

LAKWOOD LOCAL SCHOOL DISTRICT

SINGLE AUDIT

FOR THE YEAR ENDED JUNE 30, 2004



**Auditor of State
Betty Montgomery**

Board of Education
Lakewood Local School District
Hebron, Ohio

We have reviewed the Independent Auditor's Report of the Lakewood Local School District, Licking County, prepared by Jones, Cochenour & Co., for the audit period July 1, 2003 through June 30, 2004. 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.

Betty Montgomery

BETTY MONTGOMERY
Auditor of State

December 14, 2004

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LAKWOOD LOCAL SCHOOL DISTRICT
For the Year Ended June 30, 2004

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LAKWOOD LOCAL SCHOOL DISTRICT
SCHEDULE OF FEDERAL AWARD RECEIPTS AND EXPENDITURES
For the Year Ended June 30, 2004

<u>Federal Grantor/ Pass-Through Grantor/ Program Grant Title</u>	<u>Pass-Through Entity Number</u>	<u>CFDA Number</u>	<u>Receipts</u>	<u>Expenditures</u>
<i>U.S. Department of Agriculture/ Ohio Department of Education</i>				
National School Breakfast Program	05PU 03 & 04	10.553	\$ 21,244	\$ 21,244
National School Lunch Program	LLP4 03 & 04	10.555	208,959	208,959
Commodities		10.550	<u>74,597</u>	<u>74,597</u>
TOTAL NUTRITION CLUSTER AND U.S. DEPARTMENT OF AGRICULTURE			304,800	304,800
<i>U.S. Department of Education/ Ohio Department of Education</i>				
Title I				
Grants to Local Educational Agencies	C1S1 03 & 04	84.010	382,349	383,286
Title VI-B				
Special Education Grants to State	6BSF 03-P & 04-P	84.027	319,647	308,078
Drug Free Educational Subsidy Innovative Education Program	DR-S1 03 & 04	84.186	15,534	18,275
Strategies	C2S1 03 & 04	84.298	12,408	13,453
Comprehensive School Reform	RFS1 01 & 02	84.332	56,250	76,407
Title II-A	TRS1 03 & 04	84.367	115,026	121,408
Title II-D	TJS1 03 & 04	84.318	10,233	11,225
School Renovation, Idea & Technology	ATS3 02	84.352A	<u>2,987</u>	<u>6,018</u>
TOTAL U.S. DEPARTMENT OF EDUCATION			914,434	938,150
<i>U.S. Department of Health and Human Services/ Ohio Department of MRDD</i>				
Medical Assistance Program (Title XIX)		93.778	27,809	58,870
<i>Federal Emergency Management Agency/ Ohio Emergency Management Agency</i>				
Public Assistance Program	09-UO1NR	83.544	<u>1,710</u>	<u>0</u>
TOTAL FEDERAL AWARD RECEIPTS AND EXPENDITURES			<u>\$1,248,753</u>	<u>\$1,301,820</u>

**LAKWOOD LOCAL SCHOOL DISTRICT
FOR THE YEAR ENDED JUNE 30, 2004**

NOTES TO SCHEDULE OF FEDERAL AWARD RECEIPTS AND EXPENITURES

NOTE A – SIGNIFICANT ACCOUNTING POLICIES

The accompanying Schedule of Federal Awards Expenditures (the Schedule) summarizes activity of the District's federal award programs. The schedule has been prepared on the cash basis of accounting.

NOTE B – FOOD DISTRIBUTION

Nonmonetary assistance. Such as food received from the U. S. Department of Agriculture, is reported in the Schedule at the fair market value of the commodities received and consumed. Cash receipts from the U.S. Department of Agriculture are commingled with State grants. It is assumed federal monies are expended first. At June 30, 2004, the District had no significant food commodities in inventory.

CDFA – Catalog of Federal Domestic Assistance



**REPORT ON COMPLIANCE AND ON INTERNAL CONTROL OVER FINANCIAL
REPORTING BASED ON AN AUDIT OF FINANCIAL STATEMENTS PERFORMED
IN ACCORDANCE WITH *GOVERNMENT AUDITING STANDARDS***

Board of Education
Lakewood Local School District
Hebron, Ohio

We have audited the basic financial statements of Lakewood Local School District as of and for the year ended June 30, 2004, and have issued our report thereon dated October 22, 2004. We conducted our audit in accordance with auditing standards generally accepted in the United States of America and the standards applicable to financial audits contained in *Government Auditing Standards*, issued by the Comptroller General of the United States.

Compliance

As part of obtaining reasonable assurance about whether Lakewood Local School District's financial statements are free of material misstatement, we performed tests of its compliance with certain provisions of laws, regulations, contracts and grants, noncompliance with which could have a direct and material effect on the determination of financial statement amounts. However, providing an opinion on compliance with those provisions was not an objective of our audit and, accordingly, we do not express such an opinion. The results of our tests disclosed no instances of noncompliance that are required to be reported under *Government Auditing Standards*. We also noted a certain immaterial instance of noncompliance that we have reported to management of Lakewood Local School District in a separate letter dated October 22, 2004.

Internal Control Over Financial Reporting

In planning and performing our audit, we considered Lakewood Local School District's internal control over financial reporting in order to determine our auditing procedures for the purpose of expressing our opinion on the financial statements and not to provide assurance on the internal control over financial reporting. Our consideration of the internal control over financial reporting would not necessarily disclose all matters in the internal control over financial reporting that might be material weaknesses. A material weakness is a condition in which the design or operation of one or more of the internal control components does not reduce to a relatively low level the risk that misstatements in amounts that would be material in relation to the financial statements being audited may occur and not be detected within a timely period by employees in the normal course of performing their assigned functions. We noted no matters involving the internal control over financial reporting and its operation that we consider to be material weaknesses.

This report is intended solely for the information and use of the board of directors, management, Auditor of State and federal awarding agencies and is not intended to be and should not be used by anyone other than these specified parties.

Jones, Cochenour & Co.
October 22, 2004



**REPORT ON COMPLIANCE WITH REQUIREMENTS
APPLICABLE TO EACH MAJOR PROGRAM AND INTERNAL CONTROL
OVER COMPLIANCE IN ACCORDANCE WITH OMB CIRCULAR A-133**

Board of Education
Lakewood Local School District
Hebron, Ohio

Compliance

We have audited the compliance of Lakewood Local School District, with the types of compliance requirements described in the *U.S. Office of Management and Budget (OMB) Circular A-133 Compliance Supplement* that are applicable to each of its major federal programs for the year ended June 30, 2004. Lakewood Local School District's major federal programs are identified in the summary of auditors' results section of the accompanying schedule of findings. Compliance with the requirements of laws, regulations, contracts and grants applicable to each of its major federal programs is the responsibility of Lakewood Local School District's management. Our responsibility is to express an opinion on Lakewood Local School District's compliance based on our audit.

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

In our opinion, Lakewood Local School District, complied, in all material respects, with the requirements referred to above that are applicable to each of its major federal programs for the year ended June 30, 2004.

Internal Control Over Compliance

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

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

Schedule of Federal Awards Expenditures

We have audited the basic financial statements of the District as of and for the year ended June 30, 2004, and have issued our report thereon dated October 22, 2004. Our audit was performed for the purpose of forming an opinion on the basic financial statements taken as a whole. The accompanying schedule of federal awards expenditures is presented for purposes of additional analysis as required by OMB Circular A-133 and is not a required part of the basic financial statements. Such information has been subjected to the auditing procedures applied in the audit of the basic financial statements and, in our opinion, is fairly stated, in all material respects, in relation to the basic financial statements taken as a whole.

This report is intended solely for the information and use of the board of education, management, Auditor of State and federal awarding agencies and pass-through entities and is not intended to be and should not be used by anyone other than these specified parties.

A handwritten signature in black ink that reads "Jones, Cochenour & Co." with a stylized flourish at the end.

Jones, Cochenour & Co.
October 22, 2004

**LAKWOOD LOCAL SCHOOL DISTRICT
SCHEDULE OF FINDINGS
OMB CIRCULAR A-133 § .505
JUNE 30, 2004**

1. SUMMARY OF AUDITORS' RESULTS

(d)(1)(i)	Type of Financial Statement Opinion	Unqualified
(d)(1)(ii)	Were there any material control weakness conditions reported at the financial statement level (GAGAS)?	No
(d)(1)(ii)	Were there any other reportable control weakness conditions reported at the financial statement level (GAGAS)?	No
(d)(1)(iii)	Was there any reported material non-compliance at the financial statement level (GAGAS)?	No
(d)(1)(iv)	Were there any material internal control weakness conditions reported for major federal programs?	No
(d)(1)(iv)	Were there any other reportable internal control weakness conditions reported for major federal programs?	No
(d)(1)(v)	Type of Major Programs' Compliance Opinion	Unqualified
(d)(1)(vi)	Are there any reportable findings under §.510?	No
(d)(1)(vii)	Major Programs (list):	Nutrition Cluster CFDA Number 10.555 CFDA Number 10.553 CFDA Number 10.550 Title II-A CFDA Number: 84.367 Medical Assistance Program (Title XIX) CFDA Number 93.778
(d)(1)(viii)	Dollar Threshold: Type A/B Programs	Type A: \$300,000 Type B: All others
(d)(1)(ix)	Low Risk Auditee?	Yes

2. FINDINGS RELATED TO FINANCIAL STATEMENTS

There are no findings or questioned costs for the year ended June 30, 2004.

3. FINDINGS RELATED TO FEDERAL AWARDS

There are no findings or questioned costs for the year ended June 30, 2004.

LAKWOOD LOCAL SCHOOL DISTRICT



**COMPREHENSIVE ANNUAL FINANCIAL REPORT
FOR THE FISCAL YEAR ENDED
June 30, 2004**



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LAKWOOD LOCAL SCHOOL DISTRICT

**COMPREHENSIVE ANNUAL
FINANCIAL REPORT**

**FOR THE FISCAL YEAR ENDED
June 30, 2004**

Prepared by:

**Ms. Glenna Plaisted
Treasurer**



LAKWOOD LOCAL SCHOOL DISTRICT

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LAKEWOOD LOCAL SCHOOL DISTRICT

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LAKWOOD LOCAL SCHOOL DISTRICT



INTRODUCTORY SECTION





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

October 22, 2004

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

The Comprehensive Annual Financial Report (CAFR) of the Lakewood Local School District (District) for the fiscal year ended June 30, 2004 is hereby submitted. This report was prepared by the Treasurer's Office and includes the unqualified opinion of our auditors.

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

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

Generally Accepted Accounting Principles (GAAP) requires that management provide a narrative introduction, overview and analysis to accompany the basic financial statements in the form of Management's Discussion and Analysis (MD&A). This letter of transmittal is designed to complement MD&A and should be read in conjunction with it. The Lakewood Local School District's MD&A can be found immediately following the independent auditor's report.

The CAFR is presented in three sections as follows:

The Introductory Section includes this transmittal letter, the District's organizational chart, a list of principal officers, and the GFOA Certificate of Achievement.

The Financial Section includes the Independent Auditor's Report, Management's Discussion and Analysis, basic financial statements and notes that provide an overview of the District's financial position and operating results, the combining statements for nonmajor funds and other schedules that provide detailed information relative to the basic financial statements.

The Statistical Section includes selected financial and demographic information generally presented on a multi-year basis.

LAKWOOD LOCAL SCHOOL DISTRICT

Letter of Transmittal For the Fiscal Year Ended June 30, 2004

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 vocational courses, as well as special education.

THE DISTRICT AND ITS FACILITIES

The Lakewood Local School District is located in southern Licking County approximately 25 miles from Columbus, the state capital. The District encompasses approximately 115 square miles. The principle communities are the Village of Hebron, the Village of Buckeye Lake, 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 2,265 students.

The District's facilities include 2 elementary schools (grades K-3), 1 intermediate school (grades 4-5), 1 middle school (grades 6-8), 1 high school (grades 9-12), a bus garage, the administrative building and an athletic complex.

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 ensures that all other general laws of the State of Ohio are followed in the expenditure of the District's tax dollars and approves the annual appropriation resolution and tax budget.

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

CURRICULUM DEVELOPMENT

The Lakewood Local School District provides a comprehensive K-12 program: instruction, assessment, intervention and special needs programming. The curriculum supports the Ohio Proficiency Tests, Achievement Tests and Diagnostic Tests and provides interesting and appealing instruction. The curriculum is on a five year revision cycle that involves K-12 staff and community involvement.

INSTRUCTION MATERIALS

The administration, staff, board members, and community have identified that keeping current with today's educational methodology and utilizing updated student textbooks and materials are critical components necessary to provide students with a quality education. Materials include print, manipulatives and computer software that provide learning activities for students.

LAKWOOD LOCAL SCHOOL DISTRICT

Letter of Transmittal For the Fiscal Year Ended June 30, 2004

STAFF DEVELOPMENT

Locally provided staff development is an extremely important part of professional growth. The Curriculum Coordinator and 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 curriculum implementation and use of effective teaching strategies. 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.

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

GIFTED AND TALENTED PROGRAMMING AND ADVANCED PLACEMENT COURSES

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

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

SPECIAL EDUCATION

In 2003-2004 there were 302 students on Individualized Educational Programs representing approximately 13.3% of the student population. Students were served in the following programs: Speech/language, multi handicapped, cognitively disabled handicapped, severe emotionally disturbed, specific learning disabled, other health impaired and hearing impaired.

Special education is structured to provide a continuum of services in most buildings and to allow special education teachers to be resources to the regular education staff. This has permitted more collaboration among staff and more opportunities for special needs students to be included in regular education.

CONTINUOUS IMPROVEMENT PLANNING

The Lakewood Local School District has invested heavily in the Baldrige model of performance excellence. Administrators and teachers throughout the District have had Orientation Training, Quality Tools Training, Data Notebook Training, and PDSA (Plan, Do, Study, Act) Training. Each training focuses on a quality approach towards problem solving and instruction.

LAKWOOD LOCAL SCHOOL DISTRICT

Letter of Transmittal For the Fiscal Year Ended June 30, 2004

During the 2003-04 school year the District board, administrators and staff modified the Continuous Improvement Plan to include the Baldrige quality approach towards goal setting, problem solving and goal assessment. The revised plans established two goals each with two sub-components:

Goal #1

Improve student achievement in all areas of the State Report Card by:

- A) Improving collaboration amongst staff.
- B) Using Quality Tools, technology, and research based practices.

Goal #2

Improve the quality of family and community involvement in student achievement by:

- A) Improving collaboration amongst staff, families and community.
- B) Using Quality Tools, technology, and research based practices.

ECONOMIC CONDITIONS AND OUTLOOK

The District passed a five year emergency operating levy on May 6, 2003. The total amount of additional revenue from this emergency operating levy is \$2,058,646 per year and will be collected from both real estate and tangible personal property taxes. 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 year 2005 and 2006. Beyond 2006 the District will need to have obtained additional funding sources or reduce the expenses it currently has in maintaining its educational programs.

RECENT SIGNIFICANT ACCOMPLISHMENTS

In 2002 the Lakewood Local School Board approved the sponsorship of Lakewood Digital Academy that began operating in August of the 2003-2004 school year. The Lakewood Digital Academy is a community school that offers parents a choice of academic environments for their children. The Lakewood Digital Academy delivers educational services to children residing within the District using distance learning technologies and services supplied by the Tri-Rivers Educational Computer Association (TRECA) along with local support and programming.

In 2003 the Lakewood Local School Board created a Citizens Advisory Committee. The purpose of this committee is to provide feedback to the school board so that members may be better prepared to make decisions that will improve the educational opportunities of children in the Lakewood Local School District and help improve the greater Lakewood Local community. There are 15 members on the committee. The directives given to the committee by the Board for fiscal year 2003-2004 include: 1) population study and building capacities; 2) community impact fee; 3) district communication; and 4) coordination of public forums.

MAJOR INITIATIVES FOR THE FUTURE

The District continues to seek improvement in the area of the Local Report Card. Federal, State and Local grants will be pursued to assist the District financially to provide research-based program services to the students in the area of intervention.

LAKEWOOD LOCAL SCHOOL DISTRICT

Letter of Transmittal For the Fiscal Year Ended June 30, 2004

With the help and advise of the Citizens Advisory Committee, the district staff will also make concentrated efforts to improve communication between the district and students, parents, and community members.

With the federal legislation ESEA, "No Child Left Behind", the District is working to meet all standards required to receive its federal funding allocation. For fiscal year 2005, the District qualifies for \$871,141 in federal funding for programs in Title I Schoolwide and Targeted Assistance, Special Education IDEA-Part B, Title II-A Improvement Teacher Quality, Title II-D Technology, Title IV Safe and Drug Free Schools, and Title V Innovative Programs.

ACCOUNTING INFORMATION

ACCOUNTING SYSTEM – The District's accounting system is organized on a fund basis. Each fund is a separate self-balancing accounting entity. The basis of accounting determines when transactions are recorded in the financial records and reported on the financial statements. Government-wide financial statements are prepared using the accrual basis of accounting. Governmental funds use the modified accrual basis of accounting. Proprietary and fiduciary funds also use the accrual basis of accounting.

INTERNAL CONTROLS – The Treasurer of the District is responsible for establishing an internal control structure designed to ensure that the assets of the District are protected from loss, theft, or misuse, and to ensure that adequate accounting data is compiled to allow for the preparation of financial statements in conformity with generally accepted accounting principles. The Management Team is responsible for assisting with implementation of the established internal controls. 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.

SINGLE AUDIT – As a recipient of federal and state financial assistance, the District is also responsible for ensuring that an adequate internal control structure is in place to ensure compliance with applicable laws and regulations related to these programs. This internal control structure is 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 control structure, 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, 2004, as of this writing, revealed no instances of material weaknesses in internal control structure or significant violations of applicable laws and regulations.

BUDGETARY CONTROLS – All governmental fund types are subject to annual expenditure budgets.

The procedures below outline the District's budgetary procedures:

1. A tax budget of estimated cash receipts and disbursements is submitted to the county auditor as secretary of the county budget commission by January 20 of each year for the fiscal year commencing the following July 1. The District's Board of Education (the Board) adopts the tax budget at its January Organizational Meeting.

LAKEWOOD LOCAL SCHOOL DISTRICT

Letter of Transmittal

For the Fiscal Year Ended June 30, 2004

2. The county budget commission certifies its actions to the District by March 1. As part of this certification, the District receives the official certificate of estimated resources which states the projected receipts of each fund. On or about July 1, this certificate is amended to include any unencumbered balances from the proceeding year.

3. An annual appropriations measure is passed upon receipt of the county's auditor's final tax revenue estimates, of each year for the period July 1 to June 30. Unencumbered appropriations lapse at year-end and encumbered appropriations are reported as expenditures in the current year. The Board adopts temporary appropriations at its June Board meeting to cover expenditures until the adoption of the permanent appropriations. The appropriations measure may be amended or supplemented during the year as new information becomes available. Individual buildings are given building budget funds for instructional supplies and equipment. Buildings may move funds within their budgets with approval of the Treasurer. Appropriations may not exceed estimated resources and expenditures may not exceed appropriations in any fund.

Additionally, the District maintains an encumbrance accounting system as a useful technique of accomplishing budgetary control. Under encumbrance accounting, purchase orders, contract and other commitments for expenditures of funds are recorded in order to reserve that portion of the applicable appropriation.

CASH MANAGEMENT – It is the policy of the Lakewood Local School District, that with due regard to the safety and risk of investments, all available funds shall be invested in conformance with existing legal requirement and Board-adopted policy guidelines, to the maximum extent possible, at the highest rates obtainable at the time of investment. Effective cash management is recognized as essential to good fiscal management. An investment policy has been formulated to take advantage of investment interest as a viable and material source of revenue to all funds involved. The District's investments are designed and managed in a manner responsive to public trust and consistent with state and local laws.

Investments are made with the primary objectives:

- Preservation of capital and protection of principal.
- Maintenance of liquidity to meet cash flow requirements.
- Diversification of assets to avoid undue credit and liquidity risks.
- Optimization of portfolio returns within objectives outlined above.
- Use of good judgment and care to provide safety to the District's assets.

Administrative guidelines and investment policies apply to all financial assets of the District contained in the Comprehensive Annual Financial Report (CAFR). The investment portfolio shall consist of investment securities, permissible by law, recognizing that all participants involved in the process shall act responsibly as custodians of the public trust. Investment officials shall avoid any transaction that might impair public confidence in the District's ability to govern effectively.

LAKEWOOD LOCAL SCHOOL DISTRICT

Letter of Transmittal For the Fiscal Year Ended June 30, 2004

RISK MANAGEMENT – The District is adequately insured in all areas including buildings, contents, vehicles, equipment and general liability. The District is also covered under the State Workers' Compensation Fund. The District makes every effort to monitor insurance costs and related risk of accident to ensure proper fiscal management in this area. Detailed information regarding the risk management activities of the District can be found in the Notes to Financial Statements section of this report.

OTHER INFORMATION

INDEPENDENT AUDIT – State statutes require an annual audit. Jones, Cochenour & Co. conducted the audit for the fiscal year ended June 30, 2004. The auditor's unqualified opinion on the basic financial statements and combining and individual fund statements and schedules is included in the financial section of this report.

AWARDS – The Government Finance Officers Association of the United States and Canada (GFOA) awarded a Certificate of Achievement of Excellence in Financial Reporting to the Lakewood Local School District for its Comprehensive Annual Financial Report for the fiscal year ended June 30, 2003. This was the first year that the District has applied for and achieved this prestigious award. In order to be awarded a Certificate of Achievement, a governmental unit must publish an easily readable and efficiently organized comprehensive annual financial report. The report must satisfy both generally accepted accounting principles and applicable legal requirements. A Certificate of Achievement is valid for a period of one year only. We believe that our current comprehensive annual financial report continues to meet the program's requirements and we are submitting it to the GFOA to determine its eligibility for another certificate.

NOTES TO THE BASIC FINANCIAL STATEMENTS – The notes to the basic financial statements which follow the basic financial statements contain additional information and are an integral part of such statements.

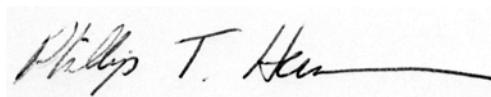
ACKNOWLEDGMENTS – The preparation of the Comprehensive Annual Financial Report was made possible by the diligence of the entire Treasurer's Office staff. We also would like to recognize Donald J. Schonhardt & Associates, Inc. for their assistance in preparing this report.

