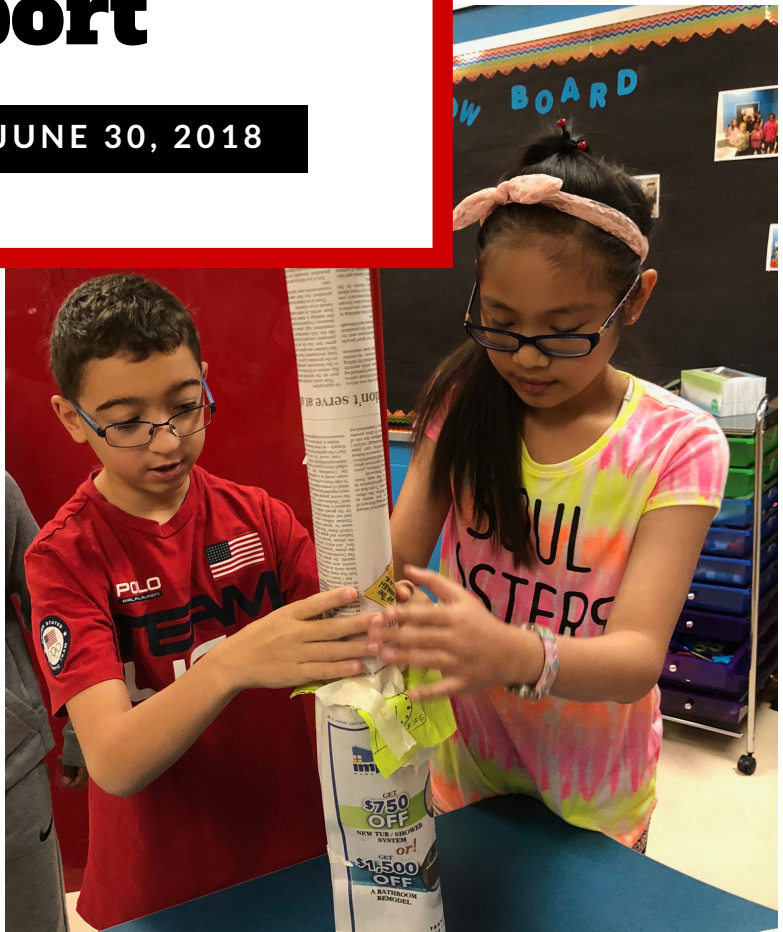


Comprehensive Annual Financial Report

JULY 1, 2017 - JUNE 30, 2018



LAKOTA LOCAL SCHOOL DISTRICT

BUTLER COUNTY, OHIO

COMPREHENSIVE ANNUAL FINANCIAL REPORT

FOR THE FISCAL YEAR ENDED JUNE 30, 201

Prepared by:
Office of the CFO/Treasurer
Jenni Logan

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INTRODUCTORY SECTION



Office of the Treasurer

Lakota Central Office
5572 Princeton Road
Liberty Township, Ohio
45011-9726

513 644-1180 Fax: 513
644-1183
www.lakotaonline.com

Jenni Logan
Treasurer

December 21, 2018

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, 2018. 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 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 Fiscal Officer's Office and includes an opinion from the Ohio Auditor of State.

This report will be made available via the World Wide Web at www.lakotaonline.com. Copies of this report will be available upon request. A District communication, which will include social media, announcing its release will be sent to our community residents as well as our business and governmental partners.

As part of this reporting model, management is responsible for preparing a Management's Discussion and Analysis (MD&A) of the District. This letter should be read in conjunction with the Management Discussion and Analysis that can be found immediately following the Independent Auditor's Report.

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.

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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 100,000 people. Within the District boundaries is the majority of West Chester Township and Liberty Township.

West Chester Township

West Chester Township

West Chester Township ("West Chester") makes up approximately 68% of the School District's territory and the School District covers 96% of West Chester. West Chester is home to more than 61,000 residents and according to the 2010 Census is the State's largest township.

West Chester has been named seven times to Money Magazine's "Best Places to Live in America." In 2018 the community ranked 38th on the prestigious list. The list recognizes communities of populations between 50,000 and 300,000, citing attributes related to projected job growth, local economy, quality of life, education, accessibility and more.

West Chester has transitioned over the past two decades from a primarily high-end residential area to add a vibrant and large-scale business base. Given its strategic location between Cincinnati and Dayton, and as those cities have continued to converge, West Chester has established itself as the central economic hub of the regional commerce corridor linking the two.

West Chester's business sector began its rapid growth with the completion of the Union Centre Boulevard/I-75 Interchange in December 1997. Strategic economic development planning, however, has attracted corporate investment to all areas of West Chester, including the Tylersville Road area where UC Health invested in the development of a full-service hospital and medical campus; and at Cincinnati-Dayton Road with the addition of the Butler Tech Bioscience Center.

West Chester's use and application of TIF districts and commitment to infrastructure investment have allowed thousands of acres to develop commercially with increased business investment, resulting in a sustainable tax base to fund public services long term. West Chester has reaped more than \$3.6 billion in new investment, more than 37 million square feet in new construction, and more than 42,000 new jobs overall since 1997.

Growth is supported by West Chester's immediate access to six interstate interchanges – three within West Chester at I-75, two at the regional beltway I-275 and the Liberty Way Interchange at I-75 and the Butler Regional Highway.

In 2017, West Chester realized more than \$125 million in new corporate capital investment. Much of this investment came from existing companies that continue to value the services and access offered by the community.

The residents of West Chester benefit from the services of well-trained professionals in the fields of public safety and roadway maintenance. West Chester has its own police and fire departments funded through voter-approved levies. The most recent police department levy was approved by voters in 2010 and the West Chester Fire Department operates within the constraints of a levy approved in 2006.

West Chester's growing economy and tax base, healthy financial position and manageable debt burden warrant the highest available bond rating by Moody's Investment Service. West Chester was first awarded the Aaa bond rating in 2010.

Liberty Township

Liberty Township ("Liberty") is located in the center of the Cincinnati-Dayton metroplex of more than 3 million people. Liberty is located 20 miles north of Cincinnati and 25 miles south of Dayton, straddling I-75 and the Butler County Veterans Highway (State Route 129). Liberty's strategic location between two major metropolitan areas allows great access to big-city amenities such as major colleges and universities, professional sports, two international airports, the performing arts, and other recreation resources, including zoos, museums, theme parks, and shopping. According to the US Census Bureau's 2015 mid-Census statistics the population of Liberty is 38,617 residents, which is a 69% increase from the 2000 US Census (22,819).

Liberty has been described as a semi-rural bedroom community, with only 2.5% of the total land area developed commercially. The \$325 million, mixed-use-development-Liberty Center, opened October 2015. The first phase of the development includes 75,000 square feet of Class A office space, 62,000 square feet of restaurant and dining options, 190,000 square feet of upscale residential, a cinema complex and an AC Marriott hotel. The public financing for infrastructure improvements in support of Liberty Center is divided among the developer, the County, Liberty and a recently established "new community authority."

The Liberty Center development counts accessibility and demographic strength among its many assets, with the 64-acre site conveniently located near the newly constructed I-75 and SR 129 interchange. Liberty Center has been the catalyst for additional growth and development along this stretch of I-75. The Christ Hospital Medical Center Liberty Township opened their 125,000-square-foot comprehensive medical center in January 2018. Additionally, Cincinnati Children's Hospital Medical Center Liberty Campus has expanded twice since its 2008 opening. A \$44 million fourth floor expansion added 28 new pediatric inpatient beds along with a blood bank, outpatient pharmacy, urgent care and more clinical space. In 2016, the \$118 million Proton Therapy & Research Center for Cancer Research opened and began treating patients. The center is a unique partnership between Cincinnati Children's Hospital and University of Cincinnati Health and treats both children and adults. It's the only such center in the world owned by a children's hospital.

The Cincinnati-Dayton 19-county metropolitan area, when counted as one, is home to more than 3 million people, making it the largest in the State and the 18th largest in the nation. The communities of Liberty Township, the City of Mason, West Chester and Deerfield Township are situated at the center of this high growth I-75 corridor and are consistently ranked by the national media as top places to live and raise a family.

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 the consolidation of the Liberty and Union districts into the Liberty-Union School District in 1958, the growth in the District has gone from 1,696 students to its largest enrollment in 2010 of 18,473. The name of the district was changed to Lakota Local School District in 1970.

The District housed students in two high schools, two freshman schools, four junior schools, ten elementary schools and four early childhood schools. A redistricting for the early childhood and elementary schools will occur for the beginning of school year 2018-19. This redistricting is necessary to facilitate the move to all-day kindergarten district-wide and changes the grades housed in the buildings as well. Early childhood schools will house Pre-K through grade 1 and elementary buildings will house grades 2-6. This reconfiguration will increase our early childhood schools to six (6) and decrease our elementary buildings to eight (8). The information presented below is as of June 30, 2018.

Name of Bldg Address	Group or Grade Housed	Date of Original Building	Enrollment
Creekside Early Childhood School 5060 Tylersville Road	Pre K-1	1970	544
Liberty Early Childhood School 6040 Princeton Road	K-1	1928	405
Shawnee Early Childhood School 9394 Sterling Drive	Pre K-1	1993	515
Wyandot Early Childhood School 7667 Summerlin Blvd.	K-1	2007	725
Adena Elementary 9316 Minuteman Way	2-6	1978	697
Cherokee Elementary	2-6	1994	690

5345 Kyles Station Road

Endeavor Elementary 4400 Smith Road	2-6	2007	735
Freedom Elementary 6035 Beckett Ridge Blvd.	2-6	1988	572
Heritage Elementary 5052 Hamilton-Mason Road	2-6	1992	510
Hopewell Elementary 8300 Cox Road	2-6	1961	585
Independence Elementary 7480 Princeton Road	2-6	1994	667
Union Elementary 7672 LeSourdsville- West Chester Road	2-6	2008	587
Van Gorden Elementary West Chester Road	2-6	2003	651
Woodland Elementary 6923 Dutchland Pkwy	2-6	1990	427
Hopewell Junior 8200 Cox Road	7-8	1972	563
Lakota Plains Junior 5500 Princeton Road	7-8	2003	792
Lakota Ridge Junior 6199 Beckett Ridge Blvd.	7-8	1992	579
Liberty Junior 7055 Dutchland Pkwy.	7-8	1977	740
Lakota East Freshman 7630 Bethany Road	9	2008	618
Lakota East High 6840 Lakota Lane	10-12	1997	2,087

Lakota West Freshman 5050 Tylersville Road	9	1958	640
Lakota West High 8940 Union Centre Blvd.	10-12	1997	1,874
Central Office 5572 Princeton Road	Admin	2003	-
Service Center 6947 Yankee Road	Offices	1977	-

ORGANIZATION OF THE SCHOOL DISTRICT

The Board members represent a cross section of professions in the community. The Board members on June 30, 2018 were as follows:

Board Member	Term Expires	Years as Member	Profession
Julie Shaffer, President	12/31/2019	6.5	Licensed Employee Benefits Rep
Brad Lovell, Vice President	12/31/2021	0.5	Educator
Lynda O'Connor	12/31/2019	10.5	Community Leader
Todd Parnell	12/31/2021	4.5	Sales Executive
Kelley Casper	12/31/2021	0.5	Community Leader

Effective June 15, 2017, the Lakota Board of Education unanimously appointed Matthew Miller Superintendent. Mr. Miller previously spent the last 23 years serving Ohio communities as an educator in the roles of superintendent (12), director of student services and instruction (1), principal (5), and teacher (5). He completed his undergraduate coursework and Master's degree at the University of Cincinnati and was selected for the Harvard Graduate School of Education's Leadership Institute for Superintendents.

The Treasurer of the District is Jenni L. Logan. She became Treasurer on January 3, 2011. Ms. Logan holds a bachelor's degree from Shawnee State University in Business Administration. Ms. Logan has over 20 years of experience in school finance. Prior to joining Lakota, she was employed by Robert W. Baird & Co, Inc. as a Director in the public funds department. She has also served the Milford Exempted Village School District and Waverly City School District as Treasurer/CFO.

LONG-TERM FINANCIAL PLANNING

Lakota's financial outlook is strong. A combination of strategic cuts and the passage of a levy in 2013 has enabled the District to operate within a balanced budget for six (6) consecutive years. The current five-year financial forecast for the District shows the continuation of a balanced budget through 2022, four (4) additional years. This is coupled with a projected increase in cash balance over the next several years.

The District utilizes a five-year forecast model based on revenue and expenditure assumptions. It is a snap-shot planning document which provides data to the District in looking towards the future and planning appropriately.

EMPLOYEE RELATIONS

The District currently has over 1,700 full-time and part-time employees. The licensed/certified staff are represented for collective bargaining purposes by the Lakota Education Association (LEA, an OEA affiliate). The District has a three-year collective bargaining agreement with LEA which expires June 30, 2021. The District's support staff is represented by the Lakota Support Staff Association (LSSA, an OEA affiliate). The District has a three year collective bargaining agreement, which expires June 30, 2021. The District has contracted its transportation services through Petermann, LLC.

SERVICES PROVIDED

The District provides a wide variety of education and support services, as mandated by the Ohio Revised Code or board directives. Throughout the year, we operate over 140 daily transportation routes. These routes include over 12,000 miles each day with approximately 8,500 students attending one of our 22 Lakota school buildings and another 1,700 students attending private and parochial schools. Our students receive nutrition services as well. The child nutrition department serves over 1.3 million meals each year.

Students who attend Lakota 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.

The District's core business is instruction. Lakota offers regular instructional programs daily to students in grades PS-12. Over 150 students participated in the specific trades through Butler Tech on-site vocational education with over 2,600 participating in satellite programs. Over 1,500 students receive special services, due to physical or mental handicapping conditions. In grades K-12, approximately 4,500 students have been identified as gifted.

Finally, the District offers many extra-curricular and co-curricular programs to its students. If a student's passion lies with music, athletics or drama, opportunities exist to enrich their educational experience. An increasing number of student opportunities exist and are not

limited to music, athletics and drama. An ever-expanding number of programs and activities provide our students with a well-rounded educational experience.

RELEVANT FINANCIAL POLICIES

The financial forecast of General Fund operations for the next five years demonstrates that the District's fiscal year 2019 ending cash balance is projected to be \$105,801,151.

The District has stabilized its finances for the five year projected period of fiscal year 2019-2023. The approval of a combination 5.5 mill operating, and 2 mill permanent improvement levy approved in 2013 continue to have a positive impact on the financial health of the District. This additional infusion of cash beginning in calendar year 2014 has provided funding to implement much needed operational, technology, safety, and curricular projects.

The District's financial stability has improved. The Board of Education has approved policy, which sets caps on increases to expenditures from year to year. This is tied to the CPI (Consumer Price Index). Additionally, the Board has adopted a financial philosophy through policy that sets a minimum cash balance of 60 days. In addition to policy, the District has implemented procedures, which more closely tie enrollment to staffing decisions.

FINANCIAL INFORMATION

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

INTERNAL ACCOUNTING AND BUDGETARY CONTROL

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

The District utilizes a fully automated accounting system as well as an automated system of control for capital 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 transfers of cash between funds require appropriation authority from the Board. Budgets are controlled at the fund object level. All governmental funds of the District have budgets. 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.

INDEPENDENT AUDIT

Provisions of State statute require that the District's financial statements be subjected to an annual examination by an independent auditor. The unmodified opinion rendered by the Ohio Auditor of State 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 for Excellence in Financial Reporting

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, 2017. The School District has received this award for thirteen 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 of Excellence in Financial Reporting

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, 2017. This was the sixteenth year the School District has received this award.

The District believes that the current report, which will be submitted to ASBO for review, will conform to ASBO's principles and standards.

ACKNOWLEDGEMENT

The preparation of the fiscal year 2018 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 and transparency of the District to the taxpayers of the community.

Respectfully submitted,


Jenni Logan
Treasurer

LAKOTA LOCAL SCHOOL DISTRICT, OHIO

LIST OF PRINCIPAL OFFICIALS

June 30, 2018

ELECTED OFFICIALS BOARD OF EDUCATION

President, Board of Education	Ms. Julie Shaffer
Vice- President, Board of Education	Mr. Brad Lovell
Board Member	Ms. Kelley Casper
Board Member	Ms. Lynda O'Connor
Board Member	Mr. Todd Parnell

ADMINISTRATIVE OFFICIALS

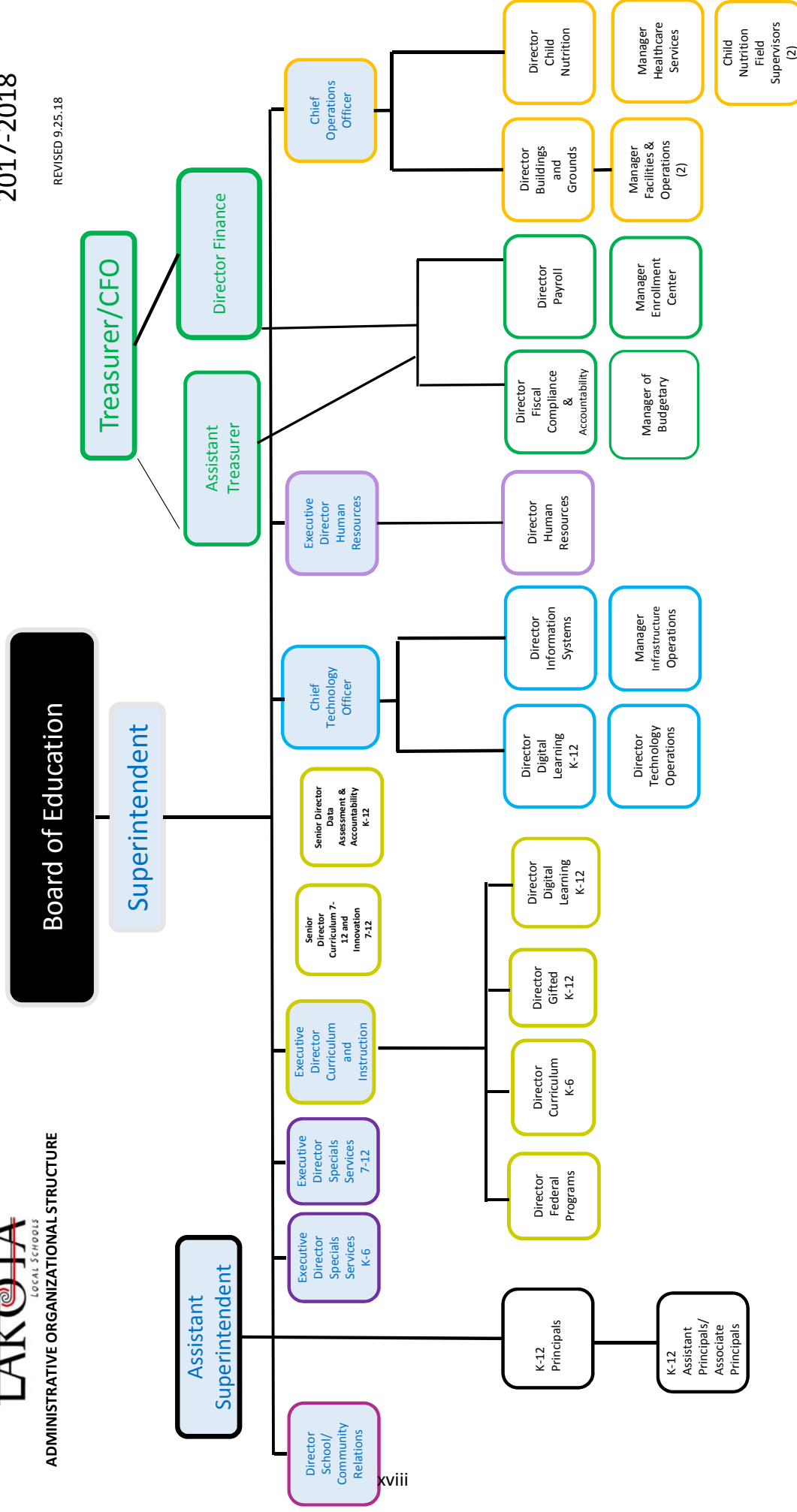
Superintendent	Mr. Matt Miller
Treasurer	Ms. Jenni L. Logan



ADMINISTRATIVE ORGANIZATIONAL STRUCTURE

2017-2018

REVISED 9.25.18





Government Finance Officers Association

**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, 2017

Christopher P. Morrill

Executive Director/CEO



ASSOCIATION OF
SCHOOL BUSINESS OFFICIALS
INTERNATIONAL

**The 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, 2017.**

The CAFR has been reviewed and met or exceeded
ASBO International's Certificate of Excellence standards.



Charles E. Peterson, Jr., SFO, RSBA, MBA
President

John D. Musso, CAE
Executive Director

FINANCIAL SECTION



Dave Yost • Auditor of State

INDEPENDENT AUDITOR'S REPORT

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

To the Board of Education:

Report on the Financial Statements

We have audited the accompanying financial statements of the governmental activities, the major fund, and the aggregate remaining fund information of the Lakota Local School District, Butler County, Ohio (the District), as of and for the year ended June 30, 2018, and the related notes to the financial statements, which collectively comprise the District's basic financial statements as listed in the table of contents.

Management's Responsibility for the Financial Statements

Management is responsible for preparing and fairly presenting these financial statements in accordance with accounting principles generally accepted in the United States of America; this includes designing, implementing, and maintaining internal control relevant to preparing and fairly presenting financial statements that are free from material misstatement, whether due to fraud or error.

Auditor's Responsibility

Our responsibility is to opine on these financial statements based on our audit. We audited in accordance with auditing standards generally accepted in the United States of America and the financial audit standards in the Comptroller General of the United States' *Government Auditing Standards*. Those standards require us to plan and perform the audit to reasonably assure the financial statements are free from material misstatement.

An audit requires obtaining evidence about financial statement amounts and disclosures. The procedures selected depend on our judgment, including assessing the risks of material financial statement misstatement, whether due to fraud or error. In assessing those risks, we consider internal control relevant to the District's preparation and fair presentation of the financial statements in order to design audit procedures that are appropriate in the circumstances, but not to the extent needed to opine on the effectiveness of the District's internal control. Accordingly, we express no such opinion. An audit also includes evaluating the appropriateness of management's accounting policies and the reasonableness of their significant accounting estimates, as well as our evaluation of the overall financial statement presentation.

We believe the audit evidence we obtained is sufficient and appropriate to support our audit opinions.

Opinion

In our opinion, the financial statements referred to above present fairly, in all material respects, the respective financial position of the governmental activities, the major fund, and the aggregate remaining fund information of the Lakota Local School District, Butler County, Ohio, as of June 30, 2018, and the respective changes in financial position thereof for the year then ended in accordance with the accounting principles generally accepted in the United States of America.

Emphasis of Matter

As discussed in Note 18 to the financial statements, during 2018, the District adopted new accounting guidance in Governmental Accounting Standards Board (GASB) Statement No. 75, *Accounting and Financial Reporting for Postemployment Benefits Other Than Pensions*. We did not modify our opinion regarding this matter.

Other Matters

Required Supplementary Information

Accounting principles generally accepted in the United States of America require this presentation to include *management's discussion and analysis, required budgetary comparison schedules* and schedules of net pension and other post-employment benefit liabilities and pension and other post-employment benefit contributions listed in the table of contents, to supplement the basic financial statements. Although this information is not part of the basic financial statements, the Governmental Accounting Standards Board considers it essential for placing the basic financial statements in an appropriate operational, economic, or historical context. We applied certain limited procedures to the required supplementary information in accordance with auditing standards generally accepted in the United States of America, consisting of inquiries of management about the methods of preparing the information and comparing the information for consistency with management's responses to our inquiries, to the basic financial statements, and other knowledge we obtained during our audit of the basic financial statements. We do not opine or provide any assurance on the information because the limited procedures do not provide us with sufficient evidence to opine or provide any other assurance.

Supplementary and Other Information

Our audit was conducted to opine on the District's basic financial statements taken as a whole.

The introductory section, the financial section's combining statements, individual fund statements and schedules and the statistical section information present additional analysis and are not a required part of the basic financial statements.

The statements and schedules are management's responsibility, and derive from and relate directly to the underlying accounting and other records used to prepare the basic financial statements. We subjected this information to the auditing procedures we applied to the basic financial statements. We also applied certain additional procedures, including comparing and reconciling this information directly to the underlying accounting and other records used to prepare the basic financial statements or to the basic financial statements themselves in accordance with auditing standards generally accepted in the United States of America. 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 section information to the auditing procedures applied in the audit of the basic financial statements and, accordingly, we express no opinion or any other assurance on them.

Other Reporting Required by Government Auditing Standards

In accordance with *Government Auditing Standards*, we have also issued our report dated December 21, 2018, 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. That report describes the scope of our internal control testing over financial reporting and compliance, and the results of that testing, and does not opine on internal control over financial reporting or on compliance. That report is an integral part of an audit performed in accordance with *Government Auditing Standards* in considering the District's internal control over financial reporting and compliance.

A handwritten signature in black ink, reading "Dave Yost". The signature is written in a cursive style with a large, looping "D" and "Y".

Dave Yost
Auditor of State

Columbus, Ohio

December 21, 2018

Lakota Local School District, Ohio
Management Discussion and Analysis
For The Fiscal Year Ended June 30, 2018
(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, 2018. 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 2018 are as follows:

- Net position of governmental activities increased \$99,698,910 which represents a 64% increase from 2017.
- General revenues accounted for \$185,079,454 in revenue or 87% of all revenues. Program specific revenues in the form of charges for services and sales, grants and contributions accounted for \$28,435,567 or 13% of total revenues of \$213,515,021.
- The District had \$113,816,111 in expenses related to governmental activities; only \$28,435,567 of these expenses were offset by program specific charges for services, grants or contributions. General revenues of \$185,079,454 were also used to provide for these programs.

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 Position* 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 Fund is the major fund 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 2018?" The Government-wide Financial Statements answers this question. These statements include *all assets and deferred outflows of resources*, and *liabilities and deferred inflows of resources* 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 position and changes in net position. This change in net position is important because it tells the reader that, for the District as a whole, the financial position

Lakota Local School District, Ohio
Management Discussion and Analysis
For The Fiscal Year Ended June 30, 2018
(Unaudited)

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 non-instructional services, extracurricular activities and interest and fiscal charges.

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 Position and the Statement of Activities) and governmental *funds* is reconciled in the financial statements.

Fiduciary Funds Fiduciary Funds are used to account for resources held for the benefits of parties outside the government. Fiduciary Funds are not reflected in the government-wide financial statements because the resources of those funds are not available to support the District's own programs.

