



**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, 2005**

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	\$50,068	\$50,068
Special Milk Program	02-PU	10.556	26,058	26,058
National School Lunch Program	LL-P4	10.555	<u>456,258</u>	<u>456,258</u>
Total Child Nutrition Cluster			<u>532,384</u>	<u>532,384</u>
Total U.S. Department of Agriculture			<u>532,384</u>	<u>532,384</u>
<u>U.S. DEPARTMENT OF EDUCATION</u>				
<i>Passed Through Ohio Department of Education:</i>				
Special Education Cluster:				
Title VI-B: Special Education Grants to States	6BSA/SD/SF	84.027	2,211,370	2,490,210
Special Education - Preschool Grant	PG-S1	84.173	<u>55,164</u>	<u>56,661</u>
Total Special Education Cluster			<u>2,266,534</u>	<u>2,546,871</u>
Title I: Grants to Local Educational Agencies	C1-S1	84.010	424,979	470,961
Community Service	T4-S1	84.184C	7,563	16,918
Refugee Children School Impact Grant	nn-n1	93.576	0	880
Title V: Innovative Education Program Strategies	C2-S1	84.298	51,575	92,508
Improving Teacher Quality	TR-S1	84.367	227,169	290,745
Title III -- English Language Acquisition Grants	T3-S1, T3-S2	84.365	45,249	74,190
Advanced Placement Program	AV-S1	84.330	156	0
Title II-D: Education Technology	TJ-S1	84.318	8,934	9,483
Safe and Drug Free Schools	DR-S1	84.186	<u>33,474</u>	<u>34,257</u>
Total U.S. Department of Education			<u>3,065,633</u>	<u>3,536,813</u>
Totals			<u><u>\$3,598,017</u></u>	<u><u>\$4,069,197</u></u>

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

**LAKOTA LOCAL SCHOOL DISTRICT
BUTLER COUNTY**

**NOTES TO THE FEDERAL AWARDS EXPENDITURES SCHEDULE
FISCAL YEAR ENDED JUNE 30, 2005**

NOTE A - SIGNIFICANT ACCOUNTING POLICIES

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

NOTE B - CHILD NUTRITION CLUSTER

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

Cash receipts from the U.S. Department of Agriculture are commingled with State grants. It is assumed federal monies are expended first.

NOTE C - MATCHING REQUIREMENTS

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



Auditor of State Betty Montgomery

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

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

To the Board of Education:

We have audited the financial statements of the governmental activities, the business-type activities, each major fund, and the aggregate remaining fund information of Lakota Local School District, Butler County, Ohio (the District), as of and for the year ended June 30, 2005, which collectively comprise the District's basic financial statements and have issued our report thereon dated December 19, 2005. We conducted our audit in accordance with auditing standards generally accepted in the United States of America and the standards applicable to financial audits contained in the Comptroller General of the United States' *Government Auditing Standards*.

Internal Control Over Financial Reporting

In planning and performing our audit, we considered the District's internal control over financial reporting to determine our auditing procedures in order to express our opinion on the financial statements and not to opine on the internal control over financial reporting. Our consideration of the internal control would not necessarily disclose all matters in the internal control over financial reporting that might be material weaknesses. A material weakness is a reportable condition in which the design or operation of one or more of the internal control components does not reduce to a relatively low level the risk that misstatements caused by error or fraud in amounts material to the financial statements we audited may occur and not be timely detected by employees when performing their assigned functions. We noted no matters involving the internal control over financial reporting and its operation that we consider material weaknesses. In a separate letter to the District's management dated December 19, 2005, we reported other matters involving internal control over financial reporting we did not deem reportable conditions.

Compliance and Other Matters

As part of reasonably assuring whether the District's financial statements are free of material misstatement, we tested its compliance with certain provisions of laws, regulations, contracts, and grant agreements, noncompliance with which could directly and materially affect the determination of financial statement amounts. However, providing an opinion on compliance with those provisions was not an objective of our audit and, accordingly, we do not express an opinion. The results of our tests disclosed no instances of noncompliance or other matters we must report under *Government Auditing Standards*. In a separate letter to the District's management dated December 19, 2005, we reported other matters related to noncompliance we deemed immaterial.

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

We intend this report solely for the information and use of the audit committee, management, Board of Education, federal awarding agencies, and pass-through entities. It is not intended for anyone other than these specified parties.

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

Betty Montgomery
Auditor of State

December 19, 2005



Auditor of State Betty Montgomery

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

Lakota Local School District
Butler County
5572 Princeton Rd.
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 apply to each of its major federal program[s] for the year ended June 30, 2005. The summary of auditor's results section of the accompanying schedule of findings identifies the District's major federal programs. The District's management is responsible for complying with the requirements of laws, regulations, contracts, and grants applicable to each major federal program. Our responsibility is to express an opinion on the District's compliance based on our audit.

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

In our opinion, the District complied, in all material respects, with the requirements referred to above that apply to each of its major federal programs for the year ended June 30, 2005.

Internal Control Over Compliance

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

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

Federal Awards Expenditures Schedule

We have audited the financial statements of the governmental activities, the business-type activities, each major fund and the aggregate remaining fund information of Lakota Local School District as of and for the year ended June 30, 2005 and have issued our report thereon dated December 19, 2005. Our audit was performed to form an opinion on the financial statements that collectively comprise the District's basic financial statements taken as a whole. The accompanying federal awards expenditures schedule provides additional information as required by OMB Circular A-133 and is not a required part of the basic financial statements. We subjected this information to the auditing procedures applied in the audit of the basic financial statements. In our opinion, this information is fairly stated, in all material respects, in relation to the basic financial statements taken as a whole.

We intend this report solely for the information and use of the audit committee, management, the Board of Education, federal awarding agencies, and pass-through entities. It is not intended for anyone other than these specified parties.



Betty Montgomery
Auditor of State

December 19, 2005

**LAKOTA LOCAL SCHOOL DISTRICT
BUTLER COUNTY**

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

1. SUMMARY OF AUDITOR'S RESULTS

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

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

None.

3. FINDINGS FOR FEDERAL AWARDS

None.

Comprehensive Annual Financial Report

for the year ended June 30, 2005



LAKOTA
LOCAL SCHOOLS

Lakota Local Schools
Butler County, Ohio

LAKOTA LOCAL SCHOOL DISTRICT

BUTLER COUNTY, OHIO

COMPREHENSIVE ANNUAL FINANCIAL REPORT

FOR THE FISCAL YEAR ENDED JUNE 30, 2005

Prepared by:
Office of the CFO/Treasurer

Alan R. Hutchinson

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**INTRODUCTORY
SECTION**

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ALAN R. HUTCHINSON
TREASURER

CRAIG A. JONES
ASSISTANT TREASURER

REBECCA McDONOUGH
ACCOUNTANT

December 19, 2005

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, 2005. Responsibility for both the accuracy of the presented data, and the completeness and fairness of the presentation, including all disclosures, rests with the District. This report is prepared in conformance with generally accepted accounting principles (GAAP) as set forth by the Governmental Accounting Standards Board (GASB) and other recognized authoritative sources. We believe the enclosed data is fairly presented in all material aspects and is reported in a manner designed to present fairly the financial position and results of operations of the various funds and account groups of the District. All disclosures necessary to enable the reader to gain an understanding of the District's financial activities have been included. This report has been prepared by the Chief Financial Officer's Office and includes an opinion from the Auditor of the State of Ohio.

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

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

The Comprehensive Annual Financial Report is divided into three sections:

The **Introductory Section** includes a table of contents, this transmittal letter, a list of principal officials, the district's organizational chart, and the GFOA and ASBO certificates the District received for the June 30, 2004 CAFR. Also included are the District's major and future initiatives.

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

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

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

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

ECONOMIC CONDITION AND OUTLOOK

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

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

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

THE DISTRICT AND ITS FACILITIES

The District is located in Butler County, and covers an area of 68 square miles. It serves pupils from West Chester and Liberty Townships. Since its inception in 1958, the growth in the District has gone from 1,696 students to 16,940 in 2004-2005.

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	721
Hopewell Elementary 8300 Cox Road	K-6	1961	890
Liberty Elementary 6040 Princeton Rd.	1-6	1928	595
Union Elementary 8735 Cinci-Dayton	1-6	1953	584
Freedom Elementary 6035 Beckett Ridge	1-6	1988	660
Woodland Elementary 6923 Dutchland Pkwy	1-6	1990	752
Shawnee Elementary 9394 Sterling Dr	K-6	1993	636
Heritage Elementary 5052 Hamilton Mason	1-6	1992	714
VanGorden Elementary 6475 LeSourds/W. Chester Road	1-6	2003	942
Hopewell Junior 8200 Cox Rd.	7-8	1972	521
Plains Junior 5500 Princeton	7-8	2003	637

Liberty Junior 7055 Dutchland Pkwy	7-8	1977	776
Ridge Junior 6199 Beckett Ridge	7-8	1992	669
Cherokee Elementary 5345 Kyles Station	1-6	1994	819
Independence Elementary 7480 Princeton Rd.	1-6	1994	841
Early Childhood Center 5060 Tylersville	K	1970	1,246
Freshman School 5050 Tylersville	9	1958	1,319
Lakota East High 6840 Lakota Ln.	10-12	1997	1,710
Lakota West High 8940 Union Centre	10-12	1997	1,892
Board Office 5572 Princeton	Admin	2003	
Service Center 6947 Yankee Rd.	Offices	1977	
Proposed Elementary Smith Road	1-6	2007 (est)	800
Proposed Elementary Linn Road	1-6	2007 (est)	800
Proposed Freshman School Bethany Road	9	2008 (est)	800

ORGANIZATION OF THE SCHOOL DISTRICT

The Board members represent a cross section of professions in the community. The Board members on June 30, 2005, were as follows:

Board Member	Term Expires	Years as Member	Profession
Sandy Wheatley President	12/31/2005	11	Consultant
Susan McLaughlin Vice President	12/31/2007	5	Teacher Princeton City
Jeffrey D. Jones	12/31/2005	7	Nelson Tree Ex. V.P.
Joan W. Powell	12/31/2005	7	Realtor
Daniel Warncke	12/31/2007	5	Attorney

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

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

EMPLOYEE RELATIONS

The District currently has approximately 1741 full-time and part-time employees. The number of employees has decreased due to budget reductions despite enrollment growth over the last two years.

The District's teachers are represented for collective bargaining purposes by the Lakota Association of Educators (LEA, an OEA affiliate). The District has three year collective bargaining agreement with LEA which expires August 31, 2007. The District's support staff is represented by the Lakota Support Staff Association (LSSA, an OEA Affiliate). The District has a three year collective bargaining agreement which expires June 30, 2007. The District has contracted its transportation services for the 2004-05 school year through Petermann LLC.

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

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

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

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

SERVICES PROVIDED

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

Transportation is provided for over 15,100 students each day. The District fleet of 232 buses travels over 13,800 miles each day, transporting to 45 different sites. In addition to making more than 182 daily runs, the department transported both public and non-public students on 1,750 extra-curricular trips during the year.

The food service department served 1,221,795 plate lunches through the District's kitchens. This is accomplished through the full operation of 18 kitchens. The District currently offers a breakfast program at every elementary site.

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

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

The District offers regular instructional programs daily to students in grades K-12. Approximately 2,629 students participated in the specific trades through Butler Tech vocational education. Over 1,523 students receive special services, due to physical or mental handicapping conditions. In grades K-12, approximately 4,166 students have been identified as gifted.

MAJOR CURRENT AND FUTURE INITIATIVES

The 2004-2005 school year was marked by change. Continued reductions in the budget meant reduced bus service, larger class sizes, and fewer dollars available for all departments and schools.

Because building plans were delayed an additional year Lakota had to make emergency redistricting plans. In particular, the district faced serious overcrowding at several elementaries, so the ultimate solution was to move the sixth grades out of Independence Elementary and VanGorden Elementary into their respective junior schools. This is a temporary move which will be reversed when the new elementaries open.

In addition, one neighborhood was moved permanently from the Liberty Junior School attendance zone to the Hopewell Junior School attendance zone as a way to better balance the enrollment at those schools.

Dr. Philip Ehrhardt of Wayne Township, Indiana was hired to succeed Kathleen Klink as superintendent; his contract began in June but he began to meet and work with local residents and staff throughout the late spring. Soon after his arrival, Dr. Ehrhardt introduced a Five Point Plan to ensure continued fiscal efficiency:

First Initiative: Restructure Teacher Salary Schedule

Recently, the district in its negotiations process lowered the costs of the teacher salary structure known as "step increases." Step increases, common to public schools in the state, are based on experience and advanced training. The recently approved salary structure steps results in an average increase of only 1% instead of an average of 2.6%. This savings amounts to \$2 million over the next two years, but more importantly will result in long term savings to the taxpayers.

Second Initiative: Re-finance Bonds

The second measure is to generate savings due to re-financing bonds which results in decreasing the costs to homeowners. Recent lower bond interest rates allowed the district, through the Lakota Treasurer's efforts, to refinance bonds to offset the cost of bonds needed for new schools and building additions. That means the November bond issue will cost the owner of a \$100,000 home \$65.00 less than the previous February bond issue request.

Third Initiative: Expand Role of Lakota Finance Committee

The third measure is expanding the role of the Lakota Finance Committee to examine the district's finances and evaluate efficiency. The cost efficiency study and educational program evaluation study will be reviewed and analyzed by this committee. This committee, formed in 1998, included seven residents who are financial professionals and three district administrators and has provided advice and direction to the district. We will increase the committee to ensure that we have a broader representation from our community. It is very important to see that our senior citizens and community retirees are represented on this committee.

Fourth Initiative: Conduct District Cost Efficiency Study

We will use outside specialists to review the district's expenditures to compare to state benchmarks and standards. This group will develop a report including findings and recommendations to enhance cost efficiency for the school district. The report will be made to the Lakota Finance Committee and then to the school board no later than the end of December.

Fifth Initiative: Conduct Educational Program Evaluation Study

We will conduct an educational program evaluation study examining such issues as whether current programs are meeting the needs of our students and are cost effective. We will involve a task force consisting of a cross section of parents, other community members, staff, and students. The study's results will be presented to the Lakota Finance Committee and then the school board prior to the end of December.

Two major literacy initiatives were launched during 2004-2005. Numerous elementary schools became a part of the Columbia Writing Project, a cooperative venture with Columbia University to improve the teaching of writing at the elementary level. Lakota was also the site of the first Literacy VIEW literacy conference, which attracted more than 500 teachers from across the Midwest to a three-day conference featuring five experts in literacy education. Due to the success of this conference plans are being made for a second conference in summer 2006.

LONG RANGE BUILDING AND MAINTENANCE PLANS

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

FINANCIAL INFORMATION

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

INTERNAL ACCOUNTING AND BUDGETARY CONTROL

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

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

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

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

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

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

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

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

FINANCIAL CONDITION

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

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

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

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

As part of this reporting model, management is responsible for preparing a Management's Discussion and Analysis of the District. This discussion follows this letter of transmittal, providing an assessment of the District's finances for 2005 and the outlook for the future.

CASH MANAGEMENT

The District's cash management program addresses the issue of safety, liquidity, and yield while maximizing returns. The District uses the Star Ohio program investment pool operated by the Treasurer of State for ready cash and yield. Certificates of deposit and obligations of the United States Treasury are utilized for both short and intermediate terms. Treasury notes, treasury bills and agency notes are utilized for longer-term investments. Investment earnings for all funds during the fiscal year were \$1,029,907.

The District's investment policy is to minimize market risk while maintaining a competitive yield on its portfolio. Accordingly, deposits were either insured by FDIC or collateralized. By law, financial institutions may establish a collateral pool to cover all public deposits. The face value of the pooled collateral must equal at least 105 percent of public funds deposited. Collateral is held by trustees including the Federal Reserve Bank and designated third party trustees of the financial institutions.

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, 2004. The School District has received this award for four years. The Certificate of Achievement is a prestigious national award recognizing conformance with the highest standards for preparation of state and local government financial reports.

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

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

ASBO Certificate

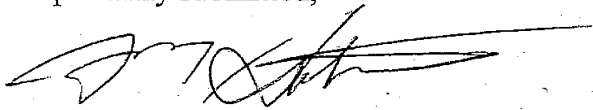
The Association of School Business Officials International (ASBO) awards a Certificate of Excellence in Financial Reporting to school districts that publish Comprehensive Annual Financial Reports which substantially conform to the principles and standards of financial reporting as recommended and adopted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

The District received the Certificate of Excellence in Financial Reporting for the fiscal year ended June 30, 2004. This was the fourth year the School District has received this award. The District believes that the Comprehensive Annual Financial Report for fiscal year June 30, 2005, which will be submitted to ASBO for review, will conform to ASBO's principles and standards.

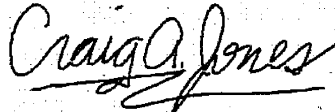
ACKNOWLEDGEMENT

The preparation of the 2005 Comprehensive Annual Financial Report of the Lakota Local School District was made possible by the combined efforts of the District's Finance Department and Plattenburg and Associates, Incorporated. The publication of this Comprehensive Annual Financial Report for the District is a major step in reinforcing the accountability of the District to the taxpayers of the community.

Respectfully submitted,



Alan R. Hutchinson
Chief Financial Officer/Treasurer



Craig A. Jones
Assistant Treasurer

LAKOTA LOCAL SCHOOL DISTRICT, OHIO

LIST OF PRINCIPAL OFFICIALS

June 30, 2005

**ELECTED OFFICIALS
BOARD OF EDUCATION**

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

ADMINISTRATIVE OFFICIALS

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

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, 2004

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, 2004

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



Nancy L. Zjelke

President

Jeffrey R. Emer

Executive Director

**FINANCIAL
SECTION**

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**Auditor of State
Betty Montgomery**

INDEPENDENT ACCOUNTANTS' REPORT

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

To the Board of Education:

We have audited the accompanying financial statements of the governmental activities, the business-type activities, each major fund, and the aggregate remaining fund information of Lakota Local School District, Butler County, Ohio (the District), as of and for the year ended June 30, 2005, which collectively comprise the District's basic financial statements as listed in the table of contents. These financial statements are the responsibility of the District's management. Our responsibility is to express opinions on these financial statements based on our audit.

