



SPRING 2018

Financial Prospectus

#WEareLakota

LETTER FROM THE

Treasurer



Jenni L. Logan
Treasurer

At Lakota Local Schools, every decision we make has the best interest of our students in mind because a great education is student-centered. As we move forward and expand learning opportunities for our students, we must also remain fiscally responsible. We continue to enhance our academic offerings so that our students are prepared to successfully meet the demands of life after graduation, yet we also understand how to live within our means and have changed the way we do business. As a result, our financial outlook is strong and we intend to keep our promise to the residents of our community by maintaining an efficient and effective budget.

At Lakota, we care about our students. Ensuring that they have the opportunity to succeed is why we do what we do. We also understand that we can't provide the chance to succeed if we don't maintain a strong and responsible handle on our finances. How we choose to operate on a daily basis is what allows us to provide exceptional opportunities for students while we continue to be good stewards of our residents' tax dollars.

Through our second annual Financial Prospectus, we want to share factual information regarding how tax dollars are being used to achieve academic success for our students. We want you, our residents and our investors, to fully understand how your money is being used and what we do on a daily basis to ensure that we are operating a lean, yet effective, budget. We want you to understand how we are re-prioritizing dollars to enhance student learning while still stretching every penny we can. We want you to share in the tremendous value a Lakota education brings our students and this community.

I invite you to take the time to look at the information in this document. It shares our financial story and reflects our priorities as a school district. Should you have any questions or comments, please reach out and contact my office. I'm happy to discuss our financial situation with community members at any time.

Sincerely,

A handwritten signature in black ink, appearing to read "Jenni L. Logan".

Jenni L. Logan, Treasurer/CFO



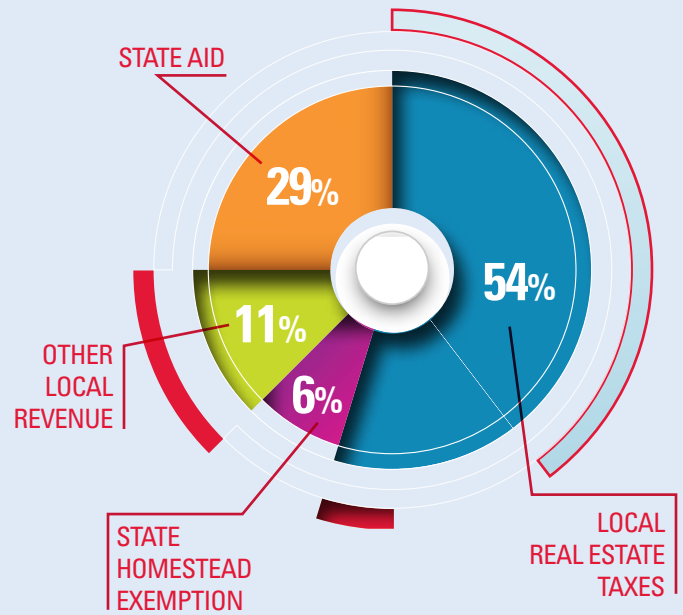
Where Does the Money Come From?

Lakota Local Schools is grateful for the support from the local community. In Ohio, school districts like Lakota are heavily reliant upon local tax dollars. This is often because of the lack of a stable level of support from the state. For example, the state reimbursement of the Tangible Personal Property Tax (TPP) was recently phased out for Lakota and those dollars, which used to equal \$3.1 million just three years ago, have been eliminated.

At Lakota, 35 percent of the district's day-to-day funding comes from the state and 65 percent comes from the local community.

This includes resident, as well as business, taxes within West Chester and Liberty townships.

REVENUE SOURCES

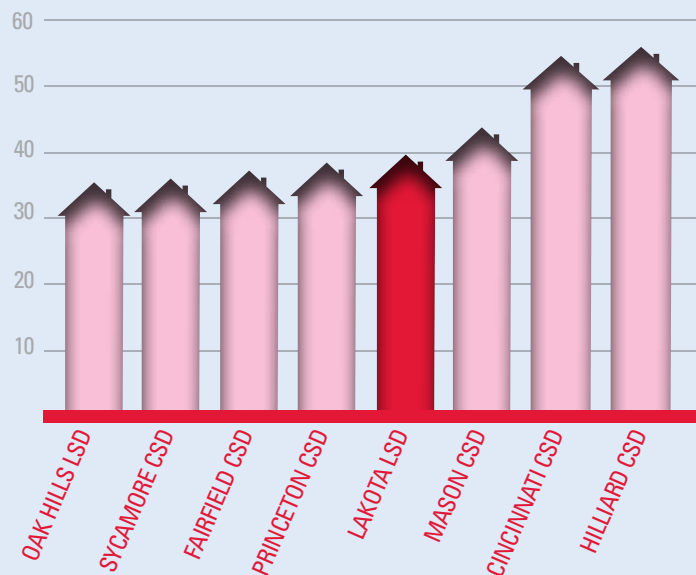


How Do Our Taxes Compare?

