

**LAKOTA LOCAL SCHOOL DISTRICT-BUTLER COUNTY
SCHEDULE OF REVENUE, EXPENDITURES, AND CHANGES
IN FUND BALANCES FOR THE FISCAL YEARS ENDED
JUNE 30, 2023, 2024, and 2025 ACTUAL
FORECASTED FISCAL YEARS ENDING
JUNE 30, 2026, THROUGH JUNE 30, 2030**



**Financial Forecast Provided By
Lakota Local School District
Treasurer's Office
Mr. Adam Zink, Treasurer/CFO**

February 23, 2026

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Lakota Local School District

Butler County

Schedule of Revenues, Expenditures and Changes in Fund Balances

For the Fiscal Years Ended June 30, 2023, 2024, 2025 Actual;

Forecasted Fiscal Year Ending June 30, 2026 through 2030

| | Actual | | | | Average Change | Forecasted | | | | |
|------------------------------------|--|--------------------|--------------------|---------------------|-----------------|---------------------|---------------------|---------------------|---------------------|---------------------|
| | Fiscal Year 2023 | Fiscal Year 2024 | Fiscal Year 2025 | | | Fiscal Year 2026 | Fiscal Year 2027 | Fiscal Year 2028 | Fiscal Year 2029 | Fiscal Year 2030 |
| Revenues | | | | | | | | | | |
| 1.010 | General Property Tax (Real Estate) | 102,849,758 | 107,848,475 | 113,743,105 | 5.2% | 115,389,926 | 118,830,607 | 122,271,552 | 124,116,721 | 126,787,132 |
| 1.020 | Tangible Personal Property | 9,295,585 | 10,143,737 | 10,659,626 | 7.1% | 11,352,526 | 12,419,838 | 13,003,175 | 13,606,885 | 14,200,409 |
| 1.030 | Income Tax | 0 | 0 | 0 | 0.0% | 0 | 0 | 0 | 0 | 0 |
| 1.035 | Unrestricted State Grants-in-Aid | 47,430,636 | 48,612,019 | 49,677,614 | 2.3% | 53,347,291 | 55,647,708 | 56,566,297 | 56,705,433 | 56,987,222 |
| 1.040 | Restricted State Grants-in-Aid | 2,950,544 | 4,547,822 | 3,079,595 | 10.9% | 2,105,534 | 1,803,150 | 1,821,182 | 1,839,394 | 1,857,788 |
| 1.045 | Restricted Fed. SFSF Fd. 532 FY10&11/Ed Jobs Fd.504 FY12 | 0 | 0 | 0 | 0.0% | 0 | 0 | 0 | 0 | 0 |
| 1.050 | State Reimbursement for Property Tax Credit | 11,132,848 | 11,714,680 | 12,272,940 | 5.0% | 11,982,903 | 12,286,216 | 13,044,506 | 13,200,738 | 13,477,666 |
| 1.060 | All Other Revenues | 23,601,610 | 27,165,713 | 26,243,425 | 5.9% | 24,364,779 | 24,000,427 | 24,203,646 | 23,963,372 | 23,924,311 |
| 1.070 | Total Revenues | 197,260,981 | 210,032,446 | 215,676,305 | 4.6% | 218,542,959 | 224,987,946 | 230,910,358 | 233,432,543 | 237,234,528 |
| Other Financing Sources | | | | | | | | | | |
| 2.010 | Proceeds from Sale of Notes | 0 | 0 | 0 | 0.0% | 0 | 0 | 0 | 0 | 0 |
| 2.020 | State Emergency Loans and Advancements (Approved) | 0 | 0 | 0 | 0.0% | 0 | 0 | 0 | 0 | 0 |
| 2.040 | Operating Transfers-In | 2,016,173 | 162,985 | 1,535,727 | 375.2% | 1,348,100 | 672,900 | 680,050 | 0 | 0 |
| 2.050 | Advances-In | 0 | 178,925 | 1,551,967 | 0.0% | 329,111 | 0 | 0 | 0 | 0 |
| 2.060 | All Other Financing Sources | 160,825 | 51,760 | 880,280 | 766.4% | 741,783 | 249,946 | 253,912 | 264,568 | 275,116 |
| 2.070 | Total Other Financing Sources | 2,176,998 | 393,670 | 3,967,974 | 99.9% | 2,418,994 | 922,846 | 933,962 | 264,568 | 275,116 |
