



LHS FOOTBALL PLAYERS MENTORING YOUNG STUDENTS

POPULAR ANNUAL FINANCIAL REPORT

FOR THE YEAR ENDING JUNE 30, 2018

LAKEWOOD LOCAL SCHOOLS
HEBRON, OHIO

LAKEWOOD LOCAL SCHOOL DISTRICT

Administrative Office
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November 19, 2018

TO THE CITIZENS OF THE LAKEWOOD LOCAL SCHOOL DISTRICT,

We are pleased to present the Lakewood Local School District's Popular Annual Financial Report (PAFR) for the fiscal year ending June 30, 2018. This report makes our District's finances easier to understand, and is intended to communicate our financial situation in an open and accountable manner.

The PAFR summarizes the financial activities and operating results reported in the Lakewood Local School District's audited Comprehensive Annual Financial Report (CAFR). The PAFR is unaudited and presented on a non-GAAP (Generally Accepted Accounting Principle) basis, which primarily deals with full disclosure and segregated funds. The statements presented on page 2 and the pie charts on page 3 consist of the General Fund of the District. The General Fund is the largest fund from which most day-to-day programs and services are provided. For more detailed financial information, including a discussion of key changes in financial data from last fiscal year, our economic condition and outlook, initiatives and accomplishments, please refer to a copy of the Comprehensive Annual Financial Report, which is available at www.lakewoodlocal.k12.oh.us.

The Lakewood Local School District is proud of this report and the support offered by the Board of Education in its creation. Ultimately, we would like to thank our citizens for their encouragement in creating a report designed to more adequately address their needs as taxpayers, as well as for the opportunity to serve them. Questions, comments and feedback regarding this report are encouraged, so please do not hesitate to contact the Treasurer's office at (740) 928-1928 or at gplaisted@laca.org

Respectfully Submitted,

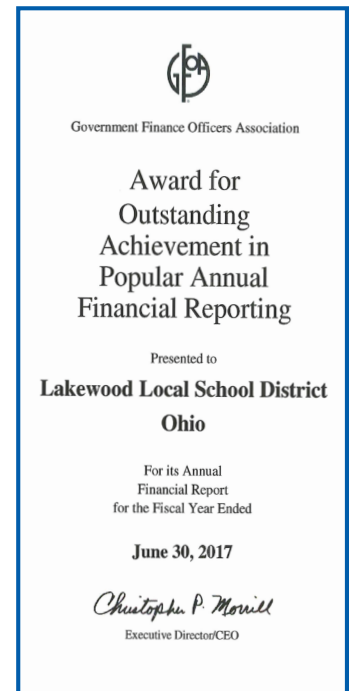


Glenna J. Plaisted
Treasurer/CFO

AWARD FOR OUTSTANDING ACHIEVEMENT POPULAR ANNUAL FINANCIAL REPORTING

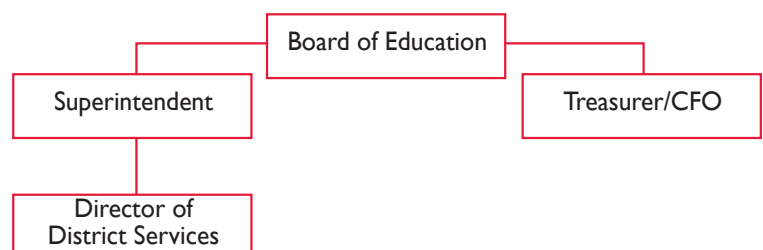
The Government Finance Officers Association of the United States and Canada (GFOA) has given an Award for Outstanding Achievement in Popular Annual Financial Reporting to the Lakewood Local School District for its Popular Annual Financial Report for the fiscal year ended June 30, 2017. The Award for Outstanding Achievement in Popular Annual Financial Reporting is a prestigious national award recognizing conformance with the highest standards for preparation of state and local government popular reports.