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

Respectfully submitted,



Glenna J. Plaisted, CPA
Treasurer/CFO



Phillip T. Herman
Superintendent

LAKWOOD LOCAL SCHOOL DISTRICT

Members of the Board of Education and Administration For the Fiscal Year Ended June 30, 2004

Members of the Board of Education

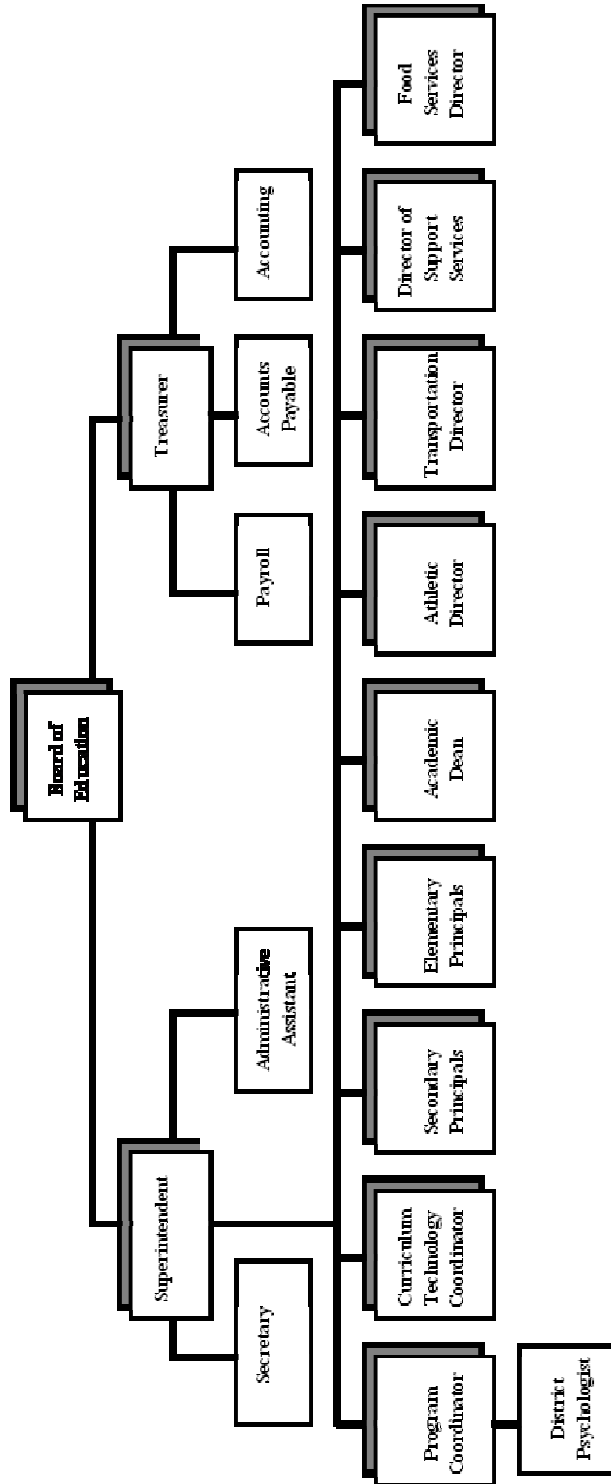
	<u>Began Service as A Board Member</u>	<u>Present Term Expires</u>
Rick Black, President	January 1, 2002	December 31, 2005
Janice Mason, Vice President	January 1, 2002	December 31, 2005
Forrest Cooperrider	January 1, 2004	December 31, 2007
Connie Fought	January 1, 2002	December 31, 2005
Tim Spitzer	January 1, 2004	December 31, 2007

Administration

	<u>Position</u>	<u>Date of Hire</u>
Phillip T. Herman	Superintendent	January 1, 2003
Glenna J. Plaisted	Treasurer	May 15, 2000

LAKWOOD LOCAL SCHOOL DISTRICT

Organizational Chart For the Fiscal Year Ended June 30, 2004



LAKWOOD LOCAL SCHOOL DISTRICT

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

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, 2003

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



President

Executive Director

FINANCIAL SECTION





INDEPENDENT AUDITORS' REPORT

Board of Education
Lakewood Local School District
Hebron, Ohio

We have audited the accompanying financial statements of the governmental activities, business-type activities, each major fund and the aggregate remaining fund information of Lakewood Local School District, Hebron, Ohio (the "District"), as of and for the year ended June 30, 2004, which collectively comprise the District's basic financial statements as listed in the table of contents. These financial statements are the responsibility of the District's management. Our responsibility is to express an opinion on these financial statements based on our audit.

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

In our opinion, the financial statements referred to above present fairly, in all material respects, the respective financial position of the governmental activities, business-type activities, each major fund and the aggregate remaining fund information of the Lakewood Local School District, Hebron, Ohio, as of June 30, 2004, and the respective changes in financial position and the cash flows, where applicable, thereof and the respective budgetary comparison for the General fund for the year then ended in conformity with accounting principles generally accepted in the United States of America.

In accordance with *Government Auditing Standards*, we have also issued our report dated October 22, 2004 on our consideration of the District's internal control over financial reporting and our tests of its compliance with certain provisions of laws, regulations, contracts and grants. That report is an integral part of an audit performed in accordance with *Government Auditing Standards* and should be read in conjunction with this report in considering the results of our audit.

Management's Discussion and Analysis is not a required part of the basic financial statements, but is supplementary information the Governmental Accounting Standards Board requires. We applied certain limited procedures, consisting principally of inquiries of management regarding the methods of measurement and presentation of the supplementary information. We did not audit the information and express no opinion on it.

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

Jones, Cochenour & Co.
October 22, 2004

LAKWOOD LOCAL SCHOOL DISTRICT



LAKEWOOD LOCAL SCHOOL DISTRICT

*Management's Discussion and Analysis
For the Fiscal Year Ended June 30, 2004*

Unaudited

The 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, 2004. 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 2004 are as follows:

- ❑ In total, net assets increased \$84,393. Net assets of governmental activities increased \$101,518, which represents a 1.7% increase from 2003. Net assets of business-type activities decreased \$17,125 or 10% from 2003.
- ❑ General revenues accounted for \$17,050,897 in revenue or 88.3% of all revenues. Program specific revenues in the form of charges for services and grants and contributions accounted for \$2,255,276 or 11.7% of total revenues of \$19,306,173.
- ❑ The District had \$18,484,604 in expenses related to governmental activities; only \$1,535,225 of these expenses were offset by program specific charges for services, grants or contributions. General revenues of \$17,050,897 were adequate to provide for these programs.
- ❑ Among major funds, the general fund had \$15,691,845 in revenues and \$15,892,659 in expenditures. During fiscal year 2004, the general fund's fund balance increased from \$2,018,021 to \$2,045,089.

OVERVIEW OF THE FINANCIAL STATEMENTS

This annual report consists of three parts – *management's discussion and analysis* and the *basic financial statements* 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, 2004*

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 assets includes all of the District's assets and liabilities. 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 assets and how they have changed. Net-assets (the difference between the District's assets and liabilities) is one way to measure the District's financial health or position.

- Over time, increases or decreases in the District's net assets 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* – These services are 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 and uniform school supplies are reported as business 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 Assets and the Statement of Activities) and governmental funds is reconciled in the financial statements.

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

LAKEWOOD LOCAL SCHOOL DISTRICT

**Management's Discussion and Analysis
For the Fiscal Year Ended June 30, 2004**

Unaudited

Fiduciary Funds – The District is the trustee, or fiduciary, for various student-managed activity programs, various scholarship programs and other items listed as agency and private purpose. It is also responsible for other assets that, due to a trust arrangement can only be used for the trust beneficiaries. All of the District's fiduciary activities are reported in separate Statements of Fiduciary Net Assets and Changes in Fiduciary Net Assets. 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 Assets provides a perspective of the District as a whole. The following table provides a summary of the District's net assets for 2004 compared to 2003:

	Governmental Activities		Business-type Activities		Total	
	2004	2003	2004	2003	2004	2003
Current and other assets	\$14,990,478	\$13,306,312	\$126,985	\$130,620	\$15,117,463	\$13,436,932
Capital assets, Net	17,795,058	18,418,224	110,134	120,786	17,905,192	18,539,010
Total assets	<u>32,785,536</u>	<u>31,724,536</u>	<u>237,119</u>	<u>251,406</u>	<u>33,022,655</u>	<u>31,975,942</u>
Long-term debt outstanding	15,508,890	15,927,045	12,034	14,827	15,520,924	15,941,872
Other liabilities	11,216,095	9,838,458	74,761	69,130	11,290,856	9,907,588
Total liabilities	<u>26,724,985</u>	<u>25,765,503</u>	<u>86,795</u>	<u>83,957</u>	<u>26,811,780</u>	<u>25,849,460</u>
Net assets						
Invested in capital assets, net of related debt	3,690,887	3,991,060	110,134	120,786	3,801,021	4,111,846
Restricted	772,635	607,289	0	0	772,635	607,289
Unrestricted	1,597,029	1,360,684	40,190	46,663	1,637,219	1,407,347
Total net assets	<u>\$6,060,551</u>	<u>\$5,959,033</u>	<u>\$150,324</u>	<u>\$167,449</u>	<u>\$6,210,875</u>	<u>\$6,126,482</u>

At year-end, capital assets represented 54% of total assets. Capital assets include land, land improvements, buildings and improvements, furniture, fixtures and equipment and vehicles. Capital assets, net of related debt to acquire the assets at June 30, 2004 was \$3,690,887. 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 assets, \$772,635, represents resources that are subject to external restriction on how they may be used. The remaining balance of unrestricted net assets of \$1,597,029 may be used to meet the District's ongoing obligations to the students and creditors.

LAKEWOOD LOCAL SCHOOL DISTRICT

**Management's Discussion and Analysis
For the Fiscal Year Ended June 30, 2004**

Unaudited

Changes in Net Assets – The following table shows the changes in net assets for the fiscal year 2004:

	Governmental Activities		Business-type Activities		Total	
	2004	2003	2004	2003	2004	2003
Revenues						
Program revenues:						
Charges for Services	\$429,703	\$604,600	\$411,461	\$413,537	\$841,164	\$1,018,137
Operating Grants	1,105,522	1,214,843	308,590	274,372	1,414,112	1,489,215
Capital Grants	0	35,773	0	6,196	0	41,969
General revenues:						
Property Taxes	10,938,168	9,718,328	0	0	10,938,168	9,718,328
Grants and Entitlements	5,865,683	5,182,898	0	0	5,865,683	5,182,898
Other	247,046	312,254	0	0	247,046	312,254
Total revenues	18,586,122	17,068,696	720,051	694,105	19,306,173	17,762,801
Program Expenses						
Instruction	10,616,848	10,265,237	0	0	10,616,848	10,265,237
Support Services:						
Pupils	1,153,724	1,047,551	0	0	1,153,724	1,047,551
Instructional Staff	456,520	681,706	0	0	456,520	681,706
Board of Education	72,807	31,860	0	0	72,807	31,860
Administration	1,633,056	1,459,918	0	0	1,633,056	1,459,918
Fiscal Services	509,894	445,519	0	0	509,894	445,519
Business	15,360	14,175	0	0	15,360	14,175
Operation and Maintenance of Plant	1,403,654	1,373,039	0	0	1,403,654	1,373,039
Pupil Transportation	1,176,469	1,013,915	0	0	1,176,469	1,013,915
Central	163,721	67,434	0	0	163,721	67,434
Operation of Non-Instructional Services	81,937	127,914	0	0	81,937	127,914
Extracurricular Activities	477,927	460,426	0	0	477,927	460,426
Interest and Fiscal Charges	722,687	723,607	0	0	722,687	723,607
Food Service	0	0	732,804	672,123	732,804	672,123
Uniform School Supplies	0	0	4,372	7,749	4,372	7,749
Total expenses	18,484,604	17,712,301	737,176	679,872	19,221,780	18,392,173
Total Change in Net Assets	101,518	(643,605)	(17,125)	14,233	84,393	(629,372)
Beginning Net Assets	5,959,033	6,602,638	167,449	153,216	6,126,482	6,755,854
Ending Net Assets	<u>\$6,060,551</u>	<u>\$5,959,033</u>	<u>\$150,324</u>	<u>\$167,449</u>	<u>\$6,210,875</u>	<u>\$6,126,482</u>

Governmental Activities

Net assets of the District's governmental activities increased by \$101,518. Total governmental expenses of \$18,484,604 were offset by program revenues of \$1,535,225 and general revenues of \$17,050,897. Program revenues supported 8.3% of the total governmental expenses.

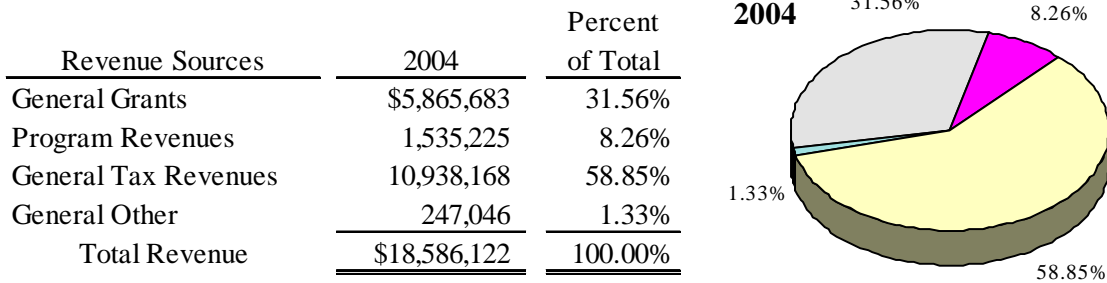
The primary sources of revenues for governmental activities are derived from property taxes and grants and entitlements. These two revenue sources total \$16,803,851 and represent 90% of total governmental revenue. The District is operating at the 20 mill floor which is the state minimum required property tax funding for a school district's operations. Due to this, the District is able to receive full advantage of property tax valuation increases.

LAKEWOOD LOCAL SCHOOL DISTRICT

**Management's Discussion and Analysis
For the Fiscal Year Ended June 30, 2004**

Unaudited

Voters approved a five year emergency operating levy on May 6, 2003. The collection of these taxes started in 2004. Fiscal year 2004 includes additional property tax revenues of \$908,068 from this levy. Property taxes made up 59% of revenues for governmental activities for Lakewood Local Schools in fiscal year 2004. The District's reliance upon tax revenues is demonstrated by the following graph:



Business-Type Activities

Net assets of the business-type activities decreased by \$17,125. These programs had revenues of \$720,051 and expenses of \$737,176 for fiscal year 2004. The District had no significant changes in revenues or expenses. Business activities receive no support from tax revenues and remain self-supporting.

FINANCIAL ANALYSIS OF THE SCHOOL DISTRICT'S FUNDS

The District's governmental funds reported a combined fund balance of \$2,750,546, which is below last year's total of \$2,792,016. The schedule below indicates the fund balance and the total change in fund balance by fund type as of June 30, 2004 and 2003.

	Fund Balance June 30, 2004	Fund Balance June 30, 2003	Increase (Decrease)
General	\$2,045,089	\$2,018,021	\$27,068
Debt Service	531,944	500,403	31,541
Other Governmental	173,513	273,592	(100,079)
Total	<u>\$2,750,546</u>	<u>\$2,792,016</u>	<u>(\$41,470)</u>

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LAKEWOOD LOCAL SCHOOL DISTRICT

**Management's Discussion and Analysis
For the Fiscal Year Ended June 30, 2004**

Unaudited

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

	2004 Revenues	2003 Revenues	Increase (Decrease)
Taxes	\$9,409,628	\$8,451,959	\$957,669
Tuition	261,100	273,224	(12,124)
Investment Earnings	24,653	79,920	(55,267)
Extracurricular Activities	0	137,759	(137,759)
Class Materials and Fees	11,652	18,655	(7,003)
Intermediate Sources	5,000	0	5,000
Intergovernmental - State	5,768,289	5,138,107	630,182
All Other Revenue	211,523	242,292	(30,769)
Total	\$15,691,845	\$14,341,916	\$1,349,929

General Fund revenues in 2004 increased approximately 9.4% compared to revenues in fiscal year 2003. The primary factor contributing to the increase in revenue is the emergency tax levy collection of \$908,068 which started during 2004. Other factors contributing to the change in revenues includes an increase in state foundation revenues and a decrease in pay to participate revenues. With the passage of the emergency operating levy, the district no longer has pay to participate fees beginning in 2004.

	2004 Expenditures	2003 Expenditures	Increase (Decrease)
Instruction	\$9,526,696	\$8,905,692	\$621,004
Supporting Services:			
Pupils	1,019,728	962,634	57,094
Instructional Staff	340,160	386,832	(46,672)
Board of Education	72,863	31,884	40,979
Administration	1,347,032	1,376,129	(29,097)
Fiscal Services	501,643	420,800	80,843
Business	14,987	14,113	874
Operation & Maintenance of Plant	1,411,934	1,311,548	100,386
Pupil Transportation	1,124,163	1,104,274	19,889
Central	126,665	49,665	77,000
Operation of Non-Instructional Services	6,791	17,665	(10,874)
Extracurricular Activities	189,219	163,955	25,264
Debt Service:			
Principal Retirement	174,006	57,974	116,032
Interest and Fiscal Charges	36,772	17,848	18,924
Total	\$15,892,659	\$14,821,013	\$1,071,646

LAKWOOD LOCAL SCHOOL DISTRICT

***Management's Discussion and Analysis
For the Fiscal Year Ended June 30, 2004***

Unaudited

The expenditures increased by \$1,071,646 or 7.2% compared to the prior year. The District's budget is 80% personnel related. With the District's health insurance increasing 13.1% last year and a wage and salary adjustment of 4%, the increase can be primarily attributed to personnel costs. The District also had an increase in principal retirement and interest charges for the new energy conservation note and an increase in capital improvements for District maintenance projects.

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 2004 the District amended its General Fund budget several times, none significant.

For the General Fund, the budget basis revenue of \$15.2 million did not change significantly over the original budget estimates of \$14.9 million. The General Fund had an adequate fund balance to cover expenditures.

CAPITAL ASSETS AND DEBT ADMINISTRATION

Capital Assets

At the end of fiscal 2004 the District had \$17,905,192 net of accumulated depreciation invested in land, buildings, equipment and vehicles. Of this total, \$17,795,058 was related to governmental activities and \$110,134 to the business-type activities. The following table shows fiscal year 2003 and 2004 balances:

	Governmental Activities		Increase (Decrease)
	2004	2003	
	Land	\$275,555	\$275,555
Land Improvements	810,337	722,383	87,954
Buildings and Improvements	20,729,778	20,729,778	0
Furniture, Fixtures and Equipment	3,698,185	3,588,721	109,464
Vehicles	1,663,577	1,685,684	(22,107)
Less: Accumulated Depreciation	(9,382,374)	(8,583,897)	(798,477)
Totals	\$17,795,058	\$18,418,224	(\$623,166)

	Business-Type Activities		Increase (Decrease)
	2004	2003	
	Furniture and Equipment	\$313,833	\$312,246
Less: Accumulated Depreciation	(203,699)	(191,460)	(12,239)
Totals	\$110,134	\$120,786	(\$10,652)

LAKEWOOD LOCAL SCHOOL DISTRICT

**Management's Discussion and Analysis
For the Fiscal Year Ended June 30, 2004**

Unaudited

The primary increase in land improvements includes paving of various District parking lots. The increase in furniture, fixtures and equipment primarily reflects an increase in computer equipment purchases and copier capital leases throughout the district. The overall decrease in capital assets of \$623,166 is primarily due to the recording of \$936,614 in depreciation expense for fiscal 2004.

Additional information on the District's capital assets can be found in Note 8.

Debt

At June 30, 2004, the District had \$14.6 million in bonds, notes and loans outstanding, \$710,119 due within one year. The following table summarizes the District's debt outstanding as of June 30, 2004:

	<u>2004</u>	<u>2003</u>
Governmental Activities:		
General Obligation Bond:		
School Improvement	\$13,826,870	\$14,216,870
Long-Term Notes Payable	713,985	841,650
EPA Loan Payable	18,786	26,300
Capital Leases Payable	277,301	210,294
Compensated Absences	<u>671,948</u>	<u>631,931</u>
Total Governmental Activities	15,508,890	15,927,045
Business-Type Activities:		
Compensated Absences	<u>12,034</u>	<u>14,827</u>
Totals	<u>\$15,520,924</u>	<u>\$15,941,872</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, 2004, the District's outstanding debt was below the legal limit. Additional information on the District's long-term debt can be found in Note 10.

ECONOMIC FACTORS

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 five year emergency operating levy on May 6, 2003. The total amount of additional revenue from this emergency operating levy is \$2,058,646 per year. The current revenue, along with the District's cash balance, will provide the District with the necessary funds to meet its operating expenses in fiscal year 2005 through 2006. Beyond 2006 the District will need to have obtained additional funding sources or reduce the expenses it currently has in maintaining its educational programs.

One of the biggest challenges facing the District is the future of state funding. The State of Ohio is currently experiencing budget problems as the growth of expenditures is far exceeding the growth in revenues. The State of Ohio was found by the Ohio Supreme Court to be operating an unconstitutional educational system, one that was neither "adequate" nor "equitable." Between the state's budget difficulties and the court battle, the District is unable to determine what effect, if any, these factors will have on its future State funding and on its financial operations.

LAKEWOOD LOCAL SCHOOL DISTRICT

***Management's Discussion and Analysis
For the Fiscal Year Ended June 30, 2004***

Unaudited

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 of Lakewood Local School District.

