

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

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

***FOR THE FISCAL YEAR ENDED
JUNE 30, 2000***

C.G. UEBEL, TREASURER



STATE OF OHIO
OFFICE OF THE AUDITOR

JIM PETRO, AUDITOR OF STATE

35 North Fourth Street, 1st Floor
Columbus, Ohio 43215
Telephone 614-466-4514
800-282-0370
Facsimile 614-728-7398

Board of Education
Lakota Local School District
Risingsun, Ohio

We have reviewed the Independent Auditor's Report of the Lakota Local School District, Sandusky County, prepared by Trimble, Julian & Grube, Inc., for the audit period July 1, 1999 to June 30, 2000. Based upon this review, we have accepted these reports in lieu of the audit required by Section 117.11, Revised Code. The Auditor of State did not audit the accompanying financial statements and, accordingly, we are unable to express, and do not express an opinion on them.

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

JIM PETRO
Auditor of State

January 8, 2001

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

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TRIMBLE, JULIAN & GRUBE, INC.

"SERVING OHIO LOCAL GOVERNMENTS"

1445 Worthington Woods Boulevard
Suite B
Worthington, Ohio 43085

Telephone 614.846.1899
Facsimile 614.846.2799

Independent Auditor's Report

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

We have audited the accompanying general purpose financial statements of the Lakota Local School District, Sandusky County, (the "District"), as of and for the year ended June 30, 2000, as listed in the table of contents. These general purpose financial statements are the responsibility of the District's management. Our responsibility is to express an opinion on these general purpose financial statements based on our audit.

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

In our opinion, the general purpose financial statements referred to above present fairly, in all material respects, the financial position of the Lakota Local School District, Sandusky County, as of June 30, 2000, and the results of its operations and the cash flows of its proprietary fund types and nonexpendable trust fund for the year then ended in conformity with generally accepted accounting principles.

In accordance with *Government Auditing Standards*, we have also issued our report dated December 18, 2000 on our consideration of the District's internal control over financial reporting and our tests of its compliance with certain provisions of laws, regulations, contracts and grants. That report is an integral part of an audit performed in accordance with *Government Auditing Standards* and should be read in conjunction with this report in considering the results of our audit.

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

Trimble, Julian & Grube, Inc.
December 18, 2000

LAKOTA LOCAL SCHOOL DISTRICT
SANDUSKY COUNTY, OHIO
 COMBINED BALANCE SHEET
 ALL FUND TYPES AND ACCOUNT GROUPS
 JUNE 30, 2000

	Governmental Fund Types			Proprietary Fund Types		Fiduciary Fund Types		Account Groups		Total (Memorandum Only)
	General	Special Revenue	Capital Projects	Enterprise	Internal Service	Trust and Agency	General Fixed Assets	General Long-Term Obligations		
									General	
ASSETS AND OTHER DEBITS										
ASSETS:										
Equity in pooled cash and cash equivalents	\$945,313	\$155,762	\$167,454	\$239,557	\$19,287	\$27,905				\$1,555,278
Equity in pooled cash and cash equivalents - nonexpendable trust fund						16,309				16,309
Receivables (net of allowances of uncollectibles):										
Property taxes - current and delinquent	3,173,307									3,173,307
Interfund loans receivable	2,935									2,935
Due from other governments	1,150			15,745						16,895
Due from other funds					9,138					9,138
Advances to other funds	15,338									15,338
Prepayments	2,434									2,434
Materials and supplies inventory				2,219						2,219
Restricted assets:										
Equity in pooled cash and cash equivalents	385,298									385,298
Property, plant and equipment (net of accumulated depreciation where applicable)				33,654			\$7,095,484			7,129,138
OTHER DEBITS:										
Amount to be provided for retirement of General Long-Term Obligations				\$291,175	\$28,425	\$44,214		\$777,873		777,873
Total assets and other debits	\$4,525,775	\$155,762	\$167,454	\$291,175	\$28,425	\$44,214	\$7,095,484	\$777,873		\$13,086,162

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

LAKOTA LOCAL SCHOOL DISTRICT
SANDUSKY COUNTY, OHIO
 COMBINED BALANCE SHEET
 ALL FUND TYPES AND ACCOUNT GROUPS
 JUNE 30, 2000

	Governmental Fund Types			Proprietary Fund Types			Fiduciary Fund Types		Account Groups			Total (Memorandum Only)
	General	Special Revenue	Capital Projects	Enterprise	Internal Service	Trust and Agency	General Fixed Assets	General Long-Term Obligations	General			
									General	Fixed Assets		
LIABILITIES, EQUITY AND OTHER CREDITS												
LIABILITIES:												
Accounts payable	\$42,394	\$474	\$6,260	\$7,837								\$56,965
Accrued wages and benefits	565,913	26,702		19,832								612,447
Compensated absences payable	22,953			10,859	\$3,105				\$677,701			711,513
Claims payable												3,105
Pension obligation payable	92,810	16,274		16,761					78,828			204,673
Interfund loans payable		2,935										2,935
Advances from other funds		15,338										15,338
Deferred revenue	2,859,806			741	9,138							2,869,685
Due to students								\$22,734				22,734
Due to other funds	9,138								21,344			9,138
Obligation under capital lease												21,344
Total liabilities	3,593,014	61,723	6,260	56,030	12,243			22,734	777,873	-		4,529,877
EQUITY AND OTHER CREDITS:												
Investment in general fixed assets										\$7,095,484		7,095,484
Retained earnings: unreserved				235,145	16,182							251,327
Fund balances:												
Reserved for encumbrances	389,327	17,264	\$40,417					850				447,858
Reserved for prepayments	2,434											2,434
Reserved for tax revenue unavailable for appropriation	313,501											313,501
Reserved for principal endowment												16,309
Reserved for instructional materials	72,426							16,309				72,426
Reserved for capital improvements	191,908											191,908
Reserved for budget stabilization	120,964											120,964
Reserved for advances	15,338											15,338
Unreserved-undesignated	(173,137)	76,775	120,777					4,321				28,736
Total equity and other credits	932,761	94,039	161,194	235,145	16,182			21,480	-	7,095,484		8,556,285
Total liabilities, equity and other credits	\$4,525,775	\$155,762	\$167,454	\$291,175	\$28,425			\$44,214	\$777,873	\$7,095,484		\$13,086,162

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

LAKOTA LOCAL SCHOOL DISTRICT
SANDUSKY COUNTY, OHIO
 COMBINED STATEMENT OF REVENUES, EXPENDITURES,
 AND CHANGES IN FUND BALANCES
 ALL GOVERNMENTAL FUND TYPES AND EXPENDABLE TRUST FUND
 FOR THE FISCAL YEAR ENDED JUNE 30, 2000

	Governmental Fund Types				Fiduciary Fund Type	Total (Memorandum Only)
	General	Special Revenue	Debt Service	Capital Projects	Expendable Trust	
Revenues:						
From local sources:						
Taxes	\$2,719,192					\$2,719,192
Tuition	4,531					4,531
Earnings on investments	95,634	\$721				96,355
Other local revenues	53,781	130,089			\$1,074	184,944
Intergovernmental - State	4,910,344	60,816		\$53,751		5,024,911
Intergovernmental - Federal		259,975				259,975
Total revenues	7,783,482	451,601	-	53,751	1,074	8,289,908
Expenditures:						
Current:						
Instruction:						
Regular	3,049,878	22,901		24,063		3,096,842
Special	513,068	303,338				816,406
Vocational	2,833					2,833
Other	388,572					388,572
Support services:						
Pupil	280,850	29,451				310,301
Instructional staff	148,774	3,825		2,025		154,624
Board of Education	524,726	68,529			225	593,480
Administration	842,655	72,617				915,272
Fiscal	187,464	5,972				193,436
Business	5,086					5,086
Operations and maintenance	551,036	8,826		13,654		573,516
Pupil transportation	598,969	18,962				617,931
Central		1,420				1,420
Community services		30,857				30,857
Extracurricular activities	163,594	92,276				255,870
Facilities acquisition and construction	12,281			35,106		47,387
Debt service:						
Principal retirement	8,233		\$32,020			40,253
Interest and fiscal charges	2,243		2,417			4,660
Total expenditures	7,280,262	658,974	34,437	74,848	225	8,048,746
Excess (deficiency) of revenues over (under) expenditures	503,220	(207,373)	(34,437)	(21,097)	849	241,162
Other financing sources (uses):						
Operating transfers in		50	13,416			13,466
Operating transfers out	(13,466)					(13,466)
Total other financing sources (uses)	(13,466)	50	13,416	-	-	0
Excess (deficiency) of revenues and other financing sources over (under) expenditures and other financing uses	489,754	(207,323)	(21,021)	(21,097)	849	241,162
Fund balances, July 1	443,007	301,362	21,021	182,291	4,322	952,003
Fund balances, June 30	\$932,761	\$94,039	\$0	\$161,194	\$5,171	\$1,193,165

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

LAKOTA LOCAL SCHOOL DISTRICT
SANDUSKY COUNTY, OHIO
 COMBINED STATEMENT OF REVENUES, EXPENDITURES
 AND CHANGES IN FUND BALANCES
 BUDGET AND ACTUAL COMPARISON (NON-GAAP BUDGETARY BASIS)
 ALL GOVERNMENTAL FUND TYPES
 FOR THE FISCAL YEAR ENDED JUNE 30, 2000

