



**Auditor of State
Betty Montgomery**



Mary Taylor, CPA
Auditor of State

January 19, 2007

The attached audit report was completed and prepared for release prior to the commencement of my term of office on January 8, 2007. Thus, I am certifying this audit report for release under the signature of my predecessor.

Mary Taylor

MARY TAYLOR, CPA
Auditor of State

This Page is Intentionally Left Blank.

LAKOTA LOCAL SCHOOL DISTRICT
BUTLER COUNTY

TABLE OF CONTENTS

| TITLE | PAGE |
|---|----------------------|
| Independent Accountants' Report..... | Under Separate Cover |
| Comprehensive Annual Financial Report | Under Separate Cover |
| Schedule of Federal Awards Expenditures..... | 1 |
| Notes to the Schedule of Federal Awards Expenditures | 2 |
| Independent Accountants' Report on Internal Control over Financial Reporting and on Compliance and Other Matters Required by <i>Government Auditing Standards</i> | 3 |
| 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 | 5 |
| Schedule of Findings..... | 7 |

This page intentionally left blank.

**LAKOTA LOCAL SCHOOL DISTRICT
BUTLER COUNTY**

**SCHEDULE OF FEDERAL AWARDS EXPENDITURES
FISCAL YEAR ENDED JUNE 30, 2006**

| Federal Grantor/ Pass Through Grantor Program Title | Pass Through Entity Number | Federal CFDA Number | Receipts | Disbursements |
|---|----------------------------------|---------------------------|----------------------------------|----------------------------------|
| <u>U.S. DEPARTMENT OF AGRICULTURE</u> | | | | |
| <i>Passed Through Ohio Department of Education:</i> | | | | |
| Child Nutrition Cluster | | | | |
| School Breakfast Program | 05-PU | 10.553 | \$57,010 | \$57,010 |
| Special Milk Program | 02-PU | 10.556 | 25,397 | 25,397 |
| National School Lunch Program | LL-P4 | 10.555 | <u>515,036</u> | <u>515,036</u> |
| Total Child Nutrition Cluster | | | <u>597,443</u> | <u>597,443</u> |
| Total U.S. Department of Agriculture | | | <u>597,443</u> | <u>597,443</u> |
| <u>U.S. DEPARTMENT OF EDUCATION</u> | | | | |
| <i>Passed Through Ohio Department of Education:</i> | | | | |
| Special Education Cluster: | | | | |
| Title VI-B: Special Education Grants to States | 6BSA/SD/SF | 84.027 | 3,168,817 | 3,151,517 |
| Special Education - Preschool Grant | PG-S1 | 84.173 | <u>103,671</u> | <u>100,299</u> |
| Total Special Education Cluster | | | <u>3,272,488</u> | <u>3,251,816</u> |
| Title I: Grants to Local Educational Agencies | C1-S1 | 84.010 | 575,764 | 567,864 |
| Hurricane Education Recovery | | 84.938 | 36,000 | 36,000 |
| Refugee Children School Impact Grant | nn-n1 | 93.576 | 1,050 | 1,050 |
| Title V: Innovative Education Program Strategies | C2-S1 | 84.298 | 65,794 | 62,491 |
| Improving Teacher Quality | TR-S1 | 84.367 | 229,960 | 257,174 |
| Title III -- English Language Acquisition Grants | T3-S1, T3-S2 | 84.365 | 80,442 | 77,602 |
| Title II-D: Education Technology | TJ-S1 | 84.318 | 6,116 | 5,344 |
| Safe and Drug Free Schools | DR-S1 | 84.186 | <u>47,364</u> | <u>48,278</u> |
| Total U.S. Department of Education | | | <u>4,314,978</u> | <u>4,307,619</u> |
| Totals | | | <u><u>\$4,912,421</u></u> | <u><u>\$4,905,062</u></u> |

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

**LAKOTA LOCAL SCHOOL DISTRICT
BUTLER COUNTY**

**NOTES TO THE FEDERAL AWARDS EXPENDITURES SCHEDULE
FISCAL YEAR ENDED JUNE 30, 2006**

NOTE A - SIGNIFICANT ACCOUNTING POLICIES

The accompanying Federal Awards Expenditures Schedule (the Schedule) summarizes activity of the District'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 District to maintain separate inventory records for purchased food and food received from the U.S. Department of Agriculture. This non-monetary 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.

NOTE C - MATCHING REQUIREMENTS

Certain Federal programs require that the District contribute non-Federal funds (matching funds) to support the Federally-funded programs. The District has complied with the matching requirements. The expenditure of non-Federal matching funds is not included on the Schedule.



Auditor of State Betty Montgomery

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

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

To the Board of Education:

We have audited the 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, 2006, which collectively comprise the District's basic financial statements and have issued our report thereon dated December 22, 2006. 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 the Comptroller General of the United States' *Government Auditing Standards*.

Internal Control Over Financial Reporting

In planning and performing our audit, we considered the District's internal control over financial reporting to determine our auditing procedures to express our opinion on the financial statements and not to opine on the internal control over financial reporting. Our consideration of the internal control would not necessarily disclose all matters in the internal control over financial reporting that might be material weaknesses. A material weakness is a reportable condition in which the design or operation of one or more of the internal control components does not reduce to a relatively low level the risk that misstatements caused by error or fraud in amounts material to the financial statements we audited may occur and not be timely detected by employees when performing their assigned functions. We noted no matters involving the internal control over financial reporting and its operation that we consider material weaknesses. In a separate letter to the District's management dated December 22, 2006, we reported other matters involving internal control over financial reporting which we did not deem reportable conditions.

Compliance and Other Matters

As part of reasonably assuring whether the District's financial statements are free of material misstatement, we tested its compliance with certain provisions of laws, regulations, contracts, and grant agreements, noncompliance with which could directly and materially affect the determination of financial statement amounts. However, providing an opinion on compliance with those provisions was not an objective of our audit and, accordingly, we do not express an opinion. The results of our tests disclosed an instance of noncompliance or other matters we must report under *Government Auditing Standards*, which is described in the accompanying schedule of findings as item 2006-001. In a separate letter to the District's management dated December 22, 2006, we reported other matters related to noncompliance we deemed immaterial.

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

We intend this report solely for the information and use of the audit committee, management, Board of Education, federal awarding agencies, and pass-through entities. It is not intended for 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 22, 2006



Auditor of State Betty Montgomery

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

Lakota Local School District
Butler County
5572 Princeton Road
Liberty, 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 apply to each of its major federal programs for the year ended June 30, 2006. The summary of auditor's results section of the accompanying schedule of findings identifies the District's major federal programs. The District's management is responsible for complying with the requirements of laws, regulations, contracts, and grants applicable to each major federal program. 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 reasonably assure whether noncompliance occurred with the types of compliance requirements referred to above that could directly and materially affect a major federal program. An audit includes examining, on a test basis, evidence about the District's compliance with those requirements and performing other procedures we considered necessary in the circumstances. We believe 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 apply to each of its major federal programs for the year ended June 30, 2006.

Internal Control Over Compliance

The District's management 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 directly and materially affect a major federal program to determine our auditing procedures for the purpose of expressing our opinion on compliance and to test and report on internal control over compliance in accordance with OMB Circular A-133.

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

Federal Awards Expenditures Schedule

We have audited the financial statements of the governmental activities, the business-type activities, each major fund and the aggregate remaining fund information of Lakota Local School District as of and for the year ended June 30, 2006 and have issued our report thereon dated December 22, 2006. Our audit was performed to form an opinion on the financial statements that collectively comprise the District's basic financial statements taken as a whole. The accompanying federal awards expenditures schedule provides additional information as required by OMB Circular A-133 and is not a required part of the basic financial statements. We subjected this information 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 intend this report solely for the information and use of the audit committee, management, Board of Education, federal awarding agencies, and pass-through entities. It is not intended for anyone other than these specified parties.



Betty Montgomery
Auditor of State

December 22, 2006

**LAKOTA LOCAL SCHOOL DISTRICT
BUTLER COUNTY**

**SCHEDULE OF FINDINGS
OMB CIRCULAR A -133 ' .505
JUNE 30, 2006**

1. SUMMARY OF AUDITOR'S RESULTS

| | | |
|---------------------|---|--|
| (d)(1)(i) | Type of Financial Statement Opinion | Unqualified |
| (d)(1)(ii) | Were there any material control weakness conditions reported at the financial statement level (GAGAS)? | No |
| (d)(1)(ii) | Were there any other reportable control weakness conditions reported at the financial statement level (GAGAS)? | No |
| (d)(1)(iii) | Was there any reported material non-compliance at the financial statement level (GAGAS)? | Yes |
| (d)(1)(iv) | Were there any material internal control weakness conditions reported for major federal programs? | No |
| (d)(1)(iv) | Were there any other reportable internal control weakness conditions reported for major federal programs? | No |
| (d)(1)(v) | Type of Major Programs= Compliance Opinion | Unqualified |
| (d)(1)(vi) | Are there any reportable findings under ' .510? | No |
| (d)(1)(vii) | Major Programs (list): | Title I: CFDA #84.010, Special Education Cluster: CFDA #84.027, #84.173 |
| (d)(1)(viii) | Dollar Threshold: Type A\B Programs | Type A: > \$ 300,000 Type B: all others |
| (d)(1)(ix) | Low Risk Auditee? | Yes |

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

FINDING NUMBER 2006-001

Finding for Recovery Repaid Under Audit

State ex rel. McClure v. Hagerman, 155 Ohio St. 320 (1951), provides that expenditures made by a public entity should serve a proper public purpose. McClure indicates that as a general rule, the determination of what constitutes a “proper public purpose” rests with the judgment of the governmental entity, unless such determination is arbitrary and unreasonable. Even if a purchase is reasonable, Ohio Attorney General Opinion No. 82-006 indicates that the decision to expend public funds “... must be made in accordance with the procedural formalities governing the exercise of legislative power. Specifically, the decision must be memorialized by a duly enacted ordinance or resolution and may have prospective effect only.” Auditor of State Bulletin 2003-005 Expenditure of Public Funds/Proper “Public Purpose” states that the Auditor of State’s Office will only question expenditures where the legislative determination of a public purpose is manifestly arbitrary and incorrect. The Bulletin further states that the auditor of State’s Office does not view the expenditure of public funds for alcoholic beverages as a proper public purpose and will issue findings for recovery for such expenditures as manifestly arbitrary and incorrect.

On January 13, 2006, a check signed by Mr. Alan Hutchinson, Treasurer, was issued to Beckett Ridge Country Club in the amount of \$6,190 to pay for a fundraiser for the Lakota West Baseball Team. The check was later deposited by the Beckett Ridge Golf Club LLC.

A purchase order was initiated by Mr. Stu Eversole, Lakota West Athletic Director, prepared by the District and signed by the Treasurer on November 4, 2005 noting that of the \$6,190 was for tournament cart and greens fees for the golf club. Upon review of the actual invoice received by the district on January 9, 2006, it was noted that \$395 was used to purchase alcohol.

In accordance with the forgoing facts and pursuant to Ohio Rev. Code Section 117.28, a Finding for Recovery for public money illegally expended is hereby issued against Stu Eversole and Alan Hutchinson, jointly and severally, in the amount of \$395, in favor of the District’s General Fund.

Stu Eversole paid \$395 to the District during the audit.

3. FINDINGS FOR FEDERAL AWARDS

None.

LAKOTA LOCAL SCHOOL DISTRICT
BUTLER COUNTY, OHIO

COMPREHENSIVE ANNUAL FINANCIAL REPORT
FOR THE FISCAL YEAR ENDED JUNE 30, 2006

Prepared by:
Office of the CFO/Treasurer

Alan R. Hutchinson

THIS PAGE INTENTIONALLY LEFT BLANK

TABLE OF CONTENTS

| | Page |
|---|-------------|
| INTRODUCTORY SECTION | |
| Letter of Transmittal | VII |
| List of Principal Officials | XVII |
| Organizational Chart | XVIII |
| ASBO Certificate of Excellence in Financial Reporting | XIX |
| GFOA Certificate of Achievement for Excellence in Financial Reporting | XX |
| FINANCIAL SECTION | |
| Independent Accountants' Report | 1 |
| Management's Discussion and Analysis | 3 |
| Basic Financial Statements: | |
| Government-wide Financial Statements: | |
| Statement of Net Assets | 11 |
| Statement of Activities | 12 |
| Fund Financial Statements: | |
| Balance Sheet - Governmental Funds | 14 |
| Reconciliation of Total Governmental Fund Balance to Net Assets of Governmental Activities | 15 |
| Statement of Revenues, Expenditures and Changes in Fund Balance - Governmental Funds | 16 |
| Reconciliation of the Statement of Revenues, Expenditures, and Changes in Fund Balance of Governmental Funds to the Statement of Activities | 17 |
| Statement of Net Assets - Proprietary Funds | 18 |
| Statement of Revenues, Expenses and Changes in Fund Net Assets - Proprietary Funds | 19 |
| Statement of Cash Flows - Proprietary Funds | 20 |
| Statement of Fiduciary Net Assets - Fiduciary Funds | 21 |
| Statement of Changes in Fiduciary Net Assets - Fiduciary Funds | 22 |
| Notes to the Basic Financial Statements | 23 |
| Required Supplementary Information: | |
| Schedule of Revenues, Expenditures and Changes in Fund Balance - Budget and Actual (Non-GAAP Budgetary Basis) - General Fund | 50 |
| Notes to the Required Supplementary Information | 51 |
| Combining Statements and Individual Fund Schedules: | |
| Fund Descriptions | 54 |
| Nonmajor Governmental Funds: | |
| Combining Balance Sheet | 57 |
| Combining Statement of Revenues, Expenditures and Changes in Fund Balance | 58 |
| Nonmajor Special Revenue Funds: | |
| Combining Balance Sheet | 60 |
| Combining Statement of Revenues, Expenditures and Changes in Fund Balance | 64 |

TABLE OF CONTENTS

| | Page |
|---|-------------|
| Nonmajor Capital Projects Funds: | |
| Combining Balance Sheet | 68 |
| Combining Statement of Revenues, Expenditures and Changes in Fund Balance | 69 |
| Nonmajor Enterprise Funds: | |
| Combining Statement of Net Assets | 70 |
| Combining Statement of Revenues, Expenses and Changes in Net Assets | 71 |
| Combining Statement of Cash Flows | 72 |
| Agency Fund: | |
| Statement of Changes in Assets and Liabilities | 73 |
| Individual Fund Schedules of Revenues, Expenditures and Changes in Fund Balance- Budget and Actual (Non-GAAP Budgetary Basis): | |
| Public School Support | 74 |
| Other Grants | 75 |
| Student Activities | 76 |
| Auxiliary Services | 77 |
| MIS | 78 |
| Entry Year Programs | 79 |
| School Net Professional Development | 80 |
| Ohio Reads | 81 |
| Student Intervention | 82 |
| Alt. School Grant | 83 |
| Miscellaneous State Grants | 84 |
| Title VI-B | 85 |
| Title III | 86 |
| Refugee Children | 87 |
| Title I | 88 |
| Title VI | 89 |
| Drug Free Schools | 90 |
| EHA Pre-School | 91 |
| Title VI-R | 92 |
| Miscellaneous Grants | 93 |
| Debt Service | 94 |
| Permanent Improvement | 95 |
| Building | 96 |
| SchoolNet | 97 |

TABLE OF CONTENTS

| | <u>Schedule</u> | <u>Page</u> |
|--|-----------------|-------------|
| STATISTICAL SECTION | | |
| Net Assets by Component | 1 | 99 |
| Expenses, Program Revenues and Net (Expense)/Revenue | 2 | 100 |
| General Revenues and Total Change in Net Assets | 3 | 101 |
| Fund Balances, Governmental Funds | 4 | 102 |
| Governmental Funds Revenues | 5 | 103 |
| Governmental Funds Expenditures and Debt Service Ratio | 6 | 104 |
| Other Financing Sources and Uses and Net Change in Fund Balances | 7 | 105 |
| Assessed Value and Actual Value of Taxable Property | 8 | 106 |
| Direct and Overlapping Property Tax Rates | 9 | 107 |
| Principal Property Tax Payers | 10 | 108 |
| Property Tax Levies and Collections | 11 | 109 |
| Outstanding Debt by Type | 12 | 110 |
| Direct and Overlapping Governmental Activities Debt | 13 | 111 |
| Legal Debt Margin Information | 14 | 112 |
| Demographic and Economic Statistics | 15 | 113 |
| Principal Employers | 16 | 114 |
| Full-Time Equivalent District Employees by Type | 17 | 115 |
| Operating Statistics | 18 | 116 |
| School Building Information | 19 | 117 |

THIS PAGE INTENTIONALLY LEFT BLANK

INTRODUCTORY SECTION

This page intentionally left blank.



OFFICE OF THE TREASURER

LAKOTA CENTRAL OFFICE

5572 PRINCETON ROAD

LIBERTY TOWNSHIP, OHIO 45011-9726

513 644-1180 FAX: 513 644-1183

www.lakotaonline.com

ALAN R. HUTCHINSON
TREASURER

CRAIG A. JONES
ASSISTANT TREASURER

REBECCA McDONOUGH
ACCOUNTANT

December 22, 2006

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, 2006. 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, 2005 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.

The addition of University Pointe/UC Medical Center and the announcement of a new Children's Hospital Complex has created a medical corridor of service providers. Many ancillary medical services and doctors offices are currently under construction or being proposed to support these new medical facilities.

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 16,938 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.

| Name of Bldg Address | Group or Grade Housed | Date of Original Building | Enrollment |
|--|----------------------------------|--------------------------------------|-------------------|
| Adena Elementary 9316 Minuteman Way | K-6 | 1978 | 700 |
| Hopewell Elementary 8300 Cox Road | K-6 | 1961 | 881 |
| Liberty Elementary 6040 Princeton Rd. | 1-6 | 1928 | 621 |
| Union Elementary 8735 Cinci-Dayton | 1-6 | 1953 | 576 |
| Freedom Elementary 6035 Beckett Ridge | 1-6 | 1988 | 639 |
| Woodland Elementary 6923 Dutchland Pkwy | 1-6 | 1990 | 781 |
| Shawnee Elementary 9394 Sterling Dr | K-6 | 1993 | 625 |
| Heritage Elementary 5052 Hamilton Mason | 1-6 | 1992 | 702 |
| VanGorden Elementary 6475 LeSourds/W. Chester Road | 1-5 | 2003 | 958 |
| Hopewell Junior 8200 Cox Rd. | 7-8 | 1972 | 561 |
| Plains Junior 5500 Princeton | 6-8 | 2003 | 832 |
| Liberty Junior 7055 Dutchland Pkwy | 6-8 | 1977 | 899 |

| Name of Bldg Address | Group or Grade Housed | Date of Original Building | Enrollment |
|---|----------------------------------|--------------------------------------|-------------------|
| Ridge Junior 6199 Beckett Ridge | 7-8 | 1992 | 641 |
| Cherokee Elementary 5345 Kyles Station | 1-6 | 1994 | 898 |
| Independence Elementary 7480 Princeton Rd. | 1-5 | 1994 | 763 |
| Early Childhood Center 5060 Tylersville | K | 1970 | 1274 |
| Freshman School 5050 Tylersville | 9 | 1958 | 1278 |
| Lakota East High 6840 Lakota Ln. | 10-12 | 1997 | 1776 |
| Lakota West High 8940 Union Centre | 10-12 | 1997 | 1987 |
| Board Office 5572 Princeton | Admin | 2003 | |
| Service Center 6947 Yankee Rd. | Offices | 1977 | |
| Proposed Elementary Smith Road | 1-6 | 2007 (est) | 800 |
| Proposed Elementary Summerlin Road | 1-6 | 2007 (est) | 800 |
| Proposed Freshman School Bethany Road | 9 | 2008 (est) | 800 |

ORGANIZATION OF THE SCHOOL DISTRICT

The Board members represent a cross section of professions in the community. The Board members on June 30, 2006 were as follows:

| Board Member | Term Expires | Years as Member | Profession |
|----------------------------------|---------------------|------------------------|---------------------------|
| Joan Powell President | 12/31/2009 | 8 | Realtor |
| Daniel Warncke Vice President | 12/31/2007 | 6 | Attorney |
| Susan McLaughlin | 12/31/2007 | 6 | Teacher Princeton City |
| Jamie Green | 12/31/2009 | 0 | Homemaker |
| Jeff Rubenstein | 12/31/2009 | 0 | Attorney |

The Superintendent of the District is Philip Ehrhardt. Prior to coming to the District in July 2005, Dr. Ehrhardt was Deputy Superintendent of Schools in Wayne Township, a 14,000-student school district near Indianapolis. He began his career as a sixth grade teacher in Wayne Township Schools and has also served as assistant principal and assistant superintendent in Avon Schools and as assistant superintendent in Decatur Township Schools, both in Indiana. Dr. Ehrhardt received his Bachelors of Science in Elementary Education and a Master of Education Administration, both from Indiana State University. Dr. Ehrhardt also earned his Education Doctorate in School Administration from Indiana University.

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 1,891 full-time and part-time employees.

The District's teachers are represented for collective bargaining purposes by the Lakota Association of Educators (LEA, an OEA affiliate). The District has three-year collective bargaining agreement with LEA which expires August 31, 2008. The District's support staff is represented by the Lakota Support Staff Association (LSSA, an OEA Affiliate). The District has a three year collective bargaining agreement which expires June 30, 2007. The District has contracted its transportation services for the 2005-06 school year through Petermann LLC.

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 18,435 students each day. The District fleet of 232 buses travels over 17,620 miles each day, transporting to 56 different sites. In addition to making more than 201 daily runs, the department transported both public and non-public students on 2,019 extra-curricular trips during the year.

The food service department served 1,168,055 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 2,019 students participated in the specific trades through Butler Tech vocational education. Over 1,519 students receive special services, due to physical or mental handicapping conditions. In grades K-12, approximately 4,417 students have been identified as gifted.

MAJOR CURRENT AND FUTURE INITIATIVES

The 2005-2006 school year was a year of progress for Lakota schools. Dr. Philip Ehrhardt began his first full school year as Superintendent of the district, and the year began as Lakota became the seventh largest school district in Ohio by surpassing the enrollment of Dayton City Schools.

In November, the community approved a combined bond issue and operating levy, which allowed the district to break ground on numerous building projects. Those projects include two elementary schools, a freshman high school, additions to the two 10-12 high schools, and renovations to other buildings. The first of those projects, the two elementaries, will be completed by fall 2007.

To address both short-term overcrowding and long-term redistricting at the elementary grade level, a parents' committee was convened in December 2005. The Lakota Planning Committee, as they are called, researched a variety of ideas for easing overcrowding at two current elementary schools for one year, until the new schools open. Their work led to the capping of enrollment at those schools for the 2006-2007 year; any new students are instead bused to a less-crowded building. To address long-term elementary enrollment issues, the Lakota Planning Committee looked at the district-wide areas to use available space in stable areas of the district while maximizing space in faster-growing areas. Their recommendation to the Board of Education, which would take effect in fall 2007, is to establish four elementaries for grades K-1 and the remaining elementaries for grades 2-6.

The district began to create a new five-year strategic plan in 2005. The plan would be in place from 2006-2011; the central focus of the plan is to address student achievement, student engagement, and pathways to students' future success. Work continues on the strategic plan including developing specific action plans and project-based budgets for those plans.

Lakota also undertook a review of several critical functions during 2005-2006. The Ohio Auditor's Office chose Lakota for a Blue Ribbon Performance Audit; a firm was chosen to conduct an audit of the district's curriculum, and research group began a communications audit to review Lakota's efforts to connect with the community. Results and recommendations from each of these audits will be incorporated in the strategic plan actions and into the district structure.

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, and additions to East and West High Schools.

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 2006 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, 2005. 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, 2005. 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, 2006 which will be submitted to ASBO for review will conform to ASBO's principles and standards.

