



#WEareLak@ta

**Lak@ta**  
Local Schools

**FINANCIAL PROSPECTUS**  
**SPRING 2024**

LETTER FROM THE

# Treasurer

As the Treasurer and Chief Financial Officer (CFO) of Lakota Local Schools, I am honored to share with you our evidence of unwavering commitment to fiscal responsibility.



Adam Zink  
Treasurer/CFO

**WE are Fiscally Responsible.** While this may seem like a simple statement, it is one of our core principles—a pillar in our strategic plan—that guides every financial decision we make. We take immense pride in how we apply fiscal responsibility to our decision-making process, and we want our community to fully understand how we manage taxpayer dollars.

Our annual financial prospectus serves as a critical tool to achieve this goal. Through its pages, we aim to provide our community members with a better understanding of how public school finances work. Let me highlight some key aspects:

### Comparison with Neighboring Districts

We meticulously analyze Lakota's spending, revenue and taxes in comparison to neighboring and similar districts. We are committed to transparency and want you to see how we stack up.

### General Operating vs. Permanent Improvement Funds

Understanding the distinction between these funds is crucial. The General Operating Fund supports day-to-day operations, while the Permanent Improvement Fund focuses on long-term infrastructure needs. We manage both with the utmost care.

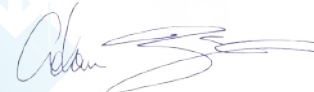
### Recent Accomplishments

Our commitment to fiscal responsibility has yielded tangible results. From efficient resource allocation to prudent financial planning, we celebrate our achievements.

Our dedication to fiscal responsibility is not just something we say; it's a promise to our taxpayers. With 57% of our revenue sourced from taxpayer contributions, we recognize the weight of this responsibility. Every decision we make is guided by the singular purpose to deliver a personalized, future-ready learning experience for every student, while honoring the trust placed in us by our community.

We know that school funding can be complex. Our prospectus aims to demystify it, answering your questions and equipping you with valuable information. On behalf of the Finance Department team, I extend heartfelt gratitude for your support. Together, WE ensure that Lakota Local Schools remains a beacon of excellence.

Thank you for entrusting us with your taxpayer dollars.



Adam Zink, Treasurer/CFO



## Lakota Board of Education

### Standing, L to R:

Douglas Horton, Christina French, Isaac Adi

### Sitting, L to R:

Vice President Kelley Casper,  
President Julie Shaffer



SCAN TO VISIT  
OUR BOARD  
WEBSITE



## #WEareFiscallyResponsible

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

Lakota Local Schools has once again achieved a remarkable milestone: For the tenth consecutive year, it has earned the Auditor of State Award with Distinction. This prestigious recognition underscores the district's unwavering commitment to financial responsibility and transparency. The award follows the Fiscal Year 2023 financial audit period, serving as a powerful testament to Lakota's dedication to maintaining the highest level of fiscal integrity.

In Ohio, government entities—including school districts—can attain a “clean” audit by meeting specific criteria. These criteria include timely presentation of an Annual Comprehensive Financial Report within six months of the fiscal year's end; absence of financial issues; and no findings related to recovery, material citations, material weaknesses, significant deficiencies, single audit findings, or questioned costs. Remarkably, less than 5% of government entities throughout Ohio receive the highest award bestowed by the State Auditor. Lakota's consistent achievement of this honor for ten consecutive years is truly commendable.



The Lakota Finance Department team

### Lakota Ranks High with Industry Experts

Similar to how major corporations are assessed based on their financial health, school districts also receive industry ratings that reflect their financial position. These ratings play a crucial role for potential investors, just like an individual's credit score, helping them decide whether investing in the district is a prudent choice.

Lakota Local Schools consistently earns outstanding ratings from both Moody's Investors Service (Aa1) and Standard and Poor's (AA+), positioning them just one level below the highest achievable ratings.



By managing their finances prudently and meeting debt obligations promptly, school districts can enhance their industry ratings and enjoy the benefits of lower interest rates. Thanks to its stellar ratings, Lakota has successfully refinanced its debts multiple times in recent years, much like homeowners who refinance mortgages to secure better interest rates.



### 11 Consecutive Years of Balanced Budgets

Lakota Local Schools has achieved a remarkable feat: 11 consecutive years of maintaining a balanced budget through Fiscal Year 2023's five-year forecast. This accomplishment is far from ordinary in the landscape of school districts across Ohio.