	General			Special Revenue			Debt Service			Capital Projects			Total (Memorandum only)			
	Revised	Actual	Variance: Favorable (Unfavorable)	Revised	Actual	Variance: Favorable (Unfavorable)	Budget	Actual	Variance: Favorable (Unfavorable)	Budget	Actual	Variance: Favorable (Unfavorable)	Budget	Actual	Variance: Favorable (Unfavorable)	
	Budget			Budget			Revised			Revised			Revised			
Revenues:																
From local sources:																
Taxes.....	\$3,093,903	\$2,815,116	(\$278,787)													
Tuition.....	4,422	4,531	109													
Earnings on investments.....	89,921	95,634	5,713													
Other local revenues.....	43,732	46,456	2,724	\$1,315	\$721	(\$594)										
Intergovernmental - State.....	4,626,061	4,909,194	283,133	239,378	129,781	(109,597)										
Intergovernmental - Federal.....				112,148	60,817	(51,331)										
Total revenues.....	7,858,039	7,870,931	12,892	518,388	281,050	(237,338)										
				871,229	472,369	(398,860)										
							171,091	53,751	(\$117,340)							
Expenditures:																
Current:																
Instruction:																
Regular.....	2,960,618	3,153,070	(192,452)	20,446	25,493	(5,047)										
Special.....	827,957	487,078	340,879	416,640	300,542	116,098										
Vocational.....	12,500	3,341	9,159													
Other.....	325,000	386,413	(61,413)													
Support services:																
Pupil.....	280,277	280,353	(76)	70,336	28,729	41,607										
Instructional staff.....	205,440	154,436	51,004	61,358	3,821	57,537										
Board of Education.....	1,128,729	646,684	482,045	319,943	68,546	251,397										
Administration.....	959,233	867,576	91,657	92,359	73,969	18,390										
Fiscal.....	220,208	188,932	31,276	7,974	5,975	1,999										
Business.....	6,500	4,028	2,472													
Operations and maintenance.....	662,503	595,853	66,650	16,192	8,199	7,993										
Pupil transportation.....	970,692	792,542	178,150	46,361	17,652	28,709										
Central.....				1,816	1,420	396										
Community services.....	196,775	169,007	27,768	12,332	31,209	(18,877)										
Extracurricular activities.....	13,755	12,281	1,474	116,069	100,097	15,972										
Facilities services.....																
Debt service:																
Principal retirement.....																
Interest and fiscal charges.....																
Total expenditures.....	8,770,187	7,741,594	1,028,593	1,181,826	665,652	516,174										
							\$39,628	\$32,020	\$7,608							
							4,872	2,417	2,455							
							44,500	34,437	10,063							
Excess (deficiency) of revenues over (under) expenditures.....	(912,148)	129,337	1,041,485	(310,597)	(193,283)	117,314	(44,500)	(34,437)	10,063	5,238	(62,407)	(67,645)	(1,262,007)	(160,790)	1,101,217	
Other financing sources (uses):																
Refund of prior year's expenditures.....	0	129	129													
Operating transfers in.....	114,000	120,964	6,964	88	50	(38)										
Operating transfers (out).....	(125,000)	(134,502)	(9,502)													
Advances in.....				5,524	2,936	(2,588)										
Advances (out).....	(10,000)	(2,936)	7,064													
Advances (out).....	(21,000)	(16,345)	4,655													
Total other financing sources (uses).....																
Excess (deficiency) of revenues and other financing sources over (under) expenditures and other financing (uses).....	(933,148)	112,992	1,046,140	(304,985)	(190,297)	114,688	(31,084)	(21,021)	10,063	5,238	(62,407)	(67,645)	(1,263,979)	(160,733)	1,103,246	
Fund balances, July 1.....	606,399	606,399	0	305,611	305,611	0										
Prior year encumbrances appropriated.....	213,855	213,855	0	23,186	23,186	0										
Fund balances, June 30.....	(\$112,894)	\$933,246	\$1,046,140	\$23,812	\$138,500	\$114,688	(\$10,063)	\$0	\$10,063	\$194,682	\$127,037	(\$67,645)	\$95,537	\$1,198,783	\$1,103,246	

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

LAKOTA LOCAL SCHOOL DISTRICT
SANDUSKY COUNTY, OHIO
 COMBINED STATEMENT OF REVENUES, EXPENSES,
 AND CHANGES IN RETAINED EARNINGS/FUND BALANCE
 ALL PROPRIETARY FUND TYPES AND NONEXPENDABLE TRUST FUND
 FOR THE FISCAL YEAR ENDED JUNE 30, 2000

	Proprietary Fund Types		Fiduciary Fund Type	Total (Memorandum Only)
	Enterprise	Internal Service	Nonexpendable Trust	
Operating revenues:				
Tuition and fees	\$61,275			\$61,275
Sales/charges for services	233,483	\$70,893		304,376
Investment earnings			\$481	481
Other operating revenues			6,829	6,829
	<u>294,758</u>	<u>70,893</u>	<u>7,310</u>	<u>372,961</u>
Total operating revenues				
Operating expenses:				
Personal services	155,294			155,294
Contract services	21,185			21,185
Materials and supplies	229,703			229,703
Depreciation	6,312			6,312
Other	159			159
Claims expense		61,568		61,568
	<u>412,653</u>	<u>61,568</u>	<u>-</u>	<u>474,221</u>
Total operating expenses				
Operating income (loss)	<u>(117,895)</u>	<u>9,325</u>	<u>7,310</u>	<u>(101,260)</u>
Nonoperating revenues (expenses):				
Operating grants	119,453			119,453
Federal commodities	40,837			40,837
Interest revenue	9,545			9,545
	<u>169,835</u>	<u>-</u>	<u>-</u>	<u>169,835</u>
Total nonoperating revenues				
Net income	51,940	9,325	7,310	68,575
Retained earnings/fund balance July 1	<u>183,205</u>	<u>6,857</u>	<u>8,999</u>	<u>199,061</u>
Retained earnings/fund balance June 30	<u>\$235,145</u>	<u>\$16,182</u>	<u>\$16,309</u>	<u>\$267,636</u>

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

LAKOTA LOCAL SCHOOL DISTRICT
SANDUSKY COUNTY, OHIO
 COMBINED STATEMENT OF CASH FLOWS
 ALL PROPRIETARY FUND TYPES AND NONEXPENDABLE TRUST FUND
 FOR THE FISCAL YEAR ENDED JUNE 30, 2000

	Proprietary Fund Types		Fiduciary Fund Type	Total (Memorandum Only)
	Enterprise	Internal Service	Nonexpendable Trust	
Cash flows from operating activities:				
Cash received from tuition and fees	\$61,324			\$61,324
Cash received from sales/service charges	233,483	\$70,893		304,376
Cash received from other operations.			\$6,829	6,829
Cash payments for personal services.	(156,774)			(156,774)
Cash payments for contract services	(21,185)			(21,185)
Cash payments supplies and materials	(187,690)			(187,690)
Cash payments for claims expenses		(69,059)		(69,059)
Cash payments for other expenses.	(159)		(500)	(659)
Net cash provided by (used in) operating activities.	(71,001)	1,834	6,329	(62,838)
Cash flows from noncapital financing activities:				
Cash received from operating grants.	118,932			118,932
Net cash provided by noncapital financing activities.	118,932	-	-	118,932
Cash flows from capital and related financing activities:				
Acquisition of capital assets	(3,951)			(3,951)
Net cash used in capital and related financing activities	(3,951)	-	-	(3,951)
Cash flows from investing activities:				
Interest received	9,545		481	10,026
Net cash provided by investing activities.	9,545	-	481	10,026
Net increase in cash and cash equivalents.	53,525	1,834	6,810	62,169
Cash and cash equivalents at beginning of year	186,032	17,453	9,499	212,984
Cash and cash equivalents at end of year	<u>\$239,557</u>	<u>\$19,287</u>	<u>\$16,309</u>	<u>\$275,153</u>
Reconciliation of operating income (loss) to net cash provided by (used in) operating activities:				
Operating income (loss).	(\$117,895)	\$9,325	\$7,310	(\$101,260)
Adjustments to reconcile operating income (loss) to net cash provided by (used in) operating activities:				
Depreciation	6,312			6,312
Federal donated commodities	40,837			40,837
Interest reported as operating income			(481)	(481)
Changes in assets and liabilities:				
(Increase) in supplies inventory	(140)			(140)
Decrease in accounts receivable	49			49
Increase (Decrease) in accounts payable.	1,111	(735)	(500)	(124)
Increase in accrued wages and benefits	138			138
Increase in compensated absences payable.	159			159
(Decrease) in pension obligation payable	(1,777)			(1,777)
(Decrease) in claims payable.		(6,756)		(6,756)
Increase in deferred revenue	205			205
Net cash provided by (used in) operating activities.	<u>(\$71,001)</u>	<u>\$1,834</u>	<u>\$6,329</u>	<u>(\$62,838)</u>

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

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

**NOTES TO THE GENERAL PURPOSE FINANCIAL STATEMENTS
FOR THE FISCAL YEAR ENDED JUNE 30, 2000**

NOTE 1 - DESCRIPTION OF THE DISTRICT

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

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

The District ranks as the 404th largest by enrollment among the 660 public and community Districts in Ohio and the third largest in Sandusky County. It is staffed by 74 non-certificated employees and 92 certificated full-time teaching personnel, who provide services to 1,372 students and other community members. The District currently operates 5 instructional buildings and 1 garage.

NOTE 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.

A. Reporting Entity

The District’s reporting entity has been defined in accordance with GASB Statement No. 14, The Financial Reporting Entity, effective for financial statements for periods beginning after December 15, 1992. A reporting entity is comprised of the primary government, component units, and other organizations that are included to ensure that the financial statements of the District are not misleading. The primary government consists of all funds, departments, boards, and agencies that are not legally separate from the District. For the District, this includes general operations, food service, and student related activities.