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

In our opinion, the financial statements referred to above present fairly, in all material respects, the respective financial position of the governmental activities, the business-type activities, each major fund, and the aggregate remaining fund information of Lakota Local School District, Butler County, Ohio, as of June 30, 2005, and the respective changes in financial position and cash flows, where applicable, thereof for the year then ended in conformity with accounting principles generally accepted in the United States of America.

In accordance with *Government Auditing Standards*, we have also issued our report dated December 19, 2005, on our consideration of the District's internal control over financial reporting and our tests of its compliance with certain provisions of laws, regulations, contracts and grant agreements and other matters. While we did not opine on the internal control over financial reporting or on compliance, that report describes the scope of our testing of internal control over financial reporting and compliance and the results of that testing. That report is an integral part of an audit performed in accordance with *Government Auditing Standards*. You should read it in conjunction with this report in assessing the results of our audit.

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

The Management's Discussion and Analysis and the budgetary comparison for the General Fund are not a required part of the basic financial statements but are supplementary information accounting principles generally accepted in the United States of America requires. We have applied certain limited procedures, consisting principally of inquiries of management regarding the methods of measuring and presenting the required supplementary information. However, we did not audit the information and express no opinion on it.

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



Betty Montgomery
Auditor of State

December 19, 2005

LAKOTA LOCAL SCHOOL DISTRICT
MANAGEMENT'S DISCUSSION AND ANALYSIS
For the Fiscal Year Ended June 30, 2005
(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, 2005. The intent of this discussion and analysis is to look at the District's financial performance as a whole; readers should also review the transmittal letter, notes to the basic financial statements and financial statements to enhance their understanding of the District's performance.

Financial Highlights

Key financial highlights for 2005 are as follows:

- In total, net assets increased \$2,977,061 which was an improvement over the prior year. Net assets of governmental activities increased \$2,734,926 which represents a 5.1% increase from 2004. Net assets of business-type activities increased \$242,135 or 8.9% from 2004.
- General revenues accounted for \$130,860,625 in revenue or 90.9% of all revenues. Program specific revenues in the form of charges for services and sales, grants and contributions accounted for \$13,135,841 or 9.1% of total revenues of \$143,996,466.
- Total assets of governmental activities increased by \$1,362,200 as taxes receivable increased by \$2,036,365 while cash and other receivables increased by \$2,038,542.
- The District had \$135,628,461 in expenses related to governmental activities; only \$7,566,846 of these expenses were offset by program specific charges for services, grants or contributions. General revenues of \$130,796,541 were adequate to provide for these programs.
- Net assets for Enterprise Funds increased \$242,135. This increase resulted from operating revenue of \$5,583,551 exceeding operating expenses of \$5,390,724.

OVERVIEW OF THE FINANCIAL STATEMENTS

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

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

Government-wide Financial Statements

While this document contains the large number of funds used by the District to provide programs and activities, the view of the District as a whole looks at all financial transactions and asks the question, "How did we do financially during 2005?" The Government-wide Financial Statements answers this question. These statements include *all assets* and *liabilities* using the accrual basis of accounting similar to the accounting used by most private-sector companies. This basis of accounting takes into account all of the current year's revenues and expenses regardless of when cash is received or paid.

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

In the Government-wide Financial Statements, the District is divided into two distinct kinds of activities:

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

Fund Financial Statements

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

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

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

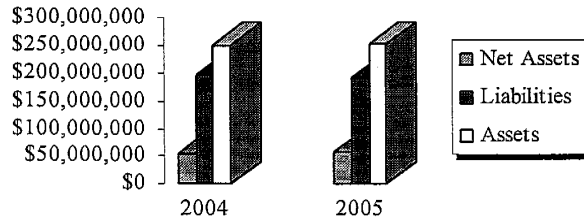
The District as a Whole

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

Table 1 provides a summary of the District's net assets for 2004 compared to 2005:

Table 1
Net Assets

	Governmental Activities		Business-Type Activities		Total	
	2004 Restated	2005	2004	2005	2004 Restated	2005
Assets						
Current and Other Assets	\$121,024,413	\$125,099,120	\$1,824,400	\$2,225,114	\$122,848,813	\$127,324,234
Capital Assets	<u>126,399,512</u>	<u>123,687,005</u>	<u>1,131,484</u>	<u>1,004,829</u>	<u>127,530,996</u>	<u>124,691,834</u>
Total Assets	<u>247,423,925</u>	<u>248,786,125</u>	<u>2,955,884</u>	<u>3,229,943</u>	<u>250,379,809</u>	<u>252,016,068</u>
Liabilities						
Long-Term Liabilities	104,319,459	98,920,620	68,661	68,603	104,388,120	98,989,223
Other Liabilities	<u>89,106,207</u>	<u>93,132,319</u>	<u>160,908</u>	<u>192,890</u>	<u>89,267,115</u>	<u>93,325,209</u>
Total Liabilities	<u>193,425,666</u>	<u>192,052,939</u>	<u>229,569</u>	<u>261,493</u>	<u>193,655,235</u>	<u>192,314,432</u>
Net Assets						
Invested in Capital						
Assets Net of Debt	27,759,932	30,808,018	1,131,484	1,004,829	28,891,416	31,812,847
Restricted	9,775,382	12,820,740	0	0	9,775,382	12,820,740
Unrestricted	<u>16,462,946</u>	<u>13,104,428</u>	<u>1,594,831</u>	<u>1,963,621</u>	<u>18,057,776</u>	<u>15,068,049</u>
Total Net Assets	<u>\$53,998,260</u>	<u>\$56,733,186</u>	<u>\$2,726,315</u>	<u>\$2,968,450</u>	<u>\$56,724,574</u>	<u>\$59,701,636</u>



Over time, net assets can serve as a useful indicator of a government's financial position. At June 30, 2005, the District's assets exceeded liabilities by \$59,701,636.

At year-end, capital assets represented 51% of total assets. Capital assets include land, land improvements, buildings and improvements and equipment. Capital assets, net of related debt to acquire the assets at June 30, 2005, was \$31,812,847. These capital assets are used to provide services to the students and are not available for future spending. Although the District's investment in capital assets is reported net of related debt, it should be noted that the resources to repay the debt must be provided from other sources, since capital assets may not be used to liquidate these liabilities.

A portion of the District's net assets, \$12,820,740, represents resources that are subject to external restriction on how they may be used. The increase in restricted net assets is the result of increases in intergovernmental revenues. The remaining balance of unrestricted net assets of \$15,068,049 may be used to meet the District's ongoing obligations to the students and creditors.

The net assets of the District business-type activities increased by \$242,135. 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 2005.

Table 2
Changes in Net Assets

	<u>Governmental Activities</u>		<u>Business-Type Activities</u>		<u>Total</u>	
	<u>2004 Restated</u>	<u>2005</u>	<u>2004</u>	<u>2005</u>	<u>2004 Restated</u>	<u>2005</u>
Revenues						
Program Revenues:						
Charges for Services	\$2,117,107	\$2,678,276	\$4,525,316	\$5,568,995	\$6,642,423	\$8,247,271
Operating Grants	3,655,452	4,639,740	467,024	0	4,122,476	4,639,740
Capital Grants	107,748	248,830	0	0	107,748	248,830
General Revenue:						
Property Taxes	77,642,866	74,878,587	0	0	77,642,866	74,878,587
Grants and Entitlements	51,745,302	54,260,058	0	0	51,745,302	54,260,058
Other	<u>3,113,325</u>	<u>1,693,991</u>	<u>10,626</u>	<u>27,989</u>	<u>3,123,951</u>	<u>1,721,980</u>
Total Revenues	<u>138,381,800</u>	<u>138,399,482</u>	<u>5,002,966</u>	<u>5,596,984</u>	<u>143,384,766</u>	<u>143,996,466</u>
Program Expenses:						
Instruction	72,506,183	68,933,022	0	0	72,506,183	68,933,022
Support Services:						
Pupil and Instructional Staff Board, Administrative, Fiscal and Business	15,990,801	17,583,574	0	0	15,990,801	17,583,574
Operations and Maintenance	12,809,329	13,102,287	0	0	12,809,329	13,102,287
Pupil Transportation	11,177,889	10,438,378	0	0	11,177,889	10,438,378
Central	9,929,606	14,371,115	0	0	9,929,606	14,371,115
Community Services	2,343,254	2,555,949	0	0	2,343,254	2,555,949
Extracurricular Activities	139,383	357,834	0	0	139,383	357,834
Interest and Fiscal Charges	3,011,917	3,103,182	0	0	3,011,917	3,103,182
Food Service	5,597,681	5,183,120	0	0	5,597,681	5,183,120
Uniform School Supply	0	0	3,891,792	4,385,331	3,891,792	4,385,331
	<u>0</u>	<u>0</u>	<u>871,408</u>	<u>1,005,613</u>	<u>871,408</u>	<u>1,005,613</u>
Total Expenses	<u>133,506,043</u>	<u>135,628,461</u>	<u>4,763,200</u>	<u>5,390,944</u>	<u>138,269,243</u>	<u>141,019,405</u>
Change in Net Assets						
Before Transfers	4,875,757	2,771,021	239,766	206,040	5,115,523	2,977,061
Transfers – Internal Activities	<u>0</u>	<u>(36,095)</u>	<u>0</u>	<u>36,095</u>	<u>0</u>	<u>0</u>
Change in Net Assets	4,875,757	2,734,926	239,766	242,135	5,115,523	2,977,061
Beginning Net Assets	<u>49,122,503</u>	<u>53,998,260</u>	<u>2,486,549</u>	<u>2,726,315</u>	<u>51,609,052</u>	<u>56,724,575</u>
Ending Net Assets	<u>\$53,998,260</u>	<u>\$56,733,186</u>	<u>\$2,726,315</u>	<u>\$2,968,450</u>	<u>\$56,724,575</u>	<u>\$59,701,636</u>

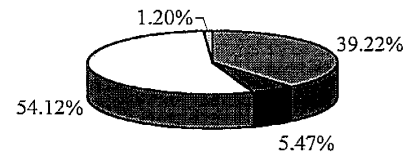
Governmental Activities

The District revenues are mainly from two sources. Property taxes levied for general purposes and grants and entitlements comprised 93.3% 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 54.12% of revenue for governmental activities for the District in fiscal year 2005.

Revenue Sources	2005	Percent of Total
General Grants	\$54,260,058	39.22%
Program Revenues	7,566,846	5.47%
General Tax Revenues	74,878,587	54.12%
Other Revenues	1,657,896	1.20%
	<u>\$138,363,387</u>	<u>100.00%</u>



Instruction comprises 51% of governmental program expenses. Instruction expenses decreased due to staff reductions and cost savings measures implemented by the District. Support services expenses were 42.7% of governmental program expenses. Pupil transportation expenses increased as a result of contracting for bus services. These contracted payments included the purchase of 35 new buses. In addition, pupil transportation expenses included salary and fringe benefit expenses for staff up to the contract effective date in September 2004. Interest expense was 6.4%. Interest expense was attributable to the outstanding bond and borrowing for capital projects.

Tax revenues decreased due to less taxes available from the county auditor at June 30, 2005 compared to 2004. Grants and entitlements increased due to increases in state foundation and the Title VI-B grant.

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

Table 3
Governmental Activities

	<u>Total Cost of Services</u>		<u>Net Cost of Services</u>	
	<u>2004</u>	<u>2005</u>	<u>2004</u>	<u>2005</u>
Instruction	\$72,506,183	\$68,933,022	\$70,851,124	\$66,500,765
Support Services:				
Pupil and Instructional Staff	15,990,801	17,583,574	13,039,127	14,072,602
Board, Administration, Fiscal and Business	12,809,329	13,102,287	12,785,369	13,094,394
Operations and Maintenance	11,177,889	10,438,378	11,151,767	10,278,300
Pupil Transportation	9,929,606	14,371,115	9,786,305	14,229,120
Central	2,343,254	2,555,949	2,234,611	2,480,989
Operation of Non-Instructional Services	139,383	357,834	(6,752)	198,766
Extracurricular Activities	3,011,917	3,103,182	2,186,504	2,023,559
Interest and Fiscal Charges	<u>5,597,681</u>	<u>5,183,120</u>	<u>5,597,681</u>	<u>5,183,120</u>
Total Expenses	<u>\$133,506,043</u>	<u>\$135,628,461</u>	<u>\$127,625,736</u>	<u>\$128,061,615</u>

Business-Type Activities

Business-type activities include the food service operation, the sale of uniform school supplies and adult education. These programs had revenues of \$5,568,995 and expenses of \$5,390,724 for fiscal year 2005. Business activities receive no support from tax revenues.

The District's Funds

The District has two major governmental funds: the General Fund and Debt Service Fund. Assets of these funds comprised \$121,799,481 (97%) of the total \$126,044,365 governmental funds assets.

General Fund: Fund balance at June 30, 2005 was \$20,800,316 including \$15,120,212 of unreserved balance, which represents 13% of expenditures for fiscal year 2005. The primary reasons for the decrease in fund balance were transfers to other funds.

Debt Service Fund: Fund balance at June 30, 2005 was \$8,054,408 which represents 72% of expenditures for fiscal year 2005. Current year change in fund balance was \$1,424,004. The cause of the increase relates mainly to taxes and intergovernmental revenues exceeding debt payments and related expenses.

General Fund Budgeting Highlights

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

During the course of fiscal 2005, the District amended its general fund budget. The District uses site-based budgeting and the budgeting systems are designed to tightly control total site budgets but provide flexibility for site management. During the course of the year, the District revised the budget in an attempt to deal with unexpected changes in state revenues and subsequently reduced expenditures.

For the General Fund, budget basis revenue was \$121,681,881 compared to original budget estimates of \$115,517,167. Of this \$6,164,714 difference, most was due to conservative estimates for taxes and intergovernmental.

The District's ending unobligated cash balance for the General Fund was \$4,069,418 above the final budgeted amount.

Capital Assets and Debt Administration

Capital Assets

At the end of fiscal 2005, the District had \$124,691,834 invested in land, land improvements, buildings and improvements and equipment. Table 4 shows fiscal 2005 balances compared to fiscal 2004:

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

	<u>Governmental Activities</u>		<u>Business-Type Activities</u>		<u>Total</u>	
	<u>2004 Restated</u>	<u>2005</u>	<u>2004</u>	<u>2005</u>	<u>2004 Restated</u>	<u>2005</u>
Land	\$7,524,476	\$7,590,599	\$0	\$0	\$7,524,476	\$7,590,599
Land Improvements	1,847,981	1,739,786	2,458	2,315	1,850,439	1,742,101
Buildings and Improvements	101,847,721	100,253,083	25,087	23,825	101,872,808	100,276,908
Equipment	<u>15,179,334</u>	<u>14,103,537</u>	<u>1,103,939</u>	<u>978,689</u>	<u>16,283,273</u>	<u>15,082,226</u>
Total Net Capital Assets	<u>\$126,399,512</u>	<u>\$123,687,005</u>	<u>\$1,131,484</u>	<u>\$1,004,829</u>	<u>\$127,530,996</u>	<u>\$124,691,834</u>

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

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

Debt

At June 30, 2005, the District had \$92,878,987 in bonds outstanding, \$6,681,963 due within one year. Table 5 summarizes bonds outstanding.

Table 5
Outstanding Debt, at Year End

	Governmental Activities 2004	Governmental Activities 2005
Total:		
General Obligation Bonds:		
Freedom, Link Renovations	\$750,000	\$625,000
Freedom, New Elementaries Renovations	3,615,000	0
Refunding Woodland, Shawnee	3,270,957	340,363
Two New High Schools	19,180,000	13,700,000
Refunding Ninth Grade Heritage	18,495,835	18,215,835
Refunding New High Schools	450,000	0
1999 Various Purpose Long-Term Bonds	270,000	0
Bond & Refunding	50,497,789	49,657,789
2001 Various Purpose Long-Term Bonds	2,110,000	1,715,000
Lakota 2005 Refunding	<u>0</u>	<u>8,625,000</u>
Total Outstanding Debt	<u>\$98,639,581</u>	<u>\$92,878,987</u>

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

For the Future

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

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

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

Contacting the District's Financial Management

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

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Lakota Local School District
Statement of Net Assets
June 30, 2005

	Governmental Activities	Business-Type Activities	Total
Assets:			
Equity in Pooled Cash and Investments	\$40,550,447	\$1,979,151	\$42,529,598
Restricted Cash and Investments	2,796,757	0	2,796,757
Cash and Cash Equivalents with Fiscal Agent	9,798	0	9,798
Receivables:			
Taxes	80,125,038	0	80,125,038
Accounts	278,711	225,212	503,923
Interest	79,472	0	79,472
Intergovernmental	1,258,897	0	1,258,897
Inventory	0	20,751	20,751
Nondepreciable Capital Assets	7,590,599	0	7,590,599
Depreciable Capital Assets, Net	116,096,406	1,004,829	117,101,235
Total Assets	248,786,125	3,229,943	252,016,068
Liabilities:			
Accounts Payable	2,850,716	78,670	2,929,386
Accrued Wages and Benefits	11,766,041	114,220	11,880,261
Retainage Payable	9,798	0	9,798
Accrued Interest Payable	367,423	0	367,423
Unearned Revenue	77,176,244	0	77,176,244
Other Liabilities	962,097	0	962,097
Long-Term Liabilities:			
Due Within One Year	7,510,265	12,293	7,522,558
Due In More Than One Year	91,410,355	56,310	91,466,665
Total Liabilities	192,052,939	261,493	192,314,432
Net Assets:			
Invested in Capital Assets, Net of Related Debt	30,808,018	1,004,829	31,812,847
Restricted for:			
Special Revenue	1,991,006	0	1,991,006
Debt Service	7,835,191	0	7,835,191
Capital Projects	197,786	0	197,786
Set-Aside	2,796,757	0	2,796,757
Unrestricted	13,104,428	1,963,621	15,068,049
Total Net Assets	\$56,733,186	\$2,968,450	\$59,701,636

See accompanying notes to the basic financial statements.