Driven by a steadfast commitment to fiscal responsibility, Lakota has not only sustained this impressive streak of balanced budgets, but has also managed to build a robust cash reserve. While the district's Cash Balance Reserve policy mandates a minimum 90-day cash balance, the forecast for May anticipates an even more substantial reserve—exceeding six months' worth of funds. This amount is more than twice the policy's minimum requirement.

Although a spending deficit is projected for Fiscal Year 2026, Lakota's financial health remains strong. At the end of the forecasted period, the district will still boast a healthy cash balance, with nearly six months' worth of funds readily available. Additionally, the district's “rainy day” fund is predicted to be more than \$6 million. This prudent financial management ensures Lakota's resilience and ability to weather most unforeseen challenges.

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 since 2013.



WHERE THE MONEY COMES FROM

### What are Lakota’s Revenue Sources?

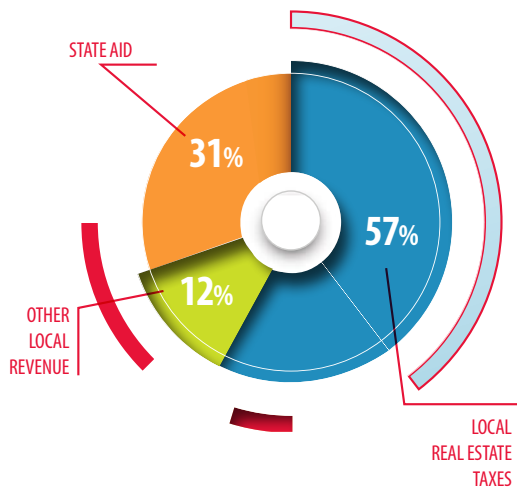
In Ohio, funding for public schools hinges on a carefully crafted system known as the “Ohio School Funding Formula.” This formula takes into account several critical factors, including student enrollment, property values within school districts and the local tax base. This intricate formula serves as the backbone of educational funding in Ohio. It operates on a hybrid model, combining both state and local dollars to support K–12 schools. The goal of the formula is to ensure equitable funding across districts, while recognizing the unique needs of each community.

Ohio allocates a significant portion of its education budget to primary and secondary schools. In Fiscal Year 2023, Lakota received 31% of its revenue from the State.

Local funding plays a pivotal role in school funding. Districts rely on a mix of property taxes (both residential and commercial), state and federal funds. The formula emphasizes funding based on where students are educated, rather than where they reside. This approach eliminates the practice of transferring dollars from one district to another for students attending community schools or participating in scholarship programs. In Fiscal Year 2023, Lakota received 57% of its funding from local property taxes.

Additionally, the formula considers base costs, staffing levels and actual expenses to determine a unique per-pupil funding amount for each school and district. The health of Lakota’s tax base directly impacts not only the district’s educational quality, but also the overall well-being of our community.

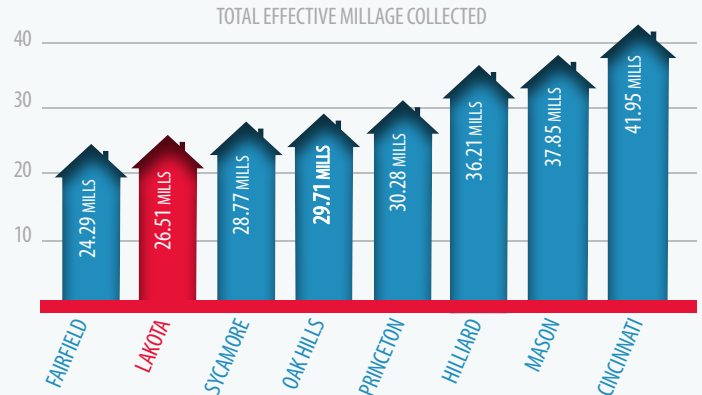
#### FY 2023 GENERAL FUND REVENUE SOURCES



### How Do Lakota’s Taxes Compare?

Understanding how Lakota’s tax rates compare with those of neighboring and similar school districts provides taxpayers with a perspective to evaluate their investment returns. In terms of tax rates, Lakota aligns closely with its neighboring districts and is significantly lower than the effective millage rate of numerous other large school districts in Ohio.

