



**Auditor of State
Betty Montgomery**

LAKOTA LOCAL SCHOOL DISTRICT
BUTLER COUNTY

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**LAKOTA LOCAL SCHOOL DISTRICT
BUTLER COUNTY**

**SCHEDULE OF FEDERAL AWARDS EXPENDITURES
FISCAL YEAR ENDED JUNE 30, 2003**

Federal Grantor/ Pass Through Grantor Program Title	Pass Through Entity Number	Federal CFDA Number	Receipts	Disbursements
<u>U.S. DEPARTMENT OF AGRICULTURE</u>				
<i>Passed Through Ohio Department of Education:</i>				
Child Nutrition Cluster				
School Breakfast Program	05-PU	10.553	\$32,509	\$32,509
Special Milk Program	02-PU	10.556	12,434	12,434
National School Lunch Program	LL-P1 & LL-P4	10.555	<u>319,238</u>	<u>319,238</u>
Total Child Nutrition Cluster			<u>364,181</u>	<u>364,181</u>
Total U.S. Department of Agriculture			<u>364,181</u>	<u>364,181</u>
<u>U.S. DEPARTMENT OF EDUCATION</u>				
<i>Passed Through Ohio Department of Education:</i>				
Special Education Cluster:				
Special Education Grants to States (Title VI-B)	6BSF & 6BSX	84.027	1,171,112	1,191,034
Special Education - Preschool Grant	PG-S1	84.173	<u>45,910</u>	<u>53,592</u>
Total Special Education Cluster			<u>1,217,022</u>	<u>1,244,626</u>
Grants to Local Educational Agencies (Title I)	C1-S1	84.010	64,712	137,845
School Renovation, IDEA and Technology	AT-S1	84.352A	25,145	11,735
Refugee Children School Impact Grant	nn-n1	93.576	11,500	6,678
Title VI -- Innovative Education Program Strategies	C2-S1	84.298	78,052	54,790
Emergency Immigrant Act	EI-S1	84.162	0	2,717
Improving Teacher Quality	TR-S1	84.367	228,977	281,376
Safe and Drug Free Schools	DR-S1	84.186	47,492	53,498
Title III -- English Language Acquisition Grants	T3-S1	84.365	39,414	28,916
Goals 2000 -- Systemic Improvement Grants	G2-SP	84.276	0	14,260
Advanced Placement Program	AV-S1	84.330	<u>50</u>	<u>0</u>
Total U.S. Department of Education			<u>1,712,364</u>	<u>1,836,441</u>
Totals			<u>\$2,076,545</u>	<u>\$2,200,622</u>

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

**LAKOTA LOCAL SCHOOL DISTRICT
BUTLER COUNTY**

**NOTES TO SCHEDULE OF FEDERAL AWARDS EXPENDITURES
FOR YEAR ENDED JUNE 30, 2003**

NOTE A - SIGNIFICANT ACCOUNTING POLICIES

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

NOTE B - FOOD DISTRIBUTION

Cash receipts from the U.S. Department of Agricultural are commingled with State grants. It is assumed federal monies are expended first. At June 30, 2003, the District had no significant food commodities in inventory.



Auditor of State Betty Montgomery

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

Lakota Local School District
Butler County
5572 Princeton Road
Liberty Township, OH 45011-9726

To the Board of Education:

We have audited the financial statements of Lakota Local School District, Butler County, Ohio (the District), as of and for the year ended June 30, 2003, and have issued our report thereon dated January 26, 2004, in which we noted that the District adopted Governmental Accounting Standards Board Statement 34. We conducted our audit in accordance with auditing standards generally accepted in the United States of America and the standards applicable to financial audits contained in *Government Auditing Standards*, issued by the Comptroller General of the United States.

Compliance

As part of obtaining reasonable assurance about whether the District's financial statements are free of material misstatement, we performed tests of its compliance with certain provisions of laws, regulations, contracts and grants, noncompliance with which could have a direct and material effect on the determination of financial statement amounts. However, providing an opinion on compliance with those provisions was not an objective of our audit and, accordingly, we do not express such an opinion. The results of our tests disclosed no instances of noncompliance that are required to be reported under *Government Auditing Standards*. However, we noted certain immaterial instances of noncompliance that we have reported to management of the District in a separate letter dated January 26, 2004.

Internal Control Over Financial Reporting

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

However, we noted a matter involving the internal control over financial reporting that does not require inclusion in this report, that we have reported to management of the District in a separate letter dated January 26, 2004.

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

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

Betty Montgomery
Auditor of State

January 26, 2004



Auditor of State Betty Montgomery

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

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

To the Board of Education:

Compliance

We have audited the compliance of Lakota Local School District, Butler County, Ohio (the District) with the types of compliance requirements described in the *U.S. Office of Management and Budget (OMB) Circular A-133, Compliance Supplement* that are applicable to each of its major federal programs for the year ended June 30, 2003. The District's major federal programs are identified in the summary of auditor's results section of the accompanying schedule of findings. Compliance with the requirements of laws, regulations, contracts and grants applicable to each of its major federal programs is the responsibility of the District's management. Our responsibility is to express an opinion on the District's compliance based on our audit.

We conducted our audit of compliance in accordance with auditing standards generally accepted in the United States of America; the standards applicable to financial audits contained in *Government Auditing Standards* issued by the Comptroller General of the United States; and OMB Circular A-133, *Audits of States, Local Governments, and Non-Profit Organizations*. Those standards and OMB Circular A-133 require that we plan and perform the audit to obtain reasonable assurance about whether noncompliance occurred with the types of compliance requirements referred to above that could have a direct and material effect on a major federal program. An audit includes examining, on a test basis, evidence about 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 the District's compliance with those requirements.

In our opinion, the District complied, in all material respects, with the requirements referred to above that are applicable to each of its major federal programs for the year ended June 30, 2003

Internal Control over Compliance

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

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

Schedule of Federal Awards Expenditures

We have audited the basic financial statements of Lakota Local School District as of and for the year ended June 30, 2003, and have issued our report thereon dated January 26, 2004. Our audit was performed for the purpose of forming an opinion on the basic financial statements taken as a whole. The accompanying schedule of federal awards expenditures is presented for purposes of additional analysis as required by OMB Circular A-133 and is not a required part of the basic financial statements. Such information has been subjected to the auditing procedures applied in the audit of the basic financial statements and, in our opinion, is fairly stated, in all material respects, in relation to the basic financial statements taken as a whole.

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



Betty Montgomery
Auditor of State

January 26, 2004

**LAKOTA LOCAL SCHOOL DISTRICT
BUTLER COUNTY**

**SCHEDULE OF FINDINGS
OMB CIRCULAR A -133 § .505
JUNE 30, 2003**

1. SUMMARY OF AUDITOR'S RESULTS

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

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

None.

3. FINDINGS FOR FEDERAL AWARDS

None.

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**LAKOTA LOCAL SCHOOL DISTRICT
BUTLER COUNTY**

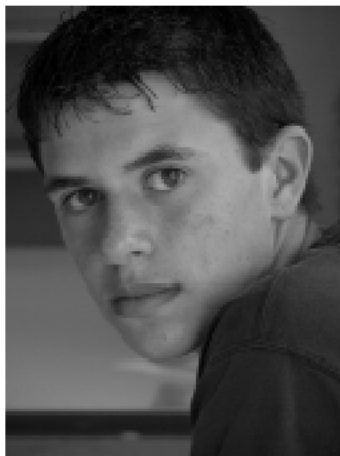
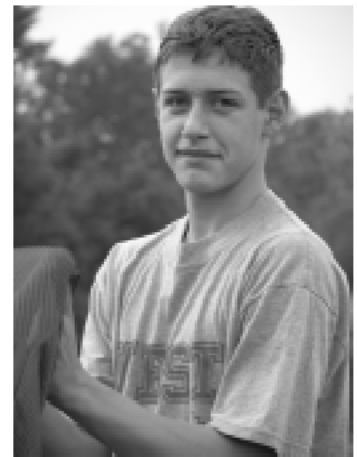
**SCHEDULE OF PRIOR AUDIT FINDINGS
OMB CIRCULAR A -133 § .315 (b)
JUNE 30, 2003**

<u>Finding Number</u>	<u>Finding Summary</u>	<u>Fully Corrected</u> ?	Not Corrected, Partially Corrected; Significantly Different Corrective Action Taken; or Finding No Longer Valid; <i>Explain:</i>
2002-001	Complete and accurate reconciliations were not prepared by the District.	No	Partially corrected – General operating account was reconciled. Comment was included in the 2003 Management Letter for the payroll account only.

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Comprehensive Annual Financial Report

*for the year
ended
June 30, 2003*



Lakota Local Schools
Butler County, Ohio

LAKOTA LOCAL SCHOOL DISTRICT
BUTLER COUNTY, OHIO

COMPREHENSIVE ANNUAL FINANCIAL REPORT
FOR THE FISCAL YEAR ENDED JUNE 30, 2003

Prepared by:
Office of the CFO/Treasurer

Alan R. Hutchinson

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**INTRODUCTORY
SECTION**

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OFFICE OF THE TREASURER

LAKOTA CENTRAL OFFICE
5572 PRINCETON ROAD
LIBERTY TOWNSHIP, OHIO 45011-9726
513 644-1180 FAX: 513 644-1183
www.lakotaonline.com

ALAN R. HUTCHINSON
TREASURER

CRAIG A. JONES
ASSISTANT TREASURER

REBECCA McDONOUGH
ACCOUNTANT

January 26, 2004

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

We are pleased to present the Comprehensive Annual Financial Report (CAFR) of the Lakota Local School District (District) for the fiscal year ended June 30, 2003. Responsibility for both the accuracy of the presented data, and the completeness and fairness of the presentation, including all disclosures, rests with the District. This report is prepared in conformance with generally accepted accounting principles (GAAP) as set forth by the Governmental Accounting Standards Board (GASB) and other recognized authoritative sources. We believe the enclosed data is fairly presented in all material aspects and is reported in a manner designed to present fairly the financial position and results of operations of the various funds and account groups of the District. All disclosures necessary to enable the reader to gain an understanding of the District's financial activities have been included. This report has been prepared by the Chief Financial Officer's Office and includes an opinion from the Auditor of the State of Ohio.

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

The Comprehensive Annual Financial Report is divided into three sections:

The **Introductory Section** includes a table of contents, this transmittal letter, a list of principal officials, the district's organizational chart, and the GFOA and ASBO certificates the District received for the June 30, 2002 CAFR. Also included are the District's major and future initiatives.

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

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

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

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

ECONOMIC CONDITION AND OUTLOOK

Located in Butler County and situated between Cincinnati to the south and Dayton to the north, the Lakota Local School District serves a population of approximately 73,633 people. Within the District boundaries is the majority of West Chester Township and Liberty Township. These rapidly growing and thriving communities are a blend of residential, business, high technology, and light industrial areas. Convenient access to interstate highway 75 and interstate connector 1-275 has helped in the spectacular growth of the area during the last twenty years. The greater Cincinnati/Dayton area has long been noted as one of the premiere areas to live and work in the United States.

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

THE DISTRICT AND ITS FACILITIES

The District is located in Butler County, and covers an area of 68 square miles. It serves pupils from West Chester and Liberty Townships. Since its inception in 1958, the growth in the District has gone from 1,696 students to 15,831 in 2002-2003.

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

Name of Bldg Address	Group or Grade Housed	Date of Original Building	Enrollment
Adena Elementary 9316 Minuteman Way	K-6	1978	675
Hopewell Elementary 8300 Cox Road	K-6	1961	945
Liberty Elementary 6040 Princeton Rd.	1-6	1928	717
Union Elementary 8735 Cinti-Dayton	1-6	1953	648
Freedom Elementary 6035 Beckett Ridge	1-6	1988	721
Woodland Elementary 6923 Dutchland Pkwy	1-6	1990	719
Shawnee Elementary 9394 Sterling Dr	K-6	1993	692
Heritage Elementary 5052 Hamilton Mason	1-6	1992	804
VanGorden Elementary 6475 LeSourds/W. Chester Road	1-6	2003	To open in 2003-04
Hopewell Junior 8200 Cox Rd.	7-8	1972	774
Plains Junior 5500 Princeton	7-8	2003	To open in 2003-04
Liberty Junior 7055 Dutchland Pkwy	7-8	1977	882
Ridge Junior 6199 Beckett Ridge	7-8	1992	878
Cherokee Elementary 5345 Kyles Station	1-6	1994	947

Independence Elementary 7480 Princeton Rd.	1-6	1994	778
Early Childhood Center 5060 Tylersville	K	1970	1084
Freshman School 5050 Tylersville	9	1958	1136
Lakota East High 6840 Lakota Ln	10-12	1997	1635
Lakota West High 8940 Union Centre	10-12	1997	1796
Board Office 5572 Princeton	Admin	2003	
Service Center 6947 Yankee Rd.	Offices	1977	

ORGANIZATION OF THE SCHOOL DISTRICT

The Board members represent a cross section of professions in the community. The Board members on June 30, 2003, were as follows:

Board Member	Term Expires	Years as Member	Profession
Joan W. Powell, President	12/31/2005	3	Realtor
Daniel Warncke Vice President	12/31/2003	1	Attorney
Jeffrey D. Jones	12/31/2005	3	Nelson Tree C.F.O.
Sandy Wheatley	12/31/2005	7	Consultant
Susan McLaughlin	12/31/2003	1	Teacher Princeton City

The Superintendent of the District is Kathleen L. Klink. Mrs. Klink has a M.Ed. from the University of Virginia and an A.B. from Miami University. She has been an Assistant Superintendent, Principal, Guidance Counselor and Teacher with the Lakota Local School District, and has 35 years of experience in education.

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

EMPLOYEE RELATIONS

The District currently has approximately 2,025 full-time and 582 part-time employees. The number of employees has increased due to enrollment for the last several years.

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

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

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

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

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

SERVICES PROVIDED

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

Transportation is provided for over 16,300 students each day. The District fleet of 214 buses travels over 16,200 miles each day, transporting to 44 different sites. In addition to making more than 192 daily runs, the department transported both public and non-public students on 1,500 extra-curricular trips during the year.

The food service department served 999,096 plate lunches through the District's kitchens. This is accomplished through the full operation of 16 kitchens. The District currently offers a breakfast program at every elementary site.

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

Limited health services are provided by registered nurses at each of the 17 school sites.

The District offers regular instructional programs daily to students in grades K-12. Approximately 281 students participated in the specific trades through Butler Tech vocational education. Over 1,398 students receive special services, due to physical or mental handicapping conditions. In grades K-12, approximately 4,036 students have been identified as gifted.

MAJOR CURRENT AND FUTURE INITIATIVES

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

CHALLENGES FOR 2003-2004 AND BEYOND

- ❑ Provide sufficient facilities and classrooms for the growing student population.
- ❑ Recruit and retain a quality staff that reflects the growing diversity in our community.
- ❑ Maintain academic standards that ensure that Lakota continues as an Ohio "Excellent" school district.
- ❑ Provide resources for staff development.
- ❑ Ensure that technology in the schools keeps pace with the needs of students.

Working with the growing population of students in lower-income homes has also been a focus of Lakota. The District wrote and received a \$500,000 two-year grant in collaboration with the area United Way and its member agencies to provide community liaisons that will ensure families of students in targeted schools will receive basic services needed and allow them to concentrate on education.

Building a solid foundation of literacy is a core precept of Lakota's curriculum and classroom focus. Beginning in kindergarten, students' skills and achievements are measured on a Language Arts Continuum designed by Lakota teachers. The continuum gives teachers and parents specific, individualized information about the student's development which allows them to better work with them. As they progress through elementary school, they are taught by highly-trained teachers whose skills are developed through such programs as Literacy VIEW, an ongoing training created by Lakota staff, and the Columbia Writing Project, which provides well-researched methods for teaching literacy.

Beliefs

Lakota's vision

All students will achieve to their fullest potential.

Lakota's core values

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

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

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

Continuous Improvement: We will continuously improve teaching and learning.

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

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

LONG RANGE BUILDING AND MAINTENANCE PLANS

The District, as part of its strategic planning, in conjunction with the Ohio School Facilities Commission, completed an Educational Facilities Master Plan in 2001. This plan has provided the blueprint for a ten year facility improvement plan. The improvements will be funded through proceeds from the future bond issue. The facility improvement plan includes the construction of three new elementary buildings, a new freshman school, renovation of Liberty Elementary to an early childhood center, addition to East and West High Schools and various improvements to other district buildings to bring them in compliance with the new standards. Included in the plan is \$9,000,000 of other capital improvement projects including roof repair and replacements of windows, flooring, and boilers.

FINANCIAL INFORMATION

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

FINANCIAL CONDITION

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

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

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

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

As part of this new reporting model, management is responsible for preparing a Management's Discussion and Analysis of the District. This discussion follows this letter of transmittal, providing an assessment of the District's finances for 2003 and the outlook for the future.

INDEPENDENT AUDIT

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

AWARDS

GFOA Certificate of Achievement

The Government Finance Officers Association of the United States and Canada (GFOA) awarded a Certificate of Achievement to the District for its comprehensive annual financial report for the fiscal year ended June 30, 2002. The Certificate of Achievement is a prestigious national award recognizing conformance with the highest standards for preparation of state and local government financial reports.

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

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

ASBO Certificate

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

The District received the Certificate of Excellence in Financial Reporting for the fiscal year ended June 30, 2002. The District believes that the Comprehensive Annual Financial Report for fiscal year June 30, 2003, which will be submitted to ASBO for review, will conform to ASBO's principles and standards.

ACKNOWLEDGEMENT

The preparation of the 2003 Comprehensive Annual Financial Report of the Lakota Local School District was made possible by the combined efforts of the District's Finance Department and Plattenburg and Associates, Incorporated. The publication of this Comprehensive Annual Financial Report for the District is a major step in reinforcing the accountability of the District to the taxpayers of the community.

