



# WE are Fiscally Strong

**#WEareLak@ta**

**FINANCIAL PROSPECTUS  
SPRING 2019**

## LETTER FROM THE

# Treasurer



**Jenni L. Logan**  
Treasurer/CFO

Everything WE do at Lakota Local Schools is designed to provide a future ready, student-centered learning experience for every single child. This, the mission statement for Lakota Local Schools, applies to more than just our classrooms. It touches every operational aspect of our district, including the finance department. Fiscal responsibility is one of the pillars of our new strategic plan, and it is something that I take very seriously.

Ensuring every student has the opportunity to succeed is why we are here. In order to accomplish this, we must 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 continuing to be good stewards of our residents' tax dollars.

From all-day kindergarten to 1:1 technology in our secondary grades, several new programs have been introduced this year. Re-prioritizing our expenditures and the excellent financial health of the district allow us to make this investment into these new programs. We must align our resources to the educational priorities of our district and live within our means. Not only must we be able to pay for these

priorities today, but we must be forward-thinking to ensure their sustainability as well as the overall financial stability of the district.

In this third annual Financial Prospectus, we share factual information regarding how tax dollars are being used to achieve academic success for our students. We believe in financial transparency and want you, our residents and our investors, to fully understand how your money is being used and the steps we take every day to ensure that we are operating a lean, yet effective budget.

This prospectus 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,



**Jenni L. Logan**, Treasurer/CFO

## From the Lakota Board of Education

## Q: How Do You See Lakota

**A:** "Lakota looks at every financial decision to see how we can maximize our investment to have the greatest impact on student achievement and opportunities. We make sure we invest in the best staff. We look at repurposing programs whenever they prove less efficient, rather than layering on. Through all these actions, we've been able to meet our levy commitments, plus create additional student opportunities, while growing our cash reserves, setting Lakota up for future success."

