

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

*SUPPLEMENTAL REPORTS
FOR THE FISCAL YEAR ENDED
JUNE 30, 2005*

GLENN A PLAISTED, TREASURER/CFO



**Auditor of State
Betty Montgomery**

Board of Education
Lakewood Local School District
525 East Main Street
P.O. Box 70
Hebron, Ohio 43025-0070

We have reviewed the *Independent Auditor's Report* of Lakewood Local School District, Licking County, prepared by Julian & Grube, Inc., for the audit period July 1, 2004 through June 30, 2005. 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. Lakewood Local School District is responsible for compliance with these laws and regulations.

A handwritten signature in cursive script that reads "Betty Montgomery".

BETTY MONTGOMERY
Auditor of State

November 30, 2005

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

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JULIAN & GRUBE, INC.

“SERVING OHIO LOCAL GOVERNMENTS”

333 County Line Road West
Westerville, Ohio 43082

Telephone 614.846.1899
Facsimile 614.846.2799

Independent Auditor’s Report on Supplementary Schedule of Receipts and Expenditures of Federal Awards

Board of Education
Lakewood Local School District
525 East Main Street, P.O. Box 70
Hebron, Ohio 43025

We have audited the financial statements of the governmental activities, the business-type activities, the aggregate discretely presented component unit, each major fund, and the aggregate remaining fund information of the Lakewood Local School District (the “District”) as of and for the fiscal year ended June 30, 2005, and have issued our report thereon dated October 18, 2005. Our audit was performed for the purpose of forming opinions on the financial statements that collectively comprise Lakewood Local School District’s basic financial statements. The accompanying Schedule of Receipts and Expenditures of Federal Awards 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 whole.



Julian & Grube, Inc.
October 18, 2005

LAKEWOOD LOCAL SCHOOL DISTRICT
SCHEDULE OF RECEIPTS AND EXPENDITURES OF FEDERAL AWARDS
FOR THE FISCAL YEAR ENDED JUNE 30, 2005

FEDERAL GRANTOR/ SUB GRANTOR/ PROGRAM TITLE	CFDA NUMBER	PASS-THROUGH GRANT NUMBER	(D) CASH FEDERAL RECEIPTS	OTHER FEDERAL RECEIPTS	(D) CASH FEDERAL DISBURSEMENTS	OTHER FEDERAL DISBURSEMENTS
U.S. DEPARTMENT OF AGRICULTURE						
PASSED THROUGH THE						
OHIO DEPARTMENT OF EDUCATION:						
Nutrition Cluster:						
(A), (B) Food Donation	10.550	N/A	\$ -	\$ 81,439	\$ -	\$ 81,439
(A), (C) School Breakfast Program	10.553	047993-05-PU-2004	3,670	-	3,670	-
(A), (C) School Breakfast Program	10.553	047993-05-PU-2005	20,475	-	20,475	-
(A), (C) National School Lunch Program	10.555	047993-LL-P4-2004	30,289	-	30,289	-
(A), (C) National School Lunch Program	10.555	047993-LL-P4-2005	180,135	-	180,135	-
Total U.S. Department of Agriculture and Nutrition Cluster			<u>234,569</u>	<u>81,439</u>	<u>234,569</u>	<u>81,439</u>
U.S. DEPARTMENT OF EDUCATION						
PASSED THROUGH THE						
OHIO DEPARTMENT OF EDUCATION:						
Title I - Grants to Local Educational Agencies	84.010	047993-C1-S1-2004	28,687		40,211	
Title I - Grants to Local Educational Agencies	84.010	047993-C1-S1-2005	286,608		278,432	
Total Title I - Grants to Local Educational Agencies			<u>315,295</u>		<u>318,643</u>	
Special Education - Grants to States	84.027	047993-6B-SF-2004	5,395		29,017	
Special Education - Grants to States	84.027	047993-6B-SF-2005	386,562		377,115	
Total Special Education - Grants to States			<u>391,957</u>		<u>406,132</u>	
(E) Safe and Drug-Free Schools and Communities - State Grants	84.186	047993-DR-S1-2004	(915)		-	
(E) Safe and Drug-Free Schools and Communities - State Grants	84.186	047993-DR-S1-2005	12,252		8,511	
Total Safe and Drug-Free Schools and Communities - State Grants			<u>11,337</u>		<u>8,511</u>	
State Grants for Innovative Programs	84.298	047993-C2-S1-2004	792		1,264	
State Grants for Innovative Programs	84.298	047993-C2-S1-2005	8,771		8,531	
Total State Grants for Innovative Programs			<u>9,563</u>		<u>9,795</u>	
(F) Education Technology State Grants	84.318	047993-TJ-S1-2004	(792)		1,044	
(F) Education Technology State Grants	84.318	047993-TJ-S1-2005	9,101		7,894	
Total Education Technology State Grants			<u>8,309</u>		<u>8,938</u>	
(G) Improving Teacher Quality State Grants	84.367	047993-TR-S1-2004	10,354		13,733	
(G) Improving Teacher Quality State Grants	84.367	047993-TR-S1-2005	101,571		97,342	
Total Improving Teacher Quality State Grants			<u>111,925</u>		<u>111,075</u>	
Total U.S. Department of Education			<u>848,386</u>		<u>863,094</u>	
U.S. DEPARTMENT OF HUMAN SERVICES						
PASSED THROUGH THE						
OHIO DEPARTMENT OF MENTAL RETARDATION AND						
DEVELOPMENTAL DISABILITIES:						
Student Children Health Insurance Program	93.767	N/A	4,711		4,711	
Medical Assistance Program	93.778	N/A	43,727		43,727	
Total U.S. Department of Human Services			<u>48,438</u>		<u>48,438</u>	
Total Federal Financial Assistance			<u>\$ 1,131,393</u>	<u>\$ 81,439</u>	<u>\$ 1,146,101</u>	<u>\$ 81,439</u>

- (A) Included as part of "Nutrition Grant Cluster" in determining major programs.
(B) The Food Donation Program is a non-cash, in kind, federal grant. Commodities are valued at fair market prices.
(C) Commingled with state and local revenue from sales of lunches; assumed expenditures were made on a first-in, first-out basis.
(D) This schedule was prepared on the cash basis of accounting.
(E) Amount of \$915 carried over to fiscal year 2005 grant based on Ohio Department of Education administrative action.
(F) Amount of \$792 carried over to fiscal year 2005 grant based on Ohio Department of Education administrative action.
(G) Amount of \$1,089 carried over to fiscal year 2005 grant based on Ohio Department of Education administrative action.

JULIAN & GRUBE, INC.

“SERVING OHIO LOCAL GOVERNMENTS”

333 County Line Road West
Westerville, Ohio 43082

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Report on Internal Control Over Financial Reporting and on Compliance and Other Matters Required By *Government Auditing Standards*

Board of Education
Lakewood Local School District
525 East Main Street, P.O. Box 70
Hebron, Ohio 43025

We have audited the financial statements of the governmental activities, the business-type activities, the aggregate discretely presented component unit, each major fund, and the aggregate remaining fund information of Lakewood Local School District as of and for the fiscal year ended June 30, 2005, which collectively comprise the Lakewood Local School District's basic financial statements and have issued our report thereon dated October 18, 2005. 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.

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 opinions on the financial statements and not to provide an opinion on the internal control over financial reporting. Our consideration of the internal control would not necessarily disclose all matters in the internal control over financial reporting that might be material weaknesses. A material weakness is a reportable condition in which the design or operation of one or more of the internal control components does not reduce to a relatively low level the risk that misstatements caused by error or fraud 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.

Board of Education
Lakewood Local School District

Compliance and Other Matters

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 grant agreements, 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 or other matters that are required to be reported under *Government Auditing Standards*.

This report is intended solely for the information and use of the management, Board of Education 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 cursive script that reads "Julian & Grube, Inc.".

Julian & Grube, Inc.
October 18, 2005

JULIAN & GRUBE, INC.

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Westerville, Ohio 43082

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Report on Compliance with Requirements Applicable to Its Major Federal Program and on Internal Control Over Compliance in Accordance With *OMB Circular A-133*

Board of Education
Lakewood Local School District
525 East Main Street, P.O. Box 70
Hebron, Ohio 43025

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 its major federal program for the fiscal year ended June 30, 2005. Lakewood Local School District's major federal program is identified in the summary of auditor's results section of the accompanying schedule of findings. Compliance with the requirements of laws, regulations, contracts and grants applicable to its major federal program 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 of America; the standards applicable to financial audits contained in *Government Auditing Standards*, issued by the Comptroller General of the United States; and *OMB Circular A-133, Audit 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.

Board of Education
Lakewood Local School District

In our opinion, Lakewood Local School District complied, in all material respects, with the requirements referred to above that are applicable to its major federal program for the fiscal year ended June 30, 2005.

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 reportable condition in which the design or operation of one or more of the internal control components does not reduce to a relatively low level the risk that noncompliance with applicable requirements of laws, regulations, contracts and grants caused by error or fraud that would be material in relation to a major federal program being audited may occur and not be 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.

This report is intended solely for the information and use of the management, Board of Education 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.



Julian & Grube, Inc.
October 18, 2005

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

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

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

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

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

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

None.

3. FINDINGS AND QUESTIONED COSTS FOR FEDERAL AWARDS

None.

LAKWOOD LOCAL SCHOOL DISTRICT



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



LAKWOOD LOCAL SCHOOL DISTRICT

HEBRON, OHIO

**COMPREHENSIVE ANNUAL
FINANCIAL REPORT**

**FOR THE FISCAL YEAR ENDED
June 30, 2005**

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



October 18 , 2005

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, 2005 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 the MD&A and should be read in conjunction with it. The Lakewood Local School District's MD&A can be found immediately following the independent auditor's report.

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, 2005

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, vocational courses, a broad range of co-curricular and extracurricular activities, and special education services.

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 2,257 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 high school is the District's newest facility built in 2000, Jackson Elementary built in 1972, Intermediate School built in 1967, Middle School built in 1959 and Hebron Elementary built in 1914.

The Board of Education of the Lakewood Local School District (the Board) is a five member body politic and corporate, as defined by Section 3313.02, Ohio Revised Code. The Board serves as the taxing authority, contracting body, policy maker, and 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 operating budget and approves all expenditures of the District.

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, 2005

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 2004-2005 there were 290 students on Individualized Educational Programs representing approximately 12.8% 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.

LAKEWOOD LOCAL SCHOOL DISTRICT

Letter of Transmittal For the Fiscal Year Ended June 30, 2005

CONTINUOUS IMPROVEMENT PLANNING

The District's Continuous Improvement Plan includes these goals:

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.

The District received an Effective rating on the State of Ohio's District Report Card. The individual buildings received the following ratings:

High School	–	Excellent (3 rd year in a row)
Middle School	–	Effective
Intermediate	–	Continuous Improvement
Jackson	–	Continuous Improvement
Hebron	–	Continuous Improvement

ECONOMIC CONDITION AND OUTLOOK

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

The Villages of Hebron and Buckeye Lake offer excellent opportunities for business growth and expansion. The District has an Industrial Park which stimulates the economy through a diverse group of employers, from the small family operated business to major commercial/industrial and service corporations. The five largest employers in the District in terms of numbers of employees are: Bear Creek, THK, Allied Tube & Conduit, Ecolab and Sunfield.

The District passed a five year emergency 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 necessary funds to meet its operating expenses in fiscal years 2006 and 2007. Beyond 2007, the District will face some decisions on obtaining additional funding sources or reducing expenses it currently has in maintaining its educational programs.

Based on historical data the District's student enrollment has fluctuated either up or down approximately 1% per year. The District is in the process of obtaining data on live births and new development permits to obtain a more accurate projection of enrollment for the next 10 years. Until the study is completed we are assuming an insignificant variance in student enrollment during the next 3 years.

LAKEWOOD LOCAL SCHOOL DISTRICT

Letter of Transmittal For the Fiscal Year Ended June 30, 2005

RECENT SIGNIFICANT ACCOMPLISHMENTS

Financial

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

Instruction

The Lakewood High School maintained an Excellent Rating on the State of Ohio District Report Card for the third year in a row.

MAJOR INITIATIVES FOR THE FUTURE

Financial

To receive the Certificate of Excellence in Financial Reporting from the Government Finance Officers Association for the District's 2005 CAFR.

With the help of the Citizens Advisory Committee, the establishment of a District Community Authority for new residential development projects within the District.

Instruction

Implement academic content standards in all grades.

Emphasize literacy at all grade levels and to improve students' reading so that all students read at or above grade level.

Prepare students and teachers for the Ohio Graduation Test and other achievement tests.

Improve math and reading proficiency of all students with disabilities to meet or exceed the state of Ohio's Adequate Yearly Progress target.

FINANCIAL INFORMATION

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

INTERNAL CONTROLS – The Treasurer 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.

LAKEWOOD LOCAL SCHOOL DISTRICT

Letter of Transmittal For the Fiscal Year Ended June 30, 2005

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, 2005, as of this writing, revealed no instances of material weaknesses in internal control structure or significant violations of applicable laws and regulations.

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

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.

LAKWOOD LOCAL SCHOOL DISTRICT

***Letter of Transmittal
For the Fiscal Year Ended June 30, 2005***

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.

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

AWARDS – The Government Finance Officers Association of the United States and Canada (GFOA) awarded a Certificate of Achievement of Excellence in Financial Reporting to the Lakewood Local School District for its Comprehensive Annual Financial Report for the fiscal year ended June 30, 2004. This was the second year that the District has applied for and achieved this prestigious award. In order to be awarded a Certificate of Achievement, a governmental unit must publish an easily readable and efficiently organized comprehensive annual financial report. The report must satisfy both generally accepted accounting principles and applicable legal requirements. A Certificate of Achievement is valid for a period of one year only. We believe that our current comprehensive annual financial report continues to meet the program's requirements and we are submitting it to the GFOA to determine its eligibility for another certificate.

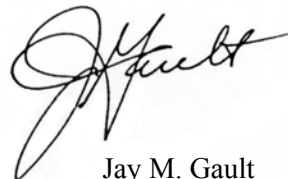
ACKNOWLEDGMENTS – The preparation of the Comprehensive Annual Financial Report was made possible with the support and efforts of the staff in the Treasurer's Office and many other dedicated employees of the District. We also would like to recognize Donald J. Schonhardt & Associates, Inc. for their assistance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

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

Respectfully submitted,



Glenna J. Plaisted, CPA
Treasurer/CFO



Jay M. Gault
Superintendent

LAKWOOD LOCAL SCHOOL DISTRICT

Members of the Board of Education and Administration For the Fiscal Year Ended June 30, 2005

Members of the Board of Education

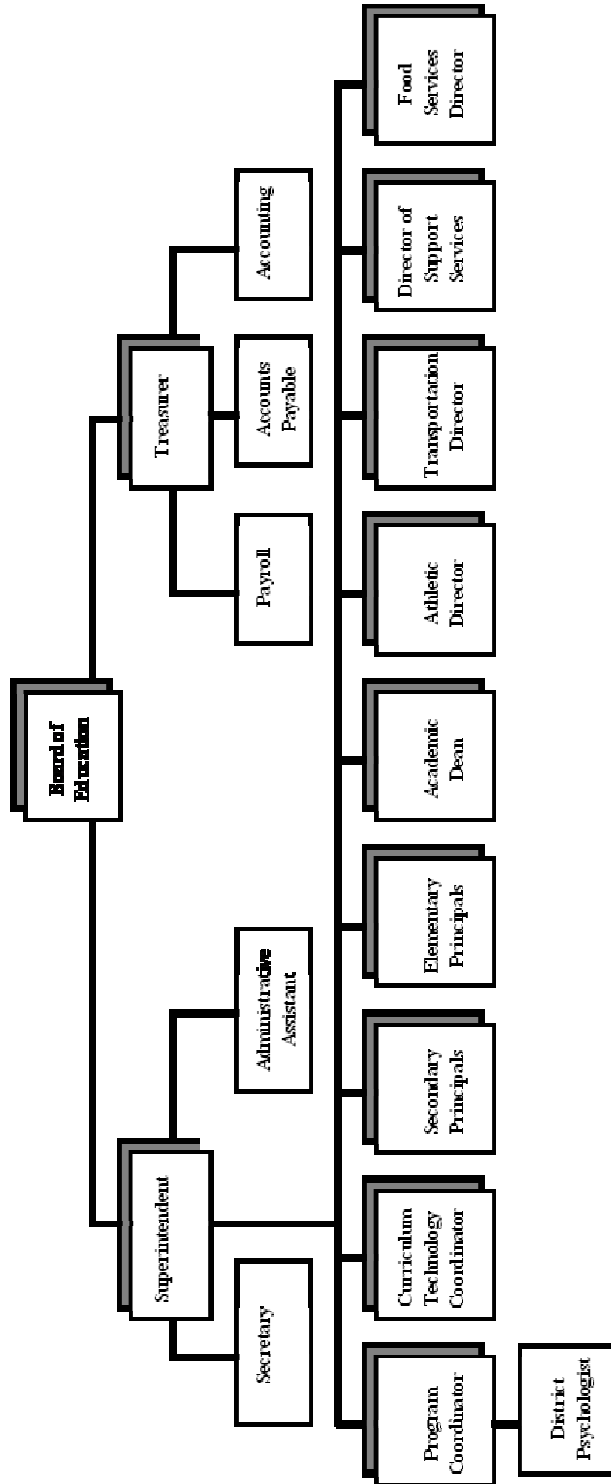
	<u>Began Service as A Board Member</u>	<u>Present Term Expires</u>
Rick Black, President	January 1, 2002	December 31, 2005
Janice Mason, Vice President	January 1, 2002	December 31, 2005
Forrest Cooperrider	January 1, 2004	December 31, 2007
Connie Fought	January 1, 2002	December 31, 2005
Tim Spitzer	January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

Administration

	<u>Position</u>	<u>Date of Hire</u>
Jay M. Gault	Superintendent	August 1, 2005
Glenna J. Plaisted	Treasurer	May 15, 2000

LAKWOOD LOCAL SCHOOL DISTRICT

Organizational Chart For the Fiscal Year Ended June 30, 2005



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, 2004

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



Nancy L. Zjelle

President

Jeffrey R. Emer

Executive Director

FINANCIAL SECTION



JULIAN & GRUBE, INC.