LAKWOOD LOCAL SCHOOL DISTRICT



LAKWOOD LOCAL SCHOOL DISTRICT

Statement of Net Assets **June 30, 2004**

	Governmental Activities	Business-Type Activities	Total
Assets:			
Cash and Cash Equivalents	\$ 234,844	\$ 98,674	\$ 333,518
Cash and Cash Equivalents in Segregated Accounts	445	0	445
Investments	1,843,244	0	1,843,244
Receivables:			
Taxes	12,256,726	0	12,256,726
Accounts	14,751	0	14,751
Intergovernmental	166,451	0	166,451
Interest	38,212	0	38,212
Inventory Held for Resale	65,656	19,058	84,714
Prepaid Items	165,985	9,253	175,238
Restricted Assets:			
Cash and Cash Equivalents	204,164	0	204,164
Capital Assets, Net	17,795,058	110,134	17,905,192
Total Assets	32,785,536	237,119	33,022,655
Liabilities:			
Accounts Payable	96,745	473	97,218
Accrued Wages and Benefits	1,279,211	45,421	1,324,632
Intergovernmental Payable	419,374	28,867	448,241
Deferred Revenue - Taxes	9,350,984	0	9,350,984
Accrued Interest Payable	69,781	0	69,781
Long Term Liabilities:			
Due Within One Year	710,119	0	710,119
Due in More Than One Year	14,798,771	12,034	14,810,805
Total Liabilities	26,724,985	86,795	26,811,780
Net Assets:			
Invested in Capital Assets, Net of Related Debt	3,690,887	110,134	3,801,021
Restricted For:			
Debt Service	551,495	0	551,495
Other Purposes	221,140	0	221,140
Unrestricted (Deficit)	1,597,029	40,190	1,637,219
Total Net Assets	\$ 6,060,551	\$ 150,324	\$ 6,210,875

See accompanying notes to the basic financial statements

LAKWOOD LOCAL SCHOOL DISTRICT

Statement of Activities **For the Fiscal Year Ended June 30, 2004**

	Expenses	Program Revenues	
		Charges for Services and Sales	Operating Grants and Contributions
Governmental Activities:			
Instruction	\$ 10,616,848	\$ 278,672	\$ 738,647
Support Services:			
Pupils	1,153,724	0	68,354
Instructional Staff	456,520	0	64,088
Board of Education	72,807	0	0
Administration	1,633,056	0	95,277
Fiscal Services	509,894	0	2,291
Business	15,360	0	0
Operation and Maintenance of Plant	1,403,654	0	1,710
Pupil Transportation	1,176,469	0	67,167
Central	163,721	0	23,403
Operation of Non-Instructional Services	81,937	9,265	32,527
Extracurricular Activities	477,927	141,766	12,058
Interest and Fiscal Charges	722,687	0	0
Total Governmental Activities	18,484,604	429,703	1,105,522
Business-Type Activities:			
Food Service	732,804	406,872	308,590
Uniform School Supplies	4,372	4,589	0
Total Business-Type Activities	737,176	411,461	308,590
Totals	\$ 19,221,780	\$ 841,164	\$ 1,414,112

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 Assets

Net Assets Beginning of Year

Net Assets End of Year

See accompanying notes to the basic financial statements

LAKWOOD LOCAL SCHOOL DISTRICT

Net (Expense) Revenue and Changes in Net Assets		
Governmental Activities	Business-Type Activities	Total
\$ (9,599,529)	\$ 0	\$ (9,599,529)
(1,085,370)	0	(1,085,370)
(392,432)	0	(392,432)
(72,807)	0	(72,807)
(1,537,779)	0	(1,537,779)
(507,603)	0	(507,603)
(15,360)	0	(15,360)
(1,401,944)	0	(1,401,944)
(1,109,302)	0	(1,109,302)
(140,318)	0	(140,318)
(40,145)	0	(40,145)
(324,103)	0	(324,103)
(722,687)	0	(722,687)
(16,949,379)	0	(16,949,379)
0	(17,342)	(17,342)
0	217	217
0	(17,125)	(17,125)
(16,949,379)	(17,125)	(16,966,504)
9,769,935	0	9,769,935
1,168,233	0	1,168,233
5,865,683	0	5,865,683
50,708	0	50,708
196,338	0	196,338
17,050,897	0	17,050,897
101,518	(17,125)	84,393
5,959,033	167,449	6,126,482
\$ 6,060,551	\$ 150,324	\$ 6,210,875

LAKEWOOD LOCAL SCHOOL DISTRICT

Balance Sheet Governmental Funds June 30, 2004

	General	Debt Service	Other Governmental Funds	Total Governmental Funds
Assets:				
Cash and Cash Equivalents	\$ 20,589	\$ 49,497	\$ 164,758	\$ 234,844
Cash and Cash Equivalents in Segregated Accounts	0	0	445	445
Investments	1,508,097	335,147	0	1,843,244
Receivables:				
Taxes	11,109,353	1,147,373	0	12,256,726
Accounts	3,564	0	11,187	14,751
Intergovernmental	79,500	0	86,951	166,451
Interest	38,212	0	0	38,212
Interfund Loan Receivable	5,405	0	0	5,405
Inventory Held for Resale	65,656	0	0	65,656
Prepaid Items	160,589	0	5,396	165,985
Restricted Assets:				
Cash and Cash Equivalents	204,164	0	0	204,164
Total Assets	\$ 13,195,129	\$ 1,532,017	\$ 268,737	\$ 14,995,883
Liabilities:				
Accounts Payable	\$ 94,312	\$ 0	\$ 2,433	\$ 96,745
Accrued Wages and Benefits	1,199,732	0	79,479	1,279,211
Intergovernmental Payable	295,643	0	7,907	303,550
Interfund Loans Payable	0	0	5,405	5,405
Deferred Revenue - Taxes	9,516,653	1,000,073	0	10,516,726
Deferred Revenue	37,015	0	0	37,015
Compensated Absences Payable	6,685	0	0	6,685
Total Liabilities	11,150,040	1,000,073	95,224	12,245,337
Fund Balances:				
Reserved for Encumbrances	189,393	0	11,889	201,282
Reserved for Prepaid Items	160,589	0	5,396	165,985
Reserved for Supplies Inventory	65,656	0	0	65,656
Reserved for Debt Service	0	428,044	0	428,044
Reserved for Property Taxes	936,100	103,900	0	1,040,000
Statutory Reserves	204,164	0	0	204,164
Unreserved, Undesignated in:				
General Fund	489,187	0	0	489,187
Special Revenue Funds	0	0	156,228	156,228
Total Fund Balances	2,045,089	531,944	173,513	2,750,546
Total Liabilities and Funds Balances	\$ 13,195,129	\$ 1,532,017	\$ 268,737	\$ 14,995,883

See accompanying notes to the basic financial statements

LAKWOOD LOCAL SCHOOL DISTRICT

Reconciliation Of Total Governmental Fund Balances To Net Assets Of Governmental Activities June 30, 2004

Total Governmental Fund Balances	\$	2,750,546
<i>Amounts reported for governmental activities in the statement of net assets are different because</i>		
Capital Assets used in governmental activities are not resources and therefore are not reported in the funds.		17,795,058
Other long-term assets are not available to pay for current- period expenditures and therefore are deferred in the funds.		1,202,757
Long-term liabilities, including bonds payable, are not due and payable in the current period and therefore are not reported in the funds.		
Pension Obligation (Intergovernmental Payable)	(115,824)	
Long-Term Notes Payable	(713,985)	
EPA Loan Payable	(18,786)	
General Obligation Bonds Payable	(13,826,870)	
Capital Leases Payable	(277,301)	
Compensated Absences Payable	(665,263)	
Accrued Interest Payable	(69,781)	
		(15,687,810)
<i>Net Assets of Governmental Activities</i>	\$	<u>6,060,551</u>

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, 2004

	General	Debt Service	Other Governmental Funds	Total Governmental Funds
Revenues:				
Local Sources:				
Taxes	\$ 9,409,628	\$ 1,168,233	\$ 0	\$ 10,577,861
Tuition	261,100	0	0	261,100
Investment Earnings	24,653	0	0	24,653
Extracurricular Activities	0	0	141,766	141,766
Class Materials and Fees	11,652	0	0	11,652
Intermediate Sources	5,000	0	24,000	29,000
Intergovernmental - State	5,768,289	97,670	159,387	6,025,346
Intergovernmental - Federal	0	0	881,910	881,910
All Other Revenue	211,523	0	41,941	253,464
Total Revenue	15,691,845	1,265,903	1,249,004	18,206,752
Expenditures:				
Current:				
Instruction	9,526,696	0	776,510	10,303,206
Supporting Services:				
Pupils	1,019,728	0	81,705	1,101,433
Instructional Staff	340,160	0	116,219	456,379
Board of Education	72,863	0	0	72,863
Administration	1,347,032	0	105,993	1,453,025
Fiscal Services	501,643	17,822	2,627	522,092
Business	14,987	0	0	14,987
Operation and Maintenance of Plant	1,411,934	0	42,989	1,454,923
Pupil Transportation	1,124,163	0	0	1,124,163
Central	126,665	0	37,056	163,721
Operation of Non-Instructional Services	6,791	0	32,527	39,318
Extracurricular Activities	189,219	0	153,457	342,676
Debt Service:				
Principal Retirement	174,006	525,179	0	699,185
Interest and Fiscal Charges	36,772	691,361	0	728,133
Total Expenditures	15,892,659	1,234,362	1,349,083	18,476,104
Excess (Deficiency) of Revenues				
Over Expenditures	(200,814)	31,541	(100,079)	(269,352)
Other Financing Sources (Uses):				
Other Financing Sources - Capital Leases	241,013	0	0	241,013
Transfers In	0	0	107	107
Transfers Out	0	0	(107)	(107)
Total Other Financing Sources (Uses)	241,013	0	0	241,013
Net Change in Fund Balance	40,199	31,541	(100,079)	(28,339)
Fund Balances at Beginning of Year	2,018,021	500,403	273,592	2,792,016
Decrease in Inventory Reserve	(13,131)	0	0	(13,131)
Fund Balances End of Year	\$ 2,045,089	\$ 531,944	\$ 173,513	\$ 2,750,546

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, 2004***

Net Change in Fund Balances - Total Governmental Funds \$ (28,339)

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. (457,645)

The net effect of various miscellaneous transactions involving capital assets (i.e., sales) is to decrease net assets. (165,521)

Revenues in the statement of activities that do not provide current financial resources are not reported as revenues in the funds. 379,370

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 assets. This amount is the net effect of these differences in the treatment of long-term debt and related items. 458,172

In the statement of activities, interest is accrued on outstanding bonds, whereas in governmental funds, interest expenditure is reported when due. 5,446

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	(79,834)	
Pension Obligation (Intergovernmental Payable)	3,000	
Change in Inventory	(13,131)	
	(89,965)	(89,965)

Change in Net Assets of Governmental Activities \$ 101,518

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, 2004**

	<u>Original Budget</u>	<u>Final Budget</u>	<u>Actual</u>	<u>Variance with Final Budget Positive (Negative)</u>
Revenues:				
Local Sources:				
Taxes	\$ 9,167,831	\$ 9,001,426	\$ 9,001,428	\$ 2
Tuition	275,050	262,889	262,400	(489)
Investment Earnings	85,000	38,000	37,178	(822)
Class Material and Fees	12,775	11,025	11,692	667
Intermediate Sources	0	5,000	5,000	0
Intergovernmental - State	5,208,077	5,713,890	5,821,563	107,673
All Other Revenues	209,120	194,572	203,239	8,667
Total Revenues	<u>14,957,853</u>	<u>15,226,802</u>	<u>15,342,500</u>	<u>115,698</u>
Expenditures:				
Current:				
Instructional Services	9,522,508	9,705,779	9,495,155	210,624
Support Services:				
Pupils	978,559	1,032,985	1,015,534	17,451
Instructional Staff	530,624	532,698	448,923	83,775
Board of Education	34,928	65,989	62,490	3,499
Administration	1,295,238	1,273,623	1,256,154	17,469
Fiscal Services	467,328	496,423	494,297	2,126
Business	15,605	15,128	14,855	273
Operation and Maintenance of Plant	1,533,641	1,577,821	1,472,132	105,689
Pupil Transportation	1,170,425	1,255,464	1,204,535	50,929
Central	50,455	129,192	125,552	3,640
Operation of Non-Instructional Services	6,241	13,637	13,636	1
Extracurricular Activities	224,360	225,047	184,792	40,255
Total Expenditures	<u>15,829,912</u>	<u>16,323,786</u>	<u>15,788,055</u>	<u>535,731</u>
Excess (Deficiency) of Revenues Over (Under) Expenditures	(872,059)	(1,096,984)	(445,555)	651,429
Other Financing Sources (Uses):				
Transfers In	4,774	17,100	17,100	0
Transfers Out	(4,774)	(17,100)	(17,100)	0
Advances In	50,000	0	0	0
Advances Out	(25,000)	0	0	0
Total Other Financing Sources (Uses):	<u>25,000</u>	<u>0</u>	<u>0</u>	<u>0</u>
Net Change in Fund Balance	(847,059)	(1,096,984)	(445,555)	651,429
Fund Balance at Beginning of Year	1,882,841	1,882,841	1,882,841	0
Prior Year Encumbrances	84,324	84,324	84,324	0
Fund Balance at End of Year	<u>\$ 1,120,106</u>	<u>\$ 870,181</u>	<u>\$ 1,521,610</u>	<u>\$ 651,429</u>

See accompanying notes to the basic financial statements

LAKEWOOD LOCAL SCHOOL DISTRICT

Statement of Net Assets
Proprietary Funds
June 30, 2004

	Business-Type Activities		
	Enterprise Funds		
	Major	Nonmajor	Total
	Food Service	Uniform School Supplies	
Assets:			
<i>Current Assets:</i>			
Cash and Cash Equivalents	\$ 87,765	\$ 10,909	\$ 98,674
Receivables:			
Inventory Held for Resale	19,058	0	19,058
Prepaid Items	9,253	0	9,253
<i>Total Current Assets</i>	<u>116,076</u>	<u>10,909</u>	<u>126,985</u>
<i>Non Current Assets:</i>			
Capital Assets, Net	110,134	0	110,134
Total Assets	<u>226,210</u>	<u>10,909</u>	<u>237,119</u>
Liabilities:			
<i>Current Liabilities:</i>			
Accounts Payable	0	473	473
Accrued Wages and Benefits	45,421	0	45,421
Intergovernmental Payable	28,867	0	28,867
<i>Total Current Liabilities</i>	<u>74,288</u>	<u>473</u>	<u>74,761</u>
<i>Long Term Liabilities:</i>			
Compensated Absences Payable	12,034	0	12,034
Total Liabilities	<u>86,322</u>	<u>473</u>	<u>86,795</u>
Net Assets:			
Invested in Capital Assets, Net of Related Debt	110,134	0	110,134
Unrestricted	29,754	10,436	40,190
Total Net Assets	<u>\$ 139,888</u>	<u>\$ 10,436</u>	<u>\$ 150,324</u>

See accompanying notes to the basic financial statements

LAKEWOOD LOCAL SCHOOL DISTRICT

**Statement of Revenues, Expenses and Changes in Fund Net Assets
Proprietary Funds
For the Fiscal Year Ended June 30, 2004**

	Business-Type Activities		
	Enterprise Funds		
	Major	Nonmajor	
	Food Service	Uniform School Supplies	Total
Operating Revenues:			
Sales	\$ 405,877	\$ 0	\$ 405,877
Tuition and Fees	0	4,589	4,589
Total Operating Revenues	405,877	4,589	410,466
Operating Expenses:			
Salaries and Wages	244,380	0	244,380
Fringe Benefits	138,614	0	138,614
Contractual Services	12,742	0	12,742
Supplies and Materials	322,116	4,372	326,488
Depreciation	13,569	0	13,569
Other Operating Expense	1,383	0	1,383
Total Operating Expenses	732,804	4,372	737,176
Operating Income (Loss)	(326,927)	217	(326,710)
Nonoperating Revenue (Expenses):			
Operating Grants	308,590	0	308,590
Investment Earnings	995	0	995
Total Nonoperating Revenues (Expenses)	309,585	0	309,585
Change in Net Assets	(17,342)	217	(17,125)
Net Assets Beginning of Year	157,230	10,219	167,449
Net Assets End of Year	\$ 139,888	\$ 10,436	\$ 150,324

See accompanying notes to the basic financial statements

LAKEWOOD LOCAL SCHOOL DISTRICT

Statement of Cash Flows
Proprietary Funds
For the Year Ended June 30, 2004

	Business-Type Activities		
	Enterprise Funds		
	Major	Nonmajor	
	Food Service	Uniform School Supply	Total
<u>Cash Flows from Operating Activities:</u>			
Cash Received from Customers	\$405,936	\$4,589	\$410,525
Cash Payments for Goods and Services	(264,619)	(5,004)	(269,623)
Cash Payments to Employees for Services and Benefits	(380,735)	0	(380,735)
Net Cash Used by Operating Activities	(239,418)	(415)	(239,833)
<u>Cash Flows from Noncapital Financing Activities:</u>			
Operating Grants Received	241,588	0	241,588
Net Cash Provided by Noncapital Financing Activities	241,588	0	241,588
<u>Cash Flows from Capital and Related Financing Activities:</u>			
Acquisition of Capital Assets	(2,917)	0	(2,917)
Net Cash Used by Noncapital Financing Activities	(2,917)	0	(2,917)
<u>Cash Flows from Investing Activities:</u>			
Receipt of Interest	995	0	995
Net Cash Provided by Investing Activities	995	0	995
Net Increase (Decrease) in Cash and Cash Equivalents	248	(415)	(167)
Cash and Cash Equivalents at Beginning of Year	87,517	11,324	98,841
Cash and Cash Equivalents at End of Year	\$87,765	\$10,909	\$98,674
<u>Reconciliation of Operating Income (Loss) to Net Cash Used by Operating Activities:</u>			
Operating Income (Loss)	(\$326,927)	\$217	(\$326,710)
Adjustments to Reconcile Operating Income (Loss) to Net Cash Used by Operating Activities:			
Depreciation Expense	13,569	0	13,569
Donated Commodities Used During the Year	67,002	0	67,002
Changes in Assets and Liabilities:			
Decrease in Accounts Receivable	59	0	59
Decrease in Inventory	4,972	0	4,972
Increase in Prepaid Items	(1,563)	0	(1,563)
Decrease in Accounts Payable	(352)	(632)	(984)
Increase in Accrued Wages and Benefits	7,958	0	7,958
Decrease in Intergovernmental Payables	(1,343)	0	(1,343)
Decrease in Compensated Absences	(2,793)	0	(2,793)
Total Adjustments	87,509	(632)	86,877
Net Cash Used by Operating Activities	(\$239,418)	(\$415)	(\$239,833)

Schedule of Noncash Investing, Capital and Financing Activities:

During fiscal year 2004, the Food Service Fund received \$67,002 in donated commodities from the federal government.

See accompanying notes to the basic financial statements

LAKEWOOD LOCAL SCHOOL DISTRICT

Statement of Net Assets
Fiduciary Funds
June 30, 2004

	Private Purpose Trust	
	Special Trust Fund	Agency
Assets:		
Cash and Cash Equivalents	\$ 1,050	\$ 9,303
Total Assets	<u>1,050</u>	<u>9,303</u>
Liabilities:		
Accounts Payable	150	0
Due to Students	<u>0</u>	<u>9,303</u>
Total Liabilities	<u>150</u>	<u>9,303</u>
Net Assets:		
Unrestricted	<u>900</u>	<u>0</u>
Total Net Assets	<u>\$ 900</u>	<u>\$ 0</u>

See accompanying notes to the basic financial statements

LAKEWOOD LOCAL SCHOOL DISTRICT

Statement of Changes in Net Assets
Fiduciary Fund
For the Fiscal Year Ended June 30, 2004

	Private Purpose Trust
	Special Trust Fund
Additions:	
Private Donations	\$ 150
Total Additions	<u>150</u>
Deductions:	
Community Gifts, Awards and Scholarships	<u>150</u>
Total Deductions	<u>150</u>
Change in Net Assets	0
Net Assets at Beginning of Year	<u>900</u>
Net Assets End of Year	<u><u>\$ 900</u></u>

See accompanying notes to the basic financial statements

LAKEWOOD LOCAL SCHOOL DISTRICT

Notes to the Basic Financial Statements For the Fiscal Year Ended June 30, 2004

NOTE 1 - SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

A. Reporting Entity

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

The District is governed by a locally elected five member Board of Education (the Board) which provides educational services. The Board controls the District's instructional support facilities staffed by approximately 107 non-certified and approximately 187 certified teaching personnel and administrative employees providing education to 2,265 students.

The accompanying basic financial statements comply with the provisions of Governmental Accounting Standards Board (GASB) Statement No. 14, "*The Financial Reporting Entity*," in that the financial statements include all organizations, activities, functions and component units for which the District (the reporting entity) is financially accountable. Financial accountability is defined as the appointment of a voting majority of a legally separate organization's governing body and either the District's ability to impose its will over the organization or the possibility that the organization will provide a financial benefit to, or impose a financial burden on, the District. There were no potential component units that met the criteria imposed by GASB Statement No. 14 to be included in the District's reporting entity. Based on the foregoing, 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), Metropolitan Educational Council, Central Ohio Special Education Regional Resource Center and the Ohio Association of School Business Officials Workers' Compensation Group Rating Program. Information regarding these organizations is presented in Notes 13 and 14.

Lakewood Digital Academy (the "Academy") – The Academy is a community school created under Chapter 3314 of the Ohio Revised Code. A Board of Trustees appointed by the District's Board of Education governs the Academy. The Board of Trustees possesses its own contracting and budgeting authority and does not depend on the District for operational subsidies. The Academy is not considered part of the District, and its operations are not included in the accompanying financial statements.

The accounting policies and financial reporting practices of the District conform to generally accepted accounting principles 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, 2004

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, liabilities, 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 all liabilities 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 assets.

Enterprise Funds - These funds are 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.

The District has one other enterprise fund, the Uniform School Supplies Fund which is a nonmajor fund. This fund accounts for the purchase and sale of school supplies for use in the District. Profits derived from such sales are used for school purposes or activities connected with the school.

LAKEWOOD LOCAL SCHOOL DISTRICT

Notes to the Basic Financial Statements For the Fiscal Year Ended June 30, 2004

NOTE 1 - SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)

B. Basis of Presentation - Fund Accounting (Continued)

Fiduciary Funds – Fiduciary fund reporting focuses on net assets and changes in net assets. 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 only trust fund is a private purpose trust that accounts for scholarship programs for students. The agency fund is custodial in nature (assets equal liabilities) and does 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 assets 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, 2004

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 current liabilities, 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 and all liabilities associated with the operation of these funds are included on the statement of net assets. The statement of changes in fund net assets presents increases (i.e., revenues) and decreases (i.e., expenses) in net total assets. The statement of cash flows provides information about how the District finances and meets the cash flow needs of its proprietary activities.

Private purpose trust funds are reported using the economic resources measurement focus.

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.

Current property taxes measurable at June 30, 2004, and which are not intended to finance fiscal 2004 operations, have been recorded as deferred revenues. Delinquent property taxes measurable and available (received within 60 days) and amounts available as an advance on future tax settlements are recognized as revenue at year end. Taxes available for advance and recognized as revenue but not received by the District prior to June 30, 2004 are reflected as a reservation of fund balance for future appropriations. The District is prohibited by law from appropriating this revenue in accordance with ORC Section 5705.35, since an advance of revenue was not requested or received prior to the fiscal year end.

LAKEWOOD LOCAL SCHOOL DISTRICT

Notes to the Basic Financial Statements For the Fiscal Year Ended June 30, 2004

NOTE 1 - SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)

D. Basis of Accounting (Continued)

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.

