259 yearly. Voters also approved a new ten year emergency operating levy on November 2, 2010 for \$3,528,880. Fiscal year 2018 includes the total revenues generated from both these emergency levies. Property taxes made up 57% of revenues for governmental activities for the District in fiscal year 2018. The District's reliance upon tax revenues is demonstrated by the following graph:

Revenue Sources	2018	Percent of Total
General Grants	\$8,221,497	29.57%
Program Revenues	3,228,156	11.61%
Property Tax Revenues	15,962,535	57.41%
General Other	392,003	1.41%
Total Revenue	<u>\$27,804,191</u>	<u>100.00%</u>



Business-Type Activities

Net position of the business-type activities decreased by \$1,061. These programs had revenues of \$937,476 and expenses of \$938,537 for fiscal year 2018. Business activities receive no support from tax revenues; however, they have received support from governmental activities.

FINANCIAL ANALYSIS OF THE SCHOOL DISTRICT'S FUNDS

The District's governmental funds reported a combined fund balance of \$19,385,602, which is lower than last year's total of \$20,125,422. The schedule below indicates the fund balance and the total change in fund balance by fund type as of June 30, 2018 and 2017.

	Fund Balance June 30, 2018	Fund Balance June 30, 2017	Increase (Decrease)
General	\$17,533,945	\$18,195,456	(\$661,511)
Debt Service	806,573	612,191	194,382
Other Governmental	1,045,084	1,317,775	(272,691)
Total	<u>\$19,385,602</u>	<u>\$20,125,422</u>	<u>(\$739,820)</u>

LAKWOOD LOCAL SCHOOL DISTRICT

**Management's Discussion and Analysis
For the Fiscal Year Ended June 30, 2018**

Unaudited

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

	2018 Revenues	2017 Revenues	Increase (Decrease)
Taxes	\$14,767,637	\$13,351,315	\$1,416,322
Tuition	1,220,174	1,174,718	45,456
Investment Earnings	248,916	138,938	109,978
Extracurricular Activities	29,198	30,345	(1,147)
Class Materials and Fees	76,523	69,111	7,412
Intergovernmental - State	8,077,685	8,783,790	(706,105)
Intergovernmental - Federal	101,217	144,277	(43,060)
All Other Revenue	158,366	129,520	28,846
Total	\$24,679,716	\$23,822,014	\$857,702

General Fund revenues in 2018 increased approximately 3.6% compared to revenues in fiscal year 2017. During fiscal year 2018, the District had an increase in Taxes due to an increase in Available Tax Advances at June 30, 2018. This was the result of an increase in taxpayers paying their property taxes prior to December 31, 2017 due to changes in the Federal Tax Code, and also because the County Treasurer reduced the dollar amount needed for the sale of delinquent tax liens from \$5,000 to \$3,000 which resulted in a large one-time increase in taxes revenue from the sale of those delinquent taxes. The decrease in Intergovernmental – State revenues resulted from the decline in Tangible Personal Property Reimbursement that is being phased out by SB 208.

	2018 Expenditures	2017 Expenditures	Increase (Decrease)
Instruction	\$13,948,780	\$12,772,527	\$1,176,253
Supporting Services:			
Pupils	1,557,397	1,500,741	56,656
Instructional Staff	629,153	488,450	140,703
Board of Education	176,071	89,586	86,485
Administration	1,906,163	1,890,475	15,688
Fiscal Services	687,057	705,206	(18,149)
Business	26,506	25,520	986
Operation & Maintenance of Plant	2,105,803	2,402,051	(296,248)
Pupil Transportation	1,828,136	1,861,033	(32,897)
Central	21,741	23,219	(1,478)
Operation of Non-Instructional Services	832	6,703	(5,871)
Extracurricular Activities	350,464	345,652	4,812
Capital Outlay	1,671,809	117,754	1,554,055
Debt Service:			
Principal Retirement	33,062	37,828	(4,766)
Interest and Fiscal Charges	2,845	2,275	570
Total	\$24,945,819	\$22,269,020	\$2,676,799

LAKEWOOD LOCAL SCHOOL DISTRICT

***Management's Discussion and Analysis
For the Fiscal Year Ended June 30, 2018***

Unaudited

The expenditures increased by \$2,676,799 or 12.0% compared to the prior year. The District's budget is 76% personnel related. The District had a 2% increase in base salary for fiscal year 2018 and paid the negotiated step increase ranging from 0% to 3% based on the number of years of service and type of degree. The District health insurance premiums increased 6% for the January 2018 renewal. The District's instructional purchased service costs were up due to an increase in placement of students to outside instructional services and instructional supplies costs were also up for fiscal year 2018. The District's capital outlay is up because it has invested in several large capital improvement projects which included a new stadium, new safety vestibules at the middle and high schools, a student success center at the high school, renovated science and life skills labs, restroom renovations/additions and asbestos abatements at the middle school.

Debt Service Fund – The fund balance increased \$194,382 because the District had an increase in Taxes due to an increase in Available Tax Advances at June 30, 2018. This was the result of an increase in taxpayers paying their property taxes prior to December 31, 2017 due to changes in the Federal Tax Code, and also because the County Treasurer reduced the dollar amount needed for the sale of delinquent tax liens from \$5,000 to \$3,000 which resulted in a large one-time increase in taxes revenue from the sale of those delinquent taxes.

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 2018 the District amended its General Fund budget several times. The final budget did not change significantly over the original budget. The School District closely monitors its resources and uses and if necessary, modifies appropriations on a timely basis.

The final General Fund budget basis revenue of \$23.8 million increased approximately \$1.1 million over the initial revenue budget. This was the result of increases in property tax collections, tuition, interest income and open enrollment revenues.

Total original appropriations compared to the final appropriations did not change materially in total; however appropriations did change between the different expense object categories of the General Fund. The General Fund transferred \$500,000 to the Capital Projects Fund.

LAKWOOD LOCAL SCHOOL DISTRICT

**Management's Discussion and Analysis
For the Fiscal Year Ended June 30, 2018**

Unaudited

CAPITAL ASSETS AND DEBT ADMINISTRATION

Capital Assets

At the end of fiscal 2018, the District had \$17,600,026 net of accumulated depreciation invested in land, construction in progress, buildings, equipment and vehicles. Of this total, \$17,497,218 was related to governmental activities and \$102,808 to the business-type activities. The following table shows fiscal year 2018 and 2017 balances:

	Governmental Activities		Change
	2018	2017	
Land	\$410,817	\$275,555	\$135,262
Land Improvements	3,679,255	1,181,259	2,497,996
Buildings and Improvements	25,006,804	22,844,466	2,162,338
Furniture, Fixtures and Equipment	4,140,116	3,964,419	175,697
Vehicles	2,528,484	2,344,212	184,272
Construction in Progress	326,871	1,964,316	(1,637,445)
Less: Accumulated Depreciation	(18,595,129)	(17,719,047)	(876,082)
Totals	\$17,497,218	\$14,855,180	\$2,642,038

	Business-Type Activities		Change
	2018	2017	
Furniture and Equipment	\$408,863	\$426,200	(\$17,337)
Less: Accumulated Depreciation	(306,055)	(310,287)	4,232
Totals	\$102,808	\$115,913	(\$13,105)

The change in capital asset additions/disposals was offset by depreciation as well as increases to capital outlay which included a stadium, new safety vestibules at the middle and high schools, a student success center at the high school, and renovated science and life skills labs, and restroom renovations/additions at the middle school. Additional information on the District's capital assets can be found in Note 9.

LAKEWOOD LOCAL SCHOOL DISTRICT

**Management's Discussion and Analysis
For the Fiscal Year Ended June 30, 2018**

Unaudited

Debt

At June 30, 2018 the District had \$42.9 million in bonds, notes, loans, and other long-term obligations outstanding, \$1,133,750 due within one year. The following table summarizes the District's debt and other long-term liabilities outstanding as of June 30, 2018 and June 30, 2017:

	<u>2018</u>	<u>2017</u>
Governmental Activities:		
General Obligation Bonds:		
School Improvement	\$7,484,151	\$8,220,168
Energy Conservation Bonds Payable	458,854	550,624
Net Pension Liability	25,885,284	35,595,957
Net OPEB Liability	5,612,244	7,071,337
Capital Leases Payable	2,366,934	2,545,082
Compensated Absences	339,498	281,087
Total Governmental Activities	<u>42,146,965</u>	<u>54,264,255</u>
Business-Type Activities:		
Net Pension Liability	495,151	560,509
Net OPEB Liability	225,165	249,269
Compensated Absences	10,498	4,622
Total Business-Type Activities	<u>730,814</u>	<u>814,400</u>
Totals	<u>\$42,877,779</u>	<u>\$55,078,655</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, 2018, the District's outstanding debt was below the legal limit. Additional information on the District's long-term debt can be found in Note 12.

LAKEWOOD LOCAL SCHOOL DISTRICT

***Management's Discussion and Analysis
For the Fiscal Year Ended June 30, 2018***

Unaudited

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 renewed on November 7, 2017. The total amount of revenue from this emergency operating levy is \$2,353,259 per year.

In January 2017, the Board passed a resolution to adopt a General Fund Balance Guideline whose purpose was to preserve financial stability. The cash reserve is equal to up to 60 days operational cash as the minimum operational benchmark for determining the ending cash needs for the General Fund. The minimum benchmark should be reflected on the five year forecast in the current year and the next three (3) projected years of the forecast. 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 2019-2022. The District anticipates returning to its voters asking for a renewal of the ten year emergency operating levy in November 2019. With the passage of this levy, the District should be able to meet its operating expenses through 2023.

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.

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.



LAKEWOOD LOCAL SCHOOL DISTRICT

Statement of Net Position *June 30, 2018*

	Governmental Activities	Business-Type Activities	Total
Assets:			
Cash and Cash Equivalents	\$ 9,063,444	\$ 69,750	\$ 9,133,194
Investments	10,036,070	0	10,036,070
Receivables:			
Taxes	15,413,452	0	15,413,452
Accounts	175,455	256	175,711
Intergovernmental	63,353	0	63,353
Interest	37,457	0	37,457
Inventory	31,912	5,315	37,227
Prepaid Items	306,687	13,835	320,522
Capital Assets:			
Nondepreciable Capital Assets	737,688	0	737,688
Depreciable Capital Assets, Net	16,759,530	102,808	16,862,338
Total Capital Assets, Net	17,497,218	102,808	17,600,026
Total Assets	52,625,048	191,964	52,817,012
Deferred Outflows of Resources:			
Deferred Charge on Refunding	62,786	0	62,786
Pension	8,000,983	194,860	8,195,843
OPEB	252,003	12,144	264,147
Total Deferred Outflows of Resources	8,315,772	207,004	8,522,776
Liabilities:			
Accounts Payable	100,357	0	100,357
Accrued Wages and Benefits	1,821,665	56,722	1,878,387
Intergovernmental Payable	340,327	15,366	355,693
Retainage Payable	25,218	0	25,218
Accrued Interest Payable	28,560	0	28,560
Long Term Liabilities:			
Due Within One Year	1,133,750	0	1,133,750
Due in More Than One Year:			
Net Pension Liability	25,885,284	495,151	26,380,435
Net OPEB Liability	5,612,244	225,165	5,837,409
Other Amounts Due in More Than One Year	9,515,687	10,498	9,526,185
Total Liabilities	44,463,092	802,902	45,265,994
Deferred Inflows of Resources:			
Property Taxes	13,039,743	0	13,039,743
Pension	1,250,195	12,144	1,262,339
OPEB	707,393	29,392	736,785
Total Deferred Inflows of Resources	14,997,331	41,536	15,038,867
Net Position:			
Net Investment in Capital Assets	7,250,065	102,808	7,352,873
Restricted For:			
Debt Service	798,920	0	798,920
Other Purposes	54,233	0	54,233
Unrestricted (Deficit)	(6,622,821)	(548,278)	(7,171,099)
Total Net Position	\$ 1,480,397	\$ (445,470)	\$ 1,034,927

See accompanying notes to the basic financial statements

LAKWOOD LOCAL SCHOOL DISTRICT

Statement of Activities
For the Fiscal Year Ended June 30, 2018

	Expenses	Program Revenues		
		Charges for Services and Sales	Operating Grants and Contributions	Capital Grants and Contributions
Governmental Activities:				
Instruction	\$ 6,499,863	\$ 1,307,061	\$ 954,468	\$ 0
Support Services:				
Pupils	942,383	0	166,208	0
Instructional Staff	428,326	0	112,381	0
Board of Education	174,438	0	0	0
Administration	961,114	276	14,798	0
Fiscal Services	643,616	0	0	0
Business	24,802	0	0	0
Operation and Maintenance of Plant	1,593,046	0	12,418	0
Pupil Transportation	1,608,005	0	0	0
Central	15,121	0	0	0
Operation of Non-Instructional Services	46,340	0	2,548	0
Extracurricular Activities	578,496	179,888	20,110	458,000
Interest and Fiscal Charges	266,558	0	0	0
Total Governmental Activities	13,782,108	1,487,225	1,282,931	458,000
Business-Type Activities:				
Food Service	938,537	348,571	588,905	0
Total Business-Type Activities	938,537	348,571	588,905	0
Totals	\$ 14,720,645	\$ 1,835,796	\$ 1,871,836	\$ 458,000

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, Restated

Net Position End of Year

See accompanying notes to the basic financial statements

LAKEWOOD LOCAL SCHOOL DISTRICT

Net (Expense) Revenue
and Changes in Net Position

Governmental Activities	Business-Type Activities	Total
\$ (4,238,334)	\$ 0	\$ (4,238,334)
(776,175)	0	(776,175)
(315,945)	0	(315,945)
(174,438)	0	(174,438)
(946,040)	0	(946,040)
(643,616)	0	(643,616)
(24,802)	0	(24,802)
(1,580,628)	0	(1,580,628)
(1,608,005)	0	(1,608,005)
(15,121)	0	(15,121)
(43,792)	0	(43,792)
79,502	0	79,502
<u>(266,558)</u>	<u>0</u>	<u>(266,558)</u>
<u>(10,553,952)</u>	<u>0</u>	<u>(10,553,952)</u>
<u>0</u>	<u>(1,061)</u>	<u>(1,061)</u>
<u>0</u>	<u>(1,061)</u>	<u>(1,061)</u>
<u>(10,553,952)</u>	<u>(1,061)</u>	<u>(10,555,013)</u>
14,666,904	0	14,666,904
1,295,631	0	1,295,631
8,221,497	0	8,221,497
240,795	0	240,795
<u>151,208</u>	<u>0</u>	<u>151,208</u>
<u>24,576,035</u>	<u>0</u>	<u>24,576,035</u>
14,022,083	(1,061)	14,021,022
<u>(12,541,686)</u>	<u>(444,409)</u>	<u>(12,986,095)</u>
<u>\$ 1,480,397</u>	<u>\$ (445,470)</u>	<u>\$ 1,034,927</u>

LAKEWOOD LOCAL SCHOOL DISTRICT

Balance Sheet
Governmental Funds
June 30, 2018

	General	Debt Service	Other Governmental Funds	Total Governmental Funds
Assets:				
Cash and Cash Equivalents	\$ 7,407,243	\$ 607,303	\$ 1,048,898	\$ 9,063,444
Investments	10,036,070	0	0	10,036,070
Receivables:				
Taxes	14,251,313	1,162,139	0	15,413,452
Accounts	175,455	0	0	175,455
Intergovernmental	15,165	0	48,188	63,353
Interest	37,457	0	0	37,457
Interfund Loan Receivable	3,162	0	0	3,162
Inventory	31,912	0	0	31,912
Prepaid Items	296,414	0	10,273	306,687
Total Assets	\$ 32,254,191	\$ 1,769,442	\$ 1,107,359	\$ 35,130,992
Liabilities:				
Accounts Payable	\$ 99,116	\$ 0	\$ 1,241	\$ 100,357
Accrued Wages and Benefits	1,770,407	0	51,258	1,821,665
Intergovernmental Payable	333,751	0	6,576	340,327
Retainage Payable	25,218	0	0	25,218
Interfund Loans Payable	0	0	3,162	3,162
Total Liabilities	2,228,492	0	62,237	2,290,729
Deferred Inflows of Resources:				
Property Taxes	12,097,781	941,962	0	13,039,743
Unavailable Revenue	393,973	20,907	38	414,918
Total Deferred Inflows of Resources	12,491,754	962,869	38	13,454,661
Fund Balances:				
Nonspendable	328,326	0	10,273	338,599
Restricted	9,111	806,573	45,084	860,768
Committed	204,164	0	0	204,164
Assigned	502,612	0	1,000,000	1,502,612
Unassigned	16,489,732	0	(10,273)	16,479,459
Total Fund Balances	17,533,945	806,573	1,045,084	19,385,602
Total Liabilities, Deferred Inflows of Resources, and Fund Balances	\$ 32,254,191	\$ 1,769,442	\$ 1,107,359	\$ 35,130,992

See accompanying notes to the basic financial statements

LAKEWOOD LOCAL SCHOOL DISTRICT

Reconciliation of Total Governmental Fund Balances to Net Position of Governmental Activities June 30, 2018

Total Governmental Fund Balances		\$ 19,385,602
 <i>Amounts reported for governmental activities in the statement of net position are different because</i>		
Capital Assets used in governmental activities are not resources and therefore are not reported in the funds.		17,497,218
Other long-term assets are not available to pay for current-period expenditures and therefore are deferred in the funds.		414,918
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	8,000,983	
Deferred Inflows - Pension	(1,250,195)	
Net Pension Liability	(25,885,284)	(19,134,496)
The net OPEB 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 - OPEB	252,003	
Deferred Inflows - OPEB	(707,393)	
Net OPEB Liability	(5,612,244)	(6,067,634)
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	(458,854)	
General Obligation Bonds Payable	(7,205,000)	
Deferred loss on refunding (to be amortized as interest expense)	62,786	
Issuance Premium (to be amortized against interest expense)	(279,151)	
Capital Leases Payable	(2,366,934)	
Compensated Absences Payable	(339,498)	
Accrued Interest Payable	(28,560)	(10,615,211)
 <i>Net Position of Governmental Activities</i>		 \$ 1,480,397

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, 2018

	General	Debt Service	Other Governmental Funds	Total Governmental Funds
Revenues:				
Local Sources:				
Taxes	\$ 14,767,637	\$ 1,300,158	\$ 0	\$ 16,067,795
Tuition	1,220,174	0	0	1,220,174
Investment Earnings	248,916	0	0	248,916
Extracurricular Activities	29,198	0	150,690	179,888
Class Materials and Fees	76,523	0	0	76,523
Intermediate Sources	0	0	20,751	20,751
Intergovernmental - State	8,077,685	223,678	100,150	8,401,513
Intergovernmental - Federal	101,217	0	960,799	1,062,016
All Other Revenue	158,366	0	23,592	181,958
Total Revenue	24,679,716	1,523,836	1,255,982	27,459,534
Expenditures:				
Current:				
Instruction	13,948,780	0	779,533	14,728,313
Supporting Services:				
Pupils	1,557,397	0	163,921	1,721,318
Instructional Staff	629,153	0	113,165	742,318
Board of Education	176,071	0	0	176,071
Administration	1,906,163	0	13,759	1,919,922
Fiscal Services	687,057	11,866	0	698,923
Business	26,506	0	0	26,506
Operation and Maintenance of Plant	2,105,803	0	12,418	2,118,221
Pupil Transportation	1,828,136	0	0	1,828,136
Central	21,741	0	0	21,741
Operation of Non-Instructional Services	832	0	2,548	3,380
Extracurricular Activities	350,464	0	196,863	547,327
Capital Outlay	1,671,809	0	746,466	2,418,275
Debt Service:				
Principal Retirement	33,062	1,026,770	0	1,059,832
Interest and Fiscal Charges	2,845	290,818	0	293,663
Total Expenditures	24,945,819	1,329,454	2,028,673	28,303,946
Excess (Deficiency) of Revenues				
Over (Under) Expenditures	(266,103)	194,382	(772,691)	(844,412)

LAKWOOD LOCAL SCHOOL DISTRICT

	General	Debt Service	Other Governmental Funds	Total Governmental Funds
Other Financing Sources (Uses):				
Sale of Capital Assets	12,979	0	0	12,979
Other Financing Sources - Capital Leases	84,914	0	0	84,914
Transfers In	0	0	500,000	500,000
Transfers Out	(500,000)	0	0	(500,000)
Total Other Financing Sources (Uses)	(402,107)	0	500,000	97,893
Net Change in Fund Balance	(668,210)	194,382	(272,691)	(746,519)
Fund Balances at Beginning of Year	18,195,456	612,191	1,317,775	20,125,422
Increase in Inventory	6,699	0	0	6,699
Fund Balances End of Year	\$ 17,533,945	\$ 806,573	\$ 1,045,084	\$ 19,385,602

See accompanying notes to the basic financial statements

LAKEWOOD LOCAL SCHOOL DISTRICT

***Reconciliation of the Statement of Revenues, Expenditures and
Changes in Fund Balances of Governmental Funds
To the Statement of Activities
For the Fiscal Year Ended June 30, 2018***

Net Change in Fund Balances - Total Governmental Funds \$ (746,519)

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

Governmental funds report capital outlays as expenditures. However, in the statement of activities, the cost of those assets is allocated over their estimated useful lives as depreciation expense. This is the amount by which capital outlays exceeded depreciation in the current period. 2,212,194

The net effect of various miscellaneous transactions involving capital assets (i.e., sales and donations) is to increase net position. 429,844

Revenues in the statement of activities that do not provide current financial resources are not reported as revenues in the funds. (113,343)

Contractually required contributions are reported as expenditures in governmental funds; however, the statement of net position reports these amounts as deferred outflows. 1,890,044

Except for amounts reported as deferred inflows/outflows, changes in the net pension liability are reported as pension income/(expense) in the statement of activities. 8,486,282

Except for amounts reported as deferred inflows/outflows, changes in the net OPEB liability are reported as OPEB income/(expense) in the statement of activities. 913,270

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. 1,005,935

In the statement of activities, interest is accrued on outstanding bonds, whereas in governmental funds, interest expenditure is reported when due. 3,064

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	(58,411)	
Amortization of Deferred Loss on Refunding	(6,976)	
Change in Inventory	6,699	
	<hr/>	<hr/>
	(58,688)	(58,688)

