

#WEareLak@ta

FINANCIAL PROSPECTUS
SUMMER 2022

WE are Fiscally Responsible

LETTER FROM THE Treasurer



Jenni L. Logan
Treasurer/CFO

At Lakota Local Schools, being fiscally responsible with our taxpayers' dollars is such a priority that it is one of our vision statements: **WE are Fiscally Responsible.**

Operating our schools during a pandemic was a challenge, but it is one that we have bested. We also have a lot of reasons to be proud. Following board policy, the district was able to add \$2 million to its rainy day fund at the end of Fiscal Year 2021. This was a direct result of tightening our spending across all departments in the face of a pandemic. Additionally, the spending cuts from the State were not as severe as we anticipated and we received aid from the federal government. In fact, Lakota Local Schools is in the best financial position it has ever been in.

While we do have challenges ahead, I know that Lakota Local Schools is positioned to overcome them. Even in the midst of a pandemic, I presented a balanced budget to our Board of Education this May. This is the tenth consecutive year that we have achieved this. In April, we were awarded our eighth Auditor of State Award with Distinction for a clean audit. Our bond ratings from both Moody's Investors Service and Standard & Poor's continue to be among the highest possible.

We bring you this financial prospectus as a way for you, our community, to take a deeper dive into the district's finances. Throughout this publication, we'll explain where our school funding comes from and how the district is using the COVID relief funds to benefit our students. We'll take an in-depth look at the work we are doing to finalize a long-term Master Facilities Plan and you'll see where our spending priorities lie.

It's also with mixed emotions that I tell you this will be the last financial prospectus I share with you. In March I announced that I will retire from Lakota on Aug. 1. The past 11 years I have spent here are ones that I will cherish. I am proud of the work that we have done and the financial position I am leaving the district in. I also know that I am leaving Lakota in the best of hands. I am confident that the Board of Education members will choose the right person to continue leading this district in a fiscally responsible way.

This prospectus shares our financial story. If you have any questions or comments, please reach out. I'm always happy to discuss our finances with our community members.

Jenni L. Logan, Treasurer/CFO



FROM THE LAKOTA BOARD OF EDUCATION |

Q: In light of 10 years with a balanced budget and eight years straight



Lynda O'Connor
President

A: "It demonstrates accountability and a commitment to manage Lakota's finances to our community. Lakota's budget has been in the black for many years. It didn't get there by accident. That takes dedication to being fiscally responsible and finding solutions to critical issues. Having the best treasurer in the state has benefitted Lakota's financial stability. Looking back, helping make and keep Lakota a valuable community asset has been the one thing that makes all the hard work worthwhile."



Isaac Adi
Vice President

A: "Thanks to the leadership of Jenni Logan, we have a track record of fiscal responsibility that is well respected in Ohio. As a new school board member, I know how difficult my job would be if our balance sheet looked like many others in our state. I hope all of our stakeholders appreciate what has occurred as we continue to address complex issues with a proven legacy of financial transparency and responsibility."



Darbi Boddy
Board Member

#WEareFiscallyResponsible

Lakota Earns Eighth Auditor of State Award with Distinction

For an impressive eighth year in a row, Lakota Local Schools has earned the Auditor of State Award with Distinction from the Ohio Auditor of State. This recognition comes after the Fiscal Year 2021 financial audit and is a testament to the district's efforts in fiscal responsibility and transparency.

A school district can receive a "clean" audit if it meets several criteria, including:

- Completing an Annual Comprehensive Financial Report (formerly called the Comprehensive Annual Financial Report) within six months of fiscal year end;
- Having a "clean audit" with no findings for recovery, material citations, material weaknesses, significant deficiencies, single audit findings or questioned costs; and
- Having no other financial concerns.

This is the highest award given out by the State Auditor's office. Less than 3.6% of the 4,800 entities audited by the State each year earn this award. Lakota is proud to have earned this recognition for eight consecutive years.