Respectfully submitted,



Alan R. Hutchinson
Chief Financial Officer/Treasurer

LAKOTA LOCAL SCHOOL DISTRICT, OHIO

LIST OF PRINCIPAL OFFICIALS

June 30, 2003

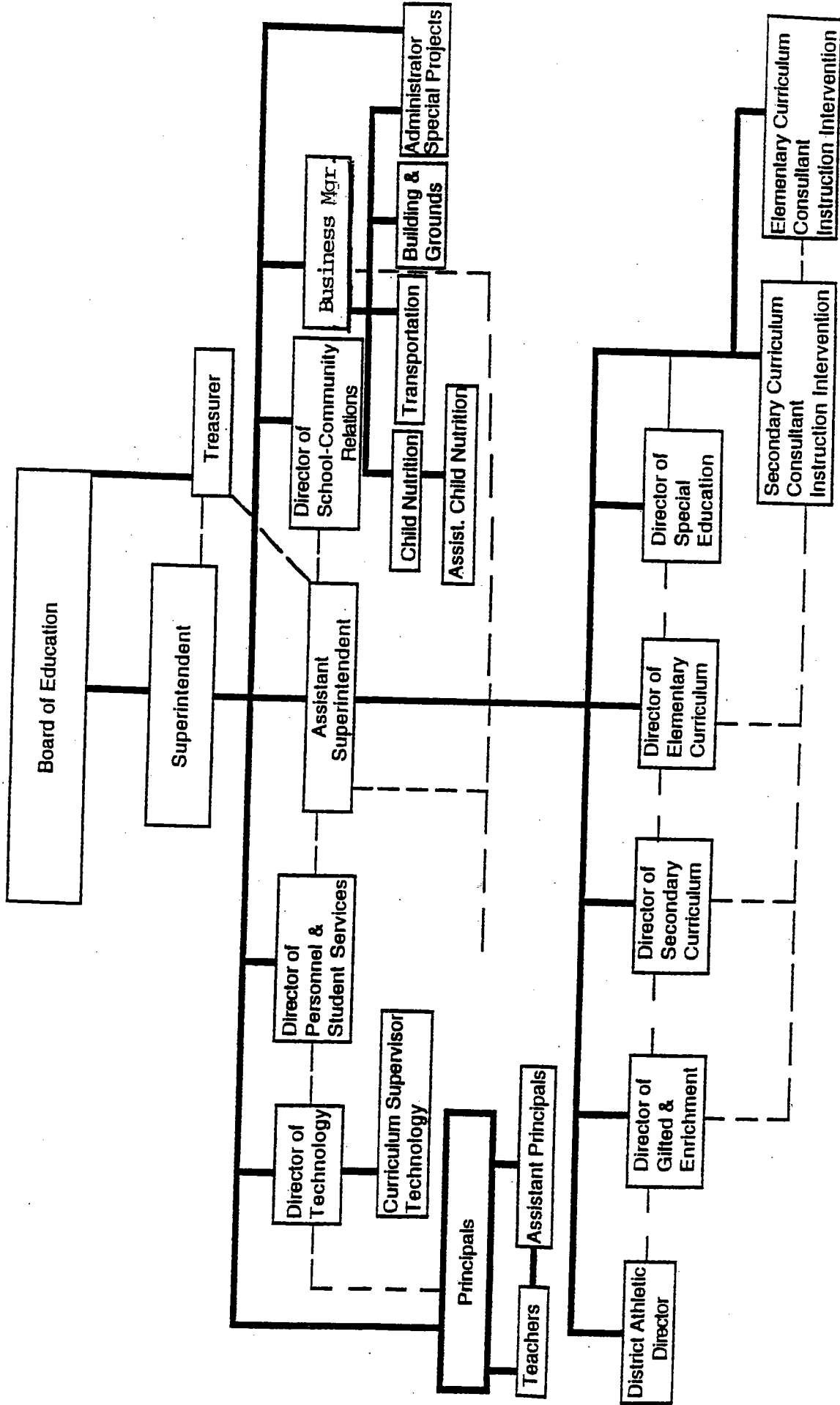
**ELECTED OFFICIALS
BOARD OF EDUCATION**

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

ADMINISTRATIVE OFFICIALS

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

LAKOTA LOCAL SCHOOL DISTRICT



----- Communication/Coordination/Facilitation
 _____ Accountability/Reports to/Evaluation

**ASSOCIATION OF SCHOOL BUSINESS OFFICIALS
INTERNATIONAL**



This Certificate of Excellence in Financial Reporting is presented to

LAKOTA LOCAL SCHOOL DISTRICT

For its Comprehensive Annual Financial Report (CAFR)
For the Fiscal Year Ended June 30, 2002

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

President

Executive Director

Certificate of Achievement for Excellence in Financial Reporting

Presented to

Lakota Local School
District, Ohio

For its Comprehensive Annual
Financial Report
for the Fiscal Year Ended
June 30, 2002

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



President

Executive Director

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FINANCIAL
SECTION

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**Auditor of State
Betty Montgomery**

INDEPENDENT ACCOUNTANTS' REPORT

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

We have audited the accompanying financial statements of the governmental activities, the business-type activities, each major fund, and the aggregate remaining fund information of Lakota Local School District, Butler County, Ohio (the District), as of and for the year ended June 30, 2003, which collectively comprise the District's basic financial statements as listed in the table of contents. These financial statements are the responsibility of the District's management. Our responsibility is to express opinions on these financial statements based on our audit.

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

In our opinion, the financial statements referred to above present fairly, in all material respects, the respective financial position of the governmental activities, the business-type activities, each major fund, and the aggregate remaining fund information of Lakota Local School District, Butler County, Ohio, as of June 30, 2003, and the respective changes in financial position and cash flows, where applicable, for the year then ended in conformity with accounting principles generally accepted in the United States of America.

As described in Note 3, during the year ended June 30, 2003, the District implemented a new financial reporting model, as required by the provisions of Governmental Accounting Standards Board Statement No. 34, *Basic Financial Statements- and Management's Discussion and Analysis- for State and Local Governments*, Governmental Accounting Standards Board Statement No. 37, *Basic Financial Statements for State and Local Governments: Omnibus*, Governmental Accounting Standards Board Statement No. 38, *Certain Financial Statement Note Disclosures*, and Governmental Accounting Standards Board Interpretation No. 6, *Recognition and Measurement of Certain Liabilities and Expenditures in Governmental Fund Financial Statements*.

In accordance with *Government Auditing Standards*, we have also issued our report dated January 26, 2004, on our consideration of the District's internal control over financial reporting and our tests of its compliance with certain provisions of laws, regulations, contracts and grants. That report is an integral part of an audit performed in accordance with *Government Auditing Standards* and should be read in conjunction with this report in considering the results of our audit.

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

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



Betty Montgomery
Auditor of State

January 26, 2004

LAKOTA LOCAL SCHOOL DISTRICT
MANAGEMENT'S DISCUSSION AND ANALYSIS
For the Fiscal Year Ended June 30, 2003
(Unaudited)

The discussion and analysis of Lakota Local School District's financial performance provides an overall review of the District's financial activities for the fiscal year ended June 30, 2003. The intent of this discussion and analysis is to look at the District's financial performance as a whole; readers should also review the transmittal letter, notes to the basic financial statements and financial statements to enhance their understanding of the District's performance.

The Management's Discussion and Analysis (MD&A) is an element of the new reporting model adopted by the Governmental Accounting Standard Board (GASB) in their Statement No. 34 Basic Financial Statements – and Management's Discussion and Analysis – for State and Local Government issued June, 1999. Certain comparative information between the current year and the prior year is required to be presented in the MD&A. However, because this is the first year of implementing the new reporting model, certain necessary comparative information of the previous year was not prepared. Considering the financial resources necessary to prepare this information for the prior year, and that the GASB Statement No. 34 permits the omission of the comparative information in the first year of adoption of the new reporting model, the Board has elected to exclude the information in this report. Subsequent reports will include the comparative information.

Financial Highlights

Key financial highlights for 2003 are as follows:

- In total, net assets increased \$5.04 million. Net assets of governmental activities increased \$4.95 million which represents a 10.7% increase from 2002. Net assets of business-type activities increased \$.09 million or 3.8% from 2002.
- General revenues accounted for \$123.06 million in revenue or 96.0% of all revenues. Program specific revenues in the form of charges for services and sales, grants and contributions accounted for \$5.09 million or 4.0% of total revenues of \$128.15 million.
- Total assets of governmental activities increased by \$3.84 million as taxes receivable increased by \$2.76 million while cash and other receivables decreased by \$19.05 million.
- The District had \$123.21 million in expenses related to governmental activities; only \$5.09 million of these expenses were offset by program specific charges for services, grants or contributions. General revenues of \$123.06 million were adequate to provide for these programs.
- As the major funds, the General Fund had \$111.20 million in revenues and \$106.29 million in expenditures. The General Fund's fund balance increased from \$20.01 to \$24.93 million. The Debt Service Fund had \$12.70 million in revenues and \$12.37 million in expenditures. The Debt Service's fund balance increased from \$5.09 to \$5.43 million. The Building Fund had \$0.00 million in revenues and \$21.52 million in expenditures. The Building Fund's fund balance decreased from \$23.98 to \$2.46 million.

- Net assets for Enterprise Funds increased slightly. This increase resulted from operating income of \$4.18 million, and grants of \$.33 million exceeding operating expenses of \$4.43 million.

Using this Comprehensive Annual Financial Report (CAFR)

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

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

Reporting the School District as a Whole

Statement of Net Assets and the Statement of Activities

While this document contains the large number of funds used by the District to provide programs and activities, the view of the District as a whole looks at all financial transactions and asks the question, "How did we do financially during 2003?" The *Statement of Net Assets* and the *Statement of Activities* answers this question. These statements include *all assets* and *liabilities* using the accrual basis of accounting similar to the accounting used by most private-sector companies. This basis of accounting takes into account all of the current year's revenues and expenses regardless of when cash is received or paid.

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

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

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

Reporting the District's Most Significant Funds

Fund Financial Statements

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

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

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

The District as a Whole

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

Table 1 provides a summary of the District's net assets for 2002 compared to 2003:

Table 1
Net Assets

	<u>Governmental Activities</u>		<u>Business-Type Activities</u>		<u>Total</u>	
	<u>2002</u>	<u>2003</u>	<u>2002</u>	<u>2003</u>	<u>2002</u>	<u>2003</u>
Assets						
Current and Other Assets	\$142,175,854	\$125,892,883	\$1,734,627	\$1,639,325	\$143,910,481	\$127,532,208
Capital Assets	<u>108,145,011</u>	<u>128,266,968</u>	<u>1,028,293</u>	<u>1,192,471</u>	<u>109,173,304</u>	<u>129,459,439</u>
Total Assets	<u>250,320,865</u>	<u>254,159,851</u>	<u>2,762,920</u>	<u>2,831,796</u>	<u>253,083,785</u>	<u>256,991,647</u>
Liabilities						
Long-Term Liabilities	111,763,062	111,057,508	0	72,838	111,763,062	111,130,346
Other Liabilities	<u>92,469,703</u>	<u>92,067,144</u>	<u>366,911</u>	<u>272,409</u>	<u>92,836,614</u>	<u>92,339,553</u>
Total Liabilities	<u>204,232,765</u>	<u>203,124,652</u>	<u>366,911</u>	<u>345,247</u>	<u>204,599,676</u>	<u>203,469,899</u>
Net Assets						
Invested in Capital						
Assets Net of Debt	20,629,033	22,843,294	0	0	20,629,033	22,843,294
Restricted	8,323,511	9,214,868	0	0	8,323,511	9,214,868
Unrestricted	<u>17,135,556</u>	<u>18,977,037</u>	<u>2,396,009</u>	<u>2,486,549</u>	<u>19,531,565</u>	<u>21,463,586</u>
Total Net Assets	<u>\$46,088,100</u>	<u>\$51,035,199</u>	<u>\$2,396,009</u>	<u>\$2,486,549</u>	<u>\$48,484,109</u>	<u>\$53,521,748</u>

Total assets increased \$3.91 million. Equity in pooled cash and cash equivalents decreased \$19.14 million. Taxes receivable increased \$2.76 million. Total liabilities decreased \$1.13 million, resulting in a net asset increase of \$5.04 million.

The net assets of the District business-type activities increased by \$.09 million. Since the increase was slight, management has reviewed and, where feasible, increased fees. This action should ensure that business-type activities remain self-supporting.

Table 2 shows the change in net assets for fiscal year 2003. Since this is the first year the District has prepared financial statements following GASB Statement 34, revenue and expense comparisons to fiscal year 2002 are not available.

Table 2
Changes in Net Assets

	Governmental Activities <u>2003</u>	Business-Type Activities <u>2003</u>	Total <u>2003</u>
Revenues			
Program Revenues:			
Charges for Services	\$2,029,981	\$4,178,817	\$6,208,798
Operating Grants	2,612,017	331,387	2,943,404
Capital Grants	450,657	0	450,657
General Revenue:			
Property Taxes	70,154,703	0	70,154,703
Grants and Entitlements	49,540,604	0	49,540,604
Other	<u>3,364,406</u>	<u>12,462</u>	<u>3,376,868</u>
Total Revenues	<u>128,152,368</u>	<u>4,522,666</u>	<u>132,675,034</u>
Program Expenses:			
Instruction	66,999,455	0	66,999,455
Support Services:			
Pupil and Instructional Staff Board, Administrative, Fiscal and Business	14,063,514	0	14,063,514
Operations and Maintenance	12,071,135	0	12,071,135
Pupil Transportation	11,414,121	0	11,414,121
Central	7,724,737	0	7,724,737
Community Services	2,074,718	0	2,074,718
Extracurricular Activities	45,255	0	45,255
Interest and Fiscal Charges	2,810,168	0	2,810,292
Food Service	6,002,168	0	6,002,168
Uniform School Supply	0	3,699,181	3,699,181
	<u>0</u>	<u>732,945</u>	<u>732,945</u>
Total Expenses	<u>123,205,271</u>	<u>4,432,126</u>	<u>127,637,397</u>
Increase in Net Assets	<u>\$4,947,097</u>	<u>\$90,540</u>	<u>\$5,037,637</u>

Governmental Activities

The District revenues are mainly from two sources. Property taxes levied for general purposes and grants and entitlements comprised 93% of the District's revenues for governmental activities.

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

Thus Ohio districts do not receive additional property taxes related to increases in appraised values and must regularly return to the voters to maintain a constant level of service. Property taxes made up 55% of revenue for governmental activities for the District in fiscal year 2003.

Instruction comprises 54% of governmental program expenses. Support services expenses were 38% of governmental program expenses. Interest expense was 4.9%. Interest expense was attributable to the outstanding bond and borrowing for capital projects.

The Statement of Activities shows the cost of program services and the charges for services and grants offsetting those services. Table 3 shows, for government activities, the total cost of services and the net cost of services. That is, it identifies the cost of these services supported by tax revenue and unrestricted State entitlements. Comparisons to 2002 have not been made since they are not available.

Table 3
Governmental Activities

	Total Cost of Services <u>2003</u>	Net Cost of Services <u>2003</u>
Instruction	\$66,999,455	\$65,108,737
Support Services:		
Pupil and Instructional Staff	14,063,514	12,105,308
Board, Administration, Fiscal and Business	12,071,135	12,058,195
Operations and Maintenance	11,414,121	11,399,593
Pupil Transportation	7,724,737	7,478,688
Central	2,074,718	2,001,376
Community Services	45,255	(36,937)
Extracurricular Activities	2,810,168	1,995,488
Interest and Fiscal Charges	<u>6,002,168</u>	<u>6,002,168</u>
Total Expenses	<u>\$123,205,271</u>	<u>\$118,112,616</u>

Business-Type Activities

Business-type activities include the food service operation, the sale of uniform school supplies and adult education. These programs had revenues of \$4.52 million and expenses of \$4.43 million for fiscal year 2003. As discussed earlier, management has reviewed these programs and food service fees were increased. Business activities receive no support from tax revenues.

The District's Funds

Information about the District's major funds is presented in the Fund Financial Statements (see Table of Contents). These funds are accounted for using the modified accrual basis of accounting. All governmental funds had total revenues and other financing sources of \$128,484,940 and expenditures and other financing uses of \$148,010,347. The net change in fund balance for the year was \$19,525,407, or 56%.

Major Funds Budgeting Highlights

The District's budget is prepared according to Ohio law and is based on accounting for certain transactions on a basis of cash receipts, disbursements and encumbrances. The most significant budgeted funds are the General, Debt Service and Building Funds.

During the course of fiscal 2003, the District amended its general, debt service and building fund budgets; however these amendments were not significant. The District uses site-based budgeting and the budgeting systems are designed to tightly control total site budgets but provide flexibility for site management. During the course of the year, the District revised the budget in an attempt to deal with unexpected changes in state revenues and subsequently reduced expenditures.

For the General Fund, budget basis revenue was \$112.05 million, above original budget estimates of \$111.69 million. Of this \$.36 million difference, most was due to a conservative estimate for taxes and intergovernmental revenue. For the Debt Service Fund, basis revenue was \$12.97 million above original budget estimates of \$12.33 million. For the Building Fund, basis revenue was the same as the budgeted revenue.

The District's ending unobligated cash balance for the General Fund was \$5.03 million above the final budgeted amount, Debt Service was \$.30 million above the final budgeted amount, and the Building Fund was \$1.24 million above the final budgeted amount.

Capital Assets and Debt Administration

Capital Assets

At the end of fiscal 2003, the District had \$129.46 million invested in land, buildings, equipment and vehicles. Table 4 shows fiscal 2003 balances compared to fiscal 2002:

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

	Governmental Activities		Business-Type Activities		Total	
	2002	2003	2002	2003	2002	2003
Land and Improvements	\$8,240,018	\$8,656,242	\$2,850	\$2,850	\$8,242,868	\$8,659,092
Buildings and Improvements	73,933,675	73,694,438	3,850	6,565	73,937,525	73,701,003
Furniture and Equipment	16,453,250	17,615,594	1,021,745	1,183,056	17,474,995	18,798,650
Construction in Progress	<u>9,518,068</u>	<u>28,300,694</u>	<u>0</u>	<u>0</u>	<u>9,518,068</u>	<u>28,300,694</u>
Total Net Assets	<u>\$108,145,011</u>	<u>\$128,266,968</u>	<u>\$1,028,445</u>	<u>\$1,192,471</u>	<u>\$109,173,456</u>	<u>\$129,459,439</u>

The increase in capital assets is due to two new buildings increasing the amount in construction in progress. The District continues its ongoing commitment to maintaining and improving its capital assets.

Debt

At June 30, 2003, the District had \$105,423,674 in bonds outstanding, \$6,784,093 due within one year. Table 5 summarizes bonds outstanding.

Table 5
Outstanding Debt, at Year End

	Governmental Activities 2002	Governmental Activities 2003
Total:		
General Obligation Bonds:		
Freedom, Link Renovations	\$1,000,000	\$875,000
Heritage Additions & Renovations	620,000	310,000
Two New Elementaries Renovations	780,000	390,000
Freedom, New Elementaries Renovations	4,253,481	3,914,093
Refunding Woodland, Shawnee	4,745,957	4,005,957
Two New High Schools	24,330,000	21,830,000
Refunding Ninth Grade Heritage	18,860,835	18,765,835
Refunding New High Schools	1,300,000	880,000
1999 Various Purpose Long-Term Bonds	780,000	530,000
Bond & Refunding	52,222,789	51,427,789
2001 Various Purpose Long-Term Bonds	<u>2,870,000</u>	<u>2,495,000</u>
Total Outstanding Debt	<u>\$111,763,062</u>	<u>\$105,423,674</u>

For the Future

Externally, the Ohio Supreme Court found the State of Ohio in March 1997, to be operating an unconstitutional educational system, one that was neither “adequate” nor “equitable.” Since 1997, the State has directed its tax revenue growth toward school districts with little property tax wealth. In May of 2000, the Ohio Supreme Court again ruled that, while the State had made some progress, the current funding system for schools is far too dependent on property taxes which are inherently not “equitable” nor “adequate”. The Court directed the Governor and the legislature to address the fundamental issues creating the inequities. In 2001, the Ohio legislature crafted a school-funding program to address the Court’s concerns. In 2003, with HB 95 these changes were modified due to a severe shortfall of tax collections in the state budget. The new state budget includes modest increases over the next two years and eliminates the funding language for fiscal years 2006 and 2007.