Change in Net Position of Governmental Activities **\$ 14,022,083**

See accompanying notes to the basic financial statements

LAKWOOD 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, 2018**

	Original Budget	Final Budget	Actual	Variance with Final Budget Positive (Negative)
Revenues:				
Local Sources:				
Taxes	\$ 13,221,485	\$ 13,775,737	\$ 13,775,737	\$ 0
Tuition	1,056,705	1,340,201	1,338,276	(1,925)
Investment Earnings	184,000	265,000	274,175	9,175
Class Material and Fees	69,680	75,578	75,653	75
Intergovernmental - State	7,901,426	8,077,685	8,077,685	0
Intergovernmental - Federal	125,000	125,000	96,604	(28,396)
All Other Revenues	132,549	139,715	142,132	2,417
Total Revenues	22,690,845	23,798,916	23,780,262	(18,654)
Expenditures:				
Current:				
Instructional Services	13,687,134	13,987,855	13,904,183	83,672
Support Services:				
Pupils	1,604,891	1,588,172	1,565,615	22,557
Instructional Staff	620,222	620,030	578,429	41,601
Board of Education	119,836	172,380	164,649	7,731
Administration	1,956,103	1,926,064	1,906,368	19,696
Fiscal Services	733,757	706,891	699,772	7,119
Business	56,773	40,155	37,603	2,552
Operation and Maintenance of Plant	2,290,661	2,256,302	2,142,203	114,099
Pupil Transportation	1,969,510	1,834,996	1,820,832	14,164
Central	28,765	28,946	24,070	4,876
Operation of Non-Instructional Services	13,228	1,040	859	181
Extracurricular Activities	323,946	319,910	308,386	11,524
Capital Outlay	1,891,327	1,775,309	1,770,309	5,000
Total Expenditures	25,296,153	25,258,050	24,923,278	334,772
Excess (Deficiency) of Revenues Over (Under) Expenditures	(2,605,308)	(1,459,134)	(1,143,016)	316,118
Other Financing Sources (Uses):				
Sale of Capital Assets	3,000	12,979	12,979	0
Transfers Out	(500,000)	(500,000)	(500,000)	0
Total Other Financing Sources (Uses):	(497,000)	(487,021)	(487,021)	0
Net Change in Fund Balance	(3,102,308)	(1,946,155)	(1,630,037)	316,118
Fund Balance at Beginning of Year	17,407,737	17,407,737	17,407,737	0
Prior Year Encumbrances	1,445,871	1,445,871	1,445,871	0
Fund Balance at End of Year	\$ 15,751,300	\$ 16,907,453	\$ 17,223,571	\$ 316,118

See accompanying notes to the basic financial statements

LAKEWOOD LOCAL SCHOOL DISTRICT

Statement of Net Position
Proprietary Fund
June 30, 2018

	Business-Type Activities
	Enterprise Funds
	Food Service
Assets:	
<i>Current Assets:</i>	
Cash and Cash Equivalents	\$ 69,750
Receivables:	
Accounts	256
Inventory Held for Resale	5,315
Prepaid Items	13,835
<i>Total Current Assets</i>	89,156
<i>Non Current Assets:</i>	
Capital Assets, Net	102,808
Total Assets	191,964
Deferred Outflows of Resources:	
Pension	194,860
OPEB	12,144
Total Deferred Outflows of Resources	207,004
Liabilities:	
<i>Current Liabilities:</i>	
Accrued Wages and Benefits	56,722
Intergovernmental Payable	15,366
<i>Total Current Liabilities</i>	72,088
<i>Long Term Liabilities:</i>	
Compensated Absences Payable	10,498
Net Pension Liability	495,151
Net OPEB Liability	225,165
<i>Total Long-term Liabilities</i>	730,814
Total Liabilities	802,902
Deferred Inflows of Resources:	
Pension	12,144
OPEB	29,392
Total Deferred Inflows of Resources	41,536
Net Position:	
Investment in Capital Assets	102,808
Unrestricted	(548,278)
Total Net Position	\$ (445,470)

See accompanying notes to the basic financial statements

LAKWOOD LOCAL SCHOOL DISTRICT

Statement of Revenues, Expenses and Changes in Fund Net Position
Proprietary Fund
For the Fiscal Year Ended June 30, 2018

	Business-Type Activities
	Enterprise Funds
	Food Service
Operating Revenues:	
Sales	\$ 347,810
Total Operating Revenues	<u>347,810</u>
Operating Expenses:	
Salaries and Wages	282,107
Fringe Benefits	201,049
Contractual Services	25,068
Supplies and Materials	414,635
Depreciation	14,678
Other Operating Expense	1,000
Total Operating Expenses	<u>938,537</u>
Operating Income (Loss)	(590,727)
Nonoperating Revenue:	
Intergovernmental Grants	588,905
Investment Earnings	761
Total Nonoperating Revenues	<u>589,666</u>
Change in Net Position	(1,061)
Net Position Beginning of Year, Restated	<u>(444,409)</u>
Net Position End of Year	<u>\$ (445,470)</u>

See accompanying notes to the basic financial statements

LAKWOOD LOCAL SCHOOL DISTRICT

Statement of Cash Flows
Proprietary Fund
For the Fiscal Year Ended June 30, 2018

	Business-Type Activities
	Enterprise Fund
	Food Service
<u>Cash Flows from Operating Activities:</u>	
Cash Received from Customers	\$347,877
Cash Payments for Goods and Services	(360,092)
Cash Payments to Employees for Services and Benefits	(490,841)
Net Cash Used by Operating Activities	(503,056)
<u>Cash Flows from Noncapital Financing Activities:</u>	
Intergovernmental Grants Received	509,603
Net Cash Provided by Noncapital Financing Activities	509,603
<u>Cash Flows from Capital and Related Financing Activities:</u>	
Acquisition of Capital Assets	(1,573)
Net Cash Used by Capital Financing Activities	(1,573)
<u>Cash Flows from Investing Activities:</u>	
Receipt of Interest	761
Net Cash Provided by Investing Activities	761
Net Increase in Cash and Cash Equivalents	5,735
Cash and Cash Equivalents at Beginning of Year	64,015
Cash and Cash Equivalents at End of Year	\$69,750
<u>Reconciliation of Operating Loss to Net Cash</u>	
<u>Used by Operating Activities:</u>	
Operating Loss	(\$590,727)
Adjustments to Reconcile Operating Loss to	
Net Cash Used by Operating Activities:	
Depreciation Expense	14,678
Donated Commodities Used During the Year	79,302
Changes in Assets and Liabilities:	
Decrease in Accounts Receivable	67
Decrease in Inventory	1,808
Increase in Prepaid Items	(571)
Decrease in Deferred Outflow-Pension	58,346
Increase in Deferred Outflow-OPEB	(7,975)
Decrease in Accounts Payable	(499)
Increase in Accrued Wages and Benefits	1,815
Increase in Intergovernmental Payables	1,207
Increase in Compensated Absences	5,876
Decrease in Net Pension Liability	(65,358)
Decrease in Net OPEB Liability	(24,104)
Decrease in Deferred Inflow-Pension	(6,313)
Increase in Deferred Inflow-OPEB	29,392
Total Adjustments	87,671
Net Cash Used by Operating Activities	(503,056)

Schedule of Noncash Investing, Capital and Financing Activities:

During fiscal year 2018, the Food Service Fund received \$79,302 in donated commodities from the federal government.

See accompanying notes to the basic financial statements

LAKWOOD LOCAL SCHOOL DISTRICT

Statement of Assets and Liabilities
Fiduciary Fund
June 30, 2018

	<u>Agency</u>
Assets:	
Cash and Cash Equivalents	<u>\$ 28,057</u>
Total Assets	<u>\$ 28,057</u>
Liabilities:	
Due to Students	<u>\$ 28,057</u>
Total Liabilities	<u>\$ 28,057</u>

See accompanying notes to the basic financial statements

LAKWOOD LOCAL SCHOOL DISTRICT

Notes to the Basic Financial Statements For the Fiscal Year Ended June 30, 2018

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). Members are elected at-large for staggering four year terms. The District provides educational services as authorized by State statute and federal guidelines. The Board controls the District's instructional support facilities staffed by approximately 94 non-certified employees, 152 certificated employees and 15 administrative employees providing education to 1,878 students in grades K-12 and also to 62 preschool 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*", and GASB Statement No. 61, "*The Financial Reporting Entity: Omnibus*" 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. There were no potential component units that met the criteria to be included in the District's reporting entity.

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 Ohio SchoolComp Workers' Compensation Group Retrospective Rating Program. Information regarding these organizations is presented in Notes 14 and 15.

The accounting policies and financial reporting practices of the District 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.

LAKEWOOD LOCAL SCHOOL DISTRICT

Notes to the Basic Financial Statements For the Fiscal Year Ended June 30, 2018

NOTE 1 - SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)

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:

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.

LAKEWOOD LOCAL SCHOOL DISTRICT

Notes to the Basic Financial Statements For the Fiscal Year Ended June 30, 2018

NOTE 1 - SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)

B. Basis of Presentation - Fund Accounting (Continued)

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.

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.

LAKEWOOD LOCAL SCHOOL DISTRICT

***Notes to the Basic Financial Statements
For the Fiscal Year Ended June 30, 2018***

NOTE 1 - SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)

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

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.

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.

LAKWOOD LOCAL SCHOOL DISTRICT

***Notes to the Basic Financial Statements
For the Fiscal Year Ended June 30, 2018***

NOTE 1 - SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)

D. Basis of Accounting (Continued)

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.

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 required to be 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 2018.

LAKEWOOD LOCAL SCHOOL DISTRICT

Notes to the Basic Financial Statements For the Fiscal Year Ended June 30, 2018

NOTE 1 - SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)

E. Budgetary Process (Continued)

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.

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. 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).

LAKEWOOD LOCAL SCHOOL DISTRICT

***Notes to the Basic Financial Statements
For the Fiscal Year Ended June 30, 2018***

NOTE 1 - SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)

E. Budgetary Process (Continued)

4. 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)	(\$668,210)
Increase (Decrease):	
Accrued Revenues at June 30, 2018, received during FY 2019	(1,987,636)
Accrued Revenues at June 30, 2017, received during FY 2018	1,093,996
Accrued Expenditures at June 30, 2018, paid during FY 2019	2,228,492
Accrued Expenditures at June 30, 2017, paid during FY 2018	(2,059,051)
FY 2017 Prepays for FY 2018	278,149
FY 2018 Prepays for FY 2019	(296,414)
Adjustment to Fair Value of Investments	28,549
Perspective Difference- Budgeted Special Revenue Fund reclassified as General Fund	11,301
Encumbrances Outstanding	(259,213)
Budget Basis	(\$1,630,037)

F. Cash and Cash Equivalents

During fiscal year 2018, 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 cash equivalents and investments represents the balance on hand as if each fund maintained its own cash and investment account. See Note 5, "Cash, Cash Equivalents and Investments."

LAKEWOOD LOCAL SCHOOL DISTRICT

Notes to the Basic Financial Statements For the Fiscal Year Ended June 30, 2018

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 5, “Cash, Cash Equivalents and Investments.”

During 2018, the District invested in STAR Ohio. STAR Ohio (the State Treasury Asset Reserve of 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 has adopted Governmental Accounting Standards Board (GASB), Statement No. 79, “*Certain External Investment Pools and Pool Participants*.” The District measures its investment in STAR Ohio at the net asset value (NAV) per share provided by STAR Ohio. The NAV per share is calculated on an amortized cost basis that provides an NAV per share that approximates fair value. For 2018, there were no limitations or restrictions on any participant withdrawals due to redemption notice periods, liquidity fees, or redemption gates. However, notice must be given 24 hours in advance of all deposits and withdrawals exceeding \$25 million. STAR Ohio reserves the right to limit the transaction to \$50 million, requiring the excess amount to be transacted the following business day(s), but only to the \$50 million limit. All accounts of the participant will be combined for these purposes.

H. Inventory

On government-wide financial statements, inventories are presented at the lower of cost or market using the first in, first out (FIFO) method and are expensed when used. On fund financial statements, inventories of governmental funds are valued at cost while inventories of proprietary funds are stated at lower of cost or market. Donated commodities are presented at their entitlement value. For all funds, cost is determined using the FIFO method, and are determined by physical count. Inventory in governmental funds consists of expendable supplies held for consumption. The cost is recorded as an expenditure at the time of purchase. Reported inventories in these funds are equally offset by a nonspendable fund balance, which indicates they do not represent available spendable resources. Inventories of proprietary funds consist of donated and purchased food. 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.

I. Prepaid Items

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

LAKWOOD LOCAL SCHOOL DISTRICT

***Notes to the Basic Financial Statements
For the Fiscal Year Ended June 30, 2018***

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.

Donated capital assets are recorded at their acquisition value as of 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). Donated capital assets are recorded at their acquisition value as of 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 fund.

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

LAKEWOOD LOCAL SCHOOL DISTRICT

***Notes to the Basic Financial Statements
For the Fiscal Year Ended June 30, 2018***

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, Debt Service 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, 2018 was by enabling legislation. The District applies restricted resources first when an expense is incurred for purposes for which both restricted and unrestricted resources are available.

LAKEWOOD LOCAL SCHOOL DISTRICT

***Notes to the Basic Financial Statements
For the Fiscal Year Ended June 30, 2018***

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

Notes to the Basic Financial Statements For the Fiscal Year Ended June 30, 2018

NOTE 1 - SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)

O. Pensions/Other Postemployment Benefits (OPEB)

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

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 2018.

LAKEWOOD LOCAL SCHOOL DISTRICT

***Notes to the Basic Financial Statements
For the Fiscal Year Ended June 30, 2018***

NOTE 1 - SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)

T. Bond Premiums, Bond Discounts, Gains/Losses 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 amortized 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, for pension and for OPEB. 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 and OPEB plans are explained in Notes 10 and 11, respectively.

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, OPEB 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 and OPEB plans are reported on the government-wide statement of net position explained in Notes 10 and 11, respectively.

LAKWOOD LOCAL SCHOOL DISTRICT

**Notes to the Basic Financial Statements
For the Fiscal Year Ended June 30, 2018**

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 – CHANGE IN ACCOUNTING PRINCIPLE AND RESTATEMENT OF NET POSITION

For fiscal year 2018, the District implemented the Governmental Accounting Standards Board (GASB) Statement No. 75, “Accounting and Financial Reporting for Postemployment Benefits Other Than Pensions”, Statement No. 81, “Irrevocable Split-Interest Agreements,”, Statement No. 85, “Omnibus 2017”, and Statement No. 86, “Certain Debt Extinguishment Issues.” Other than GASB Statement No. 75, these statements had no effect on beginning net position.

Statement No. 75 replaces the requirements of GASB Statement No. 45 and addresses accounting and financial reporting for postemployment benefits that are provided to the employees of state and local government employers. In addition, it establishes standards for measuring and recognizing liabilities, deferred inflows and outflows of resources and expenses and addresses note disclosure and required supplementary information requirements.

The implementation of GASB 75 had the following effect on net position as reported June 30, 2017:

	Governmental Activities	Food Service Fund
Net position June 30, 2017	(\$5,509,788)	(\$199,309)
Adjustments:		
Net OPEB Liability	(7,071,337)	(249,269)
Deferred Outflow - Payments Subsequent to Measurement Date	39,439	4,169
Restated Net Position June 30, 2017	<u>(\$12,541,686)</u>	<u>(\$444,409)</u>

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

LAKWOOD LOCAL SCHOOL DISTRICT

**Notes to the Basic Financial Statements
For the Fiscal Year Ended June 30, 2018**

NOTE 3 – 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:

Fund Balances	General Fund	Debt Service	Other Governmental Funds	Total Governmental Funds
Nonspendable:				
Prepaid Items	\$296,414	\$0	\$10,273	\$306,687
Supplies Inventory	31,912	0	0	31,912
Total Nonspendable	<u>328,326</u>	<u>0</u>	<u>10,273</u>	<u>338,599</u>
Restricted:				
Career Technology Education	9,111	0	0	9,111
Local Grants	0	0	7,719	7,719
Extracurricular Activities	0	0	37,365	37,365
Debt Service Payments	0	806,573	0	806,573
Total Restricted	<u>9,111</u>	<u>806,573</u>	<u>45,084</u>	<u>860,768</u>
Committed:				
Building Maintenance and Renovation	204,164	0	0	204,164
Assigned:				
Services and Supplies	205,748	0	0	205,748
Projected Budgetary Deficit	246,334	0	0	246,334
Capital Improvements	0	0	1,000,000	1,000,000
Student and Staff Support	50,530	0	0	50,530
Total Assigned	<u>502,612</u>	<u>0</u>	<u>1,000,000</u>	<u>1,502,612</u>
Unassigned	<u>16,489,732</u>	<u>0</u>	<u>(10,273)</u>	<u>16,479,459</u>
Total Fund Balances	<u><u>\$17,533,945</u></u>	<u><u>\$806,573</u></u>	<u><u>\$1,045,084</u></u>	<u><u>\$19,385,602</u></u>

LAKWOOD LOCAL SCHOOL DISTRICT

***Notes to the Basic Financial Statements
For the Fiscal Year Ended June 30, 2018***

NOTE 4 – 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 capital outlays exceeded depreciation in the current period:

Capital Outlay	\$3,376,102
Depreciation Expense	<u>(1,163,908)</u>
	\$2,212,194

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

Loss on Disposal of Capital Asset	(\$15,177)
Proceeds Received	(12,979)
Donation of Capital Asset	<u>458,000</u>
	\$429,844

Governmental revenues not reported in the funds:

Decrease in Investment Earnings	(\$8,121)
Increase in Grants Revenue	38
Decrease in Delinquent Tax Revenue	<u>(105,260)</u>
	(\$113,343)

Amount of current year contractually required contributions deferred:

Pension Contributions	\$1,839,050
OPEB Contributions	<u>50,994</u>
	\$1,890,044

Amount of bond and lease principal payments:

Bond Principal Payment	\$705,000
Energy Conservation Bond Principal Payment	91,770
Premium on Refunding General Obligation Bond Proceeds	31,017
Capital Lease Proceeds	(84,914)
Capital Lease Payment	<u>263,062</u>
	\$1,005,935

LAKEWOOD LOCAL SCHOOL DISTRICT

Notes to the Basic Financial Statements For the Fiscal Year Ended June 30, 2018

NOTE 5 – 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

**Notes to the Basic Financial Statements
For the Fiscal Year Ended June 30, 2018**

NOTE 5 – 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).
- Under limited circumstances, corporate debt interests rated in either of the two highest classifications by at least two nationally recognized rating agencies.

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). Ohio law requires that deposits be either insured or be protected by eligible securities pledged to the District and deposited with a qualified trustee by the financial institution as security for repayment whose market value at all times shall be at least 105 percent of the deposits being secured, or participation in the Ohio Pooled Collateral System (OPCS), a collateral pool of eligible securities deposited with a qualified trustee and pledged to the Treasurer of State to secure the repayment of all public monies deposited in the financial institution. OPCS requires the total market value of the securities pledged to be 102 percent of the deposits being secured or a rate set by the Treasurer of State.

At year end the carrying amount of the District’s deposits was \$3,064,551 and the bank balance was \$3,662,216. Federal depository insurance covered \$3,586,899 of the bank balance and \$75,317 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 in the Ohio Pooled Collateral System.	<u>\$75,317</u>
Total Balance	<u><u>\$75,317</u></u>

Investment earnings of \$21,815 earned by other funds were credited to the General Fund as required by state statute.

LAKWOOD LOCAL SCHOOL DISTRICT

Notes to the Basic Financial Statements For the Fiscal Year Ended June 30, 2018

NOTE 5 – CASH, CASH EQUIVALENTS, AND INVESTMENTS (Continued)

B. Investments

The District's investments at June 30, 2018 were as follows:

	Fair Value	Credit Rating	Investment Maturities (in Years)	
			less than 1	1-3
STAR Ohio (amortized cost)	\$8,796,700	AAAm ¹	\$8,796,700	\$0
FHLB	933,501	AA+ ¹	274,853	658,648
FHLMC	940,185	AA+ ¹	0	940,185
FFCB	616,399 ^a	AA+ ¹	616,399	0
FNMA	2,293,989 ^b	AA+ ¹	222,487	2,071,502
Commercial Paper	2,551,996	A-1/A-1+ ¹	2,551,996	0
Total Investments	\$16,132,770		\$12,462,435	\$3,670,335

¹ Standard & Poor's

^a \$616,399 in securities are callable on October 29, 2018.

^b \$966,703 in securities are callable in October 2018, \$793,272 in securities are callable on November 28, 2018, \$222,487 in securities are callable on December 28, 2018, and \$311,527 in securities are callable on January 27, 2019.

The District's investments in federal agency securities (FHLB, FHLMC, FFCB, FNMA) and commercial paper are valued using quoted prices in markets that are not considered to be active dealer quotations or alternative pricing sources for similar assets or liabilities for which all significant inputs are observable, either directly or indirectly (Level 2 inputs).

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, 54.52% are in STAR Ohio, 5.79% are in FHLB securities, 5.83% are in FHLMC securities, 3.82% are in FFCB securities, 14.22% are in FNMA securities, and 15.82% are in Commercial Paper.

LAKWOOD LOCAL SCHOOL DISTRICT

Notes to the Basic Financial Statements
For the Fiscal Year Ended June 30, 2018

NOTE 5 – 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. 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	\$9,161,251	\$10,036,070
Certificates of Deposit (with original maturities of more than 3 months)	2,700,000	(2,700,000)
STAR Ohio	<u>(8,796,700)</u>	<u>8,796,700</u>
Per GASB Statement No. 3	<u>\$3,064,551</u>	<u>\$16,132,770</u>

LAKEWOOD LOCAL SCHOOL DISTRICT

Notes to the Basic Financial Statements For the Fiscal Year Ended June 30, 2018

NOTE 6 - 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 2018 represents collections of calendar year 2017 taxes. Real property taxes received in calendar year 2018 were levied after April 1, 2017, on the assessed value listed as of January 1, 2017, the lien date. Assessed values for real property taxes are established by State law at 35 percent of appraised market value. Real property taxes are payable annually or semi-annually. If paid annually, payment is due December 31; if paid semi-annually, the first payment is due December 31 with the remainder payable by June 20. Under certain circumstances, State statute permits alternate payment dates to be established.

Public utility property tax revenue received in calendar year 2018 represents collections of calendar year 2017 taxes. Public utility real and tangible personal property taxes received in calendar year 2018 became a lien December 31, 2016, were levied after April 1, 2017 and are collected 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, 2018, are available to finance fiscal year 2018 operations. The amount available to be advanced can vary based on the date the tax bills are sent. The assessed values upon which the fiscal year 2018 receipts were based are:

	2017 Second Half Collections	2018 First Half Collections
Agricultural/Residential and Other Real Estate	\$398,698,788	\$431,277,342
Public Utility Personal	29,234,730	30,572,020
Total Assessed Value	<u>\$427,933,518</u>	<u>\$461,849,362</u>
Tax rate per \$1,000 of assessed valuation	\$54.20	\$53.20

LAKWOOD LOCAL SCHOOL DISTRICT

***Notes to the Basic Financial Statements
For the Fiscal Year Ended June 30, 2018***

NOTE 6 - PROPERTY TAXES (Continued)

Tax Abatement

The District incurs a reduction in property taxes through tax abatement agreements entered into by other governments with property owners that reduce the District's taxes.