Lakota Ranks High with Industry Experts

Just like large corporations, school districts are rated based on their financial standings. Similar to an individual's credit score, these ratings share with potential investors whether or not a district is a good investment. Lakota has earned one of the highest possible bond ratings of Aa1 from Moody's Investors Service and AA+ by Standard & Poor's (S&P). Both of these are just one notch down from the highest ratings possible.



School districts that manage their money wisely and pay off debts on time receive higher ratings and often save with lower interest rates. Because of Lakota's high ratings, the district has been able to refinance its debt several times over the past few years. One of the most recent occurrences of this in 2020 decreased interest payments by \$4.1 million and restructured the payment schedule to pay off its debt sooner.



10 Consecutive Years of Balanced Budgets

Lakota Local Schools has achieved 10 consecutive years of having a balanced budget, a feat that is not very common for school districts in Ohio.

As a result of making fiscal responsibility a priority for the district, the long run of balanced budgets has enabled Lakota to build up very strong cash reserves. While Lakota's budget stabilization policy sets a minimum 90-day cash balance, May's five-year forecast predicts the amount will exceed seven months at the end of the current fiscal year, more than double the minimum set in policy. Although a spending deficit appears in FY24, the cash balance remains healthy at the end of the forecasted period, with nearly six months' cash balance available. Additionally, the balance in the "rainy day" fund is predicted to exceed \$8 million.

With Lakota's cash reserves at an all-time high, there is no predicted need for an operational levy as a result of the May forecast. The district has not been on the ballot since 2013.



Earning the Auditor of State Award, what are you most proud of when it comes to Lakota's finances?

A: "Financial stability is not just important for maintaining a quality school district, but it's good for business. Attracting parents who are looking for stable districts attracts businesses, which helps to expand the tax base, making it possible to improve or expand the community and, ultimately, the schools. It's a highly effective model and I am proud of the fiscal success that Lakota has had in this area. I applaud Jenni Logan's efforts with this model."



Kelley Casper
Board Member

A: "I am proud of our transparency. From five-year forecast discussions at board meetings to yearly community conversations on finances to the many resources provided on our website, we keep the community well informed. I am proud of the fact that we are always looking for more opportunities for students, but keeping the financial implications and the sustainability of those programs in the forefront of our conversations."



Julie Shaffer
Board Member

A: "Lakota has taken its role of being a strong steward of the taxpayers' dollars very seriously. A thorough cost-benefit analysis is done before any investment in our students is made. The last levy has already lasted 2x its projection and allowed us to have over \$100 million saved for future needs. Our treasurer's department continues to support our district vision with excellence."

WHERE THE MONEY COMES FROM

What are Our Revenue Sources?

