



#WEareLak@ta

FINANCIAL PROSPECTUS  
SUMMER 2023

**Lak@ta**  
Local Schools

LETTER FROM THE

# Treasurer



Adam Zink  
Treasurer/CFO

**WE are Fiscally Responsible.** While this may seem like a simple statement, it is one of our core principles; something so important to this organization that it is a pillar in our strategic plan.

**We take pride in how we apply fiscal responsibility to our decision-making process and want our community to understand how we are spending taxpayer dollars.**

One of my goals in producing this annual financial prospectus is to help our community members have a better understanding of how public school finances work. In the pages that follow, we will highlight how Lakota's spending, revenue and taxes compare with neighboring and similar districts; the difference between the General Operating and Permanent Improvement funds; and our recent accomplishments in fiscal responsibility.

At the end of the day, our goal is to support a personalized, future-ready learning experience for every single student in a fiscally responsible way.

**Knowing that our taxpayers are responsible for 57% of our revenue through the millage that is calculated on the assessed value of their property, we always want to be good stewards of this money.**

School funding can be difficult to fully understand. It is our hope that this publication answers some of your questions, provides you with new information and is a resource for you to use in the future.

On behalf of the Finance department team, thank you for your support of Lakota Local Schools.

A handwritten signature in blue ink, appearing to read 'Adam Zink'.

Adam Zink, Treasurer/CFO



## Lakota Board of Education

**Standing, L to R:**

Darbi Boddy, Julie Shaffer, Kelley Casper

**Sitting:**

Vice President Isaac Adi,

President Lynda O'Connor



SCAN TO VISIT  
OUR BOARD  
WEBSITE



## #WEareFiscallyResponsible

### Lakota Earns Ninth Consecutive Auditor of State Award with Distinction

For the ninth year in a row, Lakota Local Schools has been honored with the Auditor of State Award with Distinction, indicating the district's unwavering commitment to financial responsibility and transparency. The recognition follows the completion of the Fiscal Year 2022 financial audit period, and serves as a testament to the district's dedication to maintaining the highest level of fiscal integrity.

Government entities in Ohio, including school districts, can receive a "clean" audit by fulfilling various criteria, such as presenting an Annual Comprehensive Financial Report within six months of fiscal year end, having no financial issues, and receiving no findings for recovery, material citations, material weaknesses, significant deficiencies, single audit findings or questioned costs. Less than 4% of government entities across Ohio are presented with the highest award bestowed by the State Auditor, making it a significant accomplishment for Lakota to have earned it for nine years in a row.

### Lakota Ranks High with Industry Experts

Similar to how large companies are evaluated based on their financial status, school districts also receive industry ratings that indicate their financial standings. These ratings are important to potential investors, similar to an individual's credit score, in order to determine whether or not investing in the district is a wise decision. Lakota Local Schools continues to receive top-notch ratings from both Moody's Investors Service and Standard and Poor's, with Aa1 and AA+ respectively, just one level below the highest possible ratings.



By managing their finances responsibly and paying off debts on time, school districts can earn higher industry ratings and benefit from lower interest rates. Due to its excellent ratings, Lakota has been able to refinance its debts multiple times over the past few years, much like homeowners refinance their mortgages to obtain lower interest rates.



### 10 Consecutive Years of Balanced Budgets

Through Fiscal Year 2022, Lakota Local Schools has achieved a balanced budget for 10 consecutive years. This accomplishment is not a common occurrence for school districts across Ohio.

With fiscal responsibility a priority for the district, this long run of balanced budgets has enabled Lakota to build a very strong cash reserve. While Lakota's Budget Stabilization policy sets a minimum 90-day cash balance for the district, May's five-year forecast predicts the amount will exceed six months, more than double the minimum set in policy. While a spending deficit appears in Fiscal Year 2026, the cash balance remains healthy at the end of the forecasted period, with nearly six months' cash balance available and the district's "rainy day" fund projected to exceed \$10 Million.

With Lakota's healthy cash reserves, there is no predicted need for an operational levy, as reflected in the May forecast. The district has not been on the ballot to ask taxpayers for additional funding since 2013.