The District as a Whole

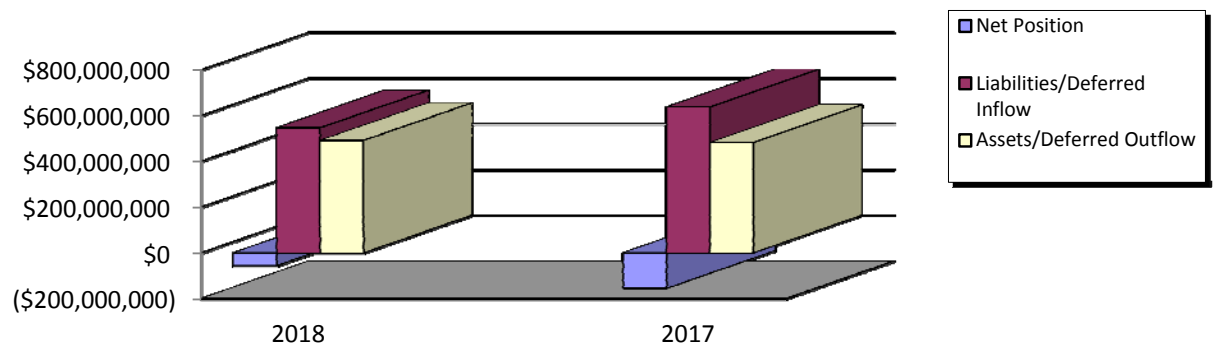
As stated previously, the Statement of Net Position looks at the District as a whole. Table 1 provides a summary of the District's net position for 2018 compared to 2017:

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Lakota Local School District, Ohio
Management Discussion and Analysis
For The Fiscal Year Ended June 30, 2018
(Unaudited)

Table 1
Net Position

	Governmental Activities	
	2018	2017 - Restated
Assets:		
Current and Other Assets	\$247,876,488	\$233,466,010
Capital Assets	180,351,891	184,827,777
Total Assets	428,228,379	418,293,787
Deferred Outflows of Resources:		
Deferred Charge on Refunding	4,694,084	5,120,749
OPEB	2,067,907	445,245
Pension	64,639,147	58,496,363
Total Deferred Outflows of Resources	71,401,138	64,062,357
Liabilities:		
Other Liabilities	19,218,724	19,110,030
Long-Term Liabilities	401,243,892	498,522,855
Total Liabilities	420,462,616	517,632,885
Deferred Inflows of Resources:		
Property Taxes	105,776,501	103,971,889
Grants and Other Taxes	14,507,164	15,436,022
OPEB	5,803,700	0
Pension	8,589,545	524,267
Total Deferred Inflows of Resources	134,676,910	119,932,178
Net Position:		
Net Investment in Capital Assets	44,858,754	39,062,580
Restricted	22,431,472	21,707,529
Unrestricted	(122,800,235)	(215,979,028)
Total Net Position	(\$55,510,009)	(\$155,208,919)



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The net pension liability (NPL) is the largest single liability reported by the District at June 30, 2018 and is reported pursuant to GASB Statement 68, "Accounting and Financial Reporting for Pensions—an Amendment of GASB Statement 27." For fiscal year 2018, the District adopted GASB Statement 75, "Accounting and Financial Reporting for Postemployment Benefits Other Than Pensions," which significantly revises accounting for costs and liabilities related to other postemployment benefits (OPEB). For reasons discussed below, many end users of this financial statement will gain a clearer understanding of the District's actual financial condition by adding deferred inflows related to pension and OPEB, the net pension liability and the net OPEB liability to the reported net position and subtracting deferred outflows related to pension and OPEB.

Governmental Accounting Standards Board standards are national and apply to all government financial reports prepared in accordance with generally accepted accounting principles. Prior accounting for pensions (GASB 27) and postemployment benefits (GASB 45) focused on a funding approach. This approach limited pension and OPEB costs to contributions annually required by law, which may or may not be sufficient to fully fund each plan's *net pension liability* or *net OPEB liability*. GASB 68 and GASB 75 take an earnings approach to pension and OPEB accounting; however, the nature of Ohio's statewide pension/OPEB plans and state law governing those systems requires additional explanation in order to properly understand the information presented in these statements.

GASB 68 and GASB 75 require the net pension liability and the net OPEB liability to equal the District's proportionate share of each plan's collective:

1. Present value of estimated future pension/OPEB benefits attributable to active and inactive employees' past service
2. Minus plan assets available to pay these benefits

GASB notes that pension and OPEB obligations, whether funded or unfunded, are part of the "employment exchange" – that is, the employee is trading his or her labor in exchange for wages, benefits, and the promise of a future pension and other postemployment benefits. GASB noted that the unfunded portion of this promise is a present obligation of the government, part of a bargained-for benefit to the employee, and should accordingly be reported by the government as a liability since they received the benefit of the exchange. However, the District is not responsible for certain key factors affecting the balance of these liabilities. In Ohio, the employee shares the obligation of funding pension benefits with the employer. Both employer and employee contribution rates are capped by State statute. A change in these caps requires action of both Houses of the General Assembly and approval of the Governor. Benefit provisions are also determined by State statute. The Ohio revised Code permits, but does not require the retirement systems to provide healthcare to eligible benefit recipients. The retirement systems may allocate a portion of the employer contributions to provide for these OPEB benefits.

The employee enters the employment exchange with the knowledge that the employer's promise is limited not by contract but by law. The employer enters the exchange also knowing that there is a specific, legal limit to its contribution to the retirement system. In Ohio, there is no legal means to enforce the unfunded liability of the pension/OPEB plan *as against the public employer*. State law operates to mitigate/lessen the moral obligation of the public employer to the employee, because all parties enter the employment exchange with notice as to the law. The retirement system is responsible for the administration of the pension and OPEB plans.

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Most long-term liabilities have set repayment schedules or, in the case of compensated absences (i.e. sick and vacation leave), are satisfied through paid time-off or termination payments. There is no repayment schedule for the net pension liability or the net OPEB liability. As explained above, changes in benefits, contribution rates, and return on investments affect the balance of these liabilities, but are outside the control of the local government. In the event that contributions, investment returns, and other changes are insufficient to keep up with required payments, State statute does not assign/identify the responsible party for the unfunded portion. Due to the unique nature of how the net pension liability and the net OPEB liability are satisfied, these liabilities are separately identified within the long-term liability section of the statement of net position.

In accordance with GASB 68 and GASB 75, the District's statements prepared on an accrual basis of accounting include an annual pension expense and an annual OPEB expense for their proportionate share of each plan's *change* in net pension liability and net OPEB liability, respectively, not accounted for as deferred inflows/outflows.

As a result of implementing GASB 75, the District is reporting a net OPEB liability and deferred inflows/outflows of resources related to OPEB on the accrual basis of accounting. This implementation also had the effect of restating net position at June 30, 2017, from (\$96,370,919) to (\$155,208,919).

Over time, net position can serve as a useful indicator of a government's financial position. At June 30, 2018, the District's liabilities and deferred inflows of resources exceeded assets and deferred outflows of resources by \$55,510,009.

At year-end, capital assets represented 42% of total assets. Capital assets include land, land improvements, buildings and improvements and equipment. The District's Net Investment in Capital Assets at June 30, 2018, was \$44,858,754. 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 position, \$22,431,472, represents resources that are subject to external restriction on how they may be used. The external restriction will not affect the availability of fund resources for future use. The remaining balance of unrestricted net position of \$(122,800,235) may be used to meet the District's ongoing obligations to the students and creditors.

Current and Other Assets increased mainly due to an increase in cash and investments. Long-Term Liabilities decreased mainly due to a decrease of the net pension liability in 2018.

Table 2 shows the changes in net position for fiscal years 2018 and 2017.

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Lakota Local School District, Ohio
Management Discussion and Analysis
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(Unaudited)

Table 2
Changes in Net Position

	Governmental Activities	
	2018	2017
Program Revenues:		
Charges for Services	\$11,037,349	\$10,374,928
Operating Grants	17,398,218	15,520,669
Total Program Revenues	28,435,567	25,895,597
General Revenue:		
Property Taxes	113,221,569	105,057,541
Grants and Entitlements	55,504,346	56,310,318
Revenue in Lieu of Taxes	14,507,164	15,436,022
Other	1,846,375	1,877,164
Total General Revenues	185,079,454	178,681,045
Total Revenues	213,515,021	204,576,642
Program Expenses:		
Instruction	59,172,314	114,208,314
Support Services:		
Pupil and Instructional Staff	8,621,802	15,961,704
General and School Administrative, Fiscal and Business	4,629,932	17,395,277
Operations and Maintenance	8,376,908	13,367,496
Pupil Transportation	18,733,410	15,110,018
Central	1,871,467	4,246,655
Operation of Non-Instructional Services	4,501,254	7,177,508
Extracurricular Activities	2,611,725	4,221,607
Interest and Fiscal Charges	5,297,299	5,694,025
Total Expenses	113,816,111	197,382,604
Change in Net Position	99,698,910	7,194,038
Beginning - Net Position, Restated	(155,208,919)	N/A
Ending - Net Position	(\$55,510,009)	(\$155,208,919)

The information necessary to restate the 2017 beginning balances and the 2017 OPEB expense amounts for the effects of the initial implementation of GASB 75 is not available. Therefore, 2017 functional expenses still include OPEB expense of \$445,245 computed under GASB 45. GASB 45 required recognizing pension expense equal to the contractually required contributions to the plan. Under GASB 75, OPEB expense represents additional amounts earned, adjusted by deferred inflows/outflows. The contractually required contribution is no longer a component of OPEB expense. Under GASB 75, the

Lakota Local School District, Ohio
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2018 statements report negative OPEB expense of \$6,850,047. Consequently, in order to compare 2018 total program expenses to 2017, the following adjustments are needed:

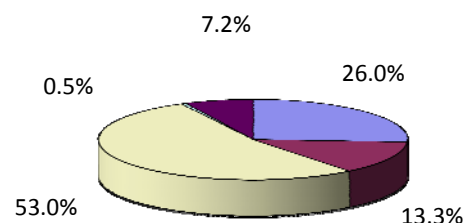
Total 2018 operating expenses under GASB 75	\$113,816,111
Negative OPEB expense under GASB 75	6,850,047
2018 contractually required contribution	570,246
Adjusted 2018 operating expenses	121,236,404
Total 2017 operating expenses under GASB 45	197,382,604
Change in operating expenses not related to OPEB	(\$76,146,200)

The District revenues are mainly from two sources. Property taxes levied for general purposes, debt service purposes and capital project purposes and grants and entitlements comprised 79% 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 53% of revenue for governmental activities for the District in fiscal year 2018.

Revenue Sources	2018	Percent of Total
General Grants	\$55,504,346	26.0%
Program Revenues	28,435,567	13.3%
General Tax Revenues	113,221,569	53.0%
Investment Earnings	999,621	0.5%
Other Revenues	15,353,918	7.2%
	<u>\$213,515,021</u>	<u>100.0%</u>



Instruction comprises 52% of governmental program expenses. Support services expenses were 37% of governmental program expenses. All other expenses including interest expense were 11% of governmental program expenses.

Total expenses decreased primarily due to changes related to net pension liability and other post employment benefits liability. Operating Grants increased due to an increase in grant monies received in fiscal year 2018.

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Management Discussion and Analysis
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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	
	2018	2017	2018	2017
Instruction	\$59,172,314	\$114,208,314	(\$42,209,237)	(\$99,327,019)
Support Services:				
Pupil and Instructional Staff	8,621,802	15,961,704	(7,675,321)	(15,317,552)
School Administrative, General				
Administration, Fiscal and Business	4,629,932	17,395,277	(4,355,046)	(17,125,297)
Operations and Maintenance	8,376,908	13,367,496	(7,911,200)	(12,959,688)
Pupil Transportation	18,733,410	15,110,018	(17,809,336)	(14,198,945)
Central	1,871,467	4,246,655	(1,846,087)	(4,239,253)
Operation of Non-Instructional Services	4,501,254	7,177,508	2,083,821	(780,474)
Extracurricular Activities	2,611,725	4,221,607	(360,839)	(1,844,754)
Interest and Fiscal Charges	5,297,299	5,694,025	(5,297,299)	(5,694,025)
Total Expenses	<u>\$113,816,111</u>	<u>\$197,382,604</u>	<u>(\$85,380,544)</u>	<u>(\$171,487,007)</u>

The District's Funds

The District has one major governmental fund: the General Fund. Assets of this funds comprised \$205,644,926 (83%) of the total \$248,763,829 governmental funds' assets.

General Fund: Fund balance at June 30, 2018 was \$84,877,252 including unassigned balance of \$84,270,894. Total fund balance increased \$12,750,292 from fiscal year 2017. The primary reason for the increase in fund balance was due to an increase in property tax revenues.

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 year 2018, 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, original budget basis revenue was \$170,329,913 compared to final budget basis revenue of \$177,516,383. The difference of \$7,186,470 was mainly due to underestimates in taxes and intergovernmental revenue.

The District's ending unobligated cash balance for the General Fund was \$98,654,789.

Lakota Local School District, Ohio
Management Discussion and Analysis
For The Fiscal Year Ended June 30, 2018
(Unaudited)

Capital Assets and Debt Administration

Capital Assets

At the end of fiscal year 2018, the District had \$180,351,891 (net of accumulated depreciation) invested in land, land improvements, buildings and improvements and equipment. Table 4 shows fiscal year 2018 balances compared to fiscal year 2017:

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

	Governmental Activities	
	2018	2017
Land	\$8,858,505	\$8,858,505
Construction in Progress	0	125,816
Buildings and Improvements	162,132,188	166,089,026
Equipment	3,751,743	3,965,730
Land Improvements	5,609,455	5,788,700
Total Net Capital Assets	<u>\$180,351,891</u>	<u>\$184,827,777</u>

The decrease in capital assets is due to current year additions being less than the depreciation expense.

See Note 5 to the Basic Financial Statements for further details on the District's capital assets.

Debt

At June 30, 2018, the District had \$140,187,221 in bonds outstanding, \$7,345,000 due within one year. Table 5 summarizes bonds outstanding.

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Lakota Local School District, Ohio
Management Discussion and Analysis
For The Fiscal Year Ended June 30, 2018
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Table 5
Outstanding Debt – Year End

	Governmental Activities	
	2018	2017
General Obligation Bonds:		
2009 Energy Conservation Improvements	\$325,000	\$480,000
Premium on Energy Conservation Improvements	21,091	31,637
2009 Turf & Athletic Field Improvements	295,000	435,000
Premium on Turf & Athletic Field Improvements	5,153	7,729
Lakota 2009 Refunding	0	2,785,000
Premium on 2009 Refunding	0	53,426
2007 School Construction Bonds	0	475,000
Bond and Refunding	1,960,000	3,700,000
Lakota 2006 Refunding	28,155,000	28,155,000
Premium on 2006 Refunding	1,313,444	1,467,966
Lakota 2010 BAB Bonds	1,305,000	1,925,000
Lakota 2010 QSC Bonds	4,000,000	4,000,000
2013 Refunding Bonds	39,530,000	41,925,000
Premium - Lakota Series 2005 Bonds	5,154,243	5,583,764
2014 School Improvement Bonds	21,735,000	22,755,000
2014 School Improvement Bonds - Premium	1,175,313	1,244,449
2015 Refunding Bonds	18,140,000	18,165,000
Premium - 2015 Refunding Bonds	1,714,091	1,824,678
2016 Refunding Bonds	6,960,000	7,010,000
2016 Refunding Bonds - Premium	801,165	881,281
2016 Refunding Bond	7,305,000	7,670,000
2016 Refunding Bonds - Premium	292,721	311,016
Total General Obligation Bonds	<u>\$140,187,221</u>	<u>\$150,885,946</u>

See Note 6 to the Basic Financial Statements for further details on the District's long-term obligations.

For the Future

With the passage of a combination operating and permanent improvement levy in November, 2013, the future is more stable for Lakota Local Schools. We have balanced our budget for three (3) consecutive years and are predicting to continue that into 2019, while at the same time building up cash reserves.

Lakota continues to implement the action steps of our District strategic plan. The five goals are:

1. Within a safe environment, individuals will proactively share new ideas, foster creativity, and develop a path for each individual to achieve success and drive the organization to achieve its mission and educational goals.

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2. The District makes consistent effort to communicate Lakota's financial status to all constituencies in order to maintain and increase understanding and support.
3. The District will build on success with current student families as well as open our doors to the broader community to maintain a consistent, reliable and timely exchange of information.
4. The District will employ and leverage technology as a tool to customize, modernize and better facilitate individualized learning to support anytime, anywhere access to learning and resources.
5. The District develops curricular and extra-curricular programs that meet the changing needs of all students.

With these goals in mind, all of the District's financial management abilities and controls will be needed to meet the challenges and achieve continued success into the future. With careful planning and monitoring of the District's finances and continued support from the community, the District's management is confident that the district can continue to provide a high quality education for our students while at the same time providing 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 the Treasurer at Lakota Local School District, 5572 Princeton Road, Liberty Township, Ohio 45011.

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Lakota Local School District, Ohio
Statement of Net Position
June 30, 2018

	Governmental Activities
Assets:	
Equity in Pooled Cash and Investments	\$123,124,163
Receivables (Net):	
Taxes	107,793,654
Accounts	55,055
Interest	118,041
Intergovernmental	16,688,573
Inventory	97,002
Nondepreciable Capital Assets	8,858,505
Depreciable Capital Assets, Net	171,493,386
Total Assets	428,228,379
Deferred Outflows of Resources:	
Deferred Charge on Refunding	4,694,084
Pension	64,639,147
OPEB	2,067,907
Total Deferred Outflows of Resources	71,401,138
Liabilities:	
Accounts Payable	469,077
Accrued Wages and Benefits	18,203,039
Accrued Interest Payable	470,372
Claims Payable	76,236
Long-Term Liabilities:	
Due Within One Year	8,324,059
Due In More Than One Year	
Net Pension Liability	205,604,148
Net OPEB Liability	47,681,915
Other Amounts	139,633,770
Total Liabilities	420,462,616
Deferred Inflows of Resources:	
Property Taxes	105,776,501
OPEB	5,803,700
Grants and Other Taxes	14,507,164
Pension	8,589,545
Total Deferred Inflows of Resources	134,676,910
Net Position:	
Net Investment in Capital Assets	44,858,754
Restricted for:	
Debt Service	11,308,727
Capital Projects	9,105,167
District Managed Activities	944,547
Auxiliary Services	20,678
Title II-A	184,607
Miscellaneous Federal Grants	10,909
Title III	33,509
Title I	135,637
Food Service	631,894
Other Purposes	55,797
Unrestricted	(122,800,235)
Total Net Position	(\$55,510,009)

See accompanying notes to the basic financial statements.

Lakota Local School District, Ohio
Statement of Activities
For the Fiscal Year Ended June 30, 2018

		Program Revenues		Net (Expense) Revenue and Changes in Net Position
		Charges for	Operating Grants	Governmental
	Expenses	Services and Sales	and Contributions	Activities
Governmental Activities:				
Instruction:				
Regular	\$39,552,921	\$4,769,437	\$4,470,942	(\$30,312,542)
Special	15,114,703	0	7,692,841	(7,421,862)
Vocational	0	0	29,657	29,657
Other	4,504,690	200	0	(4,504,490)
Support Services:				
Pupil	6,511,171	2,973	198,189	(6,310,009)
Instructional Staff	2,110,631	3,475	741,844	(1,365,312)
General Administration	303,374	0	0	(303,374)
School Administration	2,215,422	23,644	251,242	(1,940,536)
Fiscal	1,903,114	0	0	(1,903,114)
Business	208,022	0	0	(208,022)
Operations and Maintenance	8,376,908	465,708	0	(7,911,200)
Pupil Transportation	18,733,410	2,472	921,602	(17,809,336)
Central	1,871,467	5,264	20,116	(1,846,087)
Operation of Non-Instructional Services	4,501,254	3,529,639	3,055,436	2,083,821
Extracurricular Activities	2,611,725	2,234,537	16,349	(360,839)
Interest and Fiscal Charges	5,297,299	0	0	(5,297,299)
Totals	<u>\$113,816,111</u>	<u>\$11,037,349</u>	<u>\$17,398,218</u>	<u>(85,380,544)</u>

General Revenues:

Property Taxes Levied for:	
General Purposes	95,815,748
Debt Service Purposes	12,090,451
Capital Projects Purposes	5,315,370
Grants and Entitlements, Not Restricted	55,504,346
Revenue in Lieu of Taxes	14,507,164
Unrestricted Contributions	201,326
Investment Earnings	999,621
Other Revenues	645,428

Total General Revenues 185,079,454

Change in Net Position 99,698,910

Net Position - Beginning of Year, Restated (155,208,919)

Net Position - End of Year (\$55,510,009)

See accompanying notes to the basic financial statements.

Lakota Local School District, Ohio
Balance Sheet
Governmental Funds
June 30, 2018

	General	Other Governmental Funds	Total Governmental Funds
Assets:			
Equity in Pooled Cash and Investments	\$100,295,874	\$22,828,289	\$123,124,163
Receivables (Net):			
Taxes	91,742,944	16,050,710	107,793,654
Accounts	5,055	50,000	55,055
Interest	118,041	0	118,041
Intergovernmental	12,595,671	4,092,902	16,688,573
Interfund	887,341	0	887,341
Inventory	0	97,002	97,002
Total Assets	<u>205,644,926</u>	<u>43,118,903</u>	<u>248,763,829</u>
Liabilities:			
Accounts Payable	393,413	75,664	469,077
Accrued Wages and Benefits	17,047,257	1,155,782	18,203,039
Compensated Absences	65,612	0	65,612
Interfund Payable	0	887,341	887,341
Claims Payable	76,236	0	76,236
Total Liabilities	<u>17,582,518</u>	<u>2,118,787</u>	<u>19,701,305</u>
Deferred Inflows of Resources:			
Property Taxes	90,510,989	15,846,936	106,357,925
Grants and Other Taxes	12,595,671	3,198,208	15,793,879
Investment Earnings	78,496	0	78,496
Total Deferred Inflows of Resources	<u>103,185,156</u>	<u>19,045,144</u>	<u>122,230,300</u>
Fund Balances:			
Restricted	0	22,837,039	22,837,039
Assigned	606,358	0	606,358
Unassigned	84,270,894	(882,067)	83,388,827
Total Fund Balances	<u>84,877,252</u>	<u>21,954,972</u>	<u>106,832,224</u>
Total Liabilities, Deferred Inflows and Fund Balances	<u>\$205,644,926</u>	<u>\$43,118,903</u>	<u>\$248,763,829</u>

See accompanying notes to the basic financial statements.

Lakota Local School District, Ohio
Reconciliation of Total Governmental Fund Balance to
Net Position of Governmental Activities
June 30, 2018

Total Governmental Fund Balance	\$106,832,224
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Amounts reported for governmental activities in the
statement of net position are different because:

Capital assets used in governmental activities are not financial
resources and, therefore, are not reported in the funds.

Capital assets used in the operation of Governmental Funds	180,351,891
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Other long-term assets are not available to pay for current-
period expenditures and, therefore, are deferred in the funds.

Delinquent Property Taxes	581,424	
Interest	78,496	
Intergovernmental	<u>1,286,715</u>	
		1,946,635

In the statement of net position 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.

(470,372)

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

Compensated Absences	(7,704,996)
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Deferred outflows of resources associated with long-term liabilities
are not reported in the funds.

4,694,084

Deferred outflows and inflows or resources related to pensions and OPEB
are applicable to future periods and, therefore, are not
reported in the funds.

Deferred outflows of resources related to pensions	64,639,147	
Deferred inflows of resources related to pensions	(8,589,545)	
Deferred outflows of resources related to OPEB	2,067,907	
Deferred inflows of resources related to OPEB	<u>(5,803,700)</u>	
		52,313,809

Long-term liabilities are not due and payable in the current
period and, therefore, are not reported in the funds.

Net Pension Liability	(205,604,148)	
Net OPEB Liability	(47,681,915)	
Other Amounts	<u>(140,187,221)</u>	
		(393,473,284)

Net Position of Governmental Activities	<u>(\$55,510,009)</u>
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See accompanying notes to the basic financial statements.

Lakota Local School District, Ohio
Statement of Revenues, Expenditures
and Changes in Fund Balance
Governmental Funds
For the Fiscal Year Ended June 30, 2018

	General	Other Governmental Funds	Total Governmental Funds
Revenues:			
Property and Other Taxes	\$95,999,409	\$17,427,619	\$113,427,028
Tuition and Fees	4,865,875	0	4,865,875
Investment Earnings	1,002,224	511	1,002,735
Intergovernmental	62,648,574	9,846,031	72,494,605
Extracurricular Activities	480,297	1,851,888	2,332,185
Charges for Services	23,844	3,760,839	3,784,683
Revenue in Lieu of Taxes	12,595,671	1,911,493	14,507,164
Other Revenues	1,035,076	296,856	1,331,932
Total Revenues	178,650,970	35,095,237	213,746,207
Expenditures:			
Current:			
Instruction:			
Regular	68,253,222	4,002,056	72,255,278
Special	24,335,541	2,585,121	26,920,662
Other	5,461,683	0	5,461,683
Support Services:			
Pupil	13,322,283	190,814	13,513,097
Instructional Staff	3,744,118	522,921	4,267,039
General Administration	316,667	0	316,667
School Administration	10,386,045	227,060	10,613,105
Fiscal	2,872,555	164,058	3,036,613
Business	505,297	0	505,297
Operations and Maintenance	12,606,673	252,157	12,858,830
Pupil Transportation	18,645,952	3,000	18,648,952
Central	3,548,810	34,826	3,583,636
Operation of Non-Instructional Services	30,201	6,278,189	6,308,390
Extracurricular Activities	156,253	3,636,679	3,792,932
Capital Outlay	0	2,420,983	2,420,983
Debt Service:			
Principal Retirement	0	9,770,000	9,770,000
Interest and Fiscal Charges	0	5,834,518	5,834,518
Total Expenditures	164,185,300	35,922,382	200,107,682
Excess of Revenues Over (Under) Expenditures	14,465,670	(827,145)	13,638,525
Other Financing Sources (Uses):			
Proceeds from Sale of Capital Assets	4,484	3,192	7,676
Transfers In	0	1,719,862	1,719,862
Transfers (Out)	(1,719,862)	0	(1,719,862)
Total Other Financing Sources (Uses)	(1,715,378)	1,723,054	7,676
Net Change in Fund Balance	12,750,292	895,909	13,646,201
Fund Balance - Beginning of Year	72,126,960	21,059,063	93,186,023
Fund Balance - End of Year	\$84,877,252	\$21,954,972	\$106,832,224

See accompanying notes to the basic financial statements.

Lakota Local School District, Ohio
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, 2018

Net Change in Fund Balance - Total Governmental Funds \$13,646,201

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

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

Capital assets used in governmental activities	2,046,008	
Depreciation Expense	(6,380,804)	
		(4,334,796)

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

(141,090)

Governmental funds report district pension and OPEB contributions as
expenditures. However in the Statement of Activities, the cost
of pension and OPEB benefits earned net of employee contributions are
reported as pension and OPEB expense.

District pension contributions	14,418,067	
Cost of benefits earned net of employee contributions - Pensions	61,373,221	
District OPEB contributions	570,246	
Cost of benefits earned net of employee contributions - OPEB	6,850,047	
		83,211,581

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

Delinquent Property Taxes	(205,458)	
Interest	(3,115)	
Intergovernmental Grants	407,960	
Charges for Services to Other Districts	(430,573)	
		(231,186)

Repayment of bond principal and current refunding bonds (principal and
premium), and is an expenditure in the governmental funds, but the
repayment reduces long-term liabilities in the statement of net position.

9,770,000

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

35,159

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	(2,759,019)	
Amortization of Bond Premium	928,725	
Amortization of Deferred Charge on Refunding	(426,665)	
		(2,256,959)

Change in Net Position of Governmental Activities \$99,698,910

See accompanying notes to the basic financial statements.

Lakota Local School District, Ohio
Statement of Fiduciary Net Position
Fiduciary Funds
June 30, 2018

	Private Purpose Trust	Agency
Assets:		
Equity in Pooled Cash and Investments	\$27,244	\$302,175
Total Assets	27,244	302,175
Liabilities:		
Accounts Payable	0	244
Other Liabilities	0	301,931
Total Liabilities	0	\$302,175
Net Position:		
Held in Trust	27,244	
Total Net Position	\$27,244	

See accompanying notes to the basic financial statements.

