



Dave Yost • Auditor of State



**LAKOTA LOCAL SCHOOL DISTRICT  
SANDUSKY COUNTY  
JUNE 30, 2017**

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# Dave Yost • Auditor of State

## INDEPENDENT AUDITOR'S REPORT

Lakota Local School District  
Sandusky County  
5200 County Road 13  
Kansas, Ohio 44841-9617

To the Board of Education:

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

We have audited the accompanying cash-basis financial statements of the governmental activities, each major fund, and the aggregate remaining fund information of Lakota Local School District, Sandusky County, Ohio (the District) as of and for the year ended June 30, 2017, and the related notes to the financial statements, which collectively comprise the District's basic financial statements as listed in the table of contents.

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

Management is responsible for preparing and fairly presenting these financial statements in accordance with the cash accounting basis Note 2 describes. This responsibility includes determining that the cash accounting basis is acceptable for the circumstances. Management is also responsible for designing, implementing and maintaining internal control relevant to preparing and fairly presenting financial statements that are free from material misstatement, whether due to fraud or error.

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

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

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

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

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### **Opinion**

In our opinion, the financial statements referred to above present fairly, in all material respects, the respective cash financial position of the governmental activities, each major fund, and the aggregate remaining fund information of Lakota Local School District, Sandusky County, Ohio, as of June 30, 2017, and the respective changes in cash financial position and, where applicable, cash flows and the budgetary comparison for the General Fund thereof for the year then ended in accordance with the accounting basis described in Note 2.

### **Accounting Basis**

Ohio Administrative Code § 117-2-03(B) requires the District to prepare its annual financial report in accordance with accounting principles generally accepted in the United States of America. We draw attention to Note 2 of the financial statements, which describes the basis applied to these statements. The financial statements are prepared on the cash basis of accounting, which is a basis other than generally accepted accounting principles. We did not modify our opinion regarding this matter.

### **Other Matters**

#### *Supplemental Information*

Our audit was conducted to opine on the financial statements taken as a whole.

The Schedule of Expenditures of Federal Awards presents additional analysis as required by Title 2 U.S. Code of Federal Regulations (CFR) Part 200, Uniform Administrative Requirements, Cost Principles, and Audit Requirements for Federal Awards and is not a required part of the financial statements.

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

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

In accordance with *Government Auditing Standards*, we have also issued our report dated March 13, 2018, on our consideration of the District's internal control over financial reporting and our tests of its compliance with certain provisions of laws, regulations, contracts and grant agreements and other matters. That report describes the scope of our internal control testing over financial reporting and compliance, and the results of that testing, and does not opine on internal control over financial reporting or on compliance. That report is an integral part of an audit performed in accordance with *Government Auditing Standards* in considering the District's internal control over financial reporting and compliance.

A handwritten signature in black ink that reads "Dave Yost". The signature is written in a cursive style with a large, looping "D" and "Y".

**Dave Yost**  
Auditor of State

Columbus, Ohio

March 13, 2018

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Lakota Local School District  
Sandusky County  
Statement of Net Position - Cash Basis  
June 30, 2017

	Governmental Activities
<u>Assets:</u>	
Equity in Pooled Cash and Cash Equivalents	\$7,474,618
Cash and Cash Equivalents with Fiscal Agent	812,601
Total Assets	\$8,287,219
 <u>Net Position:</u>	
Restricted for:	
Capital Projects	\$313,134
Debt Service	1,311,199
Other Purposes	509,046
Unrestricted	6,153,840
Total Net Position	\$8,287,219

See Accompanying Notes to Basic Financial Statements

Lakota Local School District  
Sandusky County  
Statement of Activities - Cash Basis  
For the Fiscal Year Ended June 30, 2017

	Program Cash Receipts			Net (Disbursement) Receipt and Change in Net Position
	Cash Disbursements	Charges for Services	Operating Grants, Contributions, and Interest	Governmental Activities
<u>Governmental Activities:</u>				
Instruction:				
Regular	\$5,368,620	\$938,375	\$47,260	(\$4,382,985)
Special	1,568,062	74,079	1,084,928	(409,055)
Vocational	28,660	0	5,389	(23,271)
Support Services:				
Pupils	1,108,835	0	0	(1,108,835)
Instructional Staff	270,992	0	0	(270,992)
Board of Education	21,474	0	0	(21,474)
Administration	1,015,410	0	0	(1,015,410)
Fiscal	441,329	0	0	(441,329)
Business	125,954	0	0	(125,954)
Operation and Maintenance of Plant	1,135,708	0	0	(1,135,708)
Pupil Transportation	800,230	0	9,018	(791,212)
Central	51,440	0	0	(51,440)
Non-Instructional Services	492,468	213,301	316,431	37,264
Extracurricular Activities	393,063	86,913	1,694	(304,456)
Capital Outlay	11,690	0	0	(11,690)
Debt Service:				
Principal Retirement	690,000	0	0	(690,000)
Interest and Fiscal Charges	600,647	0	0	(600,647)
Payment to Refunded Bond Escrow Agent	6,170,226	0	0	(6,170,226)
<b>Total Governmental Activities</b>	<b>\$20,294,808</b>	<b>\$1,312,668</b>	<b>\$1,464,720</b>	<b>(17,517,420)</b>
<u>General Receipts:</u>				
Property Taxes Levied for:				
General Purposes				3,569,624
Debt Service				800,508
Income Taxes Levied for General Purposes				2,235,218
Payment in Lieu of Taxes				29,052
Grants and Entitlements not Restricted to Specific Programs				6,037,512
Interest				57,714
Miscellaneous				47,951
General Obligation Bonds Issued				5,955,000
Premium on Bonds Issued				345,480
<b>Total General Receipts</b>				<b>19,078,059</b>
<b>Change in Net Position</b>				<b>1,560,639</b>
<b>Net Position at Beginning of Year</b>				<b>6,726,580</b>
<b>Net Position at End of Year</b>				<b>\$8,287,219</b>

See Accompanying Notes to Basic Financial Statements

Lakota Local School District  
Sandusky County  
Statement of Cash Basis Assets and Fund Balances  
Governmental Funds  
June 30, 2017

	<u>General</u>	<u>Bond Retirement</u>	<u>Other Governmental</u>	<u>Total Governmental Funds</u>
<u>Assets:</u>				
Equity in Pooled Cash and Cash Equivalents	\$5,372,302	\$1,311,199	\$781,550	\$7,465,051
Cash and Cash Equivalents with Fiscal Agent	771,971	0	40,630	812,601
Total Assets	<u>\$6,144,273</u>	<u>\$1,311,199</u>	<u>\$822,180</u>	<u>\$8,277,652</u>
<u>Fund Balances:</u>				
Restricted	\$0	\$1,311,199	\$822,180	\$2,133,379
Assigned	125,931	0	0	125,931
Unassigned	6,018,342	0	0	6,018,342
Total Fund Balances	<u>\$6,144,273</u>	<u>\$1,311,199</u>	<u>\$822,180</u>	<u>\$8,277,652</u>

See Accompanying Notes to Basic Financial Statements

Lakota Local School District  
Sandusky County  
Statement of Cash Receipts, Cash Disbursements, and Changes in Cash Basis Fund Balances  
Governmental Funds  
For the Fiscal Year Ended June 30, 2017

	General	Bond Retirement	Other Governmental	Total Governmental Funds
<u>Receipts:</u>				
Property Taxes	\$3,569,624	\$800,508	\$0	\$4,370,132
Payment in Lieu of Taxes	29,052	0	0	29,052
Income Taxes	2,235,218	0	0	2,235,218
Intergovernmental	6,287,949	117,619	1,094,466	7,500,034
Interest	57,714	0	698	58,412
Tuition and Fees	1,009,348	0	0	1,009,348
Extracurricular Activities	0	0	86,913	86,913
Charges for Services	3,106	0	213,301	216,407
Gifts and Donations	0	0	1,500	1,500
Miscellaneous	40,451	0	7,500	47,951
<b>Total Receipts</b>	<b>13,232,462</b>	<b>918,127</b>	<b>1,404,378</b>	<b>15,554,967</b>
<u>Disbursements:</u>				
Current:				
Instruction:				
Regular	5,321,385	0	46,723	5,368,108
Special	1,052,574	0	515,334	1,567,908
Vocational	28,660	0	0	28,660
Support Services:				
Pupils	981,069	0	127,586	1,108,655
Instructional Staff	270,966	0	0	270,966
Board of Education	21,474	0	0	21,474
Administration	988,718	0	26,576	1,015,294
Fiscal	423,627	17,663	0	441,290
Business	125,954	0	0	125,954
Operation and Maintenance of Plant	1,051,068	0	84,550	1,135,618
Pupil Transportation	724,771	0	75,395	800,166
Central	1,890	0	49,550	51,440
Non-Instructional Services	232	0	492,159	492,391
Extracurricular Activities	297,964	0	95,073	393,037
Capital Outlay	11,690	0	0	11,690
Debt Service:				
Principal Retirement	0	690,000	0	690,000
Interest and Fiscal Charges	0	600,647	0	600,647
<b>Total Disbursements</b>	<b>11,302,042</b>	<b>1,308,310</b>	<b>1,512,946</b>	<b>14,123,298</b>
<b>Excess of Receipts Over (Under) Disbursements</b>	<b>1,930,420</b>	<b>(390,183)</b>	<b>(108,568)</b>	<b>1,431,669</b>
<u>Other Financing Sources (Uses)</u>				
General Obligation Bonds Issued	0	5,955,000	0	5,955,000
Premium on Bonds Issued	0	345,480	0	345,480
Payment to Refunded Bond Escrow Agent	0	(6,170,226)	0	(6,170,226)
Advances In	25,000	0	25,000	50,000
Advances Out	(25,000)	0	(25,000)	(50,000)
Transfers In	0	537,563	61,330	598,893
Transfers Out	(598,893)	0	0	(598,893)
<b>Total Other Financing Sources (Uses)</b>	<b>(598,893)</b>	<b>667,817</b>	<b>61,330</b>	<b>130,254</b>
<b>Changes in Fund Balances</b>	<b>1,331,527</b>	<b>277,634</b>	<b>(47,238)</b>	<b>1,561,923</b>
<b>Fund Balances at Beginning of Year</b>	<b>4,812,746</b>	<b>1,033,565</b>	<b>869,418</b>	<b>6,715,729</b>
<b>Fund Balances at End of Year</b>	<b>\$6,144,273</b>	<b>\$1,311,199</b>	<b>\$822,180</b>	<b>\$8,277,652</b>

