



Mary Taylor, CPA
Auditor of State

LAKOTA LOCAL SCHOOL DISTRICT
BUTLER COUNTY

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**LAKOTA LOCAL SCHOOL DISTRICT
BUTLER COUNTY**

**FEDERAL AWARDS EXPENDITURES SCHEDULE
FOR THE YEAR ENDED JUNE 30, 2007**

FEDERAL GRANTOR <i>Pass Through Grantor</i> Program Title	Pass Through Entity Number	Federal CFDA Number	Receipts	Disbursements
U.S. DEPARTMENT OF AGRICULTURE <i>Passed Through Ohio Department of Education:</i>				
Child Nutrition Cluster				
School Breakfast Program	05PU	10.553	\$69,818	\$69,818
Special Milk Program	02PU	10.556	3,259	3,259
National School Lunch Program	LLP4	10.555	595,554	595,554
Total Child Nutrition Cluster			<u>668,631</u>	<u>668,631</u>
Total U.S. Department of Agriculture			<u>668,631</u>	<u>668,631</u>
U.S. DEPARTMENT OF EDUCATION <i>Passed Through Ohio Department of Education:</i>				
Special Education Cluster				
Title VI-B: Special Education Grants to States	6BSA/SD/SF	84.027	3,144,842	3,143,291
Special Education - Preschool Grant	PGS1	84.173	107,717	111,252
Total Special Education Cluster			3,252,559	3,254,543
Title I: Grants to Local Educational Agencies	C1S1	84.010	511,745	553,432
JAVITS	JGS2	84.206	8,333	426
Title V: Innovative Education Program Strategies	C2S1	84.298	28,447	33,608
Improving Teacher Quality	TRS1	84.367	316,261	261,506
Title III	T3S1 & T3S2	84.365	89,039	92,341
Title II-D: Education Technology	TJS1	84.318	7,853	9,380
Hurricane Education Recovery Act	HR01	84.938	25,500	25,500
Safe and Drug Free Schools	DRS1	84.186	46,110	38,169
Total U.S. Department of Education			<u>4,285,847</u>	<u>4,268,905</u>
Total			<u>\$4,954,478</u>	<u>\$4,937,536</u>

The accompanying notes 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, 2007**

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

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.



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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
Liberty Township, 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, 2007, which collectively comprise the District's basic financial statements and have issued our report thereon dated December 21, 2007. 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 as a basis for designing our audit procedures for expressing our opinions on the financial statements, but not to opine on the effectiveness of the District's internal control over financial reporting. Accordingly, we have not opined on the effectiveness of the District's internal control over financial reporting.

A control deficiency exists when the design or operation of a control does not allow management or employees, in performing their assigned functions, to prevent or detect misstatements on a timely basis. A significant deficiency is a control deficiency, or combination of control deficiencies, that adversely affects the District's ability to initiate, authorize, record, process, or report financial data reliably in accordance with its applicable accounting basis, such that there is more than a remote likelihood that the District's internal control will not prevent or detect a more-than-inconsequential financial statement misstatement.

A material weakness is a significant deficiency, or combination of significant deficiencies resulting in more than a remote likelihood that the District's internal control will not prevent or detect a material financial statement misstatement.

Our consideration of internal control over financial reporting was for the limited purpose described in the first paragraph of this section and would not necessarily identify all internal control deficiencies that might be significant deficiencies or material weaknesses. We did not identify any deficiencies in internal control over financial reporting that we consider material weaknesses, as defined above.

We noted certain matters that we reported to the District's management in a separate letter dated December 21, 2007.

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*.

We did note certain noncompliance or other matters that we reported to the District's management in a separate letter dated December 21, 2007.

We intend this report solely for the information and use of the audit committee, management, Board of Education, and federal awarding agencies and pass-through entities. We intend it for no one other than these specified parties.



Mary Taylor, CPA
Auditor of State

December 21, 2007



Mary Taylor, CPA

Auditor of State

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

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

To the Board of Education:

Compliance

We have audited the compliance of Lakota Local School District, Butler County, Ohio (the District), with the types of compliance requirements described in the U.S. Office of Management and Budget (OMB) *Circular A-133, Compliance Supplement* that apply to each of its major federal programs for the year ended June 30, 2007. 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, Lakota Local School 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, 2007.

Internal Control Over Compliance

The District's management is responsible for establishing and maintaining effective internal control over compliance with the 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 in order to determine our auditing procedures for the purpose of expressing our opinion on compliance, but not for the purpose of expressing an opinion on the effectiveness of internal control over compliance.

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Accordingly, we do not express an opinion on the effectiveness of the District's internal control over compliance.

A *control deficiency* in internal control over compliance exists when the design or operation of a control does not allow management or employees, when performing their assigned functions, to prevent or detect noncompliance with a federal program compliance requirement on a timely basis. A *significant deficiency* is a control deficiency, or combination of control deficiencies, that adversely affects the District's ability to administer a federal program such that there is more than a remote likelihood that the District's internal control will not prevent or detect more-than-inconsequential noncompliance with a federal program compliance requirement.

A material weakness is a significant deficiency, or combination of significant deficiencies, that results in more than a remote likelihood that the District's internal control will not prevent or detect material noncompliance with a federal program's compliance requirements.

Our consideration of internal control over compliance was for the limited purpose described in the first paragraph of this section and would not necessarily identify all deficiencies in internal control that might be significant deficiencies or material weaknesses. We did not identify any deficiencies in internal control over compliance that we consider to be material weaknesses, as defined above.

Federal Awards Receipts and Expenditures Schedule

We have also 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, 2007, and have issued our report thereon dated December 21, 2007. Our audit was performed to form opinions on the financial statements that collectively comprise the District's basic financial statements taken as a whole. The accompanying federal awards receipts and expenditures schedule provides additional information as required by OMB Circular A-133 and is not a required part of the basic financial statements. We subjected this information to the auditing procedures applied in the audit of the basic financial statements. In our opinion, this information is fairly stated, in all material respects, in relation to the basic financial statements taken as a whole.

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



Mary Taylor, CPA
Auditor of State

December 21, 2007

**LAKOTA LOCAL SCHOOL DISTRICT
BUTLER COUNTY**

**SCHEDULE OF FINDINGS
OMB CIRCULAR A -133 § .505
June 30, 2007**

1. SUMMARY OF AUDITOR'S RESULTS

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

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

None.

3. FINDINGS FOR FEDERAL AWARDS

None.

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LAKOTA LOCAL SCHOOL DISTRICT
BUTLER COUNTY

SCHEDULE OF PRIOR AUDIT FINDINGS
OMB CIRCULAR A -133 § .315 (b)
JUNE 30, 2007

Finding Number	Finding Summary	Fully Corrected?	Not Corrected, Partially Corrected; Significantly Different Corrective Action Taken; or Finding No Longer Valid; <i>Explain</i>
2006-001	ORC Section 117.28, finding for recovery for unaccounted public monies	Yes	Repaid under audit.

Comprehensive Annual Financial Report

for the year ended June 30, 2007



Lakota Local Schools
Butler County, Ohio

LAKOTA LOCAL SCHOOL DISTRICT
BUTLER COUNTY, OHIO

COMPREHENSIVE ANNUAL FINANCIAL REPORT
FOR THE FISCAL YEAR ENDED JUNE 30, 2007

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 21, 2007

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, 2007. 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, 2006 CAFR. Also included are the District's major and future initiatives.

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

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

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

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

ECONOMIC CONDITION AND OUTLOOK

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

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 17,782 in 2006-2007.

The District now houses students in two high schools, one freshman school, four junior schools, eleven 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	673
Hopewell Elementary 8300 Cox Road	K-6	1961	907
Liberty Elementary 6040 Princeton Rd.	1-6	1928	598
Union Elementary 8735 Cincinnati-Dayton	1-6	1953	588
Freedom Elementary 6035 Beckett Ridge	1-6	1988	676
Woodland Elementary 6923 Dutchland Pkwy	1-6	1990	837
Shawnee Elementary 9394 Sterling Dr	K-6	1993	622
Heritage Elementary 5052 Hamilton Mason	1-6	1992	687
VanGorden Elementary 6475 LeSourds/W. Chester Road	1-5	2003	906
Hopewell Junior 8200 Cox Rd.	7-8	1972	650
Lakota Plains Junior 5500 Princeton	6-8	2003	893

Liberty Junior 7055 Dutchland Pkwy	6-8	1977	894
Lakota Ridge Junior 6199 Beckett Ridge	7-8	1992	663
Cherokee Elementary 5345 Kyles Station	1-6	1994	891
Independence Elementary 7480 Princeton Rd.	1-5	1994	832
Early Childhood Center 5060 Tylersville	K	1970	1,325
Freshman School 5050 Tylersville	9	1958	1,282
Lakota East High 6840 Lakota Ln.	10-12	1997	1,861
Lakota West High 8940 Union Centre	10-12	1997	1,997
Board Office 5572 Princeton	Admin	2003	
Service Center 6947 Yankee Rd.	Offices	1977	
Endeavor Elementary 4400 Smith Road	1-6	2007 (est)	800
Wyandot Early Childhood School 7667 Summerlin Road	1-6	2007 (est)	800
Lakota East Freshman 7630 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, 2007 were as follows:

Board Member	Term Expires	Years as Member	Profession
Joan Powell President	12/31/2009	9	Realtor
Jamie Green Vice President	12/31/2009	1	Homemaker
Susan McLaughlin	12/31/2007	7	Teacher Princeton City
Jeff Rubenstein	12/31/2009	1	Attorney
Daniel Warncke	12/31/2007	7	Attorney

Effective December 20, 2006, the Lakota Board of Education unanimously appointed William “Mike” Taylor Superintendent. He replaced Dr. Philip Ehrhardt who served since July 2005. Mike, a graduate of Lakota Local Schools, has spent his entire career as a Lakota educator. Since 1994 he has been Assistant Superintendent. He began in 1976 as a history teacher at Hopewell Junior School. He later served as assistant principal at Lakota High School and principal at Hopewell Junior School. Mr. Taylor holds a bachelor’s degree from the University of Cincinnati and a master’s degree from Xavier University. He participated in the Harvard Institute for Leadership in 1999 and 2000.

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. Mr. Hutchinson will be leaving the district, effective December 31, 2007, to lead Franklin County Educational Service Center as Treasurer/Chief Fiscal Officer.

EMPLOYEE RELATIONS

The District currently has over 1,700 full-time and part-time employees. After three years of decreases due to budget reductions the number of employees has increased largely as a result of full collection of taxes on the 2005 operating levy.

The District’s teachers are represented for collective bargaining purposes by the Lakota Association of Educators (LEA, an OEA affiliate). The District has three-year collective bargaining agreement with LEA which expires August 31, 2008. The District’s support staff is represented by the Lakota Support Staff Association (LSSA, an OEA Affiliate). The

District has a two year collective bargaining agreement which expires June 30, 2009. The District has contracted its transportation services for the 2006-2007 school year through Petermann LLC.

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

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

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

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

SERVICES PROVIDED

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

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

The food service department served 1,168,055 plate lunches through the District's kitchens. This is accomplished through the full operation of 18 kitchens. The District currently offers a breakfast program at every elementary site.

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

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

The District offers regular instructional programs daily to students in grades K-12. Approximately 2,019 students participated in the specific trades through Butler Tech vocational education. Over 1,519 students receive special services, due to physical or mental handicapping conditions. In grades K-12, approximately 4,417 students have been identified as gifted.

MAJOR CURRENT AND FUTURE INITIATIVES

The 2006-2007 school year was a year of continued progress for Lakota schools. Mike Taylor assumed leadership as Superintendent of the district, and student enrollment growth grew by 360 as Lakota remained the seventh largest school district in Ohio.

With funds from the bond issue approved in November 2005, the opening of Wyandot Early Childhood School and Endeavor Elementary are on schedule for the fall. Both of those schools were completed on time and under budget. The Lakota East Freshman building is under construction on Bethany Road. As of now, it is on schedule for a fall 2008 opening, and is within budget. New additions to East and West have increased the capacity of those schools by 600 students each. This will hold our high school population for a number of years. Those additions are ahead of schedule and we were able to begin using the classroom space this fall and are moving into the new front entry area and physical education space now. The project will be complete before its original projected date of spring 2008. The Hopewell Elementary renovations were completed at the start of the 2008 school year. Planning for current freshman school renovations is happening now. Those renovations will take place during the coming summer. Renovations at Liberty Early Childhood School will require the building to be vacated for a school year. Bond interest and a \$10,000,000 limited general obligation bond issue will be used to finance the construction of a third new elementary school without additional taxes. This school, currently under construction on Lesourdsville-West Chester Road, will eventually replace the aging Union Elementary building. For its first year, though, it will be home to Liberty students and staff. The construction funds you provided for us are being used as planned, and have even helped to finance an additional needed school—which will save both construction and operating funds for the community in the future.

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

Based on conversations with students, community members, teachers, and administrators a strategic plan will be rolled out for the coming school year. The district began to create a new five-year strategic plan in 2005. The central focus of the plan is addressed in three essential areas of student achievement, student engagement, and student pathways to success. The plan sets out four key strategies, which are linked to the essential areas, including student engagement in challenging educational programs, staff capability and empowerment, strengthening community relationships and improving organizational efficiency and

flexibility. Work continues on the strategic plan including developing specific action plans and project-based budgets for those plans.

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

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 of accounting as prescribed by State statute. The budgetary 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 2007 and the outlook for the future.

INDEPENDENT AUDIT

Provisions of State statute require that the District's financial statements be subjected to an annual examination by an independent auditor. The Auditor of State's unqualified opinion rendered on the District's basic financial statements, combining statements and individual fund schedules, is included in the financial section of this Comprehensive Annual Financial

Report. Pursuant to statute, the State prescribes a uniform accounting system to standardize accounting classification and financial reporting for all units of local education agencies in Ohio. The District adopted and has been in conformance with that system effective with its annual financial report since the 1979 calendar year.

AWARDS

GFOA Certificate of Achievement

The Government Finance Officers Association of the United States and Canada (GFOA) awarded a Certificate of Achievement to the District for its comprehensive annual financial report for the fiscal year ended June 30, 2006. The School District has received this award for five 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.

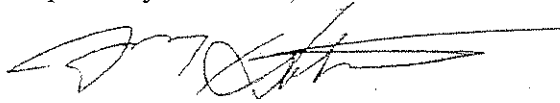
The District received the Certificate of Excellence in Financial Reporting for the fiscal year ended June 30, 2006. This was the fourth year the School District has received this award. The District believes that the Comprehensive Annual Financial Report for fiscal year June 30, 2007 which will be submitted to ASBO for review will conform to ASBO's principles and standards.

ACKNOWLEDGEMENT

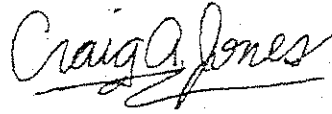
The preparation of the 2007 Comprehensive Annual Financial Report of the Lakota Local School District was made possible by the combined efforts of the District's Treasurer's Office and Plattenburg and Associates, Incorporated. The publication of this Comprehensive Annual

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
Treasurer/Chief Fiscal Officer



Craig A. Jones
Assistant Treasurer

LAKOTA LOCAL SCHOOL DISTRICT, OHIO

LIST OF PRINCIPAL OFFICIALS

June 30, 2007

**ELECTED OFFICIALS
BOARD OF EDUCATION**

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

ADMINISTRATIVE OFFICIALS

Superintendent	Mr. Mike Taylor
Chief Financial Officer/Treasurer	Mr. Alan R. Hutchinson
Assistant Treasurer	Mr. Craig A. Jones

ORGANIZATIONAL CHART

Board of Education

Superintendent

Treasurer

Payroll Manager

Accountant

Assistant Treasurer

Assistant Superintendent Elementary Education

LECC Principal(s)

Elementary School Principals

Director Elementary Curriculum*

Instruct. Specialist ***

Instruct. Specialists ***

Director Data Assessment*

Assistant Superintendent Secondary Education

Junior School Principals

Freshman School Principal(s)

High School Principals

Director Athletics and Student Activities

Director Secondary Curriculum*

Executive Director Special Services

Assistant Director Special Services

Coordinator Gifted Education**

Coordinator Student Services

ESL Specialist 5 FTE ***

Executive Director Human Resources

Assistant Director Employee Relations

Executive Director Technology

Information Systems Administrator

Project Manager*

Network Operations Administrator

Network Manager

EMIS Coordinator

Executive Director School/Community Relations

WEBMaster*

Executive Director Business Operations

Director Buildings & Grounds

Facilities Coordinator

Director Child Nutrition

Assist. Dir. Child Nutrition

Transport. Contracted Services

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

**ASSOCIATION OF SCHOOL BUSINESS OFFICIALS
INTERNATIONAL**



This Certificate of Excellence in Financial Reporting is presented to

LAKOTA LOCAL SCHOOL DISTRICT

**For its Comprehensive Annual Financial Report (CAFR)
For the Fiscal Year Ended June 30, 2006**

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, 2006

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



President

Executive Director

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**FINANCIAL
SECTION**

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Mary Taylor, CPA

Auditor of State

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, 2007, 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, 2007, and the respective changes in financial position and where applicable, cash flows 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 21, 2007, on our consideration of the District's internal control over financial reporting and our tests of its compliance with certain provisions of laws, regulations, contracts and grant agreements and other matters. While we did not opine on the internal control over financial reporting or on compliance, that report describes the scope of our testing of internal control over financial reporting and compliance and the results of that testing. That report is an integral part of an audit performed in accordance with *Government Auditing Standards*. You should read it in conjunction with this report in assessing the results of our audit.

Management's Discussion and Analysis 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 and individual 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 and nonmajor fund statements and schedule to the auditing procedures applied in the audit of the basic financial statements. In our opinion, this information is fairly stated in all material respects in relation to the basic financial statements taken as a whole.

We did not subject the introductory section and statistical tables to the auditing procedures applied in the audit of the basic financial statements and, accordingly, we express no opinion on them.

A handwritten signature in cursive script that reads "Mary Taylor".