ACKNOWLEDGEMENT

The preparation of the 2006 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,

Alan R. Hutchinson
Chief Financial Officer/Treasurer

Craig A. Jones
Assistant Treasurer

LAKOTA LOCAL SCHOOL DISTRICT, OHIO

LIST OF PRINCIPAL OFFICIALS

June 30, 2006

**ELECTED OFFICIALS
BOARD OF EDUCATION**

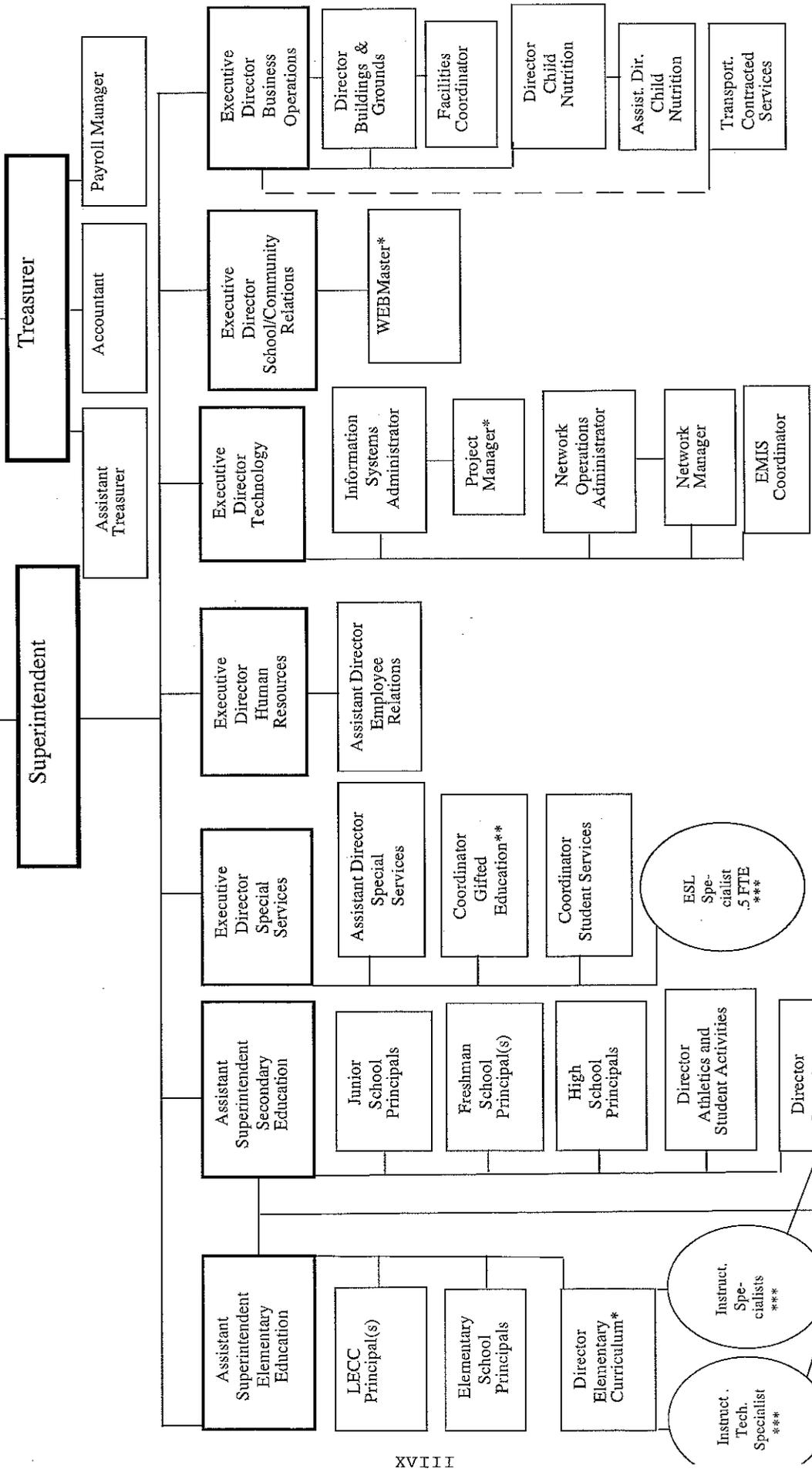
| | |
|------------------------------------|----------------------|
| President, Board of Education | Ms. Joan Powell |
| Vice President, Board of Education | Mr. Dan Warncke |
| Board Member | Mrs. Jamie Green |
| Board Member | Ms. Susan McLaughlin |
| Board Member | Mr. Jeff Rubenstein |

ADMINISTRATIVE OFFICIALS

| | |
|-----------------------------------|------------------------|
| Superintendent | Mr. Philip Ehrhardt |
| Chief Financial Officer/Treasurer | Mr. Alan R. Hutchinson |
| Assistant Treasurer | Mr. Craig A. Jones |

ORGANIZATIONAL CHART

Board of Education



* Paid by Butler County
 ** Warren County Contracted Service
 *** Specialists are Teachers on Special Assignment

**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, 2005

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

President

Interim 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, 2005

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.



Carla E. Perry

President

Jeffrey R. Emer

Executive Director

FINANCIAL SECTION

This page intentionally left blank.



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, 2006 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 the Comptroller General of the United States' *Government Auditing Standards*. Those standards require that we plan and perform the audit to reasonably assure 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 our audit provides a reasonable basis for our opinions.

In our opinion, the financial statements referred to above present fairly, in all material respects, the respective financial position of the governmental activities, the business-type activities, each major fund, and the aggregate remaining fund information of Lakota Local School District, Butler County, Ohio, as of June 30, 2006, and the respective changes in financial position and cash flows, where applicable, and the respective budgetary comparison for the General Fund 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 22, 2006, on our consideration of the District's internal control over financial reporting and our tests of its compliance with certain provisions of laws, regulations, contracts and grant agreements and other matters. While we did not opine on the internal control over financial reporting or on compliance, that report describes the scope of our testing of internal control over financial reporting and compliance and the results of that testing. That report is an integral part of an audit performed in accordance with *Government Auditing Standards*. You should read it in conjunction with this report in assessing the results of our audit.

Management's Discussion and Analysis is not a required part of the basic financial statements but is 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 measuring and presenting the required supplementary information. However, we did not audit the information and express no opinion on it.

We conducted our audit to opine 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.

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 22, 2006

LAKOTA LOCAL SCHOOL DISTRICT
MANAGEMENT'S DISCUSSION AND ANALYSIS
For the Fiscal Year Ended June 30, 2006
(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, 2006. 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.

Financial Highlights

Key financial highlights for 2006 are as follows:

- In total, net assets increased \$10,818,287 which was an improvement over the prior year. Net assets of governmental activities increased \$11,183,588 which represents a 19.7% increase from 2005. Net assets of business-type activities decreased \$365,301 or 12.3% from 2005.
- General revenues accounted for \$149,933,435 in revenue or 91.7% of all revenues. Program specific revenues in the form of charges for services and sales, grants and contributions accounted for \$13,547,565 or 8.3% of total revenues of \$163,481,000.
- Total assets of governmental activities increased by \$113,275,743 as taxes receivable increased by \$17,394,782 while cash and other receivables increased by \$88,932,969.
- The District had \$146,578,970 in expenses related to governmental activities; only \$7,919,537 of these expenses were offset by program specific charges for services, grants or contributions. General revenues of \$149,843,021 were adequate to provide for these programs.
- Net assets for Enterprise Funds decreased \$365,301. Operating revenues for Enterprise funds were \$5,014,072. Operating expenses were \$6,083,743.

OVERVIEW OF THE FINANCIAL STATEMENTS

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 *Statement 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, Building and Debt Service Funds are the major funds of the District.

Government-wide Financial Statements

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 2006?" The Government-wide Financial Statements 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 Government-wide Financial Statements, 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 of noninstructional services, extracurricular activities and interest and fiscal charges.
- **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.

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.

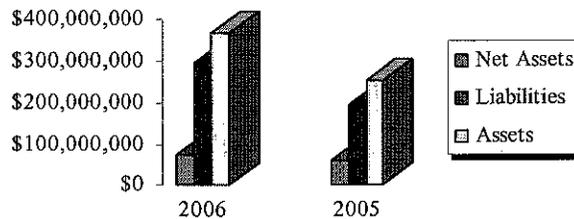
The District as a Whole

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 2006 compared to 2005:

Table 1
Net Assets

| | Governmental Activities | | Business-Type Activities | | Total | |
|--------------------------|-------------------------|---------------------|--------------------------|--------------------|---------------------|---------------------|
| | 2006 | 2005 | 2006 | 2005 | 2006 | 2005 |
| Assets | | | | | | |
| Current Assets | \$232,592,091 | \$125,099,120 | \$2,480,625 | \$2,225,114 | \$235,072,716 | \$127,324,234 |
| Capital Assets, Net | 129,469,777 | 123,687,005 | 892,030 | 1,004,829 | 130,361,807 | 124,691,834 |
| Total Assets | 362,061,868 | 248,786,125 | 3,372,655 | 3,229,943 | 365,434,523 | 252,016,068 |
| Liabilities | | | | | | |
| Long-Term Liabilities | 179,371,789 | 98,920,620 | 84,953 | 68,603 | 179,456,742 | 98,989,223 |
| Other Liabilities | 114,773,303 | 93,132,319 | 684,553 | 192,890 | 115,457,856 | 93,325,209 |
| Total Liabilities | 294,145,092 | 192,052,939 | 769,506 | 261,493 | 294,914,598 | 192,314,432 |
| Net Assets | | | | | | |
| Invested in Capital | | | | | | |
| Assets Net of Debt | 33,913,815 | 30,808,018 | 892,030 | 1,004,829 | 34,805,845 | 31,812,847 |
| Restricted | 13,977,232 | 12,820,740 | 0 | 0 | 13,977,232 | 12,820,740 |
| Unrestricted | 20,025,729 | 13,104,428 | 1,711,119 | 1,963,621 | 21,736,848 | 15,068,049 |
| Total Net Assets | \$67,916,776 | \$56,733,186 | \$2,603,149 | \$2,968,450 | \$70,519,925 | \$59,701,636 |



Over time, net assets can serve as a useful indicator of a government's financial position. At June 30, 2006, the District's assets exceeded liabilities by \$70,519,925.

At year-end, capital assets represented 36% of total assets. Capital assets include land, land improvements, buildings and improvements and equipment. Capital assets, net of related debt to acquire the assets at June 30, 2006, was \$34,805,845. These capital assets are used to provide services to the students and are not available for future spending. Although the District's investment in capital assets is reported net of related debt, it should be noted that the resources to repay the debt must be provided from other sources, since capital assets may not be used to liquidate these liabilities.

A portion of the District's net assets, \$13,977,232, represents resources that are subject to external restriction on how they may be used. The increase in restricted net assets is the result of increases in intergovernmental revenues. The remaining balance of unrestricted net assets of \$21,736,848 may be used to meet the District's ongoing obligations to the students and creditors.

Current Assets and Long-Term Liabilities increased significantly due to the issuance of debt.

The net assets of the District business-type activities decreased by \$365,301. Since the decrease 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 2006.

Table 2
Changes in Net Assets

| | Governmental Activities | | Business-Type Activities | | Total | |
|---|-------------------------|---------------------|--------------------------|--------------------|---------------------|---------------------|
| | 2006 | 2005 | 2006 | 2005 | 2006 | 2005 |
| Program Revenues: | | | | | | |
| Charges for Services | \$2,935,999 | \$2,678,276 | \$5,014,072 | \$5,568,995 | \$7,950,071 | \$8,247,271 |
| Operating Grants | 4,874,587 | 4,639,740 | 613,956 | 0 | 5,488,543 | 4,639,740 |
| Capital Grants | 108,951 | 248,830 | 0 | 0 | 108,951 | 248,830 |
| Total Program Revenues | 7,919,537 | 7,566,846 | 5,628,028 | 5,568,995 | 13,547,565 | 13,135,841 |
| General Revenue: | | | | | | |
| Property Taxes | 89,009,698 | 74,878,587 | 0 | 0 | 89,009,698 | 74,878,587 |
| Grants and Entitlements | 55,735,058 | 54,260,058 | 0 | 0 | 55,735,058 | 54,260,058 |
| Other | 5,154,501 | 1,693,991 | 34,178 | 27,989 | 5,188,679 | 1,721,980 |
| Total General Revenues | 149,899,257 | 130,832,636 | 34,178 | 27,989 | 149,933,435 | 130,860,625 |
| Total Revenues | 157,818,794 | 138,399,482 | 5,662,206 | 5,596,984 | 163,481,000 | 143,996,466 |
| Program Expenses: | | | | | | |
| Instruction | 73,176,247 | 68,933,022 | 0 | 0 | 73,176,247 | 68,933,022 |
| Support Services: | | | | | | |
| Pupil and Instructional Staff | 20,537,060 | 17,583,574 | 0 | 0 | 20,537,060 | 17,583,574 |
| General and School Administrative, Fiscal and Business | 13,839,371 | 13,102,287 | 0 | 0 | 13,839,371 | 13,102,287 |
| Operations and Maintenance | 10,900,201 | 10,438,378 | 0 | 0 | 10,900,201 | 10,438,378 |
| Pupil Transportation | 13,290,246 | 14,371,115 | 0 | 0 | 13,290,246 | 14,371,115 |
| Central | 2,983,262 | 2,555,949 | 0 | 0 | 2,983,262 | 2,555,949 |
| Operation of Non-Instructional Services | 525,523 | 357,834 | 0 | 0 | 525,523 | 357,834 |
| Extracurricular Activities | 3,292,761 | 3,103,182 | 0 | 0 | 3,292,761 | 3,103,182 |
| Interest and Fiscal Charges | 8,034,299 | 5,183,120 | 0 | 0 | 8,034,299 | 5,183,120 |
| Food Service | 0 | 0 | 4,879,137 | 4,385,331 | 4,879,137 | 4,385,331 |
| Uniform School Supply | 0 | 0 | 1,204,606 | 1,005,613 | 1,204,606 | 1,005,613 |
| Total Expenses | 146,578,970 | 135,628,461 | 6,083,743 | 5,390,944 | 152,662,713 | 141,019,405 |
| Increase (Decrease) in Net Assets before Transfers | 11,239,824 | 2,771,021 | (421,537) | 206,040 | 10,818,287 | 2,977,061 |
| Transfers - Internal Activities | (56,236) | (36,095) | 56,236 | 36,095 | 0 | 0 |
| Change in Net Assets | 11,183,588 | 2,734,926 | (365,301) | 242,135 | 10,818,287 | 2,977,061 |
| Beginning Net Assets | 56,733,188 | 53,998,262 | 2,968,450 | 2,726,315 | 59,701,638 | 56,724,577 |
| Ending Net Assets | \$67,916,776 | \$56,733,188 | \$2,603,149 | \$2,968,450 | \$70,519,925 | \$59,701,638 |

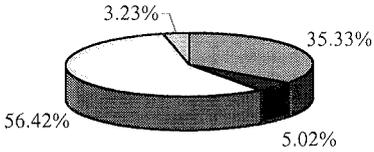
Governmental Activities

The District revenues are mainly from two sources. Property taxes levied for general purposes and grants and entitlements comprised 91.7% 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 56.42% of revenue for governmental activities for the District in fiscal year 2006.

| Revenue Sources | 2006 | Percent of Total |
|----------------------|----------------------|------------------|
| General Grants | \$55,735,058 | 35.33% |
| Program Revenues | 7,919,537 | 5.02% |
| General Tax Revenues | 89,009,698 | 56.42% |
| Other Revenues | 5,098,265 | 3.23% |
| | <u>\$157,762,558</u> | <u>100.00%</u> |



Instruction comprises 51% of governmental program expenses. Instruction expenses increased due to staff additions due to growth in the District. Support services expenses were 41.1% of governmental program expenses. Pupil transportation expenses decreased as a result of contracting for bus services. Interest expense was attributable to the outstanding bond and borrowing for capital projects.

Tax revenues increased due to a levy passed by voters in the District. Other revenues increased due to higher rates of return on investments and the District received additional payments in lieu of taxes. During 2006, the District increased payments for pupil and instructional staff support services.

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.

Table 3
Governmental Activities

| | Total Cost of Services | | Net Cost of Services | |
|---|------------------------|----------------------|------------------------|------------------------|
| | 2006 | 2005 | 2006 | 2005 |
| Instruction | \$73,176,247 | \$68,933,022 | (\$71,274,301) | (\$66,500,765) |
| Support Services: | | | | |
| Pupil and Instructional Staff | 20,537,060 | 17,583,574 | (16,460,772) | (14,072,602) |
| General and School Administrative, Fiscal and Business | 13,839,371 | 13,102,287 | (13,827,414) | (13,094,394) |
| Operations and Maintenance | 10,900,201 | 10,438,378 | (10,611,893) | (10,278,300) |
| Pupil Transportation | 13,290,246 | 14,371,115 | (13,170,559) | (14,229,120) |
| Central | 2,983,262 | 2,555,949 | (2,901,449) | (2,480,989) |
| Operation of Non-Instructional Services | 525,523 | 357,834 | (276,590) | (198,766) |
| Extracurricular Activities | 3,292,761 | 3,103,182 | (2,102,156) | (2,023,559) |
| Interest and Fiscal Charges | 8,034,299 | 5,183,120 | (8,034,299) | (5,183,120) |
| Total Expenses | <u>\$146,578,970</u> | <u>\$135,628,461</u> | <u>(\$138,659,433)</u> | <u>(\$128,061,615)</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 \$5,628,028 and expenses of \$6,083,743 for fiscal year 2006. Business activities receive no support from tax revenues.

The District's Funds

The District has three major governmental funds: the General Fund, Building Fund and Debt Service Fund. Assets of these funds comprised \$227,202,628 (98%) of the total \$231,703,572 governmental funds assets.

General Fund: Fund balance at June 30, 2006 was \$28,447,692 including \$20,301,784 of unreserved balance, which represents 16% of expenditures for fiscal year 2006. The primary reason for the increase in fund balance was revenue in excess of expenditures.

Building Fund: Fund balance at June 30, 2006 was \$76,412,542. Current year change in fund balance was \$76,408,177. The cause of the increase was the issuance of debt for construction.

Debt Service Fund: Fund balance at June 30, 2006 was \$7,546,305 which represents 52% of expenditures for fiscal year 2006. Current year change in fund balance was (\$508,103). The cause of the decrease relates mainly to debt payments and related expenses exceeding revenues.

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 2006, the District amended its general fund budget. 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 \$134,762,444 compared to original budget estimates of \$121,854,664. Of this \$12,907,780 difference, most was due to conservative estimates for taxes and intergovernmental.

The District's ending unobligated cash balance for the General Fund was \$6,723,019 above the final budgeted amount.

Capital Assets and Debt Administration

Capital Assets

At the end of fiscal 2006, the District had \$130,361,807 invested in land, land improvements, buildings and improvements and equipment. Table 4 shows fiscal 2006 balances compared to fiscal 2005:

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

| | Governmental Activities | | Business-Type Activities | | Total | |
|---------------------------------|-------------------------|----------------------|--------------------------|--------------------|----------------------|----------------------|
| | 2006 | 2005 | 2006 | 2005 | 2006 | 2005 |
| Land | \$8,293,519 | \$7,590,599 | \$0 | \$0 | \$8,293,519 | \$7,590,599 |
| Construction in Progress | 7,604,545 | 0 | 0 | 0 | 7,604,545 | 0 |
| Land Improvements | 1,726,407 | 1,739,786 | 2,172 | 2,315 | 1,728,579 | 1,742,101 |
| Buildings and Improvements | 98,724,634 | 100,253,083 | 22,563 | 23,825 | 98,747,197 | 100,276,908 |
| Equipment | 13,120,672 | 14,103,537 | 867,295 | 978,689 | 13,987,967 | 15,082,226 |
| Total Net Capital Assets | \$129,469,777 | \$123,687,005 | \$892,030 | \$1,004,829 | \$130,361,807 | \$124,691,834 |

The increase in capital assets is due to new construction. The District continues its ongoing commitment to maintaining and improving its capital assets.

See Note 7 to the Basic Financial Statements for further details on the District's capital assets.

Debt

At June 30, 2006, the District had \$172,713,717 in bonds outstanding, \$6,857,470 due within one year. Table 5 summarizes bonds outstanding.

Table 5
Outstanding Debt, at Year End

| | Governmental Activities | |
|---------------------------------------|-------------------------|---------------------|
| | 2006 | 2005 |
| Total: | | |
| General Obligation Bonds: | | |
| Freedom, Link Renovations | \$500,000 | \$625,000 |
| Refunding Ninth Grade, Heritage | 208,401 | 340,363 |
| Two New High Schools | 10,960,000 | 13,700,000 |
| Refunding New High Schools | 17,925,835 | 18,215,835 |
| Bond and Refunding | 14,387,789 | 49,657,789 |
| Various Purpose Long-Term Bonds | 1,310,000 | 1,715,000 |
| Lakota 2005 Refunding | 8,045,000 | 8,625,000 |
| Lakota 2005 Refunding | 30,950,000 | 0 |
| Premium on 2005 Refunding | 3,167,708 | 0 |
| Lakota Series 2005 | 74,470,000 | 0 |
| Premium on 2005 Series | 813,563 | 0 |
| Lakota Series 2006 | 9,830,000 | 0 |
| Premium on 2006 Series | 145,421 | 0 |
| Total General Obligation Bonds | \$172,713,717 | \$92,878,987 |

See Note 8 to the Basic Financial Statements for further details on the District's long-term obligations.

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. The Supreme Court ruled again in December 2002 in favor of the plaintiffs but relinquished its jurisdiction over the case to the legislature.

In the last biennium budget, due to an economic downturn and a policy decision to redistribute funding to poor districts, the legislature approved a biennium budget which places many school districts on a guarantee program. As a result, districts are guaranteed the lesser of the total state foundation calculation or per pupil amount, both based on the 2005 funding level.

During the two years of this budget and projected for the next biennium budget, Lakota will receive the same total dollars it received in 2005 with no growth in funding. The district enrollment projections are anticipated to grow by nearly 2,000 additional students over the same period.

This scenario requires management to plan carefully and prudently to provide the resources to meet student needs over the next several years. On November 8, 2005, voters in the District approved a combined 7.73 tax levy. This consisted of a 5.60 mill operating levy and a 2.13 mill, \$84,300,000 bond issue. The operating levy will enable the District to reduce class sizes, reinstate busing during the second semester of the 2006 school year, attract and retain the best teachers and staff, and replace aging and obsolete technology and educational materials. The bond issue will be used to build two new elementary schools and a new freshman school as well as additions and improvements to other school facilities.

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.

Lakota Local School District
Statement of Net Assets
June 30, 2006

| | Governmental Activities | Business-Type Activities | Total |
|---|----------------------------|-----------------------------|---------------------|
| Assets: | | | |
| Equity in Pooled Cash and Investments | \$128,423,947 | \$2,315,149 | \$130,739,096 |
| Restricted Cash and Investments | 3,608,114 | 0 | 3,608,114 |
| Cash and Cash Equivalents with Fiscal Agent | 68,775 | 0 | 68,775 |
| Receivables: | | | |
| Taxes | 97,519,820 | 0 | 97,519,820 |
| Accounts | 376,911 | 138,262 | 515,173 |
| Interest | 479,205 | 0 | 479,205 |
| Intergovernmental | 950,099 | 0 | 950,099 |
| Deferred Bond Issuance Costs | 1,165,220 | 0 | 1,165,220 |
| Inventory | 0 | 27,214 | 27,214 |
| Nondepreciable Capital Assets | 15,898,064 | 0 | 15,898,064 |
| Depreciable Capital Assets, Net | 113,571,713 | 892,030 | 114,463,743 |
| Total Assets | 362,061,868 | 3,372,655 | 365,434,523 |
| Liabilities: | | | |
| Accounts Payable | 2,376,972 | 324,368 | 2,701,340 |
| Accrued Wages and Benefits | 14,641,809 | 360,185 | 15,001,994 |
| Retainage Payable | 68,775 | 0 | 68,775 |
| Accrued Interest Payable | 763,885 | 0 | 763,885 |
| Contracts Payable | 2,704,633 | 0 | 2,704,633 |
| Unearned Revenue | 93,527,949 | 0 | 93,527,949 |
| Other Liabilities | 689,280 | 0 | 689,280 |
| Long-Term Liabilities: | | | |
| Due Within One Year | 8,274,885 | 9,735 | 8,284,620 |
| Due In More Than One Year | 171,096,904 | 75,218 | 171,172,122 |
| Total Liabilities | 294,145,092 | 769,506 | 294,914,598 |
| Net Assets: | | | |
| Invested in Capital Assets, Net of Related Debt | 33,913,815 | 892,030 | 34,805,845 |
| Restricted for: | | | |
| Special Revenue | 1,737,989 | 0 | 1,737,989 |
| Debt Service | 7,018,900 | 0 | 7,018,900 |
| Capital Projects | 1,612,229 | 0 | 1,612,229 |
| Set-Aside | 3,608,114 | 0 | 3,608,114 |
| Unrestricted | 20,025,729 | 1,711,119 | 21,736,848 |
| Total Net Assets | \$67,916,776 | \$2,603,149 | \$70,519,925 |

See accompanying notes to the basic financial statements.