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

With no increase in state funding projected, the District must increase revenues by submitting an operating levy to the community in the near future. At this time, the Board has set a date in March, 2004 for an operating levy and bond issue. With the District projecting a significant increase in enrollment, the need for increased revenues is exacerbated by the reduction in state funding projected for fiscal year 2004. This increased funding will be needed to provide all students a quality education while adequately staffing and housing a projected 415 plus students per year. Financially, the future of the District is not without challenges. Management must diligently plan future expenditures.

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

Contacting the District’s Financial Management

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

Lakota Local School District
Statement of Net Assets
June 30, 2003

	Governmental Activities	Business-Type Activities	Total
Assets:			
Equity in Pooled Cash and Investments	\$46,144,775	\$1,514,532	\$47,659,307
Restricted Cash and Investments	1,681,893	0	1,681,893
Cash with Fiscal and Escrow Agents	819,281	0	819,281
Receivables:			
Taxes	76,370,762	0	76,370,762
Accounts	466,847	104,488	571,335
Interest	103,395	0	103,395
Intergovernmental	305,930	0	305,930
Inventory	0	20,305	20,305
Nondepreciable Capital Assets	36,956,936	2,850	36,959,786
Depreciable Capital Assets, Net	91,310,032	1,189,621	92,499,653
Total Assets	254,159,851	2,831,796	256,991,647
Liabilities:			
Accounts Payable	2,138,621	134,574	2,273,195
Accrued Wages and Benefits	13,510,822	127,418	13,638,240
Retainage Payable	819,281	0	819,281
Accrued Interest Payable	494,651	0	494,651
Deferred Revenue	74,634,385	10,417	74,644,802
Other Liabilities	469,384	0	469,384
Long-Term Liabilities:			
Due Within One Year	7,644,943	19,670	7,664,613
Due In More Than One Year	103,412,565	53,168	103,465,733
Total Liabilities	203,124,652	345,247	203,469,899
Net Assets:			
Invested in Capital Assets, Net of Related Debt	22,843,294	1,192,471	24,035,765
Restricted for:			
Debt Service	4,931,820	0	4,931,820
Capital Projects	3,353,551	0	3,353,551
Special Revenue	929,497	0	929,497
Unrestricted	18,977,037	1,294,078	20,271,115
Total Net Assets	\$51,035,199	\$2,486,549	\$53,521,748

See accompanying notes.

Lakota Local School District
Statement of Activities
For the Fiscal Year Ended June 30, 2003

	Expenses	Program Revenues		
		Charges for Services and Sales	Operating Grants and Contributions	Capital Grants and Contributions
Governmental Activities:				
Instruction:				
Regular	\$56,814,455	\$397,910	\$312,013	\$224,166
Special	9,703,570	0	60,168	0
Vocational	273,142	0	0	0
Other	208,288	194,952	701,509	0
Support Services:				
Pupil	8,340,975	617,363	1,126,013	0
Instructional Staff	5,722,539	3,670	211,160	0
General Administration	27,184	0	0	0
School Administration	10,009,748	1,255	11,685	0
Fiscal	1,524,506	0	0	0
Business	509,697	0	0	0
Operations and Maintenance	11,414,121	0	14,528	0
Pupil Transportation	7,724,737	0	19,558	226,491
Central	2,074,718	151	73,191	0
Community Services	45,255	0	82,192	0
Extracurricular Activities	2,810,168	814,680	0	0
Interest and Fiscal Charges	6,002,168	0	0	0
Total Governmental Activities	123,205,271	2,029,981	2,612,017	450,657
Business-Type Activities:				
Food Service	3,686,719	3,218,741	331,387	0
Uniform School Supply	732,945	960,076	0	0
Total Business-Type Activities	4,419,664	4,178,817	331,387	0
Totals	\$127,624,935	\$6,208,798	\$2,943,404	\$450,657

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

Total General Revenues & Transfers

Change in Net Assets

Net Assets Beginning of Year

Net Assets End of Year

See accompanying notes.

Net (Expense) Revenue and Changes in Net Assets		
Governmental Activities	Business-Type Activities	Total
(\$55,880,366)	\$0	(\$55,880,366)
(9,643,402)	0	(9,643,402)
(273,142)	0	(273,142)
688,173	0	688,173
(6,597,599)	0	(6,597,599)
(5,507,709)	0	(5,507,709)
(27,184)	0	(27,184)
(9,996,808)	0	(9,996,808)
(1,524,506)	0	(1,524,506)
(509,697)	0	(509,697)
(11,399,593)	0	(11,399,593)
(7,478,688)	0	(7,478,688)
(2,001,376)	0	(2,001,376)
36,937	0	36,937
(1,995,488)	0	(1,995,488)
(6,002,168)	0	(6,002,168)
(118,112,616)	0	(118,112,616)
0	(136,591)	(136,591)
0	227,131	227,131
0	90,540	90,540
(\$118,112,616)	\$90,540	(\$118,022,076)
58,108,666	0	58,108,666
12,046,037	0	12,046,037
49,540,604	0	49,540,604
1,472,801	0	1,472,801
61,652	0	61,652
1,178,297	0	1,178,297
651,656	0	651,656
123,059,713	0	123,059,713
4,947,097	90,540	5,037,637
46,088,102	2,396,009	48,484,111
\$51,035,199	\$2,486,549	\$53,521,748

Lakota Local School District
Balance Sheet
Governmental Funds
June 30, 2003

	General	Debt Service	Building	Other Governmental Funds	Total Governmental Funds
Assets:					
Equity in Pooled Cash and Investments	\$34,843,724	\$5,137,949	\$3,265,085	\$2,898,017	\$46,144,775
Restricted Cash and Investments	1,681,893	0	0	0	1,681,893
Cash with Fiscal and Escrow Agents	0	0	819,281	0	819,281
Receivables:					
Taxes	66,111,485	10,259,277	0	0	76,370,762
Accounts	466,847	0	0	0	466,847
Interest	59,445	0	0	43,950	103,395
Intergovernmental	0	0	0	305,930	305,930
Interfund	162,973	0	0	0	162,973
Total Assets	103,326,367	15,397,226	4,084,366	3,247,897	126,055,856
Liabilities and Fund Balances:					
Liabilities:					
Accounts Payable	827,589	0	801,292	509,740	2,138,621
Accrued Wages and Benefits	12,275,598	0	0	434,661	12,710,259
Compensated Absences	143,640	0	0	0	143,640
Retainage Payable	0	0	819,281	0	819,281
Interfund Payable	0	0	0	162,973	162,973
Deferred Revenue	64,678,680	9,970,755	0	235,949	74,885,384
Other Liabilities	469,384	0	0	0	469,384
Total Liabilities	78,394,891	9,970,755	1,620,573	1,343,323	91,329,542
Fund Balances:					
Reserved for Encumbrances	1,693,965	0	1,223,876	1,276,092	4,193,933
Reserved for Property Tax Advances	1,432,805	288,522	0	0	1,721,327
Reserved for Set-Aside	1,681,893	0	0	0	1,681,893
Unreserved, Undesignated, Reported in:					
General Fund	20,122,813	0	0	0	20,122,813
Special Revenue Funds	0	0	0	574,385	574,385
Debt Service Funds	0	5,137,949	0	0	5,137,949
Capital Projects Funds	0	0	1,239,917	54,097	1,294,014
Total Fund Balances	24,931,476	5,426,471	2,463,793	1,904,574	34,726,314
Total Liabilities and Fund Balances	\$103,326,367	\$15,397,226	\$4,084,366	\$3,247,897	\$126,055,856

See accompanying notes.

Lakota Local School District
 Reconciliation of Total Governmental Fund Balance to
 Net Assets of Governmental Activities
 June 30, 2003

Total Governmental Fund Balance		\$34,726,314
Amounts reported for governmental activities in the statement of net assets are different because:		
Capital assets used in governmental activities are not financial resources and therefore are not reported in the funds.		128,266,968
Some Intergovernmental Receivables are not available to pay for current-period expenditures and therefore are deferred in the funds.		250,999
In the statement of net assets, interest is accrued, whereas in the governmental funds interest is reported as a liability only when it will require the use of current financial resources.		(494,651)
Some liabilities, such as compensated absences and accrued benefits, do not require the use of current financial resources and therefore are not reported as liabilities in governmental funds.		
Accrued Wages & Benefits	(800,563)	
Compensated Absences	(5,490,194)	
Total		(6,290,757)
Long-term liabilities, are not due and payable in the current period and therefore are not reported in the funds.		(105,423,674)
Net Assets of Governmental Activities		<u>\$51,035,199</u>

See accompanying notes.

Lakota Local School District
Statement of Revenues, Expenditures and Changes in Fund Balance
Governmental Funds
For the Fiscal Year Ended June 30, 2003

	General	Debt Service	Building	Other Governmental Funds	Total Governmental Funds
Revenues:					
Taxes	\$58,108,666	\$12,046,037	\$0	\$0	\$70,154,703
Tuition and Fees	443,369	0	0	0	443,369
Investment Earnings	835,757	0	0	342,540	1,178,297
Intergovernmental	49,816,510	652,094	0	2,327,758	52,796,362
Extracurricular Activities	1,945	0	0	1,439,481	1,441,426
Other Revenues	1,995,414	0	0	335,881	2,331,295
Total Revenues	111,201,661	12,698,131	0	4,445,660	128,345,452
Expenditures:					
Current:					
Instruction:					
Regular	54,779,394	0	18,191,776	2,579,378	75,550,548
Special	8,371,030	0	809,097	337,559	9,517,686
Vocational	267,363	0	0	0	267,363
Other	208,288	0	0	0	208,288
Support Services:					
Pupil	5,985,886	0	0	2,231,162	8,217,048
Instructional Staff	5,446,368	0	0	248,223	5,694,591
General Administration	27,184	0	0	0	27,184
School Administration	8,432,557	0	994,157	115,847	9,542,561
Fiscal	1,616,573	0	0	0	1,616,573
Business	334,167	0	0	0	334,167
Operations and Maintenance	9,953,909	0	1,202,887	137,865	11,294,661
Pupil Transportation	7,158,151	0	0	996,407	8,154,558
Central	2,191,463	0	0	73,273	2,264,736
Community Services	2,294	0	0	136,257	138,551
Extracurricular Activities	1,515,712	0	320,626	977,909	2,814,247
Debt Service:					
Principal Retirement	0	6,339,388	0	0	6,339,388
Interest and Fiscal Charges	0	6,026,810	0	0	6,026,810
Total Expenditures	106,290,339	12,366,198	21,518,543	7,833,880	148,008,960
Excess of Revenues Over (Under) Expenditures	4,911,322	331,933	(21,518,543)	(3,388,220)	(19,663,508)
Other Financing Sources (Uses):					
Proceeds from Sale of Fixed Assets	11,746	0	0	126,355	138,101
Transfers In	0	0	0	1,387	1,387
Transfers (Out)	(1,387)	0	0	0	(1,387)
Total Other Financing Sources (Uses)	10,359	0	0	127,742	138,101
Net Change in Fund Balance	4,921,681	331,933	(21,518,543)	(3,260,478)	(19,525,407)
Fund Balance Beginning of Year	20,009,795	5,094,538	23,982,336	5,165,052	54,251,721
Fund Balance End of Year	\$24,931,476	\$5,426,471	\$2,463,793	\$1,904,574	\$34,726,314

See accompanying notes.

Lakota Local School District
 Reconciliation of the Statement of Revenues, Expenditures, and Changes
 in Fund Balance of Governmental Funds to the Statement of Activities
 For the Fiscal Year Ended June 30, 2003

Net Change in Fund Balance - Total Governmental Funds		(\$19,525,407)
Amounts reported for governmental activities in the statement of activities are different because:		
Governmental funds report capital outlays as expenditures. However, in the statement of activities, the cost of those assets is allocated over their estimated useful lives as depreciation expense. This is the amount by which capital outlays exceeded depreciation in the current period.		21,492,686
Governmental funds only report the disposal of assets to the extent proceeds are received from the sale. In the statement of activities, a gain or loss is reported for each disposal. The amount of the proceeds must be removed and the deduction for the loss on the disposal of capital assets must also be recognized.		(1,370,731)
Intergovernmental revenues in the statement of activities that do not provide current financial resources are not reported as revenues in the funds.		(193,084)
Repayment of bond principal is an expenditure in the governmental funds, but the repayment reduces long-term liabilities in the statement of net assets.		6,339,388
In the statement of activities, interest is accrued, whereas in governmental funds, an interest expenditure is reported when due.		24,642
Some expenses reported in the statement of activities, such as compensated absences and accrued benefits, do not require the use of current financial resources and therefore are not reported as expenditures in governmental funds.		
	Accrued Wages & Benefits	(56,248)
	Compensated Absences	(1,764,149)
	Total	(1,820,397)
		<hr/>
Change in Net Assets of Governmental Activities		<u>\$4,947,097</u>

See accompanying notes.

Lakota Local School District
Statement of Net Assets
Proprietary Funds
June 30, 2003

Business-Type Activities -Enterprise Funds

	Food Service	Uniform School Supply	Adult Education	Total Business-Type Activities
Assets:				
Equity in Pooled Cash and Investments	\$915,813	\$595,209	\$3,510	\$1,514,532
Receivables:				
Accounts	0	104,488	0	104,488
Inventory	20,305	0	0	20,305
Total Current Assets	936,118	699,697	3,510	1,639,325
Nondepreciable Capital Assets	2,850	0	0	2,850
Depreciable Capital Assets, Net	1,189,621	0	0	1,189,621
Total Assets	2,128,589	699,697	3,510	2,831,796
Liabilities:				
Current Liabilities:				
Accounts Payable	108,021	26,553	0	134,574
Accrued Wages and Benefits	127,418	0	0	127,418
Compensated Absences	19,670	0	0	19,670
Deferred Revenue	10,417	0	0	10,417
Total Current Liabilities	265,526	26,553	0	292,079
Long-Term Liabilities:				
Compensated Absences	53,168	0	0	53,168
Total Liabilities	318,694	26,553	0	345,247
Net Assets:				
Invested in Capital Assets, Net of Related Debt	1,192,471	0	0	1,192,471
Unrestricted	617,424	673,144	3,510	1,294,078
Total Net Assets	\$1,809,895	\$673,144	\$3,510	\$2,486,549

See accompanying notes.

Lakota Local School District
Statement of Revenues, Expenses and Changes in Fund Net Assets
Proprietary Funds
For the Fiscal Year Ended June 30, 2003

Business-Type Activities -Enterprise Funds

	Food Service	Uniform School Supply	Adult Education	Total Business-Type Activities
Operating Revenues:				
Charges for Services	\$3,218,741	\$960,076	\$0	\$4,178,817
Total Operating Revenues	3,218,741	960,076	0	4,178,817
Operating Expenses:				
Personal Services	1,758,931	0	0	1,758,931
Contactual Services	97,793	0	0	97,793
Materials and Supplies	1,652,095	732,945	0	2,385,040
Depreciation	190,362	0	0	190,362
Total Operating Expenses	3,699,181	732,945	0	4,432,126
Operating Income (Loss)	(480,440)	227,131	0	(253,309)
Non-Operating Revenues (Expenses):				
Interest (Expense)	12,462	0	0	12,462
Operating Grants	331,387	0	0	331,387
Total Non-Operating Revenues (Expenses)	343,849	0	0	343,849
Income (Loss) Before Contributions & Transfers	(136,591)	227,131	0	90,540
Change in Net Assets	(136,591)	227,131	0	90,540
Net Assets Beginning of Year	1,946,486	446,013	3,510	2,396,009
Net Assets End of Year	<u>\$1,809,895</u>	<u>\$673,144</u>	<u>\$3,510</u>	<u>\$2,486,549</u>

See accompanying notes.

Lakota Local School District
Statement of Cash Flows
Proprietary Funds
For the Fiscal Year Ended June 30, 2003

	Business-Type Activities -Enterprise Funds			
	Food Service	Uniform School Supply	Adult Education	Total Business-Type Activities
Cash Flows from Operating Activities:				
Cash Received from Customers	\$3,218,741	\$905,885	\$0	\$4,124,626
Cash Payments to Employees	(1,820,244)	0	0	(1,820,244)
Cash Payments to Suppliers	(1,722,562)	(720,566)	0	(2,443,128)
Net Cash Provided (Used) by Operating Activities	(324,065)	185,319	0	(138,746)
Cash Flows from Noncapital Financing Activities:				
Operating Grants Received	377,000	0	0	377,000
Payments to Other Funds	0	(390)	0	(390)
Net Cash Provided (Used) by Noncapital Financing Activities	377,000	(390)	0	376,610
Cash Flows from Capital and Related Financing Activities:				
Payments for Capital Acquisitions	(354,540)	0	0	(354,540)
Debt Interest Payments	12,462	0	0	12,462
Net Cash Provided (Used) by Capital and Related Financing Activities	(342,078)	0	0	(342,078)
Net Increase (Decrease) in Cash and Cash Equivalents	(289,143)	184,929	0	(104,214)
Cash and Cash Equivalents Beginning of Year	1,204,956	410,280	3,510	1,618,746
Cash and Cash Equivalents End of Year	915,813	595,209	3,510	1,514,532
Reconciliation of Operating Income (Loss) to Net Cash Provided (Used) by Operating Activities				
Operating Income (Loss)	(480,440)	227,131	0	(253,309)
Adjustments:				
Depreciation	190,362	0	0	190,362
Changes in Assets & Liabilities:				
(Increase) Decrease in Receivables	0	(54,191)	0	(54,191)
(Increase) Decrease in Inventory	(334)	0	0	(334)
Increase (Decrease) in Payables	27,370	12,379	0	39,749
Increase (Decrease) in Accrued Liabilities	(61,313)	0	0	(61,313)
Increase (Decrease) in Deferred Revenue	290	0	0	290
Net Cash Provided (Used) by Operating Activities	(\$324,065)	\$185,319	\$0	(\$138,746)
Schedule of Noncash Capital Activities:				
During the fiscal year, the Food Service Fund received contributed food commodities valued at		\$0		

See accompanying notes.

Lakota Local School District
Statement of Fiduciary Net Assets
Fiduciary Funds
June 30, 2003

	Private Purpose Trust	Agency
Assets:		
Equity in Pooled Cash and Investments	\$27,015	\$270,802
Total Assets	<u>27,015</u>	<u>\$270,802</u>
Liabilities:		
Accounts Payable	0	39,028
Other Liabilities	0	231,774
Total Liabilities	<u>0</u>	<u>\$270,802</u>
Net Assets:		
Held in Trust for Scholarships	<u>27,015</u>	
Total Net Assets	<u>\$27,015</u>	

See accompanying notes.

