

**LAKOTA LOCAL
SCHOOL DISTRICT
SANDUSKY COUNTY, OHIO**

***GENERAL PURPOSE FINANCIAL STATEMENTS
(AUDITED)***

*FOR THE FISCAL YEAR ENDED
JUNE 30, 2002*



STATE OF OHIO
OFFICE OF THE AUDITOR

JIM PETRO, AUDITOR OF STATE

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Board of Education
Lakota Local School District
356 Union Street
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We have reviewed the Independent Auditor's Report of the Lakota Local School District, Sandusky County, prepared by Trimble, Julian & Grube, Inc., for the audit period July 1, 2001 through June 30, 2002. Based upon this review, we have accepted these reports in lieu of the audit required by Section 117.11, Revised Code. The Auditor of State did not audit the accompanying financial statements and, accordingly, we are unable to express, and do not express an opinion on them.

Our review was made in reference to the applicable sections of legislative criteria, as reflected by the Ohio Constitution, and the Revised Code, policies, procedures and guidelines of the Auditor of State, regulations and grant requirements. The Lakota Local School District is responsible for compliance with these laws and regulations.

A handwritten signature in black ink, appearing to read "Jim Petro".

JIM PETRO
Auditor of State

December 24, 2002

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**LAKOTA LOCAL SCHOOL DISTRICT
SANDUSKY COUNTY, OHIO**

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TRIMBLE, JULIAN & GRUBE, INC.

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Independent Auditor’s Report

Board of Education
Lakota Local School District
365 Union Street
Risingsun, Ohio 43457-0005

We have audited the accompanying general purpose financial statements of the Lakota Local School District, Sandusky County, (the “District”), as of and for the fiscal year ended June 30, 2002, as listed in the table of contents. These general purpose financial statements are the responsibility of the District’s management. Our responsibility is to express an opinion on these general purpose financial statements based on our audit.

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

In our opinion, the general purpose financial statements referred to above present fairly, in all material respects, the financial position of the Lakota Local School District, Sandusky County, as of June 30, 2002, and the results of its operations and the cash flows of its proprietary fund types and nonexpendable trust fund for the fiscal year then ended in conformity with accounting principles generally accepted in the United States of America.

In accordance with *Government Auditing Standards*, we have also issued our report dated October 29, 2002, on our consideration of the District’s internal control over financial reporting and our tests of its compliance with certain provisions of laws, regulations, contracts and grants. That report is an integral part of an audit performed in accordance with *Government Auditing Standards* and should be read in conjunction with this report in considering the results of our audit.

Our audit was performed for the purpose of forming an opinion on the general purpose financial statements of the District, taken as a whole. The accompanying schedule of expenditures of federal awards is presented for purposes of additional analysis as required by U. S. Office of Management and Budget Circular A-133, *Audits of States, Local Governments, and Non-Profit Organizations*, and is not a required part of the general purpose financial statements. Such information has been subjected to the auditing procedures applied in the audit of the general purpose financial statements and, in our opinion, is fairly stated, in all material respects, in relation to the general purpose financial statements taken as a whole.

Trimble, Julian & Grube, Inc.
October 29, 2002, except for Note 18A, as to which the date is December 1, 2002

LAKOTA LOCAL SCHOOL DISTRICT
SANDUSKY COUNTY, OHIO
 COMBINED BALANCE SHEET
 ALL FUND TYPES AND ACCOUNT GROUPS
 JUNE 30, 2002

	Governmental Fund Types		
	General	Special Revenue	Capital Projects
ASSETS AND OTHER DEBITS			
ASSETS:			
Equity in pooled cash and cash equivalents	\$ 1,887,263	\$ 183,868	\$ 44,240
Receivables (net of allowances of uncollectibles):			
Property taxes - current & delinquent	3,049,304	-	-
Due from other governments	-	133,939	-
Due from other funds	-	-	-
Interfund loan receivable	3,450	-	-
Materials and supplies inventory	-	-	-
Prepayments.	3,539	-	-
Restricted assets:			
Equity in pooled cash and cash equivalents.	305,741	-	-
Property, plant and equipment (net of accumulated depreciation where applicable)	-	-	-
OTHER DEBITS:			
Amount to be provided for retirement of general long-term obligations.	-	-	-
Total assets and other debits	\$ 5,249,297	\$ 317,807	\$ 44,240
LIABILITIES, EQUITY AND OTHER CREDITS			
LIABILITIES:			
Accounts payable	\$ 29,402	\$ 6,377	\$ -
Accrued wages and benefits.	744,796	-	-
Compensated absences payable.	39,167	-	-
Claims payable	-	-	-
Pension obligation payable	149,523	12,408	-
Interfund loan payable	-	3,450	-
Deferred revenue	2,620,658	40,876	-
Due to other governments.	28,871	578	-
Due to students	-	-	-
Due to other funds.	7,874	-	-
Obligation under capital lease	-	-	-
Total liabilities	\$ 3,620,291	\$ 63,689	\$ -
EQUITY AND OTHER CREDITS:			
Investment in general fixed assets	-	-	-
Retained earnings (accumulated deficit): unreserved.	-	-	-
Fund balances:			
Reserved for encumbrances	527,735	26,810	39,208
Reserved for prepayments.	3,539	-	-
Reserved for tax revenue unavailable for appropriation.	428,646	-	-
Reserved for instructional materials.	154,792	-	-
Reserved for BWC refunds	47,190	-	-
Reserved for school bus purchases	103,759	-	-
Unreserved-undesignated.	363,345	227,308	5,032
Total equity and other credits	\$ 1,629,006	\$ 254,118	\$ 44,240
Total liabilities, equity and other credits	\$ 5,249,297	\$ 317,807	\$ 44,240

THE NOTES TO THE GENERAL PURPOSE FINANCIAL STATEMENTS ARE AN INTEGRAL PART OF THIS STATEMENT.

Proprietary Fund Types		Fiduciary Fund Types	Account Groups		Total (Memorandum Only)
Enterprise	Internal Service	Trust and Agency	General Fixed Assets	General Long-Term Obligations	
\$ 232,163	\$ 19,286	\$ 45,036	\$ -	\$ -	\$ 2,411,856
-	-	-	-	-	3,049,304
14,269	-	-	-	-	148,208
-	8,390	-	-	-	8,390
-	-	-	-	-	3,450
2,378	-	-	-	-	2,378
-	-	-	-	-	3,539
-	-	-	-	-	305,741
25,280	-	-	7,517,584	-	7,542,864
-	-	-	-	602,694	602,694
<u>\$ 274,090</u>	<u>\$ 27,676</u>	<u>\$ 45,036</u>	<u>\$ 7,517,584</u>	<u>\$ 602,694</u>	<u>\$ 14,078,424</u>
\$ 6	\$ -	\$ 1,100	\$ -	\$ -	\$ 36,885
26,232	-	-	-	-	771,028
12,953	-	-	-	527,316	579,436
-	20,197	-	-	-	20,197
17,974	-	-	-	72,796	252,701
-	-	-	-	-	3,450
1,295	8,390	-	-	-	2,671,219
898	-	-	-	-	30,347
-	-	24,645	-	-	24,645
516	-	-	-	-	8,390
-	-	-	-	2,582	2,582
<u>59,874</u>	<u>28,587</u>	<u>25,745</u>	<u>-</u>	<u>602,694</u>	<u>4,400,880</u>
-	-	-	7,517,584	-	7,517,584
214,216	(911)	-	-	-	213,305
-	-	950	-	-	594,703
-	-	-	-	-	3,539
-	-	-	-	-	428,646
-	-	-	-	-	154,792
-	-	-	-	-	47,190
-	-	-	-	-	103,759
-	-	18,341	-	-	614,026
<u>214,216</u>	<u>(911)</u>	<u>19,291</u>	<u>7,517,584</u>	<u>-</u>	<u>9,677,544</u>
<u>\$ 274,090</u>	<u>\$ 27,676</u>	<u>\$ 45,036</u>	<u>\$ 7,517,584</u>	<u>\$ 602,694</u>	<u>\$ 14,078,424</u>

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LAKOTA LOCAL SCHOOL DISTRICT
SANDUSKY COUNTY, OHIO
 COMBINED STATEMENT OF REVENUES, EXPENDITURES
 AND CHANGES IN FUND BALANCES
 ALL GOVERNMENTAL FUND TYPES AND EXPENDABLE TRUST FUND
 FOR THE FISCAL YEAR ENDED JUNE 30, 2002

	Governmental Fund Types			Fiduciary Fund Type	Total (Memorandum Only)
	General	Special Revenue	Capital Projects	Expendable Trust	
Revenues:					
From local sources:					
Taxes	\$ 2,750,059	\$ -	\$ -	\$ -	\$ 2,750,059
Earnings on investments	64,073	189	-	822	65,084
Extracurricular	21,780	78,382	-	-	100,162
Other local revenues	133,380	70,496	-	1,199	205,075
Other revenue	105,432	-	-	-	105,432
Intergovernmental - State	5,705,201	117,795	38,760	-	5,861,756
Intergovernmental - Federal	-	480,073	-	-	480,073
Total revenues	8,779,925	746,935	38,760	2,021	9,567,641
Expenditures:					
Current:					
Instruction:					
Regular	3,492,080	33,175	94,134	-	3,619,389
Special	1,261,622	372,818	-	-	1,634,440
Vocational	1,588	-	-	-	1,588
Other	711,866	-	-	-	711,866
Support services:					
Pupil	336,287	62,995	-	2,450	401,732
Instructional staff	191,904	-	-	-	191,904
Board of Education	14,185	16,480	-	-	30,665
Administration	635,388	42,546	-	-	677,934
Fiscal	130,672	703	-	-	131,375
Business	220,987	-	-	-	220,987
Operations and maintenance	714,897	20,861	14,342	-	750,100
Pupil transportation	700,430	10,715	-	-	711,145
Central	-	1,421	-	-	1,421
Community services	-	40,127	-	-	40,127
Extracurricular activities	166,256	82,434	-	-	248,690
Facilities acquisition and construction	195	-	-	-	195
Debt service:					
Principal retirement	9,786	-	-	-	9,786
Interest and fiscal charges	690	-	-	-	690
Total expenditures	8,588,833	684,275	108,476	2,450	9,384,034
Excess (deficiency) of revenues over/(under)expenditures	191,092	62,660	(69,716)	(429)	183,607
Fund balances, July 1 (restated)	1,437,914	191,458	113,956	12,731	1,756,059
Residual equity transfer in	-	-	-	6,989	6,989
Fund balances, June 30	\$ 1,629,006	\$ 254,118	\$ 44,240	\$ 19,291	\$ 1,946,655

THE NOTES TO THE GENERAL PURPOSE FINANCIAL STATEMENTS ARE AN INTEGRAL PART OF THIS STATEMENT.