See Accompanying Notes to Basic Financial Statements:

Lakota Local School District  
Sandusky County  
Statement of Receipts, Disbursements, and Changes in Fund Balance  
Budget (Non-GAAP Basis) and Actual  
General Fund  
For the Fiscal Year Ended June 30, 2017

	Budgeted Amounts		Actual	Variance with
	Original	Final		Final Budget Over (Under)
<u>Receipts:</u>				
Property Taxes	\$3,510,411	\$3,510,411	\$3,569,624	\$59,213
Payment in Lieu of Taxes	29,052	29,052	29,052	0
Income Taxes	2,154,588	2,154,588	2,235,218	80,630
Intergovernmental	5,825,540	5,825,540	6,287,949	462,409
Interest	18,613	18,613	55,203	36,590
Tuition and Fees	907,800	907,800	1,009,348	101,548
Charges for Services	3,106	3,106	3,106	0
Miscellaneous	74,240	78,963	40,062	(38,901)
<b>Total Receipts</b>	<b>12,523,350</b>	<b>12,528,073</b>	<b>13,229,562</b>	<b>701,489</b>
<u>Disbursements:</u>				
Current:				
Instruction:				
Regular	5,137,150	5,222,855	5,293,816	(70,961)
Special	793,803	838,178	1,063,443	(225,265)
Vocational	33,000	33,000	30,479	2,521
Support Services:				
Pupils	1,181,150	1,163,270	992,966	170,304
Instructional Staff	265,575	265,575	269,371	(3,796)
Board of Education	25,025	23,875	22,686	1,189
Administration	988,100	985,900	962,904	22,996
Fiscal	427,300	427,300	421,223	6,077
Business	128,550	132,550	129,022	3,528
Operation and Maintenance of Plant	1,185,005	1,183,005	1,073,449	109,556
Pupil Transportation	822,025	822,025	722,208	99,817
Central	1,200	3,350	3,942	(592)
Non-Instructional Services	1,000	1,000	232	768
Extracurricular Activities	383,977	383,977	297,025	86,952
Capital Outlay	0	0	11,690	(11,690)
Public School Support				
Instruction:				
Special	250	250	250	0
Support Services:				
Administration	29,475	29,475	17,795	11,680
Central	0	1,000	298	702
Technology				
Operation and Maintenance of Plant	7,320	8,489	7,334	1,155
<b>Total Disbursements</b>	<b>11,409,905</b>	<b>11,525,074</b>	<b>11,320,133</b>	<b>204,941</b>
<b>Excess of Receipts Over Disbursements</b>	<b>1,113,445</b>	<b>1,002,999</b>	<b>1,909,429</b>	<b>906,430</b>

(continued)

Lakota Local School District  
Sandusky County  
Statement of Receipts, Disbursements, and Changes in Fund Balance  
Budget (Non-GAAP Basis) and Actual  
General Fund  
For the Fiscal Year Ended June 30, 2017  
(continued)

	<u>Budgeted Amounts</u>		<u>Actual</u>	<u>Variance with Final Budget Over (Under)</u>
	<u>Original</u>	<u>Final</u>		
<u>Other Financing Sources (Uses):</u>				
Refund of Prior Year Expenditures	\$5,062	\$5,062	\$389	(\$4,673)
Advances In	0	0	25,000	25,000
Advances Out	(25,000)	(25,000)	(25,000)	0
Transfers Out	(598,893)	(598,893)	(598,893)	0
Total Other Financing Sources (Uses)	<u>(618,831)</u>	<u>(618,831)</u>	<u>(598,504)</u>	<u>20,327</u>
Changes in Fund Balance	494,614	384,168	1,310,925	926,757
Fund Balance at Beginning of Year	3,857,087	3,857,087	3,857,087	0
Prior Year Encumbrances Appropriated	<u>92,317</u>	<u>92,317</u>	<u>92,317</u>	<u>0</u>
Fund Balance at End of Year	<u>\$4,444,018</u>	<u>\$4,333,572</u>	<u>\$5,260,329</u>	<u>\$926,757</u>

See Accompanying Notes to Basic Financial Statements

Lakota Local School District  
Sandusky County  
Statement of Fund Net Position - Cash Basis  
Proprietary Fund  
June 30, 2017

	<u>Governmental Activity Internal Service</u>
<u>Current Assets:</u>	
Equity in Pooled Cash and Cash Equivalents	<u><u>\$9,567</u></u>
<u>Net Position:</u>	
Unrestricted	<u><u>\$9,567</u></u>

See Accompanying Notes to the Basic Financial Statements

Lakota Local School District  
Sandusky County  
Statement of Revenues, Expenses, and Changes in Fund Net Position - Cash Basis  
Proprietary Fund  
For the Fiscal Year Ended June 30, 2017

	Governmental Activity
	Internal Service
<u>Operating Revenues:</u>	
Charges for Services	\$95,911
<u>Operating Expenses:</u>	
Claims	97,195
Changes in Net Position	(1,284)
Net Position at Beginning of Year	10,851
Net Position at End of Year	\$9,567

See Accompanying Notes to the Basic Financial Statements



Lakota Local School District  
Sandusky County  
Statement of Cash Flows - Cash Basis  
Proprietary Fund  
For the Fiscal Year Ended June 30, 2017

	Governmental Activity
	Internal Service
<u>Increase (Decrease) in Cash and Cash Equivalents</u>	
<u>Cash Flows from Operating Activities:</u>	
Cash Received from Transactions with Other Funds	\$95,911
Cash Payments for Claims	(97,195)
Net Decrease in Cash and Cash Equivalents	(1,284)
Cash and Cash Equivalents at Beginning of Year	10,851
Cash and Cash Equivalents at End of Year	\$9,567

See Accompanying Notes to the Basic Financial Statements

Lakota Local School District  
Sandusky County  
Statement of Cash Basis Fiduciary Net Position  
Fiduciary Funds  
June 30, 2017

	Private Purpose Trust	Agency
<u>Assets:</u>		
Equity in Pooled Cash and Cash Equivalents	\$24,712	\$58,217
	\$24,712	\$58,217
<u>Net Position:</u>		
Held in Trust for Scholarships	\$24,712	\$0
Held for Student Activities	0	58,217
Total Net Position	\$24,712	\$58,217
	\$24,712	\$58,217

See Accompanying Notes to Basic Financial Statements

Lakota Local School District  
Sandusky County  
Statement of Cash Basis Change in Fiduciary Net Position  
Private Purpose Trust Fund  
For the Fiscal Year Ended June 30, 2017

	Private Purpose Trust
<u>Additions:</u>	
Interest	\$232
Gifts and Donations	5,345
Total Additions	5,577
 <u>Deductions:</u>	
Non-Instructional Services	1,400
Change in Net Position	4,177
Net Position at Beginning of Year	20,535
Net Position at End of Year	\$24,712

See Accompanying Notes to Basic Financial Statements

Lakota Local School District  
Sandusky County  
Notes to the Basic Financial Statements  
For the Fiscal Year Ended June 30, 2017

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**NOTE 1 - DESCRIPTION OF THE SCHOOL DISTRICT AND REPORTING ENTITY**

Lakota Local School District (the “School District”) is organized under Article VI, Sections 2 and 3 of the Constitution of the State of Ohio. The School District operates under a locally-elected Board form of government consisting of five members elected at-large for staggered four year terms. The School District provides educational services as authorized by state and federal guidelines.

The School District was established in 1959. The School District serves an area of approximately one hundred forty-six square miles and is located in Sandusky, Seneca, and Wood Counties. It is staffed by seventy-three classified employees, seventy-four certified teaching personnel, and five administrative employees who provide services 1,120 students and other community members. The School District currently operates one instructional building and one bus garage.

Reporting Entity

A reporting entity is composed of the primary government, component units, and other organizations that are included to ensure the financial statements are not misleading. The primary government of the School District consists of all funds, departments, boards, and agencies that are not legally separate from the School District. For Lakota Local School District, this includes general operations, food service, and student related activities of the School District.

Component units are legally separate organizations for which the School District is financially accountable. The School District is financially accountable for an organization if the School District appoints a voting majority of the organization’s governing board and (1) the School District is able to significantly influence the programs or services performed or provided by the organization; or (2) the School District is legally entitled to or can otherwise access the organization’s resources; the School District is legally obligated or has otherwise assumed the responsibility to finance the deficits of, or provide financial support to, the organization; or the School District is obligated for the debt of the organization. Component units may also include organizations that are fiscally dependent on the School District in that the School District approves the budget, the issuance of debt, or the levying of taxes, and there is a potential for the organization to provide specific financial benefits to or impose specific financial burdens on the School District. There are no component units of the Lakota Local School District.

The School District participates in two jointly governed organizations and three insurance pools. These organizations are the Northern Ohio Educational Computer Association, Vanguard-Sentinel Career and Technology Center, Ohio School Plan, Ohio School Boards Association Workers’ Compensation Group Rating Plan, and the Jefferson Health Plan. These organizations are presented in Notes 19 and 20 to the basic financial statements.

**NOTE 2 - SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES**

These financial statements are presented on a cash basis of accounting. This basis of accounting differs from accounting principles generally accepted in the United States of America (GAAP). Generally accepted accounting principles include all relevant Governmental Accounting Standards Board (GASB) pronouncements, which have been applied to the extent they are applicable to the cash basis of accounting. Following are the more significant of the School District’s accounting policies.

Lakota Local School District  
Sandusky County  
Notes to the Basic Financial Statements  
For the Fiscal Year Ended June 30, 2017

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**NOTE 2 - SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES** (continued)

**A. Basis of Presentation**

The School District's basic financial statements consist of government-wide financial statements, including a statement of net position and a statement of activities, and fund financial statements which provide a more detailed level of financial information.

Government-Wide Financial Statements

The statement of net position and the statement of activities display information about the School District as a whole. These statements include the financial activities of the primary government, except for fiduciary funds.

The statement of net position presents the cash balance of the governmental activities of the School District at fiscal year end. The statement of activities compares disbursements with program receipts for each function or program of the School District's governmental activities. Disbursements are reported by function. A function is a group of related activities designed to accomplish a major service or regulatory program for which the School District is responsible. Program receipts include charges paid by the recipient of the program's goods or services and grants, contributions, and interest restricted to meeting the operational requirements of a particular program. General receipts are all receipts not classified as program receipts, with certain limited exceptions. The comparison of direct disbursements with program receipts identifies the extent to which each governmental function is self-financing on a cash basis or draws from the School District's general receipts.