“SERVING OHIO LOCAL GOVERNMENTS”

333 County Line Road West
Westerville, Ohio 43082

Telephone 614.846.1899
Facsimile 614.846.2799

Independent Auditor’s Report

Board of Education
Lakewood Local School District
525 East Main Street, P.O. Box 70
Hebron, Ohio 43025

We have audited the accompanying financial statements of the governmental activities, the business-type activities, the aggregate discretely presented component unit, each major fund, and the aggregate remaining fund information of the Lakewood Local School District, Licking County (the “District”) as of and for the fiscal year ended June 30, 2005, which collectively comprise the District’s basic financial statements, as listed in the table of contents. These financial statements are the responsibility of the Lakewood Local School District’s management. Our responsibility is to express opinions 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 the 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 opinions.

In our opinion, the financial statements referred to above present fairly, in all material respects, the respective financial position of the governmental activities, the business-type activities, the aggregate discretely presented component unit, each major fund, and the aggregate remaining fund information of the Lakewood Local School District, Licking County, as of June 30, 2005, and the respective changes in financial position, and cash flows, where applicable, thereof and the respective budgetary comparison for the general fund for the fiscal 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 18, 2005, on our consideration of the Lakewood Local School District’s internal control over financial reporting and on our tests of its compliance with certain provisions of laws, regulations, contracts and grant agreements and other matters. The purpose of that report is to describe the scope of our testing of internal control over financial reporting and compliance and the results of that testing, and not to provide an opinion on the internal control over financial reporting or on compliance. That report is an integral part of an audit performed in accordance with *Government Auditing Standards* and should be considered in assessing the results of our audit.

The management’s discussion and analysis on pages 3 through 11 is not a required part of the basic financial statements but is supplementary information required by accounting principles generally accepted in the United States of America. We have applied certain limited procedures, which consisted principally of inquiries of management regarding the methods of measurement and presentation of the required supplementary information. However, we did not audit the information and express no opinion on it.

Board of Education
Lakewood Local School District

Our audit was conducted for the purpose of forming opinions on the financial statements that collectively comprise the Lakewood Local School District's basic financial statements. The introductory section, combining and individual nonmajor fund financial statements, and statistical tables are presented for purposes of additional analysis and are not a required part of the basic financial statements of Lakewood Local School District. The combining and individual nonmajor fund financial statements have been subjected to the auditing procedures applied in the audit of the basic financial statements and, in our opinion, are fairly stated in all material respects in relation to the basic financial statements taken as a whole. The introductory section and statistical tables have not been subjected to the auditing procedures applied in the audit of the basic financial statements, and accordingly we express no opinion on them.



Julian & Grube, Inc.
October 18, 2005

LAKWOOD LOCAL SCHOOL DISTRICT

***Management's Discussion and Analysis
For the Fiscal Year Ended June 30, 2005***

Unaudited

The management's discussion and analysis of Lakewood Local School District's financial performance provides an overall review of the District's financial activities for the fiscal year ended June 30, 2005. 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 2005 are as follows:

- ❑ In total, net assets increased \$58,934. Net assets of governmental activities increased \$113,792, which represents a 1.9% increase from 2004. Net assets of business-type activities decreased \$54,858 or 36.5% from 2004.
- ❑ General revenues accounted for \$17,471,381 in revenue or 87.6% of all revenues. Program specific revenues in the form of charges for services and grants and contributions accounted for \$2,462,454 or 12.4% of total revenues of \$19,933,835.
- ❑ The District had \$19,053,976 in expenses related to governmental activities; only \$1,696,387 of these expenses were offset by program specific charges for services, grants or contributions. General revenues of \$17,471,381 were adequate to provide for these programs.
- ❑ Among major funds, the general fund had \$17,265,352 in revenues and \$16,532,480 in expenditures. During fiscal year 2005, the general fund's fund balance increased from \$2,045,089 to \$2,772,536.

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.

LAKWOOD LOCAL SCHOOL DISTRICT

***Management's Discussion and Analysis
For the Fiscal Year Ended June 30, 2005***

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.

LAKEWOOD LOCAL SCHOOL DISTRICT

**Management's Discussion and Analysis
For the Fiscal Year Ended June 30, 2005**

Unaudited

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

Fiduciary Funds – The District is the trustee, or fiduciary, for various student-managed activity programs, 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 2005 compared to 2004:

	Governmental Activities		Business-type Activities		Total	
	2005	2004	2005	2004	2005	2004
Current and other assets	\$15,939,352	\$14,990,478	\$80,575	\$126,985	\$16,019,927	\$15,117,463
Capital assets, Net	17,102,333	17,795,058	114,905	110,134	17,217,238	17,905,192
Total assets	<u>33,041,685</u>	<u>32,785,536</u>	<u>195,480</u>	<u>237,119</u>	<u>33,237,165</u>	<u>33,022,655</u>
Long-term debt outstanding	14,961,953	15,508,890	17,731	12,034	14,979,684	15,520,924
Other liabilities	11,905,389	11,216,095	82,283	74,761	11,987,672	11,290,856
Total liabilities	<u>26,867,342</u>	<u>26,724,985</u>	<u>100,014</u>	<u>86,795</u>	<u>26,967,356</u>	<u>26,811,780</u>
Net assets						
Invested in capital assets, net of related debt	3,487,282	3,690,887	114,905	110,134	3,602,187	3,801,021
Restricted	688,019	772,635	0	0	688,019	772,635
Unrestricted	1,999,042	1,597,029	(19,439)	40,190	1,979,603	1,637,219
Total net assets	<u>\$6,174,343</u>	<u>\$6,060,551</u>	<u>\$95,466</u>	<u>\$150,324</u>	<u>\$6,269,809</u>	<u>\$6,210,875</u>

At year-end for governmental activities, capital assets represented 52% 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, 2005 was \$3,487,282. 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, \$688,019, represents resources that are subject to external restriction on how they may be used. The remaining balance of unrestricted net assets of \$1,999,042 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, 2005**

Unaudited

Changes in Net Assets – The following table shows the changes in net assets for fiscal years 2005 and 2004:

	Governmental Activities		Business-type Activities		Total	
	2005	2004	2005	2004	2005	2004
Revenues						
Program Revenues:						
Charges for Services	\$608,448	\$429,703	\$418,478	\$411,461	\$1,026,926	\$841,164
Operating Grants	1,070,194	1,105,522	328,272	308,590	1,398,466	1,414,112
Capital Grants	17,745	0	19,317	0	37,062	0
Total Program Revenues	<u>1,696,387</u>	<u>1,535,225</u>	<u>766,067</u>	<u>720,051</u>	<u>2,462,454</u>	<u>2,255,276</u>
General Revenues:						
Property Taxes	11,269,729	10,938,168	0	0	11,269,729	10,938,168
Grants and Entitlements	5,866,148	5,865,683	0	0	5,866,148	5,865,683
Other	335,504	247,046	0	0	335,504	247,046
Total General Revenues	<u>17,471,381</u>	<u>17,050,897</u>	<u>0</u>	<u>0</u>	<u>17,471,381</u>	<u>17,050,897</u>
Total Revenues	<u>19,167,768</u>	<u>18,586,122</u>	<u>766,067</u>	<u>720,051</u>	<u>19,933,835</u>	<u>19,306,173</u>
Program Expenses						
Instruction	11,243,238	10,616,848	0	0	11,243,238	10,616,848
Support Services:						
Pupils	1,138,402	1,153,724	0	0	1,138,402	1,153,724
Instructional Staff	410,227	456,520	0	0	410,227	456,520
Board of Education	64,994	72,807	0	0	64,994	72,807
Administration	1,465,620	1,633,056	0	0	1,465,620	1,633,056
Fiscal Services	540,356	509,894	0	0	540,356	509,894
Business	17,511	15,360	0	0	17,511	15,360
Operation and Maintenance of Plant	1,442,262	1,403,654	0	0	1,442,262	1,403,654
Pupil Transportation	1,257,226	1,176,469	0	0	1,257,226	1,176,469
Central	174,827	163,721	0	0	174,827	163,721
Operation of Non-Instructional Services	81,381	81,937	0	0	81,381	81,937
Extracurricular Activities	512,166	477,927	0	0	512,166	477,927
Interest and Fiscal Charges	705,766	722,687	0	0	705,766	722,687
Food Service	0	0	817,695	732,804	817,695	732,804
Uniform School Supplies	0	0	3,230	4,372	3,230	4,372
Total Expenses	<u>19,053,976</u>	<u>18,484,604</u>	<u>820,925</u>	<u>737,176</u>	<u>19,874,901</u>	<u>19,221,780</u>
Total Change in Net Assets	113,792	101,518	(54,858)	(17,125)	58,934	84,393
Beginning Net Assets	6,060,551	5,959,033	150,324	167,449	6,210,875	6,126,482
Ending Net Assets	<u>\$6,174,343</u>	<u>\$6,060,551</u>	<u>\$95,466</u>	<u>\$150,324</u>	<u>\$6,269,809</u>	<u>\$6,210,875</u>

Governmental Activities

Net assets of the District's governmental activities increased by \$113,792. Total governmental expenses of \$19,053,976 were offset by program revenues of \$1,696,387 and general revenues of \$17,471,381. Program revenues supported 8.9% of the total governmental expenses.

The primary sources of revenues for governmental activities are derived from property taxes and grants and entitlements. The primary sources of general revenue sources total \$17,135,877 and represent 98% of total general 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.

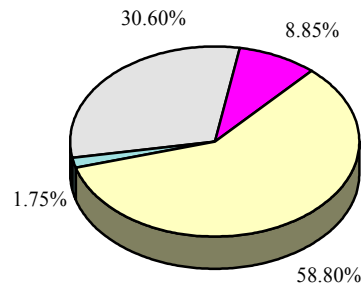
LAKWOOD LOCAL SCHOOL DISTRICT

**Management's Discussion and Analysis
For the Fiscal Year Ended June 30, 2005**

Unaudited

Voters approved a five year emergency operating levy on May 6, 2003. The collection of these taxes started in 2004. Fiscal year 2005 includes property tax revenues of \$1,265,032 from this levy. Property taxes made up 59% of revenues for governmental activities for Lakewood Local Schools in fiscal year 2005. The District's reliance upon tax revenues is demonstrated by the following graph:

Revenue Sources	2005	Percent of Total
General Grants	\$5,866,148	30.60%
Program Revenues	1,696,387	8.85%
General Tax Revenues	11,269,729	58.80%
General Other	335,504	1.75%
Total Revenue	<u>\$19,167,768</u>	<u>100.00%</u>



Business-Type Activities

Net assets of the business-type activities decreased by \$54,858. These programs had revenues of \$766,067 and expenses of \$820,925 for fiscal year 2005. 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 \$3,468,334, which is above last year's total of \$2,750,546. The schedule below indicates the fund balance and the total change in fund balance by fund type as of June 30, 2005 and 2004.

	Fund Balance June 30, 2005	Fund Balance June 30, 2004	Increase (Decrease)
General	\$2,772,536	\$2,045,089	\$727,447
Debt Service	489,491	531,944	(42,453)
Other Governmental	206,307	173,513	32,794
Total	<u>\$3,468,334</u>	<u>\$2,750,546</u>	<u>\$717,788</u>

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LAKWOOD LOCAL SCHOOL DISTRICT

**Management's Discussion and Analysis
For the Fiscal Year Ended June 30, 2005**

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:

	2005 Revenues	2004 Revenues	Increase (Decrease)
Taxes	\$10,763,965	\$9,409,628	\$1,354,337
Tuition	342,930	261,100	81,830
Investment Earnings	142,437	24,653	117,784
Class Materials and Fees	33,780	11,652	22,128
Intermediate Sources	0	5,000	(5,000)
Intergovernmental - State	5,745,713	5,768,289	(22,576)
All Other Revenue	236,527	211,523	25,004
Total	\$17,265,352	\$15,691,845	\$1,573,507

General Fund revenues in 2005 increased approximately 10.0% compared to revenues in fiscal year 2004. The primary factor contributing to the increase in revenue is from taxes. The District received an additional \$356,963 in emergency levy taxes from the amount received in fiscal year 2004; the District also received an increase due to collection of delinquent personal property taxes of \$442,721; the remaining increase in taxes is due to an increase in overall real estate tax and personal property tax collections.

	2005 Expenditures	2004 Expenditures	Increase (Decrease)
Instruction	\$9,897,484	\$9,526,696	\$370,788
Supporting Services:			
Pupils	1,029,595	1,019,728	9,867
Instructional Staff	381,269	340,160	41,109
Board of Education	65,222	72,863	(7,641)
Administration	1,333,178	1,347,032	(13,854)
Fiscal Services	530,967	501,643	29,324
Business	19,133	14,987	4,146
Operation & Maintenance of Plant	1,435,137	1,411,934	23,203
Pupil Transportation	1,335,151	1,124,163	210,988
Central	148,057	126,665	21,392
Operation of Non-Instructional Services	29,686	6,791	22,895
Extracurricular Activities	197,480	189,219	8,261
Debt Service:			
Principal Retirement	89,120	174,006	(84,886)
Interest and Fiscal Charges	41,001	36,772	4,229
Total	\$16,532,480	\$15,892,659	\$639,821

LAKEWOOD LOCAL SCHOOL DISTRICT

**Management's Discussion and Analysis
For the Fiscal Year Ended June 30, 2005**

Unaudited

The expenditures increased by \$639,821 or 4.0% compared to the prior year. The District's budget is 80% personnel related. With the District's health insurance increasing 18.7% last year and a wage and salary adjustment averaging 3.5%, the increase can be primarily attributed to personnel costs. The District had a decrease in the principal retirement and interest charges for an old energy conservation note that was paid in full. An increase in transportation can be attributed to the purchase of 2 school busses in fiscal year 2005 compared to 1 bus in 2004 and the costs of an underground fuel tank removal during fiscal year 2005.

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 2005 the District amended its General Fund budget several times, none significant.

For the General Fund, the budget basis revenue of \$17.4 million increased \$.8 million over the original budget estimates of \$16.6 million. The increase was due to underestimated real estate revenue collections.

CAPITAL ASSETS AND DEBT ADMINISTRATION

Capital Assets

At the end of fiscal 2005 the District had \$17,217,238 net of accumulated depreciation invested in land, buildings, equipment and vehicles. Of this total, \$17,102,333 was related to governmental activities and \$114,905 to the business-type activities. The following table shows fiscal year 2005 and 2004 balances:

	Governmental Activities		Increase (Decrease)
	2005	2004	
Land	\$275,555	\$275,555	\$0
Land Improvements	810,337	810,337	0
Buildings and Improvements	20,729,778	20,729,778	0
Furniture, Fixtures and Equipment	3,697,594	3,698,185	(591)
Vehicles	1,731,059	1,663,577	67,482
Less: Accumulated Depreciation	(10,141,990)	(9,382,374)	(759,616)
Totals	\$17,102,333	\$17,795,058	(\$692,725)

	Business-Type Activities		Increase (Decrease)
	2005	2004	
Furniture and Equipment	\$316,549	\$313,833	\$2,716
Less: Accumulated Depreciation	(201,644)	(203,699)	2,055
Totals	\$114,905	\$110,134	\$4,771

LAKEWOOD LOCAL SCHOOL DISTRICT

***Management's Discussion and Analysis
For the Fiscal Year Ended June 30, 2005***

Unaudited

The increase in vehicles is due to the purchase of 2 school busses in 2005 and 1 school bus in 2004. The overall decrease in capital assets of \$692,725 is primarily due to the recording of \$759,616 in depreciation expense for fiscal 2005.

Additional information on the District's capital assets can be found in Note 7.

Debt

At June 30, 2005, the District had \$15.0 million in bonds, notes, loans, and other long-term obligations outstanding, \$654,971 due within one year. The following table summarizes the District's debt outstanding as of June 30, 2005:

	<u>2005</u>	<u>2004</u>
Governmental Activities:		
General Obligation Bond:		
School Improvement	\$13,426,870	\$13,826,870
Long-Term Notes Payable	581,320	713,985
EPA Loan Payable	11,272	18,786
Capital Leases Payable	188,181	277,301
Compensated Absences	<u>754,310</u>	<u>671,948</u>
Total Governmental Activities	14,961,953	15,508,890
Business-Type Activities:		
Compensated Absences	<u>17,731</u>	<u>12,034</u>
Totals	<u>\$14,979,684</u>	<u>\$15,520,924</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, 2005, the District's outstanding debt was below the legal limit. Additional information on the District's long-term debt can be found in Note 9.