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

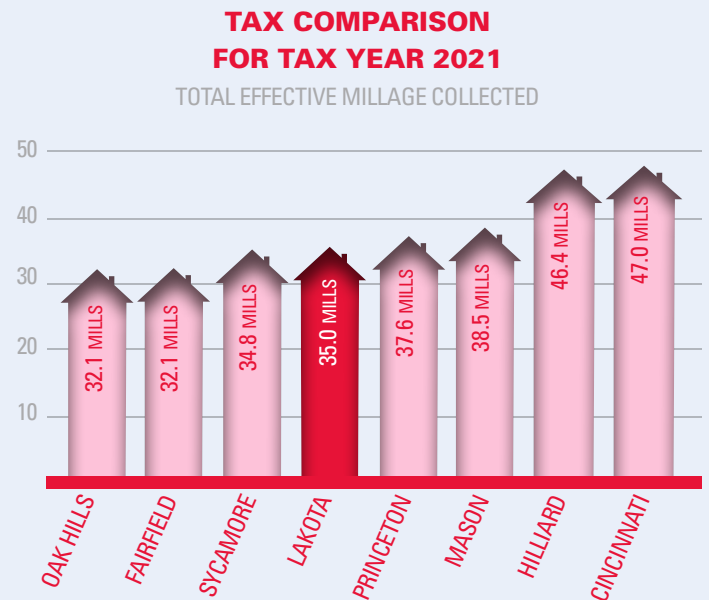
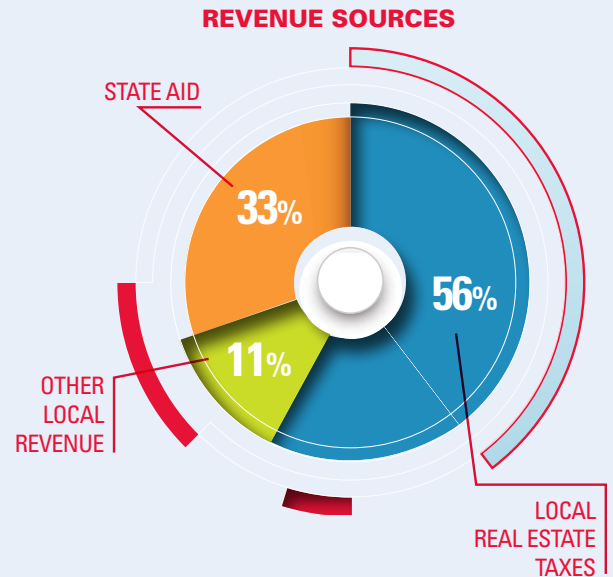
At Lakota, 33 percent of the district's day-to-day operational funding comes from the state of Ohio and 67 percent comes from our local community.

Local funding includes resident, as well as business, real estate taxes within West Chester and Liberty townships. State funding levels are adjusted every two years as part of the State's biennium budgeting process.

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 tenth largest public school district in Ohio, and because size makes a difference 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 on 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.



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 | VALUE OF HOME

TAKE 35% OF PROPERTY VALUE

\$35,000 | TAXABLE VALUE

DIVIDE BY 1000 FOR TAX PER MILL

\$35 | TAX PER MILL



WHERE THE MONEY GOES

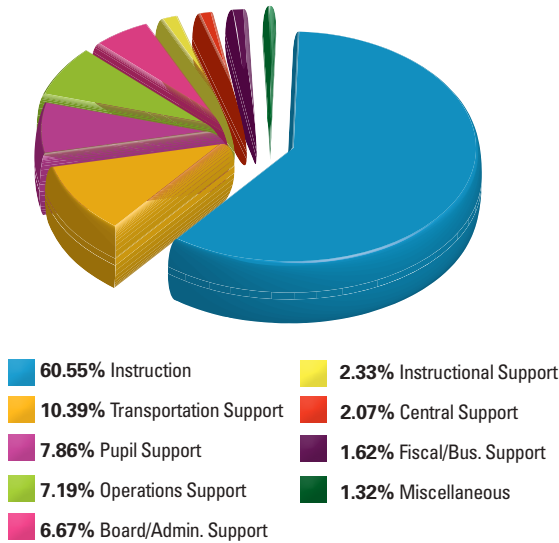
What are Our Spending Priorities?

At Lakota, it is imperative that our money is being used wisely. That means directing our dollars where they are needed the most: the classroom. We are proud to report that the vast majority of both our general operating and permanent improvement funds continue to support student instruction.

GENERAL OPERATING FUND

The majority of Lakota's expenses (83 percent) are paid from the general operating fund. We spend 71 percent of that fund on instruction, pupil support and instructional support. Another 10 percent of the general fund supports Lakota's transportation services.

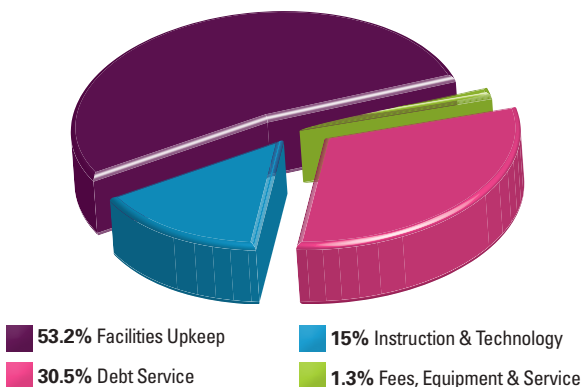
GENERAL FUND EXPENSES BY AREA: FY21



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 three percent of district spending comes from the PI fund, the majority of these expenses (68 percent) covers instructional support and facilities. This includes technology and maintenance of our 23 schools.

