



**Auditor of State  
Betty Montgomery**



LAKOTA LOCAL SCHOOL DISTRICT  
BUTLER COUNTY

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**LAKOTA LOCAL SCHOOL DISTRICT  
BUTLER COUNTY**

**SCHEDULE OF FEDERAL AWARDS EXPENDITURES  
FISCAL YEAR ENDED JUNE 30, 2004**

Federal Grantor/ Pass Through Grantor Program Title	Pass Through Entity Number	Federal CFDA Number	<u>Disbursements</u>
<b><u>U.S. DEPARTMENT OF AGRICULTURE</u></b>			
<i>Passed Through Ohio Department of Education:</i>			
<b>Child Nutrition Cluster</b>			
School Breakfast Program	05-PU	10.553	\$41,621
Special Milk Program	02-PU	10.556	15,046
National School Lunch Program	LL-P1 & LL-P4	10.555	<u>397,455</u>
Total Child Nutrition Cluster			<u>454,122</u>
<b>Total U.S. Department of Agriculture</b>			<b><u>454,122</u></b>
<b><u>U.S. DEPARTMENT OF EDUCATION</u></b>			
<i>Passed Through Ohio Department of Education:</i>			
<b>Special Education Cluster:</b>			
Special Education Grants to States (Title VI-B)	6BSF & 6BSX	84.027	1,628,114
Special Education - Preschool Grant	PG-S1	84.173	<u>49,804</u>
Total Special Education Cluster			<u>1,677,918</u>
Grants to Local Educational Agencies (Title I)	C1-S1	84.010	389,503
School Renovation	AT-S1	84.184C	1,755
Refugee Children School Impact Grant	nn-n1	93.576	5,467
Title V -- Innovative Education Program Strategies	C2-S1	84.298	86,216
Improving Teacher Quality	TR-S1	84.367	357,006
Title III	T3-S1	84.365	77,594
Technology Literacy Challenge		84.330	14,122
Safe and Drug Free Schools	DR-S1	84.186	<u>29,352</u>
<b>Total U.S. Department of Education</b>			<b><u>2,638,933</u></b>
<b>Totals</b>			<b><u><u>\$3,093,055</u></u></b>

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

**LAKOTA LOCAL SCHOOL DISTRICT  
BUTLER COUNTY**

**NOTES TO THE SCHEDULE OF FEDERAL AWARDS EXPENDITURES  
JUNE 30, 2004**

**NOTE A--SIGNIFICANT ACCOUNTING POLICIES**

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

**NOTE B—CHILD NUTRITION CLUSTER**

Program regulations do not require the Government to maintain separate inventory records for purchased food and food received from the U.S. Department of Agriculture. This nonmonetary assistance (expenditures) is reported in the Schedule at the fair market value of the commodities received.

Cash receipts from the U.S. Department of Agriculture are commingled with State grants. It is assumed federal monies are expended first. At June 30, 2004, the District had no significant food commodities in inventory.



## **Auditor of State Betty Montgomery**

### **INDEPENDENT ACCOUNTANTS' REPORT ON COMPLIANCE AND ON INTERNAL CONTROL REQUIRED BY GOVERNMENT AUDITING STANDARDS**

Lakota Local School District  
Butler County  
5572 Princeton Road  
Liberty Township, Ohio 45011

To the Board of Education:

We have audited the financial statements of the Lakota Local School District, Butler County, Ohio (the District), as of and for the fiscal year ended June 30, 2004, and have issued our report thereon dated December 31, 2004. We conducted our audit in accordance with auditing standards generally accepted in the United States of America and the standards applicable to financial audits contained in *Government Auditing Standards*, issued by the Comptroller General of the United States.

#### **Compliance**

As part of obtaining reasonable assurance about whether the District's financial statements are free of material misstatement, we performed tests of its compliance with certain provisions of laws, regulations, contracts and grants, noncompliance with which could have a direct and material effect on the determination of financial statement amounts. However, providing an opinion on compliance with those provisions was not an objective of our audit and, accordingly, we do not express such an opinion. The results of our tests disclosed no instances of noncompliance that are required to be reported under *Government Auditing Standards*. However, we noted certain immaterial instances of noncompliance that we have reported to management of the District in a separate letter dated December 31, 2004.

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

In planning and performing our audit, we considered the District's internal control over financial reporting in order to determine our auditing procedures for the purpose of expressing our opinion on the financial statements and not to provide assurance on the internal control over financial reporting. Our consideration of the internal control over financial reporting would not necessarily disclose all matters in the internal control over financial reporting that might be material weaknesses. A material weakness is a condition in which the design or operation of one or more of the internal control components does not reduce to a relatively low level the risk that misstatements in amounts that would be material in relation to the financial statements being audited may occur and not be detected within a timely period by employees in the normal course of performing their assigned functions. We noted no matters involving the internal control over financial reporting and its operation that we consider to be material weaknesses. However, we noted other matters involving the internal control over financial reporting that do not require inclusion in this report, that we have reported to management of the District in a separate letter dated December 31, 2004.

Lakota Local School District  
Butler County  
Independent Accountants' Report on Compliance and on  
Internal Control Required by *Government Auditing Standards*  
Page 2

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

A handwritten signature in black ink that reads "Betty Montgomery". The signature is written in a cursive, flowing style.

**Betty Montgomery**  
Auditor of State

December 31, 2004





## Auditor of State Betty Montgomery

### INDEPENDENT ACCOUNTANTS' REPORT ON COMPLIANCE WITH REQUIREMENTS APPLICABLE TO EACH MAJOR FEDERAL PROGRAM AND INTERNAL CONTROL OVER COMPLIANCE IN ACCORDANCE WITH OMB CIRCULAR A-133

Lakota Local School District  
Butler County  
5572 Princeton Road  
Liberty Township, Ohio 45011

To the Board of Education:

#### **Compliance**

We have audited the compliance of Lakota Local School District, Butler County, Ohio (the 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 programs for the year ended June 30, 2004. The District's major federal programs are 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 programs are the responsibility of the District's management. Our responsibility is to express an opinion on the District's compliance based on our audit.

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

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

#### **Internal Control Over Compliance**

The management of the 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 the District's internal control over compliance with requirements that could have a direct and material effect on a major federal program in order to determine our auditing procedures for the purpose of expressing our opinion on compliance and to test and report on internal control over compliance in accordance with OMB Circular A-133.

Our consideration of the internal control over compliance would not necessarily disclose all matters in the internal control that might be material weaknesses. A material weakness is a condition in which the design or operation of one or more of the internal control components does not reduce to a relatively low level the risk that noncompliance with applicable requirements of laws, regulations, contracts and grants that would be material in relation to a major federal program being audited may occur and not be detected within a timely period by employees in the normal course of performing their assigned functions.

We noted no matters involving the internal control over compliance and its operation that we consider to be material weaknesses.

#### **Schedule of Federal Awards Expenditures**

We have audited the basic financial statements of the District as of and for the year ended June 30, 2004, and have issued our report thereon dated December 31, 2004. Our audit was performed for the purpose of forming an opinion on the basic financial statements taken as a whole. The accompanying schedule of federal awards expenditures is presented for purposes of additional analysis as required by OMB Circular A-133 and is not a required part of the basic financial statements. Such information has been subjected to the auditing procedures applied in the audit of the basic financial statements and, in our opinion, is fairly stated, in all material respects, in relation to the basic financial statements taken as a whole.

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



**Betty Montgomery**  
Auditor of State

December 31, 2004

**LAKOTA LOCAL SCHOOL DISTRICT  
BUTLER COUNTY**

**SCHEDULE OF FINDINGS  
OMB CIRCULAR A -133 ' .505  
JUNE 30, 2004**

**1. SUMMARY OF AUDITOR'S RESULTS**

<b>(d)(1)(i)</b>	<b>Type of Financial Statement Opinion</b>	Unqualified
<b>(d)(1)(ii)</b>	<b>Were there any material control weakness conditions reported at the financial statement level (GAGAS)?</b>	No
<b>(d)(1)(ii)</b>	<b>Were there any other reportable control weakness conditions reported at the financial statement level (GAGAS)?</b>	No
<b>(d)(1)(iii)</b>	<b>Was there any reported material non-compliance at the financial statement level (GAGAS)?</b>	No
<b>(d)(1)(iv)</b>	<b>Were there any material internal control weakness conditions reported for major federal programs?</b>	No
<b>(d)(1)(iv)</b>	<b>Were there any other reportable internal control weakness conditions reported for major federal programs?</b>	No
<b>(d)(1)(v)</b>	<b>Type of Major Programs= Compliance Opinion</b>	Unqualified
<b>(d)(1)(vi)</b>	<b>Are there any reportable findings under ' .510?</b>	No
<b>(d)(1)(vii)</b>	<b>Major Programs (list):</b>	Nutrition Cluster: CFDA# 10.550 and 10.555 Title VI-B: CFDA #84.027, #84.173 Special Education Cluster: CFDA #84.027, #84.173
<b>(d)(1)(viii)</b>	<b>Dollar Threshold: Type A/B Programs</b>	Type A: > \$ 300,000 Type B: all others
<b>(d)(1)(ix)</b>	<b>Low Risk Auditee?</b>	Yes

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

None.

**3. FINDINGS FOR FEDERAL AWARDS**

None.



# Comprehensive Annual Financial Report

*for the year ended  
June 30, 2004*



**LAKOTA**  
LOCAL SCHOOLS

Lakota Local Schools  
Butler County, Ohio



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

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

Prepared by:  
Office of the CFO/Treasurer

Alan R. Hutchinson

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**INTRODUCTORY  
SECTION**

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OFFICE OF THE TREASURER

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ALAN R. HUTCHINSON  
TREASURER

CRAIG A. JONES  
ASSISTANT TREASURER

REBECCA McDONOUGH  
ACCOUNTANT

December 31, 2004

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

We are pleased to present the Comprehensive Annual Financial Report (CAFR) of the Lakota Local School District (District) for the fiscal year ended June 30, 2004. Responsibility for both the accuracy of the presented data, and the completeness and fairness of the presentation, including all disclosures, rests with the District. This report is prepared in conformance with generally accepted accounting principles (GAAP) as set forth by the Governmental Accounting Standards Board (GASB) and other recognized authoritative sources. We believe the enclosed data is fairly presented in all material aspects and is reported in a manner designed to present fairly the financial position and results of operations of the various funds and account groups of the District. All disclosures necessary to enable the reader to gain an understanding of the District's financial activities have been included. This report has been prepared by the Chief Financial Officer's Office and includes an opinion from the Auditor of the State of Ohio.

Copies of this report will be widely distributed throughout the District. A copy will be sent to all school buildings, the Chamber of Commerce, Butler County Administrative Offices, West Chester Township, Liberty Township, other governments in Butler County, the branches of the Butler County Public Library located within the District, Moody's financial rating services, realtors, and any other interested parties.

This letter should be read in conjunction with the Management Discussion and Analysis (MD&A) that can be found immediately following the Independent Accountants' Report.

The Comprehensive Annual Financial Report is divided into three sections:

The **Introductory Section** includes a table of contents, this transmittal letter, a list of principal officials, the district's organizational chart, and the GFOA and ASBO certificates the District received for the June 30, 2003 CAFR. Also included are the District's major and future initiatives.

The **Financial Section** includes the independent accountants' report on the financial statements, management's discussion and analysis, basic financial statements, notes to the basic financial statements, and the combining statements for non-major funds and schedules that provide detailed information relative to the basic financial statements.

The **Statistical Section** includes selective financial, economic and demographic information, generally presented on a multi-year basis for comparative purposes.

This report includes all funds for which the District is financially accountable based on the criteria of financial accountability set forth in GASB Statement 14. The District is, however, affiliated with the Butler County Educational Service Center, the Butler County Health Plan, and Butler County Joint Vocational School District, which are jointly governed organizations. These organizations do not meet the criteria of GASB Statement 14 and, therefore, are not included in the district's financial statements. The District included no component unit reports in the financial statements.

The District provides a full range of traditional and non-traditional educational programs and services. These include elementary and secondary curriculum offerings at the general, college preparatory, advanced placement, gifted, special education and vocational levels; a broad range of co-curricular and extra-curricular activities; special education programs and community recreation activities.

## **ECONOMIC CONDITION AND OUTLOOK**

Located in Butler County and situated between Cincinnati to the south and Dayton to the north, the Lakota Local School District serves a population of approximately 84,054 people. Within the District boundaries is the majority of West Chester Township and Liberty Township. These rapidly growing and thriving communities are a blend of residential, business, high technology, and light industrial areas. Convenient access to interstate highway 75 and interstate connector 1-275 has helped in the spectacular growth of the area during the last twenty years. The greater Cincinnati/Dayton area has long been noted as one of the premiere areas to live and work in the United States.

A strong industrial base in West Chester Township at the Union Centre Boulevard corridor located off Interstate 75 is currently in mid development stage. A tax incentive district supports this multi use development. The District has entered into an agreement with the West Chester Township trustees to provide the District reimbursement for lost tax revenue as a result of the tax incentives used to attract new businesses. In addition, significant residential growth in West Chester and Liberty Townships continues to provide a stable tax base for the eastern portion of Butler County as well as stable growth for the District for many years. With general economic conditions improving, prospects for continued growth look favorable. The District is continually challenged by the rapid student population growth and the responsibility bestowed upon it by the community. We are always striving to provide the very best opportunities to every child, while carefully guarding the District's resources.

## **THE DISTRICT AND ITS FACILITIES**

The District is located in Butler County, and covers an area of 68 square miles. It serves pupils from West Chester and Liberty Townships. Since its inception in 1958, the growth in the District has gone from 1,696 students to 16,359 in 2003-2004.



The District now houses students in two high schools, one freshman school, four junior schools, eleven (11) elementary schools and one early childhood center.

<b>Name of Bldg Address</b>	<b>Group or Grade Housed</b>	<b>Date of Original Building</b>	<b>Enrollment</b>
Adena Elementary 9316 Minuteman Way	K-6	1978	692
Hopewell Elementary 8300 Cox Road	K-6	1961	886
Liberty Elementary 6040 Princeton Rd.	1-6	1928	570
Union Elementary 8735 Cinci-Dayton	1-6	1953	607
Freedom Elementary 6035 Beckett Ridge	1-6	1988	699
Woodland Elementary 6923 Dutchland Pkwy	1-6	1990	726
Shawnee Elementary 9394 Sterling Dr	K-6	1993	560
Heritage Elementary 5052 Hamilton Mason	1-6	1992	697
VanGorden Elementary 6475 LeSourds/W. Chester Road	1-6	2003	698
Hopewell Junior 8200 Cox Rd.	7-8	1972	532
Plains Junior 5500 Princeton	7-8	2003	617
Liberty Junior 7055 Dutchland Pkwy	7-8	1977	785
Ridge Junior 6199 Beckett Ridge	7-8	1992	703

Cherokee Elementary 5345 Kyles Station	1-6	1994	748
Independence Elementary 7480 Princeton Rd.	1-6	1994	908
Early Childhood Center 5060 Tylersville	K	1970	1250
Freshman School 5050 Tylersville	9	1958	1221
Lakota East High 6840 Lakota Ln.	10-12	1997	1649
Lakota West High 8940 Union Centre	10-12	1997	1811
Board Office 5572 Princeton	Admin	2003	
Service Center 6947 Yankee Rd.	Offices	1977	

**ORGANIZATION OF THE SCHOOL DISTRICT**

The Board members represent a cross section of professions in the community. The Board members on June 30, 2004, were as follows:

<b>Board Member</b>	<b>Term Expires</b>	<b>Years as Member</b>	<b>Profession</b>
Joan W. Powell President	12/31/2005	6	Realtor
Sandy Wheatley Vice President	12/31/2005	10	Consultant
Jeffrey D. Jones	12/31/2005	6	Nelson Tree Ex. V.P.
Susan McLaughlin	12/31/2007	4	Teacher Princeton City
Daniel Warncke	12/31/2007	4	Attorney

The Superintendent of the District is Kathleen L. Klink. Mrs. Klink has a M.Ed. from the University of Virginia and an A.B. from Miami University. She has been an Assistant Superintendent, Principal, Guidance Counselor and Teacher with the Lakota Local School District, and has 36 years of experience in education.

The Treasurer of the District is Alan R. Hutchinson. Mr. Hutchinson holds a B.A. from Milligan College and a M. Ed from Ashland University. Mr. Hutchinson has been a school treasurer for 20 years, most recently with South-Western City School District for seven years. Mr. Hutchinson became the treasurer of the School District in January, 1999. He is a past-chairman of the legislative committee of the Ohio Association of School Business Officials and has produced a Comprehensive Annual Financial Report (CAFR) for the school districts which he has served since 1991.

### **EMPLOYEE RELATIONS**

The District currently has approximately 1795 full-time and part-time employees. The number of employees has decreased due to enrollment for the last several years.

The District's teachers are represented for collective bargaining purposes by the Lakota Association of Educators (LEA, an OEA affiliate). The District has one year collective bargaining agreement with LEA which expires August 31, 2004. The District's support staff is represented by the Lakota Support Staff Association (LSSA, an OEA Affiliate). The District has a one year collective bargaining agreement which expires June 30, 2004. The District's transportation employees are represented for collective bargaining purposes by the Teamsters Local 100. The District has contracted its transportation services for the 2004-05 school year.

Duties and responsibilities of the Board of Education are found in the laws governing public education in Ohio. The Board of Education directly employs the Superintendent and Treasurer and serves as the legislative body of the District.

The Treasurer serves as the chief fiscal officer of the School District and, with the president, executes all conveyances made by the Board of Education.

The Superintendent is the chief executive officer of the School District and is responsible for administering policies adopted by the Board of Education. The Superintendent is expected to provide leadership in all phases of policy formulation and is the chief advisor to the Board on all aspects of the educational program and total operation of the School District.

The Board of Education employs all certified and classified employees only upon the nomination of the Superintendent.

## **SERVICES PROVIDED**

The District provides a wide variety of education and support services, as mandated by the Ohio Revised Code or board directives.

Transportation is provided for over 17,800 students each day. The District fleet of 225 buses travels over 16,098 miles each day, transporting to 45 different sites. In addition to making more than 191 daily runs, the department transported both public and non-public students on 1,750 extra-curricular trips during the year.

The food service department served 1,104,852 plate lunches through the District's kitchens. This is accomplished through the full operation of 18 kitchens. The District currently offers a breakfast program at every elementary site.

In addition to transportation and school lunch support services, students in the District also receive guidance, psychological, and limited health services free of charge. The guidance services are designed to help students match their natural skills with vocational and/or academic programs to help them achieve their full potential in life. Psychological services include the testing and identification of students for special education programs.

Limited health services are provided by registered nurses at each of the 19 school sites.

The District offers regular instructional programs daily to students in grades K-12. Approximately 381 students participated in the specific trades through Butler Tech vocational education. Over 1,361 students receive special services, due to physical or mental handicapping conditions. In grades K-12, approximately 4,036 students have been identified as gifted.

## **MAJOR CURRENT AND FUTURE INITIATIVES**

During the 2003-04 school year, Lakota has continued to develop strategies centered on the district's strategic plan outlined as follows:

### **Lakota's vision**

All students will achieve to their fullest potential.

### **Lakota's core values**

**Accountability:** We will be accountable to the community that created, maintains, and sustains us.

- Consider the impact of all decisions on the individual, district, and community
- Seek to make data-based decisions

**Communication:** We will foster open and appropriate communication at all levels.

**Continuous Improvement:** We will continuously improve teaching and learning.

**Integrity:** We will demonstrate the highest ethical standards in all our interactions.

**Respect:** We will treat every relationship with respect and dignity.

Ongoing district goals:

1. Guarantee an environment that fosters respect for individual differences
2. Achieve recognition as a World-Class school district through continuous improvement in all areas of the school organization
3. Become a nationally recognized leader in customer-focused, performance driven education.

In addition to these district goals, Lakota has identified the following current and future challenges:

- ❑ Provide sufficient facilities and classrooms for the growing student population.
- ❑ Maintain high academic standards in the wake of continued budget reductions.
- ❑ Create new revenue through the passage of a bond issue and operating levy.

With more than \$7 million reduced from the budget and increased class sizes due to the inability to hire enough teachers to meet growth needs, Lakota's record as the largest Ohio school district to be ranked "Excellent" in educational performance by the state is at risk. Teachers and building principals are also coping with reduced materials budgets.

One way to maintain high standards with fewer general fund dollars is to collaborate with other schools and universities. Lakota became a charter member of the PROM/SE project as part of the Cincinnati-area group, the HighAIMS Consortium. The project, Promoting Rigorous Outcomes in Mathematics and Science Education (PROM/SE), involves partnerships between Michigan State University's colleges of education and natural science and select school districts. Throughout this five-year project, MSU faculty from the sciences, mathematics and education will work together with teachers and administrators to improve math and science teaching and learning in grades K-12. The project will focus on collecting evidence from students and teachers, determining what their needs are, and providing the resources to improve their knowledge of math and science.

As Ohio licensure requirements become more rigorous and professional development becomes increasingly important, Lakota has restructured the Personnel and Student Services department to meet changing needs. The new Human Resources Department combines personnel functions and professional development; many of the services for students that were formerly provided by this department have been properly moved into the Teaching and Learning Department. One major activity planned through this renewed professional development focus is a Literacy Conference scheduled for summer 2005. This conference has already attracted national attention and registrations from hundreds of Lakota teachers as well as teachers from across the country.

## **LONG RANGE BUILDING AND MAINTENANCE PLANS**

The District, as part of its strategic planning, in conjunction with the Ohio School Facilities Commission, completed an Educational Facilities Master Plan in 2001. This plan has provided the blueprint for a ten year facility improvement plan. The improvements will be funded through proceeds from the future bond issue. The facility improvement plan includes the construction of two new elementary buildings, a new freshman school, renovation of Liberty Elementary to an early childhood center, additions to East and West High Schools and various improvements to other district buildings to bring them in compliance with the new standards.

## **FINANCIAL INFORMATION**

The District's accounting system is organized on a "fund" basis. Each fund is a distinct, self-balancing entity. Records for general governmental operations are maintained on a budgetary basis system of accounting as prescribed by State statute. Cash basis accounting differs from generally accepted accounting principles (GAAP) as promulgated by the Governmental Accounting Standards Board (GASB).

## **INTERNAL ACCOUNTING AND BUDGETARY CONTROL**

In developing the District's accounting system, much consideration was given to the adequacy of internal accounting controls. Internal accounting controls are designed to provide reasonable, but not absolute, assurance regarding: (1) the safeguarding of assets against loss from unauthorized use or disposition and (2) the reliability of financial records for preparing financial statements and maintaining accountability for assets. The concept of reasonable assurance is based on the assumption that the cost of internal accounting controls should not exceed the benefits expected to be derived from their implementation.

The District utilizes a fully automated accounting system as well as an automated system of control for fixed assets and payroll. These systems, coupled with the manual auditing of each voucher prior to payment, ensures that the financial information generated is both accurate and reliable.

At the beginning of each fiscal year, the Board adopts either a temporary appropriation measure or a permanent appropriation measure for that fiscal year. If a temporary appropriation is first adopted, the permanent appropriation measure must be adopted within three months.

Annual appropriations may not exceed the County Budget Commission's official estimate of resources. The County Auditor must certify that the Board's appropriation measures, including any supplements or amendments, do not exceed the amount set forth in the latest of those official estimates.

All disbursements and transfers of cash between funds require appropriation authority from the Board. Budgets are controlled at the fund level. All purchase order requests must be approved by the individual program managers and certified by the Treasurer; necessary funds are then encumbered and purchase orders are released to vendors.

The accounting system used by the District provides financial reports, which detail year-to-date expenditures and encumbrances versus the original appropriation plus any additional appropriations made to date. In addition to the financial statements retained in the Treasurer's Office, each program manager can monitor their budgets by running interim financial reports.

As an additional safeguard, a blanket bond covers all employees involved with receiving and depositing funds and a separate, higher bond covers certain individuals in policy-making roles.

The basis of accounting and the various funds utilized by the District are fully described in the notes to the basic financial statements. Additional information on the District's budgetary accounts can also be found in the notes to the basic financial statements.

### **FINANCIAL CONDITION**

The District has prepared financial statements following GASB Statement 34, "Basic Financial Statements – and Management's Discussion and Analysis – for State and Local Governments." GASB 34 creates new basic financial statements for reporting on the school district's financial activities as follows:

**Government-wide financial statements.** These statements are prepared on an accrual basis of accounting which is similar to the basis of accounting followed by businesses. The government-wide statements distinguish between those activities of the District that are governmental and those that are considered business-type activities.

**Fund financial statements.** These statements present information for individual major funds rather than by fund type. Non-major funds are presented in total in one column. Governmental funds use the modified accrual basis of accounting and include a reconciliation to the governmental activities accrual information presented in the government-wide financial statements. Proprietary and fiduciary funds use the accrual basis of accounting.

**Statement of budgetary comparisons.** These statements present comparisons of actual information to the legally adopted budget. The budgetary basis as provided by law is based upon accounting for certain transactions on a basis of cash receipts, disbursements and encumbrances.