Lakota Local School District, Ohio
Statement of Changes in Fiduciary Net Position
Fiduciary Fund
For the Fiscal Year Ended June 30, 2018

	Private Purpose Trust
Additions:	
Donations	<u>\$10,000</u>
Total Additions	<u>10,000</u>
Deductions:	
Scholarships	<u>8,500</u>
Total Deductions	<u>8,500</u>
Change in Net Position	1,500
Net Position - Beginning of Year	<u>25,744</u>
Net Position - End of Year	<u>\$27,244</u>

See accompanying notes to the basic financial statements.

Lakota Local School District, Ohio
Notes to the Basic Financial Statements
For The Fiscal Year Ended June 30, 2018

Note 1 - 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 most significant of the District's accounting policies are described below.

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 25 instructional and support facilities staffed by approximately 525 non-certificated personnel and approximately 950 certificated teaching and 78 administrative personnel to provide services to over approximately 16,000 students.

Reporting Entity

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.

Measurement Focus

Government-wide Financial Statements

The government-wide statements are prepared using the economic resources measurement focus. All assets, deferred outflows of resources, liabilities and deferred inflows of resources associated with the operation of the District are included on the statement of net position. The effect of all interfund activity 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 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

Lakota Local School District, Ohio
Notes to the Basic Financial Statements
For The Fiscal Year Ended June 30, 2018

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 governmental function is self-financing or draws from the general revenues of the District.

Fund Financial Statements

All governmental funds are accounted for using a flow of current financial resources measurement focus. With this measurement focus, only current assets, deferred outflows of resources, current liabilities and deferred inflows of resources 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.

The private purpose trust is 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 position. The statement of changes in fund net position 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 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, deferred outflows of resources, liabilities and deferred inflows of resources is reported as fund balance. The following is the District's major governmental fund:

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.

Fiduciary Funds

Fiduciary fund reporting focuses on net position and changes in net position. 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

Lakota Local School District, Ohio
Notes to the Basic Financial Statements
For The Fiscal Year Ended June 30, 2018

governments and are therefore not available to support the District's own programs. The District maintains two agency funds known as the Student Activities and Athletic Funds. The Student Activities Fund was established to account for revenues generated by student managed activities, while the Athletic fund was established to account for revenues generated by OHSAA tournament monies. Agency funds are custodian in nature (assets equal liabilities) and do not involve measurement of results of operations. The School District's only trust fund is a private purpose trust which accounts for scholarship programs for students.

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. 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 inflows of resources, 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 Outflows/Inflows of Resources

In addition to assets, the statements of financial position will sometimes report a separate section for deferred outflows of resources. Deferred outflows of resources, represents a consumption of net position that applies to a future period and will not be recognized as an outflow of resources (expense/expenditure) until then. The deferred outflows of resources related to pensions, OPEB and a deferred charge on refunding are reported on the governmental-wide statements of net position, see Notes 7 and 8.

Lakota Local School District, Ohio
Notes to the Basic Financial Statements
For The Fiscal Year Ended June 30, 2018

In addition to liabilities, the statements of financial position report a separate section for deferred inflows of resources. Deferred inflows of resources represent an acquisition of net position that applies to a future period and will not be recognized as an inflow of resources (revenue) until that time. For the District, deferred inflows of resources include property taxes and grants, other taxes (which includes tax incremental financing 'TIF'), investment earnings, OPEB and pension. Property taxes represent amounts for which there is an enforceable legal claim as of June 30, 2018, but which were levied to finance year 2019 operations. These amounts have been recorded as deferred inflows on both the government-wide statement of net position and the governmental fund financial statements. TIF's have been recorded as deferred inflows on both the government-wide statement of net position and the governmental fund financial statements. Student and other fees, grants and other taxes, and investment earnings are recorded as deferred inflows on the governmental fund statements only. Deferred inflows related to pensions and OPEB are reported on the government-wide statement of net position, see Notes 7 and 8.

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.

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 Investments

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.

STAR Ohio (the State Treasury Asset Reserve of 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 has adopted Governmental Accounting Standards Board (GASB), Statement No. 79, "Certain External Investment Pools and Pool Participants." The District measures their investment in STAR Ohio at the net asset value (NAV) per share provided by STAR Ohio. The NAV per share is calculated on an amortized cost basis that provides an NAV per share that approximates fair value.

For 2018, there were no limitations or restrictions on any participant withdrawals due to redemption notice periods, liquidity fees, or redemption gates. However, notice must be given 24 hours in advance of all deposits and withdrawals exceeding \$25 million. STAR Ohio reserves the right to limit the transaction to \$50 million, requiring the excess amount to be transacted the following business day(s), but only to the \$50 million limit. All accounts of the participant will be combined for these purposes.

Lakota Local School District, Ohio
Notes to the Basic Financial Statements
For The Fiscal Year Ended June 30, 2018

Following Ohio statutes, the Board has, by resolution, specified the funds to receive an allocation of interest earnings. Interest revenue during fiscal year 2018 credited to the General Fund amounted to \$1,002,224, and \$511 in Other Governmental Funds.

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.

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 Position.

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.

Inventory

Inventories are presented at cost on a first-in, first-out basis and are expended/expensed when used. Inventories are accounted for using the purchase method on the fund level statements and using the consumption method on the proprietary funds statement of net position.

Inventory consists of expendable supplies held for consumption.

Capital Assets

General capital 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 position but are not reported in the fund financial statements.

All capital assets are capitalized at cost (or estimated historical cost) and updated for additions and retirements during the year. Donated capital assets are recorded at their acquisition values. The District maintains a capitalization threshold of five thousand dollars (\$5,000). 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. Donated capital assets, donated works of art and similar items, and capital assets received in a service concession arrangement are reported at acquisition value rather than fair value.

Lakota Local School District, Ohio
Notes to the Basic Financial Statements
For The Fiscal Year Ended June 30, 2018

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>Estimated Lives</u>
Land Improvements	20 years
Buildings and Improvements	45 years
Equipment	5-20 years

Accrued Liabilities and Long-Term Obligations

All payables, accrued liabilities and long-term obligations are reported in the government-wide 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 recognized as a liability in the fund financial statements when due. Net pension/OPEB liability should be recognized in the governmental funds to the extent that benefit payments are due and payable and the pension/OPEB plan's fiduciary net position is not sufficient for payment of those benefits.

Pensions/Other Postemployment Benefits (OPEB)

For purposes of measuring the net pension/OPEB liability, deferred outflows of resources and deferred inflows of resources related to pensions/OPEB, and pension/OPEB expense, information about the fiduciary net position of the pension/OPEB plans and additions to/deductions from their fiduciary net position have been determined on the same basis as they are reported by the pension/OPEB plan. For this purpose, benefit payments (including refunds of employee contributions) are recognized when due and payable in accordance with the benefit terms. The pension/OPEB plans report investments at fair value.

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.

Lakota Local School District, Ohio
Notes to the Basic Financial Statements
For The Fiscal Year Ended June 30, 2018

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.

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	20-25 days	10-25 days for each service year depending on length of service
Maximum accumulation	not applicable	40 days unless special permission granted	20 days
Vested	not applicable	as earned 30 days maximum at retirement	as earned
Termination entitlement	not applicable	10 days maximum at separation	20 days maximum at separation
<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	No cap	370 days	No cap
Vested	as earned	as earned	as earned
Termination entitlement	per contract	per Board Policy	per contract

Net Position

Net position represents the difference between assets and deferred outflows of resources, and liabilities and deferred inflows of resources. Net investment in capital assets consists of capital assets (which includes retainage payable and contracts payable), net of accumulated depreciation, reduced by the outstanding balances of any borrowings used for the acquisition, construction or improvement of those

Lakota Local School District, Ohio
Notes to the Basic Financial Statements
For The Fiscal Year Ended June 30, 2018

assets. Net position is 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 position is available. Of the District's \$22,431,472 in restricted net position, none were restricted by enabling legislation.

Fund Balance

In accordance with Governmental Accounting Standards Board Statement No. 54, *Fund Balance Reporting and Governmental Fund Type Definitions*, the District classifies its fund balance based on the purpose for which the resources were received and the level of constraint placed on the resources. The following categories are used:

Nonspendable – resources that are not in spendable form (inventory) or have legal or contractual requirements to maintain the balance intact.

Restricted – resources that have external purpose restraints imposed on them by providers, such as creditors, grantors, or other regulators.

Committed – resources that can be used only for the specific purposes imposed by a formal action (board resolution) of the District's Board of Education. The Board of Education is the highest level of decision making authority for the District. Those committed resources cannot be used for any other purpose unless the District's Board of Education removes or changes the specified use by taking the same type of action (board resolution) it employed to previously commit those resources.

Assigned – resources intended to be used by the District for specific purposes but do not meet the criteria to be classified as restricted or committed. In the general fund, assigned amounts are intended to be used for specific purposes as approved through the District's formal purchase order procedure by the Superintendent and the Treasurer. The adoption of the board appropriation resolution is the established policy, which gives the authorization to assign resources for a specific purpose.

Unassigned – residual fund balance within the General Fund that is not restricted, committed, or assigned. In other governmental funds, the unassigned classification is used only to report a deficit balance resulting from incurred expenses for specific purposes exceeding amounts which had been restricted, committed or assigned for said purposes.

The District applies restricted resources first when expenditures are incurred for purposes for which either restricted or unrestricted (committed, assigned, and unassigned) amounts are available. Similarly, within unrestricted fund balance, committed amounts are reduced first followed by assigned, and then unassigned amounts when expenditures are incurred for purposes for which amounts in any of the unrestricted fund balance classifications could be used.

Lakota Local School District, Ohio
Notes to the Basic Financial Statements
For The Fiscal Year Ended June 30, 2018

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.

Note 2 - 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 position 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).

Lakota Local School District, Ohio
Notes to the Basic Financial Statements
For The Fiscal Year Ended June 30, 2018

- (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 (FDIC), by eligible securities pledged by the financial institution as security for repayment, or by the financial institutions participation in the Ohio Pooled Collateral System (OPCS), a collateral pool of eligible securities deposited with a qualified trustee and pledged to the Treasurer of State to secure the repayment of all public monies deposited in the financial 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 for deposits is the risk that in the event of bank failure, the District will not be able to recover deposits or collateral securities that are in the possession of an outside party. As of June 30, 2018, \$44,746,270 of the District's bank balance of \$45,014,419 was exposed to custodial credit risk because it was uninsured and collateralized.

The District has no deposit policy for custodial risk beyond the requirements of State statute. Ohio law requires that deposits either be insured or be protected by:

Eligible securities pledged to the District and deposited with a qualified trustee by the financial institution as security for repayment whose market value at all times shall be at least 105% of the deposits being secured; or

Participation in the Ohio Pooled Collateral System (OPCS), a collateral pool of eligible securities deposited with a qualified trustee and pledged to the Treasurer of State to secure the repayment of all public monies deposited in the financial institution. OPCS requires the total market value of the securities pledged to be 102% of the deposits being secured or a rate set by the Treasurer of State.

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Lakota Local School District, Ohio
Notes to the Basic Financial Statements
For The Fiscal Year Ended June 30, 2018

Investments

As of June 30, 2018, the District had the following investments:

	<u>Value</u>	<u>Fair Value Hierarchy</u>	<u>Weighted Average Maturity (Years)</u>
Money Market Funds	\$10,509	N/A	0.00
Federal Home Loan Mortgage Corporation	17,001,321	Level 2	1.31
Federal National Mortgage Association	20,167,234	Level 2	2.06
Commercial Paper	42,509,873	Level 2	0.25
STAR Ohio	140	N/A	0.13
Total Investment	<u>\$79,689,077</u>		
Portfolio Weighted Average Maturity			0.94

The District categorizes its fair value measurements within the fair value hierarchy established by generally accepted accounting principles. The hierarchy is based on the valuation inputs used to measure the fair value of the asset. Level 1 inputs are quoted prices in active markets for identical assets. Level 2 inputs are significant other observable inputs. Inputs to the valuation techniques used in fair the measurement for Level 2 include quoted prices for similar assets or liabilities in active markets, quoted prices for identical or similar assets or liabilities in inactive markets, inputs other than quoted prices that are observable for the asset or liability, or inputs that are derived principally from or corroborated by observable market data by correlation or other means. Level 3 inputs are significant unobservable inputs. The above table identifies the District's recurring fair value measurements as of June 30, 2018. STAR Ohio is reported at its share price (Net Asset value per share).

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 Home Loan Mortgage Corporation and Federal National Mortgage Association were rated AAA by Standard & Poor's and Aaa by Moody's Investors Service. Commercial Paper was rated and A-1+ by Standard & Poor's and P-1 by Moody's Investors Service. Investments in STAR Ohio were rated AAAM by Standard & Poor's. Money Market Funds were not rated.

Concentration of Credit Risk – The District does not have a formal policy related to the concentration of credit risk. The District's investment policy allows investments in Federal Agencies or Instrumentalities. The District has invested less than 1% in Money Market Funds, 21% in Federal Home Loan Mortgage Corporation, 25% in Federal National Mortgage Association, 53% in Commercial Paper, and less than 1% in STAR Ohio.

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.

Lakota Local School District, Ohio
Notes to the Basic Financial Statements
For The Fiscal Year Ended June 30, 2018

Note 3 - Property Taxes

Property taxes are levied and assessed on a calendar year basis. Second half distributions occur in a new fiscal year. Property taxes include amounts levied against all real and public utility property located in the District. Real property taxes are levied after April 1 on the assessed value listed as of the prior January 1, the lien date. Public utility property taxes attached as a lien on December 31 of the prior year, were levied April 1 and are collected with real property taxes. Assessed values for real property taxes are established by State law at 35 percent of appraised market value. All property is required to be revalued every six years. Public utility property taxes are assessed on real property at 35 percent of true value.

Real property taxes are payable annually or semi-annually. If paid annually, payment is due December 31; if paid semi-annually, the first payment is due December 31 with the remainder payable by June 20. Under certain circumstances, State statute permits alternate payment dates to be established. Single county taxpayers may pay annually or semi-annually. If paid annually, payment is due April 30; if paid semi-annually, the first payment is due April 30, with the remainder payable by September 20. The District receives property taxes from the County. The County Auditor periodically advances to the District its portion of the taxes collected. Second-half real property tax payments collected by the County by June 30, 2018, are available to finance fiscal year 2019 operations. The amount available for advance can vary based on the date the tax bills are sent.

Accrued property taxes receivable represents delinquent taxes outstanding and real property, personal property and public utility taxes which became measurable at June 30, 2018. Delinquent property taxes collected within 60 days of the fiscal year end are included as receivable and tax revenue on the fund financial statements. All delinquent property taxes outstanding at June 30, 2018 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 inflows of resources for that portion not intended to finance current year 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 2018 taxes were collected are:

	<u>Amount</u>
Agricultural/Residential and Other Real Estate	\$2,830,019,060
Public Utility Personal	<u>100,942,740</u>
Total	<u><u>\$2,930,961,800</u></u>

Note 4 – Receivables

Receivables at June 30, 2018, consisted of taxes, accounts (rent and student fees), interest, intergovernmental grants 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.

Lakota Local School District, Ohio
Notes to the Basic Financial Statements
For The Fiscal Year Ended June 30, 2018

Note 5 - Capital Assets

Capital asset activity for the fiscal year ended June 30, 2018, was as follows:

	Beginning Balance	Additions	Deletions	Ending Balance
Governmental Activities				
<i>Capital Assets, not being depreciated:</i>				
Land	\$8,858,505	\$0	\$0	\$8,858,505
Construction in Progress	125,816	0	125,816	0
<i>Capital Assets, being depreciated:</i>				
Buildings and Improvements	242,904,064	1,271,037	238,702	243,936,399
Equipment	18,765,988	495,443	0	19,261,431
Land Improvements	12,890,621	405,344	0	13,295,965
Totals at Historical Cost	283,544,994	2,171,824	364,518	285,352,300
Less Accumulated Depreciation:				
Buildings and Improvements	76,815,038	5,086,785	97,612	81,804,211
Equipment	14,800,258	709,430	0	15,509,688
Land Improvements	7,101,921	584,589	0	7,686,510
Total Accumulated Depreciation	98,717,217	6,380,804	97,612	105,000,409
Governmental Activities Capital Assets, Net	<u>\$184,827,777</u>	<u>(\$4,208,980)</u>	<u>\$266,906</u>	<u>\$180,351,891</u>

Depreciation expense was charged to governmental functions as follows:

Instruction:	
Regular	\$5,598,583
Special	4,626
Support Services:	
Pupil	3,890
Instructional Staff	1,306
School Administration	1,583
Fiscal	14,465
Business	48,225
Operations and Maintenance	172,078
Pupil Transportation	93,556
Central	133,815
Operation of Non-Instructional Services	76,034
Extracurricular Activities	232,643
Total Depreciation Expense	<u>\$6,380,804</u>

Lakota Local School District, Ohio
Notes to the Basic Financial Statements
For The Fiscal Year Ended June 30, 2018

Note 6 - Long-Term Liabilities

	Interest Rate	Issue Date	Maturity Date	Restated Beginning Balance	Issued	Retired	Ending Balance	Due In One Year
Governmental Activities:								
General Obligation Bonds:								
\$2,450,000 - Energy Conservation								
Improvements	2.50%	5/28/09	12/1/24	\$480,000	\$0	\$155,000	\$325,000	\$160,000
\$79,404 - Premium on Energy Conservation								
Improvements		5/28/09	12/1/24	31,637	0	10,546	21,091	0
\$1,650,000 - Turf & Athletic Field								
Improvements	2.50%	5/28/09	12/1/21	435,000	0	140,000	295,000	145,000
\$24,355 - Premium on Turf & Athletic Field								
Improvements		5/28/09	12/1/21	7,729	0	2,576	5,153	0
\$16,680,000 - Lakota Refunding	5.00%	9/24/08	12/1/17	2,785,000	0	2,785,000	0	0
\$961,701 - Premium on Refunding		9/24/08	12/1/17	53,426	0	53,426	0	0
\$10,000,000 - School Construction Bonds -								
Union Elem	4.00%	6/13/07	12/1/27	475,000	0	475,000	0	0
\$52,932,789 - Bond and Refunding	5.85%	4/19/01	12/1/26	3,700,000	0	1,740,000	1,960,000	1,960,000
\$30,950,000 - Lakota 2005 Refunding	4.65%	11/3/05	12/1/26	28,155,000	0	0	28,155,000	0
\$3,244,969 - Premium on 2005 Refunding		11/3/05	12/1/26	1,467,966	0	154,522	1,313,444	0
\$5,405,000 - 2010 School Improvement Bonds	1.34%	6/17/10	12/1/20	1,925,000	0	620,000	1,305,000	635,000
\$4,000,000 - 2010 School Improvement Bonds	5.39%	6/17/10	12/1/25	4,000,000	0	0	4,000,000	0
\$44,835,000 - 2013 Refunding Bonds	2.00-5.00%	10/18/12	12/1/29	41,925,000	0	2,395,000	39,530,000	2,515,000
\$7,731,369 - Premium - Lakota Series 2013								
Bonds		10/18/12	12/1/29	5,583,764	0	429,521	5,154,243	0
\$24,740,000 - 2014 School Improvement								
Bonds	2.05 - 5.00.%	3/25/14	12/1/34	22,755,000	0	1,020,000	21,735,000	1,035,000
\$1,451,857 - 2014 School Improvement Bonds								
- Premium				1,244,449	0	69,136	1,175,313	0
2015 Refunding Bonds	2.00 - 4.50%	12/4/14	12/1/33	18,165,000	0	25,000	18,140,000	25,000
2015 Refunding Bonds - Premium				1,824,678	0	110,587	1,714,091	0
2016 Refunding Bonds				7,010,000	0	50,000	6,960,000	500,000
2016 Refunding Bonds - Premium				881,281	0	80,116	801,165	0
2016 Refunding Bonds	2.00-3.50%	8/18/15	12/1/33	7,670,000	0	365,000	7,305,000	370,000
2016 Refunding Bonds - Premium				311,016	0	18,295	292,721	0
Subtotal Bonds				150,885,946	0	10,698,725	140,187,221	7,345,000
Compensated Absences				5,035,733	3,735,668	1,000,793	7,770,608	979,059
Subtotal Bonds & Other Amounts				155,921,679	3,735,668	11,699,518	147,957,829	8,324,059
Net Pension Liability:								
STRS				223,574,001	0	65,611,743	157,962,258	0
SERS				59,743,930	0	12,102,040	47,641,890	0
Subtotal Net Pension Liability				283,317,931	0	77,713,783	205,604,148	0
Net OPEB Liability:								
STRS				35,720,702	0	9,776,485	25,944,217	0
SERS				23,562,543	0	1,824,845	21,737,698	0
Subtotal Net OPEB Liability				59,283,245	0	11,601,330	47,681,915	0
Total Long-Term Obligations				\$498,522,855	\$3,735,668	\$101,014,631	\$401,243,892	\$8,324,059

All long-term bonds will be paid from the debt service and permanent improvement funds. Compensated absences will be paid from the general and special revenue funds. All debt will be used to acquire or construct a capital asset for the District. Premiums and deferred amount on the issuance of bonds are included in the debt and will be amortized over the life of the new debt. There is no repayment schedule for the net pension liability and net OPEB liability; however, employer pension and OPEB contributions are made from the fund benefitting from their service.

Lakota Local School District, Ohio
Notes to the Basic Financial Statements
For The Fiscal Year Ended June 30, 2018

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
2019	\$7,345,000	\$5,684,177	\$13,029,177
2020	7,710,000	5,364,607	13,074,607
2021	8,340,000	5,012,012	13,352,012
2022	8,825,000	4,615,890	13,440,890
2023	9,195,000	4,186,346	13,381,346
2024-2028	48,845,000	13,772,745	62,617,745
2029-2033	30,825,000	5,308,901	36,133,901
2034-2035	8,625,000	233,943	8,858,943
Total	<u>\$129,710,000</u>	<u>\$44,178,621</u>	<u>\$173,888,621</u>

Note 7 - Defined Benefit Pension Plans

Net Pension Liability

The net pension liability reported on the statement of net position represents a liability to employees for pensions. Pensions are a component of exchange transactions—between an employer and its employees—of salaries and benefits for employee services. Pensions are provided to an employee—on a deferred-payment basis—as part of the total compensation package offered by an employer for employee services each financial period. The obligation to sacrifice resources for pensions is a present obligation because it was created as a result of employment exchanges that already have occurred.

The net pension liability represents the employer's proportionate share of each pension plan's collective actuarial present value of projected benefit payments attributable to past periods of service, net of each pension plan's fiduciary net position. The net pension liability calculation is dependent on critical long-term variables, including estimated average life expectancies, earnings on investments, cost of living adjustments and others. While these estimates use the best information available, unknowable future events require adjusting this estimate annually.

Ohio Revised Code limits the obligation for this liability to annually required payments. The employer cannot control benefit terms or the manner in which pensions are financed; however, the employer does receive the benefit of employees' services in exchange for compensation including pension.

GASB 68 assumes the liability is solely the obligation of the employer, because (1) they benefit from employee services; and (2) State statute requires all funding to come from these employers. All contributions to date have come solely from these employers (which also includes costs paid in the form of withholdings from employees). State statute requires the pension plans to amortize unfunded liabilities within 30 years. If the amortization period exceeds 30 years, each pension plan's board must propose corrective action to the State legislature. Any resulting legislative change to benefits or funding could significantly affect the net pension liability. Resulting adjustments to the net pension liability would be effective when the changes are legally enforceable.

Lakota Local School District, Ohio
Notes to the Basic Financial Statements
For The Fiscal Year Ended June 30, 2018

The proportionate share of each plan's unfunded benefits is presented as a long-term net pension liability on the accrual basis of accounting. Any liability for the contractually-required pension contribution outstanding at the end of the year is included in accrued wages and benefits on both the accrual and modified accrual bases of accounting.

Plan Description - School Employees Retirement System (SERS)

Plan Description – Non-teaching employees participate in SERS, a cost-sharing multiple-employer defined benefit pension plan administered by SERS. SERS provides retirement, disability and survivor benefits, annual cost-of-living adjustments, and death benefits to plan members and beneficiaries. Authority to establish and amend benefits is provided by Ohio Revised Code Chapter 3309. SERS issues a publicly available, stand-alone financial report that includes financial statements, required supplementary information and detailed information about SERS' fiduciary net position. That report can be obtained by visiting the SERS website at www.ohsers.org under Employers/Audit Resources.

Age and service requirements for retirement are as follows:

	Eligible to Retire on or before August 1, 2017 *	Eligible to Retire on or after August 1, 2017
Full Benefits	Any age with 30 years of service credit Age 65 with 5 years of service credit	Age 67 with 10 years of service credit; or Age 57 with 30 years of service credit
Actuarially Reduced Benefits	Age 60 with 5 years of service credit Age 55 with 25 years of service credit	Age 62 with 10 years of service credit; or Age 60 with 25 years of service credit

* Members with 25 years of service credit as of August 1, 2017, will be included in this plan.

Annual retirement benefits are calculated based on final average salary multiplied by a percentage that varies based on year of service; 2.20% for the first thirty years of service and 2.50% for years of service credit over 30 or \$86.00 multiplied by the years of service credit. Final average salary is the average of the highest three years of salary.

Post-Retirement Increases – Before January 1, 2018; on each anniversary of the initial date of retirement, the allowances of all retirees and survivors are increased by 3% of the base benefit. On or after January 1, 2018; on each anniversary of the initial retirement, the allowance of all retirees and survivors are increased by the annual rate of increase in the CPI-W measured as of the June preceding the beginning of the applicable calendar year. The annual rate of increase shall not be less than 0% nor greater than 2.5%. COLA's shall be suspended for calendar years 2018, 2019, and 2020.

Funding Policy – Plan members are required to contribute 10% of their annual covered salary and the employer is required to contribute 14% of annual covered payroll. The contribution requirements of plan members and employers are established and may be amended by the SERS' Retirement Board up to statutory maximum amounts of 10% for plan members and 14% for employers. The Retirement Board, acting with the advice of the actuary, allocates the employer contribution rate among four of the System's funds (Pension Trust Fund, Death Benefit Fund, Medicare B Fund, and Health Care Fund). For the fiscal year ended June 30, 2018, the allocation to pension, death benefits, and Medicare B was 13.5%. The remaining 0.5% was allocated to the Health Care Fund.

Lakota Local School District, Ohio
Notes to the Basic Financial Statements
For The Fiscal Year Ended June 30, 2018

The contractually required contribution to SERS was \$3,567,295 for fiscal year 2018. Of this amount \$268,666 is reported as accrued wages and benefits.

Plan Description - State Teachers Retirement System (STRS)

Plan Description – Licensed teachers and other faculty members participate in STRS Ohio, a cost-sharing multiple-employer public employee retirement system administered by STRS. STRS provides retirement and disability benefits to members and death and survivor benefits to beneficiaries. STRS issues a stand-alone financial report that includes financial statements, required supplementary information and detailed information about STRS' fiduciary net position. That report can be obtained by writing to STRS, 275 E. Broad St., Columbus, OH 43215-3771, by calling (888) 227-7877, or by visiting the STRS Web site 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. Benefits are established by Ohio Revised Code Chapter 3307.

The DB Plan offers an annual retirement allowance based on final average salary multiplied by a percentage that varies based on years of service. Effective August 1, 2015, the calculation is 2.2% of final average salary for the five highest years of earnings multiplied by all years of service. Effective July 1, 2017, the cost-of-living adjustment was reduced to zero. Members are eligible to retire at age 60 with five years of qualifying service credit, or at age 55 with 26 years of service, or 31 years of service regardless of age. Eligibility changes will be phased in until August 1, 2026, when retirement eligibility for unreduced benefits will be five years of service credit and age 65, or 35 years of service credit and at least age 60.