Lakota's Finance team received its ninth consecutive Auditor of State Award with Distinction at the April 3 board meeting.



WHERE THE MONEY COMES FROM

## What are Lakota's Revenue Sources?

In Ohio, funding for public schools is primarily provided through a formula known as the "Ohio School Funding Formula." This formula takes into account factors such as the number of students in a school district, the district's property values and the district's tax base.

In 2019, Ohio passed the Fair School Funding Plan, which aims to distribute state funding to school districts more equitably based on factors like enrollment, poverty and special education needs. While implementation of the plan was initially delayed due to the COVID-19 pandemic, it is now rolling out in phases. Lakota is currently guaranteed to receive the same amount in state aid as we did in Fiscal Year 2021. If the guarantee goes away with the Fair School Funding Plan, Lakota's state aid would decrease.

At Lakota, 31% of the district's day-to-day operational funding comes from the state of Ohio, while 69% comes from our local community.

Local funding includes both residential and commercial real estate taxes within West Chester and Liberty townships. State funding levels are adjusted every two years as part of the State's biennial budgeting process.

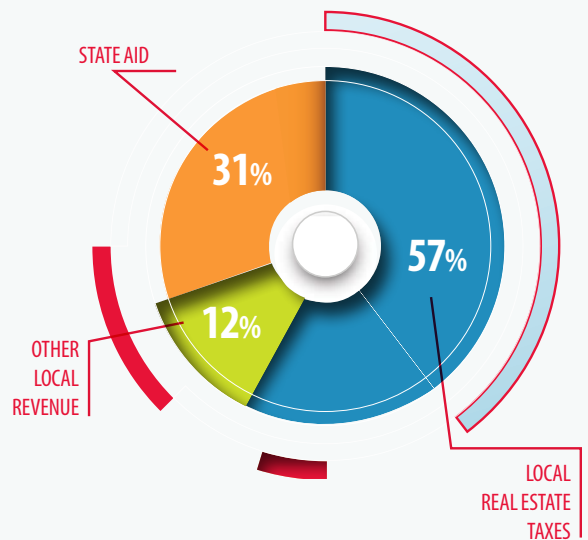
Lakota Local Schools is grateful for the support of the local community. The strength of our tax base is important for not only our school district, but the community as a whole.

## How has the State Helped Lakota through COVID-19?

During the pandemic, funding for public schools was cut by the State. While the final cuts were not as deep as originally expected, Lakota and other districts saw their funding decrease. Federal aid in the form of the Elementary and Secondary School Emergency Relief (ESSER) fund, coupled with the Coronavirus Aid Relief and Economic Security (CARES) and BroadbandOhio grant, provided Lakota with approximately \$19.6 million in aid to be spent by September 2024.

The federal aid has been used to respond to COVID-19, address learning loss, help facilitate the safe return of in-person instruction and provide a continuity of services to students. Knowing that the aid was temporary, Lakota's leaders worked with the finance department to create a plan that would enable the district to absorb the cost of necessary programs initially paid for through federal aid.

GENERAL FUND REVENUE SOURCES

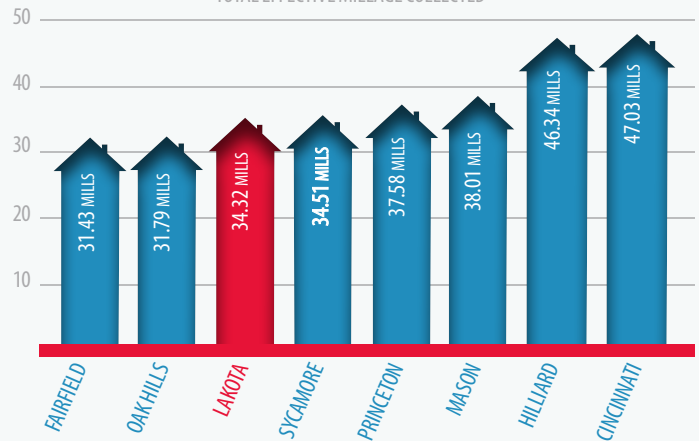


## How Do Lakota's Taxes Compare?

Knowing how our taxes compare to those of our neighbors, and other similar Ohio districts, gives taxpayers a lens through which to assess their return on investment. When it comes to tax rates, Lakota is right in line with our neighbors and well below the effective millage rate of many other large Ohio school districts.