In order to receive an Award for Outstanding Achievement in Popular Annual Financial Reporting, a government unit must publish a Popular Annual Financial Report, whose contents conform to program standards of creativity, presentation, understandability and reader appeal.



ADMINISTRATIVE STRUCTURE

As of June 30, 2018



SUMMARIZED FINANCIAL REPORTS

Readers of the Financial Activity Statement and Financial Position Statement should keep in mind that the numbers in both reports are taken from the District's Comprehensive Annual Financial Report (CAFR), but are presented in a non-GAAP format. The Comprehensive Annual Financial Report can be obtained from the Treasurer's office or www.lakewoodlocal.k12.oh.us.

REVENUES AND RESOURCES OVER EXPENDITURES AND SERVICES

The Financial Activity Statement known in accounting terms as the income statement, provides a summary of the resources (revenues) and services (expenditures) of the District.

* Please refer to the definitions below this chart.

^ Total revenues increased 3.6% in FY18 which is primarily attributed to an increase in property tax revenues.

^^ Total expenditures increased 12% in FY18 due to a 2% increase in base salary and a 6% increase in health insurance premiums for the January 2018 renewal. The District also invested in several large capital improvement projects throughout the District and the District's instructional purchased service costs and instructional supplies costs were up.

Resources Taken In (shown in thousands)	FY18	FY17	FY16	FY15
Local Taxes	\$14,768	\$13,351	\$13,314	\$13,169
State and Federal Revenue	8,179	8,928	9,029	9,099
Investment Income	249	139	111	60
Tuition & Fees	1,297	1,244	883	753
Miscellaneous	187	160	320	411
Total Revenues & Resources (^)	\$24,680	\$23,822	\$23,657	\$23,492

Services Provided (shown in thousands) *	FY18	FY17	FY16	FY15
Instruction	\$13,949	\$12,773	\$12,127	\$11,633
Pupil Support	1,557	1,501	1,393	1,288
Instructional Staff	629	488	506	330
Board/Administration/Fiscal	2,769	2,685	2,648	2,704
Business Support	27	25	22	9
Plant Operation	2,106	2,402	1,973	1,737
Transportation	1,828	1,861	1,669	1,615
Central Support	22	23	27	69
Extracurricular	350	346	331	255
Non-Instructional	1	7	154	200
Capital Outlay	1,672	118	0	0
Debt Service	36	40	40	41
Total Expenditures & Services (^^)	\$24,946	\$22,269	\$20,890	\$19,881

Revenues & Resources Over Expenditures & Services	(\$266)	\$1,553	\$2,767	\$3,611
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OUR EXPENDITURES AND SERVICES: DEFINITIONS

INSTRUCTION is the largest expenditure category and relates to the direct instruction of our students. Students are directly impacted by expenditures from this category.

PUPIL SUPPORT expenditures include all guidance services, health/safety monitors, health aids, nurses, speech, hearing, occupational therapy, physical therapy, and psychological services.

INSTRUCTIONAL SUPPORT expenditures include library services, technology integration, curriculum development, staff training and licensed professional development committee.

BOARD/ADMINISTRATION/FISCAL expenditures represent those of the administration and Board of Education's operation of the District. Also included in this category is school building secretarial support and financial services, such as payroll, accounts payable and receivable, auditing, budgeting and reporting and fringe benefits administration.

BUSINESS SUPPORT expenditures include business services such as copier expenditures and courier services.

PLANT OPERATION expenditures relate to the safe and efficient environment of the school including building maintenance, grounds and custodial services.

TRANSPORTATION expenditures relate to providing transportation (mostly by bus) to all students who live in the Lakewood Local School District, consistent with Board of Education policies and the laws of the State of Ohio. On average the bus fleet transports approximately 1,191 students to Lakewood Local Schools.

CENTRAL SUPPORT expenditures include technology maintenance and computer network maintenance contracts.

EXTRACURRICULAR expenditures account for the salaries, benefits, and supplies for club and athletic related activities.