The DC Plan allows members to place all their member contributions and 9.5% of the 14% employer contributions into an investment account. Investment allocation decisions are determined by the member. The remaining 4.5% of the 14% employer rate is allocated to the defined benefit unfunded liability. A member is eligible to receive a retirement benefit at age 50 and termination of employment. The member may elect to receive a lifetime monthly annuity or a lump sum withdrawal.

The Combined Plan offers features of both the DB Plan and the DC Plan. In the Combined Plan, 12% of the 14% member rate goes to the DC Plan and the remaining 2% is applied to the DB Plan. Member contributions to the DC Plan are allocated among investment choices by the member, and contributions to the DB Plan from the employer and the member are used to fund the defined benefit payment at a reduced level from the regular DB Plan. The defined benefit portion of the Combined Plan payment is payable to a member on or after age 60 with five years of service. The defined contribution portion of the account may be taken as a lump sum payment or converted to a lifetime monthly annuity after termination of employment at age 50 or later.

New members who choose the DC Plan or Combined Plan will have another opportunity to reselect a permanent plan during their fifth year of membership. Members may remain in the same plan or transfer to another STRS Ohio plan. The optional annuitization of a member's defined contribution account or the defined contribution portion of a member's Combined Plan account to a lifetime benefit results in STRS Ohio bearing the risk of investment gain or loss on the account. STRS Ohio therefore has included all three plan options in the GASB 68 schedules of employer allocations and pension amounts by employer.

Lakota Local School District, Ohio
Notes to the Basic Financial Statements
For The Fiscal Year Ended June 30, 2018

A DB or Combined Plan member with five or more years of credited service who is determined to be disabled may qualify for a disability benefit. Eligible survivors of members who die before service retirement may qualify for monthly benefits. New members on or after July 1, 2013, must have at least 10 years of qualifying service credit to apply for disability benefits. Members in the DC Plan who become disabled are entitled only to their account balance. If a member of the DC Plan dies before retirement benefits begin, the member's designated beneficiary is entitled to receive the member's account balance.

Funding Policy – Employer and member contribution rates are established by the State Teachers Retirement Board and limited by Chapter 3307 of the Ohio Revised Code. For the fiscal year ended June 30, 2018, plan members were required to contribute 14% of their annual covered salary. The employer was required to contribute 14%; the entire 14% was the portion used to fund pension obligations. The fiscal year 2018 contribution rates were equal to the statutory maximum rates.

The contractually required contribution to STRS was \$10,850,772 for fiscal year 2018. Of this amount \$1,819,132 is reported as accrued wages and benefits.

Pension Liabilities, Pension Expense, and Deferred Outflows of Resources and Deferred Inflows of Resources Related to Pensions

The net pension liability was measured as of June 30, 2017, and the total pension liability used to calculate the net pension liability was determined by an actuarial valuation as of that date. The proportion of the net pension liability was based on the share of contributions to the pension plan relative to the contributions of all participating entities. Following is information related to the proportionate share and pension expense:

	SERS	STRS	Total
Proportionate Share of the Net Pension Liability	\$47,641,890	\$157,962,258	\$205,604,148
Proportion of the Net Pension Liability:			
Current Measurement Date	0.79738330%	0.66495825%	
Prior Measurement Date	0.81627680%	0.66792312%	
Change in Proportionate Share	-0.01889350%	-0.00296487%	
Pension Expense	(\$2,256,981)	(\$59,116,240)	(\$61,373,221)

At June 30, 2018, reported deferred outflows of resources and deferred inflows of resources related to pensions from the following sources:

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Lakota Local School District, Ohio
Notes to the Basic Financial Statements
For The Fiscal Year Ended June 30, 2018

	SERS	STRS	Total
Deferred Outflows of Resources			
Differences between expected and actual experience	\$2,050,342	\$6,099,761	\$8,150,103
Changes of assumptions	2,463,598	34,548,082	37,011,680
Changes in employer proportionate share of net pension liability	52,501	5,006,796	5,059,297
Contributions subsequent to the measurement date	3,567,295	10,850,772	14,418,067
Total Deferred Outflows of Resources	<u>\$8,133,736</u>	<u>\$56,505,411</u>	<u>\$64,639,147</u>
Differences between expected and actual experience	\$0	\$1,273,114	\$1,273,114
Net difference between projected and actual earnings on pension plan investments	226,146	5,212,939	5,439,085
Changes in employer proportionate share of net pension liability	1,181,399	695,947	1,877,346
Total Deferred Inflows of Resources	<u>\$1,407,545</u>	<u>\$7,182,000</u>	<u>\$8,589,545</u>

\$14,418,067 reported as deferred outflows of resources related to pension resulting from contributions subsequent to the measurement date will be recognized as a reduction of the net pension liability in the year ending June 30, 2019. Other amounts reported as deferred outflows of resources and deferred inflows of resources related to pension will be recognized in pension expense as follows:

Fiscal Year			
Ending June 30:	SERS	STRS	Total
2019	\$1,391,448	\$8,859,996	\$10,251,444
2020	2,395,647	17,109,059	19,504,706
2021	482,433	9,744,064	10,226,497
2022	(1,110,631)	2,759,519	1,648,888
Total	<u>\$3,158,897</u>	<u>\$38,472,638</u>	<u>\$41,631,535</u>

Actuarial Assumptions - SERS

SERS' total pension liability was determined by their actuaries in accordance with GASB Statement No. 67, as part of their annual actuarial valuation for each defined benefit retirement plan. Actuarial valuations of an ongoing plan involve estimates of the value of reported amounts (e.g., salaries, credited service) and assumptions about the probability of occurrence of events far into the future (e.g., mortality, disabilities, retirements, employment termination). Actuarially determined amounts are subject to continual review and potential modifications, as actual results are compared with past expectations and new estimates are made about the future.

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Projections of benefits for financial reporting purposes are based on the substantive plan (the plan as understood by the employers and plan members) and include the types of benefits provided at the time of each valuation and the historical pattern of sharing benefit costs between the employers and plan members to that point. The projection of benefits for financial reporting purposes does not explicitly incorporate the potential effects of legal or contractual funding limitations.

Actuarial calculations reflect a long-term perspective. For a newly hired employee, actuarial calculations will take into account the employee's entire career with the employer and also take into consideration the benefits, if any, paid to the employee after termination of employment until the death of the employee and any applicable contingent annuitant. In many cases actuarial calculations reflect several decades of service with the employer and the payment of benefits after termination.

Key methods and assumptions used in calculating the total pension liability in the latest actuarial valuation, prepared as of June 30, 2017, are presented below:

Wage Inflation	3.00%
Future Salary Increases, including inflation	3.50% - 18.20%
COLA or Ad Hoc COLA	2.50%
Investment Rate of Return	7.50% net of investments expense, including inflation
Actuarial Cost Method	Entry Age Normal (Level Percent of Payroll)
Actuarial Assumptions Experience Study Date	5 year period ended June 30, 2015

Prior to 2017, an assumption of 3.0% was used for COLA or Ad Hoc COLA.

For 2017, the mortality rates were based on the RP-2014 Blue Collar Mortality Table with fully generational projection and a five year age set-back for both males and females. Mortality among service retired members, and beneficiaries were based upon the RP-2014 Blue Collar Mortality Table with fully generational projection with Scale BB, 120% of male rates, and 110% of female rates. Mortality among disable members were based upon the RP-2000 Disabled Mortality Table, 90% for male rates and 100% for female rates, set back five years is used for the period after disability retirement.

The long-term return expectation for the Pension Plan Investments has been determined by using a building-block approach and assumes a time horizon, as defined in the SERS' Statement of Investment Policy. A forecasted rate of inflation serves as the baseline for the return expectation. Various real return premiums over the baseline inflation rate have been established for each asset class. The long-term expected nominal rate of return has been determined by calculating an arithmetic weighted average of the expected real return premiums for each asset class, adding the projected inflation rate, and adding the expected return from rebalancing uncorrelated asset classes. The target allocation and best estimates of arithmetic real rates of return for each major assets class are summarized in the following table:

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Asset Class	Target Allocation	Long-Term Expected Real Rate of Return
Cash	1.00%	0.50%
US Stocks	22.50%	4.75%
Non-US Stocks	22.50%	7.00%
Fixed Income	19.00%	1.50%
Private Equity	10.00%	8.00%
Real Assets	15.00%	5.00%
Multi-Asset Strategies	10.00%	3.00%
Total	100.00%	

Discount Rate

The total pension liability was calculated using the discount rate of 7.50%. The projection of cash flows used to determine the discount rate assumed the contributions from employers and from the members would be computed based on contribution requirements as stipulated by State statute. Projected inflows from investment earning were calculated using the long-term assumed investment rate of return 7.50%. Based on those assumptions, the plan's fiduciary net position was projected to be available to make all future benefit payments of current plan members. Therefore, the long-term expected rate of return on pension plan investments was applied to all periods of projected benefits to determine the total pension liability.

Sensitivity of the Proportionate Share of the Net Pension Liability to Changes in the Discount Rate

Net pension liability is sensitive to changes in the discount rate, and to illustrate the potential impact the following table presents the net pension liability calculated using the discount rate of 7.50%, as well as what each plan's net pension liability would be if it were calculated using a discount rate that is one percentage point lower 6.50%, or one percentage point higher 8.50% than the current rate.

	1% Decrease 6.50%	Current Discount Rate 7.50%	1% Increase 8.50%
Proportionate share of the net pension liability	\$66,114,563	\$47,641,890	\$32,167,260

Changes in Benefit Terms

The COLA was changed from a fixed 3.00% to a COLA that is indexed to CPI-W not greater than 2.5% with a floor of 0% beginning January 1, 2018. In addition, with the authority granted the Board under HB 49, the Board has enacted a three-year COLA suspension for benefit recipients in calendar years 2018, 2019 and 2020.

Actuarial Assumptions - STRS

The total pension liability in the July 1, 2017, actuarial valuation was determined using the following actuarial assumptions, applied to all periods included in the measurement:

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	July 1, 2017	July 1, 2016
Inflation	2.50%	2.75%
Projected salary increases	12.50% at age 20 to 2.50% at age 65	12.25% at age 20 to 2.75% at age 70
Investment Rate of Return	7.45%, net of investment expenses, including inflation	7.75%, net of investment expenses, including inflation
Payroll Increases	3.00%	3.50%
Cost-of-Living Adjustments (COLA)	0%, effective July 1, 2017	2% simple applied as follows: for members retiring before August 1, 2013, 2% per year; for members retiring August 1 2013, or later, 2% COLA commences on fifth anniversary of retirement date.

For the July 1, 2017, actuarial valuation, post-retirement mortality rates for healthy retirees are based on the RP-2014 Annuitant Mortality Table with 50% of rates through age 69, 70% of rates between ages 70 and 79, 90% of rates between ages 80 and 84, and 100% of rates thereafter, projected forward generationally using mortality improvement scale MP-2016. Post-retirement disabled mortality rates are based on the RP-2014 Disabled Mortality Table with 90% of rates for males and 100% of rates for females, projected forward generationally using mortality improvement scale MP-2016. Pre-retirement mortality rates are based on RP-2014 Employee Mortality Table, projected forward generationally using mortality improvement scale MP-2016.

For the July 1, 2016 actuarial valuation, mortality rates were based on the RP-2000 Combined Mortality Table (Projection 2022—Scale AA) for Males and Females. Males' ages are set-back two years through age 89 and no set-back for age 90 and above. Females younger than age 80 are set back four years, one year set back from age 80 through 89, and no set back from age 90 and above.

Actuarial assumptions used in the July 1 2017, valuation are based on the results of an actuarial experience study for the period July 1, 2011 through June 30, 2016. Actuarial assumptions used in the June 30, 2016, valuation are based on the results of an actuarial experience study, effective July 1, 2012.

STRS Ohio's investment consultant develops an estimate range for the investment return assumption based on the target allocation adopted by the Retirement Board. The target allocation and long-term expected rate of return for each major asset class are summarized as follows:

Asset Class	Target Allocation	Long-Term Expected Real Rate of Return*
Domestic Equity	28.00%	7.35%
International Equity	23.00%	7.55%
Alternatives	17.00%	7.09%
Fixed Income	21.00%	3.00%
Real Estate	10.00%	6.00%
Liquidity Reserves	1.00%	2.25%
Total	100.00%	

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*10-Year annualized geometric nominal returns, which include the real rate of return and inflation of 2.25% and does not include investment expenses. Over a 30-year period, STRS investment consultant indicates that the above target allocations should generate a return above the actuarial rate of return, without net value added by management.

Discount Rate

The discount rate used to measure the total pension liability was 7.45% as of June 30, 2017. The projection of cash flows used to determine the discount rate assumes that member and employer contributions will be made at the statutory contribution rates in accordance with the rates described above. For this purpose, only employer contributions that are intended to fund benefits of current plan members and their beneficiaries are included. Based on those assumptions, STRS fiduciary net position was projected to be available to make all projected future benefit payments to current plan members as of June 30, 2017. Therefore, the long-term expected rate of return on pension plan investments of 7.45% was applied to all periods of projected benefit payments to determine the total pension liability as of June 30, 2017.

Sensitivity of the Proportionate Share of the Net Pension Liability to Changes in the Discount Rate

The following table represents the net pension liability as of June 30, 2017, calculated using the current period discount rate assumption of 7.45%, as well as what the net pension liability would be if it were calculated using a discount rate that is one percentage point lower 6.45% or one percentage point higher 8.45% than the current assumption:

	1% Decrease 6.45%	Current Discount Rate 7.45%	1% Increase 8.45%
Proportionate share of the net pension liability	\$226,433,520	\$157,962,258	\$100,285,482

Changes in Assumptions

The Retirement Board approved several changes to the actuarial assumptions in 2017. The long term expected rate of return was reduced from 7.75% to 7.45%, the inflation assumption was lowered from 2.75% to 2.50%, the payroll growth assumption was lowered to 3.00%, and total salary increases rate was lowered by decreasing the merit component of the individual salary increases, in addition to a decrease of 0.25% due to lower inflation. The healthy and disabled mortality assumptions were updated to the RP-2014 mortality tables with generational improvement scale MP-2016. Rates of retirement, termination and disability were modified to better reflect anticipated future experience.

Changes in Benefit Terms

Effective July 1, 2017, the COLA was reduced to zero.

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Note 8 – Defined Benefit Other Postemployment Benefits (OPEB) Plans

Net Other Postemployment Benefits (OPEB) Liability

The net OPEB liability reported on the statement of net position represents a liability to employees for OPEB. OPEB is a component of exchange transactions—between an employer and its employees—of salaries and benefits for employee services. OPEB are provided to an employee—on a deferred-payment basis—as part of the total compensation package offered by an employer for employee services each financial period. The obligation to sacrifice resources for OPEB is a present obligation because it was created as a result of employment exchanges that already have occurred

The net OPEB liability represents the District's proportionate share of each OPEB plan's collective actuarial present value of projected benefit payments attributable to past periods of service, net of each OPEB plan's fiduciary net position. The net OPEB liability calculation is dependent on critical long-term variables, including estimated average life expectancies, earnings on investments, cost of living adjustments and others. While these estimates use the best information available, unknowable future events require adjusting these estimates annually.

Ohio Revised Code limits the District's obligation for this liability to annually required payments. The employer cannot control benefit terms or the manner in which OPEB are financed; however, the employer does receive the benefit of employees' services in exchange for compensation including OPEB.

GASB 75 assumes the liability is solely the obligation of the employer, because they benefit from employee services. OPEB contributions come from these employers and health care plan enrollees which pay a portion of the health care costs in the form of a monthly premium. The Ohio Revised Code permits, but does not require the retirement systems to provide healthcare to eligible benefit recipients. Any change to benefits or funding could significantly affect the net OPEB liability. Resulting adjustments to the net OPEB liability would be effective when the changes are legally enforceable. The retirement systems may allocate a portion of the employer contributions to provide for these OPEB benefits.

The proportionate share of each plan's unfunded benefits is presented as a long-term net OPEB liability on the accrual basis of accounting. Any liability for the contractually-required OPEB contribution outstanding at year-end is included in accrued liabilities on the accrual basis of accounting.

Plan Description - School Employees Retirement System (SERS)

Health Care Plan Description - The District contributes to the SERS Health Care Fund, administered by SERS for non-certificated retirees and their beneficiaries. For GASB 75 purposes, this plan is considered a cost-sharing other postemployment benefit (OPEB) plan. SERS' Health Care Plan provides healthcare benefits to eligible individuals receiving retirement, disability, and survivor benefits, and to their eligible dependents. Members who retire after June 1, 1986, need 10 years of service credit, exclusive of most types of purchased credit, to qualify to participate in SERS' health care coverage. In addition to age and service retirees, disability benefit recipients and beneficiaries who are receiving monthly benefits due to the death of a member or retiree, are eligible for SERS' health care coverage. Most retirees and dependents choosing SERS' health care coverage are over the age of 65 and therefore enrolled in a fully insured Medicare Advantage plan; however, SERS maintains a traditional, self-insured preferred provider organization for its non-Medicare retiree population. For both groups, SERS offers a self-insured prescription drug program. Health care is a benefit that is permitted, not mandated, by statute.

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The financial report of the Plan is included in the SERS Comprehensive Annual Financial Report which can be obtained on SERS' website at www.ohsers.org under Employers/Audit Resources.

Access to health care for retirees and beneficiaries is permitted in accordance with Section 3309 of the Ohio Revised Code. The Health Care Fund was established and is administered in accordance with Internal Revenue Code Section 105(e). SERS' Retirement Board reserves the right to change or discontinue any health plan or program. Active employee members do not contribute to the Health Care Plan. The SERS Retirement Board established the rules for the premiums paid by the retirees for health care coverage for themselves and their dependents or for their surviving beneficiaries. Premiums vary depending on the plan selected, qualified years of service, Medicare eligibility, and retirement status.

Funding Policy - State statute permits SERS to fund the health care benefits through employer contributions. Each year, after the allocation for statutorily required pensions and benefits, the Retirement Board may allocate the remainder of the employer contribution of 14 percent of covered payroll to the Health Care Fund in accordance with the funding policy. For fiscal year 2018, 0.5% of covered payroll was made to health care. An additional health care surcharge on employers is collected for employees earning less than an actuarially determined minimum compensation amount, pro-rated if less than a full year of service credit was earned. For fiscal year 2018, this amount was \$23,700. Statutes provide that no employer shall pay a health care surcharge greater than 2.0% of that employer's SERS-covered payroll; nor may SERS collect in aggregate more than 1.5% of the total statewide SERS-covered payroll for the health care surcharge. For fiscal year 2018, the surcharge obligation was \$438,125.

The surcharge, added to the allocated portion of the 14% employer contribution rate is the total amount assigned to the Health Care Fund. The District's contractually required contribution to SERS was \$570,246 for fiscal year 2018. Of this amount \$438,125 is reported as accrued wages and payables.

Plan Description - State Teachers Retirement System (STRS)

Plan Description – The State Teachers Retirement System of Ohio (STRS) administers a cost-sharing Health Plan administered for eligible retirees who participated in the defined benefit or combined pension plans offered by STRS. Ohio law authorizes STRS to offer this plan. Benefits include hospitalization, physicians' fees, prescription drugs and partial reimbursement of monthly Medicare Part B premiums. Medicare Part B premium reimbursements will be discontinued effective January 1, 2020. The Plan is included in the report of STRS which can be obtained by visiting www.strsoh.org or by calling (888) 227-7877.

Funding Policy – Ohio Revised Code Chapter 3307 authorizes STRS to offer the Plan and gives the Retirement Board discretionary authority over how much, if any, of the health care costs will be absorbed by STRS. Active employee members do not contribute to the Health Care Plan. Nearly all health care plan enrollees, for the most recent year, pay a portion of the health care costs in the form of a monthly premium. Under Ohio law, funding for post-employment health care may be deducted from employer contributions, currently 14 percent of covered payroll. For the fiscal year ended June 30, 2018, STRS did not allocate any employer contributions to post-employment health care.

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OPEB Liabilities, OPEB Expense, and Deferred Outflows of Resources and Deferred Inflows of Resources Related to OPEB

The net OPEB liability was measured as of June 30, 2017, and the total OPEB liability used to calculate the net OPEB liability was determined by an actuarial valuation as of that date. The District's proportion of the net OPEB liability was based on the employer's share of contributions to the respective retirement systems relative to the contributions of all participating entities. Following is information related to the proportionate share:

	SERS	STRS	Total
Proportionate Share of the Net OPEB Liability	\$21,737,698	\$25,944,217	\$47,681,915
Proportion of the Net OPEB Liability:			
Current Measurement Date	0.80997860%	0.66495825%	
Prior Measurement Date	0.82664860%	0.66792312%	
Change in Proportionate Share	<u>-0.01667000%</u>	<u>-0.00296487%</u>	
OPEB Expense	\$1,089,384	(\$7,939,431)	(\$6,850,047)

At June 30, 2018, reported deferred outflows of resources and deferred inflows of resources related to OPEB from the following sources:

	SERS	STRS	Total
Deferred Outflows of Resources			
Differences between expected and actual experience	\$0	\$1,497,661	\$1,497,661
Contributions subsequent to the measurement date	<u>570,246</u>	<u>0</u>	<u>570,246</u>
Total Deferred Outflows of Resources	<u>\$570,246</u>	<u>\$1,497,661</u>	<u>\$2,067,907</u>
Deferred Inflows of Resources			
Changes of assumptions	\$2,062,796	\$2,089,888	\$4,152,684
Net difference between projected and actual earnings on pension plan investments	57,404	1,108,916	1,166,320
Changes in employer proportionate share of net pension liability	<u>348,785</u>	<u>135,911</u>	<u>484,696</u>
Total Deferred Inflows of Resources	<u>\$2,468,985</u>	<u>\$3,334,715</u>	<u>\$5,803,700</u>

\$570,246 reported as deferred outflows of resources related to OPEB resulting from contributions subsequent to the measurement date will be recognized as a reduction of the net OPEB liability in the year ending June 30, 2019. Other amounts reported as deferred outflows of resources and deferred inflows of resources related to OPEB will be recognized in OPEB expense as follows:

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Fiscal Year Ending June 30:	SERS	STRS	Total
2019	(\$888,112)	(\$398,586)	(\$1,286,698)
2020	(888,112)	(398,586)	(1,286,698)
2021	(678,410)	(398,585)	(1,076,995)
2022	(14,351)	(398,585)	(412,936)
2023	0	(121,356)	(121,356)
Thereafter	0	(121,356)	(121,356)
Total	<u>(\$2,468,985)</u>	<u>(\$1,837,054)</u>	<u>(\$4,306,039)</u>

Actuarial Assumptions - SERS

The total OPEB liability is determined by SERS' actuaries in accordance with GASB Statement No. 74, as part of their annual actuarial valuation for each retirement plan. Actuarial valuations of an ongoing plan involve estimates of the value of reported amounts (e.g., salaries, credited service) and assumptions about the probability of occurrence of events far into the future (e.g., mortality, disabilities, retirements, employment terminations). Actuarially determined amounts are subject to continual review and potential modifications, as actual results are compared with past expectations and new estimates are made about the future.

Projections of benefits for financial reporting purposes are based on the substantive plan (the plan as understood by the employers and plan members) and include the types of benefits provided at the time of each valuation and the historical pattern of sharing benefit costs between the employers and plan members to that point. The projection of benefits for financial reporting purposes does not explicitly incorporate the potential effects of legal or contractual funding limitations.

Actuarial calculations reflect a long-term perspective. For a newly hired employee, actuarial calculations will take into account the employee's entire career with the employer and also take into consideration the benefits, if any, paid to the employee after termination of employment until the death of the employee and any applicable contingent annuitant. In many cases, actuarial calculations reflect several decades of service with the employer and the payment of benefits after termination.

Key methods and assumptions used in calculating the total OPEB liability in the latest actuarial valuation date of June 30, 2017, are presented below:

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Wage Inflation	3.00%
Future Salary Increases, including inflation	3.50% to 18.20%
Investment Rate of Return	7.50% net of investments expense, including inflation
Municipal Bond Index Rate:	
Measurement Date	3.56%
Prior Measurement Date	2.92%
Single Equivalent Interest Rate, net of plan investment expense, including price inflation:	
Measurement Date	3.63%
Prior Measurement Date	2.98%
Medical Trend Assumption	
Medicare	5.50% to 5.00%
Pre-Medicare	7.50% to 5.00%

Mortality rates were based on the RP-2014 Blue Collar Mortality Table with fully generational projection and Scale BB, 120 percent of male rates and 110 percent of female rates. RP-2000 Disabled Mortality Table with 90 percent for male rates and 100 percent for female rates set back five years.

The most recent experience study was completed for the five year period ended June 30, 2015.

The long-term expected rate of return on plan assets is reviewed as part of the actuarial five-year experience study. The most recent study covers fiscal years 2010 through 2015, and was adopted by the Board on April 21, 2016. Several factors are considered in evaluating the long-term rate of return assumption including long-term historical data, estimates inherent in current market data, and a log-normal distribution analysis in which best-estimate ranges of expected future real rates of return were developed by the investment consultant for each major asset class. These ranges were combined to produce the long-term expected rate of return, 7.50 percent, by weighting the expected future real rates of return by the target asset allocation percentage and then adding expected inflation. The capital market assumptions developed by the investment consultant are intended for use over a 10-year horizon and may not be useful in setting the long-term rate of return for funding pension plans which covers a longer timeframe. The assumption is intended to be a long-term assumption and is not expected to change absent a significant change in the asset allocation, a change in the inflation assumption, or a fundamental change in the market that alters expected returns in future years.

The target asset allocation and best estimates of arithmetic real rates of return for each major asset class, as used in the June 30, 2015 five-year experience study, are summarized as follows:

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Asset Class	Target Allocation	Long-Term Expected Real Rate of Return
Cash	1.00%	0.50%
US Stocks	22.50%	4.75%
Non-US Stocks	22.50%	7.00%
Fixed Income	19.00%	1.50%
Private Equity	10.00%	8.00%
Real Assets	15.00%	5.00%
Multi-Asset Strategies	10.00%	3.00%
Total	100.00%	

Discount Rate

The discount rate used to measure the total OPEB liability at June 30, 2017 was 3.63 percent. The discount rate used to measure total OPEB liability prior to June 30, 2017 was 2.98 percent. The projection of cash flows used to determine the discount rate assumed that contributions will be made from members and the System at the state statute contribution rate of 2.00 percent of projected covered employee payroll each year, which includes a 1.50 percent payroll surcharge and 0.50 percent of contributions from the basic benefits plan. Based on these assumptions, the OPEB plan's fiduciary net position was projected to become insufficient to make future benefit payments during the fiscal year ending June 30, 2025. Therefore, the long-term expected rate of return on OPEB plan assets was used to present value the projected benefit payments through the fiscal year ending June 30, 2024 and the Fidelity General Obligation 20-year Municipal Bond Index rate of 3.56 percent, as of June 30, 2017 (i.e. municipal bond rate), was used to present value the projected benefit payments for the remaining years in the projection. The total present value of projected benefit payments from all years was then used to determine the single rate of return that was used as the discount rate. The projection of future benefit payments for all current plan members was until the benefit payments ran out.