Lakota Local School District
Statement of Changes in Fiduciary Net Assets
Fiduciary Funds
For the Fiscal Year Ended June 30, 2003

	<u>Private Purpose Trust</u>
Additions:	
Investment Earnings	\$373
Other	<u>6,575</u>
Total Additions	<u>6,948</u>
Deductions:	
Scholarships	<u>12,182</u>
Total Deductions	<u>12,182</u>
Change in Net Assets	(5,234)
Net Assets Beginning of Year	<u>32,249</u>
Net Assets End of Year	<u><u>\$27,015</u></u>

See accompanying notes.

**LAKOTA LOCAL SCHOOL DISTRICT
NOTES TO BASIC FINANCIAL STATEMENTS
For the Fiscal Year Ended June 30, 2003**

1. DESCRIPTION OF THE DISTRICT

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

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

REPORTING ENTITY

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

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

2. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

The financial statements of the District have been prepared in conformity with generally accepted accounting principles (GAAP) as applied to governmental units. The Governmental Accounting Standards Board (GASB) is the accepted standard-setting body for establishing governmental accounting and financial reporting principles. The District also applies Financial Accounting Standards Board (FASB) statements and interpretations issued on or before November 30, 1989, to its governmental and business-type activities and to its proprietary funds provided they do not conflict with or contradict GASB pronouncements. For business-type activities and proprietary funds, the District has elected not to follow subsequent private-sector guidance. The most significant of the District's accounting policies are described below.

MEASUREMENT FOCUS

Government-wide Financial Statements

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

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

Fund Financial Statements

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

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

Fiduciary Funds are reported using the economic resources measurement focus.

FUND ACCOUNTING

The District uses funds to maintain its financial records during the fiscal year. Fund accounting is designed to demonstrate legal compliance and to aid management by segregating transactions related to certain District functions or activities. A fund is defined as a fiscal and accounting entity with a self-balancing set of accounts. The various funds of the District are grouped into the categories governmental, proprietary and fiduciary.

Governmental Funds

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

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

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

Building Fund – The building fund is used to account for the receipts and expenditures related to the Bond Issue. Expenditures represent the costs of acquiring capital facilities including real property.

Proprietary Fund

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

Enterprise Funds – The enterprise fund may be used to account for any activity for which a fee is charged to external users for goods or services. The District's major enterprise funds are:

Food Service Fund – This fund accounts for the financial transactions related to the food service operations of the District.

Uniform School Supply – This fund accounts for the purchase and sale of school supplies as adopted by the Board of Education for use in the schools of the District.

Adult Education – This fund accounts for educational opportunities offered on a tuition basis to adults living within the community.

Fiduciary Funds

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

3. BASIS OF ACCOUNTING

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

Revenues – Exchange and Non-exchange Transactions

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

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

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

Deferred Revenue

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

Property taxes for which there is an enforceable legal claim as of June 30, 2003, but which were levied to finance fiscal year 2004 operations, have been recorded as deferred revenue. Grants and entitlements received before the eligibility requirements are met are also recorded as deferred revenue.

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

Expenses/Expenditures

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

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

CASH AND CASH EQUIVALENTS

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

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

The District has invested funds in the State Treasury Asset Reserve of Ohio (STAR Ohio) during fiscal year 2003. 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, 2003. The District also has invested in U.S. Agencies.

Following Ohio statutes, the Board has, by resolution, specified the funds to receive an allocation of interest earnings. Interest revenue during fiscal year 2003 amounted to \$1,178,297.

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

INVENTORY

On government-wide financial statements, inventories are presented at the lower of cost or market on a first-in, first-out basis and are expensed when used.

On fund financial statements, inventories of proprietary funds are stated at the lower of cost or market. For all funds, cost is determined on a first-in, first-out basis. Inventory in governmental funds consists of expendable supplies held for consumption.

Inventories of proprietary funds consist of donated food, purchased food, and school supplies held for resale and are expensed when used.

CAPITAL ASSETS

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

All capital assets are capitalized at cost (or estimated historical cost) and updated for additions and retirements during the year. Donated fixed assets are recorded at their fair market values as of the date received. The District maintains a capitalization threshold of five hundred dollars (\$500). The District does not possess any infrastructure. Improvements are capitalized; the costs of normal maintenance and repairs that do not add to the value of the asset or materially extend an asset's life are not. Interest incurred during the construction of capital assets is also capitalized.

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

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

COMPENSATED ABSENCES

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

Sick leave benefits are accrued as a liability using the termination payment method. An accrual for earned sick leave is made to the extent that it is probable that the benefits will result in termination payments. The liability is based on the District's past experience of making termination payments.

The entire compensated absence liability is reported on the government-wide financial statements.

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

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

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

NET ASSETS

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

OPERATING REVENUES AND EXPENSES

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

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

FUND EQUITY

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

CHANGES IN ACCOUNTING PRINCIPLES

For fiscal year 2003, the School District has implemented GASB Statement No. 34, "Basic Financial Statements - and Management's Discussion and Analysis - for State and Local Governments", GASB Statement No. 37, "Basic Financial Statements for State and Local Governments: Omnibus", GASB Statement No. 38, "Certain Financial Statement Note Disclosures", GASB Statement No. 41, "Budgetary Comparison Schedules - Perspective Differences", and GASB Interpretation No. 6 "Recognition and Measurement of Certain Liabilities and Expenditures in Governmental Fund Financial Statements."

GASB 34 creates new basic financial statements for reporting on the District's financial activities. The financial statements now include government-wide financial statements prepared on an accrual basis of accounting and fund financial statements which present information for individual major funds rather than by fund type. Nonmajor funds are presented in total in one column.

GASB Statement No. 41 allows the presentation of budgetary schedules as required supplementary information based on the fund, organization or program structure that the government uses for its legally adopted budget when significant budgetary perspective differences result in the school district not being able to present budgetary comparisons for the general and each major special revenue fund. The government-wide financial statements split the District's programs between business-type and governmental activities. Except for the restatement explained below, the beginning net asset amount for the business-type activities equals fund equity of the Enterprise Funds from last year. The beginning net asset amount for governmental programs reflects the change in fund balance for governmental funds at June 30, 2002.

RESTATEMENT OF FUND BALANCE

The implementation of these statements had the following effects on fund balance of the major and non-major funds of the District as they were previously reported. The transition from governmental fund balances to net assets of the governmental activities is also presented.

	<u>General</u>	<u>Debt Service</u>	<u>Building</u>	<u>Nonmajor</u>	<u>Total</u>
Fund Balances, June 30, 2002	\$18,669,503	\$5,094,538	\$23,982,336	\$5,165,052	\$52,911,429
Fund Reclassification	<u>1,340,292</u>	<u>0</u>	<u>0</u>	<u>0</u>	<u>1,340,292</u>
Adjusted Fund Balances, June 30, 2002	<u>\$20,009,795</u>	<u>\$5,094,538</u>	<u>\$23,982,336</u>	<u>\$5,165,052</u>	\$54,251,721
GASB 34 Adjustments:					
Capital Assets					\$108,145,011
Accrued Interest Payable					(519,293)
Compensated Absences Payable					(3,726,045)
Deferred Revenue					444,083
Accrued Pension Liability					(744,315)
Long Term Liabilities					<u>(111,763,062)</u>
Governmental Activities Net Assets, June 30, 2002					<u>\$46,088,100</u>

4. CASH AND CASH EQUIVALENTS

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

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

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

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

Interim Monies – Those monies which are not needed for immediate use but which will be needed before the end of the current period of designation of depositories. Ohio law permits interim monies to be invested or deposited in the following securities:

- (1) Bonds, notes, or other obligations of or guaranteed by the United States, or those for which the faith of the United States is pledged for the payment of principal and interest.

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

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

Deposits – At the year end, the carrying amount of the District's deposits was \$20,239,746. The bank balance of deposits was \$20,216,265 of which \$200,000 was covered by federal depository insurance. The remaining balance was covered by 110% public depository pool, which was collateralized with securities held by the pledging financial institution's trust department but not in the District's name.

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

- | | |
|-------------------|---|
| <u>Category 1</u> | 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. |
| <u>Category 2</u> | includes uninsured and unregistered investments for which the securities are held by the counterparty's trust department or agent in the District's name. |

Category 3 includes uninsured and unregistered investments for which the securities are held by the counterparty or by its department or agent, but not in the District's name.

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

<u>Description</u>	<u>Category 1</u>	<u>Category 2</u>	<u>Category 3</u>	<u>Carrying Amount/ Fair Value</u>
Federal Agency Security	\$0	\$0	\$11,110,995	\$11,110,995
State Treasury Pool*	<u>0</u>	<u>0</u>	<u>0</u>	<u>19,107,558</u>
Total Investments	<u>\$0</u>	<u>\$0</u>	<u>\$11,110,995</u>	<u>\$30,218,553</u>

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

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

5. PROPERTY TAXES

Real property taxes collected in 2003 were levied in April on the assessed values as of January 1, 2002, the lien date. Assessed values are established by the County Auditor at 35 percent of appraised market value. A re-evaluation of real property is required to be completed no less than every six years, with a statistical update ever third year.

Tangible personal property tax is assessed on equipment and inventory held by businesses. Tangible property is assessed at 25 percent of true value (as defined). In 2003, each business was eligible to receive a \$10,000 exemption in assessed value which was reimbursed by the State.

Real property taxes are payable annually or semi-annually. In 2003, if paid annually, payment was due by January 20th. If paid semi-annually, the first payment (at least 1/2 amount billed) was due January 20th with the remainder due on June 20th.

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

Accrued property taxes receivable represent delinquent taxes outstanding and real property, personal property and public utility taxes which became measurable at June 30, 2003. Delinquent property taxes collected within 60 days of the fiscal year end are included as a receivable and tax revenue on the fund financial statements. All delinquent property taxes outstanding at June 30, 2003 are recognized as a revenue and receivable on the government-wide financial statements. Although total property tax collections for the next fiscal year are measurable, only the amount available as an advance at June 30 is available to finance current year operations. The receivable is offset by a credit to deferred revenue for that portion not intended to finance current year operations. The amount available as an advance at June 30, 2003, was \$1,432,805 for General Fund and \$288,522 for Debt Service, and is recognized as revenue, with a corresponding reserve to fund balance since the Board did not appropriate these receivables for fiscal year 2003 operations. The amount available for advance at June 30, 2002 was \$2,691,297 for General Fund and \$563,478 for Debt Service, with a corresponding reserve to fund balance since the Board did not appropriate those receivables for fiscal year 2002 operations.

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

The assessed values upon which the fiscal year 2003 taxes were collected are:

	<u>Amount</u>
Agricultural/Residential and Other Real Estate	\$1,960,455,290
Public Utility Personal	58,862,530
Tangible Personal Property	<u>171,600,152</u>
Total	<u>\$2,190,917,972</u>

6. RECEIVABLES

Receivables at June 30, 2003, consisted of taxes, accounts (rent and student fees), intergovernmental grants, interest and interfund. All receivables are considered collectible in full due to the ability to foreclose for the nonpayment of taxes, the stable condition of State programs, and the current year guarantee of federal funds.

7. CAPITAL ASSETS

Capital asset activity for the fiscal year ended June 30, 2003, was as follows:

	<u>Beginning Balance</u>	<u>Additions</u>	<u>Deductions</u>	<u>Ending Balance</u>
Government Activities				
Land	\$8,240,018	\$420,224	\$4,000	\$8,656,242
Buildings and Improvements	95,134,000	2,061,075	130,750	97,064,325
Equipment	25,583,970	5,142,428	1,894,041	28,832,357
Construction in Progress	<u>9,518,068</u>	<u>18,782,626</u>	<u>0</u>	<u>28,300,694</u>
Totals at Historical Cost	<u>\$138,476,056</u>	<u>\$26,406,353</u>	<u>\$2,028,791</u>	<u>\$162,853,618</u>
Less Accumulated Depreciation:				
Buildings and Improvements	\$21,200,325	\$2,169,562	\$0	\$23,369,887
Equipment	<u>9,130,720</u>	<u>2,744,105</u>	<u>658,062</u>	<u>11,216,763</u>
Total Accumulated Depreciation	<u>\$30,331,045</u>	<u>\$4,913,667</u>	<u>\$658,062</u>	<u>\$34,586,650</u>
Governmental Activities Capital Assets, Net	<u>\$108,145,011</u>	<u>\$21,492,686</u>	<u>\$1,370,729</u>	<u>\$128,266,968</u>
Business-Type Activities				
Land	\$2,850	\$0	\$0	\$2,850
Buildings and Improvements	3,905	3,000	0	6,905
Equipment	<u>2,358,474</u>	<u>353,412</u>	<u>7,450</u>	<u>2,704,436</u>
Total at Historical Cost	<u>\$2,365,229</u>	<u>\$356,412</u>	<u>\$7,450</u>	<u>\$2,714,191</u>
Less Accumulated Depreciation:				
Buildings and Improvements	\$100	\$240	\$0	\$340
Equipment	<u>1,336,729</u>	<u>190,362</u>	<u>\$5,711</u>	<u>1,521,380</u>
Total Accumulated Depreciation	<u>\$1,336,829</u>	<u>\$190,602</u>	<u>\$5,711</u>	<u>\$1,521,720</u>
Business-Type Activities Capital Assets, Net	<u>\$1,028,400</u>	<u>\$165,810</u>	<u>\$1,739</u>	<u>\$1,192,471</u>

*Depreciation expense was charged to governmental functions as follows:

Instruction:	
Regular	\$3,123,213
Special	108,701
Support Services:	
Pupil	23,160
Instructional Staff	16,387
School Administration	193,767
Fiscal	19,332
Business	139,534
Operations and Maintenance	187,185
Pupil Transportation	964,661
Central	47,640
Community Services	2,281
Extracurricular Activities	<u>87,806</u>
Total Depreciation Expense	<u>\$4,913,667</u>

8. LONG-TERM LIABILITIES

	Interest Rate	Issue Date	Maturity Dates	Beginning Principal Outstanding	Additions	Deductions	Ending Principal Outstanding	Due In One Year
<u>Governmental Activities:</u>								
General Obligation Bonds:								
Freedom, Link Renovations	6.125%	3/1/87	12/01/09	\$1,000,000	0	\$125,000	\$875,000	\$125,000
Two New Elementaries Renovations	5.671%	12/1/92	12/01/15	620,000	0	310,000	310,000	310,000
Freedom New Elementaries Renovations	5.870%	2/1/93	12/01/15	780,000	0	390,000	390,000	390,000
Refunding Woodland, Shawnee	5.752%	3/1/93	12/01/12	4,253,481	0	339,388	3,914,093	299,093
Refunding Ninth Grade, Heritage	6.248%	1/1/94	12/01/12	4,745,957	0	740,000	4,005,957	735,000
Two New High Schools	6.211%	5/1/94	12/01/17	24,330,000	0	2,500,000	21,830,000	2,650,000
Refunding New High Schools	5.242%	6/1/98	12/01/17	18,860,835	0	95,000	18,765,835	270,000
Various Purpose Long-Term Bonds	4.519%	6/1/99	6/1/05	1,300,000	0	420,000	880,000	430,000
Remainder of High School Debt	4.800%	8/1/99	12/1/04	780,000	0	250,000	530,000	260,000
Bond and Refunding	5.085%	4/19/01	12/1/26	52,222,789	0	795,000	51,427,789	930,000
Various Purpose Long-Term Bonds	3.790%	5/1/02	12/1/08	<u>2,870,000</u>	<u>0</u>	<u>375,000</u>	<u>2,495,000</u>	<u>385,000</u>
Total General Obligation Bonds				111,763,062	0	6,339,388	105,423,674	6,784,093
Compensated Absences				<u>4,594,177</u>	<u>1,039,657</u>	<u>0</u>	<u>5,633,834</u>	<u>860,850</u>
Total Governmental Activities Long-Term Liabilities				<u>\$116,357,239</u>	<u>\$1,039,657</u>	<u>\$6,339,388</u>	<u>\$111,057,508</u>	<u>\$7,644,943</u>
<u>Business-Type Activities</u>								
Compensated Absences				<u>\$66,146</u>	<u>\$6,692</u>	<u>\$0</u>	<u>\$72,838</u>	<u>\$19,670</u>

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

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

Fiscal Year Ending June 30,	<u>General Obligation Bonds</u>		
	<u>Principal</u>	<u>Interest</u>	<u>Total</u>
2004	\$6,784,093	\$5,566,021	\$12,350,114
2005	5,760,593	5,619,611	11,380,204
2006	6,576,963	5,294,280	11,871,243
2007	7,778,075	4,907,462	12,685,537
2008	4,525,660	4,776,039	9,301,699
2009-2013	20,963,290	20,641,148	41,604,438
2014-2018	22,420,000	10,776,608	33,196,608
2019-2023	12,930,000	6,314,680	19,244,680
2024-2027	<u>17,685,000</u>	<u>1,935,328</u>	<u>19,620,328</u>
Totals	<u>\$105,423,674</u>	<u>\$65,831,177</u>	<u>\$171,254,851</u>

9. PENSION PLANS

SCHOOL EMPLOYEES RETIREMENT SYSTEM

The School District contributes to the School Employees Retirement System (SERS), a cost-sharing multiple employer defined benefit pension plan. SERS provides retirement and disability benefits, annual cost-of-living adjustments, and death benefits to plan members and beneficiaries. Authority to establish and amend benefits is provided by Chapter 3309 of the Ohio Revised Code. SERS issues a publicly available, stand-alone financial report that includes financial statements and required supplementary information. That report may be obtained by writing to the School Employees Retirement System, 300 East Broad Street, Suite 100, Columbus, Ohio 43215-3476.

Plan members are required to contribute 9% of their annual covered salary and the School District is required to contribute at an actuarially determined rate. The current School District rate is 14% of annual covered payroll. A portion of the School District's contribution is used to fund pension obligations with the remainder being used to fund health care benefits; for fiscal year 2003, 8.17% of annual covered salary was the portion being used to fund pension obligations. For fiscal year 2002, 5.46% of annual covered salary was the portion used to fund pension obligations. The contribution requirements of plan members and employers are established and may be amended, up to a statutory maximum amount, by the SERS' Retirement Board. The School District's required contributions for pension obligations to SERS for the fiscal years ended June 30, 2003, 2002, and 2001 were \$2,530,536, \$2,248,152, and \$1,975,572 respectively; 48% has been contributed for fiscal year 2003 and 100% for fiscal year 2002 and 2001.

STATE TEACHERS RETIREMENT SYSTEM

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

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

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

For the fiscal year ended June 30, 2003, plan members were required to contribute 9.3% of their annual covered salaries. The School District was required to contribute 14%; 13% was the portion used to fund pension obligations. For fiscal year 2002, the portion used to fund pension obligations was 9.5%. Contribution rates are established by the State Teachers Retirement Board, upon recommendations of its consulting actuary, not to exceed statutory maximum rates of 10% for members and 14% for employers. Chapter 3307 of the Ohio Revised Code provides statutory authority for members and employer contributions.