As part of this reporting model, management is responsible for preparing a Management's Discussion and Analysis of the District. This discussion follows this letter of transmittal, providing an assessment of the District's finances for 2004 and the outlook for the future.

## **INDEPENDENT AUDIT**

Provisions of State statute require that the District's financial statements be subjected to an annual examination by an independent auditor. The Auditor of State's unqualified opinion

rendered on the District's basic financial statements, combining statements and individual fund schedules, is included in the financial section of this Comprehensive Annual Financial Report. Pursuant to statute, the State prescribes a uniform accounting system to standardize accounting classification and financial reporting for all units of local education agencies in Ohio. The District adopted and has been in conformance with that system effective with its annual financial report since the 1979 calendar year.

## **AWARDS**

### **GFOA Certificate of Achievement**

The Government Finance Officers Association of the United States and Canada (GFOA) awarded a Certificate of Achievement to the District for its comprehensive annual financial report for the fiscal year ended June 30, 2003. The School District has received this award for four years. The Certificate of Achievement is a prestigious national award recognizing conformance with the highest standards for preparation of state and local government financial reports.

In order to be awarded a Certificate of Achievement, a government unit must publish an easily readable and efficiently organized Comprehensive Annual Financial Report, whose contents conform to program standards. Such reports must satisfy both generally accepted accounting principles and applicable legal requirements.

A Certificate of Achievement is valid for a period of one year only. We believe our current report continues to conform to the Certificate of Achievement program requirements, and we are submitting it to the GFOA.

### **ASBO Certificate**

The Association of School Business Officials International (ASBO) awards a Certificate of Excellence in Financial Reporting to school districts that publish Comprehensive Annual Financial Reports which substantially conform to the principles and standards of financial reporting as recommended and adopted by the Association of School Business Officials. The award is granted only after an intensive review of the financial report by an expert panel of certified public accountants and practicing school business officials.

The District received the Certificate of Excellence in Financial Reporting for the fiscal year ended June 30, 2003. This was the fourth year the School District has received this award. The District believes that the Comprehensive Annual Financial Report for fiscal year June 30, 2004, which will be submitted to ASBO for review, will conform to ASBO's principles and standards.



**ACKNOWLEDGEMENT**

The preparation of the 2004 Comprehensive Annual Financial Report of the Lakota Local School District was made possible by the combined efforts of the District's Finance Department and Plattenburg and Associates, Incorporated. The publication of this Comprehensive Annual Financial Report for the District is a major step in reinforcing the accountability of the District to the taxpayers of the community.

Respectfully submitted,

A handwritten signature in black ink, appearing to read 'Alan R. Hutchinson', with a long horizontal flourish extending to the right.

Alan R. Hutchinson  
Chief Financial Officer/Treasurer

**LAKOTA LOCAL SCHOOL DISTRICT, OHIO**

**LIST OF PRINCIPAL OFFICIALS**

**June 30, 2004**

**ELECTED OFFICIALS  
BOARD OF EDUCATION**

---

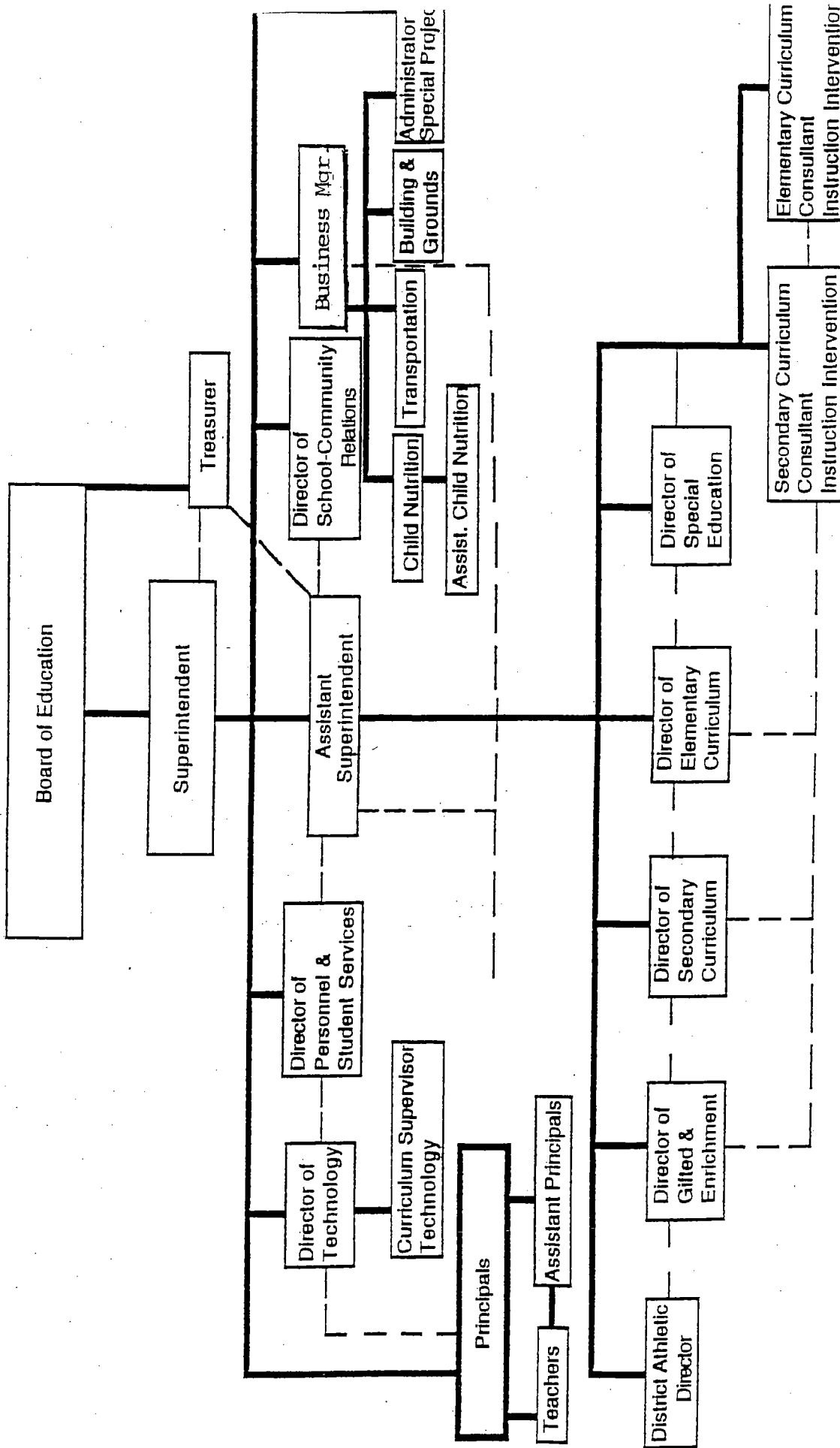
President, Board of Education	Ms. Joan Powell
Vice President, Board of Education	Ms. Sandy Wheatley
Board Member	Ms. Susan McLaughlin
Board Member	Mr. Dan Warncke
Board Member	Mr. Jeffrey Jones

**ADMINISTRATIVE OFFICIALS**

---

Superintendent	Mrs. Kathleen L. Klink
Chief Financial Officer/Treasurer	Mr. Alan R. Hutchinson
Assistant Treasurer	Mr. Craig A. Jones

LAKOTA LOCAL SCHOOL DISTRICT



----- Communication/Coordination/Facilitation  
 \_\_\_\_\_ Accountability/Reports to/Evaluation

ASSOCIATION OF SCHOOL BUSINESS OFFICIALS  
INTERNATIONAL



This Certificate of Excellence in Financial Reporting is presented to

**LAKOTA LOCAL SCHOOL DISTRICT**

For its Comprehensive Annual Financial Report (CAFR)  
For the Fiscal Year Ended June 30, 2003

Upon recommendation of the Association's Panel of Review which has judged the Report substantially conforms to principles and standards of ASBO's Certificate of Excellence Program

*William R. Fall*  
President

*Doreen W. Keller*  
Executive Director

# Certificate of Achievement for Excellence in Financial Reporting

Presented to

Lakota Local School District,  
Ohio

For its Comprehensive Annual  
Financial Report  
for the Fiscal Year Ended  
June 30, 2003

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



*Nancy L. Zielle*

President

*Jeffrey R. Emery*

Executive Director

**FINANCIAL  
SECTION**



**Auditor of State  
Betty Montgomery**

**INDEPENDENT ACCOUNTANTS' REPORT**

Lakota Local School District  
Butler County  
5572 Princeton Road  
Liberty Township, Ohio 45011

To the Board of Education:

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

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

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

In accordance with *Government Auditing Standards*, we have also issued our report dated December 31, 2004 on our consideration of the District's internal control over financial reporting and our tests of its compliance with certain provisions of laws, regulations, contracts and grants. That report is an integral part of an audit performed in accordance with *Government Auditing Standards* and should be read in conjunction with this report in considering the results of our audit.

Management's Discussion and Analysis and the respective budgetary comparison for the General Fund are not a required part of the basic financial statements but are supplementary information the Governmental Accounting Standards Board requires. We have applied certain limited procedures, which consisted principally of inquiries of management regarding the methods of measurement and presentation of the required supplementary information. However, we did not audit the information and express no opinion on it.

88 E. Broad St. / P.O. Box 1140 / Columbus, OH 43216-1140  
Telephone: (614) 466-4514 (800) 282-0370 Fax: (614) 466-4490  
[www.auditor.state.oh.us](http://www.auditor.state.oh.us)

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



**Betty Montgomery**  
Auditor of State

December 31, 2004



**LAKOTA LOCAL SCHOOL DISTRICT**  
**MANAGEMENT'S DISCUSSION AND ANALYSIS**  
**For the Fiscal Year Ended June 30, 2004**  
**(Unaudited)**

The discussion and analysis of Lakota Local School District's financial performance provides an overall review of the District's financial activities for the fiscal year ended June 30, 2004. The intent of this discussion and analysis is to look at the District's financial performance as a whole; readers should also review the transmittal letter, notes to the basic financial statements and financial statements to enhance their understanding of the District's performance.

The Management's Discussion and Analysis (MD&A) is an element of the new reporting model adopted by the Governmental Accounting Standard Board (GASB) in their Statement No. 34 Basic Financial Statements – and Management's Discussion and Analysis – for State and Local Government issued June, 1999.

**Financial Highlights**

Key financial highlights for 2004 are as follows:

- In total, net assets increased \$5,115,523 which was an improvement over the prior year. Net assets of governmental activities increased \$4,875,757 which represents a 8.3% increase from 2003. Net assets of business-type activities increased \$239,766 or 9.6% from 2003.
- General revenues accounted for \$132,512,119 in revenue or 92.4% of all revenues. Program specific revenues in the form of charges for services and sales, grants and contributions accounted for \$10,872,647 or 7.6% of total revenues of \$143,384,766.
- Total assets of governmental activities decreased by \$4,823,229 as taxes receivable increased by \$1,717,911 while cash and other receivables decreased by \$6,586,581.
- The District had \$133,506,043 in expenses related to governmental activities; only \$5,880,307 of these expenses were offset by program specific charges for services, grants or contributions. General revenues of \$132,512,119 were adequate to provide for these programs.
- Net assets for Enterprise Funds increased slightly. This increase resulted from operating revenue of \$4,992,340 exceeding operating expenses of \$4,763,200.

**Using this Comprehensive Annual Financial Report (CAFR)**

This annual report consists of a series of financial statements and notes to those statements. These statements are organized so the reader can understand the District as a financial whole, an entire operating entity. The statements then proceed to provide an increasingly detailed look at specific financial activities.

The *Statement of Net Assets* and *Statements of Activities* provide information about the activities of the whole District, presenting both an aggregate view of the District's finances and a longer-term view of those finances. Fund financial statements provide the next level of detail. For governmental funds, these statements tell how services were financed in the short-term as well as what remains for future spending. The fund financial statements also look at the District's most significant funds with all other nonmajor funds presented in total in one column. The General and Debt Service Funds are the major funds of the District.

## **Reporting the School District as a Whole**

### *Statement of Net Assets and the Statement of Activities*

While this document contains the large number of funds used by the District to provide programs and activities, the view of the District as a whole looks at all financial transactions and asks the question, "How did we do financially during 2004?" The *Statement of Net Assets* and the *Statement of Activities* answers this question. These statements include *all assets* and *liabilities* using the accrual basis of accounting similar to the accounting used by most private-sector companies. This basis of accounting takes into account all of the current year's revenues and expenses regardless of when cash is received or paid.

These two statements report the District's *net assets* and changes in those assets. This change in net assets is important because it tells the reader that, for the District as a whole, the financial position has improved or diminished. The causes of this change may be the result of many factors, both financial and non-financial. Non-financial factors include the District's property tax base, current property tax laws in Ohio restricting revenue growth, facility conditions, required educational programs and other factors.

In the *Statement of Net Assets* and the *Statement of Activities*, the District is divided into two distinct kinds of activities:

- Governmental Activities – Most of the District's programs and services are reported here including instruction, support services, operation and maintenance of plant, pupil transportation and extracurricular activities.
- Business-Type Activities – These services are provided on a charge for goods or services basis to recover all of the expenses of the goods or services provided. The District's food service, uniform school supplies and adult education are reported as business activities.

## **Reporting the District's Most Significant Funds**

### *Fund Financial Statements*

The analysis of the District's major funds is presented in the Fund Financial Statements (see Table of Contents). Fund financial reports provide detailed information about the District's major funds. The District uses many funds to account for a multitude of financial transactions. However, these fund financial statements focus on the District's most significant funds.

**Governmental Funds** Most of the District's activities are reported in governmental funds, which focus on how money flows into and out of those funds and the balances left at year-end available for spending in future periods. These funds are reported using an accounting method called *modified accrual* accounting, which measures cash and all other *financial assets* that can readily be converted to cash. The governmental fund statements provide a detailed *short-term view* of the District's general government operations and the basic services it provides. Governmental fund information helps you determine whether there are more or fewer financial resources that can be spent in the near future to finance educational programs. The relationship (or differences) between governmental *activities* (reported in the Statement of Net Assets and the Statement of Activities) and governmental *funds* is reconciled in the financial statements.

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

### The District as a Whole

Recall that the Statement of Net Assets provides the perspective of the District as a whole.

Table 1 provides a summary of the District's net assets for 2003 compared to 2004:

Table 1  
Net Assets

	Governmental Activities		Business-Type Activities		Total	
	2003 Restated	2004	2003	2004	2003 Restated	2004
<b>Assets</b>						
Current and Other Assets	\$125,892,883	\$121,024,413	\$1,639,574	\$1,824,400	\$127,532,457	\$122,848,813
Capital Assets	<u>127,615,966</u>	<u>127,661,207</u>	<u>1,192,222</u>	<u>1,131,484</u>	<u>128,808,188</u>	<u>128,792,691</u>
Total Assets	<u>253,508,849</u>	<u>248,685,620</u>	<u>2,831,796</u>	<u>2,955,884</u>	<u>256,340,645</u>	<u>251,641,504</u>
<b>Liabilities</b>						
Long-Term Liabilities	111,057,508	104,319,459	72,838	68,661	111,130,346	104,388,120
Other Liabilities	<u>92,067,144</u>	<u>89,106,207</u>	<u>272,409</u>	<u>160,908</u>	<u>92,339,553</u>	<u>89,267,115</u>
Total Liabilities	<u>203,124,652</u>	<u>193,425,666</u>	<u>345,247</u>	<u>229,569</u>	<u>203,469,899</u>	<u>193,655,235</u>
<b>Net Assets</b>						
<b>Invested in Capital</b>						
Assets Net of Debt	22,843,294	29,021,627	0	1,131,484	22,843,294	30,153,111
Restricted	9,214,868	9,775,382	0	0	9,214,868	9,775,382
Unrestricted	<u>18,326,035</u>	<u>16,462,945</u>	<u>2,486,549</u>	<u>1,594,831</u>	<u>20,812,584</u>	<u>18,057,776</u>
Total Net Assets	<u>\$50,384,197</u>	<u>\$55,259,954</u>	<u>\$2,486,549</u>	<u>\$2,726,315</u>	<u>\$52,870,746</u>	<u>\$57,986,269</u>

Total assets decreased \$4,699,141. Equity in pooled cash and cash equivalents decreased \$6,178,173 due to increases in cash payments for expenses and liabilities. Taxes receivable increased \$1,717,911 due to increases in the property tax base. Total liabilities decreased \$9,814,644, resulting in a net asset increase of \$5,115,523.

The net assets of the District business-type activities increased by \$239,766. Since the increase was slight, management has reviewed and, where feasible, increased fees. This action should ensure that business-type activities remain self-supporting.

Table 2 shows the change in net assets for fiscal year 2004.

Table 2  
Changes in Net Assets

	<u>Governmental Activities</u>		<u>Business-Type Activities</u>		<u>Total</u>	
	<u>2003</u>	<u>2004</u>	<u>2003</u>	<u>2004</u>	<u>2003</u>	<u>2004</u>
Revenues						
Program Revenues:						
Charges for Services	\$2,029,981	\$2,117,107	\$4,178,817	\$4,525,316	\$6,208,798	\$6,642,423
Operating Grants	2,612,017	3,655,452	331,387	467,024	2,943,404	4,122,476
Capital Grants	450,657	107,748	0	0	450,657	107,748
General Revenue:						
Property Taxes	70,154,703	77,642,866	0	0	70,154,703	77,642,866
Grants and Entitlements	49,540,604	51,745,302	0	0	49,540,604	51,745,302
Other	<u>3,364,406</u>	<u>3,113,325</u>	<u>12,462</u>	<u>10,626</u>	<u>3,376,868</u>	<u>3,123,951</u>
Total Revenues	<u>128,152,368</u>	<u>138,381,800</u>	<u>4,522,666</u>	<u>5,002,966</u>	<u>132,675,034</u>	<u>143,384,766</u>
Program Expenses:						
Instruction	66,999,455	72,506,183	0	0	66,999,455	72,506,183
Support Services:						
Pupil and Instructional Staff	14,063,514	15,990,801	0	0	14,063,514	15,990,801
Board, Administrative, Fiscal and Business	12,071,135	12,809,329	0	0	12,071,135	12,809,329
Operations and Maintenance	11,414,121	11,177,889	0	0	11,414,121	11,177,889
Pupil Transportation	7,724,737	9,929,606	0	0	7,724,737	9,929,606
Central	2,074,718	2,343,254	0	0	2,074,718	2,343,254
Community Services	45,255	139,383	0	0	45,255	139,383
Extracurricular Activities	2,810,168	3,011,917	0	0	2,810,168	3,011,917
Interest and Fiscal Charges	6,002,168	5,597,681	0	0	6,002,168	5,597,681
Food Service	0	0	3,699,181	3,891,792	3,699,181	3,891,792
Uniform School Supply	<u>0</u>	<u>0</u>	<u>732,945</u>	<u>871,408</u>	<u>732,945</u>	<u>871,408</u>
Total Expenses	<u>123,205,271</u>	<u>133,506,043</u>	<u>4,432,126</u>	<u>4,763,200</u>	<u>127,637,397</u>	<u>138,269,243</u>
Increase in Net Assets	<u>\$4,947,097</u>	<u>\$4,875,757</u>	<u>\$90,540</u>	<u>\$239,766</u>	<u>\$5,037,637</u>	<u>\$5,115,523</u>

### Governmental Activities

The District revenues are mainly from two sources. Property taxes levied for general purposes and grants and entitlements comprised 93.5% of the District's revenues for governmental activities.

The District depends greatly on property taxes as a revenue source. The unique nature of property taxes in Ohio creates the need to routinely seek voter approval for operating funds. The overall revenues generated by a levy will not increase solely as a result of inflation. As an example, a homeowner with a home valued at \$100,000 and taxed at 1.0 mill would pay \$35.00 annually in taxes. If three years later the home were reappraised and increased to \$200,000 (and this inflationary increase in value is comparable to other property owners) the effective tax rate would become .5 mills and the owner would still pay \$35.00.

Thus Ohio districts do not receive additional property taxes related to increases in appraised values and must regularly return to the voters to maintain a constant level of service. Property taxes made up 55% of revenue for governmental activities for the District in fiscal year 2004.

Instruction comprises 54% of governmental program expenses. Support services expenses were 39.1% of governmental program expenses. Interest expense was 6.6%. Interest expense was attributable to the outstanding bond and borrowing for capital projects.

The Statement of Activities shows the cost of program services and the charges for services and grants offsetting those services. Table 3 shows, for government activities, the total cost of services and the net cost of services. That is, it identifies the cost of these services supported by tax revenue and unrestricted State entitlements.

Tax revenues increased due to an increase in the District's tax base. Instruction expense increased from the prior year due to increases in personnel related costs.

Table 3  
Governmental Activities

	<u>Total Cost of Services</u>		<u>Net Cost of Services</u>	
	<u>2003</u>	<u>2004</u>	<u>2003</u>	<u>2004</u>
Instruction	\$66,999,455	\$72,506,183	\$65,108,737	\$70,851,124
Support Services:				
Pupil and Instructional Staff Board, Administration, Fiscal and Business	14,063,514	15,990,801	12,105,308	13,039,127
Operations and Maintenance	12,071,135	12,809,329	12,058,195	12,785,369
Pupil Transportation	11,414,121	11,177,889	11,399,593	11,151,767
Central	7,724,737	9,929,606	7,478,688	9,786,305
Operation of Non-Instructional Services	2,074,718	2,343,254	2,001,376	2,234,611
Extracurricular Activities	45,255	139,383	36,937	6,752
Interest and Fiscal Charges	2,810,168	3,011,917	1,995,488	2,186,504
	<u>6,002,168</u>	<u>5,597,681</u>	<u>6,002,168</u>	<u>5,597,681</u>
Total Expenses	<u>\$123,205,271</u>	<u>\$133,506,043</u>	<u>\$118,112,616</u>	<u>\$127,625,736</u>

### Business-Type Activities

Business-type activities include the food service operation, the sale of uniform school supplies and adult education. These programs had revenues of \$4,992,340 and expenses of \$4,763,200 for fiscal year 2004. As discussed earlier, management has reviewed these programs and food service fees were increased. Business activities receive no support from tax revenues.

### The District's Funds

As a major fund, the General Fund had \$116,528,168 in revenues and \$119,756,049 in expenditures. The General Fund's fund balance decreased from \$24,931,476 to \$21,707,595. The Debt Service Fund had \$13,712,132 in revenues and \$12,508,199 in expenditures. The Debt Service's fund balance increased from \$5,426,471 to \$6,630,404.

## General Fund Budgeting Highlights

The District's budget is prepared according to Ohio law and is based on accounting for certain transactions on a basis of cash receipts, disbursements and encumbrances.

During the course of fiscal 2004, the District amended its general fund budget; however these amendments were not significant. The District uses site-based budgeting and the budgeting systems are designed to tightly control total site budgets but provide flexibility for site management. During the course of the year, the District revised the budget in an attempt to deal with unexpected changes in state revenues and subsequently reduced expenditures.

For the General Fund, budget basis revenue was \$114,390,045 above original budget estimates of \$111,386,063. Of this \$3,003,982 difference, most was due to an unexpected increase for taxes and intergovernmental.

The District's ending unobligated cash balance for the General Fund was \$6,093,464 above the final budgeted amount.

## Capital Assets and Debt Administration

### Capital Assets

At the end of fiscal 2004, the District had \$128,792,691 invested in land, buildings, equipment and vehicles. Table 4 shows fiscal 2004 balances compared to fiscal 2003:

Table 4  
Capital Assets at June 30  
(Net of Depreciation)

	Governmental Activities		Business-Type Activities		Total	
	2003 Restated	2004	2003	2004	2003 Restated	2004
Land and Improvements	\$7,804,958	\$9,372,457	\$2,601	\$2,458	\$7,807,559	\$9,374,915
Buildings and Improvements	101,982,708	101,847,721	6,565	25,087	101,989,273	101,872,808
Furniture and Equipment	<u>17,828,300</u>	<u>16,441,029</u>	<u>1,183,056</u>	<u>1,103,939</u>	<u>19,011,356</u>	<u>17,544,968</u>
Total Net Assets	<u>\$127,615,966</u>	<u>\$127,661,207</u>	<u>\$1,192,222</u>	<u>\$1,131,484</u>	<u>\$128,808,188</u>	<u>\$128,792,691</u>

The decrease in capital assets is due to depreciation exceeding additions. The District continues its ongoing commitment to maintaining and improving its capital assets.

## Debt

At June 30, 2004, the District had \$98,639,581 in bonds outstanding, \$5,750,593 due within one year. Table 5 summarizes bonds outstanding.

Table 5  
Outstanding Debt, at Year End

	Governmental Activities 2003	Governmental Activities 2004
Total:		
General Obligation Bonds:		
Freedom, Link Renovations	\$875,000	\$750,000
Heritage Additions & Renovations	310,000	0
Two New Elementaries Renovations	390,000	0
Freedom, New Elementaries Renovations	3,914,093	3,615,000
Refunding Woodland, Shawnee	4,005,957	3,270,957
Two New High Schools	21,830,000	19,180,000
Refunding Ninth Grade Heritage	18,765,835	18,495,835
Refunding New High Schools	880,000	450,000
1999 Various Purpose Long-Term Bonds	530,000	270,000
Bond & Refunding	51,427,789	50,497,789
2001 Various Purpose Long-Term Bonds	<u>2,495,000</u>	<u>2,110,000</u>
Total Outstanding Debt	<u>\$105,423,674</u>	<u>\$98,639,581</u>

Detailed information relating to capital assets and debt is presented in the notes to the financial statements.