Lakota Local School District
Statement of Activities
For the Fiscal Year Ended June 30, 2005

	Expenses	Program Revenues		
		Charges for Services and Sales	Operating Grants and Contributions	Capital Grants and Contributions
Governmental Activities:				
Instruction:				
Regular	\$59,219,648	\$548,907	\$1,231,098	\$138,075
Special	9,281,616	0	286,387	0
Vocational	187,483	0	0	0
Other	244,275	149,433	78,357	0
Support Services:				
Pupil	9,867,976	748,353	2,068,807	0
Instructional Staff	7,715,598	5,758	688,054	0
General Administration	67,385	1,303	0	0
School Administration	10,579,888	0	6,590	0
Fiscal	2,125,850	0	0	0
Business	329,164	0	0	0
Operations and Maintenance	10,438,378	145,898	14,180	0
Pupil Transportation	14,371,115	0	31,240	110,755
Central	2,555,949	0	74,960	0
Operation of Non-Instructional Services	357,834	0	159,068	0
Extracurricular Activities	3,103,182	1,078,624	999	0
Interest and Fiscal Charges	5,183,120	0	0	0
Total Governmental Activities	135,628,461	2,678,276	4,639,740	248,830
Business-Type Activities:				
Food Service	4,385,331	4,401,500	0	0
Uniform School Supply	1,005,613	1,167,495	0	0
Total Business-Type Activities	5,390,944	5,568,995	0	0
Totals	\$141,019,405	\$8,247,271	\$4,639,740	\$248,830

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

Total General Revenues

Change in Net Assets

Net Assets Beginning of Year (Restated)

Net Assets End of Year

See accompanying notes to the basic financial statements.

Net (Expense) Revenue and Changes in Net Assets		
Governmental Activities	Business-Type Activities	Total
(\$57,301,568)	\$0	(\$57,301,568)
(8,995,229)	0	(8,995,229)
(187,483)	0	(187,483)
(16,485)	0	(16,485)
(7,050,816)	0	(7,050,816)
(7,021,786)	0	(7,021,786)
(66,082)	0	(66,082)
(10,573,298)	0	(10,573,298)
(2,125,850)	0	(2,125,850)
(329,164)	0	(329,164)
(10,278,300)	0	(10,278,300)
(14,229,120)	0	(14,229,120)
(2,480,989)	0	(2,480,989)
(198,766)	0	(198,766)
(2,023,559)	0	(2,023,559)
(5,183,120)	0	(5,183,120)
(128,061,615)	0	(128,061,615)
0	16,169	16,169
0	161,882	161,882
0	178,051	178,051
(\$128,061,615)	\$178,051	(\$127,883,564)
63,722,046	0	63,722,046
11,156,541	0	11,156,541
54,260,058	0	54,260,058
257,770	0	257,770
1,016,474	13,433	1,029,907
419,747	14,556	434,303
(36,095)	36,095	0
130,796,541	64,084	130,860,625
2,734,926	242,135	2,977,061
53,998,260	2,726,315	56,724,575
\$56,733,186	\$2,968,450	\$59,701,636

Lakota Local School District
Balance Sheet
Governmental Funds
June 30, 2005

	General	Debt Service	Other Governmental Funds	Total Governmental Funds
Assets:				
Equity in Pooled Cash and Investments	\$29,809,288	\$7,764,970	\$2,976,189	\$40,550,447
Restricted Cash and Investments	2,796,757	0	0	2,796,757
Cash and Cash Equivalents with Fiscal Agent	0	0	9,798	9,798
Receivables:				
Taxes	68,492,608	11,632,430	0	80,125,038
Accounts	278,711	0	0	278,711
Interest	79,472	0	0	79,472
Intergovernmental	0	0	1,258,897	1,258,897
Interfund	945,245	0	0	945,245
Total Assets	102,402,081	19,397,400	4,244,884	126,044,365
Liabilities and Fund Balances:				
Liabilities:				
Accounts Payable	2,453,829	0	396,887	2,850,716
Accrued Wages and Benefits	11,306,604	0	459,437	11,766,041
Compensated Absences	57,943	0	0	57,943
Retainage Payable	0	0	9,798	9,798
Interfund Payable	0	0	945,245	945,245
Deferred Revenue	66,821,292	11,342,992	765,696	78,929,980
Other Liabilities	962,097	0	0	962,097
Total Liabilities	81,601,765	11,342,992	2,577,063	95,521,820
Fund Balances:				
Reserved for Encumbrances	1,212,031	0	519,315	1,731,346
Reserved for Property Tax Advances	1,671,316	289,438	0	1,960,754
Reserved for Set-Aside	2,796,757	0	0	2,796,757
Unreserved, Undesignated, Reported in:				
General Fund	15,120,212	0	0	15,120,212
Special Revenue Funds	0	0	1,015,338	1,015,338
Debt Service Funds	0	7,764,970	0	7,764,970
Capital Projects Funds	0	0	133,168	133,168
Total Fund Balances	20,800,316	8,054,408	1,667,821	30,522,545
Total Liabilities and Fund Balances	\$102,402,081	\$19,397,400	\$4,244,884	\$126,044,365

See accompanying notes to the basic financial statements.

Lakota Local School District
Reconciliation of Total Governmental Fund Balance to
Net Assets of Governmental Activities
June 30, 2005

Total Governmental Fund Balance \$30,522,545

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. 123,687,005

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

Delinquent Property Taxes	988,041	
Intergovernmental	<u>765,695</u>	
		1,753,736

In the statement of net assets interest payable is accrued when
incurred, whereas in the governmental funds interest is
reported as a liability only when it will require the use of
current financial resources. (367,423)

Some liabilities reported in the statement of net assets do not
require the use of current financial resources and therefore
are not reported as liabilities in governmental funds.

Compensated Absences	<u>(5,983,690)</u>	(5,983,690)
----------------------	--------------------	-------------

Long-term liabilities, are not due and payable in the current
period and therefore are not reported in the funds. (92,878,987)

Net Assets of Governmental Activities \$56,733,186

See accompanying notes to the basic financial statements.

Lakota Local School District
Statement of Revenues, Expenditures
and Changes in Fund Balance
Governmental Funds
For the Fiscal Year Ended June 30, 2005

	General	Debt Service	Other Governmental Funds	Total Governmental Funds
Revenues:				
Taxes	\$65,160,104	\$11,398,743	\$0	\$76,558,847
Revenue in lieu of taxes	257,770	0	0	257,770
Tuition and Fees	537,653	0	13,344	550,997
Investment Earnings	1,008,693	0	7,781	1,016,474
Intergovernmental	53,179,804	1,269,367	4,180,738	58,629,909
Extracurricular Activities	0	0	1,831,947	1,831,947
Charges for Services	295,331	0	0	295,331
Other Revenues	143,640	18,973	236,104	398,717
Total Revenues	120,582,995	12,687,083	6,269,914	139,539,992
Expenditures:				
Current:				
Instruction:				
Regular	55,426,594	0	1,183,711	56,610,305
Special	9,129,963	0	180,381	9,310,344
Vocational	186,872	0	0	186,872
Other	244,275	0	0	244,275
Support Services:				
Pupil	6,825,857	0	2,982,150	9,808,007
Instructional Staff	7,104,726	0	626,215	7,730,941
General Administration	67,385	0	0	67,385
School Administration	10,332,567	0	9,177	10,341,744
Fiscal	1,929,373	160,480	0	2,089,853
Business	194,347	0	0	194,347
Operations and Maintenance	10,065,988	0	282,027	10,348,015
Pupil Transportation	13,791,734	0	9,726	13,801,460
Central	2,326,711	0	71,309	2,398,020
Operation of Non-Instructional Services	162,570	0	191,642	354,212
Extracurricular Activities	570,076	0	2,366,773	2,936,849
Capital Outlay	432,715	0	324,751	757,466
Debt Service:				
Principal Retirement	0	5,760,593	0	5,760,593
Interest and Fiscal Charges	0	5,342,006	0	5,342,006
Total Expenditures	118,791,753	11,263,079	8,227,862	138,282,694
Excess of Revenues Over (Under) Expenditures	1,791,242	1,424,004	(1,957,948)	1,257,298
Other Financing Sources (Uses):				
Proceeds from Sale of Capital Assets	12,388	0	149,430	161,818
Payments to Refunded Bond Escrow Agent	0	(8,625,000)	0	(8,625,000)
Proceeds of Refunding Bonds	0	8,625,000	0	8,625,000
Transfers In	396	0	1,808,510	1,808,906
Transfers (Out)	(1,830,855)	0	(14,146)	(1,845,001)
Total Other Financing Sources (Uses)	(1,818,071)	0	1,943,794	125,723
Net Change in Fund Balance	(26,829)	1,424,004	(14,154)	1,383,021
Fund Balance Beginning of Year (Restated)	20,827,145	6,630,404	1,681,975	29,139,524
Fund Balance End of Year	\$20,800,316	\$8,054,408	\$1,667,821	\$30,522,545

See accompanying notes to the basic financial statements.

Lakota Local School District
 Reconciliation of the Statement of Revenues, Expenditures, and Changes
 in Fund Balance of Governmental Funds to the Statement of Activities
 For the Fiscal Year Ended June 30, 2005

Net Change in Fund Balance - Total Governmental Funds \$1,383,021

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

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

Capital assets used in governmental activities	2,278,811	
Depreciation Expense	<u>(4,850,530)</u>	(2,571,719)

Governmental funds only report the disposal of assets to the
 extent proceeds are received from the sale. In the statement
 of activities, a gain or loss is reported for each disposal. The
 amount of the proceeds must be removed and the gain or loss
 on the disposal of capital assets must be recognized. This is the
 amount of the difference between the proceeds and the gain or loss. (140,787)

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

Delinquent Property Taxes	(1,680,259)	
Intergovernmental	<u>518,719</u>	(1,161,540)

Repayment of bond principal is an expenditure in the
 governmental funds, but the repayment reduces long-term
 liabilities in the statement of net assets. 5,760,593

In the statement of activities interest expense is accrued when incurred,
 whereas in governmental funds an interest expenditure is reported
 when due. 158,886

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

Compensated Absences	<u>(693,528)</u>	
		(693,528)

Change in Net Assets of Governmental Activities \$2,734,926

See accompanying notes to the basic financial statements.

Lakota Local School District
Statement of Net Assets
Proprietary Funds
June 30, 2005

	<u>Business-Type Activities Enterprise Funds</u>
Assets:	
Equity in Pooled Cash and Investments	\$1,979,151
Receivables:	
Accounts	225,212
Inventory	<u>20,751</u>
Total Current Assets	<u>2,225,114</u>
Depreciable Capital Assets, Net	<u>1,004,829</u>
Total Assets	<u>3,229,943</u>
Liabilities:	
Current Liabilities:	
Accounts Payable	78,670
Accrued Wages and Benefits	114,220
Compensated Absences	<u>12,293</u>
Total Current Liabilities	<u>205,183</u>
Long-Term Liabilities:	
Compensated Absences	<u>56,310</u>
Total Liabilities	<u>261,493</u>
Net Assets:	
Invested in Capital Assets	1,004,829
Unrestricted	<u>1,963,621</u>
Total Net Assets	<u>\$2,968,450</u>

See accompanying notes to the basic financial statements.

Lakota Local School District
Statement of Revenues, Expenses
and Changes in Fund Net Assets
Proprietary Funds
For the Fiscal Year Ended June 30, 2005

	Business-Type Activities Enterprise Funds
Operating Revenues:	
Charges for Services	\$5,021,923
Intergovernmental Revenue	547,072
Other Revenues	14,556
Total Operating Revenues	<u>5,583,551</u>
Operating Expenses:	
Personal Services	2,211,719
Contactual Services	66,059
Materials and Supplies	2,928,916
Depreciation	184,030
Total Operating Expenses	<u>5,390,724</u>
Operating Income	<u>192,827</u>
Non-Operating Revenues (Expenses):	
Investment Earnings	13,433
Gain (Loss) on Disposal of Capital Assets	(220)
Total Non-Operating Revenues (Expenses)	<u>13,213</u>
Income Before Transfers	206,040
Transfers In	<u>36,095</u>
Change in Net Assets	242,135
Net Assets Beginning of Year	<u>2,726,315</u>
Net Assets End of Year	<u>\$2,968,450</u>

See accompanying notes to the basic financial statements.

Lakota Local School District
Statement of Cash Flows
Proprietary Funds
For the Fiscal Year Ended June 30, 2005

	Business-Type Activities Enterprise Funds
Cash Flows from Operating Activities:	
Cash Received from Customers	\$5,442,340
Cash Payments to Employees	(2,214,378)
Cash Payments to Suppliers	(2,961,119)
	266,843
Net Cash Provided (Used) by Operating Activities	
Cash Flows from Noncapital Financing Activities:	
Payments from Other Funds	39,532
Payments to Other Funds	(3,637)
	35,895
Net Cash Provided (Used) by Noncapital Financing Activities	
Cash Flows from Capital and Related Financing Activities:	
Payments for Capital Acquisitions	(57,595)
	(57,595)
Net Cash Provided (Used) by Capital and Related Financing Activities	
Cash Flows from Investing Activities:	
Earnings on Investments	13,433
	13,433
Net Cash Provided (Used) by Cash Flows from Investing Activities	
Net Increase (Decrease) in Cash and Cash Equivalents	258,576
Cash and Cash Equivalents Beginning of Year	1,720,575
Cash and Cash Equivalents End of Year	\$1,979,151
Reconciliation of Operating Income (Loss) to Net Cash Provided (Used) by Operating Activities	
Operating Income (Loss)	\$192,827
Adjustments:	
Depreciation	184,030
Changes in Assets & Liabilities:	
(Increase) Decrease in Receivables	(141,211)
(Increase) Decrease in Inventory	(727)
Increase (Decrease) in Payables	34,583
Increase (Decrease) in Accrued Liabilities	(2,659)
	\$266,843
Net Cash Provided (Used) by Operating Activities	

See accompanying notes to the basic financial statements.

Lakota Local School District
Statement of Fiduciary Net Assets
Fiduciary Funds
June 30, 2005

	Private Purpose Trust	Agency
Assets:		
Equity in Pooled Cash and Investments	\$3,509	\$317,569
Total Assets	<u>3,509</u>	<u>\$317,569</u>
Liabilities:		
Accounts Payable	0	37,153
Other Liabilities	0	280,416
Total Liabilities	<u>0</u>	<u>\$317,569</u>
Net Assets:		
Held in Trust	<u>3,509</u>	
Total Net Assets	<u>\$3,509</u>	

See accompanying notes to the basic financial statements.

Lakota Local School District
Statement of Changes in Fiduciary Net Assets
Fiduciary Funds
For the Fiscal Year Ended June 30, 2005

	Private Purpose Trust
Additions:	
Investment Earnings	\$11
Other	2,000
Total Additions	<u>2,011</u>
Deductions:	
Other	100
Total Deductions	<u>100</u>
Change in Net Assets	1,911
Net Assets Beginning of Year	<u>1,598</u>
Net Assets End of Year	<u>\$3,509</u>

See accompanying notes to the basic financial statements.

**LAKOTA LOCAL SCHOOL DISTRICT
NOTES TO BASIC FINANCIAL STATEMENTS
For the Fiscal Year Ended June 30, 2005**

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 589 non-certificated personnel and approximately 1,079 certificated teaching and 62 administrative personnel to provide services to almost 17,000 students.

REPORTING ENTITY

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

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

2. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

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

MEASUREMENT FOCUS

Government-wide Financial Statements

The government-wide statements are prepared using the economic resources measurement focus. All assets and liabilities associated with the operation of the District are included on the statement of net assets. The effect of all interfund activity except transfers between governmental and proprietary funds has been removed from these statements. Fiduciary Funds are not included in entity-wide statements and Agency Funds do not have a measurement focus.

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

Government-wide Statement of Activities Accounts

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

Program Classifications

Governmental Activities

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

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

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

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

Other – instruction not otherwise defined above.

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

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

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

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

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

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

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

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

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

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

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

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

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

Business-Type Activities

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

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

Program Revenues

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

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

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

General Revenues

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

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

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

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

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

Other Revenues – all other revenue received not designated above.

Fund Financial Statements

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

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

Fiduciary Funds, except Agency Funds, are reported using the economic resources measurement focus. All assets and all liabilities associated with the operation of these funds are included on the statement of net assets. The statement of changes in fund net assets presents increases (i.e. revenues) and decreases (i.e. expenses).

FUND ACCOUNTING

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

Governmental Funds

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

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

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

Proprietary Fund

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

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

Fiduciary Funds

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

3. BASIS OF ACCOUNTING

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

Revenues – Exchange and Non-exchange Transactions

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

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

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

Deferred Revenue

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

Property taxes for which there is an enforceable legal claim as of June 30, 2005, but which were levied to finance fiscal year 2006 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, expenditures are recognized at the time they are incurred. The fair value of donated commodities used during the year is reported in the operating statement as an expense with a like amount reported as donated commodities revenue. Unused donated commodities are reported as deferred revenue.

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

CASH AND CASH EQUIVALENTS

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

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

The District has invested funds in the State Treasury Asset Reserve of Ohio (STAR Ohio) during fiscal year 2005. 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, 2005. 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 2005 credited to the General Fund amounted to \$1,016,474.

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

INTERFUND ACTIVITY

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

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

INTERFUND BALANCES

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

INVENTORY

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

CAPITAL ASSETS

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

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

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

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

RESTRICTED ASSETS

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

COMPENSATED ABSENCES

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

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

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

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

<u>Vacation</u>	<u>Certificated</u>	<u>Administrators</u>	<u>Non-Certificated</u>
How earned	not eligible	20-23 days	10-20 days for each service year depending on length of service
Maximum accumulation	not applicable	30 days unless special permission granted	30-60 days
Vested	not applicable	as earned	as earned
Termination entitlement	not applicable	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.