Mary Taylor, CPA
Auditor of State

December 21, 2007

LAKOTA LOCAL SCHOOL DISTRICT
MANAGEMENT'S DISCUSSION AND ANALYSIS
For the Fiscal Year Ended June 30, 2007
(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, 2007. 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 2007 are as follows:

- In total, net assets increased \$22,393,366 which was an improvement over the prior year. Net assets of governmental activities increased \$22,466,790 which represents a 33.1% increase from 2006. Net assets of business-type activities decreased \$73,424 or 3.1% from 2006.
- General revenues accounted for \$164,977,067 in revenue or 90.5% of all revenues. Program specific revenues in the form of charges for services and sales, grants and contributions accounted for \$17,218,252 or 9.5% of total revenues of \$182,195,319.
- Total assets of governmental activities increased by \$37,242,028 as taxes receivable increased by \$3,104,628 while capital assets increased by \$45,850,049 and cash and other receivables decreased by \$11,666,846.
- The District had \$153,722,555 in expenses related to governmental activities; only \$11,312,225 of these expenses were offset by program specific charges for services, grants or contributions. General revenues of \$164,877,120 were adequate to provide for these programs.
- Net assets for Enterprise Funds decreased \$73,424. Operating revenues for Enterprise funds were \$5,218,887. Operating expenses were \$6,079,398.

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 Building 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 2007?" 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.

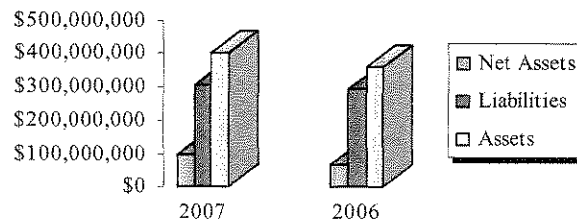
The District as a Whole

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 2007 compared to 2006:

Table 1
Net Assets

	Governmental Activities		Business-Type Activities		Total	
	2007	2006	2007	2006	2007	2006
Assets						
Current Assets	\$223,984,068	\$232,592,091	\$2,140,183	\$2,480,625	\$226,124,251	\$235,072,716
Capital Assets, Net	175,319,828	129,469,777	914,373	892,030	176,234,201	130,361,807
Total Assets	399,303,896	362,061,868	3,054,556	3,372,655	402,358,452	365,434,523
Liabilities						
Long-Term Liabilities	183,515,464	179,371,789	89,572	84,953	183,605,036	179,456,742
Other Liabilities	125,404,866	114,773,303	656,377	905,671	126,061,243	115,678,974
Total Liabilities	308,920,330	294,145,092	745,949	990,624	309,666,279	295,135,716
Net Assets						
Invested in Capital						
Assets Net of Debt	41,963,747	33,913,815	914,373	892,030	42,878,120	34,805,845
Restricted	13,264,151	13,977,232	0	0	13,264,151	13,977,232
Unrestricted	35,155,668	20,025,729	1,394,234	1,490,001	36,549,902	21,515,730
Total Net Assets	\$90,383,566	\$67,916,776	\$2,308,607	\$2,382,031	\$92,692,173	\$70,298,807



Over time, net assets can serve as a useful indicator of a government's financial position. At June 30, 2007, the District's assets exceeded liabilities by \$92,692,173.

At year-end, capital assets represented 44% of total assets. Capital assets include land, construction in progress, land improvements, buildings and improvements and equipment. Capital assets, net of related debt to acquire the assets at June 30, 2007, was \$42,878,120. These capital assets are used to provide services to the students and are not available for future spending. Although the District's investment in capital assets is reported net of related debt, it should be noted that the resources to repay the debt must be provided from other sources, since capital assets may not be used to liquidate these liabilities.

A portion of the District's net assets, \$13,264,151, 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 \$36,549,902 may be used to meet the District's ongoing obligations to the students and creditors.

Capital Assets increased as the District continued construction of new buildings and existing buildings. Long-term Liabilities increased due to the District issuing school improvement bonds.

The net assets of the District business-type activities decreased by \$73,424. Since the decrease was slight, management has reviewed and, where feasible, increased fees. This action should ensure that business-type activities remain self-supporting.

Table 2 shows the change in net assets for fiscal year 2007.

Table 2
Changes in Net Assets

	Governmental Activities		Business-Type Activities		Total	
	2007	2006	2007	2006	2007	2006
Program Revenues:						
Charges for Services	\$2,581,780	\$2,935,999	\$5,218,887	\$5,014,072	\$7,800,667	\$7,950,071
Operating Grants	8,402,646	4,874,587	687,140	613,956	9,089,786	5,488,543
Capital Grants	327,799	108,951	0	0	327,799	108,951
Total Program Revenues	11,312,225	7,919,537	5,906,027	5,628,028	17,218,252	13,547,565
General Revenue:						
Property Taxes	99,122,127	89,009,698	0	0	99,122,127	89,009,698
Grants and Entitlements	54,786,321	55,735,058	0	0	54,786,321	55,735,058
Other	11,034,398	5,154,501	34,221	34,178	11,068,619	5,188,679
Total General Revenues	164,942,846	149,899,257	34,221	34,178	164,977,067	149,933,435
Total Revenues	176,255,071	157,818,794	5,940,248	5,662,206	182,195,319	163,481,000
Program Expenses:						
Instruction	76,890,642	73,176,247	0	0	76,890,642	73,176,247
Support Services:						
Pupil and Instructional Staff	19,808,772	20,537,060	0	0	19,808,772	20,537,060
General and School Administrative, Fiscal and Business	15,174,004	13,839,371	0	0	15,174,004	13,839,371
Operations and Maintenance	11,300,285	10,900,201	0	0	11,300,285	10,900,201
Pupil Transportation	16,077,170	13,290,246	0	0	16,077,170	13,290,246
Central	2,637,239	2,983,262	0	0	2,637,239	2,983,262
Operation of Non-Instructional Services	534,606	525,523	0	0	534,606	525,523
Extracurricular Activities	3,023,706	3,292,761	0	0	3,023,706	3,292,761
Interest and Fiscal Charges	8,276,131	8,034,299	0	0	8,276,131	8,034,299
Food Service	0	0	4,785,536	5,100,255	4,785,536	5,100,255
Uniform School Supply	0	0	1,293,862	1,204,606	1,293,862	1,204,606
Total Expenses	153,722,555	146,578,970	6,079,398	6,304,861	159,801,953	152,883,831
Increase (Decrease) in Net Assets before Transfers	22,532,516	11,239,824	(139,150)	(642,655)	22,393,366	10,597,169
Transfers - Internal Activities	(65,726)	(56,236)	65,726	56,236	0	0
Change in Net Assets	22,466,790	11,183,588	(73,424)	(586,419)	22,393,366	10,597,169
Beginning Net Assets	67,916,776	56,733,188	2,382,031	2,968,450	70,298,807	59,701,638
Ending Net Assets	\$90,383,566	\$67,916,776	\$2,308,607	\$2,382,031	\$92,692,173	\$70,298,807

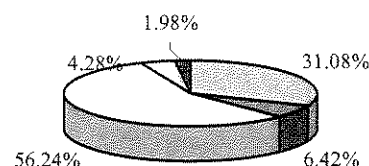
Governmental Activities

The District revenues are mainly from two sources. Property taxes levied for general purposes and grants and entitlements comprised 87.4% of the District's revenues for governmental activities.

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

Thus Ohio districts do not receive additional property taxes related to increases in appraised values and must regularly return to the voters to maintain a constant level of service. Property taxes made up 56.24% of revenue for governmental activities for the District in fiscal year 2007.

Revenue Sources	2007	Percent of Total
General Grants	\$54,786,321	31.08%
Program Revenues	11,312,225	6.42%
General Tax Revenues	99,122,127	56.24%
Investment Earnings	7,552,512	4.28%
Other Revenues	3,481,886	1.98%
	<u>\$176,255,071</u>	<u>100.00%</u>



Tax revenues increased due to a levy passed by voters in the District. Other revenues increased due to higher rates of return on investments and the District received additional payments in lieu of taxes. During 2007, the District increased payments for instruction and support services to keep pace with the growth of the District. Instruction comprises 50% of governmental program expenses. Support services expenses were 42.3% of governmental program expenses.

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

Table 3
Governmental Activities

	Total Cost of Services		Net Cost of Services	
	2007	2006	2007	2006
Instruction	\$76,890,642	\$73,176,247	(\$72,289,407)	(\$71,274,301)
Support Services:				
Pupil and Instructional Staff	19,808,772	20,537,060	(15,732,752)	(16,460,772)
General and School Administrative, Fiscal and Business	15,174,004	13,839,371	(15,093,627)	(13,827,414)
Operations and Maintenance	11,300,285	10,900,201	(10,993,325)	(10,611,893)
Pupil Transportation	16,077,170	13,290,246	(15,368,212)	(13,170,559)
Central	2,637,239	2,983,262	(2,420,054)	(2,901,449)
Operation of Non-Instructional Services	534,606	525,523	(152,856)	(276,590)
Extracurricular Activities	3,023,706	3,292,761	(2,083,966)	(2,102,156)
Interest and Fiscal Charges	8,276,131	8,034,299	(8,276,131)	(8,034,299)
Total Expenses	<u>\$153,722,555</u>	<u>\$146,578,970</u>	<u>(\$142,410,330)</u>	<u>(\$138,659,433)</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 \$5,940,248 and expenses of \$6,079,398 for fiscal year 2007. Business activities receive no support from tax revenues.

The District's Funds

The District has two major governmental funds: the General Fund and Building Fund. Assets of these funds comprised \$189,289,307 (85%) of the total \$223,248,550 governmental funds assets.

General Fund: Fund balance at June 30, 2007 was \$42,470,501 including \$36,756,523 of unreserved balance, which represents 27% of expenditures for fiscal year 2007. The primary reason for the increase in fund balance was a result of the District collecting additional tax revenue as a result of a tax levy and growth of the District.

Building Fund: Fund balance at June 30, 2007 was \$33,988,274. Current year change in fund balance was (\$42,424,268). The cause of the decrease was expenditures for construction.

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 2007, 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 \$150,800,197 compared to original budget estimates of \$144,112,046. Of this \$6,688,151 difference, most was due to conservative estimates for taxes and intergovernmental.

The District's ending unobligated cash balance for the General Fund was \$11,383,911 above the final budgeted amount.

Capital Assets and Debt Administration

Capital Assets

At the end of fiscal 2007, the District had \$176,234,201 invested in land, construction in progress, land improvements, buildings and improvements and equipment. Table 4 shows fiscal 2007 balances compared to fiscal 2006:

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

	Governmental Activities		Business-Type Activities		Total	
	2007	2006	2007	2006	2007	2006
Land	\$13,344,693	\$8,293,519	\$0	\$0	\$13,344,693	\$8,293,519
Construction in Progress	47,867,535	7,604,545	0	0	47,867,535	7,604,545
Land Improvements	1,763,792	1,726,407	2,029	2,172	1,765,821	1,728,579
Buildings and Improvements	97,694,759	98,724,634	21,301	22,563	97,716,060	98,747,197
Equipment	14,649,049	13,120,672	891,043	867,295	15,540,092	13,987,967
Total Net Capital Assets	<u>\$175,319,828</u>	<u>\$129,469,777</u>	<u>\$914,373</u>	<u>\$892,030</u>	<u>\$176,234,201</u>	<u>\$130,361,807</u>

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

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

Debt

At June 30, 2007, the District had \$175,856,247 in bonds outstanding, \$4,660,658 due within one year. Table 5 summarizes bonds outstanding.

Table 5
Outstanding Debt, at Year End

	Governmental Activities	
	2007	2006
Total:		
General Obligation Bonds:		
2007 School Construction Bonds	\$10,000,000	\$0
Freedom, Link Renovations	375,000	500,000
Refunding Ninth Grade, Heritage	100,325	208,401
Two New High Schools	10,960,000	10,960,000
Refunding New High Schools	17,620,835	17,925,835
Bond and Refunding	13,557,789	14,387,789
Various Purpose Long-Term Bonds	890,000	1,310,000
Lakota 2005 Refunding	4,670,000	8,045,000
Lakota 2005 Refunding	29,450,000	30,950,000
Premium on 2005 Refunding	3,013,186	3,167,708
Lakota Series 2005	74,470,000	74,470,000
Premium on 2005 Series	783,979	813,563
Lakota Series 2006	9,825,000	9,830,000
Premium on 2006 Series	140,133	145,421
Total General Obligation Bonds	<u>\$175,856,247</u>	<u>\$172,713,717</u>

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

For the Future

Externally, the Ohio Supreme Court found the State of Ohio in March 1997, to be operating an unconstitutional educational system, one that was neither “adequate” nor “equitable.” Since 1997, the State has directed its tax revenue growth toward school districts with little property tax wealth. In May of 2000, the Ohio Supreme Court again ruled that, while the State had made some progress, the current funding system for schools is far too dependent on property taxes which are inherently not “equitable” nor “adequate”. The Court directed the Governor and the legislature to address the fundamental issues creating the inequities. In 2001, the Ohio legislature crafted a school-funding program to address the Court’s concerns. The Supreme Court ruled again in December 2002 in favor of the plaintiffs but relinquished its jurisdiction over the case to the legislature.

For the upcoming school year the Board of Education will be rolling out a five-year strategic plan which was based on conversations with students, community members, teachers, and administrators, as well as decades of research. The plan sets out four key strategies for helping students as follows:

1. Lakota will engage each student in an educational program that challenges him/her;
2. Lakota will build staff capability and empowerment;
3. Lakota will strengthen its relationships with the community; and
4. Lakota will improve organizational efficiency and flexibility.

In addition, the Board of Education approved a recommendation from the Lakota Planning Committee for redistricting attendance zones for elementary aged students. The plan calls for four strategically placed early childhood schools which include pre-school thru first grade and eleven elementary schools which include grades two thru six. This configuration incorporates two new schools, Endeavor Elementary and Wyandot ECS, for the 2007-2008 school year. The Planning Committee used a collaborative process to develop the recommendation using a combination of website surveys and four community open houses to disseminate information, answer questions and gather comments and feedback.

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

Contacting the District’s Financial Management

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

Lakota Local School District
Statement of Net Assets
June 30, 2007

	Governmental Activities	Business-Type Activities	Total
Assets:			
Equity in Pooled Cash and Investments	\$116,993,493	\$1,902,411	\$118,895,904
Restricted Cash and Investments	1,653,985	0	1,653,985
Cash and Cash Equivalents with Fiscal Agent	1,192,629	0	1,192,629
Receivables:			
Taxes	100,624,448	0	100,624,448
Accounts	882,744	165,672	1,048,416
Interest	462,167	0	462,167
Intergovernmental	1,055,187	0	1,055,187
Internal Balances	542	(542)	0
Deferred Bond Issuance Costs	1,118,873	0	1,118,873
Inventory	0	72,642	72,642
Nondepreciable Capital Assets	61,212,228	0	61,212,228
Depreciable Capital Assets, Net	114,107,600	914,373	115,021,973
Total Assets	399,303,896	3,054,556	402,358,452
Liabilities:			
Accounts Payable	3,108,354	49,475	3,157,829
Accrued Wages and Benefits	15,954,980	606,902	16,561,882
Retainage Payable	1,192,629	0	1,192,629
Accrued Interest Payable	725,070	0	725,070
Contracts Payable	6,883,777	0	6,883,777
Unearned Revenue	96,649,691	0	96,649,691
Other Liabilities	890,365	0	890,365
Long-Term Liabilities:			
Due Within One Year	6,137,888	79	6,137,967
Due In More Than One Year	177,377,576	89,493	177,467,069
Total Liabilities	308,920,330	745,949	309,666,279
Net Assets:			
Invested in Capital Assets, Net of Related Debt	41,963,747	914,373	42,878,120
Restricted for:			
Other Purposes	1,590,192	0	1,590,192
Debt Service	4,984,483	0	4,984,483
Capital Projects	5,035,491	0	5,035,491
Set-Aside	1,653,985	0	1,653,985
Unrestricted	35,155,668	1,394,234	36,549,902
Total Net Assets	\$90,383,566	\$2,308,607	\$92,692,173

See accompanying notes to the basic financial statements.