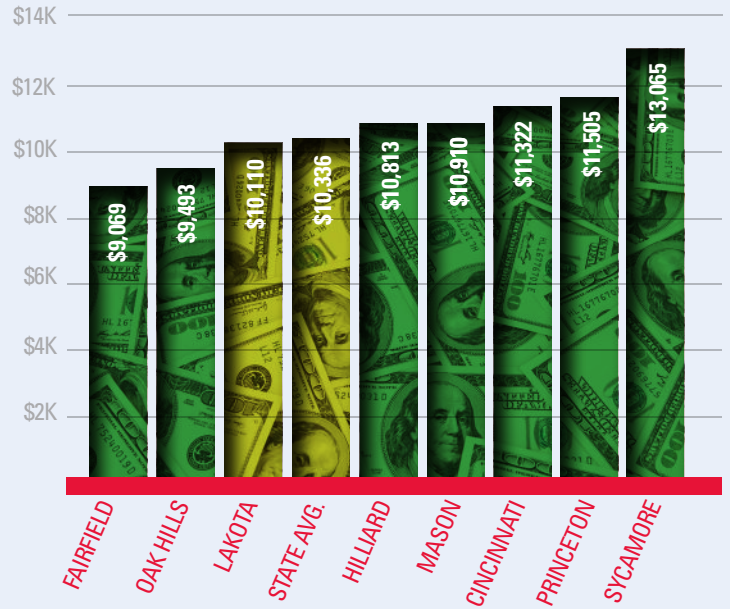
PERMANENT IMPROVEMENT FUND EXPENSES BY AREA: FY21



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', especially other large districts in Ohio. Spending per pupil for Fiscal Year (FY) 2021 shows that Lakota Local Schools is third lowest 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: FY2021



The Elementary and Secondary School Emergency Relief (ESSER) Fund coupled with the Coronavirus Aid Relief and Economic Security (CARES) Act and Broadband Ohio, provides Lakota with approximately \$19.6 million in federal funds to be spent by September 2024. The funds are designed to prevent, prepare for and respond to COVID-19; address learning loss; and help facilitate a safe return of in-person instruction and provide a continuity of services.

The funds have helped to provide a Lakota-created virtual learning curriculum; expand Lakota's "WE are Empowered" one-to-one device program to third-through fifth-graders; build out the district's Multi-Tiered Systems of Support (MTSS) to help implement the district's recovery plan for learning loss and personalized learning for all students; provide additional nursing support; and purchase supply kits for students in grades K-8.

REMAINING ESSER III ALLOCATIONS

Grades 3-6 1:1 (FY22-24)	\$5,400,000.00
MTSS Supervisors (FY23-24)	\$1,366,147.57
VLO Admin	\$156,814.00
Summer School (FY22-23)	\$200,000.00
Offset Cost of 4 Custodians (FY22-23)	\$376,445.08
MTSS Software (FY22-23)	\$200,000.00
Apex Credit Recovery Software	\$183,089.50
Secondary Tutors & Building Subs (FY22-23)	\$1,000,000.00
Student Classroom Supply Kits	\$865,697.53
Extended School Year Stipends	\$105,306.67
Nursing Staff (FY22-23)	\$2,113,744.87
Total	\$11,967,245.22

MASTER FACILITIES PLAN

#WEareBuildingOurFuture

After pressing pause twice on master facilities work due to the COVID-19 pandemic, the district committee is moving full steam ahead to choose a final, long-term building plan that will meet the educational needs of its students far into the future.