FUND BALANCE RESERVES

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

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

OPERATING REVENUES AND EXPENSES

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

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

ESTIMATES

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

4. EQUITY IN POOLED CASH AND INVESTMENTS

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

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

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

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

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

- (1) Bonds, notes, or other obligations of or guaranteed by the United States, or those for which the faith of the United States is pledged for the payment of principal and interest.
- (2) Bonds, notes, debentures, or other obligations or securities issued by any federal governmental agency.
- (3) No-load money market mutual funds consisting exclusively of obligations described in (1) or (2) above and repurchase agreements secured by such obligations, provided that investments in securities described in this division are made only through eligible institutions.
- (4) Interim deposits in the eligible institutions applying for interim monies to be evidenced by time certificates of deposit maturing not more than one year from date of deposit, or by savings or deposit accounts, including, but limited to, passbook accounts.
- (5) Bonds, and other obligations of the State of Ohio.
- (6) The Ohio State Treasurer's investment pool (STAR Ohio).
- (7) Commercial paper and banker's acceptances which meet the requirements established by Ohio Revised Code, Sec. 135.142.
- (8) Under limited circumstances, corporate debt interests in either of the two highest rating classifications by at least two nationally recognized rating agencies.

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

Investments in stripped principal or interest obligations, reverse repurchase agreements and derivatives are prohibited. The issuance of taxable notes for the purpose of arbitrage, the use of leverage and short selling are also prohibited. An investment must mature within five years from the date of purchase unless matched to a specific obligation or debt of the District, and must be purchased with the expectation that it will be held to maturity.

Investments may only be made through specified dealers and institutions. Payment for investments may be made only upon delivery of the securities representing the investments to the treasurer or, if the securities are not represented by a certificate, upon receipt of confirmation of transfer from the custodian.

Deposits

Custodial credit risk is the risk that in the event of a bank failure, the government's deposits may not be returned to it. The District's policy for deposits is any balance not covered by depository insurance will be collateralized by the financial institutions with pledged securities. As of June 30, 2005, \$26,472,247 of the District's bank balance of \$26,572,247 was exposed to custodial risk because it was uninsured and collateralized with securities held by the pledging financial institution's trust department or agent, but not in the District's name.

Ohio Revised Code Chapter 135, Uniform Depository Act, authorizes pledging of pooled securities in lieu of specific securities. Specifically, a designated public depository may pledge a single pool of eligible securities to secure repayment of all public monies deposited in the financial institution, provided that all times the total value of the securities so pledged is at least equal to 105% of the total amount of all public deposits secured by the pool, including the portion of such deposits covered by any federal deposit insurance.

Investments

As of June 30, 2005, the District had the following investments:

<u>Investment Type</u>	<u>Fair Value</u>	<u>Weighed Average Maturity (Years)</u>
Commercial Paper	\$1,989,733	0.16
Federal Agency Securities	15,893,488	0.46
STAR Ohio	<u>1,470,836</u>	0.00
Total Fair Value	<u>\$19,354,057</u>	
Portfolio Weighted Average Maturity		0.39

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

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

Concentration of credit risk – The District’s investment policy allows investments in Federal Agencies or Instrumentalities. All investments were issued or guaranteed by the federal government.

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

5. PROPERTY TAXES

Real property taxes collected in 2005 were levied in April on the assessed values as of January 1, 2004, 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 2005, 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 2005, 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, 2005. 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, 2005 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, 2005, was \$1,671,316 for General Fund and \$289,438 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 2005 operations. The amount available for advance at June 30, 2004 was \$1,789,584 for General Fund and \$306,717 for Debt Service, with a corresponding reserve to fund balance since the Board did not appropriate those receivables for fiscal year 2004 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 2005 taxes were collected are:

	<u>Amount</u>
Agricultural/Residential and Other Real Estate	\$2,145,381,260
Public Utility Personal	60,653,310
Tangible Personal Property	<u>173,951,122</u>
Total	<u>\$2,379,985,692</u>

6. RECEIVABLES

Receivables at June 30, 2005, 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, 2005, was as follows:

	<u>Restated Beginning Balance</u>	<u>Additions</u>	<u>Deductions</u>	<u>Ending Balance</u>
Government Activities				
<i>Capital Assets not being depreciated:</i>				
Land	\$7,524,476	\$77,323	\$11,200	\$7,590,599
<i>Capital Assets being depreciated:</i>				
Buildings and Improvements	127,452,659	775,853	181,933	128,046,579
Equipment	30,199,777	1,397,571	1,987,363	29,609,985
Land Improvements	<u>2,926,001</u>	<u>28,064</u>	<u>0</u>	<u>2,954,065</u>
Totals at Historical Cost	<u>\$168,102,913</u>	<u>\$2,278,811</u>	<u>\$2,180,496</u>	<u>\$168,201,228</u>
Less Accumulated Depreciation:				
Buildings and Improvements	25,604,938	2,255,348	66,790	27,793,496
Equipment	15,020,443	2,458,923	1,972,918	15,506,448
Land Improvements	<u>1,078,020</u>	<u>136,259</u>	<u>0</u>	<u>1,214,279</u>
Total Accumulated Depreciation	<u>\$41,703,401</u>	<u>\$4,850,530</u>	<u>\$2,039,708</u>	<u>\$44,514,223</u>
Governmental Activities Capital Assets, Net	<u>\$126,399,512</u>	<u>(\$2,571,719)</u>	<u>\$140,788</u>	<u>\$123,687,005</u>

Business-Type Activities*Capital Assets being depreciated:*

Land Improvements	\$2,850	\$0	\$0	\$2,850
Buildings and Improvements	26,595	0	0	26,595
Equipment	<u>2,809,588</u>	<u>57,595</u>	<u>16,349</u>	<u>2,850,834</u>
Total at Historical Cost	<u>\$2,839,033</u>	<u>\$57,595</u>	<u>\$16,349</u>	<u>\$2,880,279</u>
Less Accumulated Depreciation:				
Land Improvements	\$392	\$143	\$0	\$535
Buildings and Improvements	1,508	1,262	0	2,770
Equipment	<u>1,705,649</u>	<u>182,625</u>	<u>16,129</u>	<u>1,872,145</u>
Total Accumulated Depreciation	<u>\$1,707,549</u>	<u>\$184,030</u>	<u>\$16,129</u>	<u>\$1,875,450</u>
Business-Type Activities				
Capital Assets, Net	<u>\$1,131,484</u>	<u>(\$126,435)</u>	<u>\$220</u>	<u>\$1,004,829</u>

Depreciation expense was charged to governmental functions as follows:

Instruction:	
Regular	\$3,103,642
Special	23,721
Support Services:	
Pupil	46,794
Instructional Staff	29,768
School Administration	45,679
Fiscal	23,287
Business	130,160
Operations and Maintenance	89,557
Pupil Transportation	952,488
Central	206,518
Operation of Non-instructional Services	3,622
Extracurricular Activities	<u>195,294</u>
Total Depreciation Expense	<u>\$4,850,530</u>

8. LONG-TERM LIABILITIES

	Interest Rate	Issue Date	Maturity Dates	Beginning Principal Outstanding	Additions	Deductions	Ending Principal Outstanding	Due In One Year
<u>Governmental Activities:</u>								
<u>General Obligation Bonds:</u>								
Freedom, Link Renovations	6.125%	3/1/87	12/01/09	\$750,000	0	\$125,000	\$625,000	\$125,000
Refunding Woodland, Shawnee*	5.752%	3/1/93	12/01/12	3,615,000	0	3,615,000	0	0
Refunding Ninth Grade, Heritage*	6.248%	1/1/94	12/01/12	3,270,957	0	2,930,594	340,363	131,963
Two New High Schools*	6.211%	5/1/94	12/01/17	19,180,000	0	5,480,000	13,700,000	2,740,000
Refunding New High Schools	5.242%	6/1/98	12/01/17	18,495,835	0	280,000	18,215,835	290,000
Various Purpose Long-Term Bonds	4.519%	6/1/99	6/1/05	450,000	0	450,000	0	0
Remainder of High School Debt	4.800%	8/1/99	12/1/04	270,000	0	270,000	0	0
Bond and Refunding	5.085%	4/19/01	12/1/26	50,497,789	0	840,000	49,657,789	2,410,000
Various Purpose Long-Term Bonds	3.790%	5/1/02	12/1/08	2,110,000	0	395,000	1,715,000	405,000
Lakota 2005 Refunding	3.000%	1/1/05	12/1/12	<u>0</u>	<u>8,625,000</u>	<u>0</u>	<u>8,625,000</u>	<u>580,000</u>
Total General Obligation Bonds				98,639,581	8,625,000	14,385,594	92,878,987	6,681,963
Compensated Absences				<u>5,679,878</u>	<u>1,215,451</u>	<u>853,696</u>	<u>6,041,633</u>	<u>828,302</u>
Total Governmental Activities Long-Term Liabilities				<u>\$104,319,459</u>	<u>\$9,840,451</u>	<u>\$15,239,290</u>	<u>\$98,920,620</u>	<u>\$7,510,265</u>
<u>Business-Type Activities</u>								
Compensated Absences				<u>\$68,661</u>	<u>\$17,110</u>	<u>\$17,168</u>	<u>\$68,603</u>	<u>\$12,293</u>

* \$8,625,000 of the \$12,025,594 retired represents advance refunding.

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

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

Fiscal Year Ending June 30,	General Obligation Bonds		
	Principal	Interest	Total
2006	\$6,681,963	\$4,921,081	\$11,603,044
2007	7,963,076	4,716,496	12,679,572
2008	4,650,660	4,630,640	9,281,300
2009	5,654,450	4,284,707	9,939,157
2010	4,019,710	4,112,228	8,131,938
2011-2015	19,829,128	17,296,252	37,125,380
2016-2020	17,620,000	8,653,629	26,273,629
2021-2025	16,690,000	4,822,366	21,512,366
2026-2027	<u>9,770,000</u>	<u>518,906</u>	<u>10,288,906</u>
Totals	<u>\$92,878,987</u>	<u>\$53,956,305</u>	<u>\$146,835,292</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 10% 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 2005, 10.57 percent of annual covered salary was the portion used to fund pension obligations. For fiscal year 2004, 9.09 percent of annual covered salary was the portion used to fund pension obligations. The contribution requirements of plan members and employers are established and may be amended, up to statutory maximum amounts, by the SERS Retirement Board. The School District's required contributions for pension obligations to SERS for the fiscal years ended June 30, 2005, 2004 and 2003 were \$2,700,298, \$2,736,864 and \$2,474,803; 41% has been contributed for fiscal year 2005 and 100 percent for fiscal years 2004 and 2003.

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, 2005, plan members were required to contribute 10% of their annual covered salaries. The School District was required to contribute 14%; 13% was the portion used to fund pension obligations. Contribution rates are established by the State Teachers Retirement Board, upon recommendations of its consulting actuary, not to exceed statutory maximum rates of 10% for members and 14% for employers. Chapter 3307 of the Ohio Revised Code provides statutory authority for members and employer contributions.

The School District's required contributions for pension obligations to the DB Plan for the fiscal years ended June 30, 2005, 2004, and 2003 were \$8,868,560, \$8,936,364, and \$8,034,390, respectively; 83% has been contributed for fiscal year 2005 and 100% for fiscal year 2004 and 2003. Contributions to the DC and Combined Plans for fiscal year 2005 were \$5,173,330 made by the District and \$3,695,230 made by the plan members.

10. POST EMPLOYMENT BENEFITS

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

STRS retirees who participated in the DB or combined plans and their dependents are eligible for health care coverage. The STRS Board has statutory authority over how much, if any, of the health care costs will be absorbed by STRS. All benefit recipients pay a portion of health care cost in the form of a monthly premium. By law, the cost of coverage paid from STRS funds is included in the employer contribution rate, currently 14 percent of covered payroll. For the fiscal year ended June 30, 2005, the STRS Board allocated employer contributions equal to 1 percent of covered payroll to the Health Care Reserve Fund. For the School District, this amount equaled \$633,469 for fiscal year 2005.

STRS pays health care benefits from the Health Care Stabilization Fund. At June 30, 2004, (the latest information available) the balance in the Fund was \$3.1 billion. For the fiscal year ended June 30, 2004, net health care costs paid by STRS were \$268,739,000 and STRS had 111,853 eligible benefit recipients.

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

After the allocation for basic benefits, the remainder of the employer's 14 percent contribution is allocated to providing health care benefits. For the fiscal year ended June 30, 2005, employer contributions to fund health care benefits were 3.43 percent of covered payroll, a decrease of 1.48 percent from fiscal year 2004. In addition, SERS levies a surcharge to fund health care benefits equal to 14 percent of the difference between a minimum pay and the member's pay, pro-rated for partial service credit. For fiscal year 2005, the minimum pay was established at \$27,400. However, the surcharge is capped at 2 percent of each employer's SERS salaries. For the 2005 fiscal year, School District paid \$1,894,842 to fund health care benefits, including the surcharge.

The surcharge, added to the unallocated portion of the 14 percent employer contribution rate, provides for maintenance of the asset target level for the health care fund. The target level for the health care reserve is 150 percent of annual health care expenses. Expenses for health care for the fiscal year ended June 30, 2004 (the latest information available), were \$223,443,805 and the target level was \$335.2 million. At June 30, 2004, SERS had net assets available for payment of health care benefits of \$300.8 million. SERS has approximately 62,000 participants currently receiving health care benefits.

11. CONTINGENT LIABILITIES

GRANTS

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

However, in the opinion of management, any such disallowed claims will not have a material effect on any of the financial statements of the individual fund types included herein or on the overall financial position of the District as of June 30, 2005.

LITIGATION

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

12. RISK MANAGEMENT

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

Fleet	Indiana Insurance Company	\$ 1,000,000	per occurrence	\$ 1,000	collision/pd
Property	Indiana Insurance Company	206,030,363	blanket coverage	10,000	per loss
General liability	Indiana Insurance Company	1,000,000	per occurrence/ 2,000,000 aggregate		
Liability umbrella	Indiana Insurance Company	10,000,000	aggregate		
Errors and omissions	Indiana Insurance Company	1,000,000	aggregate	5,000	per loss
Crime theft	Indiana Insurance Company	10,000	per occurrence	500	per loss
Faithful Performance Bond	Cincinnati Insurance Company	Varies	per occurrence		

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

13. JOINTLY GOVERNED ORGANIZATIONS

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

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

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

The Butler County Joint Vocational School District is a distinct political subdivision of the State of Ohio operated under the direction of a Board consisting of one representative from each of the participating school districts' elected boards. It possesses its own budgeting and taxing authority.

Butler County Joint Vocational School District was formed to provide vocational education opportunities to the students of Butler County, including students of the District. Financial information can be obtained from the Butler County Joint Vocational School Treasurer, at 3604 Hamilton-Middletown Road, Hamilton, Ohio 45011.

14. CONSTRUCTION AND OTHER COMMITMENTS

At June 30, 2005, there were no uncompleted construction contracts.

15. ACCOUNTABILITY

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

<u>Fund</u>	<u>Deficit</u>
Special Revenue:	
Student Intervention	\$11,339
Att. School	15,078
Title VI-B	252,144
Title I	49,827
EHA Pre-School	3,190
Title VI-R	18,106
Miscellaneous Grants	1,642

16. FUND BALANCE RESERVES FOR SET-ASIDES

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

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

	<u>Textbooks</u>	<u>Capital Acquisition</u>
Set-aside Reserve Balance as of June 30, 2004	\$1,559,299	\$0
Current Year Set-aside Requirement	2,280,749	2,280,749
Qualified Disbursements	(1,043,291)	(1,368,125)
Current Year Offsets	<u>0</u>	<u>(912,624)</u>
Set-aside Reserve Balance as of June 30, 2005	<u>\$2,796,757</u>	<u>\$ 0</u>
Restricted Cash as of June 30, 2005	<u>\$2,796,757</u>	

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

17. INTERFUND TRANSACTIONS

Interfund transactions at June 30, 2005, consisted of the following individual fund receivables and payables:

	Interfund		Transfers	
	<u>Receivable</u>	<u>Payable</u>	<u>In</u>	<u>Out</u>
General Fund	\$945,245	\$0	\$396	\$1,830,855
Other Governmental Funds	<u>0</u>	<u>945,245</u>	<u>1,808,510</u>	<u>14,146</u>
Total Governmental Funds:	<u>945,245</u>	<u>945,245</u>	<u>1,808,906</u>	<u>1,845,001</u>
Enterprise Fund	<u>0</u>	<u>0</u>	<u>36,095</u>	<u>0</u>
	<u>\$945,245</u>	<u>\$945,245</u>	<u>\$1,845,001</u>	<u>\$1,845,001</u>

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

18. CHANGE IN ACCOUNTING PRINCIPLE/PRIOR PERIOD ADJUSTMENT

For fiscal year 2005, the District has implemented GASB Statement No. 40, "Deposit and Investment Risk Disclosures". GASB 40 establishes and modifies disclosure requirements related to investment risk: credit risk (including custodial credit risk and concentrations of credit risk) and interest rate risk. This statement also establishes and modifies disclosure requirements for custodial credit risk on deposits. This statement applies to all state and local governments.

For 2005, the District has implemented GASB Technical Bulletin No. 2004-2, "Recognition of Pension and Other Postemployment Benefit Expenditures/Expense and Liabilities by Cost-Sharing Employers." This Bulletin addresses the amount that should be recognized as an expenditure/expense and as a liability each period by employers participating in a cost-sharing multiple-employer pension and other postemployment (OPEB) plans.