**Julie Shaffer**  
President

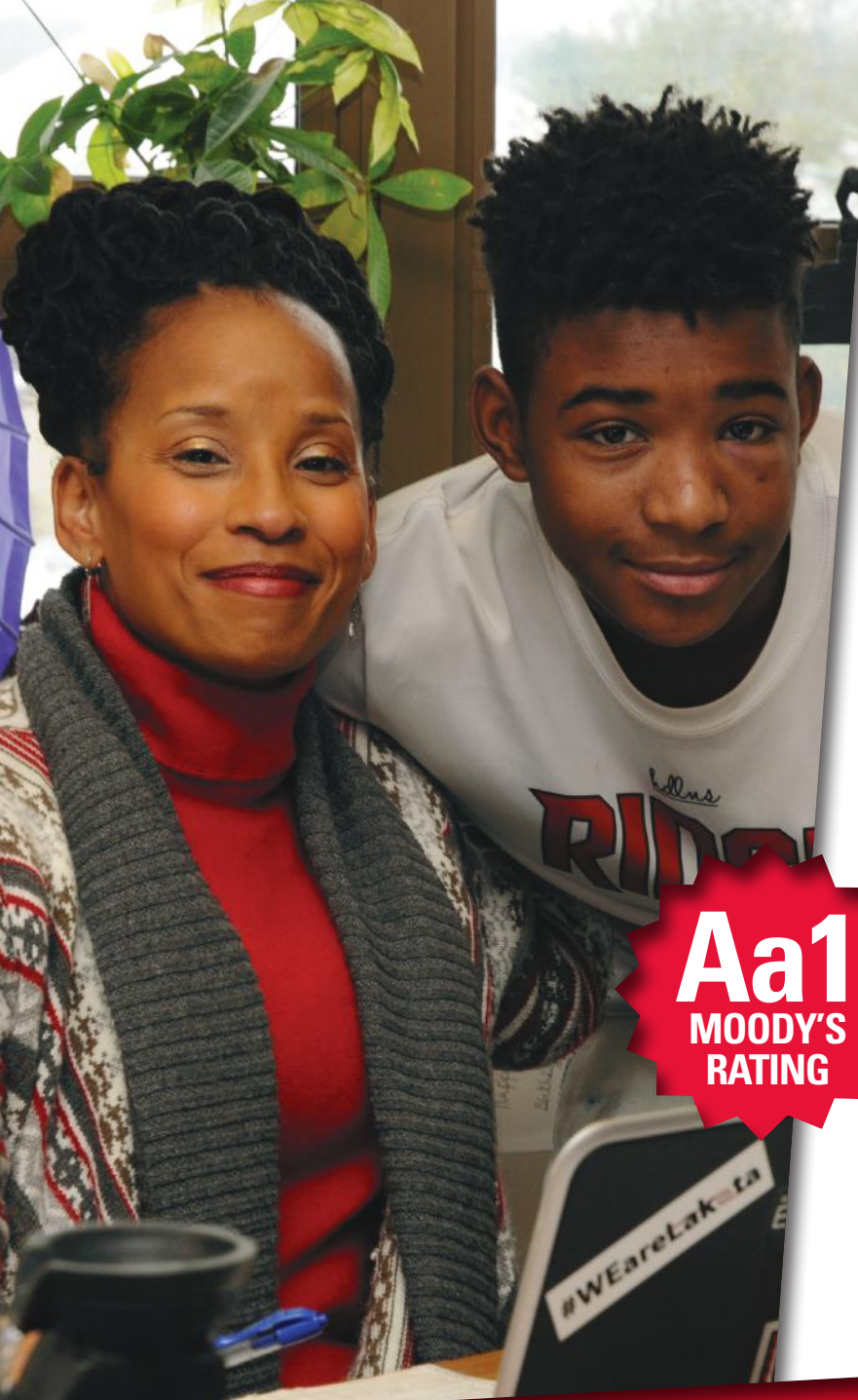


**Todd Parnell**  
Vice President

**A:** "Lakota is very fiscally responsible - we must be because we're stewards of the taxpayers' money. Blessed with a great treasurer and team that gives us all necessary information and projections to make sound decisions, we've built a significant cash reserve and review the cost/benefit analysis for every initiative. While we have things I think need to return, Lakota has never been healthier. I believe we offer a student and community experience that is unrivaled."



**Kelley Casper**  
Board Member



**Aa1**  
**MOODY'S**  
**RATING**

# Lakota Ranks High with Industry Experts

Just like large businesses, school districts receive ratings based upon their financial standing. 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 decisions made by the district during the last few years, Lakota Local Schools was awarded one of the highest possible bond ratings of Aa1 by Moody's Investor's Service.

In addition to receiving this accolade by Moody's, Lakota earned the prestigious Auditor of State Award with Distinction for the fifth consecutive time this 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.

## Being Fiscally Responsible?

**A:** "Being fiscally responsible is a priority at Lakota as we strive to be good stewards of our taxpayers' dollars. Reallocation of monies to fund new programs for our students and monitoring our spending to ensure we are getting the best "deal" for our purchased services are just two examples of how we accomplish this. Transparency with regards to our finances, through regular communication with our stakeholders, is also part of how Lakota is fiscally responsible."



**Brad Lovell**  
Board Member

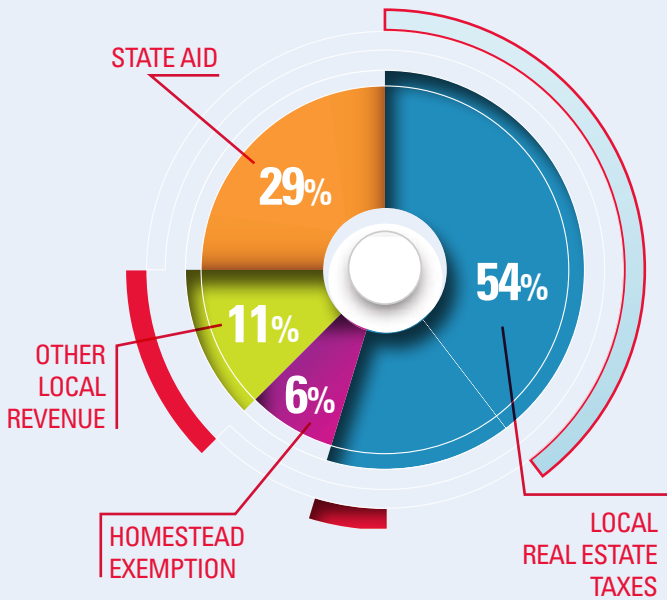
**A:** "As we look to innovate and enhance the educational experience for all students, we must remain fiscally responsible. This means that as a board and administration we must always be asking the question of "how might we" as we evaluate programs and resources that are no longer needed to help fuel new opportunities. The approach will continue to help us remain financially healthy and grow the district in new and exciting ways."