Pursuant to GASB Statement No. 20, "Accounting and Financial Reporting for Proprietary Funds and Other Governmental Entities that Use Proprietary Fund Accounting," the District follows GASB guidance as applicable to proprietary funds and FASB Statements and Interpretations, Accounting Principles Board Opinions and Accounting Research Bulletins issued on or before November 30, 1989 that do not conflict with or contradict GASB pronouncements.

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.

Nonexchange 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 deferred 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 nonexchange 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 tax budget, 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 governmental funds are required to be reported. 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.

LAKEWOOD LOCAL SCHOOL DISTRICT

Notes to the Basic Financial Statements For the Fiscal Year Ended June 30, 2004

NOTE 1 - SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)

E. Budgetary Process (Continued)

1. Tax Budget

By January 15, the Superintendent and Treasurer submit an annual operating budget for the following fiscal year to the Board of Education for consideration and passage. The adopted budget is submitted to the County Auditor, as Secretary of the County Budget Commission, by January 20 of each year for the period July 1 to June 30 of the following fiscal year.

2. 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 2004.

3. 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. 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.

4. 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.

LAKEWOOD LOCAL SCHOOL DISTRICT

Notes to the Basic Financial Statements For the Fiscal Year Ended June 30, 2004

NOTE 1 - SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)

E. Budgetary Process (Continued)

5. Budgetary Basis of Accounting

The District's budgetary process accounts for certain transactions on a basis other than generally accepted accounting principles (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).

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)	\$40,199
Increase (Decrease):	
Accrued Revenues at June 30, 2004, received during FY 2005	(1,677,961)
Accrued Revenues at June 30, 2003, received during FY 2004	1,315,411
Accrued Expenditures at June 30, 2004, paid during FY 2005	1,596,372
Accrued Expenditures at June 30, 2003, paid during FY 2004	(1,492,080)
FY 2003 Prepays for FY 2004	148,738
FY 2004 Prepays for FY 2005	(160,589)
Adjustment to Fair Value	13,722
Encumbrances Outstanding	(229,367)
Budget Basis	<u>(\$445,555)</u>

F. Cash and Cash Equivalents

During fiscal year 2004, cash and cash equivalents included amounts in demand deposits and the State Treasury Asset Reserve (STAR Ohio). STAR Ohio is a very liquid investment and is reported as a cash equivalent in the basic financial statements.

The District pools its cash for investment and resource management purposes. Each fund's equity in pooled cash and investments represents the balance on hand as if each fund maintained its own cash and investment account. See Note 3, "Cash and Cash Equivalents."

LAKEWOOD LOCAL SCHOOL DISTRICT

Notes to the Basic Financial Statements For the Fiscal Year Ended June 30, 2004

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) 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 3, "Cash and Cash Equivalents."

The District has invested funds in the State Treasury Asset Reserve of Ohio during 2004. STAR Ohio is an investment pool managed by the State Treasurer's Office which allows governments within the State to pool their funds for investment purposes. STAR Ohio is not registered with the SEC as an investment company, but does operate in a manner consistent with Rule 2a7 of the Investment Company Act of 1940. Investments in STAR Ohio are valued at STAR Ohio's share price which is the price the investment could be sold for on June 30, 2004.

H. Inventory

Inventory is stated at cost (first-in, first-out) in the governmental funds and at the lower of cost or market in the proprietary funds. The costs of inventory items are recorded as expenditures in the governmental funds when purchased and as expenses in the proprietary funds when used.

I. Prepaid Items

Payments made to vendors for services that will benefit periods beyond June 30, 2004, 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.

J. Capital Assets and Depreciation

Capital assets are defined by the District as assets with an initial, individual cost of more than \$600.

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 Assets, but they are not reported in the Fund Financial Statements.

LAKEWOOD LOCAL SCHOOL DISTRICT

**Notes to the Basic Financial Statements
For the Fiscal Year Ended June 30, 2004**

NOTE 1 - SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)

J. Capital Assets and Depreciation (Continued)

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

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

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

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

3. Depreciation

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

Description	Estimated Lives (in years)
Land Improvements	10 - 15
Buildings and Improvements	15 - 30
Furniture, Fixtures and Equipment	5 - 15
Vehicles	5 - 10

K. Long-Term Obligations

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

Obligation	Fund
General Obligation Bonds Payable	General Obligation Bond Retirement Fund
Long-Term Notes Payable	General Obligation Bond Retirement Fund
EPA Loan Payable	General Obligation Bond Retirement Fund
Intergovernmental Payable	General Fund
Compensated Absences	General Fund, Food Services Fund
Capital Leases	General Fund

LAKEWOOD LOCAL SCHOOL DISTRICT

Notes to the Basic Financial Statements For the Fiscal Year Ended June 30, 2004

NOTE 1 - SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)

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. Administrators and classified staff who work twelve month contracts are granted vacation leave based on length of service and position. Sick leave benefits are accrued as a liability using the vesting method. Employees may earn 15 days of sick leave per year up to a maximum of 220 days. Upon retirement, employees will receive one-fourth of the accumulated sick leave up to a maximum of 55 days. For governmental funds, that portion of unpaid compensated absences that is expected to be paid using expendable, available resources is reported as an expenditure in the fund from which the individual earning the leave is paid, and a corresponding liability is reflected in the account "Compensated Absences Payable." The noncurrent portion of the liability is not reported. Compensated absences are expensed in the proprietary funds when earned and the related liability is reported within the fund.

M. Net Assets

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

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

N. Pensions

The provision for pension costs is recorded when the related payroll is accrued and the obligation is incurred. Pension liabilities expected to be paid from current available financial resources are recorded as a fund liability.

O. Interfund Activity

Exchange transactions between funds are reported as revenues in the seller funds and as expenditures/expenses in the purchaser funds. 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. Repayments from funds responsible for particular expenditures/expenses to the funds that initially paid for them are not presented on the financial statements.

LAKEWOOD LOCAL SCHOOL DISTRICT

Notes to the Basic Financial Statements For the Fiscal Year Ended June 30, 2004

NOTE 1 - SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)

P. Restricted Assets

Restricted assets in the general fund represent cash and cash equivalents set aside for maintenance and renovation. A fund balance reserve has also been established for this amount.

Q. Reservations of Fund Balance

Reserves indicate that a portion of fund balance is not available for expenditure or is legally segregated for a specific future use. Fund balances are reserved for debt service, prepaid items, endowments, property taxes, maintenance and renovation and encumbered amounts which have not been accrued at year end. The reserve for property taxes represents taxes recognized as revenue under generally accepted accounting principles, but not available for appropriation under State statute.

R. Estimates

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

S. 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 and tuition and fees for uniform school supplies. 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.

LAKWOOD LOCAL SCHOOL DISTRICT

Notes to the Basic Financial Statements For the Fiscal Year Ended June 30, 2004

NOTE 2 – 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 assets 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	\$478,969
Depreciation Expense	<u>(936,614)</u>
	(\$457,645)

Governmental revenues not reported in the funds:

Increase in Investment Earnings	\$26,055
Increase in Delinquent Tax Revenue	360,307
Decrease in Grants Receivable	<u>(6,992)</u>
	\$379,370

Net amount of long-term debt issuance and bond and lease principal payments:

Bond Principal Payment	\$390,000
Long-term Note Principal Payment	127,665
EPA Loan Principal Payment	7,514
Capital Lease Payment	174,006
Capital Lease Proceeds	<u>(241,013)</u>
	\$458,172

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LAKEWOOD LOCAL SCHOOL DISTRICT

Notes to the Basic Financial Statements For the Fiscal Year Ended June 30, 2004

NOTE 3 - CASH AND CASH EQUIVALENTS

Cash resources of several individual funds are combined to form a pool of cash, cash equivalents and investments.

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;
- 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).

LAKEWOOD LOCAL SCHOOL DISTRICT

Notes to the Basic Financial Statements For the Fiscal Year Ended June 30, 2004

NOTE 3 - CASH AND CASH EQUIVALENTS (Continued)

Ohio Law requires that deposits be placed in eligible banks or savings and loan associations located in Ohio. Any public depository in which the District places deposits must pledge as collateral eligible securities of aggregate market value equal to the excess of deposits not insured by the Federal Deposit Insurance Corporation (FDIC). The securities pledged as collateral are pledged to a pool for each individual financial institution in amounts equal to at least 105% of the carrying value of all public deposits held by each institution. Obligations that may be pledged as collateral are limited to obligations of the United States and its agencies and obligations of any state, county, municipal corporation or other legally constituted authority of any other state, or any instrumentality of such county, municipal corporation or other authority. Based upon criteria described in GASB Statement No. 3, “*Deposits With Financial Institutions, Investments (including Repurchase Agreements) and Reverse Repurchase Agreements*,” collateral held in single financial institution collateral pools with securities being held by the pledging financial institutions’ agent in the pool’s name are classified as Category 3.

The Governmental Accounting Standards Board has established risk categories for deposits and investments as follows:

Deposits:

- Category 1 Insured or collateralized with securities held by the District or by its agent in the District’s name.
- Category 2 Collateralized with securities held by the pledging financial institution’s trust department or agent, in the District’s name.
- Category 3 Collateralized with securities held by the pledging financial institution’s trust department or agent, but not in the District’s name.

Investments:

- Category 1 Insured or registered, or securities held by the District or its agent in the District’s name.
- Category 2 Uninsured and unregistered, with securities held by the counterparty’s trust department or agent in the District’s name.
- Category 3 Uninsured and unregistered, with securities held by the counterparty or by its trust department or agent but not in the District’s name.

A. Deposits

At year end the carrying amount of the District’s deposits was \$1,235,236 and the bank balance was \$1,649,822. Federal depository insurance covered \$100,000 of the bank balance and all remaining deposits were classified as Category 3.

Investment earnings of \$6,041 earned by other funds was credited to the General Fund as required by state statute.

LAKEWOOD LOCAL SCHOOL DISTRICT

**Notes to the Basic Financial Statements
For the Fiscal Year Ended June 30, 2004**

NOTE 3 - CASH AND CASH EQUIVALENTS (Continued)

B. Investments

The District's investments at June 30, 2004 were as follows:

	<u>Category 2</u>	<u>Category 3</u>	<u>Fair Value</u>
Categorized Investments			
Repurchase Agreements	\$0	\$202,025	\$202,025
United States Agency Securities	593,244	0	593,244
Noncategorized Investments			
STAR Ohio	N/A	N/A	361,219
Total Investments	<u>\$593,244</u>	<u>\$202,025</u>	<u>\$1,156,488</u>

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	\$548,480	\$1,843,244
Certificates of Deposit (with maturities of more than 3 months)	1,250,000	(1,250,000)
Repurchase Agreements	(202,025)	202,025
STAR Ohio	<u>(361,219)</u>	<u>361,219</u>
Per GASB Statement No. 3	<u>\$1,235,236</u>	<u>\$1,156,488</u>

NOTE 4 - PROPERTY TAXES

Property taxes include amounts levied against all real estate and public utility property, and tangible personal property used in business and located in the District. Real property taxes (other than public utility) collected during 2004 were levied after October 1, 2003 on assessed values as of January 1, 2003, the lien date. Assessed values are established by the County Auditor at 35 percent of appraised market value. All property is required to be reappraised every six years and equalization adjustments made the third year following reappraisal. The last revaluation was completed in 1999. Real property taxes are payable annually or semi-annually. The first payment is due December 31, with the remainder payable by June 20.

LAKEWOOD LOCAL SCHOOL DISTRICT

Notes to the Basic Financial Statements For the Fiscal Year Ended June 30, 2004

NOTE 4 - PROPERTY TAXES (Continued)

Taxes collected from tangible personal property (other than public utility) in one calendar year are levied in the prior calendar year on assessed values during and at the close of the most recent fiscal year of the taxpayer, and at the tax rates determined in the preceding year. Tangible personal property used in business (except for public utilities) is currently assessed for ad valorem taxation purposes at 25 percent of its true value. Amounts paid by multi-county taxpayers are due September 20 of the year assessed. Single county taxpayers may pay annually or semi-annually, the first payment is due April 30; with the remainder payable by September 20.

Public utility real and tangible personal property taxes collected in one calendar year are levied in the preceding calendar year on assessed values determined as of December 31 of the second year preceding the tax collection year, the lien date. Certain public utility tangible personal property is currently assessed at 100 percent of its true value. Public utility property taxes are payable on the same dates as real property described previously.

The County Treasurer collects property taxes on behalf of all taxing districts in the County including Lakewood Local School District. The County Auditor periodically remits to the District its portion of the taxes collected. The assessed values upon which the fiscal year 2004 receipts were based are:

	2003 Second Half Collections	2004 First Half Collections
Agricultural/Residential and Other Real Estate	\$266,259,000	\$271,896,120
Public Utility Personal	15,193,360	14,922,410
Tangible Personal Property	73,486,690	66,723,600
Total Assessed Value	\$354,939,050	\$353,542,130
Tax rate per \$1,000 of assessed valuation	\$41.75	\$47.55

NOTE 5 - RECEIVABLES

Receivables at June 30, 2004 consisted of taxes, accounts, interest receivable and intergovernmental receivables.

NOTE 6 - TRANSFERS

Following is a summary of transfers in and out for all funds at June 30, 2004:

Fund	Transfer In	Transfer Out
Nonmajor Governmental Funds	\$107	\$107
Total All Funds	\$107	\$107

LAKWOOD LOCAL SCHOOL DISTRICT

**Notes to the Basic Financial Statements
For the Fiscal Year Ended June 30, 2004**

NOTE 7 - INTERFUND BALANCES

Following is a summary of interfund receivables/payables for all funds at June 30, 2004:

Fund	Interfund Loans Receivable	Interfund Loans Payable
General Fund	\$5,405	\$0
Nonmajor Governmental Funds	0	5,405
Totals	<u>\$5,405</u>	<u>\$5,405</u>

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

NOTE 8 - CAPITAL ASSETS

A. Governmental Activities Capital Assets

Summary by category of changes in governmental activities capital assets at June 30, 2004:

<i>Historical Cost:</i>				
Class	June 30, 2003	Additions	Deletions	June 30, 2004
<i>Capital Assets not being depreciated:</i>				
Land	\$275,555	\$0	\$0	\$275,555
<i>Capital Assets being depreciated:</i>				
Land Improvements	722,383	87,954	0	810,337
Buildings and Improvements	20,729,778	0	0	20,729,778
Furniture, Fixtures and Equipment	3,588,721	363,624	(254,160)	3,698,185
Vehicles	1,685,684	27,391	(49,498)	1,663,577
Total Cost	<u>\$27,002,121</u>	<u>\$478,969</u>	<u>(\$303,658)</u>	<u>\$27,177,432</u>
<i>Accumulated Depreciation:</i>				
Class	June 30, 2003	Additions	Deletions	June 30, 2004
Land Improvements	(\$391,825)	(\$40,740)	\$0	(\$432,565)
Buildings and Improvements	(5,154,023)	(514,620)	0	(5,668,643)
Furniture, Fixtures and Equipment	(1,742,434)	(291,858)	116,321	(1,917,971)
Vehicles	(1,295,615)	(89,396)	21,816	(1,363,195)
Total Depreciation	<u>(\$8,583,897)</u>	<u>(\$936,614) *</u>	<u>\$138,137</u>	<u>(\$9,382,374)</u>
<i>Net Value:</i>	<u>\$18,418,224</u>			<u>\$17,795,058</u>

LAKEWOOD LOCAL SCHOOL DISTRICT

**Notes to the Basic Financial Statements
For the Fiscal Year Ended June 30, 2004**

NOTE 8 - CAPITAL ASSETS (Continued)

* Depreciation expenses were charged to governmental functions as follows:

Instruction	\$537,552
Support Services:	
Instructional Staff	31,876
Administration	53,261
Operations & Maintenance of Plant	45,729
Pupil Transportation	91,317
Extracurricular Activities	134,260
Other Noninstructional Services	42,619
Total Depreciation Expense	\$936,614

B. Business-Type Activities Capital Assets

Summary by Category at June 30, 2004:

Historical Cost:

Class	June 30, 2003	Additions	Deletions	June 30, 2004
Furniture and Equipment	\$312,246	\$2,917	(\$1,330)	\$313,833
Total Cost	\$312,246	\$2,917	(\$1,330)	\$313,833

Accumulated Depreciation:

Class	June 30, 2003	Additions	Deletions	June 30, 2004
Furniture and Equipment	(\$191,460)	(\$13,569)	\$1,330	(\$203,699)
Total Depreciation	(\$191,460)	(\$13,569)	\$1,330	(\$203,699)

<i>Net Value:</i>	\$120,786	(\$10,652)	\$0	\$110,134
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NOTE 9 - DEFINED BENEFIT PENSION PLANS

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

A. School Employees Retirement System of Ohio (SERS of Ohio)

All non-certified employees of the District, with minor exceptions, performing duties that do not require a certificate issued by the Ohio Department of Education are eligible to participate in the School Employees Retirement System of Ohio, a cost-sharing, multiple-employer public employee retirement system.

LAKEWOOD LOCAL SCHOOL DISTRICT

Notes to the Basic Financial Statements For the Fiscal Year Ended June 30, 2004

NOTE 9 - DEFINED BENEFIT PENSION PLANS (Continued)

A. School Employees Retirement System of Ohio (SERS of Ohio) (Continued)

The SERS of Ohio provides retirement and disability benefits, annual cost-of-living adjustments and survivor benefits to plan members and beneficiaries. Authority to establish and amend benefits is provided by state statute per Chapter 3309 of the Ohio Revised Code. The SERS of Ohio issues a stand-alone financial report that includes financial statements and required supplementary information for the SERS of Ohio. Interested parties may obtain a copy by making a written request to SERS, 300 East Broad Street, Suite 100, Columbus, Ohio 43215-3746 or by calling (614) 222-5853.

The Ohio Revised Code provides statutory authority for District and employee contributions of 14% and 9% respectively. The contribution rates are determined actuarially, and are established and may be amended, up to statutory amounts, by the School Employees Retirement Board (Retirement Board) within the rates allowed by State statute. The required employer contribution rate is allocated to basic retirement benefits and health care by the Retirement Board. At June 30, 2003, (latest information available) 8.17% was allocated to fund the pension benefit and 5.83% to fund health care. The District's contributions to the SERS of Ohio for the years ending June 30, 2004, 2003, and 2002 were \$297,456, \$298,980, and \$291,768, respectively, which were equal to the required contributions for each year.

The Ohio Revised Code gives SERS the discretionary authority to provide postretirement health care to retirees and their dependents. Coverage is made available to service retirees with ten or more years of qualifying service credit, disability and survivor benefit recipients. Members retiring on or after August 1, 1989 with less than twenty-five years of service credit must pay a portion of their premium for health care. The portion is based on years of service up to a maximum of 75% of the premium. The portion of the 2003 employer contribution rate (latest information available) that was used to fund health care for the year 2003 was 5.83%. In addition, SERS levies a surcharge to fund health care benefits equal to 14% of the difference between minimum pay and the member's pay, prorated for partial service credit. For fiscal year 2004, the minimum pay has been established as \$25,400. The amount contributed to fund health care benefits, including the surcharge amounted to \$164,618.

Health care benefits are financed on a pay-as-you-go basis. The number of retirees and covered dependents currently receiving benefits is approximately 50,000. The target level for the health care reserve is 150% of annual health care expenses. Expenses for health care at June 30, 2003 (the latest information available) were \$204,930,737 and the target level was \$307.4 million. Net assets available for payment of benefits at June 30, 2003 was \$303.6 million.

B. State Teachers Retirement System of Ohio (STRS of Ohio)

All certified employees of the District are eligible to participate in the State Teachers Retirement System of Ohio, a cost-sharing, multiple-employer public employee retirement system.

LAKEWOOD LOCAL SCHOOL DISTRICT

Notes to the Basic Financial Statements For the Fiscal Year Ended June 30, 2004

NOTE 9 - DEFINED BENEFIT PENSION PLANS (Continued)

B. State Teachers Retirement System of Ohio (STRS of Ohio) (Continued)

The STRS of Ohio provides retirement and disability benefits, annual cost-of-living adjustments and survivor benefits based on eligible service credit to plan members and beneficiaries. Benefits are established by Chapter 3307 of the Ohio Revised Code. The STRS of Ohio issues a stand-alone financial report that includes financial statements and required supplementary information for the STRS of Ohio. Interested parties may obtain a copy by making a written request to STRS Ohio, 275 East Broad Street, Columbus, Ohio 43215-3371 or by calling (614) 227-4090.

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

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

The Ohio Revised Code provides statutory authority for District and employee contributions of 14% and 10%, respectively. The contribution requirements of plan members and the District are established and may be amended by the State Teachers Retirement Board, upon recommendation of its consulting actuary, not to exceed statutory maximum rates of 10% for members and 14% for employers. At June 30, 2003, (latest information available) 13% was allocated to fund the pension benefit and 1% to fund health care. The District's contributions to the STRS of Ohio for the years ending June 30, 2004, 2003, and 2002 were \$1,224,936, \$1,152,348, and \$1,026,156, respectively, which were equal to the required contributions for each year.

STRS provides postemployment health care benefits to retirees and their dependents. Coverage includes hospitalization, physician fees, prescription drugs and partial reimbursement of monthly Medicare Part B premiums. All benefit recipients and sponsored dependents are eligible for health care coverage. Pursuant to the Revised Code, the State Teachers Retirement Board has discretionary authority over how much, if any, of the health care cost will be absorbed by STRS. Most benefit recipients pay a portion of the health care cost in the form of a monthly premium.

LAKEWOOD LOCAL SCHOOL DISTRICT

Notes to the Basic Financial Statements For the Fiscal Year Ended June 30, 2004

NOTE 9 - DEFINED BENEFIT PENSION PLANS (Continued)

B. State Teachers Retirement System of Ohio (STRS of Ohio) (Continued)

Benefits are funded on a pay-as-you-go basis through an allocation of employer contributions to a Health Care Reserve Fund. For the fiscal year ended June 30, 2003, (latest information available) the board allocated employer contributions are equal to 1% of covered payroll to the Health Care Reserve Fund, which amounted to \$87,495 for the District. The balance of the Health Care Reserve Fund was \$2.8 billion at June 30, 2003 (the latest information available). For the fiscal year ended June 30, 2003, the net health care costs paid by STRS were \$352,301,000. There were 108,294 eligible benefit recipients.