Lakota Local School District
Statement of Activities
For the Fiscal Year Ended June 30, 2007

	Expenses	Program Revenues		
		Charges for Services and Sales	Operating Grants and Contributions	Capital Grants and Contributions
Governmental Activities:				
Instruction:				
Regular	\$63,197,110	\$532,228	\$583,974	\$107,912
Special	10,590,298	0	2,995,245	0
Vocational	129,320	0	34,568	0
Other	2,973,914	111,908	235,400	0
Support Services:				
Pupil	10,940,729	641,584	2,606,614	0
Instructional Staff	8,868,043	81,704	746,118	0
General Administration	62,727	0	0	0
School Administration	13,621,563	0	30,529	0
Fiscal	1,267,506	0	49,848	0
Business	222,208	0	0	0
Operations and Maintenance	11,300,285	305,151	1,809	0
Pupil Transportation	16,077,170	0	489,071	219,887
Central	2,637,239	0	217,185	0
Operation of Non-Instructional Services	534,606	0	381,750	0
Extracurricular Activities	3,023,706	909,205	30,535	0
Interest and Fiscal Charges	8,276,131	0	0	0
Total Governmental Activities	153,722,555	2,581,780	8,402,646	327,799
Business-Type Activities:				
Food Service	4,785,536	4,058,782	687,140	0
Uniform School Supply	1,293,862	1,160,105	0	0
Total Business-Type Activities	6,079,398	5,218,887	687,140	0
Totals	\$159,801,953	\$7,800,667	\$9,089,786	\$327,799

General Revenues:

Property Taxes Levied for:

General Purposes

Debt Service Purposes

Grants and Entitlements not Restricted to Specific Programs - Unrestricted

Payment in Lieu of Taxes - Unrestricted

Investments Earnings

Refunds and Reimbursements

Other Revenues

Transfers-Internal Activities

Total General Revenues and Transfers

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
(\$61,972,996)	\$0	(\$61,972,996)
(7,595,053)	0	(7,595,053)
(94,752)	0	(94,752)
(2,626,606)	0	(2,626,606)
(7,692,531)	0	(7,692,531)
(8,040,221)	0	(8,040,221)
(62,727)	0	(62,727)
(13,591,034)	0	(13,591,034)
(1,217,658)	0	(1,217,658)
(222,208)	0	(222,208)
(10,993,325)	0	(10,993,325)
(15,368,212)	0	(15,368,212)
(2,420,054)	0	(2,420,054)
(152,856)	0	(152,856)
(2,083,966)	0	(2,083,966)
(8,276,131)	0	(8,276,131)
(142,410,330)	0	(142,410,330)
0	(39,614)	(39,614)
0	(133,757)	(133,757)
0	(173,371)	(173,371)
(\$142,410,330)	(\$173,371)	(\$142,583,701)
86,994,400	0	86,994,400
12,127,727	0	12,127,727
54,786,321	0	54,786,321
2,437,337	0	2,437,337
7,552,512	15,126	7,567,638
7,744	0	7,744
1,036,805	19,095	1,055,900
(65,726)	65,726	0
164,877,120	99,947	164,977,067
22,466,790	(73,424)	22,393,366
67,916,776	2,382,031	70,298,807
\$90,383,566	\$2,308,607	\$92,692,173

Lakota Local School District
Balance Sheet
Governmental Funds
June 30, 2007

	General	Building	Other Governmental Funds	Total Governmental Funds
Assets:				
Equity in Pooled Cash and Investments	\$55,882,522	\$39,909,623	\$21,201,348	\$116,993,493
Restricted Cash and Investments	1,653,985	0	0	1,653,985
Cash and Cash Equivalents with Fiscal Agent	0	1,192,629	0	1,192,629
Receivables:				
Taxes	88,921,740	0	11,702,708	100,624,448
Accounts	882,744	0	0	882,744
Interest	462,167	0	0	462,167
Intergovernmental	0	0	1,055,187	1,055,187
Interfund	383,897	0	0	383,897
Total Assets	148,187,055	41,102,252	33,959,243	223,248,550
Liabilities and Fund Balances:				
Liabilities:				
Accounts Payable	2,500,282	0	608,072	3,108,354
Accrued Wages and Benefits	15,173,657	0	781,323	15,954,980
Compensated Absences	373,425	0	3,323	376,748
Retainage Payable	0	1,192,629	0	1,192,629
Contracts Payable	0	5,921,349	962,428	6,883,777
Interfund Payable	0	0	383,355	383,355
Deferred Revenue	86,778,825	0	11,763,660	98,542,485
Other Liabilities	890,365	0	0	890,365
Total Liabilities	105,716,554	7,113,978	14,502,161	127,332,693
Fund Balances:				
Reserved for Encumbrances	1,917,078	22,060,854	10,315,999	34,293,931
Reserved for Property Tax Advances	2,142,915	0	298,325	2,441,240
Reserved for Set-Aside	1,653,985	0	0	1,653,985
Unreserved, Undesignated, Reported in:				
General Fund	36,756,523	0	0	36,756,523
Special Revenue Funds	0	0	1,154,791	1,154,791
Debt Service Funds	0	0	5,223,525	5,223,525
Capital Projects Funds	0	11,927,420	2,464,442	14,391,862
Total Fund Balances	42,470,501	33,988,274	19,457,082	95,915,857
Total Liabilities and Fund Balances	\$148,187,055	\$41,102,252	\$33,959,243	\$223,248,550

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, 2007

Total Governmental Fund Balance		\$95,915,857
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.		175,319,828
Other long-term assets are not available to pay for current-period expenditures and therefore are deferred in the funds.		
Delinquent Property Taxes	1,533,516	
Intergovernmental	<u>359,278</u>	
		1,892,794
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.		(725,070)
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>(7,282,469)</u>	
		(7,282,469)
Deferred bond issuance cost associated with long-term liabilities are not reported in the funds.		1,118,873
Long-term liabilities, are not due and payable in the current period and therefore are not reported in the funds.		<u>(175,856,247)</u>
Net Assets of Governmental Activities		<u>\$90,383,566</u>

See accompanying notes to the basic financial statements.

Lakota Local School District
Statement of Revenues, Expenditures
and Changes in Fund Balance
Governmental Funds
For the Fiscal Year Ended June 30, 2007

	General	Building	Other Governmental Funds	Total Governmental Funds
Revenues:				
Taxes	\$87,190,153	\$0	\$12,176,504	\$99,366,657
Tuition and Fees	516,549	0	31,500	548,049
Investment Earnings	3,706,769	418,588	3,427,155	7,552,512
Intergovernmental	57,186,305	0	6,683,094	63,869,399
Extracurricular Activities	0	0	1,741,406	1,741,406
Other Revenues	3,408,856	16,025	349,330	3,774,211
Total Revenues	152,008,632	434,613	24,408,989	176,852,234
Expenditures:				
Current:				
Instruction:				
Regular	62,323,222	0	785,331	63,108,553
Special	10,640,041	0	185,952	10,825,993
Vocational	126,020	0	0	126,020
Other	2,833,728	0	185,167	3,018,895
Support Services:				
Pupil	7,339,195	0	3,492,707	10,831,902
Instructional Staff	7,982,367	0	815,599	8,797,966
General Administration	62,727	0	0	62,727
School Administration	13,411,683	0	31,124	13,442,807
Fiscal	956,426	0	271,569	1,227,995
Business	171,521	0	0	171,521
Operations and Maintenance	10,829,641	0	355,270	11,184,911
Pupil Transportation	15,198,612	0	26,435	15,225,047
Central	2,930,367	0	197,612	3,127,979
Operation of Non-Instructional Services	196,976	0	359,010	555,986
Extracurricular Activities	297,599	0	2,599,286	2,896,885
Capital Outlay	934,221	42,858,881	2,190,291	45,983,393
Debt Service:				
Principal Retirement	0	0	6,668,076	6,668,076
Interest and Fiscal Charges	0	0	8,457,993	8,457,993
Total Expenditures	136,234,346	42,858,881	26,621,422	205,714,649
Excess of Revenues Over (Under) Expenditures	15,774,286	(42,424,268)	(2,212,433)	(28,862,415)
Other Financing Sources (Uses):				
Issuance of Long-Term Capital-Related Debt	0	0	10,000,000	10,000,000
Transfers In	46,820	0	1,732,571	1,779,391
Transfers (Out)	(1,798,297)	0	(46,820)	(1,845,117)
Total Other Financing Sources (Uses)	(1,751,477)	0	11,685,751	9,934,274
Net Change in Fund Balance	14,022,809	(42,424,268)	9,473,318	(18,928,141)
Fund Balance Beginning of Year	28,447,692	76,412,542	9,983,764	114,843,998
Fund Balance End of Year	\$42,470,501	\$33,988,274	\$19,457,082	\$95,915,857

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, 2007

Net Change in Fund Balance - Total Governmental Funds (S18,928,141)

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	49,982,898	
Depreciation Expense	<u>(4,132,847)</u>	45,850,051

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

Delinquent Property Taxes	(244,529)	
Intergovernmental	<u>(352,634)</u>	(597,163)

Repayment of bond principal is an expenditure in the
 governmental funds, but the repayment reduces long-term
 liabilities in the statement of net assets. 6,668,076

In the statement of activities interest expense is accrued when incurred,
 whereas in governmental funds an interest expenditure is reported
 when due. 38,815

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	(707,895)	
Amortization of Bond Issuance Cost	(46,347)	
Amortization of Bond Premium	<u>189,394</u>	(564,848)

Proceeds from debt issues are an other financing source in the funds,
 but a debt issue increases long-term liabilities in the statement
 of net assets. (10,000,000)

Change in Net Assets of Governmental Activities	<u>\$22,466,790</u>
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See accompanying notes to the basic financial statements.

Lakota Local School District
Statement of Net Assets
Proprietary Funds
June 30, 2007

	<u>Business-Type Activities Enterprise Funds</u>
Assets:	
Equity in Pooled Cash and Investments	\$1,902,411
Receivables:	
Accounts	165,672
Inventory	<u>72,642</u>
Total Current Assets	<u>2,140,725</u>
Depreciable Capital Assets, Net	<u>914,373</u>
Total Assets	<u>3,055,098</u>
Liabilities:	
Current Liabilities:	
Accounts Payable	49,475
Accrued Wages and Benefits	606,902
Compensated Absences	79
Interfund Payable	<u>542</u>
Total Current Liabilities	<u>656,998</u>
Long-Term Liabilities:	
Compensated Absences	<u>89,493</u>
Total Liabilities	<u>746,491</u>
Net Assets:	
Invested in Capital Assets, Net of Related Debt	914,373
Unrestricted	<u>1,394,234</u>
Total Net Assets	<u>\$2,308,607</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, 2007

	<u>Business-Type Activities Enterprise Funds</u>
Operating Revenues:	
Charges for Services	<u>\$5,218,887</u>
Total Operating Revenues	<u>5,218,887</u>
Operating Expenses:	
Personal Services	2,432,072
Contactual Services	304,123
Materials and Supplies	3,129,482
Depreciation	172,586
Operation of Non-Instructional Services	0
Other Expenses	<u>41,135</u>
Total Operating Expenses	<u>6,079,398</u>
Operating Income	<u>(860,511)</u>
Non-Operating Revenues (Expenses):	
Investment Earnings	15,126
Operating Grants	687,140
Miscellaneous Non-Operating	<u>19,095</u>
Total Non-Operating Revenues (Expenses)	<u>721,361</u>
Income Before Transfers	(139,150)
Transfers In	<u>65,726</u>
Change in Net Assets	(73,424)
Net Assets Beginning of Year, Restated	<u>2,382,031</u>
Net Assets End of Year	<u>\$2,308,607</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, 2007

	<u>Business-Type Activities Enterprise Funds</u>
Cash Flows from Operating Activities:	
Cash Received from Customers	\$5,191,477
Cash Payments to Employees	(2,401,854)
Cash Payments to Suppliers	<u>(3,795,061)</u>
Net Cash Provided (Used) by Operating Activities	<u>(1,005,438)</u>
Cash Flows from Noncapital Financing Activities:	
Operating Grants Received	687,140
Payments from Other Funds	66,268
Miscellaneous Non-Operating	<u>19,095</u>
Net Cash Provided (Used) by Noncapital Financing Activities	<u>772,503</u>
Cash Flows from Capital and Related Financing Activities:	
Payments for Capital Acquisitions	<u>(194,929)</u>
Net Cash Provided (Used) by Capital and Related Financing Activities	<u>(194,929)</u>
Cash Flows from Investing Activities:	
Earnings on Investments	<u>15,126</u>
Net Cash Provided (Used) by Cash Flows from Investing Activities	<u>15,126</u>
Net Increase (Decrease) in Cash and Cash Equivalents	(412,738)
Cash and Cash Equivalents Beginning of Year	<u>2,315,149</u>
Cash and Cash Equivalents End of Year	<u>\$1,902,411</u>
Reconciliation of Operating Income (Loss) to Net Cash Provided (Used) by Operating Activities	
Operating Income (Loss)	(860,511)
Adjustments:	
Depreciation	172,586
Changes in Assets & Liabilities:	
(Increase) Decrease in Receivables	(27,410)
(Increase) Decrease in Inventory	(45,428)
(Increase) Decrease in Other Assets	0
Increase (Decrease) in Payables	(274,893)
Increase (Decrease) in Accrued Liabilities	<u>30,218</u>
Net Cash Provided (Used) by Operating Activities	<u>(\$1,005,438)</u>

See accompanying notes to the basic financial statements.

Lakota Local School District
Statement of Fiduciary Net Assets
Fiduciary Funds
June 30, 2007

	Private Purpose Trust	Agency
Assets:		
Equity in Pooled Cash and Investments	\$19,414	\$353,210
Total Assets	<u>19,414</u>	<u>\$353,210</u>
Liabilities:		
Accounts Payable	0	104,121
Other Liabilities	<u>0</u>	<u>249,089</u>
Total Liabilities	<u>0</u>	<u>\$353,210</u>
Net Assets:		
Held in Trust	<u>19,414</u>	
Total Net Assets	<u>\$19,414</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, 2007

	Private Purpose Trust
Additions:	
Donations	\$18,085
Investment Earnings	10
Other	4,000
Total Additions	<u>22,095</u>
Deductions:	
Scholarships	<u>10,100</u>
Total Deductions	<u>10,100</u>
Change in Net Assets	11,995
Net Assets Beginning of Year	<u>7,419</u>
Net Assets End of Year	<u>\$19,414</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, 2007

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-one instructional and support facilities staffed by approximately 628 non-certificated personnel and approximately 1,221 certificated teaching and 73 administrative personnel to provide services to over 17,500 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 interfund services 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.

Adult Education – To account for services related to the adult education program.

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.

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

Refunds and Reimbursements – revenue refunded to the District.

Other Revenues – all other revenue received not designated above.

Fund Financial Statements

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

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

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

FUND ACCOUNTING

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

Governmental Funds

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

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

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

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, 2007, but which were levied to finance fiscal year 2008 operations, have been recorded as deferred revenue. Grants and entitlements received before the eligibility requirements are met are also recorded as deferred revenue.

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

Unearned Revenue

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

Expenses/Expenditures

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

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

EQUITY IN POOLED 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.

Cash held as retainage on construction contracts is presented as "cash with fiscal agent" on the financial statements.

The District has invested funds in the State Treasury Asset Reserve of Ohio (STAR Ohio) during fiscal year 2007. 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, 2007. 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 2007 credited to the General Fund amounted to \$3,706,769.

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

INTERFUND ACTIVITY

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

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

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

INTERFUND BALANCES

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

INVENTORY

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

CAPITAL ASSETS

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

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

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

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

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

ACCRUED LIABILITIES AND LONG-TERM OBLIGATIONS

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

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

RESTRICTED ASSETS

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

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 funds, compensated absences are recognized as liabilities and expenditures to the extent payments come due each period upon the occurrence of employee resignations and retirements. These amounts are recorded in the account "compensated absences payable" in the fund from which the employees who have accumulated leave are paid. Compensated absences are reported in governmental funds only if they have matured. The noncurrent portion of the liability is not reported. In proprietary funds, the entire amount of compensated absences is reported as a fund liability.

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

<u>Vacation</u>	<u>Certificated</u>	<u>Administrators</u>	<u>Non-Certificated</u>
How earned	not eligible	20-23 days	10-20 days for each service year depending on length of service
Maximum accumulation	not applicable	30 days unless special permission granted	30-60 days
Vested	not applicable	as earned	as earned
Termination Entitlement	not applicable	40 days maximum at retirement 30 days maximum at separation	paid upon termination
<u>Sick Leave</u>	<u>Certificated</u>	<u>Administrators</u>	<u>Non-Certificated</u>
How earned	1 ¼ days per month of employment (15 days per year)	1 ¼ days per month of employment (15 days per year)	1 ¼ days per month of employment (15 days per year)
Maximum accumulation	300 days	370 days	300 days
Vested	as earned	as earned	as earned
Termination entitlement	per contract	per Board Policy	per contract

NET ASSETS

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

The District applies restricted resources when an expense is incurred for purposes for which both restricted and unrestricted net assets are available. Of the District's \$13,264,151 in restricted net assets, \$0 were restricted by enabling legislation.

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, 2007, \$31,441,829 of the District's bank balance of \$31,541,829 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, 2007, the District had the following investments:

<u>Investment Type</u>	<u>Fair Value</u>	<u>Weighed Average Maturity (Years)</u>
Federal Agency Securities	\$76,460,034	0.43
Commercial Paper	11,899,663	0.16
STAR Ohio	<u>1,613,005</u>	0.11
Total Fair Value	<u>\$89,972,702</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. The District’s investments in Commercial Paper were rated A1 by Standard & Poor’s and P1 by Moody’s Investors Service.

Concentration of Credit Risk – The District’s investment policy allows investments in Federal Agencies or Instrumentalities. The District has invested 85 percent of the District’s investments in securities issued by the Federal Home Loan Bank (22%), the Federal Home Loan Mortgage (35%) and the Federal National Mortgage Association (28%). The District’s investment policy also allows investments in Commercial Paper. The District has invested 13 percent of the District’s investments in Commercial Paper.