Sensitivity of the Proportionate Share of the Net OPEB Liability to Changes in the Discount Rate and Changes in the Health Care Cost Trend Rates

The net OPEB liability is sensitive to changes in the discount rate and the health care cost trend rate. The following table presents the net OPEB liability of SERS, what SERS' net OPEB liability would be if it were calculated using a discount rate that is 1 percentage point lower (2.63%) and higher (4.63%) than the current discount rate (3.63%). Also shown is what SERS' net OPEB liability would be based on health care cost trend rates that are 1 percentage point lower (6.5% decreasing to 4.0%) and higher (8.5% decreasing to 6.0%) than the current rate.

	1% Decrease 2.63%	Current Discount Rate 3.63%	1% Increase 4.63%
Proportionate share of the net OPEB liability	\$26,251,038	\$21,737,698	\$18,161,980

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	1% Decrease 6.50% decreasing to 4.00%	Current Trend Rate 7.50% decreasing to 5.00%	1% Increase 8.50% decreasing to 6.00%
Proportionate share of the net OPEB liability	\$17,638,513	\$21,737,698	\$27,163,039

Changes in Assumptions – SERS

Amounts reported for fiscal year 2018 incorporate changes in key methods and assumptions used in calculating the total OPEB liability as presented below:

Municipal Bond Index Rate:

Fiscal year 2018	3.56 percent
Fiscal year 2017	2.92 percent

Single Equivalent Interest Rate, net of plan investment expense, including price inflation:

Fiscal year 2018	3.63 percent
Fiscal year 2017	2.98 percent

Actuarial Assumptions - STRS

Key methods and assumptions used in the latest actuarial valuation, reflecting experience study results used in the June 30, 2017, actuarial valuation are presented below:

Inflation	2.50%
Projected salary increases	12.50% at age 20 to 2.50% at age 65
Investment Rate of Return	7.45%, net of investment expenses, including inflation
Payroll Increases	3.00%
Cost-of-Living Adjustments (COLA)	0.00%, effective July 1, 2017
Blended Discount Rate of Return	4.13%
Health Care Cost Trends	6.00% to 11.00% initial, 4.5% ultimate

Projections of benefits include the historical pattern of sharing benefit costs between the employers and retired plan members.

For healthy retirees the mortality rates are based on the RP-2014 Annuitant Mortality Table with 50 percent of rates through age 69, 70 percent of rates between ages 70 and 79, 90 percent of rates between ages 80 and 84, and 100 percent of rates thereafter, projected forward generationally using mortality improvement scale MP-2016. For disabled retirees, mortality rates are based on the RP-2014 Disabled Mortality Table with 90 percent of rates for males and 100 percent of rates for females, projected forward generationally using mortality improvement scale MP-2016.

Actuarial assumptions used in the June 30, 2017, valuation are based on the results of an actuarial experience study for the period July 1, 2011 through June 30, 2016.

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Since the prior measurement date, the discount rate was increased from 3.26% to 4.13% based on the methodology defined under GASB Statement No. 74, Financial Reporting for Postemployment Benefit Plans Other Than Pension Plans (OPEB) and the long term expected rate of return was reduced from 7.75% to 7.45%. Valuation year per capita health care costs were updated, and the salary scale was modified. The percentage of future retirees electing each option was updated based on current data and the percentage of future disabled retirees and terminated vested participants electing health coverage were decreased. The assumed mortality, disability, retirement, withdrawal and future health care cost trend rates were modified along with the portion of rebated prescription drug costs.

Also since the prior measurement date, the subsidy multiplier for non-Medicare benefit recipients was reduced from 2.1% to 1.9% per year of service. Medicare Part B premium reimbursements were discontinued for certain survivors and beneficiaries and all remaining Medicare Part B premium reimbursements will be discontinued beginning January 2019. Subsequent to the current measurement date, the date for discontinuing remaining Medicare Part B premium reimbursements was extended to January 2020.

STRS' investment consultant develops an estimate range for the investment return assumption based on the target allocation adopted by the Retirement Board. The target allocation and long-term expected rate of return for each major asset class are summarized as follows:

Asset Class	Target Allocation	Long-Term Expected Rate of Return*
Domestic Equity	28.00%	7.35%
International Equity	23.00%	7.55%
Alternatives	17.00%	7.09%
Fixed Income	21.00%	3.00%
Real Estate	10.00%	6.00%
Liquidity Reserves	1.00%	2.25%
Total	100.00%	

*10 year annualized geometric nominal returns, which includes the real rate of return and inflation of 2.25% and does not include investment expenses. Over a 30-year period, STRS' investment consultant indicates that the above target allocations should generate a return above the actual rate of return, without net value added by management.

Discount Rate

The discount rate used to measure the total OPEB liability was 4.13 percent as of June 30, 2017. The projection of cash flows used to determine the discount rate assumes STRS Ohio continues to allocate no employer contributions to the health care fund. Based on these assumptions, the OPEB plan's fiduciary net position was not projected to be sufficient to make all projected future benefit payments of current plan members. The OPEB plan's fiduciary net position was projected to become insufficient to make future benefit payments during the fiscal year ending June 30, 2037. Therefore, the long-term expected rate of return on OPEB plan assets was used to determine the present value of the projected

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Notes to the Basic Financial Statements
For The Fiscal Year Ended June 30, 2018

benefit payments through the fiscal year ending June 30, 2036 and the Bond Buyer 20-year municipal bond rate of 3.58 percent as of June 30, 2017 (i.e. municipal bond rate), was used to determine the present value of the projected benefit payments for the remaining years in the projection. The total present value of projected benefit payments from all years was then used to determine the single rate of return that was used as the discount rate. The blended discount rate of 4.13 percent, which represents the long-term expected rate of return of 7.45 percent for the funded benefit payments and the Bond Buyer 20-year municipal bond rate of 3.58 percent for the unfunded benefit payments, was used to measure the total OPEB liability as of June 30, 2017. A blended discount rate of 3.26 percent which represents the long term expected rate of return of 7.75 percent for the funded benefit payments and the Bond Buyer 20-year municipal bond rate of 2.85 percent for the unfunded benefit payments was used to measure the total OPEB liability at June 30, 2016.

Sensitivity of the Proportionate Share of the Net OPEB Liability to Changes in the Discount and Health Care Cost Trend Rate

The following table represents the net OPEB liability as of June 30, 2017, calculated using the current period discount rate assumption of 4.13%, as well as what the net OPEB liability would be if it were calculated using a discount rate that is one percentage point lower (3.13%) or one percentage point higher (5.13%) than the current assumption. Also shown is the net OPEB liability as if it were calculated using health care cost trend rates that are one percentage point lower or one percentage point higher than the current health care cost trend rates.

	1% Decrease 3.13%	Current Discount Rate 4.13%	1% Increase 5.13%
Proportionate share of the net OPEB liability	\$34,829,695	\$25,944,217	\$18,921,786
	1% Decrease	Current Trend Rate	1% Increase
Proportionate share of the net OPEB liability	\$18,024,930	\$25,944,217	\$36,366,926

Changes in Assumptions – STRS

For fiscal year 2018, the discount rate was increased from 3.26% to 4.13% based on the methodology defined under GASB Statement No. 74, Financial Reporting for Postemployment Benefit Plans Other Than Pension Plans (OPEB) and the long term expected rate of return was reduced from 7.75% to 7.45%. Valuation year per capita health care costs were updated, and the salary scale was modified. The percentage of future retirees electing each option was updated based on current data and the percentage of future disabled retirees and terminated vested participants electing health coverage were decreased. The assumed mortality, disability, retirement, withdrawal and future health care cost trend rates were modified along with the portion of rebated prescription drug costs.

Also for fiscal year 2018, the subsidy multiplier for non-Medicare benefit recipients was reduced from 2.1% to 1.9% per year of service. Medicare Part B premium reimbursements were discontinued for certain survivors and beneficiaries and all remaining Medicare Part B premium reimbursements will be discontinued beginning January 2019.

Lakota Local School District, Ohio
Notes to the Basic Financial Statements
For The Fiscal Year Ended June 30, 2018

Note 9 - Contingent Liabilities

Foundation Funding

District foundation funding is based on the annualized full-time equivalent (FTE) enrollment of each student. The Ohio Department of Education (ODE) is legislatively required to adjust/reconcile funding as enrollment information is updated by schools throughout the State, which can extend past the fiscal year end. As of the date of this report, additional ODE adjustments for fiscal year 2018 are not finalized. As a result, the impact of future FTE adjustments on the fiscal year 2018 financial statements is not determinable, at this time. Management believes this may result in either an additional receivable to, or a liability of, the District.

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, 2018.

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.

Note 10 - 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:

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Lakota Local School District, Ohio
Notes to the Basic Financial Statements
For The Fiscal Year Ended June 30, 2018

Coverage	Company	Limits	Deductible
Fleet	Liberty Mutual	\$1,000,000	per occurrence \$1,000 collision/per
Property	Liberty Mutual	402,652,051	blanket coverage 10,000 per loss
General liability	Liberty Mutual	1,000,000	per occurrence/
	Liberty Mutual	2,000,000	aggregate
Liability umbrella	Liberty Mutual	10,000,000	aggregate
Errors and omissions	Liberty Mutual	1,000,000	aggregate 5,000 per loss
Crime theft	Liberty Mutual	10,000	per occurrence 500 per loss
			Public
			employee
			blanket bond
Faithful	Liberty Mutual	40,000	with faithful
Performance Bond			performance
			endorsed on
			bond

Medical and dental insurance benefits are offered to employees through Anthem. The employees share the cost of the monthly premium for the coverage with the District.

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.

Note 11 - 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 the Southwestern Ohio Computer Association, 3603 Hamilton-Middletown Road, Hamilton, Ohio.

The Butler Technology and Career Development School 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. The Butler Technology and Career Development School 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 Technology and Career Development School Treasurer, at 3604 Hamilton Middletown Road, Hamilton, Ohio 45011.

Lakota Local School District, Ohio
Notes to the Basic Financial Statements
For The Fiscal Year Ended June 30, 2018

Note 12 – Accountability

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

Fund	Deficit
Other Governmental Funds:	
Miscellaneous State Grants	\$11,879
Title VI-B	505,631
Title III	42,239
Title I	277,960
Title II-A	44,194
Miscellaneous Grants	164

Note 13 - 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 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 capital acquisition. Disclosure of this information is required by State statute.

	Capital Acquisition
Set Aside Reserve Balance as of June 30, 2017	\$0
Current Year Set Aside Requirements	2,857,871
Qualified Disbursements	(431,021)
Current Year Offsets	(2,426,850)
Set Aside Reserve Balance as of June 30, 2018	<u>\$0</u>

Note 14 - Interfund Transactions

Interfund transactions at June 30, 2018, consisted of the following individual fund receivables and payables and transfers in and out:

	Interfund		Transfers	
	Receivable	Payable	In	Out
General Fund	\$887,341	\$0	\$0	\$1,719,862
Other Governmental Funds	0	887,341	1,719,862	0
Total All Funds	<u>\$887,341</u>	<u>\$887,341</u>	<u>\$1,719,862</u>	<u>\$1,719,862</u>

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

Lakota Local School District, Ohio
Notes to the Basic Financial Statements
For The Fiscal Year Ended June 30, 2018

Note 15 – Fund Balances

Fund balance is classified as nonspendable, restricted, committed, assigned and/or unassigned based primarily on the extent to which the District is bound to observe constraints imposed upon the use of the resources in the government funds. The constraints placed on fund balance for the major governmental funds and all other governmental funds are presented below:

Fund Balances	General	Other Governmental Funds	Total
Restricted for:			
Other Grants	\$0	\$54,749	\$54,749
Student Activities	0	1,027,070	1,027,070
Auxiliary Services	0	44,478	44,478
Food Service	0	891,697	891,697
Debt Service	0	11,734,874	11,734,874
Permanent Improvement	0	9,084,171	9,084,171
Total Restricted	0	22,837,039	22,837,039
Assigned to:			
Encumbrances	62,650	0	62,650
Public School Support	543,708	0	543,708
Total Assigned	606,358	0	606,358
Unassigned (Deficit)	84,270,894	(882,067)	83,388,827
Total Fund Balance	\$84,877,252	\$21,954,972	\$106,832,224

Encumbrances (assigned) will be used for \$4,241 for EIA books, \$447 for computers, \$2,788 for instructional supplies, \$5,964 for building signage, \$1,622 for projector, \$264 for chairs, \$1,059 for printers, \$973 for trash removal, \$1,045 for roof repairs, \$7,544 for maintenance supplies, \$605 for custodial supplies, \$741 for grass cutting, \$19,337 for copiers and copiers repairs, \$2,172 for Gaggie license, \$721 for internet charges, \$331 for Allerton Hill consulting, \$1,855 for Sunguard training, and \$10,941 for other purposes.

Note 16 – Construction and Other Commitments

The District utilizes encumbrance accounting as part of its budgetary controls. Encumbrances outstanding at year end may be reported as part of restricted, committed or assigned classifications of fund balance. At year end, the District's commitments for encumbrances in the governmental funds were as follows:

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Lakota Local School District, Ohio
Notes to the Basic Financial Statements
For The Fiscal Year Ended June 30, 2018

<u>Fund</u>	<u>Amounts</u>
General	\$456,063
Nonmajor Governmental	625,847
Total	<u>\$1,081,910</u>

Note 17 – Tax Abatements entered Into By Other Governments

Other governments entered into property tax abatement agreements with property owners under the Enterprise Zone Agreement (“EZA”) program with the taxing districts of the District. The EZA program is an economic development tool administered by municipal and county governments that provides real and personal property tax exemptions to businesses making investments in the community. Within the taxing districts of the District, other municipalities have entered into EZA agreements. Under these agreements the District’s property taxes were reduced by \$1,107,159. The District received \$751,139 in association with the forgone property tax revenue.

Note 18 – Implementation of New Accounting Principles and Restatement of Net Position

For the fiscal year ended June 30, 2018, the District has implemented GASB Statement No. 81, Irrevocable Split-Interest Agreements, GASB Statement No. 82, Pensions Issues – An Amendment of GASB Statements No. 67, No. 68, and No. 73, and GASB No. 86, Certain Debt Extinguishment Issues, and GASB Statement No. 85, Omnibus 2017, GASB Statement No. 75, Accounting and Financial Reporting for Postemployment Benefits Other than Pensions, and related guidance from (GASB) Implementation Guide No. 2017-3, Accounting and Financial Reporting for Postemployment Benefits other Than Pensions (and Certain Issues Related to OPEB Plan Reporting).

GASB Statement No. 81 sets out to improve accounting and financial reporting for irrevocable split interest agreements by providing recognition and measurement guidance for situations in which a government is a beneficiary of the agreement. Examples of these types of agreements include charitable lead trusts, charitable remainder trusts, and life-interests in real estate. This Statement requires that a government that receives resources pursuant to an irrevocable split-interest agreement recognize assets, liabilities, and deferred inflows of resources at the inception of the agreement. Furthermore, this Statement requires that a government recognize assets representing its beneficial interests in irrevocable split-interest agreements that are administered by a third party, if the government controls the present service capacity of the beneficial interests. This Statement requires that a government recognize revenue when the resources become applicable to the reporting period. This Statement also enhances the decision-usefulness of general purpose external financial reports, and their value for assessing accountability, by more clearly identifying the resources that are available for the government to carry out its mission. The implementation of GASB Statement No. 81 did not have an effect on the financial statements of the District.

GASB Statement No. 82 addresses certain issues that have been raised with respect to Statements No. 67, Financial Reporting for Pension Plans, No. 68, Accounting and Financial Reporting for Pensions, and No. 73, Accounting and Financial Reporting for Pensions and Related Assets That Are Not within the Scope of GASB Statement 68, and Amendments to Certain Provisions of GASB Statements 67 and 68. Specifically, this Statement addresses issues regarding (1) the presentation of payroll-related measures in required supplementary information, (2) the selection of assumptions and the treatment of

Lakota Local School District, Ohio
Notes to the Basic Financial Statements
For The Fiscal Year Ended June 30, 2018

deviations from the guidance in an Actuarial Standard of Practice for financial reporting purposes, and (3) the classification of payments made by employers to satisfy employee (plan member) contribution requirements. This Statement amends Statements 67 and 68 to instead require the presentation of covered payroll, defined as the payroll on which contributions to a pension plan are based, and ratios that use that measure. The implementation of GASB Statement No. 82 was included in the footnote disclosures for 2018.

GASB Statement No. 86 sets out to improve consistency in accounting and financial reporting for in-substance defeasance of debt by providing guidance for transactions in which cash and other monetary assets acquired with only existing resources—resources other than the proceeds of refunding debt—are placed in an irrevocable trust for the sole purpose of extinguishing debt. This Statement also improves accounting and financial reporting for prepaid insurance on debt that is extinguished and notes to financial statements for debt that is defeased in substance. One of the criteria for determining an in-substance defeasance is that the trust hold only monetary assets that are essentially risk-free. If the substitution of essentially risk-free monetary assets with monetary assets that are not essentially risk-free is not prohibited, governments should disclose that fact in the period in which the debt is defeased in substance. In subsequent periods, governments should disclose the amount of debt defeased in substance that remains outstanding for which that risk of substitution exists. The implementation of GASB Statement No. 86 did not have an effect on the financial statements of the District.

GASB 85 addresses a variety of topics including issues related to blending component units, goodwill, fair value measurement and application, and postemployment benefits (pensions and other postemployment benefits (OPEB)). These changes were incorporated in the District's fiscal year 2018 financial statements; however, there was no effect on beginning net position/fund balance.

GASB 75 established standards for measuring and recognizing Postemployment benefit liabilities, deferred outflows of resources, deferred inflows of resources and expense/expenditure. The implementation of this pronouncement had the following effect on net position as reported June 30, 2017:

Net position June 30, 2017	(\$96,370,919)
Adjustments:	
Net OPEB Liability	(59,283,245)
Deferred Outflow - Payments Subsequent to Measurement Date	<u>445,245</u>
Restated Net Position June 30, 2017	<u><u>(\$155,208,919)</u></u>

Other than employer contributions subsequent to the measurement date, the District made no restatement for deferred inflows/outflows of resources as the information needed to generate these restatements was not available.

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REQUIRED SUPPLEMENTARY INFORMATION

Lakota Local School District, Ohio
Required Supplementary Information
Schedule of the District's Proportionate Share
of the Net Pension Liability
State Teachers Retirement System of Ohio
Last Five Fiscal Years (1)

	2018	2017	2016	2015	2014
District's Proportion of the Net Pension Liability	0.66495825%	0.66792312%	0.64751627%	0.63410406%	0.63410406%
District's Proportionate Share of the Net Pension Liability	\$157,962,258	\$223,574,001	\$178,954,558	\$154,236,052	\$183,230,194
District's Covered Payroll	\$74,576,229	\$70,177,971	\$67,182,086	\$69,771,608	\$74,597,723
District's Proportionate Share of the Net Pension Liability as a Percentage of its Covered Payroll	211.81%	318.58%	266.37%	221.06%	245.62%
Plan Fiduciary Net Position as a Percentage of the Total Pension Liability	75.30%	66.80%	72.10%	74.70%	69.30%

(1) - The schedule is intended to show information for the past 10 years and the additional years' information will be displayed as it becomes available. Information prior to 2014 is not available.

Note- Amounts presented as of the District's measurement date which is the prior fiscal year end.

See accompanying notes to the required supplementary information.

Lakota Local School District, Ohio
Required Supplementary Information
Schedule of the District's Proportionate Share
of the Net Pension Liability
School Employees Retirement System of Ohio
Last Five Fiscal Years (1)

	2018	2017	2016	2015	2014
District's Proportion of the Net Pension Liability	0.79738330%	0.81627680%	0.82863210%	0.82534600%	0.82534600%
District's Proportionate Share of the Net Pension Liability	\$47,641,890	\$59,743,930	\$47,282,551	\$41,770,291	\$49,095,391
District's Covered Payroll	\$26,480,071	\$25,350,521	\$23,824,090	\$24,225,173	\$25,334,566
District's Proportionate Share of the Net Pension Liability as a Percentage of its Covered Payroll	179.92%	235.67%	198.47%	172.43%	193.79%
Plan Fiduciary Net Position as a Percentage of the Total Pension Liability	69.50%	62.98%	69.16%	71.70%	65.52%

(1) - The schedule is intended to show information for the past 10 years and the additional years' information will be displayed as it becomes available. Information prior to 2014 is not available.

Note- Amounts presented as of the District's measurement date which is the prior fiscal year end.

See accompanying notes to the required supplementary information.

Lakota Local School District, Ohio
Required Supplementary Information
Schedule of District Contributions
for Net Pension Liability
State Teachers Retirement System of Ohio
Last Ten Fiscal Years

	2018	2017	2016	2015	2014	2013	2012	2011	2010	2009
Contractually Required Contribution	\$10,850,772	\$10,440,672	\$9,824,916	\$9,405,492	\$9,070,309	\$9,697,704	\$9,947,628	\$11,246,736	\$11,774,328	\$10,934,160
Contributions in Relation to the Contractually Required Contribution	(10,850,772)	(10,440,672)	(9,824,916)	(9,405,492)	(9,070,309)	(9,697,704)	(9,947,628)	(11,246,736)	(11,774,328)	(10,934,160)
Contribution Deficiency (Excess)	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$0
District Covered Payroll	\$77,505,514	\$74,576,229	\$70,177,971	\$67,182,086	\$69,771,608	\$74,597,723	\$76,520,215	\$86,513,354	\$90,571,754	\$84,108,923
Contributions as a Percentage of Covered Payroll	14.00%	14.00%	14.00%	14.00%	13.00%	13.00%	13.00%	13.00%	13.00%	13.00%

See accompanying notes to the required supplementary information.

Lakota Local School District, Ohio
Required Supplementary Information
Schedule of District Contributions
for Net Pension Liability
School Employees Retirement System of Ohio
Last Ten Fiscal Years

	2018	2017	2016	2015	2014	2013	2012	2011	2010	2009
Contractually Required Contribution	\$3,567,295	\$3,707,210	\$3,549,073	\$3,140,015	\$3,357,609	\$3,506,304	\$3,352,416	\$3,219,408	\$3,169,992	\$2,893,176
Contributions in Relation to the Contractually Required Contribution	(3,567,295)	(3,707,210)	(3,549,073)	(3,140,015)	(3,357,609)	(3,506,304)	(3,352,416)	(3,219,408)	(3,169,992)	(2,893,176)
Contribution Deficiency (Excess)	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$0
District Covered Payroll	\$26,424,407	\$26,480,071	\$25,350,521	\$23,824,090	\$24,225,173	\$25,334,566	\$24,925,026	\$25,611,838	\$23,412,053	\$29,402,195
Contributions as a Percentage of Covered Payroll	13.50%	14.00%	14.00%	13.18%	13.86%	13.84%	13.45%	12.57%	13.54%	9.84%

See accompanying notes to the required supplementary information.

Lakota Local School District, Ohio
Required Supplementary Information
Schedule of the District's Proportionate Share
of the Net Postemployment Benefits Other Than Pension (OPEB) Liability
State Teachers Retirement System of Ohio
Last Two Fiscal Years (1)

	2018	2017
District's Proportion of the Net OPEB Liability	0.66495825%	0.66792312%
District's Proportionate Share of the Net OPEB Liability	\$25,944,217	\$35,720,702
District's Covered Payroll	\$74,576,229	\$70,177,971
District's Proportionate Share of the Net OPEB Liability as a Percentage of its Covered Payroll	34.79%	50.90%
Plan Fiduciary Net Position as a Percentage of the Total OPEB Liability	47.10%	37.30%

(1) - The schedule is intended to show information for the past 10 years and the additional years' information will be displayed as it becomes available. Information prior to 2017 is not available.

Note- Amounts presented as of the District's measurement date which is the prior fiscal year end.

See accompanying notes to the required supplementary information.

Lakota Local School District, Ohio
Required Supplementary Information
Schedule of the District's Proportionate Share
of the Net Postemployment Benefits Other Than Pension (OPEB) Liability
School Employees Retirement System of Ohio
Last Two Fiscal Years (1)

	2018	2017
District's Proportion of the Net OPEB Liability	0.80997860%	0.82664860%
District's Proportionate Share of the Net OPEB Liability	\$21,737,698	\$23,562,543
District's Covered Payroll	\$26,480,071	\$25,350,521
District's Proportionate Share of the Net OPEB Liability as a Percentage of its Covered Payroll	82.09%	92.95%
Plan Fiduciary Net Position as a Percentage of the Total OPEB Liability	12.46%	11.49%

(1) - The schedule is intended to show information for the past 10 years and the additional years' information will be displayed as it becomes available. Information prior to 2017 is not available.

Note- Amounts presented as of the District's measurement date which is the prior fiscal year end.

See accompanying notes to the required supplementary information.

Lakota Local School District, Ohio
Required Supplementary Information
Schedule of District Contributions to
Postemployment Benefits Other Than Pension (OPEB)
State Teachers Retirement System of Ohio
Last Three Fiscal Years (1)

	2018	2017	2016
Contractually Required Contribution to OPEB	\$0	\$0	\$0
Contributions to OPEB in Relation to the Contractually Required Contribution	0	0	0
Contribution Deficiency (Excess)	\$0	\$0	\$0
District Covered Payroll	\$77,505,514	\$74,576,229	\$70,177,971
Contributions to OPEB as a Percentage of Covered Payroll	0.00%	0.00%	0.00%

(1) - The schedule is intended to show information for the past 10 years and the additional years' information will be displayed as it becomes available. Information prior to 2016 is not available.

See accompanying notes to the required supplementary information.

Lakota Local School District, Ohio
Required Supplementary Information
Schedule of District Contributions to
Postemployment Benefits Other Than Pension (OPEB)
School Employees Retirement System of Ohio
Last Three Fiscal Years (1)

	2018	2017	2016
Contractually Required Contribution to OPEB (2)	\$570,246	\$445,245	\$415,877
Contributions to OPEB in Relation to the Contractually Required Contribution	<u>(570,246)</u>	<u>(445,245)</u>	<u>(415,877)</u>
Contribution Deficiency (Excess)	<u>\$0</u>	<u>\$0</u>	<u>\$0</u>
District Covered Payroll	\$26,424,407	\$26,480,071	\$25,350,521
Contributions to OPEB as a Percentage of Covered Payroll	2.16%	1.68%	1.64%

(1) - The schedule is intended to show information for the past 10 years and the additional years' information will be displayed as it becomes available. Information prior to 2016 is not available.

(2) Includes Surcharge

See accompanying notes to the required supplementary information.