## For the Future

Externally, the Ohio Supreme Court found the State of Ohio in March 1997, to be operating an unconstitutional educational system, one that was neither “adequate” nor “equitable.” Since 1997, the State has directed its tax revenue growth toward school districts with little property tax wealth. In May of 2000, the Ohio Supreme Court again ruled that, while the State had made some progress, the current funding system for schools is far too dependent on property taxes which are inherently not “equitable” nor “adequate”. The Court directed the Governor and the legislature to address the fundamental issues creating the inequities. In 2001, the Ohio legislature crafted a school-funding program to address the Court’s concerns. In 2004, with HB 95 these changes were modified due to a severe shortfall of tax collections in the state budget. The new state budget includes modest increases over the next two years and eliminates the funding language for fiscal years 2006 and 2007.

This scenario requires management to plan carefully and prudently to provide the resources to meet student needs over the next several years. This will include the need to request a bond issue to build additional schools to meet the rapid growth in enrollment.

With no increase in state funding projected, the District must increase revenues by submitting an operating levy to the community in the near future. With the District projecting a significant increase in enrollment, the need for increased revenues is exacerbated by the reduction in state funding projected for fiscal year 2005. This increased funding will be needed to provide all students a quality education while adequately staffing and housing a projected 415 plus students per year. Financially, the future of the District is not without challenges. Management must diligently plan future expenditures.

All of the District's financial abilities will be needed to meet the challenges of the future. With careful planning and monitoring of the District's finances, the District's management is confident that the District can continue to provide a quality education for our students and provide a secure financial future.

### **Contacting the District's Financial Management**

This financial report is designed to provide our citizens, taxpayers, and investors and creditors with a general overview of the District's finances and to show the District's accountability for the money it receives. If you have questions about this report or need additional financial information, contact Alan R. Hutchinson, Treasurer at Lakota Local School District, 5572 Princeton Road, Liberty Township, Ohio 45011 or E-mail at [alan.hutchinson@lakotaonline.com](mailto:alan.hutchinson@lakotaonline.com).



Lakota Local School District  
Statement of Net Assets  
June 30, 2004

	Governmental Activities	Business-Type Activities	Total
<b>Assets:</b>			
Equity in Pooled Cash and Investments	\$39,760,559	\$1,720,575	\$41,481,134
Restricted Cash and Investments	1,559,299	0	1,559,299
Cash and Cash Equivalents with Fiscal Agent	193,151	0	193,151
<b>Receivables:</b>			
Taxes	78,088,673	0	78,088,673
Accounts	754,787	84,001	838,788
Interest	76,243	0	76,243
Intergovernmental	591,501	0	591,501
Internal Balances	200	(200)	0
Inventory	0	20,024	20,024
Nondepreciable Capital Assets	7,524,476	0	7,524,476
Depreciable Capital Assets, Net	120,136,731	1,131,484	121,268,215
<b>Total Assets</b>	<b>248,685,620</b>	<b>2,955,884</b>	<b>251,641,504</b>
<b>Liabilities:</b>			
Accounts Payable	1,105,182	44,087	1,149,269
Accrued Wages and Benefits	12,975,289	116,821	13,092,110
Retainage Payable	193,151	0	193,151
Accrued Interest Payable	526,309	0	526,309
Deferred Revenue	73,324,072	0	73,324,072
Other Liabilities	982,204	0	982,204
<b>Long-Term Liabilities:</b>			
Due Within One Year	6,604,291	17,168	6,621,459
Due In More Than One Year	97,715,168	51,493	97,766,661
<b>Total Liabilities</b>	<b>193,425,666</b>	<b>229,569</b>	<b>193,655,235</b>
<b>Net Assets:</b>			
Invested in Capital Assets, Net of Related Debt	29,021,627	1,131,484	30,153,111
<b>Restricted for:</b>			
Special Revenue	1,380,759	0	1,380,759
Debt Service	6,494,503	0	6,494,503
Capital Projects	340,821	0	340,821
Set-Aside	1,559,299	0	1,559,299
Unrestricted	16,462,945	1,594,831	18,057,776
<b>Total Net Assets</b>	<b>\$55,259,954</b>	<b>\$2,726,315</b>	<b>\$57,986,269</b>

See accompanying notes to the basic financial statements.

Lakota Local School District  
Statement of Activities  
For the Fiscal Year Ended June 30, 2004

	Expenses	Program Revenues		
		Charges for Services and Sales	Operating Grants and Contributions	Capital Grants and Contributions
<b>Governmental Activities:</b>				
<b>Instruction:</b>				
Regular	\$62,135,436	\$463,433	\$692,174	\$0
Special	9,793,901	0	248,199	0
Vocational	284,051	0	0	0
Other	292,795	181,050	70,203	0
<b>Support Services:</b>				
Pupil	8,663,017	626,643	1,905,568	0
Instructional Staff	7,327,784	6,717	412,746	0
General Administration	23,719	0	0	0
School Administration	10,204,176	1,145	22,815	0
Fiscal	2,115,246	0	0	0
Business	466,188	0	0	0
Operations and Maintenance	11,177,889	0	26,122	0
Pupil Transportation	9,929,606	0	35,553	107,748
Central	2,343,254	12,706	95,937	0
Operation of Non-Instructional Services	139,383	0	146,135	0
Extracurricular Activities	3,011,917	825,413	0	0
Interest and Fiscal Charges	5,597,681	0	0	0
<b>Total Governmental Activities</b>	<b>133,506,043</b>	<b>2,117,107</b>	<b>3,655,452</b>	<b>107,748</b>
<b>Business-Type Activities:</b>				
Food Service	3,891,792	3,611,470	467,024	0
Uniform School Supply	871,408	913,846	0	0
<b>Total Business-Type Activities</b>	<b>4,763,200</b>	<b>4,525,316</b>	<b>467,024</b>	<b>0</b>
<b>Totals</b>	<b>\$138,269,243</b>	<b>\$6,642,423</b>	<b>\$4,122,476</b>	<b>\$107,748</b>

General Revenues:  
Property Taxes Levied for:  
    General Purposes  
    Debt Service Purposes  
Grants and Entitlements not Restricted to Specific Programs  
Payment in Lieu of Taxes  
Unrestricted Contributions  
Investment Earnings  
Other Revenues

Total General Revenues

Change in Net Assets

Net Assets Beginning of Year (restated)

Net Assets End of Year

See accompanying notes to the basic financial statements.

Net (Expense) Revenue and Changes in Net Assets		
Governmental Activities	Business-Type Activities	Total
(\$60,979,829)	\$0	(\$60,979,829)
(9,545,702)	0	(9,545,702)
(284,051)	0	(284,051)
(41,542)	0	(41,542)
(6,130,806)	0	(6,130,806)
(6,908,321)	0	(6,908,321)
(23,719)	0	(23,719)
(10,180,216)	0	(10,180,216)
(2,115,246)	0	(2,115,246)
(466,188)	0	(466,188)
(11,151,767)	0	(11,151,767)
(9,786,305)	0	(9,786,305)
(2,234,611)	0	(2,234,611)
6,752	0	6,752
(2,186,504)	0	(2,186,504)
(5,597,681)	0	(5,597,681)
<u>(127,625,736)</u>	<u>0</u>	<u>(127,625,736)</u>
0	186,702	186,702
0	42,438	42,438
<u>0</u>	<u>229,140</u>	<u>229,140</u>
<u>(\$127,625,736)</u>	<u>\$229,140</u>	<u>(\$127,396,596)</u>
65,507,861	0	65,507,861
12,135,005	0	12,135,005
51,745,302	0	51,745,302
2,153,931	0	2,153,931
31,743	0	31,743
461,120	10,626	471,746
466,531	0	466,531
<u>132,501,493</u>	<u>10,626</u>	<u>132,512,119</u>
4,875,757	239,766	5,115,523
50,384,197	2,486,549	52,870,746
<u>\$55,259,954</u>	<u>\$2,726,315</u>	<u>\$57,986,269</u>

Lakota Local School District  
Balance Sheet  
Governmental Funds  
June 30, 2004

	General	Debt Service	Other Governmental Funds	Total Governmental Funds
<b>Assets:</b>				
Equity in Pooled Cash and Investments	\$31,309,597	\$6,323,687	\$2,127,275	\$39,760,559
Restricted Cash and Investments	1,559,299	0	0	1,559,299
Cash and Cash Equivalents with Fiscal Agent	0	0	193,151	193,151
<b>Receivables:</b>				
Taxes	66,814,327	11,274,346	0	78,088,673
Accounts	754,787	0	0	754,787
Interest	76,243	0	0	76,243
Intergovernmental	0	0	591,501	591,501
Interfund	146,595	0	0	146,595
<b>Total Assets</b>	<b>100,660,848</b>	<b>17,598,033</b>	<b>2,911,927</b>	<b>121,170,808</b>
<b>Liabilities and Fund Balances:</b>				
<b>Liabilities:</b>				
Accounts Payable	820,002	0	285,180	1,105,182
Accrued Wages and Benefits	11,750,718	0	321,829	12,072,547
Compensated Absences	375,586	0	14,130	389,716
Retainage Payable	0	0	193,151	193,151
Interfund Payable	0	0	146,395	146,395
Deferred Revenue	65,024,743	10,967,629	246,976	76,239,348
Other Liabilities	982,204	0	0	982,204
<b>Total Liabilities</b>	<b>78,953,253</b>	<b>10,967,629</b>	<b>1,207,661</b>	<b>91,128,543</b>
<b>Fund Balances:</b>				
Reserved for Encumbrances	1,292,685	0	588,365	1,881,050
Reserved for Property Tax Advances	1,789,584	306,717	0	2,096,301
Reserved for Set-Aside	1,559,299	0	0	1,559,299
<b>Unreserved, Undesignated, Reported in:</b>				
General Fund	17,066,027	0	0	17,066,027
Special Revenue Funds	0	0	1,101,409	1,101,409
Debt Service Funds	0	6,323,687	0	6,323,687
Capital Projects Funds	0	0	14,492	14,492
<b>Total Fund Balances</b>	<b>21,707,595</b>	<b>6,630,404</b>	<b>1,704,266</b>	<b>30,042,265</b>
<b>Total Liabilities and Fund Balances</b>	<b>\$100,660,848</b>	<b>\$17,598,033</b>	<b>\$2,911,927</b>	<b>\$121,170,808</b>

See accompanying notes to the basic financial statements.

Lakota Local School District  
 Reconciliation of Total Governmental Fund Balance to  
 Net Assets of Governmental Activities  
 June 30, 2004

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Total Governmental Fund Balance		\$30,042,265
Amounts reported for governmental activities in the statement of net assets are different because:		
Capital assets used in governmental activities are not financial resources and therefore are not reported in the funds.		127,661,207
Other long-term assets are not available to pay for current-period expenditures and therefore are deferred in the funds.		
Delinquent Property Taxes	2,668,300	
Intergovernmental	<u>246,976</u>	
		2,915,276
In the statement of net assets interest payable is accrued when incurred, whereas in the governmental funds interest is reported as a liability only when it will require the use of current financial resources.		(526,309)
Some liabilities reported in the statement of net assets do not require the use of current financial resources and therefore are not reported as liabilities in governmental funds.		
Pension Obligation	(902,742)	
Compensated Absences	<u>(5,290,163)</u>	
		(6,192,905)
Long-term liabilities, are not due and payable in the current period and therefore are not reported in the funds.		<u>(98,639,580)</u>
Net Assets of Governmental Activities		<u>\$55,259,954</u>

See accompanying notes to the basic financial statements.

Lakota Local School District  
Statement of Revenues, Expenditures  
and Changes in Fund Balance  
Governmental Funds  
For the Fiscal Year Ended June 30, 2004

	General	Debt Service	Other Governmental Funds	Total Governmental Funds
<b>Revenues:</b>				
Taxes	\$63,229,969	\$11,744,597	\$0	\$74,974,566
Tuition and Fees	443,132	0	0	443,132
Investment Earnings	454,145	0	6,975	461,120
Intergovernmental	51,384,574	1,967,535	3,589,273	56,941,382
Extracurricular Activities	0	0	1,545,353	1,545,353
Other Revenues	1,016,348	0	246,278	1,262,626
<b>Total Revenues</b>	<b>116,528,168</b>	<b>13,712,132</b>	<b>5,387,879</b>	<b>135,628,179</b>
<b>Expenditures:</b>				
<b>Current:</b>				
<b>Instruction:</b>				
Regular	58,479,529	0	876,222	59,355,751
Special	9,476,684	0	222,231	9,698,915
Vocational	283,553	0	0	283,553
Other	292,795	0	0	292,795
<b>Support Services:</b>				
Pupil	6,585,794	0	2,020,572	8,606,366
Instructional Staff	6,685,164	0	610,651	7,295,815
General Administration	22,537	0	1,182	23,719
School Administration	10,265,494	0	7,386	10,272,880
Fiscal	1,924,589	158,084	0	2,082,673
Business	339,578	0	0	339,578
Operations and Maintenance	11,197,249	0	14,722	11,211,971
Pupil Transportation	9,280,591	0	24,736	9,305,327
Central	2,141,035	0	63,532	2,204,567
Operation of Non-Instructional Services	4,285	0	130,939	135,224
Extracurricular Activities	1,734,813	0	1,068,669	2,803,482
Capital Outlay	1,042,359	0	3,268,540	4,310,899
<b>Debt Service:</b>				
Principal Retirement	0	6,784,094	0	6,784,094
Interest and Fiscal Charges	0	5,566,021	0	5,566,021
<b>Total Expenditures</b>	<b>119,756,049</b>	<b>12,508,199</b>	<b>8,309,382</b>	<b>140,573,630</b>
<b>Excess of Revenues Over (Under) Expenditures</b>	<b>(3,227,881)</b>	<b>1,203,933</b>	<b>(2,921,503)</b>	<b>(4,945,451)</b>
<b>Other Financing Sources (Uses):</b>				
Proceeds from Sale of Capital Assets	5,592	0	255,810	261,402
Transfers In	11,658	0	13,250	24,908
Transfers (Out)	(13,250)	0	(11,658)	(24,908)
<b>Total Other Financing Sources (Uses)</b>	<b>4,000</b>	<b>0</b>	<b>257,402</b>	<b>261,402</b>
<b>Net Change in Fund Balance</b>	<b>(3,223,881)</b>	<b>1,203,933</b>	<b>(2,664,101)</b>	<b>(4,684,049)</b>
<b>Fund Balance Beginning of Year</b>	<b>24,931,476</b>	<b>5,426,471</b>	<b>4,368,367</b>	<b>34,726,314</b>
<b>Fund Balance End of Year</b>	<b>\$21,707,595</b>	<b>\$6,630,404</b>	<b>\$1,704,266</b>	<b>\$30,042,265</b>

See accompanying notes to the basic financial statements.

Lakota Local School District  
 Reconciliation of the Statement of Revenues, Expenditures, and Changes  
 in Fund Balance of Governmental Funds to the Statement of Activities  
 For the Fiscal Year Ended June 30, 2004

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Net Change in Fund Balance - Total Governmental Funds (\$4,684,049)

Amounts reported for governmental activities in the  
 statement of activities are different because:

Governmental funds report capital asset additions as expenditures.  
 However, in the statement of activities, the cost of those assets is  
 allocated over their estimated useful lives as depreciation  
 expense. This is the amount of the difference between capital  
 asset additions and depreciation in the current period.

Capital assets used in governmental activities	5,298,890	
Depreciation Expense	<u>(5,081,591)</u>	217,299

Governmental funds only report the disposal of assets to the  
 extent proceeds are received from the sale. In the statement  
 of activities, a gain or loss is reported for each disposal. The  
 amount of the proceeds must be removed and the gain or loss  
 on the disposal of capital assets must be recognized. This is the  
 amount of the difference between the proceeds and the gain or loss. (172,058)

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

Delinquent Property Taxes	2,668,300	
Intergovernmental	<u>(4,023)</u>	2,664,277

Repayment of bond principal is an expenditure in the  
 governmental funds, but the repayment reduces long-term  
 liabilities in the statement of net assets. 6,784,094

In the statement of activities interest expense is accrued when incurred,  
 whereas in governmental funds an interest expenditure is reported  
 when due. (31,658)

Some expenses reported in the statement of activities do not require the  
 use of current financial resources and therefore are not reported as  
 expenditures in governmental funds.

Pension Obligation	(102,179)	
Compensated Absences	<u>200,031</u>	<u>97,852</u>

Change in Net Assets of Governmental Activities \$4,875,757

See accompanying notes to the basic financial statements.

Lakota Local School District  
Statement of Net Assets  
Proprietary Funds  
June 30, 2004

	<u>Business-Type Activities Enterprise Funds</u>
Assets:	
Equity in Pooled Cash and Investments	\$1,720,575
Receivables:	
Accounts	84,001
Inventory	<u>20,024</u>
Total Current Assets	<u>1,824,600</u>
Depreciable Capital Assets, Net	<u>1,131,484</u>
Total Assets	<u>2,956,084</u>
Liabilities:	
Current Liabilities:	
Accounts Payable	44,087
Accrued Wages and Benefits	116,821
Compensated Absences	17,168
Interfund Payable	<u>200</u>
Total Current Liabilities	<u>178,276</u>
Long-Term Liabilities:	
Compensated Absences	<u>51,493</u>
Total Liabilities	<u>229,769</u>
Net Assets:	
Invested in Capital Assets, Net of Related Debt	1,131,484
Unrestricted	<u>1,594,831</u>
Total Net Assets	<u><u>\$2,726,315</u></u>

See accompanying notes to the basic financial statements.



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

	<u>Business-Type Activities Enterprise Funds</u>
Operating Revenues:	
Charges for Services	<u>\$4,525,316</u>
Total Operating Revenues	<u>4,525,316</u>
Operating Expenses:	
Personal Services	1,843,739
Contactual Services	115,659
Materials and Supplies	2,608,998
Depreciation	<u>194,804</u>
Total Operating Expenses	<u>4,763,200</u>
Operating Income (Loss)	<u>(237,884)</u>
Non-Operating Revenues (Expenses):	
Investment Earnings	10,626
Operating Grants	<u>467,024</u>
Total Non-Operating Revenues (Expenses)	<u>477,650</u>
Income (Loss) Before Contributions & Transfers	<u>239,766</u>
Change in Net Assets	239,766
Net Assets Beginning of Year	<u>2,486,549</u>
Net Assets End of Year	<u><u>\$2,726,315</u></u>

See accompanying notes to the basic financial statements.

Lakota Local School District  
Statement of Cash Flows  
Proprietary Funds  
For the Fiscal Year Ended June 30, 2004

	<u>Business-Type Activities Enterprise Funds</u>
Cash Flows from Operating Activities:	
Cash Received from Customers	\$4,545,803
Cash Payments to Employees	(1,858,513)
Cash Payments to Suppliers	<u>(2,825,280)</u>
Net Cash Provided (Used) by Operating Activities	<u>(137,990)</u>
Cash Flows from Noncapital Financing Activities:	
Operating Grants Received	467,024
Payments from Other Funds	<u>200</u>
Net Cash Provided (Used) by Noncapital Financing Activities	<u>467,224</u>
Cash Flows from Capital and Related Financing Activities:	
Payments for Capital Acquisitions	<u>(133,817)</u>
Net Cash Provided (Used) by Capital and Related Financing Activities	<u>(133,817)</u>
Cash Flows from Investing Activities:	
Earnings on Investments	<u>10,626</u>
Net Cash Provided (Used) by Cash Flows from Investing Activities	<u>10,626</u>
Net Increase (Decrease) in Cash and Cash Equivalents	206,043
Cash and Cash Equivalents Beginning of Year	<u>1,514,532</u>
Cash and Cash Equivalents End of Year	<u><u>1,720,575</u></u>
Reconciliation of Operating Income (Loss) to Net Cash Provided (Used) by Operating Activities	
Operating Income (Loss)	(237,884)
Adjustments:	
Depreciation	194,804
Changes in Assets & Liabilities:	
(Increase) Decrease in Receivables	20,487
(Increase) Decrease in Inventory	281
Increase (Decrease) in Payables	(90,487)
Increase (Decrease) in Accrued Liabilities	(14,774)
Increase (Decrease) in Deferred Revenue	<u>(10,417)</u>
Net Cash Provided (Used) by Operating Activities	<u><u>(\$137,990)</u></u>

See accompanying notes to the basic financial statements.

Lakota Local School District  
Statement of Fiduciary Net Assets  
Fiduciary Funds  
June 30, 2004

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	Private Purpose Trust	Agency
Assets:		
Equity in Pooled Cash and Investments	<u>\$1,598</u>	<u>\$250,465</u>
Total Assets	<u>1,598</u>	<u>\$250,465</u>
Liabilities:		
Accounts Payable	0	28,914
Other Liabilities	<u>0</u>	<u>221,551</u>
Total Liabilities	<u>0</u>	<u>\$250,465</u>
Net Assets:		
Held in Trust	<u>1,598</u>	
Total Net Assets	<u>\$1,598</u>	

See accompanying notes to the basic financial statements.

Lakota Local School District  
Statement of Changes in Fiduciary Net Assets  
Fiduciary Funds  
For the Fiscal Year Ended June 30, 2004

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	<u>Private Purpose Trust</u>
Additions:	
Investment Earnings	\$69
Other	<u>2,495</u>
Total Additions	<u>2,564</u>
Deductions:	
Other	<u>27,981</u>
Total Deductions	<u>27,981</u>
Change in Net Assets	(25,417)
Net Assets Beginning of Year	<u>27,015</u>
Net Assets End of Year	<u>\$1,598</u>

See accompanying notes to the basic financial statements.

**LAKOTA LOCAL SCHOOL DISTRICT  
NOTES TO BASIC FINANCIAL STATEMENTS  
For the Fiscal Year Ended June 30, 2004**

**1. DESCRIPTION OF THE DISTRICT**

The District was chartered in 1957 by the Ohio State Legislature. The original District was a consolidation of the Liberty Township District and the Union Township District into the Liberty-Union School District. The name of the District was changed to the Lakota Local School District in 1970. Today, the District operates under current standards prescribed by the Ohio State Board of Education as provided in Division D § 3301.07 and §119.01 of the Ohio Revised Code.

The District operates under a locally elected five-member board form of government and provides educational services as authorized by its charter or further mandated by state and/or federal agencies. This board controls the District's twenty instructional and support facilities staffed by approximately 640 non-certificated personnel and approximately 1,020 certificated teaching and administrative personnel to provide services to over 14,600 students.

**REPORTING ENTITY**

In accordance with Governmental Accounting Standards Board [GASB] Statement 14, the financial reporting entity consists of a primary government. The District is a primary government because it is a special-purpose government that has a separately elected governing body, is legally separate, and is fiscally independent of other state and local governments.

There are no component units combined with the District for financial statement presentation purposes, and it is not included in any other governmental reporting entity. Consequently, the District's financial statements include only the funds of those organizational entities for which its elected governing body is financially accountable. The District's major operations include education, pupil transportation, food service, and maintenance of District facilities.

**2. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES**

The financial statements of the District have been prepared in conformity with generally accepted accounting principles (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 on or before November 30, 1989, to its governmental and business-type activities and to its proprietary funds provided they do not conflict with or contradict GASB pronouncements. For business-type activities and proprietary funds, the District has elected not to follow subsequent private-sector guidance. The most significant of the District's accounting policies are described below.

## **MEASUREMENT FOCUS**

### **Government-wide Financial Statements**

The government-wide statements are prepared using the economic resources measurement focus. All assets and liabilities associated with the operation of the District are included on the statement of net assets. The effect of interfund activity has been removed from these statements. Fiduciary Funds are not included in entity-wide statements.

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

### **Government-wide Statement of Activities Accounts**

The operating statements present all revenues, expenses, and changes in net assets for the District as a whole. The operating statement format should contain data categorized by expenses, program revenues and general revenues. The selected accounts for the District's financial statements are:

#### **Program Classifications**

#### **Governmental Activities**

**Instruction** – includes the activities directly dealing with the teaching of pupils or the interaction between teacher and pupil.

**Regular** – designed primarily to prepare pupils for participation in society as citizens, family members and workers.

**Special** – activities are designed to deal with pupil exceptionalities such as improving or overcoming physical, mental, social and/or emotional handicaps.

**Vocational** – activities that help prepare youth and adults to make career choices in the work world.

**Other** – instruction not otherwise defined above.

**Support Services** – provide administrative, technical and logistical support to facilitate and enhance the instructional process. They exist as adjuncts for the fulfillment of the objective of instruction.

**Pupil** – services designed to assess and improve the well-being of pupils and to supplement the teaching process.

**Instructional Staff** – activities are associated with assisting the teachers with the content and process of providing learning experiences for pupils.