NOTE 10 - 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 year ended June 30, 2004 are as follows:

		Balance June 30, 2003	Issued	(Retired)	Balance June 30, 2004	Due Within One Year
Governmental Activities:						
(Long-Term Notes Payable)						
Energy Conservation Project	5.15%	\$115,000	\$0	(\$55,000)	\$60,000	\$60,000
Energy Conservation Project	5.50%	726,650	0	(72,665)	653,985	72,665
Total Long-Term Notes Payable		841,650	0	(127,665)	713,985	132,665
(EPA Loan Payable)						
Asbestos Federal EPA Loan	0.00%	26,300	0	(7,514)	18,786	7,514
(General Obligation Bonds Payable)						
School Improvement Bonds 1999a	3.0-5.0%	5,102,000	0	(140,000)	4,962,000	145,000
School Improvement Bonds 1999b	3.15-5.0%	9,114,870	0	(250,000)	8,864,870	255,000
Total General Obligation Bonds Payable		14,216,870	0	(390,000)	13,826,870	400,000
Capital Leases Payable		210,294	241,013	(174,006)	277,301	74,315
Compensated Absences		631,931	333,065	(293,048)	671,948	95,625
Total Governmental Activities		15,927,045	574,078	(992,233)	15,508,890	710,119
Business-Type Activities:						
Compensated Absences		14,827	2,762	(5,555)	12,034	0
Total Long Term Liabilities		\$15,941,872	\$576,840	(\$997,788)	\$15,520,924	\$710,119

The original amounts of the Long-Term Notes Payable of \$461,500 and \$726,650 were used to finance the cost of acquiring and installing energy conservation measures. The original amount of the Asbestos Loan was \$135,259. The original amounts of the General Obligation Bonds Payable of \$5,642,000 and \$9,949,870 were used to finance the cost of building a new high school facility.

LAKEWOOD LOCAL SCHOOL DISTRICT

**Notes to the Basic Financial Statements
For the Fiscal Year Ended June 30, 2004**

NOTE 10- 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, 2004, follows:

Years	<u>Long-Term Notes Payable</u>		<u>EPA Loan Payable</u>		<u>General Obligation Bonds Payable</u>	
	<u>Principal</u>	<u>Interest</u>	<u>Principal</u>	<u>Interest</u>	<u>Principal</u>	<u>Interest</u>
2005	\$132,665	\$36,071	\$7,514	\$0	\$400,000	\$633,705
2006	72,665	30,374	7,515	0	415,000	617,605
2007	72,665	26,322	3,757	0	153,120	609,305
2008	72,665	22,270	0	0	133,750	609,305
2009	72,665	18,273	0	0	435,000	600,170
2010-2014	290,660	32,360	0	0	2,470,000	2,695,270
2015-2019	0	0	0	0	3,075,000	2,061,340
2020-2024	0	0	0	0	3,905,000	1,217,160
2025-2028	0	0	0	0	2,840,000	217,750
Totals	<u>\$713,985</u>	<u>\$165,670</u>	<u>\$18,786</u>	<u>\$0</u>	<u>\$13,826,870</u>	<u>\$9,261,610</u>

NOTE 11 - CAPITAL LEASE COMMITMENTS

The District leases copiers and band instruments under capital leases. The cost of the equipment obtained under capital leases is \$372,640, which is included in the General 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, 2004:

<u>Year Ending June 30,</u>	<u>Capital Lease</u>
2005	\$112,913
2006	112,954
2007	76,637
2008	76,637
2009	14,053
Minimum Lease Payments	393,194
Less: Amount representing interest at the District's incremental borrowing rate of interest	(115,893)
Present Value of minimum lease payments	<u>\$277,301</u>

LAKEWOOD LOCAL SCHOOL DISTRICT

Notes to the Basic Financial Statements For the Fiscal Year Ended June 30, 2004

NOTE 12 - 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; and natural disasters. During fiscal year 2004 the District contracted for various insurance coverages, as follows:

<u>Company</u>	<u>Coverages</u>	<u>Deductible</u>	<u>Coverage Amount</u>
Selective Insurance Company	Commercial Property	\$5,000	\$50,847,205
Selective Insurance Company	Inland Marine	\$1,000	10,000
Selective Insurance Company	Automobile Liability	\$500-Comprehensive \$500-Collision	2,000,000
Selective Insurance Company	General Liability		
	Per occurrence		2,000,000
	General Aggregate	\$1,000	4,000,000
National Union Fire Insurance	School Leaders Errors and Omissions	\$10,000	\$1,000,000

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

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

LAKWOOD LOCAL SCHOOL DISTRICT

Notes to the Basic Financial Statements For the Fiscal Year Ended June 30, 2004

NOTE 13 - INSURANCE PURCHASING POOL

Ohio Association of School Business Officials Workers' Compensation Group Rating Program – The District participates in the Ohio Association of School Business Officials Workers' Compensation Group Rating Program (GRP), an insurance purchasing pool. The executive Director of the OASBO, or his designee, serves as coordinator of the program. Each year, the participating school districts pay an enrollment fee to the GRP to cover the costs of administering the program.

NOTE 14 - JOINTLY GOVERNED ORGANIZATIONS

A. Licking Area Computer Association

The District is a participant in the Licking Area Computer Association (LACA) which is a computer consortium. LACA is an association of public school districts within the boundaries of Licking and Muskingum Counties. 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 thirteen members made up of the thirteen 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 fixed assets. The District paid LACA \$48,214 for services provided during the year. Financial information can be obtained from their fiscal agent, the Licking County Joint Vocational School, Cory Thompson, who serves as Treasurer, at 150 Price Road, Newark, Ohio 43055.

B. Metropolitan Education Council

The District participates in the Metropolitan Education Council (MEC), a jointly governed organization. The organization is composed of over 135 members, which includes school districts, joint vocational school, educational service centers and libraries covering 24 counties in Central Ohio. MEC helps its members purchase services, insurance, supplies, and other items at a discounted rate. The governing board of MEC is composed of either the superintendent, a designated representative or a member of the board of education for each participating school district in Franklin County (18 school districts), and one representative from each county. Each year, the participating school districts pay a membership fee to MEC to cover the costs of administering the program. The District's membership payment to MEC for fiscal year 2004 was \$862. Financial information may be obtained from the Metropolitan Educational Council, Denise Music, who serves as fiscal officer, at 6100 Channingway Blvd., Suite 604, Columbus, OH 43232.

LAKEWOOD LOCAL SCHOOL DISTRICT

***Notes to the Basic Financial Statements
For the Fiscal Year Ended June 30, 2004***

NOTE 14 - JOINTLY GOVERNED ORGANIZATIONS (Continued)

C. Central Ohio Special Education Regional Resource Center

The Central Ohio Special Education Regional Resource Center (COSERRC) is a jointly governed organization operated by a Governing Board that is composed of superintendents of member school districts in Central Ohio (which comprise sixty percent of the Board), two parents of children with disabilities, one representative of a chartered nonpublic school, one representative of a county board of Mental Retardation and Developmental Disabilities, representatives of universities, and student and persons with disabilities representations. The District participates in the following services of COSERRC: Identification and Program Development Project, Regional Educational Assessment Programming Project, Instructional Resource Center Project, Early Childhood Services Project, and the Ohio Resource Center for Low Incidence and Severely Handicapped Project. These services are to assist the District in complying with mandates of Public Law 99-457 for educating children with disabilities. There is no financial commitment made by the districts involved in COSERRC. COSERRC is not dependent upon the continued participation of the District and the District does not maintain an equity interest in or financial responsibility for COSERRC. The District made no contributions to COSERRC during fiscal year 2004.

NOTE 15 – STATUTORY RESERVES

The District is required by state law to set aside certain general fund revenue amounts for textbook and capital acquisition into various reserves. During the fiscal year ended June 30, 2004, the reserve activity (cash-basis) was as follows:

	Textbook Reserve	Capital Acquisition Reserve	Total
Set-aside Cash Balance as of June 30, 2003	\$0	\$0	\$0
Current Year Set-Aside Requirement	310,473	310,473	620,946
Qualifying Disbursements	(478,668)	(346,399)	(825,067)
Total	(\$168,195)	(\$35,926)	(\$204,121)
Cash Balance Carried Forward to FY 2005	\$0	\$0	\$0
Board Set Aside Maintenance and Renovation Account			204,164
Total Restricted Assets			\$204,164

Actual capital expenditures in excess of current year or accumulated set-aside requirements from the capital acquisition reserve may be carried forward to offset future years' capital acquisition reserve set-aside requirements. Actual cash balances in excess of required set-asides may also be carried forward to offset future years' set-aside requirements.

LAKWOOD LOCAL SCHOOL DISTRICT

Notes to the Basic Financial Statements For the Fiscal Year Ended June 30, 2004

NOTE 16 - CONTINGENCIES

A. Grants

The District receives financial assistance from federal and state 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 of the general fund or other applicable funds. However, in the opinion of management, any such disallowed claims will not have a material adverse effect on the overall financial position of the District at June 30, 2004.

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, 2004.

C. State School Funding

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

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

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

LAKWOOD LOCAL SCHOOL DISTRICT



LAKWOOD LOCAL SCHOOL DISTRICT

COMBINING AND **I**NDIVIDUAL **F**UND
STATEMENTS AND **S**CHEDULES

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.

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, cheerleaders and other similar types of activities.

Auxiliary Services Fund

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

Career Development Fund

To account for funds from monies received and expended in conjunction with vocational education career development projects.

Management Information System Fund

To account for costs related to hardware and software development or other costs associated with the requirements of the management information system.

Disadvantaged Pupil Impact Aid Fund

To account for monies received for the disadvantaged pupil impact aid. (The Balance Sheet is not presented because there are no assets or liabilities at year end.)

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 year end.)

SchoolNet Professional Development Fund

To account for funds from State grants to provide professional development for staff in technology.

OhioReads Fund

To account for grant monies to be used for improving reading outcomes, especially on the fourth grade reading proficiency test and for operating expenditures associated with administering the program. (The Balance Sheet is not presented because there are no assets or liabilities at year end.)

(Continued)

LAKEWOOD LOCAL SCHOOL DISTRICT

Special Revenue Funds

Student Reading Intervention Fund

To account for student intervention services satisfying criteria defined in division (E) of section 3313.608 of the Ohio Revised Code.

Miscellaneous State Grants Fund

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

Title VI-B 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.

Title V Fund

To account for federal revenues which assist in the reform of elementary and secondary education. Funds can be used for various materials, technology and projects implementing school improvement and parental involvement.

Drug Free School Grant Fund

To account for federal revenue funds to be used for drug abuse prevention, early intervention, rehabilitation referral and education.

Telecommunications Act Grant Fund

To account for revenues paid to the district for telecommunication services.

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.

Miscellaneous Federal Grants Fund

To account for various revenues received through state agencies from the federal government or directly from the federal government which are not classified elsewhere.

Capital Projects Funds

The Capital Projects Funds are 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 Acquisition and Construction Fund

This fund is used to account for financial resources to be used for the acquisition or construction of major capital facilities (other than that financed by proprietary funds). (The Balance Sheet is not presented because there are no assets or liabilities at year end.)

LAKEWOOD LOCAL SCHOOL DISTRICT

Combining Balance Sheet
Nonmajor Governmental Funds
June 30, 2004

	Special Revenue				
	Public School Support	Other Grant	Student Activity	Auxiliary Services	Career Development
Assets:					
Cash and Cash Equivalents	\$ 32,765	\$ 6,854	\$ 66,944	\$ 2,534	\$ 498
Cash and Cash Equivalents in Segregated Accounts	0	0	445	0	0
Receivables:					
Accounts	204	0	1,000	0	0
Intergovernmental	0	0	0	0	0
Prepaid Items	0	0	0	0	0
Restricted Assets:					
Total Assets	\$ 32,969	\$ 6,854	\$ 68,389	\$ 2,534	\$ 498
Liabilities:					
Accounts Payable	\$ 150	\$ 0	\$ 820	\$ 0	\$ 0
Accrued Wages and Benefits	0	0	0	0	0
Intergovernmental Payable	0	0	0	0	0
Interfund Loans Payable	0	0	0	0	0
Total Liabilities	150	0	820	0	0
Fund Balances:					
Reserved for Encumbrances	4,132	0	2,591	0	0
Reserved for Prepaid Items	0	0	0	0	0
Unreserved, Undesignated in:					
Special Revenue Funds (Deficit)	28,687	6,854	64,978	2,534	498
Total Fund Balances	32,819	6,854	67,569	2,534	498
Total Liabilities and Funds Balances	\$ 32,969	\$ 6,854	\$ 68,389	\$ 2,534	\$ 498

LAKEWOOD LOCAL SCHOOL DISTRICT

Special Revenue

Management Information System	SchoolNet Professional Development	Student Reading Intervention	Title VI-B	Title I	Title V
\$ 825	\$ 1,486	\$ 0	\$ 23,622	\$ 11,524	\$ 472
0	0	0	0	0	0
0	0	0	0	0	0
0	0	11,300	5,395	28,689	792
0	0	0	2,386	2,470	0
<u>\$ 825</u>	<u>\$ 1,486</u>	<u>\$ 11,300</u>	<u>\$ 31,403</u>	<u>\$ 42,683</u>	<u>\$ 1,264</u>
\$ 0	\$ 0	\$ 335	\$ 166	\$ 0	\$ 0
4	0	0	24,436	42,646	0
10	0	80	5,836	0	49
0	0	5,405	0	0	0
<u>14</u>	<u>0</u>	<u>5,820</u>	<u>30,438</u>	<u>42,646</u>	<u>49</u>
0	0	3,639	128	0	0
0	0	0	2,386	2,470	0
811	1,486	1,841	(1,549)	(2,433)	1,215
<u>811</u>	<u>1,486</u>	<u>5,480</u>	<u>965</u>	<u>37</u>	<u>1,215</u>
<u>\$ 825</u>	<u>\$ 1,486</u>	<u>\$ 11,300</u>	<u>\$ 31,403</u>	<u>\$ 42,683</u>	<u>\$ 1,264</u>

(Continued)

LAKEWOOD LOCAL SCHOOL DISTRICT

**Combining Balance Sheet
Nonmajor Governmental Funds
June 30, 2004**

	Special Revenue				Total Nonmajor Governmental Funds
	Drug Free School Grant	Telecom- munication Act Grant	Title II-A	Miscellaneous Federal Grants	
Assets:					
Cash and Cash Equivalents	\$ 916	\$ 7,876	\$ 2,290	\$ 6,152	\$ 164,758
Cash and Cash Equivalents in Segregated Accounts	0	0	0	0	445
Receivables:					
Accounts	0	9,983	0	0	11,187
Intergovernmental	0	0	11,444	29,331	86,951
Prepaid Items	0	0	540	0	5,396
Restricted Assets:					
Total Assets	\$ 916	\$ 17,859	\$ 14,274	\$ 35,483	\$ 268,737
Liabilities:					
Accounts Payable	\$ 0	\$ 351	\$ 0	\$ 611	\$ 2,433
Accrued Wages and Benefits	0	0	12,393	0	79,479
Intergovernmental Payable	0	0	1,881	51	7,907
Interfund Loans Payable	0	0	0	0	5,405
Total Liabilities	0	351	14,274	662	95,224
Fund Balances:					
Reserved for Encumbrances	749	290	0	360	11,889
Reserved for Prepaid Items	0	0	540	0	5,396
Unreserved, Undesignated in:					
Special Revenue Funds (Deficit)	167	17,218	(540)	34,461	156,228
Total Fund Balances	916	17,508	0	34,821	173,513
Total Liabilities and Funds Balances	\$ 916	\$ 17,859	\$ 14,274	\$ 35,483	\$ 268,737



LAKEWOOD LOCAL SCHOOL DISTRICT

**Combining Statement of Revenues, Expenditures and Changes in Fund Balance
Nonmajor Governmental Funds
For the Fiscal Year Ended June 30, 2004**

	Special Revenue			
	Public School Support	Other Grants	Student Activity	Auxiliary Services
Revenues:				
Local Sources:				
Extracurricular Activities	\$ 43,672	\$ 0	\$ 98,094	\$ 0
Intermediate Sources	0	24,000	0	0
Intergovernmental - State	0	0	0	28,766
Intergovernmental - Federal	0	0	0	0
All Other Revenue	295	0	11,763	0
Total Revenue	43,967	24,000	109,857	28,766
Expenditures:				
Current:				
Instruction	0	6,940	0	0
Supporting Services:				
Pupils	0	0	0	0
Instructional Staff	0	12,237	0	0
Administration	0	0	0	0
Fiscal Services	0	0	0	1,151
Operation and Maintenance of Plant	0	0	0	0
Central	0	0	0	0
Operation of Non-Instructional Services	0	0	0	32,527
Extracurricular Activities	41,652	0	111,805	0
Total Expenditures	41,652	19,177	111,805	33,678
Excess (Deficiency) of Revenues Over Expenditures	2,315	4,823	(1,948)	(4,912)
Other Financing Sources (Uses):				
Transfers In	107	0	0	0
Transfers Out	0	0	(107)	0
Total Other Financing Sources (Uses)	107	0	(107)	0
Net Change in Fund Balance	2,422	4,823	(2,055)	(4,912)
Fund Balances at Beginning of Year	30,397	2,031	69,624	7,446
Fund Balances End of Year	\$ 32,819	\$ 6,854	\$ 67,569	\$ 2,534

LAKWOOD LOCAL SCHOOL DISTRICT

Special Revenue

Career Development	Management Information System	Disadvantaged Pupil Impact Aid	Data Communications	SchoolNet Professional Development	OhioReads	Student Reading Intervention
\$ 0	\$ 0	\$ 0	\$ 0	\$ 0	\$ 0	\$ 0
0	0	0	0	0	0	0
0	8,403	32,771	15,000	4,140	25,000	43,130
0	0	0	0	0	0	0
0	0	0	0	0	0	0
<u>0</u>	<u>8,403</u>	<u>32,771</u>	<u>15,000</u>	<u>4,140</u>	<u>25,000</u>	<u>43,130</u>
0	0	0	0	0	26,441	37,650
133	0	32,771	0	0	0	0
0	0	0	0	4,601	0	0
0	0	0	0	0	0	0
0	0	0	0	0	0	0
0	15,875	0	15,000	0	0	0
0	0	0	0	0	0	0
0	0	0	0	0	0	0
<u>133</u>	<u>15,875</u>	<u>32,771</u>	<u>15,000</u>	<u>4,601</u>	<u>26,441</u>	<u>37,650</u>
(133)	(7,472)	0	0	(461)	(1,441)	5,480
0	0	0	0	0	0	0
0	0	0	0	0	0	0
0	0	0	0	0	0	0
<u>(133)</u>	<u>(7,472)</u>	<u>0</u>	<u>0</u>	<u>(461)</u>	<u>(1,441)</u>	<u>5,480</u>
631	8,283	0	0	1,947	1,441	0
<u>\$ 498</u>	<u>\$ 811</u>	<u>\$ 0</u>	<u>\$ 0</u>	<u>\$ 1,486</u>	<u>\$ 0</u>	<u>\$ 5,480</u>

(Continued)

LAKEWOOD LOCAL SCHOOL DISTRICT

Combining Statement of Revenues, Expenditures and Changes in Fund Balance Nonmajor Governmental Funds For the Fiscal Year Ended June 30, 2004

	Special Revenue			
	Miscellaneous State Grants	Title VI-B	Title I	Title V
Revenues:				
Local Sources:				
Extracurricular Activities	\$ 0	\$ 0	\$ 0	\$ 0
Intermediate Sources	0	0	0	0
Intergovernmental - State	2,177	0	0	0
Intergovernmental - Federal	0	279,340	399,290	13,200
All Other Revenue	0	0	0	0
Total Revenue	2,177	279,340	399,290	13,200
Expenditures:				
Current:				
Instruction	0	186,926	364,253	0
Supporting Services:				
Pupils	0	1,354	0	13,477
Instructional Staff	9,951	0	82,071	0
Administration	2,178	90,095	0	0
Fiscal Services	340	0	1,136	0
Operation and Maintenance of Plant	0	0	0	0
Central	0	0	0	0
Operation of Non-Instructional Services	0	0	0	0
Extracurricular Activities	0	0	0	0
Total Expenditures	12,469	278,375	447,460	13,477
Excess (Deficiency) of Revenues Over Expenditures	(10,292)	965	(48,170)	(277)
Other Financing Sources (Uses):				
Transfers In	0	0	0	0
Transfers Out	0	0	0	0
Total Other Financing Sources (Uses)	0	0	0	0
Net Change in Fund Balance	(10,292)	965	(48,170)	(277)
Fund Balances at Beginning of Year	10,292	0	48,207	1,492
Fund Balances End of Year	\$ 0	\$ 965	\$ 37	\$ 1,215

LAKWOOD LOCAL SCHOOL DISTRICT

Special Revenue				Capital Projects		
Drug Free School Grant	Telecom- munication Act Grant	Title II-A	Miscellaneous Federal Grants	Total Nonmajor Special Revenue Funds	Building Acquisition and Construction	Total Nonmajor Governmental Funds
\$ 0	\$ 0	\$ 0	\$ 0	\$ 141,766	\$ 0	\$ 141,766
0	0	0	0	24,000	0	24,000
0	0	0	0	159,387	0	159,387
13,677	0	113,870	62,533	881,910	0	881,910
0	29,883	0	0	41,941	0	41,941
13,677	29,883	113,870	62,533	1,249,004	0	1,249,004
570	0	115,280	38,450	776,510	0	776,510
16,109	0	0	17,861	81,705	0	81,705
0	0	5,302	2,057	116,219	0	116,219
0	0	0	13,720	105,993	0	105,993
0	0	0	0	2,627	0	2,627
0	18,148	0	1,710	19,858	23,131	42,989
0	6,181	0	0	37,056	0	37,056
0	0	0	0	32,527	0	32,527
0	0	0	0	153,457	0	153,457
16,679	24,329	120,582	73,798	1,325,952	23,131	1,349,083
(3,002)	5,554	(6,712)	(11,265)	(76,948)	(23,131)	(100,079)
0	0	0	0	107	0	107
0	0	0	0	(107)	0	(107)
0	0	0	0	0	0	0
(3,002)	5,554	(6,712)	(11,265)	(76,948)	(23,131)	(100,079)
3,918	11,954	6,712	46,086	250,461	23,131	273,592
\$ 916	\$ 17,508	\$ 0	\$ 34,821	\$ 173,513	\$ 0	\$ 173,513