TAX COMPARISON FOR TAX YEAR 2022

TOTAL EFFECTIVE MILLAGE COLLECTED



## Fiscal Transparency

Visit [lakotaonline.com/finances](http://lakotaonline.com/finances) and stay informed using the helpful tools shown here.



SCAN TO VISIT OUR FINANCE DEPARTMENT WEBSITE

FIVE-YEAR FORECAST

FINANCIAL PROSPECTUS

ANNUAL COMPREHENSIVE FINANCIAL REPORT

BUDGET AND APPROPRIATIONS

MONTHLY BOARD REPORTS

PUBLIC RECORDS

STRATEGIC PLAN

2013 LEVY FACTS

DISTRICT REPORT CARDS

FINANCIAL AUDIT

QUALITY PROFILE

SCHOOL FINANCES 101

## WHERE THE MONEY GOES

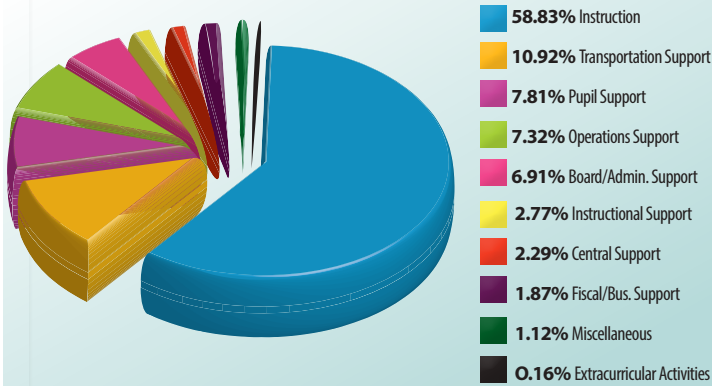
### What are Lakota's Spending Priorities?

At Lakota Local Schools, we understand the importance of using our financial resources in a wise manner. Our top priority is to ensure that the funds are allocated to the areas where they are needed the most - the classrooms. We are committed to applying the vast majority of both our general operating and permanent improvement funds to supporting student instruction.

#### GENERAL OPERATING FUND

The majority of Lakota's expenses (77%) are paid from the general operating fund. We spend 70% of that fund on the areas of instruction, pupil support, instructional support and extracurricular activities. Additionally, another 11% of the general fund supports Lakota's transportation services.

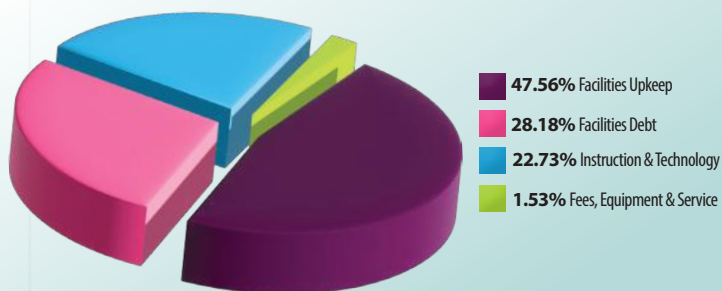
#### GENERAL FUND EXPENSES BY AREA: FY 2022



#### PERMANENT IMPROVEMENT FUND

The permanent improvement (PI) fund also plays an important role in meeting district needs. Any expense to be paid from the permanent improvement fund must have a life span of at least five years. While only 3% of district spending comes from the PI fund, almost all of these expenses (98.5%) cover instructional support and facilities. This includes technology and maintenance of our 23 schools.