**General Administration** – activities are concerned with establishing and administering policy in connection with operating the school district.

**School Administration** – activities concerned with overall administrative responsibility for a single school, group of schools or the entire district.

**Fiscal** – services which relate to the financial operation of the school district including budgeting, receiving and disbursing, financial accounting, payroll, inventory control and auditing.

**Business** – activities which include purchasing, receiving, transporting, exchanging and maintaining goods and services for the school district.

**Operations and Maintenance** – activities dealing with keeping the physical plant open, comfortable and safe for use and keeping the grounds, buildings and equipment in an effective working condition and state of repair.

**Pupil Transportation** – activities concerned with the conveyance of individuals to and from school, as provided by state law, including school activities and between home and school.

**Central** – those activities which support each of the other instructional and supporting service programs, other than general administration. This includes planning, research, development, evaluation, information staff, statistical and data processing services.

**Operation of Non-instructional Services** – consists primarily with providing transportation and instructional services for non-public school pupils.

**Extracurricular Activities** – are designed to provide academic, occupational, sports, school and public service opportunities for pupils which usually are not provided in a regular class.

**Interest and Fiscal Charges** – costs associated with debt retirement for capital projects.

### **Business-Type Activities**

**Food Service** – to account for revenues and expenses related to the provisions of food services for the students and staff.

**Uniform School Supply** – To account for the purchase and sale of school supplies.

### **Program Revenues**

Charges for Services – all fees charged for specific services such as student fees and fees for extracurricular activities that can be identified to a specific program.

Operating Grants and Contributions – operating grants, contributions and interest whose use is limited to a specific program.

Capital Grants and Contributions – capital grants, contributions and interest whose use is limited to a specific program.

### **General Revenues**

Property Taxes Levied for General and Debt Service Purposes – this account includes real estate taxes, personal property tax, manufactured home tax and other local taxes. This category may be further split by purpose.

Grants and Entitlements not Restricted to Specific Programs – These revenues generally include state foundation revenues, open enrollment revenues and homestead and rollback revenues.

Payment in Lieu of Taxes – to account for payments received to compensate the District for the cost of services provided to an entity that is not otherwise subject to taxation.

Unrestricted Contributions – to account for contributions not restricted for specific purposes.

Investment Earnings – includes interest on cash management and investment accounts whose use is not restricted to a specific program.

Other Revenues – all other revenue received not designated above.

### **Fund Financial Statements**

All governmental funds are accounted for using a flow of current financial resources measurement focus. With this measurement focus, only current assets and current liabilities generally are included on the balance sheet. The statement of revenues, expenditures and changes in fund balances reports on the sources (i.e., revenues and other financing sources) and uses (i.e., expenditures and other financing uses) of current financial resources. This approach differs from the manner in which the governmental activities of the government-wide financial statements are prepared. Governmental fund financial statements therefore include reconciliation with brief explanations to better identify the relationship between the government-wide statements and the statements for governmental funds.



Like the government-wide statements, all proprietary fund types are accounted for on a flow of economic resources measurement focus. All assets and all liabilities associated with the operation of these funds are included on the statement of net assets. The statement of changes in fund net assets presents increases (i.e., revenues) and decreases (i.e., expenses) in net total assets. The statement of cash flows provides information about how the District finances and meets the cash flow needs of its proprietary activities.

Fiduciary Funds are reported using the economic resources measurement focus.

## **FUND ACCOUNTING**

The District uses funds to maintain its financial records during the fiscal year. Fund accounting is designed to demonstrate legal compliance and to aid 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. The various funds of the District are grouped into the categories governmental, proprietary and fiduciary.

### **Governmental Funds**

Governmental funds focus on the sources, uses and balances of current financial resources. Expendable assets are assigned to the various governmental funds according to the purposes for which they may or must be used. Current liabilities are assigned to the fund from which they will be paid. The difference between governmental fund assets and liabilities is reported as fund balance. The following are the District's major governmental funds:

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

Debt Service Fund – The debt service fund is used to account for the accumulation of resources for the payment of general obligation bond principal and interest and certain other long-term obligations from governmental resources when the District is obligated in some manner for the payment.

### **Proprietary Fund**

Proprietary fund reporting focuses on the determination of operating income changes in net assets, financial position and cash flows. Proprietary funds are classified as enterprise or internal service; the District has no internal service funds.

Enterprise Funds – The enterprise fund may be used to account for any activity for which a fee is charged to external users for goods or services.

## **Fiduciary Funds**

Fiduciary fund reporting focuses on net assets and changes in net assets. The fiduciary fund category is split into four classifications: pension trust funds, investment trust funds, private purpose trust funds and agency funds. Private purpose trust funds are used to account for assets held by the School District under a trust agreement for individuals, private organizations, or other governments and are therefore not available to support the District's own programs. The District maintains one agency fund known as the Student Activities Fund. The Student Activities Fund was established to account for revenues generated by student managed activities. Agency funds are custodian in nature (assets equal liabilities) and do not involve measurement of results of operations. The School District's only trust fund is a private purpose trust which accounts for scholarship programs for students.

### **3. BASIS OF ACCOUNTING**

Basis of accounting determines when transactions are recorded in the financial records and reported on the financial statements. Government-wide financial statements are prepared using the accrual basis of accounting. Governmental funds use the modified accrual basis of accounting. Proprietary and fiduciary funds also use the accrual basis of accounting. Differences in the actual and the modified accrual basis of accounting arise in the recognition of revenue, the recording of deferred revenue, and in the presentation of expenses versus expenditures.

#### Revenues – Exchange and Non-exchange Transactions

Revenue resulting from exchange transactions, in which each party gives and receives essentially equal value, is recorded on the accrual basis when the exchange takes place. On a modified accrual basis, revenue is recorded in the fiscal year in which the resources are measurable and become available. Available means that the resources will be collected within the current fiscal year or are expected to be collected soon enough thereafter to be used to pay liabilities of the current fiscal year. For the District, available means expected to be received within sixty days of fiscal year end.

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

Under the modified accrual basis, the following revenue sources are considered to be both measurable and available at year end: property taxes available for advance, grants and interest.

#### Deferred Revenue

Deferred revenue arises when assets are recognized before revenue recognition criteria have been satisfied.

Property taxes for which there is an enforceable legal claim as of June 30, 2004, but which were levied to finance fiscal year 2005 operations, have been recorded as deferred revenue. Grants and entitlements received before the eligibility requirements are met are also recorded as deferred revenue.

On governmental fund financial statements, receivables that will not be collected within the available period have also been reported as deferred revenue.

#### Expenses/Expenditures

On the accrual basis of accounting, expenses are recognized at the time they are incurred. The fair value of donated commodities used during the year is reported in the operating statement as an expense with a like amount reported as donated commodities revenue. Unused donated commodities are reported as deferred revenue.

The measurement focus of governmental fund accounting is on decreases in net financial resources (expenditures) rather than expenses. Expenditures are generally recognized in the accounting period in which the related fund liability is incurred, if measurable. However, debt service expenditures, as well as expenditures related to compensated absences, are recorded only when payment is due. Allocations of cost, such as depreciation and amortization, are not recognized in the governmental funds.

### **CASH AND CASH EQUIVALENTS**

Cash received by the District is pooled for investment purposes. Each fund's interest in the pool is presented as "equity in pooled cash and investments" on the financial statements.

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

The District has invested funds in the State Treasury Asset Reserve of Ohio (STAR Ohio) during fiscal year 2004. STAR Ohio is an investment pool managed by the State Treasurer's Office, which allows governments within the State to pool their funds for investment purposes. STAR Ohio is not registered with the SEC as an investment company but does operate in a manner consistent with Rule 2A7 of the Investment Company Act of 1940. Investments in STAR Ohio are valued at STAR Ohio's share price, which is the price the investment could be sold for on June 30, 2004. The District also has invested in U.S. Agencies.

Following Ohio statutes, the Board has, by resolution, specified the funds to receive an allocation of interest earnings. Interest revenue during fiscal year 2004 amounted to \$471,746.

For purposes of the statement of cash flows, the Enterprise Funds' portion of pooled cash and investments is considered a cash equivalent because the District is able to withdraw resources from the enterprise funds without prior notice or penalty.

**INVENTORY**

Inventories are presented at cost on a first in, first out basis and are expensed when used. Inventory consists of food held for resale and consumable supplies.

**CAPITAL ASSETS**

General capital assets are those assets not specifically related to activities reported in the proprietary funds. These assets generally result from expenditures in the governmental funds. These assets are reported in the governmental activities column of the government-wide statement of net assets but are not reported in the fund financial statements. Capital assets utilized by the proprietary funds are reported both in the business-type activities column of the government-wide statement of net assets and in the respective funds.

All capital assets are capitalized at cost (or estimated historical cost) and updated for additions and retirements during the year. Donated fixed assets are recorded at their fair market values as of the date received. The District maintains a capitalization threshold of five hundred dollars (\$500). The District does not possess any infrastructure. Improvements are capitalized; 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. Interest incurred during the construction of capital assets is also capitalized.

All reported capital assets are depreciated, except land. Improvements are depreciated over the remaining useful lives of the related capital assets. Depreciation is allocated using the straight-line method over the following useful lives:

<u>Description</u>	<u>Governmental Activities Estimated Lives</u>	<u>Business-Type Activities Estimated Lives</u>
Buildings and Improvements	45 years	45 years
Land Improvements	20 years	20 years
Furniture, Fixtures, and Equipment	5-20 years	5-20 years

## COMPENSATED ABSENCES

The District reports compensated absences in accordance with the provisions of GASB Statement No. 16, "Accounting for Compensated Absences." Vacation benefits are accrued as a liability as the benefits are earned if the employees' rights to receive compensation are attributable to services already rendered and it is probable that the District will compensate the employees for the benefits through paid time off or some other means. The District records a liability for accumulated unused vacation time, when earned, for all employees with more than one year of service.

Sick leave benefits are accrued as a liability using the vesting method. The entire compensated absence liability is reported on the government-wide financial statements.

For governmental fund financial statements, the expenditures for compensated absences are recognized when paid, or in the case of termination benefits, when due for payment. These amounts due at year end are recorded in the account "compensated absences payable" in the fund from which the employees who have accumulated unpaid leave are paid. The entire amount of compensated absences is reported as a fund liability in Proprietary Funds.

The District's policies regarding compensated absences are determined by the state laws and/or negotiated agreements. In summary, the policies are as follows:

<u>Vacation</u>	<u>Certificated</u>	<u>Administrators</u>	<u>Non-Certificated</u>
How earned	not eligible	20-23 days	10-20 days for each service year depending on length of service
Maximum accumulation	not applicable	30 days unless special permission granted	30-60 days
Vested	not applicable	as earned	as earned
Termination entitlement	not applicable	30 days maximum	paid upon termination
<u>Sick Leave</u>			
How earned	1 ¼ days per month of employment (15 days per year)	1 ¼ days per month of employment (15 days per year)	1 ¼ days per month of employment (15 days per year)
Maximum accumulation	220 days	230 days	220 days
Vested	as earned	as earned	as earned
Termination entitlement	per contract	per contract	per contract

## **NET ASSETS**

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

## **OPERATING REVENUES AND EXPENSES**

Operating revenues are those revenues that are generated directly from the primary activity of the proprietary funds. For the District, these revenues are sales for food service, adult education and community school. Operating expenses are necessary costs incurred to provide the good or service that is the primary activity of the fund.

Exchange transactions between funds are reported as revenues in the seller funds and as expenditures/expenses in the purchaser funds. Flows of cash or goods from one fund to another without a requirement for repayment are reported as interfund transfers. Interfund transfers are reported as other financing sources/uses in governmental funds and after nonoperating revenues/expenses in proprietary funds. Repayments from funds responsible for particular expenditures/expenses to the funds that initially paid for them are not presented on the government wide financial statements.

## **FUND EQUITY**

Reserved fund balances indicate a portion of fund equity which is not available for current appropriation or is legally segregated for a specific use. Fund balances are reserved for encumbrances, property tax advances and budgetary set-asides. The reserve for property taxes represents taxes recognized as revenue under generally accepted accounting principles but not available for appropriations under State statute. The unreserved portion of fund equity, reflected for the Governmental Funds, is available for use within the specific purpose of those funds.

## **4. CASH AND CASH EQUIVALENTS**

The District maintains a cash and investment pool used by all funds. Each fund type's portion of this pool is displayed on the combined balance sheet as "Equity in Pooled Cash and Investments."

State statute requires the classification of monies held by the District into three categories:

Active Monies - Those monies required to be kept in a "cash" or "near cash" status for immediate use by the District. Such monies must by law be maintained either as cash in the District treasury, in depository accounts payable or withdrawable on demand.

Inactive Monies – Those monies not required for use within the current two year period of designated depositories. Ohio law permits inactive monies to be deposited or invested as certificates of deposit maturing not later than the end of the current period of designated depositories, or as savings or deposit accounts, including, but not limited to passbook accounts.

Interim Monies – 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. Ohio law permits interim monies to be invested or deposited in the following securities:

- (1) Bonds, notes, or other obligations of or guaranteed by the United States, or those for which the faith of the United States is pledged for the payment of principal and interest.
- (2) Bonds, notes, debentures, or other obligations or securities issued by any federal governmental agency.
- (3) Repurchase agreements in the securities enumerated above.
- (4) Interim deposits in the eligible institutions applying for interim monies to be evidenced by time certificates of deposit maturing not more than one year from date of deposit, or by savings or deposit accounts, including, but limited to, passbook accounts.
- (5) Bonds, and other obligations of the State of Ohio.
- (6) The Ohio State Treasurer's investment pool (STAR Ohio).
- (7) Commercial paper and banker's acceptances which meet the requirements established by Ohio Revised Code, Sec. 135.142.

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, if the securities are not represented by a certificate, upon receipt of confirmation of transfer from the custodian.

Deposits – At the year end, the carrying amount of the District's deposits was \$26,194,250. The bank balance of deposits was \$26,248,485 of which \$100,000 was covered by federal depository insurance. The remaining balance was covered by 110% public depository pool, which was collateralized with securities held by the pledging financial institution's trust department but not in the District's name.

Investments – The District's investments are categorized to give an indication of the level of risk assumed by the entity at year end (GASB Statement 3):

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 department or agent, but not in the District's name.

Based on the above criteria, the District's investments at year-end are classified as follows:

<u>Description</u>	<u>Category 1</u>	<u>Category 2</u>	<u>Category 3</u>	<u>Carrying Amount/ Fair Value</u>
Federal Agency Security	\$0	\$0	\$15,850,241	\$15,850,241
State Treasury Pool*	<u>0</u>	<u>0</u>	<u>0</u>	<u>1,441,156</u>
Total Investments	<u>\$0</u>	<u>\$0</u>	<u>\$15,850,241</u>	<u>\$17,291,397</u>

\*The District's Investment in the Ohio State Treasury Pool is not categorized because it is not evidenced by securities that exist in physical or book entry form.

Ohio Revised Code Chapter 135, Uniform Depository Act, authorizes pledging of pooled securities in lieu of specific securities. Specifically, a designated public depository may pledge a single pool of eligible securities to secure repayment of all public monies deposited in the financial institution, provided that all times the total value of the securities so pledged is at least equal to 110% of the total amount of all public deposits secured by the pool, including the portion of such deposits covered by any federal deposit insurance.

## 5. PROPERTY TAXES

Real property taxes collected in 2004 were levied in April on the assessed values as of January 1, 2003, the lien date. Assessed values are established by the County Auditor at 35 percent of appraised market value. A re-evaluation of real property is required to be completed no less than every six years, with a statistical update ever third year.

Tangible personal property tax is assessed on equipment and inventory held by businesses. Tangible property is assessed at 25 percent of true value (as defined). In 2004, each business was eligible to receive a \$10,000 exemption in assessed value which was reimbursed by the State.



Real property taxes are payable annually or semi-annually. In 2004, if paid annually, payment was due by January 20th. If paid semi-annually, the first payment (at least 1/2 amount billed) was due January 20th with the remainder due on June 20th.

The Butler County Auditor remits portions of the taxes collected to all taxing districts with periodic settlements of real and public utility property taxes in February and August and tangible personal property taxes in June and October. The District records billed but uncollected property taxes as receivables at their estimated net realizable value.

Accrued property taxes receivable represent delinquent taxes outstanding and real property, personal property and public utility taxes which became measurable at June 30, 2004. Delinquent property taxes collected within 60 days of the fiscal year end are included as a receivable and tax revenue on the fund financial statements. All delinquent property taxes outstanding at June 30, 2004 are recognized as a revenue and receivable on the government-wide financial statements. Although total property tax collections for the next fiscal year are measurable, only the amount available as an advance at June 30 is available to finance current year operations. The receivable is offset by a credit to deferred revenue for that portion not intended to finance current year operations. The amount available as an advance at June 30, 2004, was \$1,789,584 for General Fund and \$306,717 for Debt Service, and is recognized as revenue, with a corresponding reserve to fund balance since the Board did not appropriate these receivables for fiscal year 2004 operations. The amount available for advance at June 30, 2003 was \$1,432,805 for General Fund and \$288,522 for Debt Service, with a corresponding reserve to fund balance since the Board did not appropriate those receivables for fiscal year 2003 operations.

On a full accrual basis, collectible delinquent property taxes have been recorded as a receivable and revenue, while on a modified accrual basis the revenue has been deferred.

The assessed values upon which the fiscal year 2004 taxes were collected are:

	<u>Amount</u>
Agricultural/Residential and Other Real Estate	\$2,027,523,000
Public Utility Personal	59,663,620
Tangible Personal Property	<u>171,154,345</u>
Total	<u>\$2,258,340,965</u>

## 6. RECEIVABLES

Receivables at June 30, 2004, consisted of taxes, accounts (rent and student fees), intergovernmental grants, interest and interfund. All receivables are considered collectible in full due to the ability to foreclose for the nonpayment of taxes, the stable condition of State programs, and the current year guarantee of federal funds.

## 7. CAPITAL ASSETS

Capital asset activity for the fiscal year ended June 30, 2004, was as follows:

	Restated Beginning Balance	Additions	Deductions	Ending Balance
<b>Government Activities</b>				
<i>Capital Assets not being depreciated:</i>				
Land	\$6,011,790	\$1,588,521	\$75,835	\$7,524,476
<i>Capital Assets being depreciated:</i>				
Land Improvements	2,733,387	192,614	0	2,926,001
Buildings and Improvements	125,358,506	2,094,153	0	127,452,659
Equipment	<u>29,069,829</u>	<u>1,423,602</u>	<u>293,654</u>	<u>30,199,777</u>
Totals at Historical Cost	<u>\$163,173,512</u>	<u>\$5,298,890</u>	<u>\$369,489</u>	<u>\$168,102,913</u>
Less Accumulated Depreciation:				
Land Improvements	\$940,219	\$137,801	\$0	\$1,078,020
Buildings and Improvements	23,375,798	2,229,140	0	25,604,938
Equipment	<u>11,241,529</u>	<u>2,714,650</u>	<u>197,431</u>	<u>13,758,748</u>
Total Accumulated Depreciation	<u>\$35,557,546</u>	<u>\$5,081,591</u>	<u>\$197,431</u>	<u>\$40,441,706</u>
Governmental Activities Capital Assets, Net	<u>\$127,615,966</u>	<u>\$217,299</u>	<u>\$172,058</u>	<u>\$127,661,207</u>
<b>Business-Type Activities</b>				
<i>Capital Assets being depreciated:</i>				
Land Improvements	\$2,850	\$0	\$0	\$2,850
Buildings and Improvements	6,905	19,690	0	26,595
Equipment	<u>2,704,436</u>	<u>115,905</u>	<u>10,753</u>	<u>2,809,588</u>
Total at Historical Cost	<u>\$2,714,191</u>	<u>\$135,595</u>	<u>\$10,753</u>	<u>\$2,839,033</u>
Less Accumulated Depreciation:				
Land Improvements	\$249	\$143	\$0	\$392
Buildings and Improvements	340	1,168	0	1,508
Equipment	<u>1,521,380</u>	<u>193,493</u>	<u>9,224</u>	<u>1,705,649</u>
Total Accumulated Depreciation	<u>\$1,521,969</u>	<u>\$194,804</u>	<u>\$9,224</u>	<u>\$1,707,549</u>
Business-Type Activities Capital Assets, Net	<u>\$1,192,222</u>	<u>\$59,209</u>	<u>\$1,529</u>	<u>\$1,131,484</u>

The District reported a June 30, 2003 Construction in Progress balance of \$28,300,694; however this amount represented Buildings and Improvements that were completed at June 30, 2003. Therefore, the July 1, 2003 balances of the preceding table have been adjusted as follows: Construction in Progress decreased \$28,300,694, from \$28,300,694 to \$0; Buildings and Improvements increased by \$28,294,181 from \$97,064,325 to \$125,358,506. This adjustment is a result of buildings being completed at June 30, 2003 but erroneously recorded in Construction in Progress.

\*Depreciation expense was charged to governmental functions as follows:

Instruction:	
Regular	\$3,335,542
Special	21,276
Support Services:	
Pupil	32,724
Instructional Staff	16,709
School Administration	63,727
Fiscal	23,915
Business	164,905
Operations and Maintenance	81,948
Pupil Transportation	965,189
Central	180,727
Community Services	3,586
Extracurricular Activities	<u>191,343</u>
Total Depreciation Expense	<u>\$5,081,591</u>

## 8. LONG-TERM LIABILITIES

	Interest Rate	Issue Date	Maturity Dates	Beginning Principal Outstanding	Additions	Deductions	Ending Principal Outstanding	Due In One Year
<u>Governmental Activities:</u>								
<u>General Obligation Bonds:</u>								
Freedom, Link Renovations	6.125%	3/1/87	12/01/09	\$875,000	0	\$125,000	\$750,000	\$125,000
Two New Elementaries Renovations	5.671%	12/1/92	12/01/15	310,000	0	310,000	0	0
Freedom New Elementaries Renovations	5.870%	2/1/93	12/01/15	390,000	0	390,000	0	0
Refunding Woodland, Shawnee	5.752%	3/1/93	12/01/12	3,914,093	0	299,093	3,615,000	500,000
Refunding Ninth Grade, Heritage	6.248%	1/1/94	12/01/12	4,005,957	0	735,000	3,270,957	160,593
Two New High Schools	6.211%	5/1/94	12/01/17	21,830,000	0	2,650,000	19,180,000	2,740,000
Refunding New High Schools	5.242%	6/1/98	12/01/17	18,765,835	0	270,000	18,495,835	270,000
Various Purpose Long-Term Bonds	4.519%	6/1/99	6/1/05	880,000	0	430,000	450,000	450,000
Remainder of High School Debt	4.800%	8/1/99	12/1/04	530,000	0	260,000	270,000	270,000
Bond and Refunding	5.085%	4/19/01	12/1/26	51,427,789	0	930,000	50,497,789	840,000
Various Purpose Long-Term Bonds	3.790%	5/1/02	12/1/08	<u>2,495,000</u>	<u>0</u>	<u>385,000</u>	<u>2,110,000</u>	<u>395,000</u>
Total General Obligation Bonds				105,423,674	0	6,784,093	98,639,581	5,750,593
Compensated Absences				<u>5,633,834</u>	<u>906,895</u>	<u>860,850</u>	<u>5,679,878</u>	<u>853,698</u>
Total Governmental Activities Long-Term Liabilities				<u>\$111,057,508</u>	<u>\$906,895</u>	<u>\$7,644,943</u>	<u>\$104,319,459</u>	<u>\$6,604,291</u>
<u>Business-Type Activities</u>								
Compensated Absences				<u>\$72,838</u>	<u>\$15,493</u>	<u>\$19,670</u>	<u>\$68,661</u>	<u>\$17,168</u>

General obligation bonds will be paid from the debt service fund. Compensated absences will be paid from the fund from which the person is paid.

Principal and interest requirements to retire general obligation debt outstanding at year end are as follows:

Fiscal Year <u>Ending June 30,</u>	<u>General Obligation Bonds</u>		
	<u>Principal</u>	<u>Interest</u>	<u>Total</u>
2005	\$5,760,593	\$5,619,611	\$11,380,204
2006	6,576,963	5,294,280	11,871,243
2007	7,778,075	4,907,462	12,685,537
2008	4,525,660	4,776,039	9,301,699
2009	5,209,450	4,415,424	9,624,874
2010-2014	20,083,840	18,857,743	38,941,583
2015-2019	20,050,000	9,653,345	29,703,345
2020-2024	14,745,000	5,615,546	20,360,546
2025-2028	<u>13,910,000</u>	<u>1,125,706</u>	<u>15,035,706</u>
Totals	<u>\$98,639,581</u>	<u>\$60,265,156</u>	<u>\$158,904,737</u>

## 9. PENSION PLANS

### SCHOOL EMPLOYEES RETIREMENT SYSTEM

The School District contributes to the School Employees Retirement System (SERS), a cost-sharing multiple employer defined benefit pension plan. 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. That report may be obtained by writing to the School Employees Retirement System, 300 East Broad Street, Suite 100, Columbus, Ohio 43215-3476.