Lakota Local School District, Ohio
Schedule of Revenues, Expenditures and Changes in Fund Balance
Budget and Actual (Non-GAAP Budgetary Basis)
For the Fiscal Year Ended June 30, 2018

	General Fund			
	Original Budget	Final Budget	Actual	Variance from Final Budget
Revenues:				
Taxes	\$91,988,887	\$95,870,034	\$95,870,034	\$0
Revenue in lieu of taxes	12,085,755	12,595,671	12,595,671	0
Tuition and Fees	3,947,449	4,113,998	4,113,998	0
Investment Earnings	1,416,066	1,475,812	1,475,812	0
Intergovernmental	60,112,346	62,648,574	62,648,574	0
Charges for Services	22,879	23,844	23,844	0
Other Revenues	756,531	788,450	788,450	0
Total Revenues	170,329,913	177,516,383	177,516,383	0
Expenditures:				
Current:				
Instruction:				
Regular	65,175,597	66,937,712	66,937,712	0
Special	23,405,135	24,037,926	24,037,926	0
Other	5,263,625	5,405,935	5,405,935	0
Support Services:				
Pupil	12,168,923	12,497,927	12,497,927	0
Instructional Staff	3,565,485	3,661,883	3,661,883	0
General Administration	321,909	330,612	330,612	0
School Administration	10,290,672	10,568,895	10,568,895	0
Fiscal	2,805,079	2,880,918	2,880,918	0
Business	493,307	506,644	506,644	0
Operations and Maintenance	12,311,056	12,643,903	12,643,903	0
Pupil Transportation	18,303,805	18,798,674	18,798,674	0
Central	3,535,436	3,631,022	3,631,022	0
Operation of Non-Instructional Services	23,059	23,682	23,682	0
Extracurricular Activities	151,511	155,607	155,607	0
Total Expenditures	157,814,599	162,081,340	162,081,340	0
Excess of Revenues Over (Under) Expenditures	12,515,314	15,435,043	15,435,043	0
Other Financing Sources (Uses):				
Proceeds from Sale of Capital Assets	4,302	4,484	4,484	0
Advances In	8,481	8,839	8,839	0
Transfers (Out)	(1,697,485)	(1,743,379)	(1,743,379)	0
Total Other Financing Sources (Uses)	(1,684,702)	(1,730,056)	(1,730,056)	0
Net Change in Fund Balance	10,830,612	13,704,987	13,704,987	0
Fund Balance Beginning of Year (includes prior year encumbrances appropriated)	84,949,802	84,949,802	84,949,802	0
Fund Balance End of Year	\$95,780,414	\$98,654,789	\$98,654,789	\$0

See accompanying notes to the required supplementary information.

Lakota Local School District, Ohio
Notes to the Required Supplementary Information
For The Fiscal Year Ended June 30, 2018

Note 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 2018.

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 Schedule of Revenues, Expenditures and Changes in Fund Balances - Budget and Actual (Non-GAAP Budgetary Basis) presented on the budgetary basis to provide a meaningful comparison of actual results with the budget. The major differences between the budget basis and GAAP basis are as follows:

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

Lakota Local School District, Ohio
Notes to the Required Supplementary Information
For The Fiscal Year Ended June 30, 2018

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

Net Change in Fund Balance	
	General
GAAP Basis	\$12,750,292
Revenue Accruals	(1,134,587)
Expenditure Accruals	2,527,309
Transfers (Out)	(23,517)
Advances In	8,839
Encumbrances	(423,349)
Budget Basis	<u>\$13,704,987</u>

Note 2 - SERS Change in Assumptions-Net Pension Liability

The COLA was changed from a fixed 3.00% to a COLA that is indexed to CPI-W not greater than 2.5% with a floor of 0% beginning January 1, 2018. In addition, with the authority granted the Board under HB 49, the Board has enacted a three-year COLA suspension for benefit recipients in calendar years 2018, 2019 and 2020.

Note 3 - STRS Change in Assumptions and Benefit Terms-Net Pension Liability

Changes in Assumptions

The Retirement Board approved several changes to the actuarial assumptions in 2017. The long term expected rate of return was reduced from 7.75% to 7.45%, the inflation assumption was lowered from 2.75% to 2.50%, the payroll growth assumption was lowered to 3.00%, and total salary increases rate was lowered by decreasing the merit component of the individual salary increases, in addition to a decrease of 0.25% due to lower inflation. The healthy and disabled mortality assumptions were updated to the RP-2014 mortality tables with generational improvement scale MP-2016. Rates of retirement, termination and disability were modified to better reflect anticipated future experience.

Changes in Benefit Terms

Effective July 1, 2017, the COLA was reduced to zero.

Note 4 - SERS Change in Assumptions-Net OPEB Liability

Amounts reported for fiscal year 2018 incorporate changes in key methods and assumptions used in calculating the total OPEB liability as presented below:

Municipal Bond Index Rate:

Fiscal year 2018	3.56 percent
Fiscal year 2017	2.92 percent

Single Equivalent Interest Rate, net of plan investment expense, including price inflation:

Fiscal year 2018	3.63 percent
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Lakota Local School District, Ohio
Notes to the Required Supplementary Information
For The Fiscal Year Ended June 30, 2018

Fiscal year 2017 2.98 percent

Note 5 - STRS Change in Assumptions-Net OPEB Liability

For fiscal year 2018, the discount rate was increased from 3.26% to 4.13% based on the methodology defined under GASB *Statement No. 74, Financial Reporting for Postemployment Benefit Plans Other Than Pension Plans (OPEB)* and the long term expected rate of return was reduced from 7.75% to 7.45%. Valuation year per capita health care costs were updated, and the salary scale was modified. The percentage of future retirees electing each option was updated based on current data and the percentage of future disabled retirees and terminated vested participants electing health coverage were decreased. The assumed mortality, disability, retirement, withdrawal and future health care cost trend rates were modified along with the portion of rebated prescription drug costs.

Also for fiscal year 2018, the subsidy multiplier for non-Medicare benefit recipients was reduced from 2.1% to 1.9% per year of service. Medicare Part B premium reimbursements were discontinued for certain survivors and beneficiaries and all remaining Medicare Part B premium reimbursements will be discontinued beginning January 2019.

COMBINING STATEMENTS AND INDIVIDUAL FUND SCHEDULES

NONMAJOR GOVERNMENTAL FUNDS

Special Revenue Funds

Special Revenue funds are used to account for and report the proceeds of specific revenue sources that are restricted or committed to expenditures for specified purposes other than debt service or capital projects. The term *proceeds of specific revenue sources* establishes that one or more specific restricted or committed revenues should be the foundation for a special revenue fund.

Debt Service Fund

The Debt Service Fund is used to account for and report financial resources that are restricted, committed, or assigned to expenditure for principal and interest. Debt service funds should be used to report resources if legally mandated (i.e. debt payable from property taxes). Financial resources that are being accumulated for principal and interest maturing in future years also should be reported in debt service funds.

Capital Project Fund

The Capital Projects Fund is used to account for and report financial resources that are restricted, committed, or assigned to expenditure for capital outlays, including the acquisition or construction of capital facilities and other capital assets. Capital projects fund exclude those types of capital-related outflows financed by proprietary funds or for assets that will be held in trust for individuals, private organizations, or other governments.

Lakota Local School District, Ohio
Combining Balance Sheet
Nonmajor Governmental Funds
June 30, 2018

	Nonmajor Special Revenue Funds	Nonmajor Debt Service Fund	Nonmajor Capital Projects Fund	Total Nonmajor Governmental Funds
Assets:				
Equity in Pooled Cash and Investments	\$2,221,414	\$11,582,078	\$9,024,797	\$22,828,289
Receivables (Net):				
Taxes	0	11,290,172	4,760,538	16,050,710
Accounts	33,118	16,882	0	50,000
Interest	0	0	0	0
Intergovernmental	2,181,409	1,228,817	682,676	4,092,902
Inventory	97,002	0	0	97,002
Total Assets	<u>4,532,943</u>	<u>24,117,949</u>	<u>14,468,011</u>	<u>43,118,903</u>
Liabilities:				
Accounts Payable	67,178	0	8,486	75,664
Accrued Wages and Benefits	1,155,782	0	0	1,155,782
Interfund Payable	887,341	0	0	887,341
Total Liabilities	<u>2,110,301</u>	<u>0</u>	<u>8,486</u>	<u>2,118,787</u>
Deferred Inflows of Resources:				
Property Taxes	0	11,154,258	4,692,678	15,846,936
Grants and Other Taxes	1,286,715	1,228,817	682,676	3,198,208
Total Deferred Inflows of Resources	<u>1,286,715</u>	<u>12,383,075</u>	<u>5,375,354</u>	<u>19,045,144</u>
Fund Balances:				
Restricted	2,017,994	11,734,874	9,084,171	22,837,039
Unassigned	(882,067)	0	0	(882,067)
Total Fund Balances	<u>1,135,927</u>	<u>11,734,874</u>	<u>9,084,171</u>	<u>21,954,972</u>
Total Liabilities, Deferred Inflows and Fund Balances	<u>\$4,532,943</u>	<u>\$24,117,949</u>	<u>\$14,468,011</u>	<u>\$43,118,903</u>

Lakota Local School District, Ohio
Combining Statement of Revenues, Expenditures
and Changes in Fund Balance
Nonmajor Governmental Funds
For the Fiscal Year Ended June 30, 2018

	Nonmajor Special Revenue Funds	Nonmajor Debt Service Fund	Nonmajor Capital Projects Fund	Total Nonmajor Governmental Funds
Revenues:				
Property and Other Taxes	\$0	\$12,104,340	\$5,323,279	\$17,427,619
Investment Earnings	25	278	208	511
Intergovernmental	8,486,105	1,262,146	97,780	9,846,031
Extracurricular Activities	1,851,888	0	0	1,851,888
Charges for Services	3,529,639	221,200	10,000	3,760,839
Revenue in Lieu of Taxes	0	1,228,817	682,676	1,911,493
Other Revenues	279,974	16,882	0	296,856
Total Revenues	14,147,631	14,833,663	6,113,943	35,095,237
Expenditures:				
Current:				
Instruction:				
Regular	1,726,549	0	2,275,507	4,002,056
Special	2,585,121	0	0	2,585,121
Pupil	190,814	0	0	190,814
Instructional Staff	522,921	0	0	522,921
School Administration	227,060	0	0	227,060
Fiscal	0	112,184	51,874	164,058
Operations and Maintenance	177,838	0	74,319	252,157
Pupil Transportation	3,000	0	0	3,000
Central	27,358	0	7,468	34,826
Operation of Non-Instructional Services	6,278,189	0	0	6,278,189
Extracurricular Activities	3,601,599	0	35,080	3,636,679
Capital Outlay	0	0	2,420,983	2,420,983
Debt Service:				
Principal Retirement	0	8,750,000	1,020,000	9,770,000
Interest and Fiscal Charges	0	4,957,043	877,475	5,834,518
Total Expenditures	15,340,449	13,819,227	6,762,706	35,922,382
Excess of Revenues Over (Under) Expenditures	(1,192,818)	1,014,436	(648,763)	(827,145)
Other Financing Sources (Uses):				
Proceeds from Sale of Capital Assets	3,192	0	0	3,192
Transfers In	1,719,862	0	0	1,719,862
Total Other Financing Sources (Uses)	1,723,054	0	0	1,723,054
Net Change in Fund Balance	530,236	1,014,436	(648,763)	895,909
Fund Balance - Beginning of Year	605,691	10,720,438	9,732,934	21,059,063
Fund Balance - End of Year	\$1,135,927	\$11,734,874	\$9,084,171	\$21,954,972

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NONMAJOR SPECIAL REVENUE FUNDS

Fund Descriptions

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.

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.

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 II-A - To account for federal funds to provide programs to enhance student achievement.

Miscellaneous Grants - To account for various monies received directly from the federal government, which are, not classified elsewhere.

High Schools That Work - To account for funds related to the High Schools that Work program.

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.

Lakota Local School District, Ohio
Combining Balance Sheet
Nonmajor Special Revenue Funds
June 30, 2018

	Other Grants	Student Activities	Auxiliary Services	Ohio Reads
Assets:				
Equity in Pooled Cash and Investments	\$50,742	\$1,046,295	\$112,555	\$0
Receivables (Net):				
Accounts	0	33,118	0	0
Intergovernmental	4,207	0	0	0
Inventory	0	0	0	0
Total Assets	<u>54,949</u>	<u>1,079,413</u>	<u>112,555</u>	<u>0</u>
Liabilities:				
Accounts Payable	200	52,343	0	0
Accrued Wages and Benefits	0	0	68,077	0
Interfund Payable	0	0	0	0
Total Liabilities	<u>200</u>	<u>52,343</u>	<u>68,077</u>	<u>0</u>
Deferred Inflows of Resources:				
Grants and Other Taxes	0	0	0	0
Total Deferred Inflows of Resources	<u>0</u>	<u>0</u>	<u>0</u>	<u>0</u>
Fund Balances:				
Restricted	54,749	1,027,070	44,478	0
Unassigned	0	0	0	0
Total Fund Balances	<u>54,749</u>	<u>1,027,070</u>	<u>44,478</u>	<u>0</u>
Total Liabilities, Deferred Inflows and Fund Balances	<u>\$54,949</u>	<u>\$1,079,413</u>	<u>\$112,555</u>	<u>\$0</u>

Alt. School Grant	Miscellaneous State Grants	Title VI-B	Title III	Title I	EHA Pre-School	Title II-A
\$0	\$0	\$0	\$0	\$0	\$0	\$0
0	0	0	0	0	0	0
0	18,265	960,959	115,189	741,307	0	268,707
0	0	0	0	0	0	0
0	18,265	960,959	115,189	741,307	0	268,707
0	0	0	0	116	0	0
0	11,879	507,777	42,239	278,844	0	44,194
0	9,881	442,359	39,441	295,407	0	39,599
0	21,760	950,136	81,680	574,367	0	83,793
0	8,384	516,454	75,748	444,900	0	229,108
0	8,384	516,454	75,748	444,900	0	229,108
0	0	0	0	0	0	0
0	(11,879)	(505,631)	(42,239)	(277,960)	0	(44,194)
0	(11,879)	(505,631)	(42,239)	(277,960)	0	(44,194)
\$0	\$18,265	\$960,959	\$115,189	\$741,307	\$0	\$268,707
Continued						

Lakota Local School District, Ohio
Combining Balance Sheet
Nonmajor Special Revenue Funds
June 30, 2018

	Miscellaneous Grants	High Schools That Work	Food Service	Total Nonmajor Special Revenue Funds
Assets:				
Equity in Pooled Cash and Investments	\$0	\$0	\$1,011,822	\$2,221,414
Receivables (Net):				
Accounts	0	0	0	33,118
Intergovernmental	49,514	23,261	0	2,181,409
Inventory	0	0	97,002	97,002
Total Assets	49,514	23,261	1,108,824	4,532,943
Liabilities:				
Accounts Payable	164	0	14,355	67,178
Accrued Wages and Benefits	0	0	202,772	1,155,782
Interfund Payable	38,441	22,213	0	887,341
Total Liabilities	38,605	22,213	217,127	2,110,301
Deferred Inflows of Resources:				
Grants and Other Taxes	11,073	1,048	0	1,286,715
Total Deferred Inflows of Resources	11,073	1,048	0	1,286,715
Fund Balances:				
Restricted	0	0	891,697	2,017,994
Unassigned	(164)	0	0	(882,067)
Total Fund Balances	(164)	0	891,697	1,135,927
Total Liabilities, Deferred Inflows and Fund Balances	\$49,514	\$23,261	\$1,108,824	\$4,532,943

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Lakota Local School District, Ohio
Combining Statement of Revenues, Expenditures
and Changes in Fund Balance
Nonmajor Special Revenue Funds
For the Fiscal Year Ended June 30, 2018

	Other Grants	Student Activities	Auxiliary Services	Ohio Reads
Revenues:				
Investment Earnings	\$0	\$0	\$3	\$0
Intergovernmental	68,793	0	570,544	0
Extracurricular Activities	18,000	1,833,888	0	0
Charges for Services	0	0	0	0
Other Revenues	27,150	229,939	0	0
Total Revenues	113,943	2,063,827	570,547	0
Expenditures:				
Current:				
Instruction:				
Regular	9,655	0	0	6,470
Special	0	0	0	0
Pupil	15,550	0	0	0
Instructional Staff	18,377	0	0	0
School Administration	0	0	0	0
Operations and Maintenance	0	177,838	0	0
Pupil Transportation	0	0	0	0
Central	27,358	0	0	0
Operation of Non-Instructional Services	0	0	522,090	0
Extracurricular Activities	22,377	3,579,222	0	0
Debt Service:				
Total Expenditures	93,317	3,757,060	522,090	6,470
Excess of Revenues Over (Under) Expenditures	20,626	(1,693,233)	48,457	(6,470)
Other Financing Sources (Uses):				
Proceeds from Sale of Capital Assets	0	0	0	0
Transfers In	0	1,719,862	0	0
Total Other Financing Sources (Uses)	0	1,719,862	0	0
Net Change in Fund Balance	20,626	26,629	48,457	(6,470)
Fund Balance - Beginning of Year	34,123	1,000,441	(3,979)	6,470
Fund Balance - End of Year	\$54,749	\$1,027,070	\$44,478	\$0

Alt. School Grant	Miscellaneous State Grants	Title VI-B	Title III	Title I	EHA Pre-School	Title II-A
\$0	\$0	\$0	\$0	\$0	\$0	\$0
6,326	63,870	2,947,321	219,037	1,832,869	79,613	230,899
0	0	0	0	0	0	0
0	0	0	0	0	0	0
0	0	0	0	0	0	0
6,326	63,870	2,947,321	219,037	1,832,869	79,613	230,899
0	0	0	0	1,683,635	0	0
0	0	2,272,744	232,764	0	79,613	0
0	60,474	102,411	0	0	0	0
0	0	230,258	179	8,132	0	235,271
0	0	154,400	0	72,660	0	0
0	0	0	0	0	0	0
0	0	0	0	3,000	0	0
0	0	0	0	0	0	0
0	0	59,187	1,284	23,825	0	6,195
0	0	0	0	0	0	0
0	60,474	2,819,000	234,227	1,791,252	79,613	241,466
6,326	3,396	128,321	(15,190)	41,617	0	(10,567)
0	0	0	0	0	0	0
0	0	0	0	0	0	0
0	0	0	0	0	0	0
6,326	3,396	128,321	(15,190)	41,617	0	(10,567)
(6,326)	(15,275)	(633,952)	(27,049)	(319,577)	0	(33,627)
\$0	(\$11,879)	(\$505,631)	(\$42,239)	(\$277,960)	\$0	(\$44,194)

Continued

Lakota Local School District, Ohio
Combining Statement of Revenues, Expenditures
and Changes in Fund Balance
Nonmajor Special Revenue Funds
For the Fiscal Year Ended June 30, 2018

	Miscellaneous Grants	High Schools That Work	Food Service	Total Nonmajor Special Revenue Funds
Revenues:				
Investment Earnings	\$0	\$0	\$22	\$25
Intergovernmental	38,441	49,342	2,379,050	8,486,105
Extracurricular Activities	0	0	0	1,851,888
Charges for Services	0	0	3,529,639	3,529,639
Other Revenues	0	0	22,885	279,974
Total Revenues	38,441	49,342	5,931,596	14,147,631
Expenditures:				
Current:				
Instruction:				
Regular	14,537	12,252	0	1,726,549
Special	0	0	0	2,585,121
Pupil	11,119	1,260	0	190,814
Instructional Staff	12,949	17,755	0	522,921
School Administration	0	0	0	227,060
Operations and Maintenance	0	0	0	177,838
Pupil Transportation	0	0	0	3,000
Central	0	0	0	27,358
Operation of Non-Instructional Services	0	0	5,665,608	6,278,189
Extracurricular Activities	0	0	0	3,601,599
Debt Service:				
Total Expenditures	38,605	31,267	5,665,608	15,340,449
Excess of Revenues Over (Under) Expenditures	(164)	18,075	265,988	(1,192,818)
Other Financing Sources (Uses):				
Proceeds from Sale of Capital Assets	0	0	3,192	3,192
Transfers In	0	0	0	1,719,862
Total Other Financing Sources (Uses)	0	0	3,192	1,723,054
Net Change in Fund Balance	(164)	18,075	269,180	530,236
Fund Balance - Beginning of Year	0	(18,075)	622,517	605,691
Fund Balance - End of Year	(\$164)	\$0	\$891,697	\$1,135,927

Lakota Local School District, Ohio
Schedule of Revenues, Expenditures and Changes in Fund Balance
Budget and Actual (Non-GAAP Budgetary Basis)
For the Fiscal Year Ended June 30, 2018

	Other Grants Fund		
	Final Budget	Actual	Variance from Final Budget
Revenues:			
Intergovernmental	\$64,586	\$64,586	\$0
Extracurricular Activities	18,000	18,000	0
Other Revenues	27,149	27,149	0
Total Revenues	109,735	109,735	0
Expenditures:			
Current:			
Instruction:			
Regular	11,998	11,998	0
Support Services:			
Pupil	17,660	17,660	0
Instructional Staff	18,177	18,177	0
Central	27,533	27,533	0
Extracurricular Activities	22,377	22,377	0
Total Expenditures	97,745	97,745	0
Excess of Revenues Over (Under) Expenditures	11,990	11,990	0
Other Financing Sources (Uses):			
Advances (Out)	(8,839)	(8,839)	0
Total Other Financing Sources (Uses)	(8,839)	(8,839)	0
Net Change in Fund Balance	3,151	3,151	0
Fund Balance Beginning of Year (includes prior year encumbrances appropriated)	44,001	44,001	0
Fund Balance End of Year	\$47,152	\$47,152	\$0

Lakota Local School District, Ohio
Schedule of Revenues, Expenditures and Changes in Fund Balance
Budget and Actual (Non-GAAP Budgetary Basis)
For the Fiscal Year Ended June 30, 2018

	Student Activities Fund		
	Final Budget	Actual	Variance from Final Budget
Revenues:			
Extracurricular Activities	\$1,833,888	\$1,833,888	\$0
Other Revenues	196,819	196,819	0
Total Revenues	2,030,707	2,030,707	0
Expenditures:			
Current:			
Support Services:			
Operations and Maintenance	187,138	187,138	0
Extracurricular Activities	3,768,275	3,768,275	0
Total Expenditures	3,955,413	3,955,413	0
Excess of Revenues Over (Under) Expenditures	(1,924,706)	(1,924,706)	0
Other Financing Sources (Uses):			
Transfers In	1,721,664	1,721,664	0
Transfers (Out)	(1,802)	(1,802)	0
Total Other Financing Sources (Uses)	1,719,862	1,719,862	0
Net Change in Fund Balance	(204,844)	(204,844)	0
Fund Balance Beginning of Year (includes prior year encumbrances appropriated)	1,067,998	1,067,998	0
Fund Balance End of Year	\$863,154	\$863,154	\$0

Lakota Local School District, Ohio
Schedule of Revenues, Expenditures and Changes in Fund Balance
Budget and Actual (Non-GAAP Budgetary Basis)
For the Fiscal Year Ended June 30, 2018

	Auxiliary Services Fund		
	Final Budget	Actual	Variance from Final Budget
Revenues:			
Investment Earnings	\$3	\$3	\$0
Intergovernmental	570,544	570,544	0
Total Revenues	570,547	570,547	0
Expenditures:			
Current:			
Operation of Non-Instructional Services	614,209	614,209	0
Total Expenditures	614,209	614,209	0
Net Change in Fund Balance	(43,662)	(43,662)	0
Fund Balance Beginning of Year (includes prior year encumbrances appropriated)	151,331	151,331	0
Fund Balance End of Year	\$107,669	\$107,669	\$0

Lakota Local School District, Ohio
Schedule of Revenues, Expenditures and Changes in Fund Balance
Budget and Actual (Non-GAAP Budgetary Basis)
For the Fiscal Year Ended June 30, 2018

	Ohio Reads Fund		
	Final Budget	Actual	Variance from Final Budget
Revenues:			
Intergovernmental	\$0	\$0	\$0
Total Revenues	0	0	0
Expenditures:			
Current:			
Instruction:			
Regular	6,472	6,472	0
Total Expenditures	6,472	6,472	0
Net Change in Fund Balance	(6,472)	(6,472)	0
Fund Balance Beginning of Year (includes prior year encumbrances appropriated)	6,473	6,473	0
Fund Balance End of Year	\$1	\$1	\$0

Lakota Local School District, Ohio
Schedule of Revenues, Expenditures and Changes in Fund Balance
Budget and Actual (Non-GAAP Budgetary Basis)
For the Fiscal Year Ended June 30, 2018

	Alt. School Grant Fund		
	Final Budget	Actual	Variance from Final Budget
Revenues:			
Intergovernmental	\$24,558	\$24,558	\$0
Total Revenues	24,558	24,558	0
Expenditures:			
Current:			
Instruction:			
Regular	3,382	3,382	0
Support Services:			
Pupil	1,200	1,200	0
Instructional Staff	189	189	0
Operation of Non-Instructional Services	7	7	0
Total Expenditures	4,778	4,778	0
Net Change in Fund Balance	19,780	19,780	0
Fund Balance Beginning of Year (includes prior year encumbrances appropriated)	(19,780)	(19,780)	0
Fund Balance End of Year	\$0	\$0	\$0

Lakota Local School District, Ohio
Schedule of Revenues, Expenditures and Changes in Fund Balance
Budget and Actual (Non-GAAP Budgetary Basis)
For the Fiscal Year Ended June 30, 2018

	Miscellaneous State Grants Fund		
	Final Budget	Actual	Variance from Final Budget
Revenues:			
Intergovernmental	\$62,826	\$62,826	\$0
Total Revenues	62,826	62,826	0
Expenditures:			
Current:			
Support Services:			
Pupil	53,466	53,466	0
Total Expenditures	53,466	53,466	0
Net Change in Fund Balance	9,360	9,360	0
Fund Balance Beginning of Year (includes prior year encumbrances appropriated)	(19,241)	(19,241)	0
Fund Balance End of Year	(\$9,881)	(\$9,881)	\$0

Lakota Local School District, Ohio
Schedule of Revenues, Expenditures and Changes in Fund Balance
Budget and Actual (Non-GAAP Budgetary Basis)
For the Fiscal Year Ended June 30, 2018

	Title VI-B Fund		
	Final Budget	Actual	Variance from Final Budget
Revenues:			
Intergovernmental	\$2,622,533	\$2,622,533	\$0
Total Revenues	2,622,533	2,622,533	0
Expenditures:			
Current:			
Instruction:			
Special	2,378,145	2,378,145	0
Support Services:			
Pupil	134,981	134,981	0
Instructional Staff	230,258	230,258	0
School Administration	154,400	154,400	0
Operation of Non-Instructional Services	49,538	49,538	0
Total Expenditures	2,947,322	2,947,322	0
Net Change in Fund Balance	(324,789)	(324,789)	0
Fund Balance Beginning of Year (includes prior year encumbrances appropriated)	(117,571)	(117,571)	0
Fund Balance End of Year	(\$442,360)	(\$442,360)	\$0

Lakota Local School District, Ohio
Schedule of Revenues, Expenditures and Changes in Fund Balance
Budget and Actual (Non-GAAP Budgetary Basis)
For the Fiscal Year Ended June 30, 2018

	Title III Fund		
	Final Budget	Actual	Variance from Final Budget
Revenues:			
Intergovernmental	\$179,596	\$179,596	\$0
Total Revenues	179,596	179,596	0
Expenditures:			
Current:			
Instruction:			
Regular	220,354	220,354	0
Support Services:			
Instructional Staff	179	179	0
Operation of Non-Instructional Services	1,284	1,284	0
Total Expenditures	221,817	221,817	0
Net Change in Fund Balance	(42,221)	(42,221)	0
Fund Balance Beginning of Year (includes prior year encumbrances appropriated)	2,779	2,779	0
Fund Balance End of Year	(\$39,442)	(\$39,442)	\$0

Lakota Local School District, Ohio
Schedule of Revenues, Expenditures and Changes in Fund Balance
Budget and Actual (Non-GAAP Budgetary Basis)
For the Fiscal Year Ended June 30, 2018

	Title I Fund		
	Final Budget	Actual	Variance from Final Budget
Revenues:			
Intergovernmental	\$1,609,168	\$1,609,168	\$0
Total Revenues	1,609,168	1,609,168	0
Expenditures:			
Current:			
Instruction:			
Regular	1,724,891	1,724,891	0
Support Services:			
Instructional Staff	8,132	8,132	0
School Administration	72,869	72,869	0
Pupil Transportation	3,000	3,000	0
Operation of Non-Instructional Services	23,977	23,977	0
Total Expenditures	1,832,869	1,832,869	0
Net Change in Fund Balance	(223,701)	(223,701)	0
Fund Balance Beginning of Year (includes prior year encumbrances appropriated)	(71,706)	(71,706)	0
Fund Balance End of Year	(\$295,407)	(\$295,407)	\$0