The School District's required contributions for pension obligations for the fiscal years ended June 30, 2003, 2002, and 2001 were \$8,109,876, \$7,385,292, and \$6,938,184 respectively; 82.0% has been contributed for fiscal year 2003 and 100% for fiscal year 2002 and 2001.

10. POST EMPLOYMENT BENEFITS

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

For STRS, all benefit recipients are required to pay a portion of health care cost in the form of a monthly premium. By Ohio law, the cost of coverage paid from STRS funds shall be included in the employer contribution rate, currently 14% of covered payroll. The Board currently allocates employer contributions equal to 4.5% of covered payroll to the Health Care Reserve Fund for which payments for health care benefits are paid. For the District, this amount equaled \$2,516,858 during the 2003 fiscal year. As of July 1, 2003, eligible benefit recipients totaled 105,300. For the fiscal year ended June 30, 2002, net health care costs paid by STRS were \$354,697,000.

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

For 2002 fiscal year, employer contributions to fund health care benefits were 8.54% of covered payroll. In addition, SERS levies a surcharge to fund health care benefits equal to 14% of the difference between a minimum pay and the member's pay, pro-rated for partial service credit. For fiscal year 2002, the minimum pay has been established at \$12,400. The surcharge rate added to the unallocated portion of the 14% employer contribution rate provides for maintenance of the asset target level for the health care fund. The number of participants currently receiving health care benefits is approximately 50,000. For the fiscal year ended June 30, 2002, net health care costs paid by SERS were \$182,946,777.

11. CONTINGENT LIABILITIES

GRANTS

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

However, in the opinion of management, any such disallowed claims will not have a material effect on any of the financial statements of the individual fund types included herein or on the overall financial position of the District as of June 30, 2003.

LITIGATION

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

12. RISK MANAGEMENT

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

Coverage	Company	Limits	Deductible
Fleet	Indiana Insurance Company	\$ 1,000,000 per occurrence	\$ 500 collision/pd
Property	Indiana Insurance Company	172,507,382 blanket coverage	1,000 per loss
General liability	Indiana Insurance Company	1,000,000 per occurrence/ 2,000,000 aggregate	
Liability umbrella	Indiana Insurance Company	20,000,000 aggregate	
Errors and omissions	Indiana Insurance Company	1,000,000 aggregate	2,500 per loss
Crime theft	Indiana Insurance Company	varies per building	
Employee dishonesty	Cincinnati Insurance Company	3,000 per occurrence	

The government established a limited risk management program for workers' compensation in 1993. Premiums are treated as quasi-external transactions that are paid into the workers' compensation fund by all the other funds and are available to pay claims, claim reserves and administrative costs of the program. All surplus retained earnings will be retained in the fund to cover any future catastrophe losses.

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

13. STATE SCHOOL FUNDING DECISION

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

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

14. JOINTLY GOVERNED ORGANIZATIONS

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

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

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

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

15. CONSTRUCTION AND OTHER COMMITMENTS

At June 30, 2003, uncompleted construction contracts are as follows:

<u>Description</u>	<u>Remaining Commitment</u>
VanGorden Elementary	\$492,235
Lakota Plains Junior	1,163,957
East High School Additions	4,134
West High School Additions	38,845
Roofing, HVAC, Renovations	<u>320,452</u>
Total	<u>\$2,019,623</u>

16. COMPLIANCE AND ACCOUNTABILITY

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

<u>Fund</u>	<u>Deficit</u>
Special Revenue:	
Auxiliary Services	\$575
Title VI-B	248,566
Title I	30,152
Drug-Free Schools	14,158
EHA Pre-School	6,078

17. FUND BALANCE RESERVES FOR SET-ASIDES

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

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

	<u>Textbooks</u>	<u>Capital Acquisition</u>
Set-aside Reserve Balance as of June 30, 2002	\$1,736,982	\$1,647,375
Current Year Set-aside Requirement	2,074,754	2,074,754
Qualified Disbursements	(2,129,843)	(933,247)
Current Year Offsets	<u>0</u>	<u>(2,788,882)</u>
Set-aside Reserve Balance as of June 30, 2003	<u>\$1,681,893</u>	<u>\$ 0</u>
Restricted Cash as of June 30, 2003	<u>\$1,681,893</u>	

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

18. INTERFUND TRANSACTIONS

Interfund transactions at June 30, 2003, consisted of the following individual fund receivables and payables:

	<u>Interfund Loan Receivable</u>	<u>Interfund Loan Payable</u>
General Fund	\$162,973	
Special Revenue Fund:		
Other Grants		\$3,851
Student Activities		16,432
Title VI-B		91,690
Capital Projects Fund:		
Permanent Improvement	<u> </u>	<u>51,000</u>
	<u>\$162,973</u>	<u>\$162,973</u>

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**REQUIRED
SUPPLEMENTARY
INFORMATION**

Lakota Local School District
Schedule of Revenues, Expenditures and Changes in Fund Balance
Budget and Actual (Non-GAAP Budgetary Basis)
For the Fiscal Year Ended June 30, 2003

	General Fund			
	Original Budget	Final Budget	Actual	Variance from Final Budget
Revenues:				
Taxes	\$59,367,158	\$58,762,216	\$59,367,158	\$604,942
Tuition and Fees	251,902	249,335	251,902	2,567
Interest	940,445	930,862	940,445	9,583
Intergovernmental	49,816,509	49,308,886	49,816,509	507,623
Extracurricular Activities	1,945	1,925	1,945	20
Other Revenues	1,313,719	1,657,196	1,674,256	17,060
Total Revenues	111,691,678	110,910,420	112,052,215	1,141,795
Expenditures:				
Current:				
Instruction:				
Regular	54,909,943	55,994,053	54,074,991	1,919,062
Special	8,445,873	8,612,623	8,317,446	295,177
Vocational	260,927	266,078	256,959	9,119
Other	229,315	233,842	225,828	8,014
Support Services:				
Pupil	5,780,988	5,895,124	5,693,083	202,041
Instructional Staff	6,056,165	6,175,734	5,964,076	211,658
General Administration	29,635	30,220	29,184	1,036
School Administration	9,661,246	9,851,992	9,514,339	337,653
Fiscal	1,789,387	1,824,716	1,762,178	62,538
Business	416,615	424,840	410,280	14,560
Operations and Maintenance	10,656,759	10,867,160	10,494,714	372,446
Pupil Transportation	8,137,638	8,298,302	8,013,898	284,404
Central	2,564,275	2,614,902	2,525,283	89,619
Community Services	2,329	2,375	2,294	81
Extracurricular Activities	1,640,723	1,673,116	1,615,774	57,342
Capital Outlay	21,556	21,981	21,228	753
Total Expenditures	110,603,374	112,787,058	108,921,555	3,865,503
Excess of Revenues Over (Under) Expenditures	1,088,304	(1,876,638)	3,130,660	5,007,298
Other financing sources (uses):				
Proceeds from Sale of Fixed Assets	11,699	11,626	11,746	120
Advances In	59,352	58,984	59,591	607
Advances (Out)	(751,357)	(766,191)	(739,932)	26,259
Transfers (Out)	(1,408)	(1,436)	(1,387)	49
Total Other Financing Sources (Uses)	(681,714)	(697,017)	(669,982)	27,035
Net Change in Fund Balance	406,590	(2,573,655)	2,460,678	5,034,333
Fund Balance Beginning of Year (includes prior year encumbrances appropriated)	28,239,017	28,239,017	28,239,017	0
Fund Balance End of Year	\$28,645,607	\$25,665,362	\$30,699,695	\$5,034,333

LAKOTA LOCAL SCHOOL DISTRICT
NOTES TO THE REQUIRED SUPPLEMENTARY INFORMATION
For The Year Ended June 30, 2003

1. BUDGETARY PROCESS

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

The certificate of estimated resources may be amended during the year if projected increases or decreases in revenue are identified by the School District Treasurer. The amounts reported as the original budgeted amounts on the budgetary statements reflect the amounts on the certificate of estimated resources when the original appropriations were adopted. The amounts reported as the final budgeted amounts on the budgetary statements reflect the amounts on the final amended certificate of estimated resources issued during the fiscal year 2003.

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

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

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

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

Net Change in Fund Balance

	<u>General</u>
GAAP Basis	\$4,921,681
Net Adjustment for Revenue Accruals	910,145
Net Adjustment for Expenditure Accruals	(850,732)
Encumbrances	<u>(2,250,416)</u>
Budget Basis	<u>\$2,460,678</u>

**COMBINING STATEMENTS
AND INDIVIDUAL
FUND SCHEDULES**

Lakota Local School District
Combining Balance Sheet
Nonmajor Governmental Funds
June 30, 2003

	Nonmajor Special Revenue Funds	Nonmajor Capital Projects Funds	Total Nonmajor Governmental Funds
Assets:			
Equity in Pooled Cash and Investments	\$1,590,533	\$1,307,484	\$2,898,017
Receivables:			
Interest	0	43,950	43,950
Intergovernmental	305,930	0	305,930
Total Assets	1,896,463	1,351,434	3,247,897
Liabilities and Fund Balances:			
Liabilities:			
Accounts Payable	99,064	410,676	509,740
Accrued Wages and Benefits	434,661	0	434,661
Interfund Payable	111,973	51,000	162,973
Deferred Revenue	235,949	0	235,949
Total Liabilities	881,647	461,676	1,343,323
Fund Balances:			
Reserved for Encumbrances	440,431	835,661	1,276,092
Unreserved, Undesignated, Reported in:			
Special Revenue Funds	574,385	0	574,385
Capital Projects Funds	0	54,097	54,097
Total Fund Balances	1,014,816	889,758	1,904,574
Total Liabilities and Fund Balances	\$1,896,463	\$1,351,434	\$3,247,897

Lakota Local School District
Combining Statement of Revenues, Expenditures and Changes in Fund Balance
Nonmajor Governmental Funds
For the Fiscal Year Ended June 30, 2003

	Nonmajor Special Revenue Funds	Nonmajor Capital Projects Funds	Total Nonmajor Governmental Funds
Revenues:			
Investment Earnings	\$9,613	\$332,927	\$342,540
Intergovernmental	2,103,592	224,166	2,327,758
Extracurricular Activities	1,439,481	0	1,439,481
Other Revenues	335,881	0	335,881
Total Revenues	3,888,567	557,093	4,445,660
Expenditures:			
Current:			
Instruction:			
Regular	448,463	2,130,915	2,579,378
Special	252,767	84,792	337,559
Support Services:			
Pupil	2,231,162	0	2,231,162
Instructional Staff	248,223	0	248,223
School Administration	11,661	104,186	115,847
Operations and Maintenance	11,804	126,061	137,865
Pupil Transportation	27,792	968,615	996,407
Central	73,273	0	73,273
Community Services	136,257	0	136,257
Extracurricular Activities	944,308	33,601	977,909
Total Expenditures	4,385,710	3,448,170	7,833,880
Excess of Revenues Over (Under) Expenditures	(497,143)	(2,891,077)	(3,388,220)
Other Financing Sources (Uses):			
Proceeds from Sale of Fixed Assets	0	126,355	126,355
Transfers In	1,387	0	1,387
Total Other Financing Sources (Uses)	1,387	126,355	127,742
Net Change in Fund Balance	(495,756)	(2,764,722)	(3,260,478)
Fund Balance Beginning of Year	1,510,572	3,654,480	5,165,052
Fund Balance End of Year	\$1,014,816	\$889,758	\$1,904,574

Lakota Local School District
Combining Balance Sheet
Nonmajor Special Revenue Funds
June 30, 2003

	Public School Support	Other Grants	Student Activities	Auxiliary Services	Teacher Development
Assets:					
Equity in Pooled Cash and Investments	\$497,672	\$86,372	\$678,861	\$7,899	\$0
Receivables:					
Intergovernmental	0	4,711	0	0	0
Total Assets	<u>497,672</u>	<u>91,083</u>	<u>678,861</u>	<u>7,899</u>	<u>0</u>
Liabilities and Fund Balances:					
Liabilities:					
Accounts Payable	43,060	5,551	28,338	200	0
Accrued Wages and Benefits	0	0	0	8,274	0
Interfund Payable	0	3,851	16,432	0	0
Deferred Revenue	0	1,643	0	0	0
Total Liabilities	<u>43,060</u>	<u>11,045</u>	<u>44,770</u>	<u>8,474</u>	<u>0</u>
Fund Balances:					
Reserved for Encumbrances	63,829	9,972	147,009	0	0
Unreserved, Undesignated, Reported in: Special Revenue Funds	390,783	70,066	487,082	(575)	0
Total Fund Balances	<u>454,612</u>	<u>80,038</u>	<u>634,091</u>	<u>(575)</u>	<u>0</u>
Total Liabilities and Fund Balances	<u>\$497,672</u>	<u>\$91,083</u>	<u>\$678,861</u>	<u>\$7,899</u>	<u>\$0</u>

<u>MIS</u>	<u>School Net Professional Development</u>	<u>Textbook Subsidy</u>	<u>Ohio Reads</u>	<u>Alternate School Grant</u>	<u>Miscellaneous State Grants</u>	<u>Eisenhower Grant</u>
\$0	\$6,070	\$0	\$23,670	\$14,926	\$23,646	\$109
0	0	0	14,050	0	0	0
0	6,070	0	37,720	14,926	23,646	109
0	0	0	918	423	470	0
0	0	0	0	2,560	0	0
0	0	0	0	0	0	0
0	0	0	14,050	0	0	0
0	0	0	14,968	2,983	470	0
0	0	0	5,586	3,071	4,064	0
0	6,070	0	17,166	8,872	19,112	109
0	6,070	0	22,752	11,943	23,176	109
\$0	\$6,070	\$0	\$37,720	\$14,926	\$23,646	\$109

(continued)

Lakota Local School District
Combining Balance Sheet
Nonmajor Special Revenue Funds
June 30, 2003

	Title VI-B	Title III	Refugee Children	Title I	Title VI
Assets:					
Equity in Pooled Cash and Investments	\$205,408	\$10,498	\$5,270	\$0	\$13,166
Receivables:					
Intergovernmental	125,732	15,118	26	0	24,214
Total Assets	331,140	25,616	5,296	0	37,380
Liabilities and Fund Balances:					
Liabilities:					
Accounts Payable	12,463	5,227	1,500	0	0
Accrued Wages and Benefits	349,821	0	0	30,152	0
Interfund Payable	91,690	0	0	0	0
Deferred Revenue	125,732	15,118	26	0	24,214
Total Liabilities	579,706	20,345	1,526	30,152	24,214
Fund Balances:					
Reserved for Encumbrances	135,650	3,563	3,756	0	95
Unreserved, Undesignated, Reported in: Special Revenue Funds	(384,216)	1,708	14	(30,152)	13,071
Total Fund Balances	(248,566)	5,271	3,770	(30,152)	13,166
Total Liabilities and Fund Balances	\$331,140	\$25,616	\$5,296	\$0	\$37,380

Emergency Immigrant Education	Drug Free Schools	EHA Pre-School	Goals 2000	Title VI-R	Miscellaneous Grants	Total Nonmajor Special Revenue Funds
\$0	\$1,868	\$3,191	\$1,000	\$8,647	\$2,260	\$1,590,533
0	0	6,151	0	96,007	19,921	305,930
0	1,868	9,342	1,000	104,654	22,181	1,896,463
0	271	375	0	268	0	99,064
0	15,755	8,894	0	19,205	0	434,661
0	0	0	0	0	0	111,973
0	0	6,151	0	29,094	19,921	235,949
0	16,026	15,420	0	48,567	19,921	881,647
0	0	2,426	0	61,410	0	440,431
0	(14,158)	(8,504)	1,000	(5,323)	2,260	574,385
0	(14,158)	(6,078)	1,000	56,087	2,260	1,014,816
\$0	\$1,868	\$9,342	\$1,000	\$104,654	\$22,181	\$1,896,463

Lakota Local School District
Combining Statement of Revenues, Expenditures and Changes in Fund Balance
Nonmajor Special Revenue Funds
For the Fiscal Year Ended June 30, 2003

	Public School Support	Other Grants	Student Activities	Auxiliary Services	Teacher Development
Revenues:					
Investment Earnings	\$0	\$0	\$9,613	\$0	\$0
Intergovernmental	0	3,068	0	81,713	0
Extracurricular Activities	560,995	0	878,486	0	0
Other Revenues	167,386	98,713	69,782	0	0
Total Revenues	728,381	101,781	957,881	81,713	0
Expenditures:					
Current:					
Instruction:					
Regular	2,997	53,522	0	0	1,982
Special	0	0	0	0	0
Support Services:					
Pupil	675,598	0	0	0	0
Instructional Staff	3,716	2,502	0	0	0
School Administration	1,234	0	0	0	0
Operations and Maintenance	0	0	0	0	0
Pupil Transportation	0	0	0	0	0
Central	0	9,722	0	0	0
Community Services	0	0	0	131,476	0
Extracurricular Activities	0	0	944,308	0	0
Total Expenditures	683,545	65,746	944,308	131,476	1,982
Excess of Revenues Over (Under) Expenditures	44,836	36,035	13,573	(49,763)	(1,982)
Other Financing Sources (Uses):					
Transfers In	0	1,387	0	0	0
Total Other Financing Sources (Uses)	0	1,387	0	0	0
Net Change in Fund Balance	44,836	37,422	13,573	(49,763)	(1,982)
Fund Balance Beginning of Year	409,776	42,616	620,518	49,188	1,982
Fund Balance End of Year	\$454,612	\$80,038	\$634,091	(\$575)	\$0

MIS	School Net Professional Development	Textbook Subsidy	Ohio Reads	Alternate School Grant	Miscellaneous State Grants	Eisenhower Grant
\$0	\$0	\$0	\$0	\$0	\$0	\$0
57,200	10,500	0	21,500	85,386	55,211	3,630
0	0	0	0	0	0	0
0	0	0	0	0	0	0
57,200	10,500	0	21,500	85,386	55,211	3,630
0	9,232	4,975	79,541	15,800	3,590	0
0	0	0	0	0	3,348	0
0	0	0	0	39,475	23,870	0
0	0	0	23,700	8,328	0	9,932
0	0	0	0	7,009	0	0
0	0	0	0	30	11,774	0
0	0	0	0	0	0	0
63,551	0	0	0	0	0	0
0	0	0	0	0	0	0
0	0	0	0	0	0	0
63,551	9,232	4,975	103,241	70,642	42,582	9,932
(6,351)	1,268	(4,975)	(81,741)	14,744	12,629	(6,302)
0	0	0	0	0	0	0
0	0	0	0	0	0	0
(6,351)	1,268	(4,975)	(81,741)	14,744	12,629	(6,302)
6,351	4,802	4,975	104,493	(2,801)	10,547	6,411
\$0	\$6,070	\$0	\$22,752	\$11,943	\$23,176	\$109

(continued)

Lakota Local School District
 Combining Statement of Revenues, Expenditures and Changes in Fund Balance
 Nonmajor Special Revenue Funds
 For the Fiscal Year Ended June 30, 2003