LAKEWOOD 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, 2004***

	Original Budget	Final Budget	Actual	Variance with Final Budget Positive (Negative)
Revenues:				
Local Sources:				
Taxes	\$ 9,167,831	\$ 9,001,426	\$ 9,001,428	\$ 2
Tuition	275,050	262,889	262,400	(489)
Investment Earnings	85,000	38,000	37,178	(822)
Extracurricular Activities	0	0	0	0
Class Material and Fees	12,775	11,025	11,692	667
Intermediate Sources	0	5,000	5,000	0
Intergovernmental - State	5,208,077	5,713,890	5,821,563	107,673
All Other Revenues	209,120	194,572	203,239	8,667
Total Revenues	<u>14,957,853</u>	<u>15,226,802</u>	<u>15,342,500</u>	<u>115,698</u>
Expenditures:				
Instructional Services:				
Regular:				
Salaries and Wages	5,662,245	5,679,505	5,638,057	41,448
Fringe Benefits	1,539,505	1,627,370	1,549,554	77,816
Purchased Services	619,020	634,548	587,655	46,893
Supplies and Materials	223,962	246,196	237,351	8,845
Other Expenditures	16,166	16,167	16,167	0
Capital Outlay	44,105	89,817	89,168	649
Total Regular	<u>8,105,003</u>	<u>8,293,603</u>	<u>8,117,952</u>	<u>175,651</u>
Special:				
Salaries and Wages	617,158	659,058	658,817	241
Fringe Benefits	165,458	166,834	166,412	422
Purchased Services	233,880	242,798	214,502	28,296
Supplies and Materials	11,123	11,034	8,663	2,371
Total Special	<u>1,027,619</u>	<u>1,079,724</u>	<u>1,048,394</u>	<u>31,330</u>
Vocational:				
Salaries and Wages	219,232	228,440	228,440	0
Fringe Benefits	63,615	64,969	64,877	92
Purchased Services	2,300	1,601	1,466	135
Supplies and Materials	26,674	26,373	23,457	2,916
Capital Outlay	8,465	11,069	10,569	500
Total Vocational	<u>320,286</u>	<u>332,452</u>	<u>328,809</u>	<u>3,643</u>

(Continued)

LAKEWOOD 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, 2004***

	Original Budget	Final Budget	Actual	Variance with Final Budget Positive (Negative)
Other:				
Other Expenditures	69,600	0	0	0
Total Other	69,600	0	0	0
Total Instructional Services	9,522,508	9,705,779	9,495,155	210,624
Support Services:				
Pupils:				
Salaries and Wages	659,294	665,228	664,558	670
Fringe Benefits	183,627	183,951	182,793	1,158
Purchased Services	5,720	7,420	5,483	1,937
Supplies and Materials	32,315	20,319	6,633	13,686
Other Expenditures	97,449	156,067	156,067	0
Capital Outlay	154	0	0	0
Total Pupils	978,559	1,032,985	1,015,534	17,451
Instructional Staff:				
Salaries and Wages	247,186	247,936	233,531	14,405
Fringe Benefits	118,184	117,544	101,732	15,812
Purchased Services	112,293	113,829	100,502	13,327
Supplies and Materials	34,628	31,866	12,640	19,226
Other Expenditures	518	518	518	0
Capital Outlay	17,815	21,005	0	21,005
Total Instructional Staff	530,624	532,698	448,923	83,775
Board of Education:				
Salaries and Wages	4,800	4,800	4,800	0
Fringe Benefits	877	938	923	15
Purchased Services	22,000	51,905	48,426	3,479
Supplies and Materials	1,168	1,288	1,283	5
Other Expenditures	6,083	7,058	7,058	0
Total Board of Education	34,928	65,989	62,490	3,499
Administration:				
Salaries and Wages	881,390	879,585	875,806	3,779
Fringe Benefits	298,018	297,056	293,163	3,893
Purchased Services	77,727	77,662	69,830	7,832
Supplies and Materials	9,575	12,220	10,255	1,965
Other Expenditures	22,092	5,112	5,112	0
Capital Outlay	6,436	1,988	1,988	0
Total Administration	1,295,238	1,273,623	1,256,154	17,469

(Continued)

LAKEWOOD 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, 2004***

	Original Budget	Final Budget	Actual	Variance with Final Budget Positive (Negative)
Fiscal Services:				
Salaries and Wages	163,050	170,828	170,828	0
Fringe Benefits	68,001	66,055	64,509	1,546
Purchased Services	19,731	20,961	20,518	443
Supplies and Materials	4,115	4,306	4,169	137
Other Expenditures	204,007	225,174	225,174	0
Capital Outlay	8,424	9,099	9,099	0
Total Fiscal Services	467,328	496,423	494,297	2,126
Business:				
Salaries and Wages	6,100	5,600	5,370	230
Fringe Benefits	8,643	8,666	8,623	43
Other Expenditures	862	862	862	0
Total Business	15,605	15,128	14,855	273
Operation and Maintenance of Plant:				
Salaries and Wages	551,593	545,980	542,560	3,420
Fringe Benefits	209,372	208,597	204,677	3,920
Purchased Services	564,907	555,561	500,042	55,519
Supplies and Materials	131,518	170,250	127,621	42,629
Other Expenditures	1,108	1,108	1,108	0
Capital Outlay	75,143	96,325	96,124	201
Total Operation and Maintenance Of Plant	1,533,641	1,577,821	1,472,132	105,689
Pupil Transportation:				
Salaries and Wages	553,064	579,369	578,254	1,115
Fringe Benefits	269,847	272,064	268,199	3,865
Purchased Services	63,547	86,378	72,236	14,142
Supplies and Materials	184,518	177,174	145,367	31,807
Other Expenditures	2,059	1,369	1,369	0
Capital Outlay	97,390	139,110	139,110	0
Total Pupil Transportation	1,170,425	1,255,464	1,204,535	50,929
Central:				
Salaries and Wages	4,505	0	0	0
Fringe Benefits	690	706	0	706
Purchased Services	42,875	40,925	38,312	2,613
Supplies and Materials	2,310	2,543	2,287	256
Other Expenditures	75	85,018	84,953	65
Total Central	50,455	129,192	125,552	3,640
Total Support Services	6,076,803	6,379,323	6,094,472	284,851

(Continued)

LAKEWOOD 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, 2004***

	Original Budget	Final Budget	Actual	Variance with Final Budget Positive (Negative)
Operation of Non-Instructional Services:				
Purchased Services	5,000	5,552	5,551	1
Supplies and Materials	241	240	240	0
Other Expenditures	1,000	2,250	2,250	0
Capital Outlay	0	5,595	5,595	0
Total Non-Instructional Services	6,241	13,637	13,636	1
Extracurricular Activities:				
Salaries and Wages	192,012	190,717	159,306	31,411
Fringe Benefits	29,265	31,248	24,886	6,362
Purchased Services	3,083	3,082	600	2,482
Total Extracurricular Activities	224,360	225,047	184,792	40,255
Total Expenditures	15,829,912	16,323,786	15,788,055	535,731
Excess (Deficiency) of Revenues Over (Under) Expenditures	(872,059)	(1,096,984)	(445,555)	651,429
Other Financing Sources (Uses):				
Transfers In	4,774	17,100	17,100	0
Transfers Out	(4,774)	(17,100)	(17,100)	0
Advances In	50,000	0	0	0
Advances Out	(25,000)	0	0	0
Total Other Financing Sources (Uses):	25,000	0	0	0
Net Change in Fund Balance	(847,059)	(1,096,984)	(445,555)	651,429
Fund Balance at Beginning of Year	1,882,841	1,882,841	1,882,841	0
Prior Year Encumbrances	84,324	84,324	84,324	0
Fund Balance at End of Year	\$ 1,120,106	\$ 870,181	\$ 1,521,610	\$ 651,429

LAKEWOOD LOCAL SCHOOL DISTRICT

***Schedule of Revenues, Expenditures and Changes in
Fund Balance – Budget and Actual (Non-GAAP Budgetary Basis)
Major Debt Service Fund
For the Fiscal Year Ended June 30, 2004***

	Original Budget	Final Budget	Actual	Variance with Final Budget Positive (Negative)
Revenues:				
Local Sources:				
Taxes	\$ 1,192,455	\$ 1,141,433	\$ 1,141,433	\$ 0
Intergovernmental - State	0	97,739	97,670	(69)
Total Revenues	<u>1,192,455</u>	<u>1,239,172</u>	<u>1,239,103</u>	<u>(69)</u>
Expenditures:				
Current:				
Support Services:				
Fiscal Services:				
Other Expenditures	18,100	17,822	17,822	0
Total Fiscal Services	<u>18,100</u>	<u>17,822</u>	<u>17,822</u>	<u>0</u>
Debt Service:				
Principal Retirement	525,179	525,179	525,179	0
Interest and Fiscal Charges	691,900	691,361	691,361	0
Total Debt Service	<u>1,217,079</u>	<u>1,216,540</u>	<u>1,216,540</u>	<u>0</u>
Total Expenditures	<u>1,235,179</u>	<u>1,234,362</u>	<u>1,234,362</u>	<u>0</u>
Excess (Deficiency) of Revenues Over (Under) Expenditures	(42,724)	4,810	4,741	(69)
Fund Balance at Beginning of Year	<u>379,903</u>	<u>379,903</u>	<u>379,903</u>	<u>0</u>
Fund Balance at End of Year	<u>\$ 337,179</u>	<u>\$ 384,713</u>	<u>\$ 384,644</u>	<u>\$ (69)</u>

LAKEWOOD LOCAL SCHOOL DISTRICT

***Schedule of Revenues, Expenditures and Changes in
Fund Balance – Budget and Actual (Non-GAAP Budgetary Basis)
Nonmajor Special Revenue Funds
For the Fiscal Year Ended June 30, 2004***

	Original Budget	Final Budget	Actual	Variance with Final Budget Positive (Negative)
Revenues:				
Local Sources:				
Extracurricular Activities	\$ 37,700	\$ 45,398	\$ 46,288	\$ 890
All Other Revenues	4,280	280	295	15
Total Revenues	41,980	45,678	46,583	905
Expenditures:				
Extracurricular Activities:				
Purchased Services	9,522	12,522	5,941	6,581
Supplies and Materials	47,265	50,264	40,161	10,103
Capital Outlay	1,165	1,165	1,165	0
Total Expenditures	57,952	63,951	47,267	16,684
Excess (Deficiency) of Revenues Over (Under) Expenditures	(15,972)	(18,273)	(684)	17,589
Other Financing Sources (Uses):				
Transfers In	0	107	107	0
Total Other Financing Sources (Uses):	0	107	107	0
Net Change in Fund Balance	(15,972)	(18,166)	(577)	17,589
Fund Balance at Beginning of Year	23,725	23,725	23,725	0
Prior Year Encumbrances	5,451	5,451	5,451	0
Fund Balance at End of Year	\$ 13,204	\$ 11,010	\$ 28,599	\$ 17,589

LAKEWOOD LOCAL SCHOOL DISTRICT

***Schedule of Revenues, Expenditures and Changes in
Fund Balance – Budget and Actual (Non-GAAP Budgetary Basis)
Nonmajor Special Revenue Funds
For the Fiscal Year Ended June 30, 2004***

	OTHER GRANT FUND			Variance with Final Budget Positive (Negative)
	Original Budget	Final Budget	Actual	
Revenues:				
Intermediate Sources	\$ 11,650	\$ 19,200	\$ 24,000	\$ 4,800
Total Revenues	11,650	19,200	24,000	4,800
Expenditures:				
Instructional Services:				
Regular:				
Supplies and Materials	6,444	7,994	5,986	2,008
Capital Outlay	1,000	1,000	954	46
Total Instructional Services	7,444	8,994	6,940	2,054
Support Services:				
Instructional Staff:				
Purchased Services	3,000	10,614	10,614	0
Supplies and Materials	3,237	1,623	1,623	0
Total Support Services	6,237	12,237	12,237	0
Total Expenditures	13,681	21,231	19,177	2,054
Excess (Deficiency) of Revenues Over (Under) Expenditures	(2,031)	(2,031)	4,823	6,854
Fund Balance at Beginning of Year	1,503	1,503	1,503	0
Prior Year Encumbrances	528	528	528	0
Fund Balance at End of Year	\$ 0	\$ 0	\$ 6,854	\$ 6,854

LAKEWOOD LOCAL SCHOOL DISTRICT

***Schedule of Revenues, Expenditures and Changes in
Fund Balance – Budget and Actual (Non-GAAP Budgetary Basis)
Nonmajor Special Revenue Funds
For the Fiscal Year Ended June 30, 2004***

	Original Budget	Final Budget	Actual	Variance with Final Budget Positive (Negative)
STUDENT ACTIVITY FUND				
Revenues:				
Local Sources:				
Extracurricular Activities	\$ 123,967	\$ 102,256	\$ 97,094	\$ (5,162)
All Other Revenues	6,000	15,850	11,763	(4,087)
Total Revenues	<u>129,967</u>	<u>118,106</u>	<u>108,857</u>	<u>(9,249)</u>
Expenditures:				
Extracurricular Activities:				
Salaries and Wages	852	852	852	0
Purchased Services	45,502	59,961	49,552	10,409
Supplies and Materials	74,255	78,250	61,536	16,714
Other Expenditures	0	500	500	0
Capital Outlay	9,165	7,739	1,293	6,446
Total Extracurricular Activities	<u>129,774</u>	<u>147,302</u>	<u>113,733</u>	<u>33,569</u>
Total Expenditures	<u>129,774</u>	<u>147,302</u>	<u>113,733</u>	<u>33,569</u>
Excess (Deficiency) of Revenues Over (Under) Expenditures	193	(29,196)	(4,876)	24,320
Other Financing Sources (Uses):				
Transfers Out	0	(107)	(107)	0
Total Other Financing Sources (Uses):	<u>0</u>	<u>(107)</u>	<u>(107)</u>	<u>0</u>
Net Change in Fund Balance	193	(29,303)	(4,983)	24,320
Fund Balance at Beginning of Year	59,704	59,704	59,704	0
Prior Year Encumbrances	9,567	9,567	9,567	0
Fund Balance at End of Year	<u>\$ 69,464</u>	<u>\$ 39,968</u>	<u>\$ 64,288</u>	<u>\$ 24,320</u>

LAKEWOOD LOCAL SCHOOL DISTRICT

***Schedule of Revenues, Expenditures and Changes in
Fund Balance – Budget and Actual (Non-GAAP Budgetary Basis)
Nonmajor Special Revenue Funds
For the Fiscal Year Ended June 30, 2004***

	Original Budget	Final Budget	Actual	Variance with Final Budget Positive (Negative)
AUXILIARY SERVICES FUND				
Revenues:				
Intergovernmental - State	\$ 55,000	\$ 28,765	\$ 28,766	\$ 1
Total Revenues	<u>55,000</u>	<u>28,765</u>	<u>28,766</u>	<u>1</u>
Expenditures:				
Support Services:				
Fiscal Services:				
Other Expenditures	2,301	1,151	1,151	0
Total Fiscal Services	<u>2,301</u>	<u>1,151</u>	<u>1,151</u>	<u>0</u>
Total Support Services	<u>2,301</u>	<u>1,151</u>	<u>1,151</u>	<u>0</u>
Operation of Non-Instructional Services:				
Purchased Services	2,189	0	0	0
Supplies and Materials	55,906	35,162	32,629	2,533
Total Operation of Non-Instructional Services	<u>58,095</u>	<u>35,162</u>	<u>32,629</u>	<u>2,533</u>
Total Expenditures	<u>60,396</u>	<u>36,313</u>	<u>33,780</u>	<u>2,533</u>
Excess (Deficiency) of Revenues Over (Under) Expenditures	(5,396)	(7,548)	(5,014)	2,534
Fund Balance at Beginning of Year	2,152	2,152	2,152	0
Prior Year Encumbrances	5,396	5,396	5,396	0
Fund Balance at End of Year	<u>\$ 2,152</u>	<u>\$ 0</u>	<u>\$ 2,534</u>	<u>\$ 2,534</u>

LAKEWOOD LOCAL SCHOOL DISTRICT

***Schedule of Revenues, Expenditures and Changes in
Fund Balance – Budget and Actual (Non-GAAP Budgetary Basis)
Nonmajor Special Revenue Funds
For the Fiscal Year Ended June 30, 2004***

CAREER DEVELOPMENT FUND				Variance with Final Budget Positive (Negative)
	Original Budget	Final Budget	Actual	
Revenues:				
Intermediate Sources	\$ 1,100	\$ 1,100	\$ 0	\$ (1,100)
Total Revenues	<u>1,100</u>	<u>1,100</u>	<u>0</u>	<u>(1,100)</u>
Expenditures:				
Supporting Services:				
Pupils:				
Supplies and Materials	896	1,996	398	1,598
Total Expenditures	<u>896</u>	<u>1,996</u>	<u>398</u>	<u>1,598</u>
Excess (Deficiency) of Revenues Over (Under) Expenditures	204	(896)	(398)	498
Fund Balance at Beginning of Year	600	600	600	0
Prior Year Encumbrances	296	296	296	0
Fund Balance at End of Year	<u>\$ 1,100</u>	<u>\$ 0</u>	<u>\$ 498</u>	<u>\$ 498</u>

LAKEWOOD LOCAL SCHOOL DISTRICT

***Schedule of Revenues, Expenditures and Changes in
Fund Balance – Budget and Actual (Non-GAAP Budgetary Basis)
Nonmajor Special Revenue Funds
For the Fiscal Year Ended June 30, 2004***

MANAGEMENT INFORMATION SYSTEM FUND

	Original Budget	Final Budget	Actual	Variance with Final Budget Positive (Negative)
Revenues:				
Intergovernmental - State	\$ 8,200	\$ 8,200	\$ 8,403	\$ 203
Total Revenues	8,200	8,200	8,403	203
Expenditures:				
Support Services:				
Central:				
Salaries and Wages	5,439	5,639	5,164	475
Purchased Services	10,844	10,844	10,697	147
Total Expenditures	16,283	16,483	15,861	622
Excess (Deficiency) of Revenues Over (Under) Expenditures	(8,083)	(8,283)	(7,458)	825
Fund Balance at Beginning of Year	8,283	8,283	8,283	0
Fund Balance at End of Year	\$ 200	\$ 0	\$ 825	\$ 825

LAKEWOOD LOCAL SCHOOL DISTRICT

***Schedule of Revenues, Expenditures and Changes in
Fund Balance – Budget and Actual (Non-GAAP Budgetary Basis)
Nonmajor Special Revenue Funds
For the Fiscal Year Ended June 30, 2004***

	Original Budget	Final Budget	Actual	Variance with Final Budget Positive (Negative)
DISADVANTAGED PUPIL IMPACT AID FUND				
Revenues:				
Intergovernmental - State	\$ 32,768	\$ 32,768	\$ 32,771	\$ 3
Total Revenues	<u>32,768</u>	<u>32,768</u>	<u>32,771</u>	<u>3</u>
Expenditures:				
Support Services:				
Pupils:				
Salaries and Wages	32,768	32,771	32,771	0
Total Expenditures	<u>32,768</u>	<u>32,771</u>	<u>32,771</u>	<u>0</u>
Excess (Deficiency) of Revenues Over (Under) Expenditures	0	(3)	0	3
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><u>\$ 0</u></u>	<u><u>\$ (3)</u></u>	<u><u>\$ 0</u></u>	<u><u>\$ 3</u></u>

LAKEWOOD LOCAL SCHOOL DISTRICT

**Schedule of Revenues, Expenditures and Changes in
Fund Balance – Budget and Actual (Non-GAAP Budgetary Basis)
Nonmajor Special Revenue Funds
For the Fiscal Year Ended June 30, 2004**

	Original Budget	Final Budget	Actual	Variance with Final Budget Positive (Negative)
DATA COMMUNICATIONS FUND				
Revenues:				
Intergovernmental - State	\$ 15,000	\$ 15,000	\$ 15,000	\$ 0
Total Revenues	<u>15,000</u>	<u>15,000</u>	<u>15,000</u>	<u>0</u>
Expenditures:				
Support Services:				
Central::				
Purchased Services	15,327	15,327	15,327	0
Total Expenditures	<u>15,327</u>	<u>15,327</u>	<u>15,327</u>	<u>0</u>
Excess (Deficiency) of Revenues Over (Under) Expenditures	(327)	(327)	(327)	0
Fund Balance at Beginning of Year	0	0	0	0
Prior Year Encumbrances	327	327	327	0
Fund Balance at End of Year	<u>\$ 0</u>	<u>\$ 0</u>	<u>\$ 0</u>	<u>\$ 0</u>

LAKEWOOD LOCAL SCHOOL DISTRICT

***Schedule of Revenues, Expenditures and Changes in
Fund Balance – Budget and Actual (Non-GAAP Budgetary Basis)
Nonmajor Special Revenue Funds
For the Fiscal Year Ended June 30, 2004***

	Original Budget	Final Budget	Actual	Variance with Final Budget Positive (Negative)
SCHOOLNET PROFESSIONAL DEVELOPMENT FUND				
Revenues:				
Intergovernmental - State	\$ 4,140	\$ 4,140	\$ 4,140	\$ 0
Total Revenues	4,140	4,140	4,140	0
Expenditures:				
Support Services:				
Instructional Staff::				
Salaries and Wages	1,400	1,700	1,700	0
Fringe Benefits	196	196	196	0
Purchased Services	6,221	5,921	4,435	1,486
Total Expenditures	7,817	7,817	6,331	1,486
Excess (Deficiency) of Revenues Over (Under) Expenditures	(3,677)	(3,677)	(2,191)	1,486
Fund Balance at Beginning of Year	2,782	2,782	2,782	0
Prior Year Encumbrances	895	895	895	0
Fund Balance at End of Year	\$ 0	\$ 0	\$ 1,486	\$ 1,486

LAKEWOOD LOCAL SCHOOL DISTRICT

***Schedule of Revenues, Expenditures and Changes in
Fund Balance – Budget and Actual (Non-GAAP Budgetary Basis)
Nonmajor Special Revenue Funds
For the Fiscal Year Ended June 30, 2004***

	OHIOREADS FUND			Variance with Final Budget Positive (Negative)
	Original Budget	Final Budget	Actual	
Revenues:				
Intergovernmental - State	\$ 25,000	\$ 25,000	\$ 25,000	\$ 0
Total Revenues	25,000	25,000	25,000	0
Expenditures:				
Instructional Services:				
Regular:				
Salaries and Wages	5,000	5,000	5,000	0
Purchased Services	6,950	6,950	6,950	0
Supplies and Materials	15,034	15,034	15,034	0
Total Expenditures	26,984	26,984	26,984	0
Excess (Deficiency) of Revenues Over (Under) Expenditures	(1,984)	(1,984)	(1,984)	0
Fund Balance at Beginning of Year	0	0	0	0
Prior Year Encumbrances	1,984	1,984	1,984	0
Fund Balance at End of Year	\$ 0	\$ 0	\$ 0	\$ 0

LAKEWOOD LOCAL SCHOOL DISTRICT

***Schedule of Revenues, Expenditures and Changes in
Fund Balance – Budget and Actual (Non-GAAP Budgetary Basis)
Nonmajor Special Revenue Funds
For the Fiscal Year Ended June 30, 2004***