As of June 30, 2018, other governmental entities provided tax abatements through the Community Reinvestment Area (CRA) program. Under the authority of Ohio Revised Code (ORC) Section 3735.67, the CRA program is an economic development tool administered by municipal and county governments that provides real property tax exemptions for property owners who renovate existing or construct new buildings. CRA's are areas of land in which property owners can receive tax incentives for investing in real property improvements. Under the CRA program, local governments petition to the Ohio Development Services Agency (ODSA) for confirmation of a geographical area in which investment in housing is desired. Once an area is confirmed by the ODSA, local governments may offer real property tax exemptions to taxpayers that invest in that area. Property owners in the CRA can receive temporary tax abatements for renovation of existing structures and new construction in these areas. Property owners apply to the local legislative authority for approval to renovate or construct in the CRA. Upon approval and certification of completion, the amount of the abatement is deducted from the individual or entity's property tax bill.

During fiscal year 2018, the District's property tax revenues were reduced under agreements entered into by other governments as follows:

<u>Government Entering Into Agreement</u>	<u>District Taxes Abated</u>
Village of Hebron	\$ 107,674
City of Heath	23,616
Licking County	16,082
Total	<u>\$ 147,372</u>

NOTE 7 - RECEIVABLES

Receivables at June 30, 2018 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, 2018**

NOTE 8 - INTERFUND ACTIVITY

A. Interfund Receivables and Payables

Following is a summary of interfund receivables and payables for all funds at June 30, 2018:

<u>Fund</u>	<u>Interfund Loans Receivable</u>	<u>Interfund Loans Payable</u>
General Fund	\$3,162	\$0
Nonmajor Governmental Funds	0	3,162
Total All Funds	<u>\$3,162</u>	<u>\$3,162</u>

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

B. Interfund Transfers

Following is a summary of transfers in and out for all funds for fiscal year 2018:

<u>Fund</u>	<u>Transfers In</u>	<u>Transfers Out</u>
General Fund	\$0	\$500,000
Nonmajor Governmental Funds	500,000	0
Total All Funds	<u>\$500,000</u>	<u>\$500,000</u>

Transfers from the General Fund were used to provide additional resources for the nonmajor governmental funds. All transfers were made in compliance with Ohio Revised Code Sections 5705.14, 5705.15 and 5705.16.

LAKWOOD LOCAL SCHOOL DISTRICT

**Notes to the Basic Financial Statements
For the Fiscal Year Ended June 30, 2018**

NOTE 9 - CAPITAL ASSETS

A. Governmental Activities Capital Assets

Summary by category of changes in governmental activities capital assets at June 30, 2018:

<i>Historical Cost:</i>				
Class	Balance at June 30, 2017	Additions	Deletions	Balance at June 30, 2018
<i>Capital Assets not being depreciated:</i>				
Land	\$275,555	\$135,262	\$0	\$410,817
Construction In Progress	1,964,316	326,871	(1,964,316)	326,871
Subtotal	<u>2,239,871</u>	<u>462,133</u>	<u>(1,964,316)</u>	<u>737,688</u>
<i>Capital Assets being depreciated:</i>				
Land Improvements	1,181,259	2,497,996	0	3,679,255
Buildings and Improvements	22,844,466	2,207,815	(45,477)	25,006,804
Furniture, Fixtures and Equipment	3,964,419	425,543	(249,846)	4,140,116
Vehicles	2,344,212	204,931	(20,659)	2,528,484
Subtotal	<u>30,334,356</u>	<u>5,336,285</u>	<u>(315,982)</u>	<u>35,354,659</u>
Total Cost	<u>\$32,574,227</u>	<u>\$5,798,418</u>	<u>(\$2,280,298)</u>	<u>\$36,092,347</u>
 <i>Accumulated Depreciation:</i>				
Class	Balance at June 30, 2017	Additions	Deletions	Balance at June 30, 2018
Land Improvements	(\$462,509)	(\$192,168)	\$0	(\$654,677)
Buildings and Improvements	(12,586,370)	(589,049)	25,389	(13,150,030)
Furniture, Fixtures and Equipment	(3,128,983)	(227,179)	241,778	(3,114,384)
Vehicles	(1,541,185)	(155,512)	20,659	(1,676,038)
Total Depreciation	<u>(\$17,719,047)</u>	<u>(\$1,163,908) *</u>	<u>\$287,826</u>	<u>(\$18,595,129)</u>
<i>Net Value:</i>	<u>\$14,855,180</u>			<u>\$17,497,218</u>

LAKWOOD LOCAL SCHOOL DISTRICT

**Notes to the Basic Financial Statements
For the Fiscal Year Ended June 30, 2018**

NOTE 9 - CAPITAL ASSETS (Continued)

A. Governmental Activities Capital Assets (Continued)

* Depreciation expenses were charged to governmental functions as follows:

Instruction	\$621,497
Support Services:	
Instructional Staff	31,080
Administration	34,682
Operations and Maintenance of Plant	52,916
Pupil Transportation	161,365
Other Noninstructional Services	42,960
Extracurricular Activities	219,408
Total Depreciation Expense	<u>\$1,163,908</u>

B. Business-Type Activities Capital Assets

Summary by Category at June 30, 2018:

Class	Balance at June 30, 2017	Additions	Deletions	Balance at June 30, 2018
Furniture and Equipment	\$426,200	\$1,573	(\$18,910)	\$408,863
Accumulated Depreciation	(310,287)	(14,678)	18,910	(306,055)
Net Value:	<u>\$115,913</u>	<u>(\$13,105)</u>	<u>\$0</u>	<u>\$102,808</u>

LAKEWOOD LOCAL SCHOOL DISTRICT

Notes to the Basic Financial Statements For the Fiscal Year Ended June 30, 2018

NOTE 10 - 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.

LAKWOOD LOCAL SCHOOL DISTRICT

**Notes to the Basic Financial Statements
For the Fiscal Year Ended June 30, 2018**

NOTE 10 - 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 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. Effective January 1, 2018, cost-of-living adjustment (COLA) will change from a fixed 3% annual increase to one based on the Consumer Price Index (CPI-W), with a cap of 2.5% and a floor of 0%. HB 49 also provided the SERS Retirement Board with the authority to award or suspend the COLA, or to adjust the COLA above or below CPI-W; however, any adjustment above or below CPI-W could only be enacted if the system’s actuary determines it would not materially impair the fiscal integrity of the system, or is necessary to preserve the fiscal integrity of the system.

LAKEWOOD LOCAL SCHOOL DISTRICT

***Notes to the Basic Financial Statements
For the Fiscal Year Ended June 30, 2018***

NOTE 10 - DEFINED BENEFIT PENSION PLANS (Continued)

B. Plan Description (Continued)

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, 2018, the allocation to pension, death benefits, and Medicare B was 13.5 percent. The remaining 0.5 percent of the 14 percent employer contribution rate was allocated to the Health Care Fund.

The District's contractually required contribution to SERS was \$405,752 for fiscal year 2018. Of this amount \$25,032 is reported as an intergovernmental payable.

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.

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.

LAKEWOOD LOCAL SCHOOL DISTRICT

***Notes to the Basic Financial Statements
For the Fiscal Year Ended June 30, 2018***

NOTE 10 - DEFINED BENEFIT PENSION PLANS (Continued)

B. Plan Description (Continued)

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

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

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

Funding Policy – Employer and member contribution rates are established by the State Teachers Retirement Board and limited by Chapter 3307 of the Ohio Revised Code. For the fiscal year ended June 30, 2018, the employer rate was 14% and the member rate was 14% of covered payroll. The entire 14% was used to fund pension obligations. The statutory maximum employer rate is 14%.

The District's contractually required contribution to STRS was \$1,472,088 for fiscal year 2018. Of this amount \$256,836 is reported as an intergovernmental payable.

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, 2017, 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.

LAKEWOOD LOCAL SCHOOL DISTRICT

**Notes to the Basic Financial Statements
For the Fiscal Year Ended June 30, 2018**

NOTE 10 - DEFINED BENEFIT PENSION PLANS (Continued)

C. Pension Liabilities, Pension Expense, and Deferred Outflows of Resources and Deferred Inflows of Resources Related to Pensions (Continued)

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	\$5,179,405	\$21,201,030	\$26,380,435
Proportion of the Net Pension Liability -2018	0.0866878%	0.08924790%	
Proportion of the Net Pension Liability -2017	<u>0.0909524%</u>	<u>0.08812947%</u>	
Percentage Change	<u>(0.0042646%)</u>	<u>0.00111843%</u>	
Pension Expense	(\$254,914)	(\$8,205,903)	(\$8,460,817)

At June 30, 2018, 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>
Deferred Outflows of Resources			
Differences between expected and actual experience	\$222,906	\$818,683	\$1,041,589
Changes of assumptions	267,832	4,636,898	4,904,730
District contributions subsequent to the measurement date	405,752	1,472,088	1,877,840
Changes in proportion share	<u>109,154</u>	<u>262,530</u>	<u>371,684</u>
Total Deferred Outflows of Resources	<u>\$1,005,644</u>	<u>\$7,190,199</u>	<u>\$8,195,843</u>
Deferred Inflows of Resources			
Differences between expected and actual experience	\$0	\$170,872	\$170,872
Net difference between projected and actual earnings on pension plan investments	24,588	699,658	724,246
Changes in proportion share	<u>267,494</u>	<u>99,727</u>	<u>367,221</u>
Total Deferred Inflows of Resources	<u>\$292,082</u>	<u>\$970,257</u>	<u>\$1,262,339</u>

\$1,877,840 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, 2019. Other amounts reported as deferred outflows of resources and deferred inflows of resources related to pension will be recognized in pension expense as follows:

	<u>SERS</u>	<u>STRS</u>	<u>Total</u>
Fiscal Year Ending June 30:			
2019	\$139,240	\$976,426	\$1,115,666
2020	264,241	1,928,199	2,192,440
2021	25,071	1,407,226	1,432,297
2022	<u>(120,742)</u>	<u>436,003</u>	<u>315,261</u>
Total	<u>\$307,810</u>	<u>\$4,747,854</u>	<u>\$5,055,664</u>

LAKWOOD LOCAL SCHOOL DISTRICT

***Notes to the Basic Financial Statements
For the Fiscal Year Ended June 30, 2018***

NOTE 10 - 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, 2017, are presented below:

Wage Inflation	3.00 percent
Future Salary Increases, including inflation	3.50 percent to 18.20 percent
COLA or Ad Hoc COLA	2.5 percent
Investment Rate of Return	7.50 percent net of investments expense, including inflation
Actuarial Cost Method	Entry Age Normal (Level Percent of Payroll)

Mortality rates were based on the RP-2014 Blue Collar Mortality Table with fully generational projection and a five year age set-back for both males and females. Special mortality tables are used for the period after disability retirement.

The most recent experience study was completed June 30, 2015.

LAKEWOOD LOCAL SCHOOL DISTRICT

**Notes to the Basic Financial Statements
For the Fiscal Year Ended June 30, 2018**

NOTE 10 - DEFINED BENEFIT PENSION PLANS (Continued)

D. Actuarial Assumptions (Continued)

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

<u>Asset Class</u>	<u>Target Allocation</u>	<u>Long Term Expected Real Rate of Return</u>
Cash	1.00 %	0.50 %
US Stocks	22.50	4.75
Non-US Stocks	22.50	7.00
Fixed Income	19.00	1.50
Private Equity	10.00	8.00
Real Assets	15.00	5.00
Multi-Asset Strategies	10.00	3.00
Total	<u>100.00 %</u>	

Discount Rate - The total pension liability was calculated using the discount rate of 7.50 percent. The projection of cash flows used to determine the discount rate assumed the contributions from employers and from the members would be computed based on contribution requirements as stipulated by State statute. Projected inflows from investment earning were calculated using the long-term assumed investment rate of return (7.50 percent). Based on those assumptions, the plan's fiduciary net position was projected to be available to make all future benefit payments of current plan members. Therefore, the long-term expected rate of return on pension plan investments was applied to all periods of projected benefits to determine the total pension liability.

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 7.50 percent, as well as what each plan's net pension liability would be if it were calculated using a discount rate that is one percentage point lower (6.50 percent), or one percentage point higher (8.50 percent) than the current rate.

	<u>1% Decrease (6.50%)</u>	<u>Current Discount Rate (7.50%)</u>	<u>1% Increase (8.50%)</u>
District's proportionate share of the net pension liability	\$7,187,668	\$5,179,405	\$3,497,075

LAKEWOOD LOCAL SCHOOL DISTRICT

***Notes to the Basic Financial Statements
For the Fiscal Year Ended June 30, 2018***

NOTE 10 - DEFINED BENEFIT PENSION PLANS (Continued)

D. Actuarial Assumptions (Continued)

State Teachers Retirement System (STRS)

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

Inflation	2.5 percent
Projected salary increases	2.5 percent at age 65 to 12.50 percent at age 20
Investment Rate of Return	7.45 percent, net of investment expenses, including inflation
Cost-of-Living Adjustments (COLA)	0% effective July 1, 2017

Mortality rates were based on the RP-2014 Annuitant Mortality Table with 50% of rates through age 69, 70% of rates between ages 70 and 79, 90% of rates between ages 80 and 84, and 100% of rates thereafter, projected forward generationally using mortality improvement scale MP-2016.

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

10-Year geometric nominal returns, which include the real rate of return and inflation of 2.25% and does not include investment expenses. Over a 30-year period, STRS' investment consultant indicates that the above target allocations should generate a return above the actuarial rate of return, without net value added by management. The target allocation and best estimates of geometric real rates of return for each major asset class are summarized as follows:

<u>Asset Class</u>	<u>Target Allocation</u>	<u>Long Term Expected Real Rate of Return</u>
Domestic Equity	28.00 %	7.35 %
International Equity	23.00	7.55
Alternatives	17.00	7.09
Fixed Income	21.00	3.00
Real Estate	10.00	6.00
Liquidity Reserves	1.00	2.25
Total	<u>100.00 %</u>	

LAKEWOOD LOCAL SCHOOL DISTRICT

**Notes to the Basic Financial Statements
For the Fiscal Year Ended June 30, 2018**

NOTE 10 - DEFINED BENEFIT PENSION PLANS (Continued)

D. Actuarial Assumptions (Continued)

Discount Rate - The discount rate used to measure the total pension liability was 7.45 percent as of June 30, 2017. The discount rate used to measure the total pension liability was 7.75 percent as of June 30, 2016. The projection of cash flows used to determine the discount rate assumes member and employer contributions will be made at the statutory contribution rates in accordance with rate increases described above. For this purpose, only employer contributions that are intended to fund benefits of current plan members and their beneficiaries are included. Projected employer contributions that are intended to fund the service costs of future plan members and their beneficiaries, as well as projected contributions from future plan members, are not included. Based on those assumptions, STRS' fiduciary net position was projected to be available to make all projected future benefit payments to current plan members as of June 30, 2017. Therefore, the long-term expected rate of return on pension plan investments of 7.45 percent was applied to all periods of projected benefit payment to determine the total pension liability as of June 30, 2017.

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

	1% Decrease (6.45%)	Current Discount Rate (7.45%)	1% Increase (8.45%)
District's proportionate share of the net pension liability	\$30,390,955	\$21,201,030	\$13,459,896

LAKEWOOD LOCAL SCHOOL DISTRICT

Notes to the Basic Financial Statements For the Fiscal Year Ended June 30, 2018

NOTE 11 - DEFINED BENEFIT OPEB PLANS

A. Net OPEB Liability

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

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

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

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

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

B. Plan Description

School Employees Retirement System (SERS)

Health Care Plan Description - The District contributes to the SERS Health Care Fund, administered by SERS for non-certificated retirees and their beneficiaries. For GASB 75 purposes, this plan is considered a cost-sharing other postemployment benefit (OPEB) plan. SERS' Health Care Plan provides healthcare benefits to eligible individuals receiving retirement, disability, and survivor benefits, and to their eligible dependents. Members who retire after June 1, 1986, need 10 years of service credit, exclusive of most types of purchased credit, to qualify to participate in SERS' health care coverage.

LAKEWOOD LOCAL SCHOOL DISTRICT

Notes to the Basic Financial Statements For the Fiscal Year Ended June 30, 2018

NOTE 11 - DEFINED BENEFIT OPEB PLANS (Continued)

B. Plan Description (Continued)

In addition to age and service retirees, disability benefit recipients and beneficiaries who are receiving monthly benefits due to the death of a member or retiree, are eligible for SERS' health care coverage. Most retirees and dependents choosing SERS' health care coverage are over the age of 65 and therefore enrolled in a fully insured Medicare Advantage plan; however, SERS maintains a traditional, self-insured preferred provider organization for its non-Medicare retiree population. For both groups, SERS offers a self-insured prescription drug program. Health care is a benefit that is permitted, not mandated, by statute. The financial report of the Plan is included in the SERS Comprehensive Annual Financial Report which can be obtained on SERS' website at www.ohsers.org under Employers/Audit Resources.

Access to health care for retirees and beneficiaries is permitted in accordance with Section 3309 of the Ohio Revised Code. The Health Care Fund was established and is administered in accordance with Internal Revenue Code Section 105(e). SERS' Retirement Board reserves the right to change or discontinue any health plan or program. Active employee members do not contribute to the Health Care Plan. The SERS Retirement Board established the rules for the premiums paid by the retirees for health care coverage for themselves and their dependents or for their surviving beneficiaries. Premiums vary depending on the plan selected, qualified years of service, Medicare eligibility, and retirement status.

Funding Policy - State statute permits SERS to fund the health care benefits through employer contributions. Each year, after the allocation for statutorily required pensions and benefits, the Retirement Board may allocate the remainder of the employer contribution of 14 percent of covered payroll to the Health Care Fund in accordance with the funding policy. For fiscal year 2018, 0.5 percent of covered payroll was made to health care. An additional health care surcharge on employers is collected for employees earning less than an actuarially determined minimum compensation amount, pro-rated if less than a full year of service credit was earned. For fiscal year 2018, this amount was \$23,700. Statutes provide that no employer shall pay a health care surcharge greater than 2 percent of that employer's SERS-covered payroll; nor may SERS collect in aggregate more than 1.5 percent of the total statewide SERS-covered payroll for the health care surcharge. For fiscal year 2018, the District's surcharge obligation was \$48,108.

The surcharge, added to the allocated portion of the 14 percent employer contribution rate is the total amount assigned to the Health Care Fund. The District's contractually required contribution to SERS was \$63,138 for fiscal year 2018. Of this amount, \$57,048 is reported as an intergovernmental payable.

LAKWOOD LOCAL SCHOOL DISTRICT

**Notes to the Basic Financial Statements
For the Fiscal Year Ended June 30, 2018**

NOTE 11 - DEFINED BENEFIT OPEB PLANS (Continued)

B. Plan Description (Continued)

State Teachers Retirement System (STRS)

Plan Description – The State Teachers Retirement System of Ohio (STRS) administers a cost-sharing Health Plan administered for eligible retirees who participated in the defined benefit or combined pension plans offered by STRS. Ohio law authorizes STRS to offer this plan. Benefits include hospitalization, physicians’ fees, prescription drugs and partial reimbursement of monthly Medicare Part B premiums. Medicare Part B premium reimbursements will be discontinued effective January 1, 2020. The Plan is included in the report of STRS which can be obtained by visiting www.strsoh.org or by calling (888) 227-7877.

Funding Policy – Ohio Revised Code Chapter 3307 authorizes STRS to offer the Plan and gives the Retirement Board discretionary authority over how much, if any, of the health care costs will be absorbed by STRS. Active employee members do not contribute to the Health Care Plan. Nearly all health care plan enrollees, for the most recent year, pay a portion of the health care costs in the form of a monthly premium. Under Ohio law, funding for post-employment health care may be deducted from employer contributions, currently 14 percent of covered payroll. For the fiscal year ended June 30, 2018, STRS did not allocate any employer contributions to post-employment health care.

C. OPEB Liabilities, OPEB Expense, and Deferred Outflows of Resources and Deferred Inflows of Resources Related to OPEB

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

	<u>SERS</u>	<u>STRS</u>	<u>Total</u>
Proportionate Share of the Net OPEB Liability	\$2,355,285	\$3,482,124	\$5,837,409
Proportion of the Net OPEB Liability-2018	0.0877614%	0.08924790%	
Proportion of the Net OPEB Liability-2017	<u>0.0914765%</u>	<u>0.08812947%</u>	
Change in Proportionate Share	<u>-0.0037151%</u>	<u>0.00111843%</u>	
Positive/(Negative) OPEB Expense	\$98,929	(\$1,002,742)	(\$903,813)

LAKEWOOD LOCAL SCHOOL DISTRICT

**Notes to the Basic Financial Statements
For the Fiscal Year Ended June 30, 2018**

NOTE 11 - DEFINED BENEFIT OPEB PLANS (Continued)

C. OPEB Liabilities, OPEB Expense, and Deferred Outflows of Resources and Deferred Inflows of Resources Related to OPEB (Continued)

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

	<u>SERS</u>	<u>STRS</u>	<u>Total</u>
Deferred Outflows of Resources			
Differences between expected and actual experience	\$0	\$201,009	\$201,009
District contributions subsequent to the measurement date	<u>63,138</u>	<u>0</u>	<u>63,138</u>
Total Deferred Outflows of Resources	<u><u>\$63,138</u></u>	<u><u>\$201,009</u></u>	<u><u>\$264,147</u></u>
Deferred Inflows of Resources			
Changes of assumptions	\$223,504	\$280,496	\$504,000
Net difference between projected and actual earnings on OPEB plan investments	6,220	148,834	155,054
Change in proportionate Share	<u>77,731</u>	<u>0</u>	<u>77,731</u>
Total Deferred Inflows of Resources	<u><u>\$307,455</u></u>	<u><u>\$429,330</u></u>	<u><u>\$736,785</u></u>

\$63,138 reported as deferred outflows of resources related to OPEB resulting from District contributions subsequent to the measurement date will be recognized as a reduction of the net OPEB liability in the year ending June 30, 2019. Other amounts reported as deferred outflows of resources and deferred inflows of resources related to OPEB will be recognized in OPEB expense as follows:

	<u>SERS</u>	<u>STRS</u>	<u>Total</u>
Fiscal Year Ending June 30:			
2019	(\$110,698)	(\$50,456)	(\$161,154)
2020	(110,698)	(50,456)	(161,154)
2021	(84,504)	(50,456)	(134,960)
2022	(1,555)	(50,456)	(52,011)
2023	0	(13,249)	(13,249)
Thereafter	<u>0</u>	<u>(13,248)</u>	<u>(13,248)</u>
Total	<u><u>(\$307,455)</u></u>	<u><u>(\$228,321)</u></u>	<u><u>(\$535,776)</u></u>

LAKEWOOD LOCAL SCHOOL DISTRICT

***Notes to the Basic Financial Statements
For the Fiscal Year Ended June 30, 2018***

NOTE 11 - DEFINED BENEFIT OPEB PLANS (Continued)

D. Actuarial Assumptions

School Employees Retirement System (SERS)

The total OPEB liability is determined by SERS' actuaries in accordance with GASB Statement No. 74, as part of their annual actuarial valuation for each retirement plan. Actuarial valuations of an ongoing plan involve estimates of the value of reported amounts (e.g., salaries, credited service) and assumptions about the probability of occurrence of events far into the future (e.g., mortality, disabilities, retirements, employment terminations). Actuarially determined amounts are subject to continual review and potential modifications, as actual results are compared with past expectations and new estimates are made about the future.