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

NOTES TO THE GENERAL PURPOSE FINANCIAL STATEMENTS
FOR THE FISCAL YEAR ENDED JUNE 30, 2000

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

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

JOINTLY GOVERNED ORGANIZATIONS:

Northern Ohio Educational Computer Association - The District is a participant in the Northern Ohio Educational Computer Association (NOECA), which is a computer consortium. NOECA is an association of public Districts within the boundaries of Erie, Huron, Ottawa, Sandusky, and Seneca Counties and Cities of Fremont, Huron, Sandusky, Norwalk, Bellevue, Port Clinton, Fostoria, and Tiffin. The organization was formed for the purpose of applying modern technology (with the aid of computers and other electronic equipment) to administrative and instructional functions among member Districts. The superintendent of each district is on the Board of Trustees. Financial information is available from Betty Schwiefert, who serves as controller, at 2900 Columbus Avenue, Sandusky, Ohio 44870.

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

The District is also a participant in a public entity risk sharing pool, discussed in Note 11.

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

NOTES TO THE GENERAL PURPOSE FINANCIAL STATEMENTS
FOR THE FISCAL YEAR ENDED JUNE 30, 2000

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

B. Fund Accounting

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

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

For financial statement presentation purposes, the various funds of the District are grouped into the following generic fund types under the broad fund categories Governmental, Proprietary, and Fiduciary.

GOVERNMENTAL FUND TYPES

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

General Fund - The General Fund is the operating fund of the District and is used to account for all financial resources except those required to be accounted for in another fund. The General fund balance is available to the District for any purpose provided it is expended or transferred in accordance with applicable Ohio statute.

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

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

NOTES TO THE GENERAL PURPOSE FINANCIAL STATEMENTS
FOR THE FISCAL YEAR ENDED JUNE 30, 2000

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

Debt Service Fund - The Debt Service Fund is used to account for the accumulation of resources for, and the payment of, general long-term obligation principal, interest, and related costs.

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

PROPRIETARY FUND TYPES

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

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

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

FIDUCIARY FUND TYPES

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

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

NOTES TO THE GENERAL PURPOSE FINANCIAL STATEMENTS
FOR THE FISCAL YEAR ENDED JUNE 30, 2000

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

ACCOUNT GROUPS

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

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

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

C. Measurement Focus and Basis of Accounting

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

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

Basis of accounting refers to when revenues and expenditures or expenses are recognized in the accounts and reported in the financial statements. Basis of accounting relates to the timing of the measurements made.

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

**NOTES TO THE GENERAL PURPOSE FINANCIAL STATEMENTS
FOR THE FISCAL YEAR ENDED JUNE 30, 2000**

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

The modified accrual basis of accounting is followed for Governmental and Expendable Trust funds. Under the modified accrual basis of accounting, revenues are recognized when they become both measurable and available to finance expenditures of the current period, which for the District is sixty days after the June 30 year-end. Revenues accrued at the end of the year include interest, tuition, grants and entitlements (to the extent such grants and entitlements relate to the current fiscal year), and accounts (student fees and rent). Current property taxes measurable as of June 30, 2000, and which are intended to finance fiscal 2001 operations, have been recorded as deferred revenues. Delinquent property taxes measurable and available (received within 60 days) and amounts available as an advance on future tax settlements are recognized as revenue at year-end. Taxes available for advance and recognized as revenue but not received by the District prior to June 30, 2000, are reflected as a reservation of fund balance for future appropriations. The District is prohibited by law from appropriating this revenue in accordance with ORC Section 5705.35, since an advance of revenue was not requested or received prior to the fiscal year-end.

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

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

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

**NOTES TO THE GENERAL PURPOSE FINANCIAL STATEMENTS
FOR THE FISCAL YEAR ENDED JUNE 30, 2000**

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

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

D. Budgets

The budgetary process is prescribed by provisions of the Ohio Revised Code and entails the preparation of budgetary documents within an established timetable. The major documents prepared are the tax budget, the certificate of estimated resources, and the appropriation resolution, all of which are prepared on the budgetary basis of accounting. The certificate of estimated resources and the appropriation resolution are subject to amendment throughout the year with the legal restriction that appropriations cannot exceed estimated resources, as certified. The specific timetable for fiscal year 2000 is as follows:

1. Prior to January 15 of the preceding year, the Superintendent and Treasurer submit to the Board of Education a proposed operating budget for the fiscal year commencing the following July 1. The budget includes proposed expenditures and the means of financing for all funds. Public hearings are publicized and conducted to obtain taxpayers' comments. The expressed purpose of this budget document is to reflect the need for existing (or increased) tax rates.
2. By no later than January 20, the Board-adopted budget is filed with the Sandusky County Budget Commission for tax rate determination.

**LAKOTA LOCAL SCHOOL DISTRICT
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**NOTES TO THE GENERAL PURPOSE FINANCIAL STATEMENTS
FOR THE FISCAL YEAR ENDED JUNE 30, 2000**

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

3. Prior to April 1, the Board of Education accepts, by formal resolution, the tax rates as determined by the Budget Commission and receives the Commission's Certificate of Estimated Resources which states the projected revenue of each fund. Prior to June 30, the District must revise its budget so that total contemplated expenditures from any fund during the ensuing year will not exceed the amount stated in the Certificate of Estimated Resources. The revised budget then serves as a basis for the appropriation measure. On or about July 1, the Certificate is amended to include any unencumbered balances from the preceding year as reported by the District Treasurer. The Certificate may be further amended during the year if projected increases or decreases in revenue are identified by the District Treasurer. The amounts reported in the budgetary statement reflect the amounts set forth in the final Amended Certificate issued for fiscal year 2000.
4. By July 1, the annual appropriation resolution is legally enacted by the Board of Education at the fund and function level of expenditures, which is the legal levels of budgetary control. (State statute permits a temporary appropriation to be effective until no later than October 1 of each year.) Resolution appropriations by fund must be within the estimated resources as certified by the County Budget Commission and the total of expenditures and encumbrances may not exceed the appropriation totals.
5. All fund, other than Agency funds, are legally required to be budgeted and appropriated. Short-term interest loans are not required to be budgeted since they represent a temporary cash flow resource, and are intended to be repaid.
6. Any revisions that alter the total of any fund appropriation or alter total function appropriations within a fund must be approved by the Board of Education.
7. Formal budgetary integration is employed as a management control device during the year for all funds consistent with the general obligation bond indenture and other statutory provisions.
8. Appropriation amounts are as originally adopted, or as amended by the Board of Education through the year by supplemental appropriations which either reallocated or increased the original appropriated amounts. All supplemental appropriations were legally enacted by the Board.

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

**NOTES TO THE GENERAL PURPOSE FINANCIAL STATEMENTS
FOR THE FISCAL YEAR ENDED JUNE 30, 2000**

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

9. Unencumbered appropriations lapse at year end. Encumbered appropriations are carried forward to the succeeding fiscal year and need not be reappropriated. Expenditures plus encumbrances may not legally exceed budgeted appropriations at the fund and function level.

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

E. Cash and Investments

To improve cash management, cash received by the District is pooled. Monies for all funds, including Proprietary funds, are maintained in this pool. Individual fund integrity is maintained through the District's records. Each fund's interest in the pool is presented as "Equity in pooled cash and cash equivalents" (both unrestricted and restricted) on the combined balance sheet.

During 2000, investments were limited to the State Treasury Asset Reserve of Ohio (STAR Ohio), certificates of deposit and repurchase agreements.

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

STAR Ohio is an investment pool managed by the State Treasurer's Office, which allows governments within the State to pool their funds for investment purposes. STAR Ohio is not registered with the SEC as an investment company, but does operate in a manner consistent with Rule 2a7 of the Investment Company Act of 1940. Investments in STAR Ohio are valued at STAR Ohio's share price, which is the price the investment could be sold for on June 30, 2000.

**LAKOTA LOCAL SCHOOL DISTRICT
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NOTES TO THE GENERAL PURPOSE FINANCIAL STATEMENTS
FOR THE FISCAL YEAR ENDED JUNE 30, 2000

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

Under existing Ohio statutes, all investment earnings are assigned to the General Fund unless statutorily required to be credited to a specific fund. Interest revenue credited to the General Fund during fiscal 2000 totaled \$95,634, which included \$31,224 assigned from other funds of the District.

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

F. Materials and Supplies Inventory

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

G. Prepayments

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

H. Fixed Assets and Depreciation

1. General Fixed Assets Account Group

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

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

NOTES TO THE GENERAL PURPOSE FINANCIAL STATEMENTS
FOR THE FISCAL YEAR ENDED JUNE 30, 2000

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

2. Proprietary Funds and Non-Expendable Trust Funds

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

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

Asset	Life (years)
Furniture, Fixtures and Equipment	5 - 20

I. Intergovernmental Revenues

For Governmental funds, intergovernmental revenues, such as entitlements and grants awarded on a non-reimbursement basis, are recorded as receivables and revenues when measurable and available. Reimbursement type grants are recorded as receivables and revenues when the related expenditures are incurred. Other than commodities, grants and entitlements for Proprietary fund operations (excluding commodities) are recognized as non-operating revenues in the accounting period in which they are earned and become measurable.

The District currently participates in several State and Federal programs, categorized as follows:

<u>Entitlements</u>	<u>Reimbursable Grants</u>
<u>General Fund</u> State Foundation Program State Property Tax Relief School Bus Purchase Allocation	<u>General Fund</u> Driver Education <u>Proprietary Funds</u> National School Lunch Program National School Breakfast Program Government Donated Commodities
<u>Special Revenue Fund</u> Disadvantaged Pupil Impact Aid	

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

NOTES TO THE GENERAL PURPOSE FINANCIAL STATEMENTS
FOR THE FISCAL YEAR ENDED JUNE 30, 2000

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

<u>Non-Reimbursable Grants</u>	<u>Non-Reimbursable Grants - (Continued)</u>
<u>Special Revenue Funds</u> Auxiliary Services Local Professional Development Education Management Information Systems Migrant Program Education for Economic Security Act Ohio Reads Title I Title VI	<u>Special Revenue Funds - (Continued)</u> Title VI-B Drug-Free Schools Title VI-R <u>Capital Projects Funds</u> SchoolNet Plus Technology Equity Power-Up Technology

Grants and entitlements amounted to over 62 percent of the District's operating revenue during the 2000 fiscal year.