Lakota's strategic plan calls for an in-depth assessment of the district's facilities. A master facilities plan (MFP) serves as a guide for assessing the need for facility improvements and the capital investments required to implement them. The last time the district completed a modified MFP was in 2008. The last comprehensive plan was completed in the early 2000s.

The committee's end goal is to build a plan that protects the district's most important assets - Lakota's 25 buildings, valued at more than \$400 million - and supports the type of learning that will carry our schools into the future.

As enrollment continues to climb, it is essential that an MFP be developed and approved. With current enrollment over 17,000, the district has been forced to make use of modular, or portable, classrooms to accommodate the growth.

Since January, the committee, which includes all five school board members, has reviewed 11 different plan options. At its April meeting, the Board narrowed the plans to four configurations, including a baseline plan that keeps all current buildings and the same grade band configuration.

Plan Options

The facilities committee will take four plans, including the current building configuration, to the community for feedback before the Board makes its final decision later this fall. It is important to the Board that the community is able to view a variety of options, including renovating or putting additions on existing schools versus building new ones, as well as different grade-band configurations. **This summer, the district started a series of in-person community meetings to share why a facilities plan is essential and the potential financial impact, as well as gather feedback on each plan.**

OPTION 1 (EXISTING CONFIGURATION)	OPTION 2	OPTION 3	OPTION 4
 \$514 million ESTIMATED COST	 \$508 million ESTIMATED COST	 \$491 million ESTIMATED COST	 \$502 million ESTIMATED COST
<ul style="list-style-type: none"> Covers necessary renovations or additions to current buildings Limited reimbursement through state funding options Preschool continues to be combined with two existing schools Continues current grade band structure: K-2, 3-6, 7-8, 9, 10-12 23 total schools, including Lakota Central (formerly The Academy) 	<ul style="list-style-type: none"> Maximizes reimbursement through state funding options Independent preschool building Grade band structure: Preschool, K-3, 4-6, 7-8 and 9-12 Closing 10 schools Building seven new schools Building additions to both high schools 20 total schools 	<ul style="list-style-type: none"> Maximizes reimbursement through state funding options Independent preschool building Grade band structure: Preschool, K-5, 6-8, 9-12 Closing 10 schools Building six new schools plus a new building to be used for specialty high school classes 18 total schools 	<ul style="list-style-type: none"> Maximizes reimbursement through state funding options Independent preschool building Grade band structure: Preschool, K-5, 6-8 and 9-12 Closing 10 schools Building three new schools, including two new high schools Using the current high schools as middle schools 15 total schools
SCAN TO LEARN MORE ABOUT THIS PLAN 	SCAN TO LEARN MORE ABOUT THIS PLAN 	SCAN TO LEARN MORE ABOUT THIS PLAN 	SCAN TO LEARN MORE ABOUT THIS PLAN 

MASTER BUILDING PLAN TIMELINE





How Will Lakota Fund the Plan?

Knowing a master facilities plan would be adopted by the Board in the near future, Lakota's finance leadership has been laying the groundwork to ease the burden on the taxpayers as much as possible.

STATE ASSISTANCE

The Board of Education may choose to enroll in Ohio's Expedited Local Partnership Program (ELPP). Once accepted, the district would be eligible to begin receiving partial funding from the State for all projects that are completed in the final Master Facilities Plan from that point forward. Right now, it is estimated that this could amount to 29% or up to \$147 million, of financial assistance for the district, so long as the MFP meets state requirements.

DISTRICT PLANNING

By taking advantage of lower interest rates and restructuring its debt, Lakota's finance team has saved taxpayers several million dollars. The district has restructured its debt with the goal to pay it off sooner versus decreasing the millage rate. Lakota has shifted its strategy from lowering millage rates over time to maintaining a consistent millage for a shorter period of time.

The district purposefully restructured its debt to minimize the impact of a new bond issue, which would be required to finance the master facilities plan. The last time Lakota was on the ballot was in 2013.

Fast Facts



Lakota's 25 buildings are valued at more than \$400 million.