Fund Financial Statements

During the fiscal year, the School District segregates transactions related to certain School District functions or activities in separate funds in order to aid financial management and to demonstrate legal compliance. Fund financial statements are designed to present financial information of the School District at this more detailed level. The focus of governmental fund financial statements is on major funds. Each major fund is presented in a separate column. Nonmajor funds are aggregated and presented in a single column. The internal service fund is presented in a single column on the proprietary fund financial statements. Fiduciary funds are reported by type.

**B. Fund Accounting**

The School District uses funds to maintain its financial records during the fiscal year. A fund is defined as a fiscal and accounting entity with a self-balancing set of accounts. The funds of the School District are divided into three categories, governmental, proprietary, and fiduciary.

Governmental Funds

The School District classifies funds financed primarily from taxes, intergovernmental receipts (e.g. grants), and other nonexchange transactions as governmental funds. The School District's major funds are the General Fund and the Bond Retirement debt service fund.

Lakota Local School District  
Sandusky County  
Notes to the Basic Financial Statements  
For the Fiscal Year Ended June 30, 2017

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**NOTE 2 - SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES** (continued)

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

Bond Retirement Fund - The Bond Retirement Fund is used to account for property taxes and related receipts restricted for the payment of principal and interest on general obligation bonds.

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

Proprietary Funds

Proprietary fund reporting focuses on the determination of operating income, change in net position, financial position, and cash flows. The School District reports one type of proprietary fund, an internal service fund.

Internal Service Fund - The internal service fund accounts for the financing of services provided by one department or agency to other departments or agencies of the School District on a cost reimbursement basis. The School District's internal service fund accounts for the activities of the self insurance program for employee dental benefits.

Fiduciary Funds

Fiduciary fund reporting focuses on net position and changes in net position. The fiduciary fund 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 School District under a trust agreement for individuals, private organizations, or other governments and are not available to support the School District's own programs. The School District's private purpose trust fund accounts for college scholarships for students after graduation. Agency funds are custodial in nature (assets equal liabilities) and do not involve measurement of results of operations. The School District's agency funds account for various student-managed activities and athletic tournament receipts held on behalf of participants.

**C. Basis of Accounting**

The School District's financial statements are prepared using the cash basis of accounting. Except for modifications having substantial support, receipts are recorded in the School District's financial records and reported in the financial statements when cash is received rather than when earned and disbursements are recorded when cash is paid rather than when a liability is incurred.

As a result of the use of the cash basis of accounting, certain assets and their related revenues (such as accounts receivable and revenue for billed or provided services not yet collected) and certain liabilities and their related expenses (such as accounts payable and expenses for goods or services received but not yet paid, and accrued expenses and liabilities) are not recorded in the financial statements.

**NOTE 2 - SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES** (continued)

**D. Budgetary Process**

All funds, except agency funds, are legally required to be budgeted and appropriated. The major documents prepared are the alternative tax budget, the certificate of estimated resources, and the appropriations resolution, all of which are prepared on the budgetary basis of accounting. The alternative tax budget demonstrates a need for existing or increased tax rates. The certificate of estimated resources establishes a limit on the amount the Board of Education may appropriate. The appropriations resolution is the Board's authorization to spend resources and sets annual limits on expenditures plus encumbrances at the level of control selected by the Board. The legal level of budgetary control is at the fund level for all funds. Any budgetary modifications at this level may only be made by resolution of the Board of Education. Budgetary allocations at the function and object level within all funds are made by the School District Treasurer.

The certificate of estimated resources may be amended during the fiscal year if projected increases or decreases in revenue are identified by the Treasurer. The amounts reported as the original budgeted amounts on the budgetary statements reflect the amounts on the certificate of estimated resources when the original appropriations were adopted. The amounts reported as the final budgeted amounts on the budgetary statements reflect the amounts on the final amended certificate of estimated resources requested by the School District prior to fiscal year end.

The appropriations resolution is subject to amendment throughout the fiscal year with the restriction that appropriations cannot exceed estimated resources. The amounts reported as the original budgeted amounts reflect the first appropriations resolution for that fund that covered the entire fiscal year, including amounts automatically carried forward from prior fiscal years. The amounts reported as the final budgeted amounts represent the final appropriation amounts passed by the Board during the fiscal year.

**E. Cash and Investments**

To improve cash management, cash received by the School District is pooled. Monies for all funds are maintained in this pool. Individual fund integrity is maintained through School District records. Interest in the pool is presented as "Equity in Pooled Cash and Cash Equivalents".

Cash and cash equivalents held for the School District by the Jefferson Health Plan are reflected as "Cash and Cash Equivalents with Fiscal Agent".

During fiscal year 2017, the School District invested in STAR Ohio. 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 has adopted Governmental Accounting Standards Board Statement No. 79, "Certain External Investment Pools and Pool Participants". The School District measures the investment in Star Ohio at the net asset value (NAV) per share provided by Star Ohio. The NAV per share is calculated on an amortized cost basis that provides a NAV that approximates fair value.

Lakota Local School District  
Sandusky County  
Notes to the Basic Financial Statements  
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**NOTE 2 - SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES** (continued)

For fiscal year 2017, there were no limitations or restrictions on any participant withdrawals due to redemption notice periods, liquidity fees, or redemption gates. However, notice must be given twenty-four hours in advance of all deposits and withdrawals exceeding \$25 million. Star Ohio reserves the right to limit the transaction to \$50 million requiring the excess amount to be transacted the following business day(s) but only to the \$50 million limit. All accounts of the participant will be combined for this purpose.

The Board of Education has allocated interest earnings according to State statutes. Interest revenue credited to the General Fund during fiscal year 2017 was \$57,714, which includes \$15,736 assigned from other School District funds.

Investments of the School District's cash management pool and investments with an original maturity of three months or less at the time they are purchased by the School District are presented on the financial statements as cash equivalents. Investments with an initial maturity of more than three months that were not purchased from the pool are reported as investments.

Investments are reported as assets. Accordingly, purchases of investments are not recorded as disbursements and sales of investments are not recorded as receipts. Gains or losses at the time of sale are recorded as receipts or negative receipts (contra revenue), respectively.

**F. Capital Assets**

Acquisitions of property, plant, and equipment are recorded as disbursements when paid. The financial statements do not report these assets.

**G. Compensated Absences**

Employees are entitled to cash payments for unused vacation and sick leave in certain circumstances, such as upon leaving employment. Unpaid vacation and sick leave are not reflected as liabilities under the cash basis of accounting used by the School District.

**H. Long-Term Obligations**

Cash basis financial statements do not report liabilities for bonds and other long-term obligations. Proceeds of debt are reported when cash is received and principal and interest payments are reported when disbursements are made.

**I. Net Position**

Net position is reported as restricted when there are limitations imposed on its use through external restrictions imposed by creditors, grantors, or laws or regulations of other governments. Net position restricted for other purposes includes resources restricted for food service operations, music and athletic programs, and federal and state grants. The School District's policy is to first apply restricted resources when an expense is incurred for purposes for which both restricted and unrestricted net position is available.



**NOTE 2 - SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES** (continued)

**J. Fund Balance**

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

Nonspendable - The nonspendable classification includes amounts that cannot be spent because they are not in spendable form or legally or contractually required to be maintained intact. The “not in spendable form” includes items that are not expected to be converted to cash.

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

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

Assigned - Amounts in the assigned classification are intended to be used by the School District for specific purposes but do not meet the criteria to be classified as restricted or committed. In governmental funds, other than the General Fund, assigned fund balance represents the remaining amount that is not restricted or committed. Assigned amounts represent intended uses established by the Board of Education. The Board of Education has authorized the Treasurer to assign fund balance for purchases on order provided those amounts have been lawfully appropriated. The Board of Education has also assigned certain resources for extracurricular activities.

Unassigned - Unassigned fund balance is the residual classification for the General Fund and includes all spendable amounts not contained in the other classifications. In other governmental funds, the unassigned classification is used only to report a deficit balance.

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

**K. Operating Receipts and Disbursements**

Operating receipts are those receipts that are generated directly from the primary activity of the proprietary fund. For the School District, these receipts are insurance premiums. Operating disbursements are the necessary costs incurred to provide the service that is the primary activity of the fund. All receipts and disbursements not meeting this definition are reported as nonoperating.

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**NOTE 2 - SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES** (continued)

**L. Interfund Activity**

Transfers within governmental activities are eliminated on the government-wide financial statements.

Internal allocations of overhead expenses from one function to another or within the same function are eliminated on the statement of activities. Payments for interfund services provided and used are not eliminated.

Exchange transactions between funds are reported as receipts in the seller funds and as disbursements 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. Repayments from funds responsible for particular disbursements to the funds that initially paid for them are not presented on the financial statements.

**M. Pensions**

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

**NOTE 3 - CHANGE IN ACCOUNTING PRINCIPLES**

For fiscal year 2017, the School District implemented GASB Statement No. 73, "Accounting and Financial Reporting for Pensions and Related Assets That Are Not within the Scope of GASB Statement No. 68 and Amendments to Certain Provisions of GASB Statement No. 67 and No. 68" and GASB Statement No. 77, "Tax Abatement Disclosures".

GASB Statement No. 73 establishes requirements for defined benefit pensions that are not within the scope of GASB Statement No. 68, "Accounting and Financial Reporting for Pensions", as well as for the assets accumulated for the purpose of providing those pensions. It also amends certain provisions of GASB Statement No. 67, "Financial Reporting for Pension Plans", and GASB Statement No. 68. The implementation of this statement did not result in any changes to the School District's financial statements.

GASB Statement No. 77 requires disclosure of tax abatement information about (1) a reporting government's own tax abatements and (2) those that are entered into by other governments and that reduce the reporting government's tax revenues. These changes were incorporated in the School District's fiscal year 2017 financial statements; however, there was no effect on beginning net position/fund balance.

Lakota Local School District  
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Notes to the Basic Financial Statements  
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**NOTE 4 - BUDGETARY BASIS OF ACCOUNTING**

The budgetary basis as provided by law is based upon accounting for certain transactions on the basis of cash, receipts, disbursements, and encumbrances. The Statement of Receipts, Disbursements, and Changes in Fund Balance - Budget (Non-GAAP Basis) and Actual presented for the General Fund is prepared on the budgetary basis to provide a meaningful comparison of actual results with the budget. The difference between the budgetary basis and the cash basis is outstanding year end encumbrances which are treated as cash disbursements (budgetary basis) rather than as committed or assigned fund balance (cash basis). The General Fund encumbrances outstanding at year end (budgetary basis) were \$111,973. The Jefferson Health plan cash held with fiscal agent of \$771,971 is included on the cash basis and not the budgetary basis.