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 2006 through 2007. Beyond 2007 the District will face some decisions on obtaining additional funding sources or reducing expenses it currently has in maintaining its educational programs.

LAKWOOD LOCAL SCHOOL DISTRICT

***Management's Discussion and Analysis
For the Fiscal Year Ended June 30, 2005***

Unaudited

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.

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.



LAKEWOOD LOCAL SCHOOL DISTRICT

Statement of Net Assets June 30, 2005

	Primary Government			Component Unit
	Governmental Activities	Business-Type Activities	Total	Digital Academy
Assets:				
Cash and Cash Equivalents	\$ 1,394,018	\$ 44,641	\$ 1,438,659	\$ 1,344
Cash and Cash Equivalents in Segregated Accounts	1,027	0	1,027	0
Investments	1,844,301	0	1,844,301	0
Receivables:				
Taxes	12,036,265	0	12,036,265	0
Accounts	26,562	200	26,762	0
Intergovernmental	217,802	0	217,802	0
Interest	13,041	0	13,041	0
Inventory	57,275	23,522	80,797	0
Prepaid Items	144,897	12,212	157,109	0
Restricted Assets:				
Cash and Cash Equivalents	204,164	0	204,164	0
Capital Assets, Net	17,102,333	114,905	17,217,238	4,658
Total Assets	33,041,685	195,480	33,237,165	6,002
Liabilities:				
Accounts Payable	60,718	0	60,718	179
Accrued Wages and Benefits	1,396,252	53,368	1,449,620	0
Intergovernmental Payable	450,107	28,915	479,022	9,325
Deferred Revenue - Taxes	9,933,014	0	9,933,014	0
Accrued Interest Payable	65,298	0	65,298	0
Long Term Liabilities:				
Due Within One Year	654,971	0	654,971	0
Due in More Than One Year	14,306,982	17,731	14,324,713	0
Total Liabilities	26,867,342	100,014	26,967,356	9,504
Net Assets:				
Invested in Capital Assets, Net of Related Debt	3,487,282	114,905	3,602,187	4,658
Restricted For:				
Capital Projects	3	0	3	0
Debt Service	476,167	0	476,167	0
Other Purposes	211,849	0	211,849	0
Unrestricted (Deficit)	1,999,042	(19,439)	1,979,603	(8,160)
Total Net Assets	\$ 6,174,343	\$ 95,466	\$ 6,269,809	\$ (3,502)

See accompanying notes to the basic financial statements

LAKEWOOD LOCAL SCHOOL DISTRICT

Statement of Activities For the Fiscal Year Ended June 30, 2005

	Expenses	Program Revenues		
		Charges for Services and Sales	Operating Grants and Contributions	Primary Capital Grants and Contributions
Governmental Activities:				
Instruction	\$ 11,243,238	\$ 386,042	\$ 802,269	\$ 17,745
Support Services:				
Pupils	1,138,402	0	84,547	0
Instructional Staff	410,227	0	22,291	0
Board of Education	64,994	0	0	0
Administration	1,465,620	0	100,144	0
Fiscal Services	540,356	0	1,140	0
Business	17,511	0	0	0
Operation and Maintenance of Plant	1,442,262	0	500	0
Pupil Transportation	1,257,226	0	16,991	0
Central	174,827	0	22,225	0
Operation of Non-Instructional Services	81,381	7,708	7,171	0
Extracurricular Activities	512,166	214,698	12,916	0
Interest and Fiscal Charges	705,766	0	0	0
Total Governmental Activities	19,053,976	608,448	1,070,194	17,745
Business-Type Activities:				
Food Service	817,695	417,400	328,272	19,317
Uniform School Supplies	3,230	1,078	0	0
Total Business-Type Activities	820,925	418,478	328,272	19,317
Totals	\$ 19,874,901	\$ 1,026,926	\$ 1,398,466	\$ 37,062
Component Unit:				
Digital Academy	\$ 206,721	\$ 0	\$ 3,000	\$ 0

General Revenues:

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

Total General Revenues

Change in Net Assets

Net Assets Beginning of Year

Net Assets End of Year

See accompanying notes to the basic financial statements

LAKEWOOD LOCAL SCHOOL DISTRICT

Net (Expense) Revenue and Changes in Net Assets			Component
Government			Unit
Governmental Activities	Business-Type Activities	Total	Digital Academy
\$ (10,037,182)	\$ 0	\$ (10,037,182)	
(1,053,855)	0	(1,053,855)	
(387,936)	0	(387,936)	
(64,994)	0	(64,994)	
(1,365,476)	0	(1,365,476)	
(539,216)	0	(539,216)	
(17,511)	0	(17,511)	
(1,441,762)	0	(1,441,762)	
(1,240,235)	0	(1,240,235)	
(152,602)	0	(152,602)	
(66,502)	0	(66,502)	
(284,552)	0	(284,552)	
(705,766)	0	(705,766)	
<u>(17,357,589)</u>	<u>0</u>	<u>(17,357,589)</u>	
0	(52,706)	(52,706)	
0	(2,152)	(2,152)	
0	(54,858)	(54,858)	
<u>(17,357,589)</u>	<u>(54,858)</u>	<u>(17,412,447)</u>	
			<u>\$ (203,721)</u>
10,181,474	0	10,181,474	0
1,088,255	0	1,088,255	0
5,866,148	0	5,866,148	167,745
113,061	0	113,061	136
222,443	0	222,443	0
<u>17,471,381</u>	<u>0</u>	<u>17,471,381</u>	<u>167,881</u>
113,792	(54,858)	58,934	(35,840)
<u>6,060,551</u>	<u>150,324</u>	<u>6,210,875</u>	<u>32,338</u>
<u>\$ 6,174,343</u>	<u>\$ 95,466</u>	<u>\$ 6,269,809</u>	<u>\$ (3,502)</u>

LAKEWOOD LOCAL SCHOOL DISTRICT

Balance Sheet
Governmental Funds
June 30, 2005

	General	Debt Service	Other Governmental Funds	Total Governmental Funds
Assets:				
Cash and Cash Equivalents	\$ 830,108	\$ 368,791	\$ 195,119	\$ 1,394,018
Cash and Cash Equivalents in Segregated Accounts	0	0	1,027	1,027
Investments	1,844,301	0	0	1,844,301
Receivables:				
Taxes	10,940,574	1,095,691	0	12,036,265
Accounts	10,544	0	16,018	26,562
Intergovernmental	124,478	0	93,324	217,802
Interest	13,041	0	0	13,041
Interfund Loan Receivable	8,462	0	0	8,462
Inventory	57,275	0	0	57,275
Prepaid Items	138,499	0	6,398	144,897
Restricted Assets:				
Cash and Cash Equivalents	204,164	0	0	204,164
Total Assets	\$ 14,171,446	\$ 1,464,482	\$ 311,886	\$ 15,947,814
Liabilities:				
Accounts Payable	\$ 46,220	\$ 0	\$ 14,498	\$ 60,718
Accrued Wages and Benefits	1,322,270	0	73,982	1,396,252
Intergovernmental Payable	441,470	0	8,637	450,107
Interfund Loans Payable	0	0	8,462	8,462
Deferred Revenue - Taxes	9,541,274	974,991	0	10,516,265
Deferred Revenue	7,639	0	0	7,639
Compensated Absences Payable	40,037	0	0	40,037
Total Liabilities	11,398,910	974,991	105,579	12,479,480
Fund Balances:				
Reserved for Encumbrances	95,209	0	15,656	110,865
Reserved for Prepaid Items	138,499	0	6,398	144,897
Reserved for Supplies Inventory	57,275	0	0	57,275
Reserved for Debt Service	0	405,991	0	405,991
Reserved for Property Taxes	806,500	83,500	0	890,000
Unreserved, Designated for Maintenance and Renovation	204,164	0	0	204,164
Unreserved, Undesignated in:				
General Fund (Deficit)	1,470,889	0	0	1,470,889
Special Revenue Funds	0	0	184,250	184,250
Capital Projects Funds	0	0	3	3
Total Fund Balances	2,772,536	489,491	206,307	3,468,334
Total Liabilities and Fund Balances	\$ 14,171,446	\$ 1,464,482	\$ 311,886	\$ 15,947,814

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, 2005***

Total Governmental Fund Balances \$ 3,468,334

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

Capital Assets used in governmental activities are not resources and therefore are not reported in the funds. 17,102,333

Other long-term assets are not available to pay for current-period expenditures and therefore are deferred in the funds. 590,890

Long-term liabilities, including bonds payable, are not due and payable in the current period and therefore are not reported in the funds.

Long-Term Notes Payable	(581,320)
EPA Loan Payable	(11,272)
General Obligation Bonds Payable	(13,426,870)
Capital Leases Payable	(188,181)
Compensated Absences Payable	(714,273)
Accrued Interest Payable	(65,298)

(14,987,214)

Net Assets of Governmental Activities

\$ 6,174,343

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, 2005

	General	Debt Service	Other Governmental Funds	Total Governmental Funds
Revenues:				
Local Sources:				
Taxes	\$ 10,763,965	\$ 1,088,255	\$ 0	\$ 11,852,220
Tuition	342,930	0	0	342,930
Investment Earnings	142,437	0	0	142,437
Extracurricular Activities	0	0	214,698	214,698
Class Materials and Fees	33,780	0	0	33,780
Intermediate Sources	0	0	1,500	1,500
Intergovernmental - State	5,745,713	98,059	156,124	5,999,896
Intergovernmental - Federal	0	0	904,888	904,888
All Other Revenue	236,527	0	47,803	284,330
Total Revenue	17,265,352	1,186,314	1,325,013	19,776,679
Expenditures:				
Current:				
Instruction	9,897,484	0	825,580	10,723,064
Supporting Services:				
Pupils	1,029,595	0	88,237	1,117,832
Instructional Staff	381,269	0	23,873	405,142
Board of Education	65,222	0	0	65,222
Administration	1,333,178	0	102,565	1,435,743
Fiscal Services	530,967	19,340	1,143	551,450
Business	19,133	0	0	19,133
Operation and Maintenance of Plant	1,435,137	0	19,696	1,454,833
Pupil Transportation	1,335,151	0	0	1,335,151
Central	148,057	0	34,140	182,197
Operation of Non-Instructional Services	29,686	0	9,700	39,386
Extracurricular Activities	197,480	0	187,285	384,765
Debt Service:				
Principal Retirement	89,120	540,179	0	629,299
Interest and Fiscal Charges	41,001	669,248	0	710,249
Total Expenditures	16,532,480	1,228,767	1,292,219	19,053,466
Excess (Deficiency) of Revenues Over Expenditures				
	732,872	(42,453)	32,794	723,213
Other Financing Sources (Uses):				
Sale of Capital Assets	2,956	0	0	2,956
Total Other Financing Sources (Uses)	2,956	0	0	2,956
Net Change in Fund Balance	735,828	(42,453)	32,794	726,169
Fund Balances at Beginning of Year	2,045,089	531,944	173,513	2,750,546
Decrease in Inventory Reserve	(8,381)	0	0	(8,381)
Fund Balances End of Year	\$ 2,772,536	\$ 489,491	\$ 206,307	\$ 3,468,334

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, 2005

Net Change in Fund Balances - Total Governmental Funds \$ 726,169

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 depreciation exceeded capital outlays in the current period. (682,599)

The net effect of various miscellaneous transactions involving capital assets (i.e., sales) is to decrease net assets. (10,126)

Revenues in the statement of activities that do not provide current financial resources are not reported as revenues in the funds. (611,867)

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. 629,299

In the statement of activities, interest is accrued on outstanding bonds, whereas in governmental funds, interest expenditure is reported when due. 4,483

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	(49,010)	
Pension Obligation (Intergovernmental Payable)	115,824	
Change in Inventory	<u>(8,381)</u>	
		58,433

Change in Net Assets of Governmental Activities \$ 113,792

See accompanying notes to the basic financial statements

LAKEWOOD LOCAL SCHOOL DISTRICT

**Statement of Revenues, Expenditures and Changes in
Fund Balance – Budget and Actual (Non-GAAP Budgetary Basis)
General Fund
For the Fiscal Year Ended June 30, 2005**

	<u>Original Budget</u>	<u>Final Budget</u>	<u>Actual</u>	Variance with Final Budget Positive (Negative)
Revenues:				
Local Sources:				
Taxes	\$ 9,939,959	\$ 10,957,365	\$ 10,957,365	\$ 0
Tuition	251,500	307,131	307,131	0
Investment Earnings	103,982	139,300	137,175	(2,125)
Class Material and Fees	26,720	32,614	33,780	1,166
Intergovernmental - State	6,002,996	5,699,600	5,745,713	46,113
All Other Revenues	<u>210,861</u>	<u>216,789</u>	<u>218,841</u>	<u>2,052</u>
Total Revenues	<u>16,536,018</u>	<u>17,352,799</u>	<u>17,400,005</u>	<u>47,206</u>
Expenditures:				
Current:				
Instructional Services	10,045,495	9,963,916	9,853,969	109,947
Support Services:				
Pupils	1,211,691	1,030,510	1,006,039	24,471
Instructional Staff	591,719	499,805	470,644	29,161
Board of Education	84,487	91,523	84,123	7,400
Administration	1,326,215	1,306,794	1,283,942	22,852
Fiscal Services	527,231	530,590	524,845	5,745
Business	18,900	19,118	18,402	716
Operation and Maintenance of Plant	1,601,998	1,566,888	1,419,926	146,962
Pupil Transportation	1,311,848	1,365,374	1,338,531	26,843
Central	167,061	149,919	148,261	1,658
Operation of Non-Instructional Services	24,136	29,686	29,686	0
Extracurricular Activities	<u>198,183</u>	<u>253,976</u>	<u>198,428</u>	<u>55,548</u>
Total Expenditures	<u>17,108,964</u>	<u>16,808,099</u>	<u>16,376,796</u>	<u>431,303</u>
Excess (Deficiency) of Revenues Over (Under) Expenditures	(572,946)	544,700	1,023,209	478,509
Other Financing Sources (Uses):				
Sale of Capital Assets	0	2,956	2,956	0
Transfers In	105,000	0	0	0
Transfers Out	<u>(105,000)</u>	<u>0</u>	<u>0</u>	<u>0</u>
Total Other Financing Sources (Uses):	<u>0</u>	<u>2,956</u>	<u>2,956</u>	<u>0</u>
Net Change in Fund Balance	(572,946)	547,656	1,026,165	478,509
Fund Balance at Beginning of Year	1,521,610	1,521,610	1,521,610	0
Prior Year Encumbrances	<u>229,367</u>	<u>229,367</u>	<u>229,367</u>	<u>0</u>
Fund Balance at End of Year	<u>\$ 1,178,031</u>	<u>\$ 2,298,633</u>	<u>\$ 2,777,142</u>	<u>\$ 478,509</u>

See accompanying notes to the basic financial statements

LAKEWOOD LOCAL SCHOOL DISTRICT

Statement of Net Assets
Proprietary Funds
June 30, 2005

	Business-Type Activities		
	Enterprise Funds		
	Major	Nonmajor	Total
	Food Service	Uniform School Supplies	
Assets:			
<i>Current Assets:</i>			
Cash and Cash Equivalents	\$ 36,357	\$ 8,284	\$ 44,641
Receivables:			
Accounts	200	0	200
Inventory Held for Resale	23,522	0	23,522
Prepaid Items	12,212	0	12,212
<i>Total Current Assets</i>	72,291	8,284	80,575
<i>Non Current Assets:</i>			
Capital Assets, Net	114,905	0	114,905
Total Assets	187,196	8,284	195,480
Liabilities:			
<i>Current Liabilities:</i>			
Accrued Wages and Benefits	53,368	0	53,368
Intergovernmental Payable	28,915	0	28,915
<i>Total Current Liabilities</i>	82,283	0	82,283
<i>Long Term Liabilities:</i>			
Compensated Absences Payable	17,731	0	17,731
Total Liabilities	100,014	0	100,014
Net Assets:			
Invested in Capital Assets, Net of Related Debt	114,905	0	114,905
Unrestricted	(27,723)	8,284	(19,439)
Total Net Assets	\$ 87,182	\$ 8,284	\$ 95,466