The average age of Lakota's facilities is 32 years old.

50

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



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



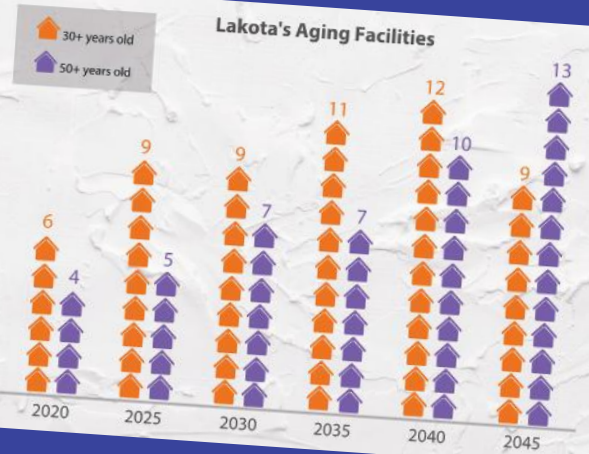
Enrollment is over 17,000 and continues to grow, outpacing long-term predictions from 2019.



May 2023:
Begin Facilities
Plan Design

2024-2026:
Phase 1
Implementation

2027-2037:
Phase 2
Implementation





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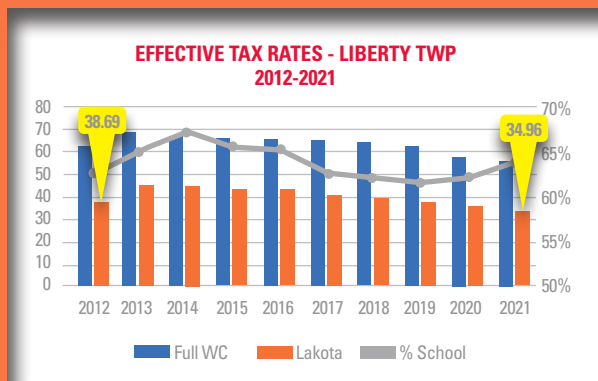
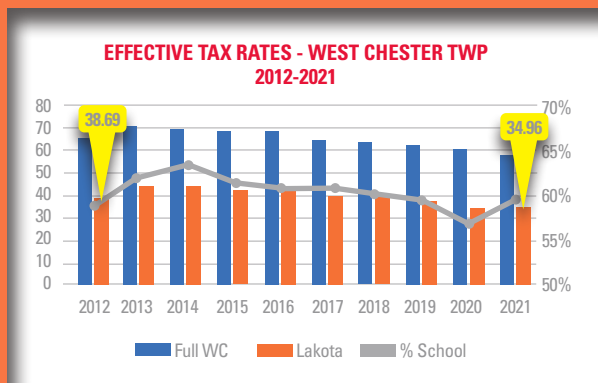
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DID YOU KNOW...

Lakota taxpayers paid less millage in taxes to the schools in 2020 than they paid in 2012?

Lakota's debt refinancing efforts, paired with continued growth in both our community's business sector and residential spaces, has contributed to a steady decline in the total millage collected from taxpayers specifically for Lakota Schools since 2012. As a result, Lakota collected less millage in 2021 (34.96 Mills) than it collected in 2012 (38.69 Mills), even after passing the last levy in 2013.



VIDEO: School Finances 101

Understanding school finances can be confusing. Let second-grader Leo break it down for you.



Scan the QR code to learn all about how Lakota's finances work.



WE Want to Hear from You

Lakota uses an online platform called ThoughtExchange to regularly engage our community by gathering input on different topics. The tool encourages participants to share their own thoughts by answering a single question and then rate others' thoughts according to how strongly they agree.

ANSWER OUR LATEST QUESTION:

As a taxpayer, how have you witnessed Lakota being fiscally responsible and how do you measure Lakota Local Schools as a good return on your investment?



Scan the QR code to participate in the ThoughtExchange before it closes on June 30!