LAKOTA LOCAL SCHOOL DISTRICT
SANDUSKY COUNTY, OHIO
 COMBINED STATEMENT OF REVENUES, EXPENDITURES
 AND CHANGES IN FUND BALANCES
 BUDGET AND ACTUAL COMPARISON (NON-GAAP BUDGETARY BASIS)
 ALL GOVERNMENTAL FUND TYPES
 FOR THE FISCAL YEAR ENDED JUNE 30, 2002

	General			Special Revenue		
	Revised Budget	Actual	Variance: Favorable (Unfavorable)	Revised Budget	Actual	Variance: Favorable (Unfavorable)
Revenues:						
From local sources:						
Taxes	\$ 2,906,963	\$ 2,908,339	\$ 1,376	\$ -	\$ -	\$ -
Earnings on investments	64,073	64,073	-	(1,745)	189	1,934
Extracurricular	21,780	21,780	-	78,381	78,382	1
Other local revenues	153,832	133,832	(20,000)	72,210	102,496	30,286
Other revenue	102,245	102,245	-	-	-	-
Intergovernmental - State	5,705,201	5,705,201	-	82,630	85,795	3,165
Intergovernmental - Federal	-	-	-	425,946	427,746	1,800
Total revenues	<u>8,954,094</u>	<u>8,935,470</u>	<u>(18,624)</u>	<u>657,422</u>	<u>694,608</u>	<u>37,186</u>
Expenditures:						
Current:						
Instruction:						
Regular	3,475,637	3,475,623	14	35,325	34,659	666
Special	1,306,866	1,306,861	5	378,793	371,651	7,142
Vocational	1,588	1,588	-	-	-	-
Other	711,869	711,866	3	-	-	-
Support services:						
Pupil	329,394	329,372	22	61,403	60,245	1,158
Instructional staff	217,853	217,838	15	-	-	-
Board of Education	211,125	211,111	14	16,797	16,480	317
Administration	629,103	629,061	42	54,035	53,016	1,019
Fiscal	130,584	130,575	9	712	699	13
Business	234,836	234,819	17	-	-	-
Operations and maintenance	789,378	789,325	53	21,234	20,834	400
Pupil transportation	845,428	845,371	57	10,921	10,715	206
Central	-	-	-	1,447	1,420	27
Community services	-	-	-	42,086	41,293	793
Extracurricular activities	160,861	160,860	1	90,215	88,515	1,700
Facility acquisition and construction	195	195	-	-	-	-
Total expenditures	<u>9,044,717</u>	<u>9,044,465</u>	<u>252</u>	<u>712,968</u>	<u>699,527</u>	<u>13,441</u>
Excess (deficiency) of revenues over (under) expenditures	<u>(90,623)</u>	<u>(108,995)</u>	<u>(18,372)</u>	<u>(55,546)</u>	<u>(4,919)</u>	<u>50,627</u>
Other financing sources (uses):						
Advances in	-	-	-	3,450	3,450	-
Advances out	(3,535)	(3,450)	85	-	-	-
Operating transfers in	57,983	77,983	20,000	-	-	-
Operating transfers out	(79,915)	(77,983)	1,932	-	-	-
Refund of prior year expenditure	35	35	-	-	-	-
Total other financing sources (uses)	<u>(25,432)</u>	<u>(3,415)</u>	<u>22,017</u>	<u>3,450</u>	<u>3,450</u>	<u>-</u>
Excess (deficiency) of revenues and other financing sources over (under) expenditures and other financing (uses)	<u>(116,055)</u>	<u>(112,410)</u>	<u>3,645</u>	<u>(52,096)</u>	<u>(1,469)</u>	<u>50,627</u>
Fund balances, July 1	1,347,186	1,347,186	-	140,632	140,632	-
Prior year encumbrances appropriated	<u>403,058</u>	<u>403,058</u>	<u>-</u>	<u>13,022</u>	<u>13,022</u>	<u>-</u>
Fund balances, June 30	<u>\$ 1,634,189</u>	<u>\$ 1,637,834</u>	<u>\$ 3,645</u>	<u>\$ 101,558</u>	<u>\$ 152,185</u>	<u>\$ 50,627</u>

THE NOTES TO THE GENERAL PURPOSE FINANCIAL STATEMENTS ARE AN INTEGRAL PART OF THIS STATEMENT.

Capital Projects			Total (Memorandum only)		
Budget Revised	Actual	Variance: Favorable (Unfavorable)	Budget Revised	Actual	Variance: Favorable (Unfavorable)
\$ -	\$ -	\$ -	\$ 2,906,963	\$ 2,908,339	\$ 1,376
-	-	-	62,328	64,262	1,934
-	-	-	100,161	100,162	1
-	-	-	226,042	236,328	10,286
-	-	-	102,245	102,245	-
38,760	38,760	-	5,826,591	5,829,756	3,165
-	-	-	425,946	427,746	1,800
<u>38,760</u>	<u>38,760</u>	<u>-</u>	<u>9,650,276</u>	<u>9,668,838</u>	<u>18,562</u>
153,621	153,619	2	3,664,583	3,663,901	682
-	-	-	1,685,659	1,678,512	7,147
-	-	-	1,588	1,588	-
-	-	-	711,869	711,866	3
-	-	-	390,797	389,617	1,180
-	-	-	217,853	217,838	15
-	-	-	227,922	227,591	331
-	-	-	683,138	682,077	1,061
-	-	-	131,296	131,274	22
11,608	11,603	5	246,444	246,422	22
-	-	-	810,612	810,159	453
-	-	-	856,349	856,086	263
-	-	-	1,447	1,420	27
-	-	-	42,086	41,293	793
-	-	-	251,076	249,375	1,701
-	-	-	195	195	-
<u>165,229</u>	<u>165,222</u>	<u>7</u>	<u>9,922,914</u>	<u>9,909,214</u>	<u>13,700</u>
<u>(126,469)</u>	<u>(126,462)</u>	<u>7</u>	<u>(272,638)</u>	<u>(240,376)</u>	<u>32,262</u>
-	-	-	3,450	3,450	-
-	-	-	(3,535)	(3,450)	85
-	-	-	57,983	77,983	20,000
-	-	-	(79,915)	(77,983)	1,932
-	-	-	35	35	-
-	-	-	(21,982)	35	22,017
(126,469)	(126,462)	7	(294,620)	(240,341)	54,279
110,692	110,692	-	1,598,510	1,598,510	-
<u>20,802</u>	<u>20,802</u>	<u>-</u>	<u>436,882</u>	<u>436,882</u>	<u>-</u>
<u>\$ 5,025</u>	<u>\$ 5,032</u>	<u>\$ 7</u>	<u>\$ 1,740,772</u>	<u>\$ 1,795,051</u>	<u>\$ 54,279</u>

LAKOTA LOCAL SCHOOL DISTRICT
SANDUSKY COUNTY, OHIO
 COMBINED STATEMENT OF REVENUES, EXPENSES,
 AND CHANGES IN RETAINED EARNINGS (ACCUMULATED DEFICIT)/FUND BALANCE
 ALL PROPRIETARY FUND TYPES AND NONEXPENDABLE TRUST FUND
 FOR THE FISCAL YEAR ENDED JUNE 30, 2002

	Proprietary Fund Types		Fiduciary Fund Type	Total (Memorandum Only)
	Enterprise	Internal Service	Nonexpendable Trust	
Operating revenues:				
Sales/charges for services	\$ 220,148	\$ 65,814	\$ -	\$ 285,962
Total operating revenues	<u>220,148</u>	<u>65,814</u>	<u>-</u>	<u>285,962</u>
Operating expenses:				
Personal services	177,835	-	-	177,835
Contract services	20,156	5,221	-	25,377
Materials and supplies	185,547	-	-	185,547
Depreciation	6,454	-	-	6,454
Claims expense	<u>-</u>	<u>78,044</u>	<u>-</u>	<u>78,044</u>
Total operating expenses	<u>389,992</u>	<u>83,265</u>	<u>-</u>	<u>473,257</u>
Operating loss	<u>(169,844)</u>	<u>(17,451)</u>	<u>-</u>	<u>(187,295)</u>
Nonoperating revenues:				
Operating grants	129,037	-	-	129,037
Federal commodities	36,716	-	-	36,716
Interest revenue	<u>6,500</u>	<u>-</u>	<u>-</u>	<u>6,500</u>
Total nonoperating revenues	<u>172,253</u>	<u>-</u>	<u>-</u>	<u>172,253</u>
Net income (loss)	2,409	(17,451)	-	(15,042)
Retained earnings/fund balance, July 1 (restated)	211,807	16,540	6,989	235,336
Residual equity transfer out	<u>-</u>	<u>-</u>	<u>(6,989)</u>	<u>(6,989)</u>
Retained earnings (accumulated deficit)/ fund balance, June 30.	<u>\$ 214,216</u>	<u>\$ (911)</u>	<u>\$ -</u>	<u>\$ 213,305</u>

THE NOTES TO THE GENERAL PURPOSE FINANCIAL STATEMENTS ARE AN INTEGRAL PART OF THIS STATEMENT.

LAKOTA LOCAL SCHOOL DISTRICT
SANDUSKY COUNTY, OHIO
 COMBINED STATEMENT OF CASH FLOWS
 ALL PROPRIETARY FUND TYPES AND NONEXPENDABLE TRUST FUND
 FOR THE FISCAL YEAR ENDED JUNE 30, 2002

	Proprietary Fund Types		Fiduciary Fund Type	Total (Memorandum Only)
	Enterprise	Internal Service	Nonexpendable Trust	
Cash flows from operating activities:				
Cash received from sales/service charges	\$ 220,148	\$ 65,814	\$ -	\$ 285,962
Cash payments for personal services	(172,316)	-	-	(172,316)
Cash payments for contract services	(20,150)	(5,569)	-	(25,719)
Cash payments for materials and supplies	(148,615)	-	-	(148,615)
Cash payments for claims expenses	-	(63,645)	-	(63,645)
Net cash used in operating activities	<u>(120,933)</u>	<u>(3,400)</u>	<u>-</u>	<u>(124,333)</u>
Cash flows from noncapital financing activities:				
Cash received from operating grants	128,283	-	-	128,283
Residual equity transfer out	-	-	(6,989)	(6,989)
Net cash provided by (used in) noncapital financing activities	<u>128,283</u>	<u>-</u>	<u>(6,989)</u>	<u>121,294</u>
Cash flows from capital and related financing activities:				
Acquisition of capital assets	(4,204)	-	-	(4,204)
Net cash used in capital and related financing activities	<u>(4,204)</u>	<u>-</u>	<u>-</u>	<u>(4,204)</u>
Cash flows from investing activities:				
Interest received	6,500	-	-	6,500
Net cash provided by investing activities	<u>6,500</u>	<u>-</u>	<u>-</u>	<u>6,500</u>
Net increase (decrease) in cash and cash equivalents	9,646	(3,400)	(6,989)	(743)
Cash and cash equivalents at beginning of year (restated)	<u>222,517</u>	<u>22,686</u>	<u>6,989</u>	<u>252,192</u>
Cash and cash equivalents at end of year	<u>\$ 232,163</u>	<u>\$ 19,286</u>	<u>\$ -</u>	<u>\$ 251,449</u>
Reconciliation of operating loss to net cash used in operating activities:				
Operating loss	\$ (169,844)	\$ (17,451)	\$ -	\$ (187,295)
Adjustments to reconcile operating loss to net cash used in operating activities:				
Depreciation	6,454	-	-	6,454
Federal donated commodities	36,716	-	-	36,716
Changes in assets and liabilities:				
Increase in materials and supplies inventory	(495)	-	-	(495)
Increase in due from other funds	-	(72)	-	(72)
Increase (decrease) in accounts payable	6	(348)	-	(342)
Increase in accrued wages and benefits	4,295	-	-	4,295
Decrease in compensated absences payable	(81)	-	-	(81)
Increase in pension obligation payable	301	-	-	301
Increase in claims payable	-	14,399	-	14,399
Increase in due to other governments	898	-	-	898
Increase in due to other funds	106	-	-	106
Increase in deferred revenue	711	72	-	783
Net cash used in operating activities	<u>\$ (120,933)</u>	<u>\$ (3,400)</u>	<u>\$ -</u>	<u>\$ (124,333)</u>

THE NOTES TO THE GENERAL PURPOSE FINANCIAL STATEMENTS ARE AN INTEGRAL PART OF THIS STATEMENT.

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**LAKOTA LOCAL SCHOOL DISTRICT
SANDUSKY COUNTY, OHIO**

NOTES TO THE GENERAL PURPOSE FINANCIAL STATEMENTS
FOR THE FISCAL YEAR ENDED JUNE 30, 2002

NOTE 1 - DESCRIPTION OF THE DISTRICT

The Lakota Local District (the “District”) is located in Wood, Seneca, and Sandusky Counties, and includes all of the Village of Risingsun and portions of Liberty and Orange Townships. The District serves an area of approximately 146 square miles.

The District was established in 1959 through the consolidation of existing land areas and Districts and is organized under Article VI, Sections 2 and 3 of the Constitution of the State of Ohio. The District operates under a locally-elected Board form of government consisting of five members elected at-large for staggered four year terms. The District provides educational services as authorized by state statute and/or federal guidelines.