Plan members are required to contribute 9% of their annual covered salary and the School District is required to contribute at an actuarially determined rate. The current School District rate is 14% of annual covered payroll. A portion of the School District's contribution is used to fund pension obligations with the remainder being used to fund health care benefits; for fiscal year 2003, 8.17% of annual covered salary was the portion being used to fund pension obligations. For fiscal year 2002, 5.46% of annual covered salary was the portion used to fund pension obligations. The contribution requirements of plan members and employers are established and may be amended, up to a statutory maximum amount, by the SERS' Retirement Board. The School District's required contributions for pension obligations to SERS for the fiscal years ended June 30, 2004, 2003, and 2002 were \$2,799,180, \$2,530,536, and \$2,248,152, respectively; 47% has been contributed for fiscal year 2004 and 100% for fiscal year 2003 and 2002.

## **STATE TEACHERS RETIREMENT SYSTEM**

The School District participates in State Teachers Retirement System of Ohio (STRS Ohio), a cost-sharing, multiple employer public employee retirement system. STRS Ohio provides retirement and disability benefits to members and death and survivor benefits to beneficiaries. STRS Ohio issues a stand-alone financial report that may be obtained by writing to STRS Ohio, 275 East Broad Street, Columbus, Ohio 43215-3371 or by calling (614) 227-4090.

New members have a choice of three retirement plans, a Defined Benefit (DB) Plan, a Defined Contribution (DC) Plan and a Combined Plan. The DB Plan offers an annual retirement allowance based on final average salary times a percentage that varies based on years of service, or an allowance based on member contributions and earned interest matched by STRS Ohio funds times an actuarially determined annuity factor. The DC Plan allows members to place all their member contributions and employer contributions equal to 10.5% of earned compensation into an investment account. Investment decisions are made by the member. A member is eligible to receive a retirement benefit at age 50 and termination of employment. The Combined Plan offers features of both the DC Plan and DB Plan. In the Combined Plan, member contributions are invested by the member, and employer contributions are used to fund the defined benefit payment at a reduced level from the regular DB Plan. DC and Combined Plan members will transfer to the Defined Benefit Plan during their fifth year of membership unless they permanently select the DC or Combined Plan. Existing members with less than five years of service credit as of June 30, 2001, were given the option of making a one time irrevocable decision to transfer their account balances from the existing DB Plan into the DC Plan or the Combined Plan. This option expired on December 31, 2001. Benefits are established by Chapter 3307 of the Ohio Revised Code.

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

For the fiscal year ended June 30, 2004, plan members were required to contribute 9.3% of their annual covered salaries. The School District was required to contribute 14%; 13% was the portion used to fund pension obligations. For fiscal year 2002, the portion used to fund pension obligations was 9.5%. Contribution rates are established by the State Teachers Retirement Board, upon recommendations of its consulting actuary, not to exceed statutory maximum rates of 10% for members and 14% for employers. Chapter 3307 of the Ohio Revised Code provides statutory authority for members and employer contributions.

The School District's required contributions for pension obligations for the fiscal years ended June 30, 2004, 2003, and 2002 were \$8,573,196, \$8,109,876, and \$7,385,292, respectively; 83% has been contributed for fiscal year 2004 and 100% for fiscal year 2003 and 2002.

## **10. POST EMPLOYMENT BENEFITS**

The District provides comprehensive health care benefits to retired teachers and their dependents through the State Teachers Retirement System (STRS), and to retired non-certified employees and their dependents through the School Employees Retirement System (SERS). Benefits included hospitalization, physicians' fees, prescription drugs, and reimbursement of monthly Medicare premiums. Benefit provision and the obligations to contribute are established by the Systems based on authority granted by State statute. Both systems are funded on a pay-as-you-go basis.

For STRS, all benefit recipients are required to pay a portion of 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% of covered payroll. The Board currently allocates employer contributions equal to 4.5% of covered payroll to the Health Care Reserve Fund for which payments for health care benefits are paid. For the District, this amount equaled \$2,755,670 during the 2004 fiscal year. As of June 30, 2003, eligible benefit recipients totaled 108,294. For the fiscal year ended June 30, 2003, net health care costs paid by STRS were \$352,301,000.

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

For 2003 fiscal year, employer contributions to fund health care benefits were 5.83% of covered payroll. In addition, SERS levies a surcharge to fund health care benefits equal to 14% of the difference between a minimum pay and the member's pay, pro-rated for partial service credit. For fiscal year 2003, the minimum pay has been established at \$14,500. The surcharge rate added to the unallocated portion of the 14% employer contribution rate provides for maintenance of the asset target level for the health care fund. The number of participants currently receiving health care benefits is approximately 50,000. For the fiscal year ended June 30, 2003, net health care costs paid by SERS were \$204,930,737.

## **11. CONTINGENT LIABILITIES**

### **GRANTS**

The District receives significant financial assistance from numerous federal, state and local agencies in the form of grants. The disbursement of funds received under these programs generally requires compliance with terms and conditions specified in the grant agreements and is subject to audit by the grantor agencies. Any disallowed claims resulting from such audits could become a liability of the General Fund or other applicable funds.

However, in the opinion of management, any such disallowed claims will not have a material effect on any of the financial statements of the individual fund types included herein or on the overall financial position of the District as of June 30, 2004.

## LITIGATION

The District's attorney estimates that all other potential claims against the District not covered by insurance resulting from all other litigation would not materially affect the financial statements of the District.

## 12. RISK MANAGEMENT

The District is exposed to various risks of loss related to torts; theft of, damage to and destruction of assets; errors and omissions; injuries to employees; and natural disasters for which the District carries commercial insurance. Below is a schedule of insurance coverage carried by the District:

Fleet	Indiana Insurance Company	\$ 1,000,000	per occurrence	\$ 1,000	collision/pd
Property	Indiana Insurance Company	204,001,988	blanket coverage	10,000	per loss
General liability	Indiana Insurance Company	1,000,000	per occurrence/ 2,000,000 aggregate		
Liability umbrella	Indiana Insurance Company	10,000,000	aggregate		
Errors and omissions	Indiana Insurance Company	1,000,000	aggregate	2,500	per loss
Crime theft	Indiana Insurance Company	10,000	per occurrence	500	per loss
Faithful Performance Bond	Cincinnati Insurance Company	Varies	per occurrence		

There were no significant reductions in insurance coverage from the prior year. Also, there were no settlements that exceeded insurance coverage for the past three fiscal years.

## 13. STATE SCHOOL FUNDING DECISION

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

The Supreme Court relinquished jurisdiction over the case and directed "...the Ohio General Assembly to enact a school-funding scheme that is thorough and efficient...". The District is currently unable to determine what effect, if any, this decision will have on its future State funding and its financial operations.

## 14. JOINTLY GOVERNED ORGANIZATIONS

Pursuant to an interlocal agreement authorized by state statute, the District participates in the Southwestern Ohio Computer Association (SWOCA), which is a computer consortium. SWOCA is an association of public school districts within the boundaries of Warren, Preble, and Butler counties and involves all cities that have school districts within these counties.

The organization was formed for the purpose of applying modern technology with the aid of computers and other electronic equipment to administrative and instructional functions among member districts.

SWOCA is governed by a board of directors consisting of one representative from each of the participating members. The District paid SWOCA a fee for services provided during the year. Financial information may be obtained from Mike Crumley at the Butler County Joint Vocational School, 3603 Hamilton-Middletown Road, Hamilton, Ohio.

The Butler County Joint Vocational School District is a distinct political subdivision of the State of Ohio operated under the direction of a Board consisting of one representative from each of the participating school districts' elected boards. It possesses its own budgeting and taxing authority. Butler County Joint Vocational School District was formed to provide vocational education opportunities to the students of Butler County, including students of the District. Financial information can be obtained from the Butler County Joint Vocational School Treasurer, at 3604 Hamilton-Middletown Road, Hamilton, Ohio 45011.

**15. CONSTRUCTION AND OTHER COMMITMENTS**

At June 30, 2004, there were no uncompleted construction contracts.

**16. COMPLIANCE AND ACCOUNTABILITY**

The following individual funds had a deficit in fund balance at year end:

<u>Fund</u>	<u>Deficit</u>
Special Revenue:	
Att. School	\$2,592
Title VI-B	2,550
Drug-Free Schools	3,557
EHA Pre-School	865

**17. FUND BALANCE RESERVES FOR SET-ASIDES**

The District is required by State statute to annually set aside in the general fund an amount based on a statutory formula for the purchase of textbooks and other instructional materials and an equal amount for the acquisition and construction of capital improvements. Amounts not spent by year-end or offset by similarly restricted resources received during the year must be held in cash at year-end and carried forward to be used for the same purposes in future years.

The following cash basis information describes the change in the year-end set-aside amounts for textbooks and capital acquisition. Disclosure of this information is required by State statute.

	<u>Textbooks</u>	<u>Capital Acquisition</u>
Set-aside Reserve Balance as of June 30, 2003	\$1,681,893	\$0
Current Year Set-aside Requirement	2,280,749	2,280,749
Qualified Disbursements	(2,403,343)	(1,831,132)
Current Year Offsets	<u>0</u>	<u>(449,617)</u>
Set-aside Reserve Balance as of June 30, 2004	<u>\$1,559,299</u>	<u>\$ 0</u>
Restricted Cash as of June 30, 2004	<u>\$1,559,299</u>	



Offset credits for capital activity during the year exceeded the amount required for the set-aside.

### 18. INTERFUND TRANSACTIONS

Interfund transactions at June 30, 2004, consisted of the following individual fund receivables and payables:

	Interfund		Transfers	
	<u>Receivable</u>	<u>Payable</u>	<u>In</u>	<u>Out</u>
General Fund	\$146,595	\$0	\$11,658	\$13,250
Nonmajor Funds:				
Public School Support	0	200	11,750	0
Other Grants	0	1,495	0	8
Student Activities	0	0	1,500	11,650
Summer Intervention	0	102,000	0	0
Alternative School Grant	0	10,600	0	0
Title VI-B	0	24,500	0	0
Miscellaneous Grants	<u>0</u>	<u>7,600</u>	<u>0</u>	<u>0</u>
Total Nonmajor Funds:	<u>0</u>	<u>146,395</u>	<u>13,250</u>	<u>11,658</u>
Enterprise Fund	<u>0</u>	<u>200</u>	<u>0</u>	<u>0</u>
	<u>\$146,595</u>	<u>\$146,595</u>	<u>\$24,908</u>	<u>\$24,908</u>

Transfers in and out were made to provide operating cash as needed.

### 19. PRIOR PERIOD ADJUSTMENT

The beginning net asset balances of Governmental Activities has been adjusted for correction to Capital Assets detail as follows:

	<u>Governmental Activities</u>
Balance previously stated, June 30, 2003	\$51,035,199
Prior Period Adjustment	<u>(651,002)</u>
As Restated, July 1, 2003	<u>\$50,384,197</u>

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**REQUIRED  
SUPPLEMENTARY  
INFORMATION**

Lakota Local School District  
Schedule of Revenues, Expenditures and Changes in Fund Balance  
Budget and Actual (Non-GAAP Budgetary Basis)  
For the Fiscal Year Ended June 30, 2004

	General Fund			
	Original Budget	Final Budget	Actual	Variance from Final Budget
<b>Revenues:</b>				
Taxes	\$60,344,634	\$61,972,074	\$62,873,190	\$901,116
Tuition and Fees	424,650	436,103	442,444	6,341
Investment Earnings	600,799	617,002	625,974	8,972
Intergovernmental	49,736,421	51,077,768	51,820,473	742,705
Other Revenues	279,559	287,098	291,273	4,175
<b>Total Revenues</b>	<b>111,386,063</b>	<b>114,390,045</b>	<b>116,053,354</b>	<b>1,663,309</b>
<b>Expenditures:</b>				
<b>Current:</b>				
<b>Instruction:</b>				
Regular	59,195,272	60,852,143	59,589,723	1,262,420
Special	9,381,035	9,870,297	9,443,546	426,751
Vocational	281,394	501,520	283,269	218,251
Other	291,583	310,708	293,526	17,182
<b>Support Services:</b>				
Pupil	6,732,814	7,383,800	6,777,678	606,122
Instructional Staff	6,629,773	6,125,894	6,673,951	(548,057)
General Administration	22,388	94,705	22,537	72,168
School Administration	10,185,137	10,806,315	10,253,006	553,309
Fiscal	1,920,151	2,743,681	1,932,946	810,735
Business	373,926	454,254	376,418	77,836
Operations and Maintenance	11,856,663	12,024,251	11,935,670	88,581
Pupil Transportation	9,500,365	9,694,236	9,563,671	130,565
Central	2,327,196	2,469,905	2,342,703	127,202
Operation of Non-Instructional Services	3,171	19,984	3,192	16,792
Extracurricular Activities	1,825,921	2,315,545	1,838,088	477,457
Capital Outlay	1,115,961	1,147,023	1,123,397	23,626
<b>Total Expenditures</b>	<b>121,642,750</b>	<b>126,814,261</b>	<b>122,453,321</b>	<b>4,360,940</b>
<b>Excess of Revenues Over (Under) Expenditures</b>	<b>(10,256,687)</b>	<b>(12,424,216)</b>	<b>(6,399,967)</b>	<b>6,024,249</b>
<b>Other financing sources (uses):</b>				
Proceeds from Sale of Capital Assets	5,367	5,512	5,592	80
Advances In	735,035	729,328	739,933	10,605
Advances (Out)	(165,750)	(175,000)	(172,695)	2,305
Transfers In	33,801	34,712	35,217	505
Transfers (Out)	(160,738)	(217,529)	(161,809)	55,720
<b>Total Other Financing Sources (Uses)</b>	<b>447,715</b>	<b>377,023</b>	<b>446,238</b>	<b>69,215</b>
<b>Net Change in Fund Balance</b>	<b>(9,808,972)</b>	<b>(12,047,193)</b>	<b>(5,953,729)</b>	<b>6,093,464</b>
<b>Fund Balance Beginning of Year (includes prior year encumbrances appropriated)</b>	<b>36,464,179</b>	<b>36,464,179</b>	<b>36,464,179</b>	<b>0</b>
<b>Fund Balance End of Year</b>	<b>\$26,655,207</b>	<b>\$24,416,986</b>	<b>\$30,510,450</b>	<b>\$6,093,464</b>

See accompanying notes to the required supplementary information.

**LAKOTA LOCAL SCHOOL DISTRICT**  
**NOTES TO THE REQUIRED SUPPLEMENTARY INFORMATION**  
**For The Year Ended June 30, 2004**

**1. BUDGETARY PROCESS**

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

The certificate of estimated resources may be amended during the year if projected increases or decreases in revenue are identified by the School District Treasurer. The amounts reported as the original budgeted amounts on the budgetary statements reflect the amounts on the certificate of estimated resources when the original appropriations were adopted. The amounts reported as the final budgeted amounts on the budgetary statements reflect the amounts on the final amended certificate of estimated resources issued during the fiscal year 2004.

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

While the District is reporting financial position, results of operations and changes in fund balance 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 Schedule of Revenues, Expenditures and Changes in Fund Balances - Budget (Non-GAAP Budgetary Basis) and Actual 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 as follows:

1. Revenues are recorded when received in cash (budget basis) as opposed to when susceptible to accrual (GAAP basis).
2. Expenditures are recorded when paid in cash (budget basis) as opposed to when the liability is incurred (GAAP basis).
3. Encumbrances are treated as expenditures for all funds (budget basis) rather than as a reservation of fund balance for governmental fund types (GAAP basis).
4. Advances in and advances out are operating transactions (budget basis) as opposed to balance sheet transactions.

The following table summarizes the adjustments necessary to reconcile the GAAP basis statements to the budgetary basis statements for the general fund.

Net Change in Fund Balance

	<u>General</u>
GAAP Basis	(\$3,223,881)
Net Adjustment for Revenue Accruals	288,678
Net Adjustment for Expenditure Accruals	(913,136)
Encumbrances	<u>(2,105,390)</u>
Budget Basis	<u>(\$5,953,729)</u>

**COMBINING STATEMENTS  
AND INDIVIDUAL  
FUND SCHEDULES**

## **NONMAJOR GOVERNMENTAL FUNDS**

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

**PUBLIC SCHOOL SUPPORT**: To account for specific local revenue sources (other than taxes) generated by individual school buildings (i.e. sales of pictures, profits from vending machines, etc.). Expenditures include field trips, materials, equipment and other items to supplement co-curricular and extra-curricular programs.

**OTHER GRANTS**: To account for the proceeds of specific revenue sources, except for state and federal grants that are legally restricted to expenditures for specified purposes.

**STUDENT ACTIVITIES**: To account for those student activity programs which have student participation in the activity but do not have student management in the programs. This fund includes athletic programs as well as the band, cheerleaders, flag corps and other similar types of activities.

**AUXILIARY SERVICES**: To account for state funds which provide services and materials to students attending non-public schools within the boundaries of the District as provided by state law.

**MIS**: To account for state funds which are provided to assist the District in implementing a staff, student and financial system as mandated by the Omnibus Education Reform Act of 1989.

**SCHOOLNET PROFESSIONAL DEVELOPMENT**: To account for a limited number of professional development subsidy grants.

**OHIO READS**: To account for state funds, which are designated reading.

**SUMMER INTERVENTION**: To account for funds, which are used for summer intervention.

**ALT. SCHOOL GRANT**: To account for state funds used for alternative educational programs for existing and new at-risk and delinquent youth.

**MISCELLANEOUS STATE GRANTS**: To account for state funds that are legally restricted to expenditures for specified purposes.

**EISENHOWER GRANT**: To account for federal funds used to enhance instruction in science, mathematics, foreign language, English, the arts and computer learning.



TITLE VI B: To account for federal funds for the provision of full educational opportunities to handicapped children at the preschool, elementary and secondary levels; assist in the training of teachers, supervisors and other specialist in providing educational services to the handicapped.

TITLE III: Federal grant used to account for federal monies provided to support the District's ESL population.

REFUGEE CHILDREN: To account for federal funds to provide supplemental services to refugees.

TITLE I: To account for federal funds for services provided to meet special educational needs of educationally deprived children.

TITLE VI: To account for federal funds to provide programs for at-risk students; instructional materials to improve the quality of instruction; programs of professional development; programs to enhance personal excellence of students and student achievement.

DRUG FREE SCHOOLS: To account for federal funds used for establishment, operation and improvement of programs of drug abuse prevention, early intervention, rehabilitation referral and education in schools.

EHA PRE-SCHOOL: This program, Section 619 of Public Law 99-457, addresses the improvement and expansion of services for handicapped children ages three (3) through five (5) years.

GOALS 2000: To account for federal funds to provide student programs.

TITLE VI-R: To account for federal funds to provide programs to enhance student achievement.

MISCELLANEOUS GRANTS: To account for federal funds related to Raising the Bar and the Assistive Technology Infusion programs.

**CAPITAL PROJECTS FUNDS:** The Capital Projects Funds are used to account for the financial resources to be used for the acquisition or construction of major capital facilities.

PERMANENT IMPROVEMENT: To account for all transactions related to improvements to existing District facilities.

BUILDING: To account for receipts and expenditures related to the Bond Issue.

**ENTERPRISE FUNDS:** The Enterprise Funds are used to account for any activity for which a fee is charged to external users for goods or services.

**FOOD SERVICE:** To account for all revenues and expenses related to the provision of food services, including breakfast and lunch, for the District students and staff.

**UNIFORM SCHOOL SUPPLY:** To account for the purchase and sale of school supplies as adopted by the Board of Education for use in all schools of the District.

**ADULT EDUCATION:** To account for all revenues and expenses related to education classes for adults.

Lakota Local School District  
Combining Balance Sheet  
Nonmajor Governmental Funds  
June 30, 2004

	Nonmajor Special Revenue Funds	Nonmajor Capital Projects Funds	Total Nonmajor Governmental Funds
<b>Assets:</b>			
Equity in Pooled Cash and Investments	\$1,767,779	\$359,496	\$2,127,275
Cash and Cash Equivalents with Fiscal Agent	0	193,151	193,151
<b>Receivables:</b>			
Intergovernmental	591,501	0	591,501
<b>Total Assets</b>	<b>2,359,280</b>	<b>552,647</b>	<b>2,911,927</b>
<b>Liabilities and Fund Balances:</b>			
<b>Liabilities:</b>			
Accounts Payable	266,505	18,675	285,180
Accrued Wages and Benefits	321,829	0	321,829
Compensated Absences	14,130	0	14,130
Retainage Payable	0	193,151	193,151
Interfund Payable	146,395	0	146,395
Deferred Revenue	246,976	0	246,976
<b>Total Liabilities</b>	<b>995,835</b>	<b>211,826</b>	<b>1,207,661</b>
<b>Fund Balances:</b>			
Reserved for Encumbrances	262,036	326,329	588,365
<b>Unreserved, Undesignated, Reported in:</b>			
Special Revenue Funds	1,101,409	0	1,101,409
Capital Projects Funds	0	14,492	14,492
<b>Total Fund Balances</b>	<b>1,363,445</b>	<b>340,821</b>	<b>1,704,266</b>
<b>Total Liabilities and Fund Balances</b>	<b>\$2,359,280</b>	<b>\$552,647</b>	<b>\$2,911,927</b>

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

	Nonmajor Special Revenue Funds	Nonmajor Capital Projects Funds	Total Nonmajor Governmental Funds
Revenues:			
Investment Earnings	\$6,975	\$0	\$6,975
Intergovernmental	3,589,273	0	3,589,273
Extracurricular Activities	1,545,353	0	1,545,353
Other Revenues	246,278	0	246,278
<b>Total Revenues</b>	<b>5,387,879</b>	<b>0</b>	<b>5,387,879</b>
Expenditures:			
Current:			
Instruction:			
Regular	876,222	0	876,222
Special	222,231	0	222,231
Support Services:			
Pupil	2,020,572	0	2,020,572
Instructional Staff	610,651	0	610,651
General Administration	1,182	0	1,182
School Administration	7,386	0	7,386
Operations and Maintenance	14,722	0	14,722
Pupil Transportation	24,736	0	24,736
Central	63,532	0	63,532
Operation of Non-Instructional Services	130,939	0	130,939
Extracurricular Activities	1,068,669	0	1,068,669
Capital Outlay	0	3,268,540	3,268,540
<b>Total Expenditures</b>	<b>5,040,842</b>	<b>3,268,540</b>	<b>8,309,382</b>
<b>Excess of Revenues Over (Under) Expenditure</b>	<b>347,037</b>	<b>(3,268,540)</b>	<b>(2,921,503)</b>
Other Financing Sources (Uses):			
Proceeds from Sale of Capital Assets	0	255,810	255,810
Transfers In	13,250	0	13,250
Transfers (Out)	(11,658)	0	(11,658)
<b>Total Other Financing Sources (Uses)</b>	<b>1,592</b>	<b>255,810</b>	<b>257,402</b>
<b>Net Change in Fund Balance</b>	<b>348,629</b>	<b>(3,012,730)</b>	<b>(2,664,101)</b>
<b>Fund Balance Beginning of Year</b>	<b>1,014,816</b>	<b>3,353,551</b>	<b>4,368,367</b>
<b>Fund Balance End of Year</b>	<b>\$1,363,445</b>	<b>\$340,821</b>	<b>\$1,704,266</b>

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Lakota Local School District  
 Combining Balance Sheet  
 Nonmajor Special Revenue Funds  
 June 30, 2004

	Public School Support	Other Grants	Student Activities	Auxiliary Services	MIS
<b>Assets:</b>					
Equity in Pooled Cash and Investments	\$622,124	\$65,932	\$618,760	\$29,152	\$7,962
<b>Receivables:</b>					
Intergovernmental	0	3,715	0	0	0
<b>Total Assets</b>	<b>622,124</b>	<b>69,647</b>	<b>618,760</b>	<b>29,152</b>	<b>7,962</b>
<b>Liabilities and Fund Balances:</b>					
<b>Liabilities:</b>					
Accounts Payable	37,535	1,028	32,314	7,189	0
Accrued Wages and Benefits	0	0	33,991	14,633	0
Compensated Absences	0	0	11,989	0	2,141
Interfund Payable	200	1,495	0	0	0
Deferred Revenue	0	3,715	0	0	0
<b>Total Liabilities</b>	<b>37,735</b>	<b>6,238</b>	<b>78,294</b>	<b>21,822</b>	<b>2,141</b>
<b>Fund Balances:</b>					
Reserved for Encumbrances	62,771	8,193	59,335	367	0
Unreserved, Undesignated, Reported in: Special Revenue Funds	521,618	55,216	481,131	6,963	5,821
<b>Total Fund Balances</b>	<b>584,389</b>	<b>63,409</b>	<b>540,466</b>	<b>7,330</b>	<b>5,821</b>
<b>Total Liabilities and Fund Balances</b>	<b>\$622,124</b>	<b>\$69,647</b>	<b>\$618,760</b>	<b>\$29,152</b>	<b>\$7,962</b>