**NOTE 5 - DEPOSITS AND INVESTMENTS**

Monies held by the School District are classified by State statute into three categories.

Active monies are public monies determined to be necessary to meet current demands upon the School District treasury. Active monies must be maintained either as cash in the School District treasury, in commercial accounts payable or withdrawable on demand, including negotiable order of withdrawal (NOW) accounts, or in money market deposit accounts.

Inactive deposits are public deposits the Board of Education has identified as not required for use within the current five year period of designation of depositories. Inactive deposits must either be evidenced by certificates of deposit maturing not later than the end of the current period of designation of depositories, or by savings or deposit accounts including, but not limited to, passbook accounts.

Interim deposits are deposits of interim monies. Interim monies are those monies which are not needed for immediate use but which will be needed before the end of the current period of designation of depositories. Interim deposits must be evidenced by time certificates of deposit maturing not more than one year from the date of deposit or by savings or deposit accounts, including passbook accounts.

Interim monies held by the School District may be deposited or invested in the following securities:

1. United States Treasury bills, bonds, notes, or any other obligation or security issued by the United States Treasury, or any other obligation guaranteed as to principal and interest by the United States;
2. Bonds, notes, debentures, or any other obligation or security 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, and Government National Mortgage Association. All federal agency securities shall be direct issuances of federal government agencies or instrumentalities;
3. Written repurchase agreements in the securities listed above;
4. Bonds and other obligations of the State of Ohio, and with certain limitations, bonds and other obligations of political subdivisions of the State of Ohio;
5. Time certificates of deposit or savings or deposit accounts including, but not limited to, passbook accounts;

Lakota Local School District  
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Notes to the Basic Financial Statements  
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**NOTE 5 - DEPOSITS AND INVESTMENTS** (continued)

6. No-load money market mutual funds consisting exclusively of obligations described in division (1) or (2);
7. The State Treasurer's investment pool (STAR Ohio); and
8. Commercial paper and bankers' acceptances if training requirements have been met.

Investments in stripped principal or interest obligations reverse repurchase agreements, and derivatives are prohibited. The issuance of taxable notes for the purpose of arbitrage, the use of leverage, and short selling are also prohibited. An investment must mature within five years from the date of purchase, unless matched to a specific obligation or debt of the School District, and must be purchased with the expectation that it will be held to maturity. Investments may only be made through specified dealers and institutions.

**Deposits**

Custodial credit risk for deposits is the risk that in the event of bank failure, the School District will not be able to recover deposits or collateral securities that are in the possession of an outside party. At fiscal year end, \$349,734 of the School District's bank balance of \$849,734 was exposed to custodial credit risk because it was uninsured and uncollateralized. Although all State statutory requirements for the deposit of money had been followed, noncompliance with federal requirements could potentially subject the School District to a successful claim by the FDIC.

The School District has no deposit policy for custodial credit risk beyond the requirements of State statute. Ohio law requires that deposits be either insured or be protected by eligible securities pledged to and deposited either with the School District or a qualified trustee by the financial institution as security for repayment, or by a collateral pool of eligible securities deposited with a qualified trustee and pledged to secure the repayment of all public monies deposited in the financial institution whose market value at all times shall be at least 105 percent of the deposits being secured.

**Investments**

As of June 30, 2017, the net value per share of funds on deposit with STAR Ohio was \$6,931,952. The School District's investments in STAR Ohio have an average maturity of 45.5 days. STAR Ohio carries a rating of AAA by Standard and Poor's. The School District has no investment policy dealing with interest rate or credit risk beyond the requirements of State statute. Ohio law requires STAR Ohio must maintain the highest rating provided by at least one nationally recognized standard rating service.

**NOTE 6 - PROPERTY TAXES**

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

Lakota Local School District  
Sandusky County  
Notes to the Basic Financial Statements  
For the Fiscal Year Ended June 30, 2017

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**NOTE 6 - PROPERTY TAXES** (continued)

Property taxes include amounts levied against all real and public utility property located in the School District. Real property tax revenues received in calendar year 2017 represent the collection of calendar year 2016 taxes. Real property taxes received in calendar year 2017 were levied after April 1, 2016, on the assessed values as of January 1, 2016, the lien date. Assessed values for real property taxes are established by State statute at 35 percent of appraised market value. Real property taxes are payable annually or semiannually. If paid annually, payment is due December 31; if paid semiannually, the first payment is due December 31, with the remainder payable by June 20. Under certain circumstances, State statute permits alternate payment dates to be established.

Public utility property tax revenues received in calendar year 2017 represent the collection of calendar year 2016 taxes. Public utility real and tangible personal property taxes received in calendar year 2017 became a lien on December 31, 2015, were levied after April 1, 2016, and are collected with real property taxes. Public utility real property is assessed at 35 percent of true value; public utility tangible personal property is currently assessed at varying percentages of true value.

The School District receives property taxes from Sandusky, Seneca, and Wood Counties. The County Auditors periodically advance to the School District its portion of the taxes collected. Second-half real property tax payments collected by the counties by June 30, 2017, are available to finance fiscal year 2017 operations. The amount available to be advanced can vary based on the date the tax bills are sent.

The assessed values upon which fiscal year 2017 taxes were collected are:

	2016 Second- Half Collections		2017 First- Half Collections	
	Amount	Percent	Amount	Percent
Agricultural/Residential	\$171,905,840	88.65%	\$172,272,730	88.67%
Industrial/Commercial	10,328,150	5.33	10,403,530	5.35
Public Utility	11,673,100	6.02	11,622,180	5.98
Total Assessed Value	<u>\$193,907,090</u>	<u>100.00%</u>	<u>\$194,298,440</u>	<u>100.00%</u>
Tax rate per \$1,000 of assessed valuation	\$42.70		\$40.00	

**NOTE 7 - TAX ABATEMENTS**

The School District's property taxes were reduced as follows under community reinvestment area and enterprise zone agreements entered into by overlapping governments.

Overlapping Government	Amount of Fiscal Year 2017 Taxes Abated
Community Reinvestment Area	
City of Fostoria	\$38,577
Enterprise Zone Tax Exemptions	
Wood County	23,997
	<u>\$62,574</u>

**NOTE 8 - PAYMENT IN LIEU OF TAXES**

In accordance with agreements related to the tax increment financing district, Wood County has entered into agreements with a number of property owners under which the County has granted property tax exemptions to those property owners. The property owners have agreed to make payments to the County which reflect all or a portion of the property taxes which the property owners would have paid if their taxes had not been exempted. The agreements require a portion of these payments to be made to the School District. The property owners' contractually promise to make these payments in lieu of taxes until the agreement expires

**NOTE 9 - INCOME TAXES**

The School District levies a voted tax of 1.5 percent for general operations on the income of residents and of estates. The continuous tax levy was effective on January 1, 2008. Employers of residents are required to withhold income tax on compensation and remit the tax to the State. Taxpayers are required to file an annual return. The State makes quarterly distributions to the School District after withholding amounts for administrative fees and estimated refunds. Income tax revenue is credited to the General Fund.

**NOTE 10 - RISK MANAGEMENT**

The School District is exposed to various risks of loss related to torts; theft of, damage to, and destruction of assets; errors and omissions; injuries to employees; and natural disasters. During fiscal year 2017, the School District contracted for the following insurance coverage.

Coverage provided by the Ohio School Plan is as follows:

General School District Liability	
Per Occurrence	\$1,000,000
Total per Year	3,000,000
Automobile Liability	1,000,000
Buildings and Contents	39,000,000

Settled claims have not exceeded this commercial coverage in any of the past three years and there has been no significant reduction in insurance coverage from the prior fiscal year.

For fiscal year 2017, the School District participated in the Ohio School Plan (Plan), an insurance purchasing pool. Each participant enters into an individual agreement with the Plan for insurance coverage and pays annual premiums to the Plan based on the types and limits of coverage and deductibles selected by the participant.

Lakota Local School District  
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**NOTE 10 - RISK MANAGEMENT** (continued)

The School District participated in the Ohio School Boards Association Workers' Compensation Group Rating Plan (GRP), an insurance purchasing pool. The intent of the GRP is to achieve the benefit of a reduced premium for the School District by virtue of its grouping and representation with other participants in the GRP. The workers' compensation experience of the participants is calculated as one experience and a common premium rate is applied to all participants 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. Participation in the GRP is limited to participants that can meet the GRP's selection criteria. The firm of Gates McDonald & Co. provides administrative, cost control, and actuarial services to the GRP.

The School District offers dental insurance to all employees through a self-insured program. All funds of the School District participated in the program and made payments to the Self Insurance internal service fund based on actuarial estimates of the amounts needed to pay prior and current year claims. The internal service fund covers claims up to \$1,500 per individual annually. Settled claims have not exceeded this coverage for the past three years. There is no stop-loss coverage.

The School District offers medical and drug insurance to all employees through a self-insured program through the General Fund. The School District's third party administrator is the Jefferson Health Plan. The School District purchased stop loss insurance for claims in excess of \$500,000 per individual and \$1,000,000 total aggregate annually. The School District's self-insured deductible is \$35,000. Amounts between \$35,000 and \$500,000 are paid from a shared risk pool. Settled claims have not exceeded this coverage for the past three years.

**NOTE 11 - CONTRACTUAL COMMITMENTS**

At fiscal year end, the amount of significant encumbrances expected to be honored upon performance by the vendor in fiscal year 2018 are as follows:

General Fund	\$111,973
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**NOTE 12 - DEFINED BENEFIT PENSION PLANS**

**Net Pension Liability**

Pensions are a component of exchange transactions, between an employer and its employees, of salaries and benefits for employee services. Pensions are provided to an employee on a deferred payment basis as part of the total compensation package offered by an employer for employee services each financial period.

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

Lakota Local School District  
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**NOTE 12 - DEFINED BENEFIT PENSION PLANS** (continued)

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

GASB Statement No. 68 assumes the liability is solely the obligation of the employer because (1) they benefit from employee services and (2) State statute requires all funding to come from the employers. All contributions to date have come solely from the employer (which also includes costs paid in the form of withholdings from employees). State statute requires the pension plans to amortize unfunded liabilities within thirty years. If the amortization period exceeds thirty years, each pension plan’s board must propose corrective action to the State legislature. Any resulting legislative change to benefits or funding could significantly affect the net pension liability. Resulting adjustments to the net pension liability would be effective when the changes are legally enforceable.