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

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

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

Wage Inflation	3.00 percent
Future Salary Increases, including inflation	3.50 percent to 18.20 percent
Investment Rate of Return	7.50 percent net of investments expense, including inflation
Municipal Bond Index Rate:	
Measurement Date	3.56 percent
Prior Measurement Date	2.92 percent
Single Equivalent Interest Rate, net of plan investment expense, including price inflation	
Measurement Date	3.63 percent
Prior Measurement Date	2.98 percent
Medical Trend Assumption	
Medicare	5.50 to 5.00 percent
Pre-Medicare	7.50 to 5.00 percent

LAKEWOOD LOCAL SCHOOL DISTRICT

***Notes to the Basic Financial Statements
For the Fiscal Year Ended June 30, 2018***

NOTE 11 - DEFINED BENEFIT OPEB PLANS (Continued)

D. Actuarial Assumptions (Continued)

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

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

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

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

<u>Asset Class</u>	<u>Target Allocation</u>	<u>Long-Term Expected Real Rate of Return</u>
Cash	1.00 %	0.50 %
US Stocks	22.50	4.75
Non-US Stocks	22.50	7.00
Fixed Income	19.00	1.50
Private Equity	10.00	8.00
Real Assets	15.00	5.00
Multi-Asset Strategies	10.00	3.00
Total	<u>100.00 %</u>	

LAKEWOOD LOCAL SCHOOL DISTRICT

**Notes to the Basic Financial Statements
For the Fiscal Year Ended June 30, 2018**

NOTE 11 - DEFINED BENEFIT OPEB PLANS (Continued)

D. Actuarial Assumptions (Continued)

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

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

	1% Decrease (2.63%)	Current Discount Rate (3.63%)	1% Increase (4.63%)
District's proportionate share of the net OPEB liability	\$2,844,307	\$2,355,285	\$1,967,855
	1% Decrease (6.5 % decreasing to 4.0 %)	Current Trend Rate (7.5 % decreasing to 5.0 %)	1% Increase (8.5 % decreasing to 6.0 %)
District's proportionate share of the net OPEB liability	\$1,911,138	\$2,355,285	\$2,943,123

LAKEWOOD LOCAL SCHOOL DISTRICT

***Notes to the Basic Financial Statements
For the Fiscal Year Ended June 30, 2018***

NOTE 11 - DEFINED BENEFIT OPEB PLANS (Continued)

D. Actuarial Assumptions (Continued)

State Teachers Retirement System (STRS)

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

Inflation	2.50 percent
Projected salary increases	12.50 percent at age 20 to 2.50 percent at age 65
Investment Rate of Return	7.45 percent, net of investment expenses, including inflation
Payroll Increases	3 percent
Cost-of-Living Adjustments (COLA)	0.0 percent, effective July 1, 2017
Blended Discount Rate of Return	4.13 percent
Health Care Cost Trends	6 to 11 percent initial, 4.5 percent ultimate

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

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

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

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

LAKEWOOD LOCAL SCHOOL DISTRICT

**Notes to the Basic Financial Statements
For the Fiscal Year Ended June 30, 2018**

NOTE 11 - DEFINED BENEFIT OPEB PLANS (Continued)

D. Actuarial Assumptions (Continued)

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

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

<u>Asset Class</u>	<u>Target Allocation</u>	<u>Long-Term Expected Rate of Return *</u>
Domestic Equity	28.00 %	7.35 %
International Equity	23.00	7.55
Alternatives	17.00	7.09
Fixed Income	21.00	3.00
Real Estate	10.00	6.00
Liquidity Reserves	1.00	2.25
 Total	 <u>100.00 %</u>	

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

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

LAKWOOD LOCAL SCHOOL DISTRICT

**Notes to the Basic Financial Statements
For the Fiscal Year Ended June 30, 2018**

NOTE 11 - DEFINED BENEFIT OPEB PLANS (Continued)

D. Actuarial Assumptions (Continued)

The blended discount rate of 4.13 percent, which represents the long-term expected rate of return of 7.45 percent for the funded benefit payments and the Bond Buyer 20-year municipal bond rate of 3.58 percent for the unfunded benefit payments, was used to measure the total OPEB liability as of June 30, 2017. A blended discount rate of 3.26 percent which represents the long term expected rate of return of 7.75 percent for the funded benefit payments and the Bond Buyer 20-year municipal bond rate of 2.85 percent for the unfunded benefit payments was used to measure the total OPEB liability at June 30, 2016.

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

	1% Decrease (3.13%)	Current Discount Rate (4.13%)	1% Increase (5.13%)
District's proportionate share of the Net OPEB liability	\$4,674,695	\$3,482,124	\$2,539,603
	1% Decrease	Current Trend Rate	1% Increase
District's proportionate share of the net OPEB liability	\$2,419,230	\$3,482,124	\$4,881,016

LAKEWOOD LOCAL SCHOOL DISTRICT

Notes to the Basic Financial Statements For the Fiscal Year Ended June 30, 2018

NOTE 12 - 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, 2018 are as follows:

		Restated Balance June 30, 2017	Issued	(Retired)	Balance June 30, 2018	Due Within One Year
Governmental Activities:						
(Energy Conservation Bonds Payable)						
Energy Conservation Project	3.55%	\$550,624	\$0	(\$91,770)	\$458,854	\$91,771
(General Obligation Bonds Payable)						
School Improvement						
Refunding Bonds 2016	2.00-3.00%	7,910,000	0	(705,000)	7,205,000	725,000
Premium on Refunding Bonds		310,168	0	(31,017)	279,151	0
Total General Obligation Bonds Payable		8,220,168	0	(736,017)	7,484,151	725,000
(Net Pension Liability)						
School Teachers Retirement System		29,499,590	0	(8,298,560)	21,201,030	0
School Employees Retirement System		6,096,367	0	(1,412,113)	4,684,254	0
Total Net Pension Liability		35,595,957	0	(9,710,673)	25,885,284	0
(Net OPEB Liability)						
School Teachers Retirement System		4,713,187	0	(1,231,063)	3,482,124	0
School Employees Retirement System		2,358,150	0	(228,030)	2,130,120	0
Total Net OPEB Liability		7,071,337	0	(1,459,093)	5,612,244	0
Capital Leases Payable		2,545,082	84,914	(263,062)	2,366,934	254,364
Compensated Absences		281,087	224,220	(165,809)	339,498	62,615
Total Governmental Activities		<u>\$54,264,255</u>	<u>\$309,134</u>	<u>(\$12,426,424)</u>	<u>\$42,146,965</u>	<u>\$1,133,750</u>
Business-Type Activities:						
Net Pension Liability-						
School Employees Retirement System		\$560,509	\$0	(\$65,358)	\$495,151	\$0
Net OPEB Liability-						
School Employees Retirement System		249,269	0	(24,104)	225,165	0
Compensated Absences		4,622	7,533	(1,657)	10,498	0
Total Business Type Activities		<u>\$814,400</u>	<u>\$7,533</u>	<u>(\$91,119)</u>	<u>\$730,814</u>	<u>\$0</u>

The original amount of the Energy Conservation Bonds Payable \$917,707 was 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 compensated absences, pension and other postemployment benefit liabilities from the General Fund and Food Services Fund (Enterprise Fund).

The District's net pension liability and net OPEB liability are described in Notes 10 and 11, respectively.

LAKWOOD LOCAL SCHOOL DISTRICT

**Notes to the Basic Financial Statements
For the Fiscal Year Ended June 30, 2018**

NOTE 12- 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, 2018, follows:

Years	Energy Conservation Bonds Payable		General Obligation Bonds Payable	
	Principal	Interest	Principal	Interest
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	91,771	6,606	770,000	138,300
2023	91,770	3,303	800,000	114,750
2024-2027	0	0	3,425,000	209,325
Totals	<u>\$458,854</u>	<u>\$41,248</u>	<u>\$7,205,000</u>	<u>\$988,319</u>

NOTE 13 - CAPITAL LEASE COMMITMENTS

The District leases a stadium and copiers under capital leases. The cost of the stadium obtained under the capital lease is \$2,500,000; the accumulated depreciation is \$103,320. The cost of the equipment obtained under capital leases is \$147,684, the accumulated depreciation is \$52,184 and the net book value is \$95,500. These are 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, 2018:

Year Ending June 30,	Capital Lease
2019	\$318,372
2020	316,843
2021	308,959
2022	304,771
2023	284,584
2024-2027	<u>1,142,996</u>
Minimum Lease Payments	2,676,525
Less: Amount representing interest at the District's incremental borrowing rate of interest	<u>(309,591)</u>
Present Value of minimum lease payments	<u>\$2,366,934</u>

LAKEWOOD LOCAL SCHOOL DISTRICT

***Notes to the Basic Financial Statements
For the Fiscal Year Ended June 30, 2018***

NOTE 14 - 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 2018 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	\$82,586,141
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 Ohio SchoolComp Workers' Compensation Group Retrospective Rating Program (Program) is a shared risk pool among school districts in Ohio. Section 4123.29, Ohio Revised Code, permits the establishment of employer group retrospective rating plans for workers' compensation rating purposes. The Program is governed by the Ohio School Board Association (OSBA) Executive Committee that consists of seven members as follows: the president of OSBA, Immediate Past President of OSBA, and five representatives elected from the participating school districts.

The Program, a Bureau of Workers' Compensation certified sponsor, established the program based upon guidelines set forth by the Bureau of Workers' Compensation (BWC). The Program created a group of school districts that will practice effective workplace safety and claims management to achieve lower premiums for workers compensation coverage than they would individually. The participating school districts continue to pay their own premiums and have the opportunity to receive retrospective premium adjustments based upon the combined performance of the group. Depending upon that performance, the participating school districts can receive either a premium refund or assessment. The Program's third party administrator (TPA), Comp Management, Inc., provides administrative, cost-control, and actuarial services to the Program. The cost of the TPA will be paid by each school district in proportion to its payroll to the total payroll of the group.

LAKEWOOD LOCAL SCHOOL DISTRICT

Notes to the Basic Financial Statements For the Fiscal Year Ended June 30, 2018

NOTE 15 - 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 twenty members made up of the twenty 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 \$122,292 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. Financial information may be obtained from the META Solutions, Fiscal Officer, 2100 Citygate Dr., Columbus, OH 43219.

LAKWOOD LOCAL SCHOOL DISTRICT

***Notes to the Basic Financial Statements
For the Fiscal Year Ended June 30, 2018***

NOTE 15 - 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 2018.

NOTE 16 – SIGNIFICANT COMMITMENTS

As of June 30, 2018, the District had the following commitments with respect to capital improvements:

<u>Capital Projects</u>	<u>Remaining Construction Commitment</u>
Middle School Improvement	\$112,699

The District utilizes encumbrance accounting as part of its budgetary controls. Encumbrances outstanding at year end may be reported as part of restricted, committed, or assigned classifications of fund balance. Significant encumbrances outstanding at fiscal year-end in the General Fund are \$259,213.

LAKEWOOD LOCAL SCHOOL DISTRICT

***Notes to the Basic Financial Statements
For the Fiscal Year Ended June 30, 2018***

NOTE 17 – 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, 2018, the reserve activity (cash-basis) was as follows:

	<u>Capital Acquisition Reserve</u>
Set-aside Cash Balance as of June 30, 2017	\$0
Current Year Set-Aside Requirement	342,842
Current Year Qualifying Expenditures	<u>(3,923,743)</u>
Total	<u>(\$3,580,901)</u>
Set-aside Cash Balance Carried Forward to FY 2019	<u><u>\$0</u></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 18 - 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, 2018, 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, 2018.

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, 2018 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

Notes to the Basic Financial Statements For the Fiscal Year Ended June 30, 2018

NOTE 19 - COMPLIANCE AND ACCOUNTABILITY

Deficit Fund Equities - The accumulated deficit at June 30, 2018 of \$445,470 in the Food Service Fund (Enterprise Fund) arose from the recognition of expenses on the accrual basis. The General Fund is liable for any deficits in this fund and provides transfers when cash is required, not when accruals occur.

LAKWOOD LOCAL SCHOOL DISTRICT

REQUIRED SUPPLEMENTAL INFORMATION

LAKWOOD LOCAL SCHOOL DISTRICT

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

State Teachers Retirement System

	<u>2014</u>	<u>2015</u>	<u>2016</u>
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 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 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

	<u>2014</u>	<u>2015</u>	<u>2016</u>
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 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 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 2014 is not available.

Amounts presented as of the District's measurement date which is the prior year end.

LAKWOOD LOCAL SCHOOL DISTRICT

<u>2017</u>	<u>2018</u>
0.08812947%	0.08924790%
\$29,499,590	\$21,201,030
\$9,486,993	\$9,588,993
310.95%	221.10%
66.80%	75.30%

<u>2017</u>	<u>2018</u>
0.0909524%	0.0866878%
\$6,656,876	\$5,179,405
\$2,824,043	\$2,896,536
235.72%	178.81%
62.98%	69.50%

LAKWOOD LOCAL SCHOOL DISTRICT

***Required Supplementary Information
Schedule of District's Pension Contributions
Last Ten Fiscal Years***

State Teachers Retirement System

	<u>2009</u>	<u>2010</u>	<u>2011</u>	<u>2012</u>
Contractually required contribution	\$1,242,618	\$1,263,299	\$1,252,624	\$1,223,564
Contributions in relation to the contractually required contribution	<u>1,242,618</u>	<u>1,263,299</u>	<u>1,252,624</u>	<u>1,223,564</u>
Contribution deficiency (excess)	<u>\$0</u>	<u>\$0</u>	<u>\$0</u>	<u>\$0</u>
District's covered payroll	\$9,558,600	\$9,717,685	\$9,635,569	\$9,412,008
Contributions as a percentage of covered payroll	13.00%	13.00%	13.00%	13.00%

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

School Employees Retirement System

	<u>2009</u>	<u>2010</u>	<u>2011</u>	<u>2012</u>
Contractually required contribution	\$271,010	\$372,845	\$381,216	\$402,670
Contributions in relation to the contractually required contribution	<u>271,010</u>	<u>372,845</u>	<u>381,216</u>	<u>402,670</u>
Contribution deficiency (excess)	<u>\$0</u>	<u>\$0</u>	<u>\$0</u>	<u>\$0</u>
District's covered payroll	\$2,754,167	\$2,753,656	\$3,032,745	\$2,993,829
Contributions as a percentage of covered payroll	9.84%	13.54%	12.57%	13.45%

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

Notes: The District implemented GASB Statement 68 in 2015.

LAKWOOD LOCAL SCHOOL DISTRICT

<u>2013</u>	<u>2014</u>	<u>2015</u>	<u>2016</u>	<u>2017</u>	<u>2018</u>
\$1,182,502	\$1,190,097	\$1,289,962	\$1,328,179	\$1,342,459	\$1,472,088
<u>1,182,502</u>	<u>1,190,097</u>	<u>1,289,962</u>	<u>1,328,179</u>	<u>1,342,459</u>	<u>1,472,088</u>
<u>\$0</u>	<u>\$0</u>	<u>\$0</u>	<u>\$0</u>	<u>\$0</u>	<u>\$0</u>
\$9,096,169	\$9,154,592	\$9,214,014	\$9,486,993	\$9,588,993	\$10,514,914
13.00%	13.00%	14.00%	14.00%	14.00%	14.00%

<u>2013</u>	<u>2014</u>	<u>2015</u>	<u>2016</u>	<u>2017</u>	<u>2018</u>
\$431,001	\$367,172	\$372,439	\$395,366	\$405,515	\$405,752
<u>431,001</u>	<u>367,172</u>	<u>372,439</u>	<u>395,366</u>	<u>405,515</u>	<u>405,752</u>
<u>\$0</u>	<u>\$0</u>	<u>\$0</u>	<u>\$0</u>	<u>\$0</u>	<u>\$0</u>
\$3,114,169	\$2,649,149	\$2,825,789	\$2,824,043	\$2,896,536	\$3,005,570
13.84%	13.86%	13.18%	14.00%	14.00%	13.50%



LAKWOOD LOCAL SCHOOL DISTRICT

Required Supplementary Information
Schedule of District's Proportionate Share of the Net Other Postemployment Benefits (OPEB)
Liability
Last Two Fiscal Years

State Teachers Retirement System

Fiscal Year	2017	2018
District's proportion of the net OPEB liability (asset)	0.08812947%	0.08924790%
District's proportionate share of the net OPEB liability (asset)	\$4,713,187	\$3,482,124
District's covered payroll	\$9,486,993	\$9,588,993
District's proportionate share of the net OPEB liability (asset) as a percentage of its covered payroll	49.68%	36.31%
Plan fiduciary net position as a percentage of the total OPEB liability	37.30%	47.10%

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

School Employees Retirement System

Fiscal Year	2017	2018
District's proportion of the net OPEB liability (asset)	0.09147650%	0.08776140%
District's proportionate share of the net OPEB liability (asset)	\$2,607,419	\$2,355,285
District's covered payroll	\$2,824,043	\$2,896,536
District's proportionate share of the net OPEB liability (asset) as a percentage of its covered payroll	92.33%	81.31%
Plan fiduciary net position as a percentage of the total OPEB liability	11.49%	12.46%

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

Notes: The District implemented GASB Statement 75 in 2018.

The schedule is intended to show ten years of information. Additional years will be displayed as they become available. Information prior to 2017 is not available.

The schedule is reported as of the measurement date of the Net OPEB Liability, which is the prior year end.

LAKWOOD LOCAL SCHOOL DISTRICT

***Required Supplementary Information
Schedule of District's Other Postemployment Benefit (OPEB) Contributions
Last Ten Fiscal Years***

State Teachers Retirement System

	<u>2009</u>	<u>2010</u>	<u>2011</u>	<u>2012</u>
Contractually required contribution	\$95,586	\$97,177	\$96,356	\$94,120
Contributions in relation to the contractually required contribution	<u>95,586</u>	<u>97,177</u>	<u>96,356</u>	<u>94,120</u>
Contribution deficiency (excess)	<u>\$0</u>	<u>\$0</u>	<u>\$0</u>	<u>\$0</u>
District's covered payroll	\$9,558,600	\$9,717,685	\$9,635,569	\$9,412,008
Contributions as a percentage of covered payroll	1.00%	1.00%	1.00%	1.00%

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

School Employees Retirement System

	<u>2009</u>	<u>2010</u>	<u>2011</u>	<u>2012</u>
Contractually required contribution	\$164,473	\$64,558	\$81,418	\$54,394
Contributions in relation to the contractually required contribution	<u>164,473</u>	<u>64,558</u>	<u>81,418</u>	<u>54,394</u>
Contribution deficiency (excess)	<u>\$0</u>	<u>\$0</u>	<u>\$0</u>	<u>\$0</u>
District's covered payroll	\$2,754,167	\$2,753,656	\$3,032,745	\$2,993,829
Contributions as a percentage of covered payroll	5.97%	2.34%	2.68%	1.82%

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

Notes: The District implemented GASB Statement 75 in 2018.

LAKWOOD LOCAL SCHOOL DISTRICT

<u>2013</u>	<u>2014</u>	<u>2015</u>	<u>2016</u>	<u>2017</u>	<u>2018</u>
\$90,962	\$91,546	\$0	\$0	\$0	\$0
<u>90,962</u>	<u>91,546</u>	<u>0</u>	<u>0</u>	<u>0</u>	<u>0</u>
<u>\$0</u>	<u>\$0</u>	<u>\$0</u>	<u>\$0</u>	<u>\$0</u>	<u>\$0</u>
\$9,096,169	\$9,154,592	\$9,214,014	\$9,486,993	\$9,588,993	\$10,514,914
1.00%	1.00%	0.00%	0.00%	0.00%	0.00%

<u>2013</u>	<u>2014</u>	<u>2015</u>	<u>2016</u>	<u>2017</u>	<u>2018</u>
\$49,938	\$49,905	\$68,302	\$43,311	\$46,876	\$63,138
<u>49,938</u>	<u>49,905</u>	<u>68,302</u>	<u>43,311</u>	<u>46,876</u>	<u>63,138</u>
<u>\$0</u>	<u>\$0</u>	<u>\$0</u>	<u>\$0</u>	<u>\$0</u>	<u>\$0</u>
\$3,114,169	\$2,649,149	\$2,825,789	\$2,824,043	\$2,896,536	\$3,005,570
1.60%	1.88%	2.42%	1.53%	1.62%	2.10%

LAKWOOD LOCAL SCHOOL DISTRICT

Notes to the Required Supplemental Information For the Fiscal Year Ended June 30, 2018

NET PENSION LIABILITY

SERS

Changes in benefit terms: There were no changes in benefit terms from the amounts reported for fiscal years 2015 - 2017.

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

STRS

Changes in benefit terms: There were no changes in benefit terms from the amounts reported for fiscal years 2015 - 2017. Effective July 1, 2017, the COLA was reduced to zero.

Changes in assumptions: There were no changes in methods and assumptions used in the calculation of actuarial determined contributions for fiscal years 2015-2017. The Retirement Board approved several changes to the actuarial assumptions in 2017. The long term expected rate of return was reduced from 7.75% to 7.45%, the inflation assumption was lowered from 2.75% to 2.50%, the payroll growth assumption was lowered to 3.00%, and total salary increases rate was lowered by decreasing the merit component of the individual salary increases, in addition to a decrease of 0.25% due to lower inflation. The healthy and disabled mortality assumptions were updated to the RP-2014 mortality tables with generational improvement scale MP-2016. Rates of retirement, termination and disability were modified to better reflect anticipated future experience. See the notes to the basic financials for the methods and assumptions in this calculation.

LAKEWOOD LOCAL SCHOOL DISTRICT

Notes to the Required Supplemental Information For the Fiscal Year Ended June 30, 2018

NET OPEB LIABILITY

SERS

Changes in assumptions: Amounts reported for fiscal year 2018 incorporate changes in key methods and assumptions used in calculating the total OPEB liability as presented below:

Municipal Bond Index Rate:	
Fiscal year 2018	3.56 percent
Fiscal year 2017	2.92 percent

Single Equivalent Interest Rate, net of plan investment expense, including price inflation	
Fiscal year 2018	3.63 percent
Fiscal year 2017	2.98 percent

STRS

Changes in assumptions: For fiscal year 2018, the discount rate was increased from 3.26 percent to 4.13 percent based on the methodology defined under GASB Statement No. 74, Financial Reporting for Postemployment Benefit Plans Other Than Pension Plans (OPEB) and the long term expected rate of return was reduced from 7.75 percent to 7.45 percent. Valuation year per capita health care costs were updated, and the salary scale was modified. The percentage of future retirees electing each option was updated based on current data and the percentage of future disabled retirees and terminated vested participants electing health coverage were decreased. The assumed mortality, disability, retirement, withdrawal and future health care cost trend rates were modified along with the portion of rebated prescription drug costs.