**Lynda O'Connor**  
Board Member

**A:** "Lakota took important steps demonstrating fiscal responsibility by voting recently to end the practice of challenging original property valuations for all of our business community. We need to maintain well thought out budgeting practices by offsetting cost increases with value driven decisions that give students opportunities to achieve their fullest potential and return value to our taxpayers. I believe we have the resources to sustain innovative educational excellence while maintaining a fiscally responsible budget process."

## REVENUE SOURCES



## Where Does the Money Come From?

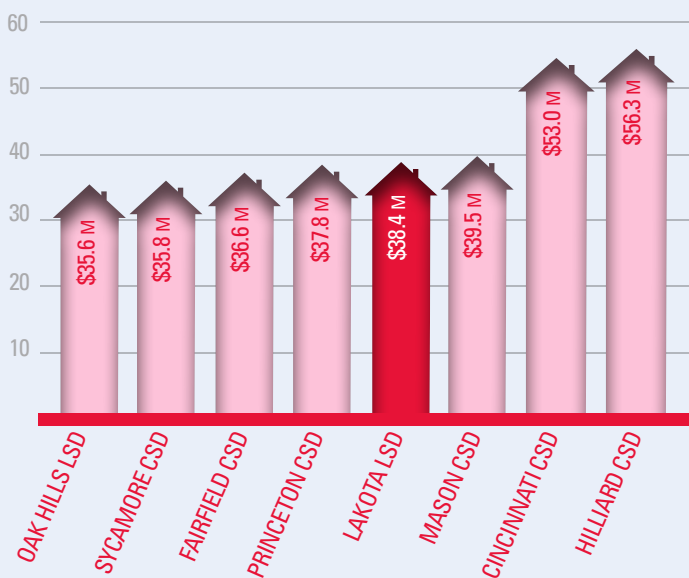
Lakota Local Schools is grateful for the support of the local community. In Ohio, school districts depend on a partnership between the state and the local community to support the educational needs of its students. The strength of our tax base is important for not only the school district, but the community as a whole.

At Lakota, 35 percent of the district's day-to-day funding comes from the state of Ohio and 65 percent comes from our local community. This includes resident, as well as business, real estate taxes within West Chester and Liberty townships.



## TAX COMPARISON FOR TAX YEAR 2018

TOTAL EFFECTIVE MILLAGE COLLECTED



## How Do Our 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. Lakota is the eighth largest public school district in Ohio and because size does matter when it comes to operating a school district, it is important to make fair comparisons. Ohio has declared certain districts to be similar to Lakota, mainly based upon their size and demographic make-up. 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. Furthermore, recent debt refinancing has helped to reduce Lakota's total millage for tax year 2019 (see back cover).

## How is Lakota Fiscally Responsible?

Fiscal responsibility, including making sound financial decisions, is a top priority at Lakota - so much so that it is a pillar in our vision: WE are Fiscally Responsible.

Lakota is a member of the Alliance for Excellence in School Budgeting, working with districts across the country implementing a smarter school spending framework. This framework is a district-wide culture that prioritizes the smart and strategic use of resources which align to student success.

We believe in being transparent and accountable to our community. We value the expert opinion of our district finance committee and the fiscal oversight its members provide. This committee meets several times a year with district administration and board liaisons. The members include finance and business experts, representatives from West Chester and Liberty townships, as well as a member of Lakota's instructional staff.

We work diligently and go to great lengths to ensure efficiencies wherever possible. Our cash balance is very strong and is predicted to remain that way throughout our most recent five-year forecast. With revenue growth predicted to fall below inflation, we aren't projecting a spending deficit until fiscal year 2023, the fifth year of our forecast. At that point, we would have to dip into our cash balance.

It is not unusual for a school district to show a spending deficit in a five-year forecast. In fact, more than 95 percent of schools in Ohio are showing a spending deficit in year five or before. A financial forecast is based on assumptions for the present and future. There are always unknowns and this forecast is no exception. We will remain vigilant and have already begun to review board policy with our finance committee, including policies to address: fiscal budget stabilization reserve (rainy day policy); minimum cash balance; and a structurally balanced budget.