NON-INSTRUCTIONAL expenditures account for non-instructional services provided to the food service operation.

CAPITAL OUTLAY expenditures account for building and other facility additions and improvements.

DEBT SERVICE expenditures relates to HB264 energy conservation projects principal and interest payments and a stadium capital lease purchase agreement principal and interest payments.

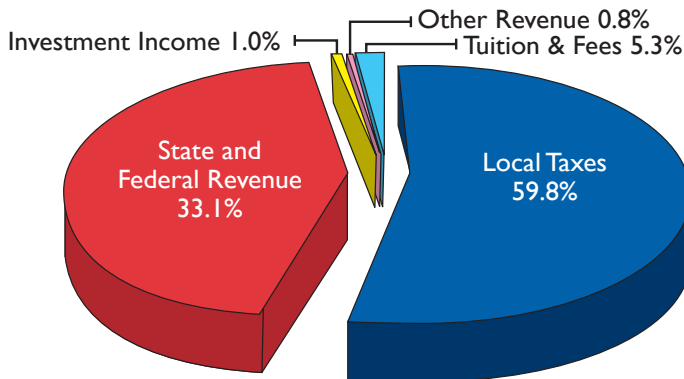
BENEFITS OVER DETRIMENTS

The Financial Position Statement, known in accounting terms as the balance sheet, reports the benefits (assets) available to provide services. Detriments (liabilities) are the amounts for which the District is obligated to pay in the future. The amount below represents the difference between the benefits of the District and the detriments which it must pay. The amount provides the net worth of the District.

Financial Benefits (shown in thousands)	FY18	FY17	FY16	FY15
Cash and Investments	\$17,443	\$18,857	\$17,978	\$15,208
Receivables	14,483	14,057	14,073	13,923
Other Assets	328	303	284	241
Total Financial Benefits	\$32,254	\$33,217	\$32,335	\$29,372

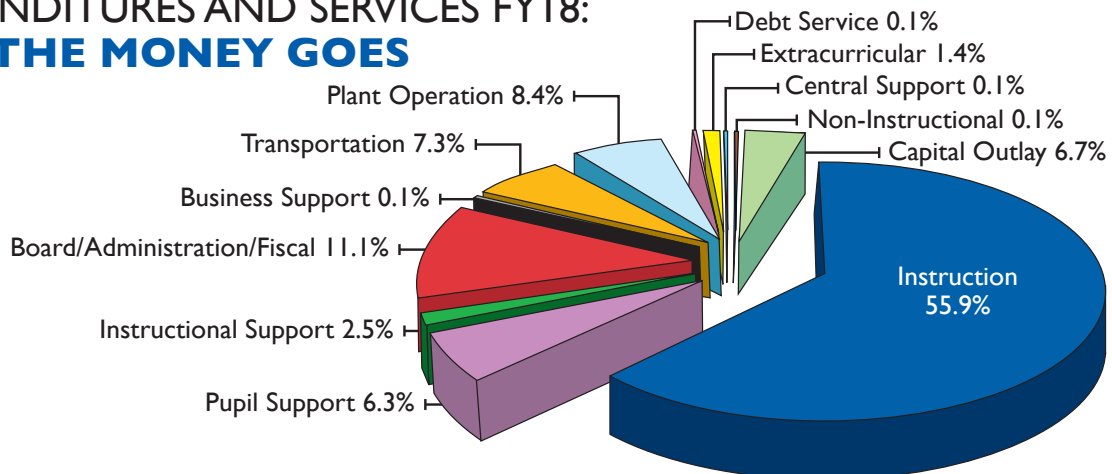
Financial Detriments (shown in thousands)	FY18	FY17	FY16	FY15
Amounts Owed to Employees and Vendors	\$2,228	\$2,059	\$2,063	\$1,901
Deferred Inflows of Resources	12,492	12,963	13,173	13,210
Total Financial Detriments	\$14,720	\$15,022	\$15,236	\$15,111
Benefits over Detriments	\$17,534	\$18,195	\$17,099	\$14,261