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, 2005

	Business-Type Activities		
	Enterprise Funds		
	Major	Nonmajor	Total
Food Service	Uniform School Supplies		
Operating Revenues:			
Sales	\$ 416,213	\$ 0	\$ 416,213
Tuition and Fees	0	1,078	1,078
Total Operating Revenues	416,213	1,078	417,291
Operating Expenses:			
Salaries and Wages	262,489	0	262,489
Fringe Benefits	175,264	0	175,264
Contractual Services	6,153	0	6,153
Supplies and Materials	357,743	3,230	360,973
Depreciation	14,546	0	14,546
Other Operating Expense	1,500	0	1,500
Total Operating Expenses	817,695	3,230	820,925
Operating Loss	(401,482)	(2,152)	(403,634)
Nonoperating Revenue (Expenses):			
Intergovernmental Grants	328,272	0	328,272
Investment Earnings	1,187	0	1,187
Total Nonoperating Revenues (Expenses)	329,459	0	329,459
Net Loss before			
Contributions and Operating Transfers	(72,023)	(2,152)	(74,175)
Capital Contributions	19,317	0	19,317
Change in Net Assets	(52,706)	(2,152)	(54,858)
Net Assets Beginning of Year	139,888	10,436	150,324
Net Assets End of Year	<u>\$ 87,182</u>	<u>\$ 8,284</u>	<u>\$ 95,466</u>

See accompanying notes to the basic financial statements

LAKEWOOD LOCAL SCHOOL DISTRICT

Statement of Cash Flows
Proprietary Funds
For the Year Ended June 30, 2005

	Business-Type Activities		Total
	Enterprise Funds		
	Major	Nonmajor	
	Food Service	Uniform School Supply	
<u>Cash Flows from Operating Activities:</u>			
Cash Received from Customers	\$416,013	\$1,078	\$417,091
Cash Payments for Goods and Services	(288,421)	(3,703)	(292,124)
Cash Payments to Employees for Services and Benefits	(427,020)	0	(427,020)
Net Cash Used by Operating Activities	(299,428)	(2,625)	(302,053)
<u>Cash Flows from Noncapital Financing Activities:</u>			
Intergovernmental Grants Received	246,833	0	246,833
Net Cash Provided by Noncapital Financing Activities	246,833	0	246,833
<u>Cash Flows from Investing Activities:</u>			
Receipt of Interest	1,187	0	1,187
Net Cash Provided by Investing Activities	1,187	0	1,187
Net Decrease in Cash and Cash Equivalents	(51,408)	(2,625)	(54,033)
Cash and Cash Equivalents at Beginning of Year	87,765	10,909	98,674
Cash and Cash Equivalents at End of Year	\$36,357	\$8,284	\$44,641
<u>Reconciliation of Operating Loss to Net Cash</u>			
<u>Used by Operating Activities:</u>			
Operating Loss	(\$401,482)	(\$2,152)	(\$403,634)
Adjustments to Reconcile Operating Loss to			
Net Cash Used by Operating Activities:			
Depreciation Expense	14,546	0	14,546
Donated Commodities Used During the Year	81,439	0	81,439
Changes in Assets and Liabilities:			
Increase in Accounts Receivable	(200)	0	(200)
Increase in Inventory	(4,464)	0	(4,464)
Increase in Prepaid Items	(2,959)	0	(2,959)
Decrease in Accounts Payable	0	(473)	(473)
Increase in Accrued Wages and Benefits	7,947	0	7,947
Increase in Intergovernmental Payables	48	0	48
Increase in Compensated Absences	5,697	0	5,697
Total Adjustments	102,054	(473)	101,581
Net Cash Used by Operating Activities	(299,428)	(2,625)	(302,053)

Schedule of Noncash Investing, Capital and Financing Activities:

During fiscal year 2005, the Food Service Fund received \$81,439 in donated commodities from the federal government.

During fiscal year 2005, the Food Service Fund received \$19,317 in capital assets from the General Fund.

See accompanying notes to the basic financial statements

LAKEWOOD LOCAL SCHOOL DISTRICT

Statement of Net Assets
Fiduciary Funds
June 30, 2005

	<u>Private Purpose Trust</u>	
	<u>Special Trust Fund</u>	<u>Agency</u>
Assets:		
Cash and Cash Equivalents	\$ 750	\$ 7,642
Total Assets	<u>750</u>	<u>7,642</u>
Liabilities:		
Due to Students	0	7,642
Total Liabilities	<u>0</u>	<u>7,642</u>
Net Assets:		
Unrestricted	750	0
Total Net Assets	<u>\$ 750</u>	<u>\$ 0</u>

See accompanying notes to the basic financial statements

LAKWOOD LOCAL SCHOOL DISTRICT

Statement of Changes in Net Assets
Fiduciary Fund
For the Fiscal Year Ended June 30, 2005

	<u>Private Purpose Trust</u>
	<u>Special Trust Fund</u>
Additions:	
Total Additions	<u>\$ 0</u>
Deductions:	
Community Gifts, Awards and Scholarships	<u> 150</u>
Total Deductions	<u> 150</u>
Change in Net Assets	(150)
Net Assets at Beginning of Year	<u> 900</u>
Net Assets End of Year	<u><u> 750</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, 2005

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 116 non-certified and approximately 186 certified teaching personnel and administrative employees providing education to 2,270 students.

The accompanying basic financial statements comply with the provisions of Governmental Accounting Standards Board (GASB) Statement No. 14, *"The Financial Reporting Entity,"* as amended by GASB Statement No. 39 *"Determining Whether Certain Organizations Are Component Units"*, in that the financial statements include all organizations, activities, functions and component units for which the District (the reporting entity) is financially accountable. 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. Based on the foregoing, the District has one component unit, the Lakewood Digital Academy (the "Academy"). The reporting entity of the District includes the following services: instructional (regular, special education), student guidance, extracurricular activities, food service, pupil transportation and care and upkeep of grounds and buildings.

Lakewood Local School District participates in three jointly governed organizations and two 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 11 and 12.

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

The Lakewood Digital Academy (the "Academy") is a legally separate not-for-profit served by an appointed five-member Board of Directors. The Academy, under a contractual agreement with the Lakewood Local School District, provides comprehensive educational programs of high quality, tied to state and national standards, which can be delivered to students in the K-12 population entirely through distance learning technologies. It is operated in cooperation with the District to provide an innovative and cost-effective solution to the special problems of disabled students, students removed from school for disciplinary reasons, students needing advanced or specialized courses, and others, including home-schooled students. The Board of Directors consists of the Lakewood Local School District superintendent, the High School Academic Dean,

LAKEWOOD LOCAL SCHOOL DISTRICT

Notes to the Basic Financial Statements For the Fiscal Year Ended June 30, 2005

NOTE 1 - SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)

A. Reporting Entity (Continued)

the Curriculum Coordinator and a guidance counselor and one member who is neither an officer nor employee of the District, but who is a public educator or other public official. The Treasurer of Lakewood Local School District is the Chief Financial Officer. The Academy operates on a fiscal year ending June 30. Separately issued financial statements can be obtained from Lakewood Digital Academy, 525 East Main Street, Hebron, Ohio, 43025.

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.

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.

LAKEWOOD LOCAL SCHOOL DISTRICT

Notes to the Basic Financial Statements For the Fiscal Year Ended June 30, 2005

NOTE 1 - SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)

B. Basis of Presentation - Fund Accounting (Continued)

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.

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 District’s agency fund accounts for various student-managed activity programs. 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.

LAKEWOOD LOCAL SCHOOL DISTRICT

Notes to the Basic Financial Statements For the Fiscal Year Ended June 30, 2005

NOTE 1 - SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)

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

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

The government-wide statement of activities presents a comparison between direct expenses and program revenues for each segment of the business-type activities of the District and for each function or program of the District's governmental activities. Direct expenses are those that are specifically associated with a service, program or department and therefore clearly identifiable to a particular function. Program revenues include charges paid by the recipient of the goods or services offered by the program and grants and contributions that are restricted to meeting the operational or capital requirements of a particular program. Revenues which are not classified as program revenues are presented as general revenues of the District, with certain limited exceptions. The comparison of direct expenses with program revenues identifies the extent to which each business segment or governmental function is self-financing or draws from the general revenues of the District.

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

The accounting and financial reporting treatment applied to a fund is determined by its measurement focus. All governmental fund types are accounted for using a flow of current financial resources measurement focus. The financial statements for governmental funds are a balance sheet, which generally includes only current assets and 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.

LAKEWOOD LOCAL SCHOOL DISTRICT

Notes to the Basic Financial Statements For the Fiscal Year Ended June 30, 2005

NOTE 1 - SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)

D. Basis of Accounting

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

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

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

Current property taxes measurable at June 30, 2005, and which are not intended to finance fiscal 2005 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, 2005 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.

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. The District has elected not to apply FASB statements and interpretations issued after November 30, 1989 to its business-type activities and enterprise funds.

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.

LAKEWOOD LOCAL SCHOOL DISTRICT

Notes to the Basic Financial Statements For the Fiscal Year Ended June 30, 2005

NOTE 1 - SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)

D. Basis of Accounting (Continued)

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 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.

1. Estimated Resources

Prior to March 15, the Board accepts by formal resolution, the tax rates as determined by the County Budget Commission and receives the Commission's Certificate of Estimated Resources which states the projected revenue of each fund. Prior to June 30, the District must revise its budget so that the total contemplated expenditures from any fund during the ensuing fiscal year will not exceed the amount available as stated in the certificate of estimated resources. The revised budget then serves as the basis for the annual appropriations measure. On or about July 1, the certificate of estimated resources is amended to include any unencumbered fund balances from the preceding year. The certificate may be further amended during the year if a new source of revenue is identified or actual receipts exceed current estimates. The amounts reported on the budgetary statement reflect the amounts in the final amended official certificate of estimated resources issued during fiscal year 2005.

LAKEWOOD LOCAL SCHOOL DISTRICT

Notes to the Basic Financial Statements For the Fiscal Year Ended June 30, 2005

NOTE 1 - SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)

E. Budgetary Process (Continued)

2. Appropriations

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

3. Lapsing of Appropriations

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

4. Budgetary Basis of Accounting

The District's budgetary process accounts for certain transactions on a basis other than 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).

LAKEWOOD LOCAL SCHOOL DISTRICT

Notes to the Basic Financial Statements For the Fiscal Year Ended June 30, 2005

NOTE 1 - SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)

E. Budgetary Process (Continued)

4. Budgetary Basis of Accounting (Continued)

The following table summarizes the adjustments necessary to reconcile the GAAP basis statements to the budgetary basis statements for the General Fund:

Net Change in Fund Balance	General Fund
GAAP Basis (as reported)	\$735,828
Increase (Decrease):	
Accrued Revenues at June 30, 2005, received during FY 2006	(1,539,724)
Accrued Revenues at June 30, 2004, received during FY 2005	1,676,961
Accrued Expenditures at June 30, 2005, paid during FY 2006	1,849,997
Accrued Expenditures at June 30, 2004, paid during FY 2005	(1,596,372)
FY 2004 Prepays for FY 2005	160,589
FY 2005 Prepays for FY 2006	(138,499)
Adjustment to Fair Value 2005	12,665
Adjustment to Fair Value 2004	(13,722)
Encumbrances Outstanding	(121,558)
Budget Basis	<u>\$1,026,165</u>

F. Cash and Cash Equivalents

During fiscal year 2005, 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, 2005

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 2005. 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, 2005.

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, 2005, 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, 2005**

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:

<u>Description</u>	<u>Estimated Lives (in years)</u>
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:

<u>Obligation</u>	<u>Fund</u>
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
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, 2005

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.

LAKEWOOD LOCAL SCHOOL DISTRICT

Notes to the Basic Financial Statements For the Fiscal Year Ended June 30, 2005

NOTE 1 - SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)

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. The effect of interfund activity has been eliminated from the government-wide financial statements.

P. Restricted Assets

Restricted assets in the general fund represent cash and cash equivalents set aside for maintenance and renovation. A fund balance designation 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, property taxes, 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, 2005

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 depreciation exceeded capital outlays in the current period:

Capital Outlay	\$245,947
Depreciation Expense	<u>(928,546)</u>
	(\$682,599)

Governmental revenues not reported in the funds:

Decrease in Investment Earnings	(\$29,376)
Decrease in Delinquent Tax Revenue	<u>(582,491)</u>
	(\$611,867)

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

Bond Principal Payment	\$400,000
Long-term Note Principal Payment	132,665
EPA Loan Principal Payment	7,514
Capital Lease Payment	<u>89,120</u>
	\$629,299

NOTE 3 - CASH AND CASH EQUIVALENTS

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

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

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

LAKEWOOD LOCAL SCHOOL DISTRICT

Notes to the Basic Financial Statements For the Fiscal Year Ended June 30, 2005

NOTE 3 - CASH AND CASH EQUIVALENTS (Continued)

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).

A. Deposits

Custodial credit risk is the risk that in the event of bank failure, the government’s deposits may not be returned. Protection of District cash and deposits is provided by the federal deposit insurance corporation as well as qualified securities pledged by the institution holding the assets. 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

LAKWOOD LOCAL SCHOOL DISTRICT

**Notes to the Basic Financial Statements
For the Fiscal Year Ended June 30, 2005**

NOTE 3 - CASH AND CASH EQUIVALENTS (Continued)

A. Deposits (Continued)

state, county, municipal corporation or other legally constituted authority of any other state, or any instrumentality of such county, municipal corporation or other authority. Collateral is held by trustees including the Federal Reserve Bank and designated third party trustees of the financial institutions.

Included in the District's deposits is Cash in Segregated Accounts representing monies held for paying athletic officials.

At year end the carrying amount of the District's deposits was \$1,167,121 and the bank balance was \$1,391,786. Federal depository insurance covered \$100,000 of the bank balance and \$1,291,786 was uninsured. Of the remaining uninsured bank balance, the District was exposed to custodial risk as follows:

	<u>Balance</u>
Uninsured and collateralized with securities held by the pledging institution's trust department not in the District's name	\$1,291,786
Total Balance	\$1,291,786

Investment earnings of \$23,574 earned by other funds was credited to the General Fund as required by state statute.

B. Investments

The District's investments at June 30, 2005 were as follows:

	<u>Fair Value</u>	<u>Credit Rating</u>	<u>Investment Maturities (in Years)</u>		
			<u>less than 1</u>	<u>1-3</u>	<u>3-5</u>
Repurchase Agreements	\$229,502	N/A	\$229,502	\$0	\$0
STAR Ohio	1,505,619	AAAm ¹	1,505,619	0	0
FNMA	243,828	AAA ^{1,2}	0	0	243,828
FHLB	251,973	AAA ^{1,2}	0	251,973	0
FMCA	98,500	AAA ^{1,2}	0	98,500 ^a	0
Total Investments	\$2,329,422		\$1,735,121	\$350,473	\$243,828

¹ Standard & Poor's

² Moody's Investor Service

^a Call Options – January 26, 2006, July 26, 2006, and January 26, 2007.

LAKEWOOD LOCAL SCHOOL DISTRICT

Notes to the Basic Financial Statements For the Fiscal Year Ended June 30, 2005

NOTE 3 - CASH AND CASH EQUIVALENTS (Continued)

B. Investments (Continued)

Interest Rate Risk – The Ohio Revised Code generally limits security purchases to those that mature within five years of settlement date.

Concentration of Credit Risk – The District places no limit on the amount the District may invest in one issuer. Of the District's total investments, 10.5% are FNMA, 10.8% are FHLB, and 4.2% are FMCA.

Custodial Credit Risk – For an investment, custodial credit risk is the risk that in the event of the failure of the counterparty, the District will not be able to recover the value of its investment or collateral securities that are in the possession of an outside party. Of the District's investment in repurchase agreements, the entire balance is collateralized by underlying securities pledged by the investment's counterparty, not in the name of the District.

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	\$1,652,242	\$1,844,301
Certificates of Deposit		
(with maturities of more than 3 months)	1,250,000	(1,250,000)
Repurchase Agreements	(229,502)	229,502
STAR Ohio	<u>(1,505,619)</u>	<u>1,505,619</u>
Per GASB Statement No. 3	<u>\$1,167,121</u>	<u>\$2,329,422</u>

LAKEWOOD LOCAL SCHOOL DISTRICT

Notes to the Basic Financial Statements For the Fiscal Year Ended June 30, 2005

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 2005 were levied after October 1, 2004 on assessed values as of January 1, 2004, 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.

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 23 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 2005 receipts were based are:

	2004 Second Half Collections	2005 First Half Collections
Agricultural/Residential and Other Real Estate	\$271,896,120	\$284,580,780
Public Utility Personal	14,922,410	15,215,760
Tangible Personal Property	<u>66,723,600</u>	<u>69,156,940</u>
Total Assessed Value	<u>\$353,542,130</u>	<u>\$368,953,480</u>
Tax rate per \$1,000 of assessed valuation	\$47.55	\$47.40

NOTE 5 - RECEIVABLES

Receivables at June 30, 2005 consisted of taxes, accounts, interest receivable and intergovernmental receivables.