| 2.080 | Total Revenues and Other Financing Sources | 199,437,979 | 210,426,116 | 219,644,279 | 4.9% | 220,961,953 | 225,910,792 | 231,844,320 | 233,697,111 | 237,509,644 |
| Expenditures | | | | | | | | | | |
| 3.010 | Personal Services | 111,653,418 | 114,651,152 | 119,546,810 | 3.5% | 123,536,010 | 125,884,789 | 128,777,947 | 131,798,873 | 134,721,153 |
| 3.020 | Employees' Retirement/Insurance Benefits | 36,936,010 | 42,514,476 | 45,962,577 | 11.6% | 48,648,982 | 49,871,851 | 51,198,396 | 52,552,660 | 53,876,788 |
| 3.030 | Purchased Services | 36,195,955 | 36,853,403 | 41,459,246 | 7.2% | 44,416,994 | 42,001,402 | 43,240,542 | 44,875,834 | 46,731,123 |
| 3.040 | Supplies and Materials | 5,173,315 | 6,964,970 | 9,882,638 | 38.3% | 5,448,840 | 6,008,573 | 6,105,601 | 6,204,291 | 6,304,675 |
| 3.050 | Capital Outlay | 985,834 | 461,922 | 362,536 | -37.3% | 411,611 | 418,343 | 425,187 | 432,145 | 439,221 |
| 3.060 | Intergovernmental | 0 | 0 | 0 | 0.0% | 0 | 0 | 0 | 0 | 0 |
| | Debt Service: | | | | 0.0% | | | | | |
| 4.010 | Principal-All (Historical Only) | 550,000 | 570,000 | 600,000 | 4.4% | 620,000 | 640,000 | 670,000 | 0 | 0 |
| 4.020 | Principal-Notes | 0 | 0 | 0 | 0.0% | 0 | 0 | 0 | 0 | 0 |
| 4.030 | Principal-State Loans | 0 | 0 | 0 | 0.0% | 0 | 0 | 0 | 0 | 0 |
| 4.040 | Principal-State Advancements | 0 | 0 | 0 | 0.0% | 0 | 0 | 0 | 0 | 0 |
| 4.050 | Principal-HB 264 Loans | 796,005 | 865,000 | 870,000 | 4.6% | 670,000 | 0 | 0 | 0 | 0 |
| 4.055 | Principal-Other | 0 | 0 | 0 | 0.0% | 0 | 0 | 0 | 0 | 0 |
| 4.060 | Interest and Fiscal Charges | 213,875 | 208,083 | 55,205 | -38.1% | 58,100 | 32,900 | 10,050 | 0 | 0 |
| 4.300 | Other Objects | 2,206,261 | 2,071,370 | 2,201,576 | 0.1% | 2,259,349 | 2,490,041 | 2,512,052 | 2,525,443 | 2,540,276 |
| 4.500 | Total Expenditures | 194,710,673 | 205,160,376 | 220,940,588 | 6.5% | 226,069,886 | 227,347,899 | 232,939,775 | 238,389,246 | 244,613,236 |
| Other Financing Uses | | | | | | | | | | |
| 5.010 | Operating Transfers Out | 3,889,119 | 3,346,439 | 51,174,754 | 707.6% | 11,602,166 | 11,144,709 | 11,343,726 | 10,811,913 | 10,994,156 |
| 5.020 | Advances-Out | 178,925 | 1,551,967 | 329,111 | 344.3% | 0 | 0 | 0 | 0 | 0 |
| 5.030 | All Other Financing Uses | 0 | 0 | 0 | 0.0% | 0 | 0 | 0 | 0 | 0 |
| 5.040 | Total Other Financing Uses | 4,068,044 | 4,898,406 | 51,503,865 | 485.9% | 11,602,166 | 11,144,709 | 11,343,726 | 10,811,913 | 10,994,156 |
| 5.050 | Total Expenditures and Other Financing Uses | 198,778,717 | 210,058,782 | 272,444,453 | 17.7% | 237,672,052 | 238,492,608 | 244,283,501 | 249,201,159 | 255,607,392 |
| 6.010 | Excess of Revenues and Other Financing Sources over (under) Expenditures and Other Financing Uses | 659,262 | 367,334 | (52,800,174) | -7259.1% | (16,710,099) | (12,581,816) | (12,439,181) | (15,504,048) | (18,097,748) |
| 7.010 | Cash Balance July 1 - Excluding Proposed Renewal/Replacement and New Levies | 115,320,719 | 115,979,981 | 116,347,315 | 0.4% | 63,547,141 | 46,837,042 | 34,255,226 | 21,816,045 | 6,311,997 |