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 2007 were levied in April on the assessed values as of January 1, 2006, 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 2007, 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 2007, 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, 2007. 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, 2007 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, 2007, was \$2,142,915 for General Fund and \$298,325 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 2007 operations. The amount available for advance at June 30, 2006 was \$1,930,331 for General Fund and \$283,494 for Debt Service, with a corresponding reserve to fund balance since the Board did not appropriate those receivables for fiscal year 2006 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 2007 taxes were collected are:

	<u>Amount</u>
Agricultural/Residential and Other Real Estate	\$2,415,765,750
Public Utility Personal	57,329,510
Tangible Personal Property	<u>163,745,949</u>
Total	<u>\$2,636,841,209</u>

6. RECEIVABLES

Receivables at June 30, 2007, 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, 2007, was as follows:

	Beginning Balance	Additions	Deletions	Ending Balance
Governmental Activities				
<i>Capital Assets, not being depreciated:</i>				
Land	\$8,293,519	\$5,051,174	\$0	\$13,344,693
Construction in Progress	7,604,545	40,262,990	0	47,867,535
<i>Capital Assets, being depreciated:</i>				
Buildings and Improvements	128,801,683	445,096	0	129,246,779
Equipment	29,415,489	4,045,045	0	33,460,534
Land Improvements	3,073,855	178,593	0	3,252,448
Totals at Historical Cost	177,189,091	49,982,898	0	227,171,989
Less Accumulated Depreciation:				
Buildings and Improvements	30,077,049	1,474,971	0	31,552,020
Equipment	16,294,817	2,516,668	0	18,811,485
Land Improvements	1,347,448	141,208	0	1,488,656
Total Accumulated Depreciation	47,719,314	4,132,847	0	51,852,161
Governmental Activities Capital Assets, Net	\$129,469,777	\$45,850,051	\$0	\$175,319,828
	Beginning Balance	Additions	Deletions	Ending Balance
Business-Type Activities				
<i>Capital Assets, being depreciated:</i>				
Land Improvements	\$2,850	\$0	\$0	\$2,850
Buildings and Improvements	26,595	0	0	26,595
Equipment	2,916,704	194,929	0	3,111,633
Totals at Historical Cost	2,946,149	194,929	0	3,141,078
Less Accumulated Depreciation:				
Land Improvements	678	143	0	821
Buildings and Improvements	4,032	1,262	0	5,294
Equipment	2,049,409	171,181	0	2,220,590
Total Accumulated Depreciation	2,054,119	172,586	0	2,226,705
Business-Type Activities Capital Assets, Net	\$892,030	\$22,343	\$0	\$914,373

Depreciation expense was charged to governmental functions as follows:

Instruction:	
Regular	\$2,434,345
Special	58,733
Support Services:	
Pupil	119,368
Instructional Staff	37,080
School Administration	37,600
Fiscal	19,670
Business	52,721
Operations and Maintenance	94,167
Pupil Transportation	832,606
Central	239,493
Operation of Non-Instructional Services	6,802
Extracurricular Activities	200,262
Total Depreciation Expense	<u><u>\$4,132,847</u></u>

8. LONG-TERM LIABILITIES

	Interest Rate	Issue Date	Maturity Date	Beginning Balance	Issued	Retired	Ending Balance	Due In One Year
Governmental Activities:								
General Obligation Bonds:								
2007 School Construction Bonds - Union Elem	4.000%	6/13/07	12/1/27	\$0	\$10,000,000	\$0	\$10,000,000	\$0
Freedom, Link Renovations	6.125%	3/1/87	12/1/09	500,000	0	125,000	375,000	125,000
Refunding Ninth Grade, Heritage	6.248%	1/1/94	12/1/12	208,401	0	108,076	100,325	100,325
Two New High Schools	6.211%	5/1/94	12/1/17	10,960,000	0	0	10,960,000	2,740,000
Refunding New High Schools	5.242%	6/1/98	12/1/17	17,925,835	0	305,000	17,620,835	80,333
Bond and Refunding*	5.085%	4/19/01	12/1/26	14,387,789	0	830,000	13,557,789	590,000
Various Purpose Long-Term Bonds	3.790%	5/1/02	12/1/08	1,310,000	0	420,000	890,000	435,000
Lakota 2005 Refunding	3.000%	1/1/05	12/1/12	8,045,000	0	3,375,000	4,670,000	580,000
Lakota 2005 Refunding	4.650%	11/3/05	12/1/26	30,950,000	0	1,500,000	29,450,000	0
Premium on 2005 Refunding		11/3/05	12/1/26	3,167,708	0	154,522	3,013,186	0
Lakota Series 2005	4.600%	12/19/05	12/1/33	74,470,000	0	0	74,470,000	5,000
Premium on 2005 Series		12/19/05	12/1/33	813,563	0	29,584	783,979	0
Lakota Series 2006	4.270%	1/10/06	12/1/33	9,830,000	0	5,000	9,825,000	5,000
Premium on 2006 Series		1/10/06	12/1/33	145,421	0	5,288	140,133	0
Total General Obligation Bonds				172,713,717	10,000,000	6,857,470	175,856,247	4,660,658
Compensated Absences				6,658,072	2,418,560	1,417,415	7,659,217	1,477,230
Total Governmental Activities								
Long-Term Liabilities				<u>\$179,371,789</u>	<u>\$12,418,560</u>	<u>\$8,274,885</u>	<u>\$183,515,464</u>	<u>\$6,137,888</u>
Business-Type Activities:								
Compensated Absences				<u>\$84,953</u>	<u>\$14,354</u>	<u>\$9,735</u>	<u>\$89,572</u>	<u>\$79</u>

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

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

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

Fiscal Year Ending June 30	General Obligation Bonds		
	Principal	Interest	Total
2008	\$4,660,660	\$8,873,125	\$13,533,785
2009	6,279,450	8,121,206	14,400,656
2010	4,734,714	8,276,013	13,010,727
2011	5,055,024	8,102,000	13,157,024
2012	3,559,101	9,778,339	13,337,440
2013-2017	36,610,000	31,646,127	68,256,127
2018-2022	31,920,000	22,740,926	54,660,926
2023-2027	42,975,000	14,004,171	56,979,171
2028-2032	24,855,000	5,438,962	30,293,962
2033-2034	11,270,000	511,219	11,781,219
Total	<u>\$171,918,949</u>	<u>\$117,492,088</u>	<u>\$289,411,037</u>

Prior Year Defeasance of Debt

As a result of the 2005 advance refunding, the \$32,860,000 of the 2001 Series Bonds are considered defeased and the liability is therefore not included on the Statement of Net Assets. The remaining balance on the refunded general obligation bonds as of June 30, 2007 was \$30,060,000.

9. PENSION PLANS

SCHOOL EMPLOYEES RETIREMENT SYSTEM

The School District contributes to the School Employees Retirement System (SERS), a cost-sharing multiple employer defined benefit pension plan. SERS provides retirement and disability benefits, annual cost-of-living adjustments, and death benefits to plan members and beneficiaries. Authority to establish and amend benefits is provided by Chapter 3309 of the Ohio Revised Code. SERS issues a publicly available, stand-alone financial report that includes financial statements and required supplementary information. That report may be obtained by writing to the School Employees Retirement System, 300 East Broad Street, Suite 100, Columbus, Ohio 43215-3476, or by calling (800) 878-5853 or by visiting the SERS website at www.ohsers.org.

Plan members are required to contribute 10 percent of their annual covered salary and the School District is required to contribute at an actuarially determined rate. The current School District rate is 14 percent of annual covered payroll. 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, 2007, 2006 and 2005 were \$3,075,777, \$2,735,745 and \$2,700,298; 58% has been contributed for fiscal year 2007 and 100 percent for fiscal years 2006 and 2005.

STATE TEACHERS RETIREMENT SYSTEM

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

New members have a choice of three retirement plans, a Defined Benefit (DB) Plan, a Defined Contribution (DC) Plan and a Combined Plan. The DB Plan offers an annual retirement allowance based on final average salary times a percentage that varies based on years of service, or an allowance based on member contributions and earned interest matched by STRS Ohio funds times an actuarially determined annuity factor. The DC Plan allows members to place all their member contributions and employer contributions equal to 10.5% of earned compensation into an investment account. Investment decisions are made by the member. A member is eligible to receive a retirement benefit at age 50 and termination of employment. The Combined Plan offers features of both the DC Plan and DB Plan. In the Combined Plan, member contributions are invested by the member, and employer contributions are used to fund the defined benefit payment at a reduced level from the regular DB Plan. DC and Combined Plan members will transfer to the Defined Benefit Plan during their fifth year of membership unless they permanently select the DC or Combined Plan. 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, 2007, plan members were required to contribute 10% of their annual covered salaries. The School District was required to contribute 14%. 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, 2007, 2006, and 2005 were \$9,254,717, \$9,073,252, and \$8,883,109 respectively; 83% has been contributed for fiscal year 2007 and 100% for fiscal year 2006 and 2005. Contributions to the DC and Combined Plans for fiscal year 2007 were \$5,337,268 made by the District and \$3,917,449 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, 2007, 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 \$661,051 for fiscal year 2007.

STRS pays health care benefits from the Health Care Stabilization Fund. At June 30, 2006, (the latest information available) the balance in the Fund was \$3.5 billion. For the fiscal year ended June 30, 2006, net health care costs paid by STRS were \$282,743,000 and STRS had 119,184 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, 2007, employer contributions to fund health care benefits were 3.42 percent of covered payroll. 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 2007, the minimum pay was established at \$35,800. However, the surcharge is capped at two percent of each employer's SERS salaries. For the 2007 fiscal year, School District paid \$2,260,795 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, 2006 (the latest information available), were \$158,751,207. At June 30, 2006, SERS had net assets available for payment of health care benefits of \$295.6 million. SERS has approximately 59,492 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, 2007.

LITIGATION

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

12. RISK MANAGEMENT

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

Coverage	Company	Limits	Deductible
Fleet	Indiana Insurance Company	\$ 1,000,000 per occurrence	\$ 1,000 collision/pd
Property	Indiana Insurance Company	262,115,412 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, 2007, construction contracts for facilities were as follows:

<u>Description</u>	<u>Remaining Commitment</u>
LWC-Union Elementary	\$10,926,496
Endeacor Elementary	1,247,595
Wyandot ECS	1,255,643
Hopewell Elementary Renovations	1,229,530
Liberty Elementary Renovations	191,217
Lakota West Freshman Renovations	135,384
Lakota West High School Additions	4,330,421
Lakota East High School Additions	4,482,756
Lakota East Freshman	<u>15,105,079</u>
Total	<u><u>\$38,904,121</u></u>

15. ACCOUNTABILITY

Accountability

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

<u>Fund</u>	<u>Deficit</u>
Special Revenue:	
Title VI-B	\$131,715
Title I	37,976
Title VI	16,531
Title VI-R	9,845
Miscellaneous Grants	623

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, 2006	\$3,608,114	\$0
Current Year Set-aside Requirement	2,504,667	2,504,667
Qualified Disbursements	(4,458,796)	(2,504,667)
Current Year Offsets	0	0
Set-aside Reserve Balance as of June 30, 2007	<u>\$1,653,985</u>	<u>\$ 0</u>
Restricted Cash as of June 30, 2007	<u>\$1,653,985</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, 2007, consisted of the following individual fund receivables and payables:

	<u>Interfund</u>		<u>Transfers</u>	
	<u>Receivable</u>	<u>Payable</u>	<u>In</u>	<u>Out</u>
General Fund	\$383,897	\$0	\$46,820	\$1,798,297
Other Governmental Funds	0	383,355	1,732,571	46,820
Total Governmental Funds:	<u>383,897</u>	<u>383,355</u>	<u>1,779,391</u>	<u>1,845,117</u>
Enterprise Fund	0	542	65,726	0
	<u>\$383,897</u>	<u>\$383,897</u>	<u>\$1,845,117</u>	<u>\$1,845,117</u>

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

18. PRIOR YEAR ADJUSTMENT

The beginning net asset balance of business-type activities has been adjusted for correction to the accrued wages and benefits to properly allocate the SERS surcharge as follows:

	Business-Type Activities <u>Enterprise Funds</u>
June 30, 2006 Net Assets, as previously stated	\$2,603,149
Net Governmental Capital Assets	<u>(221,118)</u>
June 30, 2006 Net Assets, as restated	<u>\$2,382,031</u>

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**REQUIRED
SUPPLEMENTARY
INFORMATION**

Lakota Local School District
 Schedule of Revenues, Expenditures and Changes in Fund Balance
 Budget and Actual (Non-GAAP Budgetary Basis)
 For the Fiscal Year Ended June 30, 2007

	General Fund			
	Original Budget	Final Budget	Actual	Variance from Final Budget
Revenues:				
Taxes	\$82,946,976	\$81,685,667	\$86,796,494	\$5,110,827
Tuition and Fees	492,825	485,331	515,697	30,366
Investment Earnings	3,279,628	3,229,757	3,431,833	202,076
Intergovernmental	54,650,031	53,819,011	57,186,305	3,367,294
Other Revenues	2,742,586	2,700,882	2,869,868	168,986
Total Revenues	144,112,046	141,920,648	150,800,197	8,879,549
Expenditures:				
Current:				
Instruction:				
Regular	59,326,632	62,713,195	61,434,745	1,278,450
Special	10,296,526	10,748,527	10,662,403	86,124
Vocational	111,212	153,543	115,164	38,379
Other	2,760,396	2,892,008	2,858,484	33,524
Support Services:				
Pupil	7,008,750	7,323,337	7,257,799	65,538
Instructional Staff	8,292,203	8,715,006	8,586,858	128,148
General Administration	63,294	77,314	65,543	11,771
School Administration	13,165,650	14,471,096	13,633,478	837,618
Fiscal	942,584	1,054,734	976,078	78,656
Business	169,735	198,991	175,766	23,225
Operations and Maintenance	10,938,971	11,409,644	11,327,676	81,968
Pupil Transportation	15,099,203	15,661,493	15,635,738	25,755
Central	3,714,139	3,926,992	3,846,117	80,875
Operation of Non-Instructional Services	1,578	6,010	1,634	4,376
Extracurricular Activities	301,014	356,230	311,710	44,520
Capital Outlay	1,271,420	1,330,855	1,316,599	14,256
Total Expenditures	133,463,307	141,038,975	138,205,792	2,833,183
Excess of Revenues Over (Under) Expenditures	10,648,739	881,673	12,594,405	11,712,732
Other financing sources (uses):				
Advances (Out)	(424,225)	(175,000)	(439,299)	(264,299)
Transfers (Out)	(1,737,772)	(1,735,000)	(1,799,522)	(64,522)
Total Other Financing Sources (Uses)	(2,161,997)	(1,910,000)	(2,238,821)	(328,821)
Net Change in Fund Balance	8,486,742	(1,028,327)	10,355,584	11,383,911
Fund Balance Beginning of Year (includes prior year encumbrances appropriated)	39,166,950	39,166,950	39,166,950	0
Fund Balance End of Year	\$47,653,692	\$38,138,623	\$49,522,534	\$11,383,911

See accompanying notes to the required supplementary information.

LAKOTA LOCAL SCHOOL DISTRICT
NOTES TO THE REQUIRED SUPPLEMENTARY INFORMATION
For The Year Ended June 30, 2007

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 2007.

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	\$14,022,809
Net Adjustment for Revenue Accruals	(1,255,255)
Net Adjustment for Expenditure Accruals	1,703,497
Encumbrances	<u>(4,115,467)</u>
Budget Basis	<u>\$10,355,584</u>

**COMBINING STATEMENTS
AND INDIVIDUAL
FUND SCHEDULES**

NONMAJOR FUNDS

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

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

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

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

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

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

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

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

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

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.

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.

DEBT SERVICE FUND: 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 payments.

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

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

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

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

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

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

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

Lakota Local School District
 Combining Balance Sheet
 Nonmajor Governmental Funds
 June 30, 2007

	Nonmajor Special Revenue Funds	Nonmajor Debt Service Fund	Nonmajor Capital Projects Funds	Total Nonmajor Governmental Funds
Assets:				
Equity in Pooled Cash and Investments	\$2,479,066	\$5,223,525	\$13,498,757	\$21,201,348
Receivables:				
Taxes	0	11,702,708	0	11,702,708
Intergovernmental	1,055,187	0	0	1,055,187
Total Assets	3,534,253	16,926,233	13,498,757	33,959,243
Liabilities and Fund Balances:				
Liabilities:				
Accounts Payable	500,253	0	107,819	608,072
Accrued Wages and Benefits	781,323	0	0	781,323
Compensated Absences	3,323	0	0	3,323
Contracts Payable	0	0	962,428	962,428
Interfund Payable	383,355	0	0	383,355
Deferred Revenue	359,277	11,404,383	0	11,763,660
Total Liabilities	2,027,531	11,404,383	1,070,247	14,502,161
Fund Balances:				
Reserved for Encumbrances	351,931	0	9,964,068	10,315,999
Reserved for Property Tax Advances	0	298,325	0	298,325
Unreserved, Undesignated, Reported in:				
Special Revenue Funds	1,154,791	0	0	1,154,791
Debt Service Funds	0	5,223,525	0	5,223,525
Capital Projects Funds	0	0	2,464,442	2,464,442
Total Fund Balances	1,506,722	5,521,850	12,428,510	19,457,082
Total Liabilities and Fund Balances	\$3,534,253	\$16,926,233	\$13,498,757	\$33,959,243

Lakota Local School District
Combining Statement of Revenues, Expenditures
and Changes in Fund Balance
Nonmajor Governmental Funds
For the Fiscal Year Ended June 30, 2007

	Nonmajor Special Revenue Funds	Nonmajor Debt Service Fund	Nonmajor Capital Projects Funds	Total Nonmajor Governmental Funds
Revenues:				
Taxes	\$0	\$12,176,504	\$0	\$12,176,504
Tuition and Fees	31,500	0	0	31,500
Investment Earnings	579	0	3,426,576	3,427,155
Intergovernmental	5,425,389	1,149,793	107,912	6,683,094
Extracurricular Activities	1,741,406	0	0	1,741,406
Other Revenues	349,330	0	0	349,330
Total Revenues	7,548,204	13,326,297	3,534,488	24,408,989
Expenditures:				
Current:				
Instruction:				
Regular	677,422	0	107,909	785,331
Special	185,952	0	0	185,952
Support Services:				
Other	185,167	0	0	185,167
Pupil	3,492,707	0	0	3,492,707
Instructional Staff	815,599	0	0	815,599
School Administration	31,124	0	0	31,124
Fiscal	46,886	224,683	0	271,569
Operations and Maintenance	355,270	0	0	355,270
Pupil Transportation	26,435	0	0	26,435
Central	197,612	0	0	197,612
Operation of Non-Instructional Services	359,010	0	0	359,010
Extracurricular Activities	2,599,286	0	0	2,599,286
Capital Outlay	0	0	2,190,291	2,190,291
Debt Service:				
Principal Retirement	0	6,668,076	0	6,668,076
Interest and Fiscal Charges	0	8,457,993	0	8,457,993
Total Expenditures	8,972,470	15,350,752	2,298,200	26,621,422
Excess of Revenues Over (Under) Expenditures	(1,424,266)	(2,024,455)	1,236,288	(2,212,433)
Other Financing Sources (Uses):				
Issuance of Long-Term Capital-Related Debt	0	0	10,000,000	10,000,000
Transfers In	1,732,571	0	0	1,732,571
Transfers (Out)	(46,820)	0	0	(46,820)
Total Other Financing Sources (Uses)	1,685,751	0	10,000,000	11,685,751
Net Change in Fund Balance	261,485	(2,024,455)	11,236,288	9,473,318
Fund Balance Beginning of Year	1,245,237	7,546,305	1,192,222	9,983,764
Fund Balance End of Year	\$1,506,722	\$5,521,850	\$12,428,510	\$19,457,082

Lakota Local School District
 Combining Balance Sheet
 Nonmajor Special Revenue Funds
 June 30, 2007