#### TAX COMPARISON FOR TAX YEAR 2023



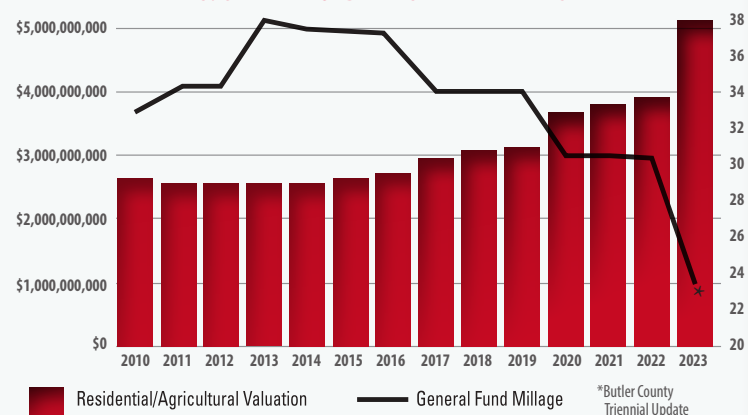
### Effect of House Bill 920

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 mills operating).



**DID YOU KNOW...** The general fund effective mills collected by Lakota have dropped below pre-levy numbers?

#### TAX YEAR RESIDENTIAL/AGRICULTURAL VALUATION VS. GENERAL FUND EFFECTIVE TAX MILLAGE



### 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\*

\*Assessed value is calculated at 35% of appraised property value. These values are on file at the Butler County Auditor’s Office.

**\$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



#### LEARN MORE:

Scan these QR codes to learn more about the impact millage and valuation have on Lakota’s general operating fund.



## WHERE THE MONEY GOES

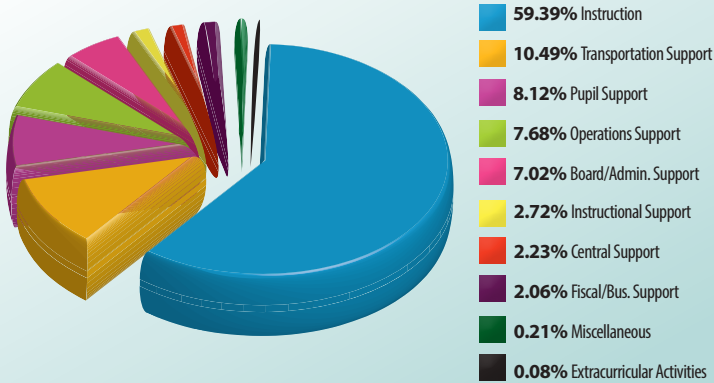
### What Are Lakota's Spending Priorities?

At Lakota Local Schools, we recognize the significance of conscientious financial resource management. Our top concern is to direct funds toward the most crucial area - student instruction. We are dedicated to channeling a substantial portion of Lakota's general operating and permanent improvement funds toward strengthening learning.

#### GENERAL OPERATING FUND

The majority of Lakota's expenses (77%) are paid from the general operating fund. Seventy percent of that fund is spent on the areas of instruction, pupil support, instructional support and extracurricular activities. Additionally, another 10.5% of the general fund supports Lakota's transportation services.

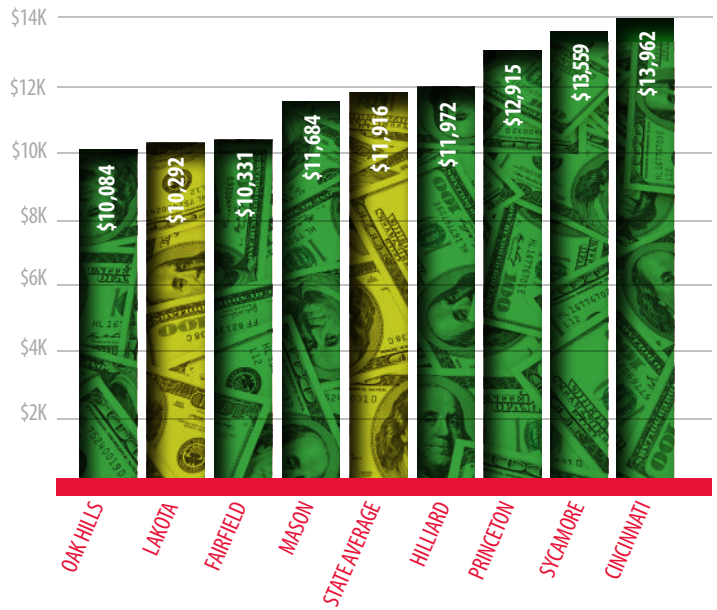
FY 2023 GENERAL FUND EXPENSES BY AREA



### How Does Lakota's Spending Compare?

It's crucial not only to be aware of the district's resource management, but also to have an understanding of how it measures up against its peers, particularly other sizable school districts in Ohio. We prioritize monitoring our budget and are adept at staying within our financial means.