J. Interfund Transactions

Transactions between funds during the normal course of operations may occur. These may include:

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

**LAKOTA LOCAL SCHOOL DISTRICT
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NOTES TO THE GENERAL PURPOSE FINANCIAL STATEMENTS
FOR THE FISCAL YEAR ENDED JUNE 30, 2000

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

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

An analysis of the District's interfund transactions for fiscal year 2000 is presented in Note 5.

K. Compensated Absences

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

In accordance with the provisions of GASB Statement No. 16, Accounting for Compensated Absences, a liability for vacation leave is accrued if a) the employees' rights to payment are attributable to services already rendered; and b) it is probable that the employer will compensate the employees for the benefits through paid time off or other means, such as cash payment at termination or retirement. A liability for severance is accrued using the vesting method; i.e., the liability is based on the sick leave accumulated at the balance sheet date by those employees who are currently eligible to receive termination (severance) payments, as well as those employees expected to become eligible in the future. For purposes of establishing a liability for severance on employees expected to become eligible to retire in the future, all employees with eight (8) or more years of service at the District were considered expected to become eligible to retire in accordance with GASB Statement No. 16.

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

**LAKOTA LOCAL SCHOOL DISTRICT
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NOTES TO THE GENERAL PURPOSE FINANCIAL STATEMENTS
FOR THE FISCAL YEAR ENDED JUNE 30, 2000

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

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

Teachers, administrators, and classified employees earn sick leave at the rate of one and one-fourth days per month. Sick leave may be accumulated up to a maximum of 217 days for all personnel. Upon retirement, payment is made for one-fourth of accrued, but unused sick leave credit to a maximum of 60 days for classified and certified employees.

Accumulated vacation and severance of Governmental Fund Type employees meeting the above requirements have been recorded in the appropriate Governmental fund as a current liability to the extent that the amounts are expected to be payable within the current available period. The balance of the liability is recorded in the General Long-Term Obligations Account Group. Vacation and sick leave for employees meeting the above requirements who are paid from Proprietary funds is recorded as an expense when earned.

L. Long-Term Obligations

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

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

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

NOTES TO THE GENERAL PURPOSE FINANCIAL STATEMENTS
FOR THE FISCAL YEAR ENDED JUNE 30, 2000

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

M. Fund Equity

The District records reservations for portions of fund equity which are legally segregated for specific future use or which do not represent available expendable resources and therefore are not available for appropriation or expenditure. Unreserved fund balance indicates that portion of fund equity which is available for appropriation in future periods. Fund equity reserves are established for encumbrances, prepayments, property taxes, principal endowment, instructional materials, capital improvements, budget stabilization and advances . The reserve for property taxes represents taxes recognized as revenue under generally accepted accounting principles but not available for appropriations under State statute.

N. Statutory Reserves

The District is required by state law to set aside certain (cash-basis) General fund revenue amounts, as defined by statute, into various reserves. During the fiscal year ended June 30, 2000, the reserve activity was as follows:

	<u>Instructional Materials</u>	<u>Capital Improvements</u>	<u>Budget Stabilization</u>
Set-aside cash balance as of July 1, 1999	\$ 28,980	\$ 0	\$ 56,995
Current year set-aside requirement	191,908	191,908	63,969
Current year offsets	(64,179)	---	---
Qualifying disbursements	<u>(84,283)</u>	<u>---</u>	<u>---</u>
Total, June 30, 2000	<u>\$ 72,426</u>	<u>\$191,908</u>	<u>\$120,964</u>
Cash balance carried forward to FY 2001	<u>\$ 72,426</u>	<u>\$191,908</u>	<u>\$120,964</u>

A schedule of the restricted assets at June 30, 2000 follows:

Amount restricted for instructional materials	\$ 72,426
Amount restricted for capital improvements	191,908
Amount restricted for budget stabilization	<u>120,964</u>
Total restricted assets	<u>\$385,298</u>

**LAKOTA LOCAL SCHOOL DISTRICT
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NOTES TO THE GENERAL PURPOSE FINANCIAL STATEMENTS
FOR THE FISCAL YEAR ENDED JUNE 30, 2000

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

O. Restricted Assets

Restricted assets in the General fund represent cash and cash equivalents set aside to establish a budget stabilization and other reserves. These reserves are required by State statute and can be used only after receiving approval from the State Superintendent of Public Instruction and/or for statutorily-specified purposes. Reservations of fund balance have also been recorded. See statutory reserves in Note 2.N.

P. Statement of Cash Flows

In September 1989, GASB issued Statement No. 9, Reporting Cash Flows of Proprietary and Nonexpendable Trust Funds and Governmental Entities That Use Proprietary Fund Accounting. The District has presented a statement of cash flows for its Proprietary and Nonexpendable Trust funds. For purposes of the statement of cash flows, the District considers cash equivalents to include all short term investments (maturity of 90 days or less from date of purchase).

Q. Parochial Schools

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

R. Financial Reporting for Proprietary and Similar Fund Types

The District's financial statements have been prepared in accordance with GASB Statement No. 20, Accounting and Financial Reporting for Proprietary Funds and Other Governmental Entities That Use Proprietary Fund Accounting. The District accounts for its proprietary activities in accordance with all applicable GASB pronouncements, as well as pronouncements of the Financial Accounting Standards Board (FASB) and its predecessors issued on or before November 30, 1989, unless those pronouncements conflict with or contradict GASB pronouncements.

**LAKOTA LOCAL SCHOOL DISTRICT
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NOTES TO THE GENERAL PURPOSE FINANCIAL STATEMENTS
FOR THE FISCAL YEAR ENDED JUNE 30, 2000

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

S. Estimates

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

T. Total Columns on General Purpose Financial Statements

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

NOTE 3 - ACCOUNTABILITY AND COMPLIANCE

A. Prior Period Adjustment

The District has presented a restatement of the General Long-Term Obligations Account Group and the General Fixed Assets Account Group to properly reflect the respective present values of capitalized leases in each account group at July 1, 1999. The effect of each restatement is as follows:

	<u>Balance Previously Reported</u> <u>June 30, 1999</u>	<u>Adjustment</u>	<u>Restated Amounts</u> <u>July 1, 1999</u>
General Long-Term Obligations Account Group	\$ 862,605	\$29,577	\$ 892,182
General Fixed Assets Account Group	6,926,548	42,379	6,968,927

**LAKOTA LOCAL SCHOOL DISTRICT
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NOTES TO THE GENERAL PURPOSE FINANCIAL STATEMENTS
FOR THE FISCAL YEAR ENDED JUNE 30, 2000

NOTE 3 - ACCOUNTABILITY AND COMPLIANCE - (Continued)

B. Deficit Fund Balances

Fund balances at June 30, 2000, included the following individual fund deficit:

	<u>Deficit Balance</u>
<u>Special Revenue Funds</u>	
Disadvantaged Pupil Impact Aid	\$(15,621)

This deficit, caused by the application of generally accepted accounting principles, will be funded by anticipated future intergovernmental revenues or other subsidies not recognized and recorded at June 30. The General fund provides transfers for deficit balances; however, transfers are made when cash is needed rather than when accruals occur.

C. Agency Funds

The following are accruals for the Agency funds, which, in another fund type, would be recognized in the combined balance sheet:

<u>LIABILITIES</u>	
Accounts payable	\$90

D. Budgetary Compliance

1. Ohio Revised Code Section 5705.39 in part requires that the total appropriation from each fund should not exceed total estimated revenues plus available balances.

**LAKOTA LOCAL SCHOOL DISTRICT
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NOTES TO THE GENERAL PURPOSE FINANCIAL STATEMENTS
FOR THE FISCAL YEAR ENDED JUNE 30, 2000

NOTE 3 - ACCOUNTABILITY AND COMPLIANCE - (Continued)

It was noted during the audit that the total appropriations exceeded the total estimated revenues plus available balances in the following funds:

<u>Fund Type</u>	<u>Fund</u>	<u>Excess Amount</u>
Debt Service	Debt Service	\$10,064
Special Revenue	Bowling Green State University	880
Special Revenue	Local Professional Development Block	124
Special Revenue	Management Information Systems	625
Special Revenue	Miscellaneous State Grants	1,450
Special Revenue	Migrant Program	29,002
Special Revenue	Education for Economic Security Act (EESA)	481
Special Revenue	Title VI-B	80,028
Special Revenue	Title VI	6,511
Special Revenue	Drug Free Schools	5,765
Special Revenue	Miscellaneous Federal Grants	48,122
Enterprise	Adult Education	140

- Ohio Revised Code Section 5705.41(B) requires that no subdivision is to expend money unless it has been appropriated.

It was noted during the audit that the District had expenditures plus encumbrances exceeding appropriations plus prior year carryover in the following:

<u>Fund Type</u> <u>Fund/Function</u>	<u>Prior Year</u> <u>Carry Over Plus</u> <u>Appropriations</u>	<u>Expenditures</u> <u>Plus Encumbrances</u>	<u>Excess</u>
<u>General Fund</u>			
Instruction:			
Regular	\$2,960,618	\$3,153,070	\$192,452
Other	325,000	386,413	61,413
Supporting Services:			
Pupils	280,277	280,353	76
Extracurricular Activities:			
Occupation Oriented	2,255	4,743	2,488
Facilities Acquisition and Construction:			
Construction	11,755	12,281	526
Transfers Out	125,000	134,502	9,502

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

NOTES TO THE GENERAL PURPOSE FINANCIAL STATEMENTS
FOR THE FISCAL YEAR ENDED JUNE 30, 2000

NOTE 3 - ACCOUNTABILITY AND COMPLIANCE - (Continued)

<u>Fund Type Fund</u>	Prior Year Carry Over Plus <u>Appropriations</u>	Expenditures Plus Encumbrances	<u>Excess</u>
<u>Special Revenue Funds:</u>			
Public School Support	\$ 32,546	\$ 37,208	\$ 4,662
Venture Capital	0	2,277	2,277
Auxiliary Services	4,515	28,179	23,664
Disadvantaged Pupil Impact Aid	319,943	456,511	136,568
 <u>Capital Projects Fund</u>			
Power Up	0	46,045	46,045
 <u>Enterprise Fund</u>			
Uniform School Supplies	50,000	63,794	13,794

Disclosure is presented at the fund level for all funds (other than the General fund) rather than at the function level within the fund due to the practicality of determining these values.