	Public School Support	Other Grants	Student Activities	Auxiliary Services	MIS
Assets:					
Equity in Pooled Cash and Investments	\$952,873	\$164,293	\$921,504	\$76,669	\$715
Receivables:					
Intergovernmental	0	0	0	0	0
Total Assets	952,873	164,293	921,504	76,669	715
Liabilities and Fund Balances:					
Liabilities:					
Accounts Payable	164,187	1,707	74,442	25,595	0
Accrued Wages and Benefits	0	0	174,365	21,115	0
Compensated Absences	0	0	3,323	0	0
Interfund Payable	540	0	3,319	0	0
Deferred Revenue	0	0	0	0	0
Total Liabilities	164,727	1,707	255,449	46,710	0
Fund Balances:					
Reserved for Encumbrances	74,919	15,515	107,071	38,461	0
Unreserved, Undesignated, Reported in: Special Revenue Funds	713,227	147,071	558,984	(8,502)	715
Total Fund Balances	788,146	162,586	666,055	29,959	715
Total Liabilities and Fund Balances	\$952,873	\$164,293	\$921,504	\$76,669	\$715

Entry Year Program	School Net Professional Development	Ohio Reads	Alt. School Grant	Miscellaneous State Grants	Title VI-B
\$1,800	\$4,407	\$10,512	\$5,087	\$25,571	\$245,838
0	0	0	21,038	4,675	732,823
<u>1,800</u>	<u>4,407</u>	<u>10,512</u>	<u>26,125</u>	<u>30,246</u>	<u>978,661</u>
1,800	4,375	0	432	7,257	142,055
0	0	0	11,602	4,348	464,995
0	0	0	0	0	0
0	0	0	9,526	0	261,583
0	0	0	4,018	4,675	241,743
<u>1,800</u>	<u>4,375</u>	<u>0</u>	<u>25,578</u>	<u>16,280</u>	<u>1,110,376</u>
0	0	0	4,657	2,328	103,783
0	32	10,512	(4,110)	11,638	(235,498)
0	32	10,512	547	13,966	(131,715)
<u>\$1,800</u>	<u>\$4,407</u>	<u>\$10,512</u>	<u>\$26,125</u>	<u>\$30,246</u>	<u>\$978,661</u>

Continued

Lakota Local School District
 Combining Balance Sheet
 Nonmajor Special Revenue Funds
 June 30, 2007

	Title III	Title I	Title VI	Drug Free Schools	EHA Pre-School
Assets:					
Equity in Pooled Cash and Investments	\$945	\$46,224	\$0	\$8,114	\$0
Receivables:					
Intergovernmental	33,831	183,894	5,242	9,923	16,917
Total Assets	34,776	230,118	5,242	18,037	16,917
Liabilities and Fund Balances:					
Liabilities:					
Accounts Payable	270	64,844	0	0	0
Accrued Wages and Benefits	12,382	44,390	17,101	0	0
Compensated Absences	0	0	0	0	0
Interfund Payable	2,666	88,684	1,919	0	125
Deferred Revenue	10,850	70,176	2,753	9,923	2,620
Total Liabilities	26,168	268,094	21,773	9,923	2,745
Fund Balances:					
Reserved for Encumbrances	676	0	0	3,300	0
Unreserved, Undesignated, Reported in: Special Revenue Funds	7,932	(37,976)	(16,531)	4,814	14,172
Total Fund Balances	8,608	(37,976)	(16,531)	8,114	14,172
Total Liabilities and Fund Balances	\$34,776	\$230,118	\$5,242	\$18,037	\$16,917

Title VI-R	Miscellaneous Grants	Total Nonmajor Special Revenue Funds
\$12,066	\$2,448	\$2,479,066
40,521	6,323	1,055,187
52,587	8,771	3,534,253
11,864	1,425	500,253
31,025	0	781,323
0	0	3,323
12,342	2,651	383,355
7,201	5,318	359,277
62,432	9,394	2,027,531
200	1,021	351,931
(10,045)	(1,644)	1,154,791
(9,845)	(623)	1,506,722
\$52,587	\$8,771	\$3,534,253

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, 2007

	Public School Support	Other Grants	Student Activities	Auxiliary Services	MIS
Revenues:					
Tuition and Fees	\$31,500	\$0	\$0	\$0	\$0
Investment Earnings	0	0	0	579	0
Intergovernmental	0	204,439	15,067	263,594	56,920
Extracurricular Activities	702,905	0	1,038,501	0	0
Other Revenues	254,454	13,500	80,535	0	0
Total Revenues	988,859	217,939	1,134,103	264,173	56,920
Expenditures:					
Current:					
Instruction:					
Regular	15,137	15,709	13,132	0	0
Special	0	719	0	0	0
Other	65	0	0	0	0
Support Services:					
Pupil	882,509	7,183	0	0	0
Instructional Staff	111,722	57,633	0	0	0
School Administration	0	0	0	0	0
Fiscal	0	0	0	0	0
Operations and Maintenance	0	0	355,270	0	0
Pupil Transportation	0	364	0	0	0
Central	0	8,406	0	0	56,205
Operation of Non-Instructional Services	0	3,542	0	252,091	0
Extracurricular Activities	0	8,673	2,590,613	0	0
Total Expenditures	1,009,433	102,229	2,959,015	252,091	56,205
Excess of Revenues Over (Under) Expenditures	(20,574)	115,710	(1,824,912)	12,082	715
Other Financing Sources (Uses):					
Transfers In	0	0	1,732,571	0	0
Transfers (Out)	(45,585)	0	(1,235)	0	0
Total Other Financing Sources (Uses)	(45,585)	0	1,731,336	0	0
Net Change in Fund Balance	(66,159)	115,710	(93,576)	12,082	715
Fund Balance Beginning of Year	854,305	46,876	759,631	17,877	0
Fund Balance End of Year	\$788,146	\$162,586	\$666,055	\$29,959	\$715

Entry Year Program	School Net Professional Development	Ohio Reads	Alt. School Grant	Miscellaneous State Grants	Title VI-B
\$0	\$0	\$0	\$0	\$0	\$0
0	0	0	0	0	0
42,600	8,700	14,000	81,795	79,614	3,471,456
0	0	0	0	0	0
0	0	0	0	0	0
42,600	8,700	14,000	81,795	79,614	3,471,456
0	2,096	0	2,730	432	210
0	0	0	0	0	154,373
0	0	0	0	0	185,102
0	0	0	72,350	40,290	2,378,906
41,600	9,797	16,052	551	18,085	208,397
1,000	0	0	0	426	1,648
0	0	0	0	0	33,416
0	0	0	0	0	0
0	0	0	0	0	16,071
0	0	0	2,000	0	129,201
0	0	0	0	0	92,241
0	0	0	0	0	0
42,600	11,893	16,052	77,631	59,233	3,199,565
0	(3,193)	(2,052)	4,164	20,381	271,891
0	0	0	0	0	0
0	0	0	0	0	0
0	0	0	0	0	0
0	(3,193)	(2,052)	4,164	20,381	271,891
0	3,225	12,564	(3,617)	(6,415)	(403,606)
\$0	\$32	\$10,512	\$547	\$13,966	(\$131,715)

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, 2007

	Title III	Title I	Title VI	Drug Free Schools	EHA Pre-School
Revenues:					
Tuition and Fees	\$0	\$0	\$0	\$0	\$0
Investment Earnings	0	0	0	0	0
Intergovernmental	107,220	581,445	26,936	42,110	117,514
Extracurricular Activities	0	0	0	0	0
Other Revenues	0	0	841	0	0
Total Revenues	107,220	581,445	27,777	42,110	117,514
Expenditures:					
Current:					
Instruction:					
Regular	27,022	402,714	0	0	0
Special	0	0	5,712	0	25,148
Other	0	0	0	0	0
Support Services:					
Pupil	0	0	11,389	37,720	62,360
Instructional Staff	56,398	155,167	21,970	0	8,612
School Administration	0	28,050	0	0	0
Fiscal	1,041	5,895	312	449	1,326
Operations and Maintenance	0	0	0	0	0
Pupil Transportation	10,000	0	0	0	0
Central	0	0	1,800	0	0
Operation of Non-Instructional Services	2,211	8,501	334	0	0
Extracurricular Activities	0	0	0	0	0
Total Expenditures	96,672	600,327	41,517	38,169	97,446
Excess of Revenues Over (Under) Expenditures	10,548	(18,882)	(13,740)	3,941	20,068
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	10,548	(18,882)	(13,740)	3,941	20,068
Fund Balance Beginning of Year	(1,940)	(19,094)	(2,791)	4,173	(5,896)
Fund Balance End of Year	\$8,608	(\$37,976)	(\$16,531)	\$8,114	\$14,172

Title VI-R	Miscellaneous Grants	Total Nonmajor Special Revenue Funds
\$0	\$0	\$31,500
0	0	579
276,299	35,680	5,425,389
0	0	1,741,406
0	0	349,330
276,299	35,680	7,548,204
170,632	27,608	677,422
0	0	185,952
0	0	185,167
0	0	3,492,707
100,314	9,301	815,599
0	0	31,124
3,729	718	46,886
0	0	355,270
0	0	26,435
0	0	197,612
90	0	359,010
0	0	2,599,286
274,765	37,627	8,972,470
1,534	(1,947)	(1,424,266)
0	0	1,732,571
0	0	(46,820)
0	0	1,685,751
1,534	(1,947)	261,485
(11,379)	1,324	1,245,237
(\$9,845)	(\$623)	\$1,506,722

Lakota Local School District
 Combining Balance Sheet
 Nonmajor Capital Projects Funds
 June 30, 2007

	Permanent Improvement	SchoolNet	Total Nonmajor Capital Projects Funds
Assets:			
Equity in Pooled Cash and Investments	\$13,390,935	\$107,822	\$13,498,757
Total Assets	<u>13,390,935</u>	<u>107,822</u>	<u>13,498,757</u>
Liabilities and Fund Balances:			
Liabilities:			
Accounts Payable	0	107,819	107,819
Contracts Payable	962,428	0	962,428
Total Liabilities	<u>962,428</u>	<u>107,819</u>	<u>1,070,247</u>
Fund Balances:			
Reserved for Encumbrances	9,964,068	0	9,964,068
Unreserved, Undesignated, Reported in: Capital Projects Funds	2,464,439	3	2,464,442
Total Fund Balances	<u>12,428,507</u>	<u>3</u>	<u>12,428,510</u>
Total Liabilities and Fund Balances	<u>\$13,390,935</u>	<u>\$107,822</u>	<u>\$13,498,757</u>

Lakota Local School District
Combining Statement of Revenues, Expenditures
and Changes in Fund Balance
Nonmajor Capital Projects Funds
For the Fiscal Year Ended June 30, 2007

	Permanent Improvement	SchoolNet	Total Nonmajor Capital Projects Funds
Revenues:			
Investment Earnings	\$3,426,576	\$0	\$3,426,576
Intergovernmental	0	107,912	107,912
Total Revenues	3,426,576	107,912	3,534,488
Expenditures:			
Current:			
Instruction:			
Regular	0	107,909	107,909
Capital Outlay	2,190,291	0	2,190,291
Total Expenditures	2,190,291	107,909	2,298,200
Excess of Revenues Over (Under) Expenditures	1,236,285	3	1,236,288
Other Financing Sources (Uses):			
Issuance of Long-Term Capital-Related Debt	10,000,000	0	10,000,000
Total Other Financing Sources (Uses)	10,000,000	0	10,000,000
Net Change in Fund Balance	11,236,285	3	11,236,288
Fund Balance Beginning of Year	1,192,222	0	1,192,222
Fund Balance End of Year	\$12,428,507	\$3	\$12,428,510

Lakota Local School District
 Combining Statement of Net Assets
 Nonmajor Enterprise Funds
 June 30, 2007

	Food Service	Uniform School Supply	Adult Education	Total Nonmajor Enterprise Funds
Assets:				
Equity in Pooled Cash and Investments	\$1,279,633	\$619,268	\$3,510	\$1,902,411
Receivables:				
Accounts	25,615	140,057	0	165,672
Inventory	72,642	0	0	72,642
Total Current Assets	1,377,890	759,325	3,510	2,140,725
Depreciable Capital Assets, Net	914,373	0	0	914,373
Total Assets	2,292,263	759,325	3,510	3,055,098
Liabilities:				
Current Liabilities:				
Accounts Payable	23,066	26,409	0	49,475
Accrued Wages and Benefits	606,902	0	0	606,902
Compensated Absences	79	0	0	79
Interfund Payable	0	542	0	542
Total Current Liabilities	630,047	26,951	0	656,998
Long-Term Liabilities:				
Compensated Absences	89,493	0	0	89,493
Total Liabilities	719,540	26,951	0	746,491
Net Assets:				
Invested in Capital Assets, Net of Related Debt	914,373	0	0	914,373
Restricted for:				
Unrestricted	658,350	732,374	3,510	1,394,234
Total Net Assets	\$1,572,723	\$732,374	\$3,510	\$2,308,607

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, 2007

	Food Service	Uniform School Supply	Adult Education	Total Nonmajor Enterprise Funds
Operating Revenues:				
Charges for Services	\$4,058,782	\$1,160,105	\$0	\$5,218,887
Total Operating Revenues	4,058,782	1,160,105	0	5,218,887
Operating Expenses:				
Personal Services	2,432,072	0	0	2,432,072
Contactual Services	290,523	13,600	0	304,123
Materials and Supplies	1,859,484	1,269,998	0	3,129,482
Depreciation	172,586	0	0	172,586
Other Expenses	30,871	10,264	0	41,135
Total Operating Expenses	4,785,536	1,293,862	0	6,079,398
Operating Income	(726,754)	(133,757)	0	(860,511)
Non-Operating Revenues (Expenses):				
Investment Earnings	15,126	0	0	15,126
Operating Grants	687,140	0	0	687,140
Miscellaneous Non-Operating	0	19,095	0	19,095
Total Non-Operating Revenues (Expenses)	702,266	19,095	0	721,361
Income Before Transfers	(24,488)	(114,662)	0	(139,150)
Transfers In	0	65,726	0	65,726
Change in Net Assets	(24,488)	(48,936)	0	(73,424)
Net Assets Beginning of Year, Restated	1,597,211	781,310	3,510	2,382,031
Net Assets End of Year	\$1,572,723	\$732,374	\$3,510	\$2,308,607

Lakota Local School District
Combining Statement of Cash Flows
Nonmajor Enterprise Funds
For the Fiscal Year Ended June 30, 2007

	Food Service	Uniform School Supply	Adult Education	Total Nonmajor Enterprise Funds
Cash Flows from Operating Activities:				
Cash Received from Customers	\$4,054,374	\$1,137,103	\$0	\$5,191,477
Cash Payments to Employees	(2,401,854)	0	0	(2,401,854)
Cash Payments to Suppliers	(2,479,204)	(1,315,857)	0	(3,795,061)
Net Cash Provided (Used) by Operating Activities	(826,684)	(178,754)	0	(1,005,438)
Cash Flows from Noncapital Financing Activities:				
Operating Grants Received	687,140	0	0	687,140
Payments from Other Funds	0	66,268	0	66,268
Miscellaneous Non-Operating	0	19,095	0	19,095
Net Cash Provided (Used) by Noncapital Financing Activities	687,140	85,363	0	772,503
Cash Flows from Capital and Related Financing Activities:				
Payments for Capital Acquisitions	(194,929)	0	0	(194,929)
Net Cash Provided (Used) by Capital and Related Financing Activities	(194,929)	0	0	(194,929)
Cash Flows from Investing Activities:				
Earnings on Investments	15,126	0	0	15,126
Net Cash Provided (Used) by Cash Flows from Investing Activities	15,126	0	0	15,126
Net Increase (Decrease) in Cash and Cash Equivalents	(319,347)	(93,391)	0	(412,738)
Cash and Cash Equivalents Beginning of Year	1,598,980	712,659	3,510	2,315,149
Cash and Cash Equivalents End of Year	1,279,633	619,268	3,510	1,902,411
Reconciliation of Operating Income (Loss) to Net Cash Provided (Used) by Operating Activities				
Operating Income (Loss)	(726,754)	(133,757)	0	(860,511)
Adjustments:				
Depreciation	172,586	0	0	172,586
Changes in Assets & Liabilities:				
(Increase) Decrease in Receivables	(4,408)	(23,002)	0	(27,410)
(Increase) Decrease in Inventory	(45,428)	0	0	(45,428)
Increase (Decrease) in Payables	(252,898)	(21,995)	0	(274,893)
Increase (Decrease) in Accrued Liabilities	30,218	0	0	30,218
Net Cash Provided (Used) by Operating Activities	(\$826,684)	(\$178,754)	\$0	(\$1,005,438)

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, 2007

	Public School Support Fund		
	Final Budget	Actual	Variance from Final Budget
Revenues:			
Tuition and Fees	\$29,320	\$31,500	\$2,180
Extracurricular Activities	654,267	\$702,905	\$48,638
Other Revenues	236,847	254,454	17,607
Total Revenues	920,434	988,859	68,425
Expenditures:			
Current:			
Instruction:			
Regular	35,843	18,702	17,141
Special	6,474	0	6,474
Support Services:			
Pupil	1,262,844	964,101	298,743
Instructional Staff	252,245	194,065	58,180
School Administration	250	200	50
Operation of Non-Instructional Services	2,000	570	1,430
Total Expenditures	1,559,656	1,177,638	382,018
Excess of Revenues Over (Under) Expenditures	(639,222)	(188,779)	450,443
Other financing sources (uses):			
Advances In	503	540	37
Transfers In	37,321	40,095	2,774
Transfers (Out)	(90,884)	(90,884)	0
Total Other Financing Sources (Uses)	(53,060)	(50,249)	2,811
Net Change in Fund Balance	(692,282)	(239,028)	453,254
Fund Balance Beginning of Year (includes prior year encumbrances appropriated)	952,796	952,796	0
Fund Balance End of Year	\$260,514	\$713,768	\$453,254