	Original Budget	Final Budget	Actual	Variance with Final Budget Positive (Negative)
STUDENT READING INTERVENTION FUND				
Revenues:				
Intergovernmental - State	\$ 43,130	\$ 43,130	\$ 31,830	\$ (11,300)
Total Revenues	<u>43,130</u>	<u>43,130</u>	<u>31,830</u>	<u>(11,300)</u>
Expenditures:				
Instructional Services:				
Regular:				
Salaries and Wages	24,130	43,130	41,209	1,921
Fringe Benefits	3,080	0	0	0
Supplies and Materials	15,920	0	0	0
Total Expenditures	<u>43,130</u>	<u>43,130</u>	<u>41,209</u>	<u>1,921</u>
Excess (Deficiency) of Revenues Over (Under) Expenditures	0	0	(9,379)	(9,379)
Fund Balance at Beginning of Year	0	0	0	0
Fund Balance at End of Year	<u>\$ 0</u>	<u>\$ 0</u>	<u>\$ (9,379)</u>	<u>\$ (9,379)</u>

LAKEWOOD LOCAL SCHOOL DISTRICT

***Schedule of Revenues, Expenditures and Changes in
Fund Balance – Budget and Actual (Non-GAAP Budgetary Basis)
Nonmajor Special Revenue Funds
For the Fiscal Year Ended June 30, 2004***

	Original Budget	Final Budget	Actual	Variance with Final Budget Positive (Negative)
MISCELLANEOUS STATE GRANTS FUND				
Revenues:				
Intergovernmental - State	\$ 2,177	\$ 2,177	\$ 2,177	\$ 0
Total Revenues	<u>2,177</u>	<u>2,177</u>	<u>2,177</u>	<u>0</u>
Expenditures:				
Support Services:				
Instructional Staff:				
Salaries and Wages	12,360	12,360	12,360	0
Fringe Benefits	4,614	4,614	4,614	0
Total Instructional Staff	<u>16,974</u>	<u>16,974</u>	<u>16,974</u>	<u>0</u>
Administration:				
Purchased Services	2,178	2,178	2,178	0
Total Administration	<u>2,178</u>	<u>2,178</u>	<u>2,178</u>	<u>0</u>
Fiscal Services:				
Other Expenditures	340	340	340	0
Total Fiscal Services	<u>340</u>	<u>340</u>	<u>340</u>	<u>0</u>
Total Expenditures	<u>19,492</u>	<u>19,492</u>	<u>19,492</u>	<u>0</u>
Excess (Deficiency) of Revenues Over (Under) Expenditures	(17,315)	(17,315)	(17,315)	0
Fund Balance at Beginning of Year	<u>17,315</u>	<u>17,315</u>	<u>17,315</u>	<u>0</u>
Fund Balance at End of Year	<u>\$ 0</u>	<u>\$ 0</u>	<u>\$ 0</u>	<u>\$ 0</u>

LAKEWOOD LOCAL SCHOOL DISTRICT

***Schedule of Revenues, Expenditures and Changes in
Fund Balance – Budget and Actual (Non-GAAP Budgetary Basis)
Nonmajor Special Revenue Funds
For the Fiscal Year Ended June 30, 2004***

	TITLE VI-B FUND			Variance with Final Budget Positive (Negative)
	Original Budget	Final Budget	Actual	
Revenues:				
Intergovernmental - Federal	\$ 325,042	\$ 325,042	\$ 319,644	\$ (5,398)
Total Revenues	325,042	325,042	319,644	(5,398)
Expenditures:				
Instructional Services:				
Special:				
Salaries and Wages	145,001	145,106	128,477	16,629
Fringe Benefits	42,324	40,543	36,591	3,952
Supplies and Materials	9,977	12,685	12,564	121
Capital Outlay	36,944	36,944	36,944	0
Total Instructional Services	234,246	235,278	214,576	20,702
Support Services:				
Pupils:				
Capital Outlay	1,055	1,055	1,055	0
Total Pupils	1,055	1,055	1,055	0
Administration:				
Salaries and Wages	78,495	77,956	72,107	5,849
Fringe Benefits	23,299	22,806	20,631	2,175
Total Administration	101,794	100,762	92,738	8,024
Total Support Services	102,849	101,817	93,793	8,024
Total Expenditures	337,095	337,095	308,369	28,726
Excess (Deficiency) of Revenues Over (Under) Expenditures	(12,053)	(12,053)	11,275	23,328
Fund Balance at Beginning of Year	(26,307)	(26,307)	(26,307)	0
Prior Year Encumbrances	38,360	38,360	38,360	0
Fund Balance at End of Year	\$ 0	\$ 0	\$ 23,328	\$ 23,328

LAKEWOOD LOCAL SCHOOL DISTRICT

***Schedule of Revenues, Expenditures and Changes in
Fund Balance – Budget and Actual (Non-GAAP Budgetary Basis)
Nonmajor Special Revenue Funds
For the Fiscal Year Ended June 30, 2004***

	TITLE I FUND			Variance with Final Budget Positive (Negative)
	Original Budget	Final Budget	Actual	
Revenues:				
Intergovernmental - Federal	\$ 475,141	\$ 467,286	\$ 438,597	\$ (28,689)
Total Revenues	<u>475,141</u>	<u>467,286</u>	<u>438,597</u>	<u>(28,689)</u>
Expenditures:				
Instructional Services:				
Regular:				
Salaries and Wages	4,725	975	975	0
Fringe Benefits	<u>241</u>	<u>136</u>	<u>136</u>	<u>0</u>
Total Regular	4,966	1,111	1,111	0
Special:				
Salaries and Wages	352,817	353,579	314,657	38,922
Fringe Benefits	53,676	54,825	53,540	1,285
Supplies and Materials	<u>7,349</u>	<u>7,016</u>	<u>7,011</u>	<u>5</u>
Total Special	<u>413,842</u>	<u>415,420</u>	<u>375,208</u>	<u>40,212</u>
Total Instructional Services	<u>418,808</u>	<u>416,531</u>	<u>376,319</u>	<u>40,212</u>
Support Services:				
Instructional Staff:				
Salaries and Wages	6,701	4,228	4,228	0
Fringe Benefits	316	466	466	0
Purchased Services	55,180	57,222	57,221	1
Supplies and Materials	<u>25,614</u>	<u>20,317</u>	<u>20,317</u>	<u>0</u>
Total Instructional Staff	87,811	82,233	82,232	1
Fiscal Services:				
Salaries and Wages	1,000	1,000	1,000	0
Fringe Benefits	<u>140</u>	<u>140</u>	<u>140</u>	<u>0</u>
Total Fiscal Services	<u>1,140</u>	<u>1,140</u>	<u>1,140</u>	<u>0</u>
Total Support Services	<u>88,951</u>	<u>83,373</u>	<u>83,372</u>	<u>1</u>
Total Expenditures	<u>507,759</u>	<u>499,904</u>	<u>459,691</u>	<u>40,213</u>
Excess (Deficiency) of Revenues Over (Under) Expenditures	(32,618)	(32,618)	(21,094)	11,524
Fund Balance at Beginning of Year	22,198	22,198	22,198	0
Prior Year Encumbrances	<u>10,420</u>	<u>10,420</u>	<u>10,420</u>	<u>0</u>
Fund Balance at End of Year	<u>\$ 0</u>	<u>\$ 0</u>	<u>\$ 11,524</u>	<u>\$ 11,524</u>

LAKEWOOD LOCAL SCHOOL DISTRICT

**Schedule of Revenues, Expenditures and Changes in
Fund Balance – Budget and Actual (Non-GAAP Budgetary Basis)
Nonmajor Special Revenue Funds
For the Fiscal Year Ended June 30, 2004**

	TITLE V FUND			Variance with Final Budget Positive (Negative)
	<u>Original Budget</u>	<u>Final Budget</u>	<u>Actual</u>	
Revenues:				
Intergovernmental - Federal	\$ 13,232	\$ 13,200	\$ 12,408	\$ (792)
Total Revenues	<u>13,232</u>	<u>13,200</u>	<u>12,408</u>	<u>(792)</u>
Expenditures:				
Support Services:				
Pupils:				
Salaries and Wages	14,195	14,163	12,899	1,264
Other Expenditures	<u>554</u>	<u>554</u>	<u>554</u>	<u>0</u>
Total Support Services	<u>14,749</u>	<u>14,717</u>	<u>13,453</u>	<u>1,264</u>
Total Expenditures	<u>14,749</u>	<u>14,717</u>	<u>13,453</u>	<u>1,264</u>
Excess (Deficiency) of Revenues Over (Under) Expenditures	(1,517)	(1,517)	(1,045)	472
Fund Balance at Beginning of Year	<u>1,517</u>	<u>1,517</u>	<u>1,517</u>	<u>0</u>
Fund Balance at End of Year	<u>\$ 0</u>	<u>\$ 0</u>	<u>\$ 472</u>	<u>\$ 472</u>

LAKEWOOD LOCAL SCHOOL DISTRICT

***Schedule of Revenues, Expenditures and Changes in
Fund Balance – Budget and Actual (Non-GAAP Budgetary Basis)
Nonmajor Special Revenue Funds
For the Fiscal Year Ended June 30, 2004***

	Original Budget	Final Budget	Actual	Variance with Final Budget Positive (Negative)
DRUG FREE SCHOOL GRANT FUND				
Revenues:				
Intergovernmental - Federal	\$ 15,548	\$ 15,535	\$ 15,535	\$ 0
Total Revenues	<u>15,548</u>	<u>15,535</u>	<u>15,535</u>	<u>0</u>
Expenditures:				
Instructional Services:				
Regular:				
Salaries and Wages	500	500	500	0
Fringe Benefits	80	80	70	10
Total Regular	<u>580</u>	<u>580</u>	<u>570</u>	<u>10</u>
Total Instructional Services	<u>580</u>	<u>580</u>	<u>570</u>	<u>10</u>
Support Services:				
Pupils:				
Purchased Services	5,711	6,422	6,265	157
Supplies and Materials	12,315	11,591	11,591	0
Other Expenditures	598	598	598	0
Total Support Services	<u>18,624</u>	<u>18,611</u>	<u>18,454</u>	<u>157</u>
Total Expenditures	<u>19,204</u>	<u>19,191</u>	<u>19,024</u>	<u>167</u>
Excess (Deficiency) of Revenues Over (Under) Expenditures	(3,656)	(3,656)	(3,489)	167
Fund Balance at Beginning of Year	(534)	(534)	(534)	0
Prior Year Encumbrances	4,190	4,190	4,190	0
Fund Balance at End of Year	<u>\$ 0</u>	<u>\$ 0</u>	<u>\$ 167</u>	<u>\$ 167</u>

LAKEWOOD LOCAL SCHOOL DISTRICT

***Schedule of Revenues, Expenditures and Changes in
Fund Balance – Budget and Actual (Non-GAAP Budgetary Basis)
Nonmajor Special Revenue Funds
For the Fiscal Year Ended June 30, 2004***

TELECOMMUNICATIONS ACT GRANT FUND

	Original Budget	Final Budget	Actual	Variance with Final Budget Positive (Negative)
Revenues:				
All Other Revenues	\$ 25,000	\$ 25,000	\$ 19,900	\$ (5,100)
Total Revenues	25,000	25,000	19,900	(5,100)
Expenditures:				
Support Services:				
Operation and maintenance of Plant:				
Purchased Services	0	21,173	18,148	3,025
Total Operation and maintenance of Plant	0	21,173	18,148	3,025
Central:				
Purchased Services	5,000	0	0	0
Supplies and Materials	13,030	8,281	4,559	3,722
Capital Outlay	4,766	2,903	2,903	0
Total Central	22,796	11,184	7,462	3,722
Total Support Services	22,796	32,357	25,610	6,747
Total Expenditures	22,796	32,357	25,610	6,747
Excess (Deficiency) of Revenues Over (Under) Expenditures	2,204	(7,357)	(5,710)	1,647
Fund Balance at Beginning of Year	10,148	10,148	10,148	0
Prior Year Encumbrances	2,796	2,796	2,796	0
Fund Balance at End of Year	\$ 15,148	\$ 5,587	\$ 7,234	\$ 1,647

LAKEWOOD LOCAL SCHOOL DISTRICT

**Schedule of Revenues, Expenditures and Changes in
Fund Balance – Budget and Actual (Non-GAAP Budgetary Basis)
Nonmajor Special Revenue Funds
For the Fiscal Year Ended June 30, 2004**

	TITLE II-A FUND			Variance with Final Budget Positive (Negative)
	Original Budget	Final Budget	Actual	
Revenues:				
Intergovernmental - Federal	\$ 126,881	\$ 126,470	\$ 115,027	\$ (11,443)
Total Revenues	126,881	126,470	115,027	(11,443)
Expenditures:				
Instructional Services:				
Regular:				
Salaries and Wages	108,031	105,502	94,125	11,377
Fringe Benefits	16,798	24,337	21,981	2,356
Total Instructional Services	124,829	129,839	116,106	13,733
Support Services:				
Instructional Staff:				
Purchased Services	5,340	3,205	3,205	0
Supplies and Materials	5,383	2,097	2,097	0
Total Support Services	10,723	5,302	5,302	0
Total Expenditures	135,552	135,141	121,408	13,733
Excess (Deficiency) of Revenues Over (Under) Expenditures	(8,671)	(8,671)	(6,381)	2,290
Fund Balance at Beginning of Year	8,631	8,631	8,631	0
Prior Year Encumbrances	40	40	40	0
Fund Balance at End of Year	\$ 0	\$ 0	\$ 2,290	\$ 2,290

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, 2004***

MISCELLANEOUS FEDERAL GRANTS FUND				Variance with Final Budget Positive (Negative)
	Original Budget	Final Budget	Actual	
Revenues:				
Intergovernmental - Federal	\$ 38,378	\$ 45,180	\$ 42,739	\$ (2,441)
Total Revenues	<u>38,378</u>	<u>45,180</u>	<u>42,739</u>	<u>(2,441)</u>
Expenditures:				
Instructional Services:				
Regular:				
Supplies and Materials	2,984	2,839	2,839	0
Total Regular	<u>2,984</u>	<u>2,839</u>	<u>2,839</u>	<u>0</u>
Special:				
Purchased Services	16,680	34,329	33,884	445
Capital Outlay	6,019	6,020	6,020	0
Total Special	<u>22,699</u>	<u>40,349</u>	<u>39,904</u>	<u>445</u>
Total Instructional Services	<u>25,683</u>	<u>43,188</u>	<u>42,743</u>	<u>445</u>
Support Services:				
Pupils:				
Salaries and Wages	1,000	1,000	1,000	0
Fringe Benefits	150	150	140	10
Purchased Services	8,828	10,130	8,269	1,861
Supplies and Materials	9,770	8,906	8,904	2
Total Pupils	<u>19,748</u>	<u>20,186</u>	<u>18,313</u>	<u>1,873</u>
Instructional Staff:				
Purchased Services	600	1,400	1,149	251
Supplies and Materials	0	958	958	0
Total Instructional Staff	<u>600</u>	<u>2,358</u>	<u>2,107</u>	<u>251</u>
Administration:				
Salaries and Wages	19,350	11,150	11,118	32
Fringe Benefits	6,875	4,291	1,711	2,580
Supplies and Materials	1,305	2,304	1,441	863
Total Administration	<u>27,530</u>	<u>17,745</u>	<u>14,270</u>	<u>3,475</u>

(Continued)

LAKEWOOD LOCAL SCHOOL DISTRICT

***Schedule of Revenues, Expenditures and Changes in
Fund Balance – Budget and Actual (Non-GAAP Budgetary Basis)
Nonmajor Special Revenue Funds
For the Fiscal Year Ended June 30, 2004***

	Original Budget	Final Budget	Actual	Variance with Final Budget Positive (Negative)
	<u> </u>	<u> </u>	<u> </u>	<u> </u>
MISCELLANEOUS FEDERAL GRANTS FUND				
Operation and Maintenance of Plant:				
Purchased Services	1,710	1,710	1,710	0
Total Operation and Maintenance Of Plant	<u>1,710</u>	<u>1,710</u>	<u>1,710</u>	<u>0</u>
Total Support Services	<u>49,588</u>	<u>41,999</u>	<u>36,400</u>	<u>5,599</u>
Total Expenditures	<u>75,271</u>	<u>85,187</u>	<u>79,143</u>	<u>6,044</u>
Excess (Deficiency) of Revenues Over (Under) Expenditures	(36,893)	(40,007)	(36,404)	3,603
Fund Balance at Beginning of Year	34,925	34,925	34,925	0
Prior Year Encumbrances	<u>7,271</u>	<u>7,271</u>	<u>7,271</u>	<u>0</u>
Fund Balance at End of Year	<u><u>\$ 5,303</u></u>	<u><u>\$ 2,189</u></u>	<u><u>\$ 5,792</u></u>	<u><u>\$ 3,603</u></u>

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, 2004**

BUILDING ACQUISITION AND CONSTRUCTION FUND

	<u>Original Budget</u>	<u>Final Budget</u>	<u>Actual</u>	<u>Variance with Final Budget Positive (Negative)</u>
Revenues:				
Total Revenues	\$ 0	\$ 0	\$ 0	\$ 0
Expenditures:				
Support Services:				
Operation and Maintenance of Plant:				
Capital Outlay	23,131	23,131	23,131	0
Total Expenditures	23,131	23,131	23,131	0
Excess (Deficiency) of Revenues Over (Under) Expenditures	(23,131)	(23,131)	(23,131)	0
Fund Balance at Beginning of Year	23,131	23,131	23,131	0
Fund Balance at End of Year	<u>\$ 0</u>	<u>\$ 0</u>	<u>\$ 0</u>	<u>\$ 0</u>

LAKEWOOD 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 that belong to the student bodies of the various schools for sales and other revenue generating activities.

LAKWOOD LOCAL SCHOOL DISTRICT

***Statement of Changes in Assets and Liabilities
Agency Fund
For the Year Ended June 30, 2004***

	Balance June 30, 2003	Additions	Deductions	Balance June 30, 2004
<i>Student Managed Activity Fund</i>				
Assets:				
Cash and Cash Equivalents	\$4,454	\$22,513	(\$17,664)	\$9,303
Total Assets	<u>\$4,454</u>	<u>\$22,513</u>	<u>(\$17,664)</u>	<u>\$9,303</u>
Liabilities:				
Due to Students	\$4,454	\$22,513	(\$17,664)	\$9,303
Total Liabilities	<u>\$4,454</u>	<u>\$22,513</u>	<u>(\$17,664)</u>	<u>\$9,303</u>

LAKWOOD LOCAL SCHOOL DISTRICT

***CAPITAL ASSETS USED IN THE
OPERATION OF GOVERNMENTAL FUNDS***

LAKWOOD LOCAL SCHOOL DISTRICT

***Capital Assets Used in the Operation of Governmental Funds
Schedule by Source
June 30, 2004***

Capital Assets

Land	\$275,555
Land Improvements	810,337
Buildings and Improvements	20,729,778
Furniture, Fixtures and Equipment	3,698,185
Vehicles	<u>1,663,577</u>
Total Capital Assets	<u><u>\$27,177,432</u></u>

Investment in Capital Assets from:

Acquisitions Prior to 1996	\$5,636,224
General Fund	4,449,996
Special Revenue Funds	7,126
Capital Project Funds	16,301,501
Capital Leases	355,572
Donations	<u>427,013</u>
Total Investment in Capital Assets	<u><u>\$27,177,432</u></u>

LAKWOOD LOCAL SCHOOL DISTRICT

***Capital Assets Used in the Operation of Governmental Funds
Schedule by Function and Activity
June 30, 2004***

<u>Function and Activity</u>	<u>Land</u>	<u>Land Improvements</u>	<u>Buildings and Improvements</u>
Instructional Services	\$134,055	\$0	\$19,362,775
Support Services:			
Administration	3,125	7,611	59,375
Fiscal Services	3,125	7,611	59,375
Operation and Maintenance of Plant	598	0	11,415
Pupil Transportation	597	0	11,414
Extracurricular Activities	0	410,012	332,934
Facility Acquisition and Improvement	<u>134,055</u>	<u>385,103</u>	<u>892,490</u>
Total Capital Assets	<u>\$275,555</u>	<u>\$810,337</u>	<u>\$20,729,778</u>

LAKWOOD LOCAL SCHOOL DISTRICT

<u>Furniture, Fixtures and Equipment</u>	<u>Vehicles</u>	<u>Total</u>
\$3,030,009	\$0	\$22,526,839
95,462	0	165,573
19,580	0	89,691
42,931	20,000	74,944
30,814	1,618,977	1,661,802
479,389	24,600	1,246,935
<u>0</u>	<u>0</u>	<u>1,411,648</u>
<u>\$3,698,185</u>	<u>\$1,663,577</u>	<u>\$27,177,432</u>

LAKEWOOD LOCAL SCHOOL DISTRICT

***Capital Assets Used in the Operation of Governmental Funds
Schedule Changes by Function and Activity
For the Fiscal Year Ended June 30, 2004***

Function and Activity	June 30, 2003	Additions	Deletions	June 30, 2004
Instructional Services	\$22,436,987	\$280,096	(\$190,244)	\$22,526,839
Support Services:				
Administration	168,387	53,203	(56,017)	165,573
Fiscal Services	86,217	8,424	(4,949)	89,692
Operation and Maintenance of Plant	55,992	21,902	(2,950)	74,944
Pupil Transportation	1,683,909	27,390	(49,498)	1,661,801
Extracurricular Activities	1,246,935	0	0	1,246,935
Facility Acquisition and Improvement	1,323,694	87,954	0	1,411,648
Total Capital Assets	<u>\$27,002,121</u>	<u>\$478,969</u>	<u>(\$303,658)</u>	<u>\$27,177,432</u>

STATISTICAL SECTION



STATISTICAL TABLES

***T**HE FOLLOWING UNAUDITED STATISTICAL TABLES REFLECT SOCIAL AND ECONOMIC DATA, FINANCIAL TRENDS AND FISCAL CAPACITY OF THE DISTRICT.*