Lakota Local School District
Statement of Activities
For the Fiscal Year Ended June 30, 2006

| | Expenses | Program Revenues | | |
|---|----------------------|--------------------------------|------------------------------------|----------------------------------|
| | | Charges for Services and Sales | Operating Grants and Contributions | Capital Grants and Contributions |
| Governmental Activities: | | | | |
| Instruction: | | | | |
| Regular | \$59,566,262 | \$610,314 | \$959,110 | \$0 |
| Special | 10,372,642 | 8,829 | 198,546 | 0 |
| Vocational | 104,617 | 0 | 0 | 0 |
| Other | 3,132,726 | 76,321 | 48,826 | 0 |
| Support Services: | | | | |
| Pupil | 10,751,701 | 752,472 | 2,635,718 | 0 |
| Instructional Staff | 9,785,359 | 9,576 | 678,522 | 0 |
| General Administration | 44,068 | 0 | 0 | 0 |
| School Administration | 12,406,657 | 172 | 11,785 | 0 |
| Fiscal | 1,095,786 | 0 | 0 | 0 |
| Business | 292,860 | 0 | 0 | 0 |
| Operations and Maintenance | 10,900,201 | 288,308 | 0 | 0 |
| Pupil Transportation | 13,290,246 | 0 | 10,736 | 108,951 |
| Central | 2,983,262 | 0 | 81,813 | 0 |
| Operation of Non-Instructional Services | 525,523 | 0 | 248,933 | 0 |
| Extracurricular Activities | 3,292,761 | 1,190,007 | 598 | 0 |
| Interest and Fiscal Charges | 8,034,299 | 0 | 0 | 0 |
| Total Governmental Activities | 146,578,970 | 2,935,999 | 4,874,587 | 108,951 |
| Business-Type Activities: | | | | |
| Food Service | 4,879,137 | 4,031,466 | 613,956 | 0 |
| Uniform School Supply | 1,204,606 | 982,606 | 0 | 0 |
| Total Business-Type Activities | 6,083,743 | 5,014,072 | 613,956 | 0 |
| Totals | \$152,662,713 | \$7,950,071 | \$5,488,543 | \$108,951 |

General Revenues:
Property Taxes Levied for:
General Purposes
Debt Service Purposes
Grants and Entitlements not Restricted to Specific Programs
Payment in Lieu of Taxes
Investments Earnings
Refunds and Reimbursements
Other Revenues
Transfers-Internal Activities
Total General Revenues and Transfers
Change in Net Assets
Net Assets Beginning of Year
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 |
| (\$57,996,838) | \$0 | (\$57,996,838) |
| (10,165,267) | 0 | (10,165,267) |
| (104,617) | 0 | (104,617) |
| (3,007,579) | 0 | (3,007,579) |
| (7,363,511) | 0 | (7,363,511) |
| (9,097,261) | 0 | (9,097,261) |
| (44,068) | 0 | (44,068) |
| (12,394,700) | 0 | (12,394,700) |
| (1,095,786) | 0 | (1,095,786) |
| (292,860) | 0 | (292,860) |
| (10,611,893) | 0 | (10,611,893) |
| (13,170,559) | 0 | (13,170,559) |
| (2,901,449) | 0 | (2,901,449) |
| (276,590) | 0 | (276,590) |
| (2,102,156) | 0 | (2,102,156) |
| (8,034,299) | 0 | (8,034,299) |
| <u>(138,659,433)</u> | <u>0</u> | <u>(138,659,433)</u> |
| 0 | (233,715) | (233,715) |
| 0 | (222,000) | (222,000) |
| <u>0</u> | <u>(455,715)</u> | <u>(455,715)</u> |
| <u>(\$138,659,433)</u> | <u>(\$455,715)</u> | <u>(\$139,115,148)</u> |
| 77,220,286 | 0 | 77,220,286 |
| 11,789,412 | 0 | 11,789,412 |
| 55,735,058 | 0 | 55,735,058 |
| 1,599,259 | 0 | 1,599,259 |
| 3,117,591 | 15,242 | 3,132,833 |
| 20,700 | 0 | 20,700 |
| 416,951 | 18,936 | 435,887 |
| (56,236) | 56,236 | 0 |
| <u>149,843,021</u> | <u>90,414</u> | <u>149,933,435</u> |
| 11,183,588 | (365,301) | 10,818,287 |
| <u>56,733,188</u> | <u>2,968,450</u> | <u>59,701,638</u> |
| <u>\$67,916,776</u> | <u>\$2,603,149</u> | <u>\$70,519,925</u> |

Lakota Local School District
Balance Sheet
Governmental Funds
June 30, 2006

| | General | Building | Debt Service | Other Governmental Funds | Total Governmental Funds |
|---|----------------------|---------------------|---------------------|--------------------------|--------------------------|
| Assets: | | | | | |
| Equity in Pooled Cash and Investments | \$38,493,116 | \$79,117,175 | \$7,262,811 | \$3,550,845 | \$128,423,947 |
| Restricted Cash and Investments | 3,608,114 | 0 | 0 | 0 | 3,608,114 |
| Cash and Cash Equivalents with Fiscal Agent | 0 | 68,775 | 0 | 0 | 68,775 |
| Receivables: | | | | | |
| Taxes | 85,096,858 | 0 | 12,422,962 | 0 | 97,519,820 |
| Accounts | 376,911 | 0 | 0 | 0 | 376,911 |
| Interest | 479,205 | 0 | 0 | 0 | 479,205 |
| Intergovernmental | 0 | 0 | 0 | 950,099 | 950,099 |
| Interfund | 276,701 | 0 | 0 | 0 | 276,701 |
| Total Assets | 128,330,905 | 79,185,950 | 19,685,773 | 4,500,944 | 231,703,572 |
| Liabilities and Fund Balances: | | | | | |
| Liabilities: | | | | | |
| Accounts Payable | 1,968,519 | 0 | 0 | 408,453 | 2,376,972 |
| Accrued Wages and Benefits | 13,975,389 | 0 | 0 | 666,420 | 14,641,809 |
| Compensated Absences | 83,498 | 0 | 0 | 0 | 83,498 |
| Retainage Payable | 0 | 68,775 | 0 | 0 | 68,775 |
| Contracts Payable | 0 | 2,704,633 | 0 | 0 | 2,704,633 |
| Interfund Payable | 0 | 0 | 0 | 276,701 | 276,701 |
| Deferred Revenue | 83,166,527 | 0 | 12,139,468 | 711,911 | 96,017,906 |
| Other Liabilities | 689,280 | 0 | 0 | 0 | 689,280 |
| Total Liabilities | 99,883,213 | 2,773,408 | 12,139,468 | 2,063,485 | 116,859,574 |
| Fund Balances: | | | | | |
| Reserved for Encumbrances | 2,607,463 | 22,015,949 | 0 | 253,133 | 24,876,545 |
| Reserved for Property Tax Advances | 1,930,331 | 0 | 283,494 | 0 | 2,213,825 |
| Reserved for Set-Aside | 3,608,114 | 0 | 0 | 0 | 3,608,114 |
| Unreserved, Undesignated, Reported in: | | | | | |
| General Fund | 20,301,784 | 0 | 0 | 0 | 20,301,784 |
| Special Revenue Funds | 0 | 0 | 0 | 992,104 | 992,104 |
| Debt Service Funds | 0 | 0 | 7,262,811 | 0 | 7,262,811 |
| Capital Projects Funds | 0 | 54,396,593 | 0 | 1,192,222 | 55,588,815 |
| Total Fund Balances | 28,447,692 | 76,412,542 | 7,546,305 | 2,437,459 | 114,843,998 |
| Total Liabilities and Fund Balances | \$128,330,905 | \$79,185,950 | \$19,685,773 | \$4,500,944 | \$231,703,572 |

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, 2006

Total Governmental Fund Balance \$114,843,998

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. 129,469,777

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

| | | |
|---------------------------|----------------|-----------|
| Delinquent Property Taxes | 1,778,045 | |
| Intergovernmental | <u>711,912</u> | |
| | | 2,489,957 |

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. (763,885)

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.

| | | |
|----------------------|--------------------|-------------|
| Compensated Absences | <u>(6,574,574)</u> | |
| | | (6,574,574) |

Deferred bond issuance cost associated with long-term liabilities
 are not reported in the funds. 1,165,220

Long-term liabilities, are not due and payable in the current
 period and therefore are not reported in the funds. (172,713,717)

Net Assets of Governmental Activities \$67,916,776

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, 2006

| | General | Building | Debt Service | Other Governmental Funds | Total Governmental Funds |
|---|---------------------|---------------------|--------------------|--------------------------------|--------------------------------|
| Revenues: | | | | | |
| Taxes | \$76,518,555 | \$0 | \$11,701,138 | \$0 | \$88,219,693 |
| Tuition and Fees | 602,230 | 0 | 0 | 21,171 | 623,401 |
| Investment Earnings | 2,109,776 | (30,951) | 0 | 1,038,766 | 3,117,591 |
| Intergovernmental | 54,663,684 | 0 | 1,229,152 | 4,879,544 | 60,772,380 |
| Extracurricular Activities | 0 | 0 | 0 | 2,089,798 | 2,089,798 |
| Other Revenues | 2,055,488 | 8,663 | 0 | 286,693 | 2,350,844 |
| Total Revenues | 135,949,733 | (22,288) | 12,930,290 | 8,315,972 | 157,173,707 |
| Expenditures: | | | | | |
| Current: | | | | | |
| Instruction: | | | | | |
| Regular | 56,472,863 | 0 | 0 | 811,022 | 57,283,885 |
| Special | 9,952,555 | 0 | 0 | 312,030 | 10,264,585 |
| Vocational | 97,635 | 0 | 0 | 0 | 97,635 |
| Other | 2,838,289 | 0 | 0 | 11,626 | 2,849,915 |
| Support Services: | | | | | |
| Pupil | 7,385,022 | 0 | 0 | 3,353,415 | 10,738,437 |
| Instructional Staff | 8,912,591 | 0 | 0 | 817,802 | 9,730,393 |
| General Administration | 44,068 | 0 | 0 | 0 | 44,068 |
| School Administration | 12,168,655 | 0 | 0 | 2,250 | 12,170,905 |
| Fiscal | 866,690 | 0 | 170,066 | 24,344 | 1,061,100 |
| Business | 250,186 | 0 | 0 | 0 | 250,186 |
| Operations and Maintenance | 10,421,794 | 0 | 0 | 357,592 | 10,779,386 |
| Pupil Transportation | 12,307,638 | 0 | 0 | 91,919 | 12,399,557 |
| Central | 2,592,795 | 0 | 0 | 189,988 | 2,782,783 |
| Operation of Non-Instructional Services | 207,417 | 0 | 0 | 336,946 | 544,363 |
| Extracurricular Activities | 449,580 | 0 | 0 | 2,692,783 | 3,142,363 |
| Capital Outlay | 1,838,990 | 7,869,535 | 0 | 0 | 9,708,525 |
| Debt Service: | | | | | |
| Principal Retirement | 0 | 0 | 8,591,962 | 0 | 8,591,962 |
| Interest and Fiscal Charges | 0 | 0 | 5,652,789 | 0 | 5,652,789 |
| Total Expenditures | 126,806,768 | 7,869,535 | 14,414,817 | 9,001,717 | 158,092,837 |
| Excess of Revenues Over (Under) Expenditures | 9,142,965 | (7,891,823) | (1,484,527) | (685,745) | (919,130) |
| Other Financing Sources (Uses): | | | | | |
| Proceeds from Sale of Capital Assets | 20,395 | 0 | 0 | 0 | 20,395 |
| Proceeds of Long-Term Capital-Related Debt | 0 | 84,300,000 | 0 | 0 | 84,300,000 |
| Payments to Refunded Bond Escrow Agent | 0 | 0 | (34,194,969) | 0 | (34,194,969) |
| Proceeds of Refunding Bonds | 0 | 0 | 30,950,000 | 0 | 30,950,000 |
| Premium on Bonds Sold | 0 | 0 | 4,221,393 | 0 | 4,221,393 |
| Transfers In | 12,030 | 0 | 0 | 1,471,778 | 1,483,808 |
| Transfers (Out) | (1,528,014) | 0 | 0 | (12,030) | (1,540,044) |
| Total Other Financing Sources (Uses) | (1,495,589) | 84,300,000 | 976,424 | 1,459,748 | 85,240,583 |
| Net Change in Fund Balance | 7,647,376 | 76,408,177 | (508,103) | 774,003 | 84,321,453 |
| Fund Balance Beginning of Year | 20,800,316 | 4,365 | 8,054,408 | 1,663,456 | 30,522,545 |
| Fund Balance End of Year | \$28,447,692 | \$76,412,542 | \$7,546,305 | \$2,437,459 | \$114,843,998 |

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, 2006

Net Change in Fund Balance - Total Governmental Funds \$84,321,453

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 | 10,783,143 | |
| Depreciation Expense | <u>(4,888,942)</u> | 5,894,201 |

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. (111,529)

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

| | | |
|---------------------------|-----------------|---------|
| Delinquent Property Taxes | 790,004 | |
| Intergovernmental | <u>(53,685)</u> | 736,319 |

In the statement of activities, certain costs and proceeds associated with
 long-term debt obligations issued during the year are accrued and
 amortized over the life of the debt obligation. In governmental funds
 these costs and proceeds are recognized as financing sources and uses.

| | | |
|-------------------------|--------------------|-------------|
| Bond Issuance Costs | 1,188,394 | |
| Premium on Bonds Issued | <u>(4,221,393)</u> | (3,032,999) |

Repayment of bond principal is an expenditure in the
 governmental funds, but the repayment reduces long-term
 liabilities in the statement of net assets. 8,591,962

In the statement of activities interest expense is accrued when incurred,
 whereas in governmental funds an interest expenditure is reported
 when due. (396,462)

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.

| | | |
|------------------------------------|---------------|-----------|
| Compensated Absences | (590,884) | |
| Amortization of Bond Issuance Cost | (23,174) | |
| Amortization of Bond Premium | <u>94,701</u> | (519,357) |

Proceeds from debt issues are an other financing source in the funds,
 but a debt issue increases long-term liabilities in the statement
 of net assets. (84,300,000)

| | | |
|---|--|---------------------|
| Change in Net Assets of Governmental Activities | | <u>\$11,183,588</u> |
|---|--|---------------------|

Lakota Local School District
Statement of Net Assets
Proprietary Funds
June 30, 2006

| | <u>Business-Type Activities Enterprise Funds</u> |
|---------------------------------------|--|
| Assets: | |
| Equity in Pooled Cash and Investments | \$2,315,149 |
| Receivables: | |
| Accounts | 138,262 |
| Inventory | <u>27,214</u> |
| Total Current Assets | <u>2,480,625</u> |
| Depreciable Capital Assets, Net | <u>892,030</u> |
| Total Assets | <u>3,372,655</u> |
| Liabilities: | |
| Current Liabilities: | |
| Accounts Payable | 324,368 |
| Accrued Wages and Benefits | 360,185 |
| Compensated Absences | <u>9,735</u> |
| Total Current Liabilities | <u>694,288</u> |
| Long-Term Liabilities: | |
| Compensated Absences | <u>75,218</u> |
| Total Liabilities | <u>769,506</u> |
| Net Assets: | |
| Invested in Capital Assets | 892,030 |
| Unrestricted | <u>1,711,119</u> |
| Total Net Assets | <u>\$2,603,149</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, 2006

| | <u>Business-Type Activities Enterprise Funds</u> |
|---|--|
| Operating Revenues: | |
| Charges for Services | <u>\$5,014,072</u> |
| Total Operating Revenues | <u>5,014,072</u> |
| Operating Expenses: | |
| Personal Services | 2,562,793 |
| Contactual Services | 75,427 |
| Materials and Supplies | 3,236,729 |
| Depreciation | 180,299 |
| Operation of Non-Instructional Services | 20,751 |
| Other Expenses | <u>7,744</u> |
| Total Operating Expenses | <u>6,083,743</u> |
| Operating Income | <u>(1,069,671)</u> |
| Non-Operating Revenues (Expenses): | |
| Investment Earnings | 15,242 |
| Operating Grants | 613,956 |
| Miscellaneous Non-Operating | <u>18,936</u> |
| Total Non-Operating Revenues (Expenses) | <u>648,134</u> |
| Income Before Transfers | (421,537) |
| Transfers In | <u>56,236</u> |
| Change in Net Assets | (365,301) |
| Net Assets Beginning of Year | <u>2,968,450</u> |
| Net Assets End of Year | <u>\$2,603,149</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, 2006

| | <u>Business-Type Activities Enterprise Funds</u> |
|--|--|
| Cash Flows from Operating Activities: | |
| Cash Received from Customers | \$5,101,022 |
| Cash Payments to Employees | (2,300,478) |
| Cash Payments to Suppliers | <u>(3,101,416)</u> |
| Net Cash Provided (Used) by Operating Activities | <u>(300,872)</u> |
| Cash Flows from Noncapital Financing Activities: | |
| Operating Grants Received | 613,956 |
| Payments from Other Funds | <u>56,236</u> |
| Net Cash Provided (Used) by Noncapital Financing Activities | <u>670,192</u> |
| Cash Flows from Capital and Related Financing Activities: | |
| Payments for Capital Acquisitions | <u>(67,500)</u> |
| Net Cash Provided (Used) by Capital and Related Financing Activities | <u>(67,500)</u> |
| Cash Flows from Investing Activities: | |
| Earnings on Investments | 15,242 |
| Other | <u>18,936</u> |
| Net Cash Provided (Used) by Cash Flows from Investing Activities | <u>34,178</u> |
| Net Increase (Decrease) in Cash and Cash Equivalents | 335,998 |
| Cash and Cash Equivalents Beginning of Year | <u>1,979,151</u> |
| Cash and Cash Equivalents End of Year | <u>\$2,315,149</u> |
| Reconciliation of Operating Income (Loss) to Net Cash Provided (Used) by Operating Activities | |
| Operating Income (Loss) | (\$1,069,671) |
| Adjustments: | |
| Depreciation | 180,299 |
| Changes in Assets & Liabilities: | |
| (Increase) Decrease in Receivables | 86,950 |
| (Increase) Decrease in Inventory | (6,463) |
| Increase (Decrease) in Payables | 245,698 |
| Increase (Decrease) in Accrued Liabilities | <u>262,315</u> |
| Net Cash Provided (Used) by Operating Activities | <u>(\$300,872)</u> |

See accompanying notes to the basic financial statements.

Lakota Local School District
Statement of Fiduciary Net Assets
Fiduciary Funds
June 30, 2006

| | Private Purpose Trust | Agency |
|---------------------------------------|--------------------------|------------------|
| Assets: | | |
| Equity in Pooled Cash and Investments | <u>\$7,419</u> | <u>\$359,752</u> |
| Total Assets | <u>7,419</u> | <u>\$359,752</u> |
| Liabilities: | | |
| Accounts Payable | 0 | 30,342 |
| Other Liabilities | <u>0</u> | <u>329,410</u> |
| Total Liabilities | <u>0</u> | <u>\$359,752</u> |
| Net Assets: | | |
| Held in Trust | <u>7,419</u> | |
| Total Net Assets | <u>\$7,419</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, 2006

| | Private Purpose Trust |
|------------------------------|--------------------------|
| Additions: | |
| Investment Earnings | \$10 |
| Other | 6,000 |
| Total Additions | 6,010 |
| Deductions: | |
| Regular | 2,100 |
| Total Deductions | 2,100 |
| Change in Net Assets | 3,910 |
| Net Assets Beginning of Year | 3,509 |
| Net Assets End of Year | \$7,419 |

See accompanying notes to the basic financial statements.

LAKOTA LOCAL SCHOOL DISTRICT
NOTES TO BASIC FINANCIAL STATEMENTS
For the Fiscal Year Ended June 30, 2006

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 642 non-certificated personnel and approximately 1,181 certificated teaching and 68 administrative personnel to provide services to over 17,000 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 all interfund activity except transfers between governmental and proprietary funds has been removed from these statements. Fiduciary Funds are not included in entity-wide statements and Agency Funds do not have a measurement focus.

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 reconciliations 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, except Agency Funds, are reported using the 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).

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.

Building Fund – To account for receipts and expenditures related to the construction of school facilities.

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. 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 assets and liabilities generated by student managed activities.

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, 2006, but which were levied to finance fiscal year 2007 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.

Unearned Revenue

Unearned revenue represents amounts under the accrual basis of accounting for which asset recognition criteria have been met, but for which revenue recognition criteria have not yet been met because such amounts have not yet been earned.

Expenses/Expenditures

On the accrual basis of accounting, expenditures 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 2006. 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, 2006. 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 2006 credited to the General Fund amounted to \$2,109,776.

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.

INTERFUND ACTIVITY

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

As a general rule with the exception of transfers between governmental and proprietary funds, the effect of interfund (internal) activity has been eliminated from the government-wide statement of activities.

Interfund transactions within governmental activities are eliminated in the government-wide statement of activities. The interfund services provided and used are not eliminated in the process of consolidation.

INTERFUND BALANCES

On fund financial statements, receivables and payables resulting from short-term interfund loans are classified as "interfund loan receivables/payables". These amounts are eliminated in the governmental activities column on the Statement of Net Assets.

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 |
| Equipment | 5-20 years | 5-20 years |

See Note 7 for further details on the District's capital assets.

ACCRUED LIABILITIES AND LONG-TERM OBLIGATIONS

All payables, accrued liabilities and long-term obligations are reported in the government-wide financial statements, and all payables, accrued liabilities and long-term obligations payable from proprietary funds are reported on the proprietary fund financial statements.

In general, payables and accrued liabilities that will be paid from governmental funds are reported on the governmental fund financial statements regardless of whether they will be liquidated with current resources. However, claims and judgments, compensated absences and special termination benefits that will be paid from governmental funds are reported as a liability in the fund financial statements only to the extent that they are due for payment during the current fiscal year. In general, liabilities that mature or come due for payment during the fiscal year are considered to have been made with current available financial resources. Bonds and other long-term obligations that will be paid from governmental funds are not recognized as a liability in the fund financial statements when due. See Note 8 for further details on the District's long-term liabilities.

RESTRICTED ASSETS

Assets are reported as restricted when limitations on their use change the normal understanding of the availability of the asset. Such constraints are either imposed by creditors, contributors, grantors or laws of other governments or imposed by enabling legislation. Restricted assets represent amounts followed by statute to be set-aside to create a reserve for budget stabilization.

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 | 40 days maximum at retirement 30 days maximum at separation | paid upon termination |
| <u>Sick Leave</u> | <u>Certificated</u> | <u>Administrators</u> | <u>Non-Certificated</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 | 300 days | 370 days | 300 days |
| Vested | as earned | as earned | as earned |
| Termination entitlement | per contract | per Board Policy | 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.

FUND BALANCE RESERVES

The District reserves those portions of fund equity which are legally segregated for a specific future use or which do not represent available expendable resources and therefore are not available for appropriation or expenditure. Unreserved fund balance indicates that portion of fund equity which is available for appropriation in future periods. Fund equity reserves have been established for property taxes, state mandated set-asides and encumbrances.

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.

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.

ESTIMATES

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

4. EQUITY IN POOLED CASH AND INVESTMENTS

The District maintains a cash and investment pool used by all funds. Each fund type's portion of this pool is displayed on the statement of net assets and 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 five 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) No-load money market mutual funds consisting exclusively of obligations described in (1) or (2) above and repurchase agreements secured by such obligations, provided that investments in securities described in this division are made only through eligible institutions.
- (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.
- (8) Under limited circumstances, corporate debt interests in either of the two highest rating classifications by at least two nationally recognized rating agencies.

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

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

Custodial credit risk is the risk that in the event of a bank failure, the government's deposits may not be returned to it. The District's policy for deposits is any balance not covered by depository insurance will be collateralized by the financial institutions with pledged securities. As of June 30, 2006, \$5,789,950 of the District's bank balance of \$5,889,950 was exposed to custodial risk because it was uninsured and collateralized with securities held by the pledging financial institution's trust department or agent, but not in the District's name.

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 105% of the total amount of all public deposits secured by the pool, including the portion of such deposits covered by any federal deposit insurance.

Investments

As of June 30, 2006, the District had the following investments:

| <u>Investment Type</u> | <u>Fair Value</u> | <u>Weighed Average Maturity (Years)</u> |
|-------------------------------------|----------------------|---|
| Federal Agency Securities | \$127,690,751 | 0.94 |
| STAR Ohio | 1,531,845 | 0.00 |
| Total Fair Value | <u>\$129,222,596</u> | |
| Portfolio Weighted Average Maturity | | 0.93 |

Interest rate risk - In accordance with the investment policy, the District manages its exposure to declines in fair values by limiting the weighted average maturity of its investment portfolio to five years.

Credit Risk – It is the District’s policy to limit its investments that are not obligations of the U.S. Government or obligations explicitly guaranteed by the U.S. Government to investments which have a credit quality rating of the top 2 ratings issued by nationally recognized statistical rating organizations. The District’s investments in Federal Agency securities were rated AAA by Standard & Poor’s and Fitch Ratings and Aaa by Moody’s Investors Service. Investments in STAR Ohio were rated AAA by Standard& Poor’s.

Concentration of Credit Risk – The District’s investment policy allows investments in Federal Agencies or Instrumentalities.

Custodial credit risk is the risk that in the event of the failure of the counterparty, the District will not be able to recover the value of its investments or collateral securities that are in the possession of an outside party. All of the District’s securities are either insured and registered in the name of the District or at least registered in the name of the District.