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, 2007

	Other Grants Fund		
	Final Budget	Actual	Variance from Final Budget
Revenues:			
Intergovernmental	\$203,894	\$209,343	\$5,449
Other Revenues	13,149	13,500	351
Total Revenues	217,043	222,843	5,800
Expenditures:			
Current:			
Instruction:			
Regular	46,535	21,446	25,089
Special	720	719	1
Support Services:			
Pupil	16,092	11,986	4,106
Instructional Staff	156,855	57,791	99,064
Pupil Transportation	1,364	464	900
Central	20,011	13,674	6,337
Operation of Non-Instructional Services	3,542	3,542	0
Extracurricular Activities	17,278	11,505	5,773
Total Expenditures	262,397	121,127	141,270
Excess of Revenues Over (Under) Expenditures	(45,354)	101,716	147,070
Other financing sources (uses):			
Advances (Out)	(11,725)	(11,725)	0
Total Other Financing Sources (Uses)	(11,725)	(11,725)	0
Net Change in Fund Balance	(57,079)	89,991	147,070
Fund Balance Beginning of Year (includes prior year encumbrances appropriated)	57,080	57,080	0
Fund Balance End of Year	\$1	\$147,071	\$147,070

Lakota Local School District
 Schedule of Revenues, Expenditures and Changes in Fund Balance
 Budget and Actual (Non-GAAP Budgetary Basis)
 For the Fiscal Year Ended June 30, 2007

	Student Activities Fund		
	Final Budget	Actual	Variance from Final Budget
Revenues:			
Investment Earnings	\$14,188	\$15,067	\$879
Extracurricular Activities	1,142,139	1,212,866	70,727
Other Revenues	75,839	80,535	4,696
Total Revenues	1,232,166	1,308,468	76,302
Expenditures:			
Current:			
Instruction:			
Regular	16,400	13,132	3,268
Support Services:			
Operations and Maintenance	374,508	358,883	15,625
Extracurricular Activities	3,239,427	2,942,978	296,449
Total Expenditures	3,630,335	3,314,993	315,342
Excess of Revenues Over (Under) Expenditures	(2,398,169)	(2,006,525)	391,644
Other financing sources (uses):			
Advances In	3,125	3,319	194
Advances (Out)	(4,282)	(4,282)	0
Transfers In	1,644,722	1,746,571	101,849
Transfers (Out)	(15,235)	(15,235)	0
Total Other Financing Sources (Uses)	1,628,330	1,730,373	102,043
Net Change in Fund Balance	(769,839)	(276,152)	493,687
Fund Balance Beginning of Year (includes prior year encumbrances appropriated)	1,016,147	1,016,147	0
Fund Balance End of Year	\$246,308	\$739,995	\$493,687

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, 2007

	Auxiliary Services Fund		
	Final Budget	Actual	Variance from Final Budget
Revenues:			
Investment Earnings	\$579	\$579	\$0
Intergovernmental	263,527	263,594	\$67
Total Revenues	264,106	264,173	67
Expenditures:			
Current:			
Operation of Non-Instructional Services	310,781	298,236	12,545
Total Expenditures	310,781	298,236	12,545
Net Change in Fund Balance	(46,675)	(34,063)	12,612
Fund Balance Beginning of Year (includes prior year encumbrances appropriated)	46,675	46,675	0
Fund Balance End of Year	\$0	\$12,612	\$12,612

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, 2007

	MIS Fund		
	Final Budget	Actual	Variance from Final Budget
Revenues:			
Intergovernmental	\$56,920	\$56,920	\$0
Total Revenues	56,920	56,920	0
Expenditures:			
Current:			
Support Services:			
Central	56,920	56,205	715
Total Expenditures	56,920	56,205	715
Net Change in Fund Balance	0	715	715
Fund Balance Beginning of Year (includes prior year encumbrances appropriated)	0	0	0
Fund Balance End of Year	\$0	\$715	\$715

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, 2007

	Entry Year Programs Fund		
	Final Budget	Actual	Variance from Final Budget
Revenues:			
Intergovernmental	\$42,600	\$42,600	\$0
Total Revenues	42,600	42,600	0
Expenditures:			
Current:			
Support Services:			
Instructional Staff	41,600	40,800	800
School Administration	2,250	2,250	0
Total Expenditures	43,850	43,050	800
Net Change in Fund Balance	(1,250)	(450)	800
Fund Balance Beginning of Year (includes prior year encumbrances appropriated)	1,250	1,250	0
Fund Balance End of Year	\$0	\$800	\$800

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, 2007

	School Net Professional Development Fund		
	Final Budget	Actual	Variance from Final Budget
Revenues:			
Intergovernmental	\$8,700	\$8,700	\$0
Total Revenues	8,700	8,700	0
Expenditures:			
Current:			
Instruction:			
Regular	2,096	2,096	0
Support Services:			
Instructional Staff	9,828	9,797	31
Total Expenditures	11,924	11,893	31
Net Change in Fund Balance	(3,224)	(3,193)	31
Fund Balance Beginning of Year (includes prior year encumbrances appropriated)	3,225	3,225	0
Fund Balance End of Year	\$1	\$32	\$31

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, 2007

	Ohio Reads Fund		
	Final Budget	Actual	Variance from Final Budget
Revenues:			
Intergovernmental	\$14,000	\$14,000	\$0
Total Revenues	14,000	14,000	0
Expenditures:			
Current:			
Instruction:			
Regular	5,966	0	5,966
Support Services:			
Instructional Staff	20,601	16,052	4,549
Total Expenditures	26,567	16,052	10,515
Net Change in Fund Balance	(12,567)	(2,052)	10,515
Fund Balance Beginning of Year (includes prior year encumbrances appropriated)	12,567	12,567	0
Fund Balance End of Year	\$0	\$10,515	\$10,515

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, 2007

	Alt. School Grant Fund		
	Final Budget	Actual	Variance from Final Budget
Revenues:			
Intergovernmental	\$76,340	\$66,275	(\$10,065)
Total Revenues	<u>76,340</u>	<u>66,275</u>	<u>(10,065)</u>
Expenditures:			
Current:			
Instruction:			
Regular	5,731	5,730	1
Support Services:			
Pupil	76,576	65,067	11,509
Instructional Staff	1,899	1,897	2
Central	5,000	5,000	0
Total Expenditures	<u>89,206</u>	<u>77,694</u>	<u>11,512</u>
Excess of Revenues Over (Under) Expenditures	<u>(12,866)</u>	<u>(11,419)</u>	<u>1,447</u>
Other financing sources (uses):			
Advances In	10,973	9,526	(1,447)
Advances (Out)	(1,157)	(1,157)	0
Total Other Financing Sources (Uses)	<u>9,816</u>	<u>8,369</u>	<u>(1,447)</u>
Net Change in Fund Balance	(3,050)	(3,050)	0
Fund Balance Beginning of Year (includes prior year encumbrances appropriated)	<u>3,050</u>	<u>3,050</u>	<u>0</u>
Fund Balance End of Year	<u>\$0</u>	<u>\$0</u>	<u>\$0</u>

Lakota Local School District
 Schedule of Revenues, Expenditures and Changes in Fund Balance
 Budget and Actual (Non-GAAP Budgetary Basis)
 For the Fiscal Year Ended June 30, 2007

	Miscellaneous State Grants Fund		
	Final Budget	Actual	Variance from Final Budget
Revenues:			
Intergovernmental	\$84,289	\$79,614	(\$4,675)
Total Revenues	84,289	79,614	(4,675)
Expenditures:			
Current:			
Instruction:			
Regular	3,750	677	3,073
Support Services:			
Pupil	43,406	42,373	1,033
Instructional Staff	39,887	23,390	16,497
School Administration	483	426	57
Total Expenditures	87,526	66,866	20,660
Net Change in Fund Balance	(3,237)	12,748	15,985
Fund Balance Beginning of Year (includes prior year encumbrances appropriated)	3,237	3,237	0
Fund Balance End of Year	\$0	\$15,985	\$15,985

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, 2007

	Title VI-B Fund		
	Final Budget	Actual	Variance from Final Budget
Revenues:			
Intergovernmental	\$3,614,802	\$3,144,842	(\$469,960)
Total Revenues	<u>3,614,802</u>	<u>3,144,842</u>	<u>(469,960)</u>
Expenditures:			
Current:			
Instruction:			
Regular	210	210	0
Special	323,513	286,787	36,726
Other	214,007	179,470	34,537
Support Services:			
Pupil	2,706,179	2,349,443	356,736
Instructional Staff	310,885	270,457	40,428
Fiscal	42,800	33,416	9,384
Pupil Transportation	37,034	37,034	0
Central	142,148	129,201	12,947
Operation of Non-Instructional Services	121,402	103,110	18,292
Total Expenditures	<u>3,898,178</u>	<u>3,389,128</u>	<u>509,050</u>
Excess of Revenues Over (Under) Expenditures	<u>(283,376)</u>	<u>(244,286)</u>	<u>39,090</u>
Other financing sources (uses):			
Advances In	300,674	261,583	(39,091)
Advances (Out)	(214,604)	(214,604)	0
Total Other Financing Sources (Uses)	<u>86,070</u>	<u>46,979</u>	<u>(39,091)</u>
Net Change in Fund Balance	<u>(197,306)</u>	<u>(197,307)</u>	<u>(1)</u>
Fund Balance Beginning of Year (includes prior year encumbrances appropriated)	<u>197,307</u>	<u>197,307</u>	<u>0</u>
Fund Balance End of Year	<u>\$1</u>	<u>\$0</u>	<u>(\$1)</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, 2007

	Title III Fund		
	Final Budget	Actual	Variance from Final Budget
Revenues:			
Intergovernmental	\$119,297	\$89,039	(\$30,258)
Total Revenues	119,297	89,039	(30,258)
Expenditures:			
Current:			
Instruction:			
Regular	36,699	27,415	9,284
Support Services:			
Instructional Staff	70,829	52,618	18,211
Fiscal	1,429	1,041	388
Pupil Transportation	10,000	10,000	0
Operation of Non-Instructional Services	5,494	2,211	3,283
Total Expenditures	124,451	93,285	31,166
Excess of Revenues Over (Under) Expenditures	(5,154)	(4,246)	908
Other financing sources (uses):			
Advances In	3,572	2,666	(906)
Total Other Financing Sources (Uses)	3,572	2,666	(906)
Net Change in Fund Balance	(1,582)	(1,580)	2
Fund Balance Beginning of Year (includes prior year encumbrances appropriated)	1,582	1,582	0
Fund Balance End of Year	\$0	\$2	\$2

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, 2007

	Title I Fund		
	Final Budget	Actual	Variance from Final Budget
Revenues:			
Intergovernmental	\$592,892	\$511,745	(\$81,147)
Total Revenues	592,892	511,745	(81,147)
Expenditures:			
Current:			
Instruction:			
Regular	462,154	394,950	67,204
Support Services:			
Instructional Staff	179,356	162,262	17,094
School Administration	29,113	28,050	1,063
Fiscal	8,403	5,895	2,508
Operation of Non-Instructional Services	15,841	8,501	7,340
Total Expenditures	694,867	599,658	95,209
Excess of Revenues Over (Under) Expenditures	(101,975)	(87,913)	14,062
Other financing sources (uses):			
Advances In	102,747	88,684	(14,063)
Advances (Out)	(40,434)	(40,434)	0
Total Other Financing Sources (Uses)	62,313	48,250	(14,063)
Net Change in Fund Balance	(39,662)	(39,663)	(1)
Fund Balance Beginning of Year (includes prior year encumbrances appropriated)	39,662	39,662	0
Fund Balance End of Year	\$0	(\$1)	(\$1)

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, 2007

	Title VI Fund		
	Final Budget	Actual	Variance from Final Budget
Revenues:			
Intergovernmental	\$33,745	\$28,447	(\$5,298)
Other Revenues	998	841	(157)
Total Revenues	34,743	29,288	(5,455)
Expenditures:			
Current:			
Support Services:			
Instructional Staff	29,444	24,484	4,960
Fiscal	407	312	95
Central	8,475	8,475	0
Operation of Non-Instructional Services	1,094	337	757
Total Expenditures	39,420	33,608	5,812
Excess of Revenues Over (Under) Expenditures	(4,677)	(4,320)	357
Other financing sources (uses):			
Advances In	2,276	1,919	(357)
Advances (Out)	(4,499)	(4,499)	0
Total Other Financing Sources (Uses)	(2,223)	(2,580)	(357)
Net Change in Fund Balance	(6,900)	(6,900)	0
Fund Balance Beginning of Year (includes prior year encumbrances appropriated)	6,900	6,900	0
Fund Balance End of Year	\$0	\$0	\$0

Lakota Local School District
 Schedule of Revenues, Expenditures and Changes in Fund Balance
 Budget and Actual (Non-GAAP Budgetary Basis)
 For the Fiscal Year Ended June 30, 2007

	Drug Free Schools Fund		
	Final Budget	Actual	Variance from Final Budget
Revenues:			
Intergovernmental	\$56,034	\$46,110	(\$9,924)
Total Revenues	56,034	46,110	(9,924)
Expenditures:			
Current:			
Support Services:			
Pupil	55,272	41,020	14,252
Fiscal	591	449	142
Operation of Non-Instructional Services	343	0	343
Total Expenditures	56,206	41,469	14,737
Excess of Revenues Over (Under) Expenditures	(172)	4,641	4,813
Net Change in Fund Balance	(172)	4,641	4,813
Fund Balance Beginning of Year (includes prior year encumbrances appropriated)	172	172	0
Fund Balance End of Year	\$0	\$4,813	\$4,813

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, 2007

	EHA Pre-School Fund		
	Final Budget	Actual	Variance from Final Budget
Revenues:			
Intergovernmental	\$124,489	\$107,717	(\$16,772)
Total Revenues	124,489	107,717	(16,772)
Expenditures:			
Current:			
Instruction:			
Special	29,870	25,149	4,721
Support Services:			
Pupil	77,292	69,545	7,747
Instructional Staff	19,301	15,232	4,069
Fiscal	1,580	1,326	254
Total Expenditures	128,043	111,252	16,791
Excess of Revenues Over (Under) Expenditures	(3,554)	(3,535)	19
Other financing sources (uses):			
Advances In	144	125	(19)
Total Other Financing Sources (Uses)	144	125	(19)
Net Change in Fund Balance	(3,410)	(3,410)	(0)
Fund Balance Beginning of Year (includes prior year encumbrances appropriated)	3,410	3,410	0
Fund Balance End of Year	\$0	\$0	(\$0)

Lakota Local School District
 Schedule of Revenues, Expenditures and Changes in Fund Balance
 Budget and Actual (Non-GAAP Budgetary Basis)
 For the Fiscal Year Ended June 30, 2007

	Title VI-R Fund		
	Final Budget	Actual	Variance from Final Budget
Revenues:			
Intergovernmental	\$275,828	\$248,979	(\$26,849)
Total Revenues	275,828	248,979	(26,849)
Expenditures:			
Current:			
Instruction:			
Regular	197,055	169,237	27,818
Support Services:			
Instructional Staff	100,315	100,314	1
Fiscal	3,948	3,729	219
Operation of Non-Instructional Services	432	290	142
Total Expenditures	301,750	273,570	28,180
Excess of Revenues Over (Under) Expenditures	(25,922)	(24,591)	1,331
Other financing sources (uses):			
Advances In	13,673	12,342	(1,331)
Total Other Financing Sources (Uses)	13,673	12,342	(1,331)
Net Change in Fund Balance	(12,249)	(12,249)	0
Fund Balance Beginning of Year (includes prior year encumbrances appropriated)	12,249	12,249	0
Fund Balance End of Year	\$0	\$0	\$0

Lakota Local School District
 Schedule of Revenues, Expenditures and Changes in Fund Balance
 Budget and Actual (Non-GAAP Budgetary Basis)
 For the Fiscal Year Ended June 30, 2007

	Miscellaneous Grants Fund		
	Final Budget	Actual	Variance from Final Budget
Revenues:			
Intergovernmental	\$38,086	\$34,675	(\$3,411)
Total Revenues	38,086	34,675	(3,411)
Expenditures:			
Current:			
Instruction:			
Regular	30,823	28,183	2,640
Support Services:			
Instructional Staff	10,500	9,533	967
Fiscal	760	718	42
Operation of Non-Instructional Services	237	214	23
Total Expenditures	42,320	38,648	3,672
Excess of Revenues Over (Under) Expenditures	(4,234)	(3,973)	261
Other financing sources (uses):			
Advances In	2,912	2,651	(261)
Total Other Financing Sources (Uses)	2,912	2,651	(261)
Net Change in Fund Balance	(1,322)	(1,322)	0
Fund Balance Beginning of Year (includes prior year encumbrances appropriated)	1,322	1,322	0
Fund Balance End of Year	\$0	\$0	\$0

Lakota Local School District
 Schedule of Revenues, Expenditures and Changes in Fund Balance
 Budget and Actual (Non-GAAP Budgetary Basis)
 For the Fiscal Year Ended June 30, 2007

	Debt Service Fund		
	Final Budget	Actual	Variance from Final Budget
Revenues:			
Taxes	\$12,316,582	\$12,161,673	(\$154,909)
Intergovernmental	1,164,438	1,149,793	(14,645)
Total Revenues	<u>13,481,020</u>	<u>13,311,466</u>	<u>(169,554)</u>
Expenditures:			
Current:			
Support Services:			
Fiscal	280,674	224,683	55,991
Debt Service:			
Principal Retirement	6,668,076	6,668,076	0
Interest and Fiscal Charges	8,504,378	8,504,378	0
Total Expenditures	<u>15,453,128</u>	<u>15,397,137</u>	<u>55,991</u>
Excess of Revenues Over (Under) Expenditures	<u>(1,972,108)</u>	<u>(2,085,671)</u>	<u>(113,563)</u>
Other financing sources (uses):			
Premium & Accrued Interest on Bonds & Notes Sold	93,361	46,385	(46,976)
Total Other Financing Sources (Uses)	<u>93,361</u>	<u>46,385</u>	<u>(46,976)</u>
Net Change in Fund Balance	<u>(1,878,747)</u>	<u>(2,039,286)</u>	<u>(160,539)</u>
Fund Balance Beginning of Year (includes prior year encumbrances appropriated)	<u>7,262,810</u>	<u>7,262,810</u>	<u>0</u>
Fund Balance End of Year	<u>\$5,384,063</u>	<u>\$5,223,524</u>	<u>(\$160,539)</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, 2007