FY2023 SPENDING PER PUPIL

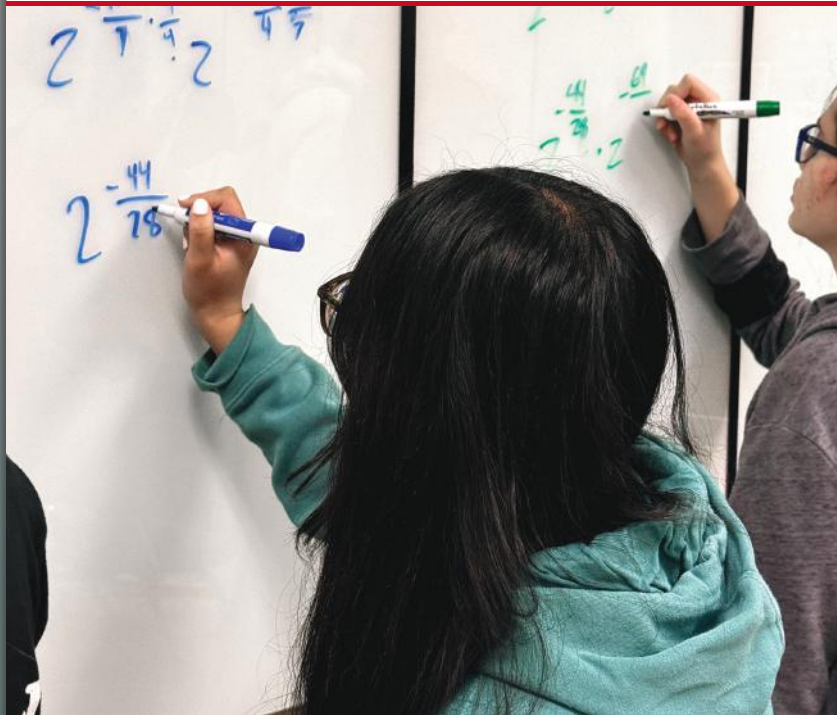
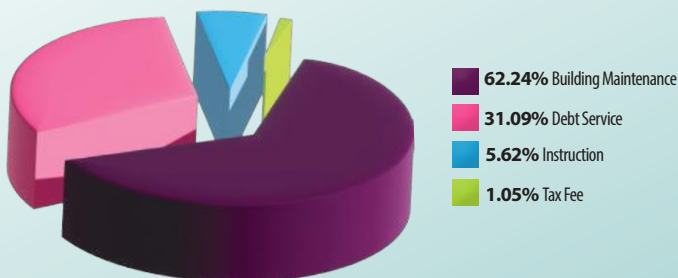


#### PERMANENT IMPROVEMENT FUND

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%) cover instructional support and facilities. This includes technology and maintenance of Lakota's 23 schools.

FY 2023 PERMANENT IMPROVEMENT FUND EXPENSES BY AREA



# MASTER FACILITIES UPDATE

#WEareBuildingOurFuture

At its January 2024 organizational meeting, the Lakota Board of Education communicated that moving forward with the Master Facilities Plan (MFP) is a priority.

Last year, the Board made concessions to the original plan in order to be more fiscally responsible. While the building configuration has changed from the originally approved plan, the grade band divisions remain the same.

The Board is also committed to making necessary repairs to existing buildings to ensure that all schools are safe learning environments for Lakota students and staff. 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 Lakota's facilities can best meet and support the educational needs of Lakota's more than 17,600 students into the future.

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 requirements 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 up to an estimated \$147 million or 29% of the financial assistance needed for the plan. This amount will vary based on when the final plan is approved by the OFCC.

### 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.

### UNDERSTANDING A BOND ISSUE

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.

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. A timeline for asking Lakota's taxpayers to support a future bond issue has not been established.

The last time Lakota was on the ballot was in 2013.

## ORIGINAL PLAN

**Preschool: 1 school**  
Liberty ECS

**K-5: 12 schools**  
Cherokee, Endeavor, Independence, Union, VanGorden, Wyandot, Plains Junior, Ridge Junior, East Freshman, 3 NEW K-5 buildings

**6-8: 2 schools**  
Lakota East and West

**9-12: 2 schools**  
2 NEW high schools

**Estimated Total Cost:**  
**\$562,000,000**  
(Excludes athletic facilities)

## REVISED PLAN

**Preschool: 1 school**  
Liberty ECS

**K-5: 11 schools**  
Cherokee, Endeavor, Independence, Union, VanGorden, Wyandot, Ridge Junior, 4 NEW K-5 buildings

**6-8: 2 schools**  
East Freshman and Plains Junior

**9-12: 2 schools**  
Additions on Lakota East and West

**Estimated Total Cost:**  
**\$515,000,000**  
(Use existing athletic facilities)



## Enrollment Growth

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



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



## 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. However, the State would want to include the cost of a new roof in the master plan, even though a new roof is not technically needed at this time.