It is important to not only know where we are with our tax rate, but how our taxes compare to our neighbors, as well as other larger districts in the state. Lakota is the eighth largest school district in Ohio. It is important to make fair comparisons with both spending and academic performance, as size does matter when it comes to operating a school district. Ohio has declared certain districts to be similar to Lakota, mainly based upon their size, making them a fair comparison. Lakota Local Schools is right in line with our area neighbors and well below the effective millage rate of many other large school districts in the state.

TAX COMPARISON FOR TAX YEAR 2017

TOTAL EFFECTIVE MILLAGE COLLECTED



#WEareGoodStewards



Aa1
MOODY'S
RATING



How Do Our Finances Rank with Industry Experts?

Just like large businesses, school districts receive ratings based upon their financial situation. The ratings are similar to an individual credit rating and share with potential investors whether or not the district is a good investment. School districts that manage their money wisely, control their debt rates well and pay off debts on time receive higher ratings and often receive lower interest rates. Thanks to the strong financial health of the district, Lakota Local Schools has maintained one of the highest possible bond ratings of Aa1 by Moody's Investors Service.

In addition to this accolade, Lakota earned the prestigious Auditor of State Award with Distinction for the fourth consecutive year. This award is given to entities that file a Comprehensive Annual Financial Report (CAFR) and timely financial reports in accordance with Generally Accepted Accounting Principles (GAAP) as well as receive a "clean" audit report. The "clean" audit report means that the financial audit did not contain findings for recovery, material citations, material weaknesses, significant deficiencies, Single Audit findings or any questioned costs. This is one of the highest financial honors public entities are able to receive.

What are the Spending Priorities?

At Lakota Local Schools, we make sure that our money is being used wisely. This means directing funds to where they are needed the most: in the classroom.

We spend 68 percent of our general fund on the areas of instruction, pupil support and instructional support.

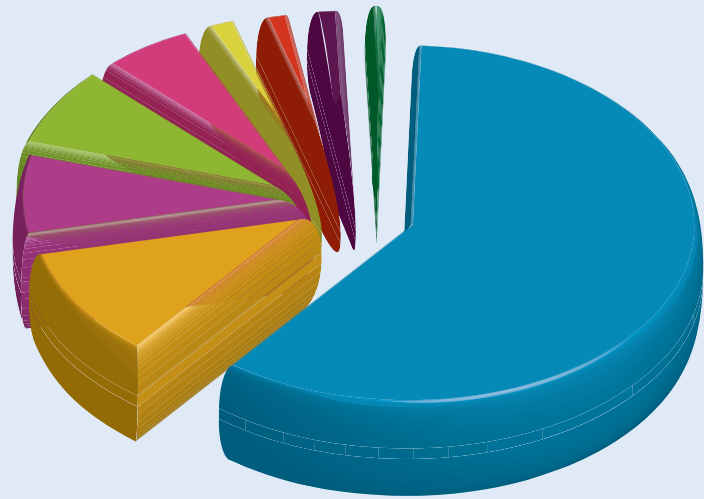
This is compared to eight percent for board support, two percent for fiscal support, eight percent for operational support, 11 percent on transportation and three percent on central support.



How Does Our Spending Compare?

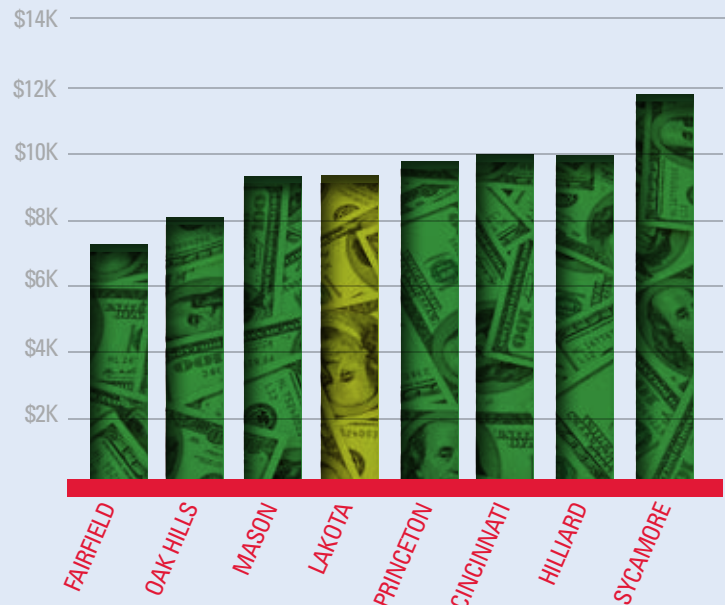
In addition to understanding how we spend our own resources, it is important to understand how this spending compares to our neighbors and again, other large districts in Ohio. When you look at the spending per pupil for Fiscal Year (FY) 2017, Lakota Local Schools is fourth compared to the seven other districts in our area and size comparisons across the state. We keep a close eye on our budget and understand how to live within our means.