**Plan Description - School Employees Retirement System (SERS)**

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

Age and service requirements for retirement are as follows.

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

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

Annual retirement benefits are calculated based on the final average salary multiplied by a percentage that varies based on years of service; 2.2 percent for the first thirty years of service and 2.5 percent for years of service credit over thirty years. Final average salary is the average of the highest three years of salary.

One year after an effective benefit date, a benefit recipient is entitled to a 3 percent cost-of-living adjustment (COLA). This same COLA is added each year to the base benefit amount on the anniversary date of the benefit.



Lakota Local School District  
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Notes to the Basic Financial Statements  
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**NOTE 12 - DEFINED BENEFIT PENSION PLANS** (continued)

Funding Policy - Plan members are required to contribute 10 percent of their annual covered salary and the School District is required to contribute 14 percent of annual covered payroll. The contribution requirements of plan members and employers are established and may be amended by the SERS Retirement Board up to statutory maximum amounts of 10 percent for plan members and 14 percent for employers. The Retirement Board, acting with the advice of the actuary, allocates the employer contribution rate among four of the System's funds (Pension Trust Fund, Death Benefit Fund, Medicare B Fund, and Health Care Fund). For the fiscal year ended June 30, 2017, the allocation to pension, death benefits, and Medicare B was 14 percent. No allocation was made to the Health Care Fund.

The School District's contractually required contribution to SERS was \$266,797 for fiscal year 2017.

**Plan Description - State Teachers Retirement System (STRS)**

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

New members have a choice of three retirement plans; a Defined Benefit Plan (DBP), a Defined Contribution Plan (DCP), and a Combined Plan (CP). Benefits are established by Ohio Revised Code Chapter 3307. The DBP plan offers an annual retirement allowance based on final average salary multiplied by a percentage that varies based on years of service. Effective August 1, 2015, the calculation is 2.2 percent of final average salary for the five highest years of earnings multiplied by all years of service. With certain exceptions, the basic benefit is increased each year by 2 percent of the original base benefit. For members retiring August 1, 2013, or later, the first 2 percent is paid on the fifth anniversary of the retirement benefit. Members are eligible to retire at age sixty with five years of qualifying service credit, at age fifty-five with twenty-six years of service credit, or thirty-one years of service credit regardless of age. Eligibility changes will be phased in until August 1, 2026, when retirement eligibility for unreduced benefits will be five years of service credit and age sixty-five or thirty-five years of service credit and at least age sixty.

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

The CP offers features of both the DBP and the DCP. In the CP, 12 percent of the 14 percent member rate goes to the DCP and the remaining 2 percent is applied to the DBP. Member contributions to the DCP are allocated among investment choices by the member and contributions to the DBP from the employer and the member are used to fund the defined benefit payment at a reduced level from the regular DBP. The defined benefit portion of the CP payment is payable to a member on or after age sixty with five years of service. The defined contribution portion of the account may be taken as a lump sum payment or converted to a lifetime monthly annuity after termination of employment at age fifty or later.

Lakota Local School District  
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**NOTE 12 - DEFINED BENEFIT PENSION PLANS** (continued)

New members who choose the DCP or CP will have another opportunity to reselect a permanent plan during their fifth year of membership. Members may remain in the same plan or transfer to another STRS plan. The optional annuitization of a member's defined contribution account or the defined contribution portion of a member's CP account to a lifetime benefit results in STRS bearing the risk of investment gain or loss on the account. STRS has therefore included all three plan options as one defined benefit plan for GASB Statement No. 68 reporting purposes.

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

Funding Policy - Employer and member contribution rates are established by the State Teachers Retirement Board and limited by Chapter 3307 of the Ohio Revised Code. For the fiscal year ended June 30, 2017, the employer rate was 14 percent and the plan members were also required to contribute 14 percent of covered salary. The statutory member contribution was increased 1 percent to 14 percent on July 1, 2016. The fiscal year 2017 contribution rates were equal to the statutory maximum rates.

The School District's contractually required contribution to STRS was \$603,426 for fiscal year 2017.

**Net Pension Liability**

The net pension liability was measured as of June 30, 2016, and the total pension liability used to calculate the net pension liability was determined by an actuarial valuation as of that date. The School District's proportion of the net pension liability was based on the School District's share of contributions to the pension plan relative to the projected contributions of all participating entities. Following is information related to the proportionate share.

	<u>SERS</u>	<u>STRS</u>	<u>Total</u>
Proportion of the Net Pension Liability Prior Measurement Date	.06174080%	.03774208%	
Proportion of the Net Pension Liability Current Measurement Date	<u>.06113280%</u>	<u>.04019889%</u>	
Change in Proportionate Share	<u>.00060800%</u>	<u>.00245681%</u>	
 Proportionate Share of the Net Pension Liability	 \$4,474,357	 \$13,455,780	 \$17,930,137

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**NOTE 12 - DEFINED BENEFIT PENSION PLANS** (continued)

**Actuarial Assumptions - SERS**

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

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

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

Key methods and assumptions used in calculating the total pension liability in the latest actuarial valuation prepared as of June 30, 2016, and June 30, 2015, are presented below.

	<u>June 30, 2016</u>	<u>June 30, 2015</u>
Wage Inflation	3 percent	3.25 percent
Future Salary Increases, including inflation	3.5 percent to 18.2 percent	4 percent to 22 percent
COLA or Ad Hoc COLA	3 percent	3 percent
Investment Rate of Return	7.5 percent net of investment expenses, including inflation	7.75 percent net of investment expenses, including inflation
Actuarial Cost Method	entry age normal	entry age normal

For 2016, the mortality assumptions are that mortality rates were based on the RP-2014 Blue Collar Mortality Table with fully generational projections and a five year set back for both males and females. For 2015, the mortality assumptions were based on the 1994 Group Annuity Mortality Table set back one year for both males and females. Special mortality tables were used for the period after disability retirement.

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

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**NOTE 12 - DEFINED BENEFIT PENSION PLANS** (continued)

The long-term return expectation for the pension plan investments has been determined using a building-block approach and assumes a time horizon, as defined in SERS' Statement of Investment Policy. A forecasted rate of inflation serves as the baseline for the return expectation. Various real return premiums over the baseline inflation rate have been established for each asset class. The long-term expected nominal rate of return has been determined by calculating an arithmetic weighted average of the expected real return premiums for each asset class, adding the projected inflation rate, and adding the expected return from rebalanced uncorrelated asset classes.

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

Discount Rate - The total pension liability was calculated using the discount rate of 7.5 percent. A discount rate of 7.75 percent was used in the prior measurement period. The projection of cash flows used to determine the discount rate assumed the contributions from employers and from the members would be computed based on contribution requirements as stipulated by State statute. Projected inflows from investment earnings were calculated using the long-term assumed investment rate of return (7.5 percent). Based on those assumptions, the plan's fiduciary net position was projected to be available to make all future benefit payments of current plan members. Therefore, the long-term expected rate of return on pension plan investments was applied to all periods of projected benefits to determine the total pension liability.

Sensitivity of the School District's Proportionate Share of the Net Pension Liability to Changes in the Discount Rate - Net pension liability is sensitive to changes in the discount rate and to illustrate the potential impact, the following table presents the net pension liability calculated using the discount rate of 7.5 percent as well as what each plan's net pension liability would be if it were calculated using a discount rate that is one percentage point lower (6.5 percent) or one percentage point higher (8.5 percent) than the current rate.

	<u>1% Decrease (6.5%)</u>	<u>Current Discount Rate (7.5%)</u>	<u>1% Increase (8.5%)</u>
School District's Proportionate Share of the Net Pension Liability	\$5,923,770	\$4,474,357	\$3,261,138

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**NOTE 12 - DEFINED BENEFIT PENSION PLANS** (continued)

**Actuarial Assumptions - STRS**

The total pension liability in the June 30, 2016, actuarial valuation was determined using the following actuarial assumptions applied to all periods included in the measurement.

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

Mortality rates were based on the RP-2000 Combined Mortality Table (Projection 2022-Scale AA) for males and females. Males ages are set back two years through age eighty-nine and no set back for age ninety and above. Females younger than age eighty are set back four years, one year set back from age eighty through eighty-nine, and no set back from age ninety and above.

Actuarial assumptions used in the June 30, 2016, valuation are based on the results of an actuarial experience study effective July 1, 2012.

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

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

\*10 year annualized geometric nominal returns include the real rate of return and inflation of 2.5 percent and does not include investment expenses. The total fund long-term expected return reflects diversification among the asset classes and, therefore, is not a weighted average return of the individual asset classes.

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**NOTE 12 - DEFINED BENEFIT PENSION PLANS** (continued)

Discount Rate - The discount rate used to measure the total pension liability was 7.75 percent as of June 30, 2016. The projection of cash flows used to determine the discount rate assumes member and employer contributions will be made at the statutory contribution rates in accordance with rate increases described above. For this purpose, only employer contributions that are intended to fund benefits of current plan members and their beneficiaries are included. Projected employer contributions that are intended to fund the service costs of future plan members and their beneficiaries, as well as projected contributions from future plan members, are excluded. Based on those assumptions, STRS' fiduciary net position was projected to be available to make all projected future benefit payments to current plan members as of June 30, 2016. Therefore, the long-term expected rate of return on pension plan investments of 7.75 percent was applied to all periods of projected benefit payment to determine the total pension liability as of June 30, 2016.

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

	1% Decrease (6.75%)	Current Discount Rate (7.75%)	1% Increase (8.75%)
School District's Proportionate Share of the Net Pension Liability	\$17,881,639	\$13,455,780	\$9,722,308

**Changes Between Measurement Date and Report Date**

In March 2017, the STRS Board adopted certain assumption changes which will impact their annual actuarial valuation prepared as of June 30, 2017. The most significant change is a reduction in the discount rate from 7.75 percent to 7.45 percent. In April 2017, the STRS Board voted to suspend cost of living adjustments granted on or after July 1, 2017. Although the exact amount of these changes is not known, the overall decrease to the School District's net pension liability is expected to be significant.

**Social Security System**

Effective July 1, 1991, all employees not otherwise covered by the State Teachers Retirement System or the School Employees Retirement System have an option to choose Social Security or the State Teachers Retirement System/School Employees Retirement System. As of June 30, 2017, one of the Board of Education members has elected Social Security. The Board's liability is 6.2 percent of wages paid.