NOTE 4 - EQUITY IN POOLED CASH AND CASH EQUIVALENTS

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

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

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

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

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

NOTES TO THE GENERAL PURPOSE FINANCIAL STATEMENTS
FOR THE FISCAL YEAR ENDED JUNE 30, 2000

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

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

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

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

**LAKOTA LOCAL SCHOOL DISTRICT
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NOTES TO THE GENERAL PURPOSE FINANCIAL STATEMENTS
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NOTE 4 - EQUITY IN POOLED CASH AND CASH EQUIVALENTS - (Continued)

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

Investments in stripped principal or interest obligations, reverse repurchase agreements and derivatives are prohibited. The issuance of taxable notes for the purpose of arbitrage, the use of leverage and short selling are also prohibited. An investment must mature within five years from the date of purchase unless matched to a specific obligation or debt of the District, and must be purchased with the expectation that it will be held to maturity. Investments may only be made through specified dealers and institutions. Payment for investments may be made only upon delivery of the securities representing the investments to the Treasurer or qualified trustee or, if the securities are not represented by a certificate, upon receipt of confirmation of transfer from the custodian.

Cash on Hand: At year end, the District had \$2,020 in undeposited cash on hand which is included on the combined balance sheet as part of "Equity in Pooled Cash and Cash Equivalents", but is not included in the total amount of deposits reported below.

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

Deposits: At year-end the carrying amount of the District's deposits was \$(29,631) and the bank balance was \$20,460. A liability was not recorded for the negative carrying amount of deposits because there was no actual overdraft, due to the "zero-balance" nature of the District's bank accounts. The entire bank balance was covered by federal deposit insurance.

Investments: The District's investments are required to be categorized to give an indication of the level of risk assumed by the District at year end. Category 1 includes investments that are insured or registered or for which the securities are held by the District or its agent in the District's name. Category 2 includes uninsured and unregistered investments for which the securities are held by the counterparty's trust department or agent in the District's name. Category 3 includes uninsured and unregistered investments for which the securities are held by the counterparty, or by its trust department or agent but not in the District's name. STAR Ohio is an unclassified investment since it is not evidenced by securities that exist in physical or book entry form.

**LAKOTA LOCAL SCHOOL DISTRICT
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NOTES TO THE GENERAL PURPOSE FINANCIAL STATEMENTS
FOR THE FISCAL YEAR ENDED JUNE 30, 2000

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

	Category of Risk 3	Fair Value
Repurchase Agreement	\$646,683	\$ 646,683
Not Subject to Categorization:		
Investment in State		
Treasurer's Investment Pool	- - -	1,337,813
Total Investments	\$646,683	\$1,984,496

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

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

	Equity in Pooled Cash and Cash Equivalents	Investments
GASB Statement No. 9	\$1,956,885	\$ 0
Investments of the Cash		
Management Pool:		
Repurchase Agreement	(646,683)	646,683
State Treasurer's Investment Pool	(1,337,813)	1,337,813
Cash on Hand	(2,020)	- - -
GASB Statement No. 3	\$ (29,631)	\$1,984,496

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

NOTES TO THE GENERAL PURPOSE FINANCIAL STATEMENTS
FOR THE FISCAL YEAR ENDED JUNE 30, 2000

NOTE 5 - INTERFUND TRANSACTIONS

A. Interfund balances at June 30, 2000, consist of the following long-term advances:

	<u>Advances to Other Funds</u>	<u>Advances (from) Other Funds</u>
General Fund	\$15,338	
<u>Special Revenue Funds</u>		
District Managed Student Activity		\$(10,000)
Title VI-B		<u>(5,338)</u>
Total Special Revenue Funds	<u> </u>	<u>(15,338)</u>
Totals	<u>\$15,338</u>	<u>\$(15,338)</u>

B. Interfund balances at June 30, 2000, consist of the following individual interfund loans receivable and payable:

	<u>Interfund Loans Receivable</u>	<u>Interfund Loans (Payable)</u>
General Fund	\$2,935	
<u>Special Revenue Funds</u>		
Eisenhower Grant		\$ (1,821)
Title VI		<u>(1,114)</u>
Total Special Revenue Funds	<u> </u>	<u>(2,935)</u>
Total Interfund Loans	<u>\$2,935</u>	<u>\$(2,935)</u>

C. The following is a reconciliation of the District's operating transfers for fiscal year 2000:

	<u>Transfers In</u>	<u>Transfers Out</u>
General Fund		\$(13,466)
<u>Special Revenue Fund</u>		
Public School Support	\$ 50	
Debt Service Fund	<u>13,416</u>	<u> </u>
Totals	<u>\$13,466</u>	<u>\$(13,466)</u>

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

NOTES TO THE GENERAL PURPOSE FINANCIAL STATEMENTS
FOR THE FISCAL YEAR ENDED JUNE 30, 2000

NOTE 6 - PROPERTY TAXES

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

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

Public utility property taxes are assessed on tangible personal property, as well as land and improvements. Real property is assessed at 35% of market value and personal property is assessed at 100% of market value, except for the personal property of rural electric companies, which is assessed 50% of market value, and railroads, which are assessed at 29%.

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

The assessed values upon which the fiscal year 2000 taxes are collected are as follows:

	<u>1999 Second-Half Collections</u>		<u>2000 First-Half Collections</u>	
	<u>Amount</u>	<u>Percent</u>	<u>Amount</u>	<u>Percent</u>
Agricultural/Residential and Other Real Estate	\$71,163,200	80.89	\$ 86,223,070	82.99
Public Utility Personal	9,403,210	10.69	9,387,050	9.03
Tangible Personal Property	<u>7,414,029</u>	<u>8.42</u>	<u>8,287,637</u>	<u>7.98</u>
	<u>\$87,980,439</u>	<u>100.00</u>	<u>\$103,897,757</u>	<u>100.00</u>
Tax rate per \$1,000 of assessed valuation:				
Operations		\$48.20		\$48.20

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

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

**NOTES TO THE GENERAL PURPOSE FINANCIAL STATEMENTS
FOR THE FISCAL YEAR ENDED JUNE 30, 2000**

NOTE 6 - PROPERTY TAXES - (Continued)

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

The District receives property taxes from Sandusky, Wood, and Seneca Counties. The County Auditor periodically advances to the District its portion of the taxes collected. Second-half real property tax payments collected by the County as of June 30, 2000 are available to finance fiscal year 2001 operations. The amount available to be advanced can vary based on the date the tax bills are sent.

Accrued property taxes receivable represent delinquent taxes outstanding and real property, personal property and public utility taxes which became measurable as of June 30, 2000. Although total property tax collections for the next fiscal year are measurable, they are not (exclusive of advances) intended to finance current year operations. The net receivable (total receivable less amount available intended to finance the current year) is therefore offset by a credit to deferred revenue.

Taxes available for advance and recognized as revenue but not received by the District prior to June 30, 2000, are reflected as a reservation of fund balance for future appropriations. The District is prohibited by law from appropriating this revenue in accordance with ORC Section 5705.35, since an advance of revenue was not requested or received prior to the fiscal year-end. Available tax advances at June 30, 2000, totaled \$313,501 in the General fund.

NOTE 7 - RECEIVABLES

Receivables at June 30, 2000, consisted of property taxes, accounts (rent, billings for user charged services, and student fees), interfund loans, and intergovernmental grants (to the extent they are intended to finance the current fiscal year). 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 fiscal year guarantee of Federal funds.

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

NOTES TO THE GENERAL PURPOSE FINANCIAL STATEMENTS
FOR THE FISCAL YEAR ENDED JUNE 30, 2000

NOTE 7 - RECEIVABLES - (Continued)

A summary of the principal items of receivables follows:

	<u>Amounts</u>
<u>General Fund</u>	
Taxes - current and delinquent	\$3,173,307
Advanced to other funds	15,338
<u>Enterprise Funds</u>	
Due from other governments	15,745
<u>Internal Service Fund</u>	
Due from other funds	9,138

NOTE 8 - FIXED ASSETS

A. A summary of the changes in General Fixed Assets Account Group during fiscal year 2000 follows:

	<u>Restated Balance at 07/01/99</u>	<u>Additions</u>	<u>Disposals</u>	<u>Balance at 06/30/00</u>
Land and Improvements	\$ 377,741	\$ 0	\$ 0	\$ 377,741
Buildings and Improvements	3,029,398	12,572	(3,000)	3,038,970
Furniture, Fixtures and Equipment	1,670,174	53,627	---	1,723,801
Books	665,423	---	---	665,423
Vehicles	<u>1,226,191</u>	<u>63,358</u>	<u>---</u>	<u>1,289,549</u>
Total General Fixed Assets	<u>\$6,968,927</u>	<u>\$129,557</u>	<u>\$ (3,000)</u>	<u>\$7,095,484</u>

B. A summary of the Enterprise funds' fixed assets at June 30, 2000, follows:

Furniture and Equipment	\$ 153,365
Less Accumulated Depreciation	<u>(119,711)</u>
Net Fixed Assets	<u>\$ 33,654</u>

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

NOTES TO THE GENERAL PURPOSE FINANCIAL STATEMENTS
FOR THE FISCAL YEAR ENDED JUNE 30, 2000

NOTE 9 - CAPITALIZED LEASES - LESSEE DISCLOSURE

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

Capital lease payments have been reclassified and are reflected as debt service expenditures in the Combined Financial Statement of Revenues, Expenditures and Changes in Fund Balances-All Governmental Fund Types and Expendable Trust Fund. These expenditures are reflected as program/function expenditures on a budgetary basis. General fixed assets acquired by lease have been capitalized in the General Fixed Asset Account Group in the amount of \$42,379, which is equal to the present value of the future minimum lease payments as of the date of their inception. A corresponding liability was recorded in the General Long-Term Obligations Account Group. Principal payments in the 2000 fiscal year totaled \$8,233. This amount is reflected as debt service principal retirement in the General Fund.