The implementation of GASB Technical Bulletin No. 2004-2 had the following effect on the fund balances of the major and nonmajor funds of the District as they were previously reported as of June 30, 2004:

	<u>General</u>	<u>Nonmajor</u>
Fund Balances, June 30, 2004	\$21,707,595	\$1,704,266
GASB Technical Bulletin No. 2004-2	<u>(880,450)</u>	<u>(22,291)</u>
Restated Fund Balance, June 30, 2004	<u>\$20,827,145</u>	<u>\$1,681,975</u>

A prior period adjustment is required to restate capital assets at June 30, 2004 due to an understatement of accumulated depreciation in the prior year. This restatement had the following effect on net assets at June 30, 2004:

	Governmental <u>Activities</u>
Net assets as previously reported	\$55,259,954
Restatement for capital assets	<u>(1,261,694)</u>
Net assets, restated at July 1, 2004	<u>\$53,998,260</u>

19. ADVANCED REFUNDING

In December 16, 2004, the District issued \$8,625,000 in General Obligation bonds with an average interest rate of 3.00% of which \$8,625,000 was used to advance refund \$8,625,000 of outstanding 1993 and 1994 Series bonds with an average interest rate of 6.08%. The net proceeds of \$8,625,000 (after payment of underwriting fees, insurance and other issuance costs) were used to purchase U.S. government securities. Those securities were deposited into an irrevocable trust with an escrow agent to provide all future debt service payments on the 1993 and 1994 Series bonds. As a result, \$8,625,000 of the 1993 and 1994 Series bonds are considered to be defeased and the liability for those bonds has been removed from the Statement of Net Assets.

The District advance refunded the 1993 and 1994 Series bonds to reduce its total debt service payments over the next 18 years by \$689,365 and to obtain an economic gain (difference between the present value of the debt service payments on the old and new debt) of \$620,668.

20. SUBSEQUENT EVENTS

On November 3, 2005, the District issued \$30,950,000 in General Obligation bonds which is being used to advance refund \$32,860,000 of outstanding 2001 Improvement Bonds. The District partially advance refunded the 2001 Series bonds to reduce its total debt service payments over the next 21 years and to obtain an economic gain (difference between the present values of the debt service payments on the old and new debt).

On November 8, 2005, the District passed a combined 5.60 mill operating tax levy and a 2.13 mill, \$84,300,000 bond issue.

**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, 2005

	General Fund			
	Original Budget	Final Budget	Actual	Variance from Final Budget
Revenues:				
Taxes	\$61,969,671	\$65,125,473	\$65,278,372	\$152,899
Tuition and Fees	468,421	492,275	493,431	1,156
Investment Earnings	889,556	934,856	937,051	2,195
Intergovernmental	50,484,332	53,055,243	53,179,804	124,561
Other Revenues	1,702,332	1,789,023	1,793,223	4,200
Total Revenues	115,514,312	121,396,870	121,681,881	285,011
Expenditures:				
Current:				
Instruction:				
Regular	57,670,894	58,301,888	57,412,502	889,386
Special	9,369,328	9,471,840	9,327,349	144,491
Vocational	222,915	225,354	221,916	3,438
Other	250,749	253,493	249,626	3,867
Support Services:				
Pupil	7,009,086	7,085,774	6,977,682	108,092
Instructional Staff	7,291,652	7,371,432	7,258,982	112,450
General Administration	70,237	71,005	69,922	1,083
School Administration	10,663,149	10,779,817	10,615,373	164,444
Fiscal	1,947,845	1,969,157	1,939,118	30,039
Business	203,445	205,670	202,533	3,137
Operations and Maintenance	10,738,681	10,856,176	10,690,567	165,609
Pupil Transportation	12,960,818	13,102,626	12,902,748	199,878
Central	2,900,312	2,932,045	2,887,317	44,728
Operation of Non-Instructional Services	5,529	5,589	5,504	85
Extracurricular Activities	572,642	578,907	570,076	8,831
Capital Outlay	1,616,062	1,633,743	1,608,821	24,922
Total Expenditures	123,493,344	124,844,516	122,940,036	1,904,480
Excess of Revenues Over (Under) Expenditures	(7,979,032)	(3,447,646)	(1,258,155)	2,189,491
Other financing sources (uses):				
Proceeds from Sale of Capital Assets	11,760	12,359	12,388	29
Advances In	163,942	172,291	172,695	404
Advances (Out)	(1,241,303)	(1,254,884)	(1,235,741)	19,143
Transfers In	17,253	18,131	18,174	43
Transfers (Out)	(1,839,095)	(1,859,217)	(1,830,855)	28,362
Total Other Financing Sources (Uses)	(2,887,443)	(2,911,320)	(2,863,339)	47,981
Net Change in Fund Balance	(10,866,475)	(6,358,966)	(4,121,494)	2,237,472
Fund Balance Beginning of Year (includes prior year encumbrances appropriated)	31,447,645	31,447,645	31,447,645	0
Fund Balance End of Year	\$20,581,170	\$25,088,679	\$27,326,151	\$2,237,472

See accompanying notes to the required supplementary information.

LAKOTA LOCAL SCHOOL DISTRICT
NOTES TO THE REQUIRED SUPPLEMENTARY INFORMATION
For The Year Ended June 30, 2005

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 2005.

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

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

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

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

Net Change in Fund Balance

	<u>General</u>
GAAP Basis	(\$26,829)
Net Adjustment for Revenue Accruals	3,121,306
Net Adjustment for Expenditure Accruals	(1,718,164)
Encumbrances	<u>(3,665,860)</u>
Budget Basis	<u>(\$2,289,547)</u>

**COMBINING STATEMENTS
AND INDIVIDUAL
FUND SCHEDULES**

NONMAJOR FUNDS

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

Lakota Local School District
 Combining Balance Sheet
 Nonmajor Governmental Funds
 June 30, 2005

	Nonmajor Special Revenue Funds	Nonmajor Capital Projects Funds	Total Nonmajor Governmental Funds
Assets:			
Equity in Pooled Cash and Investments	\$2,744,817	\$231,372	\$2,976,189
Cash and Cash Equivalents with Fiscal Agent	0	9,798	9,798
Receivables:			
Intergovernmental	1,258,897	0	1,258,897
Total Assets	4,003,714	241,170	4,244,884
Liabilities and Fund Balances:			
Liabilities:			
Accounts Payable	363,301	33,586	396,887
Accrued Wages and Benefits	459,437	0	459,437
Retainage Payable	0	9,798	9,798
Interfund Payable	945,245	0	945,245
Deferred Revenue	765,696	0	765,696
Total Liabilities	2,533,679	43,384	2,577,063
Fund Balances:			
Reserved for Encumbrances	454,697	64,618	519,315
Unreserved, Undesignated, Reported in:			
Special Revenue Funds	1,015,338	0	1,015,338
Capital Projects Funds	0	133,168	133,168
Total Fund Balances	1,470,035	197,786	1,667,821
Total Liabilities and Fund Balances	\$4,003,714	\$241,170	\$4,244,884

Lakota Local School District
 Combining Statement of Revenues, Expenditures
 and Changes in Fund Balance
 Nonmajor Governmental Funds
 For the Fiscal Year Ended June 30, 2005

	Nonmajor Special Revenue Funds	Nonmajor Capital Projects Funds	Total Nonmajor Governmental Funds
Revenues:			
Tuition and Fees	\$13,344	\$0	\$13,344
Investment Earnings	6,911	870	7,781
Intergovernmental	4,042,663	138,075	4,180,738
Extracurricular Activities	1,831,947	0	1,831,947
Other Revenues	236,104	0	236,104
Total Revenues	6,130,969	138,945	6,269,914
Expenditures:			
Current:			
Instruction:			
Regular	1,077,052	106,659	1,183,711
Special	180,381	0	180,381
Support Services:			
Pupil	2,982,150	0	2,982,150
Instructional Staff	626,215	0	626,215
School Administration	9,177	0	9,177
Operations and Maintenance	282,027	0	282,027
Pupil Transportation	9,726	0	9,726
Central	71,309	0	71,309
Operation of Non-Instructional Services	191,642	0	191,642
Extracurricular Activities	2,366,773	0	2,366,773
Capital Outlay	0	324,751	324,751
Total Expenditures	7,796,452	431,410	8,227,862
Excess of Revenues Over (Under) Expenditures	(1,665,483)	(292,465)	(1,957,948)
Other Financing Sources (Uses):			
Proceeds from Sale of Capital Assets	0	149,430	149,430
Transfers In	1,808,510	0	1,808,510
Transfers (Out)	(14,146)	0	(14,146)
Total Other Financing Sources (Uses)	1,794,364	149,430	1,943,794
Net Change in Fund Balance	128,881	(143,035)	(14,154)
Fund Balance Beginning of Year	1,341,154	340,821	1,681,975
Fund Balance End of Year	\$1,470,035	\$197,786	\$1,667,821

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Lakota Local School District
Combining Balance Sheet
Nonmajor Special Revenue Funds
June 30, 2005

	Public School Support	Other Grants	Student Activities	Auxiliary Services	MIS
Assets:					
Equity in Pooled Cash and Investments	\$797,858	\$84,247	\$976,201	\$26,878	\$1,062
Receivables:					
Intergovernmental	0	27,330	0	0	0
Total Assets	797,858	111,577	976,201	26,878	1,062
Liabilities and Fund Balances:					
Liabilities:					
Accounts Payable	50,189	10,073	30,935	673	0
Accrued Wages and Benefits	0	0	32,388	0	0
Interfund Payable	6,540	26,830	2,100	0	0
Deferred Revenue	0	2,330	0	0	0
Total Liabilities	56,729	39,233	65,423	673	0
Fund Balances:					
Reserved for Encumbrances	47,854	31,811	136,609	13,810	0
Unreserved, Undesignated, Reported in: Special Revenue Funds	693,275	40,533	774,169	12,395	1,062
Total Fund Balances	741,129	72,344	910,778	26,205	1,062
Total Liabilities and Fund Balances	\$797,858	\$111,577	\$976,201	\$26,878	\$1,062

School Net Professional Development	Ohio Reads	Student Intervention	Alt. School Grant	Miscellaneous State Grants	Title VI-B	Title III	Refugee Children
\$5	\$25,430	\$85,218	\$48,685	\$16,810	\$602,404	\$60	\$23
0	14,311	130,271	50,187	0	669,005	33,321	0
5	39,741	215,489	98,872	16,810	1,271,409	33,381	23
0	2,383	34,780	32,820	4,744	180,281	0	0
0	2,436	0	12,590	0	305,449	0	0
0	13,900	100,100	41,800	0	637,000	1,320	0
0	7,971	91,948	26,740	0	400,823	21,124	0
0	26,690	226,828	113,950	4,744	1,523,553	22,444	0
0	7,461	50,384	15,773	5,256	95,813	0	0
5	5,590	(61,723)	(30,851)	6,810	(347,957)	10,937	23
5	13,051	(11,339)	(15,078)	12,066	(252,144)	10,937	23
\$5	\$39,741	\$215,489	\$98,872	\$16,810	\$1,271,409	\$33,381	\$23

Continued

Lakota Local School District
 Combining Balance Sheet
 Nonmajor Special Revenue Funds
 June 30, 2005

	Title I	Title VI	Drug Free Schools	EHA Pre-School	Title VI-R
Assets:					
Equity in Pooled Cash and Investments	\$38,828	\$38,402	\$1,086	\$38	\$376
Receivables:					
Intergovernmental	191,766	0	18,233	18,965	100,569
Total Assets	230,594	38,402	19,319	19,003	100,945
Liabilities and Fund Balances:					
Liabilities:					
Accounts Payable	6,175	7,714	104	0	237
Accrued Wages and Benefits	67,604	0	0	7,751	31,219
Interfund Payable	47,500	0	0	0	67,500
Deferred Revenue	159,142	0	16,142	14,442	20,095
Total Liabilities	280,421	7,714	16,246	22,193	119,051
Fund Balances:					
Reserved for Encumbrances	32,429	17,334	64	0	99
Unreserved, Undesignated, Reported in: Special Revenue Funds	(82,256)	13,354	3,009	(3,190)	(18,205)
Total Fund Balances	(49,827)	30,688	3,073	(3,190)	(18,106)
Total Liabilities and Fund Balances	\$230,594	\$38,402	\$19,319	\$19,003	\$100,945

Miscellaneous Grants	Total Nonmajor Special Revenue Funds
\$1,206	\$2,744,817
4,939	1,258,897
<u>6,145</u>	<u>4,003,714</u>
2,193	363,301
0	459,437
655	945,245
<u>4,939</u>	<u>765,696</u>
<u>7,787</u>	<u>2,533,679</u>
0	454,697
<u>(1,642)</u>	<u>1,015,338</u>
<u>(1,642)</u>	<u>1,470,035</u>
<u>\$6,145</u>	<u>\$4,003,714</u>

Lakota Local School District
Combining Statement of Revenues, Expenditures
and Changes in Fund Balance
Nonmajor Special Revenue Funds
For the Fiscal Year Ended June 30, 2005

	Public School Support	Other Grants	Student Activities	Auxiliary Services	MIS
Revenues:					
Tuition and Fees	\$13,344	\$0	\$0	\$0	\$0
Investment Earnings	0	0	6,779	132	0
Intergovernmental	0	99,987	0	165,527	51,566
Extracurricular Activities	663,945	0	1,168,002	0	0
Other Revenues	174,488	1,346	60,270	0	0
Total Revenues	851,777	101,333	1,235,051	165,659	51,566
Expenditures:					
Current:					
Instruction:					
Regular	3,365	43,113	8,609	0	0
Special	7,916	2,073	0	0	0
Support Services:					
Pupil	674,621	4,216	0	0	0
Instructional Staff	8,585	18,532	0	0	0
School Administration	154	9,023	0	0	0
Operations and Maintenance	0	0	282,027	0	0
Pupil Transportation	0	0	0	0	0
Central	0	14,984	0	0	56,325
Operation of Non-Instructional Services	0	0	0	145,688	0
Extracurricular Activities	0	457	2,366,316	0	0
Total Expenditures	694,641	92,398	2,656,952	145,688	56,325
Excess of Revenues Over (Under) Expenditures	157,136	8,935	(1,421,901)	19,971	(4,759)
Other Financing Sources (Uses):					
Transfers In	0	0	1,808,510	0	0
Transfers (Out)	(396)	0	(13,750)	0	0
Total Other Financing Sources (Uses)	(396)	0	1,794,760	0	0
Net Change in Fund Balance	156,740	8,935	372,859	19,971	(4,759)
Fund Balance Beginning of Year (Restated)	584,389	63,409	537,919	6,234	5,821
Fund Balance End of Year	\$741,129	\$72,344	\$910,778	\$26,205	\$1,062

School Net Professional Development	Ohio Reads	Student Intervention	Alt. School Grant	Miscellaneous State Grants	Title VI-B	Title III	Refugee Children
\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$0
0	0	0	0	0	0	0	0
9,450	54,029	225,974	75,772	65,425	2,357,072	64,068	0
0	0	0	0	0	0	0	0
0	0	0	0	0	0	0	0
9,450	54,029	225,974	75,772	65,425	2,357,072	64,068	0
0	50,205	249,400	37,425	32,249	8,730	16,353	677
0	0	0	0	0	170,392	0	0
0	0	6,850	45,080	0	2,178,832	0	0
9,494	8,967	8,670	5,410	27,929	191,676	49,989	0
0	0	0	0	0	0	0	0
0	0	0	0	0	0	0	0
0	0	0	0	0	8,464	1,262	0
0	0	0	0	0	0	0	0
0	0	0	0	2,000	31,728	230	0
0	0	0	0	0	0	0	0
9,494	59,172	264,920	87,915	62,178	2,589,822	67,834	677
(44)	(5,143)	(38,946)	(12,143)	3,247	(232,750)	(3,766)	(677)
0	0	0	0	0	0	0	0
0	0	0	0	0	0	0	0
0	0	0	0	0	0	0	0
(44)	(5,143)	(38,946)	(12,143)	3,247	(232,750)	(3,766)	(677)
49	18,194	27,607	(2,935)	8,819	(19,394)	14,703	700
\$5	\$13,051	(\$11,339)	(\$15,078)	\$12,066	(\$252,144)	\$10,937	\$23

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, 2005

	Title I	Title VI	Drug Free Schools	EHA Pre-School	Title VI-R
Revenues:					
Tuition and Fees	\$0	\$0	\$0	\$0	\$0
Investment Earnings	0	0	0	0	0
Intergovernmental	417,647	101,134	35,565	54,995	254,969
Extracurricular Activities	0	0	0	0	0
Other Revenues	0	0	0	0	0
Total Revenues	417,647	101,134	35,565	54,995	254,969
Expenditures:					
Current:					
Instruction:					
Regular	362,617	77,791	1,667	0	177,409
Special	0	0	0	0	0
Support Services:					
Pupil	0	0	26,869	45,682	0
Instructional Staff	153,125	18,632	0	11,638	104,634
School Administration	0	0	0	0	0
Operations and Maintenance	0	0	0	0	0
Pupil Transportation	0	0	0	0	0
Central	0	0	0	0	0
Operation of Non-Instructional Services	11,923	73	0	0	0
Extracurricular Activities	0	0	0	0	0
Total Expenditures	527,665	96,496	28,536	57,320	282,043
Excess of Revenues Over (Under) Expenditures	(110,018)	4,638	7,029	(2,325)	(27,074)
Other Financing Sources (Uses):					
Transfers In	0	0	0	0	0
Transfers (Out)	0	0	0	0	0
Total Other Financing Sources (Uses)	0	0	0	0	0
Net Change in Fund Balance	(110,018)	4,638	7,029	(2,325)	(27,074)
Fund Balance Beginning of Year (Restated)	60,191	26,050	(3,956)	(865)	8,968
Fund Balance End of Year	(\$49,827)	\$30,688	\$3,073	(\$3,190)	(\$18,106)

Miscellaneous Grants	Total Nonmajor Special Revenue Funds
\$0	\$13,344
0	6,911
9,483	4,042,663
0	1,831,947
0	236,104
<u>9,483</u>	<u>6,130,969</u>
7,442	1,077,052
0	180,381
0	2,982,150
8,934	626,215
0	9,177
0	282,027
0	9,726
0	71,309
0	191,642
0	2,366,773
<u>16,376</u>	<u>7,796,452</u>
<u>(6,893)</u>	<u>(1,665,483)</u>
0	1,808,510
0	(14,146)
<u>0</u>	<u>1,794,364</u>
(6,893)	128,881
<u>5,251</u>	<u>1,341,154</u>
<u>(\$1,642)</u>	<u>\$1,470,035</u>

Lakota Local School District
Combining Balance Sheet
Nonmajor Capital Projects Funds
June 30, 2005