GENERAL FUND EXPENSES BY AREA FOR FY 2017



- 60% Instruction
- 11% Transportation Support
- 8% Board/Admin. Support
- 8% Operations Support
- 6% Pupil Support
- 2% Central Support
- 2% Fiscal/Bus. Support
- 2% Instruct. Support
- 1% Miscellaneous

SPENDING PER PUPIL FY2017



#WEareMovingForward



How is the District Providing New Programs for Students?

At Lakota Local Schools, we understand that a strong school district is part of the foundation of a strong community. To ensure this strength, we must offer high quality experiences for our students. We are introducing opportunities such as all-day kindergarten for every student and expanding elementary school specials to include daily classes such as art, music, physical education and

STEAM² (science, technology, engineering, applied arts, math and medicine). These are important fundamental educational experiences that students in neighboring districts receive and we need to enhance our offerings to continue competing with other communities. However, it is imperative that we do so in a fiscally responsible manner.

How is the District Fiscally Responsible?

Making fiscally responsible decisions is a top priority for Lakota Local Schools. It is because of this strong commitment to effective and efficient finances that the district spent less in Fiscal Year (FY) 2017 than it did in FY 2010 for general operations. We go the extra mile to ensure efficiencies wherever possible. Thanks to some

funding provided by the state for the all-day kindergarten program and a realignment of spending priorities within our staffing and scheduling options, we are able to provide these additional programs with little impact to our bottom line. These additional programs will not require the need for a new levy.

When Will Lakota Be Back on the Ballot?

Thanks to voter support in 2013, Lakota Local Schools isn't expected to be on the ballot for day-to-day operating dollars during the five year forecasted period extending through 2022. We do not have a projected date to return to voters. We have balanced our general operating budget for five consecutive years and are projecting to continue this at least four more years. This has enabled us to build strong cash reserves, which far exceed our financial philosophy of at least 60 days.

The district has made prudent financial decisions that have not only honored those levy promises, but put the district in a position to stretch those dollars even further than expected.

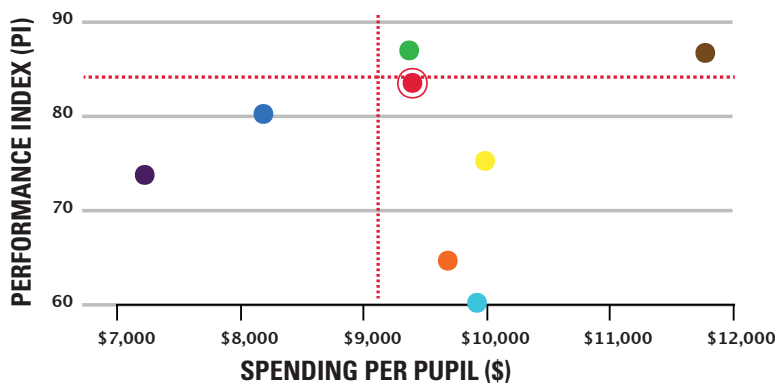
However, with aging facilities, what is less certain is the district's Permanent Improvement (PI) fund. These are dollars that are specifically earmarked for maintenance, technology or other capital improvements that last at least five years. These funds cannot be used on salaries for administration or staff. The district continues to stretch these dollars to their limit and may need to explore additional options to keep up with the demands for facility repairs and upgrades in order to protect the useful life of the schools and equipment.

Are We Getting a Good Return on Our Investment?

YES! Lakota Local Schools is expanding educational opportunities for students and doing so without raising costs to residents. If you look at the state standard of Performance Index (PI), compared to the rate of spending per pupil, you will see that Lakota's students are performing well academically, yet the district spends below that of other top performing school districts. This means that high levels of academics with lower spending rates per student are the result of a high performing and fiscally responsible school district for our community. Lakota's Quality Profile provides more evidence of the district's points of success beyond state testing data.



PERFORMANCE VS. SPENDING



DISTRICT	PI (%)	SPENDING
CINCINNATI	59.6	\$9,949
FAIRFIELD	73.6	\$7,213
HILLIARD	75.5	\$10,037
LAKOTA	82.7	\$9,380
MASON	87.5	\$9,305
OAK HILLS	80.6	\$8,161
PRINCETON	64.5	\$9,736
SYCAMORE	86.3	\$11,807
STATE AVERAGE		



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#WEareResponsible



What Does This Mean for Local Taxpayers?

Community residents and business owners should be proud of their Lakota Local Schools. This district is already providing a quality education and has found new opportunities to expand its offerings for students in a fiscally responsible manner. In addition, the district has kept spending under control and earns accolades and high rankings from outside experts in the financial field for its high fiscal standards.

With residents who continue to support the schools and our students, and a district that understands the needs of local taxpayers, Lakota Local Schools is in a good position to move forward.