School Net Professional Development	Ohio Reads	Summer Intervention	Alt. School Grant	Miscellaneous State Grants	Eisenhower Grant	Title VI-B
\$49	\$26,709	\$19,026	\$28,539	\$9,319	\$0	\$202,430
0	0	139,386	20,924	0	0	239,624
49	26,709	158,412	49,463	9,319	0	442,054
0	5,090	3,731	15,958	500	0	119,951
0	3,187	0	4,573	0	0	224,823
0	0	0	0	0	0	0
0	0	102,000	10,600	0	0	24,500
0	0	25,074	20,924	0	0	75,330
0	8,277	130,805	52,055	500	0	444,604
0	4,537	14,919	7,076	3,921	0	30,560
49	13,895	12,688	(9,668)	4,898	0	(33,110)
49	18,432	27,607	(2,592)	8,819	0	(2,550)
\$49	\$26,709	\$158,412	\$49,463	\$9,319	\$0	\$442,054

Continued

Lakota Local School District  
 Combining Balance Sheet  
 Nonmajor Special Revenue Funds  
 June 30, 2004

	Title III	Refugee Children	Title I	Title VI	Drug Free Schools
<b>Assets:</b>					
Equity in Pooled Cash and Investments	\$21,059	\$903	\$37,310	\$29,777	\$1,869
<b>Receivables:</b>					
Intergovernmental	28,906	0	94,928	17,634	6,033
<b>Total Assets</b>	<b>49,965</b>	<b>903</b>	<b>132,238</b>	<b>47,411</b>	<b>7,902</b>
<b>Liabilities and Fund Balances:</b>					
<b>Liabilities:</b>					
Accounts Payable	6,356	203	5,248	3,727	98
Accrued Wages and Benefits	0	0	11,003	0	5,328
Compensated Absences	0	0	0	0	0
Interfund Payable	0	0	0	0	0
Deferred Revenue	28,906	0	54,972	17,634	6,033
<b>Total Liabilities</b>	<b>35,262</b>	<b>203</b>	<b>71,223</b>	<b>21,361</b>	<b>11,459</b>
<b>Fund Balances:</b>					
Reserved for Encumbrances	8,389	678	31,390	17,959	48
Unreserved, Undesignated, Reported in: Special Revenue Funds	6,314	22	29,625	8,091	(3,605)
<b>Total Fund Balances</b>	<b>14,703</b>	<b>700</b>	<b>61,015</b>	<b>26,050</b>	<b>(3,557)</b>
<b>Total Liabilities and Fund Balances</b>	<b>\$49,965</b>	<b>\$903</b>	<b>\$132,238</b>	<b>\$47,411</b>	<b>\$7,902</b>



<u>EHA Pre-School</u>	<u>Goals 2000</u>	<u>Title VI-R</u>	<u>Miscellaneous Grants</u>	<u>Total Nonmajor Special Revenue Funds</u>
\$1,195	\$0	\$35,758	\$9,906	\$1,767,779
5,033	0	27,319	7,999	591,501
<u>6,228</u>	<u>0</u>	<u>63,077</u>	<u>17,905</u>	<u>2,359,280</u>
0	0	22,959	4,618	266,505
7,093	0	17,198	0	321,829
0	0	0	0	14,130
0	0	0	7,600	146,395
0	0	13,952	436	246,976
<u>7,093</u>	<u>0</u>	<u>54,109</u>	<u>12,654</u>	<u>995,835</u>
0	0	7,003	4,890	262,036
(865)	0	1,965	361	1,101,409
(865)	0	8,968	5,251	1,363,445
<u>\$6,228</u>	<u>\$0</u>	<u>\$63,077</u>	<u>\$17,905</u>	<u>\$2,359,280</u>

Lakota Local School District  
Combining Statement of Revenues, Expenditures  
and Changes in Fund Balance  
Nonmajor Special Revenue Funds  
For the Fiscal Year Ended June 30, 2004

	Public School Support	Other Grants	Student Activities	Auxiliary Services	MIS
<b>Revenues:</b>					
Investment Earnings	\$0	\$0	\$6,975	\$0	\$0
Intergovernmental	0	54,909	0	125,350	57,829
Extracurricular Activities	642,051	0	903,302	0	0
Other Revenues	171,532	1,000	73,746	0	0
<b>Total Revenues</b>	<b>813,583</b>	<b>55,909</b>	<b>984,023</b>	<b>125,350</b>	<b>57,829</b>
<b>Expenditures:</b>					
<b>Current:</b>					
<b>Instruction:</b>					
Regular	10,209	38,662	0	0	0
Special	0	0	0	0	0
<b>Support Services:</b>					
Pupil	678,941	2,732	0	0	0
Instructional Staff	5,224	13,266	0	0	0
General Administration	1,182	0	0	0	0
School Administration	0	5,175	0	0	0
Operations and Maintenance	0	0	0	0	0
Pupil Transportation	0	0	0	0	0
Central	0	11,524	0	0	52,008
Operation of Non-Instructional Services	0	0	0	117,445	0
Extracurricular Activities	0	1,171	1,067,498	0	0
<b>Total Expenditures</b>	<b>695,556</b>	<b>72,530</b>	<b>1,067,498</b>	<b>117,445</b>	<b>52,008</b>
<b>Excess of Revenues Over (Under) Expenditures</b>	<b>118,027</b>	<b>(16,621)</b>	<b>(83,475)</b>	<b>7,905</b>	<b>5,821</b>
<b>Other Financing Sources (Uses):</b>					
Transfers In	11,750	0	1,500	0	0
Transfers (Out)	0	(8)	(11,650)	0	0
<b>Total Other Financing Sources (Uses)</b>	<b>11,750</b>	<b>(8)</b>	<b>(10,150)</b>	<b>0</b>	<b>0</b>
<b>Net Change in Fund Balance</b>	<b>129,777</b>	<b>(16,629)</b>	<b>(93,625)</b>	<b>7,905</b>	<b>5,821</b>
<b>Fund Balance Beginning of Year</b>	<b>454,612</b>	<b>80,038</b>	<b>634,091</b>	<b>(575)</b>	<b>0</b>
<b>Fund Balance End of Year</b>	<b>\$584,389</b>	<b>\$63,409</b>	<b>\$540,466</b>	<b>\$7,330</b>	<b>\$5,821</b>

School Net Professional Development	Ohio Reads	Summer Intervention	Alt. School Grant	Miscellaneous State Grants	Eisenhower Grant	Title VI-B
\$0	\$0	\$0	\$0	\$0	\$0	\$0
9,450	60,000	269,635	67,428	84,797	0	1,764,929
0	0	0	0	0	0	0
0	0	0	0	0	0	0
9,450	60,000	269,635	67,428	84,797	0	1,764,929
8,166	50,320	221,029	37,190	0	0	0
0	0	0	0	10,652	0	177,751
0	0	0	35,937	0	0	1,132,645
7,305	14,000	43	7,008	73,580	109	199,716
0	0	0	0	0	0	0
0	0	0	1,828	0	0	0
0	0	0	0	14,722	0	0
0	0	20,956	0	0	0	3,694
0	0	0	0	0	0	0
0	0	0	0	200	0	5,107
0	0	0	0	0	0	0
15,471	64,320	242,028	81,963	99,154	109	1,518,913
(6,021)	(4,320)	27,607	(14,535)	(14,357)	(109)	246,016
0	0	0	0	0	0	0
0	0	0	0	0	0	0
0	0	0	0	0	0	0
(6,021)	(4,320)	27,607	(14,535)	(14,357)	(109)	246,016
6,070	22,752	0	11,943	23,176	109	(248,566)
\$49	\$18,432	\$27,607	(\$2,592)	\$8,819	\$0	(\$2,550)

Continued

Lakota Local School District  
Combining Statement of Revenues, Expenditures  
and Changes in Fund Balance  
Nonmajor Special Revenue Funds  
For the Fiscal Year Ended June 30, 2004

	Title III	Refugee Children	Title I	Title VI	Drug Free Schools
<b>Revenues:</b>					
Investment Earnings	\$0	\$0	\$0	\$0	\$0
Intergovernmental	88,156	1,100	466,769	102,827	29,353
Extracurricular Activities	0	0	0	0	0
Other Revenues	0	0	0	0	0
<b>Total Revenues</b>	<b>88,156</b>	<b>1,100</b>	<b>466,769</b>	<b>102,827</b>	<b>29,353</b>
<b>Expenditures:</b>					
<b>Current:</b>					
<b>Instruction:</b>					
Regular	31,723	400	274,321	57,060	1,015
Special	0	0	0	32,152	0
<b>Support Services:</b>					
Pupil	0	0	93,275	0	17,737
Instructional Staff	43,876	3,770	3,206	0	0
General Administration	0	0	0	0	0
School Administration	383	0	0	0	0
Operations and Maintenance	0	0	0	0	0
Pupil Transportation	0	0	0	86	0
Central	0	0	0	0	0
Operation of Non-Instructional Services	2,742	0	4,800	645	0
Extracurricular Activities	0	0	0	0	0
<b>Total Expenditures</b>	<b>78,724</b>	<b>4,170</b>	<b>375,602</b>	<b>89,943</b>	<b>18,752</b>
<b>Excess of Revenues Over (Under) Expenditures</b>	<b>9,432</b>	<b>(3,070)</b>	<b>91,167</b>	<b>12,884</b>	<b>10,601</b>
<b>Other Financing Sources (Uses):</b>					
Transfers In	0	0	0	0	0
Transfers (Out)	0	0	0	0	0
<b>Total Other Financing Sources (Uses)</b>	<b>0</b>	<b>0</b>	<b>0</b>	<b>0</b>	<b>0</b>
<b>Net Change in Fund Balance</b>	<b>9,432</b>	<b>(3,070)</b>	<b>91,167</b>	<b>12,884</b>	<b>10,601</b>
<b>Fund Balance Beginning of Year</b>	<b>5,271</b>	<b>3,770</b>	<b>(30,152)</b>	<b>13,166</b>	<b>(14,158)</b>
<b>Fund Balance End of Year</b>	<b>\$14,703</b>	<b>\$700</b>	<b>\$61,015</b>	<b>\$26,050</b>	<b>(\$3,557)</b>

EHA Pre-School	Goals 2000	Title VI-R	Miscellaneous Grants	Total Nonmajor Special Revenue Funds
\$0	\$0	\$0	\$0	\$6,975
52,841	0	330,460	23,440	3,589,273
0	0	0	0	1,545,353
0	0	0	0	246,278
52,841	0	330,460	23,440	5,387,879
2,478	1,000	138,031	4,618	876,222
1,676	0	0	0	222,231
43,474	0	0	15,831	2,020,572
0	0	239,548	0	610,651
0	0	0	0	1,182
0	0	0	0	7,386
0	0	0	0	14,722
0	0	0	0	24,736
0	0	0	0	63,532
0	0	0	0	130,939
0	0	0	0	1,068,669
47,628	1,000	377,579	20,449	5,040,842
5,213	(1,000)	(47,119)	2,991	347,037
0	0	0	0	13,250
0	0	0	0	(11,658)
0	0	0	0	1,592
5,213	(1,000)	(47,119)	2,991	348,629
(6,078)	1,000	56,087	2,260	1,014,816
(\$865)	\$0	\$8,968	\$5,251	\$1,363,445

Lakota Local School District  
 Combining Balance Sheet  
 Nonmajor Capital Projects Funds  
 June 30, 2004

	Permanent Improvement	Building	Total Nonmajor Capital Projects Funds
<b>Assets:</b>			
Equity in Pooled Cash and Investments	\$192,870	\$166,626	\$359,496
Cash and Cash Equivalents with Fiscal Agent	0	193,151	193,151
<b>Total Assets</b>	<b>192,870</b>	<b>359,777</b>	<b>552,647</b>
<b>Liabilities and Fund Balances:</b>			
<b>Liabilities:</b>			
Accounts Payable	0	18,675	18,675
Retainage Payable	0	193,151	193,151
<b>Total Liabilities</b>	<b>0</b>	<b>211,826</b>	<b>211,826</b>
<b>Fund Balances:</b>			
Reserved for Encumbrances	182,672	143,657	326,329
Unreserved, Undesignated, Reported in: Capital Projects Funds	10,198	4,294	14,492
<b>Total Fund Balances</b>	<b>192,870</b>	<b>147,951</b>	<b>340,821</b>
<b>Total Liabilities and Fund Balances</b>	<b>\$192,870</b>	<b>\$359,777</b>	<b>\$552,647</b>

Lakota Local School District  
 Combining Statement of Revenues, Expenditures  
 and Changes in Fund Balance  
 Nonmajor Capital Projects Funds  
 For the Fiscal Year Ended June 30, 2004

	Permanent Improvement	Building	Total Nonmajor Capital Projects Funds
Revenues:			
Taxes	\$0	\$0	\$0
Total Revenues	0	0	0
Expenditures:			
Current:			
Capital Outlay	952,698	2,315,842	3,268,540
Total Expenditures	952,698	2,315,842	3,268,540
Excess of Revenues Over (Under) Expenditures	(952,698)	(2,315,842)	(3,268,540)
Other Financing Sources (Uses):			
Proceeds from Sale of Capital Assets	255,810	0	255,810
Total Other Financing Sources (Uses)	255,810	0	255,810
Net Change in Fund Balance	(696,888)	(2,315,842)	(3,012,730)
Fund Balance Beginning of Year	889,758	2,463,793	3,353,551
Fund Balance End of Year	\$192,870	\$147,951	\$340,821

Lakota Local School District  
Combining Statement of Net Assets  
Nonmajor Enterprise Funds  
June 30, 2004

	Food Service	Uniform School Supply	Adult Education	Total Nonmajor Enterprise Funds
<b>Assets:</b>				
Equity in Pooled Cash and Investments	\$1,050,650	\$666,415	\$3,510	\$1,720,575
<b>Receivables:</b>				
Accounts	0	84,001	0	84,001
Inventory	20,024	0	0	20,024
<b>Total Current Assets</b>	<b>1,070,674</b>	<b>750,416</b>	<b>3,510</b>	<b>1,824,600</b>
Depreciable Capital Assets, Net	1,131,484	0	0	1,131,484
<b>Total Assets</b>	<b>2,202,158</b>	<b>750,416</b>	<b>3,510</b>	<b>2,956,084</b>
<b>Liabilities:</b>				
<b>Current Liabilities:</b>				
Accounts Payable	9,453	34,634	0	44,087
Accrued Wages and Benefits	116,821	0	0	116,821
Compensated Absences	17,168	0	0	17,168
Interfund Payable	0	200	0	200
<b>Total Current Liabilities</b>	<b>143,442</b>	<b>34,834</b>	<b>0</b>	<b>178,276</b>
<b>Long-Term Liabilities:</b>				
Compensated Absences	51,493	0	0	51,493
<b>Total Liabilities</b>	<b>194,935</b>	<b>34,834</b>	<b>0</b>	<b>229,769</b>
<b>Net Assets:</b>				
Invested in Capital Assets, Net of Related Debt	1,131,484	0	0	1,131,484
Unrestricted	875,739	715,582	3,510	1,594,831
<b>Total Net Assets</b>	<b>\$2,007,223</b>	<b>\$715,582</b>	<b>\$3,510</b>	<b>\$2,726,315</b>



Lakota Local School District  
 Combining Statement of Revenues, Expenses  
 and Changes in Fund Net Assets  
 Nonmajor Enterprise Funds  
 For the Fiscal Year Ended June 30, 2004

	Food Service	Uniform School Supply	Adult Education	Total Nonmajor Enterprise Funds
Operating Revenues:				
Charges for Services	\$3,611,470	\$913,846	\$0	\$4,525,316
<b>Total Operating Revenues</b>	<b>3,611,470</b>	<b>913,846</b>	<b>0</b>	<b>4,525,316</b>
Operating Expenses:				
Personal Services	1,843,739	0	0	1,843,739
Contactual Services	115,659	0	0	115,659
Materials and Supplies	1,737,590	871,408	0	2,608,998
Depreciation	194,804	0	0	194,804
<b>Total Operating Expenses</b>	<b>3,891,792</b>	<b>871,408</b>	<b>0</b>	<b>4,763,200</b>
Operating Income (Loss)	(280,322)	42,438	0	(237,884)
Non-Operating Revenues (Expenses):				
Investment Earnings	10,626	0	0	10,626
Operating Grants	467,024	0	0	467,024
<b>Total Non-Operating Revenues (Expenses)</b>	<b>477,650</b>	<b>0</b>	<b>0</b>	<b>477,650</b>
Change in Net Assets	197,328	42,438	0	239,766
Net Assets Beginning of Year	1,809,895	673,144	3,510	2,486,549
<b>Net Assets End of Year</b>	<b>\$2,007,223</b>	<b>\$715,582</b>	<b>\$3,510</b>	<b>\$2,726,315</b>

Lakota Local School District  
Combining Statement of Cash Flows  
Nonmajor Enterprise Funds  
For the Fiscal Year Ended June 30, 2004

	Food Service	Uniform School Supply	Adult Education	Total Nonmajor Enterprise Funds
<b>Cash Flows from Operating Activities:</b>				
Cash Received from Customers	\$3,611,470	\$934,333	\$0	\$4,545,803
Cash Payments to Employees	(1,858,513)	0	0	(1,858,513)
Cash Payments to Suppliers	(1,961,953)	(863,327)	0	(2,825,280)
<b>Net Cash Provided (Used) by Operating Activities</b>	<b>(208,996)</b>	<b>71,006</b>	<b>0</b>	<b>(137,990)</b>
<b>Cash Flows from Noncapital Financing Activities:</b>				
Operating Grants Received	467,024	0	0	467,024
Payments from Other Funds	0	200	0	200
<b>Net Cash Provided (Used) by Noncapital Financing Activities</b>	<b>467,024</b>	<b>200</b>	<b>0</b>	<b>467,224</b>
<b>Cash Flows from Capital and Related Financing Activities:</b>				
Payments for Capital Acquisitions	(133,817)	0	0	(133,817)
<b>Net Cash Provided (Used) by Capital and Related Financing Activities</b>	<b>(133,817)</b>	<b>0</b>	<b>0</b>	<b>(133,817)</b>
<b>Cash Flows from Investing Activities:</b>				
Earnings on Investments	10,626	0	0	10,626
<b>Net Cash Provided (Used) by Cash Flows from Investing Activities</b>	<b>10,626</b>	<b>0</b>	<b>0</b>	<b>10,626</b>
<b>Net Increase (Decrease) in Cash and Cash Equivalents</b>	<b>134,837</b>	<b>71,206</b>	<b>0</b>	<b>206,043</b>
Cash and Cash Equivalents Beginning of Year	915,813	595,209	3,510	1,514,532
Cash and Cash Equivalents End of Year	1,050,650	666,415	3,510	1,720,575
<b>Reconciliation of Operating Income (Loss) to Net Cash Provided (Used) by Operating Activities</b>				
Operating Income (Loss)	(280,322)	42,438	0	(237,884)
Adjustments:				
Depreciation	194,804	0	0	194,804
Changes in Assets & Liabilities:				
(Increase) Decrease in Receivables	0	20,487	0	20,487
(Increase) Decrease in Inventory	281	0	0	281
Increase (Decrease) in Payables	(98,568)	8,081	0	(90,487)
Increase (Decrease) in Accrued Liabilities	(14,774)	0	0	(14,774)
Increase (Decrease) in Deferred Revenue	(10,417)	0	0	(10,417)
<b>Net Cash Provided (Used) by Operating Activities</b>	<b>(\$208,996)</b>	<b>\$71,006</b>	<b>\$0</b>	<b>(\$137,990)</b>

Lakota Local School District  
Statement of Changes In Assets and Liabilities  
Agency Fund  
For the Fiscal Year Ended June 30, 2004

	Student Activities			Ending Balance
	Beginning Balance	Additions	Deductions	
Assets:				
Equity in Pooled Cash and Investments	\$270,802	\$67,942	\$88,279	\$250,465
<b>Total Assets</b>	<u>270,802</u>	<u>67,942</u>	<u>88,279</u>	<u>250,465</u>
Liabilities:				
Accounts Payable	39,028	28,914	39,028	28,914
Other Liabilities	231,774	39,028	49,251	221,551
<b>Total Liabilities</b>	<u>\$270,802</u>	<u>\$67,942</u>	<u>\$88,279</u>	<u>\$250,465</u>

Lakota Local School District  
 Schedule of Revenues, Expenditures and Changes in Fund Balance  
 Budget and Actual (Non-GAAP Budgetary Basis)  
 For the Fiscal Year Ended June 30, 2004

	Public School Support Fund			
	Original Budget	Final Budget	Actual	Variance from Final Budget
Revenues:				
Extracurricular Activities	\$508,856	\$526,360	\$642,051	\$115,691
Other Revenues	135,947	140,624	171,532	30,908
<b>Total Revenues</b>	<b>644,803</b>	<b>666,984</b>	<b>813,583</b>	<b>146,599</b>
Expenditures:				
Current:				
Instruction:				
Regular	10,101	12,896	10,473	2,423
Special	0	1,000	0	1,000
Support Services:				
Pupil	755,973	1,019,659	783,815	235,844
Instructional Staff	5,610	7,719	5,817	1,902
School Administration	1,236	3,191	1,282	1,909
<b>Total Expenditures</b>	<b>772,920</b>	<b>1,044,465</b>	<b>801,387</b>	<b>243,078</b>
Excess of Revenues Over (Under) Expenditures	(128,117)	(377,481)	12,196	389,677
Other financing sources (uses):				
Advances In	193	164	200	36
Transfers In	9,312	9,633	11,750	2,117
<b>Total Other Financing Sources (Uses)</b>	<b>9,505</b>	<b>9,797</b>	<b>11,950</b>	<b>2,153</b>
<b>Net Change in Fund Balance</b>	<b>(118,612)</b>	<b>(367,684)</b>	<b>24,146</b>	<b>391,830</b>
Fund Balance Beginning of Year (includes prior year encumbrances appropriated)	497,672	497,672	497,672	0
<b>Fund Balance End of Year</b>	<b>\$379,060</b>	<b>\$129,988</b>	<b>\$521,818</b>	<b>\$391,830</b>

Lakota Local School District  
 Schedule of Revenues, Expenditures and Changes in Fund Balance  
 Budget and Actual (Non-GAAP Budgetary Basis)  
 For the Fiscal Year Ended June 30, 2004

	Other Grants Fund			
	Original Budget	Final Budget	Actual	Variance from Final Budget
Revenues:				
Intergovernmental	\$10,517	\$65,398	\$57,977	(\$7,421)
Other Revenues	181	1,128	1,000	(128)
<b>Total Revenues</b>	<b>10,698</b>	<b>66,526</b>	<b>58,977</b>	<b>(7,549)</b>
Expenditures:				
Current:				
Instruction:				
Regular	54,589	76,897	47,289	29,608
Support Services:				
Pupil	4,807	5,950	4,164	1,786
Instructional Staff	15,569	25,310	13,487	11,823
School Administration	5,974	15,000	5,175	9,825
Central	17,300	19,741	14,987	4,754
Extracurricular Activities	1,352	1,800	1,171	629
<b>Total Expenditures</b>	<b>99,591</b>	<b>144,698</b>	<b>86,273</b>	<b>58,425</b>
<b>Excess of Revenues Over (Under) Expenditures</b>	<b>(88,893)</b>	<b>(78,172)</b>	<b>(27,296)</b>	<b>50,876</b>
Other financing sources (uses):				
Advances In	1,726	1,686	1,495	(191)
Advances (Out)	(699)	(4,344)	(3,851)	493
Transfers (Out)	(9)	(9)	(8)	1
<b>Total Other Financing Sources (Uses)</b>	<b>1,018</b>	<b>(2,667)</b>	<b>(2,364)</b>	<b>303</b>
<b>Net Change in Fund Balance</b>	<b>(87,875)</b>	<b>(80,839)</b>	<b>(29,660)</b>	<b>51,179</b>
<b>Fund Balance Beginning of Year (includes prior year encumbrances appropriated)</b>	<b>83,374</b>	<b>83,374</b>	<b>83,374</b>	<b>0</b>
<b>Fund Balance End of Year</b>	<b>(\$4,501)</b>	<b>\$2,535</b>	<b>\$53,714</b>	<b>\$51,179</b>

Lakota Local School District  
 Schedule of Revenues, Expenditures and Changes in Fund Balance  
 Budget and Actual (Non-GAAP Budgetary Basis)  
 For the Fiscal Year Ended June 30, 2004

	Student Activities Fund			
	Original Budget	Final Budget	Actual	Variance from Final Budget
Revenues:				
Investment Earnings	\$3,400	\$6,786	\$6,975	\$189
Extracurricular Activities	440,303	878,778	903,302	24,524
Other Revenues	35,947	71,744	73,746	2,002
<b>Total Revenues</b>	<b>479,650</b>	<b>957,308</b>	<b>984,023</b>	<b>26,715</b>
Expenditures:				
Current:				
Extracurricular Activities	650,208	1,240,429	1,109,190	131,239
<b>Total Expenditures</b>	<b>650,208</b>	<b>1,240,429</b>	<b>1,109,190</b>	<b>131,239</b>
Excess of Revenues Over (Under) Expenditures	(170,558)	(283,121)	(125,167)	157,954
Other financing sources (uses):				
Advances (Out)	(8,010)	(15,986)	(16,432)	(446)
Transfers In	46,324	92,455	95,035	2,580
Transfers (Out)	(61,660)	(102,329)	(105,185)	(2,856)
<b>Total Other Financing Sources (Uses)</b>	<b>(23,346)</b>	<b>(25,860)</b>	<b>(26,582)</b>	<b>(722)</b>
<b>Net Change in Fund Balance</b>	<b>(193,904)</b>	<b>(308,981)</b>	<b>(151,749)</b>	<b>157,232</b>
Fund Balance Beginning of Year (includes prior year encumbrances appropriated)	678,861	678,861	678,861	0
<b>Fund Balance End of Year</b>	<b>\$484,957</b>	<b>\$369,880</b>	<b>\$527,112</b>	<b>\$157,232</b>