## What is the Return on Your Investment?

The fact that Lakota Local Schools is expanding educational opportunities for students without raising taxes is a sign of a good return on taxpayers' investment. Take, for example, the recent rollout of Chromebooks for all of Lakota's secondary students. This was accomplished by specifically aligning a portion of dollars from our last levy's Permanent Improvement dollars. Expanding business partnerships for real world learning opportunities is yet another example of how Lakota is tapping into community resources, rather than taxpayers' wallets, to provide a more valuable learning experience.

Evidence of Lakota's commitment to smarter spending can be seen in the decreasing percentage of total tax dollars directed to the schools. Since 2014, the percentage of your total real estate taxes directed to the schools has consistently declined.

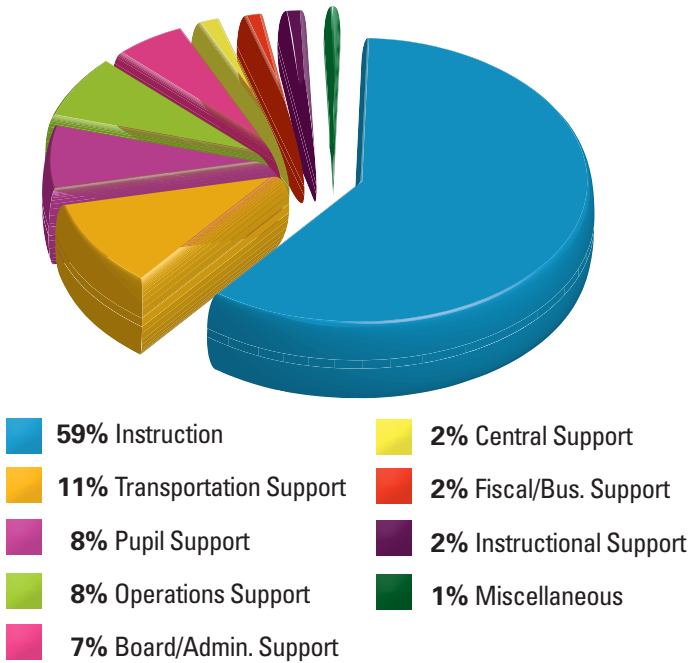
# What are our Spending Priorities?

At Lakota Local Schools, it is imperative that our money is being used wisely. That means directing our dollars where they are needed the most: the classroom. The majority of Lakota's expenses (74 percent) are paid from the general operating fund. The permanent improvement 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. This accounts for approximately four percent of spending.

## GENERAL FUND

We spend 69 percent of our general fund on the areas of instruction, pupil support and instructional support. This is compared to seven percent for board support, two percent for fiscal support, eight percent for operational support, 11 percent on transportation and two percent on central support.

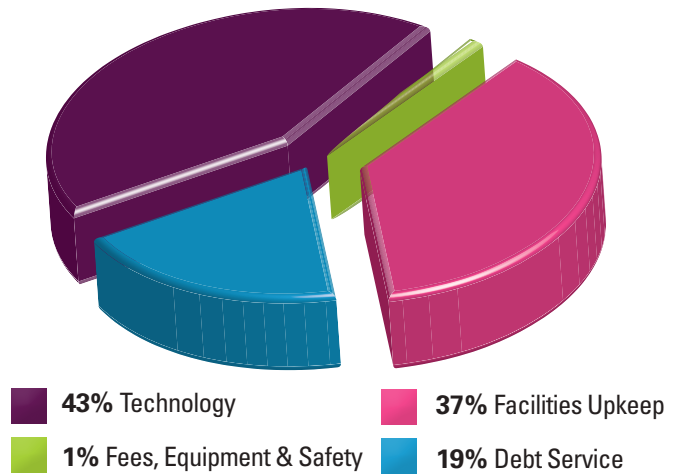
### GENERAL FUND EXPENSES BY AREA: FY2018



## PERMANENT IMPROVEMENT FUND

While only four percent of district spending comes from the permanent improvement fund, the majority of these expenses (80 percent) are for instructional support and facilities. This includes technology and maintenance on our 23 schools.