	Permanent Improvement	Building	SchoolNet	Total Nonmajor Capital Projects Funds
Assets:				
Equity in Pooled Cash and Investments	\$162,005	\$4,365	\$65,002	\$231,372
Cash and Cash Equivalents with Fiscal Agent	0	9,798	0	9,798
Total Assets	162,005	14,163	65,002	241,170
Liabilities and Fund Balances:				
Liabilities:				
Accounts Payable	0	0	33,586	33,586
Retainage Payable	0	9,798	0	9,798
Total Liabilities	0	9,798	33,586	43,384
Fund Balances:				
Reserved for Encumbrances	0	0	64,618	64,618
Unreserved, Undesignated, Reported in: Capital Projects Funds	162,005	4,365	(33,202)	133,168
Total Fund Balances	162,005	4,365	31,416	197,786
Total Liabilities and Fund Balances	\$162,005	\$14,163	\$65,002	\$241,170

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, 2005

	Permanent Improvement	Building	SchoolNet	Total Nonmajor Capital Projects Funds
Revenues:				
Investment Earnings	\$870	\$0	\$0	\$870
Intergovernmental	0	0	138,075	138,075
Total Revenues	870	0	138,075	138,945
Expenditures:				
Current:				
Instruction:				
Regular	0	0	106,659	106,659
Capital Outlay	181,165	143,586	0	324,751
Total Expenditures	181,165	143,586	106,659	431,410
Excess of Revenues Over (Under) Expenditures	(180,295)	(143,586)	31,416	(292,465)
Other Financing Sources (Uses):				
Proceeds from Sale of Capital Assets	149,430	0	0	149,430
Total Other Financing Sources (Uses)	149,430	0	0	149,430
Net Change in Fund Balance	(30,865)	(143,586)	31,416	(143,035)
Fund Balance Beginning of Year	192,870	147,951	0	340,821
Fund Balance End of Year	\$162,005	\$4,365	\$31,416	\$197,786

Lakota Local School District
Combining Statement of Net Assets
Nonmajor Enterprise Funds
June 30, 2005

	Food Service	Uniform School Supply	Adult Education	Total Nonmajor Enterprise Funds
Assets:				
Equity in Pooled Cash and Investments	\$1,203,840	\$771,801	\$3,510	\$1,979,151
Receivables:				
Accounts	0	225,212	0	225,212
Inventory	20,751	0	0	20,751
Total Current Assets	1,224,591	997,013	3,510	2,225,114
Depreciable Capital Assets, Net	1,004,829	0	0	1,004,829
Total Assets	2,229,420	997,013	3,510	3,229,943
Liabilities:				
Current Liabilities:				
Accounts Payable	9,772	68,898	0	78,670
Accrued Wages and Benefits	114,220	0	0	114,220
Compensated Absences	12,293	0	0	12,293
Total Current Liabilities	136,285	68,898	0	205,183
Long-Term Liabilities:				
Compensated Absences	56,310	0	0	56,310
Total Liabilities	192,595	68,898	0	261,493
Net Assets:				
Invested in Capital Assets, Net of Related Debt	1,004,829	0	0	1,004,829
Restricted for:				
Unrestricted	1,031,996	928,115	3,510	1,963,621
Total Net Assets	\$2,036,825	\$928,115	\$3,510	\$2,968,450

Lakota Local School District
Combining Statement of Revenues, Expenses
and Changes in Fund Net Assets
Nonmajor Enterprise Funds
For the Fiscal Year Ended June 30, 2005

	Food Service	Uniform School Supply	Adult Education	Total Nonmajor Enterprise Funds
Operating Revenues:				
Charges for Services	\$3,854,428	\$1,167,495	\$0	\$5,021,923
Intergovernmental Revenue	547,072	0	0	547,072
Other Revenues	0	14,556	0	14,556
Total Operating Revenues	4,401,500	1,182,051	0	5,583,551
Operating Expenses:				
Personal Services	2,211,719	0	0	2,211,719
Contactual Services	53,280	12,779	0	66,059
Materials and Supplies	1,936,082	992,834	0	2,928,916
Depreciation	184,030	0	0	184,030
Total Operating Expenses	4,385,111	1,005,613	0	5,390,724
Operating Income (Loss)	16,389	176,438	0	192,827
Non-Operating Revenues (Expenses):				
Investment Earnings	13,433	0	0	13,433
Gain (Loss) on Disposal of Capital Assets	(220)	0	0	(220)
Total Non-Operating Revenues (Expenses)	13,213	0	0	13,213
Income (Loss) Before Contributions & Transfers	29,602	176,438	0	206,040
Transfers In	0	36,095	0	36,095
Change in Net Assets	29,602	212,533	0	242,135
Net Assets Beginning of Year	2,007,223	715,582	3,510	2,726,315
Net Assets End of Year	\$2,036,825	\$928,115	\$3,510	\$2,968,450

Lakota Local School District
Combining Statement of Cash Flows
Nonmajor Enterprise Funds
For the Fiscal Year Ended June 30, 2005

	Food Service	Uniform School Supply	Adult Education	Total Nonmajor Enterprise Funds
Cash Flows from Operating Activities:				
Cash Received from Customers	\$4,401,500	\$1,040,840	\$0	\$5,442,340
Cash Payments to Employees	(2,214,378)	0	0	(2,214,378)
Cash Payments to Suppliers	(1,989,770)	(971,349)	0	(2,961,119)
Net Cash Provided (Used) by Operating Activities	197,352	69,491	0	266,843
Cash Flows from Noncapital Financing Activities:				
Payments from Other Funds	0	39,532	0	39,532
Payments to Other Funds	0	(3,637)	0	(3,637)
Net Cash Provided (Used) by Noncapital Financing Activities	0	35,895	0	35,895
Cash Flows from Capital and Related Financing Activities:				
Payments for Capital Acquisitions	(57,595)	0	0	(57,595)
Net Cash Provided (Used) by Capital and Related Financing Activities	(57,595)	0	0	(57,595)
Cash Flows from Investing Activities:				
Earnings on Investments	13,433	0	0	13,433
Net Cash Provided (Used) by Cash Flows from Investing Activities	13,433	0	0	13,433
Net Increase (Decrease) in Cash and Cash Equivalents	153,190	105,386	0	258,576
Cash and Cash Equivalents Beginning of Year	1,050,650	666,415	3,510	1,720,575
Cash and Cash Equivalents End of Year	<u>1,203,840</u>	<u>771,801</u>	<u>3,510</u>	<u>1,979,151</u>
Reconciliation of Operating Income (Loss) to Net Cash Provided (Used) by Operating Activities				
Operating Income (Loss)	16,389	176,438	0	192,827
Adjustments:				
Depreciation	184,030	0	0	184,030
Changes in Assets & Liabilities:				
(Increase) Decrease in Receivables	0	(141,211)	0	(141,211)
(Increase) Decrease in Inventory	(727)	0	0	(727)
Increase (Decrease) in Payables	319	34,264	0	34,583
Increase (Decrease) in Accrued Liabilities	(2,659)	0	0	(2,659)
Net Cash Provided (Used) by Operating Activities	\$197,352	\$69,491	\$0	\$266,843

Lakota Local School District
Statement of Changes In Assets and Liabilities
Agency Fund
For the Fiscal Year Ended June 30, 2005

	Student Activities			Ending Balance
	Beginning Balance	Additions	Deductions	
Assets:				
Equity in Pooled Cash and Investments	\$250,465	\$133,171	\$66,067	\$317,569
Total Assets	250,465	133,171	66,067	317,569
Liabilities:				
Accounts Payable	28,914	37,153	28,914	37,153
Other Liabilities	221,551	96,018	37,153	280,416
Total Liabilities	\$250,465	\$133,171	\$66,067	\$317,569

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, 2005

	Public School Support Fund			
	Original Budget	Final Budget	Actual	Variance from Final Budget
Revenues:				
Tuition and Fees	\$10,955	\$11,628	\$13,344	\$1,716
Extracurricular Activities	545,096	578,543	\$663,945	\$85,402
Other Revenues	143,254	152,044	174,488	22,444
Total Revenues	699,305	742,215	851,777	109,562
Expenditures:				
Current:				
Instruction:				
Regular	4,752	6,952	5,561	1,391
Special	10,667	15,606	12,483	3,123
Other	1,882	2,754	2,203	551
Support Services:				
Pupil	642,626	940,191	752,043	188,148
Instructional Staff	6,246	9,138	7,309	1,829
School Administration	368	539	431	108
Total Expenditures	666,541	975,180	780,030	195,150
Excess of Revenues Over (Under) Expenditures	32,764	(232,965)	71,747	304,712
Other financing sources (uses):				
Advances In	5,369	5,699	6,540	841
Advances (Out)	(171)	(250)	(200)	50
Transfers (Out)	(338)	(495)	(396)	99
Total Other Financing Sources (Uses)	4,860	4,954	5,944	990
Net Change in Fund Balance	37,624	(228,011)	77,691	305,702
Fund Balance Beginning of Year (includes prior year encumbrances appropriated)	622,126	622,126	622,126	0
Fund Balance End of Year	\$659,750	\$394,115	\$699,817	\$305,702

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, 2005

	Original Budget	Final Budget	Other Grants Fund Actual	Variance from Final Budget
Revenues:				
Intergovernmental	\$7,479	\$74,476	\$74,987	\$511
Other Revenues	100	993	1,000	7
Total Revenues	7,579	75,469	75,987	518
Expenditures:				
Current:				
Instruction:				
Regular	34,403	86,770	69,235	17,535
Special	2,485	6,268	5,001	1,267
Other	833	2,100	1,676	424
Support Services:				
Pupil	2,396	6,042	4,821	1,221
Instructional Staff	9,298	23,451	18,712	4,739
School Administration	4,483	11,308	9,023	2,285
Central	8,097	20,423	16,296	4,127
Extracurricular Activities	236	594	474	120
Total Expenditures	62,231	156,956	125,238	31,718
Excess of Revenues Over (Under) Expenditures	(54,652)	(81,487)	(49,251)	32,236
Other financing sources (uses):				
Advances In	2,676	26,647	26,830	183
Advances (Out)	(743)	(1,874)	(1,495)	379
Total Other Financing Sources (Uses)	1,933	24,773	25,335	562
Net Change in Fund Balance	(52,719)	(56,714)	(23,916)	32,798
Fund Balance Beginning of Year (includes prior year encumbrances appropriated)	65,934	65,934	65,934	0
Fund Balance End of Year	\$13,215	\$9,220	\$42,018	\$32,798

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, 2005

	Student Activities Fund			
	Original Budget	Final Budget	Actual	Variance from Final Budget
Revenues:				
Investment Earnings	\$320	\$6,644	\$6,779	\$135
Extracurricular Activities	55,210	1,144,671	1,168,002	23,331
Other Revenues	2,823	58,531	59,724	1,193
Total Revenues	58,353	1,209,846	1,234,505	24,659
Expenditures:				
Current:				
Instruction:				
Regular	1,762	10,383	8,609	1,774
Support Services:				
Operations and Maintenance	63,381	373,514	309,703	63,811
Extracurricular Activities	516,477	3,043,686	2,523,701	519,985
Total Expenditures	581,620	3,427,583	2,842,013	585,570
Excess of Revenues Over (Under) Expenditures	(523,267)	(2,217,737)	(1,607,508)	610,229
Other financing sources (uses):				
Advances In	99	2,058	2,100	42
Transfers In	85,486	1,772,385	1,808,510	36,125
Transfers (Out)	(2,814)	(16,583)	(13,750)	2,833
Total Other Financing Sources (Uses)	82,771	1,757,860	1,796,860	39,000
Net Change in Fund Balance	(440,496)	(459,877)	189,352	649,229
Fund Balance Beginning of Year (includes prior year encumbrances appropriated)	618,761	618,761	618,761	0
Fund Balance End of Year	\$178,265	\$158,884	\$808,113	\$649,229

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, 2005

	Auxiliary Services Fund			
	Original Budget	Final Budget	Actual	Variance from Final Budget
Revenues:				
Investment Earnings	\$40	\$132	\$132	\$0
Intergovernmental	49,960	165,503	165,527	24
Total Revenues	50,000	165,635	165,659	24
Expenditures:				
Current:				
Operation of Non-Instructional Services	71,596	187,232	182,416	4,816
Total Expenditures	71,596	187,232	182,416	4,816
Net Change in Fund Balance	(21,596)	(21,597)	(16,757)	4,840
Fund Balance Beginning of Year (includes prior year encumbrances appropriated)	29,152	29,152	29,152	0
Fund Balance End of Year	\$7,556	\$7,555	\$12,395	\$4,840

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, 2005

	MIS Fund			
	Original Budget	Final Budget	Actual	Variance from Final Budget
Revenues:				
Intergovernmental	\$62,118	\$51,566	\$51,566	\$0
Total Revenues	62,118	51,566	51,566	0
Expenditures:				
Current:				
Support Services:				
Central	7,962	59,528	58,466	1,062
Total Expenditures	7,962	59,528	58,466	1,062
Net Change in Fund Balance	54,156	(7,962)	(6,900)	1,062
Fund Balance Beginning of Year (includes prior year encumbrances appropriated)	7,962	7,962	7,962	0
Fund Balance End of Year	\$62,118	\$0	\$1,062	\$1,062

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, 2005

	School Net Professional Development Fund			
	Original Budget	Final Budget	Actual	Variance from Final Budget
Revenues:				
Intergovernmental	\$147,525	\$9,450	\$9,450	\$0
Total Revenues	147,525	9,450	9,450	0
Expenditures:				
Current:				
Support Services:				
Instructional Staff	48	9,498	9,494	4
Total Expenditures	48	9,498	9,494	4
Net Change in Fund Balance	147,477	(48)	(44)	4
Fund Balance Beginning of Year (includes prior year encumbrances appropriated)	48	48	48	0
Fund Balance End of Year	\$147,525	\$0	\$4	\$4

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, 2005

	Ohio Reads Fund			
	Original Budget	Final Budget	Actual	Variance from Final Budget
Revenues:				
Intergovernmental	\$32,521	\$48,007	\$47,689	(\$318)
Total Revenues	32,521	48,007	47,689	(318)
Expenditures:				
Current:				
Instruction:				
Regular	14,827	68,633	63,102	5,531
Other	134	620	570	50
Support Services:				
Instructional Staff	2,124	9,832	9,040	792
Total Expenditures	17,085	79,085	72,712	6,373
Excess of Revenues Over (Under) Expenditures	15,436	(31,078)	(25,023)	6,055
Other financing sources (uses):				
Advances In	9,479	13,993	13,900	(93)
Total Other Financing Sources (Uses)	9,479	13,993	13,900	(93)
Net Change in Fund Balance	24,915	(17,085)	(11,123)	5,962
Fund Balance Beginning of Year (includes prior year encumbrances appropriated)	26,712	26,712	26,712	0
Fund Balance End of Year	\$51,627	\$9,627	\$15,589	\$5,962

Lakota Local School District
 Schedule of Revenues, Expenditures and Changes in Fund Balance
 Budget and Actual (Non-GAAP Budgetary Basis)
 For the Fiscal Year Ended June 30, 2005

	Student Intervention Fund			
	Original Budget	Final Budget	Actual	Variance from Final Budget
Revenues:				
Intergovernmental	\$104,683	\$324,622	\$301,963	(\$22,659)
Total Revenues	104,683	324,622	301,963	(22,659)
Expenditures:				
Current:				
Instruction:				
Regular	24,917	285,456	277,818	7,638
Support Services:				
Instructional Staff	1,872	21,441	20,867	574
Pupil Transportation	1,825	20,909	20,350	559
Total Expenditures	28,614	327,806	319,035	8,771
Excess of Revenues Over (Under) Expenditures	76,069	(3,184)	(17,072)	(13,888)
Other financing sources (uses):				
Advances In	34,702	107,612	100,100	(7,512)
Advances (Out)	(9,148)	(104,804)	(102,000)	2,804
Total Other Financing Sources (Uses)	25,554	2,808	(1,900)	(4,708)
Net Change in Fund Balance	101,623	(376)	(18,972)	(18,596)
Fund Balance Beginning of Year (includes prior year encumbrances appropriated)	19,026	19,026	19,026	0
Fund Balance End of Year	\$120,649	\$18,650	\$54	(\$18,596)

Lakota Local School District
 Schedule of Revenues, Expenditures and Changes in Fund Balance
 Budget and Actual (Non-GAAP Budgetary Basis)
 For the Fiscal Year Ended June 30, 2005

	Alt. School Grant Fund			
	Original Budget	Final Budget	Actual	Variance from Final Budget
Revenues:				
Intergovernmental	\$11,632	\$56,987	\$52,325	(\$4,662)
Total Revenues	11,632	56,987	52,325	(4,662)
Expenditures:				
Current:				
Instruction:				
Regular	6,071	47,414	53,802	(6,388)
Other	611	4,776	5,419	(643)
Support Services:				
Pupil	4,171	32,578	36,968	(4,390)
Instructional Staff	1,781	13,909	15,783	(1,874)
Total Expenditures	12,634	98,677	111,972	(13,295)
Excess of Revenues Over (Under) Expenditures	(1,002)	(41,690)	(59,647)	(17,957)
Other financing sources (uses):				
Advances In	9,292	45,525	41,800	(3,725)
Advances (Out)	(1,196)	(9,341)	(10,600)	(1,259)
Total Other Financing Sources (Uses)	8,096	36,184	31,200	(4,984)
Net Change in Fund Balance	7,094	(5,506)	(28,447)	(22,941)
Fund Balance Beginning of Year (includes prior year encumbrances appropriated)	28,540	28,540	28,540	0
Fund Balance End of Year	\$35,634	\$23,034	\$93	(\$22,941)