The District ranks as the 429th largest by enrollment among the 705 public and community Districts in Ohio and the third largest in Sandusky County. It is staffed by 75 non-certificated employees and 94 certificated full-time teaching personnel, who provide services to 1,254 students and other community members. The District currently operates 5 instructional buildings and 1 garage.

NOTE 2 - SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

The general purpose financial statements (GPFS) of the District have been prepared in conformity with accounting principles generally accepted in the United States of America (GAAP) as applied to governmental units. The Governmental Accounting Standards Board (GASB) is the accepted standard-setting body for establishing governmental accounting and financial reporting principles. The District also applies Financial Accounting Standards Board (FASB) Statements and Interpretations issued prior to November 30, 1989 to its proprietary activities unless those pronouncements conflict with or contradict GASB pronouncements. The District's significant accounting policies are described below.

A. Reporting Entity

The District’s reporting entity has been defined in accordance with GASB Statement No. 14, “The Financial Reporting Entity”. A reporting entity is comprised of the primary government, component units, and other organizations that are included to insure that the financial statements of the District are not misleading. The primary government consists of all funds, departments, boards, and agencies that are not legally separate from the District. For the District, this includes general operations, food service, and student related activities.

**LAKOTA LOCAL SCHOOL DISTRICT
SANDUSKY COUNTY, OHIO**

NOTES TO THE GENERAL PURPOSE FINANCIAL STATEMENTS
FOR THE FISCAL YEAR ENDED JUNE 30, 2002

NOTE 2 - SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES - (Continued)

Component units are legally separate organizations for which the District is financially accountable. The District is financially accountable for an organization if the District appoints a voting majority of the organization's governing board and (1) the District is able to significantly influence the programs or services performed or provided by the organization; or (2) the District is legally entitled to or can otherwise access the organization's resources; the District is legally obligated or has otherwise assumed the responsibility to finance the deficits of, or provide financial support to, the organization or the District is obligated for the debt of the organization. Component units may also include organizations that are fiscally dependent on the District in that the District approves the budget, the issuance of debt, or the levying of taxes for the organization. The financial statements of the reporting entity include only those of the District (the primary government). The District has no component units. The following organizations are described due to their relationship to the District.

JOINTLY GOVERNED ORGANIZATIONS

Northern Ohio Educational Computer Association

The District is a participant in the Northern Ohio Educational Computer Association (NOECA), which is a computer consortium. NOECA is an association of public Districts within the boundaries of Erie, Huron, Ottawa, Sandusky, and Seneca Counties and Cities of Fremont, Huron, Sandusky, Norwalk, Bellevue, Port Clinton, Fostoria, and Tiffin. 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 Districts. The superintendent of each district is on the Board of Trustees. Financial information is available from Betty Schwiefert, who serves as controller, at 2900 Columbus Avenue, Sandusky, Ohio 44870.

Vanguard-Sentinel Joint Vocational School

The Vanguard-Sentinel Joint Vocational School (JVS) is a distinct political subdivision of the State of Ohio. The JVS is operated under the direction of a Board of Education, which consists of one representative from each of the JVS's participating district's elected board. The JVS possesses its own budgeting and taxing authority. Financial information is available from the Vanguard-Sentinel Joint Vocational School, at 1306 Cedar Street, Fremont, Ohio 43420.

**LAKOTA LOCAL SCHOOL DISTRICT
SANDUSKY COUNTY, OHIO**

NOTES TO THE GENERAL PURPOSE FINANCIAL STATEMENTS
FOR THE FISCAL YEAR ENDED JUNE 30, 2002

NOTE 2 - SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES - (Continued)

PUBLIC ENTITY RISK POOL

Ohio School Boards Association Workers' Compensation Group Rating Program

The District participates in a group rating plan for workers' compensation as established in Section 4123.29 of the Ohio Revised Code. The Ohio School Boards Association Workers' Compensation Group Rating Program (GRP) was established as an insurance purchasing pool. The GRP is governed by a three-member Board of Directors. The Executive Director of the OSBA, or his designee, serves as coordinator of the program. Each year, the participating school districts pay an enrollment fee to the GRP to cover the costs of administering the program. Refer to Note 11.B. for further information on this group rating plan.

B. Fund Accounting

The District uses funds and account groups to report on its financial position and the results of its operations. Fund accounting is designed to demonstrate legal compliance and to aid financial management by segregating transactions related to certain District functions or activities.

A fund is defined as a fiscal and accounting entity with a self-balancing set of accounts recording cash and other financial resources, together with all related liabilities and residual equities or balances, and changes therein, which are segregated for the purpose of carrying on specific activities or attaining certain objectives in accordance with special restrictions or limitations. An account group is a financial reporting device designed to provide accountability for certain assets and liabilities not recorded in the funds because they do not directly affect net available expendable resources.

For financial statement presentation purposes, the various funds of the District are grouped into the following generic fund types under the broad fund categories governmental, proprietary, and fiduciary.

GOVERNMENTAL FUND TYPES

Governmental funds are those through which most governmental functions of the District are financed. The acquisition, use, and balances of the District's expendable financial resources and the related current liabilities (except those accounted for in proprietary funds and trust funds) are accounted for through governmental funds. The following are the District's governmental fund types:

**LAKOTA LOCAL SCHOOL DISTRICT
SANDUSKY COUNTY, OHIO**

NOTES TO THE GENERAL PURPOSE FINANCIAL STATEMENTS
FOR THE FISCAL YEAR ENDED JUNE 30, 2002

NOTE 2 - SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES - (Continued)

General Fund - The general fund is the operating fund of the District and 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 District for any purpose provided it is expended or transferred in accordance with applicable Ohio statute.

Special Revenue Funds - The special revenue funds are used to account for the proceeds of specific revenue sources (other than expendable trusts or major capital projects) that are legally restricted to expenditure for specified purposes.

Capital Projects Funds - The capital projects funds are used to account for financial resources to be used for the acquisition or construction of major capital facilities (other than those financed by proprietary funds or trust funds).

PROPRIETARY FUND TYPES

Proprietary funds are used to account for the District's ongoing activities which are similar to those found in the private sector. The following are the District's proprietary fund types:

Enterprise Funds - The enterprise funds are used to account for operations that are (a) financed and operated in a manner similar to private business enterprises--where the intent of the governing body is that the costs (expenses, including depreciation) of providing goods or services to the general public on a continuing basis be financed or recovered primarily through user charges; or (b) where the governing body has decided that periodic determination of revenues earned, expenses incurred, and/or net income is appropriate for capital maintenance, public policy, management control, accountability, or other purposes.

Internal Service Funds - The internal service funds are used to account for the financing of goods or services provided by one department or agency to other departments or agencies of the district, or to other governmental units, on a cost-reimbursement basis.

**LAKOTA LOCAL SCHOOL DISTRICT
SANDUSKY COUNTY, OHIO**

NOTES TO THE GENERAL PURPOSE FINANCIAL STATEMENTS
FOR THE FISCAL YEAR ENDED JUNE 30, 2002

NOTE 2 - SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES - (Continued)

FIDUCIARY FUND TYPES

Trust and Agency Funds - These funds are used to account for assets held by the District in a trustee capacity or as an agent for individuals, private organizations, other governmental units, and/or other funds. The District's fiduciary funds include an expendable trust fund, a nonexpendable trust fund, and an agency fund. The expendable trust fund is accounted for in essentially the same manner as governmental funds. The nonexpendable trust fund is accounted for in essentially the same manner as proprietary funds. Agency funds are custodial in nature (assets equal liabilities) and do not involve measurement of results of operations. The agency fund is presented on a budget basis, with note disclosure (See Note 3.B.), regarding items which, in other fund types, would be subject to accrual.

ACCOUNT GROUPS

To make a clear distinction between fixed assets related to specific funds and those of general government, and between long-term liabilities related to specific funds and those of a general nature, the following account groups are used:

General Fixed Assets Account Group - This account group is established to account for all fixed assets of the District, other than those accounted for in the proprietary or nonexpendable trust funds.

General Long-Term Obligations Account Group - This account group is established to account for all long-term obligations of the District except those accounted for in the proprietary or nonexpendable trust funds.

C. Measurement Focus and Basis of Accounting

The accounting and financial reporting treatment applied to a fund is determined by its measurement focus. All governmental funds and the expendable trust fund are accounted for using a flow of current financial resources measurement focus. With this measurement focus, only current assets and current liabilities are generally included on the balance sheet. Operating statements of these funds present increases (i.e., revenues and other financing sources) and decreases (i.e., expenditures and other financing uses) in net current assets.

**LAKOTA LOCAL SCHOOL DISTRICT
SANDUSKY COUNTY, OHIO**

NOTES TO THE GENERAL PURPOSE FINANCIAL STATEMENTS
FOR THE FISCAL YEAR ENDED JUNE 30, 2002

NOTE 2 - SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES - (Continued)

All proprietary funds and the nonexpendable trust fund are accounted for on a flow of economic resources measurement focus. With this measurement focus, all assets and all liabilities associated with the operation of these funds are included on the balance sheet. Fund equity (i.e., net total assets) is segregated into contributed capital and retained earnings components. Proprietary and nonexpendable trust fund operating statements present increases (i.e., revenues) and decreases (i.e., expenses) in net total assets.

The modified accrual basis of accounting is followed for governmental and expendable trust funds. Under the modified accrual basis of accounting, revenues are recognized when they become both measurable and available to finance expenditures of the current period, which for the District is sixty days after the June 30 year-end. Revenues accrued at the end of the year include interest, tuition, grants and entitlements (to the extent such grants and entitlements relate to the current fiscal year), and accounts (student fees and rent). Current property taxes measurable as of June 30, 2002, but which are intended to finance fiscal 2003 operations, have been recorded as deferred revenues. Delinquent property taxes measurable and available (received within 60 days) and amounts available as an advance on future tax settlements are recognized as revenue at year-end. Taxes available for advance and recognized as revenue, but not received by the District prior to June 30, 2002, are reflected as a reservation of fund balance for future appropriations. The District is prohibited by law from appropriating this revenue in accordance with ORC Section 5705.35, since an advance of revenue was not requested or received prior to the fiscal year-end.

Nonexchange transactions, in which the District receives value without directly giving equal value in return, include property taxes, grants, entitlements, and donations. On the modified accrual basis, revenue from property taxes is recognized in the fiscal year for which the taxes are levied and the resources are available. Revenue from grants, entitlements, and donations is recognized in the fiscal year in which all eligibility requirements have been met and the resources are available. Eligibility requirements include timing requirements, which specify the year when the resources are required to be used or the fiscal year when use is first permitted, matching requirements, in which the District must provide local resources to be used for a specified purpose, and expenditure requirements, in which the resources are provided to the District on a reimbursement basis.

**LAKOTA LOCAL SCHOOL DISTRICT
SANDUSKY COUNTY, OHIO**

NOTES TO THE GENERAL PURPOSE FINANCIAL STATEMENTS
FOR THE FISCAL YEAR ENDED JUNE 30, 2002

NOTE 2 - SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES - (Continued)

The District reports deferred revenue on its combined balance sheet. Deferred revenues arise when a potential revenue does not meet both the "measurable" and "available" criteria for recognition in the current period. Deferred revenues also arise when resources are received by the District before it has a legal claim to them, as when grant monies are received prior to the incurrence of qualifying expenditures. In subsequent periods, when both revenue recognition criteria are met, or when the government has a legal claim to the resources, the liability for deferred revenue is removed from the combined balance sheet and revenue is recognized.

Expenditures (decreases in net financial resources) are recognized in the period in which the fund liability is incurred with the following exceptions: general long-term obligations principal and interest are reported only when due; and the costs of accumulated unpaid vacation and sick leave are reported as expenditures in the period in which they will be liquidated with available financial resources rather than in the period earned by employees. Allocations of cost, such as depreciation and amortization, are not recognized in governmental funds.