LAKEWOOD LOCAL SCHOOL DISTRICT

Notes to the Basic Financial Statements For the Fiscal Year Ended June 30, 2005

NOTE 6 - INTERFUND BALANCES

Following is a summary of interfund receivables/payables for all funds at June 30, 2005:

Fund	Interfund Loans Receivable	Interfund Loans Payable
General Fund	\$8,462	\$0
Nonmajor Governmental Funds	0	8,462
Totals	<u>\$8,462</u>	<u>\$8,462</u>

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

NOTE 7 - CAPITAL ASSETS

A. Governmental Activities Capital Assets

Summary by category of changes in governmental activities capital assets at June 30, 2005:

<i>Historical Cost:</i>				
Class	June 30, 2004	Additions	Deletions	June 30, 2005
<i>Capital Assets not being depreciated:</i>				
Land	\$275,555	\$0	\$0	\$275,555
<i>Capital Assets being depreciated:</i>				
Land Improvements	810,337	0	0	810,337
Buildings and Improvements	20,729,778	0	0	20,729,778
Furniture, Fixtures and Equipment	3,698,185	114,940	(115,531)	3,697,594
Vehicles	1,663,577	131,007	(63,525)	1,731,059
Total Cost	<u>\$27,177,432</u>	<u>\$245,947</u>	<u>(\$179,056)</u>	<u>\$27,244,323</u>
<i>Accumulated Depreciation:</i>				
Class	June 30, 2004	Additions	Deletions	June 30, 2005
Land Improvements	(\$432,565)	(\$42,152)	\$0	(\$474,717)
Buildings and Improvements	(5,668,643)	(513,464)	0	(6,182,107)
Furniture, Fixtures and Equipment	(1,917,971)	(279,458)	105,405	(2,092,024)
Vehicles	(1,363,195)	(93,472)	63,525	(1,393,142)
Total Depreciation	<u>(\$9,382,374)</u>	<u>(\$928,546) *</u>	<u>\$168,930</u>	<u>(\$10,141,990)</u>
<i>Net Value:</i>	<u>\$17,795,058</u>			<u>\$17,102,333</u>

LAKWOOD LOCAL SCHOOL DISTRICT

**Notes to the Basic Financial Statements
For the Fiscal Year Ended June 30, 2005**

NOTE 7 - CAPITAL ASSETS (Continued)

A. Governmental Activities Capital Assets (Continued)

* Depreciation expenses were charged to governmental functions as follows:

Instruction	\$528,487
Support Services:	
Instructional Staff	31,339
Administration	54,321
Operations and Maintenance of Plant	47,601
Pupil Transportation	93,152
Extracurricular Activities	131,651
Other Noninstructional Services	41,995
Total Depreciation Expense	\$928,546

B. Business-Type Activities Capital Assets

Summary by Category at June 30, 2005:

Historical Cost:

Class	June 30, 2004	Additions	Deletions	June 30, 2005
Furniture and Equipment	\$313,833	\$19,317	(\$16,601)	\$316,549
Total Cost	\$313,833	\$19,317	(\$16,601)	\$316,549

Accumulated Depreciation:

Class	June 30, 2004	Additions	Deletions	June 30, 2005
Furniture and Equipment	(\$203,699)	(\$14,546)	\$16,601	(\$201,644)
Total Depreciation	(\$203,699)	(\$14,546)	\$16,601	(\$201,644)
<i>Net Value:</i>	\$110,134	\$4,771	\$0	\$114,905

LAKEWOOD LOCAL SCHOOL DISTRICT

Notes to the Basic Financial Statements For the Fiscal Year Ended June 30, 2005

NOTE 8 - 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.

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 publicly available, 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 10% 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, 2004, (latest information available) 9.09% was allocated to fund the pension benefit and 4.91% to fund health care. The District's contributions to the SERS of Ohio for the years ending June 30, 2005, 2004, and 2003 were \$322,272, \$297,456, and \$298,980, 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. All retirees and beneficiaries are required to pay a portion of their health care premium. The portion is based on years of service, Medicare eligibility, and retirement status. A safety net is in place for retirees whose household income falls below federal poverty levels. Premiums are reduced by 50% for those who apply. The portion of the 2004 employer contribution rate (latest information available) that was used to fund health care for the year 2004 was 4.91%. 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 2005, the minimum pay has been established as \$27,400. The amount contributed to fund health care benefits, including the surcharge amounted to \$156,537.

LAKEWOOD LOCAL SCHOOL DISTRICT

Notes to the Basic Financial Statements For the Fiscal Year Ended June 30, 2005

NOTE 8 - DEFINED BENEFIT PENSION PLANS (Continued)

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

Health care benefits are financed on a pay-as-you-go basis. The number of retirees and covered dependents currently receiving benefits is approximately 62,000. The target level for the health care reserve is 150% of annual health care expenses before premium deduction. Expenses for health care at June 30, 2004 (the latest information available) were \$223,443,805 and the target level was \$335.2 million. Net assets available for payment of benefits at June 30, 2004 were \$300.8 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.

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 or by visiting the STRS Ohio Web site at www.strsoh.org.

New members have a choice of three retirement plans, a Defined Benefit (DB) Plan, a Defined Contribution (DC) Plan and a Combined Plan. 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.

LAKEWOOD LOCAL SCHOOL DISTRICT

Notes to the Basic Financial Statements For the Fiscal Year Ended June 30, 2005

NOTE 8 - DEFINED BENEFIT PENSION PLANS (Continued)

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

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, 2004, (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, 2005, 2004, and 2003 were \$1,239,204, \$1,224,936, and \$1,152,348, respectively, which were equal to the required contributions for each year.

STRS provides postemployment health care benefits to retirees who participated in the DB or Combined Plans 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. All benefit recipients pay a portion of the health care cost in the form of a monthly premium. By Ohio law, health care benefits are not guaranteed.

Benefits are funded on a pay-as-you-go basis through an allocation of employer contributions to the Health Care Stabilization Fund. For the fiscal year ended June 30, 2004, (latest information available) the board allocated employer contributions are equal to 1% of covered payroll to the Health Care Stabilization Fund, which amounted to \$85,515 for the District. The balance of the Health Care Stabilization Fund was \$3.1 billion at June 30, 2004 (the latest information available). For the fiscal year ended June 30, 2004, the net health care costs paid by STRS were \$268,739,000. There were 111,853 eligible benefit recipients.

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LAKEWOOD LOCAL SCHOOL DISTRICT

Notes to the Basic Financial Statements For the Fiscal Year Ended June 30, 2005

NOTE 9 - 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, 2005 are as follows:

		Balance June 30, 2004	Issued	(Retired)	Balance June 30, 2005	Due Within One Year
Governmental Activities:						
(Long-Term Notes Payable)						
Energy Conservation Project	5.15%	\$60,000	\$0	(\$60,000)	\$0	\$0
Energy Conservation Project	5.50%	653,985	0	(72,665)	581,320	72,665
Total Long-Term Notes Payable		713,985	0	(132,665)	581,320	72,665
(EPA Loan Payable)						
Asbestos Federal EPA Loan	0.00%	18,786	0	(7,514)	11,272	7,514
(General Obligation Bonds Payable)						
School Improvement Bonds 1999a 3.0-5.0%		4,962,000	0	(145,000)	4,817,000	150,000
School Improvement Bonds 1999b 3.15-5.0%		8,864,870	0	(255,000)	8,609,870	265,000
Total General Obligation Bonds Payable		13,826,870	0	(400,000)	13,426,870	415,000
Capital Leases Payable		277,301	0	(89,120)	188,181	66,233
Compensated Absences		671,948	374,738	(292,376)	754,310	93,559
Total Governmental Activities		15,508,890	374,738	(921,675)	14,961,953	654,971
Business-Type Activities:						
Compensated Absences		12,034	6,524	(827)	17,731	0
Total Long Term Liabilities		\$15,520,924	\$381,262	(\$922,502)	\$14,979,684	\$654,971

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.

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LAKWOOD LOCAL SCHOOL DISTRICT

**Notes to the Basic Financial Statements
For the Fiscal Year Ended June 30, 2005**

NOTE 9- 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, 2005, follows:

Years	Long-Term Notes Payable		EPA Loan Payable		General Obligation Bonds Payable	
	Principal	Interest	Principal	Interest	Principal	Interest
2006	\$72,665	\$30,374	\$7,514	\$0	\$415,000	\$617,605
2007	72,665	26,322	3,758	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	72,665	24,279	0	0	455,000	581,325
2011-2015	217,995	8,081	0	0	2,575,000	2,582,660
2016-2020	0	0	0	0	3,220,000	1,911,785
2021-2025	0	0	0	0	4,100,000	1,017,500
2026-2028	0	0	0	0	1,940,000	98,250
Totals	<u>\$581,320</u>	<u>\$129,599</u>	<u>\$11,272</u>	<u>\$0</u>	<u>\$13,426,870</u>	<u>\$8,627,905</u>

NOTE 10 - CAPITAL LEASE COMMITMENTS

The District leases copiers under capital leases. The cost of the equipment obtained under capital leases is \$336,225, which is included in the Governmental Activities Capital Assets and the related liability is included in the Governmental Activities Long-Term Liabilities.

The following is a schedule of the future minimum lease payments under the capital leases together with the present value of the net minimum lease payments as of June 30, 2005:

Year Ending June 30,	Capital Lease
2006	\$95,745
2007	76,637
2008	76,637
2009	14,053
Minimum Lease Payments	263,072
Less: Amount representing interest at the District's incremental borrowing rate of interest	(74,891)
Present Value of minimum lease payments	<u>\$188,181</u>

LAKWOOD LOCAL SCHOOL DISTRICT

Notes to the Basic Financial Statements For the Fiscal Year Ended June 30, 2005

NOTE 11 - 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.

The District participates in the Metropolitan Educational Council Group Program (the Plan), an insurance purchasing pool established under Section 2744.081 of the Ohio Revised Code. The Plan is an unincorporated nonprofit association of its members which enables the participants to provide for a formalized joint insurance purchasing program for maintaining adequate insurance protection and provides risk management programs and other administrative services. The Plan's business and affairs are conducted by a seven member board consisting of superintendents, treasurers and business managers.

Specialty Claims Services, Inc. is responsible for processing claims. Marsh, Inc. serves as the Plan's administrator, sales representative, and marketing representative which establishes agreements between the Plan and its members. Financial information can be obtained from the Metropolitan Educational Council Group Program, 2100 Citygate Drive, Columbus, OH 43219-3566.

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 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. 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.

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LAKEWOOD LOCAL SCHOOL DISTRICT

Notes to the Basic Financial Statements For the Fiscal Year Ended June 30, 2005

NOTE 12 - 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 \$57,743 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 Educational Council

The District participates in the Metropolitan Educational 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 2005 was \$890. 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.

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LAKEWOOD LOCAL SCHOOL DISTRICT

***Notes to the Basic Financial Statements
For the Fiscal Year Ended June 30, 2005***

NOTE 12 - 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 2005.

NOTE 13 – 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, 2005, the reserve activity (cash-basis) was as follows:

	Textbook Reserve	Capital Acquisition Reserve	Total
Set-aside Cash Balance as of June 30, 2004	\$0	\$0	\$0
Current Year Set-Aside Requirement	330,321	330,321	660,642
Excess Carryover from Prior Year	(31,932)	0	(31,932)
Qualifying Disbursements	(298,389)	(346,399)	(644,788)
Total	\$0	(\$16,078)	(\$16,078)
Cash Balance Carried Forward to FY 2006	\$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 not be carried forward to offset future years' capital acquisition reserve set-aside requirements.

LAKEWOOD LOCAL SCHOOL DISTRICT

Notes to the Basic Financial Statements For the Fiscal Year Ended June 30, 2005

NOTE 14 - 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, 2005.

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, 2005.

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 INDIVIDUAL FUND
STATEMENTS AND SCHEDULES**

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

LAKEWOOD LOCAL SCHOOL DISTRICT

Nonmajor Governmental Funds

Special Revenue Funds

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

Public School Support Fund

To account for specific local revenue sources, other than taxes that are restricted to expenditures for specified purposes, curricular and extracurricular, approved by board resolutions.

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

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

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.

(Continued)

LAKEWOOD LOCAL SCHOOL DISTRICT

Special Revenue Funds

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

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.

School Net Plus Fund

This fund is used to account for financial resources to be used for computer workstations and related technology for every classroom.

LAKWOOD LOCAL SCHOOL DISTRICT

**Combining Balance Sheet
Nonmajor Governmental Funds
June 30, 2005**

	Special Revenue				
	Public School Support	Other Grant	Student Activity	Auxiliary Services	SchoolNet Professional Development
Assets:					
Cash and Cash Equivalents	\$ 35,285	\$ 2,368	\$ 114,686	\$ 5	\$ 42
Cash and Cash Equivalents in Segregated Accounts	0	0	1,027	0	0
Receivables:					
Accounts	237	0	0	0	0
Intergovernmental	0	0	0	0	0
Prepaid Items	0	0	0	0	0
Total Assets	\$ 35,522	\$ 2,368	\$ 115,713	\$ 5	\$ 42
Liabilities:					
Accounts Payable	\$ 186	\$ 296	\$ 10,332	\$ 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	186	296	10,332	0	0
Fund Balances:					
Reserved for Encumbrances	5,207	42	7,076	0	0
Reserved for Prepaid Items	0	0	0	0	0
Unreserved, Undesignated	30,129	2,030	98,305	5	42
Total Fund Balances	35,336	2,072	105,381	5	42
Total Liabilities and Fund Balances	\$ 35,522	\$ 2,368	\$ 115,713	\$ 5	\$ 42

LAKEWOOD LOCAL SCHOOL DISTRICT

Special Revenue

OhioReads	Student Reading Intervention	Title VI-B	Title I	Title V	Drug Free School Grant	Telecommunication Act Grant	Title II-A
\$ 0	\$ 0	\$ 9,447	\$ 8,176	\$ 240	\$ 2,827	\$ 5,814	\$ 3,140
0	0	0	0	0	0	0	0
0	0	0	0	0	0	15,781	0
604	9,005	31,481	31,335	975	73	0	9,701
0	0	3,281	3,117	0	0	0	0
<u>\$ 604</u>	<u>\$ 9,005</u>	<u>\$ 44,209</u>	<u>\$ 42,628</u>	<u>\$ 1,215</u>	<u>\$ 2,900</u>	<u>\$ 21,595</u>	<u>\$ 12,841</u>
\$ 583	\$ 562	\$ 57	\$ 594	\$ 0	\$ 728	\$ 0	\$ 270
0	0	28,341	33,070	0	0	0	12,571
0	0	2,374	6,250	13	0	0	0
21	8,441	0	0	0	0	0	0
<u>604</u>	<u>9,003</u>	<u>30,772</u>	<u>39,914</u>	<u>13</u>	<u>728</u>	<u>0</u>	<u>12,841</u>
0	0	621	1,621	0	1,089	0	0
0	0	3,281	3,117	0	0	0	0
0	2	9,535	(2,024)	1,202	1,083	21,595	0
<u>0</u>	<u>2</u>	<u>13,437</u>	<u>2,714</u>	<u>1,202</u>	<u>2,172</u>	<u>21,595</u>	<u>0</u>
<u>\$ 604</u>	<u>\$ 9,005</u>	<u>\$ 44,209</u>	<u>\$ 42,628</u>	<u>\$ 1,215</u>	<u>\$ 2,900</u>	<u>\$ 21,595</u>	<u>\$ 12,841</u>

(Continued)

LAKEWOOD LOCAL SCHOOL DISTRICT

***Combining Balance Sheet
Nonmajor Governmental Funds
June 30, 2005***

	<u>Special Revenue</u>		<u>Capital Projects</u>	
	Miscellaneous Federal Grants	Total Nonmajor Special Revenue Funds	School Net Plus	Total Nonmajor Governmental Funds
Assets:				
Cash and Cash Equivalents	\$ 12,912	\$ 194,942	\$ 177	\$ 195,119
Cash and Cash Equivalents in Segregated Accounts	0	1,027	0	1,027
Receivables:				
Accounts	0	16,018	0	16,018
Intergovernmental	10,150	93,324	0	93,324
Prepaid Items	0	6,398	0	6,398
Total Assets	<u>\$ 23,062</u>	<u>\$ 311,709</u>	<u>\$ 177</u>	<u>\$ 311,886</u>
Liabilities:				
Accounts Payable	\$ 716	\$ 14,324	\$ 174	\$ 14,498
Accrued Wages and Benefits	0	73,982	0	73,982
Intergovernmental Payable	0	8,637	0	8,637
Interfund Loans Payable	0	8,462	0	8,462
Total Liabilities	<u>716</u>	<u>105,405</u>	<u>174</u>	<u>105,579</u>
Fund Balances:				
Reserved for Encumbrances	0	15,656	0	15,656
Reserved for Prepaid Items	0	6,398	0	6,398
Unreserved, Undesignated	22,346	184,250	3	184,253
Total Fund Balances	<u>22,346</u>	<u>206,304</u>	<u>3</u>	<u>206,307</u>
Total Liabilities and Fund Balances	<u>\$ 23,062</u>	<u>\$ 311,709</u>	<u>\$ 177</u>	<u>\$ 311,886</u>

LAKWOOD LOCAL SCHOOL DISTRICT



LAKEWOOD LOCAL SCHOOL DISTRICT

**Combining Statement of Revenues, Expenditures and Changes in Fund Balance
Nonmajor Governmental Funds
For the Fiscal Year Ended June 30, 2005**