**NOTE 13 - POSTEMPLOYMENT BENEFITS**

**School Employees Retirement System (SERS)**

Health Care Plan Description - The School District contributes to the SERS Health Care Fund administered by SERS for classified retirees and their beneficiaries. For GASB Statement No. 45 purposes, this plan is considered a cost-sharing multiple-employer defined benefit other postemployment benefit (OPEB) plan. SERS offers several types of health care plans from various vendors including HMO's, PPO's, Medicare Advantage, and traditional indemnity plans. A prescription drug program is also available to those who elect health care coverage. SERS employs two third-party administrators and a pharmacy benefit manager to manage the self-insurance and prescription drug plans, respectively. The financial report of the Plan is included in the SERS Comprehensive Annual Financial Report which can be obtained by visiting the SERS website at [www.ohsers.org](http://www.ohsers.org) under employers/audit resources.

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

Funding Policy - State statute permits SERS to fund the health care benefits through employer contributions. Each year, after the allocation for statutorily required basic benefits, the Retirement Board may allocate the remainder of the employer contribution of 14 percent of covered payroll to the Health Care Fund in accordance with the funding policy. For fiscal year 2017, no allocation of covered payroll was allocated to health care. An additional health care surcharge on employers is collected for employees earning less than an actuarially determined minimum compensation amount; prorated if less than a full year of service credit was earned. For fiscal year 2017, this amount was \$23,500. State statute provides that no employer shall pay a health care surcharge greater than 2 percent of that employer's SERS covered payroll; nor may SERS collect in aggregate more than 1.5 percent of the total statewide SERS covered payroll for the health care surcharge. For fiscal year 2017, the School District's surcharge obligation was \$106,337.

The surcharge, added to the unallocated portion of the 14 percent employer contribution rate is the amount assigned to the Health Care Fund. The School District's contribution for health care for the fiscal years ended June 30, 2017, 2016, and 2015 was \$0, \$0, and \$47,445, respectively. The full amount has been contributed for all three fiscal years.

**State Teachers Retirement System (STRS)**

Plan Description - The School District participates in a cost-sharing multiple-employer defined benefit health care plan administered by the State Teachers Retirement System of Ohio (STRS) for eligible retirees who participated in the defined benefit or combined pension plans offered by STRS. Ohio law authorizes STRS to offer the plan. Benefits include hospitalization, physicians' fees, prescription drugs, and partial reimbursement of monthly Medicare Part B premiums. The Plan is included in the STRS financial report which can be obtained by visiting the STRS website at [www.strsoh.org](http://www.strsoh.org) or by calling (888) 227-7877.

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**NOTE 13 - POSTEMPLOYMENT BENEFITS** (continued)

Funding Policy - Ohio Revised Code Chapter 3307 authorizes STRS to offer the health care plan and gives the Retirement Board discretionary authority over how much, if any, of the health care costs will be absorbed by STRS. Active employee members do not contribute to the health care plan. Nearly all health care plan enrollees, for the most recent year, pay a portion of the health care costs in the form of a monthly premium. Under Ohio law, funding for postemployment health care may be deducted from employer contributions. For fiscal years ended June 30, 2017, 2016, and 2015, STRS did not allocate any employer contributions to postemployment health care.

**NOTE 14 - OTHER EMPLOYEE BENEFITS**

**A. Compensated Absences**

The criteria for determining vacation and sick leave benefits are derived from negotiated agreements and State laws. Classified employees earn ten to twenty days of vacation per fiscal year, depending upon length of service. Accumulated unused vacation time is paid to classified employees upon termination of employment. Teachers do not earn vacation time.

Teachers, administrators, and classified employees earn sick leave at a rate of one and one-fourth days per month. Sick leave may be accumulated up to a maximum of two hundred sixty days for classified employees and two hundred sixty-nine days for certified employees. Upon retirement, payment is made for one-fourth of accrued but unused sick leave credit up to a maximum of sixty-five days for both classified and certified employees.

**B. Employee Insurance Benefits**

The School District offers medical and dental insurance to all employees through self-insurance programs. The School District offers life insurance through Dearborn National Life Insurance Company.

**NOTE 15 - LONG-TERM OBLIGATIONS**

Changes in the School District's long-term obligations during fiscal year 2017 were as follows:

	Balance at 6/30/16	Additions	Reductions	Balance at 6/30/17	Amounts Due Within One Year
Governmental Activities					
General Long-Term Obligations					
School Facilities Construction and Improvement Bonds, FY 2008A					
Serial Bonds 3.25-4%	\$2,970,000	\$0	\$2,680,000	\$290,000	\$290,000
Term Bonds 4.25%	1,725,000	0	1,725,000	0	0

(continued)



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**NOTE 15 - LONG-TERM OBLIGATIONS** (continued)

	Balance at 6/30/16	Additions	Reductions	Balance at 6/30/17	Amounts Due Within One Year
Governmental Activities (continued)					
General Long-Term Obligations (continued)					
School Facilities Construction and Improvement Bonds, FY 2008B					
Serial Bonds 3-3.75%	\$135,000	\$0	\$65,000	\$70,000	\$70,000
Term Bonds 4-4.375%	1,835,000	0	1,835,000	0	0
School Facilities Construction and Improvement Bonds, FY 2008C					
Serial Bonds 2.25-4%	610,000	0	300,000	310,000	310,000
Bond Premium	246,141	0	201,650	44,491	0
School Improvement Refunding Bonds, FY 2016-1					
Serial Bonds 4%	3,475,000	0	0	3,475,000	0
Bond Premium	556,759	0	0	556,759	0
School Improvement Refunding Bonds, FY 2016-2					
Serial Bonds 1.5-4%	5,200,000	0	45,000	5,155,000	0
Bond Premium	638,518	0	5,526	632,992	0
School Improvement Refunding Bonds, FY 2017					
Serial Bonds 2-5%	0	3,045,000	0	3,045,000	110,000
Term Bonds 3-4%	0	2,910,000	0	2,910,000	0
Bond Premium	0	345,480	0	345,480	0
<b>Total General Obligation Bonds</b>	<b>\$17,391,418</b>	<b>\$6,300,480</b>	<b>\$6,857,176</b>	<b>\$16,834,722</b>	<b>\$780,000</b>

2008A School Facilities Construction and Improvement Bonds - On March 20, 2008, the School District issued general obligation bonds, in the amount of \$9,899,992, for improving and constructing school buildings and facilities. The bond issue included serial, term, and capital appreciation bonds, in the original amount of \$5,090,000, \$4,610,000, and \$199,992, respectively. The bonds were issued for a twenty-eight fiscal year period, with final maturity in fiscal year 2036. The bonds are being retired from the Bond Retirement debt service fund. During fiscal year 2016, a portion of the serial and term bonds were refunded, in the amount of \$815,000 and \$2,885,000, respectively. During fiscal year 2017, a portion of the serial and all of the term bonds were refunded, in the amount of \$2,400,000 and \$1,725,000, respectively. The capital appreciation bonds matured and were fully retired in fiscal year 2015.

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**NOTE 15 - LONG-TERM OBLIGATIONS** (continued)

FY 2008B School Facilities Construction and Improvement Bonds - On April 8, 2008, the School District issued general obligation bonds, in the amount of \$2,330,000, for improving and constructing school buildings and facilities. The bond issue included serial, term, and capital appreciation bonds, in the original amount of \$485,000, \$1,835,000, and \$10,000, respectively. The bonds were issued for a twenty-eight fiscal year period, with final maturity in fiscal year 2036. The bonds are being retired from the Bond Retirement debt service fund. During fiscal year 2017, all of the term bonds were refunded, in the amount of \$1,835,000. The capital appreciation bonds matured and were fully retired in fiscal year 2015.

FY 2008C School Facilities Construction and Improvement Bonds - On April 24, 2008, the School District issued general obligation bonds, in the amount of \$7,399,992, for improving and constructing school buildings and facilities. The bond issue included serial, term, and capital appreciation bonds, in the original amount of \$5,160,000, \$1,950,000, and \$289,992, respectively. The bonds were issued for a twenty-three fiscal year period, with final maturity in fiscal year 2031. The bonds are being retired from the Bond Retirement debt service fund. During fiscal year 2016, a portion of the serial bonds and all of the term bonds were refunded, in the amount of \$3,425,000 and \$1,950,000, respectively. The capital appreciation bonds matured and were fully retired in fiscal year 2016.

FY 2016-1 School Improvement Refunding Bonds - On March 23, 2016, the School District issued general obligation bonds, in the amount of \$3,475,000, to partially refund bonds previously issued in fiscal year 2008 for improving and constructing school buildings and facilities. The refunding bond issue consisted of serial bonds. The bonds were issued for a seventeen fiscal year period, with maturity in fiscal year 2033. The bonds are being retired through the Bond Retirement debt service fund.

The serial bonds are subject to prior redemption on or after July 15, 2026, by and at the sole option of the School District, either in whole on any date or in part on any interest payment date, and in integral multiples of \$5,000, at 100 percent of the principal amount redeemed plus accrued interest to the redemption date.

As of June 30, 2017, \$3,700,000 of the refunded bonds was still outstanding.

FY 2016-2 School Improvement Refunding Bonds - On March 23, 2016, the School District issued general obligation bonds, in the amount of \$5,200,000, to partially refund bonds previously issued in fiscal year 2008 for improving and constructing school buildings and facilities. The refunding bond issue consisted of serial bonds. The bonds were issued for a fifteen fiscal year period, with maturity in fiscal year 2031. The bonds are being retired through the Bond Retirement debt service fund.

The serial bonds are subject to prior redemption on or after July 15, 2026, by and at the sole option of the School District, either in whole on any date or in part on any interest payment date, and in integral multiples of \$5,000, at 100 percent of the principal amount redeemed plus accrued interest to the redemption date.

As of June 30, 2017, \$5,375,000 of the refunded bonds was still outstanding.

FY 2017 School Improvement Refunding Bonds - On June 29, 2017, the School District issued general obligation bonds, in the amount of \$5,955,000, to partially refund bonds previously issued in fiscal year 2008 for improving and constructing school buildings and facilities. The refunding bond issue includes serial and term bonds, in the amount of \$3,045,000 and \$2,910,000, respectively. The bonds were issued at a premium of \$345,480. The bonds were issued for a nineteen fiscal year period, with maturity in fiscal year 2036. The bonds are being retired through the Bond Retirement debt service fund.

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**NOTE 15 - LONG-TERM OBLIGATIONS** (continued)

The net proceeds of the refunding bond issue, in the amount of \$6,170,226, were used to purchase U.S. government securities. The securities were deposited in an irrevocable trust with an escrow agent to provide for future debt service payments on the FY 2008A and FY2008B School Facilities Construction and Improvement bonds. As a result, \$4,125,000 of the FY 2008A and \$1,835,000 of the FY 2008B School Facilities Construction and Improvement bonds are considered to be defeased, respectively.