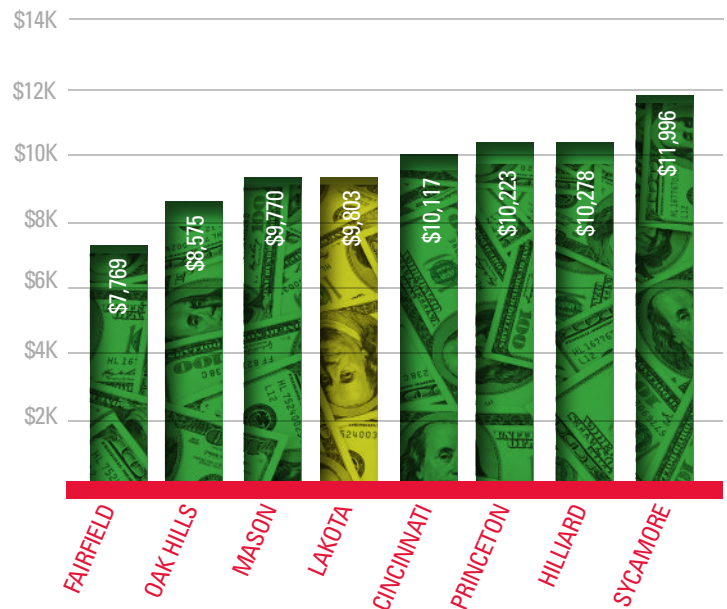
### PERMANENT IMPROVEMENT EXPENSES BY AREA: FY2018



# 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. Spending per pupil for Fiscal Year (FY) 2018 shows that Lakota Local Schools is fourth in spending out of eight area districts that are comparable in size. We keep a close eye on our budget and understand how to live within our means.

### SPENDING PER PUPIL: FY2018





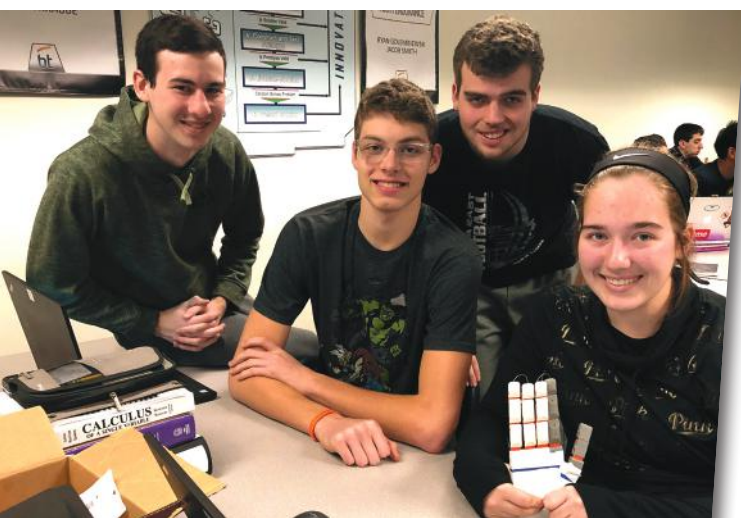
## How is Smarter Spending Making New Programs Possible?

At Lakota, we believe in continuous improvement, but not at the cost of financial instability. That's why we've found creative ways to introduce resources like personal Chromebooks for secondary students and media centers transformed into Innovation Hubs. In addition, every early childhood and elementary school building now has a Wonder Lab or STEAM<sup>2</sup> Lab.

Such upgrades come with a lesser impact to the budget when we redirect funds typically designated for textbooks that are quickly outdated to digital learning tools, for example, or use existing Permanent Improvement funds to replace outdated devices with new technology.

We're also putting an emphasis on real world learning opportunities through stronger business partnerships, including a new Cyber Academy option in the high schools. Other programs, like our partnership with MindPeace to provide easy access to affordable and high-quality mental health services and our Hope Squads, a peer support program, are helping with our students' social and emotional needs.

**We lean on our community partners and appreciate that we are all in this together.**










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# Drop in Millage Means Savings for Taxpayers

Community residents and business owners should be proud of Lakota Local Schools. With residents who continue to support the schools and students, and a district that understands the needs of local taxpayers, Lakota continues to move forward in a positive and efficient way.

By refinancing our debt over the past several years to take advantage of lower interest rates, we have been able to lower our debt service payments. This, combined with a steadily growing community and increasing values of residential and business properties, has lowered the amount we have to collect from our residents. This year, the bond millage has been decreased by one (1) mill and your latest property tax bill(s) will reflect this change. This means that our taxpayers will pay less to Lakota Local Schools annually - good news for you, our community.