Lakota Local School District, Ohio
Schedule of Revenues, Expenditures and Changes in Fund Balance
Budget and Actual (Non-GAAP Budgetary Basis)
For the Fiscal Year Ended June 30, 2018

	EHA Pre-School Fund		
	Final Budget	Actual	Variance from Final Budget
Revenues:			
Intergovernmental	\$79,613	\$79,613	\$0
Total Revenues	79,613	79,613	0
Expenditures:			
Current:			
Instruction:			
Special	79,613	79,613	0
Total Expenditures	79,613	79,613	0
Net Change in Fund Balance	0	0	0
Fund Balance Beginning of Year (includes prior year encumbrances appropriated)	0	0	0
Fund Balance End of Year	\$0	\$0	\$0

Lakota Local School District, Ohio
Schedule of Revenues, Expenditures and Changes in Fund Balance
Budget and Actual (Non-GAAP Budgetary Basis)
For the Fiscal Year Ended June 30, 2018

	Title II-A Fund		
	Final Budget	Actual	Variance from Final Budget
Revenues:			
Intergovernmental	\$191,300	\$191,300	\$0
Total Revenues	191,300	191,300	0
Expenditures:			
Current:			
Support Services:			
Instructional Staff	226,585	226,585	0
Operation of Non-Instructional Services	6,195	6,195	0
Total Expenditures	232,780	232,780	0
Net Change in Fund Balance	(41,480)	(41,480)	0
Fund Balance Beginning of Year (includes prior year encumbrances appropriated)	1,882	1,882	0
Fund Balance End of Year	(\$39,598)	(\$39,598)	\$0

Lakota Local School District, Ohio
Schedule of Revenues, Expenditures and Changes in Fund Balance
Budget and Actual (Non-GAAP Budgetary Basis)
For the Fiscal Year Ended June 30, 2018

	Miscellaneous Grants Fund		
	Final Budget	Actual	Variance from Final Budget
Revenues:			
Intergovernmental	\$0	\$0	\$0
Total Revenues	0	0	0
Expenditures:			
Current:			
Instruction:			
Regular	14,537	14,537	0
Support Services:			
Pupil	11,119	11,119	0
Fiscal	12,784	12,784	0
Total Expenditures	38,440	38,440	0
Net Change in Fund Balance	(38,440)	(38,440)	0
Fund Balance Beginning of Year (includes prior year encumbrances appropriated)	0	0	0
Fund Balance End of Year	(\$38,440)	(\$38,440)	\$0

Lakota Local School District, Ohio
Schedule of Revenues, Expenditures and Changes in Fund Balance
Budget and Actual (Non-GAAP Budgetary Basis)
For the Fiscal Year Ended June 30, 2018

	High Schools That Work Fund		
	Final Budget	Actual	Variance from Final Budget
Revenues:			
Intergovernmental	\$27,128	\$27,128	\$0
Total Revenues	27,128	27,128	0
Expenditures:			
Current:			
Instruction:			
Regular	12,252	12,252	0
Support Services:			
Pupil	1,260	1,260	0
Instructional Staff	17,889	17,889	0
Total Expenditures	31,401	31,401	0
Net Change in Fund Balance	(4,273)	(4,273)	0
Fund Balance Beginning of Year (includes prior year encumbrances appropriated)	(17,940)	(17,940)	0
Fund Balance End of Year	(\$22,213)	(\$22,213)	\$0

Lakota Local School District, Ohio
Schedule of Revenues, Expenditures and Changes in Fund Balance
Budget and Actual (Non-GAAP Budgetary Basis)
For the Fiscal Year Ended June 30, 2018

	Food Service Fund		
	Final Budget	Actual	Variance from Final Budget
Revenues:			
Investment Earnings	\$22	\$22	\$0
Intergovernmental	1,998,964	1,998,964	0
Charges for Services	3,529,639	3,529,639	0
Other Revenues	22,886	22,886	0
Total Revenues	5,551,511	5,551,511	0
Expenditures:			
Current:			
Operation of Non-Instructional Services	5,265,175	5,265,175	0
Total Expenditures	5,265,175	5,265,175	(0)
Proceeds from Sale of Capital Assets	3,192	3,192	0
Total Other Financing Sources (Uses)	3,192	3,192	0
Net Change in Fund Balance	289,528	289,528	0
Fund Balance Beginning of Year (includes prior year encumbrances appropriated)	689,485	689,485	0
Fund Balance End of Year	\$979,013	\$979,013	\$0

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NONMAJOR DEBT SERVICE FUND

Fund Description

Debt Service Fund - To account for and report financial resources that are restricted, committed, or assigned to expenditure for principal and interest. The debt service fund should be used to report resources if legally mandated (i.e. debt payable from property taxes). Financial resources that are being accumulated for principal and interest maturing in future years also should be reported in the debt service fund. The Balance Sheet and Statement of Revenues, Expenditure and Changes in Fund Balances are included in the Non major Governmental Fund combining financial statements. The Schedule of Revenues, Expenditures and Changes in Fund Balance Budget and Actual (Non-GAAP Budgetary Basis) follows this page.

Lakota Local School District, Ohio
Schedule of Revenues, Expenditures and Changes in Fund Balance
Budget and Actual (Non-GAAP Budgetary Basis)
For the Fiscal Year Ended June 30, 2018

	Debt Service Fund		
	Final Budget	Actual	Variance from Final Budget
Revenues:			
Taxes	\$12,085,337	\$12,085,337	\$0
Revenue in lieu of taxes	1,228,817	1,228,817	0
Investment Earnings	278	278	0
Intergovernmental	1,262,146	1,262,146	0
Charges for Services	221,200	221,200	0
Total Revenues	14,797,778	14,797,778	0
Expenditures:			
Current:			
Support Services:			
Fiscal	112,184	112,184	0
Debt Service:			
Principal Retirement	8,750,000	8,750,000	0
Interest and Fiscal Charges	4,957,043	4,957,043	0
Total Expenditures	13,819,227	13,819,227	0
Net Change in Fund Balance	978,551	978,551	0
Fund Balance Beginning of Year (includes prior year encumbrances appropriated)	10,603,526	10,603,526	0
Fund Balance End of Year	\$11,582,077	\$11,582,077	\$0

NONMAJOR CAPITAL PROJECTS FUND

Fund Description

Permanent Improvement - To account for financial resources, to be used to maintain the District's facilities, as well as provide for major equipment and instructional material purchases. The Balance Sheet and Statement of Revenues, Expenditure and Changes in Fund Balances are included in the Non major Governmental Fund combining financial statements. The Schedule of Revenues, Expenditures and Changes in Fund Balance Budget and Actual (Non-GAAP Budgetary Basis) follows this page.

Lakota Local School District, Ohio
Schedule of Revenues, Expenditures and Changes in Fund Balance
Budget and Actual (Non-GAAP Budgetary Basis)
For the Fiscal Year Ended June 30, 2018

	Permanent Improvement Fund		
	Final Budget	Actual	Variance from Final Budget
Revenues:			
Taxes	\$5,318,839	\$5,318,839	\$0
Revenue in lieu of taxes	682,676	682,676	0
Investment Earnings	208	208	0
Intergovernmental	97,780	97,780	0
Charges for Services	10,000	10,000	0
Total Revenues	6,109,503	6,109,503	0
Expenditures:			
Current:			
Instruction:			
Regular	2,284,306	2,284,306	0
Support Services:			
Fiscal	51,874	51,874	0
Operations and Maintenance	74,319	74,319	0
Central	8,172	8,172	0
Extracurricular Activities	35,080	35,080	0
Capital Outlay	3,003,437	3,003,437	0
Debt Service:			
Principal Retirement	1,020,000	1,020,000	0
Interest and Fiscal Charges	877,475	877,475	0
Total Expenditures	7,354,663	7,354,663	0
Net Change in Fund Balance	(1,245,160)	(1,245,160)	0
Fund Balance Beginning of Year (includes prior year encumbrances appropriated)	9,873,451	9,873,451	0
Fund Balance End of Year	\$8,628,291	\$8,628,291	\$0

OTHER GENERAL FUNDS

With the implementation of GASB Statement No. 54, certain funds that the District prepares legally adopted budgets for no longer meet the definition to be reported as Special Revenue funds and have been included with the General Fund in the governmental fund financial statements. The District has only presented the budget schedules for these funds.

Fund Descriptions

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.

Underground Storage Tanks - To account for local funds which are provided in the event of an underground storage tank leak.

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, Ohio
Schedule of Revenues, Expenditures and Changes in Fund Balance
Budget and Actual (Non-GAAP Budgetary Basis)
For the Fiscal Year Ended June 30, 2018

	Public School Support Fund (1)		
	Final Budget	Actual	Variance from Final Budget
Revenues:			
Tuition and Fees	\$9,660	\$9,660	\$0
Extracurricular Activities	480,296	480,297	1
Other Revenues	198,890	198,891	1
Total Revenues	688,846	688,848	2
Expenditures:			
Current:			
Instruction:			
Regular	49,176	48,906	270
Special	823	818	5
Support Services:			
Pupil	797,372	792,991	4,381
Instructional Staff	56,934	56,621	313
School Administration	3,011	2,994	17
Extracurricular Activities	650	646	4
Total Expenditures	907,966	902,976	4,990
Net Change in Fund Balance	(219,120)	(214,128)	4,992
Fund Balance Beginning of Year (includes prior year encumbrances appropriated)	745,534	745,534	0
Fund Balance End of Year	\$526,414	\$531,406	\$4,992

(1) - This fund is included in General Fund in GAAP Statements but not for Budgetary Statements

Lakota Local School District, Ohio
Schedule of Revenues, Expenditures and Changes in Fund Balance
Budget and Actual (Non-GAAP Budgetary Basis)
For the Fiscal Year Ended June 30, 2018

	Underground Storage Tanks Fund (1)		
	Final Budget	Actual	Variance from Final Budget
Revenues:			
Other Revenues	\$0	\$0	\$0
Total Revenues	0	0	0
Expenditures:			
Current:			
Support Services:			
Pupil Transportation	1,050	1,050	0
Total Expenditures	1,050	1,050	0
Excess of Revenues Over (Under) Expenditures	(1,050)	(1,050)	0
Other Financing Sources (Uses):			
Transfers In	1,050	1,050	0
Total Other Financing Sources (Uses)	1,050	1,050	0
Net Change in Fund Balance	0	0	0
Fund Balance Beginning of Year (includes prior year encumbrances appropriated)	11,000	11,000	0
Fund Balance End of Year	\$11,000	\$11,000	\$0

(1) - This fund is included in General Fund in GAAP Statements but not for Budgetary Statements

Lakota Local School District, Ohio
Schedule of Revenues, Expenditures and Changes in Fund Balance
Budget and Actual (Non-GAAP Budgetary Basis)
For the Fiscal Year Ended June 30, 2018

	Uniform School Supply Fund (1)		
	Final Budget	Actual	Variance from Final Budget
Revenues:			
Tuition and Fees	\$630,674	\$630,676	\$2
Other Revenues	209	209	0
Total Revenues	630,883	630,885	2
Expenditures:			
Current:			
Instruction:			
Regular	709,978	709,978	0
Special	120	120	0
Total Expenditures	710,098	710,098	0
Excess of Revenues Over (Under) Expenditures	(79,215)	(79,213)	2
Other Financing Sources (Uses):			
Transfers In	101,292	101,292	0
Transfers (Out)	(101,292)	(101,292)	0
Total Other Financing Sources (Uses)	0	0	0
Net Change in Fund Balance	(79,215)	(79,213)	2
Fund Balance Beginning of Year (includes prior year encumbrances appropriated)	302,194	302,194	0
Fund Balance End of Year	\$222,979	\$222,981	\$2

(1) - This fund is included in General Fund in GAAP Statements but not for Budgetary Statements

Lakota Local School District, Ohio
Schedule of Revenues, Expenditures and Changes in Fund Balance
Budget and Actual (Non-GAAP Budgetary Basis)
For the Fiscal Year Ended June 30, 2018

	Adult Education Fund (1)		
	Final Budget	Actual	Variance from Final Budget
Revenues:			
Tuition and Fees	\$0	\$0	\$0
Total Revenues	0	0	0
Expenditures:			
Current:			
Operation of Non-Instructional Services	0	0	0
Total Expenditures	0	0	0
Net Change in Fund Balance	0	0	0
Fund Balance Beginning of Year (includes prior year encumbrances appropriated)	3,510	3,510	0
Fund Balance End of Year	\$3,510	\$3,510	\$0

(1) - This fund is included in General Fund in GAAP Statements but not for Budgetary Statements

NONMAJOR FUNDS

Fiduciary funds

Fiduciary fund types are used to account for assets held by the District in a trustee capacity or as an agent for individuals, private organizations, other governmental units and/or other funds.

Student Activities (Agency Fund) – Fund used to account for resources that belong to various student groups in the District. Students are involved in the management of the program.

Athletic (Agency Fund) – Fund used as a clearing account to distribute tournament monies to other funds of the school district and to the Ohio High School Athletic Association (OHSAA).

Lakota Local School District, Ohio
Statement of Changes In Assets and Liabilities
Agency Funds
For the Fiscal Year Ended June 30, 2018

	Student Activities			
	Beginning Balance	Additions	Deductions	Ending Balance
Assets:				
Equity in Pooled Cash and Investments	\$285,098	\$576,163	\$575,422	\$285,839
Total Assets	285,098	576,163	575,422	285,839
Liabilities:				
Accounts Payable	1,754	244	1,754	244
Other Liabilities	283,344	575,919	573,668	285,595
Total Liabilities	\$285,098	\$576,163	\$575,422	\$285,839

	Athletic			
	Beginning Balance	Additions	Deductions	Ending Balance
Assets:				
Equity in Pooled Cash and Investments	\$15,550	\$193,261	\$192,475	\$16,336
Total Assets	15,550	193,261	192,475	16,336
Liabilities:				
Other Liabilities	15,550	193,261	192,475	16,336
Total Liabilities	\$15,550	\$193,261	\$192,475	\$16,336

	Total All Agency Funds			
	Beginning Balance	Additions	Deductions	Ending Balance
Assets:				
Equity in Pooled Cash and Investments	\$300,648	\$769,424	\$767,897	\$302,175
Total Assets	300,648	769,424	767,897	302,175
Liabilities:				
Accounts Payable	1,754	244	1,754	244
Other Liabilities	298,894	769,180	766,143	301,931
Total Liabilities	\$300,648	\$769,424	\$767,897	\$302,175

STATISTICAL SECTION

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 District's most significant local revenue source, the property tax.

Debt Capacity - These schedules present information to help the reader assess the affordability of the District's current levels of outstanding debt and the 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 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 District's financial report relates to the services the 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.

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Lakota Local School District, Ohio
Net Position by Component,
Last Ten Fiscal Years
(accrual basis of accounting)
Schedule 1

	Fiscal Year									
	2009	2010	2011	2012	2013	2014	2015	2016	2017	2018
Governmental Activities										
Net Investment in Capital Assets	\$32,506,569	\$30,152,263	\$27,488,410	\$26,180,412	\$34,044,680	\$36,634,277	\$33,700,216	\$34,765,304	\$39,062,580	\$44,858,754
Restricted	8,416,967	9,608,553	7,551,789	12,146,326	12,509,509	17,264,154	22,047,853	22,589,156	21,707,529	22,431,472
Unrestricted	23,890,999	16,155,094	11,846,048	11,006,296	8,180,522	19,506,790	(177,869,417)	(160,919,417)	(215,979,028)	(122,800,235)
Total Governmental Activities Net Position	\$64,814,535	\$55,915,910	\$46,886,247	\$49,333,034	\$54,734,711	\$73,405,221	(\$122,121,348)	(\$103,564,957)	(\$155,208,919)	(\$55,510,009)

Source: District Records

Note - Due to implementation of GASB 75 in fiscal year 2018, fiscal year 2017 has been restated to reflect changes. However, we are unable to restate numbers for fiscal years 2009 to 2013 due to information not being available.

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

	Fiscal Year									
	2009	2010	2011	2012	2013	2014	2015	2016	2017	2018
Expenses										
Governmental Activities:										
Instruction										
Pupil	\$93,452,835	\$100,378,362	\$98,167,225	\$94,332,642	\$93,165,308	\$96,366,952	\$97,909,357	\$103,347,727	\$114,208,314	\$59,172,314
Instructional Staff	12,113,779	12,740,885	12,432,349	11,771,194	10,615,552	9,479,631	9,876,426	10,495,122	11,820,739	6,511,171
General Administration	11,763,768	12,525,237	10,645,860	9,042,640	9,262,186	1,182,492	3,833,860	4,066,703	4,140,965	2,110,631
School Administration	99,449	66,318	93,099	44,037	131,324	93,640	429,531	522,057	377,731	303,374
Fiscal	17,117,393	14,002,040	13,293,359	12,765,974	11,501,259	11,273,613	11,706,103	12,220,461	13,427,322	2,215,422
Business	1,410,759	1,236,620	1,376,474	1,469,950	1,823,403	2,505,065	2,761,326	2,912,728	3,066,874	1,903,114
Operations and Maintenance	349,666	357,957	410,605	349,836	321,951	408,212	395,844	461,261	523,350	208,022
Pupil Transportation	15,569,138	14,249,777	13,471,298	12,375,806	12,987,618	12,276,708	14,801,001	12,767,832	13,367,496	8,376,908
Central	15,651,796	19,423,730	14,483,316	14,371,035	15,747,256	14,608,136	13,732,011	16,271,733	15,110,018	18,733,410
Operation of Non-Instructional Services	4,117,653	3,663,618	3,383,747	3,586,813	2,938,700	3,103,648	3,551,574	3,665,840	4,246,655	1,871,467
Extracurricular Activities	7,660,032	7,073,573	6,452,226	5,989,839	6,115,163	5,498,073	6,249,900	6,635,763	7,177,508	4,501,254
Interest and Fiscal Charges, and Bond Issuance Cost	3,620,893	3,426,136	3,005,242	2,825,760	2,615,894	2,864,097	4,348,519	3,819,289	4,221,607	2,611,725
Total Governmental Activities Expenses	\$190,600,510	\$197,191,407	\$186,457,180	\$177,064,903	\$173,640,704	\$166,310,999	\$176,856,392	\$184,451,476	\$197,382,604	\$113,816,111

Source: District Records

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

	2009	2010	2011	2012	2013	2014	2015	2016	2017	2018
Program Revenues										
Governmental Activities:										
Charges for Services:										
Instruction	\$1,074,436	\$827,777	\$1,873,574	\$2,262,719	\$2,496,829	\$2,976,089	\$3,422,520	\$2,820,248	\$3,833,827	\$4,769,637
Pupil	619,309	599,203	27,638	28,558	0	0	0	992	2,043	2,973
Instructional Staff	125,840	80,305	0	0	0	0	0	2,986	5,172	3,475
School Administration	3,984	3,412	0	0	0	0	116,116	69,544	42,675	23,644
Fiscal	272	131	0	0	0	0	0	0	0	0
Business	276	0	0	0	0	0	0	0	0	0
Operations and Maintenance	320,619	364,828	494,614	646,643	612,280	511,407	572,826	466,496	407,808	465,708
Pupil Transportation	1	0	0	17,976	3,840	17,957	9,164	1,999	2,093	2,472
Central	33	214	0	25,227	32,448	33,496	6,982	4,387	2,113	5,264
Operation of Non-Instructional Services	5,169,264	5,356,842	3,920,417	3,902,472	3,467,769	3,320,880	3,329,290	3,605,165	3,712,669	3,529,639
Extracurricular Activities	1,154,754	1,140,219	2,239,406	2,509,515	2,271,635	2,602,658	3,222,744	2,679,022	2,366,528	2,234,537
Operating Grants and Contributions	9,669,092	12,899,123	14,091,811	12,554,729	9,175,862	13,023,058	14,923,268	14,366,036	15,520,669	17,398,218
Capital Grants and Contributions	271,848	0	0	0	0	0	0	0	0	0
Total Governmental Activities Program Revenues	18,573,190	18,409,728	21,272,054	22,647,460	21,947,839	22,485,545	25,602,910	24,016,875	25,895,597	28,435,567
Net (Expense)/Revenue										
Governmental Activities	(\$172,027,320)	(\$178,781,679)	(\$165,185,126)	(\$154,417,443)	(\$151,692,865)	(\$143,825,454)	(\$151,253,482)	(\$160,434,601)	(\$171,487,007)	(\$85,380,544)

Source: District Records

Lakota Local School District, Ohio
General Revenues and Total Change in Net Position,
Last Ten Fiscal Years
(accrual basis of accounting)
Schedule 3

	Fiscal Year									
	2009	2010	2011	2012	2013	2014	2015	2016	2017	2018
Net (Expense)/Revenue										
Governmental Activities	(\$172,190,782)	(\$175,919,353)	(\$163,809,720)	(\$155,117,064)	(\$151,692,865)	(\$143,825,454)	(\$151,253,482)	(\$160,434,601)	(\$171,487,007)	(\$85,380,544)
General Revenues and Other Changes in Net Position										
Governmental Activities:										
Property Taxes										
Property Taxes Levied for General Purposes	81,845,161	81,301,524	71,923,151	76,293,977	78,411,041	79,750,648	86,553,168	90,342,420	89,202,007	95,815,748
Property Taxes Levied for Debt Service Purposes	10,940,720	11,706,135	11,309,553	13,584,230	12,753,190	15,155,498	11,586,576	11,134,726	10,854,103	12,090,451
Property Taxes Levied for Capital Projects Purposes	0	0	0	0	0	221,364	4,936,901	5,081,365	5,001,431	5,315,370
Grants and Entitlements Not Restricted to Specific Program	59,350,755	59,845,825	58,880,750	56,475,755	53,242,351	54,137,612	57,748,163	57,645,040	56,310,318	55,504,346
Revenue in Lieu of Taxes	8,862,405	13,164,088	11,874,109	10,724,516	12,790,111	12,407,808	13,716,812	13,458,694	15,436,022	14,507,164
Unrestricted Contributions	0	0	195,225	125,665	222,389	279,560	241,806	237,021	154,466	201,326
Investment Earnings	1,674,144	158,738	93,272	150,995	65,183	153,829	373,321	556,846	709,079	999,621
Other Revenues	655,901	844,418	503,997	208,713	360,626	389,645	467,833	534,880	1,013,619	645,428
Total Governmental Activities	157,341,939	163,329,086	167,020,728	154,780,057	157,563,851	162,495,964	175,624,580	178,990,992	178,681,045	185,079,454
Change in Net Position										
Governmental Activities	(\$14,848,843)	(\$12,590,267)	\$3,211,008	(\$337,007)	\$5,870,986	\$18,670,510	\$24,371,098	\$18,556,391	\$7,194,038	\$99,698,910

Source: District Records

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

	Fiscal Year									
	2009	2010	2011 (1)	2012	2013	2014	2015	2016	2017	2018
General Fund										
Reserved	\$4,748,650	\$5,673,834								\$0
Unreserved	25,764,017	19,421,784								
Restricted			1,976,054	\$0	\$0	\$0	\$0	\$0	\$0	\$0
Assigned			1,340,988	1,987,149	2,320,032	1,895,265	1,330,504	1,143,977	1,203,670	606,358
Unassigned			9,786,790	11,432,732	9,147,491	21,519,261	40,680,138	56,345,650	70,923,290	84,270,894
Total General Fund	30,512,667	25,095,618	13,103,832	13,419,881	11,467,523	23,414,526	42,010,642	57,489,627	72,126,960	84,877,252
All Other Governmental Funds										
Reserved	3,794,230	916,357								
Unreserved, Reported In:										
Special Revenue Funds	631,697	408,704								
Debt Service Funds	5,220,175	5,965,990								
Capital Project Funds	1,211,247	6,981,989								
Nonspendable			63,434	98,667	67,873	0	0	0	0	0
Restricted			10,237,959	11,803,043	12,780,376	36,179,970	30,154,228	22,948,005	22,116,923	22,837,039
Unassigned			(381,833)	(1,825,118)	(1,414,504)	(678,796)	(623,213)	(833,563)	(1,057,860)	(882,067)
Total all Other Governmental Funds	\$10,857,349	\$14,273,040	\$9,919,560	\$10,076,592	\$11,433,745	\$35,501,174	\$29,531,015	\$22,114,442	\$21,059,063	\$21,954,972

Source: District Records

(1) - Prior year amounts have not been restated for the implementation of GASB Statement 54. The change in the classification of fund balance amounts in 2011 are discussed in the Notes to the Financial Statements.