#### PERMANENT IMPROVEMENT FUND EXPENSES BY AREA: FY 2022

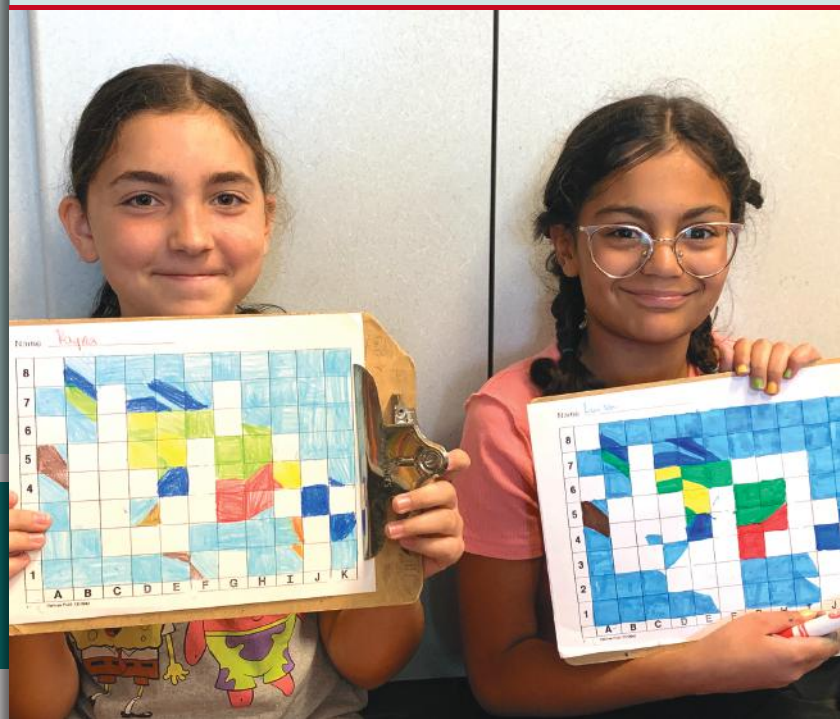
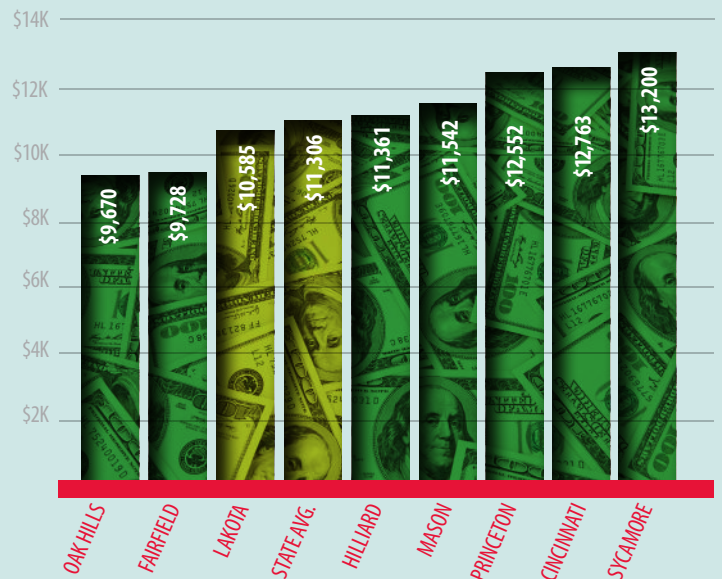


Together, the general operating and permanent improvement funds account for 80% of district spending. The additional 20% is comprised of debt service, cafeteria costs, student activities, principals funds, state grants, federal grants, athletics and local grants.

### How Does Lakota's Spending Compare?

It's crucial not only to be aware of our district resource management but also to have an understanding of how it measures up against our peers, particularly other comparable school districts in Ohio. The data for Fiscal Year (FY) 2022 illustrates that Lakota Local Schools prioritizes monitoring our budget and is adept at staying within our financial means.

#### SPENDING PER PUPIL: FY2022



# MASTER FACILITIES UPDATE

#WEareBuildingOurFuture

The Lakota Board of Education approved a new Master Facilities Plan (MFP) at its Dec. 12, 2022 meeting. While grade bands and tentative buildings associated with the plan have been approved, the committee has now begun working on the many details needed to determine the way our facilities can best meet and support the educational needs of Lakota's approximately 17,500 students into the future.

As enrollment continues to climb, even outpacing the 2019 enrollment study, the district has been forced to make use of modular, or portable, classrooms to accommodate the growth.