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, 2005

	Miscellaneous State Grants Fund			
	Original Budget	Final Budget	Actual	Variance from Final Budget
Revenues:				
Intergovernmental	\$24,375	\$65,425	\$65,425	\$0
Total Revenues	24,375	65,425	65,425	0
Expenditures:				
Current:				
Instruction:				
Regular	13,379	32,141	31,050	1,091
Other	517	1,241	1,199	42
Support Services:				
Instructional Staff	14,514	34,869	33,685	1,184
Operation of Non-Instructional Services	862	2,070	2,000	70
Total Expenditures	29,272	70,321	67,934	2,387
Net Change in Fund Balance	(4,897)	(4,896)	(2,509)	2,387
Fund Balance Beginning of Year (includes prior year encumbrances appropriated)	9,318	9,318	9,318	0
Fund Balance End of Year	\$4,421	\$4,422	\$6,809	\$2,387

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, 2005

	Title VI-B Fund			
	Original Budget	Final Budget	Actual	Variance from Final Budget
Revenues:				
Intergovernmental	\$2,327,502	\$2,307,613	\$2,253,184	(\$54,429)
Total Revenues	<u>2,327,502</u>	<u>2,307,613</u>	<u>2,253,184</u>	<u>(54,429)</u>
Expenditures:				
Current:				
Instruction:				
Regular	9,146	9,505	8,730	775
Special	212,338	220,669	202,674	17,995
Other	43,807	45,526	41,813	3,713
Support Services:				
Pupil	2,324,122	2,415,307	2,218,343	196,964
Instructional Staff	240,351	249,781	229,412	20,369
Pupil Transportation	8,867	9,214	8,463	751
Operation of Non-Instructional Services	33,911	35,242	32,368	2,874
Total Expenditures	<u>2,872,542</u>	<u>2,985,244</u>	<u>2,741,803</u>	<u>243,441</u>
Excess of Revenues Over (Under) Expenditures	<u>(545,040)</u>	<u>(677,631)</u>	<u>(488,619)</u>	<u>189,012</u>
Other financing sources (uses):				
Advances In	658,010	652,388	637,000	(15,388)
Advances (Out)	(25,668)	(26,675)	(24,500)	2,175
Total Other Financing Sources (Uses)	<u>632,342</u>	<u>625,713</u>	<u>612,500</u>	<u>(13,213)</u>
Net Change in Fund Balance	87,302	(51,918)	123,881	175,799
Fund Balance Beginning of Year (includes prior year encumbrances appropriated)	<u>202,430</u>	<u>202,430</u>	<u>202,430</u>	<u>0</u>
Fund Balance End of Year	<u>\$289,732</u>	<u>\$150,512</u>	<u>\$326,311</u>	<u>\$175,799</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, 2005

	Title III Fund			
	Original Budget	Final Budget	Actual	Variance from Final Budget
Revenues:				
Intergovernmental	\$77,220	\$81,218	\$51,871	(\$29,347)
Total Revenues	<u>77,220</u>	<u>81,218</u>	<u>51,871</u>	<u>(29,347)</u>
Expenditures:				
Current:				
Instruction:				
Regular	22,607	25,652	21,240	4,412
Other	7,048	7,997	6,622	1,375
Support Services:				
Instructional Staff	46,233	52,461	43,438	9,023
Pupil Transportation	1,343	1,524	1,262	262
Operation of Non-Instructional Services	1,733	1,966	1,628	338
Total Expenditures	<u>78,964</u>	<u>89,600</u>	<u>74,190</u>	<u>15,410</u>
Excess of Revenues Over (Under) Expenditures	<u>(1,744)</u>	<u>(8,382)</u>	<u>(22,319)</u>	<u>(13,937)</u>
Other financing sources (uses):				
Advances In	1,965	2,067	1,320	(747)
Total Other Financing Sources (Uses)	<u>1,965</u>	<u>2,067</u>	<u>1,320</u>	<u>(747)</u>
Net Change in Fund Balance	221	(6,315)	(20,999)	(14,684)
Fund Balance Beginning of Year (includes prior year encumbrances appropriated)	21,060	21,060	21,060	0
Fund Balance End of Year	<u>\$21,281</u>	<u>\$14,745</u>	<u>\$61</u>	<u>(\$14,684)</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, 2005

	Refugee Children Fund			
	Original Budget	Final Budget	Actual	Variance from Final Budget
Revenues:				
Taxes	\$0	\$0	\$0	\$0
Total Revenues	0	0	0	0
Expenditures:				
Current:				
Instruction:				
Regular	23	23	880	(857)
Total Expenditures	23	23	880	(857)
Net Change in Fund Balance	(23)	(23)	(880)	(857)
Fund Balance Beginning of Year (includes prior year encumbrances appropriated)	903	903	903	0
Fund Balance End of Year	\$880	\$880	\$23	(\$857)

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, 2005

	Title I Fund			
	Original Budget	Final Budget	Actual	Variance from Final Budget
Revenues:				
Intergovernmental	\$85,385	\$554,742	\$424,979	(\$129,763)
Total Revenues	85,385	554,742	424,979	(129,763)
Expenditures:				
Current:				
Instruction:				
Regular	58,169	375,675	310,051	65,624
Support Services:				
Instructional Staff	34,747	224,407	185,207	39,200
Operation of Non-Instructional Services	2,684	17,335	14,307	3,028
Total Expenditures	95,600	617,417	509,565	107,852
Excess of Revenues Over (Under) Expenditures	(10,215)	(62,675)	(84,586)	(21,911)
Other financing sources (uses):				
Advances In	9,543	62,004	47,500	(14,504)
Total Other Financing Sources (Uses)	9,543	62,004	47,500	(14,504)
Net Change in Fund Balance	(672)	(671)	(37,086)	(36,415)
Fund Balance Beginning of Year (includes prior year encumbrances appropriated)	37,310	37,310	37,310	0
Fund Balance End of Year	\$36,638	\$36,639	\$224	(\$36,415)

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, 2005

	Title VI Fund			
	Original Budget	Final Budget	Actual	Variance from Final Budget
Revenues:				
Intergovernmental	\$17,634	\$94,104	\$101,134	\$7,030
Total Revenues	17,634	94,104	101,134	7,030
Expenditures:				
Current:				
Instruction:				
Regular	17,522	69,603	80,065	(10,462)
Other	2,120	8,421	9,687	(1,266)
Support Services:				
Instructional Staff	6,069	24,108	27,732	(3,624)
Operation of Non-Instructional Services	16	63	73	(10)
Total Expenditures	25,727	102,195	117,557	(15,362)
Net Change in Fund Balance	(8,093)	(8,091)	(16,423)	(8,332)
Fund Balance Beginning of Year (includes prior year encumbrances appropriated)	29,778	29,778	29,778	0
Fund Balance End of Year	\$21,685	\$21,687	\$13,355	(\$8,332)

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, 2005

	Drug Free Schools Fund			
	Original Budget	Final Budget	Actual	Variance from Final Budget
Revenues:				
Intergovernmental	\$51,705	\$51,705	\$33,474	(\$18,231)
Total Revenues	51,705	51,705	33,474	(18,231)
Expenditures:				
Current:				
Instruction:				
Regular	2,839	2,839	1,829	1,010
Support Services:				
Pupil	50,590	50,590	32,596	17,994
Total Expenditures	53,429	53,429	34,425	19,004
Net Change in Fund Balance	(1,724)	(1,724)	(951)	773
Fund Balance Beginning of Year (includes prior year encumbrances appropriated)	1,869	1,869	1,869	0
Fund Balance End of Year	\$145	\$145	\$918	\$773

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, 2005

	EHA Pre-School Fund			
	Original Budget	Final Budget	Actual	Variance from Final Budget
Revenues:				
Intergovernmental	\$63,254	\$74,470	\$55,505	(\$18,965)
Total Revenues	<u>63,254</u>	<u>74,470</u>	<u>55,505</u>	<u>(18,965)</u>
Expenditures:				
Current:				
Support Services:				
Pupil	51,210	60,123	45,024	15,099
Instructional Staff	13,237	15,541	11,638	3,903
Total Expenditures	<u>64,447</u>	<u>75,664</u>	<u>56,662</u>	<u>19,002</u>
Net Change in Fund Balance	(1,193)	(1,194)	(1,157)	37
Fund Balance Beginning of Year (includes prior year encumbrances appropriated)	<u>1,194</u>	<u>1,194</u>	<u>1,194</u>	<u>0</u>
Fund Balance End of Year	<u>\$1</u>	<u>\$0</u>	<u>\$37</u>	<u>\$37</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, 2005

	Title VI-R Fund			
	Original Budget	Final Budget	Actual	Variance from Final Budget
Revenues:				
Intergovernmental	\$20,098	\$212,190	\$187,862	(\$24,328)
Total Revenues	20,098	212,190	187,862	(24,328)
Expenditures:				
Current:				
Instruction:				
Regular	18,587	165,153	163,388	1,765
Support Services:				
Instructional Staff	14,527	129,073	127,693	1,380
Total Expenditures	33,114	294,226	291,081	3,145
Excess of Revenues Over (Under) Expenditures	(13,016)	(82,036)	(103,219)	(21,183)
Other financing sources (uses):				
Advances In	7,221	76,241	67,500	(8,741)
Total Other Financing Sources (Uses)	7,221	76,241	67,500	(8,741)
Net Change in Fund Balance	(5,795)	(5,795)	(35,719)	(29,924)
Fund Balance Beginning of Year (includes prior year encumbrances appropriated)	35,757	35,757	35,757	0
Fund Balance End of Year	\$29,962	\$29,962	\$38	(\$29,924)

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, 2005

	Miscellaneous Grants Fund			
	Original Budget	Final Budget	Actual	Variance from Final Budget
Revenues:				
Intergovernmental	\$7,703	\$21,171	\$17,046	(\$4,125)
Total Revenues	7,703	21,171	17,046	(4,125)
Expenditures:				
Current:				
Instruction:				
Regular	268	7,556	9,318	(1,762)
Other	16	445	549	(104)
Support Services:				
Instructional Staff	292	8,217	10,134	(1,917)
Total Expenditures	576	16,218	20,001	(3,783)
Excess of Revenues Over (Under) Expenditures	7,127	4,953	(2,955)	(7,908)
Other financing sources (uses):				
Advances In	296	814	655	(159)
Advances (Out)	(219)	(6,163)	(7,600)	(1,437)
Total Other Financing Sources (Uses)	77	(5,349)	(6,945)	(1,596)
Net Change in Fund Balance	7,204	(396)	(9,900)	(9,504)
Fund Balance Beginning of Year (includes prior year encumbrances appropriated)	9,904	9,904	9,904	0
Fund Balance End of Year	\$17,108	\$9,508	\$4	(\$9,504)

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, 2005

	Debt Service Fund			
	Original Budget	Final Budget	Actual	Variance from Final Budget
Revenues:				
Taxes	\$10,857,197	\$11,279,613	\$11,416,022	\$136,409
Intergovernmental	1,207,230	1,254,199	1,269,367	15,168
Total Revenues	<u>12,064,427</u>	<u>12,533,812</u>	<u>12,685,389</u>	<u>151,577</u>
Expenditures:				
Current:				
Support Services:				
Fiscal	173,733	173,733	160,480	13,253
Debt Service:				
Principal Retirement	5,760,593	5,760,593	5,760,593	0
Interest and Fiscal Charges	6,258,896	6,258,896	5,342,006	916,890
Total Expenditures	<u>12,193,222</u>	<u>12,193,222</u>	<u>11,263,079</u>	<u>930,143</u>
Excess of Revenues Over (Under) Expenditures	<u>(128,795)</u>	<u>340,590</u>	<u>1,422,310</u>	<u>1,081,720</u>
Other financing sources (uses):				
Proceeds of Long-Term Capital-Related Debt	18,044	18,746	18,973	227
Total Other Financing Sources (Uses)	<u>18,044</u>	<u>18,746</u>	<u>18,973</u>	<u>227</u>
Net Change in Fund Balance	(110,751)	359,336	1,441,283	1,081,947
Fund Balance Beginning of Year (includes prior year encumbrances appropriated)	<u>6,323,685</u>	<u>6,323,685</u>	<u>6,323,685</u>	<u>0</u>
Fund Balance End of Year	<u>\$6,212,934</u>	<u>\$6,683,021</u>	<u>\$7,764,968</u>	<u>\$1,081,947</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, 2005

	Permanent Improvement Fund			
	Original Budget	Final Budget	Actual	Variance from Final Budget
Revenues:				
Taxes	\$0	\$0	\$0	\$0
Investment Earnings	0	870	\$870	\$0
Total Revenues	0	870	870	0
Expenditures:				
Current:				
Capital Outlay	0	0	181,165	(181,165)
Total Expenditures	0	0	181,165	(181,165)
Excess of Revenues Over (Under) Expenditures	0	870	(180,295)	(181,165)
Other financing sources (uses):				
Proceeds from Sale of Capital Assets	0	149,382	149,430	48
Total Other Financing Sources (Uses)	0	149,382	149,430	48
Net Change in Fund Balance	0	150,252	(30,865)	(181,117)
Fund Balance Beginning of Year (includes prior year encumbrances appropriated)	192,869	192,869	192,869	0
Fund Balance End of Year	\$192,869	\$343,121	\$162,004	(\$181,117)

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, 2005

	Building Fund			
	Original Budget	Final Budget	Actual	Variance from Final Budget
Revenues:				
Taxes	\$0	\$0	\$0	\$0
Total Revenues	0	0	0	0
Expenditures:				
Current:				
Capital Outlay	0	0	162,261	(162,261)
Total Expenditures	0	0	162,261	(162,261)
Net Change in Fund Balance	0	0	(162,261)	(162,261)
Fund Balance Beginning of Year (includes prior year encumbrances appropriated)	166,626	166,626	166,626	0
Fund Balance End of Year	<u>\$166,626</u>	<u>\$166,626</u>	<u>\$4,365</u>	<u>(\$162,261)</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, 2005

	SchoolNet Fund			
	Original Budget	Final Budget	Actual	Variance from Final Budget
Revenues:				
Intergovernmental	\$0	\$138,075	\$138,075	\$0
Total Revenues	0	138,075	138,075	0
Expenditures:				
Current:				
Instruction:				
Regular	0	138,075	137,691	384
Total Expenditures	0	138,075	137,691	384
Net Change in Fund Balance	0	0	384	384
Fund Balance Beginning of Year (includes prior year encumbrances appropriated)	0	0	0	0
Fund Balance End of Year	\$0	\$0	\$384	\$384

**STATISTICAL
SECTION**

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TABLE 1

Lakota Local School District, Ohio
 General School System Revenues by Source - Government-Wide
 Last Ten Fiscal Years*

Fiscal Year	2003	2004	2005
Program Revenues:			
Charges for Services	\$6,208,798	\$6,642,423	\$8,247,271
Operating Grants and Contributions	2,943,404	4,122,476	4,639,740
Capital Grants and Contributions	450,657	107,748	248,830
General Revenues:			
Property Taxes Levied for:			
General Purposes	58,108,666	65,507,861	63,722,046
Debt Service	12,046,037	12,135,005	11,156,541
Grants and Entitlements not Restricted to Specific Programs	49,540,604	51,745,302	54,260,058
Payment in Lieu of Taxes	1,472,801	2,153,931	257,770
Unrestricted Contributions	61,652	31,743	0
Investment Earnings	1,178,297	471,746	1,029,907
Other revenues	651,656	466,531	434,303
Total revenues	\$132,662,572	\$143,384,766	\$143,996,466

Source: Lakota Local School District records.

* - Only information for years 2003-2005 available

TABLE 2

Lakota Local School District, Ohio
 General School System Expenses by Function - Government-Wide
 Last Ten Fiscal Years*

	Fiscal Year	2003	2004	2005
Instruction		\$66,999,455	\$72,506,183	\$68,933,022
Instructional Staff		5,722,639	7,327,784	7,715,598
Pupil		8,340,975	8,663,017	9,867,976
General Administration		27,184	23,719	67,385
School Administration		10,009,748	10,204,176	10,579,888
Business and Fiscal		2,034,203	2,581,434	2,455,014
Operations and Maintenance		11,414,121	11,177,889	10,438,378
Pupil Transportation		7,724,737	9,929,606	14,371,115
Central		2,074,718	2,343,254	2,555,949
Operation of Non-Instructional Services		45,255	139,383	357,834
Extracurricular Activities		2,810,168	3,011,917	3,103,182
Interest and Fiscal Charges		6,002,168	5,597,681	5,183,120
Total Expenditures - Governmental Activities		<u>\$123,205,271</u>	<u>\$133,506,043</u>	<u>\$135,628,461</u>

Source: Lakota Local School District records.

* - Only information for years 2003-2005 available

TABLE 3

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

Fiscal Year	1996	1997	1998	1999	2000	2001	2002	2003	2004	2005
Taxes	\$31,963,428	\$35,386,346	\$46,291,911	\$42,983,537	\$40,636,659	\$51,072,992	\$59,412,475	\$58,108,666	\$63,229,959	\$65,160,104
Intergovernmental	21,197,594	22,464,910	25,870,273	28,252,764	32,198,954	36,295,600	46,515,382	49,816,510	51,384,574	53,179,804
Interest	803,554	1,155,359	1,463,753	1,264,336	1,423,587	2,414,249	944,347	835,757	454,145	1,008,693
Tuition and fees	311,671	435,152	391,542	381,159	90,103	142,070	219,195	443,369	443,132	537,653
Extracurricular activities	299,191	100,737	123,183	129,675	20,235	5,815	3,015	1,945	0	0
Revenue in lieu of taxes	0	0	0	0	0	0	0	0	0	257,770
Charges for Services	0	0	0	0	0	0	0	0	0	295,331
Other revenues	236,059	287,039	644,730	526,446	1,135,148	1,108,959	1,009,728	1,995,414	1,016,348	143,640
Total revenues	\$54,811,497	\$59,829,543	\$74,785,392	\$73,537,917	\$75,504,686	\$91,039,685	\$108,104,142	\$111,201,661	\$116,528,168	\$120,582,995

Source: Lakota Local School District records.