OUR REVENUES AND RESOURCES FY18: WHERE THE GENERAL FUND MONEY COMES FROM



TOTAL REVENUES: \$24,680
(shown in thousands)

OUR EXPENDITURES AND SERVICES FY18: WHERE THE MONEY GOES



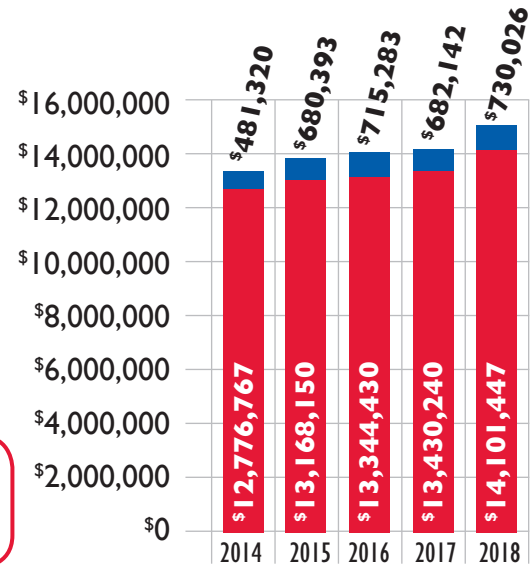
TOTAL EXPENDITURES & SERVICES: \$24,946
(shown in thousands)

SOURCES OF FUNDING: WHERE DOES THE MONEY COME FROM?

LOCAL PROPERTY TAXES

To the right is a graph depicting the amount of cash collections received by the District's General Fund and Bond Retirement Fund from real and public utility property taxes. Property taxes provide a majority of the local revenue to operate and maintain our school. The district has two emergency operating levies, a 10 year emergency levy that was passed November, 2010 for \$3,656,649 and a 5 year renewal levy for \$2,353,259 that was renewed in November 2017. Property taxes increased in FY18 due the county reappraisal update which increase property valuations.

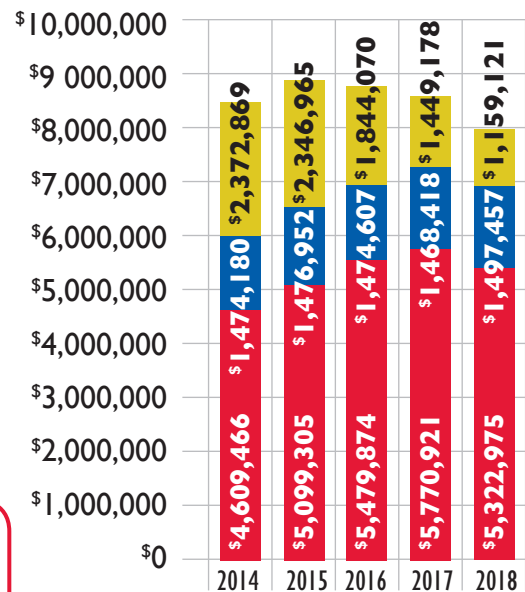
Operating Levy
Bond Retirement



STATE FUNDING

The chart to the right depicts the actual cash receipts for the District's General Fund from the State of Ohio. State Support comes mostly from State Aid. A portion also comes from Rollback and Homestead payments, which represents the portion of the local tax bills paid by the State instead of the local taxpayers. Other State revenue includes tangible personal property tax loss reimbursement, career tech weighted aid, Bureau of Workers Compensation grant and economic disadvantaged funding. Included in the FY18 Other State revenue is \$957,287 from the reimbursement of tangible personal property tax loss. FY17 State Aid Support includes a Hold Harmless Supplement for the Tangible Personal Property Phase Out of \$617,018 which was not received in FY18.