Although the refunding will result in the recognition of an accounting loss of \$210,226, the School District in effect decreased its aggregate debt service payments by \$760,939 over the next nineteen years and obtained an economic gain (difference between present values of the old and new debt service payments) of \$590,096.

The bonds maturing on January 15, 2030, are subject to mandatory sinking fund redemption, at a redemption price equal to 100 percent of the principal amount redeemed plus accrued interest to the date of redemption, on January 15 in the years and the respective principal amounts as follows:

Year	Amount
2026	\$95,000
2027	100,000
2028	100,000
2029	100,000

The remaining principal, in the amount of \$105,000, will be paid at stated maturity on January 15, 2030.

The bonds maturing on January 15, 2036, are subject to mandatory sinking fund redemption, at a redemption price equal to 100 percent of the principal amount redeemed plus accrued interest to the date of redemption, on January 15 in the years and the respective principal amounts as follows:

Year	Amount
2031	\$115,000
2032	120,000
2033	120,000
2034	665,000
2035	685,000

The remaining principal, in the amount of \$705,000, will be paid at stated maturity on January 15, 2036.

The serial bonds are subject to prior redemption on or after July 15, 2026, by and at the sole option of the School District, either in whole on any date or in part on any interest payment date, and in integral multiples of \$5,000, at 100 percent of the principal amount redeemed plus accrued interest to the redemption date.

As of June 30, 2017, \$5,960,000 of the refunded bonds was still outstanding.

The School District's overall debt margin was \$2,769,986 with an unvoted debt margin of \$185,709 at June 30, 2017.

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**NOTE 15 - LONG-TERM OBLIGATIONS** (continued)

Principal and interest requirements to retire general long-term obligations outstanding at June 30, 2017, were as follows:

Fiscal Year Ending	General Obligation Bonds			
	Serial	Term	Interest	Total
2018	\$780,000	\$0	\$436,568	\$1,216,568
2019	710,000	0	508,713	1,218,713
2020	730,000	0	483,588	1,213,588
2021	750,000	0	468,025	1,218,025
2022	770,000	0	444,925	1,214,925
2023-2027	4,060,000	195,000	1,773,244	6,028,244
2028-2032	4,050,000	540,000	860,250	5,450,250
2033-2036	495,000	2,175,000	199,650	2,869,650
	\$12,345,000	\$2,910,000	\$5,174,963	\$20,429,963

**NOTE 16 - FUND BALANCE**

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

Fund Balance	General	Bond Retirement	Other Governmental	Total Governmental Funds
Restricted for:				
Athletics and Music	\$0	\$0	\$11,337	\$11,337
Building Construction	0	0	65,639	65,639
Debt Retirement	0	1,311,199	0	1,311,199
Facilities Maintenance	0		377,678	377,678
Food Service Operations	0	0	118,591	118,591
Permanent Improvements	0	0	247,495	247,495
Special Instruction	0	0	1,440	1,440
Total Restricted	0	1,311,199	822,180	2,133,379
Assigned for:				
Extracurricular Activities	15,790	0	0	15,790
Unpaid Obligations	110,141	0	0	110,141
Total Assigned	125,931	0	0	125,931
Unassigned	6,018,342	0	0	6,018,342
Total Fund Balance	\$6,144,273	\$1,311,199	\$822,180	\$8,277,652

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**NOTE 17 - SET ASIDE REQUIREMENTS**

The School District is required by State statute to annually set aside, in the General Fund, an amount based on a statutory formula for the acquisition and construction of capital improvements. The amount not spent by the end of the fiscal year or offset by similarly restricted resources received during the fiscal year must be held in cash at fiscal year end. This amount must be carried forward and used for the same purpose in future fiscal years.

The following cash basis information identifies the change in the fund balance reserve for capital improvements during fiscal year 2017.

	<u>Capital Improvements</u>
Balance June 30, 2016	\$0
Current Year Set Aside Requirement	186,367
Current Year Offsets	<u>(186,367)</u>
Set Aside Reserve Balance June 30, 2017	<u>\$0</u>

**NOTE 18 - INTERFUND TRANSFERS**

During fiscal year 2017, the General Fund made transfers to the Bond Retirement debt service fund and other governmental funds, in the amount of \$537,563 and \$61,330, respectively, to move receipts as debt payments came due and to subsidize operations in other funds.

**NOTE 19 - JOINTLY GOVERNED ORGANIZATIONS**

**A. Northern Ohio Educational Computer Association**

The Northern Ohio Educational Computer Association (NOECA) is a jointly governed organization among a number of school districts. 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. NOECA is governed by a Board of Directors chosen from the general membership of the NOECA Assembly. The NOECA Assembly consists of a representative from each participating school district. The degree of control exercised by any participating school district is limited to its representation on the Board of Directors. During fiscal year 2017, the School District paid \$137,096 to NOECA for various services. Financial information can be obtained from NOECA, 219 Howard Drive, Sandusky, Ohio 44870.

**B. Vanguard-Sentinel Career and Technology Center**

Vanguard-Sentinel Career and Technology Center (Center) is a distinct political subdivision of the State of Ohio which provides vocational education. The Center operates under the direction of a fourteen member Board consisting of representatives from each of the sixteen participating school districts' Board of Education. The Board possesses its own budgeting and taxing authority. The degree of control exercised by the School District is limited to its representation on the Board. Financial information can be obtained from Vanguard-Sentinel Career and Technology Center, 1306 Cedar Street, Fremont, Ohio 43420.

**NOTE 20 - INSURANCE POOLS**

**A. Ohio School Plan**

The School District participates in the Ohio School Plan (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 fifteen member board consisting of superintendents, treasurers, the president of Harcum-Shuett Insurance Agency, Inc., and a member of the Hylant Group, Inc. The Hylant Group, Inc. is the Plan's administrator and is responsible for processing claims. Harcum-Shuett Insurance Agency serves as the sales and marketing representative which establishes agreements between the Plan and its members. Financial information can be obtained from Harcum-Shuett Insurance Agency, 246 East Sycamore Street, Columbus, Ohio 43206.

**B. Ohio School Boards Association Workers' Compensation Group Rating Plan**

The School District participates in a group rating plan for worker's compensation as established under Section 4123.29 of the Ohio Revised Code. The Ohio School Boards Association Workers' Compensation Group Rating Plan (GRP) was established through the Ohio School Boards Association (OSBA) as an insurance purchasing pool.

The GRP's business and affairs are conducted by a three member Board of Directors consisting of the President, the President-Elect, and the Immediate Past President of the OSBA. The Executive Director of the OSBA, or his designee, serves as coordinator of the GRP. Each year, the participants pay an enrollment fee to the GRP to cover the costs of administering the program.

**C. Jefferson Health Plan**

The School District participates in the Jefferson Health Plan (Plan), a risk-sharing, claims servicing, and insurance purchasing pool, including two insurance consortiums. Each participant appoints a member of the insurance plan's assembly. The Plan's business and affairs are conducted by a nine member Board of Directors elected from the assembly. The Plan offers medical, dental, and prescription drug coverage to the members on a self-insured basis, as well as the opportunity to participate in the group purchasing of life insurance coverage. The medical coverage plan provides each plan participant the opportunity to choose a self-insurance deductible limit which can range from \$35,000 to \$150,000, under which the individual member is responsible for all claims through the claims servicing pool. Plan participants also participate in a shared risk internal pool for individual claims between the self-insurance deductible limit and \$500,000, and all claims between the deductible limit and the \$500,000 are paid from the internal shared risk pool. The internal pool is not owned by the plan's participants. All participants pay a premium rate that is actuarially calculated based on the participant's actual claims experience which are utilized for the payment of claims within the claims servicing pool up to the self-insurance deductible limit; and for this portion of the plan, all plan participants retain their own risk. All participants pay an additional fee for participation in the internal pool that is based on the claims of the internal pool in aggregate and is not based on individual claims experience. In the event of a deficiency in the internal pool, participants would be charged a higher rate for participation, and in the event of a surplus, the internal pool pays dividends to the participants. For all individual claims exceeding \$500,000, stop loss coverage is purchased, as well as from an annual total plan aggregate claims amount. All plan participants also pay a monthly administrative fee for fiscal services and third party administrative services.

**NOTE 21 - CONTINGENCIES**

**A. Grants**

The School District received financial assistance from federal and state agencies in the form of grants. The expenditure 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 School District at June 30, 2017.

**B. School Foundation**

School District foundation funding is based on the annualized full-time equivalent (FTE) enrollment of each student. Effective for fiscal year 2017, traditional school districts must comply with minimum hours of instruction instead of a minimum number of school days each year. The funding formula the Ohio Department of Education (ODE) is legislatively required to follow will continue to adjust as enrollment information is updated by the School District, which can extend past the fiscal year end. As of the date of this report, ODE has not finalized the impact of enrollment adjustments to the June 30, 2017, foundation funding for the School District, therefore, any financial statement impact is not determinable at this time. This may result in a receivable to or a liability of the School District.

**C. Litigation**

There are currently no matters in litigation with the School District as defendant.