Lakota Local School District  
 Schedule of Revenues, Expenditures and Changes in Fund Balance  
 Budget and Actual (Non-GAAP Budgetary Basis)  
 For the Fiscal Year Ended June 30, 2004

	Auxiliary Services Fund			
	Original Budget	Final Budget	Actual	Variance from Final Budget
Revenues:				
Intergovernmental	\$0	\$125,350	\$125,350	\$0
Total Revenues	0	125,350	125,350	0
Expenditures:				
Current:				
Operation of Non-Instructional Services	7,899	133,249	111,653	21,596
Total Expenditures	7,899	133,249	111,653	21,596
Excess of Revenues Over (Under) Expenditures	(7,899)	(7,899)	13,697	21,596
Net Change in Fund Balance	(7,899)	(7,899)	13,697	21,596
Fund Balance Beginning of Year (includes prior year encumbrances appropriated)	7,899	7,899	7,899	0
Fund Balance End of Year	\$0	\$0	\$21,596	\$21,596

Lakota Local School District  
 Schedule of Revenues, Expenditures and Changes in Fund Balance  
 Budget and Actual (Non-GAAP Budgetary Basis)  
 For the Fiscal Year Ended June 30, 2004

	MIS Fund			
	Original Budget	Final Budget	Actual	Variance from Final Budget
Revenues:				
Intergovernmental	\$0	\$57,829	\$57,829	\$0
Total Revenues	0	57,829	57,829	0
Expenditures:				
Current:				
Support Services:				
Central	0	57,829	49,867	7,962
Total Expenditures	0	57,829	49,867	7,962
Excess of Revenues Over (Under) Expenditures	0	0	7,962	7,962
Net Change in Fund Balance	0	0	7,962	7,962
Fund Balance Beginning of Year (includes prior year encumbrances appropriated)	0	0	0	0
Fund Balance End of Year	\$0	\$0	\$7,962	\$7,962



Lakota Local School District  
 Schedule of Revenues, Expenditures and Changes in Fund Balance  
 Budget and Actual (Non-GAAP Budgetary Basis)  
 For the Fiscal Year Ended June 30, 2004

	School Net Professional Development Fund			
	Original Budget	Final Budget	Actual	Variance from Final Budget
Revenues:				
Intergovernmental	\$0	\$9,450	\$9,450	\$0
Total Revenues	0	9,450	9,450	0
Expenditures:				
Current:				
Instruction:				
Regular	3,204	8,166	8,166	0
Support Services:				
Instructional Staff	2,866	7,353	7,305	48
Total Expenditures	6,070	15,519	15,471	48
Excess of Revenues Over (Under) Expenditures	(6,070)	(6,069)	(6,021)	48
Net Change in Fund Balance	(6,070)	(6,069)	(6,021)	48
Fund Balance Beginning of Year (includes prior year encumbrances appropriated)	6,070	6,070	6,070	0
Fund Balance End of Year	\$0	\$1	\$49	\$48

Lakota Local School District  
 Schedule of Revenues, Expenditures and Changes in Fund Balance  
 Budget and Actual (Non-GAAP Budgetary Basis)  
 For the Fiscal Year Ended June 30, 2004

	Ohio Reads Fund			
	Original Budget	Final Budget	Actual	Variance from Final Budget
Revenues:				
Intergovernmental	\$0	\$60,000	\$60,000	\$0
Total Revenues	0	60,000	60,000	0
Expenditures:				
Current:				
Instruction:				
Regular	18,633	68,688	52,412	16,276
Support Services:				
Instructional Staff	5,040	14,985	14,176	809
Total Expenditures	23,673	83,673	66,588	17,085
Excess of Revenues Over (Under) Expenditures	(23,673)	(23,673)	(6,588)	17,085
Net Change in Fund Balance	(23,673)	(23,673)	(6,588)	17,085
Fund Balance Beginning of Year (includes prior year encumbrances appropriated)	23,673	23,673	23,673	0
Fund Balance End of Year	\$0	\$0	\$17,085	\$17,085

Lakota Local School District  
Schedule of Revenues, Expenditures and Changes in Fund Balance  
Budget and Actual (Non-GAAP Budgetary Basis)  
For the Fiscal Year Ended June 30, 2004

	Summer Intervention Fund			
	Original Budget	Final Budget	Actual	Variance from Final Budget
Revenues:				
Intergovernmental	\$0	\$294,709	\$155,323	(\$139,386)
Total Revenues	0	294,709	155,323	(139,386)
Expenditures:				
Current:				
Instruction:				
Regular	0	264,430	235,948	28,482
Support Services:				
Instructional Staff	0	5,002	43	4,959
Pupil Transportation	0	25,278	20,956	4,322
Total Expenditures	0	294,710	256,947	37,763
Excess of Revenues Over (Under) Expenditures	0	(1)	(101,624)	(101,623)
Other financing sources (uses):				
Advances In	0	193,534	102,000	(91,534)
Total Other Financing Sources (Uses)	0	193,534	102,000	(91,534)
Net Change in Fund Balance	0	193,533	376	(193,157)
Fund Balance Beginning of Year (includes prior year encumbrances appropriated)	0	0	0	0
Fund Balance End of Year	\$0	\$193,533	\$376	(\$193,157)

Lakota Local School District  
 Schedule of Revenues, Expenditures and Changes in Fund Balance  
 Budget and Actual (Non-GAAP Budgetary Basis)  
 For the Fiscal Year Ended June 30, 2004

	Alt. School Grant Fund			
	Original Budget	Final Budget	Actual	Variance from Final Budget
Revenues:				
Intergovernmental	\$0	\$88,352	\$67,428	(\$20,924)
<b>Total Revenues</b>	<b>0</b>	<b>88,352</b>	<b>67,428</b>	<b>(20,924)</b>
Expenditures:				
Current:				
Instruction:				
Regular	7,386	42,569	38,030	4,539
Support Services:				
Pupil	7,834	48,882	40,332	8,550
Instructional Staff	1,410	10,000	7,258	2,742
School Administration	355	1,828	1,828	0
<b>Total Expenditures</b>	<b>16,985</b>	<b>103,279</b>	<b>87,448</b>	<b>15,831</b>
Excess of Revenues Over (Under) Expenditures	(16,985)	(14,927)	(20,020)	(5,093)
Other financing sources (uses):				
Advances In	2,059	13,889	10,600	(3,289)
<b>Total Other Financing Sources (Uses)</b>	<b>2,059</b>	<b>13,889</b>	<b>10,600</b>	<b>(3,289)</b>
<b>Net Change in Fund Balance</b>	<b>(14,926)</b>	<b>(1,038)</b>	<b>(9,420)</b>	<b>(8,382)</b>
Fund Balance Beginning of Year (includes prior year encumbrances appropriated)	14,926	14,926	14,926	0
<b>Fund Balance End of Year</b>	<b>\$0</b>	<b>\$13,888</b>	<b>\$5,506</b>	<b>(\$8,382)</b>

Lakota Local School District  
 Schedule of Revenues, Expenditures and Changes in Fund Balance  
 Budget and Actual (Non-GAAP Budgetary Basis)  
 For the Fiscal Year Ended June 30, 2004

	Miscellaneous State Grants Fund			
	Original Budget	Final Budget	Actual	Variance from Final Budget
Revenues:				
Intergovernmental	\$0	\$84,797	\$84,797	\$0
<b>Total Revenues</b>	<b>0</b>	<b>84,797</b>	<b>84,797</b>	<b>0</b>
Expenditures:				
Current:				
Instruction:				
Regular	142	1,170	620	550
Special	2,432	10,652	10,652	0
Support Services:				
Instructional Staff	17,206	79,698	75,351	4,347
Operations and Maintenance	3,362	14,722	14,722	0
Operation of Non-Instructional Services	502	2,200	2,200	0
<b>Total Expenditures</b>	<b>23,644</b>	<b>108,442</b>	<b>103,545</b>	<b>4,897</b>
Excess of Revenues Over (Under) Expenditures	(23,644)	(23,645)	(18,748)	4,897
Net Change in Fund Balance	(23,644)	(23,645)	(18,748)	4,897
Fund Balance Beginning of Year (includes prior year encumbrances appropriated)	23,646	23,646	23,646	0
<b>Fund Balance End of Year</b>	<b>\$2</b>	<b>\$1</b>	<b>\$4,898</b>	<b>\$4,897</b>

Lakota Local School District  
 Schedule of Revenues, Expenditures and Changes in Fund Balance  
 Budget and Actual (Non-GAAP Budgetary Basis)  
 For the Fiscal Year Ended June 30, 2004

	Eisenhower Grant Fund			
	Original Budget	Final Budget	Actual	Variance from Final Budget
Revenues:				
Taxes	\$0	\$0	\$0	\$0
Total Revenues	0	0	0	0
Expenditures:				
Current:				
Support Services:				
Instructional Staff	111	111	111	0
Total Expenditures	111	111	111	0
Excess of Revenues Over (Under) Expenditures	(111)	(111)	(111)	0
Net Change in Fund Balance	(111)	(111)	(111)	0
Fund Balance Beginning of Year (includes prior year encumbrances appropriated)	111	111	111	0
Fund Balance End of Year	\$0	\$0	\$0	\$0

Lakota Local School District  
 Schedule of Revenues, Expenditures and Changes in Fund Balance  
 Budget and Actual (Non-GAAP Budgetary Basis)  
 For the Fiscal Year Ended June 30, 2004

	Title VI-B Fund			
	Original Budget	Final Budget	Actual	Variance from Final Budget
Revenues:				
Intergovernmental	\$1,824,328	\$1,952,081	\$1,600,635	(\$351,446)
<b>Total Revenues</b>	<b>1,824,328</b>	<b>1,952,081</b>	<b>1,600,635</b>	<b>(351,446)</b>
Expenditures:				
Current:				
Instruction:				
Special	37,233	201,461	186,921	14,540
Support Services:				
Pupil	254,872	1,448,642	1,279,542	169,100
Instructional Staff	42,163	293,827	211,670	82,157
Pupil Transportation	736	3,694	3,694	0
Operation of Non-Instructional Services	1,017	6,353	5,107	1,246
<b>Total Expenditures</b>	<b>336,021</b>	<b>1,953,977</b>	<b>1,686,934</b>	<b>267,043</b>
Excess of Revenues Over (Under) Expenditures	1,488,307	(1,896)	(86,299)	(84,403)
Other financing sources (uses):				
Advances In	4,880	29,879	24,500	(5,379)
Advances (Out)	(104,504)	(91,960)	(91,690)	270
<b>Total Other Financing Sources (Uses)</b>	<b>(99,624)</b>	<b>(62,081)</b>	<b>(67,190)</b>	<b>(5,109)</b>
<b>Net Change in Fund Balance</b>	<b>1,388,683</b>	<b>(63,977)</b>	<b>(153,489)</b>	<b>(89,512)</b>
Fund Balance Beginning of Year (includes prior year encumbrances appropriated)	205,408	205,408	205,408	0
<b>Fund Balance End of Year</b>	<b>\$1,594,091</b>	<b>\$141,431</b>	<b>\$51,919</b>	<b>(\$89,512)</b>

Lakota Local School District  
 Schedule of Revenues, Expenditures and Changes in Fund Balance  
 Budget and Actual (Non-GAAP Budgetary Basis)  
 For the Fiscal Year Ended June 30, 2004

	Title III Fund			
	Original Budget	Final Budget	Actual	Variance from Final Budget
Revenues:				
Intergovernmental	\$87,941	\$117,062	\$88,156	(\$28,906)
Total Revenues	87,941	117,062	88,156	(28,906)
Expenditures:				
Current:				
Instruction:				
Regular	12,788	67,508	46,097	21,411
Support Services:				
Instructional Staff	11,966	49,518	43,134	6,384
School Administration	106	525	383	142
Pupil Transportation	0	3,062	0	3,062
Operation of Non-Instructional Services	756	6,947	2,726	4,221
Total Expenditures	25,616	127,560	92,340	35,220
Excess of Revenues Over (Under) Expenditures	62,325	(10,498)	(4,184)	6,314
Net Change in Fund Balance	62,325	(10,498)	(4,184)	6,314
Fund Balance Beginning of Year (includes prior year encumbrances appropriated)	10,498	10,498	10,498	0
Fund Balance End of Year	\$72,823	\$0	\$6,314	\$6,314



Lakota Local School District  
 Schedule of Revenues, Expenditures and Changes in Fund Balance  
 Budget and Actual (Non-GAAP Budgetary Basis)  
 For the Fiscal Year Ended June 30, 2004

	Refugee Children Fund			
	Original Budget	Final Budget	Actual	Variance from Final Budget
Revenues:				
Intergovernmental	\$0	\$1,100	\$1,100	\$0
Total Revenues	0	1,100	1,100	0
Expenditures:				
Current:				
Instruction:				
Regular	2,140	2,600	2,578	22
Support Services:				
Instructional Staff	3,130	3,770	3,770	0
Total Expenditures	5,270	6,370	6,348	22
Excess of Revenues Over (Under) Expenditures	(5,270)	(5,270)	(5,248)	22
Net Change in Fund Balance	(5,270)	(5,270)	(5,248)	22
Fund Balance Beginning of Year (includes prior year encumbrances appropriated)	5,270	5,270	5,270	0
Fund Balance End of Year	\$0	\$0	\$22	\$22

Lakota Local School District  
 Schedule of Revenues, Expenditures and Changes in Fund Balance  
 Budget and Actual (Non-GAAP Budgetary Basis)  
 For the Fiscal Year Ended June 30, 2004

	Title I Fund			
	Original Budget	Final Budget	Actual	Variance from Final Budget
Revenues:				
Intergovernmental	\$0	\$521,741	\$426,813	(\$94,928)
Total Revenues	0	521,741	426,813	(94,928)
Expenditures:				
Current:				
Instruction:				
Regular	0	351,758	296,836	54,922
Support Services:				
Instructional Staff	0	158,530	124,505	34,025
Operation of Non-Instructional Services	0	11,453	4,800	6,653
Total Expenditures	0	521,741	426,141	95,600
Excess of Revenues Over (Under) Expenditures	0	0	672	672
Net Change in Fund Balance	0	0	672	672
Fund Balance Beginning of Year (includes prior year encumbrances appropriated)	0	0	0	0
Fund Balance End of Year	\$0	\$0	\$672	\$672

Lakota Local School District  
 Schedule of Revenues, Expenditures and Changes in Fund Balance  
 Budget and Actual (Non-GAAP Budgetary Basis)  
 For the Fiscal Year Ended June 30, 2004

	Title VI Fund			
	Original Budget	Final Budget	Actual	Variance from Final Budget
Revenues:				
Intergovernmental	\$85,529	\$120,462	\$102,827	(\$17,635)
<b>Total Revenues</b>	<b>85,529</b>	<b>120,462</b>	<b>102,827</b>	<b>(17,635)</b>
Expenditures:				
Current:				
Instruction:				
Regular	25,989	75,221	75,019	202
Support Services:				
Instructional Staff	11,139	47,583	32,152	15,431
Pupil Transportation	30	10,003	86	9,917
Operation of Non-Instructional Services	223	822	645	177
<b>Total Expenditures</b>	<b>37,381</b>	<b>133,629</b>	<b>107,902</b>	<b>25,727</b>
Excess of Revenues Over (Under) Expenditures	48,148	(13,167)	(5,075)	8,092
Net Change in Fund Balance	48,148	(13,167)	(5,075)	8,092
Fund Balance Beginning of Year (includes prior year encumbrances appropriated)	13,167	13,167	13,167	0
<b>Fund Balance End of Year</b>	<b>\$61,315</b>	<b>\$0</b>	<b>\$8,092</b>	<b>\$8,092</b>

Lakota Local School District  
 Schedule of Revenues, Expenditures and Changes in Fund Balance  
 Budget and Actual (Non-GAAP Budgetary Basis)  
 For the Fiscal Year Ended June 30, 2004

	Drug Free Schools Fund			
	Original Budget	Final Budget	Actual	Variance from Final Budget
Revenues:				
Intergovernmental	\$0	\$35,385	\$29,353	(\$6,032)
Total Revenues	0	35,385	29,353	(6,032)
Expenditures:				
Current:				
Instruction:				
Regular	67	3,000	1,063	1,937
Support Services:				
Pupil	1,802	32,985	28,434	4,551
Operation of Non-Instructional Services	0	1,269	0	1,269
Total Expenditures	1,869	37,254	29,497	7,757
Excess of Revenues Over (Under) Expenditures	(1,869)	(1,869)	(144)	1,725
Net Change in Fund Balance	(1,869)	(1,869)	(144)	1,725
Fund Balance Beginning of Year (includes prior year encumbrances appropriated)	1,869	1,869	1,869	0
Fund Balance End of Year	\$0	\$0	\$1,725	\$1,725

Lakota Local School District  
 Schedule of Revenues, Expenditures and Changes in Fund Balance  
 Budget and Actual (Non-GAAP Budgetary Basis)  
 For the Fiscal Year Ended June 30, 2004

	EHA Pre-School Fund			
	Original Budget	Final Budget	Actual	Variance from Final Budget
Revenues:				
Intergovernmental	\$46,690	\$52,841	\$47,808	(\$5,033)
Total Revenues	46,690	52,841	47,808	(5,033)
Expenditures:				
Current:				
Instruction:				
Regular	496	2,478	2,478	0
Special	336	1,676	1,676	0
Support Services:				
Pupil	9,145	51,877	45,650	6,227
Total Expenditures	9,977	56,031	49,804	6,227
Excess of Revenues Over (Under) Expenditures	36,713	(3,190)	(1,996)	1,194
Net Change in Fund Balance	36,713	(3,190)	(1,996)	1,194
Fund Balance Beginning of Year (includes prior year encumbrances appropriated)	3,190	3,190	3,190	0
Fund Balance End of Year	\$39,903	\$0	\$1,194	\$1,194

Lakota Local School District  
 Schedule of Revenues, Expenditures and Changes in Fund Balance  
 Budget and Actual (Non-GAAP Budgetary Basis)  
 For the Fiscal Year Ended June 30, 2004

	Goals 2000 Fund			
	Original Budget	Final Budget	Actual	Variance from Final Budget
Revenues:				
Taxes	\$0	\$0	\$0	\$0
Total Revenues	0	0	0	0
Expenditures:				
Current:				
Instruction:				
Regular	1,000	1,000	1,000	0
Total Expenditures	1,000	1,000	1,000	0
Excess of Revenues Over (Under) Expenditures	(1,000)	(1,000)	(1,000)	0
Net Change in Fund Balance	(1,000)	(1,000)	(1,000)	0
Fund Balance Beginning of Year (includes prior year encumbrances appropriated)	1,000	1,000	1,000	0
Fund Balance End of Year	\$0	\$0	\$0	\$0

Lakota Local School District  
 Schedule of Revenues, Expenditures and Changes in Fund Balance  
 Budget and Actual (Non-GAAP Budgetary Basis)  
 For the Fiscal Year Ended June 30, 2004

	Title VI-R Fund			
	Original Budget	Final Budget	Actual	Variance from Final Budget
Revenues:				
Intergovernmental	\$264,188	\$411,325	\$384,006	(\$27,319)
Total Revenues	264,188	411,325	384,006	(27,319)
Expenditures:				
Current:				
Instruction:				
Regular	37,883	161,451	140,038	21,413
Support Services:				
Instructional Staff	66,770	257,588	246,819	10,769
Operation of Non-Instructional Services	0	933	0	933
Total Expenditures	104,653	419,972	386,857	33,115
Excess of Revenues Over (Under) Expenditures	159,535	(8,647)	(2,851)	5,796
Net Change in Fund Balance	159,535	(8,647)	(2,851)	5,796
Fund Balance Beginning of Year (includes prior year encumbrances appropriated)	8,647	8,647	8,647	0
Fund Balance End of Year	\$168,182	\$0	\$5,796	\$5,796

Lakota Local School District  
Schedule of Revenues, Expenditures and Changes in Fund Balance  
Budget and Actual (Non-GAAP Budgetary Basis)  
For the Fiscal Year Ended June 30, 2004

	Miscellaneous Grants Fund			
	Original Budget	Final Budget	Actual	Variance from Final Budget
Revenues:				
Intergovernmental	\$0	\$23,876	\$15,877	(\$7,999)
Total Revenues	0	23,876	15,877	(7,999)
Expenditures:				
Current:				
Instruction:				
Regular	1,186	9,454	9,318	136
Support Services:				
Instructional Staff	2,039	16,195	16,021	174
Pupil Transportation	0	300	0	300
Operation of Non-Instructional Services	0	185	0	185
Total Expenditures	3,225	26,134	25,339	795
Excess of Revenues Over (Under) Expenditures	(3,225)	(2,258)	(9,462)	(7,204)
Other financing sources (uses):				
Advances In	967	11,429	7,600	(3,829)
Total Other Financing Sources (Uses)	967	11,429	7,600	(3,829)
Net Change in Fund Balance	(2,258)	9,171	(1,862)	(11,033)
Fund Balance Beginning of Year (includes prior year encumbrances appropriated)	2,259	2,259	2,259	0
Fund Balance End of Year	\$1	\$11,430	\$397	(\$11,033)



Lakota Local School District  
 Schedule of Revenues, Expenditures and Changes in Fund Balance  
 Budget and Actual (Non-GAAP Budgetary Basis)  
 For the Fiscal Year Ended June 30, 2004

	Debt Service Fund			
	Original Budget	Final Budget	Actual	Variance from Final Budget
Revenues:				
Taxes	\$10,144,640	\$10,144,640	\$11,726,402	\$1,581,762
Intergovernmental	1,702,136	1,702,136	1,967,535	265,399
Total Revenues	<u>11,846,776</u>	<u>11,846,776</u>	<u>13,693,937</u>	<u>1,847,161</u>
Expenditures:				
Current:				
Support Services:				
Fiscal	157,575	214,000	158,084	55,916
Debt Service:				
Principal Retirement	6,784,094	6,792,879	6,784,094	8,785
Interest and Fiscal Charges	5,526,231	5,566,021	5,566,021	0
Total Expenditures	<u>12,467,900</u>	<u>12,572,900</u>	<u>12,508,199</u>	<u>64,701</u>
Excess of Revenues Over (Under) Expenditures	<u>(621,124)</u>	<u>(726,124)</u>	<u>1,185,738</u>	<u>1,911,862</u>
Net Change in Fund Balance	(621,124)	(726,124)	1,185,738	1,911,862
Fund Balance Beginning of Year (includes prior year encumbrances appropriated)	<u>5,137,948</u>	<u>5,137,948</u>	<u>5,137,948</u>	<u>0</u>
Fund Balance End of Year	<u>\$4,516,824</u>	<u>\$4,411,824</u>	<u>\$6,323,686</u>	<u>\$1,911,862</u>

Lakota Local School District  
Schedule of Revenues, Expenditures and Changes in Fund Balance  
Budget and Actual (Non-GAAP Budgetary Basis)  
For the Fiscal Year Ended June 30, 2004

	Permanent Improvement Fund			
	Original Budget	Final Budget	Actual	Variance from Final Budget
Revenues:				
Investment Earnings	\$44,841	\$88,163	\$69,492	(\$18,671)
Total Revenues	44,841	88,163	69,492	(18,671)
Expenditures:				
Capital Outlay	1,423,337	1,545,199	1,535,286	9,913
Total Expenditures	1,423,337	1,545,199	1,535,286	9,913
Excess of Revenues Over (Under) Expenditures	(1,378,496)	(1,457,036)	(1,465,794)	(8,758)
Other financing sources (uses):				
Proceeds from Sale of Capital Assets	165,068	324,540	255,810	(68,730)
Advances (Out)	(32,909)	(115,702)	(51,000)	64,702
Total Other Financing Sources (Uses)	132,159	208,838	204,810	(4,028)
Net Change in Fund Balance	(1,246,337)	(1,248,198)	(1,260,984)	(12,786)
Fund Balance Beginning of Year (includes prior year encumbrances appropriated)	1,271,181	1,271,181	1,271,181	0
Fund Balance End of Year	\$24,844	\$22,983	\$10,197	(\$12,786)

Lakota Local School District  
 Schedule of Revenues, Expenditures and Changes in Fund Balance  
 Budget and Actual (Non-GAAP Budgetary Basis)  
 For the Fiscal Year Ended June 30, 2004

	Building Fund			
	Original Budget	Final Budget	Actual	Variance from Final Budget
Revenues:				
Taxes	\$0	\$0	\$0	\$0
Total Revenues	0	0	0	0
Expenditures:				
Capital Outlay	3,267,747	3,265,085	3,260,791	4,294
Total Expenditures	3,267,747	3,265,085	3,260,791	4,294
Excess of Revenues Over (Under) Expenditures	(3,267,747)	(3,265,085)	(3,260,791)	4,294
Net Change in Fund Balance	(3,267,747)	(3,265,085)	(3,260,791)	4,294
Fund Balance Beginning of Year (includes prior year encumbrances appropriated)	3,265,085	3,265,085	3,265,085	0
Fund Balance End of Year	(\$2,662)	\$0	\$4,294	\$4,294

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**STATISTICAL  
SECTION**

TABLE 1

Lakota Local School District, Ohio  
 General Fund Revenues by Source  
 Last Ten Fiscal Years

Fiscal Year	1995	1996	1997	1998	1999	2000	2001	2002	2003	2004
Taxes	\$28,393,279	\$31,963,428	\$35,386,346	\$46,291,911	\$42,983,537	\$40,636,659	\$51,072,992	\$59,412,475	\$58,108,666	\$63,229,969
Intergovernmental	17,625,203	21,197,594	22,464,910	25,870,273	28,252,764	32,198,954	36,295,600	46,515,382	49,816,510	51,384,574
Interest	433,043	803,554	1,155,359	1,463,753	1,264,336	1,423,587	2,414,249	944,347	835,757	454,145
Tuition and fees	280,008	311,671	435,152	391,542	381,159	90,103	142,070	219,195	443,369	443,132
Extracurricular activities	72,870	299,191	100,737	123,183	129,675	20,235	5,815	3,015	1,945	0
Other revenues	223,244	236,059	287,039	644,730	526,446	1,135,148	1,108,959	1,009,728	1,995,414	1,016,348
Total revenues	\$47,027,647	\$54,811,497	\$59,829,543	\$74,785,392	\$73,537,917	\$75,504,686	\$91,039,685	\$108,104,142	\$111,201,661	\$116,528,168

Source: Lakota Local School District records.