	Special Revenue				
	Public School Support	Other Grants	Student Activity	Auxiliary Services	Career Development
Revenues:					
Local Sources:					
Extracurricular Activities	\$ 57,004	\$ 0	\$ 157,694	\$ 0	\$ 0
Intermediate Sources	0	1,500	0	0	0
Intergovernmental - State	0	500	0	7,171	0
Intergovernmental - Federal	0	0	0	0	0
All Other Revenue	2,971	0	9,945	0	0
Total Revenue	59,975	2,000	167,639	7,171	0
Expenditures:					
Current:					
Instruction	0	6,782	0	0	0
Supporting Services:					
Pupils	0	0	0	0	498
Instructional Staff	0	0	0	0	0
Administration	0	0	0	0	0
Fiscal Services	0	0	0	0	0
Operation and Maintenance of Plant	0	0	0	0	0
Central	0	0	0	0	0
Operation of Non-Instructional Services	0	0	0	9,700	0
Extracurricular Activities	57,458	0	129,827	0	0
Total Expenditures	57,458	6,782	129,827	9,700	498
Excess (Deficiency) of Revenues Over Expenditures	2,517	(4,782)	37,812	(2,529)	(498)
Fund Balances at Beginning of Year	32,819	6,854	67,569	2,534	498
Fund Balances End of Year	\$ 35,336	\$ 2,072	\$ 105,381	\$ 5	\$ 0

LAKWOOD LOCAL SCHOOL DISTRICT

Special Revenue

Management Information System	Disadvantaged Pupil Impact Aid	Data Communications	SchoolNet Professional Development	OhioReads	Student Reading Intervention	Miscellaneous State Grants
\$ 0	\$ 0	\$ 0	\$ 0	\$ 0	\$ 0	\$ 0
0	0	0	0	0	0	0
7,225	32,768	15,000	4,140	25,000	44,385	2,190
0	0	0	0	0	0	0
0	0	0	0	0	0	0
<u>7,225</u>	<u>32,768</u>	<u>15,000</u>	<u>4,140</u>	<u>25,000</u>	<u>44,385</u>	<u>2,190</u>
0	0	0	0	25,000	49,863	0
0	32,768	0	0	0	0	0
0	0	0	5,584	0	0	0
0	0	0	0	0	0	2,190
0	0	0	0	0	0	0
8,036	0	15,000	0	0	0	0
0	0	0	0	0	0	0
0	0	0	0	0	0	0
<u>8,036</u>	<u>32,768</u>	<u>15,000</u>	<u>5,584</u>	<u>25,000</u>	<u>49,863</u>	<u>2,190</u>
(811)	0	0	(1,444)	0	(5,478)	0
<u>811</u>	<u>0</u>	<u>0</u>	<u>1,486</u>	<u>0</u>	<u>5,480</u>	<u>0</u>
<u>\$ 0</u>	<u>\$ 0</u>	<u>\$ 0</u>	<u>\$ 42</u>	<u>\$ 0</u>	<u>\$ 2</u>	<u>\$ 0</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, 2005***

	Special Revenue				
	Title VI-B	Title I	Title V	Drug Free School Grant	Telecom- munication Act Grant
Revenues:					
Local Sources:					
Extracurricular Activities	\$ 0	\$ 0	\$ 0	\$ 0	\$ 0
Intermediate Sources	0	0	0	0	0
Intergovernmental - State	0	0	0	0	0
Intergovernmental - Federal	418,043	317,941	9,746	11,410	0
All Other Revenue	0	0	0	0	34,887
Total Revenue	418,043	317,941	9,746	11,410	34,887
Expenditures:					
Current:					
Instruction	274,767	307,580	0	5,043	0
Supporting Services:					
Pupils	25,788	0	9,759	5,111	0
Instructional Staff	5,250	6,541	0	0	0
Administration	99,766	0	0	0	0
Fiscal Services	0	1,143	0	0	0
Operation and Maintenance of Plant	0	0	0	0	19,696
Central	0	0	0	0	11,104
Operation of Non-Instructional Services	0	0	0	0	0
Extracurricular Activities	0	0	0	0	0
Total Expenditures	405,571	315,264	9,759	10,154	30,800
Excess (Deficiency) of Revenues Over Expenditures	12,472	2,677	(13)	1,256	4,087
Fund Balances at Beginning of Year	965	37	1,215	916	17,508
Fund Balances End of Year	\$ 13,437	\$ 2,714	\$ 1,202	\$ 2,172	\$ 21,595

LAKWOOD LOCAL SCHOOL DISTRICT

<u>Special Revenue</u>			<u>Capital Projects</u>	
<u>Title II-A</u>	<u>Miscellaneous Federal Grants</u>	<u>Total Nonmajor Special Revenue Funds</u>	<u>SchoolNet Plus</u>	<u>Total Nonmajor Governmental Funds</u>
\$ 0	\$ 0	\$ 214,698	\$ 0	\$ 214,698
0	0	1,500	0	1,500
0	0	138,379	17,745	156,124
110,182	37,566	904,888	0	904,888
<u>0</u>	<u>0</u>	<u>47,803</u>	<u>0</u>	<u>47,803</u>
<u>110,182</u>	<u>37,566</u>	<u>1,307,268</u>	<u>17,745</u>	<u>1,325,013</u>
103,612	35,191	807,838	17,742	825,580
0	14,313	88,237	0	88,237
6,208	290	23,873	0	23,873
362	247	102,565	0	102,565
0	0	1,143	0	1,143
0	0	19,696	0	19,696
0	0	34,140	0	34,140
0	0	9,700	0	9,700
<u>0</u>	<u>0</u>	<u>187,285</u>	<u>0</u>	<u>187,285</u>
<u>110,182</u>	<u>50,041</u>	<u>1,274,477</u>	<u>17,742</u>	<u>1,292,219</u>
0	(12,475)	32,791	3	32,794
<u>0</u>	<u>34,821</u>	<u>173,513</u>	<u>0</u>	<u>173,513</u>
<u>\$ 0</u>	<u>\$ 22,346</u>	<u>\$ 206,304</u>	<u>\$ 3</u>	<u>\$ 206,307</u>

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, 2005**

	Original Budget	Final Budget	Actual	Variance with Final Budget Positive (Negative)
Revenues:				
Local Sources:				
Taxes	\$ 9,939,959	\$ 10,957,365	\$ 10,957,365	\$ 0
Tuition	251,500	307,131	307,131	0
Investment Earnings	103,982	139,300	137,175	(2,125)
Class Material and Fees	26,720	32,614	33,780	1,166
Intergovernmental - State	6,002,996	5,699,600	5,745,713	46,113
All Other Revenues	210,861	216,789	218,841	2,052
Total Revenues	16,536,018	17,352,799	17,400,005	47,206
Expenditures:				
Instructional Services:				
Regular:				
Salaries and Wages	5,925,960	5,876,686	5,866,362	10,324
Fringe Benefits	1,715,246	1,650,048	1,640,322	9,726
Purchased Services	628,510	632,959	613,746	19,213
Supplies and Materials	135,031	231,873	217,861	14,012
Other Expenditures	12,765	9,483	9,483	0
Capital Outlay	77,046	69,192	61,458	7,734
Total Regular	8,494,558	8,470,241	8,409,232	61,009
Special:				
Salaries and Wages	717,383	659,045	658,403	642
Fringe Benefits	184,671	178,485	177,651	834
Purchased Services	271,859	288,202	247,312	40,890
Supplies and Materials	5,761	9,439	5,207	4,232
Capital Outlay	0	2,075	2,075	0
Total Special	1,179,674	1,137,246	1,090,648	46,598
Vocational:				
Salaries and Wages	266,259	261,104	259,757	1,347
Fringe Benefits	77,763	72,954	72,557	397
Purchased Services	3,100	2,012	1,894	118
Supplies and Materials	16,441	16,829	16,357	472
Capital Outlay	7,700	3,530	3,524	6
Total Vocational	371,263	356,429	354,089	2,340
Total Instructional Services	10,045,495	9,963,916	9,853,969	109,947

(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, 2005***

	<u>Original Budget</u>	<u>Final Budget</u>	<u>Actual</u>	<u>Variance with Final Budget Positive (Negative)</u>
Support Services:				
Pupils:				
Salaries and Wages	812,009	672,427	665,672	6,755
Fringe Benefits	210,587	207,374	203,545	3,829
Purchased Services	6,042	6,079	3,836	2,243
Supplies and Materials	27,301	21,399	10,735	10,664
Other Expenditures	155,652	123,130	122,150	980
Capital Outlay	100	101	101	0
Total Pupils	1,211,691	1,030,510	1,006,039	24,471
Instructional Staff:				
Salaries and Wages	253,374	248,295	243,294	5,001
Fringe Benefits	114,091	108,127	97,308	10,819
Purchased Services	119,749	122,897	113,768	9,129
Supplies and Materials	101,871	18,030	13,818	4,212
Other Expenditures	599	421	421	0
Capital Outlay	2,035	2,035	2,035	0
Total Instructional Staff	591,719	499,805	470,644	29,161
Board of Education:				
Salaries and Wages	4,800	4,800	4,800	0
Fringe Benefits	995	1,017	1,000	17
Purchased Services	70,085	76,040	69,723	6,317
Supplies and Materials	1,300	2,310	1,664	646
Other Expenditures	7,307	7,356	6,936	420
Total Board of Education	84,487	91,523	84,123	7,400
Administration:				
Salaries and Wages	915,623	899,214	899,058	156
Fringe Benefits	315,647	319,559	312,825	6,734
Purchased Services	77,255	70,771	60,131	10,640
Supplies and Materials	7,768	9,224	7,705	1,519
Other Expenditures	4,247	4,053	3,723	330
Capital Outlay	5,675	3,973	500	3,473
Total Administration	1,326,215	1,306,794	1,283,942	22,852

(Continued)

LAKWOOD LOCAL SCHOOL DISTRICT

***Schedule of Revenues, Expenditures and Changes in
Fund Balance – Budget and Actual (Non-GAAP Budgetary Basis)
Major Funds – General Fund
For the Fiscal Year Ended June 30, 2005***

	<u>Original Budget</u>	<u>Final Budget</u>	<u>Actual</u>	Variance with Final Budget Positive (Negative)
Fiscal Services:				
Salaries and Wages	190,196	178,580	178,580	0
Fringe Benefits	58,448	58,149	56,483	1,666
Purchased Services	19,306	18,219	16,648	1,571
Supplies and Materials	4,200	6,516	5,702	814
Other Expenditures	250,081	266,347	264,653	1,694
Capital Outlay	<u>5,000</u>	<u>2,779</u>	<u>2,779</u>	<u>0</u>
Total Fiscal Services	527,231	530,590	524,845	5,745
Business:				
Salaries and Wages	7,696	7,696	7,059	637
Fringe Benefits	10,204	10,532	10,453	79
Other Expenditures	<u>1,000</u>	<u>890</u>	<u>890</u>	<u>0</u>
Total Business	18,900	19,118	18,402	716
Operation and Maintenance of Plant:				
Salaries and Wages	545,431	592,487	574,204	18,283
Fringe Benefits	230,666	226,797	226,527	270
Purchased Services	558,888	558,620	497,880	60,740
Supplies and Materials	165,915	159,042	91,390	67,652
Other Expenditures	1,564	411	411	0
Capital Outlay	<u>99,534</u>	<u>29,531</u>	<u>29,514</u>	<u>17</u>
Total Operation and Maintenance Of Plant	1,601,998	1,566,888	1,419,926	146,962
Pupil Transportation:				
Salaries and Wages	563,381	631,286	630,590	696
Fringe Benefits	284,628	309,993	308,254	1,739
Purchased Services	53,901	57,119	44,341	12,778
Supplies and Materials	175,432	191,108	184,216	6,892
Other Expenditures	1,176	1,043	310	733
Capital Outlay	<u>233,330</u>	<u>174,825</u>	<u>170,820</u>	<u>4,005</u>
Total Pupil Transportation	1,311,848	1,365,374	1,338,531	26,843

(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, 2005***

	Original Budget	Final Budget	Actual	Variance with Final Budget Positive (Negative)
Central:				
Fringe Benefits	524	524	0	524
Purchased Services	58,659	52,518	52,276	242
Supplies and Materials	2,625	2,625	2,383	242
Other Expenditures	105,253	94,252	93,602	650
Total Central	<u>167,061</u>	<u>149,919</u>	<u>148,261</u>	<u>1,658</u>
Total Support Services	<u>6,841,150</u>	<u>6,560,521</u>	<u>6,294,713</u>	<u>265,808</u>
Operation of Non-Instructional Services:				
Purchased Services	5,500	5,619	5,619	0
Other Expenditures	1,950	4,750	4,750	0
Capital Outlay	16,686	19,317	19,317	0
Total Non-Instructional Services	<u>24,136</u>	<u>29,686</u>	<u>29,686</u>	<u>0</u>
Extracurricular Activities:				
Salaries and Wages	168,538	224,621	171,526	53,095
Fringe Benefits	27,997	26,457	25,652	805
Purchased Services	1,648	2,898	1,250	1,648
Total Extracurricular Activities	<u>198,183</u>	<u>253,976</u>	<u>198,428</u>	<u>55,548</u>
Total Expenditures	<u>17,108,964</u>	<u>16,808,099</u>	<u>16,376,796</u>	<u>431,303</u>
Excess (Deficiency) of Revenues Over (Under) Expenditures	(572,946)	544,700	1,023,209	478,509
Other Financing Sources (Uses):				
Sale of Capital Assets	0	2,956	2,956	0
Transfers In	105,000	0	0	0
Transfers Out	(105,000)	0	0	0
Total Other Financing Sources (Uses):	<u>0</u>	<u>2,956</u>	<u>2,956</u>	<u>0</u>
Net Change in Fund Balance	(572,946)	547,656	1,026,165	478,509
Fund Balance at Beginning of Year	1,521,610	1,521,610	1,521,610	0
Prior Year Encumbrances	229,367	229,367	229,367	0
Fund Balance at End of Year	<u>\$ 1,178,031</u>	<u>\$ 2,298,633</u>	<u>\$ 2,777,142</u>	<u>\$ 478,509</u>

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, 2005**

	Original Budget	Final Budget	Actual	Variance with Final Budget Positive (Negative)
Revenues:				
Local Sources:				
Taxes	\$ 1,058,041	\$ 1,114,855	\$ 1,114,855	\$ 0
Intergovernmental - State	97,670	98,059	98,059	0
Total Revenues	1,155,711	1,212,914	1,212,914	0
Expenditures:				
Current:				
Support Services:				
Fiscal Services:				
Other Expenditures	18,000	19,340	19,340	0
Total Fiscal Services	18,000	19,340	19,340	0
Debt Service:				
Principal Retirement	540,179	540,179	540,179	0
Interest and Fiscal Charges	644,825	669,248	669,248	0
Total Debt Service	1,185,004	1,209,427	1,209,427	0
Total Expenditures	1,203,004	1,228,767	1,228,767	0
Excess (Deficiency) of Revenues				
Over (Under) Expenditures	(47,293)	(15,853)	(15,853)	0
Fund Balance at Beginning of Year	384,644	384,644	384,644	0
Fund Balance at End of Year	\$ 337,351	\$ 368,791	\$ 368,791	\$ 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, 2005***

PUBLIC SCHOOL SUPPORT FUND

	<u>Original Budget</u>	<u>Final Budget</u>	<u>Actual</u>	Variance with Final Budget Positive (Negative)
Revenues:				
Local Sources:				
Extracurricular Activities	\$ 35,185	\$ 52,949	\$ 56,971	\$ 4,022
All Other Revenues	<u>5,025</u>	<u>5,046</u>	<u>2,971</u>	<u>(2,075)</u>
Total Revenues	<u>40,210</u>	<u>57,995</u>	<u>59,942</u>	<u>1,947</u>
Expenditures:				
Extracurricular Activities:				
Purchased Services	15,835	19,436	13,498	5,938
Supplies and Materials	38,713	52,716	41,425	11,291
Other Expenditures	0	5,059	1,508	3,551
Capital Outlay	<u>0</u>	<u>6,233</u>	<u>6,233</u>	<u>0</u>
Total Expenditures	<u>54,548</u>	<u>83,444</u>	<u>62,664</u>	<u>20,780</u>
Excess (Deficiency) of Revenues Over (Under) Expenditures	(14,338)	(25,449)	(2,722)	22,727
Fund Balance at Beginning of Year	28,599	28,599	28,599	0
Prior Year Encumbrances	<u>4,166</u>	<u>4,166</u>	<u>4,166</u>	<u>0</u>
Fund Balance at End of Year	<u>\$ 18,427</u>	<u>\$ 7,316</u>	<u>\$ 30,043</u>	<u>\$ 22,727</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, 2005***

OTHER GRANT FUND				Variance with Final Budget Positive (Negative)
	Original Budget	Final Budget	Actual	
Revenues:				
Intermediate Sources	\$ 0	\$ 1,500	\$ 1,500	\$ 0
Intergovernmental - State	0	500	500	0
Total Revenues	0	2,000	2,000	0
Expenditures:				
Instructional Services:				
Regular:				
Supplies and Materials	6,854	7,355	5,824	1,531
Capital Outlay	0	1,000	1,000	0
Total Expenditures	6,854	8,355	6,824	1,531
Excess (Deficiency) of Revenues Over (Under) Expenditures	(6,854)	(6,355)	(4,824)	1,531
Fund Balance at Beginning of Year	6,854	6,854	6,854	0
Fund Balance at End of Year	\$ 0	\$ 499	\$ 2,030	\$ 1,531