LAKEWOOD LOCAL SCHOOL DISTRICT

GENERAL GOVERNMENTAL EXPENDITURES BY FUNCTION (1) LAST TEN YEARS

Year	Instructional Services	Support Services					Operation and Maintenance of Plant	Subtotal Page 1
		Pupils	Instructional Staff	Board of Education	Administration	Fiscal Services		
1995	\$5,621,927	\$501,881	\$307,036	\$0	\$1,011,863	\$298,413	\$929,749	\$8,670,869
1996	6,211,145	562,744	352,989	0	1,051,286	332,930	915,925	9,427,019
1997	6,491,047	592,672	325,139	0	1,166,611	383,831	1,038,213	9,997,513
1998	6,858,959	652,172	398,775	0	1,241,727	348,715	1,054,673	10,555,021
1999	7,423,477	687,770	381,268	44,482	1,322,896	336,237	1,257,965	11,454,095
2000	7,537,944	740,460	403,396	21,042	1,249,101	470,326	1,398,746	11,821,015
2001	8,440,543	905,096	783,822	17,346	1,263,031	379,774	1,231,753	13,021,365
2002	8,538,773	998,705	539,832	20,997	1,335,265	467,165	1,205,729	13,106,466
2003	9,629,011	1,055,880	648,512	31,884	1,481,903	442,921	1,311,548	14,601,659
2004	10,303,206	1,101,433	456,379	72,863	1,453,025	522,092	1,431,792	15,340,790

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(1) Includes General Fund, Special Revenue Funds and Debt Service Fund

(Continued)

LAKWOOD LOCAL SCHOOL DISTRICT

GENERAL GOVERNMENTAL EXPENDITURES BY FUNCTION (1) LAST TEN YEARS

Year	Support Services		Operation of Non-Instructional Services	Extracurricular Activities	Other Expenditures and Capital Outlay	Debt Services	Subtotal Page 2	Total
	Pupil Transportation	Central						
1995	\$731,147	\$53,515	\$0	\$327,078	\$31,925	\$155,943	\$1,299,608	9,970,477
1996	898,067	66,838	0	388,695	11,299	203,202	1,568,101	10,995,120
1997	748,410	67,530	0	395,457	21,807	204,242	1,437,446	11,434,959
1998	1,057,936	81,359	8,667	399,790	5,855	201,387	1,754,994	12,310,015
1999	793,761	89,046	8,150	336,257	6,364	361,799	1,595,377	13,049,472
2000	968,410	59,871	0	355,432	47,735	1,289,228	2,720,676	14,541,691
2001	859,607	65,750	0	370,329	83,773	1,489,465	2,868,924	15,890,289
2002	761,609	80,841	82,720	392,141	13,056	1,316,452	2,646,819	15,753,285
2003	1,104,274	67,434	87,611	328,968	14,113	1,198,956	2,801,356	17,403,015
2004	1,124,163	163,721	39,318	342,676	14,987	1,427,318	3,112,183	18,452,973

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(1) Includes General Fund, Special Revenue Funds and Debt Service Fund

LAKWOOD LOCAL SCHOOL DISTRICT

GENERAL GOVERNMENTAL REVENUES BY SOURCE (1) LAST TEN YEARS

Year	Taxes	Tuition	Investment Earnings	Extracurricular Activities	Intergovernmental Revenues	Intermediate Sources and All Other	Total
1995	\$6,249,635	\$336	\$61,420	\$0	\$3,993,400	\$229,807	\$10,534,598
1996	6,499,371	32,317	83,865	166,435	4,544,634	72,649	11,399,271
1997	8,372,853	56,687	116,628	212,735	4,606,866	50,200	13,415,969
1998	7,156,938	12,282	151,399	206,183	4,983,706	41,423	12,551,931
1999	8,005,362	29,445	164,713	174,413	5,461,331	76,443	13,911,707
2000	9,007,493	140,950	152,204	191,797	5,284,648	72,624	14,849,716
2001	9,241,565	270,058	220,724	213,453	5,733,889	176,115	15,855,804
2002	9,591,842	256,345	113,850	325,965	6,372,536	344,041	17,004,579
2003	9,613,751	273,224	79,920	301,004	6,371,306	307,830	16,947,035
2004	10,577,861	261,100	24,653	141,766	6,907,256	294,116	18,206,752

(1) Includes General Fund, Special Revenue Funds and Debt Service Fund

LAKWOOD LOCAL SCHOOL DISTRICT

PROPERTY TAX LEVIES AND COLLECTIONS LAST TEN CALENDAR YEARS

Collection Year	Total Tax Levy	Current Tax Collections	Delinquent Tax Collections	Total Tax Collections	Percent of Total Tax Collections To Tax Levy	Accumulated Outstanding Delinquent Taxes	Percentage of Accumulated Delinquent Taxes to Total Tax Levy
1994	\$6,218,931	\$5,682,365	\$113,347	\$5,795,712	93.19%	\$423,219	6.81%
1995	6,869,892	6,299,589	214,727	6,514,316	94.82%	355,576	5.18%
1996	7,386,343	6,914,965	181,849	7,096,814	96.08%	289,529	3.92%
1997	8,044,640	7,534,599	122,192	7,656,791	95.18%	387,849	4.82%
1998	8,675,326	7,833,034	231,877	8,064,911	92.96%	610,415	7.04%
1999	9,760,002	8,929,261	310,285	9,239,546	94.67%	520,456	5.33%
2000	10,086,537	9,091,100	224,533	9,315,632	92.36%	770,904	7.64%
2001	11,059,458	9,842,557	361,062	10,203,619	92.26%	855,839	7.74%
2002	10,800,834	9,535,310	327,740	9,863,050	91.32%	937,783	8.68%
2003	11,195,522	9,598,346	272,575	9,870,921	88.17%	1,324,601	11.83%

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.

LAKWOOD LOCAL SCHOOL DISTRICT

ASSESSED VALUATIONS AND ESTIMATED TRUE VALUES OF TAXABLE PROPERTY LAST TEN CALENDAR YEARS

Tax Year	Real Property		Public Utility Personal		Tangible Personal Property		Total		Assessed Value as a Percent of Actual Value
	Assessed	Actual	Assessed	Actual	Assessed	Actual	Assessed	Actual	
1994	\$139,531,590	\$398,661,686	\$19,552,360	\$19,552,360	\$54,807,194	\$219,228,776	\$213,891,144	\$637,442,822	33.55%
1995	143,784,770	410,813,629	19,094,380	19,094,380	55,397,050	221,588,200	218,276,200	651,496,209	33.50%
1996	169,029,710	482,942,029	19,063,140	19,063,140	61,537,820	246,151,280	249,630,670	748,156,449	33.37%
1997	176,338,070	503,823,057	19,346,020	19,346,020	65,714,580	262,858,320	261,398,670	786,027,397	33.26%
1998	184,066,960	525,905,600	20,964,300	20,964,300	79,105,530	316,422,120	284,136,790	863,292,020	32.91%
1999	218,224,200	623,497,714	18,991,850	18,991,850	71,015,660	284,062,640	308,231,710	926,552,204	33.27%
2000	221,019,420	631,484,057	19,703,930	19,703,930	76,473,440	305,893,760	317,196,790	957,081,747	33.14%
2001	231,012,540	660,035,829	15,072,540	15,072,540	84,725,760	338,903,040	330,810,840	1,014,011,409	32.62%
2002	266,259,000	760,740,000	15,193,360	15,193,360	73,486,690	293,946,760	354,939,050	1,069,880,120	33.18%
2003	271,896,120	776,846,057	14,922,410	14,922,410	66,723,600	266,894,400	353,542,130	1,058,662,867	33.40%

Source: Licking County Auditor

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

LAKWOOD LOCAL SCHOOL DISTRICT

**PROPERTY TAX RATES - DIRECT AND OVERLAPPING GOVERNMENTS
(PER \$1,000 OF ASSESSED VALUATIONS)
LAST TEN CALENDAR YEARS**

Tax Year	Lakewood Local School District			Licking County Joint Vocational School	Licking County	Special Taxing Districts	Total
	General Fund	Bond Retirement Fund	Total				
1994	38.80	0.00	38.80	2.00	7.20	53.50	101.50
1995	38.80	0.00	38.80	2.00	6.70	53.50	101.00
1996	38.80	0.00	38.80	2.00	7.20	53.50	101.50
1997	38.80	0.00	38.80	2.00	7.20	51.80	99.80
1998	38.80	3.70	42.50	2.00	7.20	55.80	107.50
1999	38.80	3.31	42.11	2.00	7.20	58.80	110.11
2000	38.80	3.29	42.09	2.00	7.20	61.80	113.09
2001	38.80	3.16	41.96	2.00	7.20	56.80	107.96
2002	38.80	2.95	41.75	3.00	7.20	56.80	108.75
2003	44.60	2.95	47.55	2.80	7.20	54.80	112.35

Source: Licking County Auditor
Licking County Treasurer

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

LAKEWOOD LOCAL SCHOOL DISTRICT

COMPUTATION OF LEGAL DEBT MARGIN JUNE 30, 2004

Net Assessed Valuation	\$353,542,130
Legal Debt Limitation (%) (1)	9.00%
Legal Debt Limitation (\$) (1)	31,818,792
Applicable District Debt Outstanding	13,826,870
Less: Applicable Debt Service Fund Amounts (2)	<u>(231,046)</u>
Net Indebtedness Subject to Limitation	<u>13,595,824</u>
Overall Legal Debt Margin	<u><u>\$18,222,968</u></u>
Legal Debt Limitation (%) (1)	0.10%
Legal Debt Limitation (\$) (1)	353,542
Applicable District Debt Outstanding	<u>0</u>
Unvoted Legal Debt Margin	<u><u>\$353,542</u></u>
Legal Debt Limitation (%) (1)	0.90%
Legal Debt Limitation (\$) (1)	3,181,879
Applicable District Debt Outstanding	<u>(713,985)</u>
Unvoted Energy Conservation Loans Legal Debt Margin	<u><u>\$2,467,894</u></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.

LAKWOOD LOCAL SCHOOL DISTRICT

RATIO OF NET GENERAL OBLIGATION BONDED DEBT TO ASSESSED VALUE AND NET GENERAL OBLIGATION BONDED DEBT PER CAPITA LAST TEN YEARS

Year	Population (1)	Assessed Value (2)	Gross Bonded Debt (3)	Debt Service Funds Available (4)	Net Bonded Debt	Ratio of Net Bonded Debt to Assessed Valuation	Net Bonded Debt Per Capita
1995	5,448	\$213,891,144	\$0	\$0	\$0	0.00%	0.00
1996	5,168	218,276,200	0	0	0	0.00%	0.00
1997	5,135	249,630,670	0	0	0	0.00%	0.00
1998	5,348	261,398,670	0	0	0	0.00%	0.00
1999	5,286	284,136,790	15,591,870	134,403	15,457,467	5.44%	2,924.23
2000	5,083	308,231,710	15,301,870	184,671	15,117,199	4.90%	2,974.07
2001	5,120	317,196,790	14,951,870	163,310	14,788,560	4.66%	2,888.39
2002	5,136	330,810,840	14,591,870	224,224	14,367,646	4.34%	2,797.44
2003	5,167	354,939,050	14,216,870	230,808	13,986,062	3.94%	2,706.81
2004	5,167	353,542,130	13,826,870	231,046	13,595,824	3.85%	2,631.28

(1) Source: U.S. Bureau of Census of Population

(2) Source: 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.

LAKWOOD LOCAL SCHOOL DISTRICT

**RATIO OF ANNUAL DEBT SERVICE EXPENDITURES
FOR GENERAL BONDED DEBT TO TOTAL GENERAL GOVERNMENTAL EXPENDITURES
LAST SIX YEARS (2)**

<u>Year</u>	<u>Debt Principal</u>	<u>Debt Interest</u>	<u>Total Debt Service</u>	<u>Total General Governmental Expenditures (1)</u>	<u>Ratio of Tax Debt Service to General Governmental Expenditures</u>
1999	\$0	\$122,722	\$122,722	\$13,049,472	0.94%
2000	290,000	699,135	989,135	14,541,691	6.80%
2001	350,000	688,880	1,038,880	15,890,289	6.54%
2002	360,000	676,640	1,036,640	15,753,285	6.58%
2003	375,000	663,263	1,038,263	17,403,015	5.97%
2004	390,000	648,915	1,038,915	18,452,973	5.63%

(1) Includes General Fund, Special Revenue Funds and Debt Service Fund

(2) No General Obligation Bonds prior to 1999

Source: Lakewood Local School District, Treasurer's Office

LAKWOOD LOCAL SCHOOL DISTRICT

COMPUTATION OF ALL DIRECT AND OVERLAPPING GOVERNMENTAL DEBT JUNE 30, 2004

Jurisdiction	Gross Debt Outstanding	Percentage Applicable to Lakewood Local School District	Amount Applicable to Lakewood Local School District
Direct			
Lakewood Local School District	\$13,826,870	100.00%	\$13,826,870
Overlapping Subdivisions			
Licking County	8,378,780	11.67%	977,804
Village of Hebron	1,275,000	100.00%	1,275,000
Licking County Career Center -JVS	33,485,000	11.69%	3,914,397
		Subtotal	6,167,201
Total		Total	\$19,994,071

Source: Ohio Municipal Advisory Council, June 2004

LAKEWOOD LOCAL SCHOOL DISTRICT

DEMOGRAPHIC STATISTICS LAST TEN YEARS

<u>Year</u>	<u>Buckeye Lake and Hebron City Population (1)</u>	<u>Licking County Population (2)</u>	<u>School Enrollment (3)</u>	<u>Unemployment Rate Licking County (4)</u>
1995	5,448	136,880	2,388	4.8%
1996	5,168	133,975	2,409	5.1%
1997	5,135	135,686	2,433	3.9%
1998	5,348	141,393	2,436	3.8%
1999	5,286	143,697	2,376	3.8%
2000	5,083	145,491	2,339	3.6%
2001	5,120	147,397	2,338	3.2%
2002	5,136	148,680	2,278	3.6%
2003	5,167	150,634	2,277	4.5%
2004	5,167	150,634	2,265	6.0%

Source: (1) U.S. Bureau of Census of Population - 2003 latest available information
 (2) U.S. Bureau of Census of Population - 2003 latest available information
 (3) Lakewood Local School District, Board of Education
 (4) State Department of Labor

LAKWOOD LOCAL SCHOOL DISTRICT

PROPERTY VALUE AND CONSTRUCTION PERMITS LAST EIGHT CALENDAR YEARS

<u>Year</u>	<u>Residential</u>	
	<u>Number of Permits</u>	<u>Property Value</u>
1996	149	\$12,195,031
1997	142	12,084,561
1998	192	16,508,321
1999	237	20,450,177
2000	225	20,179,109
2001	209	20,246,616
2002	209	23,386,418
2003	207	30,785,665

Source: City of Newark/Licking County Building Code Department

Data for 1994-1995 is Unavailable

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

LAKWOOD LOCAL SCHOOL DISTRICT

PRINCIPAL TAXPAYERS (TANGIBLE PERSONAL PROPERTY TAX) DECEMBER 31, 2003

	<u>Taxpayer</u>	<u>Assessed Valuation (Tax Duplicate)</u>	<u>Percentage of Total Assessed Valuation</u>
1	Bayer Corporation	\$12,838,160	19.24%
2	GE Quartz Inc. (General Electric Co.)	9,571,840	14.35%
3	Constar International	5,082,650	7.62%
4	Dow Chemical	5,040,930	7.55%
5	Diebold Inc.	3,282,950	4.92%
6	TI Group Automotive Supply Corp. LLC	3,150,630	4.72%
7	TKH Manufacturing of America	3,133,860	4.70%
8	R R Donnelly & Sons Co.	2,087,940	3.13%
9	Heritage Sportswear Inc.	2,062,630	3.09%
10	MPW Industrial Services	1,239,120	1.86%
	Sub-Total	47,490,710	71.18%
	All Others	19,232,890	28.82%
	Total	\$66,723,600	100.00%

Source: Licking County Auditor - Land and Buildings
Based on valuation of property in 2003

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

LAKWOOD LOCAL SCHOOL DISTRICT

PRINCIPAL TAXPAYERS (REAL PROPERTY TAX) DECEMBER 31, 2003

	<u>Taxpayer</u>	<u>Assessed Valuation (Tax Duplicate)</u>	<u>Percentage of Total Assessed Valuation</u>
1	G E Quartz Inc.	\$2,243,960	0.83%
2	Diebold	1,844,650	0.68%
3	Black, Monte R & Susan K	1,833,060	0.67%
4	Bayer Polymers Inc.	1,671,950	0.61%
5	TI Group Automotive Supply Corp LLC	1,581,480	0.58%
6	Donnelly, RR & Sons Co.	1,578,510	0.58%
7	G & C Diversified	1,537,520	0.57%
8	Hebron Business Park	1,525,270	0.56%
9	Radco Inc.	1,093,970	0.40%
10	Morrow Macke Realty	1,085,670	0.40%
	Sub-Total	15,996,040	5.88%
	All Others	255,900,080	94.12%
	Total	\$271,896,120	100.00%

Source: Licking County Auditor - Land and Buildings
Based on valuation of property in 2003

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

LAKWOOD LOCAL SCHOOL DISTRICT

**PRINCIPAL TAXPAYERS (PUBLIC UTILITY PERSONAL PROPERTY TAX)
DECEMBER 31, 2003**

	<u>Taxpayer</u>	<u>Assessed Valuation (Tax Duplicate)</u>	<u>Percentage of Total Assessed Valuation</u>
1	Ohio Power	\$4,201,800	28.16%
2	Columbia Gas Transmission	1,521,160	10.19%
3	Alltel	1,484,400	9.95%
4	United Telephone	1,275,310	8.54%
5	Dominion Transmission Inc	1,120,140	7.51%
6	Licking Rural Electric	947,170	6.35%
7	National Gas & Oil Co.	892,180	5.98%
8	Columbus Southern Power	518,900	3.48%
9	Ohio Bell	364,750	2.44%
10	Dayton Power & Light	168,970	1.13%
	Sub-Total	12,494,780	83.73%
	All Others	2,427,630	16.27%
	Total	\$14,922,410	100.00%

Source: Licking County Auditor - Land and Buildings
Based on valuation of property in 2003

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 EMPLOYERS DECEMBER 31, 2003

	<u>Employer</u>	<u>Total Number of Employees</u>
1	Bear Creek	708
2	THK	250
3	Allied Tube & Conduit	180
4	Ecolab	141
5	AFGD	99
6	Sunfield	94
7	Heritage Sportswear	88
8	Ohio Metal Tech	87
9	Renosol	62
10	The Boler Co.	61

Source: Village of Hebron

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

LAKWOOD LOCAL SCHOOL DISTRICT

MISCELLANEOUS STATISTICS JUNE 30, 2004

Date of Incorporation	1976
Form of Government	School - Political Subdivision
Area	115 square miles
Miles traveled by Transportation Fleet for the 2003-2004 School Year	442,010
Meals Served by Food Service Department for the 2003-2004 School Year	226,910

<u>School Buildings</u>	<u>Grade Levels</u>	<u>Enrollment</u>
Lakewood Local High School	9 - 12	729
Lakewood Local Middle School	6 - 8	509
Lakewood Local Intermeditae School	4-5	332
Lakewood Local Jackson Elementary School	K-3	308
Lakewood Local Hebron Elementary School	K-3	379

Source: District Treasurer's Office

LAKWOOD LOCAL SCHOOL DISTRICT

STAFF STATISTICS JUNE 30, 2004

Average classroom teacher salary	\$45,000
Average classroom teacher experience	15 years

Certified Staff

Classroom Teachers	173
Instructional Support	1
Administrators and Supervisors	12

Support Staff

Administration	4
Operations	12
Maintenance	20
Transportation	26
Clerical	9
Aides	15
Food Service	20

Source: District Treasurer's Office

LAKEWOOD LOCAL SCHOOL DISTRICT

TEACHERS EDUCATION AND EXPERIENCE STATISTICS JUNE 30, 2004

<u>Degree</u>	<u>Number of Teachers</u>	<u>Percentage of Total</u>
Bachelor's Degree	22	12.0%
Bachelor's Degree-150 hrs	56	32.9%
Master's Degree	74	43.0%
Master's +15	21	12.1%
Total	173	100.0%

<u>Years of Experience</u>	<u>Number of Teachers</u>	<u>Percentage of Total</u>
0 - 5	32	18.5%
6 - 10	32	18.5%
11 - 15	28	16.2%
16 - 20	21	12.1%
21 - 25	28	16.2%
26 and over	32	18.5%
Total	173	100.0%

Source: District Treasurer's Office

LAKEWOOD LOCAL SCHOOL DISTRICT

COST PER PUPIL STATISTICS LAST TEN YEARS

<u>Fiscal Year</u>	<u>General Governmental Expenditures</u>	<u>Enrollment</u>	<u>Cost per Pupil</u>
1995	\$9,970,477	2,388	\$4,175
1996	10,995,120	2,409	4,564
1997	11,434,959	2,433	4,700
1998	12,310,015	2,436	5,053
1999	13,049,472	2,376	5,492
2000	14,541,691	2,339	6,217
2001	15,890,289	2,338	6,797
2002	15,753,285	2,278	6,915
2003	17,403,015	2,277	7,643
2004	18,452,973	2,265	8,147

Source: District Treasurer's Office

LAKEWOOD LOCAL SCHOOL DISTRICT

TRANSPORTATION STATISTICS JUNE 30, 2004

Number of assigned school buses in fleet	29
Average age of school buses in fleet	12
Number of bus drivers	29
Average number of years of experience	10
Number of miles driven per day	2,483
Number of miles driven annually	442,010
Average miles per bus	15,242

Students Transported per Day

Public School	1,451
Non-public School	75
Handicapped	14
Preschool	<u>41</u>
Total	1,581
Percent of student enrollment transported	70%

Source: District Treasurer's Office

LAKWOOD LOCAL SCHOOL DISTRICT

ENROLLMENT STATISTICS (OCTOBER COUNT) LAST TEN YEARS

Fiscal Year	K	1	2	3	4	5	6	7	8	9	10	11	12	Non- Grade	Total
1995	202	198	191	175	185	181	217	206	173	195	167	167	125	6	2,388
1996	147	206	186	187	183	192	194	218	201	181	186	151	165	12	2,409
1997	167	183	185	183	201	191	197	189	212	205	174	181	154	11	2,433
1998	169	193	167	190	174	199	195	210	192	237	192	154	151	13	2,436
1999	157	181	158	174	186	172	195	207	199	235	175	176	143	18	2,376
2000	166	160	181	158	174	181	173	184	195	233	178	185	144	27	2,339
2001	173	174	160	176	155	173	184	191	193	226	182	175	160	16	2,338
2002	163	184	163	152	186	154	175	172	186	193	204	175	153	18	2,278
2003	172	170	179	169	163	186	149	169	181	202	208	158	153	18	2,277
2004	159	175	170	173	175	159	174	160	179	208	182	194	139	18	2,265

Source: District Treasurer's Office

LAKWOOD LOCAL SCHOOL DISTRICT





**Auditor of State
Betty Montgomery**

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800-282-0370

Facsimile 614-466-4490

**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 28, 2004**