Also for fiscal year 2018, the subsidy multiplier for non-Medicare benefit recipients was reduced from 2.1 percent to 1.9 percent per year of service. Medicare Part B premium reimbursements were discontinued for certain survivors and beneficiaries and all remaining Medicare Part B premium reimbursements will be discontinued beginning January 2019.



LAKWOOD LOCAL SCHOOL DISTRICT

*COMBINING AND INDIVIDUAL FUND
STATEMENTS AND SCHEDULES*

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

LAKEWOOD LOCAL SCHOOL DISTRICT

Nonmajor Governmental Funds

Special Revenue Funds

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.)

Miscellaneous Grants Fund

To account for various monies from State agencies which are not classified elsewhere.

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 Fund

To account for federal revenues received to meet the special needs of educationally deprived children. (The Balance Sheet is not presented because there are no assets or liabilities at fiscal year-end.)

(Continued)

LAKEWOOD LOCAL SCHOOL DISTRICT

Special Revenue Funds

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. (The Balance Sheet is not presented because there are no assets or liabilities at fiscal year-end.)

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.)

Miscellaneous Federal Grants Fund

To account for various monies from Federal agencies which are not classified elsewhere. (The Balance Sheet is not presented because there are no assets or liabilities at fiscal year-end.)

Capital Projects Funds

The Capital Projects Fund is used to account for the financial resources to be used for the acquisition or construction of major capital facilities, other than those financed by proprietary or trust funds.

Building Fund

To account for the acquisition, construction and improvement of capital facilities as authorized by Chapter 5705 of the Ohio Revised Code. (The Balance Sheet is not presented because there are no assets or liabilities at fiscal year-end.)

Capital Projects Fund

To account for the accumulation of funds for one or more capital projects.

LAKWOOD LOCAL SCHOOL DISTRICT

**Combining Balance Sheet
Nonmajor Governmental Funds
June 30, 2018**

	Nonmajor Special Revenue Funds	Nonmajor Capital Project Funds	Total Nonmajor Governmental Funds
Assets:			
Cash and Cash Equivalents	\$ 48,898	\$ 1,000,000	\$ 1,048,898
Receivables:			
Intergovernmental	48,188	0	48,188
Prepaid Items	10,273	0	10,273
Total Assets	\$ 107,359	\$ 1,000,000	\$ 1,107,359
Liabilities:			
Accounts Payable	\$ 1,241	\$ 0	\$ 1,241
Accrued Wages and Benefits	51,258	0	51,258
Intergovernmental Payable	6,576	0	6,576
Interfund Loans Payable	3,162	0	3,162
Total Liabilities	62,237	0	62,237
Deferred Inflows of Resources:			
Unavailable Revenue	38	0	38
Total Deferred Inflows of Resources	38	0	38
Fund Balances:			
Nonspendable	10,273	0	10,273
Restricted	45,084	0	45,084
Assigned	0	1,000,000	1,000,000
Unassigned	(10,273)	0	(10,273)
Total Fund Balances	45,084	1,000,000	1,045,084
Total Liabilities, Deferred Inflows of Resources, and Fund Balances	\$ 107,359	\$ 1,000,000	\$ 1,107,359

LAKWOOD LOCAL SCHOOL DISTRICT

**Combining Statement of Revenues, Expenditures and Changes in Fund Balances
Nonmajor Governmental Funds
For the Fiscal Year Ended June 30, 2018**

	Nonmajor Special Revenue Funds	Nonmajor Capital Projects Funds	Total Nonmajor Governmental Funds
	<u> </u>	<u> </u>	<u> </u>
Revenues:			
Local Sources:			
Extracurricular Activities	150,690	0	150,690
Intermediate Sources	20,751	0	20,751
Intergovernmental - State	100,150	0	100,150
Intergovernmental - Federal	960,799	0	960,799
All Other Revenue	23,592	0	23,592
Total Revenue	<u>1,255,982</u>	<u>0</u>	<u>1,255,982</u>
Expenditures:			
Current:			
Instruction	779,533	0	779,533
Supporting Services:			
Pupils	163,921	0	163,921
Instructional Staff	113,165	0	113,165
Administration	13,759	0	13,759
Operation and Maintenance of Plant	12,418	0	12,418
Operation of Non-Instructional Services	2,548	0	2,548
Extracurricular Activities	196,863	0	196,863
Capital Outlay	0	746,466	746,466
Total Expenditures	<u>1,282,207</u>	<u>746,466</u>	<u>2,028,673</u>
Excess (Deficiency) of Revenues Over Expenditures	(26,225)	(746,466)	(772,691)
Other Financing Sources (Uses):			
Transfers In	0	500,000	500,000
Total Other Financing Sources (Uses)	<u>0</u>	<u>500,000</u>	<u>500,000</u>
Net Change in Fund Balance	(26,225)	(246,466)	(272,691)
Fund Balances at Beginning of Year	<u>71,309</u>	<u>1,246,466</u>	<u>1,317,775</u>
Fund Balances End of Year	<u>\$ 45,084</u>	<u>\$ 1,000,000</u>	<u>\$ 1,045,084</u>

LAKWOOD LOCAL SCHOOL DISTRICT

**Combining Balance Sheet
Nonmajor Special Revenue Funds
June 30, 2018**

	Other Grant	Student Activity	Early Childhood Education	Miscellaneous State Grants
Assets:				
Cash and Cash Equivalents	\$ 8,744	\$ 37,581	\$ 2,573	\$ 0
Receivables:				
Intergovernmental	0	0	6,063	450
Prepaid Items	0	0	1,152	0
Total Assets	\$ 8,744	\$ 37,581	\$ 9,788	\$ 450
Liabilities:				
Accounts Payable	\$ 1,025	\$ 216	\$ 0	\$ 0
Accrued Wages and Benefits	0	0	8,816	0
Intergovernmental Payable	0	0	972	0
Interfund Loans Payable	0	0	0	412
Total Liabilities	1,025	216	9,788	412
Deferred Inflows of Resources:				
Unavailable Revenue	0	0	0	38
Total Deferred Inflows of Resources	0	0	0	38
Fund Balances:				
Nonspendable	0	0	1,152	0
Restricted	7,719	37,365	0	0
Assigned	0	0	0	0
Unassigned	0	0	(1,152)	0
Total Fund Balances	7,719	37,365	0	0
Total Liabilities, Deferred Inflows of Resources, and Fund Balances	\$ 8,744	\$ 37,581	\$ 9,788	\$ 450

LAKWOOD LOCAL SCHOOL DISTRICT

Special Education Part B-IDEA	Total Nonmajor Special Revenue Funds
\$ 0	\$ 48,898
41,675	48,188
9,121	10,273
<u>\$ 50,796</u>	<u>\$ 107,359</u>
\$ 0	\$ 1,241
42,442	51,258
5,604	6,576
2,750	3,162
<u>50,796</u>	<u>62,237</u>
<u>0</u>	<u>38</u>
<u>0</u>	<u>38</u>
9,121	10,273
0	45,084
0	0
(9,121)	(10,273)
<u>0</u>	<u>45,084</u>
<u>\$ 50,796</u>	<u>\$ 107,359</u>

LAKWOOD LOCAL SCHOOL DISTRICT

**Combining Statement of Revenues, Expenditures and Changes in Fund Balances
Nonmajor Special Revenue Funds
For the Fiscal Year Ended June 30, 2018**

	<u>Other Grant</u>	<u>Student Activity</u>	<u>Early Childhood Education</u>	<u>Data Communications</u>
Revenues:				
Local Sources:				
Extracurricular Activities	\$ 0	\$ 150,690	\$ 0	\$ 0
Intermediate Sources	20,751	0	0	0
Intergovernmental - State	0	0	92,538	7,200
Intergovernmental - Federal	0	0	0	0
All Other Revenue	8,800	14,792	0	0
Total Revenue	<u>29,551</u>	<u>165,482</u>	<u>92,538</u>	<u>7,200</u>
Expenditures:				
Current:				
Instruction	19,975	0	78,878	0
Supporting Services:				
Pupils	0	0	0	0
Instructional Staff	3,340	0	0	0
Administration	0	1,080	8,442	0
Operation and Maintenance of Plant	0	0	5,218	7,200
Operation of Non-Instructional Services	0	0	0	0
Extracurricular Activities	0	196,863	0	0
Total Expenditures	<u>23,315</u>	<u>197,943</u>	<u>92,538</u>	<u>7,200</u>
Excess (Deficiency) of Revenues				
Over Expenditures	6,236	(32,461)	0	0
Fund Balances at Beginning of Year	<u>1,483</u>	<u>69,826</u>	<u>0</u>	<u>0</u>
Fund Balances End of Year	<u>\$ 7,719</u>	<u>\$ 37,365</u>	<u>\$ 0</u>	<u>\$ 0</u>

LAKWOOD LOCAL SCHOOL DISTRICT

Miscellaneous State Grants	Special Education Part B-IDEA	Title I	IDEA Preschool Grant for Handicapped	Title II-A	Miscellaneous Federal Grants	Total Nonmajor Special Revenue Funds
\$ 0	\$ 0	\$ 0	\$ 0	\$ 0	\$ 0	\$ 150,690
0	0	0	0	0	0	20,751
412	0	0	0	0	0	100,150
0	411,084	464,192	13,396	62,127	10,000	960,799
<u>0</u>	<u>0</u>	<u>0</u>	<u>0</u>	<u>0</u>	<u>0</u>	<u>23,592</u>
<u>412</u>	<u>411,084</u>	<u>464,192</u>	<u>13,396</u>	<u>62,127</u>	<u>10,000</u>	<u>1,255,982</u>
412	243,934	350,811	13,396	62,127	10,000	779,533
0	162,913	1,008	0	0	0	163,921
0	0	109,825	0	0	0	113,165
0	4,237	0	0	0	0	13,759
0	0	0	0	0	0	12,418
0	0	2,548	0	0	0	2,548
<u>0</u>	<u>0</u>	<u>0</u>	<u>0</u>	<u>0</u>	<u>0</u>	<u>196,863</u>
<u>412</u>	<u>411,084</u>	<u>464,192</u>	<u>13,396</u>	<u>62,127</u>	<u>10,000</u>	<u>1,282,207</u>
0	0	0	0	0	0	(26,225)
<u>0</u>	<u>0</u>	<u>0</u>	<u>0</u>	<u>0</u>	<u>0</u>	<u>71,309</u>
<u>\$ 0</u>	<u>\$ 0</u>	<u>\$ 0</u>	<u>\$ 0</u>	<u>\$ 0</u>	<u>\$ 0</u>	<u>\$ 45,084</u>

LAKWOOD LOCAL SCHOOL DISTRICT

***Combining Statement of Revenues, Expenditures and Changes in Fund Balances
Nonmajor Capital Projects Funds
For the Fiscal Year Ended June 30, 2018***

	Building	Capital Projects	Total Nonmajor Capital Projects Funds
Revenues:			
Total Revenue	\$ 0	\$ 0	\$ 0
Expenditures:			
Capital Outlay	746,466	0	746,466
Total Expenditures	746,466	0	746,466
Excess (Deficiency) of Revenues Over Expenditures	(746,466)	0	(746,466)
Other Financing Sources (Uses):			
Transfers In	0	500,000	500,000
Total Other Financing Sources (Uses)	0	500,000	500,000
Net Change in Fund Balance	(746,466)	500,000	(246,466)
Fund Balances at Beginning of Year	746,466	500,000	1,246,466
Fund Balances End of Year	\$ 0	\$ 1,000,000	\$ 1,000,000

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, 2018***

	Original Budget	Final Budget	Actual	Variance with Final Budget Positive (Negative)
Revenues:				
Local Sources:				
Taxes	\$ 13,221,485	\$ 13,775,737	\$ 13,775,737	\$ 0
Tuition	1,056,705	1,340,201	1,338,276	(1,925)
Investment Earnings	184,000	265,000	274,175	9,175
Class Material and Fees	69,680	75,578	75,653	75
Intergovernmental - State	7,901,426	8,077,685	8,077,685	0
Intergovernmental - Federal	125,000	125,000	96,604	(28,396)
All Other Revenues	132,549	139,715	142,132	2,417
Total Revenues	22,690,845	23,798,916	23,780,262	(18,654)
Expenditures:				
Instructional Services:				
Regular:				
Salaries and Wages	6,728,058	6,747,124	6,722,767	24,357
Fringe Benefits	2,515,575	2,582,994	2,582,994	0
Purchased Services	1,354,359	1,555,863	1,550,681	5,182
Supplies and Materials	299,867	302,796	293,575	9,221
Other Expenditures	6,375	6,375	6,375	0
Capital Outlay	128,370	128,613	128,613	0
Total Regular	11,032,604	11,323,765	11,285,005	38,760
Special:				
Salaries and Wages	989,300	992,373	975,833	16,540
Fringe Benefits	389,575	357,425	357,425	0
Purchased Services	806,279	823,699	805,922	17,777
Supplies and Materials	19,955	14,974	12,816	2,158
Other Expenditures	125,950	146,310	146,120	190
Total Special	2,331,059	2,334,781	2,298,116	36,665
Vocational:				
Salaries and Wages	193,500	194,402	193,358	1,044
Fringe Benefits	59,060	60,527	60,527	0
Purchased Services	3,792	2,293	2,277	16
Supplies and Materials	32,986	24,677	24,596	81
Capital Outlay	8,000	9,488	9,488	0
Total Vocational	297,338	291,387	290,246	1,141

(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, 2018***

	Original Budget	Final Budget	Actual	Variance with Final Budget Positive (Negative)
Other:				
Salaries and Wages	12,500	12,500	5,394	7,106
Fringe Benefits	575	1,794	1,794	0
Purchased Services	13,058	23,628	23,628	0
Total Other	26,133	37,922	30,816	7,106
Total Instructional Services	13,687,134	13,987,855	13,904,183	83,672
Support Services:				
Pupils:				
Salaries and Wages	911,798	910,651	899,695	10,956
Fringe Benefits	431,803	410,615	410,605	10
Purchased Services	146,089	137,088	127,317	9,771
Supplies and Materials	13,925	17,253	16,054	1,199
Other Expenditures	53,378	67,667	67,046	621
Capital Outlay	47,898	44,898	44,898	0
Total Pupils	1,604,891	1,588,172	1,565,615	22,557
Instructional Staff:				
Salaries and Wages	336,759	377,234	339,306	37,928
Fringe Benefits	154,171	128,673	128,673	0
Purchased Services	80,884	80,515	77,801	2,714
Supplies and Materials	19,440	15,640	14,704	936
Other Expenditures	19,968	17,968	17,945	23
Capital Outlay	9,000	0	0	0
Total Instructional Staff	620,222	620,030	578,429	41,601
Board of Education:				
Salaries and Wages	7,500	7,500	7,375	125
Fringe Benefits	1,705	1,577	1,577	0
Purchased Services	96,874	150,145	143,242	6,903
Supplies and Materials	3,000	3,000	2,297	703
Other Expenditures	10,757	10,158	10,158	0
Total Board of Education	119,836	172,380	164,649	7,731

(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, 2018***

	Original Budget	Final Budget	Actual	Variance with Final Budget Positive (Negative)
Administration:				
Salaries and Wages	1,164,281	1,181,885	1,172,218	9,667
Fringe Benefits	448,045	457,357	457,357	0
Purchased Services	111,853	106,726	98,478	8,248
Supplies and Materials	12,084	10,085	9,064	1,021
Other Expenditures	205,370	154,073	153,313	760
Capital Outlay	14,470	15,938	15,938	0
Total Administration	1,956,103	1,926,064	1,906,368	19,696
Fiscal Services:				
Salaries and Wages	279,200	279,200	277,229	1,971
Fringe Benefits	109,605	104,846	104,846	0
Purchased Services	73,858	51,215	48,108	3,107
Supplies and Materials	6,925	7,535	7,274	261
Other Expenditures	264,169	264,095	262,315	1,780
Total Fiscal Services	733,757	706,891	699,772	7,119
Business:				
Salaries and Wages	9,600	9,600	8,701	899
Fringe Benefits	13,250	12,957	12,957	0
Purchased Services	0	403	393	10
Supplies and Materials	31,500	15,500	13,857	1,643
Other Expenditures	2,423	1,695	1,695	0
Total Business	56,773	40,155	37,603	2,552
Operation and Maintenance of Plant:				
Salaries and Wages	637,150	655,514	631,486	24,028
Fringe Benefits	304,530	280,487	280,353	134
Purchased Services	763,926	778,115	702,521	75,594
Supplies and Materials	140,287	131,942	117,749	14,193
Other Expenditures	844	1,074	924	150
Capital Outlay	443,924	409,170	409,170	0
Total Operation and Maintenance Of Plant	2,290,661	2,256,302	2,142,203	114,099

(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, 2018***

	Original Budget	Final Budget	Actual	Variance with Final Budget Positive (Negative)
Pupil Transportation:				
Salaries and Wages	829,163	832,743	822,985	9,758
Fringe Benefits	475,910	472,265	470,510	1,755
Purchased Services	71,241	80,147	78,105	2,042
Supplies and Materials	235,265	243,880	243,436	444
Other Expenditures	1,031	1,031	866	165
Capital Outlay	356,900	204,930	204,930	0
Total Pupil Transportation	1,969,510	1,834,996	1,820,832	14,164
Central:				
Salaries and Wages	18,000	18,000	14,131	3,869
Fringe Benefits	3,250	3,130	2,278	852
Purchased Services	7,000	2,988	2,988	0
Supplies and Materials	500	848	693	155
Other Expenditures	15	15	15	0
Capital Outlay	0	3,965	3,965	0
Total Central	28,765	28,946	24,070	4,876
Total Support Services	9,380,518	9,173,936	8,939,541	234,395
Operation of Non-Instructional Services:				
Fringe Benefits	10,188	0	0	0
Purchased Services	3,040	1,040	859	181
Total Non-Instructional Services	13,228	1,040	859	181
Extracurricular Activities:				
Salaries and Wages	265,531	258,873	250,064	8,809
Fringe Benefits	52,665	55,287	52,572	2,715
Purchased Services	5,750	5,750	5,750	0
Total Extracurricular Activities	323,946	319,910	308,386	11,524
Capital Outlay:				
Purchased Services	8,166	8,166	8,166	0
Capital Outlay	1,883,161	1,767,143	1,762,143	5,000
Total Capital Outlay	1,891,327	1,775,309	1,770,309	5,000
Total Expenditures	25,296,153	25,258,050	24,923,278	334,772
Excess (Deficiency) of Revenues Over (Under) Expenditures				
	(2,605,308)	(1,459,134)	(1,143,016)	316,118

(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, 2018***

	<u>Original Budget</u>	<u>Final Budget</u>	<u>Actual</u>	Variance with Final Budget Positive (Negative)
Other Financing Sources (Uses):				
Sale of Capital Assets	3,000	12,979	12,979	0
Transfers Out	<u>(500,000)</u>	<u>(500,000)</u>	<u>(500,000)</u>	<u>0</u>
Total Other Financing Sources (Uses):	<u>(497,000)</u>	<u>(487,021)</u>	<u>(487,021)</u>	<u>0</u>
Net Change in Fund Balance	(3,102,308)	(1,946,155)	(1,630,037)	316,118
Fund Balance at Beginning of Year	17,407,737	17,407,737	17,407,737	0
Prior Year Encumbrances	<u>1,445,871</u>	<u>1,445,871</u>	<u>1,445,871</u>	<u>0</u>
Fund Balance at End of Year	<u>\$ 15,751,300</u>	<u>\$ 16,907,453</u>	<u>\$ 17,223,571</u>	<u>\$ 316,118</u>

LAKWOOD 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, 2018**

	Original Budget	Final Budget	Actual	Variance with Final Budget Positive (Negative)
Revenues:				
Local Sources:				
Taxes	\$ 1,100,366	\$ 1,142,028	\$ 1,142,028	\$ 0
Intergovernmental - State	218,877	223,678	223,678	0
Total Revenues	1,319,243	1,365,706	1,365,706	0
Expenditures:				
Current:				
Support Services:				
Fiscal Services:				
Other Expenditures	12,002	11,866	11,866	0
Total Fiscal Services	12,002	11,866	11,866	0
Debt Service:				
Principal Retirement	1,026,770	1,026,770	1,026,770	0
Interest and Fiscal Charges	290,891	290,818	290,818	0
Total Debt Service	1,317,661	1,317,588	1,317,588	0
Total Expenditures	1,329,663	1,329,454	1,329,454	0
Excess (Deficiency) of Revenues				
Over (Under) Expenditures	(10,420)	36,252	36,252	0
Fund Balance at Beginning of Year				
Fund Balance at End of Year	\$ 560,631	\$ 607,303	\$ 607,303	\$ 0

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, 2018***

PUBLIC SCHOOL SUPPORT FUND				Variance with Final Budget Positive (Negative)
	<u>Original Budget</u>	<u>Final Budget</u>	<u>Actual</u>	<u>(Negative)</u>
Revenues:				
Extracurricular Activities	\$ 36,300	\$ 32,030	\$ 29,001	\$ (3,029)
All Other Revenues	3,700	5,421	5,318	(103)
Total Revenues	<u>40,000</u>	<u>37,451</u>	<u>34,319</u>	<u>(3,132)</u>
Expenditures:				
Extracurricular Activities:				
Purchased Services	14,000	14,933	13,519	1,414
Supplies and Materials	37,879	41,662	35,509	6,153
Capital Outlay	3,000	0	0	0
Total Extracurricular Activities	<u>54,879</u>	<u>56,595</u>	<u>49,028</u>	<u>7,567</u>
Total Expenditures	<u>54,879</u>	<u>56,595</u>	<u>49,028</u>	<u>7,567</u>
Excess (Deficiency) of Revenues Over (Under) Expenditures	(14,879)	(19,144)	(14,709)	4,435
Fund Balance at Beginning of Year	<u>29,616</u>	<u>29,616</u>	<u>29,616</u>	<u>0</u>
Fund Balance at End of Year	<u>\$ 14,737</u>	<u>\$ 10,472</u>	<u>\$ 14,907</u>	<u>\$ 4,435</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, 2018**

	OTHER GRANT FUND			Variance with Final Budget Positive (Negative)
	<u>Original Budget</u>	<u>Final Budget</u>	<u>Actual</u>	
Revenues:				
Intermediate Sources	\$ 6,000	\$ 20,751	\$ 20,751	\$ 0
All Other Revenues	<u>0</u>	<u>8,800</u>	<u>8,800</u>	<u>0</u>
Total Revenues	<u>6,000</u>	<u>29,551</u>	<u>29,551</u>	<u>0</u>
Expenditures:				
Instructional Services:				
Regular:				
Purchased Services	0	5,816	5,816	0
Supplies and Materials	<u>1,483</u>	<u>14,219</u>	<u>14,167</u>	<u>52</u>
Total Instructional Services	<u>1,483</u>	<u>20,035</u>	<u>19,983</u>	<u>52</u>
Support Services:				
Instructional Staff:				
Purchased Services	<u>6,000</u>	<u>6,000</u>	<u>4,910</u>	<u>1,090</u>
Total Support Services	<u>6,000</u>	<u>6,000</u>	<u>4,910</u>	<u>1,090</u>
Total Expenditures	<u>7,483</u>	<u>26,035</u>	<u>24,893</u>	<u>1,142</u>
Excess (Deficiency) of Revenues Over (Under) Expenditures	(1,483)	3,516	4,658	1,142
Fund Balance at Beginning of Year	<u>1,483</u>	<u>1,483</u>	<u>1,483</u>	<u>0</u>
Fund Balance at End of Year	<u>\$ 0</u>	<u>\$ 4,999</u>	<u>\$ 6,141</u>	<u>\$ 1,142</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, 2018**