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, 2005***

STUDENT ACTIVITY FUND

	Original Budget	Final Budget	Actual	Variance with Final Budget Positive (Negative)
Revenues:				
Extracurricular Activities	\$ 112,396	\$ 186,190	\$ 158,694	\$ (27,496)
All Other Revenues	12,000	18,073	9,945	(8,128)
Total Revenues	124,396	204,263	168,639	(35,624)
Expenditures:				
Extracurricular Activities:				
Salaries and Wages	0	500	240	260
Fringe Benefits	0	40	33	7
Purchased Services	54,676	75,019	50,762	24,257
Supplies and Materials	57,789	109,185	73,697	35,488
Capital Outlay	17,324	23,269	12,613	10,656
Total Expenditures	129,789	208,013	137,345	70,668
Excess (Deficiency) of Revenues				
Over (Under) Expenditures	(5,393)	(3,750)	31,294	35,044
Fund Balance at Beginning of Year	64,288	64,288	64,288	0
Prior Year Encumbrances	2,656	2,656	2,656	0
Fund Balance at End of Year	\$ 61,551	\$ 63,194	\$ 98,238	\$ 35,044

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, 2005***

	Original Budget	Final Budget	Actual	Variance with Final Budget Positive (Negative)
AUXILIARY SERVICES FUND				
Revenues:				
Intergovernmental - State	\$ 4,661	\$ 7,171	\$ 7,171	\$ 0
Total Revenues	<u>4,661</u>	<u>7,171</u>	<u>7,171</u>	<u>0</u>
Expenditures:				
Support Services:				
Fiscal Services:				
Other Expenditures	186	0	0	0
Total Fiscal Services	<u>186</u>	<u>0</u>	<u>0</u>	<u>0</u>
Total Support Services	<u>186</u>	<u>0</u>	<u>0</u>	<u>0</u>
Operation of Non-Instructional Services:				
Supplies and Materials	7,009	565	560	5
Capital Outlay	<u>0</u>	<u>9,140</u>	<u>9,140</u>	<u>0</u>
Total Operation of Non-Instructional Services	<u>7,009</u>	<u>9,705</u>	<u>9,700</u>	<u>5</u>
Total Expenditures	<u>7,195</u>	<u>9,705</u>	<u>9,700</u>	<u>5</u>
Excess (Deficiency) of Revenues				
Over (Under) Expenditures	(2,534)	(2,534)	(2,529)	5
Fund Balance at Beginning of Year	<u>2,534</u>	<u>2,534</u>	<u>2,534</u>	<u>0</u>
Fund Balance at End of Year	<u>\$ 0</u>	<u>\$ 0</u>	<u>\$ 5</u>	<u>\$ 5</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, 2005***

CAREER DEVELOPMENT FUND

	<u>Original Budget</u>	<u>Final Budget</u>	<u>Actual</u>	Variance with Final Budget Positive (Negative)
Revenues:				
Total Revenues	\$ 0	\$ 0	\$ 0	\$ 0
Expenditures:				
Supporting Services:				
Pupils:				
Supplies and Materials	498	498	498	0
Total Expenditures	498	498	498	0
Excess (Deficiency) of Revenues Over (Under) Expenditures	(498)	(498)	(498)	0
Fund Balance at Beginning of Year	498	498	498	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, 2005***

MANAGEMENT INFORMATION SYSTEM FUND

	Original Budget	Final Budget	Actual	Variance with Final Budget Positive (Negative)
Revenues:				
Intergovernmental - State	\$ 6,723	\$ 7,225	\$ 7,225	\$ 0
Total Revenues	6,723	7,225	7,225	0
Expenditures:				
Support Services:				
Central:				
Salaries and Wages	4,125	1,839	1,839	0
Purchased Services	3,423	6,211	6,211	0
Total Expenditures	7,548	8,050	8,050	0
Excess (Deficiency) of Revenues Over (Under) Expenditures	(825)	(825)	(825)	0
Fund Balance at Beginning of Year	825	825	825	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, 2005**

DISADVANTAGED PUPIL IMPACT AID FUND

	Original Budget	Final Budget	Actual	Variance with Final Budget Positive (Negative)
Revenues:				
Intergovernmental - State	\$ 32,768	\$ 32,768	\$ 32,768	\$ 0
Total Revenues	32,768	32,768	32,768	0
Expenditures:				
Support Services:				
Pupils:				
Salaries and Wages	32,768	32,768	32,768	0
Total Expenditures	32,768	32,768	32,768	0
Excess (Deficiency) of Revenues Over (Under) Expenditures	0	0	0	0
Fund Balance at Beginning of Year	0	0	0	0
Fund Balance at End of Year	\$ 0	\$ 0	\$ 0	\$ 0

LAKEWOOD LOCAL SCHOOL DISTRICT

**Schedule of Revenues, Expenditures and Changes in
Fund Balance – Budget and Actual (Non-GAAP Budgetary Basis)
Nonmajor Special Revenue Funds
For the Fiscal Year Ended June 30, 2005**

DATA COMMUNICATIONS FUND

	Original Budget	Final Budget	Actual	Variance with Final Budget Positive (Negative)
Revenues:				
Intergovernmental - State	\$ 0	\$ 15,000	\$ 15,000	\$ 0
Total Revenues	0	15,000	15,000	0
Expenditures:				
Support Services:				
Central:				
Purchased Services	0	15,000	15,000	0
Total Expenditures	0	15,000	15,000	0
Excess (Deficiency) of Revenues Over (Under) Expenditures	0	0	0	0
Fund Balance at Beginning of Year	0	0	0	0
Fund Balance at End of Year	\$ 0	\$ 0	\$ 0	\$ 0

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, 2005***

SCHOOLNET PROFESSIONAL DEVELOPMENT FUND

	Original Budget	Final Budget	Actual	Variance with Final Budget Positive (Negative)
Revenues:				
Intergovernmental - State	\$ 0	\$ 4,140	\$ 4,140	\$ 0
Total Revenues	0	4,140	4,140	0
Expenditures:				
Support Services:				
Instructional Staff:				
Salaries and Wages	375	2,000	2,000	0
Fringe Benefits	0	168	168	0
Purchased Services	1,111	3,458	3,416	42
Total Expenditures	1,486	5,626	5,584	42
Excess (Deficiency) of Revenues Over (Under) Expenditures	(1,486)	(1,486)	(1,444)	42
Fund Balance at Beginning of Year	1,486	1,486	1,486	0
Fund Balance at End of Year	\$ 0	\$ 0	\$ 42	\$ 42

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, 2005***

OHIOREADS FUND				Variance with Final Budget Positive (Negative)
	<u>Original Budget</u>	<u>Final Budget</u>	<u>Actual</u>	<u></u>
Revenues:				
Intergovernmental - State	\$ 25,000	\$ 25,000	\$ 24,396	\$ (604)
Total Revenues	<u>25,000</u>	<u>25,000</u>	<u>24,396</u>	<u>(604)</u>
Expenditures:				
Instructional Services:				
Regular:				
Salaries and Wages	5,000	5,000	5,000	0
Purchased Services	8,550	8,550	8,550	0
Supplies and Materials	11,450	11,450	11,450	0
Total Expenditures	<u>25,000</u>	<u>25,000</u>	<u>25,000</u>	<u>0</u>
Excess (Deficiency) of Revenues Over (Under) Expenditures	0	0	(604)	(604)
Fund Balance at Beginning of Year	0	0	0	0
Fund Balance at End of Year	<u>\$ 0</u>	<u>\$ 0</u>	<u>\$ (604)</u>	<u>\$ (604)</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, 2005***

	Original Budget	Final Budget	Actual	Variance with Final Budget Positive (Negative)
STUDENT READING INTERVENTION FUND				
Revenues:				
Intergovernmental - State	\$ 54,976	\$ 54,976	\$ 46,680	\$ (8,296)
Total Revenues	54,976	54,976	46,680	(8,296)
Expenditures:				
Instructional Services:				
Regular:				
Salaries and Wages	35,038	50,281	50,280	1
Fringe Benefits	5,398	0	0	0
Supplies and Materials	9,135	0	0	0
Total Expenditures	49,571	50,281	50,280	1
Excess (Deficiency) of Revenues Over (Under) Expenditures	5,405	4,695	(3,600)	(8,295)
Fund Balance at Beginning of Year	(9,379)	(9,379)	(9,379)	0
Prior Year Encumbrances	3,974	3,974	3,974	0
Fund Balance at End of Year	\$ 0	\$ (710)	\$ (9,005)	\$ (8,295)

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, 2005***

	Original Budget	Final Budget	Actual	Variance with Final Budget Positive (Negative)
MISCELLANEOUS STATE GRANTS FUND				
Revenues:				
Intergovernmental - State	\$ 2,190	\$ 2,190	\$ 2,190	\$ 0
Total Revenues	2,190	2,190	2,190	0
Expenditures:				
Support Services:				
Administration:				
Purchased Services	2,190	2,190	2,190	0
Total Administration	2,190	2,190	2,190	0
Total Expenditures	2,190	2,190	2,190	0
Excess (Deficiency) of Revenues Over (Under) Expenditures	0	0	0	0
Fund Balance at Beginning of Year	0	0	0	0
Fund Balance at End of Year	\$ 0	\$ 0	\$ 0	\$ 0

LAKEWOOD LOCAL SCHOOL DISTRICT

***Schedule of Revenues, Expenditures and Changes in
Fund Balance – Budget and Actual (Non-GAAP Budgetary Basis)
Nonmajor Special Revenue Funds
For the Fiscal Year Ended June 30, 2005***

	TITLE VI-B FUND			Variance with Final Budget Positive (Negative)
	Original Budget	Final Budget	Actual	
Revenues:				
Intergovernmental - Federal	\$ 423,438	\$ 423,438	\$ 391,957	\$ (31,481)
Total Revenues	<u>423,438</u>	<u>423,438</u>	<u>391,957</u>	<u>(31,481)</u>
Expenditures:				
Instructional Services:				
Special:				
Salaries and Wages	191,846	211,671	183,336	28,335
Fringe Benefits	54,180	59,366	59,259	107
Supplies and Materials	35,056	30,571	29,929	642
Capital Outlay	15,000	6,045	6,045	0
Total Instructional Services	<u>296,082</u>	<u>307,653</u>	<u>278,569</u>	<u>29,084</u>
Support Services:				
Pupils:				
Salaries and Wages	28,564	25,939	23,072	2,867
Purchased Services	5,500	2,601	2,570	31
Total Pupils	<u>34,064</u>	<u>28,540</u>	<u>25,642</u>	<u>2,898</u>
Instructional Staff:				
Salaries and Wages	1,125	0	0	0
Fringe Benefits	1,814	0	0	0
Purchased Services	5,250	5,250	5,250	0
Supplies and Materials	2,000	0	0	0
Total Instructional Staff	<u>10,189</u>	<u>5,250</u>	<u>5,250</u>	<u>0</u>
Administration:				
Salaries and Wages	81,748	80,713	74,659	6,054
Fringe Benefits	24,977	24,904	22,690	2,214
Total Administration	<u>106,725</u>	<u>105,617</u>	<u>97,349</u>	<u>8,268</u>
Total Support Services	<u>150,978</u>	<u>139,407</u>	<u>128,241</u>	<u>11,166</u>
Total Expenditures	<u>447,060</u>	<u>447,060</u>	<u>406,810</u>	<u>40,250</u>
Excess (Deficiency) of Revenues Over (Under) Expenditures	(23,622)	(23,622)	(14,853)	8,769
Fund Balance at Beginning of Year	23,328	23,328	23,328	0
Prior Year Encumbrances	294	294	294	0
Fund Balance at End of Year	<u>\$ 0</u>	<u>\$ 0</u>	<u>\$ 8,769</u>	<u>\$ 8,769</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, 2005**

TITLE I FUND				Variance with Final Budget Positive (Negative)
	Original Budget	Final Budget	Actual	
Revenues:				
Intergovernmental - Federal	\$ 340,676	\$ 346,630	\$ 315,295	\$ (31,335)
Total Revenues	<u>340,676</u>	<u>346,630</u>	<u>315,295</u>	<u>(31,335)</u>
Expenditures:				
Instructional Services:				
Special:				
Salaries and Wages	278,544	278,544	248,966	29,578
Fringe Benefits	64,241	65,026	58,951	6,075
Purchased Services	400	400	400	0
Supplies and Materials	1,902	5,472	4,812	660
Total Special	<u>345,087</u>	<u>349,442</u>	<u>313,129</u>	<u>36,313</u>
Total Instructional Services	<u>345,087</u>	<u>349,442</u>	<u>313,129</u>	<u>36,313</u>
Support Services:				
Instructional Staff:				
Salaries and Wages	3,445	3,445	3,445	0
Fringe Benefits	527	526	482	44
Purchased Services	1	1,601	1,438	163
Supplies and Materials	2,000	2,000	1,224	776
Total Instructional Staff	<u>5,973</u>	<u>7,572</u>	<u>6,589</u>	<u>983</u>
Fiscal Services:				
Salaries and Wages	1,000	1,000	1,000	0
Fringe Benefits	140	140	140	0
Total Fiscal Services	<u>1,140</u>	<u>1,140</u>	<u>1,140</u>	<u>0</u>
Total Support Services	<u>7,113</u>	<u>8,712</u>	<u>7,729</u>	<u>983</u>
Total Expenditures	<u>352,200</u>	<u>358,154</u>	<u>320,858</u>	<u>37,296</u>
Excess (Deficiency) of Revenues Over (Under) Expenditures	(11,524)	(11,524)	(5,563)	5,961
Fund Balance at Beginning of Year	11,524	11,524	11,524	0
Fund Balance at End of Year	<u>\$ 0</u>	<u>\$ 0</u>	<u>\$ 5,961</u>	<u>\$ 5,961</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, 2005***

TITLE V FUND				Variance with Final Budget Positive (Negative)
	Original Budget	Final Budget	Actual	
Revenues:				
Intergovernmental - Federal	\$ 10,537	\$ 10,537	\$ 9,563	\$ (974)
Total Revenues	10,537	10,537	9,563	(974)
Expenditures:				
Support Services:				
Pupils:				
Salaries and Wages	10,977	10,977	9,763	1,214
Other Expenditures	32	32	32	0
Total Support Services	11,009	11,009	9,795	1,214
Total Expenditures	11,009	11,009	9,795	1,214
Excess (Deficiency) of Revenues Over (Under) Expenditures	(472)	(472)	(232)	240
Fund Balance at Beginning of Year	472	472	472	0
Fund Balance at End of Year	\$ 0	\$ 0	\$ 240	\$ 240

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, 2005***

DRUG FREE SCHOOL GRANT FUND

	Original Budget	Final Budget	Actual	Variance with Final Budget Positive (Negative)
Revenues:				
Intergovernmental - Federal	\$ 11,410	\$ 11,410	\$ 11,337	\$ (73)
Total Revenues	11,410	11,410	11,337	(73)
Expenditures:				
Instructional Services:				
Regular:				
Salaries and Wages	500	500	500	0
Fringe Benefits	80	70	70	0
Supplies and Materials	5,800	5,800	5,562	238
Total Regular	6,380	6,370	6,132	238
Total Instructional Services	6,380	6,370	6,132	238
Support Services:				
Pupils:				
Purchased Services	5,906	5,000	4,155	845
Supplies and Materials	0	916	916	0
Other Expenditures	40	40	40	0
Total Support Services	5,946	5,956	5,111	845
Total Expenditures	12,326	12,326	11,243	1,083
Excess (Deficiency) of Revenues Over (Under) Expenditures	(916)	(916)	94	1,010
Fund Balance at Beginning of Year	167	167	167	0
Prior Year Encumbrances	749	749	749	0
Fund Balance at End of Year	\$ 0	\$ 0	\$ 1,010	\$ 1,010

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, 2005***

TELECOMMUNICATIONS ACT GRANT FUND

	Original Budget	Final Budget	Actual	Variance with Final Budget Positive (Negative)
Revenues:				
All Other Revenues	\$ 29,983	\$ 29,983	\$ 29,089	\$ (894)
Total Revenues	29,983	29,983	29,089	(894)
Expenditures:				
Support Services:				
Operation and maintenance of Plant:				
Purchased Services	3,025	19,696	19,696	0
Total Operation and Maintenance of Plant	3,025	19,696	19,696	0
Central:				
Supplies and Materials	15,641	7,780	3,548	4,232
Capital Outlay	11,975	8,126	7,907	219
Total Central	27,616	15,906	11,455	4,451
Total Support Services	30,641	35,602	31,151	4,451
Total Expenditures	30,641	35,602	31,151	4,451
Excess (Deficiency) of Revenues				
Over (Under) Expenditures	(658)	(5,619)	(2,062)	3,557
Fund Balance at Beginning of Year				
Prior Year Encumbrances	7,234	7,234	7,234	0
Fund Balance at End of Year	642	642	642	0
	\$ 7,218	\$ 2,257	\$ 5,814	\$ 3,557