The accrual basis of accounting is utilized for reporting purposes by the proprietary funds and the nonexpendable trust fund. Revenues are recognized in the accounting period in which they are earned, and expenses are recognized at the time they are incurred. The fair value of donated commodities used during the year is reported on the operating statement as an expense with a like amount reported as donated commodities revenue. Unused donated commodities are reported as deferred revenue.

On the accrual basis of accounting, revenue from nonexchange transactions, such as grants, entitlements and donations, is recognized in the fiscal year in which all eligibility requirements have been met. The proprietary funds do not receive revenue from property taxes.

**LAKOTA LOCAL SCHOOL DISTRICT
SANDUSKY COUNTY, OHIO**

NOTES TO THE GENERAL PURPOSE FINANCIAL STATEMENTS
FOR THE FISCAL YEAR ENDED JUNE 30, 2002

NOTE 2 - SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES - (Continued)

D. Budgets

The budgetary process is prescribed by provisions of the Ohio Revised Code and entails the preparation of budgetary documents within an established timetable. The major documents prepared are the tax budget, the certificate of estimated resources, and the appropriation resolution, all of which are prepared on the budgetary basis of accounting. The certificate of estimated resources and the appropriation resolution are subject to amendment throughout the year with the legal restriction that appropriations cannot exceed estimated resources, as certified. The specific timetable for fiscal year 2002 is as follows:

1. Prior to January 15 of the preceding year, the Superintendent and Treasurer submit to the Board of Education a proposed operating budget for the fiscal year commencing the following July 1. The budget includes proposed expenditures and the means of financing for all funds. Public hearings are publicized and conducted to obtain taxpayers' comments. The expressed purpose of this budget document is to reflect the need for existing (or increased) tax rates.
2. By no later than January 20, the Board-adopted budget is filed with the Sandusky County Budget Commission for tax rate determination.
3. Prior to April 1, the Board of Education accepts, by formal resolution, the tax rates as determined by the Budget Commission and receives the Commission's Certificate of Estimated Resources which states the projected revenue of each fund. Prior to June 30, the District must revise its budget so that total contemplated expenditures from any fund during the ensuing year will not exceed the amount stated in the Certificate of Estimated Resources. The revised budget then serves as a basis for the appropriation measure. On or about July 1, the Certificate is amended to include any unencumbered balances from the preceding year as reported by the District Treasurer.

The Certificate may be further amended during the year if projected increases or decreases in revenue are identified by the District Treasurer. The amounts reported in the budgetary statement reflect the amounts set forth in the final Amended Certificate issued for fiscal year 2002.

**LAKOTA LOCAL SCHOOL DISTRICT
SANDUSKY COUNTY, OHIO**

NOTES TO THE GENERAL PURPOSE FINANCIAL STATEMENTS
FOR THE FISCAL YEAR ENDED JUNE 30, 2002

NOTE 2 - SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES - (Continued)

4. By July 1, the annual appropriation resolution is legally enacted by the Board of Education at the fund, first digit function and first digit object level of expenditures for the general fund and at the fund level for all other funds. Thus, the District has created two separate legal levels of budgetary control. (State statute permits a temporary appropriation to be effective until no later than October 1 of each year.) Resolution appropriations by fund must be within the estimated resources as certified by the County Budget Commission and the total of expenditures may not exceed the appropriation totals.
5. All funds, other than agency funds, are legally required to be budgeted and appropriated. Short-term interest loans are not required to be budgeted since they represent a temporary cash flow resource, and are intended to be repaid.
6. Any revisions that alter the total of any fund appropriation (all funds other than the general fund) or alter total function appropriations within a fund (general fund only), or alter object appropriations within functions (general fund only) must be approved by the Board of Education.
7. Formal budgetary integration is employed as a management control device during the year for all funds consistent with the general obligation bond indenture and other statutory provisions. All funds completed the year within the amount of their legally authorized cash basis appropriation.
8. Appropriation amounts are as originally adopted, or as amended by the Board of Education through the year by supplemental appropriations which either reallocated or increased the original appropriated amounts. All supplemental appropriations were legally enacted by the Board.
9. Unencumbered appropriations lapse at year-end. Encumbered appropriations are carried forward to the succeeding fiscal year and need not be reappropriated. Expenditures may not legally exceed budgeted appropriations at the fund, first digit function and first digit object level of expenditures for the general fund and at the fund level for all other budgeted funds.

**LAKOTA LOCAL SCHOOL DISTRICT
SANDUSKY COUNTY, OHIO**

NOTES TO THE GENERAL PURPOSE FINANCIAL STATEMENTS
FOR THE FISCAL YEAR ENDED JUNE 30, 2002

NOTE 2 - SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES - (Continued)

Encumbrance accounting is utilized with District funds in the normal course of operations, for purchase orders and contract related expenditures. An encumbrance is a reserve on the available spending authority due to commitment for a future expenditure and does not represent a liability. For governmental fund types, encumbrances outstanding at year-end appear as a reserve to the fund balance on a GAAP basis and as the equivalent of expenditures on a non-GAAP budgetary basis in order to demonstrate legal compliance. Note 15 provides a reconciliation of the budgetary and GAAP basis of accounting and Note 12 provides disclosure of the encumbrances outstanding for enterprise funds at fiscal year-end.

E. Cash and Investments

To improve cash management, cash received by the District is pooled. Monies for all funds, including proprietary funds, are maintained in this pool. Individual fund integrity is maintained through the District's records. Each fund's interest in the pool is presented as "Equity in Pooled Cash and Cash Equivalents" on the combined balance sheet.

During 2002, investments were limited to the State Treasury Asset Reserve of Ohio (STAR Ohio), and repurchase agreements.

Except for nonparticipating investment contracts, investments are reported at fair value, which is based on quoted market prices. Nonparticipating investment contracts such as repurchase agreements are reported at cost.

STAR Ohio is an investment pool managed by the State Treasurer's Office, which allows governments within the state to pool their funds for investment purposes. STAR Ohio is not registered with the SEC as an investment company, but does operate in a manner consistent with Rule 2a7 of the Investment Company Act of 1940. Investments in STAR Ohio are valued at STAR Ohio's share price, which is the price the investment could be sold for on June 30, 2002.

The District assigns all investment earnings to the general fund, except those specifically related to the auxiliary services fund, endowment fund, and the food service fund. Interest revenue credited to the general fund during fiscal 2002 totaled \$64,073 which included \$8,092 assigned from other funds to the District.

**LAKOTA LOCAL SCHOOL DISTRICT
SANDUSKY COUNTY, OHIO**

NOTES TO THE GENERAL PURPOSE FINANCIAL STATEMENTS
FOR THE FISCAL YEAR ENDED JUNE 30, 2002

NOTE 2 - SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES - (Continued)

For purposes of the combined statement of cash flows and for presentation on the combined balance sheet, investments of the cash management pool and investments with original maturities of three months or less at the time they are purchased by the District are considered to be cash equivalents. Investments with an initial maturity of more than three months are reported as investments.

An analysis of the Treasurer's investment account at year-end is provided in Note 4.

F. Inventory

Inventories of proprietary funds are stated at the lower of cost or market and cost is determined on a first-in, first-out basis. Inventories consist of donated food, purchased food, and school supplies held for resale and are expensed when used.

G. Prepays

Prepayments for governmental funds represent cash disbursements which have occurred and are therefore not current expendable resources. These items are reported as fund assets on the balance sheet using the allocation method, which amortizes their cost over the periods benefitting from the advance payment. At fiscal year-end, because prepayments are not available to finance future governmental fund expenditures, the fund balance is reserved by an amount equal to the carrying value of the asset.

H. Fixed Assets and Depreciation

1. General Fixed Assets Account Group

General fixed assets are capitalized at cost (or estimated historical cost) and updated for the cost of additions and retirements during the year in the general fixed assets account group. Donated fixed assets are recorded at their fair market values as of the date donated. The District follows the policy of not capitalizing assets with a cost of less than \$500 and a useful life of less than five years. The costs of normal maintenance and repairs that do not add to the value of the asset or materially extend an asset's life are not capitalized, nor is interest on debt issued to construct or acquire general fixed assets. No depreciation is recognized for assets in the general fixed assets account group. The District has not included infrastructure in the general fixed asset account group.

**LAKOTA LOCAL SCHOOL DISTRICT
SANDUSKY COUNTY, OHIO**

NOTES TO THE GENERAL PURPOSE FINANCIAL STATEMENTS
FOR THE FISCAL YEAR ENDED JUNE 30, 2002

NOTE 2 - SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES - (Continued)

2. Proprietary Funds and Nonexpendable Trust Funds

Equipment reflected in these funds are stated at historical cost or estimated historical cost and updated for the cost of additions and retirements during the year. Donated fixed assets are recorded at their fair market values as of the date donated. Improvements are capitalized and depreciated over the remaining useful lives of the related fixed assets.

Depreciation has been provided, where appropriate, on a straight-line basis over the following estimated useful lives:

<u>Asset</u>	<u>Life (years)</u>
Furniture and equipment	5 - 20

I. Interfund Transactions

During the course of normal operations, the District has numerous transactions between funds. The most significant include:

1. Transfers of resources from one fund to another fund. The resources transferred are to be expended for operations by the receiving fund and are recorded as operating transfers, with the exception of agency funds, which do not report transfers of resources as operating transfers.
2. Reimbursements from one fund to another are treated as expenditures/expenses in the reimbursing fund and a reduction in expenditures/expenses in the reimbursed fund.
3. Short-term interfund loans made pursuant to Board of Education Resolution are reflected as “interfund loans receivable or payable”. Such interfund loans are repaid in the following fiscal year.
4. Quasi-external transactions are similar to the purchase of goods or services from a vendor; i.e., the fund which provides a service records revenue, and the fund which receives that service records an expenditure/expense.
5. Residual equity transfers are non-recurring or non-routine permanent transfers of equity, generally made when a fund is closed.

**LAKOTA LOCAL SCHOOL DISTRICT
SANDUSKY COUNTY, OHIO**

NOTES TO THE GENERAL PURPOSE FINANCIAL STATEMENTS
FOR THE FISCAL YEAR ENDED JUNE 30, 2002

NOTE 2 - SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES - (Continued)

6. Long-term interfund loans that will not be repaid within the next year are termed "advances" and are shown as reservations of fund balances on the combined balance sheet for those funds that report advances to other funds as assets because they are not spendable, available resources.

An analysis of the District's interfund transactions for fiscal year 2002 is presented in Note 5.

J. Compensated Absences

Compensated absences of the District consist of vacation leave and sick leave to the extent that payment to the employee for these absences are attributable to services already rendered and are not contingent on a specific event that is outside the control of the District and the employee.

In accordance with the provisions of GASB Statement No. 16, "Accounting for Compensated Absences", a liability for vacation leave is accrued if a) the employees' rights to payment are attributable to services already rendered; and b) it is probable that the employer will compensate the employees for the benefits through paid time off or other means, such as cash payment at termination or retirement. A liability for severance is accrued using the vesting method; i.e., the liability is based on the sick leave accumulated at the balance sheet date by those employees who are currently eligible to receive termination (severance) payments, as well as those employees expected to become eligible in the future. For purposes of establishing a liability for severance on employees expected to become eligible to retire in the future, all employees with ten (10) or more years of service at the District were considered expected to become eligible to retire in accordance with GASB Statement No. 16.

The total liability for vacation and sick leave payments has been calculated using pay rates in effect at the balance sheet date, and reduced to the maximum payment allowed by labor contract and/or statute, plus any applicable additional salary related payments. For governmental funds, the District records a liability for accumulated unused vacation time when earned for all employees with more than one year of service.

**LAKOTA LOCAL SCHOOL DISTRICT
SANDUSKY COUNTY, OHIO**

NOTES TO THE GENERAL PURPOSE FINANCIAL STATEMENTS
FOR THE FISCAL YEAR ENDED JUNE 30, 2002

NOTE 2 - SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES - (Continued)

The criteria for determining vacation and sick leave components 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 and administrators upon termination of employment. Teachers do not earn vacation time.