## LAKOTA'S APPROVED MASTER FACILITIES PLAN

- Maximizes reimbursement through state funding options
- Independent preschool building
- Grade band structure: Preschool, K-5, 6-8 and 9-12
- Closing 10 schools
- Estimated \$7 million in annual operational savings



SCAN TO REVIEW THE APPROVED PLAN AND POSSIBLE MODIFICATIONS TO REDUCE THE FINANCIAL IMPACT TO TAXPAYERS.



Creating a new MFP is part of Lakota's strategic plan and serves as a guide for assessing the long-term need for facility improvements and the capital investments required to implement them. The last comprehensive plan was completed in the 2000s with a modified one in 2008.

## How Will Lakota Fund the Plan?

In order to ease the burden on taxpayers, Lakota's finance leadership has been taking steps to prepare for funding the Master Facilities Plan.

### STATE ASSISTANCE

One option is for the Board of Education to enroll in Ohio's Expedited Local Partnership Program (ELPP), which would provide partial funding from the State for completed projects. This could amount to up to \$163 million, or 29% of the financial assistance needed for the plan.

### DISTRICT PLANNING

Lakota has also restructured its debt to pay it off sooner and maintain a consistent millage for a shorter period of time. By doing so, the district has saved taxpayers several million dollars and minimized the impact of a new bond issue that would be required to finance the plan.

*Lakota has not asked taxpayers for funding since 2013.*

While a timeline for asking our taxpayers to support a future bond issue has not been established, it is important to understand the difference between a bond issue and operating levy.

A bond issue, which would be required to fund the Master Facilities Plan, raises money that can only be used for capital costs. This includes building construction and renovations. Once approved by the taxpayers, the district would sell bonds to investors and use that money to fund the project. Like a home mortgage, the borrowed money would be paid back to investors over a specific period of time through money collected from taxpayers.

Unlike a bond issue, operating levies are used to cover expenses paid by a district's general operating fund. Examples include instruction, pupil and instructional support, extracurricular activities and transportation services.

Until the final details of the approved plan have been determined, including whether or not the Board approves a partnership with the State through ELPP, the district cannot estimate the impact on taxpayers. However, the district will continue to work toward making this impact as little as possible. This includes reviewing suggested adjustments to the approved plan that would make it more fiscally responsible.



## What Are Some of the Estimated Facilities Expenditures in the Near Future?

The buildings included in this chart have been classified as being in “deficient condition” by the Ohio Facilities Construction Commission (OFCC). This does not mean that the school is currently unsafe or unfit and not being maintained properly by the district. In some cases, the school may get a deficient rating based on the goals of the OFCC to bring all buildings up to a “new” standard over the next 30 years of its life.

For example, an existing roof may be nine years old and performing as designed. Under normal use and maintenance, this roof could last another 10 to 15 years. In the OFCC program, however, this roof would be considered “deficient” as they would want to eventually replace it with a new roof with a long-term warranty.

### GENERAL FUND & PI ESTIMATED EXPENDITURES THROUGH 2030

SCHOOL	EXPENDITURES*
Creekside ECS	\$1,400,000
Heritage ECS	\$2,015,630
Hopewell ECS	\$2,022,155
Shawnee ECS	\$1,675,892
Adena Elementary	\$2,277,911
Freedom Elementary	\$1,925,280
Woodland Elementary	\$1,513,070
Hopewell Junior	\$3,069,769
Liberty Junior	\$2,618,476
West Freshman	\$2,141,489
<b>Total Est. Expenditures</b>	<b>\$20,659,672</b>

\*TOTAL INCLUDES ROOFING, PARKING LOT & HVAC EXPENDITURES

### Fast Facts



Lakota's 25 buildings are valued at more than \$632 million.



The average age of Lakota's facilities is 34 years old.

**50**

By 2040, 10 buildings will be 50+ years old.