5. PROPERTY TAXES

Real property taxes collected in 2006 were levied in April on the assessed values as of January 1, 2005, 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 2006, 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 2006, 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, 2006. 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, 2006 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, 2006, was \$1,930,331 for General Fund and \$283,494 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 2006 operations. The amount available for advance at June 30, 2005 was \$1,671,316 for General Fund and \$289,438 for Debt Service, with a corresponding reserve to fund balance since the Board did not appropriate those receivables for fiscal year 2005 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 2006 taxes were collected are:

| | <u>Amount</u> |
|---|------------------------|
| Agricultural/Residential and Other Real Estate | \$2,319,366,080 |
| Public Utility Personal | 60,962,080 |
| Tangible Personal Property | <u>198,685,037</u> |
| Total | <u>\$2,579,013,197</u> |

6. RECEIVABLES

Receivables at June 30, 2006, 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, 2006, was as follows:

| | Beginning Balance | Additions | Deletions | Ending Balance |
|---|----------------------|-------------|-----------|-------------------|
| Governmental Activities | | | | |
| <i>Capital Assets, not being depreciated:</i> | | | | |
| Land | \$7,590,599 | \$702,920 | \$0 | \$8,293,519 |
| Construction in Progress | 0 | 7,604,545 | 0 | 7,604,545 |
| <i>Capital Assets, being depreciated:</i> | | | | |
| Buildings and Improvements | 128,046,579 | 755,104 | 0 | 128,801,683 |
| Equipment | 29,609,985 | 1,600,784 | 1,795,280 | 29,415,489 |
| Infrastructure | 2,954,065 | 119,790 | 0 | 3,073,855 |
| Totals at Historical Cost | 168,201,228 | 10,783,143 | 1,795,280 | 177,189,091 |
| Less Accumulated Depreciation: | | | | |
| Buildings and Improvements | 27,793,496 | 2,283,553 | 0 | 30,077,049 |
| Equipment | 15,506,448 | 2,472,220 | 1,683,851 | 16,294,817 |
| Infrastructure | 1,214,279 | 133,169 | 0 | 1,347,448 |
| Total Accumulated Depreciation | 44,514,223 | 4,888,942 | 1,683,851 | 47,719,314 |
| Governmental Activities Capital Assets, Net | \$123,687,005 | \$5,894,201 | \$111,429 | \$129,469,777 |
| | | | | |
| | Beginning Balance | Additions | Deletions | Ending Balance |
| Business-Type Activities | | | | |
| <i>Capital Assets, being depreciated:</i> | | | | |
| Land Improvements | \$2,850 | \$0 | \$0 | \$2,850 |
| Buildings and Improvements | 26,595 | 0 | 0 | 26,595 |
| Equipment | 2,850,834 | 67,500 | 1,630 | 2,916,704 |
| Totals at Historical Cost | 2,880,279 | 67,500 | 1,630 | 2,946,149 |
| Less Accumulated Depreciation: | | | | |
| Land Improvements | 535 | 143 | 0 | 678 |
| Buildings and Improvements | 2,770 | 1,262 | 0 | 4,032 |
| Equipment | 1,872,145 | 178,894 | 1,630 | 2,049,409 |
| Total Accumulated Depreciation | 1,875,450 | 180,299 | 1,630 | 2,054,119 |
| Business-Type Activities Capital Assets, Net | \$1,004,829 | (\$112,799) | \$0 | \$892,030 |

Depreciation expense was charged to governmental functions as follows:

| | |
|---|--------------------|
| Instruction: | |
| Regular | \$3,094,293 |
| Special | 31,450 |
| Support Services: | |
| Pupil | 107,781 |
| Instructional Staff | 31,484 |
| School Administration | 34,688 |
| Fiscal | 22,903 |
| Business | 78,994 |
| Operations and Maintenance | 93,029 |
| Pupil Transportation | 962,880 |
| Central | 224,925 |
| Operation of Non-Instructional Services | 3,827 |
| Extracurricular Activities | 202,688 |
| Total Depreciation Expense | <u>\$4,888,942</u> |

8. LONG-TERM LIABILITIES

| | Interest Rate | Issue Date | Maturity Date | Beginning Balance | Issued | Retired | Ending Balance | Due In One Year |
|--|------------------|---------------|------------------|----------------------|----------------------|---------------------|----------------------|--------------------|
| Governmental Activities: | | | | | | | | |
| General Obligation Bonds: | | | | | | | | |
| Freedom, Link Renovations | 6.125% | 3/1/87 | 12/1/09 | \$625,000 | \$0 | \$125,000 | \$500,000 | \$125,000 |
| Refunding Ninth Grade, Heritage* | 6.248% | 1/1/94 | 12/1/12 | 340,363 | 0 | 131,962 | 208,401 | 108,076 |
| Two New High Schools | 6.211% | 5/1/94 | 12/1/17 | 13,700,000 | 0 | 2,740,000 | 10,960,000 | 0 |
| Refunding New High Schools | 5.242% | 6/1/98 | 12/1/17 | 18,215,835 | 0 | 290,000 | 17,925,835 | 305,000 |
| Bond and Refunding* | 5.085% | 4/19/01 | 12/1/26 | 49,657,789 | 0 | 35,270,000 | 14,387,789 | 830,000 |
| Various Purpose Long-Term Bonds | 3.790% | 5/1/02 | 12/1/08 | 1,715,000 | 0 | 405,000 | 1,310,000 | 420,000 |
| Lakota 2005 Refunding | 3.000% | 1/1/05 | 12/1/12 | 8,625,000 | 0 | 580,000 | 8,045,000 | 3,375,000 |
| Lakota 2005 Refunding | 4.650% | 11/3/05 | 12/1/26 | 0 | 30,950,000 | 0 | 30,950,000 | 1,500,000 |
| Premium on 2005 Refunding | | 11/3/05 | 12/1/26 | 0 | 3,244,969 | 77,261 | 3,167,708 | 154,522 |
| Lakota Series 2005 | 4.600% | 12/19/05 | 12/1/33 | 0 | 74,470,000 | 0 | 74,470,000 | 0 |
| Premium on 2005 Series | | 12/19/05 | 12/1/33 | 0 | 828,359 | 14,796 | 813,563 | 29,584 |
| Lakota Series 2006 | 4.270% | 1/10/06 | 12/1/33 | 0 | 9,830,000 | 0 | 9,830,000 | 5,000 |
| Premium on 2006 Series | | 1/10/06 | 12/1/33 | 0 | 148,065 | 2,644 | 145,421 | 5,288 |
| Total General Obligation Bonds | | | | 92,878,987 | 119,471,393 | 39,636,663 | 172,713,717 | 6,857,470 |
| Compensated Absences | | | | 6,041,633 | 1,444,741 | 828,302 | 6,658,072 | 1,417,415 |
| Total Governmental Activities Long-Term Liabilities | | | | <u>\$98,920,620</u> | <u>\$120,916,134</u> | <u>\$40,464,965</u> | <u>\$179,371,789</u> | <u>\$8,274,885</u> |
| Business-Type Activities: | | | | | | | | |
| Compensated Absences | | | | <u>\$68,603</u> | <u>\$28,643</u> | <u>\$12,293</u> | <u>\$84,953</u> | <u>\$9,735</u> |

* \$32,860,000 of the \$35,270,000 retired represents advance refunding. See note 19 for the discussion regarding the advanced refunding.

General obligation bonds will be paid from the debt service fund. Compensated absences will be paid from the general and special revenue funds.

Premiums on the issuance of bonds is included in the debt and will be amortized over the life of the new debt.

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

| Fiscal Year Ending June 30 | General Obligation Bonds | | |
|-------------------------------|--------------------------|----------------------|----------------------|
| | Principal | Interest | Total |
| 2007 | \$6,668,076 | \$8,504,378 | \$15,172,454 |
| 2008 | 4,660,660 | 8,461,740 | 13,122,400 |
| 2009 | 5,954,450 | 7,684,297 | 13,638,747 |
| 2010 | 4,399,714 | 7,852,305 | 12,252,019 |
| 2011 | 4,705,021 | 7,691,991 | 12,397,012 |
| 2012-2016 | 30,894,104 | 34,098,752 | 64,992,856 |
| 2017-2021 | 29,980,000 | 23,015,835 | 52,995,835 |
| 2022-2026 | 36,560,000 | 15,364,503 | 51,924,503 |
| 2027-2031 | 28,220,000 | 6,670,660 | 34,890,660 |
| 2032-2034 | 16,545,000 | 1,135,160 | 17,680,160 |
| Total | \$168,587,025 | \$120,479,621 | \$289,066,646 |

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, or by calling (800) 878-5853 or by visiting the SERS website at ohsers.org.

Plan members are required to contribute 10 percent 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 percent 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 2006, 10.58 percent of annual covered salary was the portion used to fund pension obligations. For fiscal year 2005, 10.57 percent 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 statutory maximum amounts, by the SERS Retirement Board. The School District's required contributions for pension obligations to SERS for the fiscal years ended June 30, 2006, 2005 and 2004 were \$2,781,307, \$2,700,298 and \$2,736,864; 58 percent has been contributed for fiscal year 2006 and 100 percent for fiscal years 2005 and 2004.

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, by calling (614) 227-4090, or by visiting the STRS Ohio website at www.strsoh.org.

New members have a choice of three retirement plans, a Defined Benefit (DB) Plan, a Defined Contribution (DC) Plan and a Combined Plan. The DB Plan offers an annual retirement allowance based on final average salary times a percentage that varies based on years of service, or an allowance based on member contributions and earned interest matched by STRS Ohio funds times an actuarially determined annuity factor. The DC Plan allows members to place all their member contributions and employer contributions equal to 10.5% of earned compensation into an investment account. Investment decisions are made by the member. A member is eligible to receive a retirement benefit at age 50 and termination of employment. The Combined Plan offers features of both the DC Plan and 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, 2006, plan members were required to contribute 10% 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 2005, the portion used to fund pension obligations was also 13%. 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 to the DB Plan for the fiscal years ended June 30, 2006, 2005, and 2004 were \$9,149,602, \$8,883,109, and \$8,936,364, respectively; 83% has been contributed for fiscal year 2006 and 100% for fiscal year 2005 and 2004. Contributions to the DC and Combined Plans for fiscal year 2006 were \$5,337,268 made by the District and \$3,812,334 made by the plan members.

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.

STRS retirees who participated in the DB or combined plans and their dependents are eligible for health care coverage. The STRS Board has statutory authority over how much, if any, of the health care costs will be absorbed by STRS. All benefit recipients pay a portion of health care cost in the form of a monthly premium. By law, the cost of coverage paid from STRS funds is included in the employer contribution rate, currently 14 percent of covered payroll. For the fiscal year ended June 30, 2006, the STRS Board allocated employer contributions equal to 1 percent of covered payroll to the Health Care Reserve Fund. For the School District, this amount equaled \$653,543 for fiscal year 2006.

STRS pays health care benefits from the Health Care Stabilization Fund. At June 30, 2005, (the latest information available) the balance in the Fund was \$3.3 billion. For the fiscal year ended June 30, 2005, net health care costs paid by STRS were \$254,780,000 and STRS had 115,395 eligible benefit recipients.

For SERS, coverage is made available to service retirees with ten or more fiscal years of qualifying service credit, disability, and survivor benefit recipients. All retirees and beneficiaries are required to pay a portion of their premium for health care. The portion is based on years of service, Medicare eligibility, and retirement status. Premiums may be reduced for retirees whose household income falls below the poverty level.

After the allocation for basic benefits, the remainder of the employer's 14 percent contribution is allocated to providing health care benefits. For the fiscal year ended June 30, 2006, employer contributions to fund health care benefits were 3.42 percent of covered payroll, compared to 3.43 percent of covered payroll for fiscal year 2005. In addition, SERS levies a surcharge to fund health care benefits equal to 14 percent of the difference between a minimum pay and the member's pay, pro-rated for partial service credit. For fiscal year 2006, the minimum pay was established at \$35,000. However, the surcharge is capped at two percent of each employer's SERS salaries. For the 2006 fiscal year, School District paid \$1,950,703 to fund health care benefits, including the surcharge.

The surcharge, added to the unallocated portion of the 14 percent employer contribution rate, provides for maintenance of the asset target level for the health care fund. The target level for the health care reserve is 150 percent of annual health care expenses. Expenses for health care for the fiscal year ended June 30, 2005 (the latest information available), were \$178,221,113. At June 30, 2005, SERS had net assets available for payment of health care benefits of \$267.5 million. SERS has approximately 58,123 participants currently receiving health care benefits.

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, 2006.

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:

| Coverage | Company | Limits | Deductible |
|---------------------------|------------------------------|--|-----------------------|
| Fleet | Indiana Insurance Company | \$ 1,000,000 per occurrence | \$ 1,000 collision/pd |
| Property | Indiana Insurance Company | 258,401,268 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 | 5,000 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. 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.

14. CONSTRUCTION AND OTHER COMMITMENTS

At June 30, 2006, construction contracts for facilities were as follows:

| <u>Description</u> | <u>Remaining Commitment</u> |
|-----------------------------------|-----------------------------|
| Smith Road Elementary | \$9,843,437 |
| Summerlin Road Elementary | 9,574,495 |
| Hopewell Elementary Renovations | 993,028 |
| Liberty Elementary Renovations | 227,702 |
| Lakota West Freshman | 135,384 |
| Lakota East Freshman | 2,026,763 |
| Lakota West High School Additions | 804,040 |
| Lakota East High School Additions | <u>1,115,733</u> |
| Total | <u>\$24,720,582</u> |

15. ACCOUNTABILITY

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

| <u>Fund</u> | <u>Deficit</u> |
|----------------------------|----------------|
| Special Revenue: | |
| Alt. School Grant | \$1,649 |
| Miscellaneous State Grants | 2,015 |
| Title VI-B | 415,576 |
| Title I | 22,888 |
| Title VI | 3,016 |
| EHA Pre-School | 3,583 |
| Title VI-R | 14,281 |

16. 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, 2005 | \$2,796,757 | \$0 |
| Current Year Set-aside Requirement | 2,392,663 | 2,392,663 |
| Qualified Disbursements | (1,581,306) | (2,392,663) |
| Current Year Offsets | <u>0</u> | <u>0</u> |
| Set-aside Reserve Balance as of June 30, 2006 | <u>\$3,608,114</u> | <u>\$ 0</u> |
| Restricted Cash as of June 30, 2006 | <u>\$3,608,114</u> | |

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

17. INTERFUND TRANSACTIONS

Interfund transactions at June 30, 2006, 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 | \$276,701 | \$0 | \$12,030 | \$1,528,014 |
| Other Governmental Funds | <u>0</u> | <u>276,701</u> | <u>1,471,778</u> | <u>12,030</u> |
| Total Governmental Funds: | <u>276,701</u> | <u>276,701</u> | <u>1,483,808</u> | <u>1,540,044</u> |
| Enterprise Fund | <u>0</u> | <u>0</u> | <u>56,236</u> | <u>0</u> |
| | <u>\$276,701</u> | <u>\$276,701</u> | <u>\$1,540,044</u> | <u>\$1,540,044</u> |

Transfers in and out and interfund balances are made to provide operating cash as needed.

18. CHANGE IN ACCOUNTING PRINCIPLE

For the year ended June 30, 2006, the District has implemented GASB Statement No. 42, "Accounting and Financial Reporting for Impairment of Capital Assets for Insurance Recoveries"; GASB Statement No. 44, "Economic Condition Reporting: The Statistical Section"; GASB Statement No. 46, "Net Assets Restricted by Enabling Legislation" and GASB Statement No. 47, "Accounting for Termination Benefits".

Statement No. 42 establishes accounting and financial standards for impairment of capital assets and clarifies and establishes accounting requirements for insurance recoveries.

Statement No. 44 establishes the objectives of the statistical section and provides guidance on the preparation of the statistical section.

Statement No. 46 establishes that any amount of the primary government's net assets at the end of the reporting period restricted by enabling legislation should be disclosed in the notes to the financial statements.

Statement No. 47 provides guidance to governmental employers for measuring, recognizing, and reporting liabilities and expenses/expenditures related to all termination benefits without limitation as to the period of time during which the benefits are offered.

There was no effect on fund balance/net assets as a result of the implementation of these new standards.

19. ADVANCED REFUNDING

In November 11, 2005, the District issued \$30,950,000 (not including premium of \$3,244,969) in General Obligation bonds with an average interest rate of 4.65% of which \$32,860,000 was used to advance refund \$32,860,000 of outstanding 2001 Series bonds with an average interest rate of 5.09%. The net proceeds of \$33,866,962 (after payment of underwriting fees, insurance and other issuance costs) were used to purchase U.S. government securities. Those securities were deposited into an irrevocable trust with an escrow agent to provide all future debt service payments on the 2001 Series bonds. As a result, \$32,860,000 of the 2001 Series bonds are considered to be defeased and the liability for those bonds has been removed from the Statement of Net Assets.

The District advance refunded the 2001 Series bonds to reduce its total debt service payments over the next 21 years by \$1,629,838 and to obtain an economic gain (difference between the present value of the debt service payments on the old and new debt) of \$1,379,734.

**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, 2006

| | General Fund | | | |
|--|---------------------|---------------------|---------------------|----------------------------|
| | Original Budget | Final Budget | Actual | Variance from Final Budget |
| Revenues: | | | | |
| Taxes | \$68,955,269 | \$74,996,249 | \$76,259,540 | \$1,263,291 |
| Tuition and Fees | 398,429 | 433,335 | 440,634 | 7,299 |
| Investment Earnings | 1,510,919 | 1,643,286 | 1,670,967 | 27,681 |
| Intergovernmental | 49,285,237 | 53,602,979 | 54,505,907 | 902,928 |
| Other Revenues | 1,704,810 | 1,854,163 | 1,885,396 | 31,233 |
| Total Revenues | 121,854,664 | 132,530,012 | 134,762,444 | 2,232,432 |
| Expenditures: | | | | |
| Current: | | | | |
| Instruction: | | | | |
| Regular | 56,898,319 | 60,102,216 | 57,963,699 | 2,138,517 |
| Special | 9,746,406 | 10,045,903 | 9,928,900 | 117,003 |
| Vocational | 95,626 | 156,296 | 97,417 | 58,879 |
| Other | 2,436,284 | 2,503,607 | 2,481,902 | 21,705 |
| Support Services: | | | | |
| Pupil | 6,836,436 | 7,189,061 | 6,964,443 | 224,618 |
| Instructional Staff | 7,233,508 | 7,449,127 | 7,368,950 | 80,177 |
| General Administration | 56,135 | 75,513 | 57,186 | 18,327 |
| School Administration | 11,558,957 | 12,946,362 | 11,775,390 | 1,170,972 |
| Fiscal | 861,918 | 1,096,551 | 878,057 | 218,494 |
| Business | 250,124 | 291,811 | 254,807 | 37,004 |
| Operations and Maintenance | 10,514,656 | 10,784,632 | 10,711,535 | 73,097 |
| Pupil Transportation | 13,870,013 | 14,130,968 | 14,129,719 | 1,249 |
| Central | 3,125,752 | 3,278,706 | 3,184,279 | 94,427 |
| Operation of Non-Instructional Services | 3,533 | 19,771 | 3,599 | 16,172 |
| Extracurricular Activities | 221,640 | 410,795 | 225,790 | 185,005 |
| Capital Outlay | 2,465,752 | 2,518,290 | 2,511,921 | 6,369 |
| Total Expenditures | 126,175,059 | 132,999,609 | 128,537,594 | 4,462,015 |
| Excess of Revenues Over (Under) Expenditures | (4,320,395) | (469,597) | 6,224,850 | 6,694,447 |
| Other financing sources (uses): | | | | |
| Proceeds from Sale of Capital Assets | 18,442 | 20,057 | 20,395 | 338 |
| Advances In | 1,117,380 | 1,215,270 | 1,235,741 | 20,471 |
| Advances (Out) | (281,166) | (286,559) | (286,431) | 128 |
| Transfers In | 272,339 | 296,198 | 301,187 | 4,989 |
| Transfers (Out) | (1,771,675) | (1,807,494) | (1,804,848) | 2,646 |
| Total Other Financing Sources (Uses) | (644,680) | (562,528) | (533,956) | 28,572 |
| Net Change in Fund Balance | (4,965,075) | (1,032,125) | 5,690,894 | 6,723,019 |
| Fund Balance Beginning of Year (includes prior year encumbrances appropriated) | 32,665,715 | 32,665,715 | 32,665,715 | 0 |
| Fund Balance End of Year | \$27,700,640 | \$31,633,590 | \$38,356,609 | \$6,723,019 |

See accompanying notes to the required supplementary information.

LAKOTA LOCAL SCHOOL DISTRICT
NOTES TO THE REQUIRED SUPPLEMENTARY INFORMATION
For The Year Ended June 30, 2006

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 2006.

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 Rotary Fund and the Trust Fund for unclaimed monies have been consolidated with the General Fund. 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 | \$7,452,889 |
| Net Adjustment for Revenue Accruals | 337,609 |
| Net Adjustment for Expenditure Accruals | 2,454,283 |
| Encumbrances | <u>(4,553,887)</u> |
| Budget Basis | <u>\$5,690,894</u> |

**COMBINING STATEMENTS
AND INDIVIDUAL
FUND SCHEDULES**

NONMAJOR 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.

ENTRY YEAR PROGRAM: Fund used to account for state monies provided to support training programs for beginning teachers.

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.

STUDENT INTERVENTION: To account for funds, which are used for student 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.

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.

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.

SCHOOLNET: State grant used to purchase technology used for instructional purposes.

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, 2006

| | Nonmajor Special Revenue Funds | Nonmajor Capital Projects Funds | Total Nonmajor Governmental Funds |
|---|---|--|--|
| Assets: | | | |
| Equity in Pooled Cash and Investments | \$2,358,623 | \$1,192,222 | \$3,550,845 |
| Receivables: | | | |
| Intergovernmental | 950,099 | 0 | 950,099 |
| Total Assets | 3,308,722 | 1,192,222 | 4,500,944 |
| Liabilities and Fund Balances: | | | |
| Liabilities: | | | |
| Accounts Payable | 408,453 | 0 | 408,453 |
| Accrued Wages and Benefits | 666,420 | 0 | 666,420 |
| Interfund Payable | 276,701 | 0 | 276,701 |
| Deferred Revenue | 711,911 | 0 | 711,911 |
| Total Liabilities | 2,063,485 | 0 | 2,063,485 |
| Fund Balances: | | | |
| Reserved for Encumbrances | 253,133 | 0 | 253,133 |
| Unreserved, Undesignated, Reported in: | | | |
| Special Revenue Funds | 992,104 | 0 | 992,104 |
| Capital Projects Funds | 0 | 1,192,222 | 1,192,222 |
| Total Fund Balances | 1,245,237 | 1,192,222 | 2,437,459 |
| Total Liabilities and Fund Balances | \$3,308,722 | \$1,192,222 | \$4,500,944 |

Lakota Local School District
Combining Statement of Revenues, Expenditures
and Changes in Fund Balance
Nonmajor Governmental Funds
For the Fiscal Year Ended June 30, 2006

| | Nonmajor Special Revenue Funds | Nonmajor Capital Projects Funds | Total Nonmajor Governmental Funds |
|---|---|--|--|
| Revenues: | | | |
| Tuition and Fees | \$21,171 | \$0 | \$21,171 |
| Investment Earnings | 8,549 | 1,030,217 | 1,038,766 |
| Intergovernmental | 4,879,544 | 0 | 4,879,544 |
| Extracurricular Activities | 2,089,798 | 0 | 2,089,798 |
| Other Revenues | 286,693 | 0 | 286,693 |
| Total Revenues | 7,285,755 | 1,030,217 | 8,315,972 |
| Expenditures: | | | |
| Current: | | | |
| Instruction: | | | |
| Regular | 779,606 | 31,416 | 811,022 |
| Special | 312,030 | 0 | 312,030 |
| Support Services: | | | |
| Other | 11,626 | 0 | 11,626 |
| Pupil | 3,353,415 | 0 | 3,353,415 |
| Instructional Staff | 817,802 | 0 | 817,802 |
| School Administration | 2,250 | 0 | 2,250 |
| Fiscal | 24,344 | 0 | 24,344 |
| Operations and Maintenance | 357,592 | 0 | 357,592 |
| Pupil Transportation | 91,919 | 0 | 91,919 |
| Central | 189,988 | 0 | 189,988 |
| Operation of Non-Instructional Services | 336,946 | 0 | 336,946 |
| Extracurricular Activities | 2,692,783 | 0 | 2,692,783 |
| Total Expenditures | 8,970,301 | 31,416 | 9,001,717 |
| Excess of Revenues Over (Under) Expenditures | (1,684,546) | 998,801 | (685,745) |
| Other Financing Sources (Uses): | | | |
| Transfers In | 1,471,778 | 0 | 1,471,778 |
| Transfers (Out) | (12,030) | 0 | (12,030) |
| Total Other Financing Sources (Uses) | 1,459,748 | 0 | 1,459,748 |
| Net Change in Fund Balance | (224,798) | 998,801 | 774,003 |
| Fund Balance Beginning of Year | 1,470,035 | 193,421 | 1,663,456 |
| Fund Balance End of Year | \$1,245,237 | \$1,192,222 | \$2,437,459 |