Teachers, administrators, and classified employees earn sick leave at the rate of one and one-fourth days per month. Sick leave may be accumulated up to a maximum of 225 days for all personnel. Upon retirement, payment is made to a maximum of 61 days for classified and certified employees.

Accumulated vacation and severance of governmental fund type employees meeting the above requirements have been recorded in the appropriate governmental fund as a current liability to the extent that the amounts are expected to be payable within the current available period. The balance of the liability is recorded in the general long-term obligations account group. Vacation and sick leave for employees meeting the above requirements who are paid from proprietary funds is recorded as an expense when earned.

K. Long-Term Obligations

In general, governmental fund payables and accrued liabilities are reported as obligations of the funds regardless of whether they will be liquidated with current resources. However, compensated absences and contractually required pension contributions that will be paid from governmental funds are reported as a liability in the general long-term obligations account group to the extent that they will not be paid with current available expendable financial resources. Payments made more than two months after year-end are considered not to have used current available financial resources. Bonds, capital leases, and long-term notes and loans are reported as a liability of the general long-term obligations account group until due.

Long-term debt and other obligations financed by proprietary funds are reported as liabilities in the appropriate proprietary funds.

**LAKOTA LOCAL SCHOOL DISTRICT
SANDUSKY COUNTY, OHIO**

NOTES TO THE GENERAL PURPOSE FINANCIAL STATEMENTS
FOR THE FISCAL YEAR ENDED JUNE 30, 2002

NOTE 2 - SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES - (Continued)

L. Fund Equity

The District records reservations for portions of fund equity which are legally segregated for specific future use or which do not represent available expendable resources and therefore are not available for appropriation or expenditure. Unreserved fund balance indicates that portion of fund equity which is available for appropriation in future periods. Fund equity reserves are established for encumbrances, property taxes unavailable for appropriation, prepayments, BWC refunds, school bus purchases and instructional materials. The reserve for property taxes represents taxes recognized as revenue under GAAP but not available for appropriations under Ohio statute.

M. Restricted Assets

Restricted assets in the general fund represent cash and cash equivalents set-aside to establish a budget stabilization and other reserves. These reserves are required by state statute. In addition, the District has restricted monies legally restricted for school bus purchases. Reservations of fund balance have also been recorded. See statutory reserves in Note 17.

N. Parochial Schools

Within the District boundaries, St. Mary's Elementary School is operated by the Toledo Catholic Diocese. Current state legislation provides funding to this parochial school. These monies are received and disbursed on behalf of the parochial school by the Treasurer of the District, as directed by the parochial school. The receipt and expenditure of these state monies by the District are reflected as special revenue funds for financial reporting purposes.

O. Estimates

The preparation of the GPFS in conformity with GAAP requires management to make estimates and assumptions that affect the amounts reported in the financial statements and accompanying notes. Actual results may differ from those estimates.

**LAKOTA LOCAL SCHOOL DISTRICT
SANDUSKY COUNTY, OHIO**

NOTES TO THE GENERAL PURPOSE FINANCIAL STATEMENTS
FOR THE FISCAL YEAR ENDED JUNE 30, 2002

NOTE 2 - SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES - (Continued)

P. Total Columns on General Purpose Financial Statements

Total columns on the GPFS are captioned "Total (Memorandum Only)" to indicate that they are presented only to facilitate financial analysis. Data in these columns do not present financial position, results of operations, or cash flows in conformity with GAAP. Neither is such data comparable to a consolidation. Interfund eliminations have not been made in the aggregation of this data.

NOTE 3 - ACCOUNTABILITY AND COMPLIANCE

A. Deficit Fund Balances

The following funds had deficit fund balances/accumulated deficit at June 30, 2002:

	<u>Deficit Balance</u>
<u>Special Revenue Fund</u>	
Auxiliary Services	\$1,577
<u>Internal Service Fund</u>	
Dental Insurance	911

This GAAP-basis deficit will be funded by anticipated future intergovernmental revenues or other subsidies not recognized and recorded at June 30. The general fund provides transfers for deficit balances; however, transfers are made when cash is needed rather than when accruals occur. These deficits are a result of accruing liabilities in accordance with GAAP.

These funds complied with Ohio state law, which does not permit a cash basis deficit at year-end.

B. Agency Funds

The following is an accrual for the agency funds, which, in another fund type, would be recognized on the combined balance sheet:

<u>LIABILITIES</u>	
Accounts payable	\$1,054

**LAKOTA LOCAL SCHOOL DISTRICT
SANDUSKY COUNTY, OHIO**

NOTES TO THE GENERAL PURPOSE FINANCIAL STATEMENTS
FOR THE FISCAL YEAR ENDED JUNE 30, 2002

NOTE 3 - ACCOUNTABILITY AND COMPLIANCE - (Continued)

C. Fund Reclassification

A fund reclassification is required to properly reflect the intended purpose of scholarship funds. Certain scholarship funds, previously reported in the nonexpendable trust fund, are now reported in the expendable trust fund to properly account for donations. The effect of this fund reclassification on fund balance as previously reported at June 30, 2001 is as follows:

	<u>Expendable Trust</u>	<u>Nonexpendable Trust</u>
Fund balance as previously reported June 30, 2001	\$ 7,006	\$12,714
Fund reclassification	<u>5,725</u>	<u>(5,725)</u>
Restated fund balance as of July 1, 2001	<u>\$12,731</u>	<u>\$ 6,989</u>

NOTE 4 - EQUITY IN POOLED CASH AND INVESTMENTS

State statutes classify monies held by the District into three categories.

Active deposits are public deposits necessary to meet current demands on the treasury. Such monies must be maintained either as cash in the 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 two 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 accounts, including passbook accounts.

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SANDUSKY COUNTY, OHIO**

NOTES TO THE GENERAL PURPOSE FINANCIAL STATEMENTS
FOR THE FISCAL YEAR ENDED JUNE 30, 2002

NOTE 4 - EQUITY IN POOLED CASH AND INVESTMENTS - (Continued)

Protection of the District's deposits is provided by the Federal Deposit Insurance Corporation, by eligible securities pledged by the financial institution as security for repayment, by surety company bonds deposited with the Treasurer by the financial institution or by a single collateral pool established by the financial institution to secure the repayment of all public moneys deposited with the institution.

Interim monies may be deposited or invested in the following securities:

1. United States Treasury Notes, Bills, Bonds, or any other obligation or security issued by the United States Treasury or any other obligation guaranteed as to principal and interest by the United States;
2. Bonds, notes, debentures, or any other obligations or securities issued by any federal government agency or instrumentality, including but not limited to, the Federal National Mortgage Association, Federal Home Loan Bank, Federal Farm Credit Bank, Federal Home Loan Mortgage Corporation, Government National Mortgage Association, and Student Loan Marketing Association. All federal agency securities shall be direct issuances of federal government agencies or instrumentalities;
3. Written repurchase agreements in the securities listed above provided that the market value of the securities subject to the repurchase agreement must exceed the principal value of the agreement by at least two percent and be marked to market daily, and that the term of the agreement must not exceed thirty days;
4. Bonds and other obligations of the State of Ohio;
5. No-load money market mutual funds consisting exclusively of obligations described in division (1) or (2) and repurchase agreements secured by such obligations, provided that investments in securities described in this division are made only through eligible institutions;
6. The State Treasurer's investment pool (STAR Ohio);
7. Certain bankers' acceptances and commercial paper notes for a period not to exceed one hundred and eighty days from the date of purchase in an amount not to exceed twenty-five percent of the interim moneys available for investment at any one time; and,

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NOTES TO THE GENERAL PURPOSE FINANCIAL STATEMENTS
FOR THE FISCAL YEAR ENDED JUNE 30, 2002

NOTE 4 - EQUITY IN POOLED CASH AND INVESTMENTS - (Continued)

8. Under limited circumstances, corporate debt instruments rated in either of the two highest rating classifications by at least two nationally recognized rating agencies.

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 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. Payment for investments may be made only upon delivery of the securities representing the investments to the Treasurer or qualified trustee or, if the securities are not represented by a certificate, upon receipt of confirmation of transfer from the custodian.

Cash on Hand: At year-end, the District had \$2,000 in undeposited cash on hand which is included on the combined balance sheet as part of "Equity in Pooled Cash and Cash Equivalents", but is not included in the total amount of deposits reported below.

The following information classifies deposits and investments by categories of risk as defined in GASB Statement No. 3, "Deposits With Financial Institutions, Investments (including Repurchase Agreements), and Reverse Repurchase Agreements".

Deposits: At year-end the carrying amount of the District's deposits was \$(210,161) and the bank balance was \$20,406. A liability was not recorded for the negative carrying amount of deposits because there was no actual overdraft, due to the "zero-balance" nature of the District's bank accounts. The negative carrying amount of deposits is due to the sweeping of monies into overnight repurchase agreements, which are reported as "investments". The entire bank balance was covered by federal depository insurance.

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NOTES TO THE GENERAL PURPOSE FINANCIAL STATEMENTS
FOR THE FISCAL YEAR ENDED JUNE 30, 2002

NOTE 4 - EQUITY IN POOLED CASH AND INVESTMENTS - (Continued)

Investments: GASB Statement No. 3 entitled “Deposits with Financial Institutions, Investments (including Repurchase Agreements), and Reverse Repurchase Agreements”, requires the District’s investments to be categorized to give an indication of the level of risk assumed by the District at year-end. Category 1 includes investments that are insured or registered or for which the securities are held by the District or its agent in the District’s name. Category 2 includes uninsured and unregistered investments for which the securities are held by the counterparty’s trust department or agent in the District’s name. Category 3 includes uninsured and unregistered investments for which the securities are held by the counterparty, or by its trust department or agent but not in the District’s name. STAR Ohio is an unclassified investment since it is not evidenced by securities that exist in physical or book entry form.

	Category of Risk 3	Fair Value
Repurchase agreement	\$807,442	\$ 807,442
Not subject to categorization:		
Investment in STAR Ohio		
Treasurer’s investment pool	-	2,118,316
Total investments	\$807,442	\$2,925,758

The classification of cash, cash equivalents, and investments on the combined balance sheet is based on criteria set forth in GASB Statement No. 9 entitled “Reporting Cash Flows of Proprietary and Non-Expendable Trust Funds and Governmental Entities That Use Proprietary Fund Accounting”.

A reconciliation between the classifications of cash, cash equivalents, and investments on the combined balance sheet per GASB Statement No. 9 and the classifications of deposits and investments presented above per GASB Statement No. 3 is as follows:

	Equity in Pooled Cash and Cash Equivalents	Investments
GASB Statement No. 9	\$ 2,717,597	\$ -
Investments of the cash management pool:		
Repurchase agreement	(807,442)	807,442
Investment in STAR Ohio	(2,118,316)	2,118,316
Cash on hand	(2,000)	-
GASB Statement No. 3	\$ (210,161)	\$2,925,758

**LAKOTA LOCAL SCHOOL DISTRICT
SANDUSKY COUNTY, OHIO**

NOTES TO THE GENERAL PURPOSE FINANCIAL STATEMENTS
FOR THE FISCAL YEAR ENDED JUNE 30, 2002

NOTE 5 - INTERFUND TRANSACTIONS

- A. Interfund balances at June 30, 2002 consist of the following individual interfund loans receivable and payable:

	<u>Interfund Receivable</u>	<u>Interfund Payable</u>
General Fund	\$3,450	\$ -
<u>Special Revenue Funds</u>		
Auxiliary Services	-	1,650
Title I	<u>-</u>	<u>1,800</u>
Total	<u>\$3,450</u>	<u>\$3,450</u>

- B. Interfund balances at June 30, 2002, which result from quasi-external transactions, consist of the following individual fund receivables and payables:

	<u>Due from Other Funds</u>	<u>Due to Other Funds</u>
General Fund	\$ -	\$7,874
<u>Enterprise Fund</u>		
Food Service	-	516
<u>Internal Service Fund</u>		
Dental Self-Insurance	<u>8,390</u>	<u>-</u>
Total	<u>\$8,390</u>	<u>\$8,390</u>

- C. The District's Marjorie K. Phillips English Scholarship nonexpendable trust fund was reclassified during fiscal year 2002 to an expendable trust fund due to change in donor intent. The balance in the fund was transferred to an expendable trust fund as a residual equity transfer. The following is a reconciliation of the District's residual equity transfer for fiscal year 2002:

	<u>Residual Equity Transfers In</u>	<u>Residual Equity Transfers Out</u>
Expendable Trust Fund	\$6,989	\$ -
Nonexpendable Trust Fund	<u>-</u>	<u>6,989</u>
Total	<u>\$6,989</u>	<u>\$6,989</u>

**LAKOTA LOCAL SCHOOL DISTRICT
SANDUSKY COUNTY, OHIO**

NOTES TO THE GENERAL PURPOSE FINANCIAL STATEMENTS
FOR THE FISCAL YEAR ENDED JUNE 30, 2002

NOTE 6 - PROPERTY TAXES

Property taxes are levied and assessed on a calendar year basis. Distributions from the second half of the calendar year occur in a new fiscal year and are intended to finance the operations of that year. Property taxes include amounts levied against all real, public utility and tangible (used in business) property located in the District.