The following is a schedule of the future minimum lease payments required under the capital leases and the present value of the future minimum lease payments as of June 30, 2000.

General Long-Term Obligations

<u>Year Ending June 30</u>	<u>Copiers</u>
2001	\$10,476
2002	10,476
2003	<u>2,619</u>
Total future minimum lease payments	<u>23,571</u>
Less: Amount Representing Interest	<u>(2,227)</u>
Present Value of Future Minimum Lease Payments	<u>\$21,344</u>

The District does not have capitalized lease obligations after fiscal year 2003.

**LAKOTA LOCAL SCHOOL DISTRICT
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NOTES TO THE GENERAL PURPOSE FINANCIAL STATEMENTS
FOR THE FISCAL YEAR ENDED JUNE 30, 2000

NOTE 10 - LONG-TERM OBLIGATIONS

- A. *Energy Conservation Notes* - On December 9, 1989, the District issued \$239,050 in unvoted general obligation notes for the purpose of providing energy conservation measures for the District, under the authority of Ohio Revised Code sections 133.06(G) and 3313.372. The notes were issued for a ten year period with final maturity during fiscal year 2000. The notes were retired during the fiscal year.
- B. During the year ended June 30, 2000, the following changes occurred in liabilities reported in the General Long-Term Obligations Account Group. Compensated absences and the pension obligation payable will be paid from the fund from which the employees' salaries are paid. Compensated absences are reported net of actual increases and decreases due to the practicality of determining these values.

	Restated Balance 07/01/99	Increases	Decreases	Balance 06/30/00
Compensated Absences	\$763,126	\$ 0	\$ (85,425)	\$677,701
Pension Obligation Payable	67,459	78,828	(67,459)	78,828
Capital Lease Obligation	29,577	---	(8,233)	21,344
Energy Conservation Notes	32,020	---	(32,020)	0
Total General Long-Term Obligations	<u>\$892,182</u>	<u>\$78,828</u>	<u>\$(193,137)</u>	<u>\$777,873</u>

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

The effects of these debt limitations at June 30, 2000, are a voted debt margin of \$9,350,798 an unvoted debt margin of \$103,898, and an unvoted energy conservation debt margin of \$935,080.

**LAKOTA LOCAL SCHOOL DISTRICT
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**NOTES TO THE GENERAL PURPOSE FINANCIAL STATEMENTS
FOR THE FISCAL YEAR ENDED JUNE 30, 2000**

NOTE 11 - RISK MANAGEMENT

The District is exposed to various risks of loss related to torts; theft or damage to, and destruction of assets; errors and omissions; injuries to employees; and natural disasters. During fiscal year 2000, the District contracted with Nationwide Insurance for fleet insurance and liability insurance, and with Utica National Insurance Group for property, inland marine and crime coverage. Coverages provided by these companies are as follows:

Building and Contents-replacement cost (\$500 deductible)	\$20,828,765
Inland Marine Coverage (\$250 deductible)	888,229
Crime Insurance	10,000
Automobile Liability (\$250 deductible)	1,000,000
Uninsured Motorists (\$250 deductible)	1,000,000
General Liability	
Per occurrence	2,000,000
Total per year	5,000,000

Settled claims have not exceeded this commercial coverage in any of the past three years. There has been no significant reductions in the amount of coverage from the prior year.

For fiscal year 2000, the District participated in the Ohio School Boards Association Workers' Compensation Group Rating Program (GRP), an insurance purchasing pool. The intent of the GRP is to achieve the benefit of a reduced premium for the District by virtue of its grouping and representation with other participants in the GRP. The workers' compensation experience of the participating Districts is calculated as one experience and a common premium rate is applied to all Districts in the GRP. Each participant pays its workers' compensation premium to the State based on the rate for the GRP rather than its individual rate. Total savings are then calculated and each participant's individual performance is compared to the overall savings of the GRP. A participant will then either receive money from or be required to contribute to the "Equity Pooling Fund". This "equity pooling" arrangement ensures that each participant shares equally in the overall performance of the GRP. Participation in the GRP is limited to Districts that can meet the GRP's selection criteria. The firm of Gates McDonald & Co. provides administrative, cost control and actuarial services to the GRP.

**LAKOTA LOCAL SCHOOL DISTRICT
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NOTES TO THE GENERAL PURPOSE FINANCIAL STATEMENTS
FOR THE FISCAL YEAR ENDED JUNE 30, 2000

NOTE 11 - RISK MANAGEMENT - (Continued)

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

The claims liability of \$3,105 reported in the Internal Service fund at June 30, 2000, is based on an estimate provided by the third party administrator and the requirements of GASB Statement No. 10, Accounting and Financial Reporting for Risk Financing and Related Insurance Issues, as amended by GASB Statement No. 30, Risk Financing Omnibus, which requires that a liability for unpaid claim costs, including estimates of costs relating to incurred but not reported claims, be accrued at the estimated ultimate cost of settling the claims. Changes in claims activity during fiscal 2000 and the two previous fiscal years are as follows:

	<u>Balance at Beginning of Year</u>	<u>Current Year Claims</u>	<u>Claim Payments</u>	<u>Balance at End of Year</u>
2000	\$ 9,861	\$61,568	\$68,324	\$ 3,105
1999	11,393	68,363	69,895	9,861
1998	4,518	76,239	69,364	11,393

**LAKOTA LOCAL SCHOOL DISTRICT
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NOTES TO THE GENERAL PURPOSE FINANCIAL STATEMENTS
FOR THE FISCAL YEAR ENDED JUNE 30, 2000

NOTE 12 - SEGMENT INFORMATION FOR ENTERPRISE FUNDS

The District maintains three Enterprise funds to account for the operations of food service, uniform school supplies and adult education. The table below reflects the more significant financial data relating to the Enterprise funds of the District as of and for the fiscal year ended June 30, 2000.

	<u>Food Service</u>	<u>Uniform School Supplies</u>	<u>Adult Education</u>	<u>Total Enterprise Funds</u>
Operating Revenues	\$ 233,483	\$61,275	\$ ---	\$ 294,758
Depreciation Expense	6,312	---	---	6,312
Operating Income (Loss)	(125,847)	8,037	(85)	(117,895)
Nonoperating Revenue:				
Donated Commodities	40,837	---	---	40,837
Operating Grants	119,453	---	---	119,453
Net Income (Loss)	43,988	8,037	(85)	51,940
Net Working Capital	172,671	39,679	---	212,350
Fixed Assets:				
Additions	3,951	---	---	3,951
Total Assets	251,496	39,679	---	291,175
Long-Term Liabilities				
Payable from Fund Revenues	10,859	---	---	10,859
Total Equity	195,466	39,679	---	235,145
Encumbrances Outstanding at June 30, 2000	60,657	5,626	---	66,283

**LAKOTA LOCAL SCHOOL DISTRICT
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NOTES TO THE GENERAL PURPOSE FINANCIAL STATEMENTS
FOR THE FISCAL YEAR ENDED JUNE 30, 2000

NOTE 13 - DEFINED BENEFIT PENSION PLANS

A. School Employees Retirement System

The District contributes to the School Employees Retirement System of Ohio (SERS), a cost-sharing multiple employer defined benefit pension plan. SERS provides basic retirement and disability benefits, cost-of-living adjustments, and death benefits to plan members and beneficiaries. Authority to establish and amend benefits is established by Chapter 3309 of the Ohio Revised Code. SERS issues a publicly available, stand-alone financial report that includes financial statements and required supplementary information. The report may be obtained by writing to the School Employees Retirement System, 45 North Fourth Street, Columbus, Ohio 43215-3634.

Plan members are required to contribute 9 percent of their annual covered salary and the District is required to contribute at an actuarially determined rate, which was 14 percent for 2000; 5.55 percent was the portion to fund pension obligations. The contribution rates of plan members and employers are established and may be amended by the School Employees Retirement Board, up to maximum amounts allowed by State statute. The adequacy of the contribution rates is determined annually. The District's required contributions for pension obligations to SERS for the fiscal years ended June 30, 2000, 1999, and 1998 were \$195,438, \$182,731, and \$144,564, respectively; 52 percent has been contributed for fiscal year 2000 and 100 percent for the fiscal years 1999 and 1998. \$94,386, which represents the unpaid contribution for fiscal year 2000, is recorded as a liability within the respective funds and the General Long-Term Obligations Account Group.

B. State Teachers Retirement System

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

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

Plan members are required to contribute 9.3 percent of their annual covered salary and the District is required to contribute 14 percent; 6 percent was the portion used to fund pension obligations. Contribution rates are established by the State Teachers Retirement Board, upon recommendation of its consulting actuary, not to exceed statutory maximum rates of 10 percent for members and 14 percent for employers. The District's required contributions for pension obligations to STRS for the fiscal years ended June 30, 2000, 1999, and 1998 were \$694,129, \$734,961, and \$514,654, respectively; 88 percent has been contributed for fiscal year 2000 and 100 percent for the fiscal years 1999 and 1998. \$80,666, which represents the unpaid contribution for fiscal year 2000, is recorded as a liability within the respective funds.