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**LAKOTA LOCAL SCHOOL DISTRICT  
SANDUSKY COUNTY**

**SCHEDULE OF EXPENDITURES OF FEDERAL AWARDS  
FOR THE FISCAL YEAR ENDED JUNE 30, 2017**

<b>FEDERAL GRANTOR <i>Pass Through Grantor</i> Program / Cluster Title</b>	<b>Federal CFDA Number</b>	<b>Total Federal Expenditures</b>
<b>UNITED STATES DEPARTMENT OF AGRICULTURE <i>Passed Through Ohio Department of Education</i></b>		
Child Nutrition Cluster:		
National School Lunch Program		
Non-Cash Assistance (Food Distribution)	10.555	\$ 52,610
Cash Assistance	10.555	242,336
Total National School Lunch Program		294,946
School Breakfast Program	10.553	63,807
Summer Food Program For Children	10.559	4,844
<b>Total U.S. Department of Agriculture - Child Nutrition Cluster</b>		<b>363,597</b>
<b>UNITED STATES DEPARTMENT OF EDUCATION <i>Passed Through Ohio Department of Education</i></b>		
Title I Grants to Local Educational Agencies	84.010	270,481
Migrant Education State Grant Program	84.011	137,654
Special Education Cluster:		
Special Education - Grants to States	84.027	284,522
Special Education - Preschool Grants	84.173	12,338
Total Special Education Cluster		296,860
Improving Teacher Quality State Grants	84.367	41,860
<b>Total U.S. Department of Education</b>		<b>746,855</b>
<b>Total Expenditures of Federal Awards</b>		<b>\$ 1,110,452</b>

*The accompanying notes are an integral part of this schedule.*

**LAKOTA LOCAL SCHOOL DISTRICT  
SANDUSKY COUNTY**

**NOTES TO THE SCHEDULE OF EXPENDITURES OF FEDERAL AWARDS  
2 CFR 200.510(b)(6)  
FOR THE FISCAL YEAR ENDED JUNE 30, 2017**

**NOTE A – BASIS OF PRESENTATION**

The accompanying Schedule of Expenditures of Federal Awards (the Schedule) includes the federal award activity of Lakota Local School District, Sandusky County, Ohio (the District) under programs of the federal government for the year ended June 30, 2017. The information on this Schedule is prepared in accordance with the requirements of Title 2 U.S. Code of Federal Regulations Part 200, *Uniform Administrative Requirements, Cost Principles, and Audit Requirements for Federal Awards* (Uniform Guidance). Because the Schedule presents only a selected portion of the operations of the District, it is not intended to and does not present the financial position, changes in net position, or cash flows of the District

**NOTE B – SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES**

Expenditures reported on the Schedule are reported on the cash basis of accounting. Such expenditures are recognized following the cost principles contained in Title 2 U.S. Code of Federal Regulations Part 200, *Uniform Administrative Requirements, Cost Principles, and Audit Requirements for Federal Awards*, wherein certain types of expenditures may or may not be allowable or may be limited as to reimbursement. The District has elected not to use the 10-percent de minimis indirect cost rate as allowed under the Uniform Guidance.

**NOTE C – CHILD NUTRITION CLUSTER**

The District commingles cash receipts from the U.S. Department of Agriculture with similar State grants. When reporting expenditures on this Schedule, the District assumes it expends federal monies first.

**NOTE D – FOOD DONATION PROGRAM**

The District reports commodities consumed on the Schedule at the entitlement value. The District allocated donated food commodities to the respective program that benefitted from the use of those donated food commodities.



# Dave Yost • Auditor of State

## INDEPENDENT AUDITOR'S REPORT ON INTERNAL CONTROL OVER FINANCIAL REPORTING AND ON COMPLIANCE AND OTHER MATTERS REQUIRED BY *GOVERNMENT AUDITING STANDARDS*

Lakota Local School District  
Sandusky County  
5200 County Road 13  
Kansas, Ohio 44841-9617

To the Board of Education:

We have audited, in accordance with auditing standards generally accepted in the United States and the Comptroller General of the United States' *Government Auditing Standards*, the cash-basis financial statements of the governmental activities, each major fund, and the aggregate remaining fund information of Lakota Local School District, Sandusky County, Ohio, (the District) as of and for the year ended June 30, 2017, and the related notes to the financial statements, which collectively comprise the District's basic financial statements and have issued our report thereon dated March 13, 2018 wherein we noted the District uses a special purpose framework other than generally accepted accounting principles.

### ***Internal Control Over Financial Reporting***

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

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

Our consideration of internal control was for the limited purpose described in the first paragraph of this section and was not designed to identify all internal control deficiencies that might be material weaknesses or significant deficiencies. Therefore, unidentified material weaknesses or significant deficiencies may exist. We did identify a certain deficiency in internal control, described in the accompanying schedule of findings that we consider a significant deficiency. We consider finding 2017-002 to be a significant deficiency.

***Compliance and Other Matters***

As part of reasonably assuring whether the District's financial statements are free of material misstatement, we tested its compliance with certain provisions of laws, regulations, contracts, and grant agreements, noncompliance with which could directly and materially affect the determination of financial statement amounts. However, opining on compliance with those provisions was not an objective of our audit and accordingly, we do not express an opinion. The results of our tests disclosed instances of noncompliance or other matters we must report under *Government Auditing Standards* which are described in the accompanying schedule of findings as items 2017-001 and 2017-002.

***Entity's Response to Findings***

The District's responses to the findings identified in our audit are described in the accompanying schedule of findings. We did not audit the District's responses and, accordingly, we express no opinion on them.

***Purpose of this Report***

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



**Dave Yost**  
Auditor of State

Columbus, Ohio

March 13, 2018



# Dave Yost • Auditor of State

## INDEPENDENT AUDITOR'S REPORT ON COMPLIANCE WITH REQUIREMENTS APPLICABLE TO EACH MAJOR FEDERAL PROGRAM AND ON INTERNAL CONTROL OVER COMPLIANCE REQUIRED BY THE UNIFORM GUIDANCE

Lakota Local School District  
Sandusky County  
5200 County Road 13  
Kansas, Ohio 44841-9617

To the Board of Education:

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

We have audited Lakota Local School District, Sandusky County, Ohio's (the District's) compliance with the applicable requirements described in the U.S. Office of Management and Budget (OMB) *Compliance Supplement* that could directly and materially affect each of the District's major federal programs for the year ended June 30, 2017. The *Summary of Auditor's Results* in the accompanying schedule of findings identifies the District's major federal programs.

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

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

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

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

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

### ***Opinion on each Major Federal Program***

In our opinion, Lakota Local School District complied, in all material respects with the compliance requirements referred to above that could directly and materially affect each of its major federal programs for the year ended June 30, 2017.

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

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

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

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

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



**Dave Yost**  
Auditor of State

Columbus, Ohio

March 13, 2018

**LAKOTA LOCAL SCHOOL DISTRICT  
SANDUSKY COUNTY**

**SCHEDULE OF FINDINGS  
2 CFR § 200.515  
JUNE 30, 2017**

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

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

**FINDING NUMBER 2017-001**

**Noncompliance**

**Ohio Rev. Code § 117.38** provides that each public office shall file a financial report for each fiscal year. The Auditor of State may prescribe forms by rule or may issue guidelines, or both, for such reports. If the Auditor of State has not prescribed a rule regarding the form for the report, the public office shall submit its report on the form utilized by the public office.

**Ohio Admin. Code § 117-2-03(B)** which further clarifies the requirements of Ohio Rev. Code § 117.38, requires the District to prepare its annual financial report in accordance with generally accepted accounting principles (GAAP).

As a cost savings measure, the District prepared financial statements that, although formatted similar to financial statements prescribed by Governmental Accounting Standards Board Statement No. 34, report on the basis of cash receipts and cash disbursements, rather than GAAP. The accompanying financial statements and notes omit certain assets, liabilities, fund equities, and disclosures that, while material, cannot be determined at this time.

Pursuant to Ohio Rev. Code § 117.38, the District may be fined and subject to various other administrative remedies for its failure to file the required financial report. Failure to report on a GAAP basis compromises the District's ability to evaluate and monitor the overall financial condition of the District.

We recommend the District prepare its financial statements in accordance with generally accepted accounting principles.

**Officials' Response:**

The Board feels they are saving the tax payer's money by not paying for a GAAP conversion which is required by generally accepted accounting principles. We have no plans to file GAAP.

**FINDING NUMBER 2017-002**

**Noncompliance and Significant Deficiency**

**Ohio Rev. Code § 149.351** provides that all records are the property of the public office concerned and shall not be removed, destroyed, mutilated, transferred, or otherwise damaged or disposed of, in whole or in part, except as provided by law or under the rules adopted by the records commission provided for under **Ohio Rev. Code § 149.41**.

The District was unable to locate all of the athletic ticket reconciliations for fiscal year 2017. These receipts are reported as extracurricular activities receipts in Other Governmental Funds, and represent nearly 6% of Other Governmental Funds receipts and other financing sources.

This deficiency was a result of inadequate policies and procedures over maintaining financial information. The failure to properly maintain supporting documentation increases the risk that theft, fraud, or errors could occur and not be detected in a timely manner.

We recommend all public records be maintained and stored by the Treasurer in accordance with Chapter 149 of the Ohio Rev. Code.



**Officials' Response:**

Our new Athletic Director is now aware of the importance of keeping this documentation. At the end of the fiscal year, this information will be placed in the Treasurer's Office to avoid any further concerns with missing ticket reconciliations.

<b>3. FINDINGS FOR FEDERAL AWARDS</b>
---------------------------------------

None

# LAKOTA LOCAL SCHOOLS

5200 C.R. 13  
Kansas, Ohio 44841  
[www.lakotaschools.org](http://www.lakotaschools.org)

Dr. Chad Coffman  
**Superintendent**  
Phone: 419-986-6650  
FAX: 419-986-6651



Mr. Norm Elchert  
**Treasurer**  
Phone: 419-986-6650  
FAX: 419-986-6651

## SUMMARY SCHEDULE OF PRIOR AUDIT FINDINGS 2 CFR 200.511(b) JUNE 30, 2017

Finding Number	Finding Summary	Status	Additional Information
2016-001	Finding initially occurred in FY2011. Ohio Rev. Code § 117.38 and Ohio Admin. Code § 117-2-03(B) for reporting on a basis other than generally accepted accounting principles.	Not corrected. Repeated in this report as finding 2017-001.	The Board feels they are saving the tax payers money by not paying for a GAAP conversion which is required to follow generally accepted accounting principles. We are not planning on changing from reporting OCBOA GASB 34 look alike financial statements.
2016-002	Finding for Recovery Resolved Under Audit Ohio Rev. Code § 117.28.	Fully corrected and repaid under prior audit.	

*“The Lakota Local School District, as a unified learning community, is dedicated to graduating students who are life-long learners and productive citizens in an ever-changing society.”*

# LAKOTA LOCAL SCHOOLS

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Mr. Norm Elchert  
**Treasurer**  
Phone: 419-986-6650  
FAX: 419-986-6651

## CORRECTIVE ACTION PLAN 2 CFR § 200.511(c) JUNE 30, 2017

Finding Number	Planned Corrective Action	Anticipated Completion Date	Responsible Contact Person
2017-001	Due to cost savings, this will not be corrected.		Norm Elchert, Treasurer
2017-002	Records will be maintained in the Treasurer's office to avoid any further concerns with missing documentation.	June 30, 2018	Norm Elchert, Treasurer

*"The Lakota Local School District, as a unified learning community, is dedicated to graduating students who are life-long learners and productive citizens in an ever-changing society."*

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# Dave Yost • Auditor of State

LAKOTA LOCAL SCHOOL DISTRICT

SANDUSKY 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  
MARCH 27, 2018