	Title VI-B	Title III	Refugee Children	Title I	Title VI
Revenues:					
Investment Earnings	\$0	\$0	\$0	\$0	\$0
Intergovernmental	1,171,112	39,414	11,500	66,666	78,052
Extracurricular Activities	0	0	0	0	0
Other Revenues	0	0	0	0	0
Total Revenues	1,171,112	39,414	11,500	66,666	78,052
Expenditures:					
Current:					
Instruction:					
Regular	0	6,989	3,298	30,152	8,762
Special	93,117	0	0	131,422	0
Support Services:					
Pupil	1,373,963	0	0	0	0
Instructional Staff	63,541	27,154	6,230	0	41,886
School Administration	0	0	0	0	3,418
Operations and Maintenance	0	0	0	0	0
Pupil Transportation	27,792	0	0	0	0
Central	0	0	0	0	0
Community Services	4,327	0	0	0	454
Extracurricular Activities	0	0	0	0	0
Total Expenditures	1,562,740	34,143	9,528	161,574	54,520
Excess of Revenues Over (Under) Expenditures	(391,628)	5,271	1,972	(94,908)	23,532
Other Financing Sources (Uses):					
Transfers In	0	0	0	0	0
Total Other Financing Sources (Uses)	0	0	0	0	0
Net Change in Fund Balance	(391,628)	5,271	1,972	(94,908)	23,532
Fund Balance Beginning of Year	143,062	0	1,798	64,756	(10,366)
Fund Balance End of Year	(\$248,566)	\$5,271	\$3,770	(\$30,152)	\$13,166

Emergency Immigrant Education	Drug Free Schools	EHA Pre-School	Goals 2000	Title VI-R	Miscellaneous Grants	Total Nonmajor Special Revenue Funds
\$0	\$0	\$0	\$0	\$0	\$0	\$9,613
0	50,690	45,910	1,000	269,469	51,571	2,103,592
0	0	0	0	0	0	1,439,481
0	0	0	0	0	0	335,881
0	50,690	45,910	1,000	269,469	51,571	3,888,567
863	0	0	0	149,098	77,662	448,463
0	0	13,145	0	0	11,735	252,767
0	72,681	45,575	0	0	0	2,231,162
2,029	0	0	0	59,205	0	248,223
0	0	0	0	0	0	11,661
0	0	0	0	0	0	11,804
0	0	0	0	0	0	27,792
0	0	0	0	0	0	73,273
0	0	0	0	0	0	136,257
0	0	0	0	0	0	944,308
2,892	72,681	58,720	0	208,303	89,397	4,385,710
(2,892)	(21,991)	(12,810)	1,000	61,166	(37,826)	(497,143)
0	0	0	0	0	0	1,387
0	0	0	0	0	0	1,387
(2,892)	(21,991)	(12,810)	1,000	61,166	(37,826)	(495,756)
2,892	7,833	6,732	0	(5,079)	40,086	1,510,572
\$0	(\$14,158)	(\$6,078)	\$1,000	\$56,087	\$2,260	\$1,014,816

Lakota Local School District
 Combining Balance Sheet
 Nonmajor Capital Projects Funds
 June 30, 2003

	Permanent Improvement	SchoolNet	Total Nonmajor Capital Projects Funds
Assets:			
Equity in Pooled Cash and Investments	\$1,307,484	\$0	\$1,307,484
Receivables:			
Interest	43,950	0	43,950
Total Assets	<u>1,351,434</u>	<u>0</u>	<u>1,351,434</u>
Liabilities and Fund Balances:			
Liabilities:			
Accounts Payable	410,676	0	410,676
Interfund Payable	51,000	0	51,000
Total Liabilities	<u>461,676</u>	<u>0</u>	<u>461,676</u>
Fund Balances:			
Reserved for Encumbrances	835,661	0	835,661
Unreserved, Undesignated, Reported in: Capital Projects Funds	54,097	0	54,097
Total Fund Balances	<u>889,758</u>	<u>0</u>	<u>889,758</u>
Total Liabilities and Fund Balances	<u>\$1,351,434</u>	<u>\$0</u>	<u>\$1,351,434</u>

Lakota Local School District
 Combining Statement of Revenues, Expenditures and Changes in Fund Balance
 Nonmajor Capital Projects Funds
 For the Fiscal Year Ended June 30, 2003

	Permanent Improvement	SchoolNet	Total Nonmajor Capital Projects Funds
Revenues:			
Investment Earnings	\$332,927	\$0	\$332,927
Intergovernmental	0	224,166	224,166
Total Revenues	332,927	224,166	557,093
Expenditures:			
Current:			
Instruction:			
Regular	1,906,473	224,442	2,130,915
Special	84,792	0	84,792
Support Services:			
School Administration	104,186	0	104,186
Operations and Maintenance	126,061	0	126,061
Pupil Transportation	968,615	0	968,615
Extracurricular Activities	33,601	0	33,601
Total Expenditures	3,223,728	224,442	3,448,170
Excess of Revenues Over (Under) Expenditures	(2,890,801)	(276)	(2,891,077)
Other Financing Sources (Uses):			
Proceeds from Sale of Fixed Assets	126,355	0	126,355
Total Other Financing Sources (Uses)	126,355	0	126,355
Net Change in Fund Balance	(2,764,446)	(276)	(2,764,722)
Fund Balance Beginning of Year	3,654,204	276	3,654,480
Fund Balance End of Year	\$889,758	\$0	\$889,758

Lakota Local School District
Statement of Changes In Assets and Liabilities
Agency Fund
For the Fiscal Year Ended June 30, 2003

	Student Activities			Ending Balance
	Beginning Balance	Additions	Deductions	
Assets:				
Restricted Cash and Investments	\$216,058	\$54,744	\$0	\$270,802
Total Assets	<u>216,058</u>	<u>54,744</u>	<u>0</u>	<u>270,802</u>
Liabilities:				
Accounts Payable	22,849	39,028	22,849	39,028
Other Liabilities	193,209	26,784	(11,781)	231,774
Total Liabilities	<u>216,058</u>	<u>65,812</u>	<u>11,068</u>	<u>270,802</u>
Total All Agency Funds				
	Beginning Balance	Additions	Deductions	Ending Balance
Assets:				
Equity in Pooled Cash and Investments	216,058	54,744	0	270,802
Total Assets	<u>216,058</u>	<u>54,744</u>	<u>0</u>	<u>270,802</u>
Liabilities:				
Accounts Payable	22,849	39,028	22,849	39,028
Deferred Revenue	193,209	26,784	(11,781)	231,774
Total Liabilities	<u>\$216,058</u>	<u>\$65,812</u>	<u>\$11,068</u>	<u>\$270,802</u>

Lakota Local School District
 Schedule of Revenues, Expenditures and Changes in Fund Balance
 Budget and Actual (Non-GAAP Budgetary Basis)
 For the Fiscal Year Ended June 30, 2003

	Public School Support Fund			
	Original Budget	Final Budget	Actual	Variance from Final Budget
Revenues:				
Extracurricular Activities	\$406,134	\$470,060	\$560,995	\$90,935
Other Revenues	121,180	140,254	167,386	27,132
Total Revenues	<u>527,314</u>	<u>610,314</u>	<u>728,381</u>	<u>118,067</u>
Expenditures:				
Current:				
Instruction:				
Regular	5,573	9,178	7,420	1,758
Support Services:				
Pupil	591,857	974,660	787,948	186,712
Instructional Staff	3,316	5,461	4,415	1,046
School Administration	1,568	2,582	2,087	495
Total Expenditures	<u>602,314</u>	<u>991,881</u>	<u>801,870</u>	<u>190,011</u>
Excess of Revenues Over (Under) Expenditures	<u>(75,000)</u>	<u>(381,567)</u>	<u>(73,489)</u>	<u>308,078</u>
Net Change in Fund Balance	(75,000)	(381,567)	(73,489)	308,078
Fund Balance Beginning of Year (includes prior year encumbrances appropriated)	464,272	464,272	464,272	0
Fund Balance End of Year	<u>\$389,272</u>	<u>\$82,705</u>	<u>\$390,783</u>	<u>\$308,078</u>

Lakota Local School District
 Schedule of Revenues, Expenditures and Changes in Fund Balance
 Budget and Actual (Non-GAAP Budgetary Basis)
 For the Fiscal Year Ended June 30, 2003

	Other Grants Fund			
	Original Budget	Final Budget	Actual	Variance from Final Budget
Revenues:				
Extracurricular Activities	\$8,270	\$110,440	\$102,967	(\$7,473)
Other Revenues	5	66	66	0
Total Revenues	8,275	110,506	103,033	(7,473)
Expenditures:				
Current:				
Instruction:				
Regular	30,227	116,135	63,919	52,216
Support Services:				
Instructional Staff	1,630	6,263	3,447	2,816
Central	6,638	25,504	14,037	11,467
Total Expenditures	38,495	147,902	81,403	66,499
Excess of Revenues Over (Under) Expenditures	(30,220)	(37,396)	21,630	59,026
Other financing sources (uses):				
Advances In	309	3,851	3,851	0
Advances (Out)	(3,403)	(13,076)	(7,197)	5,879
Transfers In	111	1,387	1,387	0
Total Other Financing Sources (Uses)	(2,983)	(7,838)	(1,959)	5,879
Net Change in Fund Balance	(33,203)	(45,234)	19,671	64,905
Fund Balance Beginning of Year (includes prior year encumbrances appropriated)	51,179	51,179	51,179	0
Fund Balance End of Year	\$17,976	\$5,945	\$70,850	\$64,905

Lakota Local School District
 Schedule of Revenues, Expenditures and Changes in Fund Balance
 Budget and Actual (Non-GAAP Budgetary Basis)
 For the Fiscal Year Ended June 30, 2003

	Student Activities Fund			
	Original Budget	Final Budget	Actual	Variance from Final Budget
Revenues:				
Interest	\$7,419	\$9,529	\$9,613	\$84
Extracurricular Activities	677,948	870,799	878,486	7,687
Other Revenues	53,852	69,215	69,782	567
Total Revenues	739,219	949,543	957,881	8,338
Expenditures:				
Current:				
Extracurricular Activities	19,208	1,259,392	1,134,674	124,718
Total Expenditures	19,208	1,259,392	1,134,674	124,718
Excess of Revenues Over (Under) Expenditures	720,011	(309,849)	(176,793)	133,056
Other financing sources (uses):				
Advances In	12,681	16,432	16,432	0
Advances (Out)	(294)	(19,277)	(17,368)	1,909
Transfers In	37,043	48,000	48,000	0
Transfers (Out)	(813)	(53,276)	(48,000)	5,276
Total Other Financing Sources (Uses)	48,617	(8,121)	(936)	7,185
Net Change in Fund Balance	768,628	(317,970)	(177,729)	140,241
Fund Balance Beginning of Year (includes prior year encumbrances appropriated)	681,243	681,243	681,243	0
Fund Balance End of Year	\$1,449,871	\$363,273	\$503,514	\$140,241

Lakota Local School District
 Schedule of Revenues, Expenditures and Changes in Fund Balance
 Budget and Actual (Non-GAAP Budgetary Basis)
 For the Fiscal Year Ended June 30, 2003

	Auxiliary Services Fund			
	Original Budget	Final Budget	Actual	Variance from Final Budget
Revenues:				
Intergovernmental	\$0	\$81,713	\$81,713	\$0
Total Revenues	0	81,713	81,713	0
Expenditures:				
Current:				
Instruction:				
Community Services	49,188	130,901	123,002	7,899
Total Expenditures	49,188	130,901	123,002	7,899
Excess of Revenues Over (Under) Expenditures	(49,188)	(49,188)	(41,289)	7,899
Net Change in Fund Balance	(49,188)	(49,188)	(41,289)	7,899
Fund Balance Beginning of Year (includes prior year encumbrances appropriated)	49,188	49,188	49,188	0
Fund Balance End of Year	\$0	\$0	\$7,899	\$7,899

Lakota Local School District
 Schedule of Revenues, Expenditures and Changes in Fund Balance
 Budget and Actual (Non-GAAP Budgetary Basis)
 For the Fiscal Year Ended June 30, 2003

	Teacher Development Fund			
	Original Budget	Final Budget	Actual	Variance from Final Budget
Revenues:				
Other Revenues	\$0	\$0	\$0	\$0
Total Revenues	0	0	0	0
Expenditures:				
Current:				
Instruction:				
Regular	1,983	1,983	1,983	0
Total Expenditures	1,983	1,983	1,983	0
Excess of Revenues Over (Under) Expenditures	(1,983)	(1,983)	(1,983)	0
Net Change in Fund Balance	(1,983)	(1,983)	(1,983)	0
Fund Balance Beginning of Year (includes prior year encumbrances appropriated)	1,982	1,982	1,982	0
Fund Balance End of Year	(\$1)	(\$1)	(\$1)	\$0

Lakota Local School District
 Schedule of Revenues, Expenditures and Changes in Fund Balance
 Budget and Actual (Non-GAAP Budgetary Basis)
 For the Fiscal Year Ended June 30, 2003

	MIS Fund			
	Original Budget	Final Budget	Actual	Variance from Final Budget
Revenues:				
Intergovernmental	\$0	\$57,200	\$57,200	\$0
Total Revenues	0	57,200	57,200	0
Expenditures:				
Current:				
Support Services:				
Central	13,292	70,492	70,492	0
Total Expenditures	13,292	70,492	70,492	(0)
Excess of Revenues Over (Under) Expenditures	(13,292)	(13,292)	(13,292)	0
Net Change in Fund Balance	(13,292)	(13,292)	(13,292)	0
Fund Balance Beginning of Year (includes prior year encumbrances appropriated)	13,292	13,292	13,292	0
Fund Balance End of Year	\$0	\$0	\$0	\$0

Lakota Local School District
 Schedule of Revenues, Expenditures and Changes in Fund Balance
 Budget and Actual (Non-GAAP Budgetary Basis)
 For the Fiscal Year Ended June 30, 2003

	School Net Professional Development Fund			
	Original Budget	Final Budget	Actual	Variance from Final Budget
Revenues:				
Intergovernmental	\$3,450	\$10,500	\$10,500	\$0
Total Revenues	3,450	10,500	10,500	0
Expenditures:				
Current:				
Instruction:				
Regular	1,352	15,302	9,232	6,070
Total Expenditures	1,352	15,302	9,232	6,070
Excess of Revenues Over (Under) Expenditures	2,098	(4,802)	1,268	6,070
Net Change in Fund Balance	2,098	(4,802)	1,268	6,070
Fund Balance Beginning of Year (includes prior year encumbrances appropriated)	4,802	4,802	4,802	0
Fund Balance End of Year	\$6,900	\$0	\$6,070	\$6,070

Lakota Local School District
 Schedule of Revenues, Expenditures and Changes in Fund Balance
 Budget and Actual (Non-GAAP Budgetary Basis)
 For the Fiscal Year Ended June 30, 2003

	Textbook Subsidy Fund			
	Original Budget	Final Budget	Actual	Variance from Final Budget
Revenues:				
Other Revenues	\$0	\$0	\$0	\$0
Total Revenues	0	0	0	0
Expenditures:				
Current:				
Instruction:				
Regular	4,975	4,975	4,975	0
Total Expenditures	4,975	4,975	4,975	0
Excess of Revenues Over (Under) Expenditures	(4,975)	(4,975)	(4,975)	0
Net Change in Fund Balance	(4,975)	(4,975)	(4,975)	0
Fund Balance Beginning of Year (includes prior year encumbrances appropriated)	4,975	4,975	4,975	0
Fund Balance End of Year	\$0	\$0	\$0	\$0

Lakota Local School District
 Schedule of Revenues, Expenditures and Changes in Fund Balance
 Budget and Actual (Non-GAAP Budgetary Basis)
 For the Fiscal Year Ended June 30, 2003

	Ohio Reads Fund			
	Original Budget	Final Budget	Actual	Variance from Final Budget
Revenues:				
Intergovernmental	\$67,500	\$89,000	\$89,000	\$0
Total Revenues	67,500	89,000	89,000	0
Expenditures:				
Current:				
Instruction:				
Regular	64,401	105,402	92,699	12,703
Support Services:				
Instructional Staff	18,154	29,712	26,131	3,581
Pupil Transportation	87	142	125	17
Total Expenditures	82,642	135,256	118,955	16,301
Excess of Revenues Over (Under) Expenditures	(15,142)	(46,256)	(29,955)	16,301
Other financing sources (uses):				
Advances (Out)	(4,405)	(7,209)	(6,340)	869
Total Other Financing Sources (Uses)	(4,405)	(7,209)	(6,340)	869
Net Change in Fund Balance	(19,547)	(53,465)	(36,295)	17,170
Fund Balance Beginning of Year (includes prior year encumbrances appropriated)	53,464	53,464	53,464	0
Fund Balance End of Year	\$33,917	(\$1)	\$17,169	\$17,170

Lakota Local School District
 Schedule of Revenues, Expenditures and Changes in Fund Balance
 Budget and Actual (Non-GAAP Budgetary Basis)
 For the Fiscal Year Ended June 30, 2003

	Alternate School Grant Fund			
	Original Budget	Final Budget	Actual	Variance from Final Budget
Revenues:				
Intergovernmental	\$96,387	\$85,386	\$85,386	\$0
Total Revenues	96,387	85,386	85,386	0
Expenditures:				
Current:				
Instruction:				
Regular	26,542	25,826	22,757	3,069
Support Services:				
Pupil	52,311	50,900	44,851	6,049
Instructional Staff	9,713	9,451	8,328	1,123
School Administration	10,277	9,999	8,811	1,188
Operations and Maintenance	35	34	30	4
Total Expenditures	98,878	96,210	84,777	11,433
Excess of Revenues Over (Under) Expenditures	(2,491)	(10,824)	609	11,433
Net Change in Fund Balance	(2,491)	(10,824)	609	11,433
Fund Balance Beginning of Year (includes prior year encumbrances appropriated)	10,824	10,824	10,824	0
Fund Balance End of Year	\$8,333	\$0	\$11,433	\$11,433

Lakota Local School District
 Schedule of Revenues, Expenditures and Changes in Fund Balance
 Budget and Actual (Non-GAAP Budgetary Basis)
 For the Fiscal Year Ended June 30, 2003

	Miscellaneous State Grants Fund			
	Original Budget	Final Budget	Actual	Variance from Final Budget
Revenues:				
Intergovernmental	\$1,000	\$55,211	\$55,211	\$0
Total Revenues	1,000	55,211	55,211	0
Expenditures:				
Current:				
Instruction:				
Regular	383	2,312	1,641	671
Special	856	5,165	3,666	1,499
Support Services:				
Instructional Staff	6,926	41,775	29,650	12,125
Operations and Maintenance	2,750	16,589	11,774	4,815
Total Expenditures	10,915	65,841	46,731	19,110
Excess of Revenues Over (Under) Expenditures	(9,915)	(10,630)	8,480	19,110
Net Change in Fund Balance	(9,915)	(10,630)	8,480	19,110
Fund Balance Beginning of Year (includes prior year encumbrances appropriated)	10,631	10,631	10,631	0
Fund Balance End of Year	\$716	\$1	\$19,111	\$19,110