Lakota Local School District, Ohio  
 General Fund Expenditures by Function  
 Last Ten Fiscal Years

Fiscal Year	1995	1996	1997	1998	1999	2000	2001	2002	2003	2004
<b>Instruction:</b>										
Regular	\$26,678,034	\$27,208,177	\$29,947,276	\$34,616,606	\$38,616,055	\$41,388,128	\$42,920,240	\$49,238,596	\$54,779,394	\$58,479,529
Special	3,594,532	3,619,215	4,018,337	4,555,155	5,254,505	5,801,329	6,359,384	7,658,169	8,371,030	9,476,684
Vocational	230,002	166,876	153,735	279,858	246,573	240,986	321,305	253,789	267,363	283,553
Other	54,617	72,455	72,718	104,369	111,550	194,243	278,680	406,687	208,288	292,795
<b>Support services:</b>										
Pupil	2,569,588	2,740,019	3,064,287	3,790,504	4,053,907	4,194,333	4,535,887	5,602,823	5,985,886	6,585,794
Instructional staff	2,210,044	2,172,031	2,506,440	3,599,289	3,733,793	4,323,451	4,883,672	5,673,642	5,446,368	6,685,164
General administration	23,574	27,211	47,924	30,086	32,985	8,714	35,889	23,984	27,184	22,537
School administration	4,043,379	3,975,378	4,534,732	5,685,998	6,094,554	7,130,132	7,145,146	8,550,058	8,432,557	10,265,494
Fiscal and business	1,130,695	1,143,121	1,293,181	1,269,665	1,558,603	1,752,099	1,765,074	2,073,063	1,950,740	2,264,167
Operations and maintenance	4,519,672	4,767,951	5,308,632	6,926,534	7,640,848	7,566,261	7,272,764	8,769,880	9,953,909	11,197,249
Pupil transportation	3,341,250	3,315,033	4,206,226	5,958,036	5,398,641	5,786,291	7,368,359	7,892,750	7,158,151	9,280,591
Central	191,361	241,062	400,402	448,627	691,574	1,268,535	1,019,892	1,228,715	2,191,463	2,141,035
<b>Operations of non-instructional services</b>	2,125	2,055	2,714	3,602	8,065	3,381	3,166	0	2,294	4,285
Extracurricular activities	614,102	579,326	739,033	1,191,464	1,310,626	1,498,775	1,579,630	1,609,087	1,515,712	1,734,813
Capital outlay	0	0	0	114,562	104,955	781,574	35,983	210,862	0	1,042,359
Debt Service	106,977	113,594	75,617	100,090	322,399	0	789,893	0	0	0
Interest and fiscal charges	18,060	10,370	53,114	48,055	68,046	28,379	103,200	0	0	0
<b>Total expenditures</b>	<b>\$49,328,012</b>	<b>\$50,153,874</b>	<b>\$56,424,368</b>	<b>\$68,722,500</b>	<b>\$75,247,679</b>	<b>\$81,966,611</b>	<b>\$86,418,164</b>	<b>\$99,192,105</b>	<b>\$106,290,339</b>	<b>\$119,756,049</b>

Source: Lakota Local School District records.

Table 3

Lakota Local School District, Ohio  
 Property Tax Levies and Collections - Real and Public Utility Property  
 Last Ten Collection (Calendar) Years

Collection Year	Tax Levied	Current Tax Collections	Percent Collected	Delinquent Collection	Total Tax Collections	Percent of Total Collections to Levy	Outstanding Delinquent Taxes	Percent of Outstanding Delinquent Taxes to Tax Levied
1995	36,614,197	36,127,859	99%	825,590	36,953,449	101%	2,052,661	5.6%
1996	36,639,929	36,639,929	100%	1,488,675	38,128,604	104%	1,337,222	3.6%
1997	45,857,910	45,857,910	100%	1,535,268	47,393,178	103%	1,248,839	2.7%
1998	47,506,385	47,506,385	100%	1,104,758	48,611,143	102%	1,793,632	3.8%
1999	49,733,189	49,002,544	99%	1,066,729	50,069,273	101%	1,457,548	2.9%
2000	51,603,050	51,384,592	100%	899,725	52,284,317	101%	776,281	1.5%
2001	67,320,527	64,924,194	96%	1,225,648	66,149,842	98%	1,946,966	2.9%
2002	67,659,376	65,274,114	96%	1,572,990	66,847,103	99%	2,759,238	4.1%
2003	71,617,353	71,010,316	99%	1,721,327	72,731,643	102%	1,644,948	2.3%
2004	72,237,286	72,208,219	99%	2,096,301	74,304,520	103%	2,668,300	3.7%

Source: Butler County Auditor.



TABLE 4

Lakota Local School District, Ohio  
 Assessed and Estimated Actual Value of Taxable Property  
 Last Ten Collection (Calendar) Years

Collection Year	Real Property		Tangible Personal Property		Public Utilities Personal		Total	
	Assessed Value	Estimated Actual Value	Assessed Value	Estimated Actual Value	Assessed Value	Estimated Actual Value	Assessed Value	Estimated Actual Value
1995	1,005,187,730	2,871,964,943	99,294,059	397,176,236	77,924,830	88,550,943	1,182,406,619	3,357,692,122
1996	1,086,266,210	3,103,617,743	104,616,706	418,466,824	73,949,520	84,033,545	1,264,832,436	3,606,118,112
1997	1,189,903,220	3,399,723,486	121,815,238	487,260,952	74,532,500	84,696,023	1,386,250,958	3,971,680,460
1998	1,243,409,780	3,552,599,371	133,868,633	535,474,532	74,264,120	84,391,045	1,451,542,533	4,172,464,949
1999	1,303,927,250	3,725,506,429	136,671,688	546,686,752	78,477,160	89,178,591	1,519,076,098	4,361,371,771
2000	1,470,277,860	4,200,793,885	136,507,980	546,031,920	81,764,790	92,914,534	1,688,550,630	4,839,740,339
2001	1,596,004,850	4,560,013,857	156,691,941	626,767,764	79,376,000	90,200,000	1,832,072,791	5,276,981,621
2002	1,646,429,860	4,704,085,314	170,886,501	683,546,004	60,981,990	69,297,716	1,878,298,351	5,456,929,034
2003	1,960,455,290	5,601,300,829	171,600,152	686,400,608	58,862,530	66,889,239	2,190,917,972	6,354,590,675
2004	2,027,523,000	5,792,922,857	171,154,345	684,617,380	59,663,620	68,687,330	2,258,340,965	6,546,217,567

Source: Butler County Auditor.

Table 5

Lakota Local School District, Ohio  
 Property Tax Rates - Direct and Overlapping Governments  
 Last Ten Calendar Years  
 (Per \$1,000 of Assessed Valuation)

Tax Year/ Collection Year	COUNTY		CITIES		SCHOOL DISTRICTS				TOWNSHIPS				
	Butler County	8.74	Monroe City	9.85	Fairfield City	Lakota Local School District		Butler County Joint Vocational School	West Chester Township	Liberty Township Excluded	Liberty Township Monroe		
						Voted	Unvoted						
	General Fund	Bond Fund	General Fund	Bond Fund	General Fund	Bond Fund	General Fund						
2003/2004	8.74	8.74	9.85	9.85	5.94	5.94	48.55	5.00	6.49	1.93	13.09	10.59	0.59
2002/2003	8.75	8.75	9.85	9.85	5.94	5.94	48.55	5.80	6.49	1.93	13.09	10.59	0.59
2001/2002	8.75	8.75	9.85	9.85	5.94	5.94	50.39	5.00	6.49	1.93	13.09	10.59	0.59
2000/2001	8.45	8.45	9.85	9.85	5.94	5.94	50.39	5.00	6.49	1.93	10.59	10.59	0.59
1999/2000	8.45	8.45	7.85	7.85	4.54	4.54	43.65	5.00	6.49	1.93	10.59	9.09	0.59
1998/1999	8.44	8.44	7.85	7.85	4.54	4.54	43.65	6.00	6.49	1.93	9.59	7.59	0.59
1997/1998	8.45	8.45	7.85	7.85	4.54	4.54	43.65	6.00	6.49	1.93	9.59	7.59	0.59
1996/1997	8.44	8.44	7.85	7.85	4.54	4.54	43.65	6.10	6.49	1.93	9.59	5.59	0.59
1995/1996	7.44	7.44	7.85	7.85	4.54	4.54	37.15	6.50	6.49	1.93	9.59	5.59	0.59
1994/1995	7.45	7.45	7.85	7.85	4.54	4.54	37.15	8.10	6.49	1.93	9.59	4.09	0.59

Source: Butler County Auditor - Data is presented on a collection year basis because that is the manner in which the information is maintained by the County Auditor.

Note: Figures in parenthesis reflect "effective" millage for residential/agricultural (upper) and commercial/industrial (lower) for the current collection year only. All other figures reflect voted millage.

TABLE 6

Lakota Local School District, Ohio  
 Ratio of Net General Bonded Debt to Assessed Value  
 And Net Bonded Debt Per Capita  
 Last Ten Fiscal Years

Year	Population (1)	Total Assessed Value (2)	Gross Bonded Debt (1)	Less Debt Service Fund (1)	Net Bonded Debt	Ratio of Net Bonded Debt To Assessed Value (%)	Net Bonded Debt Per Capita
1995	53,362	1,182,406,619	87,809,686	2,584,092	85,225,594	7.2%	1,597
1996	53,362	1,264,832,436	84,966,686	1,652,342	83,314,344	6.6%	1,561
1997	53,362	1,386,250,958	82,101,686	2,168,285	79,933,402	5.8%	1,498
1998	53,362	1,451,542,533	79,408,414	2,136,837	77,271,577	5.3%	1,448
1999	53,362	1,519,076,098	78,993,414	2,617,349	76,376,065	5.0%	1,431
2000	53,362	1,688,550,630	74,689,067	3,106,964	71,582,103	4.2%	1,341
2001	77,714	1,832,072,791	114,537,519	51,050,590	63,486,929	3.5%	817
2002	79,895	1,878,298,351	111,763,062	5,094,538	106,668,524	5.7%	1,335
2003	73,633	2,190,917,972	105,423,674	5,426,471	99,997,203	4.6%	1,358
2004	73,633	2,258,340,965	98,639,581	6,630,404	92,009,177	4.1%	1,250

Source:

- (1) District Records  
 (2) Butler County Auditor

Lakota Local School District, Ohio  
 Computation of Legal Debt Margin  
 June 30, 2004

TABLE 7

Assessed Valuation of District		<u>\$2,258,340,965</u>
<hr/>		
<b>Overall Direct Debt Limitation</b>		
Direct debt limitation		
9% of assessed valuation		203,250,687
Amount available in Debt Service Fund		6,630,404
Gross indebtedness	<u>\$98,639,581</u>	
Less: Debt exempt from limitation	<u>0</u>	
Debt subject to 9% limitation		<u>(98,639,581)</u>
Legal debt margin within 9% limitation		<u>\$111,241,510</u>
<hr/>		
<b>Unvoted Direct Debt Limitation</b>		
Unvoted debt limitation		
0.1% of assessed valuation		\$2,258,341
Amount available in Debt Service Fund related to unvoted debt		n/a
Gross indebtedness authorized by the Board		
Less: Debt exempt from limitation	<u>0</u>	
Debt subject to 0.1% limitation		<u>0</u>
Legal debt margin within 0.1% limitation		<u>\$2,258,341</u>
<hr/>		
<b>Energy Conservation Bond Limitation</b>		
Ohio Revised Code Section 133.042		
Debt limitation		
0.9% of assessed valuation		\$20,325,069
Energy conservation notes authorized by the Board		
Legal debt margin within 0.9% limitation		<u>\$20,325,069</u>

Source: Lakota Local School District records.

Lakota Local School District, Ohio  
 Computation of Direct and Overlapping Debt  
 June 30, 2004

TABLE 8

Governmental Unit	Gross General Obligation	Percent Applicable to District (1)	Amount Applicable to District
Direct:			
Lakota Local School District	<u>\$105,815,653</u>	100.00%	<u>\$105,815,653</u>
Overlapping:			
Butler County	83,941,600	31.17%	26,164,597
West Chester Township	28,135,000	95.40%	26,840,790
Liberty Township	4,182,025	100.00%	4,182,025
Fairfield City	20,165,000	1.23%	248,030
Monroe City	10,635,000	4.87%	517,925
Butler County Joint Vocational School	<u>7,995,000</u>	35.91%	<u>2,871,005</u>
Total overlapping:	<u>\$155,053,625</u>		<u>\$60,824,371</u>
Total direct and overlapping debt:	<u>\$260,869,278</u>		<u>\$166,640,024</u>

Source: Ohio Municipal Advisory Council.

NOTE: Updated information was not available. Data presented is information as of June 30, 2003.

Lakota Local School District, Ohio  
 Ratio of Annual Debt Service Expenditures  
 For General Bonded Debt to Total General Fund Expenditures  
 Last Ten Fiscal Years

TABLE 9

<u>Fiscal Year</u>	<u>Principal</u>	<u>Interest</u>	<u>Total Debt Service</u>	<u>Total General Fund Expenditures</u>	<u>Ratio of Debt Service to General Fund Expenditures (%)</u>
1995	2,885,000	5,540,736	8,425,736	49,328,012	17%
1996	2,835,000	5,097,533	7,932,533	50,153,874	16%
1997	2,865,000	4,922,671	7,787,671	56,424,368	14%
1998	22,940,000	4,726,990	27,666,990	68,722,500	40%
1999	4,000,000	4,250,357	8,250,357	75,247,679	11%
2000	4,474,347	4,403,764	8,878,111	81,966,611	11%
2001	5,234,231	5,840,016	11,074,247	86,568,164	13%
2002	5,644,456	6,285,846	11,930,302	99,192,105	12%
2003	6,339,388	6,026,810	12,366,198	106,290,339	12%
2004	6,784,094	5,566,021	12,350,115	119,756,049	11%

Source: Lakota Local School District records.

<u>Fiscal Year</u>	<u>Population (1)</u>	<u>School Enrollment (1)</u>	<u>Unemployment Rate (2)</u>
1995	53,362	12,193	4.2%
1996	53,362	12,700	4.2%
1997	53,362	13,077	3.5%
1998	53,362	13,530	3.4%
1999	53,362	14,139	3.7%
2000	53,362	14,659	3.3%
2001	77,714	15,143	3.0%
2002	79,895	15,498	4.00%
2003	73,633	15,845	3.80%
2004	73,633	16,351	4.10%

Sources:

- (1) Lakota Local School District Records
- (2) Ohio Department of Job and Family Services

TABLE II

Calendar Year	New Construction (1)	Bank Deposits (2) (in Thousands)	Property Values (3)
1995	66,803,340	800,556,000	1,182,406,619
1996	53,128,920	783,398,000	1,264,832,436
1997	59,185,580	815,435,000	1,386,250,958
1998	57,107,950	864,105,000	1,451,542,533
1999	65,176,410	877,325,000	1,519,076,098
2000	111,454,810	923,585,000	1,688,550,630
2001	79,828,140	1,146,859,000	1,832,072,791
2002	75,400,080	1,136,994,000	1,878,298,351
2003	34,445,270	*	1,960,455,290
2004	68,687,330	*	2,027,523,000

\* - Information not available

Sources:

- (1) Butler County Auditor  
2003 not available at the time this report was published.
- (2) Federal Reserve Bank of Cleveland - Amounts are for Butler County (Note: County bank deposits measures total deposits for those banks deemed "domiciled" within a given county.)
- (3) Butler County Auditor, calendar year basis - real property assessed values.



Lakota Local School District, Ohio  
 Real and Tangible Personal Property  
 Top Ten Principal Taxpayers  
 June 30, 2004

TABLE 12

Name of Taxpayer	Total Assessed Valuation	% of Total Assessed Valuation
Cincinnati Gas & Electric Co. (Cinergy)	\$40,534,830	1.79%
Dugan Financing LLC	29,443,990	1.30%
Security Capital Ind Tr	13,106,870	0.58%
Centerpoint Realty Services Co.	13,105,870	0.58%
Distribution Funding II Inc.	13,023,840	0.58%
Cincinnati Bell Telephone Co.	12,297,730	0.54%
Atlantic Financial Group LTD	9,607,630	0.43%
Centre Point Building	8,159,200	0.36%
Dugan Realty LLC	7,990,930	0.35%
Union Station of West Chester LLC	7,149,010	0.32%
All Other Taxpayers	2,103,921,065	93.16%
	\$2,258,340,965	100.0%

Source: Butler County Auditor.

Enrollment by Grade

	Pre-K	K	1	2	3	4	5	6	7	8	9	10	11	12	IEP	Total
2003 - 04	282	1,255	1,201	1,316	1,259	1,246	1,227	1,246	1,286	1,355	1,219	1,282	1,129	1,018	30	16,351
2004 - 05	291	1,230	1,364	1,229	1,341	1,291	1,274	1,252	1,274	1,303	1,299	1,358	1,149	1,055	38	16,748
2005 - 06	315	1,253	1,317	1,396	1,252	1,375	1,320	1,300	1,280	1,290	1,249	1,447	1,216	1,073	41	17,126
2006 - 07	339	1,276	1,342	1,348	1,422	1,284	1,406	1,347	1,329	1,297	1,237	1,391	1,296	1,136	43	17,494
2007 - 08	363	1,299	1,366	1,373	1,373	1,459	1,313	1,435	1,377	1,346	1,243	1,378	1,246	1,210	46	17,829
2008 - 09	386	1,322	1,391	1,396	1,399	1,409	1,492	1,340	1,467	1,395	1,290	1,385	1,234	1,164	49	18,121
2009 - 10	410	1,345	1,416	1,423	1,425	1,435	1,440	1,522	1,370	1,486	1,337	1,438	1,240	1,153	52	18,492
2010 - 11	434	1,369	1,440	1,449	1,450	1,461	1,467	1,470	1,556	1,388	1,424	1,490	1,287	1,158	54	18,899
2011 - 12	458	1,392	1,466	1,474	1,476	1,488	1,494	1,497	1,503	1,577	1,330	1,587	1,334	1,203	57	19,335
2012 - 13	481	1,415	1,490	1,500	1,502	1,514	1,521	1,525	1,531	1,522	1,511	1,482	1,421	1,246	60	19,721
2013 - 14	469	1,425	1,430	1,477	1,484	1,515	1,519	1,531	1,529	1,544	1,533	1,526	1,491	1,433	57	19,963

The following are projections:

Sources: Lakota Local School District records.  
EMIS October 2001 data

Lakota Local School District, Ohio  
 State Basic Aid and Lakota Per Pupil Cost  
 Last Ten Years

Table 14

<u>Year</u>	<u>Proposed State Basic Aid Per Pupil</u>	<u>Percentage Change</u>	<u>Actual State General Fund Aid Per Pupil Received</u>	<u>Percentage Change</u>	<u>Lakota Cost Per Pupil in ADM</u>	<u>Percentage Increase</u>
2003/2004	5,058	2.2%	2,745	(0.6%)	8,203	7.6%
2002/2003	4,949	2.8%	2,762	5.2%	7,624	5.6%
2001/2002	4,814	12.1%	2,626	26.6%	7,221	11.4%
2000/2001	4,294	6.0%	2,075	22.3%	6,482	3.6%
1999/2000	4,052	5.2%	1,697	(3.9%)	6,255	6.9%
1998/1999	3,851	5.1%	1,766	4.7%	5,850	3.5%
1997/1998	3,663	4.7%	1,687	(5.2%)	5,650	30.3%
1996/1997	3,500	5.6%	1,779	3.0%	4,337	5.5%
1995/1996	3,315	9.2%	1,727	4.6%	4,109	(2.0%)
1994/1995	3,035	5.7%	1,652	(4.4%)	4,193	(1.1%)

Source: School district financial records.

\* - Information not available

Lakota Local School District, Ohio  
 Educational Statistics  
 Last Ten Fiscal Years

Table 15

Graduation Rate (%)	94-95	95-96	96-97	97-98	98-99	99-00	00-01	01-02	02-03	03-04
Students Graduating	85.57	83.59	89.09	91.84	95.20	90.60	90.30	94.00	96.10	96.10
Student Attendance Rate (%)	94-95	95-96	96-97	97-98	98-99	99-00	00-01	01-02	02-03	03-04
All Grades	95.76	95.50	95.57	95.68	95.30	94.50	95.50	96.00	96.00	96.20
Student Dropout Rate (%)	94-95	95-96	96-97	97-98	98-99	99-00	00-01	01-02	02-03	03-04
All Grades	1.52	1.44	1.65	1.30	**	**	**	**	**	**
% of College Preparatory	94-95	95-96	96-97	97-98	98-99	99-00	00-01	01-02	02-03	03-04
Students Graduating	23.24	95.87	64.84	73.80	**	**	86.00	87.00	90.00	90.00
ACT Scores	94-95	95-96	96-97	97-98 *	98-99*	99-00*	00-01	01-02	02-03	03-04
Lakota High School	22.70	23.00	22.70	-	-	-	-	-	-	-
Lakota East High School	-	-	-	22.20	22.80	23.10	23.10	22.70	23.00	22.20
Lakota West High School	-	-	-	22.10	22.50	22.80	22.40	22.50	22.10	23.60
National	20.70	20.90	21.00	21.00	21.00	21.00	21.00	20.80	19.30	20.90
Ohio	21.20	21.30	21.30	21.40	21.40	21.40	21.40	21.40	19.60	21.40

\* District opened two new high schools to replace the one Lakota High School beginning 1997-98.

\*\* Information was unavailable at the time this report was published.

Source: School District records

Lakota Local School District, Ohio  
 Certified Staff Statistics  
 Last Ten Fiscal Years

Table 16

Teacher Class Size	94-95	95-96	96-97	97-98	98-99	99-00	00-01	01-02	02-03	03-04
Pupil/Teacher Ratio	22.95	23.37	22.91	21.88	19.70	19.70	22.14	19.60	20.47	20.13
Teacher Education	94-95	95-96	96-97	97-98	98-99	99-00	00-01	01-02	02-03	03-04
Teachers with No Degree	0.16%	0.16%	0.15%	0.00%	0.10%	0.10%	0.00%	0.00%	0.00%	0.00%
Teachers with Bachelors Degree	29.09%	30.92%	27.52%	26.53%	22.70%	22.10%	21.00%	20.20%	26.53%	15.60%
Teachers with Bachelors plus 150 Hours	28.17%	29.50%	30.65%	30.35%	27.30%	27.90%	29.00%	29.60%	23.50%	27.80%
Teachers with Masters Degree	42.57%	39.42%	41.68%	43.12%	49.90%	50.80%	50.00%	50.30%	49.97%	56.60%
Teacher Experience	94-95	95-96	96-97	97-98	98-99	99-00	00-01	01-02	02-03	03-04
Average Teachers Experience	11.40	11.10	12.00	11.90	11.60	11.30	11.60	11.83	12.34	12.76

Source: Vital Statistics-Ohio State Department of Education.





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**LAKOTA LOCAL SCHOOL DISTRICT  
BUTLER 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 20, 2005**