	Permanent Improvement Fund		
	Final Budget	Actual	Variance from Final Budget
Revenues:			
Investment Earnings	2,544,012	\$3,426,576	\$882,564
Total Revenues	2,544,012	3,426,576	882,564
Expenditures:			
Capital Outlay	13,124,783	12,154,359	970,424
Total Expenditures	13,124,783	12,154,359	970,424
Excess of Revenues Over (Under) Expenditures	(10,580,771)	(8,727,783)	1,852,988
Other financing sources (uses):			
Issuance of Long-Term Capital-Related Debt	10,751,647	10,000,000	(751,647)
Total Other Financing Sources (Uses)	10,751,647	10,000,000	(751,647)
Net Change in Fund Balance	170,876	1,272,217	1,101,341
Fund Balance Beginning of Year (includes prior year encumbrances appropriated)	1,192,221	1,192,221	0
Fund Balance End of Year	\$1,363,097	\$2,464,438	\$1,101,341

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, 2007

	Building Fund		
	Final Budget	Actual	Variance from Final Budget
Revenues:			
Other Revenues	\$15,825	\$16,025	\$200
Total Revenues	15,825	16,025	200
Expenditures:			
Capital Outlay	79,139,675	67,624,367	11,515,308
Total Expenditures	79,139,675	67,624,367	11,515,308
Net Change in Fund Balance	(79,123,850)	(67,608,342)	11,515,508
Fund Balance Beginning of Year (includes prior year encumbrances appropriated)	79,148,126	79,148,126	0
Fund Balance End of Year	\$24,276	\$11,539,784	\$11,515,508

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, 2007

	SchoolNet Fund		
	Final Budget	Actual	Variance from Final Budget
Revenues:			
Intergovernmental	\$107,912	\$107,912	\$0
Total Revenues	107,912	107,912	0
Expenditures:			
Current:			
Instruction:			
Regular	107,912	107,909	3
Total Expenditures	107,912	107,909	3
Net Change in Fund Balance	0	3	3
Fund Balance Beginning of Year (includes prior year encumbrances appropriated)	0	0	0
Fund Balance End of Year	\$0	\$3	\$3

Lakota Local School District
Statement of Changes In Assets and Liabilities
Agency Fund
For the Fiscal Year Ended June 30, 2007

	Student Activities			Ending Balance
	Beginning Balance	Additions	Deductions	
Assets:				
Equity in Pooled Cash and Investments	\$359,752	\$127,921	\$134,463	\$353,210
Total Assets	<u>359,752</u>	<u>127,921</u>	<u>134,463</u>	<u>353,210</u>
Liabilities:				
Accounts Payable	30,342	104,121	30,342	104,121
Other Liabilities	329,410	23,800	104,121	249,089
Total Liabilities	<u>\$359,752</u>	<u>\$127,921</u>	<u>\$134,463</u>	<u>\$353,210</u>

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**STATISTICAL
SECTION**

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Statistical Section

This part of the District's comprehensive annual financial report presents detailed information as a context for understanding what the information in the financial statements, note disclosures, and required supplementary information says about the District's overall financial health.

Contents

Financial Trends

These schedules contain trend information to help the reader understand how the District's financial position has changed over time.

Revenue Capacity

These schedules contain information to help the reader understand and assess the factors affecting the School District's ability to generate its most significant local revenue source(s), the property tax.

Debt Capacity

These schedules present information to help the reader assess the affordability of the School District's current levels of outstanding debt and the School District's ability to issue additional debt in the future.

Economic and Demographic Information

These schedules offer economic and demographic indicators to help the reader understand the environment within which the School District's financial activities take place and to provide information that facilitates comparisons of financial information over time and among governments.

Operating Information

These schedules contain service and infrastructure data to help the reader understand how the information in the School District's financial report relates to the services the School District provides and the activities it performs.

Sources: Unless otherwise noted, the information in these schedules is derived from the comprehensive annual financial reports for the relevant year. The School District implemented GASB Statement 34 in fiscal year 2003; schedules presenting government-wide information include information beginning in that fiscal year.

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

	Fiscal Year				
	2003	2004	2005	2006	2007
Governmental Activities					
Invested in Capital Assets, Net of Related Debt	\$22,843,294	\$29,021,627	\$30,808,018	\$33,913,815	\$42,878,120
Restricted	9,214,868	9,775,382	12,820,740	13,977,232	13,264,151
Unrestricted	18,977,037	16,462,945	13,104,428	19,821,499	36,549,902
Total Government Net Assets	<u>\$51,035,199</u>	<u>\$55,259,954</u>	<u>\$56,733,186</u>	<u>\$67,712,546</u>	<u>\$92,692,173</u>
Business-type activities					
Invested in Capital Assets, Net of Related Debt	\$1,192,471	\$1,131,484	\$1,004,829	\$892,030	\$914,373
Unrestricted	1,294,078	1,594,831	1,963,621	1,711,119	1,394,234
Total business-type activities net assets	<u>\$2,486,549</u>	<u>\$2,726,315</u>	<u>\$2,968,450</u>	<u>\$2,603,149</u>	<u>\$2,308,607</u>

Source: District Records

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

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

	Fiscal Year				
	2003	2004	2005	2006	2007
Expenses					
Governmental Activities:					
Instruction	\$66,999,455	\$72,506,183	\$68,933,022	\$73,176,247	\$76,890,642
Pupil	8,340,975	8,663,017	9,867,976	10,751,701	10,940,729
Instructional Staff	5,722,539	7,327,784	7,715,598	9,785,359	8,868,043
General Administration	27,184	23,719	67,385	44,068	62,727
School Administration	10,009,748	10,204,176	10,579,888	12,406,657	13,621,563
Fiscal	1,524,506	2,115,246	2,125,850	1,095,786	1,267,506
Business	509,697	466,188	329,164	292,860	222,208
Operation and Maintenance	11,414,121	11,177,889	10,438,378	10,900,201	11,300,285
Pupil Transportation	7,724,737	9,929,606	14,371,115	13,290,246	16,077,170
Central	2,074,718	2,343,254	2,555,949	2,983,262	2,637,239
Operation of Non-Instructional Services	45,255	139,383	357,834	525,523	534,606
Extracurricular Activities	2,810,168	3,011,917	3,103,182	3,292,761	3,023,706
Interest and Fiscal Charges	6,002,168	5,597,681	5,183,120	8,034,299	8,276,131
Total Governmental Activities Expenses	<u>123,205,271</u>	<u>133,506,043</u>	<u>135,628,461</u>	<u>146,578,970</u>	<u>153,722,555</u>
Business-Type Activities:					
Food Service	3,686,719	3,891,792	4,385,331	4,879,137	4,785,536
Uniform School Supply	732,945	871,408	1,005,613	1,204,606	1,293,862
Total Business-Type Activities Expenses	<u>4,419,664</u>	<u>4,763,200</u>	<u>5,390,944</u>	<u>6,083,743</u>	<u>6,079,398</u>
Total Primary Government Expenses	<u>\$127,624,935</u>	<u>\$138,269,243</u>	<u>\$141,019,405</u>	<u>\$152,662,713</u>	<u>\$159,801,953</u>
Program Revenues					
Governmental Activities:					
Charges for Services	2,029,981	2,117,107	2,678,276	2,935,999	2,581,780
Operating Grants and Contributions	2,612,017	3,655,452	4,639,740	4,874,587	8,402,646
Capital Grants and Contributions	450,657	107,748	248,830	108,951	327,799
Total Governmental Activities Program Revenues	<u>5,092,655</u>	<u>5,880,307</u>	<u>7,566,846</u>	<u>7,919,537</u>	<u>11,312,225</u>
Business-Type Activities:					
Charges for Services	4,178,817	4,525,316	5,568,995	5,014,072	5,218,887
Operating Grants and Contributions	331,387	467,024	0	613,956	687,140
Total Business-Type Activities Program Revenues	<u>4,510,204</u>	<u>4,992,340</u>	<u>5,568,995</u>	<u>5,628,028</u>	<u>5,906,027</u>
Total Primary Government Program Revenues	<u>\$9,602,859</u>	<u>\$10,872,647</u>	<u>\$13,135,841</u>	<u>\$13,547,565</u>	<u>\$17,218,252</u>
Net (Expense)/Revenue					
Total Government Net Expense	<u>(\$118,022,076)</u>	<u>(\$127,396,596)</u>	<u>(\$127,883,564)</u>	<u>(\$139,115,148)</u>	<u>(\$142,583,701)</u>

Source: District Records

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

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

	Fiscal Year				
	2003	2004	2005	2006	2007
Net (Expense)/Revenue					
Total Government Net Expense	(\$118,022,076)	(\$127,396,596)	(\$127,883,564)	(\$139,115,148)	(\$142,583,701)
General Revenues and Other Changes in Net Assets					
Governmental Activities:					
Property Taxes					
Property Taxes Levied for General Purposes	58,108,666	65,507,861	63,722,046	77,220,286	86,994,400
Property Taxes Levied for Debt Service Purposes	12,046,037	12,135,005	11,156,541	11,789,412	12,127,727
Grants and Entitlements Not Restricted to Specific Programs	49,602,256	51,777,045	54,260,058	55,735,058	54,786,321
Payment in Lieu of Taxes	1,472,801	2,153,931	257,770	1,599,259	2,437,337
Investment Earnings	1,178,297	461,120	1,016,474	3,117,591	7,552,512
Refunds and Reimbursements	0	0	0	20,700	7,744
Other Revenues	651,656	466,531	419,747	416,951	1,036,805
Transfers-Internal Activities	0	0	(36,095)	(56,236)	(65,726)
Total Governmental Activities	<u>123,059,713</u>	<u>132,501,493</u>	<u>130,796,541</u>	<u>149,843,021</u>	<u>164,877,120</u>
Change in Net Assets					
Total Government	<u>\$5,037,637</u>	<u>\$5,104,897</u>	<u>\$2,912,977</u>	<u>\$10,727,873</u>	<u>\$22,293,419</u>

Source: District Records

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

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

	1998	1999	2000	2001	2002	2003	2004	2005	2006	2007
General Fund										
Reserved	N/A	\$9,062,256	\$4,987,159	\$4,204,498	\$6,649,366	\$4,808,663	\$4,641,568	\$5,680,104	\$8,145,908	\$5,713,978
Unreserved	N/A	1,596,214	255,174	5,519,495	12,020,137	20,122,813	17,066,027	15,120,212	20,107,297	36,756,523
Total General Fund	N/A	10,658,470	5,242,333	9,723,993	18,669,503	24,931,476	21,707,595	20,800,316	28,253,205	42,470,501
All Other Governmental Funds										
Reserved	N/A	4,580,459	1,997,191	11,425,354	15,746,335	2,788,490	895,082	808,753	22,552,576	32,675,178
Unreserved, Reported In:										
Capital Project Funds	N/A	761,771	1,773,621	(11,844,108)	12,604,219	1,294,014	14,492	133,168	55,588,815	14,391,862
Debt Service Funds	N/A	2,731,296	3,222,083	48,943,668	4,531,060	5,137,949	6,323,687	7,764,970	7,262,811	5,223,525
Special Revenue Funds	N/A	816,713	1,049,400	1,292,886	1,360,312	574,385	1,101,409	1,015,338	982,361	1,154,791
Total all Other Governmental Funds	N/A	\$8,890,239	\$8,042,295	\$49,824,800	\$34,241,926	\$9,794,838	\$8,334,670	\$9,722,229	\$86,386,563	\$53,445,356

Source: District Records

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

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

Revenues:	Fiscal Year									
	1998	1999	2000	2001	2002	2003	2004	2005	2006	2007
Taxes	N/A	\$51,417,650	\$45,738,935	\$62,028,340	\$69,594,735	\$70,154,703	\$74,974,566	\$76,558,847	\$88,219,693	\$99,366,657
Revenue in Lieu of Taxes	N/A	0	0	0	0	0	0	257,770	0	0
Tuition and Fees	N/A	381,159	90,103	142,070	219,195	443,369	443,132	550,997	623,401	548,049
Investment Earnings	N/A	1,266,444	1,568,487	3,759,204	2,190,993	1,178,297	461,120	1,016,474	3,117,591	7,552,512
Intergovernmental	N/A	30,481,732	35,278,953	39,375,711	49,417,922	52,796,362	56,941,382	58,629,909	60,772,380	63,869,399
Extracurricular Activities	N/A	1,019,653	1,225,739	1,480,318	1,416,907	1,441,426	1,545,353	1,831,947	2,089,798	1,741,406
Charges for Services	N/A	0	0	0	0	0	0	295,331	0	0
Other revenues	N/A	774,789	3,575,722	1,312,647	1,243,738	2,331,295	1,262,626	398,717	2,350,844	3,774,211
Total Revenues	N/A	\$85,341,427	\$87,477,939	\$108,098,290	\$124,083,490	\$128,345,452	\$135,628,179	\$139,539,992	\$157,173,707	\$176,852,234

Source: District Records

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

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

	Fiscal Year									
	1998	1999	2000	2001	2002	2003	2004	2005	2006	2007
Regular Instruction	N/A	\$39,404,247	\$42,017,254	\$43,497,049	\$49,996,377	\$75,550,548	\$59,355,751	\$56,610,305	\$58,134,589	\$63,108,553
Special Instruction	N/A	5,461,506	5,984,531	6,602,204	7,829,990	9,517,686	9,698,915	9,310,344	10,412,781	10,825,993
Vocational Instruction	N/A	247,450	243,109	321,305	253,789	267,363	283,553	186,872	99,012	126,020
Other Instruction	N/A	111,550	249,878	278,680	406,687	208,288	292,795	244,275	2,886,570	3,018,895
Pupil	N/A	4,995,144	5,464,216	5,923,089	6,945,602	8,217,048	8,606,366	9,808,007	10,833,902	10,831,902
Instructional Staff	N/A	3,912,010	4,619,713	5,097,956	5,866,695	5,694,591	7,295,815	7,730,941	8,986,605	8,797,966
General Administration	N/A	32,985	8,714	35,889	23,984	27,184	23,719	67,385	44,068	62,727
School Administration	N/A	6,094,754	7,195,858	7,156,518	8,569,952	9,542,561	10,272,880	10,341,744	11,992,785	13,442,807
Fiscal	N/A	1,412,245	1,447,434	1,496,248	1,620,799	1,616,573	2,082,673	2,089,853	1,061,100	1,227,995
Business	N/A	254,303	316,922	268,826	452,264	334,167	339,578	194,347	250,186	171,521
Operations and Maintenance	N/A	7,676,858	8,112,690	8,425,046	8,908,255	11,294,661	11,211,971	10,348,015	10,778,978	11,184,911
Pupil Transportation	N/A	5,408,151	5,800,663	7,383,466	7,908,121	8,154,558	9,305,327	13,801,460	12,392,940	15,225,047
Central	N/A	750,216	1,334,257	1,130,512	1,304,561	2,264,736	2,204,567	2,398,020	2,772,271	3,127,979
Operation of Non-Instructional Services	N/A	8,665	6,408	4,140	2,170	138,551	135,224	354,212	546,483	555,986
Extracurricular Activities	N/A	1,890,038	2,253,512	2,420,697	2,633,376	2,814,247	2,803,482	2,936,849	3,151,638	2,896,885
Capital Outlay	N/A	105,435	1,703,538	5,325,673	18,946,017	0	4,310,899	757,466	9,708,525	45,983,393
Debt Service	N/A									
Principal Retirement	N/A	4,322,399	4,474,347	5,234,231	5,644,457	6,339,388	6,784,094	5,760,593	8,591,962	6,668,076
Interest and Fiscal Charges	N/A	4,348,224	4,403,764	5,840,016	6,320,231	6,076,810	5,566,021	5,342,006	5,652,789	8,457,993
Total Expenditures	N/A	\$86,436,180	\$95,636,808	\$106,441,545	\$133,624,327	\$148,008,960	\$140,573,630	\$138,282,694	\$158,297,067	\$205,714,649
Debt Service as a Percentage of Noncapital Expenditures	N/A	10.04%	9.45%	10.95%	10.43%	8.36%	9.06%	8.07%	9.59%	9.47%

Source: District Records

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

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

	1998	1999	2000	2001	2002	2003	2004	2005	2006	2007
Other Financing Sources (Uses)										
Issuance of Long Term Debt	N/A	\$2,515,000	\$1,240,000	\$44,570,000	\$2,870,000	\$0	\$0	\$0	\$84,300,000	\$10,000,000
Issuance of Refunding Bonds	N/A	0	0	8,880,656	0	0	0	8,625,000	30,950,000	0
Premium on Bonds Sold	N/A	2,840	0	27,281	0	0	0	0	4,221,393	0
Payment to Refunded Bonds Escrow Agent	N/A	0	0	(8,880,656)	0	0	0	(8,625,000)	(34,194,969)	0
Proceeds of Capital Leases	N/A	900,000	632,470	0	0	0	261,402	161,818	0	0
Sale of Capital Assets	N/A	5,061	22,318	10,139	4,440	138,101	0	0	20,395	0
Transfers In	N/A	2,905,398	441,000	150,000	45,580,800	1,387	24,908	1,808,906	1,483,808	1,779,391
Transfers (Out)	N/A	(2,905,398)	(441,000)	(150,000)	(45,551,767)	(1,387)	(24,908)	(1,845,001)	(1,540,044)	(1,845,117)
Total Other Financing Sources (Uses)	N/A	3,422,901	1,894,788	44,607,420	2,903,473	138,101	261,402	125,723	85,240,583	9,934,274
Net Change in Fund Balances	N/A	\$2,328,148	(\$6,264,081)	\$46,264,165	(\$6,637,364)	(\$19,525,407)	(\$4,684,049)	\$1,383,021	\$84,117,223	(\$18,928,141)

Source: District Records

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

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

Collection Year	Real Property	Tangible Personal Property	Public Utilities Personal	Total		Total Direct Rate
	Assessed Value	Assessed Value	Assessed Value	Assessed Value	Estimated Actual Value	
1997	\$1,189,903,220	\$121,815,238	\$74,532,500	\$1,386,250,958	\$3,971,680,460	0.56
1998	1,243,409,780	133,868,633	74,264,120	1,451,542,533	4,172,464,949	0.56
1999	1,303,927,250	136,671,688	78,477,160	1,519,076,098	4,361,371,771	0.55
2000	1,470,277,860	136,507,980	81,764,790	1,688,550,630	4,839,740,339	0.62
2001	1,596,004,850	156,691,941	79,376,000	1,832,072,791	5,276,981,621	0.62
2002	1,646,429,860	170,886,501	60,981,990	1,878,298,351	5,456,929,034	0.61
2003	1,960,455,290	171,600,152	58,862,530	2,190,917,972	6,354,590,675	0.60
2004	2,027,523,000	171,154,345	59,663,620	2,258,340,965	6,546,217,567	0.60
2005	2,145,381,260	173,951,122	60,653,310	2,379,985,692	6,894,389,445	0.66
2006	2,324,789,851	188,497,872	65,725,474	2,579,013,197	7,461,973,679	0.66

Source: Butler County Auditor.