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, 2005***

	TITLE II-A FUND			Variance with Final Budget Positive (Negative)
	Original Budget	Final Budget	Actual	
Revenues:				
Intergovernmental - Federal	\$ 123,138	\$ 121,627	\$ 111,925	\$ (9,702)
Total Revenues	<u>123,138</u>	<u>121,627</u>	<u>111,925</u>	<u>(9,702)</u>
Expenditures:				
Instructional Services:				
Regular:				
Salaries and Wages	115,870	114,781	102,419	12,362
Fringe Benefits	2,355	2,356	2,356	0
Total Instructional Services	<u>118,225</u>	<u>117,137</u>	<u>104,775</u>	<u>12,362</u>
Support Services:				
Instructional Staff:				
Purchased Services	3,500	5,537	5,331	206
Supplies and Materials	3,341	881	877	4
Total Instructional Staff	<u>6,841</u>	<u>6,418</u>	<u>6,208</u>	<u>210</u>
Administration:				
Other Expenditures	362	362	362	0
Total Administration	<u>362</u>	<u>362</u>	<u>362</u>	<u>0</u>
Total Support Services	<u>7,203</u>	<u>6,780</u>	<u>6,570</u>	<u>210</u>
Total Expenditures	<u>125,428</u>	<u>123,917</u>	<u>111,345</u>	<u>12,572</u>
Excess (Deficiency) of Revenues				
Over (Under) Expenditures	(2,290)	(2,290)	580	2,870
Fund Balance at Beginning of Year	<u>2,290</u>	<u>2,290</u>	<u>2,290</u>	<u>0</u>
Fund Balance at End of Year	<u>\$ 0</u>	<u>\$ 0</u>	<u>\$ 2,870</u>	<u>\$ 2,870</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, 2005***

MISCELLANEOUS FEDERAL GRANTS FUND

	Original Budget	Final Budget	Actual	Variance with Final Budget Positive (Negative)
Revenues:				
Intergovernmental - Federal	\$ 58,510	\$ 48,704	\$ 56,747	\$ 8,043
Total Revenues	<u>58,510</u>	<u>48,704</u>	<u>56,747</u>	<u>8,043</u>
Expenditures:				
Instructional Services:				
Special:				
Purchased Services	44,789	39,347	35,802	3,545
Supplies and Materials	57	0	0	0
Total Instructional Services	<u>44,846</u>	<u>39,347</u>	<u>35,802</u>	<u>3,545</u>
Support Services:				
Pupils:				
Salaries and Wages	1,000	1,000	1,000	0
Fringe Benefits	150	140	140	0
Purchased Services	10,618	9,586	8,744	842
Supplies and Materials	2,121	3,356	3,307	49
Other Expenditures	414	414	414	0
Total Pupils	<u>14,303</u>	<u>14,496</u>	<u>13,605</u>	<u>891</u>
Instructional Staff:				
Purchased Services	301	301	290	11
Total Instructional Staff	<u>301</u>	<u>301</u>	<u>290</u>	<u>11</u>
Administration:				
Supplies and Materials	310	310	290	20
Total Administration	<u>310</u>	<u>310</u>	<u>290</u>	<u>20</u>
Total Support Services	<u>14,914</u>	<u>15,107</u>	<u>14,185</u>	<u>922</u>
Total Expenditures	<u>59,760</u>	<u>54,454</u>	<u>49,987</u>	<u>4,467</u>
Excess (Deficiency) of Revenues Over (Under) Expenditures	(1,250)	(5,750)	6,760	12,510
Fund Balance at Beginning of Year	5,792	5,792	5,792	0
Prior Year Encumbrances	360	360	360	0
Fund Balance at End of Year	<u>\$ 4,902</u>	<u>\$ 402</u>	<u>\$ 12,912</u>	<u>\$ 12,510</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, 2005**

	Original Budget	Final Budget	Actual	Variance with Final Budget Positive (Negative)
SCHOOLNET PLUS FUND				
Revenues:				
Intergovernmental - State	\$ 17,745	\$ 17,745	\$ 17,745	\$ 0
Total Revenues	<u>17,745</u>	<u>17,745</u>	<u>17,745</u>	<u>0</u>
Expenditures:				
Instructional Services:				
Regular:				
Capital Outlay	17,745	17,745	17,741	4
Total Expenditures	<u>17,745</u>	<u>17,745</u>	<u>17,741</u>	<u>4</u>
Excess (Deficiency) of Revenues Over (Under) Expenditures	0	0	4	4
Fund Balance at Beginning of Year	0	0	0	0
Fund Balance at End of Year	<u>\$ 0</u>	<u>\$ 0</u>	<u>\$ 4</u>	<u>\$ 4</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, 2005***

	Balance June 30, 2004	Additions	Deductions	Balance June 30, 2005
<u>Student Managed Activity Fund</u>				
Assets:				
Cash and Cash Equivalents	\$9,303	\$20,219	(\$21,880)	\$7,642
Total Assets	<u>\$9,303</u>	<u>\$20,219</u>	<u>(\$21,880)</u>	<u>\$7,642</u>
Liabilities:				
Due to Students	\$9,303	\$20,219	(\$21,880)	\$7,642
Total Liabilities	<u>\$9,303</u>	<u>\$20,219</u>	<u>(\$21,880)</u>	<u>\$7,642</u>

LAKWOOD LOCAL SCHOOL DISTRICT

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

LAKWOOD LOCAL SCHOOL DISTRICT



LAKEWOOD LOCAL SCHOOL DISTRICT

***Capital Assets Used in the Operation of Governmental Funds
Schedule by Source
June 30, 2005***

Capital Assets

Land	\$275,555
Land Improvements	810,337
Buildings and Improvements	20,729,778
Furniture, Fixtures and Equipment	3,697,594
Vehicles	<u>1,731,059</u>
Total Capital Assets	<u><u>\$27,244,323</u></u>

Investment in Capital Assets from:

Acquisitions Prior to 1996	\$5,572,699
General Fund	4,555,996
Special Revenue Funds	29,714
Capital Project Funds	16,301,501
Capital Leases	355,572
Donations	<u>428,841</u>
Total Investment in Capital Assets	<u><u>\$27,244,323</u></u>

LAKWOOD LOCAL SCHOOL DISTRICT

***Capital Assets Used in the Operation of Governmental Funds
Schedule by Function and Activity
June 30, 2005***

<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>
\$3,005,302	\$0	\$22,502,132
96,860	0	166,971
21,443	0	91,554
53,158	20,000	85,171
30,813	1,686,459	1,729,283
481,854	24,600	1,249,400
8,164	0	1,419,812
<u>\$3,697,594</u>	<u>\$1,731,059</u>	<u>\$27,244,323</u>

LAKWOOD 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, 2005***

Function and Activity	June 30, 2004	Additions	Deletions	June 30, 2005
Instructional Services	\$22,526,839	\$89,907	(\$114,614)	\$22,502,132
Support Services:				
Administration	165,573	1,398	0	166,971
Fiscal Services	89,692	2,779	(917)	91,554
Operation and Maintenance of Plant	74,944	10,227	0	85,171
Pupil Transportation	1,661,801	131,007	(63,525)	1,729,283
Extracurricular Activities	1,246,935	2,465	0	1,249,400
Facility Acquisition and Improvement	1,411,648	8,164	0	1,419,812
Total Capital Assets	<u>\$27,177,432</u>	<u>\$245,947</u>	<u>(\$179,056)</u>	<u>\$27,244,323</u>

STATISTICAL SECTION



STATISTICAL TABLES

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

LAKWOOD LOCAL SCHOOL DISTRICT

GENERAL GOVERNMENTAL EXPENDITURES BY FUNCTION (1) LAST TEN YEARS

Year	Support Services						Operation and Maintenance of Plant	Subtotal Page 1
	Instructional Services	Pupils	Instructional Staff	Board of Education	Administration	Fiscal Services		
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
2005	10,705,322	1,117,832	405,142	65,222	1,435,743	551,450	1,454,833	15,735,544

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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		Other Expenditures and Capital Outlay	Debt Services	Subtotal Page 2	Total
	Pupil Transportation	Central	Non-Instructional Services	Extracurricular Activities				
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
2005	1,335,151	182,197	39,386	384,765	19,133	1,339,548	3,300,180	19,035,724

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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
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
2005	11,852,220	342,930	142,437	214,698	6,887,039	319,610	19,758,934

(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
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%
2004	13,765,566	12,138,331	644,850	12,783,181	92.86%	982,385	7.14%

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	
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%
2004	284,580,780	813,087,943	15,215,760	15,215,760	69,156,940	300,682,348	368,953,480	1,128,986,051	32.68%

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				
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
2004	44.60	2.80	47.40	3.00	7.20	63.80	121.40

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, 2005

Net Assessed Valuation	\$368,953,480
Legal Debt Limitation (%) (1)	9.00%
Legal Debt Limitation (\$) (1)	33,205,813
Applicable District Debt Outstanding	13,426,870
Less: Applicable Debt Service Fund Amounts (2)	(278,152)
Net Indebtedness Subject to Limitation	<u>13,148,718</u>
Overall Legal Debt Margin	<u><u>\$20,057,095</u></u>
Legal Debt Limitation (%) (1)	0.10%
Legal Debt Limitation (\$) (1)	368,953
Applicable District Debt Outstanding	<u>0</u>
Unvoted Legal Debt Margin	<u><u>\$368,953</u></u>
Legal Debt Limitation (%) (1)	0.90%
Legal Debt Limitation (\$) (1)	3,320,581
Applicable District Debt Outstanding	<u>(581,320)</u>
Unvoted Energy Conservation Loans Legal Debt Margin	<u><u>\$2,739,261</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
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	5,169	353,542,130	13,826,870	231,046	13,595,824	3.85%	2,630.26
2005	5,169	368,953,480	13,426,870	278,152	13,148,718	3.56%	2,543.76

(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 SEVEN YEARS (2)**

Year	Debt Principal	Debt Interest	Total Debt Service	Total General Governmental Expenditures (1)	Ratio of Tax Debt Service to General Governmental Expenditures
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%
2005	400,000	633,705	1,033,705	19,035,724	5.43%

(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, 2005

Jurisdiction	Gross Debt Outstanding	Percentage Applicable to Lakewood Local School District	Amount Applicable to Lakewood Local School District
Direct			
Lakewood Local School District	\$13,426,870	100.00%	\$13,426,870
Overlapping Subdivisions			
Licking County	8,886,869	11.40%	1,013,103
Village of Hebron	1,225,000	100.00%	1,225,000
Licking County Career Center -JVS	31,970,000	11.24%	3,593,428
		Subtotal	5,831,531
		Total	\$19,258,401
Total			

Source: Ohio Municipal Advisory Council, June 2005

LAKWOOD 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	2,409	4.8%
1996	5,168	133,975	2,433	5.1%
1997	5,135	135,686	2,436	3.9%
1998	5,348	141,393	2,376	3.8%
1999	5,286	143,697	2,339	3.8%
2000	5,083	145,491	2,338	3.6%
2001	5,120	147,397	2,278	3.2%
2002	5,136	148,680	2,277	3.6%
2003	5,167	150,634	2,265	6.0%
2004	5,169	152,866	2,270	5.9%

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

LAKWOOD LOCAL SCHOOL DISTRICT

PROPERTY VALUE AND CONSTRUCTION PERMITS LAST NINE 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
2004	216	39,583,919

Source: City of Newark/Licking County Building Code Department

Data for 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, 2004**

	<u>Taxpayer</u>	<u>Assessed Valuation (Tax Duplicate)</u>	<u>Percentage of Total Assessed Valuation</u>
1	GE Quartz Inc. (General Electric Co.)	\$11,684,570	16.90%
2	Bayer Corporation	10,197,850	14.75%
3	TKH Manufacturing of America	5,372,960	7.77%
4	Dow Chemical	4,959,800	7.17%
5	Constar International	4,706,440	6.81%
6	TI Group Automotive Supply Corp. LLC	2,877,710	4.15%
7	Diebold Inc.	2,865,420	4.14%
8	R R Donnelly & Sons Co.	2,214,850	3.20%
9	Heritage Sportswear Inc.	2,182,460	3.16%
10	MPW Industrial Services	2,047,140	2.96%
	Sub-Total	49,109,200	71.01%
	All Others	20,047,740	28.99%
	Total	\$69,156,940	100.00%

Source: Licking County Auditor - Land and Buildings
Based on valuation of property in 2004

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, 2004**

	<u>Taxpayer</u>	<u>Assessed Valuation (Tax Duplicate)</u>	<u>Percentage of Total Assessed Valuation</u>
1	Paragano Nazario	2,392,250	0.84%
2	GE Quartz Inc. (General Electric Co.)	2,243,960	0.79%
3	Diebold Inc.	1,844,650	0.65%
4	Black, Monte R & Susan K	1,833,060	0.64%
5	Bayer Polymers Inc.	1,671,950	0.59%
6	R R Donnelly & Sons Co.	1,578,510	0.55%
7	G & C Diversified	1,537,520	0.54%
8	Hebron Business Park	1,525,270	0.54%
9	Leon Zazworsky	1,273,200	0.45%
10	TI Group Automotive Supply Corp. LLC	1,158,680	0.41%
	Sub-Total	17,059,050	6.00%
	All Others	267,521,730	94.00%
	Total	\$284,580,780	100.00%

Source: Licking County Auditor - Land and Buildings
Based on valuation of property in 2004

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, 2004**

	<u>Taxpayer</u>	<u>Assessed Valuation (Tax Duplicate)</u>	<u>Percentage of Total Assessed Valuation</u>
1	Ohio Power	\$5,959,640	39.17%
2	Columbuia Gas Transmission	1,662,380	10.92%
3	United Telephone	1,563,550	10.28%
4	Alltel	1,468,780	9.65%
5	Dominion Transmission Inc.	1,072,470	7.05%
6	Licking Rural Electric	976,260	6.41%
7	National Gas & Oil Co.	965,600	6.35%
8	Columbus Southern Power	513,770	3.38%
9	Ohio Bell	370,760	2.44%
10	Dayton Power & Light	134,000	0.88%
	Sub-Total	14,687,210	96.53%
	All Others	528,550	3.47%
	Total	\$15,215,760	100.00%

Source: Licking County Auditor - Land and Buildings
Based on valuation of property in 2004

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, 2004

	<u>Employer</u>	<u>Total Number of Employees</u>
1	Bear Creek	708
2	THK	266
3	Allied Tube & Conduit	160
4	Ecolab	140
5	Sunfield	110
6	AFGD	101
7	Heritage Sportswear	85
8	Ohio Metal Tech	78
9	Renosol	68
10	The Boler Co.	63

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Source: Village of Hebron

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

LAKEWOOD LOCAL SCHOOL DISTRICT

MISCELLANEOUS STATISTICS

JUNE 30, 2005

Date of Incorporation	1976
Form of Government	School - Political Subdivision
Area	115 square miles
Miles traveled by Transportation Fleet for the 2004-2005 School Year	442,348
Meals Served by Food Service Department for the 2004-2005 School Year	229,569

<u>School Buildings</u>	<u>Grade Levels</u>	<u>Enrollment</u>
Lakewood Local High School	9 - 12	736
Lakewood Local Middle School	6 - 8	505
Lakewood Local Intermeditae School	4-5	339
Lakewood Local Jackson Elementary School	K-3	298
Lakewood Local Hebron Elementary School	K-3	376

Source: District Treasurer's Office

LAKEWOOD LOCAL SCHOOL DISTRICT

STAFF STATISTICS JUNE 30, 2005

Average classroom teacher salary	\$45,000
Average classroom teacher experience	16 years

Certified Staff

Classroom Teachers	169
Instructional Support	2
Administrators and Supervisors	13

Support Staff

Administrators and Supervisors	4
Operations	7
Maintenance	21
Transportation	29
Clerical	10
Aides	17
Food Service	20

Source: District Treasurer's Office

LAKWOOD LOCAL SCHOOL DISTRICT

TEACHERS EDUCATION AND EXPERIENCE STATISTICS JUNE 30, 2005

<u>Degree</u>	<u>Number of Teachers</u>	<u>Percentage of Total</u>
Bachelor's Degree	20	11.8%
Bachelor's Degree-150 hrs	52	30.8%
Master's Degree	64	37.9%
Master's +15	33	19.5%
Total	169	100.0%

<u>Years of Experience</u>	<u>Number of Teachers</u>	<u>Percentage of Total</u>
0 - 5	33	19.5%
6 - 10	31	18.3%
11 - 15	26	15.4%
16 - 20	18	10.7%
21 - 25	28	16.6%
26 and over	33	19.5%
Total	169	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>
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
2005	19,035,724	2,270	8,386

Source: District Treasurer's Office

LAKWOOD LOCAL SCHOOL DISTRICT

TRANSPORTATION STATISTICS JUNE 30, 2005

Number of assigned school buses in fleet	29
Average age of school buses in fleet	13
Number of bus drivers	29
Average number of years of experience	11
Number of miles driven per day	2,446
Number of miles driven annually	442,348
Average miles per bus	15,253

Students Transported per Day

Public School	1,836
Non-public School	75
Handicapped	14
Preschool	<u>41</u>
Total	1,966
Percent of student enrollment transported	87%

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
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
2005	174	175	175	163	168	166	172	183	163	175	199	176	163	18	2,270

Source: District Treasurer's Office

LAKWOOD LOCAL SCHOOL DISTRICT





**Auditor of State
Betty Montgomery**

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800-282-0370

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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 22, 2005**