C. Social Security System

Effective July 1, 1991, all employees not otherwise covered by the SERS or the STRS have an option to choose Social Security or the SERS/STRS. As of June 30, 2000, no members of the Board of Education have elected Social Security.

NOTE 14 - POSTEMPLOYMENT BENEFITS

The District provides comprehensive health care benefits to retired teachers and their dependents through the State Teachers Retirement System (STRS), and to retired non-certified employees and their dependents through the School Employees Retirement System (SERS). Benefits include hospitalization, physicians' fees, prescription drugs, and reimbursement of monthly Medicare premiums. Benefit provisions 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.

The State Teachers Retirement Board has statutory authority over how much, if any, of the health care costs will be absorbed by STRS. Most benefit recipients are required to pay a portion of health care cost in the form of a monthly premium. By Ohio law, the cost of coverage paid from STRS funds shall be included in the employer contribution rate, currently 14 percent of covered payroll. For this fiscal year, the Board allocated employer contributions equal to 8 percent of covered payroll to the Health Care Reserve Fund. For the District, this amount equaled \$396,645 during the 2000 fiscal year.

**LAKOTA LOCAL SCHOOL DISTRICT
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**NOTES TO THE GENERAL PURPOSE FINANCIAL STATEMENTS
FOR THE FISCAL YEAR ENDED JUNE 30, 2000**

NOTE 14 - POSTEMPLOYMENT BENEFITS - (Continued)

STRS pays health care benefits from the Health Care Reserve Fund. The balance in the Fund was \$2.783 billion at June 30, 1999. As of July 1, 1999, eligible benefit recipients totaled 95,796. For the fiscal year ended June 30, 1999, net health care costs paid by STRS were \$249,929,000.

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

For this fiscal year, employer contributions to fund health care benefits were 8.45 percent of covered payroll, an increase from 6.30 percent for fiscal year 1999. 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 2000, the minimum pay has been established at \$12,400. The surcharge, added to the unallocated portion of the 14 percent employer contribution rate, provides for maintenance of the asset target level for the health care fund.

The target level for the health care reserve is 150 percent of annual health care expenses. Expenses for health care at June 30, 1999, were \$126,380,984 and the target level was \$189.6 million. At June 30, 1999, SERS had net assets available for payment of health care benefits of \$188 million. SERS has approximately 51,000 participants currently receiving health care benefits. For the District, the amount to fund health care benefits, including the surcharge, equaled \$143,090 during the 2000 fiscal year.

NOTE 15 - BUDGETARY BASIS OF ACCOUNTING

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

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

NOTES TO THE GENERAL PURPOSE FINANCIAL STATEMENTS
FOR THE FISCAL YEAR ENDED JUNE 30, 2000

NOTE 15 - BUDGETARY BASIS OF ACCOUNTING - (Continued)

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

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

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

		Governmental Fund Types		
	<u>General</u>	<u>Special Revenue</u>	<u>Debt Service</u>	<u>Capital Projects</u>
Budget basis	\$112,992	\$(190,297)	\$(21,021)	\$ (62,407)
Net adjustment for revenue accruals	(87,449)	(20,768)	---	---
Net adjustment for expenditure accruals	71,216	(10,586)	---	(98,906)
Net adjustment for other financing sources (uses)	2,879	(2,936)	---	---
Encumbrances	<u>390,116</u>	<u>17,264</u>	<u>---</u>	<u>140,216</u>
GAAP basis	<u>\$489,754</u>	<u>\$(207,323)</u>	<u>\$(21,021)</u>	<u>\$ (21,097)</u>

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

**NOTES TO THE GENERAL PURPOSE FINANCIAL STATEMENTS
FOR THE FISCAL YEAR ENDED JUNE 30, 2000**

NOTE 16 - CONTINGENCIES

A. Grants

The District received financial assistance from federal and state agencies in the form of grants. The expenditure of funds received under these programs generally requires compliance with terms and conditions specified in the grant agreements and is subject to audit by the grantor agencies. Any disallowed claims resulting from such audits could become a liability of the general fund or other applicable funds. However, in the opinion of management, any such disallowed claims will not have a material adverse effect on the overall financial position of the District at June 30, 2000.

B. Litigation

The District is involved in no material litigation either as a plaintiff or defendant.

C. School Funding Decision

On March 24, 1997, the Ohio Supreme Court rendered a decision declaring certain portions of the Ohio school funding plan unconstitutional. The Court stayed the effect of its ruling for one year to allow the State's legislature to design a plan to remedy the perceived defects in that system. Declared unconstitutional was the State's "school foundation program", which provides significant amounts of monetary support to this District. During the fiscal year ended June 30, 2000, the District received total support of \$4,535,412.

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

**NOTES TO THE GENERAL PURPOSE FINANCIAL STATEMENTS
FOR THE FISCAL YEAR ENDED JUNE 30, 2000**

NOTE 16 - CONTINGENCIES - (Continued)

Since the Supreme Court ruling, numerous pieces of legislation have been passed by the State General Assembly in an attempt to address the issues identified by the Court. The Court of Common Pleas in Perry County reviewed the new laws and, in a decision issued on February 26, 1999, determined they are not sufficiently responsive to the constitutional issues raised under the “thorough and efficient” clause of the Ohio Constitution. The State appealed the decision made by the Court of Common Pleas to the Ohio Supreme Court. On May 11, 2000, the Ohio Supreme Court rendered an opinion on this issue. The Court concluded, “...the mandate of the (Ohio) Constitution has not been fulfilled.” The Court’s majority recognized efforts by the Ohio General Assembly taken in response to the Court’s March 24, 1997, decision, however, it found seven “...major areas warrant further attention, study, and development by the General Assembly...,” including the State’s reliance on local property tax funding, the state’s basic aid formula, the school foundation program, as discussed above, the mechanism for, and adequacy of, funding for school facilities, and the existence of the State’s School Solvency Assistance Fund, which the Court found took the place of the unconstitutional emergency school loan assistance program.

The Court decided to maintain jurisdiction over these issues and continued the case at least until June 15, 2001.

As of the date of these financial statements, the District is unable to determine what effect, if any, this ongoing litigation will have on its future State funding under this program and on its financial operations.

SUPPLEMENTAL DATA

**LAKOTA LOCAL SCHOOL DISTRICT
SCHEDULE OF EXPENDITURES OF FEDERAL AWARDS
FOR THE FISCAL YEAR ENDED JUNE 30, 2000**

FEDERAL GRANTOR/ SUB GRANTOR/ PROGRAM TITLE	CFDA NUMBER	PASS-THROUGH GRANT NUMBER	(D) CASH FEDERAL RECEIPTS	OTHER FEDERAL RECEIPTS	(D) CASH FEDERAL DISBURSEMENTS	OTHER FEDERAL DISBURSEMENTS
U. S. DEPARTMENT OF AGRICULTURE PASSED THROUGH THE OHIO DEPARTMENT OF EDUCATION:						
Nutrition Cluster:						
(A) (B) Food Distribution	10.550	N/A		\$41,001		\$40,837
(A) (C) School Breakfast Program	10.553	N/A	\$2,448		\$2,448	
(A) (C) National School Lunch Program	10.555	N/A	110,796		110,796	
Total Nutrition Cluster and U. S. Department of Agriculture			<u>113,244</u>	<u>41,001</u>	<u>113,244</u>	<u>40,837</u>
U. S. DEPARTMENT OF EDUCATION PASSED THROUGH THE OHIO DEPARTMENT OF EDUCATION:						
Title I - Grants to Local Educational Agencies	84.010	049569-C1-S1-99	21,075		19,943	
Title I - Grants to Local Educational Agencies	84.010	049569-C1-S1-00	74,229		68,138	
Total Title I			<u>95,304</u>		<u>88,081</u>	
Migrant Education	84.011	049569-MG-S1-99	17,500		107,273	
Migrant Education	84.011	049569-MG-S1-00	39,000		15,358	
Total Migrant Education			<u>56,500</u>		<u>122,631</u>	
Title VI-B -Education of the Handicapped Act	84.027	049569-6B-SF-99 P	435		61,809	
Title VI-B -Education of the Handicapped Act	84.027	049569-6B-SF-99 P	94,596		81,506	
Total VI-B			<u>95,031</u>		<u>143,315</u>	
Safe and Drug-Free Schools Grants	84.186	049569-DR-S1-00	4,385		3,661	
Goals 2000	84.276	049569-GS-S3-97	0		6,285	
Eisenhower Professional Development Grant	84.281	049569-MS-S1-99	0		541	
Eisenhower Professional Development Grant	84.281	049569-MS-S1-00	1,672		3,200	
Total Eisenhower Professional Development Grant			<u>1,672</u>		<u>3,741</u>	
Title VI - Innovative Educational Program Strategies	84.298	049569-C2-S1-99	0		214	
Title VI - Innovative Educational Program Strategies	84.298	049569-CR-S1-00	6,755		7,553	
Total Title VI-Innovative Educational Program Strategies			<u>6,755</u>		<u>7,767</u>	
Class Size Reduction	84.340	049569-CR-S1 00	21,040		19,315	
Total U. S. Department of Education			<u>280,687</u>		<u>394,796</u>	
Total Federal Financial Assistance			<u>\$393,931</u>	<u>\$41,001</u>	<u>\$508,040</u>	<u>\$40,837</u>

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

TRIMBLE, JULIAN & GRUBE, INC.