THIS PAGE INTENTIONALLY LEFT BLANK

Lakota Local School District
 Combining Balance Sheet
 Nonmajor Special Revenue Funds
 June 30, 2006

| | Public School Support | Other Grants | Student Activities | Auxiliary Services | MIS |
|---|--------------------------|-----------------|-----------------------|-----------------------|------------|
| Assets: | | | | | |
| Equity in Pooled Cash and Investments | \$952,795 | \$57,079 | \$1,016,144 | \$46,676 | \$0 |
| Receivables: | | | | | |
| Intergovernmental | 0 | 5,212 | 0 | 0 | 0 |
| Total Assets | <u>952,795</u> | <u>62,291</u> | <u>1,016,144</u> | <u>46,676</u> | <u>0</u> |
| Liabilities and Fund Balances: | | | | | |
| Liabilities: | | | | | |
| Accounts Payable | 98,490 | 3,382 | 84,920 | 19,313 | 0 |
| Accrued Wages and Benefits | 0 | 0 | 167,311 | 9,486 | 0 |
| Interfund Payable | 0 | 11,725 | 4,282 | 0 | 0 |
| Deferred Revenue | 0 | 308 | 0 | 0 | 0 |
| Total Liabilities | <u>98,490</u> | <u>15,415</u> | <u>256,513</u> | <u>28,799</u> | <u>0</u> |
| Fund Balances: | | | | | |
| Reserved for Encumbrances | 74,324 | 7,174 | 118,871 | 4,074 | 0 |
| Unreserved, Undesignated, Reported in: Special Revenue Funds | 779,981 | 39,702 | 640,760 | 13,803 | 0 |
| Total Fund Balances | <u>854,305</u> | <u>46,876</u> | <u>759,631</u> | <u>17,877</u> | <u>0</u> |
| Total Liabilities and Fund Balances | <u>\$952,795</u> | <u>\$62,291</u> | <u>\$1,016,144</u> | <u>\$46,676</u> | <u>\$0</u> |

| Entry Year Program | School Net Professional Development | Ohio Reads | Student Intervention | Alt. School Grant | Miscellaneous State Grants | Title VI-B |
|--------------------|-------------------------------------|-----------------|----------------------|-------------------|----------------------------|------------------|
| \$1,250 | \$3,225 | \$12,564 | \$0 | \$3,048 | \$3,238 | \$197,308 |
| 0 | 0 | 0 | 0 | 12,247 | 0 | 637,055 |
| <u>1,250</u> | <u>3,225</u> | <u>12,564</u> | <u>0</u> | <u>15,295</u> | <u>3,238</u> | <u>834,363</u> |
| 1,250 | 0 | 0 | 0 | 2,689 | 0 | 167,511 |
| 0 | 0 | 0 | 0 | 4,319 | 9,653 | 383,265 |
| 0 | 0 | 0 | 0 | 1,157 | 0 | 214,604 |
| 0 | 0 | 0 | 0 | 10,747 | 0 | 472,589 |
| <u>1,250</u> | <u>0</u> | <u>0</u> | <u>0</u> | <u>18,912</u> | <u>9,653</u> | <u>1,237,969</u> |
| 0 | 100 | 0 | 0 | 361 | 0 | 28,718 |
| 0 | 3,125 | 12,564 | 0 | (3,978) | (6,415) | (432,324) |
| 0 | 3,225 | 12,564 | 0 | (3,617) | (6,415) | (403,606) |
| <u>\$1,250</u> | <u>\$3,225</u> | <u>\$12,564</u> | <u>\$0</u> | <u>\$15,295</u> | <u>\$3,238</u> | <u>\$834,363</u> |

Continued

Lakota Local School District
 Combining Balance Sheet
 Nonmajor Special Revenue Funds
 June 30, 2006

| | Title III | Refugee Children | Title I | Title VI | Drug Free Schools |
|---|-----------------|---------------------|------------------|-----------------|----------------------|
| Assets: | | | | | |
| Equity in Pooled Cash and Investments | \$1,580 | \$0 | \$39,662 | \$6,897 | \$173 |
| Receivables: | | | | | |
| Intergovernmental | 37,625 | 0 | 145,655 | 12,660 | 17,890 |
| Total Assets | 39,205 | 0 | 185,317 | 19,557 | 18,063 |
| Liabilities and Fund Balances: | | | | | |
| Liabilities: | | | | | |
| Accounts Payable | 393 | 0 | 23,605 | 6,900 | 0 |
| Accrued Wages and Benefits | 7,927 | 0 | 38,735 | 2,289 | 0 |
| Interfund Payable | 0 | 0 | 40,434 | 4,499 | 0 |
| Deferred Revenue | 32,825 | 0 | 101,637 | 8,660 | 13,890 |
| Total Liabilities | 41,145 | 0 | 204,411 | 22,348 | 13,890 |
| Fund Balances: | | | | | |
| Reserved for Encumbrances | 894 | 0 | 16,057 | 0 | 0 |
| Unreserved, Undesignated, Reported in: Special Revenue Funds | (2,834) | 0 | (35,151) | (2,791) | 4,173 |
| Total Fund Balances | (1,940) | 0 | (19,094) | (2,791) | 4,173 |
| Total Liabilities and Fund Balances | \$39,205 | \$0 | \$185,317 | \$19,557 | \$18,063 |

| EHA Pre-School | Title VI-R | Miscellaneous Grants | Total Nonmajor Special Revenue Funds |
|-------------------|-----------------|-------------------------|---|
| \$3,409 | \$12,251 | \$1,324 | \$2,358,623 |
| 22,308 | 25,993 | 33,454 | 950,099 |
| <u>25,717</u> | <u>38,244</u> | <u>34,778</u> | <u>3,308,722</u> |
| 0 | 0 | 0 | 408,453 |
| 13,805 | 29,630 | 0 | 666,420 |
| 0 | 0 | 0 | 276,701 |
| <u>17,808</u> | <u>19,993</u> | <u>33,454</u> | <u>711,911</u> |
| <u>31,613</u> | <u>49,623</u> | <u>33,454</u> | <u>2,063,485</u> |
| 0 | 1,375 | 1,185 | 253,133 |
| <u>(5,896)</u> | <u>(12,754)</u> | <u>139</u> | <u>992,104</u> |
| <u>(5,896)</u> | <u>(11,379)</u> | <u>1,324</u> | <u>1,245,237</u> |
| <u>\$25,717</u> | <u>\$38,244</u> | <u>\$34,778</u> | <u>\$3,308,722</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, 2006

| | Public School Support | Other Grants | Student Activities | Auxiliary Services | MIS |
|---|--------------------------|-----------------|-----------------------|-----------------------|----------------|
| Revenues: | | | | | |
| Tuition and Fees | \$21,171 | \$0 | \$0 | \$0 | \$0 |
| Investment Earnings | 0 | 0 | 8,246 | 303 | 0 |
| Intergovernmental | 0 | 75,777 | 0 | 229,097 | 56,290 |
| Extracurricular Activities | 753,649 | 0 | 1,336,149 | 0 | 0 |
| Other Revenues | 194,580 | 400 | 91,713 | 0 | 0 |
| Total Revenues | 969,400 | 76,177 | 1,436,108 | 229,400 | 56,290 |
| Expenditures: | | | | | |
| Current: | | | | | |
| Instruction: | | | | | |
| Regular | 9,126 | 46,917 | 10,855 | 0 | 0 |
| Special | 4,767 | 2,240 | 0 | 0 | 0 |
| Other | 0 | 0 | 0 | 0 | 0 |
| Support Services: | | | | | |
| Pupil | 758,346 | 8,154 | 0 | 0 | 0 |
| Instructional Staff | 70,955 | 31,232 | 0 | 0 | 0 |
| School Administration | 1,000 | 0 | 0 | 0 | 0 |
| Fiscal | 0 | 0 | 0 | 0 | 0 |
| Operations and Maintenance | 0 | 0 | 357,592 | 0 | 0 |
| Pupil Transportation | 0 | 0 | 0 | 0 | 0 |
| Central | 0 | 10,410 | 0 | 0 | 57,352 |
| Operation of Non-Instructional Services | 0 | 495 | 0 | 237,728 | 0 |
| Extracurricular Activities | 0 | 2,197 | 2,690,586 | 0 | 0 |
| Total Expenditures | 844,194 | 101,645 | 3,059,033 | 237,728 | 57,352 |
| Excess of Revenues Over (Under) Expenditures | 125,206 | (25,468) | (1,622,925) | (8,328) | (1,062) |
| Other Financing Sources (Uses): | | | | | |
| Transfers In | 0 | 0 | 1,471,778 | 0 | 0 |
| Transfers (Out) | (12,030) | 0 | 0 | 0 | 0 |
| Total Other Financing Sources (Uses) | (12,030) | 0 | 1,471,778 | 0 | 0 |
| Net Change in Fund Balance | 113,176 | (25,468) | (151,147) | (8,328) | (1,062) |
| Fund Balance Beginning of Year | 741,129 | 72,344 | 910,778 | 26,205 | 1,062 |
| Fund Balance End of Year | \$854,305 | \$46,876 | \$759,631 | \$17,877 | \$0 |

| Entry Year Program | School Net Professional Development | Ohio Reads | Student Intervention | Alt. School Grant | Miscellaneous State Grants | Title VI-B |
|--------------------|-------------------------------------|------------|----------------------|-------------------|----------------------------|-------------|
| \$0 | \$0 | \$0 | \$0 | \$0 | \$0 | \$0 |
| 0 | 0 | 0 | 0 | 0 | 0 | 0 |
| 1,250 | 10,350 | 25,868 | 91,948 | 87,024 | 48,125 | 3,065,657 |
| 0 | 0 | 0 | 0 | 0 | 0 | 0 |
| 0 | 0 | 0 | 0 | 0 | 0 | 0 |
| 1,250 | 10,350 | 25,868 | 91,948 | 87,024 | 48,125 | 3,065,657 |
| 0 | 3,359 | 16,956 | 56,148 | 17,751 | 0 | 6,314 |
| 0 | 0 | 0 | 0 | 0 | 0 | 305,023 |
| 0 | 0 | 0 | 0 | 0 | 0 | 11,626 |
| 0 | 0 | 0 | 0 | 52,186 | 0 | 2,412,447 |
| 0 | 3,771 | 9,399 | 12,219 | 3,626 | 66,606 | 235,379 |
| 1,250 | 0 | 0 | 0 | 0 | 0 | 0 |
| 0 | 0 | 0 | 0 | 0 | 0 | 18,477 |
| 0 | 0 | 0 | 0 | 0 | 0 | 0 |
| 0 | 0 | 0 | 12,242 | 0 | 0 | 71,677 |
| 0 | 0 | 0 | 0 | 2,000 | 0 | 73,218 |
| 0 | 0 | 0 | 0 | 0 | 0 | 82,958 |
| 0 | 0 | 0 | 0 | 0 | 0 | 0 |
| 1,250 | 7,130 | 26,355 | 80,609 | 75,563 | 66,606 | 3,217,119 |
| 0 | 3,220 | (487) | 11,339 | 11,461 | (18,481) | (151,462) |
| 0 | 0 | 0 | 0 | 0 | 0 | 0 |
| 0 | 0 | 0 | 0 | 0 | 0 | 0 |
| 0 | 0 | 0 | 0 | 0 | 0 | 0 |
| 0 | 3,220 | (487) | 11,339 | 11,461 | (18,481) | (151,462) |
| 0 | 5 | 13,051 | (11,339) | (15,078) | 12,066 | (252,144) |
| \$0 | \$3,225 | \$12,564 | \$0 | (\$3,617) | (\$6,415) | (\$403,606) |

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, 2006

| | Title III | Refugee Children | Title I | Title VI | Drug Free Schools |
|---|------------------|---------------------|-------------------|------------------|----------------------|
| Revenues: | | | | | |
| Tuition and Fees | \$0 | \$0 | \$0 | \$0 | \$0 |
| Investment Earnings | 0 | 0 | 0 | 0 | 0 |
| Intergovernmental | 73,045 | 1,050 | 587,158 | 69,794 | 49,273 |
| Extracurricular Activities | 0 | 0 | 0 | 0 | 0 |
| Other Revenues | 0 | 0 | 0 | 0 | 0 |
| Total Revenues | 73,045 | 1,050 | 587,158 | 69,794 | 49,273 |
| Expenditures: | | | | | |
| Current: | | | | | |
| Instruction: | | | | | |
| Regular | 20,747 | 290 | 346,738 | 46,686 | 148 |
| Special | 0 | 0 | 0 | 0 | 0 |
| Other | 0 | 0 | 0 | 0 | 0 |
| Support Services: | | | | | |
| Pupil | 0 | 783 | 0 | 0 | 47,720 |
| Instructional Staff | 56,128 | 0 | 192,256 | 9,100 | 0 |
| School Administration | 0 | 0 | 0 | 0 | 0 |
| Fiscal | 380 | 0 | 2,618 | 324 | 305 |
| Operations and Maintenance | 0 | 0 | 0 | 0 | 0 |
| Pupil Transportation | 8,000 | 0 | 0 | 0 | 0 |
| Central | 0 | 0 | 0 | 47,008 | 0 |
| Operation of Non-Instructional Services | 667 | 0 | 14,813 | 155 | 0 |
| Extracurricular Activities | 0 | 0 | 0 | 0 | 0 |
| Total Expenditures | 85,922 | 1,073 | 556,425 | 103,273 | 48,173 |
| Excess of Revenues Over (Under) Expenditures | (12,877) | (23) | 30,733 | (33,479) | 1,100 |
| Other Financing Sources (Uses): | | | | | |
| Transfers In | 0 | 0 | 0 | 0 | 0 |
| Transfers (Out) | 0 | 0 | 0 | 0 | 0 |
| Total Other Financing Sources (Uses) | 0 | 0 | 0 | 0 | 0 |
| Net Change in Fund Balance | (12,877) | (23) | 30,733 | (33,479) | 1,100 |
| Fund Balance Beginning of Year | 10,937 | 23 | (49,827) | 30,688 | 3,073 |
| Fund Balance End of Year | (\$1,940) | \$0 | (\$19,094) | (\$2,791) | \$4,173 |

| <u>EHA Pre-School</u> | <u>Title VI-R</u> | <u>Miscellaneous Grants</u> | <u>Total Nonmajor Special Revenue Funds</u> |
|---------------------------|-------------------|---------------------------------|---|
| \$0 | \$0 | \$0 | \$21,171 |
| 0 | 0 | 0 | 8,549 |
| 103,648 | 262,074 | 42,116 | 4,879,544 |
| 0 | 0 | 0 | 2,089,798 |
| 0 | 0 | 0 | 286,693 |
| <u>103,648</u> | <u>262,074</u> | <u>42,116</u> | <u>7,285,755</u> |
| 0 | 163,764 | 33,807 | 779,606 |
| 0 | 0 | 0 | 312,030 |
| 0 | 0 | 0 | 11,626 |
| 73,779 | 0 | 0 | 3,353,415 |
| 31,961 | 89,889 | 5,281 | 817,802 |
| 0 | 0 | 0 | 2,250 |
| 614 | 1,594 | 32 | 24,344 |
| 0 | 0 | 0 | 357,592 |
| 0 | 0 | 0 | 91,919 |
| 0 | 0 | 0 | 189,988 |
| 0 | 100 | 30 | 336,946 |
| 0 | 0 | 0 | 2,692,783 |
| <u>106,354</u> | <u>255,347</u> | <u>39,150</u> | <u>8,970,301</u> |
| <u>(2,706)</u> | <u>6,727</u> | <u>2,966</u> | <u>(1,684,546)</u> |
| 0 | 0 | 0 | 1,471,778 |
| 0 | 0 | 0 | (12,030) |
| 0 | 0 | 0 | 1,459,748 |
| (2,706) | 6,727 | 2,966 | (224,798) |
| <u>(3,190)</u> | <u>(18,106)</u> | <u>(1,642)</u> | <u>1,470,035</u> |
| <u>(\$5,896)</u> | <u>(\$11,379)</u> | <u>\$1,324</u> | <u>\$1,245,237</u> |

Lakota Local School District
 Combining Balance Sheet
 Nonmajor Capital Projects Funds
 June 30, 2006

| | Permanent Improvement | SchoolNet | Total Nonmajor Capital Projects Funds |
|--|--------------------------|------------|--|
| Assets: | | | |
| Equity in Pooled Cash and Investments | \$1,192,222 | \$0 | \$1,192,222 |
| Total Assets | 1,192,222 | 0 | 1,192,222 |
| Liabilities and Fund Balances: | | | |
| Liabilities: | | | |
| Accounts Payable | 0 | 0 | 0 |
| Total Liabilities | 0 | 0 | 0 |
| Fund Balances: | | | |
| Unreserved, Undesignated, Reported in: Capital Projects Funds | 1,192,222 | 0 | 1,192,222 |
| Total Fund Balances | 1,192,222 | 0 | 1,192,222 |
| Total Liabilities and Fund Balances | \$1,192,222 | \$0 | \$1,192,222 |

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, 2006

| | Permanent Improvement | SchoolNet | Total Nonmajor Capital Projects Funds |
|--|--------------------------|-----------------|--|
| Revenues: | | | |
| Investment Earnings | \$1,030,217 | \$0 | \$1,030,217 |
| Other Revenues | 0 | 0 | 0 |
| Total Revenues | <u>1,030,217</u> | <u>0</u> | <u>1,030,217</u> |
| Expenditures: | | | |
| Current: | | | |
| Instruction: | | | |
| Regular | 0 | 31,416 | 31,416 |
| Support Services: | | | |
| Capital Outlay | 0 | 0 | 0 |
| Total Expenditures | <u>0</u> | <u>31,416</u> | <u>31,416</u> |
| Excess of Revenues Over (Under) Expenditures | <u>1,030,217</u> | <u>(31,416)</u> | <u>998,801</u> |
| Other Financing Sources (Uses): | | | |
| Proceeds of Long-Term Capital-Related Debt | 0 | 0 | 0 |
| Total Other Financing Sources (Uses) | <u>0</u> | <u>0</u> | <u>0</u> |
| Net Change in Fund Balance | 1,030,217 | (31,416) | 998,801 |
| Fund Balance Beginning of Year | <u>162,005</u> | <u>31,416</u> | <u>193,421</u> |
| Fund Balance End of Year | <u>\$1,192,222</u> | <u>\$0</u> | <u>\$1,192,222</u> |

Lakota Local School District
Combining Statement of Net Assets
Nonmajor Enterprise Funds
June 30, 2006

| | Food Service | Uniform School Supply | Adult Education | Total Nonmajor Enterprise Funds |
|---------------------------------------|--------------------|-----------------------------|--------------------|--|
| Assets: | | | | |
| Equity in Pooled Cash and Investments | \$1,598,980 | \$712,659 | \$3,510 | \$2,315,149 |
| Receivables: | | | | |
| Accounts | 21,207 | 117,055 | 0 | 138,262 |
| Inventory | 27,214 | 0 | 0 | 27,214 |
| Total Current Assets | 1,647,401 | 829,714 | 3,510 | 2,480,625 |
| Depreciable Capital Assets, Net | 892,030 | 0 | 0 | 892,030 |
| Total Assets | 2,539,431 | 829,714 | 3,510 | 3,372,655 |
| Liabilities: | | | | |
| Current Liabilities: | | | | |
| Accounts Payable | 275,964 | 48,404 | 0 | 324,368 |
| Accrued Wages and Benefits | 360,185 | 0 | 0 | 360,185 |
| Compensated Absences | 9,735 | 0 | 0 | 9,735 |
| Total Current Liabilities | 645,884 | 48,404 | 0 | 694,288 |
| Long-Term Liabilities: | | | | |
| Compensated Absences | 75,218 | 0 | 0 | 75,218 |
| Total Liabilities | 721,102 | 48,404 | 0 | 769,506 |
| Net Assets: | | | | |
| Invested in Capital Assets | 892,030 | 0 | 0 | 892,030 |
| Unrestricted | 926,299 | 781,310 | 3,510 | 1,711,119 |
| Total Net Assets | \$1,818,329 | \$781,310 | \$3,510 | \$2,603,149 |

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, 2006

| | Food Service | Uniform School Supply | Adult Education | Total Nonmajor Enterprise Funds |
|---|--------------------|-----------------------------|--------------------|--|
| Operating Revenues: | | | | |
| Charges for Services | \$4,031,466 | \$982,606 | \$0 | \$5,014,072 |
| Total Operating Revenues | <u>4,031,466</u> | <u>982,606</u> | <u>0</u> | <u>5,014,072</u> |
| Operating Expenses: | | | | |
| Personal Services | 2,562,793 | 0 | 0 | 2,562,793 |
| Contactual Services | 60,896 | 14,531 | 0 | 75,427 |
| Materials and Supplies | 2,047,152 | 1,189,577 | 0 | 3,236,729 |
| Depreciation | 180,299 | 0 | 0 | 180,299 |
| Operation of Non-Instructional Services | 20,751 | 0 | 0 | 20,751 |
| Other Expenses | 7,246 | 498 | 0 | 7,744 |
| Total Operating Expenses | <u>4,879,137</u> | <u>1,204,606</u> | <u>0</u> | <u>6,083,743</u> |
| Operating Income | <u>(847,671)</u> | <u>(222,000)</u> | <u>0</u> | <u>(1,069,671)</u> |
| Non-Operating Revenues (Expenses): | | | | |
| Investment Earnings | 15,242 | 0 | 0 | 15,242 |
| Operating Grants | 613,956 | 0 | 0 | 613,956 |
| Miscellaneous Non-Operating | (23) | 18,959 | 0 | 18,936 |
| Total Non-Operating Revenues (Expenses) | <u>629,175</u> | <u>18,959</u> | <u>0</u> | <u>648,134</u> |
| Income Before Transfers | <u>(218,496)</u> | <u>(203,041)</u> | <u>0</u> | <u>(421,537)</u> |
| Transfers In | <u>0</u> | <u>56,236</u> | <u>0</u> | <u>56,236</u> |
| Change in Net Assets | <u>(218,496)</u> | <u>(146,805)</u> | <u>0</u> | <u>(365,301)</u> |
| Net Assets Beginning of Year | <u>2,036,825</u> | <u>928,115</u> | <u>3,510</u> | <u>2,968,450</u> |
| Net Assets End of Year | <u>\$1,818,329</u> | <u>\$781,310</u> | <u>\$3,510</u> | <u>\$2,603,149</u> |

Lakota Local School District
Combining Statement of Cash Flows
Nonmajor Enterprise Funds
For the Fiscal Year Ended June 30, 2006

| | Food Service | Uniform School Supply | Adult Education | Total Nonmajor Enterprise Funds |
|--|--------------------|-----------------------------|--------------------|--|
| Cash Flows from Operating Activities: | | | | |
| Cash Received from Customers | \$4,010,259 | \$1,090,763 | \$0 | \$5,101,022 |
| Cash Payments to Employees | (2,300,478) | 0 | 0 | (2,300,478) |
| Cash Payments to Suppliers | (1,876,316) | (1,225,100) | 0 | (3,101,416) |
| Net Cash Provided (Used) by Operating Activities | (166,535) | (134,337) | 0 | (300,872) |
| Cash Flows from Noncapital Financing Activities: | | | | |
| Operating Grants Received | 613,956 | 0 | 0 | 613,956 |
| Payments from Other Funds | 0 | 56,236 | 0 | 56,236 |
| Net Cash Provided (Used) by Noncapital Financing Activities | 613,956 | 56,236 | 0 | 670,192 |
| Cash Flows from Capital and Related Financing Activities: | | | | |
| Payments for Capital Acquisitions | (67,500) | 0 | 0 | (67,500) |
| Net Cash Provided (Used) by Capital and Related Financing Activities | (67,500) | 0 | 0 | (67,500) |
| Cash Flows from Investing Activities: | | | | |
| Earnings on Investments | 15,242 | 0 | 0 | 15,242 |
| Other | (23) | 18,959 | 0 | 18,936 |
| Net Cash Provided (Used) by Cash Flows from Investing Activities | 15,219 | 18,959 | 0 | 34,178 |
| Net Increase (Decrease) in Cash and Cash Equivalents | 395,140 | (59,142) | 0 | 335,998 |
| Cash and Cash Equivalents Beginning of Year | 1,203,840 | 771,801 | 3,510 | 1,979,151 |
| Cash and Cash Equivalents End of Year | 1,598,980 | 712,659 | 3,510 | 2,315,149 |
| Reconciliation of Operating Income (Loss) to Net Cash Provided (Used) by Operating Activities | | | | |
| Operating Income (Loss) | (847,671) | (222,000) | 0 | (1,069,671) |
| Adjustments: | | | | |
| Depreciation | 180,299 | 0 | 0 | 180,299 |
| Changes in Assets & Liabilities: | | | | |
| (Increase) Decrease in Receivables | (21,207) | 108,157 | 0 | 86,950 |
| (Increase) Decrease in Inventory | (6,463) | 0 | 0 | (6,463) |
| Increase (Decrease) in Payables | 266,192 | (20,494) | 0 | 245,698 |
| Increase (Decrease) in Accrued Liabilities | 262,315 | 0 | 0 | 262,315 |
| Net Cash Provided (Used) by Operating Activities | (\$166,535) | (\$134,337) | \$0 | (\$300,872) |