Real property taxes and public utility taxes are levied after April 1 on the assessed value listed as of the prior January 1, the lien date. Assessed values are established by state law at 35% of appraised market value.

Public utility property taxes are assessed on tangible personal property, as well as land and improvements. Real property is assessed at 35% of market value and personal property is assessed at varying rates of true value.

Tangible personal property taxes attach as a lien and are levied on January 1 of the current year. Tangible personal property assessments are 25% of true value. The first \$10,000 of assessed value is exempt from taxation. The District receives a state subsidy in lieu of tax revenue which would otherwise have been collected.

The assessed value upon which the 2001 taxes were collected was \$109,997,164. Agricultural/residential and public utility/minerals real estate represented 74.80% or \$82,274,690 of this total; commercial & industrial real estate represented 9.40% or \$10,344,760 of this total, public utility tangible represented 7.41% or \$8,151,380 of this total and general tangible property represented 8.39% or \$9,226,334 of this total. The voted general tax rate at the fiscal year ended June 30, 2002 was \$46.40 per \$1,000.00 of assessed valuation for operations.

Real property taxes are payable annually or semi-annually. If paid annually, payment is due January 20; if paid semi-annually, the first payment is due January 20 with the remainder payable by June 20.

Tangible personal property taxes paid by multi-county taxpayers are due September 20. Single county taxpayers may pay annually or semi-annually. If paid annually, payment is due April 30; if paid semi-annually, the first payment is due April 30, with the remainder payable by September 20.

**LAKOTA LOCAL SCHOOL DISTRICT
SANDUSKY COUNTY, OHIO**

NOTES TO THE GENERAL PURPOSE FINANCIAL STATEMENTS
FOR THE FISCAL YEAR ENDED JUNE 30, 2002

NOTE 6 - PROPERTY TAXES - (Continued)

The District receives property taxes from Sandusky, Wood, and Seneca Counties. The County Auditor periodically advances to the District its portion of the taxes collected. Second-half real property tax payments collected by the County as of June 30, 2002 are available to finance fiscal year 2002 operations. The amount available to be advanced can vary based on the date the tax bills are sent.

Accrued property taxes receivable represent delinquent taxes outstanding and real property, personal property, and public utility taxes which became measurable as of June 30, 2002. Although total property tax collections for the next fiscal year are measurable, they are not (exclusive of advances) intended to finance current year operations. The net receivable (total receivable less amount available intended to finance the current year) is therefore offset by a credit to deferred revenue.

Taxes available for advance and recognized as revenue but not received by the District prior to June 30, 2002, are reflected as a reservation of fund balance for future appropriations. The District is prohibited by law from appropriating this revenue in accordance with ORC Section 5705.35, since an advance of revenue was not requested or received prior to the fiscal year-end. Available tax advances at June 30, 2002 totaled \$428,646 in the general fund.

NOTE 7 - RECEIVABLES

Receivables at June 30, 2002 consisted of taxes, amounts due from other funds for services rendered, and intergovernmental grants (to the extent eligibility requirements have been met by year-end). Intergovernmental grants receivable have been presented as "Due From Other Governments" on the combined balance sheet. Taxes and intergovernmental receivables are considered collectible in full due to the ability to foreclose for the nonpayment of taxes and the stable condition of state programs.

**LAKOTA LOCAL SCHOOL DISTRICT
SANDUSKY COUNTY, OHIO**

NOTES TO THE GENERAL PURPOSE FINANCIAL STATEMENTS
FOR THE FISCAL YEAR ENDED JUNE 30, 2002

NOTE 7 - RECEIVABLES - (Continued)

A summary of the principal items of receivables follows:

	<u>Amounts</u>
<u>General Fund</u>	
Taxes - current and delinquent	\$3,049,304
<u>Special Revenue Funds</u>	
Due from other governments	133,939
<u>Enterprise Fund</u>	
Due from other governments	14,269
<u>Internal Service Fund</u>	
Due from other funds	8,390

NOTE 8 - FIXED ASSETS

A. A summary of the changes in general fixed assets account group during fiscal year 2002 follows:

	<u>Balance at</u> <u>07/01/01</u>	<u>Additions</u>	<u>Deletions</u>	<u>Balance at</u> <u>06/30/02</u>
Land and improvements	\$ 377,741	\$ -	\$ -	\$ 377,741
Buildings and improvements	3,060,105	20,226	-	3,080,331
Furniture, fixtures and equipment	1,746,170	165,742	-	1,911,912
Books	665,423	-	-	665,423
Vehicles	<u>1,410,222</u>	<u>163,661</u>	<u>(91,706)</u>	<u>1,482,177</u>
Total general fixed assets	<u>\$7,259,661</u>	<u>\$349,629</u>	<u>\$(91,706)</u>	<u>\$7,517,584</u>

B. A summary of the enterprise fund fixed assets at June 30, 2002, follows:

Furniture and equipment	\$ 157,569
Less accumulated depreciation	<u>(132,289)</u>
Net fixed assets	<u>\$ 25,280</u>

**LAKOTA LOCAL SCHOOL DISTRICT
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NOTES TO THE GENERAL PURPOSE FINANCIAL STATEMENTS
FOR THE FISCAL YEAR ENDED JUNE 30, 2002

NOTE 9 - CAPITALIZED LEASES - LESSEE DISCLOSURE

In prior years, the District has entered into capitalized leases for the acquisition of copiers. The terms of each agreement provide options to purchase the equipment. Each lease meets the criteria of a capital lease as defined by FASB Statement No. 13, "Accounting for Leases", which defines a capital lease generally as one which transfers benefits and risks of ownership to the lessee at the conclusion of the lease term.

Capital lease payments have been reclassified and are reflected as debt service expenditures in the Combined Financial Statement of Revenues, Expenditures and Changes in Fund Balances-All Governmental Fund Types and Expendable Trust fund. These expenditures are reflected as program/function expenditures on a budgetary basis. General fixed assets acquired by lease have been capitalized in the general fixed asset account group in the amount of \$42,379, which is equal to the present value of the future minimum lease payments as of the date of their inception. A corresponding liability was recorded in the general long-term obligations account group. Principal payments in the 2002 fiscal year totaled \$9,786. This amount is reflected as debt service principal retirement in the general fund.

The following is a schedule of the future minimum lease payments required under the capital leases and the present value of the future minimum lease payments as of June 30, 2002.

<u>General Long-Term Obligations</u>	
<u>Year Ending</u> <u>June 30</u>	<u>Copiers</u>
2003	<u>\$2,619</u>
Total future minimum lease payments	\$2,619
Less: amount representing interest	<u>(37)</u>
Present value of future minimum lease payments	<u><u>\$2,582</u></u>

The District acquired new leased copiers in fiscal year 2003. See Note 18.B. for details.

**LAKOTA LOCAL SCHOOL DISTRICT
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NOTES TO THE GENERAL PURPOSE FINANCIAL STATEMENTS
FOR THE FISCAL YEAR ENDED JUNE 30, 2002

NOTE 10 - LONG-TERM OBLIGATIONS

- A. During the year ended June 30, 2002, the following changes occurred in liabilities reported in the general long-term obligations account group. Compensated absences and the pension obligation payable will be paid from the fund from which the employees' salaries are paid. Compensated absences are reported net of actual increases and decreases due to the impracticality of determining these values.

	Balance <u>07/01/01</u>	<u>Increases</u>	<u>Decreases</u>	Balance <u>06/30/02</u>
Capital lease obligation	\$ 12,368	\$ -	\$ (9,786)	\$ 2,582
Pension obligation payable	83,931	72,796	(83,931)	72,796
Compensated absences	<u>584,981</u>	-	<u>(57,665)</u>	<u>527,316</u>
Total general long-term obligations	<u>\$681,280</u>	<u>\$72,796</u>	<u>\$(151,382)</u>	<u>\$602,694</u>

- B. The Ohio Revised Code provides that voted net general obligation debt of the District shall never exceed 9% of the total assessed valuation of the District. The code further provides that unvoted indebtedness shall not exceed 1/10 of 1% of the property valuation of the District. The code further provides that unvoted indebtedness for energy conservation measures shall not exceed 9/10 of 1% of the property valuation of the District.

The effects of these debt limitations at June 30, 2002 are a voted debt margin of \$9,899,745 an unvoted debt margin of \$109,997.

**LAKOTA LOCAL SCHOOL DISTRICT
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NOTES TO THE GENERAL PURPOSE FINANCIAL STATEMENTS
FOR THE FISCAL YEAR ENDED JUNE 30, 2002

NOTE 11 - RISK MANAGEMENT

A. Comprehensive Insurance

The District is exposed to various risks of loss related to torts; theft or damage to, and destruction of assets; errors and omissions; injuries to employees; and natural disasters. During fiscal year 2002, the District contracted with Nationwide Insurance for fleet insurance and liability insurance, and with Utica National Insurance Group for property, inland marine and crime coverage. Coverages provided by these companies are as follows:

Building and contents - replacement cost (\$500 deductible)	\$20,828,765
Inland marine coverage (\$250 deductible)	888,229
Crime insurance	10,000
Automobile liability (\$250 deductible)	1,000,000
Uninsured motorists (\$250 deductible)	1,000,000
General liability	
Per occurrence	2,000,000
Total per year	5,000,000

There has been no significant reduction in the amounts of insurance coverage from fiscal 2001.

Settled claims have not exceeded this commercial coverage in any of the past three years.

B. Workers' Compensation

For fiscal year 2002, the District participated in the Ohio School Boards Association Workers' Compensation Group Rating Plan (GRP), an insurance purchasing pool (Note 2.A.). The intent of the GRP is to achieve the benefit of a reduced premium for the District by virtue of its grouping and representation with other participants in the GRP. The workers' compensation experience of the participating school districts is calculated as one experience and a common premium rate is applied to all school districts in the GRP. Each participant pays its workers' compensation premium to the state based on the rate for the GRP rather than its individual rate. Total savings are then calculated and each participant's individual performance is compared to the overall savings percentage of the GRP.

**LAKOTA LOCAL SCHOOL DISTRICT
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NOTES TO THE GENERAL PURPOSE FINANCIAL STATEMENTS
FOR THE FISCAL YEAR ENDED JUNE 30, 2002

NOTE 11 - RISK MANAGEMENT - (Continued)

C. Self-Insurance

Dental insurance is offered to employees through a self-insured program. All funds of the District participate in the program and make payments to the dental self-insurance Internal Service fund based on actuarial estimates of the amounts needed to pay prior- and current-year claims. The monthly premiums for dental are \$19.43 for single coverage and \$44.42 for family coverage. The dental self-insurance fund provides coverage of up to a maximum of \$1,500 per individual per year. The District utilizes a third party administrator, Ohio Benefits Group, to review all claims, which are then paid by the District. There is no stop-loss coverage. Settled claims have not exceeded self-insured coverage since the inception of this program.