STUDENT ACTIVITY FUND				Variance with Final Budget Positive (Negative)
	Original Budget	Final Budget	Actual	
Revenues:				
Extracurricular Activities	\$ 134,600	\$ 154,027	\$ 150,690	\$ (3,337)
Intermediate Sources	5,000	0	0	0
All Other Revenues	10,350	16,000	14,792	(1,208)
Total Revenues	149,950	170,027	165,482	(4,545)
Expenditures:				
Support Services:				
Administration:				
Purchased Services	1,080	1,080	1,080	0
Total Support Services	1,080	1,080	1,080	0
Extracurricular Activities:				
Purchased Services	109,325	119,231	112,836	6,395
Supplies and Materials	34,310	39,457	36,883	2,574
Other Expenditures	5,609	9,944	9,394	550
Capital Outlay	17,000	37,850	37,850	0
Total Extracurricular Activities	166,244	206,482	196,963	9,519
Total Expenditures	167,324	207,562	198,043	9,519
Excess (Deficiency) of Revenues				
Over (Under) Expenditures	(17,374)	(37,535)	(32,561)	4,974
Fund Balance at Beginning of Year				
Prior Year Encumbrances	285	285	285	0
Fund Balance at End of Year	\$ 52,452	\$ 32,291	\$ 37,265	\$ 4,974

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, 2018**

	Original Budget	Final Budget	Actual	Variance with Final Budget Positive (Negative)
EARLY CHILDHOOD EDUCATION FUND				
Revenues:				
Intergovernmental - State	\$ 96,000	\$ 96,000	\$ 86,475	\$ (9,525)
Total Revenues	96,000	96,000	86,475	(9,525)
Expenditures:				
Instructional Services:				
Special:				
Salaries and Wages	56,380	56,380	46,723	9,657
Fringe Benefits	21,310	21,310	19,468	1,842
Purchased Services	1,000	650	150	500
Supplies and Materials	10,310	4,000	3,901	99
Total Instructional Services	89,000	82,340	70,242	12,098
Support Services:				
Instructional Staff:				
Purchased Services	1,000	0	0	0
Total Instructional Staff	1,000	0	0	0
Administration:				
Purchased Services	6,000	8,442	8,442	0
Total Administration	6,000	8,442	8,442	0
Operation and Maintenance of Plant:				
Capital Outlay	0	5,218	5,218	0
Total Support Services	7,000	13,660	13,660	0
Total Expenditures	96,000	96,000	83,902	12,098
Excess (Deficiency) of Revenues				
Over (Under) Expenditures	0	0	2,573	2,573
Fund Balance at Beginning of Year	0	0	0	0
Fund Balance at End of Year	\$ 0	\$ 0	\$ 2,573	\$ 2,573

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, 2018**

DATA COMMUNICATIONS FUND

	Original Budget	Final Budget	Actual	Variance with Final Budget Positive (Negative)
Revenues:				
Intergovernmental - State	\$ 7,200	\$ 7,200	\$ 7,200	\$ 0
Total Revenues	7,200	7,200	7,200	0
Expenditures:				
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

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, 2018***

MISCELLANEOUS STATE GRANTS FUND				Variance with Final Budget Positive (Negative)
	Original Budget	Final Budget	Actual	
Revenues:				
Intergovernmental - State	\$ 0	\$ 948	\$ 0	\$ (948)
Total Revenues	0	948	0	(948)
Expenditures:				
Instructional Services:				
Special:				
Supplies and Materials	0	948	948	0
Total Expenditures	0	948	948	0
Excess (Deficiency) of Revenues				
Over (Under) Expenditures	0	0	(948)	(948)
Fund Balance at Beginning of Year	0	0	0	0
Fund Balance at End of Year	\$ 0	\$ 0	\$ (948)	\$ (948)

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, 2018**

SPECIAL EDUCATION PART B-IDEA FUND				Variance with Final Budget Positive (Negative)
	Original Budget	Final Budget	Actual	
Revenues:				
Intergovernmental - Federal	\$ 429,131	\$ 429,131	\$ 387,457	\$ (41,674)
Total Revenues	429,131	429,131	387,457	(41,674)
Expenditures:				
Instructional Services:				
Special:				
Salaries and Wages	179,585	188,479	170,397	18,082
Fringe Benefits	58,290	59,565	56,135	3,430
Purchased Services	1,704	0	0	0
Supplies and Materials	10,000	2,275	2,275	0
Total Instructional Services	249,579	250,319	228,807	21,512
Support Services:				
Pupils:				
Salaries and Wages	89,317	82,302	75,141	7,161
Fringe Benefits	88,235	89,002	81,370	7,632
Supplies and Materials	0	652	652	0
Total Pupils	177,552	171,956	157,163	14,793
Instructional Staff:				
Purchased Services	2,000	0	0	0
Supplies and Materials	0	500	500	0
Total Instructional Staff	2,000	500	500	0
Administration:				
Purchased Services	0	6,356	4,237	2,119
Total Support Services	179,552	178,812	161,900	16,912
Total Expenditures	429,131	429,131	390,707	38,424
Excess (Deficiency) of Revenues				
Over (Under) Expenditures	0	0	(3,250)	(3,250)
Fund Balance at Beginning of Year				
	0	0	0	0
Fund Balance at End of Year	\$ 0	\$ 0	\$ (3,250)	\$ (3,250)

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, 2018**

	TITLE I FUND			Variance with Final Budget Positive (Negative)
	Original Budget	Final Budget	Actual	
Revenues:				
Intergovernmental - Federal	\$ 540,149	\$ 540,056	\$ 540,056	\$ 0
Total Revenues	540,149	540,056	540,056	0
Expenditures:				
Instructional Services:				
Regular:				
Supplies and Materials	35,546	21,133	21,133	0
Total Regular	35,546	21,133	21,133	0
Special:				
Salaries and Wages	207,602	253,703	253,703	0
Fringe Benefits	72,030	74,352	74,352	0
Total Special	279,632	328,055	328,055	0
Other:				
Salaries and Wages	39,644	32,555	32,555	0
Fringe Benefits	14,096	11,877	11,877	0
Purchased Services	31,895	17,804	17,804	0
Total Other	85,635	62,236	62,236	0
Total Instructional Services	400,813	411,424	411,424	0
Support Services:				
Supplies and Materials	5,761	1,008	1,008	0
Total Pupils	5,761	1,008	1,008	0
Instructional Staff:				
Salaries and Wages	69,055	80,667	80,667	0
Fringe Benefits	45,553	31,956	31,956	0
Purchased Services	13,576	13,273	13,273	0
Total Instructional Staff	128,184	125,896	125,896	0
Total Support Services	133,945	126,904	126,904	0

(Continued)

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, 2018***

	TITLE I FUND			Variance with Final Budget Positive (Negative)
	<u>Original Budget</u>	<u>Final Budget</u>	<u>Actual</u>	
Operation of Non-Instructional Services:				
Purchased Services	4,836	1,998	1,998	0
Supplies and Materials	1,375	550	550	0
Total Non-Instructional Services	<u>6,211</u>	<u>2,548</u>	<u>2,548</u>	<u>0</u>
Total Expenditures	<u>540,969</u>	<u>540,876</u>	<u>540,876</u>	<u>0</u>
Excess (Deficiency) of Revenues				
Over (Under) Expenditures	(820)	(820)	(820)	0
Fund Balance at Beginning of Year	(24,645)	(24,645)	(24,645)	0
Prior Year Encumbrances	25,465	25,465	25,465	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, 2018**

	<u>Original Budget</u>	<u>Final Budget</u>	<u>Actual</u>	Variance with Final Budget Positive (Negative)
IDEA PRESCHOOL GRANT FOR HANDICAPPED FUND				
Revenues:				
Intergovernmental - Federal	\$ 13,396	\$ 13,396	\$ 13,396	\$ 0
Total Revenues	<u>13,396</u>	<u>13,396</u>	<u>13,396</u>	<u>0</u>
Expenditures:				
Instructional Services:				
Special:				
Salaries and Wages	13,396	13,396	13,396	0
Total Expenditures	<u>13,396</u>	<u>13,396</u>	<u>13,396</u>	<u>0</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

**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, 2018**

	TITLE II-A FUND			Variance with Final Budget Positive (Negative)
	Original Budget	Final Budget	Actual	
Revenues:				
Intergovernmental - Federal	\$ 62,024	\$ 62,127	\$ 62,127	\$ 0
Total Revenues	<u>62,024</u>	<u>62,127</u>	<u>62,127</u>	<u>0</u>
Expenditures:				
Instructional Services:				
Regular:				
Salaries and Wages	62,024	62,127	62,127	0
Total Expenditures	<u>62,024</u>	<u>62,127</u>	<u>62,127</u>	<u>0</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

***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, 2018***

MISCELLANEOUS FEDERAL GRANTS FUND

	Original Budget	Final Budget	Actual	Variance with Final Budget Positive (Negative)
Revenues:				
Intergovernmental - Federal	\$ 10,000	\$ 10,000	\$ 10,000	\$ 0
Total Revenues	10,000	10,000	10,000	0
Expenditures:				
Instructional Services:				
Regular:				
Purchased Services	10,000	7,500	7,500	0
Supplies and Materials	0	2,500	2,500	0
Total Expenditures	10,000	10,000	10,000	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

**Schedule of Revenues, Expenditures and Changes in
Fund Balance – Budget and Actual (Non-GAAP Budgetary Basis)
Nonmajor Capital Projects Funds
For the Fiscal Year Ended June 30, 2018**

BUILDING FUND				Variance with Final Budget Positive (Negative)
	Original Budget	Final Budget	Actual	
Revenues:				
Total Revenues	\$ 0	\$ 0	\$ 0	\$ 0
Expenditures:				
Capital Outlay	1,251,739	1,251,739	1,251,739	0
Total Expenditures	1,251,739	1,251,739	1,251,739	0
Excess (Deficiency) of Revenues Over (Under) Expenditures	(1,251,739)	(1,251,739)	(1,251,739)	0
Fund Balance at Beginning of Year	0	0	0	0
Prior Year Encumbrances	1,251,739	1,251,739	1,251,739	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 Capital Projects Funds
For the Fiscal Year Ended June 30, 2018**

CAPITAL PROJECTS FUND				Variance with Final Budget Positive (Negative)
	Original Budget	Final Budget	Actual	
Revenues:				
Total Revenues	\$ 0	\$ 0	\$ 0	\$ 0
Expenditures:				
Total Expenditures	0	0	0	0
Excess (Deficiency) of Revenues Over (Under) Expenditures	0	0	0	0
Other Financing Sources (Uses):				
Transfers In	500,000	500,000	500,000	0
Total Other Financing Sources (Uses)	500,000	500,000	500,000	0
Net Change in Fund Balance	500,000	500,000	500,000	0
Fund Balance at Beginning of Year	500,000	500,000	500,000	0
Fund Balance at End of Year	\$ 1,000,000	\$ 1,000,000	\$ 1,000,000	\$ 0

LAKWOOD LOCAL SCHOOL DISTRICT

Fiduciary Funds

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

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

***Statement of Changes in Assets and Liabilities
Agency Funds
For the Fiscal Year Ended June 30, 2018***

	Balance June 30, 2017	Additions	Deductions	Balance June 30, 2018
<u>Student Managed Activity Fund</u>				
Assets:				
Cash and Cash Equivalents	\$29,663	\$32,758	(\$34,364)	\$28,057
Total Assets	<u>\$29,663</u>	<u>\$32,758</u>	<u>(\$34,364)</u>	<u>\$28,057</u>
Liabilities:				
Due to Students	\$29,663	\$32,758	(\$34,364)	\$28,057
Total Liabilities	<u>\$29,663</u>	<u>\$32,758</u>	<u>(\$34,364)</u>	<u>\$28,057</u>
<u>OHSAA Tournament Fund</u>				
Assets:				
Cash and Cash Equivalents	\$0	\$18,127	(\$18,127)	\$0
Total Assets	<u>\$0</u>	<u>\$18,127</u>	<u>(\$18,127)</u>	<u>\$0</u>
Liabilities:				
Due to Others	\$0	\$18,127	(\$18,127)	\$0
Total Liabilities	<u>\$0</u>	<u>\$18,127</u>	<u>(\$18,127)</u>	<u>\$0</u>
<u>Totals - All Agency Funds</u>				
Assets:				
Cash and Cash Equivalents	\$29,663	\$50,885	(\$52,491)	\$28,057
Total Assets	<u>\$29,663</u>	<u>\$50,885</u>	<u>(\$52,491)</u>	<u>\$28,057</u>
Liabilities:				
Due to Others	\$0	\$18,127	(\$18,127)	\$0
Due to Students	29,663	32,758	(34,364)	28,057
Total Liabilities	<u>\$29,663</u>	<u>\$50,885</u>	<u>(\$52,491)</u>	<u>\$28,057</u>

STATISTICAL SECTION



STATISTICAL TABLES

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

Financial Trends	S 2 – S 13
These schedules contain trend information to help the reader understand how the District's financial position has changed over time.	
Revenue Capacity	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.	
Debt Capacity	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.	
Economic and Demographic Information	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.	
Operating Information	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)*

	2009	2010	2011	2012
Governmental Activities:				
Net Investment in Capital Assets	\$2,920,072	\$3,151,387	\$3,053,537	\$3,080,260
Restricted for:				
Debt Service	809,399	1,082,006	1,118,731	1,190,591
Bus Purchase	6,140	0	0	0
Federally Funded Programs	0	0	0	10,385
Other Purposes	0	0	131,143	30,086
Unrestricted (Deficit)	4,342,665	3,691,366	4,584,024	5,875,212
Total Governmental Activities Net Position	<u>\$8,078,276</u>	<u>\$7,924,759</u>	<u>\$8,887,435</u>	<u>\$10,186,534</u>
Business-type Activities:				
Net Investment in Capital Assets	\$77,306	\$69,250	\$59,875	\$48,572
Unrestricted (Deficit)	212	62,199	87,441	186,858
Total Business-type Activities Net Position	<u>\$77,518</u>	<u>\$131,449</u>	<u>\$147,316</u>	<u>\$235,430</u>
Primary Government:				
Net Investment in Capital Assets	\$2,997,378	\$3,220,637	\$3,113,412	\$3,128,832
Restricted	815,539	1,082,006	1,249,874	1,231,062
Unrestricted	4,342,877	3,753,565	4,671,465	6,062,070
Total Primary Government Net Position	<u>\$8,155,794</u>	<u>\$8,056,208</u>	<u>\$9,034,751</u>	<u>\$10,421,964</u>

Source: District Treasurer's Office

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

** Restated for implementation of GASB 75, Accounting and Reporting for Other Postemployment Benefits

Lakewood Local School District

2013	2014	2015	2016	2017	2018
	*			**	
\$3,187,873	\$3,398,481	\$3,636,986	\$3,741,768	\$4,355,534	\$7,250,065
953,055	773,138	700,042	696,827	606,001	798,920
0	0	0	0	0	0
44,746	20,688	61,618	79,445	0	0
49,289	64,442	76,759	98,708	90,851	54,233
7,604,004	(18,930,709)	(14,956,033)	(11,405,743)	(17,594,072)	(6,622,821)
<u>\$11,838,967</u>	<u>(\$14,673,960)</u>	<u>(\$10,480,628)</u>	<u>(\$6,788,995)</u>	<u>(\$12,541,686)</u>	<u>\$1,480,397</u>
\$70,702	\$77,715	\$144,393	\$132,142	\$115,913	\$102,808
149,929	(188,404)	(248,993)	(260,669)	(560,322)	(548,278)
<u>\$220,631</u>	<u>(\$110,689)</u>	<u>(\$104,600)</u>	<u>(\$128,527)</u>	<u>(\$444,409)</u>	<u>(\$445,470)</u>
\$3,258,575	\$3,476,196	\$3,781,379	\$3,873,910	\$4,471,447	\$7,352,873
1,047,090	858,268	838,419	874,980	696,852	853,153
7,753,933	(19,119,113)	(15,205,026)	(11,666,412)	(18,154,394)	(7,171,099)
<u>\$12,059,598</u>	<u>(\$14,784,649)</u>	<u>(\$10,585,228)</u>	<u>(\$6,917,522)</u>	<u>(\$12,986,095)</u>	<u>\$1,034,927</u>

Lakewood Local School District

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

	<u>2009</u>	<u>2010</u>	<u>2011</u>	<u>2012</u>
Expenses				
Governmental Activities:				
Instruction	\$12,633,476	\$13,547,787	\$13,150,165	\$12,333,823
Support Services:				
Pupils	1,336,465	1,312,081	1,224,974	1,339,037
Instructional Staff	410,672	386,414	281,544	257,656
Board of Education	50,581	81,589	54,198	70,084
Administration	1,698,850	1,816,833	1,889,652	1,880,781
Fiscal Services	629,272	590,518	600,845	617,723
Business	17,638	19,125	19,723	20,952
Operation and Maintenance of Plant	1,543,379	1,551,761	1,551,640	1,585,727
Pupil Transportation	1,491,670	1,589,527	1,543,782	1,530,781
Central	325,541	314,949	281,113	284,079
Operation of Non-Instructional Services	52,678	61,088	45,099	59,427
Extracurricular Activities	521,158	521,163	537,562	526,540
Interest and Fiscal Charges	616,719	593,824	575,861	550,947
<i>Total Governmental Activities Expenses</i>	<u>21,328,099</u>	<u>22,386,659</u>	<u>21,756,158</u>	<u>21,057,557</u>
Business-type Activities:				
Food Service	911,914	916,439	953,088	898,959
<i>Total Business-type Activities Expenses</i>	<u>911,914</u>	<u>916,439</u>	<u>953,088</u>	<u>898,959</u>
<i>Total Primary Government Expenses</i>	<u>\$22,240,013</u>	<u>\$23,303,098</u>	<u>\$22,709,246</u>	<u>\$21,956,516</u>
Program Revenues				
Governmental Activities:				
Charges for Services				
Instruction	\$427,350	\$379,277	\$400,842	\$504,070
Support Services:				
Administration	0	0	74,513	125,625
Operation of Non-Instructional Services	122,210	0	0	0
Extracurricular Activities	170,671	133,349	139,843	141,550
Operating Grants and Contributions	933,186	1,779,854	1,596,451	911,323
Capital Grants and Contributions	0	0	51,000	0
<i>Total Governmental Activities</i>	<u>1,653,417</u>	<u>2,292,480</u>	<u>2,262,649</u>	<u>1,682,568</u>
<i>Program Revenues</i>	<u>1,653,417</u>	<u>2,292,480</u>	<u>2,262,649</u>	<u>1,682,568</u>

Lakewood Local School District

2013	2014	2015	2016	2017	2018
\$12,351,032	\$12,499,288	\$12,620,972	\$13,345,921	\$14,940,596	\$6,499,863
1,406,457	1,424,694	1,376,862	1,457,380	1,701,739	942,383
357,042	355,036	416,746	591,749	704,846	428,326
89,155	94,778	81,842	113,093	90,134	174,438
1,933,761	1,821,632	1,876,291	1,885,623	2,046,793	961,114
680,434	692,254	650,991	665,621	747,064	643,616
22,403	22,110	9,027	21,627	26,278	24,802
1,718,852	1,690,189	1,552,021	1,679,574	1,737,436	1,593,046
1,592,255	1,645,923	1,624,650	1,591,323	1,786,288	1,608,005
90,763	104,488	63,281	34,528	23,814	15,121
73,594	215,078	240,464	195,606	49,796	46,340
483,728	512,262	519,113	551,485	624,287	578,496
653,040	535,225	509,433	418,683	277,373	266,558
<u>21,452,516</u>	<u>21,612,957</u>	<u>21,541,693</u>	<u>22,552,213</u>	<u>24,756,444</u>	<u>13,782,108</u>
930,083	980,354	920,073	895,269	984,409	938,537
<u>930,083</u>	<u>980,354</u>	<u>920,073</u>	<u>895,269</u>	<u>984,409</u>	<u>938,537</u>
<u>\$22,382,599</u>	<u>\$22,593,311</u>	<u>\$22,461,766</u>	<u>\$23,447,482</u>	<u>\$25,740,853</u>	<u>\$14,720,645</u>
\$479,394	\$714,405	\$759,132	\$887,993	\$1,250,111	\$1,307,061
92,292	127,884	73,127	28,129	44	276
0	153,529	180,233	0	0	0
138,859	139,560	148,048	135,620	141,481	179,888
899,632	1,257,477	1,388,215	1,653,224	1,438,208	1,282,931
0	0	0	0	0	458,000
<u>1,610,177</u>	<u>2,392,855</u>	<u>2,548,755</u>	<u>2,704,966</u>	<u>2,829,844</u>	<u>3,228,156</u>

(continued)

Lakewood Local School District

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

	2009	2010	2011	2012
Business-type Activities:				
Charges for Services				
Food Service	345,558	327,032	305,258	299,813
Operating Grants and Contributions	605,173	643,338	663,697	687,260
Capital Grants and Contributions	0	0	0	0
<i>Total Business-type Activities Program Revenues</i>	<u>950,731</u>	<u>970,370</u>	<u>968,955</u>	<u>987,073</u>
<i>Total Primary Government Program Revenues</i>	<u>2,604,148</u>	<u>3,262,850</u>	<u>3,231,604</u>	<u>2,669,641</u>
Net (Expense)/Revenue				
Governmental Activities	(19,674,682)	(20,094,179)	(19,493,509)	(19,374,989)
Business-type Activities	38,817	53,931	15,867	88,114
<i>Total Primary Government Net (Expense)/Revenue</i>	<u>(\$19,635,865)</u>	<u>(\$20,040,248)</u>	<u>(\$19,477,642)</u>	<u>(\$19,286,875)</u>
General Revenues and Other Changes in Net Position				
Governmental Activities:				
Property Taxes Levied for:				
General Purposes	\$9,649,606	\$9,844,340	\$10,519,556	\$10,951,598
Debt Service	1,110,071	1,217,236	978,147	1,000,239
Grants and Entitlements not				
Restricted to Specific Programs	8,487,771	8,710,003	8,861,970	8,611,887
Investment Earnings	161,685	78,975	31,769	31,405
Miscellaneous	107,789	90,108	64,743	78,959
<i>Total Governmental Activities</i>	<u>19,516,922</u>	<u>19,940,662</u>	<u>20,456,185</u>	<u>20,674,088</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>\$19,516,922</u>	<u>\$19,940,662</u>	<u>\$20,456,185</u>	<u>\$20,674,088</u>
Change in Net Position				
Governmental Activities	(\$157,760)	(\$153,517)	\$962,676	\$1,299,099
Business-type Activities	38,817	53,931	15,867	88,114
<i>Total Primary Government Change in Net Position</i>	<u>(\$118,943)</u>	<u>(\$99,586)</u>	<u>\$978,543</u>	<u>\$1,387,213</u>