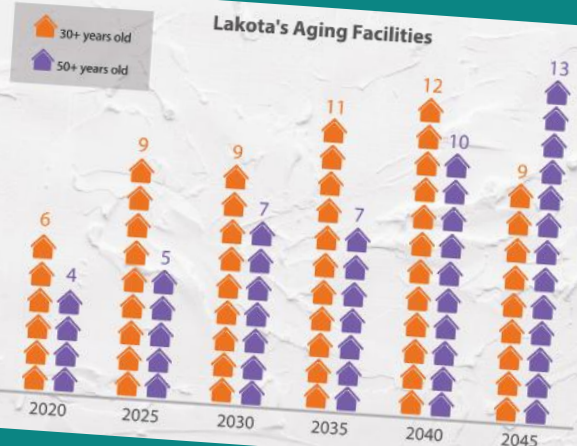


Lakota's two high schools are the oldest in Butler County.



Enrollment is about 17,500 and continues to grow, outpacing long-term predictions from 2019.

### Lakota's Aging Facilities





**Lakota School District**  
**5572 Princeton Road**  
**Liberty Twp., OH 45011-9726**

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## New Students: Register for the 2023-2024 School Year

Registration for new Lakota students in grades K-12 for the 2023-2024 school year, including incoming kindergartners, is now open.

All incoming kindergarten students are eligible for Lakota's all-day program, with the option to enroll in the half-day program, if desired.

After completing the online registration process, parents will be prompted to schedule a virtual appointment.

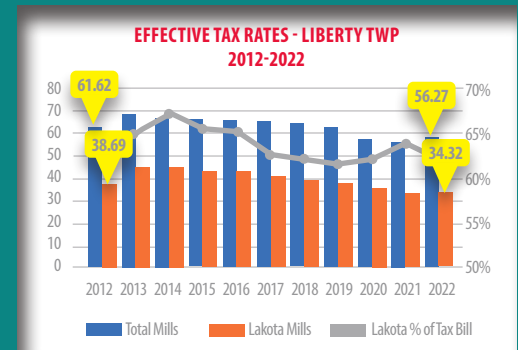


[www.lakotaonline.com/enroll](http://www.lakotaonline.com/enroll)

## DID YOU KNOW...

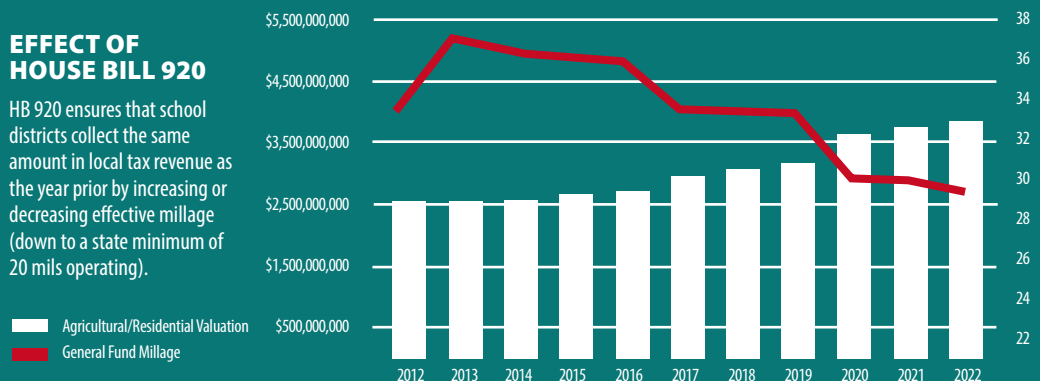
Lakota Local Schools is funded today on LESS effective millage than it was in 2012 before the passage of the last operating levy?

### EFFECTIVE TAX RATES



### EFFECT OF HOUSE BILL 920

HB 920 ensures that school districts collect the same amount in local tax revenue as the year prior by increasing or decreasing effective millage (down to a state minimum of 20 mils operating).



## What is a Mill?

A Mill is the annual tax rate applied to an assessed value of property.

**1 Mill = \$1 for every \$1,000 of assessed value\***

\*Taxable value calculated at 35% of total property value. This is the figure on file at the Butler County Auditor's Office (different from appraised value).

**\$100,000** | ASSESSED VALUE OF HOME

TAKE 35% OF PROPERTY VALUE

**\$35,000** | TAXABLE VALUE

DIVIDE BY 1000 FOR TAX PER MILL

**\$35** | TAX PER MILL