Lakota Local School District
Statement of Changes In Assets and Liabilities
Agency Fund
For the Fiscal Year Ended June 30, 2006

| | Student Activities | | | Ending Balance |
|---------------------------------------|-----------------------|------------------|-----------------|-------------------|
| | Beginning Balance | Additions | Deductions | |
| Assets: | | | | |
| Equity in Pooled Cash and Investments | \$317,569 | \$109,678 | \$67,495 | \$359,752 |
| Total Assets | <u>317,569</u> | <u>109,678</u> | <u>67,495</u> | <u>359,752</u> |
| Liabilities: | | | | |
| Accounts Payable | 37,153 | 30,342 | 37,153 | 30,342 |
| Other Liabilities | 280,416 | 79,336 | 30,342 | 329,410 |
| Total Liabilities | <u>\$317,569</u> | <u>\$109,678</u> | <u>\$67,495</u> | <u>\$359,752</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, 2006

| | Public School Support Fund | | |
|---|----------------------------------|------------------|-------------------------------|
| | Final Budget | Actual | Variance from Final Budget |
| Revenues: | | | |
| Tuition and Fees | \$19,489 | \$21,171 | \$1,682 |
| Extracurricular Activities | 693,775 | \$753,649 | \$59,874 |
| Other Revenues | 179,122 | 194,580 | 15,458 |
| Total Revenues | <u>892,386</u> | <u>969,400</u> | <u>77,014</u> |
| Expenditures: | | | |
| Current: | | | |
| Instruction: | | | |
| Regular | 29,024 | 14,983 | 14,041 |
| Special | 9,044 | 4,767 | 4,277 |
| Support Services: | | | |
| Pupil | 1,284,025 | 856,952 | 427,073 |
| Instructional Staff | 98,287 | 90,755 | 7,532 |
| School Administration | 2,946 | 1,250 | 1,696 |
| Total Expenditures | <u>1,423,326</u> | <u>968,707</u> | <u>454,619</u> |
| Excess of Revenues Over (Under) Expenditures | <u>(530,940)</u> | <u>693</u> | <u>531,633</u> |
| Other financing sources (uses): | | | |
| Advances (Out) | (6,540) | (6,540) | 0 |
| Transfers (Out) | (12,030) | (12,030) | 0 |
| Total Other Financing Sources (Uses) | <u>(18,570)</u> | <u>(18,570)</u> | <u>0</u> |
| Net Change in Fund Balance | (549,510) | (17,877) | 531,633 |
| Fund Balance Beginning of Year (includes prior year encumbrances appropriated) | <u>797,859</u> | <u>797,859</u> | <u>0</u> |
| Fund Balance End of Year | <u>\$248,349</u> | <u>\$779,982</u> | <u>\$531,633</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, 2006

| | Final Budget | Other Grants Fund Actual | Variance from Final Budget |
|--|-----------------|-----------------------------------|-------------------------------|
| Revenues: | | | |
| Intergovernmental | \$102,013 | \$95,873 | (\$6,140) |
| Other Revenues | 426 | 400 | (26) |
| Total Revenues | 102,439 | 96,273 | (6,166) |
| Expenditures: | | | |
| Current: | | | |
| Instruction: | | | |
| Regular | 79,343 | 52,534 | 26,809 |
| Special | 2,240 | 2,240 | 0 |
| Support Services: | | | |
| Pupil | 13,565 | 11,416 | 2,149 |
| Instructional Staff | 39,104 | 33,976 | 5,128 |
| Pupil Transportation | 300 | 0 | 300 |
| Central | 18,431 | 14,235 | 4,196 |
| Operation of Non-Instructional Services | 877 | 617 | 260 |
| Extracurricular Activities | 6,547 | 3,872 | 2,675 |
| Total Expenditures | 160,407 | 118,890 | 41,517 |
| Excess of Revenues Over (Under) Expenditures | (57,968) | (22,617) | 35,351 |
| Other financing sources (uses): | | | |
| Advances In | 12,476 | 11,725 | (751) |
| Advances (Out) | (26,830) | (26,830) | 0 |
| Total Other Financing Sources (Uses) | (14,354) | (15,105) | (751) |
| Net Change in Fund Balance | (72,322) | (37,722) | 34,600 |
| Fund Balance Beginning of Year (includes prior year encumbrances appropriated) | 84,248 | 84,248 | 0 |
| Fund Balance End of Year | \$11,926 | \$46,526 | \$34,600 |

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, 2006

| | Student Activities Fund | | |
|---|-------------------------------|--------------------|-------------------------------|
| | Final Budget | Actual | Variance from Final Budget |
| Revenues: | | | |
| Investment Earnings | \$7,962 | \$8,246 | \$284 |
| Extracurricular Activities | 1,290,132 | 1,336,149 | 46,017 |
| Other Revenues | 88,554 | 91,713 | 3,159 |
| Total Revenues | <u>1,386,648</u> | <u>1,436,108</u> | <u>49,460</u> |
| Expenditures: | | | |
| Current: | | | |
| Instruction: | | | |
| Regular | 12,226 | 10,855 | 1,371 |
| Support Services: | | | |
| Operations and Maintenance | 377,920 | 361,363 | 16,557 |
| Extracurricular Activities | 3,255,439 | 2,701,697 | 553,742 |
| Total Expenditures | <u>3,645,585</u> | <u>3,073,915</u> | <u>571,670</u> |
| Excess of Revenues Over (Under) Expenditures | <u>(2,258,937)</u> | <u>(1,637,807)</u> | <u>621,130</u> |
| Other financing sources (uses): | | | |
| Advances In | 4,135 | 4,282 | 147 |
| Advances (Out) | (2,100) | (2,100) | 0 |
| Transfers In | 1,433,014 | 1,484,128 | 51,114 |
| Transfers (Out) | (12,350) | (12,350) | 0 |
| Total Other Financing Sources (Uses) | <u>1,422,699</u> | <u>1,473,960</u> | <u>51,261</u> |
| Net Change in Fund Balance | (836,238) | (163,847) | 672,391 |
| Fund Balance Beginning of Year (includes prior year encumbrances appropriated) | <u>976,203</u> | <u>976,203</u> | <u>0</u> |
| Fund Balance End of Year | <u>\$139,965</u> | <u>\$812,356</u> | <u>\$672,391</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, 2006

| | Auxiliary Services Fund | | |
|---|-------------------------------|-----------------|-------------------------------|
| | Final Budget | Actual | Variance from Final Budget |
| Revenues: | | | |
| Investment Earnings | \$303 | \$303 | \$0 |
| Intergovernmental | 228,894 | 229,097 | \$203 |
| Total Revenues | 229,197 | 229,400 | 203 |
| Expenditures: | | | |
| Current: | | | |
| Operation of Non-Instructional Services | 256,074 | 232,989 | 23,085 |
| Total Expenditures | 256,074 | 232,989 | 23,085 |
| Net Change in Fund Balance | (26,877) | (3,589) | 23,288 |
| Fund Balance Beginning of Year (includes prior year encumbrances appropriated) | 26,877 | 26,877 | 0 |
| Fund Balance End of Year | \$0 | \$23,288 | \$23,288 |

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, 2006

| | MIS Fund | | |
|---|-----------------|----------------|-------------------------------|
| | Final Budget | Actual | Variance from Final Budget |
| Revenues: | | | |
| Intergovernmental | \$56,291 | \$56,291 | \$0 |
| Total Revenues | 56,291 | 56,291 | 0 |
| Expenditures: | | | |
| Current: | | | |
| Support Services: | | | |
| Central | 57,352 | 57,352 | 0 |
| Total Expenditures | 57,352 | 57,352 | (0) |
| Net Change in Fund Balance | (1,061) | (1,061) | 0 |
| Fund Balance Beginning of Year (includes prior year encumbrances appropriated) | 1,061 | 1,061 | 0 |
| Fund Balance End of Year | \$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, 2006

| | Entry Year Programs Fund | | |
|--|--------------------------|---------|----------------------------|
| | Final Budget | Actual | Variance from Final Budget |
| Revenues: | | | |
| Intergovernmental | \$1,250 | \$1,250 | \$0 |
| Total Revenues | 1,250 | 1,250 | 0 |
| Expenditures: | | | |
| Current: | | | |
| Support Services: | | | |
| School Administration | 1,250 | 1,250 | 0 |
| Total Expenditures | 1,250 | 1,250 | (0) |
| Net Change in Fund Balance | 0 | 0 | 0 |
| Fund Balance Beginning of Year (includes prior year encumbrances appropriated) | 0 | 0 | 0 |
| Fund Balance End of Year | \$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, 2006

| | School Net Professional Development Fund | | |
|---|---|----------|-------------------------------|
| | Final Budget | Actual | Variance from Final Budget |
| Revenues: | | | |
| Intergovernmental | \$10,350 | \$10,350 | \$0 |
| Total Revenues | 10,350 | 10,350 | 0 |
| Expenditures: | | | |
| Current: | | | |
| Instruction: | | | |
| Regular | 3,354 | 3,359 | (5) |
| Support Services: | | | |
| Instructional Staff | 7,000 | 3,871 | 3,129 |
| Total Expenditures | 10,354 | 7,230 | 3,124 |
| Net Change in Fund Balance | (4) | 3,120 | 3,124 |
| Fund Balance Beginning of Year (includes prior year encumbrances appropriated) | 4 | 4 | 0 |
| Fund Balance End of Year | \$0 | \$3,124 | \$3,124 |

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, 2006

| | Ohio Reads Fund | | |
|---|-----------------------|----------|-------------------------------|
| | Final Budget | Actual | Variance from Final Budget |
| Revenues: | | | |
| Intergovernmental | \$32,208 | \$32,208 | \$0 |
| Total Revenues | 32,208 | 32,208 | 0 |
| Expenditures: | | | |
| Current: | | | |
| Instruction: | | | |
| Regular | 25,596 | 21,630 | 3,966 |
| Support Services: | | | |
| Instructional Staff | 18,145 | 9,544 | 8,601 |
| Total Expenditures | 43,741 | 31,174 | 12,567 |
| Excess of Revenues Over (Under) Expenditures | (11,533) | 1,034 | 12,567 |
| Other financing sources (uses): | | | |
| Advances (Out) | (13,900) | (13,900) | 0 |
| Total Other Financing Sources (Uses) | (13,900) | (13,900) | 0 |
| Net Change in Fund Balance | (25,433) | (12,866) | 12,567 |
| Fund Balance Beginning of Year (includes prior year encumbrances appropriated) | 25,433 | 25,433 | 0 |
| Fund Balance End of Year | \$0 | \$12,567 | \$12,567 |

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, 2006

| | Student Intervention Fund | | |
|---|---------------------------------|------------------|-------------------------------|
| | Final Budget | Actual | Variance from Final Budget |
| Revenues: | | | |
| Intergovernmental | \$130,271 | \$130,271 | \$0 |
| Total Revenues | <u>130,271</u> | <u>130,271</u> | <u>0</u> |
| Expenditures: | | | |
| Current: | | | |
| Instruction: | | | |
| Regular | 82,258 | 82,258 | 0 |
| Support Services: | | | |
| Instructional Staff | 20,889 | 20,889 | 0 |
| Pupil Transportation | 12,242 | 12,242 | 0 |
| Total Expenditures | <u>115,389</u> | <u>115,389</u> | <u>0</u> |
| Excess of Revenues Over (Under) Expenditures | <u>14,882</u> | <u>14,882</u> | <u>0</u> |
| Other financing sources (uses): | | | |
| Advances (Out) | (100,100) | (100,100) | 0 |
| Total Other Financing Sources (Uses) | <u>(100,100)</u> | <u>(100,100)</u> | <u>0</u> |
| Net Change in Fund Balance | (85,218) | (85,218) | 0 |
| Fund Balance Beginning of Year (includes prior year encumbrances appropriated) | <u>85,218</u> | <u>85,218</u> | <u>0</u> |
| Fund Balance End of Year | <u>\$0</u> | <u>\$0</u> | <u>\$0</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, 2006

| | Alt. School Grant Fund | | |
|---|------------------------------|---------------------|-------------------------------|
| | Final Budget | Actual | Variance from Final Budget |
| Revenues: | | | |
| Intergovernmental | \$121,090 | \$108,971 | (\$12,119) |
| Total Revenues | <u>121,090</u> | <u>108,971</u> | <u>(12,119)</u> |
| Expenditures: | | | |
| Current: | | | |
| Instruction: | | | |
| Regular | 48,475 | 43,301 | 5,174 |
| Support Services: | | | |
| Pupil | 68,362 | 62,567 | 5,795 |
| Instructional Staff | 9,268 | 9,147 | 121 |
| Central | 2,000 | 2,000 | 0 |
| | | 0 | |
| Total Expenditures | <u>128,105</u> | <u>117,015</u> | <u>11,090</u> |
| Excess of Revenues Over (Under) Expenditures | <u>(7,015)</u> | <u>(8,044)</u> | <u>(1,029)</u> |
| Other financing sources (uses): | | | |
| Advances In | 1,286 | 1,157 | (129) |
| Advances (Out) | (41,800) | (41,800) | 0 |
| Total Other Financing Sources (Uses) | <u>(40,514)</u> | <u>(40,643)</u> | <u>(129)</u> |
| Net Change in Fund Balance | <u>(47,529)</u> | <u>(48,687)</u> | <u>(1,158)</u> |
| Fund Balance Beginning of Year (includes prior year encumbrances appropriated) | <u>48,686</u> | <u>48,686</u> | <u>0</u> |
| Fund Balance End of Year | <u><u>\$1,157</u></u> | <u><u>(\$1)</u></u> | <u><u>(\$1,158)</u></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, 2006

| | Miscellaneous State Grants Fund | | |
|---|--|----------|-------------------------------|
| | Final Budget | Actual | Variance from Final Budget |
| Revenues: | | | |
| Intergovernmental | \$48,125 | \$48,125 | \$0 |
| Total Revenues | 48,125 | 48,125 | 0 |
| Expenditures: | | | |
| Current: | | | |
| Instruction: | | | |
| Regular | 1,500 | 0 | 1,500 |
| Support Services: | | | |
| Instructional Staff | 63,434 | 61,697 | 1,737 |
| Total Expenditures | 64,934 | 61,697 | 3,237 |
| Net Change in Fund Balance | (16,809) | (13,572) | 3,237 |
| Fund Balance Beginning of Year (includes prior year encumbrances appropriated) | 16,809 | 16,809 | 0 |
| Fund Balance End of Year | \$0 | \$3,237 | \$3,237 |

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, 2006

| | Title VI-B Fund | | |
|---|--------------------|------------------|-------------------------------|
| | Final Budget | Actual | Variance from Final Budget |
| Revenues: | | | |
| Intergovernmental | \$3,801,441 | \$3,169,373 | (\$632,068) |
| Total Revenues | 3,801,441 | 3,169,373 | (632,068) |
| Expenditures: | | | |
| Current: | | | |
| Instruction: | | | |
| Regular | 10,015 | 7,814 | 2,201 |
| Special | 356,551 | 335,350 | 21,201 |
| Support Services: | | | |
| Pupil | 2,902,034 | 2,569,028 | 333,006 |
| Instructional Staff | 261,329 | 193,335 | 67,994 |
| Fiscal | 30,355 | 18,477 | 11,878 |
| Pupil Transportation | 78,858 | 78,016 | 842 |
| Central | 85,072 | 73,218 | 11,854 |
| Operation of Non-Instructional Services | 85,428 | 73,065 | 12,363 |
| Total Expenditures | 3,809,642 | 3,348,303 | 461,339 |
| Excess of Revenues Over (Under) Expenditures | (8,201) | (178,930) | (170,729) |
| Other financing sources (uses): | | | |
| Advances In | 257,402 | 214,604 | (42,798) |
| Advances (Out) | (637,000) | (637,000) | 0 |
| Total Other Financing Sources (Uses) | (379,598) | (422,396) | (42,798) |
| Net Change in Fund Balance | (387,799) | (601,326) | (213,527) |
| Fund Balance Beginning of Year (includes prior year encumbrances appropriated) | 602,404 | 602,404 | 0 |
| Fund Balance End of Year | \$214,605 | \$1,078 | (\$213,527) |

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, 2006

| | Title III Fund | | |
|---|-------------------|----------|-------------------------------|
| | Final Budget | Actual | Variance from Final Budget |
| Revenues: | | | |
| Intergovernmental | \$118,067 | \$80,442 | (\$37,625) |
| Total Revenues | 118,067 | 80,442 | (37,625) |
| Expenditures: | | | |
| Current: | | | |
| Instruction: | | | |
| Regular | 39,023 | 20,829 | 18,194 |
| Support Services: | | | |
| Instructional Staff | 57,381 | 49,013 | 8,368 |
| Fiscal | 904 | 380 | 524 |
| Pupil Transportation | 18,000 | 8,000 | 10,000 |
| Operation of Non-Instructional Services | 1,500 | 667 | 833 |
| Total Expenditures | 116,808 | 78,889 | 37,919 |
| Excess of Revenues Over (Under) Expenditures | 1,259 | 1,553 | 294 |
| Other financing sources (uses): | | | |
| Advances (Out) | (1,320) | (1,320) | 0 |
| Total Other Financing Sources (Uses) | (1,320) | (1,320) | 0 |
| Net Change in Fund Balance | (61) | 233 | 294 |
| Fund Balance Beginning of Year (includes prior year encumbrances appropriated) | 62 | 62 | 0 |
| Fund Balance End of Year | \$1 | \$295 | \$294 |

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, 2006

| | Refugee Children Fund | | |
|---|-----------------------------|---------|-------------------------------|
| | Final Budget | Actual | Variance from Final Budget |
| Revenues: | | | |
| Intergovernmental | 1,050 | \$1,050 | \$0 |
| Total Revenues | 1,050 | 1,050 | 0 |
| Expenditures: | | | |
| Current: | | | |
| Instruction: | | | |
| Regular | 290 | 290 | 0 |
| Support Services: | | | |
| Pupil | 784 | 784 | 0 |
| Total Expenditures | 1,074 | 1,074 | 0 |
| Net Change in Fund Balance | (24) | (24) | 0 |
| Fund Balance Beginning of Year (includes prior year encumbrances appropriated) | 24 | 24 | 0 |
| Fund Balance End of Year | \$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, 2006

| | Title I Fund | | |
|---|-----------------|----------------|-------------------------------|
| | Final Budget | Actual | Variance from Final Budget |
| Revenues: | | | |
| Intergovernmental | \$711,861 | \$575,764 | (\$136,097) |
| Total Revenues | 711,861 | 575,764 | (136,097) |
| Expenditures: | | | |
| Current: | | | |
| Instruction: | | | |
| Regular | 462,505 | 377,606 | 84,899 |
| Support Services: | | | |
| Instructional Staff | 223,481 | 211,002 | 12,479 |
| Fiscal | 5,433 | 2,618 | 2,815 |
| Operation of Non-Instructional Services | 21,328 | 16,300 | 5,028 |
| Total Expenditures | 712,747 | 607,526 | 105,221 |
| Excess of Revenues Over (Under) Expenditures | (886) | (31,762) | (30,876) |
| Other financing sources (uses): | | | |
| Advances In | 49,992 | 40,434 | (9,558) |
| Advances (Out) | (47,500) | (47,500) | 0 |
| Total Other Financing Sources (Uses) | 2,492 | (7,066) | (9,558) |
| Net Change in Fund Balance | 1,606 | (38,828) | (40,434) |
| Fund Balance Beginning of Year (includes prior year encumbrances appropriated) | 38,829 | 38,829 | 0 |
| Fund Balance End of Year | \$40,435 | \$1 | (\$40,434) |

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, 2006

| | Title VI Fund | | |
|---|------------------|----------|-------------------------------|
| | Final Budget | Actual | Variance from Final Budget |
| Revenues: | | | |
| Intergovernmental | \$77,644 | \$65,794 | (\$11,850) |
| Total Revenues | 77,644 | 65,794 | (11,850) |
| Expenditures: | | | |
| Current: | | | |
| Instruction: | | | |
| Regular | 19,634 | 15,094 | 4,540 |
| Support Services: | | | |
| Instructional Staff | 9,100 | 9,100 | 0 |
| Fiscal | 473 | 324 | 149 |
| Central | 86,900 | 84,025 | 2,875 |
| Operation of Non-Instructional Services | 751 | 155 | 596 |
| Total Expenditures | 116,858 | 108,698 | 8,160 |
| Excess of Revenues Over (Under) Expenditures | (39,214) | (42,904) | (3,690) |
| Other financing sources (uses): | | | |
| Advances In | 5,309 | 4,499 | (810) |
| Total Other Financing Sources (Uses) | 5,309 | 4,499 | (810) |
| Net Change in Fund Balance | (33,905) | (38,405) | (4,500) |
| Fund Balance Beginning of Year (includes prior year encumbrances appropriated) | 38,404 | 38,404 | 0 |
| Fund Balance End of Year | \$4,499 | (\$1) | (\$4,500) |

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, 2006

| | Drug Free Schools Fund | | |
|---|------------------------------|----------|-------------------------------|
| | Final Budget | Actual | Variance from Final Budget |
| Revenues: | | | |
| Intergovernmental | \$65,255 | \$47,364 | (\$17,891) |
| Total Revenues | 65,255 | 47,364 | (17,891) |
| Expenditures: | | | |
| Current: | | | |
| Instruction: | | | |
| Regular | 252 | 252 | 0 |
| Support Services: | | | |
| Pupil | 65,439 | 47,720 | 17,719 |
| Fiscal | 488 | 305 | 183 |
| Operation of Non-Instructional Services | 162 | 0 | 162 |
| Total Expenditures | 66,341 | 48,277 | 18,064 |
| Excess of Revenues Over (Under) Expenditures | (1,086) | (913) | 173 |
| Net Change in Fund Balance | (1,086) | (913) | 173 |
| Fund Balance Beginning of Year (includes prior year encumbrances appropriated) | 1,086 | 1,086 | 0 |
| Fund Balance End of Year | \$0 | \$173 | \$173 |

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, 2006

| | EHA Pre-School Fund | | |
|---|---------------------------|----------------|-------------------------------|
| | Final Budget | Actual | Variance from Final Budget |
| Revenues: | | | |
| Intergovernmental | \$125,979 | \$103,671 | (\$22,308) |
| Total Revenues | <u>125,979</u> | <u>103,671</u> | <u>(22,308)</u> |
| Expenditures: | | | |
| Current: | | | |
| Support Services: | | | |
| Pupil | 97,385 | 74,345 | 23,040 |
| Instructional Staff | 27,621 | 25,341 | 2,280 |
| Fiscal | 1,011 | 614 | 397 |
| Total Expenditures | <u>126,017</u> | <u>100,300</u> | <u>25,717</u> |
| Net Change in Fund Balance | (38) | 3,371 | 3,409 |
| Fund Balance Beginning of Year (includes prior year encumbrances appropriated) | <u>37</u> | <u>37</u> | <u>0</u> |
| Fund Balance End of Year | <u>(\$1)</u> | <u>\$3,408</u> | <u>\$3,409</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, 2006

| | Title VI-R Fund | | |
|---|--------------------|-----------------|-------------------------------|
| | Final Budget | Actual | Variance from Final Budget |
| Revenues: | | | |
| Intergovernmental | \$362,653 | \$336,548 | (\$26,105) |
| Total Revenues | 362,653 | 336,548 | (26,105) |
| Expenditures: | | | |
| Current: | | | |
| Instruction: | | | |
| Regular | 199,775 | 165,353 | 34,422 |
| Support Services: | | | |
| Instructional Staff | 91,502 | 91,501 | 1 |
| Fiscal | 2,711 | 1,594 | 1,117 |
| Operation of Non-Instructional Services | 1,539 | 100 | 1,439 |
| Total Expenditures | 295,527 | 258,548 | 36,979 |
| Excess of Revenues Over (Under) Expenditures | 67,126 | 78,000 | 10,874 |
| Other financing sources (uses): | | | |
| Advances (Out) | (67,500) | (67,500) | 0 |
| Total Other Financing Sources (Uses) | (67,500) | (67,500) | 0 |
| Net Change in Fund Balance | (374) | 10,500 | 10,874 |
| Fund Balance Beginning of Year (includes prior year encumbrances appropriated) | 375 | 375 | 0 |
| Fund Balance End of Year | <u>\$1</u> | <u>\$10,875</u> | <u>\$10,874</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, 2006

| | Miscellaneous Grants Fund | | |
|---|---------------------------------|----------|-------------------------------|
| | Final Budget | Actual | Variance from Final Budget |
| Revenues: | | | |
| Intergovernmental | \$55,570 | \$42,116 | (\$13,454) |
| Total Revenues | 55,570 | 42,116 | (13,454) |
| Expenditures: | | | |
| Current: | | | |
| Instruction: | | | |
| Regular | 45,604 | 36,000 | 9,604 |
| Support Services: | | | |
| Instructional Staff | 10,308 | 6,466 | 3,842 |
| Fiscal | 61 | 32 | 29 |
| Operation of Non-Instructional Services | 147 | 30 | 117 |
| Total Expenditures | 56,120 | 42,528 | 13,592 |
| Excess of Revenues Over (Under) Expenditures | (550) | (412) | 138 |
| Other financing sources (uses): | | | |
| Advances (Out) | (655) | (655) | 0 |
| Total Other Financing Sources (Uses) | (655) | (655) | 0 |
| Net Change in Fund Balance | (1,205) | (1,067) | 138 |
| Fund Balance Beginning of Year (includes prior year encumbrances appropriated) | 1,205 | 1,205 | 0 |
| Fund Balance End of Year | \$0 | \$138 | \$138 |