Source: District Treasurer's Office

Lakewood Local School District

2013	2014	2015	2016	2017	2018
283,204	264,932	255,156	309,230	331,827	348,571
615,150	675,475	626,528	538,906	581,800	588,905
16,930	0	44,478	23,206	0	0
<u>915,284</u>	<u>940,407</u>	<u>926,162</u>	<u>871,342</u>	<u>913,627</u>	<u>937,476</u>
<u>2,525,461</u>	<u>3,333,262</u>	<u>3,474,917</u>	<u>3,576,308</u>	<u>3,743,471</u>	<u>4,165,632</u>
(19,842,339)	(19,220,102)	(18,992,938)	(19,847,247)	(21,926,600)	(10,553,952)
(14,799)	(39,947)	6,089	(23,927)	(70,782)	(1,061)
<u>(\$19,857,138)</u>	<u>(\$19,260,049)</u>	<u>(\$18,986,849)</u>	<u>(\$19,871,174)</u>	<u>(\$21,997,382)</u>	<u>(\$10,555,013)</u>
\$12,319,747	\$12,443,682	\$13,002,282	\$13,341,342	\$13,226,848	\$14,666,904
749,321	840,483	918,406	931,637	812,141	1,295,631
8,272,161	8,521,195	9,075,972	9,057,291	8,902,300	8,221,497
24,272	49,826	65,975	112,905	144,950	240,795
129,271	149,236	123,635	95,705	119,568	151,208
<u>21,494,772</u>	<u>22,004,422</u>	<u>23,186,270</u>	<u>23,538,880</u>	<u>23,205,807</u>	<u>24,576,035</u>
0	0	0	0	0	0
<u>\$21,494,772</u>	<u>\$22,004,422</u>	<u>\$23,186,270</u>	<u>\$23,538,880</u>	<u>\$23,205,807</u>	<u>\$24,576,035</u>
\$1,652,433	\$2,784,320	\$4,193,332	\$3,691,633	\$1,279,207	\$14,022,083
(14,799)	(39,947)	6,089	(23,927)	(70,782)	(1,061)
<u>\$1,637,634</u>	<u>\$2,744,373</u>	<u>\$4,199,421</u>	<u>\$3,667,706</u>	<u>\$1,208,425</u>	<u>\$14,021,022</u>

Lakewood Local School District

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

	2009	2010	2011	2012	2013
General Fund					
Nonspendable	\$0	\$0	\$261,229	\$229,239	\$250,644
Restricted	0	0	14,083	12,283	6,888
Committed	0	0	204,164	204,164	204,164
Assigned	0	0	198,049	105,140	329,917
Unassigned	0	0	3,839,276	5,473,304	6,951,255
Reserved	946,834	1,583,171	0	0	0
Unreserved	4,031,381	2,615,971	0	0	0
Total General Fund	<u>4,978,215</u>	<u>4,199,142</u>	<u>4,516,801</u>	<u>6,024,130</u>	<u>7,742,868</u>
All Other Governmental Funds					
Nonspendable	0	0	6,032	1,144	3,187
Restricted	0	0	1,112,862	1,195,082	1,340,481
Committed	0	0	39,994	24,412	0
Assigned	0	0	0	0	0
Unassigned	0	0	0	0	0
Reserved	60,261	172,840	0	0	0
Unreserved, Undesignated, Reported in:					
Special Revenue Funds	130,907	119,416	0	0	0
Debt Service Funds	747,349	897,885	0	0	0
Capital Projects Funds	0	0	0	0	0
Total All Other Governmental Funds	<u>938,517</u>	<u>1,190,141</u>	<u>1,158,888</u>	<u>1,220,638</u>	<u>1,343,668</u>
Total Governmental Funds	<u><u>\$5,916,732</u></u>	<u><u>\$5,389,283</u></u>	<u><u>\$5,675,689</u></u>	<u><u>\$7,244,768</u></u>	<u><u>\$9,086,536</u></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

2014	2015	2016	2017	2018
\$256,521	\$240,533	\$283,967	\$303,362	\$328,326
7,215	12,293	22,740	19,542	9,111
204,164	204,164	204,164	204,164	204,164
191,468	358,129	598,691	3,087,642	502,612
10,001,876	13,445,771	15,989,454	14,580,746	16,489,732
0	0	0	0	0
0	0	0	0	0
<u>10,661,244</u>	<u>14,260,890</u>	<u>17,099,016</u>	<u>18,195,456</u>	<u>17,533,945</u>
11,908	8,079	28,374	12,952	10,273
847,031	822,405	768,912	1,429,966	851,657
0	0	0	0	0
0	0	0	500,000	1,000,000
0	0	(19,895)	(12,952)	(10,273)
0	0	0	0	0
0	0	0	0	0
0	0	0	0	0
<u>858,939</u>	<u>830,484</u>	<u>777,391</u>	<u>1,929,966</u>	<u>1,851,657</u>
<u>\$11,520,183</u>	<u>\$15,091,374</u>	<u>\$17,876,407</u>	<u>\$20,125,422</u>	<u>\$19,385,602</u>

Lakewood Local School District

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

	2009	2010	2011	2012
Revenues:				
Local Sources:				
Taxes	\$10,904,861	\$10,945,760	\$10,884,473	\$12,245,105
Tuition	352,668	310,898	337,206	438,497
Investment Earnings	161,884	77,963	36,866	31,452
Extracurricular Activities	170,671	133,349	139,843	141,550
Class Materials and Fees	54,727	51,497	46,764	42,551
Intermediate Sources	0	9,156	2,963	10,611
Intergovernmental - State	8,552,098	8,694,393	8,830,092	8,578,408
Intergovernmental - Federal	864,923	1,693,267	1,531,114	995,061
All Other Revenue	260,916	200,031	172,373	244,743
Total Revenue	<u>21,322,748</u>	<u>22,116,314</u>	<u>21,981,694</u>	<u>22,727,978</u>
Expenditures:				
Current:				
Instruction	12,064,984	13,254,304	12,814,543	11,877,724
Supporting Services:				
Pupils	1,311,184	1,308,054	1,245,592	1,342,818
Instructional Staff	364,416	375,185	314,412	249,370
Board of Education	50,581	81,589	54,198	70,084
Administration	1,652,690	1,730,479	1,828,106	1,889,853
Fiscal Services	631,868	589,442	600,730	620,617
Business	17,638	19,125	19,723	20,952
Operation and Maintenance of Plant	1,594,021	1,567,970	1,534,442	1,587,658
Pupil Transportation	1,470,345	1,782,897	1,419,379	1,593,860
Central	323,475	314,738	292,924	285,917
Operation of Non-Instructional Services	11,119	16,361	5,051	24,668
Extracurricular Activities	406,712	382,776	399,254	404,400
Capital Outlay	0	0	0	0
Debt Service:				
Principal Retirement	689,350	710,783	736,789	745,851
Interest and Fiscal Charges	554,214	523,093	495,886	460,527
Total Expenditures	<u>21,142,597</u>	<u>22,656,796</u>	<u>21,761,029</u>	<u>21,174,299</u>
Excess (Deficiency) of Revenues Over Expenditures	180,151	(540,482)	220,665	1,553,679

Lakewood Local School District

2013	2014	2015	2016	2017	2018
\$13,248,007	\$13,436,540	\$14,087,532	\$14,248,738	\$14,169,147	\$16,067,795
408,398	650,229	698,547	827,692	1,174,718	1,220,174
22,055	52,248	60,360	110,693	138,938	248,916
138,859	139,560	148,048	135,620	141,481	179,888
49,154	50,416	54,377	55,707	69,111	76,523
11,426	11,596	4,096	14,522	11,265	20,751
8,251,872	8,814,106	9,297,404	9,220,982	9,095,333	8,401,513
869,840	978,300	1,144,087	1,249,940	1,297,851	1,062,016
252,566	448,573	401,803	282,582	132,870	181,958
<u>23,252,177</u>	<u>24,581,568</u>	<u>25,896,254</u>	<u>26,146,476</u>	<u>26,230,714</u>	<u>27,459,534</u>
12,313,518	12,092,287	12,494,915	13,106,643	13,744,523	14,728,313
1,412,351	1,471,483	1,416,326	1,484,913	1,623,056	1,721,318
328,525	324,617	393,902	681,181	649,305	742,318
89,155	94,778	82,111	113,146	89,586	176,071
1,886,388	1,816,665	1,998,667	1,891,636	1,891,555	1,919,922
681,351	692,505	661,533	671,329	716,347	698,923
22,403	22,110	9,339	21,811	25,520	26,506
2,408,006	2,030,914	1,744,441	1,984,513	2,411,178	2,118,221
1,618,106	1,696,832	1,614,427	1,668,532	1,861,033	1,828,136
94,657	104,334	68,386	27,123	23,219	21,741
33,553	170,451	200,197	154,352	6,703	3,380
348,584	377,215	386,409	427,445	463,952	547,327
0	0	0	0	1,871,288	2,418,275
786,671	828,344	860,099	1,010,052	889,852	1,059,832
444,476	426,804	386,175	343,663	258,028	293,663
<u>22,467,744</u>	<u>22,149,339</u>	<u>22,316,927</u>	<u>23,586,339</u>	<u>26,525,145</u>	<u>28,303,946</u>
784,433	2,432,229	3,579,327	2,560,137	(294,431)	(844,412)

(Continued)

Lakewood Local School District

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

	2009	2010	2011	2012
Other Financing Sources (Uses):				
Sale of Capital Assets	9,472	3,112	19,614	23,393
School Energy Conservation Bonds Issued	0	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	0	58,218	0
Payment to Refunded Bonds Escrow Agent	0	0	0	0
Transfers In	0	0	0	20,000
Transfers Out	0	0	0	(20,000)
Total Other Financing Sources (Uses)	<u>9,472</u>	<u>3,112</u>	<u>77,832</u>	<u>23,393</u>
Net Change in Fund Balance	<u>\$189,623</u>	<u>(\$537,370)</u>	<u>\$298,497</u>	<u>\$1,577,072</u>
 Debt Service as a Percentage of Noncapital Expenditures				
	5.96%	5.59%	5.72%	5.79%

Source: District Treasurer's Office

Lakewood Local School District

2013	2014	2015	2016	2017	2018
6,039	2,392	5,850	5,600	52,777	12,979
917,707	0	0	0	0	0
0	0	0	8,055,000	0	0
0	0	0	372,202	0	0
115,438	0	0	62,770	2,500,000	84,914
0	0	0	(8,273,386)	0	0
0	0	3,000	0	500,000	500,000
0	0	(3,000)	0	(500,000)	(500,000)
<u>1,039,184</u>	<u>2,392</u>	<u>5,850</u>	<u>222,186</u>	<u>2,552,777</u>	<u>97,893</u>
<u>\$1,823,617</u>	<u>\$2,434,621</u>	<u>\$3,585,177</u>	<u>\$2,782,323</u>	<u>\$2,258,346</u>	<u>(\$746,519)</u>

5.79%	5.85%	5.68%	5.93%	4.88%	5.43%
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Lakewood Local School District

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

Tax year	<u>2008</u>	<u>2009</u>	<u>2010</u>	<u>2011</u>
	**			*
Real Property				
Assessed	\$345,573,200	\$355,041,030	\$358,258,840	\$372,060,130
Actual	987,352,000	1,014,402,943	1,023,596,686	1,063,028,943
Public Utility				
Assessed	14,132,430	14,316,970	15,135,460	16,483,410
Actual	14,132,430	14,316,970	15,135,460	16,483,410
Tangible Personal Property				
Assessed	21,195,490	1,012,140	0	0
Actual	339,127,840	10,121,400	0	0
Total				
Assessed	380,901,120	370,370,140	373,394,300	388,543,540
Actual	1,340,612,270	1,038,841,313	1,038,732,146	1,079,512,353
Assessed Value as a Percentage of Actual Value	28.41%	35.65%	35.95%	35.99%
Total Direct Tax Rate	\$47.38	\$47.82	\$57.23	\$56.92

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 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

2012	2013	2014 **	2015	2016	2017 *
\$378,886,250	\$388,406,130	\$404,571,981	\$395,670,850	\$398,698,788	\$431,277,342
1,082,532,143	1,109,731,800	1,155,919,946	1,130,488,143	1,139,139,394	1,232,220,977
16,994,710	21,658,260	23,420,060	27,025,450	29,234,730	30,572,020
16,994,710	21,658,260	23,420,060	27,025,450	29,234,730	30,572,020
0	0	0	0	0	0
0	0	0	0	0	0
395,880,960	410,064,390	427,992,041	422,696,300	427,933,518	461,849,362
1,099,526,853	1,131,390,060	1,179,340,006	1,157,513,593	1,168,374,124	1,262,792,997
36.00%	36.24%	36.29%	36.52%	36.63%	36.57%
\$54.33	\$54.51	\$54.40	\$54.20	\$54.20	\$53.20

Lakewood Local School District

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

Tax year	2008	2009	2010	2011
Direct District Rates				
General Fund	44.60	45.10	54.56	54.42
Bond Retirement Fund	2.78	2.72	2.67	2.50
Total	47.38	47.82	57.23	56.92
Overlapping Rates				
Licking County Joint Vocational School	2.50	2.50	2.52	2.54
Licking County	7.10	7.40	7.70	7.70
Special Taxing Districts				
City				
Heath	4.40 - 5.40	4.40-5.40	4.40-5.40	4.40-5.40
Villages				
Buckeye Lake	10.20 - 10.4	11.20-11.40	11.20-11.40	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

2012	2013	2014	2015	2016	2017
53.33	52.89	52.40	52.40	52.40	51.40
1.00	1.62	2.00	1.80	1.80	1.80
<u>54.33</u>	<u>54.51</u>	<u>54.40</u>	<u>54.20</u>	<u>54.20</u>	<u>53.20</u>
2.48	2.56	2.54	2.58	2.57	2.55
7.70	7.70	8.00	8.00	8.00	9.50
4.40-5.40	4.40 - 5.40	4.10-5.40	5.60-6.40	5.60-6.40	5.60-6.40
11.20-11.40	11.20 - 11.40	11.20-12.20	11.10-12.20	11.10-12.20	16.10-17.20
13.20-13.30	13.20 - 13.30	13.30	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	3.10-4.90	6.10-7.90	6.10-7.90
0.80-6.20	2.30 - 7.70	2.30-7.40	2.30-7.40	4.10-7.40	5.60-7.40

Lakewood Local School District

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

Name of Taxpayer	Nature of Business	Calendar Year 2017		
		Assessed Value	Rank	Percent of Total Assessed Value
Harry & David Operations	Distributor	5,250,010	1	1.22%
Southgate Co Limited Partnership	Developer	5,088,780	2	1.18%
Lexington O C LLC	Warehouse	5,005,020	3	1.26%
MPW Properties	Industrial Cleaning	3,897,950	4	0.90%
THK Manufacturing of America	Linear Motion Devices	3,724,990	5	0.86%
Hebron Business Park Ltd	Network/Cloud Services	2,240,000	6	0.52%
Covestro LLC	Manufacturer - Polymers	2,208,270	7	0.51%
Uhrman Development	Developer	2,100,000	8	0.49%
Four B's (New Jersey General Partnership)	Warehouse	1,925,000	9	0.45%
Coughlin Automotive Properties of Heath	Car Dealership	1,732,510	10	0.40%
Subtotal		33,172,530		7.79%
All Others		398,104,812		92.21%
Total		<u>\$431,277,342</u>		<u>100.00%</u>

Name of Taxpayer	Nature of Business	Calendar Year 2008		
		Assessed Value	Rank	Percent of Total Assessed Value
Southgate Co. Limited Partnership	Contractor	\$2,673,210	1	0.77%
Paragano Nazario	Warehouse	2,468,660	2	0.71%
G & C Diversified LLC	General Contractor	2,365,450	3	0.68%
Black, Monte R & Susan K	Industrial Cleaning	2,146,560	4	0.62%
RR Donnelley & Sons Co.	Printing	2,005,370	5	0.58%
Diebold Midwest Manufacturing	ATM Machines	1,943,630	6	0.56%
Bayer Polymers LLC	Plastic Pellets	1,883,460	7	0.55%
Zazworsky Leon	Developer	1,602,310	8	0.46%
Hebron Business Park	Developer	1,452,430	9	0.42%
Kroger Company	Food	1,289,470	10	0.37%
Subtotal		19,830,550		5.72%
All Others		325,742,650		94.28%
Total		<u>\$345,573,200</u>		<u>100.00%</u>

Source: Licking County Auditor - Land and Buildings
Based on valuation of property in 2017 and 2008

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 2017		
		Assessed Value	Rank	Percent of Total Assessed Value
Ohio Power Company	Electricity	\$18,231,840	1	59.64%
AEP Ohio Transmission Co., Inc.	Electricity	\$3,699,990	2	12.10%
Columbia Gas Transmission Corp	Natural Gas	\$2,213,630	3	7.24%
National Gas and Oil Corp	Propane	\$1,843,930	4	6.03%
Licking Rural Electric Inc.	Electricity	\$1,499,960	5	4.92%
Dominion Transmission Inc.	Pipelines	\$1,492,090	6	4.88%
NGO Transmission Inc.	Natural Gas	\$805,300	7	2.63%
Columbia Gas of Ohio	Propane	\$488,440	8	1.60%
Dayton Power & Light Co	Electricity	\$214,190	9	0.70%
Duke Energy Ohio Inc	Electricity	\$60,190	10	0.20%
Subtotal		30,549,560		99.94%
All Others		22,460		0.06%
Total		<u>\$30,572,020</u>		<u>100.00%</u>

Name of Taxpayer	Nature of Business	Calendar Year 2008		
		Assessed Value	Rank	Percent of Total Assessed Value
Ohio Power Company	Electricity	\$7,135,640	1	50.49%
Columbia Gas Transmission	Gas Lines	1,665,420	2	11.78%
National Gas & Oil Co.	Propane	1,213,310	3	8.59%
Licking Rural Electric	Electricity	1,203,770	4	8.52%
Columbus Southern Power	Electricity	1,127,020	5	7.97%
Dominion Transmission	Gas Lines	910,150	6	6.44%
NGO Transmission	Gas Lines	498,410	7	3.53%
Dayton Power	Electricity	157,890	8	1.12%
Columbia Gas	Gas Lines	155,870	9	1.10%
Duke Energy Ohio Inc.	Electricity	20,010	10	0.14%
Subtotal		14,087,490		99.68%
All Others		44,940		0.32%
Total		<u>\$14,132,430</u>		<u>100.00%</u>

Source: Licking County Auditor - Land and Buildings
Based on valuation of property in 2017 and 2008

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*

Collection Year	<u>2008</u>	<u>2009</u>	<u>2010</u>	<u>2011</u>
Total Tax Levy	\$12,403,103	\$12,186,409	\$11,064,135	\$15,953,404
Collections within the Fiscal Year of the Levy				
Current Tax Collections	10,823,468	10,691,070	10,486,676	14,852,218
Percent of Levy Collected	87.26%	87.73%	94.78%	93.10%
Delinquent Tax Collections	<u>614,811</u>	<u>536,494</u>	<u>422,123</u>	<u>422,124</u>
Total Tax Collections	11,438,279	11,227,564	10,908,799	15,274,342
Percent of Total Tax Collections To Tax Levy	92.22%	92.13%	98.60%	95.74%
Accumulated Outstanding Delinquent Taxes	964,824	958,846	1,340,352	679,062
Percentage of Accumulated Delinquent Taxes to Total Tax Levy	7.78%	7.87%	12.11%	4.26%

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.