Lakota Local School District
 Schedule of Revenues, Expenditures and Changes in Fund Balance
 Budget and Actual (Non-GAAP Budgetary Basis)
 For the Fiscal Year Ended June 30, 2003

	Eisenhower Grant Fund			
	Original Budget	Final Budget	Actual	Variance from Final Budget
Revenues:				
Intergovernmental	\$31,899	\$28,253	\$3,630	(\$24,623)
Total Revenues	31,899	28,253	3,630	(24,623)
Expenditures:				
Current:				
Instruction:				
Support Services:				
Instructional Staff	34,761	36,096	11,363	24,733
Total Expenditures	34,761	36,096	11,363	24,733
Excess of Revenues Over (Under) Expenditures	(2,862)	(7,843)	(7,733)	110
Net Change in Fund Balance	(2,862)	(7,843)	(7,733)	110
Fund Balance Beginning of Year (includes prior year encumbrances appropriated)	7,842	7,842	7,842	0
Fund Balance End of Year	\$4,980	(\$1)	\$109	\$110

Lakota Local School District
 Schedule of Revenues, Expenditures and Changes in Fund Balance
 Budget and Actual (Non-GAAP Budgetary Basis)
 For the Fiscal Year Ended June 30, 2003

	Title VI-B Fund			
	Original Budget	Final Budget	Actual	Variance from Final Budget
Revenues:				
Intergovernmental	\$204,590	\$1,388,534	\$1,171,112	(\$217,422)
Total Revenues	204,590	1,388,534	1,171,112	(217,422)
Expenditures:				
Current:				
Instruction:				
Special	41,752	174,562	153,978	20,584
Support Services:				
Pupil	297,327	1,243,110	1,096,525	146,585
Instructional Staff	23,458	98,075	86,510	11,565
Pupil Transportation	7,536	31,507	27,792	3,715
Community Services	1,173	4,905	4,327	578
Total Expenditures	371,246	1,552,159	1,369,132	183,027
Excess of Revenues Over (Under) Expenditures	(166,656)	(163,625)	(198,020)	(34,395)
Other financing sources (uses):				
Advances In	16,018	91,690	91,690	0
Total Other Financing Sources (Uses)	16,018	91,690	91,690	0
Net Change in Fund Balance	(150,638)	(71,935)	(106,330)	(34,395)
Fund Balance Beginning of Year (includes prior year encumbrances appropriated)	163,626	163,626	163,626	0
Fund Balance End of Year	\$12,988	\$91,691	\$57,296	(\$34,395)

Lakota Local School District
 Schedule of Revenues, Expenditures and Changes in Fund Balance
 Budget and Actual (Non-GAAP Budgetary Basis)
 For the Fiscal Year Ended June 30, 2003

	Title III Fund			
	Original Budget	Final Budget	Actual	Variance from Final Budget
Revenues:				
Intergovernmental	\$0	\$54,532	\$39,414	(\$15,118)
Total Revenues	0	54,532	39,414	(15,118)
Expenditures:				
Current:				
Instruction:				
Regular	0	15,261	10,552	4,709
Support Services:				
Instructional Staff	0	39,271	27,154	12,117
Total Expenditures	0	54,532	37,706	16,826
Excess of Revenues Over (Under) Expenditures	0	0	1,708	1,708
Net Change in Fund Balance	0	0	1,708	1,708
Fund Balance Beginning of Year (includes prior year encumbrances appropriated)	0	0	0	0
Fund Balance End of Year	\$0	\$0	\$1,708	\$1,708

Lakota Local School District
 Schedule of Revenues, Expenditures and Changes in Fund Balance
 Budget and Actual (Non-GAAP Budgetary Basis)
 For the Fiscal Year Ended June 30, 2003

	Refugee Children Fund			
	Original Budget	Final Budget	Actual	Variance from Final Budget
Revenues:				
Intergovernmental	\$0	\$11,500	\$11,500	\$0
Total Revenues	0	11,500	11,500	0
Expenditures:				
Current:				
Instruction:				
Regular	246	1,950	1,948	2
Support Services:				
Instructional Staff	1,452	11,498	11,486	12
Total Expenditures	1,698	13,448	13,434	14
Excess of Revenues Over (Under) Expenditures	(1,698)	(1,948)	(1,934)	14
Net Change in Fund Balance	(1,698)	(1,948)	(1,934)	14
Fund Balance Beginning of Year (includes prior year encumbrances appropriated)	1,948	1,948	1,948	0
Fund Balance End of Year	\$250	\$0	\$14	\$14

Lakota Local School District
 Schedule of Revenues, Expenditures and Changes in Fund Balance
 Budget and Actual (Non-GAAP Budgetary Basis)
 For the Fiscal Year Ended June 30, 2003

	Title I Fund			
	Original Budget	Final Budget	Actual	Variance from Final Budget
Revenues:				
Intergovernmental	\$60,912	\$66,668	\$66,668	\$0
Total Revenues	60,912	66,668	66,668	0
Expenditures:				
Current:				
Instruction:				
Special	134,044	139,800	139,800	0
Total Expenditures	134,044	139,800	139,800	(0)
Excess of Revenues Over (Under) Expenditures	(73,132)	(73,132)	(73,132)	0
Net Change in Fund Balance	(73,132)	(73,132)	(73,132)	0
Fund Balance Beginning of Year (includes prior year encumbrances appropriated)	73,134	73,134	73,134	0
Fund Balance End of Year	\$2	\$2	\$2	\$0

Lakota Local School District
 Schedule of Revenues, Expenditures and Changes in Fund Balance
 Budget and Actual (Non-GAAP Budgetary Basis)
 For the Fiscal Year Ended June 30, 2003

	Title VI Fund			
	Original Budget	Final Budget	Actual	Variance from Final Budget
Revenues:				
Intergovernmental	\$19,810	\$102,266	\$78,052	(\$24,214)
Total Revenues	19,810	102,266	78,052	(24,214)
Expenditures:				
Current:				
Instruction:				
Regular	1,229	14,286	9,128	5,158
Support Services:				
Instructional Staff	5,641	65,553	41,886	23,667
School Administration	460	5,349	3,418	1,931
Community Services	61	711	454	257
Total Expenditures	7,391	85,899	54,886	31,013
Excess of Revenues Over (Under) Expenditures	12,419	16,367	23,166	6,799
Other financing sources (uses):				
Advances (Out)	(1,495)	(17,372)	(11,100)	6,272
Total Other Financing Sources (Uses)	(1,495)	(17,372)	(11,100)	6,272
Net Change in Fund Balance	10,924	(1,005)	12,066	13,071
Fund Balance Beginning of Year (includes prior year encumbrances appropriated)	1,005	1,005	1,005	0
Fund Balance End of Year	\$11,929	\$0	\$13,071	\$13,071

Lakota Local School District
 Schedule of Revenues, Expenditures and Changes in Fund Balance
 Budget and Actual (Non-GAAP Budgetary Basis)
 For the Fiscal Year Ended June 30, 2003

	Emergency Immigrant Education Fund			
	Original Budget	Final Budget	Actual	Variance from Final Budget
Revenues:				
Other Revenues	\$0	\$0	\$0	\$0
Total Revenues	0	0	0	0
Expenditures:				
Current:				
Instruction:				
Regular	442	458	458	0
Support Services:				
Instructional Staff	2,346	2,434	2,434	0
Total Expenditures	2,788	2,892	2,892	0
Excess of Revenues Over (Under) Expenditures	(2,788)	(2,892)	(2,892)	0
Net Change in Fund Balance	(2,788)	(2,892)	(2,892)	0
Fund Balance Beginning of Year (includes prior year encumbrances appropriated)	2,892	2,892	2,892	0
Fund Balance End of Year	\$104	\$0	\$0	\$0

Lakota Local School District
 Schedule of Revenues, Expenditures and Changes in Fund Balance
 Budget and Actual (Non-GAAP Budgetary Basis)
 For the Fiscal Year Ended June 30, 2003

	Drug Free Schools Fund			
	Original Budget	Final Budget	Actual	Variance from Final Budget
Revenues:				
Intergovernmental	\$9,460	\$50,691	\$50,690	(\$1)
Total Revenues	9,460	50,691	50,690	(1)
Expenditures:				
Current:				
Support Services:				
Pupil	15,022	58,566	56,941	1,625
Total Expenditures	15,022	58,566	56,941	1,625
Excess of Revenues Over (Under) Expenditures	(5,562)	(7,875)	(6,251)	1,624
Net Change in Fund Balance	(5,562)	(7,875)	(6,251)	1,624
Fund Balance Beginning of Year (includes prior year encumbrances appropriated)	7,874	7,874	7,874	0
Fund Balance End of Year	<u>\$2,312</u>	<u>(\$1)</u>	<u>\$1,623</u>	<u>\$1,624</u>

Lakota Local School District
 Schedule of Revenues, Expenditures and Changes in Fund Balance
 Budget and Actual (Non-GAAP Budgetary Basis)
 For the Fiscal Year Ended June 30, 2003

	EHA Pre-School Fund			
	Original Budget	Final Budget	Actual	Variance from Final Budget
Revenues:				
Intergovernmental	\$7,018	\$52,697	\$45,910	(\$6,787)
Total Revenues	7,018	52,697	45,910	(6,787)
Expenditures:				
Current:				
Instruction:				
Special	3,963	14,817	13,145	1,672
Support Services:				
Pupil	13,040	48,751	43,248	5,503
Total Expenditures	17,003	63,568	56,393	7,175
Excess of Revenues Over (Under) Expenditures	(9,985)	(10,871)	(10,483)	388
Net Change in Fund Balance	(9,985)	(10,871)	(10,483)	388
Fund Balance Beginning of Year (includes prior year encumbrances appropriated)	10,873	10,873	10,873	0
Fund Balance End of Year	\$888	\$2	\$390	\$388

Lakota Local School District
 Schedule of Revenues, Expenditures and Changes in Fund Balance
 Budget and Actual (Non-GAAP Budgetary Basis)
 For the Fiscal Year Ended June 30, 2003

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

Lakota Local School District
 Schedule of Revenues, Expenditures and Changes in Fund Balance
 Budget and Actual (Non-GAAP Budgetary Basis)
 For the Fiscal Year Ended June 30, 2003

	Title VI-R Fund			
	Original Budget	Final Budget	Actual	Variance from Final Budget
Revenues:				
Intergovernmental	\$45,948	\$298,562	\$202,556	(\$96,006)
Total Revenues	45,948	298,562	202,556	(96,006)
Expenditures:				
Current:				
Instruction:				
Regular	34,659	175,213	151,311	23,902
Support Services:				
Instructional Staff	27,628	139,668	120,615	19,053
Total Expenditures	62,287	314,881	271,926	42,955
Excess of Revenues Over (Under) Expenditures	(16,339)	(16,319)	(69,370)	(53,051)
Net Change in Fund Balance	(16,339)	(16,319)	(69,370)	(53,051)
Fund Balance Beginning of Year (includes prior year encumbrances appropriated)	16,339	16,339	16,339	0
Fund Balance End of Year	\$0	\$20	(\$53,031)	(\$53,051)

Lakota Local School District
Schedule of Revenues, Expenditures and Changes in Fund Balance
Budget and Actual (Non-GAAP Budgetary Basis)
For the Fiscal Year Ended June 30, 2003

	Miscellaneous Grants Fund			
	Original Budget	Final Budget	Actual	Variance from Final Budget
Revenues:				
Intergovernmental	\$30,091	\$51,571	\$51,571	\$0
Total Revenues	30,091	51,571	51,571	0
Expenditures:				
Current:				
Instruction:				
Regular	60,964	79,625	77,663	1,962
Special	9,212	12,031	11,735	296
Total Expenditures	70,176	91,656	89,398	2,258
Excess of Revenues Over (Under) Expenditures	(40,085)	(40,085)	(37,827)	2,258
Net Change in Fund Balance	(40,085)	(40,085)	(37,827)	2,258
Fund Balance Beginning of Year (includes prior year encumbrances appropriated)	40,086	40,086	40,086	0
Fund Balance End of Year	\$1	\$1	\$2,259	\$2,258

Lakota Local School District
 Schedule of Revenues, Expenditures and Changes in Fund Balance
 Budget and Actual (Non-GAAP Budgetary Basis)
 For the Fiscal Year Ended June 30, 2003

	Original Budget	Final Budget	Debt Service Fund Actual	Variance from Final Budget
Revenues:				
Taxes	\$11,711,940	\$12,186,808	\$12,320,993	\$134,185
Intergovernmental	619,860	644,992	652,094	7,102
Total Revenues	12,331,800	12,831,800	12,973,087	141,287
Expenditures:				
Current:				
Support Services:				
Fiscal	154,395	154,395	154,395	0
Debt Service:				
Principal Retirement	6,184,993	6,184,993	6,184,993	0
Interest and Fiscal Charges	5,642,370	6,026,810	6,026,810	0
Total Expenditures	11,981,758	12,366,198	12,366,198	0
Net Change in Fund Balance	350,042	465,602	606,889	141,287
Fund Balance Beginning of Year (includes prior year encumbrances appropriated)	4,531,059	4,531,059	4,531,059	0
Fund Balance End of Year	\$4,881,101	\$4,996,661	\$5,137,948	\$141,287

Lakota Local School District
 Schedule of Revenues, Expenditures and Changes in Fund Balance
 Budget and Actual (Non-GAAP Budgetary Basis)
 For the Fiscal Year Ended June 30, 2003

	Permanent Improvement Fund			
	Original Budget	Final Budget	Actual	Variance from Final Budget
Revenues:				
Interest	\$0	\$391,221	\$379,341	(\$11,880)
Total Revenues	0	391,221	379,341	(11,880)
Expenditures:				
Current:				
Support Services:				
Pupil Transportation	2,000	980,241	975,800	4,441
Capital Outlay	0	3,281,876	3,267,008	14,868
Total Expenditures	2,000	4,262,117	4,242,808	19,309
Excess of Revenues Over (Under) Expenditures	(2,000)	(3,870,896)	(3,863,467)	7,429
Other financing sources (uses):				
Proceeds from Sale of Fixed Assets	0	126,355	126,355	0
Proceeds of Bonds and Notes	0	7,185	7,185	0
Advances In	0	51,000	51,000	0
Total Other Financing Sources (Uses)	0	184,540	184,540	0
Net Change in Fund Balance	(2,000)	(3,686,356)	(3,678,927)	7,429
Fund Balance Beginning of Year (includes prior year encumbrances appropriated)	3,703,772	3,703,772	3,703,772	0
Fund Balance End of Year	<u>\$3,701,772</u>	<u>\$17,416</u>	<u>\$24,845</u>	<u>\$7,429</u>

Lakota Local School District
 Schedule of Revenues, Expenditures and Changes in Fund Balance
 Budget and Actual (Non-GAAP Budgetary Basis)
 For the Fiscal Year Ended June 30, 2003

	Building Fund			
	Original Budget	Final Budget	Actual	Variance from Final Budget
Revenues:				
Other Revenues	\$0	\$0	\$0	\$0
Total Revenues	0	0	0	0
Expenditures:				
Current:				
Capital Outlay	7,542,863	26,819,512	25,583,218	1,236,294
Total Expenditures	7,542,863	26,819,512	25,583,218	1,236,294
Excess of Revenues Over (Under) Expenditures	(7,542,863)	(26,819,512)	(25,583,218)	1,236,294
Net Change in Fund Balance	(7,542,863)	(26,819,512)	(25,583,218)	1,236,294
Fund Balance Beginning of Year (includes prior year encumbrances appropriated)	26,823,134	26,823,134	26,823,134	0
Fund Balance End of Year	<u>\$19,280,271</u>	<u>\$3,622</u>	<u>\$1,239,916</u>	<u>\$1,236,294</u>

Lakota Local School District
 Schedule of Revenues, Expenditures and Changes in Fund Balance
 Budget and Actual (Non-GAAP Budgetary Basis)
 For the Fiscal Year Ended June 30, 2003

	SchoolNet Fund			
	Original Budget	Final Budget	Actual	Variance from Final Budget
Revenues:				
Intergovernmental	\$224,166	\$224,166	\$224,166	\$0
Total Revenues	224,166	224,166	224,166	0
Expenditures:				
Current:				
Instruction:				
Regular	224,166	224,442	224,442	0
Total Expenditures	224,166	224,442	224,442	0
Excess of Revenues Over (Under) Expenditures	0	(276)	(276)	0
Net Change in Fund Balance	0	(276)	(276)	0
Fund Balance Beginning of Year (includes prior year encumbrances appropriated)	276	276	276	0
Fund Balance End of Year	<u>\$276</u>	<u>\$0</u>	<u>\$0</u>	<u>\$0</u>

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**STATISTICAL
SECTION**

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

Fiscal Year	1994	1995	1996	1997	1998	1999	2000	2001	2002	2003
Taxes	\$28,368,770	\$28,393,279	\$31,963,428	\$35,386,346	\$46,291,911	\$42,983,537	\$40,636,659	\$51,072,992	\$59,412,475	\$58,108,666
Intergovernmental	18,486,610	17,625,203	21,197,594	22,464,910	25,870,273	28,252,764	32,198,954	36,295,600	46,515,382	49,816,510
Interest	288,213	433,043	803,554	1,155,359	1,463,753	1,264,336	1,423,587	2,414,249	944,347	835,757
Tuition and fees	232,792	280,008	311,671	435,152	391,542	381,159	90,103	142,070	219,195	443,369
Extracurricular activities	41,808	72,870	299,191	100,737	123,183	129,675	20,235	5,815	3,015	1,945
Other revenues	244,175	223,244	236,059	287,039	644,730	526,446	1,135,148	1,108,959	1,009,728	1,995,414
Total revenues	\$47,662,368	\$47,027,647	\$54,811,497	\$59,829,543	\$74,785,392	\$73,537,917	\$75,504,686	\$91,039,685	\$108,104,142	\$111,201,661

Source: Lakota Local School District records.