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, 2006

| | Debt Service Fund | | |
|---|-------------------------|--------------------|-------------------------------|
| | Final Budget | Actual | Variance from Final Budget |
| Revenues: | | | |
| Taxes | \$11,447,066 | \$11,707,082 | \$260,016 |
| Intergovernmental | 1,201,852 | 1,229,152 | 27,300 |
| Total Revenues | 12,648,918 | 12,936,234 | 287,316 |
| Expenditures: | | | |
| Current: | | | |
| Support Services: | | | |
| Fiscal | 174,000 | 170,066 | 3,934 |
| Debt Service: | | | |
| Principal Retirement | 6,681,962 | 6,681,962 | 0 |
| Interest and Fiscal Charges | 6,728,276 | 6,728,276 | 0 |
| Total Expenditures | 13,584,238 | 13,580,304 | 3,934 |
| Excess of Revenues Over (Under) Expenditures | (935,320) | (644,070) | 291,250 |
| Other financing sources (uses): | | | |
| Premium & Accrued Interest on Bonds & Notes | 138,760 | 141,912 | 3,152 |
| Total Other Financing Sources (Uses) | 138,760 | 141,912 | 3,152 |
| Net Change in Fund Balance | (796,560) | (502,158) | 294,402 |
| Fund Balance Beginning of Year (includes prior year encumbrances appropriated) | 7,764,969 | 7,764,969 | 0 |
| Fund Balance End of Year | \$6,968,409 | \$7,262,811 | \$294,402 |

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, 2006

| | Permanent Improvement Fund | | |
|---|----------------------------------|-------------|-------------------------------|
| | Final Budget | Actual | Variance from Final Budget |
| Revenues: | | | |
| Investment Earnings | 0 | \$1,030,217 | \$1,030,217 |
| Total Revenues | 0 | 1,030,217 | 1,030,217 |
| Expenditures: | | | |
| Current: | | | |
| Instruction: | | | |
| Regular | 0 | 0 | (0) |
| Total Expenditures | 0 | 0 | (0) |
| Net Change in Fund Balance | 0 | 1,030,217 | 1,030,217 |
| Fund Balance Beginning of Year (includes prior year encumbrances appropriated) | 162,004 | 162,004 | 0 |
| Fund Balance End of Year | \$162,004 | \$1,192,221 | \$1,030,217 |

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, 2006

| | Building Fund | | |
|---|------------------|--------------|-------------------------------|
| | Final Budget | Actual | Variance from Final Budget |
| Revenues: | | | |
| Other Revenues | \$8,662 | \$8,663 | \$1 |
| Total Revenues | 8,662 | 8,663 | 1 |
| Expenditures: | | | |
| Capital Outlay | 84,300,000 | 29,885,485 | 54,414,515 |
| Total Expenditures | 84,300,000 | 29,885,485 | 54,414,515 |
| Excess of Revenues Over (Under) Expenditures | (84,291,338) | (29,876,822) | 54,414,516 |
| Other financing sources (uses): | | | |
| Proceeds of Long-Term Capital-Related Debt | 84,291,338 | 84,300,000 | 8,662 |
| Total Other Financing Sources (Uses) | 84,291,338 | 84,300,000 | 8,662 |
| Net Change in Fund Balance | 0 | 54,423,178 | 54,423,178 |
| Fund Balance Beginning of Year (includes prior year encumbrances appropriated) | 4,365 | 4,365 | 0 |
| Fund Balance End of Year | \$4,365 | \$54,427,543 | \$54,423,178 |

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, 2006

| | SchoolNet Fund | | |
|---|-------------------|----------|-------------------------------|
| | Final Budget | Actual | Variance from Final Budget |
| Revenues: | | | |
| Intergovernmental | \$0 | \$0 | \$0 |
| Total Revenues | 0 | 0 | 0 |
| Expenditures: | | | |
| Current: | | | |
| Instruction: | | | |
| Regular | 65,002 | 65,002 | 0 |
| Total Expenditures | 65,002 | 65,002 | 0 |
| Net Change in Fund Balance | (65,002) | (65,002) | 0 |
| Fund Balance Beginning of Year (includes prior year encumbrances appropriated) | 65,002 | 65,002 | 0 |
| Fund Balance End of Year | \$0 | \$0 | \$0 |

THIS PAGE INTENTIONALLY LEFT BLANK

**STATISTICAL
SECTION**

This page intentionally left blank.

Lakota Local School District
Net Assets by Component,
Last Four Fiscal Years (1)
 (accrual basis of accounting)
Schedule 1

| | Fiscal Year | | | |
|---|---------------------|---------------------|---------------------|---------------------|
| | 2003 | 2004 | 2005 | 2006 |
| Governmental Activities | | | | |
| Invested in Capital Assets, Net of Related Debt | \$22,843,294 | \$29,021,627 | \$30,808,018 | \$33,913,815 |
| Restricted | 9,214,868 | 9,775,382 | 12,820,740 | 13,977,232 |
| Unrestricted | 18,977,037 | 16,462,945 | 13,104,428 | 19,821,499 |
| Total Government Net Assets | <u>\$51,035,199</u> | <u>\$55,259,954</u> | <u>\$56,733,186</u> | <u>\$67,712,546</u> |

Source: District Records

(1) - The district began to report accrual information when it implemented GASB Statement 34 in 2003

Lakota Local School District
Expenses, Program Revenues and Net (Expense)/Revenue
Last Four Fiscal Years (1)
 (accrual basis of accounting)
Schedule 2

| | Fiscal Year | | | |
|---|------------------------|------------------------|------------------------|------------------------|
| | 2003 | 2004 | 2005 | |
| Expenses | | | | |
| Governmental Activities: | | | | |
| Instruction | \$66,999,455 | \$72,506,183 | \$68,933,022 | \$74,213,179 |
| Pupil | 8,340,975 | 8,663,017 | 9,867,976 | 10,847,049 |
| Instructional Staff | 5,722,539 | 7,327,784 | 7,715,598 | 9,041,571 |
| General Administration | 27,184 | 23,719 | 67,385 | 44,068 |
| School Administration | 10,009,748 | 10,204,176 | 10,579,888 | 12,228,537 |
| Fiscal | 1,524,506 | 2,115,246 | 2,125,850 | 1,095,786 |
| Business | 509,697 | 466,188 | 329,164 | 292,860 |
| Operation and Maintenance | 11,414,121 | 11,177,889 | 10,438,378 | 10,899,793 |
| Pupil Transportation | 7,724,737 | 9,929,606 | 14,371,115 | 13,283,629 |
| Central | 2,074,718 | 2,343,254 | 2,555,949 | 2,972,750 |
| Operation of Non-Instructional Services | 45,255 | 139,383 | 357,834 | 527,643 |
| Extracurricular Activities | 2,810,168 | 3,011,917 | 3,103,182 | 3,302,036 |
| Interest and Fiscal Charges | 6,002,168 | 5,597,681 | 5,183,120 | 8,034,299 |
| Total Government Expenses | <u>123,205,271</u> | <u>133,506,043</u> | <u>135,628,461</u> | <u>146,783,200</u> |
| Program Revenues | | | | |
| Governmental Activities: | | | | |
| Charges for Services | 2,029,981 | 2,117,107 | 2,678,276 | 2,935,999 |
| Operating Grants and Contributions | 2,612,017 | 3,655,452 | 4,639,740 | 4,874,587 |
| Capital Grants and Contributions | 450,657 | 107,748 | 248,830 | 108,951 |
| Total Government Revenues | <u>5,092,655</u> | <u>5,880,307</u> | <u>7,566,846</u> | <u>7,919,537</u> |
| Net (Expense)/Revenue | | | | |
| Total Government Net Expense | <u>(\$118,112,616)</u> | <u>(\$127,625,736)</u> | <u>(\$128,061,615)</u> | <u>(\$138,863,663)</u> |

Source: District Records

(1) - The district began to report accrual information when it implemented GASB Statement 34 in 2003

Lakota Local School District
General Revenues and Total Change in Net Assets,
Last Four Fiscal Years (1)
 (accrual basis of accounting)
Schedule 3

| | Fiscal Year | | | |
|---|--------------------|--------------------|--------------------|---------------------|
| | 2003 | 2004 | 2005 | 2006 |
| Net (Expense)/Revenue | | | | |
| Total Government Net Expense | (\$118,112,616) | (\$127,625,736) | (\$128,061,615) | (\$138,863,663) |
| General Revenues and Other Changes in Net Assets | | | | |
| Governmental Activities: | | | | |
| Property Taxes | | | | |
| Property Taxes Levied for General Purposes | 58,108,666 | 65,507,861 | 63,722,046 | 77,220,286 |
| Property Taxes Levied for Debt Service Purposes | 12,046,037 | 12,135,005 | 11,156,541 | 11,789,412 |
| Property Taxes Levied for Capital Projects Purposes | 0 | 0 | 0 | 0 |
| Grants and Entitlements Not Restricted to Specific Programs | 49,602,256 | 51,777,045 | 54,260,058 | 55,735,058 |
| Payment in Lieu of Taxes | 1,472,801 | 2,153,931 | 257,770 | 1,599,259 |
| Investment Earnings | 1,178,297 | 461,120 | 1,016,474 | 3,117,591 |
| Refunds and Reimbursements | 0 | 0 | 0 | 20,700 |
| Other Revenues | 651,656 | 466,531 | 419,747 | 416,951 |
| Transfers-Internal Activities | 0 | 0 | (36,095) | (56,236) |
| Total Governmental Activities | <u>123,059,713</u> | <u>132,501,493</u> | <u>130,796,541</u> | <u>149,843,021</u> |
| Change in Net Assets | | | | |
| Total Government | <u>\$4,947,097</u> | <u>\$4,875,757</u> | <u>\$2,734,926</u> | <u>\$10,979,358</u> |

Source: District Records

(1) - The district began to report accrual information when it implemented GASB Statement 34 in 2003

Lakota Local School District
Fund Balances, Governmental Funds
Last Ten Fiscal Years
(modified accrual basis of accounting)
Schedule 4

| | Fiscal Year | | | | | | | | | |
|------------------------------------|-------------|------|-------------|-------------|--------------|--------------|-------------|-------------|-------------|--------------|
| | 1997 | 1998 | 1999 | 2000 | 2001 | 2002 | 2003 | 2004 | 2005 | 2006 |
| General Fund | | | | | | | | | | |
| Reserved | N/A | N/A | \$9,062,256 | \$4,987,159 | \$4,204,498 | \$6,649,366 | \$4,808,663 | \$4,641,568 | \$5,680,104 | \$6,145,908 |
| Unreserved | N/A | N/A | 1,596,214 | 255,174 | 5,519,485 | 12,020,137 | 20,122,813 | 17,066,027 | 15,120,212 | 20,107,297 |
| Total General Fund | N/A | N/A | 10,658,470 | 5,242,333 | 9,723,983 | 18,669,503 | 24,931,476 | 21,707,595 | 20,800,316 | 28,253,205 |
| All Other Governmental Funds | | | | | | | | | | |
| Reserved | N/A | N/A | 4,580,459 | 1,997,191 | 11,425,354 | 15,746,335 | 2,788,490 | 895,082 | 808,753 | 22,550,576 |
| Unreserved, Reported In: | | | | | | | | | | |
| Capital Project Funds | N/A | N/A | 761,771 | 1,773,621 | (11,844,108) | 12,604,219 | 1,294,014 | 14,492 | 133,168 | 55,588,815 |
| Debt Service Funds | N/A | N/A | 2,731,296 | 3,222,083 | 48,943,668 | 4,531,060 | 5,137,949 | 6,323,687 | 7,764,970 | 7,262,811 |
| Special Revenue Funds | N/A | N/A | 816,713 | 1,049,400 | 1,299,886 | 1,360,312 | 574,385 | 1,101,409 | 1,015,338 | 982,361 |
| Total all Other Governmental Funds | N/A | N/A | \$8,890,239 | \$8,042,295 | \$49,824,800 | \$34,241,926 | \$9,794,838 | \$8,334,670 | \$9,722,229 | \$86,386,563 |

Source: District Records

N/A - Information not available. The District did not prepare a CAFR until fiscal year 1999.

Lakota Local School District
 Governmental Funds Revenues,
 Last Ten Fiscal Years
 (modified accrual basis of accounting)
 Schedule 5

| | Fiscal Year | | | | | | | | | |
|----------------------------|-------------|------|--------------|--------------|---------------|---------------|---------------|---------------|---------------|---------------|
| | 1997 | 1998 | 1999 | 2000 | 2001 | 2002 | 2003 | 2004 | 2005 | 2006 |
| Revenues: | | | | | | | | | | |
| Taxes | N/A | N/A | \$51,417,650 | \$45,738,935 | \$62,028,340 | \$69,594,735 | \$70,154,703 | \$74,974,566 | \$76,558,847 | \$88,219,693 |
| Revenue in Lieu of Taxes | N/A | N/A | 0 | 0 | 0 | 0 | 0 | 0 | 257,770 | 0 |
| Tuition and Fees | N/A | N/A | 381,159 | 90,103 | 142,070 | 219,195 | 443,369 | 443,132 | 550,997 | 623,401 |
| Investment Earnings | N/A | N/A | 1,266,444 | 1,568,487 | 3,759,204 | 2,190,993 | 1,178,297 | 461,120 | 1,016,474 | 3,117,591 |
| Intergovernmental | N/A | N/A | 30,481,732 | 35,278,933 | 39,375,711 | 49,417,922 | 52,796,362 | 56,941,382 | 58,629,909 | 60,772,380 |
| Extracurricular Activities | N/A | N/A | 1,019,653 | 1,225,739 | 1,480,318 | 1,416,907 | 1,441,426 | 1,545,353 | 1,831,947 | 2,089,798 |
| Charges for Services | N/A | N/A | 0 | 0 | 0 | 0 | 0 | 0 | 295,331 | 0 |
| Other revenues | N/A | N/A | 774,789 | 3,575,722 | 1,312,647 | 1,243,738 | 2,331,295 | 1,262,626 | 398,717 | 2,350,844 |
| Total Revenues | N/A | N/A | \$85,341,427 | \$87,477,939 | \$108,098,290 | \$124,083,490 | \$128,345,452 | \$135,628,179 | \$139,539,992 | \$157,173,707 |

Source: District Records

N/A - Information not available. The District did not prepare a CAFR until fiscal year 1999.

Lakota Local School District
 Governmental Funds Expenditures and Debt Service Ratio,
 Last Ten Fiscal Years
 (modified accrual basis of accounting)
 Schedule 6

| | Fiscal Year | | | | | | | | | |
|--|-------------|------------|---------------------|---------------------|----------------------|----------------------|----------------------|----------------------|----------------------|----------------------|
| | 1997 | 1998 | 1999 | 2000 | 2001 | 2002 | 2003 | 2004 | 2005 | 2006 |
| Regular Instruction | N/A | N/A | \$39,404,247 | \$42,017,254 | \$43,497,049 | \$49,996,377 | \$75,550,548 | \$59,355,751 | \$56,610,305 | \$58,134,589 |
| Special Instruction | N/A | N/A | 5,461,506 | 5,984,531 | 6,602,204 | 7,829,990 | 9,517,686 | 9,698,915 | 9,310,344 | 10,412,781 |
| Vocational Instruction | N/A | N/A | 247,450 | 243,109 | 321,305 | 253,789 | 267,363 | 283,553 | 186,872 | 99,012 |
| Other Instruction | N/A | N/A | 111,550 | 249,878 | 278,680 | 406,687 | 208,288 | 292,795 | 244,275 | 2,886,570 |
| Pupil | N/A | N/A | 4,995,144 | 5,464,216 | 5,923,089 | 6,945,602 | 8,217,048 | 8,606,366 | 9,808,007 | 10,833,785 |
| Instructional Staff | N/A | N/A | 3,912,010 | 4,619,713 | 5,097,956 | 5,866,695 | 5,694,591 | 7,295,815 | 7,730,941 | 8,985,605 |
| General Administration | N/A | N/A | 32,985 | 8,714 | 35,889 | 23,984 | 27,184 | 23,719 | 67,385 | 44,068 |
| School Administration | N/A | N/A | 6,094,754 | 7,195,858 | 7,156,518 | 8,560,952 | 9,542,561 | 10,272,880 | 10,341,744 | 11,992,785 |
| Fiscal | N/A | N/A | 1,412,245 | 1,447,434 | 1,496,248 | 1,620,799 | 1,616,573 | 2,082,673 | 2,089,853 | 1,061,100 |
| Business | N/A | N/A | 254,303 | 316,922 | 268,826 | 452,264 | 334,167 | 339,578 | 194,347 | 250,186 |
| Operations and Maintenance | N/A | N/A | 7,676,858 | 8,112,690 | 8,425,046 | 8,908,255 | 11,294,661 | 11,211,971 | 10,348,015 | 10,778,978 |
| Pupil Transportation | N/A | N/A | 5,408,151 | 5,800,663 | 7,383,466 | 7,908,121 | 8,154,558 | 9,305,327 | 13,801,460 | 12,392,940 |
| Central | N/A | N/A | 750,216 | 1,334,257 | 1,130,512 | 1,304,561 | 2,264,736 | 2,204,567 | 2,398,020 | 2,772,271 |
| Operation of Non-Instructional Services | N/A | N/A | 8,665 | 6,408 | 4,140 | 2,170 | 138,551 | 135,224 | 354,212 | 546,483 |
| Extracurricular Activities | N/A | N/A | 1,890,038 | 2,253,512 | 2,420,697 | 2,633,376 | 2,814,247 | 2,803,482 | 2,936,849 | 3,151,638 |
| Capital Outlay | N/A | N/A | 105,435 | 1,703,538 | 5,325,673 | 18,946,017 | 0 | 4,310,899 | 757,466 | 9,708,525 |
| Debt Service | N/A | N/A | 8,670,623 | 8,878,111 | 11,074,247 | 11,964,688 | 12,366,198 | 12,350,115 | 11,102,599 | 14,244,751 |
| Total Expenditures | N/A | N/A | \$86,436,180 | \$95,656,808 | \$106,441,545 | \$133,624,327 | \$148,008,960 | \$140,573,630 | \$138,282,694 | \$158,297,067 |
| Debt Service as a Percentage of Noncapital Expenditures | N/A | N/A | 11.02% | 10.34% | 11.95% | 11.31% | 9.05% | 9.88% | 8.73% | 10.34% |

Source: District Records

N/A - Information not available. The District did not prepare a CAFR until fiscal year 1999.

Lakota Local School District
 Other Financing Sources and Uses and Net Change in Fund Balances,
 Governmental Funds,
 Last Ten Fiscal Years
 (modified accrual basis of accounting)
 Schedule 7

| | Fiscal Year | | | | | | | | | |
|---|-------------|------|-------------|--------------|--------------|--------------|----------------|---------------|-------------|--------------|
| | 1997 | 1998 | 1999 | 2000 | 2001 | 2002 | 2003 | 2004 | 2005 | 2006 |
| Other Financing Sources (Uses) | | | | | | | | | | |
| Issuance of Long Term Debt | N/A | N/A | \$2,515,000 | \$1,240,000 | \$44,570,000 | \$2,870,000 | \$0 | \$0 | \$0 | \$84,300,000 |
| Issuance of Refunding Bonds | N/A | N/A | 0 | 0 | 8,880,656 | 0 | 0 | 0 | 8,625,000 | 30,950,000 |
| Premium on Bonds Sold | N/A | N/A | 2,840 | 0 | 27,281 | 0 | 0 | 0 | 0 | 4,221,393 |
| Payment to Refunded Bonds Escrow Agent | N/A | N/A | 0 | 0 | (8,880,656) | 0 | 0 | 0 | (8,625,000) | (34,194,969) |
| Proceeds of Capital Leases | N/A | N/A | 900,000 | 632,470 | 0 | 0 | 0 | 261,402 | 161,818 | 0 |
| Sale of Capital Assets | N/A | N/A | 5,061 | 22,318 | 10,139 | 4,440 | 138,101 | 0 | 0 | 20,395 |
| Transfers In | N/A | N/A | 2,905,398 | 441,000 | 150,000 | 45,580,800 | 1,387 | 24,908 | 1,808,906 | 1,483,808 |
| Transfers (Out) | N/A | N/A | (2,905,398) | (441,000) | (150,000) | (45,551,767) | (1,387) | (24,908) | (1,845,001) | (1,540,044) |
| Total Other Financing Sources (Uses) | N/A | N/A | 3,422,901 | 1,894,788 | 44,607,420 | 2,903,473 | 138,101 | 261,402 | 125,723 | \$5,240,583 |
| Net Change in Fund Balances | N/A | N/A | \$2,328,148 | (56,264,081) | \$46,264,165 | (56,637,364) | (\$19,525,407) | (\$4,684,049) | \$1,383,021 | \$84,117,223 |

Source: District Records

N/A - Information not available. The District did not prepare a CAPR until fiscal year 1999.

Lakota Local School District
Assessed and Estimated Actual Value of Taxable Property
Last Ten Collection (Calendar) Years
Schedule 8

| Collection Year | Real Property | Tangible Personal Property | Public Utilities Personal | Total | | Total Direct Rate |
|-----------------|-----------------|----------------------------|---------------------------|-----------------|------------------------|-------------------|
| | Assessed Value | Assessed Value | Assessed Value | Assessed Value | Estimated Actual Value | |
| 1996 | \$1,086,266,210 | \$104,616,706 | \$73,949,520 | \$1,264,832,436 | \$3,606,118,112 | 0.56 |
| 1997 | 1,189,903,220 | 121,815,238 | 74,532,500 | 1,386,250,958 | 3,971,680,460 | 0.56 |
| 1998 | 1,243,409,780 | 133,868,633 | 74,264,120 | 1,451,542,533 | 4,172,464,949 | 0.56 |
| 1999 | 1,303,927,250 | 136,671,688 | 78,477,160 | 1,519,076,098 | 4,361,371,771 | 0.55 |
| 2000 | 1,470,277,860 | 136,507,980 | 81,764,790 | 1,688,550,630 | 4,839,740,339 | 0.62 |
| 2001 | 1,596,004,850 | 156,691,941 | 79,376,000 | 1,832,072,791 | 5,276,981,621 | 0.62 |
| 2002 | 1,646,429,860 | 170,886,501 | 60,981,990 | 1,878,298,351 | 5,456,929,034 | 0.61 |
| 2003 | 1,960,455,290 | 171,600,152 | 58,862,530 | 2,190,917,972 | 6,354,590,675 | 0.60 |
| 2004 | 2,027,523,000 | 171,154,345 | 59,663,620 | 2,258,340,965 | 6,546,217,567 | 0.60 |
| 2005 | 2,145,381,260 | 173,951,122 | 60,653,310 | 2,379,985,692 | 6,894,389,445 | 0.66 |

Source: Butler County Auditor.