Lakewood Local School District

2012	2013	2014	2015	2016	2017
\$15,201,319	\$14,481,893	\$15,072,793	\$15,646,211	\$15,786,873	\$15,873,468
14,457,628	13,869,943	14,536,465	15,097,508	15,232,195	15,423,233
95.11%	95.77%	96.44%	96.49%	96.49%	97.16%
623,368	589,795	612,082	464,878	453,056	254,186
15,080,996	14,459,738	15,148,547	15,562,386	15,685,251	15,677,419
99.21%	99.85%	100.50%	99.46%	99.36%	98.76%
945,992	933,285	576,011	638,307	546,685	451,838
6.22%	6.44%	3.82%	4.08%	3.46%	2.85%

Lakewood Local School District

Ratio of Outstanding Debt By Type Last Ten Years

	2009	2010	2011	2012
Governmental Activities ⁽¹⁾				*
Energy Conservation Bonds Payable	\$928,414	\$783,729	\$635,398	\$483,237
General Obligation Bonds Payable	12,290,427	11,837,649	11,369,250	11,240,539
Capital Leases	116,600	70,502	85,262	51,572
Total Primary Government	<u>\$13,335,441</u>	<u>\$12,691,880</u>	<u>\$12,089,910</u>	<u>\$11,775,348</u>
Population ⁽²⁾				
Village of Buckeye Lake and Village of Hebron	5,195	5,237	5,082	5,082
Outstanding Debt Per Capita	2,567	2,424	2,379	2,317
Income ⁽³⁾				
Personal (in thousands)	179,648	179,357	176,721	190,529
Percentage of Personal Income	7.42%	7.08%	6.84%	6.18%

* Restated for Deferred Charge on Refunding

Sources:

- (1) District Treasurer's Office
- (2) US Bureau of Census of Population - latest update is calendar year 2017 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

2013	2014	2015	2016	2017	2018
\$1,244,758	\$1,065,238	\$881,276	\$692,648	\$550,624	\$458,854
10,724,872	10,197,601	9,660,419	8,922,230	8,220,168	7,484,151
126,525	92,701	56,564	82,910	2,545,082	2,366,934
<u>\$12,096,155</u>	<u>\$11,355,540</u>	<u>\$10,598,259</u>	<u>\$9,697,788</u>	<u>\$11,315,874</u>	<u>\$10,309,939</u>
5,082	5,082	5,082	5,082	5,168	5,251
2,380	2,234	2,085	1,908	2,190	1,963
202,518	203,377	202,441	211,315	218,177	221,681
5.97%	5.58%	5.24%	4.59%	5.19%	4.65%

Lakewood Local School District

*Ratios of General Bonded Debt Outstanding
Last Ten Years*

Year	2009	2010	2011	2012 *
Population (1)	5,195	5,237	5,082	5,082
Assessed Value (2)	380,901,120	370,370,140	373,394,300	388,543,540
General Bonded Debt (3)				
General Obligation Bonds	12,290,427	11,837,649	11,369,250	11,240,539
Resources Available to Pay Principal (4)	588,779	811,856	928,414	1,041,410
Net General Bonded Debt	11,701,648	11,025,793	10,440,836	10,199,129
Ratio of Net Bonded Debt to Estimated Actual Value	3.07%	3.0%	2.8%	2.6%
Net Bonded Debt per Capita	2,252.48	2,105.36	2,054.47	2,006.91

* Restated for Deferred Charge on Refunding

Source:

- (1) U.S. Bureau of Census of Population - latest update is calendar year 2017
- (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

2013	2014	2015	2016	2017	2018
5,082	5,082	5,082	5,082	5,168	5,251
395,880,960	410,064,390	427,992,041	422,696,300	427,933,518	461,849,362
10,724,872	10,197,601	9,660,419	8,922,230	8,220,168	7,484,151
847,327	533,493	444,792	437,421	411,361	448,350
9,877,545	9,664,108	9,215,627	8,484,809	7,808,807	7,035,801
2.5%	2.4%	2.2%	2.0%	1.8%	1.5%
1,943.63	1,901.63	1,813.39	1,669.58	1,510.99	1,339.90



Lakewood Local School District

*Computation of Direct and Overlapping
Debt Attributable to Governmental Activities
June 30, 2018*

<u>Jurisdiction</u>	<u>Gross Debt Outstanding</u>	<u>Percentage Applicable to Lakewood Local School District (1)</u>	<u>Amount Applicable to Lakewood Local School District</u>
Direct:			
Lakewood Local School District	\$10,309,939	100.00%	\$10,309,939
Overlapping:			
Licking County	27,613,190	10.48%	2,893,862
Heath City	3,458,000	7.82%	270,416
Village of Hebron	1,455,000	100.00%	1,455,000
Licking County Career Center -JVS	16,865,000	10.15%	1,711,798
		Subtotal	<u>6,331,076</u>
		Total	<u><u>\$16,641,015</u></u>

Source: Ohio Municipal Advisory Council, June 2018

(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

Collection Year	<u>2009</u>	<u>2010</u>	<u>2011</u>	<u>2012</u>
Net Assessed Valuation	\$380,901,120	\$370,370,140	\$373,394,300	\$388,543,540
Legal Debt Limitation (%) (1)	9.00%	9.00%	9.00%	9.00%
Legal Debt Limitation (\$) (1)	34,281,101	33,333,313	33,605,487	34,968,919
Applicable District Debt Outstanding	12,290,427	11,837,649	11,369,250	11,240,539
Less: Applicable Debt Service Fund Amounts (2)	(588,779)	(811,856)	(928,414)	(1,041,410)
Net Indebtedness Subject to Limitation	<u>11,701,648</u>	<u>11,025,793</u>	<u>10,440,836</u>	<u>10,199,129</u>
Overall Legal Debt Margin	<u>\$22,579,453</u>	<u>\$22,307,520</u>	<u>\$23,164,651</u>	<u>\$24,769,790</u>
Legal Debt Limitation (%) (1)	0.10%	0.10%	0.10%	0.10%
Legal Debt Limitation (\$) (1)	380,901	370,370	373,394	388,544
Applicable District Debt Outstanding	0	0	0	0
Unvoted Legal Debt Margin	<u>\$380,901</u>	<u>\$370,370</u>	<u>\$373,394</u>	<u>\$388,544</u>
Legal Debt Limitation (%) (1)	0.90%	0.90%	0.90%	0.90%
Legal Debt Limitation (\$) (1)	3,428,110	3,333,331	3,360,549	3,496,892
Applicable District Debt Outstanding	(928,414)	(783,729)	(635,398)	(483,237)
Unvoted Energy Conservation Loans Legal Debt Margin	<u>\$2,499,696</u>	<u>\$2,549,602</u>	<u>\$2,725,151</u>	<u>\$3,013,655</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

2013	2014	2015	2016	2017	2018
\$395,880,960	\$410,064,390	\$427,992,041	\$422,696,300	\$427,933,518	\$461,849,362
9.00%	9.00%	9.00%	9.00%	9.00%	9.00%
35,629,286	36,905,795	38,519,284	38,042,667	38,514,017	41,566,443
10,724,872	10,197,601	9,660,419	8,922,230	8,220,168	7,484,151
(847,327)	(533,493)	(444,792)	(437,421)	(411,361)	(448,350)
9,877,545	9,664,108	9,215,627	8,484,809	7,808,807	7,035,801
<u>\$25,751,741</u>	<u>\$27,241,687</u>	<u>\$29,303,657</u>	<u>\$29,557,858</u>	<u>\$30,705,210</u>	<u>\$34,530,642</u>
0.10%	0.10%	0.10%	0.10%	0.10%	0.10%
395,881	410,064	427,992	422,696	427,934	461,849
0	0	0	0	0	0
<u>\$395,881</u>	<u>\$410,064</u>	<u>\$427,992</u>	<u>\$422,696</u>	<u>\$427,934</u>	<u>\$461,849</u>
0.90%	0.90%	0.90%	0.90%	0.90%	0.90%
3,562,929	3,690,580	3,851,928	3,804,267	3,851,402	4,156,644
(1,244,758)	(1,065,238)	(881,276)	(692,648)	(550,624)	(458,854)
<u>\$2,318,171</u>	<u>\$2,625,342</u>	<u>\$2,970,652</u>	<u>\$3,111,619</u>	<u>\$3,300,778</u>	<u>\$3,697,790</u>

Lakewood Local School District

Demographic and Economic Statistics Last Ten Years

Calendar Year*	2008	2009	2010	2011
Population (1)				
Village of Buckeye Lake and Village of Hebron	5,195	5,237	5,082	5,082
Licking County	157,721	158,488	166,492	167,248
Income (2) (a)				
Total Personal (in thousands)	179,648	179,357	176,721	190,529
Per Capita	34,581	34,248	34,774	37,491
Unemployment Rate (3)				
Federal	5.8%	9.3%	9.6%	8.9%
State	6.6%	10.2%	10.1%	8.6%
Licking County	6.1%	9.3%	9.5%	8.0%
Fiscal Year	2009	2010	2011	2012
School Enrollment (4)				
Grades K - 5	937	912	851	864
Grades 6 - 8	495	504	507	484
Grades 9 - 12	702	707	670	671
Non-Grade	29	30	57	44
Total	<u>2,163</u>	<u>2,153</u>	<u>2,085</u>	<u>2,063</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 2017.

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

(a) Per Capita Income is only available by County (2016 not available),
Total Personal Income is a calculation

(3) State Department of Labor Statistics

(4) Student enrollment is based on the October count using the Educational Management System for fiscal years 2009 through 2016, while student enrollment for fiscal years 2017 through 2018 are based on the final funded year end count.

Lakewood Local School District

2012	2013	2014	2015	2016	2017
5,082	5,082	5,082	5,082	5,168	5,251
167,537	168,375	169,390	170,570	172,198	173,448
202,518	203,377	202,441	211,315	218,177	221,681
39,850	40,019	39,835	41,581	42,217	42,217
8.1%	7.4%	6.2%	5.3%	4.9%	4.4%
7.2%	7.4%	5.7%	4.9%	4.9%	5.0%
6.5%	6.9%	5.1%	4.4%	4.3%	4.2%
2013	2014	2015	2016	2017	2018
839	816	797	805	819	814
500	445	409	430	461	449
643	658	610	567	622	615
51	51	56	2	0	0
<u>2,033</u>	<u>1,970</u>	<u>1,872</u>	<u>1,804</u>	<u>1,902</u>	<u>1,878</u>



Lakewood Local School District

Principal Employers Current Year and Nine Years Ago

Employer	Nature of Business	2018	
		Number of Employees	Rank
THK Manufacturing of America	Linear Motion Devices	551	1
Harry & David Operations	Distributor	350	2
MPW Properties	Industrial Cleaning	340	3
Hendrickson Axle	Auxiliary Axle Manufacturing	225	4
RR Donnelley	Printing	210	5
Covestro LLC	Polymers	183	6
Heritage Sportswear	Clothing Department	177	7
Momentive	Adhesives	160	8
Allied Tube & Conduit	Tubing	155	9
Kroger	Grocery	154	10
Total		2,505	
Total Employment within the District		N/A	

Employer	Nature of Business	2009	
		Number of Employees	Rank
Harry & David Operations	Distributor	275	1
THK Manufacturing of America	Linear Motion Devices	275	2
Ecolab	Cleaning Supplies	150	3
Ohio Metal Technologies	Auto Parts	130	4
Kroger	Grocery	105	5
Renosol Corporation	Foam Auto Seats	96	6
Sunfield Corporation	Steel Stamping	89	7
Heritage Sportswear	Sportswear Clothing	85	8
Hendrickson International	Axles	82	9
POMA Glass & Specialty (AFG)	Glass Finishing	72	10
Total		1,359	
Total Employment within the District		3,998	

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

Lakewood Local School District

School District Employees by Type Last Ten Years

	2009	2010	2011	2012	2013
Supervisory					
Instructional Administrators	4	3	3	3	3
Noninstructional Administrators	4	5	5	5	5
Principals	5	4	4	4	4
Assistant Principals	2	3	3	3	3
Instruction					
Classroom Teachers					
Elementary	64	63	63	58	55
Middle	41	37	40	43	42
High	50	50	47	45	43
Student Services					
Guidance Counselors	4	4	4	4	4
Social Workers	2	2	2	1	1
Psychologists	1	1	2	2	2
Librarians	4	4	4	1	1
Support Services					
Clerical/Secretaries	12	12	12	12	12
Aides/Safety Monitors	16	18	17	17	16
Fiscal /Accounting	3	3	3	3	3
Food Service	16	15	15	16	16
Library Technician	2	2	2	4	4
Maintenance/Grounds	19	17	17	16	18
Technology Coordinator	1	1	1	1	1
Transportation	31	33	24	22	28
Other Professional Non-Instructional					
<i>Total Employees</i>	<u>281</u>	<u>277</u>	<u>268</u>	<u>260</u>	<u>261</u>

Method: 1.00 for each employee position

Source: District Treasurer's Office

Lakewood Local School District

2014	2015	2016	2017	2018
3	3	3	3	3
5	5	5	5	5
4	4	4	4	4
3	3	3	3	3
55	57	62	63	62
41	43	39	40	40
44	46	45	44	44
4	3	3	3	3
1	1	1	1	1
2	2	2	2	2
1	0	1	0	0
10	10	10	10	10
17	17	17	17	17
3	3	3	3	3
17	17	14	14	14
4	4	4	4	4
18	17	17	18	17
1	1	1	1	1
27	27	27	28	28
260	263	261	263	261

Lakewood Local School District

*Cost per Pupil
Last Ten Years*

Fiscal Year	2009	2010	2011	2012	2013
Enrollment (1)	2,163	2,153	2,085	2,063	2,033
Modified Accrual Basis					
Operating Expenditures	\$21,142,597	\$22,656,796	\$21,761,029	\$21,179,299	\$22,467,744
Cost per Pupil	9,775	10,523	10,437	10,266	11,052
Percentage of Change	(1.1%)	7.7%	(0.8%)	(1.6%)	7.6%
Accrual Basis (2)					
Expenses	\$20,711,380	\$21,792,835	\$21,180,297	\$20,506,610	\$20,799,476
Cost per Pupil	9,575	10,122	10,158	9,940	10,231
Percentage of Change	2.3%	5.7%	0.4%	(2.1%)	2.9%
Teaching Staff	162	160	160	142	138

Source: District Treasurer's Office

(1) Student Enrollment is based on the October Count using the Educational Management System for fiscal years 2009 through 2016, whole student enrollment for fiscal years 2017 through 2018 are based on the final funded year end count.

(2) Expenses exclude interest and fiscal charges

Lakewood Local School District

2014	2015	2016	2017	2018
1,970	1,872	1,804	1,902	1,878
\$22,149,339	\$22,316,927	\$23,586,339	\$26,525,145	\$28,303,946
11,243	11,921	13,074	13,946	15,071
1.7%	6.0%	9.7%	6.7%	8.1%
\$21,077,732	\$21,032,260	\$22,133,530	\$24,479,071	\$13,515,550
10,699	11,235	12,269	12,870	7,197
4.6%	5.0%	9.2%	4.9%	(44.1%)
148	146	146	147	146

Lakewood Local School District

Operational Information Last Ten Years

	2009	2010	2011	2012
Governmental Activities				
Pupils				
Enrollment	2,163	2,153	2,085	2,063
Graduates	149	168	138	149
Percent of Students with Disabilities	14.8%	15.2%	15.2%	15.0%
Board of Education				
Regularly scheduled board meeting per year	12	12	12	12
Fiscal Services				
Purchase Orders Processed	1,604	1,472	1,433	1,419
Checks Issued (non payroll)	2,536	2,424	2,366	2,456
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	1,496	1,539	1,374	1,383
Average Daily Bus Fleet Miles	2,213	2,048	2,444	2,008
Number of Buses	34	32	33	31
Extracurricular Activities				
High School Varsity Teams	16	16	16	16
Business-Type Activities				
Food Service				
Student Lunches Served Annually	225,851	217,601	210,673	209,325
Free/Reduced Student Lunches Served Annually	106,742	112,316	113,561	125,391

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

Student enrollment is based on the October count using the Educational Management System for fiscal years 2009 through 2016, while student enrollment for fiscal years 2017 through 2018 are based on the final funded year end count.

Lakewood Local School District

2013	2014	2015	2016	2017	2018
2,033	1,970	1,872	1,804	1,902	1,878
145	147	159	134	159	156
15.0%	14.7%	16.0%	17.5%	17.0%	17.4%
12	12	12	12	12	12
1,332	1,363	1,404	1,437	1,412	1,594
2,598	2,548	2,530	2,598	2,589	2,202
357,393	357,393	357,393	357,393	357,393	357,393
114	114	114	114	114	114
1,347	1,334	1,330	1,357	1,191	1,191
2,353	2,425	2,019	2,038	2,399	2,352
33	34	34	34	34	30
15	19	19	19	19	19
192,996	205,687	190,690	176,446	181,867	175,942
119,828	119,006	109,099	103,649	108,337	100,738

Lakewood Local School District

Teachers' Salaries Last Ten Years

Fiscal Year	2009	2010	2011	2012	2013
Minimum Salary	30,606	31,402	31,402	31,402	31,716
Maximum Salary	65,038	66,729	66,729	66,729	67,397
District Average Salary	49,410	52,771	53,293	51,491	47,559
State Average Salary (1)	54,656	55,958	56,715	56,715	56,307

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

(1) N/A - The 2018 figures were not yet available from the Ohio Department of Education.

Full Time Equivalent Teachers by Education Last Ten Years

Fiscal Year	2009	2010	2011	2012	2013
Bachelor's Degree	19	15	10	5	6
Bachelor + 15	43	36	35	35	35
Master's Degree	56	66	64	68	66
Master's Degree + 15	44	43	41	34	31
Total	162	160	150	142	138

Source: District Treasurer's Office Personnel Records

Lakewood Local School District

2014	2015	2016	2017	2018
31,875	32,433	33,406	34,408	35,096
67,734	68,920	70,988	73,117	74,579
47,455	48,135	50,259	56,787	58,691
55,606	54,673	56,441	57,080	N/A

2014	2015	2016	2017	2018
9	7	12	12	13
36	33	25	19	17
73	66	70	72	61
30	35	39	44	55
148	141	146	147	146

Lakewood Local School District

Capital Asset Statistics by Building Last Ten Years

	2009	2010	2011	2012	2013
Secondary					
Lakewood Local High School					
Constructed in 2000					
Total Building Square Footage	150,848	150,848	150,848	150,848	150,848
Student Capacity	1,000	1,000	1,000	1,000	1,000
Enrollment Grades 9-12	705	707	670	671	646
Instruction Classrooms	44	44	44	44	44
Administrators	N/A	N/A	N/A	N/A	N/A
Certified Staff	N/A	N/A	N/A	N/A	N/A
Classified Staff	N/A	N/A	N/A	N/A	N/A
Middle					
Lakewood Local Middle School					
Constructed in 1959					
Total Building Square Footage	60,700	60,700	60,700	60,700	60,700
Student Capacity	720	720	720	720	720
Enrollment Grades 6-8	495	504	507	484	500
Instruction Classrooms	32	32	32	32	32
Administrators	N/A	N/A	N/A	N/A	N/A
Certified Staff	N/A	N/A	N/A	N/A	N/A
Classified Staff	N/A	N/A	N/A	N/A	N/A
Intermediate					
Jackson Intermediate School					
Constructed in 1972 and 1967					
Total Building Square Footage	75,107	75,107	75,107	75,107	75,107
Student Capacity	975	975	975	975	975
Enrollment Grades 3-5	497	483	437	434	421
Instruction Classrooms	40	40	40	40	40
Administrators	N/A	N/A	N/A	N/A	N/A
Certified Staff	N/A	N/A	N/A	N/A	N/A
Classified Staff	N/A	N/A	N/A	N/A	N/A
Elementary					
Lakewood Local Hebron Elementary School					
Constructed in 1914					
Total Building Square Footage	58,138	58,138	58,138	58,138	58,138
Student Capacity	675	675	675	675	675
Enrollment Grades K-2	466	459	471	474	466
Instruction Classrooms	36	36	36	36	36
Administrators	N/A	N/A	N/A	N/A	N/A
Certified Staff	N/A	N/A	N/A	N/A	N/A
Classified Staff	N/A	N/A	N/A	N/A	N/A
All Other					
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

Source: District Treasurer's Office

Starting in fiscal year 2018 the District added additional staffing information for each building.

N/A: Information Unavailable

Lakewood Local School District

2014	2015	2016	2017	2018
150,848	150,848	150,848	150,848	150,848
1,000	1,000	1,000	1,000	1,000
658	629	623	622	615
44	44	44	44	44
N/A	N/A	N/A	N/A	3
N/A	N/A	N/A	N/A	46
N/A	N/A	N/A	N/A	16
60,700	60,700	60,700	60,700	60,700
720	720	720	720	720
445	443	429	461	449
32	32	32	32	32
N/A	N/A	N/A	N/A	2
N/A	N/A	N/A	N/A	42
N/A	N/A	N/A	N/A	13
75,107	75,107	75,107	75,107	75,107
975	975	975	975	975
412	421	432	403	407
40	40	40	40	40
N/A	N/A	N/A	N/A	2
N/A	N/A	N/A	N/A	32
N/A	N/A	N/A	N/A	19
58,138	58,138	58,138	58,138	58,138
675	675	675	675	675
455	451	456	416	407
36	36	36	36	36
N/A	N/A	N/A	N/A	1
N/A	N/A	N/A	N/A	32
N/A	N/A	N/A	N/A	14
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

	2009	2010	2011	2012	2013
Cost per Student (ODE) ⁽¹⁾					
Lakewood	8,995	9,723	9,754	9,561	9,282
Ohio (Average)	10,184	10,512	10,571	10,508	10,149
Attendance Rate					
Lakewood	94.90%	94.80%	>95.00%	>95.00%	94.60%
Ohio (Average) ⁽²⁾	94.30%	94.30%	94.50%	94.50%	94.20%
Graduation Rate					
Lakewood ⁽³⁾	96.10%	98.80%	99.40%	86.00%	89.00%
Ohio (Average)	84.60%	83.00%	84.30%	81.30%	82.20%

Source:

District's Student Records and Ohio Department of Education

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

(2) N/A - The 2018 figures were not yet available from the Ohio Department of Education.

(3) 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

2014	2015	2016	2017	2018
8,887	9,278	9,918	10,800	9,631
9,536	9,904	9,837	10,445	9,356
95.00%	95.00%	94.80%	94.50%	94.20%
94.30%	94.10%	94.10%	93.90%	N/A
87.00%	95.00%	95.00%	90.80%	89.90%
92.30%	93.00%	93.00%	83.50%	86.10%



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

SUPPLEMENTAL REPORTS

**FOR THE FISCAL YEAR ENDED
JUNE 30, 2018**

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

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**LAKWOOD LOCAL SCHOOL DISTRICT
SCHEDULE OF EXPENDITURES OF FEDERAL AWARDS
FOR THE FISCAL YEAR ENDED JUNE 30, 2018**

FEDERAL GRANTOR/ SUB GRANTOR/ PROGRAM TITLE	CFDA NUMBER	(A) GRANT NUMBER	(B) CASH FEDERAL DISBURSEMENTS
U.S. DEPARTMENT OF AGRICULTURE PASSED THROUGH THE OHIO DEPARTMENT OF EDUCATION			
(C) Child Nutrition Cluster: School Breakfast Program	10.553	2018	\$ 132,219
(C) National School Lunch Program	10.555	2018	368,758
(D) National School Lunch Program - Food Donation	10.555	2018	101,298
Total National School Lunch Program			<u>470,056</u>
Total U.S. Department of Agriculture and Child Nutrition Cluster			<u>602,275</u>
U.S. DEPARTMENT OF EDUCATION PASSED THROUGH THE OHIO DEPARTMENT OF EDUCATION			
Title I Grants to Local Educational Agencies	84.010	2017	76,683
Title I Grants to Local Educational Agencies	84.010	2018	464,192
Total Title I Grants to Local Educational Agencies			<u>540,875</u>
Special Education Cluster:			
Special Education _Grants to States	84.027	2017	18,048
Special Education _Grants to States	84.027	2018	372,158
Total Special Education _Grants to States			<u>390,206</u>
Special Education _Preschool Grants	84.173	2018	13,396
Total Special Education Cluster			<u>403,602</u>
Supporting Effective Instruction State Grants	84.367	2018	62,127
Title IV-A Student Support and Academic Enrichment Program	84.424A	2018	10,000
Total U.S. Department of Education			<u>1,016,604</u>
Total Federal Financial Assistance			<u>\$ 1,618,879</u>

NOTES TO THE SCHEDULE OF EXPENDITURES OF FEDERAL AWARDS

- (A) OAKS did not assign pass-through numbers for fiscal year 2018.
- (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, 2018 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) The Food Donation Program is a non-cash, in kind, federal grant. Commodities are reported at the entitlement value.
- (E) 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 not elected to use the 10% de minimis indirect cost rate.

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**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, 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, 2018, 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 19, 2018, wherein we noted as discussed in Note 2, the Lakewood Local School District adopted Governmental Accounting Standards Board Statement No. 75, *Accounting and Financial Reporting for Postemployment Benefits Other Than Pensions*.

Internal Control Over Financial Reporting

As part of our financial statement audit, we considered the 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.

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 report is not suitable for any other purpose.

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

Julian & Grube, Inc.
November 19, 2018



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, 2018. 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's 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, 2018.

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, 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, 2018, 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 19, 2018. Our opinion also explained that the Lakewood Local School District adopted *Governmental Accounting Standard No. 75* during the fiscal year. 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.

Julian & Grube, Inc.
November 19, 2018

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

**SCHEDULE OF FINDINGS
2 CFR § 200.515
JUNE 30, 2018**

1. SUMMARY OF AUDITOR'S RESULTS		
<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 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

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

None

3. FINDINGS AND QUESTIONED COSTS FOR FEDERAL AWARDS
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None

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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
DECEMBER 27, 2018