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

Calendar Year	District Direct Rates		Total	Overlapping Rates				
	General Purpose	Capital Purpose		Butler County	EXC Monroe Liberty Town	Liberty Township	City of Monroe	Butler JVS
1997	0.06	0.50	0.56	0.08	0.08	0.01	0.08	0.02
1998	0.06	0.50	0.56	0.08	0.08	0.01	0.08	0.02
1999	0.06	0.49	0.55	0.08	0.09	0.01	0.08	0.02
2000	0.06	0.55	0.62	0.08	0.11	0.01	0.10	0.02
2001	0.06	0.55	0.62	0.09	0.11	0.01	0.10	0.02
2002	0.06	0.54	0.61	0.09	0.11	0.01	0.10	0.02
2003	0.06	0.54	0.60	0.09	0.11	0.01	0.10	0.02
2004	0.06	0.54	0.60	0.09	0.11	0.01	0.10	0.02
2005	0.06	0.59	0.66	0.09	0.11	0.01	0.10	0.02
2006	0.06	0.59	0.66	0.09	0.11	0.01	0.10	0.02

Source: County Auditor

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

<u>Taxpayer</u>	<u>2006 (2)</u>	
	<u>Tangible Personal & Real Property</u>	<u>Percentage of Total Assessed Value</u>
Cincinnati Gas & Electric	\$46,064,120	1.79%
Security Capital IND TR	12,186,170	0.47%
Cincinnati Bell Telephone	10,229,560	0.40%
Duke Realty Ohio	8,282,300	0.32%
Union Station of West Chester LLC	6,667,050	0.26%
Landings at Beckett Ridge LLC	6,591,950	0.26%
Dugan Financing LLC	6,518,310	0.25%
Port Union LLC	6,064,080	0.24%
Four Bridges Apartments LTD	5,382,380	0.21%
First Industrial L P	5,196,980	0.20%
	<u>\$113,182,900</u>	<u>4.39%</u>
All Others:	<u>\$2,465,830,297</u>	<u>95.61%</u>
Total:	<u><u>\$2,579,013,197</u></u>	<u><u>100.00%</u></u>

<u>Taxpayer</u>	<u>2005</u>	
	<u>Tangible Personal & Real Property</u>	<u>Percentage of Total Taxable Value</u>
Cincinnati Gas & Electric	\$46,064,120	1.94%
Security Capital IND TR	12,186,170	0.51%
Cincinnati Bell Telephone	10,229,560	0.43%
Duke Realty Ohio	8,282,300	0.35%
Union Station of West Chester LLC	6,667,050	0.28%
Landings at Beckett Ridge LLC	6,591,950	0.28%
Dugan Financing LLC	6,518,310	0.27%
Port Union LLC	6,064,080	0.25%
Four Bridges Apartments LTD	5,382,380	0.23%
First Industrial L P	5,196,980	0.22%
	<u>\$113,182,900</u>	<u>4.76%</u>
All Others:	<u>\$2,266,802,792</u>	<u>95.24%</u>
Total:	<u><u>\$2,379,985,692</u></u>	<u><u>100.00%</u></u>

Source: County Auditor

(1) - Current and prior year information only available. Information from nine years prior is not available.

(2) - Per county auditor, assessed values did not change between 2005 and 2006 calendar year.

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

Calendar Year (1)	Taxes Levied for the Calendar Year (2)	Collected within the Calendar Year of the Levy		Collections in Subsequent Years	Total Collections to Date	
		Amount (3)	Percentage of Levy		Amount	Percentage of Levy
1997	\$45,857,910	\$45,857,910	100.00%	\$1,535,268	\$47,393,178	103.35%
1998	47,506,385	47,506,385	100.00%	1,104,758	48,611,143	102.33%
1999	49,733,189	49,002,544	98.53%	1,066,729	50,069,273	100.68%
2000	51,603,050	51,384,592	99.58%	889,725	52,274,317	101.30%
2001	67,320,527	64,924,194	96.44%	1,225,648	66,149,842	98.26%
2002	67,659,376	65,274,114	96.47%	1,572,990	66,847,104	98.80%
2003	71,617,353	71,010,316	99.15%	1,721,327	72,731,643	101.56%
2004	72,237,286	72,208,219	99.96%	2,096,301	74,304,520	102.86%
2005	75,498,963	72,635,918	96.21%	1,844,649	74,480,567	98.65%
2006	93,214,462	88,979,494	95.46%	2,120,237	91,099,731	97.73%

Source: County Auditor

- (1) - Per county auditor, amounts in earlier years based on fiscal years; amounts have been readjusted to reflect calendar year.
- (2) - Taxes levied and collected are presented on a cash basis.
- (3) - State reimbursements of rollback and homestead exemptions are included.

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

Fiscal Year	Governmental Activities			Total Primary Government	Percentage of Personal Income	Per Capita
	General Obligation Bonds	Capital Leases				
1998	N/A	N/A	N/A	N/A	N/A	N/A
1999	\$77,923,414	\$963,591	\$78,887,005	0.87%	\$1,478	
2000	74,689,067	1,596,061	76,285,128	0.80%	1,430	
2001	114,537,518	806,168	115,343,686	1.19%	1,484	
2002	111,763,062	0	111,763,062	1.12%	1,399	
2003	105,423,674	0	105,423,674	1.02%	1,432	
2004	98,639,581	0	98,639,581	0.91%	1,340	
2005	92,878,987	0	92,878,987	0.86%	1,261	
2006	172,713,717	0	172,713,717	1.56%	2,346	
2007	175,856,247	0	175,856,247	N/A	2,388	

Source: District Records

N/A - Information not available.

Lakota Local School District
 Direct and Overlapping Governmental Activities Debt
 As of June 30, 2007
 Schedule 13

Governmental Unit	Debt Outstanding	Estimated Percentage Applicable	Estimated Share of Direct and Overlapping Debt
Overlapping Debt:			
Butler County	\$72,853,870	33.09%	\$24,107,346
Fairfield City	27,505,000	1.12%	308,056
Monroe City	10,265,000	3.97%	407,521
Liberty Township	4,519,424	100.00%	4,519,424
West Chester Township	51,675,000	96.07%	49,644,173
Butler Technology & Career Center JT. Voc. School District	2,095,000	37.61%	787,930
Subtotal, Overlapping Debt	168,913,294		79,774,448
District direct debt	171,918,950	100.00%	171,918,950
Total direct and overlapping debt	\$340,832,244		\$251,693,398

Source: Ohio Municipal Advisory Council

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

Legal Debt Margin Calculation for Fiscal Year 2007

Assessed value (1)	\$2,579,013,197
Debt limit (0% of assessed value)	232,111,188
Debt applicable to limit	171,918,950
Legal debt margin	\$60,192,238

	Fiscal Year									
	1998	1999	2000	2001	2002	2003	2004	2005	2006	2007
Debt Limit	N/A	\$151,969,557	\$136,716,849	\$164,886,551	\$169,046,852	\$197,182,617	\$203,250,687	\$214,198,712	\$214,198,712	\$232,111,188
Total Net Debt Applicable to Limit	N/A	74,689,067	77,923,414	159,081,947	111,952,649	105,815,653	105,815,653	92,878,988	168,587,026	171,918,950
Legal Debt Margin	N/A	\$77,280,490	\$58,793,435	\$5,804,604	\$57,094,203	\$91,366,964	\$97,435,034	\$121,319,724	\$45,611,686	\$60,192,238
Total Net Debt Applicable to the Limit as a Percentage of Debt Limit	N/A	49.15%	57.00%	96.48%	66.23%	53.66%	52.06%	43.36%	78.71%	74.07%

Source: District Records

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

(1) - Assessed values are on a calendar year basis (i.e. fiscal year 2007 is calendar year 2006)

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

<u>Calendar Year</u>	<u>Population (1)</u>	<u>Personal Income (Thousands of Dollars) (2)</u>	<u>Per Capita Personal Income (3)</u>	<u>Unemployment Rate</u>
1997	53,362	\$8,560,958	\$26,079	3.40%
1998	53,362	9,087,357	27,475	3.70%
1999	53,362	9,547,252	28,608	3.00%
2000	77,714	9,729,127	28,881	3.20%
2001	79,895	9,938,473	29,273	4.40%
2002	73,633	10,285,549	30,014	4.50%
2003	73,633	10,844,563	31,332	5.40%
2004	73,633	10,844,563	31,332	5.00%
2005	73,633	10,844,563	31,332	5.10%
2006	73,633	N/A	N/A	5.60%

Sources: (1) - Population estimates provided by Lakota School District Records

(2) - Personal Income information provided by Bureau of Economic Analysis: Regional Economic Accounts for Butler County

(3) - Per Capita Personal Income information provided by Bureau of Economic Analysis: Regional Economic Accounts for Butler County

N/A - Information not available

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

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

Source: Butler County Chamber of Commerce

(1) - Only prior year information available

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

	Fiscal Year									
	1998	1999	2000	2001	2002	2003	2004	2005	2006	2007
Official/Administrative										
Assist. Deputy/Superintendent	1	1	1	1	1	1	1	1	1	2
Assistant Principal	17	24	22	22	24	22	23	24	23	24
Principal	16	17	17	18	19	18	19	19	19	19
Superintendent	1	1	1	1	1	1	1	1	1	1
Supervising/Managing/Directing	12	8	12	12	15	12	14	12	4	8
Treasurer	1	1	1	1	2	2	1	1	1	1
Other Official/Administrative	4	9	6	4	6	10	6	7	12	17
Totals	52	61	60	59	68	66	65	65	61	72
Professional - Educational/Other										
Counseling	46	51	48	54	55	62	31	29	31	32
Librarian/Media	30	32	31	33	32	44	18	19	14	18
Regular Teaching	571	636	656	674	732	978	671	699	701	733
Special Education Teaching	68	90	94	102	120	132	118	85	55	65
Educational Service Teacher	96	99	100	109	117	149	108	71	72	71
Psychologist	15	18	18	19	27	32	12	11	12	13
Registered Nursing	22	27	26	26	27	25	15	15	15	15
Speech and Language Therapist	31	35	35	42	50	57	29	30	30	31
Other Professional	188	82	51	48	47	54	101	119	162	161
Totals	1,065	1,069	1,058	1,107	1,207	1,532	1,103	1,078	1,090	1,139
Technical/Office/Clerical										
Computer Operating	10	11	11	12	13	14	14	15	14	19
Library Aide	13	16	14	16	14	15	15	17	12	147
Clerical	71	72	80	86	86	90	97	89	87	90
Teaching Aide	1	12	13	67	61	90	145	154	12	10
Other Technical/Office/Clerical	9	5	7	5	6	4	5	19	145	28
Totals	104	116	125	186	180	213	275	293	269	294
Crafts and Trades/Operative										
General Maintenance	13	14	16	15	16	17	18	22	7	7
Mechanic	6	6	8	8	8	7	10	9	9	7
Vehicle Operator (buses)	118	139	146	158	166	172	185	0	0	0
Other Crafts and Trades/Operative	0	0	0	0	0	0	1	0	5	5
Totals	137	159	170	181	190	196	214	31	21	19
Extracurricular/Intracurricular Activities										
Advisor	9	115	97	105	73	94	0	0	0	0
Coaching	6	184	157	175	123	178	0	0	0	0
Athletic Trainer	0	5	5	4	1	0	0	0	0	0
Extra/Intra - Curricular Activities	0	232	194	238	187	0	0	0	0	0
Totals	15	536	452	521	384	272	0	0	0	0
Service Work/Laborer										
Custodian	86	85	86	89	87	91	106	98	85	85
Food Service	89	89	93	98	94	97	109	120	63	63
Attendant	82	79	92	67	76	65	56	59	16	19
Other Service Work/Laborer	40	42	44	47	42	53	36	2	18	15
Totals	297	295	315	301	299	306	306	279	181	182
Totals	1,670	2,236	2,180	2,355	2,327	2,585	1,963	1,746	1,622	1,706

Source: Lakota Local School District records.

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

Fiscal Year	Enrollment	Professional/ Educational Staff	Professional/ Educational Staff Average Salary	Pupil-Professional/ Educational Staff Ratio	Percentage Of Students on Free/Reduced Meals
1997/1998	13,530	1,065	27,810	12.76	N/A
1998/1999	14,139	1,069	29,881	13.29	N/A
1999/2000	14,659	1,058	31,927	13.85	N/A
2000/2001	15,143	1,107	30,926	13.68	N/A
2001/2002	15,498	1,207	33,746	12.84	12.45%
2002/2003	15,845	1,532	28,444	10.34	13.30%
2003/2004	16,358	1,103	51,251	14.83	13.01%
2004/2005	16,961	1,078	52,583	15.74	13.57%
2005/2006	17,422	1,090	53,123	15.98	15.91%
2006/2007	17,782	1,137	53,622	15.63	15.39%

Source: Lakota Local School District Records

N/A - Information was unavailable at the time this report was published

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

School	2007	2006	2005	2004	2003	2002	2001	2000	1999	1998
Lakota Early Childhood*										
Square Feet	*	*	*	*	*	*	*	*	*	*
Enrollment	1,325	1,284	1,264	1,236	1,087	1,046	1,033	945	903	851
VanGorden Elementary (2003)***										
Square Feet	90,901	90,901	90,901	90,901	N/A	N/A	N/A	N/A	N/A	N/A
Enrollment	906	959	939	697	0	0	0	0	0	0
Adena Elementary (1978)										
Square Feet	61,532	61,532	61,532	61,532	61,532	61,532	61,532	61,532	61,532	61,532
Enrollment	673	700	719	692	675	722	706	755	658	665
Hopewell Elementary (1961)										
Square Feet	73,173	73,173	73,173	73,173	73,173	73,173	73,173	73,173	73,173	73,173
Enrollment	907	878	887	885	949	981	1,048	1,007	1,029	1,033
Liberty Elementary (1928)										
Square Feet	50,600	50,600	50,600	50,600	50,600	50,600	50,600	50,600	50,600	50,600
Enrollment	598	621	595	570	717	674	601	558	465	462
Union Elementary (1916)										
Square Feet	54,364	54,364	54,364	54,364	54,364	54,364	54,364	54,364	54,364	54,364
Enrollment	588	582	583	609	648	643	612	631	598	560
Freedom Elementary (1988)										
Square Feet	61,175	61,175	61,175	61,175	61,175	61,175	61,175	61,175	61,175	61,175
Enrollment	676	638	657	698	721	744	752	758	826	765
Woodland Elementary (1990)										
Square Feet	66,792	66,792	66,792	66,792	66,792	66,792	66,792	66,792	66,792	66,792
Enrollment	837	778	753	729	718	750	692	662	619	569
Shawnee Elementary (1990)										
Square Feet	60,070	60,070	60,070	60,070	60,070	60,070	60,070	60,070	60,070	60,070
Enrollment	622	636	643	559	694	705	722	590	628	613
Heritage Elementary (1992)										
Square Feet	60,620	60,620	60,620	60,620	60,620	60,620	60,620	60,620	60,620	60,620
Enrollment	687	703	715	694	804	775	778	819	754	753
Cherokee Elementary (1995)										
Square Feet	76,612	76,612	76,612	76,612	76,612	76,612	76,612	76,612	76,612	76,612
Enrollment	891	897	823	748	948	894	869	815	862	805
Independence Elementary (1994)										
Square Feet	79,612	79,612	79,612	79,612	79,612	79,612	79,612	79,612	79,612	79,612
Enrollment	832	764	844	907	778	732	745	738	733	726
Hopewell Junior (1972)										
Square Feet	75,874	75,874	75,874	75,874	75,874	75,874	75,874	75,874	75,874	75,874
Enrollment	650	560	521	537	776	747	749	724	745	749
Liberty Junior (1977)										
Square Feet	85,197	85,197	85,197	85,197	85,197	85,197	85,197	85,197	85,197	85,197
Enrollment	894	896	778	785	887	800	790	815	755	707
Lakota Ridge Junior (1997)										
Square Feet	74,652	74,652	74,652	74,652	74,652	74,652	74,652	74,652	74,652	74,652
Enrollment	665	642	670	702	878	846	797	810	825	734
Lakota Plains Junior (2003)***										
Square Feet	113,777	113,777	113,777	113,777	N/A	N/A	N/A	N/A	N/A	N/A
Enrollment	893	850	652	639	0	0	0	0	0	0
Lakota Freshman (1958)**										
Square Feet	247,739	247,739	247,739	247,739	247,739	247,739	247,739	247,739	247,739	247,739
Enrollment	1,282	1,281	1,320	1,219	1,138	1,135	1,092	1,079	1,029	969
Lakota West High (1997)**										
Square Feet	257,888	257,888	257,888	257,888	247,500	247,500	247,500	247,500	247,500	247,500
Enrollment	1,997	1,988	1,886	1,804	1,791	1,721	1,652	1,501	1,427	1,397
Lakota East High (1997)**										
Square Feet	257,888	257,888	257,888	257,888	247,500	247,500	247,500	247,500	247,500	247,500
Enrollment	1,861	1,765	1,712	1,648	1,636	1,583	1,505	1,452	1,347	1,240
Total Enrollment	17,782	17,422	16,961	16,358	15,845	15,498	15,143	14,659	14,203	13,598

Source: Lakota Local School District records.

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

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

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

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Mary Taylor, CPA
Auditor of State

LAKOTA LOCAL SCHOOL DISTRICT

BUTLER COUNTY

CLERK'S CERTIFICATION

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

Susan Babbitt

CLERK OF THE BUREAU

**CERTIFIED
MARCH 6, 2008**