"SERVING OHIO LOCAL GOVERNMENTS"

1445 Worthington Woods Boulevard
Suite B
Worthington, Ohio 43085

Telephone 614.846.1899
Facsimile 614.846.2799

REPORT ON COMPLIANCE AND ON INTERNAL CONTROL REQUIRED BY *GOVERNMENT AUDITING STANDARDS*

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

We have audited the general purpose financial statements of Lakota Local School District as of and for the fiscal year ended June 30, 2000, and have issued our report thereon dated December 18, 2000. We conducted our audit in accordance with generally accepted auditing standards and standards applicable to financial audits contained in *Government Auditing Standards*, issued by the Comptroller General of the United States.

Compliance

As part of obtaining reasonable assurance about whether Lakota Local School District's general purpose financial statements are free of material misstatement, we performed tests of its compliance with certain provisions of laws, regulations, contracts and grants, noncompliance with which could have a direct and material effect on the determination of financial statement amounts. However, providing an opinion on compliance with those provisions was not an objective of our audit and, accordingly, we do not express such an opinion. The results of our tests disclosed instances of noncompliance that are required to be reported under *Government Auditing Standards* which are described in the accompanying schedule of findings as items: 2000-LLSD-001 and 2000-LLSD-002. We also noted certain immaterial instances of noncompliance that we have reported to management of Lakota local School District in a separate letter dated December 18, 2000.

Board of Education
Lakota Local School District

Internal Control Over Financial Reporting

In planning and performing our audit, we considered Lakota Local School District's internal control over financial reporting in order to determine our auditing procedures for the purpose of expressing our opinion on the general purpose financial statements and not to provide assurance on the internal control over financial reporting. However, we noted certain matters involving the internal control over financial reporting and its operation that we consider to be reportable conditions. Reportable conditions involve matters coming to our attention relating to the significant deficiencies in the design or operation of the internal control over financial reporting that, in our judgement, could adversely affect Lakota Local School District's ability to record, process, summarize and report financial data consistent with the assertions of management in the financial statements. Reportable conditions are described in the accompanying schedule of findings as items 2000-LLSD-001 and 2000-LLSD-002.

A material weakness is a condition in which the design or operation of one or more of the internal control components does not reduce to a relatively low level the risk that misstatements in amounts that would be material in relation to the financial statements being audited may occur and not be detected within a timely period by employees in the normal course of performing their assigned functions. Our consideration of the internal control over financial reporting would not necessarily disclose all matters in the internal control that might be reportable conditions and, accordingly, would not necessarily disclose all reportable conditions that are also considered to be material weaknesses. However, we believe none of the reportable conditions described above are a material weakness. We also noted other matters involving the internal control over financial reporting that do not require inclusion in this report that we have reported to management of Lakota Local School District in a separate letter dated December 18, 2000.

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

Trimble, Julian & Grube, Inc.
December 18, 2000

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"SERVING OHIO LOCAL GOVERNMENTS"

1445 Worthington Woods Boulevard
Suite B
Worthington, Ohio 43085

Telephone 614.846.1899
Facsimile 614.846.2799

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

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

Compliance

We have audited the compliance of Lakota Local School District with the types of compliance requirements described in the *U. S. Office of Management and Budget (OMB) Circular A-133 Compliance Supplement* that are applicable to its major federal program for the fiscal year ended June 30, 2000. Lakota Local School District's major federal program is identified in the summary of auditor's results section of the accompanying schedule of findings. Compliance with the requirements of laws, regulations, contracts and grants applicable to its major federal program is the responsibility of Lakota Local School District's management. Our responsibility is to express an opinion on Lakota Local School District's compliance based on our audit.

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

Board of Education
Lakota Local School District

In our opinion, Lakota Local School District complied, in all material respects, with the requirements referred to above that are applicable to its major federal program for the fiscal year ended June 30, 2000.

Internal Control Over Compliance

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

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

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

Trimble, Julian & Grube, Inc.
December 18, 2000

SCHEDULE OF FINDINGS
OMB CIRCULAR A-133 § .505

LAKOTA LOCAL SCHOOL DISTRICT
SANDUSKY COUNTY
JUNE 30, 2000

1. SUMMARY OF AUDITOR'S RESULTS

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

SCHEDULE OF FINDINGS
OMB CIRCULAR A-133 § .505

LAKOTA LOCAL SCHOOL DISTRICT
SANDUSKY COUNTY
JUNE 30, 2000

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

Finding Number	2000-LLSD-001
----------------	---------------

Ohio Revised Code Section 5705.39 in part requires that the total appropriation from each fund should not exceed total estimated revenues plus available balances.

It was noted during the audit that the total appropriations exceeded the total estimated revenues plus available balances in the following funds:

<u>Fund Type</u>	<u>Fund</u>	<u>Excess Amount</u>
Debt Service	Debt Service	\$ 10,064
Special Revenue	Bowling Green State University	880
Special Revenue	Local Professional Development Block	124
Special Revenue	Management Information Systems	625
Special Revenue	Miscellaneous State Grants	1,450
Special Revenue	Migrant Program	29,002
Special Revenue	Education for Economic Security Act (EESA)	481
Special Revenue	Title VI-B	80,028
Special Revenue	Title VI	6,511
Special Revenue	Drug Free Schools	5,765
Special Revenue	Miscellaneous Federal Grants	48,122
Enterprise	Adult Education	140

With appropriations exceeding revenues, the District is spending monies that are not lawfully appropriated for those purposes and thus cause a fund deficit.

We recommend that the District comply with the Ohio Revised Code and Auditor of State Bulletin 97-010 by keeping more accurate appropriations versus estimated revenue records and amending the budget prior to year end. If it is determined that estimated revenues will be greater than initially anticipated, the District should amend its official estimate in order to provide for any additional appropriations; however, appropriations should not exceed estimated revenues. In addition, the District should monitor its budgetary process on a regular basis.

SCHEDULE OF FINDINGS
OMB CIRCULAR A-133 § .505

LAKOTA LOCAL SCHOOL DISTRICT
SANDUSKY COUNTY
JUNE 30, 2000

2. FINDINGS RELATED TO THE FINANCIAL STATEMENTS
REQUIRED TO BE REPORTED IN ACCORDANCE WITH GAGAS - (Continued)

Finding Number	2000-LLSD-002
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Ohio Revised Code Section 5705.41(B) requires that no subdivision is to expend money unless it has been appropriated.

It was noted during the audit that the District had expenditures plus encumbrances exceeding appropriations plus prior year carryover in the following:

<u>Fund Type</u> <u>Fund/Function</u>	<u>Prior Year</u> <u>Carry Over Plus</u> <u>Appropriations</u>	<u>Expenditures</u> <u>Plus Encumbrances</u>	<u>Excess</u>
<u>General Fund</u>			
Instruction:			
Regular	\$2,960,618	\$3,153,070	\$192,452
Other	325,000	386,413	61,413
Supporting Services:			
Pupils	280,277	280,353	76
Extracurricular Activities:			
Occupation Oriented	2,255	4,743	2,488
Facilities Acquisition and Construction:			
Construction	11,755	12,281	526
Transfers Out	125,000	134,452	9,452
<u>Fund Type</u> <u>Fund</u>			
Special Revenue Funds:			
Public School Support	32,546	37,208	4,662
Venture Capital	0	2,277	2,277
Auxiliary Services	4,515	28,179	23,664
Disadvantaged Pupil Impact Aid	319,943	456,511	136,568
Capital Projects Fund			
Power Up	0	46,045	46,045
Enterprise Fund			
Uniform School Supplies	50,000	63,794	13,794

Disclosure is presented at the fund level for all funds (other than the General fund) rather than at the function level within the fund due to the practicality of determining these values.

SCHEDULE OF FINDINGS
OMB CIRCULAR A-133 § .505

LAKOTA LOCAL SCHOOL DISTRICT
SANDUSKY COUNTY
JUNE 30, 2000

2. FINDINGS RELATED TO THE FINANCIAL STATEMENTS REQUIRED TO BE REPORTED IN ACCORDANCE WITH GAGAS - (Continued)

Finding Number	2000-LLSD-002 – (continued)
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With expenditures exceeding appropriations, the District is unlawfully expending monies that have not been appropriated.

We recommend that the District comply with the Ohio Revised Code and the Auditor of State Bulletin 97-010 by monitoring expenditures so they do not exceed lawful appropriations and amending the budget prior to year end. This may be achieved by monitoring the budget more closely on a continual basis.

3. FINDINGS AND QUESTIONED COSTS FOR FEDERAL AWARDS
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None.

**LAKOTA LOCAL SCHOOL DISTRICT
SANDUSKY COUNTY
STATUS OF PRIOR AUDIT FINDINGS
JUNE 30, 2000**

<u>Finding Number</u>	<u>Finding Summary</u>	<u>Fully Corrected?</u>	Not Corrected, Partially Corrected; Significantly Different Corrective Action Taken; or Finding No <u>Longer Valid</u> ; <i>Explain:</i>
1999-10172-001	Ohio Revised Code Section 5705.41(B)	No	During fiscal 2000, the District hired a new Treasurer. The current District Treasurer is currently monitoring appropriations on a monthly basis
1999-10172-002	Ohio Revised Code Section 5705.39	No	During fiscal 2000, the District hired a new Treasurer. The current District Treasurer is currently monitoring appropriations and amended certificates on a monthly basis.



STATE OF OHIO
OFFICE OF THE AUDITOR

JIM PETRO, AUDITOR OF STATE

88 East Broad Street
P.O. Box 1140
Columbus, Ohio 43216-1140
Telephone 614-466-4514
800-282-0370
Facsimile 614-466-4490

LAKOTA LOCAL SCHOOL DISTRICT

SANDUSKY COUNTY

CLERK'S CERTIFICATION

This is a true and correct copy of the report which is required to be filed in the Office of the Auditor of State pursuant to Section 117.26, Revised Code, and which is filed in Columbus, Ohio.

Susan Babbitt

CLERK OF THE BUREAU

**CERTIFIED
JANUARY 30, 2001**