State Aid
Rollback & Homestead
Other State Revenues



ASSESSED VALUES OF REAL AND TANGIBLE PROPERTY

Collection Year	Residential/ Agricultural	Commercial/ Industrial	Public Utility	Tangible Personal	Total
2018	\$ 320,881,210	\$ 110,396,132	\$ 30,572,020	\$ -	\$ 461,849,362
2017	294,980,100	103,718,688	29,234,730	-	427,933,518
2016	292,955,630	102,715,220	27,025,450	-	422,696,300
2015	293,216,068	111,355,913	23,420,060	-	427,992,041
2014	283,894,030	104,512,100	21,658,260	-	410,064,390
2013	282,944,030	95,942,220	16,995,250	-	395,881,500
2012	282,686,360	89,373,770	16,471,780	-	388,531,910
2011	274,285,750	83,973,090	15,643,590	-	373,902,430
2010	272,319,150	82,721,880	14,316,970	1,012,140	370,370,140
2009	266,670,830	78,902,370	14,132,430	21,195,490	380,901,120

UNBUNDLING THE TAX RATE

Type	Gross Rate**	Effective Rate**	Year Approved	Length Approved
Inside-Operating*	4.60	4.60	N/A	Permanent
Voted-Operating*	34.20	15.40	Various	Permanent
Emergency	4.60	4.60	2013 (renewed in 2017)	5 Year
Emergency	8.00	8.00	2010	10 Year
Bond Retirement	1.80	1.80	1998	28 Year
Total Rates	53.20	34.40	—	—

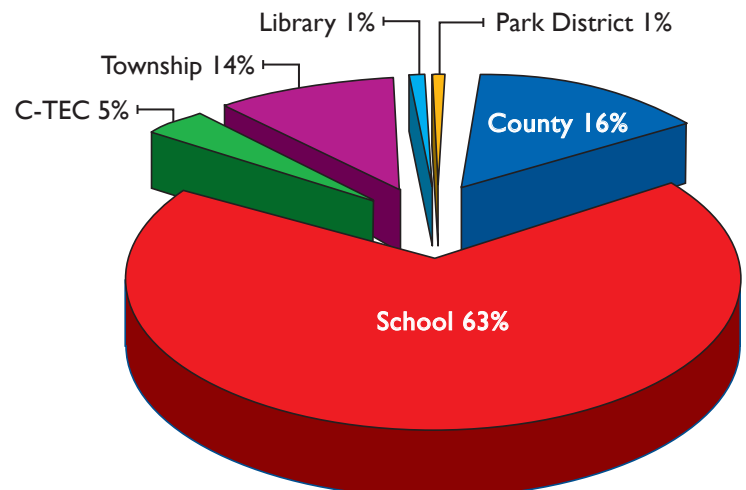
* Rates are for the 2017 tax year collected in calendar year 2018.

** The difference between the gross and effective rate is due to tax reduction factors that generally prevent changes in voted taxes when valuation of existing real property is increased or decreased.

WHERE DOES A DOLLAR OF YOUR REAL ESTATE TAX MONEY GO?

Shown below are the 2018 collection year amounts that would be charged to the owner of a \$100,000 home in the largest tax district of the District. The graph represents the percentage of each dollar going to each entity. The total of \$1,697.63 is the annual amount the owner of a \$100,000 home would pay in taxes.

Annual Cost	
School	\$1,074.12
County	272.57
Township	236.26
C-Tec	79.62
Library	28.12
Park District	6.94
Total	\$1,697.63



OUTSTANDING DEBT AT YEAR END – ALL FUNDS

Tax Dollars are received for the payment of principal and interest on a voter approved bond issue related to the construction of a new high school and other building renovations. This is not part of the General Fund. The District received a “AA” bond rating from Standard and Poor in the summer of 2015 which resulted in a lower interest rate on the refunding of District bond debt.

Tax Dollars are received for the payment of principal and interest on two energy conservation projects. One of the energy conservation notes was paid off in FY17. The long-term notes payable payments are included in the General Fund and not the Debt Service Fund.