The claims liability of \$20,197 reported in the internal service fund at June 30, 2002 is based on an estimate provided by the third party administrator and the requirements of GASB Statement No. 10, "Accounting and Financial Reporting for Risk Financing and Related Insurance Issues", as amended by GASB Statement No. 30, "Risk Financing Omnibus", which requires that a liability for unpaid claim costs, including estimates of costs relating to incurred but not reported claims, be accrued at the estimated ultimate cost of settling the claims. Changes in claims activity during fiscal 2002 and the two previous fiscal years are as follows:

	<u>Balance at Beginning of Year</u>	<u>Current Year Claims</u>	<u>Claim Payments</u>	<u>Balance at End of Year</u>
2002	\$5,798	\$78,044	\$(63,645)	\$20,197
2001	3,105	67,395	(64,702)	5,798
2000	9,861	61,568	(68,324)	3,105

NOTE 12 - SEGMENT INFORMATION FOR ENTERPRISE FUNDS

The District maintains one enterprise fund, which provides lunchroom/cafeteria services; therefore, segment information for the fiscal year ended June 30, 2002, is not presented. The enterprise fund had \$7,650 of encumbrances outstanding at June 30, 2002.

**LAKOTA LOCAL SCHOOL DISTRICT
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NOTES TO THE GENERAL PURPOSE FINANCIAL STATEMENTS
FOR THE FISCAL YEAR ENDED JUNE 30, 2002

NOTE 13 - DEFINED BENEFIT PENSION PLANS

A. School Employees Retirement System

The District contributes to the School Employees Retirement System of Ohio (SERS), a cost-sharing, multiple-employer defined benefit pension plan administered by the School Employees Retirement Board. SERS provides retirement and disability benefits, annual cost-of-living adjustments, and death benefits to plan members and beneficiaries. Authority to establish and amend benefits is provided by Chapter 3309 of the Ohio Revised Code. SERS issues a publicly available, stand-alone financial report that includes financial statements and required supplementary information. The report may be obtained by writing to the School Employees Retirement System, 300 East Broad Street, Columbus, Ohio 43215, or by calling (614) 222-5853.

Plan members are required to contribute 9 percent of their annual covered salary and the District is required to contribute at an actuarially determined rate, which was 14 percent for 2002; 5.46 percent was the portion to fund pension obligations. The contribution rates of plan members and employers are established and may be amended by the School Employees Retirement Board, up to maximum amounts allowed by state statute. The adequacy of the contribution rates is determined annually. The District's required contributions for pension obligations to SERS for the fiscal years ended June 30, 2002, 2001, and 2000 were \$195,345, \$215,428, and \$195,438, respectively; 52.64 percent has been contributed for fiscal year 2002 and 100 percent for the fiscal years 2001 and 2000. \$92,508, which represents the unpaid contribution for fiscal year 2002, is recorded as a liability within the respective funds and the general long-term obligations account group.

B. State Teachers Retirement System

The District contributes to the State Teachers Retirement System of Ohio (STRS), a cost-sharing multiple employer public employee retirement system administered by the State Teachers Retirement Board. STRS provides basic retirement benefits, disability, survivor, and health care benefits based on eligible service credit to members and beneficiaries. Benefits are established by Chapter 3307 of the Ohio Revised Code. STRS issues a publicly available financial report that includes financial statements and required supplementary information for STRS. The report may be obtained by writing to the State Teachers Retirement System, 275 East Broad Street, Columbus, Ohio 43215-3771.

**LAKOTA LOCAL SCHOOL DISTRICT
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NOTES TO THE GENERAL PURPOSE FINANCIAL STATEMENTS
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NOTE 13 - DEFINED BENEFIT PENSION PLANS - (Continued)

Plan members are required to contribute 9.3 percent of their annual covered salary and the District is required to contribute 14 percent; 9.5 percent was the portion used to fund pension obligations. Contribution rates are established by the State Teachers Retirement Board, upon recommendation of its consulting actuary, not to exceed statutory maximum rates of 10 percent for members and 14 percent for employers. The District's required contributions for pension obligations to STRS for the fiscal years ended June 30, 2002, 2001, and 2000 were \$475,917, \$657,917, and \$694,129, respectively; 78.67 percent has been contributed for fiscal year 2002 and 100 percent for the fiscal years 2001 and 2000. \$101,516, which represents the unpaid contribution for fiscal year 2002, is recorded as a liability within the respective funds.

C. Social Security System

Effective July 1, 1991, all employees not otherwise covered by SERS or STRS have an option to choose Social Security or SERS/STRS. As of June 30, 2002, no members of the Board of Education have elected Social Security.

NOTE 14 - POSTEMPLOYMENT BENEFITS

The District provides comprehensive health care benefits to retired teachers and their dependents through STRS, and to retired non-certified employees and their dependents through SERS. Benefits include hospitalization, physicians' fees, prescription drugs, and partial reimbursement of monthly Medicare Part B premiums. Benefit provisions and the obligations to contribute are established by STRS and SERS based on authority granted by state statute. Both STRS and SERS are funded on a pay-as-you-go basis.

The State Teachers Retirement Board has statutory authority over how much, if any, of the health care costs will be absorbed by STRS. Most benefit recipients pay a portion of the health care cost in the form of a monthly premium. By Ohio law, the cost of coverage paid from STRS funds shall be included in the employer contribution rate, currently 14 percent of covered payroll. For this fiscal year, the State Teachers Retirement Board allocated employer contributions equal to 4.5 percent of covered payroll to the Health Care Reserve fund. For the District, this amount equaled \$152,973 during fiscal 2002.

**LAKOTA LOCAL SCHOOL DISTRICT
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**NOTES TO THE GENERAL PURPOSE FINANCIAL STATEMENTS
FOR THE FISCAL YEAR ENDED JUNE 30, 2002**

NOTE 14 - POSTEMPLOYMENT BENEFITS - (Continued)

STRS pays health care benefits from the Health Care Reserve fund. The balance in the Health Care Reserve fund was \$3.256 billion at June 30, 2001 (the latest information available). For the fiscal year ended June 30, 2001 (the latest information available), net health care costs paid by STRS were \$300.772 million and STRS had 102,132 eligible benefit recipients.

For SERS, coverage is made available to service retirees with 10 or more years of qualifying service credit, and disability and survivor benefit recipients. Members retiring on or after August 1, 1989, with less than 25 years of service credit must pay a portion of their premium for health care. The portion is based on years of service up to a maximum of 75 percent of the premium.

For this fiscal year, employer contributions to fund health care benefits were 8.54 percent of covered payroll. In addition, SERS levies a surcharge to fund health care benefits equal to 14 percent of the difference between a minimum pay and the member's pay, pro-rated for partial service credit. For fiscal year 2002, the minimum pay has been established at \$12,400. The surcharge, added to the unallocated portion of the 14 percent employer contribution rate, provides for maintenance of the asset target level for the health care fund.

The target level for the health care reserve is 150 percent of annual health care expenses. Expenses for health care at June 30, 2001 (the latest information available), were \$161.440 million and the target level was \$242.2 million. At June 30, 2001 (the latest information available), SERS had net assets available for payment of health care benefits of \$315.7 million and SERS had approximately 50,000 participants receiving health care benefits. For the District, the amount to fund health care benefits, including surcharge, equaled \$149,277 during the 2002 fiscal year.

NOTE 15 - BUDGETARY BASIS OF ACCOUNTING

While the District is reporting financial position, results of operations, and changes in fund balances/retained earnings on the basis of generally accepted accounting principles (GAAP), the budgetary basis as provided by law is based upon accounting for certain transactions on a basis of cash receipts, disbursements, and encumbrances. The Combined Statement of Revenues, Expenditures and Changes in Fund Balances - Budget and Actual Comparison (Non-GAAP Budgetary Basis) - All Governmental Fund Types is presented on the budgetary basis to provide a meaningful comparison of actual results with the budget. The major differences between the budget basis and GAAP basis are that:

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NOTES TO THE GENERAL PURPOSE FINANCIAL STATEMENTS
FOR THE FISCAL YEAR ENDED JUNE 30, 2002

NOTE 15 - BUDGETARY BASIS OF ACCOUNTING - (Continued)

- (a) Revenues are recorded when received in cash (budget basis) as opposed to when susceptible to accrual (GAAP basis).
- (b) Expenditures/expenses are recorded when paid in cash (budget basis) as opposed to when the liability is incurred (GAAP basis).
- (c) Encumbrances are treated as expenditures/expenses for all funds (budget basis) rather than as a reservation of fund balance for governmental fund types.

The adjustments necessary to convert the results of operations for the year on the budget basis to the GAAP basis for the governmental funds are as follows:

**Excess (Deficiency) of Revenues and Other Financing
Sources Over/(Under) Expenditures and Other
Financing Uses**

	<u>Governmental Fund Types</u>		
	<u>General</u>	<u>Special Revenue</u>	<u>Capital Projects</u>
Budget basis	\$(112,410)	\$ (1,469)	\$(126,462)
Net adjustment for revenue accruals	(155,545)	52,327	-
Net adjustment for expenditure accruals	(94,322)	(16,431)	17,538
Net adjustment for other financing sources/(uses)	3,415	(3,450)	-
Encumbrances	<u>549,954</u>	<u>31,683</u>	<u>39,208</u>
GAAP basis	<u>\$ 191,092</u>	<u>\$ 62,660</u>	<u>\$ (69,716)</u>

NOTE 16 - CONTINGENCIES

A. Grants

The 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 District at June 30, 2002.

**LAKOTA LOCAL SCHOOL DISTRICT
SANDUSKY COUNTY, OHIO**

NOTES TO THE GENERAL PURPOSE FINANCIAL STATEMENTS
FOR THE FISCAL YEAR ENDED JUNE 30, 2002

NOTE 16 - CONTINGENCIES - (Continued)

B. Litigation

The District is party to legal proceedings. The District's management is of the opinion that the ultimate outcome of such litigation will not result in a material adverse effect on the District's financial position.

C. School Funding Decision

On September 6, 2001, the Ohio Supreme Court issued its latest opinion regarding the state's school funding plan. The decision identified aspects of the current plan that require modification if the plan is to be considered constitutional, including:

A change in the school districts that are used as the basis for determining the base cost support amount. Any change in the amount of funds distributed to school districts as a result of this change must be retroactive to July 1, 2001, although a timeline for distribution is not specified.

Fully funding parity aid no later than the beginning of fiscal year 2004 rather than fiscal year 2006.

The Supreme Court relinquished jurisdiction over the case based on anticipated compliance with its order.

The State of Ohio, in a motion filed September 17, 2001, asked the Court to reconsider and clarify the parts of the decision changing the school districts that are used as the basis for determining the base cost support amount and the requirement that changes be made retroactive to July 1, 2001. In November, 2001, the Court granted the request for reconsideration, but also ordered the parties to participate in a settlement conference with a court appointed mediator. On March 21, 2002, the mediator issued his final report indicating that the conference was unable to produce a settlement. The case is now under reconsideration by the Court.

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

**LAKOTA LOCAL SCHOOL DISTRICT
SANDUSKY COUNTY, OHIO**

NOTES TO THE GENERAL PURPOSE FINANCIAL STATEMENTS
FOR THE FISCAL YEAR ENDED JUNE 30, 2002

NOTE 17 - STATUTORY RESERVES

The District is required by state law to set-aside certain general fund revenue amounts, as defined by statute, into various reserves. These reserves are calculated and presented on a cash basis. During the fiscal year ended June 30, 2002, the reserve activity was as follows:

	<u>Textbooks</u>	<u>Capital Acquisition</u>	<u>BWC Refunds</u>
Set-aside cash balance as of June 30, 2001	\$ 91,757	\$ (36,033)	\$47,190
Current year set-aside requirement	143,878	143,878	-
Qualifying disbursements	<u>(80,843)</u>	<u>(185,579)</u>	<u>-</u>
Total	<u>\$154,792</u>	<u>\$ (77,734)</u>	<u>\$47,190</u>
Cash balance carried forward to FY 2003	<u>\$154,792</u>	<u>\$ -</u>	<u>\$47,190</u>

Monies representing BWC refunds that were received prior to April 10, 2001, have been shown as a restricted asset and reserved fund balance in the general fund since allowable expenditures are restricted by state statute.