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

Fiscal Year	1994	1995	1996	1997	1998	1999	2000	2001	2002	2003
Instruction:										
Regular	\$25,571,580	\$26,678,034	\$27,208,177	\$29,947,376	\$34,616,606	\$38,616,055	\$41,388,128	\$42,920,240	\$49,238,596	\$54,779,394
Special	3,308,790	3,594,532	3,619,215	4,018,337	4,555,155	5,254,505	5,801,329	6,359,384	7,658,169	8,371,030
Vocational	277,627	230,002	166,876	153,735	279,858	246,573	240,986	321,305	253,789	267,363
Other	66,152	54,617	72,455	72,718	104,369	111,550	194,243	278,680	406,687	208,288
Support services:										
Pupil	2,724,110	2,569,588	2,740,019	3,064,287	3,790,504	4,053,907	4,194,333	4,535,887	5,602,823	5,985,886
Instructional staff	2,077,432	2,210,044	2,172,031	2,506,440	3,599,289	3,733,793	4,323,451	4,883,672	5,673,642	5,446,368
General administration	25,344	23,574	27,211	47,924	30,086	32,985	8,714	35,889	23,984	27,184
School administration	3,927,785	4,043,379	3,975,378	4,534,732	5,685,998	6,094,554	7,130,132	7,145,146	8,550,058	8,432,557
Fiscal and business	1,024,864	1,130,695	1,143,121	1,293,181	1,269,665	1,558,603	1,752,099	1,765,074	2,073,063	1,950,740
Operations and maintenance	4,780,052	4,519,672	4,767,951	5,308,838	6,926,534	7,640,848	7,566,261	7,272,764	8,769,880	9,953,909
Pupil transportation	3,454,358	3,341,250	3,315,033	4,206,226	5,958,036	5,398,641	5,786,291	7,368,359	7,892,750	7,158,151
Central	193,311	191,361	241,062	400,402	448,627	691,574	1,268,535	1,019,892	1,228,715	2,191,463
Operations of non-instructional services	2,882	2,125	2,055	2,714	3,602	8,065	3,381	3,166	0	2,294
Extracurricular activities	631,141	614,102	579,326	739,033	1,191,464	1,310,626	1,498,775	1,579,630	1,609,087	1,515,712
Capital outlay	0	0	0	0	114,562	104,955	781,574	35,983	210,862	0
Debt Service										
Principal retirement	95,459	106,977	113,594	75,617	100,090	322,399	0	789,893	0	0
Interest and fiscal charges	26,793	18,060	10,370	53,114	48,055	68,046	28,379	103,200	0	0
Total expenditures	\$48,187,680	\$49,328,012	\$50,153,374	\$56,424,368	\$68,722,500	\$75,247,679	\$81,966,611	\$86,418,164	\$99,192,105	\$106,290,339

Source: Lakota Local School District records.

Table 3

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

Collection Year	Tax Levied	Current Tax Collections	Percent Collected	Delinquent Collection	Total Tax Collections	Percent of Total Collections to Levy	Outstanding Delinquent Taxes	Percent of Outstanding Delinquent Taxes to Tax Levied
1994	31,870,422	31,070,948	97%	622,354	31,693,302	99%	1,566,323	4.9%
1995	36,614,197	36,127,859	99%	825,590	36,953,449	101%	2,052,661	5.6%
1996	36,639,929	36,639,929	100%	1,488,675	38,128,604	104%	1,337,222	3.6%
1997	45,857,910	45,857,910	100%	1,535,268	47,393,178	103%	1,248,839	2.7%
1998	47,506,385	47,506,385	100%	1,104,758	48,611,143	102%	1,793,632	3.8%
1999	49,733,189	49,002,544	99%	1,066,729	50,069,273	101%	1,457,548	2.9%
2000	51,603,050	51,384,592	100%	899,725	52,284,317	101%	776,281	1.5%
2001	67,320,527	64,924,194	96%	1,225,648	66,149,842	98%	1,946,966	2.9%
2002	67,659,376	65,274,114	96%	1,572,990	66,847,103	99%	2,759,238	4.1%
2003	71,617,353	71,010,316	99%	1,721,327	72,731,643	102%	1,644,948	2.3%

Source: Butler County Auditor.

TABLE 4

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

Collection Year	Real Property		Tangible Personal Property		Public Utilities Personal		Total	
	Assessed Value	Estimated Actual Value	Assessed Value	Estimated Actual Value	Assessed Value	Estimated Actual Value	Assessed Value	Estimated Actual Value
1994	938,307,480	2,680,878,514	92,920,863	371,683,452	71,977,400	81,792,500	1,103,205,743	3,134,354,466
1995	1,005,187,730	2,871,964,943	99,294,059	397,176,236	77,924,830	88,550,943	1,182,406,619	3,357,692,122
1996	1,086,266,210	3,103,617,743	104,616,706	418,466,824	73,949,520	84,033,545	1,264,832,436	3,606,118,112
1997	1,189,903,220	3,399,723,486	121,815,238	487,260,952	74,532,500	84,696,023	1,386,250,958	3,971,680,460
1998	1,243,409,780	3,552,599,371	133,868,633	535,474,532	74,264,120	84,391,045	1,451,542,533	4,172,464,949
1999	1,303,927,250	3,725,506,429	136,671,688	546,686,752	78,477,160	89,178,591	1,519,076,098	4,361,371,771
2000	1,470,277,860	4,200,793,885	136,507,980	546,031,920	81,764,790	92,914,534	1,688,550,630	4,839,740,339
2001	1,596,004,850	4,560,013,857	156,691,941	626,767,764	79,376,000	90,200,000	1,832,072,791	5,276,981,621
2002	1,646,429,860	4,704,085,314	170,886,501	683,546,004	60,981,990	69,297,716	1,878,298,351	5,456,929,034
2003	1,960,455,290	5,601,300,829	171,600,152	686,400,608	58,862,530	66,889,239	2,190,917,972	6,354,590,675

Source: Butler County Auditor.

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

Table 5

Tax Year/ Collection Year	COUNTY			CITIES			SCHOOL DISTRICTS						TOWNSHIPS		
	Butler County	Monroe City	Fairfield City	Lakota Local School District			Butler County			Union Township	Liberty Township Excluded	Liberty Township Monroe			
				Voted		Unvoted General Fund	Butler County Joint Vocational School								
				General Fund	Bond Fund										
2002/2003	8.75	9.85	5.94	48.55	5.80	6.49	1.93	13.09	10.59	0.59					
2001/2002	8.75	9.85	5.94	50.39	5.00	6.49	1.93	13.09	10.59	0.59					
2000/2001	8.45	9.85	5.94	50.39	5.00	6.49	1.93	10.59	10.59	0.59					
1999/2000	8.45	7.85	4.54	43.65	5.00	6.49	1.93	10.59	9.09	0.59					
1998/1999	8.44	7.85	4.54	43.65	6.00	6.49	1.93	9.59	7.59	0.59					
1997/1998	8.45	7.85	4.54	43.65	6.00	6.49	1.93	9.59	7.59	0.59					
1996/1997	8.44	7.85	4.54	43.65	6.10	6.49	1.93	9.59	5.59	0.59					
1995/1996	7.44	7.85	4.54	37.15	6.50	6.49	1.93	9.59	5.59	0.59					
1994/1995	7.45	7.85	4.54	37.15	8.10	6.49	1.93	9.59	4.09	0.59					
1993/1994	7.44	7.85	4.00	37.15	4.50	6.49	1.94	9.00	4.09	2.09					

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

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

TABLE 6

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

Year	Population (1)	Total Assessed Value (2)	Gross Bonded Debt (1)	Less Debt Service Fund (1)	Net Bonded Debt	Ratio of Net Bonded Debt To Assessed Value (%)	Net Bonded Debt Per Capita
1994	47,000	1,103,205,743	90,686,686	2,041,499	88,645,187	8.0%	1,886
1995	53,362	1,182,406,619	87,809,686	2,584,092	85,225,594	7.2%	1,597
1996	53,362	1,264,832,436	84,966,686	1,652,342	83,314,344	6.6%	1,561
1997	53,362	1,386,250,958	82,101,686	2,168,285	79,933,402	5.8%	1,498
1998	53,362	1,451,542,533	79,408,414	2,136,837	77,271,577	5.3%	1,448
1999	53,362	1,519,076,098	78,993,414	2,617,349	76,376,065	5.0%	1,431
2000	53,362	1,688,550,630	74,689,067	3,106,964	71,582,103	4.2%	1,341
2001	77,714	1,832,072,791	114,537,519	51,050,590	63,486,929	3.5%	817
2002	79,895	1,878,298,351	111,763,062	5,094,538	106,668,524	5.7%	1,335
2003	73,633	2,190,917,972	105,423,674	5,426,471	99,997,203	4.6%	1,358

Source:

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

Lakota Local School District, Ohio
 Computation of Legal Debt Margin
 June 30, 2003

TABLE 7

Assessed Valuation of District		<u>\$2,190,917,972</u>
<hr/>		
Overall Direct Debt Limitation		
Direct debt limitation		
9% of assessed valuation		197,182,617
Amount available in Debt Service Fund		5,426,471
Gross indebtedness	<u>\$105,423,674</u>	
Less: Debt exempt from limitation	<u>0</u>	
Debt subject to 9% limitation		<u>(105,423,674)</u>
Legal debt margin within 9% limitation		<u>\$97,185,414</u>
<hr/>		
Unvoted Direct Debt Limitation		
Unvoted debt limitation		
0.1% of assessed valuation		\$2,190,918
Amount available in Debt Service Fund		
related to unvoted debt		n/a
Gross indebtedness authorized by the Board		
Less: Debt exempt from limitation	<u>0</u>	
Debt subject to 0.1% limitation		<u>0</u>
Legal debt margin within 0.1% limitation		<u>\$2,190,918</u>
<hr/>		
Energy Conservation Bond Limitation		
Ohio Revised Code Section 133.042		
Debt limitation		
0.9% of assessed valuation		\$19,718,262
Energy conservation notes authorized		
by the Board		
Legal debt margin within 0.9% limitation		<u>\$19,718,262</u>

Source: Lakota Local School District records.

Lakota Local School District, Ohio
 Computation of Direct and Overlapping Debt
 June 30, 2003

TABLE 8

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

Source: Ohio Municipal Advisory Council.

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

TABLE 9

<u>Fiscal Year</u>	<u>Principal</u>	<u>Interest</u>	<u>Total Debt Service</u>	<u>Total General Fund Expenditures</u>	<u>Ratio of Debt Service to General Fund Expenditures (%)</u>
1994	9,275,000	2,341,334	11,616,334	48,187,680	24%
1995	2,885,000	5,540,736	8,425,736	49,328,012	17%
1996	2,835,000	5,097,533	7,932,533	50,153,874	16%
1997	2,865,000	4,922,671	7,787,671	56,424,368	14%
1998	22,940,000	4,726,990	27,666,990	68,722,500	40%
1999	4,000,000	4,250,357	8,250,357	75,247,679	11%
2000	4,474,347	4,403,764	9,025,134	81,966,611	11%
2001	5,234,231	5,840,016	51,050,590	86,568,164	59%
2002	5,644,456	6,285,846	5,094,538	99,192,105	5%
2003	6,339,388	6,026,810	5,426,471	106,290,339	5%

Source: Lakota Local School District records.

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

TABLE 10

<u>Fiscal Year</u>	<u>Population (1)</u>	<u>School Enrollment (1)</u>	<u>Unemployment Rate (2)</u>
1994	47,000	11,637	5.3%
1995	53,362	12,193	4.2%
1996	53,362	12,700	4.2%
1997	53,362	13,077	3.5%
1998	53,362	13,530	3.4%
1999	53,362	14,139	3.7%
2000	53,362	14,659	3.3%
2001	77,714	15,143	3.0%
2002	79,895	15,498	4.00%
2003	73,633	15,845	3.80%

Sources:

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

Lakota Local School District, Ohio
 Construction, Bank Deposits and Property Values
 Last Ten Calendar Years

TABLE 11

Calendar Year	New Construction (1)	Bank Deposits (2) (in Thousands)	Property Values (3)
1994	56,795,090	737,683,000	1,103,205,743
1995	66,803,340	800,556,000	1,182,406,619
1996	53,128,920	783,398,000	1,264,832,436
1997	59,185,580	815,435,000	1,386,250,958
1998	57,107,950	864,105,000	1,451,542,533
1999	65,176,410	877,325,000	1,519,076,098
2000	111,454,810	923,585,000	1,688,550,630
2001	79,828,140	1,146,859,000	1,832,072,791
2002	75,400,080	1,136,994,000	1,878,298,351
2003	34,445,270	*	1,960,455,290

* - Information not available

Sources:

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

Lakota Local School District, Ohio
 Real and Tangible Personal Property
 Top Ten Principal Taxpayers
 June 30, 2003

TABLE 12

Name of Taxpayer	Total Assessed Valuation	% of Total Assessed Valuation
AK Steel Corp.	\$153,765,340	7.02%
Cincinnati Gas & Electric Co. (Cinergy)	28,581,500	1.30%
Bay West Paper Corp.	16,402,720	0.75%
United Care Corp.	10,787,560	0.49%
Southwestern Ohio Steel	9,170,370	0.42%
Jefferson Smurfit Corp.	8,430,160	0.38%
Ohio Bell Telephone Co.	8,278,950	0.38%
Aeronca Aircraft Corp.	5,946,510	0.27%
Precision Strip Inc.	5,135,660	0.23%
Messer Griesheim	5,015,890	0.23%
All Other Taxpayers	<u>1,939,403,312</u>	<u>88.52%</u>
	<u><u>\$2,190,917,972</u></u>	<u><u>100.0%</u></u>

Source: Butler County Auditor.

Enrollment by Grade

	Pre - K	K	1	2	3	4	5	6	7	8	9	10	11	12	IEP	Total
2002 - 03	247	1,138	1,264	1,242	1,203	1,187	1,203	1,255	1,315	1,226	1,138	1,274	1,099	1,022	32	15,845
The following are projections:																
2003 - 04	264	1,274	1,201	1,316	1,259	1,246	1,227	1,246	1,286	1,355	1,219	1,283	1,129	1,017	30	16,352
2004 - 05	291	1,230	1,364	1,229	1,341	1,291	1,274	1,252	1,274	1,303	1,299	1,358	1,149	1,055	38	16,748
2005 - 06	315	1,253	1,317	1,396	1,252	1,375	1,320	1,300	1,280	1,290	1,249	1,447	1,216	1,073	41	17,126
2006 - 07	339	1,276	1,342	1,348	1,422	1,284	1,406	1,347	1,329	1,297	1,237	1,391	1,296	1,136	43	17,494
2007 - 08	363	1,299	1,366	1,373	1,373	1,459	1,313	1,435	1,377	1,346	1,243	1,378	1,246	1,210	46	17,829
2008 - 09	386	1,322	1,391	1,396	1,399	1,409	1,492	1,340	1,467	1,395	1,290	1,385	1,234	1,164	49	18,121
2009 - 10	410	1,345	1,416	1,423	1,425	1,435	1,440	1,522	1,370	1,486	1,337	1,438	1,240	1,153	52	18,492
2010 - 11	434	1,369	1,440	1,449	1,450	1,461	1,467	1,470	1,556	1,388	1,424	1,490	1,287	1,158	54	18,899
2011 - 12	458	1,392	1,466	1,474	1,476	1,488	1,494	1,497	1,503	1,577	1,330	1,587	1,334	1,203	57	19,335
2012 - 13	481	1,415	1,490	1,500	1,502	1,514	1,521	1,525	1,531	1,522	1,511	1,482	1,421	1,246	60	19,721

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

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

Table 14

<u>Year</u>	<u>Proposed State Basic Aid Per Pupil</u>	<u>Percentage Change</u>	<u>Actual State General Fund Aid Per Pupil Received</u>	<u>Percentage Change</u>	<u>Lakota Cost Per Pupil in ADM</u>	<u>Percentage Increase</u>
2002/2003	5,058	5.1%	2,762	5.2%	7,624	5.6%
2001/2002	4,814	12.1%	2,626	26.6%	7,221	11.4%
2000/2001	4,294	6.0%	2,075	22.3%	6,482	3.6%
1999/2000	4,052	5.2%	1,697	(3.9%)	6,255	6.9%
1998/1999	3,851	5.1%	1,766	4.7%	5,850	3.5%
1997/1998	3,663	4.7%	1,687	(5.2%)	5,650	30.3%
1996/1997	3,500	5.6%	1,779	3.0%	4,337	5.5%
1995/1996	3,315	9.2%	1,727	4.6%	4,109	(2.0%)
1994/1995	3,035	5.7%	1,652	(4.4%)	4,193	(1.1%)
1993/1994	2,871	1.9%	1,728	3.6%	4,241	2.6%

Source: School district financial records.
 * - Information not available

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

Table 15

Graduation Rate (%)										
	93-94	94-95	95-96	96-97	97-98	98-99	99-00	00-01	01-02	02-03
Students Graduating	87.85	85.57	83.59	89.09	91.84	95.20	90.60	90.30	94.00	95.90
Student Attendance Rate (%)										
	93-94	94-95	95-96	96-97	97-98	98-99	99-00	00-01	01-02	02-03
All Grades	96.07	95.76	95.50	95.57	95.68	95.30	94.50	95.50	96.00	96.00
Student Dropout Rate (%)										
	93-94	94-95	95-96	96-97	97-98	98-99	99-00	00-01	01-02	02-03
All Grades	1.83	1.52	1.44	1.65	1.30	**	**	**	**	**
% of College Preparatory										
	93-94	94-95	95-96	96-97	97-98	98-99	99-00	00-01	01-02	02-03
Students Graduating	25.49	23.24	95.87	64.84	73.80	**	**	86.00	87.00	90.00
ACT Scores										
	93-94	94-95	95-96	96-97	97-98 *	98-99*	99-00*	00-01	01-02	02-03
Lakota High School	22.40	22.70	23.00	22.70	-	-	-	-	-	-
Lakota East High School	-	-	-	-	22.20	22.80	23.10	23.10	22.70	23.00
Lakota West High School	-	-	-	-	22.10	22.50	22.80	22.40	22.50	22.10
National	20.80	20.70	20.90	21.00	21.00	21.00	21.00	21.00	20.80	19.30
Ohio	21.20	21.20	21.30	21.30	21.40	21.40	21.40	21.40	21.40	19.60

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

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

Source: School District records

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

Table 16

Teacher Class Size	93-94	94-95	95-96	96-97	97-98	98-99	99-00	00-01	01-02	02-03
Pupil/Teacher Ratio	22.46	22.95	23.37	22.91	21.88	19.70	19.70	22.14	19.60	N/A
Teacher Education	93-94	94-95	95-96	96-97	97-98	98-99	99-00	00-01	01-02	02-03
Teachers with No Degree	0.00%	0.16%	0.16%	0.15%	0.00%	0.10%	0.10%	0.00%	0.00%	0.00%
Teachers with Bachelors Degree	30.82%	29.09%	30.92%	27.52%	26.53%	22.70%	22.10%	21.00%	20.20%	26.53%
Teachers with Bachelors plus 150 Hours	27.23%	28.17%	29.50%	30.65%	30.35%	27.30%	27.90%	29.00%	29.60%	23.50%
Teachers with Masters Degree	41.95%	42.57%	39.42%	41.68%	43.12%	49.90%	50.80%	50.00%	50.30%	49.97%
Teacher Experience	93-94	94-95	95-96	96-97	97-98	98-99	99-00	00-01	01-02	02-03
Average Teachers Experience	11.20	11.40	11.10	12.00	11.90	11.60	11.30	11.60	11.83	N/A

Source: Vital Statistics-Ohio State Department of Education.



**Auditor of State
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LAKOTA LOCAL SCHOOL DISTRICT

BUTLER COUNTY

CLERK'S CERTIFICATION

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

Susan Babbitt

CLERK OF THE BUREAU

**CERTIFIED
MARCH 16, 2004**