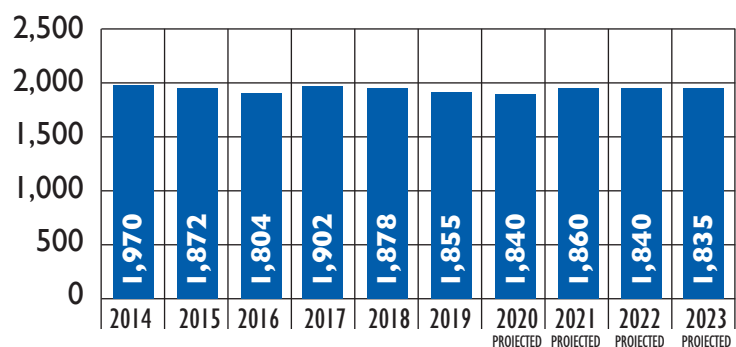
Tax dollars are received for the payment of principal and interest on a stadium capital lease purchase agreement which was funded in February, 2017 for \$2,500,000. These payments are included in the General Fund and not the Debt Service Fund.

Outstanding Debt	FY18	FY17	FY16	FY15
Bond Payable	\$7,484,151	\$8,220,168	\$8,992,230	\$9,660,419
Energy Conservation Notes	458,854	550,624	692,648	881,276
Stadium Capital Lease Purchase Agreement	2,270,000	2,500,000	N/A	N/A

ENROLLMENT CURRENT TREND AND MOST LIKELY PROJECTION

The District served 1,878 students during the 2017-18 school year in grades K-12. Enrollment in the District has been declining, but there was a slight increase in 2017. The District also operates a preschool which served 62 students and is not included in the above number. Enrollment is projected to remain fairly flat.

Enrollment projections help the District as it plans for its long-range facility needs. The data provided are projections and not predictions.



MAJOR FINANCIAL INITIATIVES

The Lakewood Local School District is currently in good financial condition. The District has two emergency levies. The District’s 5 year renewal levy was on the November 7, 2017 ballot. This renewal was successfully passed. The District’s ten year emergency levy was passed on November 2, 2010 and the District plans on returning to its voters for a renewal of this levy in November 2019. These emergency levies represent 38% of the total tax related revenues for the District. Passing these renewal levies maintains current District operations, allowing the District to pay for things like salaries, utilities, maintenance and existing programming.

The Board of Education in its pursuit of addressing major repairs and upgrades throughout the District has made several major improvements beginning with the 2015/2016 school year and continuing into the 2017/2018 school year. These improvements included a new stadium, new safety vestibules at the middle and high schools, a student success center at the high school, renovated science and life skills labs, restroom renovations/additions and asbestos

abatement at the middle school. These projects are being funded through exiting District funds and not through a tax increase. The athletic stadium project was partially funded using a lease purchase agreement. The lease purchase agreement was for \$2,500,000 and is scheduled for repayment using District funds over a ten year period.

The Board of Education in pursuit of addressing additional major upgrades throughout the District has been transferring \$500,000 from the District General Fund to a Capital Projects Fund each of the past two fiscal years. It is anticipated that the Board will approve additional transfers of \$500,000 each fiscal year from the General Fund to the Capital Projects Fund for the fiscal years ending June 30, 2019 and June 30, 2020.

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

DID YOU KNOW? ACADEMIC ACHIEVEMENTS

- ✓ Our Preschool program earned a 5-Star rating for Step Up to Quality from the Ohio Department of Education.
- ✓ Lakewood High School established a Business Advisory Council. More than 50 businesses have provided input on curriculum/job skills needed, provided mentorship/internship opportunities for students and offered training and credentialing for students.
- ✓ Lakewood Middle School received a \$30,000 grant from Making Middle Grades Work to implement key practices at Lakewood Middle School.
- ✓ Teachers at Jackson Intermediate School participated on leadership teams (LEAD team) that focused on developing student leaders, increasing building moral, providing an effective learning environment and making family connections. The students participated in a building-wide incentive program that recognized students for good behavior.
- ✓ Teachers at Hebron Elementary used Project Based Learning as a strategy to hook students to learning, integrate subjects and provide students with opportunities to apply what they learned in authentic ways. Teachers also integrated design challenges into the classroom to teach students the problem solving framework and develop much needed 21st Century Skills.