Although the District's qualifying expenditures exceeded the set-aside required for capital acquisition, the negative amount may not be carried forward to future years.

In addition to the above statutory reserves, the District also received monies restricted for school bus purchases.

A schedule of the restricted assets at June 30, 2002 follows:

Amount restricted for BWC refunds	\$ 47,190
Amount restricted for school bus purchases	103,759
Amount restricted for textbooks	<u>154,792</u>
Total restricted assets	<u>\$305,741</u>

**LAKOTA LOCAL SCHOOL DISTRICT
SANDUSKY COUNTY, OHIO**

**NOTES TO THE GENERAL PURPOSE FINANCIAL STATEMENTS
FOR THE FISCAL YEAR ENDED JUNE 30, 2002**

NOTE 18 - SIGNIFICANT SUBSEQUENT EVENTS

A. District Treasurer

The Treasurer C.G. Uebel resigned on October 2, 2002. Nathan Lynch was appointed Treasurer on December 1, 2002.

B. Capital Lease

The District acquired new leased copiers in August 2002. The previous liability was paid in full. The payments on the new capital lease began in September 2002.

**LAKOTA LOCAL SCHOOL DISTRICT
SCHEDULE OF EXPENDITURES OF FEDERAL AWARDS
FOR THE FISCAL YEAR ENDED JUNE 30, 2002**

FEDERAL GRANTOR/ SUB GRANTOR/ PROGRAM TITLE	CFDA NUMBER	PASS-THROUGH GRANT NUMBER	(D) CASH FEDERAL RECEIPTS	OTHER FEDERAL RECEIPTS	(D) CASH FEDERAL DISBURSEMENTS	OTHER FEDERAL DISBURSEMENTS
U.S. DEPARTMENT OF AGRICULTURE PASSED THROUGH THE OHIO DEPARTMENT OF EDUCATION:						
Nutrition Cluster:						
(A), (B) Food Distribution	10.550	N/A		\$ 37,437		\$ 36,716
(A), (C) School Breakfast Program	10.553	049569-05-PU-2001	\$ 1,893		\$ 1,893	
(A), (C) National School Lunch	10.555	049569-LL-P1-2001	9,767		9,767	
(A), (C) National School Lunch	10.555	049569-LL-P4-2001	21,621		21,621	
(A), (C) National School Lunch	10.555	049569-LL-P4-2002	89,751		89,751	
Total U.S. Department of Agriculture and Nutrition Cluster			<u>123,032</u>	<u>37,437</u>	<u>123,032</u>	<u>36,716</u>
U.S. DEPARTMENT OF EDUCATION PASSED THROUGH THE OHIO DEPARTMENT OF EDUCATION:						
Title I	84.010	049569-C1-S1-2001	-		2,844	
Title I	84.010	049569-C1-S1-2002	84,186		84,153	
Total Title I			<u>84,186</u>		<u>86,997</u>	
Migrant Education	84.011	049569-MG-S1-2000-C	22,013		27,177	
Migrant Education	84.011	049569-MG-S1-2001	66,351		80,010	
Migrant Education	84.011	049569-MG-S1-2002	37,680		-	
Total Migrant Education			<u>126,044</u>		<u>107,187</u>	
Title VI-B	84.027	049569-6B-SF-2001-P	-		18,248	
Title VI-B	84.027	049569-6B-SF-2002-P	145,850		133,829	
Total Title VI-B			<u>145,850</u>		<u>152,077</u>	
Safe and Drug-Free Schools	84.186	049569-DR-S1-2001	1,802		3,932	
Safe and Drug-Free Schools	84.186	049569-DR-S1-2002	3,719		2,093	
Total Safe and Drug-Free Schools			<u>5,521</u>		<u>6,025</u>	
Eisenhower Professional Development	84.281	049569-MS-S1-2001	-		270	
Eisenhower Professional Development	84.281	049569-MS-S1-2002	5,990		4,841	
Total Eisenhower Professional Development			<u>5,990</u>		<u>5,111</u>	
Innovative Education Program Strategies - Title VI	84.298	049569-C2-S1-2001	1,019		3,868	
Innovative Education Program Strategies - Title VI	84.298	049569-C2-S1-2002	6,323		2,625	
Total Innovative Education Program Strategies - Title VI			<u>7,342</u>		<u>6,493</u>	
Title VI-R	84.340	049569-CR-S1-2001	18,724		18,724	
Title VI-R	84.340	049569-CR-S1-2002	35,892		27,679	
Total Title VI-R			<u>54,616</u>		<u>46,403</u>	
Total U.S. Department of Education			<u>429,549</u>		<u>410,293</u>	
Total Federal Financial Assistance			<u>\$ 552,581</u>	<u>\$ 37,437</u>	<u>\$ 533,325</u>	<u>\$ 36,716</u>

- (A) Included as part of "Nutrition Grant Cluster" in determining major programs.
 (B) The Food Distribution Program is a non-cash, in kind, federal grant. Commodities are valued at fair market prices.
 (C) Commingled with state and local revenue from sales of lunches; assumed expenditures were made on a first-in, first-out basis.
 (D) This schedule was prepared on the cash basis of accounting.

SUPPLEMENTAL DATA

TRIMBLE, JULIAN & GRUBE, INC.

“SERVING OHIO LOCAL GOVERNMENTS”

1445 WORTHINGTON WOODS BOULEVARD
SUITE B
WORTHINGTON, OHIO 43085

TELEPHONE 614.846.1899
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Report on Compliance and on Internal Control Over Financial Reporting Based on an Audit of General Purpose Financial Statements Performed in Accordance With *Government Auditing Standards*

Board of Education
Lakota Local School District
365 Union Street
Risingsun, Ohio 43457-0005

We have audited the general purpose financial statements of Lakota Local School District as of and for the fiscal year ended June 30, 2002, and have issued our report thereon dated October 29, 2002, except for Note 18A, as to which the date is December 1, 2002. We conducted our audit in accordance with auditing standards generally accepted in the United States of America and the standards applicable to financial audits contained in *Government Auditing Standards*, issued by the Comptroller General of the United States.

Compliance

As part of obtaining reasonable assurance about whether Lakota Local School District's general purpose financial statements are free of material misstatement, we performed tests of its compliance with certain provisions of laws, regulations, contracts and grants, noncompliance with which could have a direct and material effect on the determination of general purpose financial statement amounts. However, providing an opinion on compliance with those provisions was not an objective of our audit and, accordingly, we do not express such an opinion. The results of our tests disclosed no instances of noncompliance that are required to be reported under *Government Auditing Standards*. However, we noted certain immaterial instances of noncompliance that we have reported to management of Lakota Local School District in a separate letter dated October 29, 2002.

Board of Education
Lakota Local School District

Internal Control Over Financial Reporting

In planning and performing our audit, we considered Lakota Local School District's internal control over financial reporting in order to determine our auditing procedures for the purpose of expressing our opinion on the general purpose financial statements and not to provide assurance on the internal control over financial reporting. Our consideration of the internal control over financial reporting would not necessarily disclose all matters in the internal control that might be material weaknesses. A material weakness is a condition in which the design or operation of one or more of the internal control components does not reduce to a relatively low level the risk that misstatements in amounts that would be material in relation to the financial statements being audited may occur and not be detected within a timely period by employees in the normal course of performing their assigned functions. We noted no matters involving the internal control over financial reporting and its operation that we consider to be material weaknesses. However, we noted other matters involving the internal control over financial reporting that we have reported to the management of Lakota Local School District in a separate letter dated October 29, 2002.

This report is intended for the information of the Board and management of the Lakota Local School District, federal awarding agencies and pass-through entities and is not intended to be and should not be used by anyone other than these specified parties.

Trimble, Julian & Grube, Inc.
October 29, 2002

TRIMBLE, JULIAN & GRUBE, INC.

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

Board of Education
Lakota Local School District
365 Union Street
Risingsun, Ohio 43457-0005

Compliance

We have audited the compliance of Lakota Local School District with the types of compliance requirements described in the *U. S. Office of Management and Budget (OMB) Circular A-133 Compliance Supplement* that are applicable to its major federal program for the fiscal year ended June 30, 2002. Lakota Local School District's major federal program is identified in the summary of auditor's results section of the accompanying schedule of findings. Compliance with the requirements of laws, regulations, contracts and grants applicable to its major federal program is the responsibility of Lakota Local School District's management. Our responsibility is to express an opinion on Lakota Local School District's compliance based on our audit.

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

Board of Education
Lakota Local School District

In our opinion, Lakota Local School District complied, in all material respects, with the requirements referred to above that are applicable to its major federal program for the fiscal year ended June 30, 2002.

Internal Control Over Compliance

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

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

This report is intended for the information of the Board of Education and management of the Lakota Local School District, federal awarding agencies and pass-through entities and is not intended to be and should not be used by anyone other than these specified parties.

Trimble, Julian & Grube, Inc.
October 29, 2002

**LAKOTA LOCAL SCHOOL DISTRICT
SANDUSKY COUNTY
JUNE 30, 2002**

**SCHEDULE OF FINDINGS
OMB CIRCULAR A-133 § .505**

1. SUMMARY OF AUDITOR'S RESULTS		
<i>(d)(1)(i)</i>	<i>Type of Financial Statement Opinion</i>	Unqualified
<i>(d)(1)(ii)</i>	<i>Were there any material control weakness conditions reported at the financial statement level (GAGAS)?</i>	No
<i>(d)(1)(ii)</i>	<i>Were there any other reportable control weakness conditions reported at the financial statement level (GAGAS)?</i>	No
<i>(d)(1)(iii)</i>	<i>Was there any reported non-compliance at the financial statement level (GAGAS)?</i>	No
<i>(d)(1)(iv)</i>	<i>Were there any material internal control weakness conditions reported for major federal programs?</i>	No
<i>(d)(1)(iv)</i>	<i>Were there any other reportable internal control weakness conditions reported for major federal programs?</i>	No
<i>(d)(1)(v)</i>	<i>Type of Major Programs' Compliance Opinion</i>	Unqualified
<i>(d)(1)(vi)</i>	<i>Are there any reportable findings under § .510?</i>	No
<i>(d)(1)(vii)</i>	<i>Major Program:</i>	Nutrition Grant Cluster: Food Distribution, CFDA #10.550; School Breakfast Program, CFDA #10.553; National School Lunch, CFDA #10.555
<i>(d)(1)(viii)</i>	<i>Dollar Threshold: Type A/B Programs</i>	Type A: >\$300,000 Type B: all others
<i>(d)(1)(ix)</i>	<i>Low Risk Auditee?</i>	Yes

**LAKOTA LOCAL SCHOOL DISTRICT
SANDUSKY COUNTY
JUNE 30, 2002**

**SCHEDULE OF FINDINGS
*OMB CIRCULAR A-133 § .505***

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

None.

3. FINDINGS AND QUESTIONED COSTS FOR FEDERAL AWARDS

None.

**LAKOTA LOCAL SCHOOL DISTRICT
SANDUSKY COUNTY
JUNE 30, 2002**

**SCHEDULE OF PRIOR AUDIT FINDINGS
*OMB CIRCULAR A-133 § .505***

<u>Finding Number</u>	<u>Finding Summary</u>	<u>Fully Corrected?</u>	Not Corrected, Partially Corrected; Significantly Different Corrective Action Taken; or Finding No Longer Valid; <i>Explain:</i>
2001-LLSD-001	Ohio Revised Code Section 5705.39	No	Partially corrected; Citation now located in the management letter. The current District Treasurer is keeping more accurate appropriations versus estimated resources records and amending the budget prior to year end. In addition, the District is currently monitoring its budgetary process on a regular basis.
2001-LLSD-002	Ohio Revised Code Section 5705.41 (B)	Yes	Finding no longer valid.



STATE OF OHIO
OFFICE OF THE AUDITOR

JIM PETRO, AUDITOR OF STATE

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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
JANUARY 9, 2003**