### GENERAL & PI FUND 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>


\* Classified as being in "deficient condition" by the OFCC.  
 \*\* Total includes roofing, parking lot & HVAC expenditures at the time of printing this publication.


## ? DID YOU KNOW...

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

 The average age of Lakota's facilities is 37 years old.


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

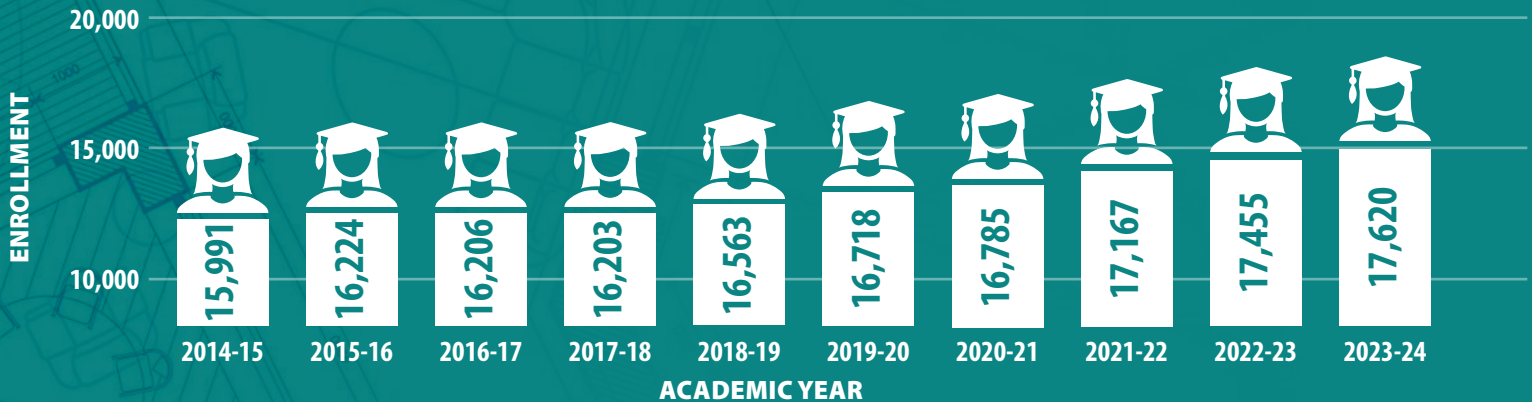
 Lakota's two high schools are the oldest in Butler County.

 Enrollment is over 17,600 and continues to grow, outpacing long-term predictions from 2019.

 Lakota's operations team oversees over 2.3 million square feet of buildings and over 500 acres of land.

 Lakota school buses traveled 2.3 million miles during the 2022-2023 school year.

 Lakota's Child Nutrition department served 1.2 million lunches and 225,000 breakfasts during the 2022-2023 school year.





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## Kindergarten Registration is Open

Registration for new Lakota students in grades K-12 for the 2024-2025 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 an enrollment review by the Welcome Center team; this step does not require parent/guardian participation or attendance at a meeting. Please note that if all required documents are not received via the online portal by your scheduled review, you will be contacted and it will be rescheduled.



SCAN TO LEARN MORE  
ABOUT REGISTRATION

## Fiscal Transparency

WE are committed to fiscal transparency. Visit [lakotaonline.com/finances](http://lakotaonline.com/finances) and stay informed using the helpful tools provided here.



SCAN TO VISIT OUR FINANCE  
DEPARTMENT WEBSITE



 <b>FIVE-YEAR FORECAST</b> 	 <b>FINANCIAL PUBLICATIONS</b> 	 <b>FY 2023 AUDIT</b> 	 <b>BUDGET AND APPROPRIATIONS</b> 
 <b>STRATEGIC PLAN</b> 	 <b>2013 LEVY FACTS</b> 	 <b>DISTRICT REPORT CARDS</b> 	 <b>OHIO CHECKBOOK</b> 
 <b>MONTHLY BOARD REPORTS</b> 	 <b>PUBLIC RECORDS</b> 	 <b>QUALITY PROFILE</b> 	 <b>SCHOOL FINANCES VIDEOS</b> 