Lakota Local School District
 Direct and Overlapping Property Tax Rates,
 Last Ten Calendar Years
 Schedule 9

| Calendar Year | District Direct Rates | | Overlapping Rates | | | | | |
|---------------|-----------------------|-----------------|-------------------|---------------|-------------------------|------------------|----------------|------------|
| | General Purpose | Capital Purpose | Total | Butler County | EXC Monroe Liberty Town | Liberty Township | City of Monroe | Butler JVS |
| 1996 | 0.06 | 0.50 | 0.56 | 0.08 | 0.06 | 0.01 | 0.08 | 0.02 |
| 1997 | 0.06 | 0.50 | 0.56 | 0.08 | 0.08 | 0.01 | 0.08 | 0.02 |
| 1998 | 0.06 | 0.50 | 0.56 | 0.08 | 0.08 | 0.01 | 0.08 | 0.02 |
| 1999 | 0.06 | 0.49 | 0.55 | 0.08 | 0.09 | 0.01 | 0.08 | 0.02 |
| 2000 | 0.06 | 0.55 | 0.62 | 0.08 | 0.11 | 0.01 | 0.10 | 0.02 |
| 2001 | 0.06 | 0.55 | 0.62 | 0.09 | 0.11 | 0.01 | 0.10 | 0.02 |
| 2002 | 0.06 | 0.54 | 0.61 | 0.09 | 0.11 | 0.01 | 0.10 | 0.02 |
| 2003 | 0.06 | 0.54 | 0.60 | 0.09 | 0.11 | 0.01 | 0.10 | 0.02 |
| 2004 | 0.06 | 0.54 | 0.60 | 0.09 | 0.11 | 0.01 | 0.10 | 0.02 |
| 2005 | 0.06 | 0.59 | 0.66 | 0.09 | 0.11 | 0.01 | 0.10 | 0.02 |

Source: County Auditor

**Lakota Local School District
Principal Property Tax Payers,
Current Year and Prior Year (1)
Schedule 10**

| <u>Taxpayer</u> | 2006 | |
|-----------------------------------|--|---|
| | Tangible Personal & Real Property | Percentage of Total Assessed Value |
| Cincinnati Gas & Electric | \$46,064,120 | 1.94% |
| Dugan Financing LLC | 6,518,310 | 0.27% |
| Security Capital IND TR | 12,186,170 | 0.51% |
| Cincinnati Bell Telephone | 10,229,560 | 0.43% |
| Union Station of West Chester LLC | 6,667,050 | 0.28% |
| Duke Realty Ohio | 8,282,300 | 0.35% |
| Landings at Beckett Ridge LLC | 6,591,950 | 0.28% |
| Port Union LLC | 6,064,080 | 0.25% |
| Four Bridges Apartments LTD | 5,382,380 | 0.23% |
| First Industrial L P | 5,196,980 | 0.22% |
| | <u>\$113,182,900</u> | <u>4.76%</u> |
| All Others: | <u>\$2,266,802,792</u> | <u>95.24%</u> |
| Total: | <u><u>\$2,379,985,692</u></u> | <u><u>100.00%</u></u> |

| <u>Taxpayer</u> | 2005 | |
|-----------------------------------|--|--|
| | Tangible Personal & Real Property | Percentage of Total Taxable Value |
| Cincinnati Gas & Electric | \$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 | 13,105,870 | 0.58% |
| Distribution Funding II INC | 13,023,840 | 0.58% |
| Cincinnati Bell Telephone | 1,297,730 | 0.06% |
| 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% |
| | <u>\$143,419,900</u> | <u>6.35%</u> |
| All Others: | <u>\$2,114,921,065</u> | <u>93.65%</u> |
| Total: | <u><u>\$2,258,340,965</u></u> | <u><u>100.00%</u></u> |

Source: County Auditor

(1) - Only prior year information available

**Lakota Local School District
Property Tax Levies and Collections,
Last Ten Calendar Years
Schedule 11**

| Calendar Year | Taxes Levied for the Calendar Year (1) | Collected within the | | Collections in Subsequent Years | Total Collections to Date | |
|---------------|--|---------------------------|--------------------|---------------------------------|---------------------------|--------------------|
| | | Calendar Year of the Levy | Percentage of Levy | | Amount | Percentage of Levy |
| 1996 | \$45,857,910 | \$45,857,910 | 100.00% | \$1,535,268 | \$47,393,178 | 103.35% |
| 1997 | 47,506,385 | 47,506,385 | 100.00% | 1,104,758 | 48,611,143 | 102.33% |
| 1998 | 49,733,189 | 49,002,544 | 98.53% | 1,066,729 | 50,069,273 | 100.68% |
| 1999 | 51,603,050 | 51,384,592 | 99.58% | 889,725 | 52,274,317 | 101.30% |
| 2000 | 67,320,527 | 64,924,194 | 96.44% | 1,225,648 | 66,149,842 | 98.26% |
| 2001 | 67,659,376 | 65,274,114 | 96.47% | 1,572,990 | 66,847,104 | 98.80% |
| 2002 | 71,617,353 | 71,010,316 | 99.15% | 1,721,327 | 72,731,643 | 101.56% |
| 2003 | 72,237,286 | 72,208,219 | 99.96% | 2,096,301 | 74,304,520 | 102.86% |
| 2004 | 75,498,963 | 72,635,918 | 96.21% | 1,844,649 | 74,480,567 | 98.65% |
| 2005 | 93,214,462 | 88,979,494 | 95.46% | 2,120,237 | 91,099,731 | 97.73% |

Source: County Auditor

(1) - Taxes levied and collected are presented on a cash basis.

(2) - State reimbursements of rollback and homestead exemptions are included.

Lakota Local School District
 Outstanding Debt by Type,
 Last Ten Fiscal Years
 Schedule 12

| Fiscal Year | Governmental Activities | | | Total Primary Government | Percentage of Personal Income | Per Capita |
|-------------|--------------------------|----------------|--------------|--------------------------|-------------------------------|------------|
| | General Obligation Bonds | Capital Leases | | | | |
| 1997 | N/A | N/A | N/A | N/A | N/A | N/A |
| 1998 | N/A | N/A | N/A | N/A | N/A | N/A |
| 1999 | \$77,923,414 | \$963,591 | \$78,887,005 | 0.87% | \$1,478 | |
| 2000 | 74,689,067 | 1,596,061 | 76,285,128 | 0.80% | 1,430 | |
| 2001 | 114,537,518 | 806,168 | 115,343,686 | 1.19% | 1,484 | |
| 2002 | 111,763,062 | 0 | 111,763,062 | 1.12% | 1,399 | |
| 2003 | 105,423,674 | 0 | 105,423,674 | 1.02% | 1,432 | |
| 2004 | 98,639,581 | 0 | 98,639,581 | 0.91% | 1,340 | |
| 2005 | 92,878,987 | 0 | 92,878,987 | 0.86% | 1,261 | |
| 2006 | 172,713,717 | 0 | 172,713,717 | 1.59% | 2,346 | |

Source: District Records

N/A - Information not available. The District did not prepare a CAFR until fiscal year 1999.

Lakota Local School District
Direct and Overlapping Governmental Activities Debt
As of June 30, 2006
Schedule 13

| Governmental Unit | Debt Outstanding | Estimated Percentage Applicable | Estimated Share of Direct and Overlapping Debt |
|--|-----------------------------|--|---|
| Overlapping Debt: | | | |
| Butler County | \$72,135,000 | 32.47% | \$23,422,235 |
| Fairfield City | 28,250,000 | 1.16% | 327,700 |
| Monroe City | 10,160,000 | 4.18% | 424,688 |
| Liberty Township | 4,862,565 | 100.00% | 4,862,565 |
| West Chester Township | 39,225,000 | 95.66% | 37,522,635 |
| Butler Technology & Career Center JT. Voc. School District | 3,195,000 | 37.06% | 1,184,067 |
| Subtotal, Overlapping Debt | 157,827,565 | | 67,743,890 |
| District direct debt | 168,587,026 | 100.00% | 168,587,026 |
| Total direct and overlapping debt | \$326,414,591 | | \$236,330,916 |

Source: Ohio Municipal Advisory Council

Lakota Local School District
 Legal Debt Margin Information,
 Last Ten Fiscal Years
 Schedule 14

Legal Debt Margin Calculation for Fiscal Year 2006

| | |
|-----------------------------------|---------------------|
| Assessed value (1) | \$2,379,985,692 |
| Debt limit (9% of assessed value) | 214,198,712 |
| Debt applicable to limit | 168,587,026 |
| Legal debt margin | <u>\$45,611,686</u> |

| | Fiscal Year | | | | | | | | | |
|---|-------------|------|---------------|---------------|---------------|---------------|---------------|---------------|---------------|---------------|
| | 1997 | 1998 | 1999 | 2000 | 2001 | 2002 | 2003 | 2004 | 2005 | 2006 |
| Debt Limit | N/A | N/A | \$151,969,557 | \$136,716,849 | \$164,886,551 | \$169,046,852 | \$197,182,617 | \$203,250,687 | \$214,198,712 | \$214,198,712 |
| Total Net Debt Applicable to Limit | N/A | N/A | 74,689,067 | 77,923,414 | 159,081,947 | 111,952,649 | 105,815,653 | 105,815,653 | 92,878,988 | 168,587,026 |
| Legal Debt Margin | N/A | N/A | \$77,280,490 | \$58,793,435 | \$5,804,604 | \$57,094,203 | \$91,366,964 | \$97,435,034 | \$121,319,724 | \$45,611,686 |
| Total Net Debt Applicable to the Limit as a Percentage of Debt Limit | N/A | N/A | 49.15% | 57.00% | 96.48% | 66.23% | 53.66% | 52.06% | 43.36% | 78.71% |

Source: District Records

N/A - Information not available. The District did not prepare a CAFR until fiscal year 1999.

(1) - Assessed values are on a calendar year basis (i.e. fiscal year 2006 is calendar year 2005)

Lakota Local School District
 Demographic and Economic Statistics
 Last Ten Calendar Years
 Schedule 15

| <u>Calendar Year</u> | <u>Population (1)</u> | <u>Personal Income (Thousands of Dollars) (2)</u> | <u>Per Capita Personal Income (3)</u> | <u>Unemployment Rate</u> |
|--------------------------|-----------------------|---|---|------------------------------|
| 1996 | 53,362 | \$7,983,144 | \$24,531 | 3.50% |
| 1997 | 53,362 | 8,560,958 | 26,079 | 3.40% |
| 1998 | 53,362 | 9,087,357 | 27,475 | 3.70% |
| 1999 | 53,362 | 9,547,252 | 28,608 | 3.00% |
| 2000 | 77,714 | 9,729,127 | 28,881 | 3.20% |
| 2001 | 79,895 | 9,938,473 | 29,273 | 4.40% |
| 2002 | 73,633 | 10,285,549 | 30,014 | 4.50% |
| 2003 | 73,633 | 10,844,563 | 31,332 | 5.40% |
| 2004 | 73,633 | 10,844,563 | 31,332 | 5.00% |
| 2005 | 73,633 | 10,844,563 | 31,332 | 5.10% |

- Sources:
- (1) - Population estimates provided by Lakota School District Records
 - (2) - Personal Income information provided by Bureau of Economic Analysis: Regional Economic Accounts for Butler County
 - (3) - Per Capita Personal Income information provided by Bureau of Economic Analysis: Regional Economic Accounts for Butler County

**Lakota Local School District
Principal Employers,
Current Year (1)
Schedule 16**

| <u>2006</u> | | |
|-------------------------------|------------------|---|
| <u>Employers</u> | <u>Employees</u> | <u>Percentage of Total Total Employment</u> |
| Miami University | 4,250 | 2.36% |
| AK Steel | 3,142 | 1.74% |
| Cincinnati Insurance Co. | 2,600 | 1.44% |
| Butler County Governement | 2,000 | 1.11% |
| Ft Hamilton Memorial Hospital | 2,000 | 1.11% |
| Middletown Regional Hospital | 1,800 | 1.00% |
| Mercy Regional Hospital | 1,601 | 0.89% |
| Lakota School District | 1,600 | 0.89% |
| Ohio Casualty Insurance Co. | 1,300 | 0.72% |
| Hamilton City School District | 1,150 | 0.64% |
| | <u>21,443</u> | <u>11.89%</u> |
| Total County Employment | 180,400 | |

Source: Butler County Chamber of Commerce

(1) - Only current fiscal year information available

Lakota Local School District
Full-time-Equivalent District Employees by Type
Last Ten Fiscal Years
Schedule 17

| | Fiscal Year | | | | | | | | | |
|---|-------------|-------|-------|-------|-------|-------|-------|-------|-------|-------|
| | 1997 | 1998 | 1999 | 2000 | 2001 | 2002 | 2003 | 2004 | 2005 | 2006 |
| Official/Administrative | | | | | | | | | | |
| Assist. Deputy/Superintendent | 1 | 1 | 1 | 1 | 1 | 1 | 1 | 1 | 1 | 1 |
| Assistant Principal | 14 | 17 | 24 | 22 | 22 | 24 | 22 | 23 | 24 | 23 |
| Principal | 13 | 16 | 17 | 17 | 18 | 19 | 18 | 19 | 19 | 19 |
| Superintendent | 1 | 1 | 1 | 1 | 1 | 1 | 1 | 1 | 1 | 1 |
| Supervising/Managing/Directing | 11 | 12 | 8 | 12 | 12 | 15 | 12 | 14 | 12 | 4 |
| Treasurer | 1 | 1 | 1 | 1 | 1 | 2 | 2 | 1 | 1 | 1 |
| Other Official/Administrative | 2 | 4 | 9 | 6 | 4 | 6 | 10 | 6 | 7 | 12 |
| Totals | 43 | 52 | 61 | 60 | 59 | 68 | 66 | 65 | 65 | 61 |
| Professional - Educational/Other | | | | | | | | | | |
| Counseling | 43 | 46 | 51 | 48 | 54 | 55 | 62 | 31 | 29 | 31 |
| Librarian/Media | 29 | 30 | 32 | 31 | 33 | 32 | 44 | 18 | 19 | 14 |
| Regular Teaching | 530 | 571 | 636 | 656 | 674 | 732 | 978 | 671 | 699 | 701 |
| Special Education Teaching | 59 | 68 | 90 | 94 | 102 | 120 | 132 | 118 | 85 | 55 |
| Educational Service Teacher | 84 | 96 | 99 | 100 | 109 | 117 | 149 | 108 | 71 | 72 |
| Psychologist | 14 | 15 | 18 | 18 | 19 | 27 | 32 | 12 | 11 | 12 |
| Registered Nursing | 20 | 22 | 27 | 26 | 26 | 27 | 25 | 15 | 15 | 15 |
| Speech and Language Therapist | 29 | 31 | 35 | 35 | 42 | 50 | 57 | 29 | 30 | 30 |
| Other Professional | 183 | 188 | 82 | 51 | 48 | 47 | 54 | 101 | 119 | 162 |
| Totals | 991 | 1,065 | 1,069 | 1,058 | 1,107 | 1,207 | 1,532 | 1,103 | 1,078 | 1,090 |
| Technical/Office/Clerical | | | | | | | | | | |
| Computer Operating | 3 | 10 | 11 | 11 | 12 | 13 | 14 | 14 | 15 | 14 |
| Library Aide | 11 | 13 | 16 | 14 | 16 | 14 | 15 | 15 | 17 | 12 |
| Clerical | 59 | 71 | 72 | 80 | 86 | 86 | 90 | 97 | 89 | 87 |
| Teaching Aide | 5 | 1 | 12 | 13 | 67 | 61 | 90 | 145 | 154 | 12 |
| Other Technical/Office/Clerical | 5 | 9 | 5 | 7 | 5 | 6 | 4 | 5 | 19 | 145 |
| Totals | 83 | 104 | 116 | 125 | 186 | 180 | 213 | 275 | 293 | 269 |
| Crafts and Trades/Operative | | | | | | | | | | |
| General Maintenance | 8 | 13 | 14 | 16 | 15 | 16 | 17 | 18 | 22 | 7 |
| Mechanic | 6 | 6 | 6 | 8 | 8 | 8 | 7 | 10 | 9 | 9 |
| Vehicle Operator (buses) | 76 | 118 | 139 | 146 | 158 | 166 | 172 | 185 | 0 | 0 |
| Other Crafts and Trades/Operative | 0 | 0 | 0 | 0 | 0 | 0 | 0 | 1 | 0 | 5 |
| Totals | 90 | 137 | 159 | 170 | 181 | 190 | 196 | 214 | 31 | 21 |
| Extracurricular/Intracurricular Activities | | | | | | | | | | |
| Advisor | 81 | 9 | 115 | 97 | 105 | 73 | 94 | 0 | 0 | 0 |
| Coaching | 80 | 6 | 184 | 157 | 175 | 123 | 178 | 0 | 0 | 0 |
| Athletic Trainer | 4 | 0 | 5 | 5 | 4 | 1 | | 0 | 0 | 0 |
| Extra/Intra - Curricular Activities | 14 | 0 | 232 | 194 | 238 | 187 | 0 | 0 | 0 | 0 |
| Totals | 178 | 15 | 536 | 452 | 521 | 384 | 272 | 0 | 0 | 0 |
| Service Work/Laborer | | | | | | | | | | |
| Custodian | 66 | 86 | 85 | 86 | 89 | 87 | 91 | 106 | 98 | 85 |
| Food Service | 77 | 89 | 89 | 93 | 98 | 94 | 97 | 109 | 120 | 63 |
| Attendant | 45 | 82 | 79 | 92 | 67 | 76 | 65 | 56 | 59 | 16 |
| Other Service Work/Laborer | 23 | 40 | 42 | 44 | 47 | 42 | 53 | 36 | 2 | 18 |
| Totals | 210 | 297 | 295 | 315 | 301 | 299 | 306 | 306 | 279 | 181 |
| Totals | 1,594 | 1,670 | 2,236 | 2,180 | 2,355 | 2,327 | 2,585 | 1,963 | 1,746 | 1,622 |

Source: Lakota Local School District records.

**Lakota Local School District
Operating Statistics
Last Ten Fiscal Years
Schedule 18**

| Fiscal Year | Enrollment | Teaching Staff | Pupil-Teacher Ratio | Lakota Cost Per Pupil in ADM | Percentage Increase |
|--------------------|-------------------|-----------------------|----------------------------|-------------------------------------|----------------------------|
| 1997 | 13,077 | 991 | 22.9 | 4,607 | 7.00% |
| 1998 | 13,530 | 1065 | 21.9 | 5,369 | 16.50% |
| 1999 | 14,139 | 1069 | 19.7 | 5,850 | 9.00% |
| 2000 | 14,659 | 1058 | 19.7 | 6,255 | 6.92% |
| 2001 | 15,143 | 1107 | 22.1 | 6,482 | 3.63% |
| 2002 | 15,498 | 1207 | 19.6 | 7,221 | 11.40% |
| 2003 | 15,845 | 1532 | 20.5 | 7,624 | 5.58% |
| 2004 | 16,351 | N/A | 20.1 | 8,203 | 7.59% |
| 2005 | 16,961 | 1078 | 24.0 | 8,026 | -2.16% |
| 2006 | 17,422 | 1090 | N/A | 8,138 | 1.40% |

Source: District Records

N/A - Information not available

Lakota Local School District
School Building Information,
Last Ten Fiscal Years
Schedule 19

| School | 2006 | 2005 | 2004 | 2003 | 2002 | 2001 | 2000 | 1999 | 1998 | 1997 |
|--------------------------------|---------|---------|---------|---------|---------|---------|---------|---------|---------|---------|
| Lakota Early Childhood* | * | * | * | * | * | * | * | * | * | * |
| Square Feet | | | | | | | | | | |
| Enrollment | 1,284 | 1,264 | 1,236 | 1,087 | 1,046 | 1,033 | 945 | 903 | 851 | 0 |
| VanGorden Elementary (2003)*** | | | | | | | | | | |
| Square Feet | 90,901 | 90,901 | 90,901 | N/A |
| Enrollment | 959 | 939 | 697 | 0 | 0 | 0 | 0 | 0 | 0 | 0 |
| Adena Elementary (1978) | | | | | | | | | | |
| Square Feet | 61,532 | 61,532 | 61,532 | 61,532 | 61,532 | 61,532 | 61,532 | 61,532 | 61,532 | 61,532 |
| Enrollment | 700 | 719 | 692 | 675 | 722 | 706 | 755 | 658 | 665 | 657 |
| Hopewell Elementary (1961) | | | | | | | | | | |
| Square Feet | 73,173 | 73,173 | 73,173 | 73,173 | 73,173 | 73,173 | 73,173 | 73,173 | 73,173 | 73,173 |
| Enrollment | 878 | 887 | 885 | 949 | 981 | 1,048 | 1,007 | 1,029 | 1,033 | 1,008 |
| Liberty Elementary (1928) | | | | | | | | | | |
| Square Feet | 50,600 | 50,600 | 50,600 | 50,600 | 50,600 | 50,600 | 50,600 | 50,600 | 50,600 | 50,600 |
| Enrollment | 621 | 595 | 570 | 717 | 674 | 601 | 558 | 465 | 462 | 738 |
| Union Elementary (1916) | | | | | | | | | | |
| Square Feet | 54,364 | 54,364 | 54,364 | 54,364 | 54,364 | 54,364 | 54,364 | 54,364 | 54,364 | 54,364 |
| Enrollment | 582 | 583 | 609 | 648 | 643 | 612 | 631 | 598 | 560 | 662 |
| Freedom Elementary (1988) | | | | | | | | | | |
| Square Feet | 61,175 | 61,175 | 61,175 | 61,175 | 61,175 | 61,175 | 61,175 | 61,175 | 61,175 | 61,175 |
| Enrollment | 638 | 657 | 698 | 721 | 744 | 752 | 758 | 826 | 765 | 874 |
| Woodland Elementary (1990) | | | | | | | | | | |
| Square Feet | 66,792 | 66,792 | 66,792 | 66,792 | 66,792 | 66,792 | 66,792 | 66,792 | 66,792 | 66,792 |
| Enrollment | 778 | 753 | 729 | 718 | 750 | 692 | 662 | 619 | 569 | 709 |
| Shawnee Elementary (1990) | | | | | | | | | | |
| Square Feet | 60,070 | 60,070 | 60,070 | 60,070 | 60,070 | 60,070 | 60,070 | 60,070 | 60,070 | 60,070 |
| Enrollment | 636 | 643 | 559 | 694 | 705 | 722 | 590 | 628 | 613 | 612 |
| Heritage Elementary (1992) | | | | | | | | | | |
| Square Feet | 60,620 | 60,620 | 60,620 | 60,620 | 60,620 | 60,620 | 60,620 | 60,620 | 60,620 | 60,620 |
| Enrollment | 703 | 715 | 694 | 804 | 775 | 778 | 819 | 754 | 753 | 758 |
| Cherokee Elementary (1995) | | | | | | | | | | |
| Square Feet | 76,612 | 76,612 | 76,612 | 76,612 | 76,612 | 76,612 | 76,612 | 76,612 | 76,612 | 76,612 |
| Enrollment | 897 | 823 | 748 | 948 | 894 | 869 | 815 | 862 | 805 | 850 |
| Independence Elementary (1994) | | | | | | | | | | |
| Square Feet | 79,612 | 79,612 | 79,612 | 79,612 | 79,612 | 79,612 | 79,612 | 79,612 | 79,612 | 79,612 |
| Enrollment | 764 | 844 | 907 | 778 | 732 | 745 | 738 | 733 | 726 | 833 |
| Hopewell Junior (1972) | | | | | | | | | | |
| Square Feet | 75,874 | 75,874 | 75,874 | 75,874 | 75,874 | 75,874 | 75,874 | 75,874 | 75,874 | 75,874 |
| Enrollment | 560 | 521 | 537 | 776 | 747 | 749 | 724 | 745 | 749 | 941 |
| Liberty Junior (1977) | | | | | | | | | | |
| Square Feet | 85,197 | 85,197 | 85,197 | 85,197 | 85,197 | 85,197 | 85,197 | 85,197 | 85,197 | 85,197 |
| Enrollment | 896 | 778 | 785 | 887 | 800 | 790 | 815 | 755 | 707 | 1,173 |
| Lakota Ridge Junior (1997) | | | | | | | | | | |
| Square Feet | 74,652 | 74,652 | 74,652 | 74,652 | 74,652 | 74,652 | 74,652 | 74,652 | 74,652 | 74,652 |
| Enrollment | 642 | 670 | 702 | 878 | 846 | 797 | 810 | 825 | 734 | 0 |
| Lakota Plains Junior (2003)*** | | | | | | | | | | |
| Square Feet | 113,777 | 113,777 | 113,777 | N/A |
| Enrollment | 850 | 652 | 639 | 0 | 0 | 0 | 0 | 0 | 0 | 0 |
| Lakota Freshman (1958)** | | | | | | | | | | |
| Square Feet | 247,739 | 247,739 | 247,739 | 247,739 | 247,739 | 247,739 | 247,739 | 247,739 | 247,739 | 247,739 |
| Enrollment | 1,281 | 1,320 | 1,219 | 1,138 | 1,135 | 1,092 | 1,079 | 1,029 | 969 | 3,345 |
| Lakota West High (1997)** | | | | | | | | | | |
| Square Feet | 257,888 | 257,888 | 257,888 | 247,500 | 247,500 | 247,500 | 247,500 | 247,500 | 247,500 | 247,500 |
| Enrollment | 1,988 | 1,886 | 1,804 | 1,791 | 1,721 | 1,652 | 1,501 | 1,427 | 1,397 | 0 |
| Lakota East High (1997)** | | | | | | | | | | |
| Square Feet | 257,888 | 257,888 | 257,888 | 247,500 | 247,500 | 247,500 | 247,500 | 247,500 | 247,500 | 247,500 |
| Enrollment | 1,765 | 1,712 | 1,648 | 1,636 | 1,583 | 1,505 | 1,452 | 1,347 | 1,240 | 0 |
| Total Enrollment | 17,422 | 16,961 | 16,358 | 15,845 | 15,498 | 15,143 | 14,659 | 14,203 | 13,598 | 13,160 |

Source: Lakota Local School District records.

* Lakota Early Childhood Center is located in the Lakota Freshman school.

** Lakota East and Lakota West opened as 10-12 grade high schools beginning 1997-98.

*** VanGorden Elementary and Lakota Plains Junior opened beginning 2003-04.



Mary Taylor, CPA
Auditor of State

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
FEBRUARY 1, 2007**