2017–2018 REPORT CARD PERFORMANCE

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

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

We will continue to focus on engaging the students in our classrooms, providing opportunities for enrichment and intervention as needed. We will continue to be student-centered in our approach to teaching and learning. We look forward to the challenges ahead as we continue to improve our practices.



Lakewood Local

Districts and schools report information for the Ohio School Report Cards on specific marks of performance, called measures, within broad categories called components. They receive grades for up to ten measures and six components.

Achievement

The Achievement Component represents whether student performance on state tests met established thresholds and how well students performed on tests overall. A new indicator measures chronic absenteeism.

Performance Index

66.9%

Indicators Met

12.0%



Component Grade

Progress

The Progress component looks closely at the growth that all students are making based on their past performances.

Value-Added

Overall
Gifted
Lowest 20% in Achievement
Students with Disabilities

D

F



Component Grade

Gap Closing

The Gap Closing component shows how well schools are meeting the performance expectations for our most vulnerable students in English language arts, math, graduation and English language proficiency.

Annual Measurable Objectives

58.0%

F

D

C

F



Component Grade

F

Graduation Rate

The Graduation Rate component looks at the percent of students who are successfully finishing high school with a diploma in four or five years.

Graduation Rates

89.9% of students graduated in 4 years

93.4% of students graduated in 5 years



Component Grade

B

B

Improving At-Risk K-3 Readers

This component looks at how successful the school is at improving at-risk K-3 readers.

Improving At-Risk K-3 Readers

33.5%



Component Grade

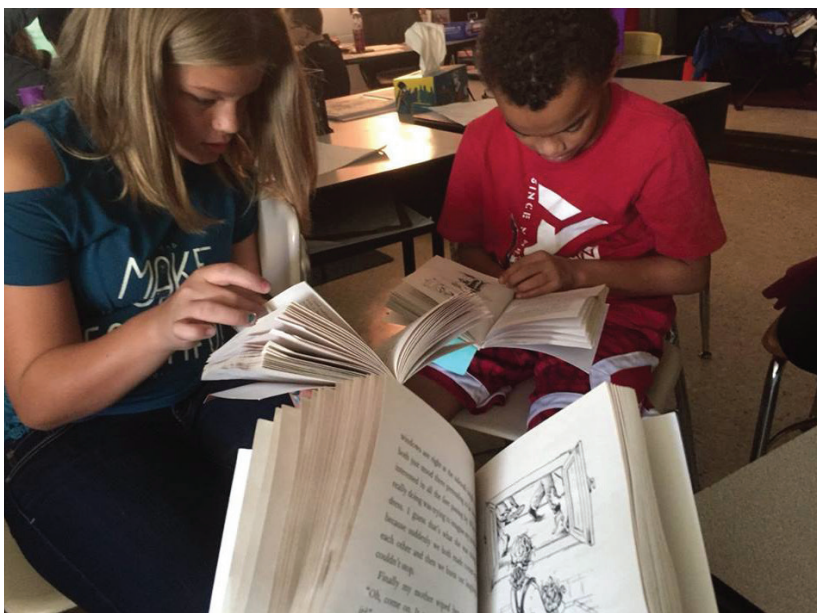
D

Prepared for Success

Whether training in a technical field or preparing for work or college, the Prepared for Success component looks at how well prepared Ohio's students are for all future opportunities.



Component Grade



MISSION

Lakewood Local School District, in a unified partnership with families and community, is committed to providing all students maximum opportunities to develop as life-long learners and productive citizens.

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