TABLE 4

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

Fiscal Year	1996	1997	1998	1999	2000	2001	2002	2003	2004	2005
Instruction:										
Regular	\$27,208,177	\$29,947,276	\$34,616,606	\$38,616,055	\$41,388,128	\$42,920,240	\$49,238,596	\$54,779,394	\$58,479,529	\$55,426,594
Special	3,619,215	4,018,337	4,555,155	5,254,505	5,801,329	6,359,384	7,658,169	8,371,030	9,476,684	9,129,963
Vocational	166,876	153,735	279,858	246,573	240,986	321,305	253,789	267,363	283,553	186,872
Other	72,455	72,718	104,369	111,550	194,243	278,680	406,687	208,288	292,795	244,275
Support services:										
Pupil	2,740,019	3,064,287	3,790,504	4,053,907	4,194,333	4,535,887	5,602,823	5,985,886	6,585,794	6,825,857
Instructional staff	2,172,031	2,506,440	3,599,289	3,733,793	4,323,451	4,883,672	5,673,642	5,446,368	6,685,164	7,104,726
General administration	27,211	47,924	30,086	32,985	8,714	35,889	23,984	27,184	22,537	67,385
School administration	3,975,378	4,534,732	5,685,998	6,094,554	7,130,132	7,145,146	8,550,058	8,432,557	10,265,494	10,332,567
Fiscal and business	1,143,121	1,293,181	1,269,665	1,558,603	1,752,099	1,765,074	2,073,063	1,950,740	2,264,167	2,123,720
Operations and maintenance	4,767,951	5,308,632	6,926,534	7,640,848	7,566,261	7,272,764	8,769,880	9,953,909	11,197,249	10,065,988
Pupil transportation	3,315,033	4,206,226	5,958,036	5,398,641	5,786,291	7,368,359	7,892,750	7,158,151	9,280,591	13,791,734
Central	241,062	400,402	448,627	691,574	1,268,535	1,019,892	1,228,715	2,191,463	2,141,035	2,326,711
Operations of non-instructional services	2,055	2,714	3,602	8,065	3,381	3,166	0	2,294	4,285	162,570
Extracurricular activities	579,326	739,033	1,191,464	1,310,626	1,498,775	1,579,630	1,609,087	1,515,712	1,734,813	570,076
Capital outlay	0	0	114,562	104,955	781,574	35,983	210,862	0	1,042,859	432,715
Debt Service	113,594	75,617	100,090	322,399	0	789,893	0	0	0	0
Principal retirement	10,370	53,114	48,055	68,046	28,379	103,200	0	0	0	0
Interest and fiscal charges										
Total expenditures	\$50,153,874	\$56,424,368	\$68,722,500	\$75,247,679	\$81,966,611	\$86,418,164	\$99,192,105	\$106,290,339	\$119,756,049	\$118,791,753

Source: Lakota Local School District records.

Table 5

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
1996	36,639,929	36,639,929	100%	1,488,675	38,128,604	104%	1,337,222	3.6%
1997	45,857,910	45,857,910	100%	1,535,268	47,393,178	103%	1,248,839	2.7%
1998	47,506,385	47,506,385	100%	1,104,758	48,611,143	102%	1,793,632	3.8%
1999	49,733,189	49,002,544	99%	1,066,729	50,069,273	101%	1,457,548	2.9%
2000	51,603,050	51,384,592	100%	899,725	52,284,317	101%	776,281	1.5%
2001	67,320,527	64,924,194	96%	1,225,648	66,149,842	98%	1,946,966	2.9%
2002	67,659,376	65,274,114	96%	1,572,990	66,847,103	99%	2,759,238	4.1%
2003	71,617,353	71,010,316	99%	1,721,327	72,731,643	102%	1,644,948	2.3%
2004	72,237,286	72,208,219	99%	2,096,301	74,304,520	103%	2,668,300	3.7%
2005	75,498,963	72,635,918	96%	1,844,649	74,480,567	99%	3,686,696	0.5%

Source: Butler County Auditor.

TABLE 6

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
1996	1,086,266,210	3,103,617,743	104,616,706	418,466,824	73,949,520	84,033,545	1,264,832,436	3,606,118,112
1997	1,189,903,220	3,399,723,486	121,815,238	487,260,952	74,532,500	84,696,023	1,386,250,958	3,971,680,460
1998	1,243,409,780	3,552,599,371	133,868,633	535,474,532	74,264,120	84,391,045	1,451,542,533	4,172,464,949
1999	1,303,927,250	3,725,506,429	136,671,688	546,686,752	78,477,160	89,178,591	1,519,076,098	4,361,371,771
2000	1,470,277,860	4,200,793,885	136,507,980	546,031,920	81,764,790	92,914,534	1,688,550,630	4,839,740,339
2001	1,596,004,850	4,560,013,857	156,691,941	626,767,764	79,376,000	90,200,000	1,832,072,791	5,276,981,621
2002	1,646,429,860	4,704,085,314	170,886,501	683,546,004	60,981,990	69,297,716	1,878,298,351	5,456,929,034
2003	1,960,455,290	5,601,300,829	171,600,152	686,400,608	58,862,530	66,889,239	2,190,917,972	6,354,590,675
2004	2,027,523,000	5,792,922,857	171,154,345	684,617,380	59,663,620	68,687,330	2,258,340,965	6,546,217,567
2005	2,145,381,260	6,129,660,742	173,951,122	695,804,488	60,653,310	68,924,215	2,379,985,692	6,894,389,445

Source: Butler County Auditor.

TABLE 7

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

Tax Year/ Collection Year	COUNTY		CITIES		SCHOOL DISTRICTS						TOWNSHIPS		
	Butler County	8.74	Monroe City	Fairfield City	Lakota Local School District			Butler County			West Chester Township	Liberty Township Excluded	Liberty Township Monroe
					General Fund	Voted	Bond Fund	Unvoted General Fund	Vocational School	Joint			
2004/2005		8.74	9.85	5.94	48.55	5.00	6.49	1.93	13.09	10.59	0.59		
2003/2004		8.74	9.85	5.94	48.55	5.00	6.49	1.93	13.09	10.59	0.59		
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		

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.

TABLE 8

Iakota 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
1996	53,362	1,264,832,436	84,966,686	1,652,342	83,314,344	6.6%	1,561
1997	53,362	1,386,250,958	82,101,686	2,168,285	79,933,402	5.8%	1,498
1998	53,362	1,451,542,533	79,408,414	2,136,837	77,271,577	5.3%	1,448
1999	53,362	1,519,076,098	78,993,414	2,617,349	76,376,065	5.0%	1,431
2000	53,362	1,688,550,630	74,689,067	3,106,964	71,582,103	4.2%	1,341
2001	77,714	1,832,072,791	114,537,519	51,050,590	63,486,929	3.5%	817
2002	79,895	1,878,298,351	111,763,062	5,094,538	106,668,524	5.7%	1,335
2003	73,633	2,190,917,972	105,423,674	5,426,471	99,997,203	4.6%	1,358
2004	73,633	2,258,340,965	98,639,581	6,630,404	92,009,177	4.1%	1,250
2005	73,633	2,379,985,692	92,878,987	8,054,408	84,824,579	3.6%	1,152

Source:

(1) District Records

(2) Butler County Auditor

TABLE 9

Lakota Local School District, Ohio
 Computation of Legal Debt Margin
 June 30, 2005

Assessed Valuation of District	<u>\$2,379,985,692</u>
<hr/>	
Overall Direct Debt Limitation	
Direct debt limitation	
9% of assessed valuation	214,198,712
Amount available in Debt Service Fund	8,054,408
Gross indebtedness	<u>\$92,878,987</u>
Less: Debt exempt from limitation	<u>0</u>
Debt subject to 9% limitation	<u>(92,878,987)</u>
Legal debt margin within 9% limitation	<u>\$129,374,133</u>
<hr/>	
Unvoted Direct Debt Limitation	
Unvoted debt limitation	
0.1% of assessed valuation	\$2,379,986
Amount available in Debt Service Fund	n/a
related to unvoted debt	
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>\$2,379,986</u>
<hr/>	
Energy Conservation Bond Limitation	
Ohio Revised Code Section 133.042	
Debt limitation	
0.9% of assessed valuation	\$21,419,871
Energy conservation notes authorized	
by the Board	
Legal debt margin within 0.9% limitation	<u>\$21,419,871</u>

Source: Lakota Local School District records.

TABLE 10

Lakota Local School District, Ohio
 Computation of Direct and Overlapping Debt
 June 30, 2005

Governmental Unit	Gross General Obligation	Percent Applicable to District (1)	Amount Applicable to District
Direct:			
Lakota Local School District	\$92,878,988	100.00%	\$92,878,988
Overlapping:			
Butler County	80,380,000	32.29%	25,954,702
West Chester Township	40,605,000	95.24%	38,672,202
Liberty Township	5,397,602	100.00%	5,397,602
Fairfield City	27,680,000	1.22%	337,696
Monroe City	7,565,000	4.46%	337,399
Butler County Joint Vocational School	2,295,000	36.91%	847,085
Total overlapping:	\$163,922,602		\$71,546,687
Total direct and overlapping debt:	\$256,801,590		\$164,425,675

Source: Ohio Municipal Advisory Council.

NOTE: Updated information was not available. Data presented is information as of June 30, 2004.

TABLE 11

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

Fiscal Year	Principal	Interest	Total Debt Service	Total General Fund Expenditures	Ratio of Debt Service to General Fund Expenditures (%)
1996	2,855,000	5,097,533	7,932,533	56,424,368	14%
1997	2,865,000	4,922,671	7,787,671	68,722,500	11%
1998	22,940,000	4,726,990	27,666,990	75,247,679	37%
1999	4,000,000	4,250,357	8,250,357	81,966,611	10%
2000	4,474,347	4,403,764	8,878,111	86,418,164	10%
2001	5,234,231	5,840,016	11,074,247	86,568,164	13%
2002	5,644,456	6,285,846	11,930,302	99,192,105	12%
2003	6,339,388	6,026,810	12,366,198	106,290,339	12%
2004	6,784,094	5,566,021	12,350,115	119,756,049	11%
2005	5,760,593	5,342,006	11,102,599	118,791,753	9%

Source: Lakota Local School District records.

TABLE 12

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

Fiscal Year	Population (1)	School Enrollment (1)	Unemployment Rate (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	3.0%
2001	77,714	15,143	3.2%
2002	79,895	15,498	4.40%
2003	73,633	15,845	4.50%
2004	73,633	16,351	5.40%
2005	73,633	16,961	5.00%

Sources:

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

TABLE 13

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

Calendar Year	New Construction (1)	Bank Deposits (2) (in Thousands)	Property Values (3)
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	913,169,000	1,519,076,098
2000	111,454,810	1,152,810,000	1,688,550,630
2001	79,828,140	1,136,994,000	1,832,072,791
2002	75,400,080	1,257,078,000	1,878,298,351
2003	34,445,270	1,355,739,000	1,960,455,290
2004	68,687,330	10,267,537,000	2,027,523,000
2005	89,451,200	*	2,145,381,260

* - Information not available

Sources:

- (1) Butler County Auditor
2005 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.

TABLE 14

Lakota Local School District, Ohio
 Real and Tangible Personal Property
 Top Ten Principal Taxpayers
 June 30, 2005

Name of Taxpayer	Total Assessed Valuation	% of Total Assessed Valuation
Cincinnati Gas & Electric Co. (Chenergy)	\$40,534,830	1.79%
Dugan Financing LLC	29,443,990	1.30%
Security Capital Ind Ty	13,106,870	0.58%
Centerpoint Realty Services Co.	13,105,870	0.58%
Distribution Funding II Inc.	13,023,840	0.58%
Cincinnati Bell Telephone Co.	12,297,730	0.54%
Atlantic Financial Group LTD	9,607,630	0.43%
Centre Point Building	8,159,200	0.36%
Dugan Realty LLC	7,990,930	0.35%
Union Station of West Chester LLC	7,149,010	0.32%
All Other Taxpayers	<u>2,103,921,065</u>	<u>98.16%</u>
	<u>\$2,258,340,965</u>	<u>100.0%</u>

Source: Butler County Auditor.

Note: Updated information was not available. Data presented is information as of June 30, 2004.

TABLE 15

Lakota Local School District, Ohio
 Miscellaneous Statistical Data
 June 30, 2005

Enrollment by Grade	Year												Total			
	Pre-K	K	1	2	3	4	5	6	7	8	9	10		11	12	JEP
2004 - 05	323	1,333	1,302	1,223	1,342	1,318	1,305	1,289	1,290	1,316	1,321	1,231	1,246	1,095	27	16,961
The following are projections:																
2005 - 06	315	1,301	1,451	1,307	1,252	1,390	1,353	1,337	1,311	1,299	1,296	1,431	1,160	1,206	38	17,447
2006 - 07	339	1,330	1,400	1,457	1,336	1,295	1,427	1,385	1,361	1,319	1,281	1,407	1,349	1,119	41	17,846
2007 - 08	361	1,360	1,431	1,405	1,490	1,383	1,330	1,461	1,410	1,370	1,301	1,392	1,326	1,300	43	18,363
2008 - 09	387	1,390	1,463	1,436	1,437	1,542	1,420	1,361	1,487	1,419	1,351	1,413	1,311	1,278	46	18,741
2009 - 10	411	1,419	1,495	1,467	1,469	1,487	1,583	1,454	1,386	1,496	1,400	1,467	1,331	1,264	49	19,178
2010 - 11	434	1,449	1,527	1,501	1,502	1,520	1,526	1,620	1,479	1,395	1,476	1,520	1,382	1,283	52	19,666
2011 - 12	459	1,479	1,559	1,532	1,535	1,554	1,560	1,563	1,649	1,489	1,375	1,603	1,432	1,332	54	20,175
2012 - 13	482	1,508	1,591	1,565	1,567	1,588	1,597	1,597	1,590	1,660	1,468	1,494	1,510	1,380	57	20,654
2013 - 14	506	1,538	1,622	1,592	1,600	1,622	1,634	1,633	1,626	1,604	1,637	1,595	1,407	1,455	60	21,131
2014 - 15	530	1,568	1,655	1,628	1,633	1,656	1,665	1,669	1,663	1,636	1,579	1,778	1,503	1,356	62	21,581

Sources: Lakota Local School District records.
 EMIS October 2004 data

Table 16

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

Year	Proposed State Basic Aid Per Pupil	Percentage Change	Actual State General Fund Aid Per Pupil Received	Percentage Change	Lakota Cost Per Pupil in ADM	Percentage Increase
2004/2005	5,169	2.2%	2,790	1.6%	8,026	(2.2%)
2003/2004	5,058	2.2%	2,745	(0.6%)	8,203	7.6%
2002/2003	4,949	2.8%	2,762	5.2%	7,624	5.6%
2001/2002	4,814	12.1%	2,626	26.6%	7,221	11.4%
2000/2001	4,294	6.0%	2,075	22.3%	6,482	3.6%
1999/2000	4,052	5.2%	1,697	(3.9%)	6,255	6.9%
1998/1999	3,851	5.1%	1,766	4.7%	5,850	9.0%
1997/1998	3,663	4.7%	1,687	(5.2%)	5,369	16.5%
1996/1997	3,500	5.6%	1,779	3.0%	4,607	7.0%
1995/1996	3,315	15.5%	1,727	(0.1%)	4,304	2.6%

Source: School district financial records.

Table 17

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

	95-96	96-97	97-98	98-99	99-00	00-01	01-02	02-03	03-04	04-05
Graduation Rate (%)										
Students Graduating	83.59	89.09	91.84	95.20	90.60	90.30	94.00	96.10	96.10	96.10
Student Attendance Rate (%)										
All Grades	95.50	96.97	97-98	98-99	99-00	00-01	01-02	02-03	03-04	04-05
	95.50	95.57	95.68	95.30	94.50	95.50	96.00	96.00	96.20	96.20
Student Dropout Rate (%)										
All Grades	1.44	1.65	1.30	**	**	**	**	**	**	**
% of College Preparatory										
Students Graduating	95.96	96-97	97-98	98-99	99-00	00-01	01-02	02-03	03-04	04-05
	95.87	64.84	73.80	**	**	86.00	87.00	90.00	90.00	85.00
ACT Scores										
Lakota High School	95-96	96-97	97-98 *	98-99*	99-00*	00-01	01-02	02-03	03-04	04-05
Lakota East High School	23.00	22.70	-	-	-	-	-	-	-	-
Lakota West High School	-	-	22.20	22.80	23.10	23.10	22.70	23.00	22.20	22.60
National	20.90	21.00	21.00	21.00	21.00	21.00	20.80	19.30	20.90	21.00
Ohio	21.30	21.30	21.40	21.40	21.40	21.40	21.40	19.60	21.40	21.40

* District opened two new high schools to replace the one Lakota High School beginning 1997-98.
** Information was unavailable at the time this report was published.

Source: School District records

Table 18

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

Teacher Class Size	95-96	96-97	97-98	98-99	99-00	00-01	01-02	02-03	03-04	04-05
Pupil/Teacher Ratio	23.37	22.91	21.88	19.70	19.70	22.14	19.60	20.47	20.13	23.97
Teacher Education	95-96	96-97	97-98	98-99	99-00	00-01	01-02	02-03	03-04	04-05
Teachers with No Degree	0.16%	0.15%	0.00%	0.10%	0.10%	0.00%	0.00%	0.00%	0.00%	0.00%
Teachers with Bachelors Degree	30.92%	27.52%	26.53%	22.70%	22.10%	21.00%	20.20%	26.53%	15.60%	13.00%
Teachers with Bachelors plus 150 Hours	29.50%	30.65%	30.35%	27.30%	27.90%	29.00%	29.60%	23.50%	27.80%	22.00%
Teachers with Masters Degree	39.42%	41.68%	43.12%	49.90%	50.80%	50.00%	50.30%	49.97%	56.60%	65.00%
Teacher Experience	95-96	96-97	97-98	98-99	99-00	00-01	01-02	02-03	03-04	04-05
Average Teachers Experience	11.10	12.00	11.90	11.60	11.30	11.60	11.83	12.34	12.76	12.00

Source: Vital Statistics-Ohio State Department of Education.



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LAKOTA LOCAL SCHOOL DISTRICT

BUTLER COUNTY

CLERK'S CERTIFICATION

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

Susan Babbitt

CLERK OF THE BUREAU

**CERTIFIED
JANUARY 12, 2006**