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

	Fiscal Year									
	2009	2010	2011	2012	2013	2014	2015	2016	2017	2018
Revenues:										
Taxes	\$93,210,158	\$92,536,437	\$80,952,105	\$91,254,610	\$91,108,735	\$96,570,178	\$104,273,650	\$106,312,743	\$105,160,325	\$113,427,028
Revenue in Lieu of Taxes	8,862,405	13,164,088	11,824,742	10,681,075	12,790,111	12,500,615	13,716,812	13,458,694	15,436,022	14,507,164
Tuition and Fees	746,895	780,464	865,429	911,559	2,205,304	2,736,275	3,544,985	2,972,631	3,833,643	4,865,875
Investment Earnings	1,674,144	158,134	93,272	138,655	66,559	164,793	334,650	547,631	675,354	1,002,735
Intergovernmental	67,917,331	71,241,438	72,825,089	67,045,964	63,892,463	67,588,081	71,903,753	72,297,318	72,204,110	72,494,605
Extracurricular Activities	2,006,843	1,949,537	2,471,629	2,938,060	2,774,238	2,970,379	3,458,554	2,907,004	2,507,993	2,332,185
Charges for Services	0	0	4,865,460	5,441,167	3,897,716	3,563,095	3,463,172	3,673,964	3,755,026	3,784,683
Other Revenues	1,138,540	1,045,490	958,635	595,535	590,855	699,347	1,040,400	1,039,110	1,171,363	1,331,932
Total Revenues	\$168,529,405	\$175,556,316	\$180,875,588	\$174,856,361	\$179,006,625	\$186,792,763	\$201,735,976	\$203,209,095	\$204,743,836	\$213,746,207

Source: District Records

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

	Fiscal Year									
	2009	2010	2011	2012	2013	2014	2015	2016	2017	2018
Regular Instruction	\$70,110,539	\$72,485,934	\$73,724,468	\$68,630,735	\$67,184,552	\$71,464,900	\$68,497,629	\$70,915,653	\$69,500,560	\$72,255,278
Special Instruction	13,119,471	14,714,652	15,108,862	15,140,017	15,628,947	16,688,004	23,398,707	23,251,504	25,354,060	26,920,662
Vocational Instruction	335	0	258	2,409	7,710	212	0	0	0	0
Other Instruction	2,860,997	3,035,460	5,083,411	4,360,229	5,022,092	4,673,410	4,353,201	4,214,000	5,059,671	5,461,683
Pupil	12,002,967	12,670,167	12,781,903	11,843,829	10,474,061	9,688,119	10,381,473	10,488,417	10,985,782	13,513,097
Instructional Staff	11,767,805	12,448,325	10,608,861	9,089,492	9,315,263	1,240,670	3,958,418	4,134,218	3,861,315	4,267,039
General Administration	99,449	66,318	93,099	44,037	131,324	93,640	430,396	522,611	375,187	316,667
School Administration	16,520,191	14,385,096	12,593,415	12,770,073	12,318,992	11,307,165	11,798,443	12,505,212	12,431,273	10,613,105
Fiscal	1,350,862	1,275,852	1,354,628	1,444,518	1,846,253	2,489,768	2,748,303	2,927,145	2,928,376	3,036,613
Business	319,840	282,518	329,850	298,498	293,402	368,598	355,310	418,578	444,720	505,297
Operations and Maintenance	15,416,204	14,038,230	13,054,256	12,220,783	12,131,371	12,079,378	14,603,646	12,681,862	12,426,005	12,858,830
Pupil Transportation	15,456,434	17,417,776	14,393,792	14,281,471	15,660,815	14,517,575	13,698,054	16,187,348	15,024,680	18,648,952
Central	3,922,128	3,483,625	3,219,005	3,465,160	2,818,021	3,068,670	3,464,188	3,575,061	3,857,309	3,583,636
Operation of Non-Instructional Services	710,274	599,732	6,192,026	5,900,036	5,943,133	5,591,853	6,014,524	6,364,983	6,723,178	6,308,390
Extracurricular Activities	3,461,532	3,124,572	2,778,846	2,474,836	2,440,572	2,843,963	4,007,433	3,484,047	3,696,872	3,792,932
Capital Outlay	14,644,749	9,142,535	7,579,315	2,406,771	1,737,236	6,077,722	5,885,411	6,976,544	2,948,649	2,420,983
Debt Service:										
Principal Retirement	6,279,450	4,734,714	5,305,024	4,379,103	8,220,000	7,860,000	8,170,000	16,853,740	9,340,000	9,770,000
Interest and Fiscal Charges	7,698,465	8,205,712	8,127,454	9,803,688	6,762,418	6,624,684	7,344,883	7,744,637	6,263,016	5,834,518
Bond Issuance Costs	222,100	0	0	0	470,319	291,857	227,974	301,329	0	0
Total Expenditures	\$195,963,792	\$192,111,218	\$192,328,473	\$178,555,685	\$178,406,481	\$176,970,188	\$189,337,993	\$203,546,889	\$191,220,653	\$200,107,682

Debt Service as a Percentage of Noncapital Expenditures	8.77%	7.22%	7.17%	8.01%	8.44%	8.56%	8.40%	12.47%	8.19%	7.88%
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Source: District Records

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

	Fiscal Year									
	2009	2010	2011	2012	2013	2014	2015	2016	2017	2018
Other Financing Sources (Uses):										
Issuance of Long Term Debt	\$4,100,000	\$9,405,000	\$0	\$0	\$0	\$24,740,000	\$0	\$0	\$0	\$0
Issuance of Refunding Bonds	0	0	0	0	0	0	18,215,000	15,145,000	0	0
Premium on Bonds Sold	1,065,460	0	0	0	7,731,369	0	2,101,145	1,290,708	0	0
Payment to Refunded Bonds Escrow Agent	(17,479,951)	0	0	0	(52,096,050)	0	0	0	0	0
Payments to Bond Escrow Account	0	0	0	0	0	0	(20,088,171)	(8,035,502)	0	0
Proceeds of Refunding Bonds	16,680,000	0	0	0	44,835,000	0	0	0	0	0
Proceeds from Sale of Capital Assets	48,096	110,234	203,980	22,141	14,976	0	0	0	58,771	7,676
Premium of Issuance	0	0	0	0	0	1,451,857	0	0	0	0
Transfers in	1,996,206	1,974,538	1,500,000	600,839	427,002	590,997	935,517	1,190,931	1,675,897	1,719,862
Transfers (Out)	(1,996,206)	(2,255,500)	(1,500,000)	(600,839)	(427,002)	(590,997)	(935,517)	(1,190,931)	(1,675,897)	(1,719,862)
Total Other Financing Sources (Uses)	4,413,605	9,234,272	203,980	22,141	485,295	26,191,857	227,974	8,400,206	58,771	7,676
Net Change in Fund Balances	(\$23,020,782)	(\$7,320,630)	(\$11,248,905)	(\$3,677,183)	\$1,085,439	\$36,014,432	\$12,625,957	\$8,062,412	\$13,581,954	\$13,646,201

Source: District Records

Lakota Local School District, Ohio
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	Total
	Assessed Value	Assessed Value	Assessed Value	Assessed Value	Estimated Actual Value	Direct Rate
2008	2,478,371,360	132,724,791	55,548,700	2,666,644,851	7,667,508,893	65.39
2009	2,683,065,110	0	57,758,480	2,740,823,590	7,723,658,794	65.39
2010	2,693,254,040	0	60,809,140	2,754,063,180	7,755,820,683	65.84
2011	2,586,411,730	0	65,850,220	2,652,261,950	7,455,598,020	65.84
2012	2,450,209,760	0	70,451,260	2,520,661,020	7,071,050,574	65.84
2013	2,444,627,170	0	73,622,120	2,518,249,290	7,058,271,177	65.84
2014	2,469,690,500	0	84,354,310	2,554,044,810	7,140,612,881	71.14
2015	2,530,513,300	0	87,519,700	2,618,033,000	7,317,557,700	70.14
2016	2,588,040,130	0	90,853,360	2,678,893,490	7,485,253,731	70.14
2017	2,830,019,060	0	100,942,740	2,930,961,800	8,186,711,483	70.14

Source: County Auditor

Note: The assessed value of real property (including public utility real property) is 35 percent of estimated true value. Personal property tax is assessed on all tangible personal property used in business in Ohio. The assessed value of public utility personal property ranges from 25 percent of true value for railroad property to 88 percent for electric transmission and distribution property. General business tangible personal property is assessed at 25 percent for everything except inventories, which are assessed at 23 percent. Property is assessed annually.

The tangible personal property values associated with each year are the values that, when multiplied by the applicable rates, generated the property tax revenue to be received in that year. For real property, the amounts generated by multiplying the assessed values by the applicable rates would be reduced by the 10 percent, 2 1/2 percent and homestead exemptions before being billed. The tangible personal property values were phased out for the 2009 calendar year.

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

Calendar Year	District Direct Rates			Overlapping Rates				
	General Purpose	Capital Purpose	Total	Butler County	EXC Monroe Liberty Town	Liberty Township	City of Monroe	Butler TCDS
2008	6.49	58.90	65.39	10.45	0.59	10.50	8.00	1.93
2009	6.49	58.90	65.39	9.75	0.59	10.50	8.00	1.93
2010	6.49	59.35	65.84	9.72	0.59	11.59	8.00	1.93
2011	6.49	59.35	65.84	9.72	0.59	11.59	8.00	1.93
2012	6.49	59.35	65.84	9.72	0.59	11.59	8.00	1.93
2013	6.49	59.35	65.84	9.72	0.59	11.59	8.00	1.93
2014	6.49	64.65	71.14	9.72	0.59	11.59	8.00	1.93
2015	6.49	63.65	70.14	9.72	0.59	11.59	8.00	1.93
2016	6.49	63.65	70.14	9.72	0.59	11.59	8.00	1.93
2017	6.49	63.65	70.14	9.72	0.59	11.59	8.00	1.93

Source: County Auditor

Note: Rates may only be raised by obtaining the approval of a majority of the voters at a public election.

Lakota Local School District, Ohio
Principal Property Tax Payers
Current Year and Nine Years Ago
Schedule 10

Taxpayer	2017	
	Tangible Personal & Real Property	Percentage of Total Assessed Value
Duke Energy Ohio Inc	\$98,001,710	3.34%
Duke Realty Ohio	12,896,460	0.44%
First Industrial LP	9,126,780	0.31%
Cincinnati Lesaint Industrial	8,896,300	0.30%
FFIII OH WEST CHESTER	8,050,000	0.27%
Landings at Beckett Ridge LLC	7,365,440	0.25%
Lightning Propco	6,993,010	0.24%
Union Station of West Chester	6,829,230	0.23%
Amylin Ohio LLC	6,438,020	0.22%
Lakes at West Chester Village	5,912,900	0.20%
Total Principal Taxpayers	170,509,850	5.82%
All Other Taxpayers	2,760,451,950	94.18%
Total Taxpayers	\$2,930,961,800	100.00%

Taxpayer	2008	
	Tangible Personal & Real Property	Percentage of Total Taxable Value
Duke Energy	\$55,853,500	2.09%
First Industrial L P	19,947,280	0.75%
Dugan Realty LLC	14,542,940	0.55%
Cincinnati Lesaint	10,727,500	0.40%
Lakes at West Chester Vil.	8,151,300	0.31%
Duke Realty Ohio	8,103,920	0.30%
Landings at Beckett Ridge LLC	7,685,100	0.29%
Salem Reality Holdings	6,850,250	0.26%
Port Union LLC	6,502,540	0.24%
Union Station of West Chester	6,432,290	0.24%
Total Principal Taxpayers	144,796,620	5.43%
All Other Taxpayers	2,521,848,231	94.57%
Total Taxpayers	\$2,666,644,851	100.00%

Source: County Auditor

Lakota Local School District, Ohio
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
2008	105,907,712	95,707,017	90.37%	3,422,593	99,129,610	93.60%
2009	100,776,727	96,441,221	95.70%	1,813,818	98,255,039	97.50%
2010	103,871,567	97,513,228	93.88%	3,746,652	101,259,880	97.49%
2011	102,415,624	98,668,972	96.34%	1,318,706	99,987,678	97.63%
2012	101,883,254	98,516,714	96.70%	0	98,516,714	96.70%
2013	102,313,940	102,313,940	100.00%	0	102,313,940	100.00%
2014	116,344,833	116,284,554	99.95%	0	116,284,554	99.95%
2015	116,751,500	115,090,000	98.58%	0	115,090,000	98.58%
2016	118,572,350	117,006,545	98.68%	0	117,006,545	98.68%
2017	123,529,349	122,352,896	99.05%	1,176,382	123,529,278	100.00%

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, Ohio
Outstanding Debt by Type
Last Ten Fiscal Years
Schedule 12

Fiscal Year	General Bonded Debt Outstanding			Percentage of Estimated Actual Value of Taxable Property	Percentage of Total Personal Income (1)	Total Bonded Debt Per Capita	Net Bonded Debt Per Capita
	General Obligation Bonds	Net Position Restricted for Debt Service	Net General Obligation Bonds				
2009	168,876,566	6,202,221	163,311,218	2.20%	1.30%	2,293	2,218
2010	173,304,872	7,052,376	166,890,648	2.24%	1.37%	2,354	2,267
2011	167,757,868	6,152,120	159,948,667	2.16%	1.29%	1,909	1,820
2012	163,136,785	9,851,317	152,961,931	2.19%	1.21%	1,856	1,740
2013	160,880,368	10,882,775	149,997,593	2.28%	1.12%	1,830	1,707
2014	178,479,618	12,063,548	166,416,070	2.53%	1.22%	2,031	1,893
2015	169,981,420	11,719,417	158,262,003	2.38%	1.13%	1,934	1,801
2016	161,208,101	10,865,523	150,342,578	2.20%	1.03%	1,834	1,710
2017	150,885,946	10,323,020	140,562,926	2.02%	0.94%	1,717	1,599
2018	140,187,221	11,308,727	128,878,494	1.71%	0.87%	1,595	1,466

Source: District Records

(1) - On the calendar year basis and the percentage is based on the gross amount of debt (general obligation bonds)

Lakota Local School District, Ohio
Direct and Overlapping Governmental Activities Debt
As of June 30, 2018
Schedule 13

Governmental Unit	Debt Outstanding	Estimated Percentage Applicable (1)	Estimated Share of Direct and Overlapping Debt
Butler County	\$40,923,580	36.30%	\$14,855,260
City of Fairfield	18,645,000	0.98%	182,721
City of Monroe	8,750,000	3.80%	332,500
Liberty Township	9,930,000	100.00%	9,930,000
West Chester Township	25,895,000	97.00%	25,118,150
Butler Technology & Career Center JT. Voc. School District	8,430,000	33.37%	2,813,091
Subtotal, Overlapping Debt	112,573,580		53,231,722
District Direct Debt	140,187,221	100.00%	140,187,221
Total Direct and Overlapping Debt	\$252,760,801		\$193,418,943

Source: Ohio Municipal Advisory Council

(1) - Percentages were determined by dividing the assessed valuation of the overlapping government located within the boundaries of the School District by the total assessed valuation of the government.

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

Legal Debt Margin Calculation for Fiscal Year 2018																	
	Fiscal Year																
	2009	2010	2011	2012	2013	2014	2015	2016	2017								
	2018																
Debt Limit	\$239,998,037	\$246,674,123	\$247,865,686	\$238,703,576	\$226,859,492	\$226,642,436	\$229,864,033	\$235,622,970	\$241,100,414								
Total Net Debt Applicable to Limit	164,828,841	169,524,128	164,194,104	159,815,000	155,042,814	178,479,618	169,981,420	161,208,101	150,885,946								
Legal Debt Margin	\$75,169,196	\$77,149,995	\$83,671,582	\$78,888,576	\$71,816,678	\$48,162,818	\$59,882,613	\$74,414,869	\$90,214,468								
Total Net Debt Applicable to the Limit as a Percentage of Debt Limit	68.68%	68.72%	66.24%	66.95%	68.34%	78.75%	73.95%	68.42%	62.58%								
									53.14%								

Source: District Records

(1) - Assessed values are on a calendar year basis (i.e. fiscal year 2018 is calendar year 2017)

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

Calendar Year	Population (1)	Personal Income (Thousands of Dollars) (2)	Per Capita Personal Income (3)	Unemployment Rate (4)
2008	73,633	\$12,968,770	\$35,611	6.5%
2009	73,633	12,653,202	34,512	9.4%
2010	87,895	12,959,978	35,138	9.6%
2011	87,895	13,538,158	36,590	6.0%
2012	87,895	14,398,043	38,852	7.1%
2013	87,895	14,592,549	39,304	7.1%
2014	87,895	14,985,181	40,073	5.4%
2015	87,895	15,631,343	41,534	4.6%
2016	87,895	16,090,464	42,620	4.2%
2017	87,895	17,089,200	44,900	4.0%

- 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
 - (4) - Ohio Department of Job and Family Services - Office of Workforce Development - Bureau of Labor Market Information -- Annual Average

Lakota Local School District, Ohio
Major Employers (1)
Current Fiscal Year and Fiscal Period Nine Years Ago
Schedule 16

2018			
Major Employers (2)	Type	Number of Employees	Employer's Percentage of Total Employment
AK Steel Holding Corp	Mfg	(3)	(4)
Cincinnati Financial Corp	Ins	(3)	(4)
Cornerstone Brands Inc	Trade	(3)	(4)
Ft Hamilton Memorial Hospital	Serv	(3)	(4)
GE Aviation	Mfg	(3)	(4)
Lakota Local Schools	Govt	(3)	(4)
Liberty Mutual/Ohio Casualty Corp	Ins	(3)	(4)
Mercy Regional Hospital	Serv	(3)	(4)
Miami University	Govt	(3)	(4)
Miller Coors	Mfg	(3)	(4)
Pierre Foods	Mfg	(3)	(4)

2009			
Major Employers (2)	Type	Number of Employees	Employer's Percentage of Total Population
AK Steel Holding Corp	Mfg	(3)	(4)
Amylin Pharmaceuticals Inc	Mfg	(3)	(4)
Armor Holdings Inc	Mfg	(3)	(4)
Butler County Government	Govt	(3)	(4)
Cincinnati Financial Corp	Ins	(3)	(4)
Cornerstone Brands Inc	Trade	(3)	(4)
Fairfield City Bd of Ed	Govt	(3)	(4)
Ft Hamilton Memorial Hospital	Serv	(3)	(4)
Hamilton City Bd of Ed	Govt	(3)	(4)
Lakota Local Bd of Ed	Govt	(3)	(4)
Liberty Mutual/Ohio Casualty Corp	Ins	(3)	(4)
Mercy Regional Hospital	Serv	(3)	(4)
Miami University	Govt	(3)	(4)
Middletown Regional Health System	Serv	(3)	(4)

Source: Ohio Department of Development

(1) - For all of Butler County

(2) - Includes at minimum the ten largest employers for the county. In alphabetical order only.

(3) - The number of employees of each listed major employer was not available.

(4) - The employer's percentage of total employment for each major employer was not available.

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

	Fiscal Year									
	2008-09	2009-10	2010-11	2011-12	2012-13	2013-14	2014-15	2015-16	2016-17	2017-18
Official/Administrative										
Assist. Deputy/Superintendent	1	2	2	2	1	1	1	1	1	1
Assistant Principal	28	23	23	22	22	23	27	27	28	33
Principal	20	19	20	20	21	20	20	20	20	23
Superintendent	1	1	1	1	1	1	1	1	1	1
Supervising/Managing/Directing	6	6	6	5	3	3	4	8	8	10
Treasurer	1	1	0	1	1	1	1	1	1	1
Coordinator	4	5	5	0	2	1	0	0	0	0
Education Admin Specialist	0	0	0	0	4	4	4	6	6	7
Director	8	7	6	0	6	7	11	14	13	15
ESC Supervisor	3	0	0	0	0	0	0	0	0	0
Building Manager	0	0	0	0	0	0	1	0	0	0
Other Official/Administrative	7	7	8	11	0	2	5	0	0	0
Totals	79	71	71	62	61	63	75	78	78	91
Professional - Educational/Other										
Curriculum Specialist	8	8	8	7	5	4	21	22	26	30
Counseling	37	34	33	31	31	29	33	32	33	34
Librarian/Media	17	18	14	6	2	2	2	2	1	1
Remedial Specialist	31	34	31	26	27	43	40	40	44	43
Tutor/Small Gr Instructor	30	32	32	15	13	17	16	21	22	22
Regular Teaching	845	828	773	748	658	641	684	686	690	685
Special Education Teaching	137	139	140	142	121	123	74	77	69	71
Vocational Education Teach	0	0	0	0	0	0	0	0	0	0
Educational Service Teacher	0	0	0	0	0	0	0	0	0	0
Other Professional	11	20	16	13	22	29	29	31	24	31
Totals	1,116	1,112	1,046	989	879	887	899	909	908	917
Professional - Other										
Accounting	0	0	0	1	1	1	1	0	0	0
Negotiating	0	0	0	0	0	0	0	0	0	0
Personnel	0	0	0	0	0	0	0	0	0	0
Dietitian/Nutrition	0	0	0	2	2	1	2	2	3	4
Psychologist	14	14	13	12	13	13	11	12	12	12
Publicity Relations	1	1	1	1	0	0	0	0	0	0
Registered Nursing	16	15	11	10	24	23	22	20	21	20
Social Work	2	2	2	2	0	0	0	0	0	0
Physical Therapist	2	1	2	2	2	2	2	2	2	2
Speech and Language Therapist	34	32	32	27	23	22	22	25	22	21
Occupational Therapist	5	5	6	6	4	4	4	4	5	7
Educational Interpreter	6	5	4	4	4	7	7	5	5	5
Visiting Teacher	0	0	0	0	0	0	0	0	0	0
Occupational Ther Assist	5	4	4	4	4	4	4	3	3	1
Physical Therapy Assist	1	1	1	1	0	0	0	0	0	0
Adapted PE Therapist	2	2	2	2	2	2	2	1	1	0
Planning/Research/Develop	0	0	0	3	0	0	0	0	0	0
Other Professional - Other	0	0	0	2	1	1	1	0	0	0
Totals	87	82	78	79	80	80	78	75	74	72
Technical										
Computer Operating	21	21	22	20	21	21	30	16	16	18
Practical Nursing	9	9	15	12	2	1	1	0	0	0
Library Aide	15	14	12	20	17	17	14	0	0	0
Instructional Parapro	174	164	164	172	187	195	184	210	209	207
Other Technical	1	1	1	2	2	2	1	5	5	7
Totals	220	209	214	226	229	235	230	231	230	232

Lakota Local School District, Ohio
Full-Time Equivalent District Employees by Type
Last Ten Fiscal Years
Schedule 17 (Continued)

	Fiscal Year									
	2008-09	2009-10	2010-11	2011-12	2012-13	2013-14	2014-15	2015-16	2016-17	2017-18
Office/Clerical										
Bookkeeping	4	4	4	4	3	3	3	1	0	0
Clerical	99	93	82	83	78	81	80	100	101	114
Messenger	3	3	3	3	2	2	2	2	2	2
Records Managing	0	0	0	2	1	1	1	6	6	5
Teaching Aide	11	10	10	0	0	0	0	0	0	0
Parent Mentor	1	1	1	1	1	1	1	1	1	1
Other Office/Clerical	1	1	1	0	3	3	4	0	2	2
Totals	118	111	100	93	88	91	91	110	112	124
Crafts and Trades										
Carpentering	1	1	1	0	2	2	2	0	0	0
Electrician	1	0	0	1	0	0	0	0	0	0
General Maintenance	11	11	11	12	4	4	6	28	28	24
Mechanic	8	7	7	6	6	5	1	2	1	0
Plumbing	2	3	2	1	1	1	1	0	0	0
Foreman	0	0	0	0	2	3	3	0	0	0
Other Crafts and Trades	0	0	0	0	5	5	5	0	0	0
Totals	23	22	21	20	20	20	18	30	29	24
Operative										
Other Operative	1	1	0	0	0	0	0	0	0	0
Totals	1	1	0	0	0	0	0	0	0	0
Service Worker/Laborer										
Attendance Officer	0	0	0	0	0	0	0	0	0	0
Custodian	105	102	88	92	93	94	95	111	109	108
Food Service	79	70	66	69	68	68	68	80	80	86
Monitoring	9	9	6	1	0	0	0	0	0	0
Stores Handling	0	0	0	0	0	0	0	0	0	0
Groundskeeping	5	5	5	5	2	2	2	2	0	0
Attendant	26	19	20	1	8	6	1	0	0	0
Other Service Worker/Lab	0	0	0	0	3	2	3	0	0	0
Totals	224	204	185	168	174	172	169	192	189	194
Grand Totals	1,869	1,811	1,716	1,637	1,531	1,548	1,559	1,626	1,619	1,654

Source: Lakota Local School District records.

Lakota Local School District, Ohio
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
2008/2009	18,330	1,196	59,660	15.33	13.97%
2009/2010	18,473	1,192	62,331	15.50	16.08%
2010/2011	18,426	1,176	63,000	15.67	16.60%
2011/2012	17,663	988	63,660	17.88	17.50%
2012/2013	16,815	988	63,750	17.02	19.40%
2013/2014	16,484	887	63,103	18.58	21.02%
2014/2015	15,991	899	63,500	17.79	20.50%
2015/2016	16,224	909	64,688	17.85	21.04%
2016/2017	16,206	908	68,259	17.85	18.80%
2017/2018	16,203	964	76,419	16.81	19.77%

Source: Lakota Local School District records.

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

	Fiscal Year									
	2008-09	2009-10	2010-11	2011-12	2012-13	2013-14	2014-15	2015-16	2016-17	2017-18
Creekside Early Childhood*										
Square Feet	67,685	67,685	67,685	67,685	67,685	67,685	67,685	67,685	67,685	67,685
Enrollment	889	872	818	690	566	573	553	558	519	544
Liberty Early Childhood (1928)										
Square Feet	50,600	50,600	50,600	50,600	50,600	50,600	50,600	50,600	50,600	50,600
Enrollment	440	578	591	522	401	372	371	371	354	405
Shawnee Early Childhood (1990)										
Square Feet	60,070	60,070	60,070	60,070	60,070	60,070	60,070	60,070	60,070	60,070
Enrollment	816	743	723	681	539	570	534	543	500	515
Wyandot Early Childhood (2007)***										
Square Feet	75,397	75,397	75,397	75,397	75,397	75,397	75,397	75,397	75,397	75,397
Enrollment	915	856	831	768	772	700	683	698	662	725
VanGorden Elementary (2003)**										
Square Feet	90,901	90,901	90,901	90,901	90,901	90,901	90,901	90,901	90,901	90,901
Enrollment	742	738	697	663	670	649	630	634	641	651
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	738	749	763	693	663	589	579	589	589	697
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	841	833	799	766	704	675	665	675	644	585
Endeavor Elementary (2007)***										
Square Feet	75,397	75,397	75,397	75,397	75,397	75,397	75,397	75,397	75,397	75,397
Enrollment	661	701	753	760	726	768	782	800	836	735

Source: Lakota Local School District records.

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

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

*** - Wyandot Early Childhood and Endeavor Elementary opened beginning 2007-08.

**** - Lakota East Freshman opened beginning 2008-09.

***** - New Union Elementary 2007-2008 (Liberty ECS occupied in the first year while the building was renovated).

N/A - Information not available

Lakota Local School District, Ohio
School Building Information
Last Ten Fiscal Years
Schedule 19 (Continued)

	Fiscal Year									
	2008-09	2009-10	2010-11	2011-12	2012-13	2013-14	2014-15	2015-16	2016-17	2017-18
Old Union Elementary (1916) *****										
Square Feet	N/A	N/A	N/A	N/A	N/A	N/A	N/A	N/A	N/A	N/A
Enrollment	0	0	0	0	0	0	0	0	0	0
New Union Elementary (2007) *****										
Square Feet	86,262	86,262	86,262	86,262	86,262	86,262	86,262	86,262	86,262	86,262
Enrollment	619	747	753	749	706	647	622	625	603	587
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	655	680	672	642	647	635	592	602	601	572
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	752	605	596	563	546	518	481	490	425	427
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	641	639	606	554	531	499	500	512	514	510
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	765	788	810	794	762	713	712	720	700	690
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	605	660	674	659	685	688	646	651	695	667
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	603	592	605	602	609	628	574	590	561	563
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	801	767	823	879	840	822	849	880	712	740
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	674	635	599	612	582	552	574	592	575	579

Source: Lakota Local School District records.

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

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

*** - Wyandot Early Childhood and Endeavor Elementary opened beginning 2007-08.

**** - Lakota East Freshman opened beginning 2008-09.

***** - New Union Elementary 2007-2008 (Liberty ECS occupied in the first year while the building was renovated).

N/A - Information not available

Lakota Local School District, Ohio
School Building Information
Last Ten Fiscal Years
Schedule 19 (Conitnued)

	Fiscal Year									
	2008-09	2009-10	2010-11	2011-12	2012-13	2013-14	2014-15	2015-16	2016-17	2017-18
Lakota Plains Junior (2003)**										
Square Feet	113,777	113,777	113,777	113,777	113,777	113,777	113,777	113,777	113,777	113,777
Enrollment	776	753	752	744	695	696	658	675	778	792
Lakota West 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	680	712	653	600	609	618	561	562	625	640
Lakota West High (1997)										
Square Feet	318,862	318,862	318,862	318,862	318,862	318,862	318,862	318,862	318,862	318,862
Enrollment	2,028	2,105	2,200	2,055	1,931	1,903	1,793	1,807	1,878	1,874
Lakota East Freshman (2009)****										
Square Feet	126,903	126,903	126,903	126,903	126,903	126,903	126,903	126,903	126,903	126,903
Enrollment	679	739	628	643	677	741	657	663	704	618
Lakota East High (1997)										
Square Feet	318,862	318,862	318,862	318,862	318,862	318,862	318,862	318,862	318,862	318,862
Enrollment	1,941	1,987	2,080	2,024	1,954	1,928	1,975	1,987	2,090	2,087
Total Enrollment	18,287	18,409	17,910	17,663	16,815	16,484	15,991	16,224	16,206	16,203

Source: Lakota Local School District records.

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N/A - Information not available

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