| 7.020 | Cash Balance June 30 | 115,979,981 | 116,347,315 | 63,547,141 | -22.5% | 46,837,042 | 34,255,226 | 21,816,045 | 6,311,997 | (11,785,751) |
| 8.010 | Estimated Encumbrances June 30 | 520,451 | 402,778 | 456,277 | -4.7% | 500,000 | 500,000 | 500,000 | 500,000 | 500,000 |
| Reservation of Fund Balance | | | | | | | | | | |
| 9.045 | Fiscal Stabilization | 7,913,380 | 7,983,035 | 0 | -49.6% | 0 | 0 | 0 | 0 | 0 |
| 9.050 | Debt Service | 0 | 0 | 0 | 0.0% | 0 | 0 | 0 | 0 | 0 |
| 9.060 | Property Tax Advances | 0 | 0 | 0 | 0.0% | 0 | 0 | 0 | 0 | 0 |
| 9.070 | Bus Purchases | 0 | 0 | 0 | 0.0% | 0 | 0 | 0 | 0 | 0 |
| 9.080 | Subtotal | 7,913,380 | 7,983,035 | 0 | -49.6% | 0 | 0 | 0 | 0 | 0 |
| 10.010 | Fund Balance June 30 for Certification of Appropriations | 107,546,150 | 107,961,502 | 63,090,864 | -20.6% | 46,337,042 | 33,755,226 | 21,316,045 | 5,811,997 | (12,285,751) |
| Revenue from New Levies | | | | | | | | | | |
| 13.010 | Income Tax - New | 0 | 0 | 0 | 0.0% | 0 | 0 | 0 | 0 | 0 |
| 13.020 | Property Tax - New | 0 | 0 | 0 | 0.0% | 0 | 0 | 0 | 11,315,559 | 21,760,690 |
| 13.030 | Cumulative Balance of New Levies | 0 | 0 | 0 | 0.0% | 0 | 0 | 0 | 11,315,559 | 33,076,249 |
| 14.010 | Revenue from Future State Advancements | 0 | 0 | 0 | 0.0% | 0 | 0 | 0 | 0 | 0 |
| 15.010 | Unreserved Fund Balance June 30 | 107,546,150 | 107,961,502 | 63,090,864 | -20.6% | 46,337,042 | 33,755,226 | 21,316,045 | 17,127,556 | 20,790,498 |

Lakota Local School District – Butler County
Notes to the Financial Forecast
General Fund Only
February 23, 2026

Introduction to the Five-Year Forecast

A forecast is a snapshot of today. Based on historical trends, what we know and future assumptions. That snapshot, however, will be adjusted because the further into the future the forecast extends, the more likely it is that the projections will deviate from experience. Various events will ultimately impact the latter years of the forecast, such as state budgets (adopted every two years), tax levies (new/renewal/replacement), salary increases, enrollment variances, or businesses moving in or out of the district. The five-year forecast is a crucial management tool and must be updated periodically. The five-year forecast enables district management teams to examine future years' projections and identify when challenges will arise. This helps district management to be proactive in meeting those challenges. School districts are encouraged to update their forecasts with the Ohio Department of Education and Workforce (ODEW) when events materially change their forecast or, at a minimum, when required under the statute.

In a financial forecast, the numbers only tell a small part of the story. For the numbers to be meaningful, the reader must review and consider the Assumptions of the Financial Forecast before drawing conclusions or using the data as a basis for other calculations. The assumptions are fundamental to understanding the rationale of the numbers, particularly when a significant increase or decrease is reflected.

Since the preparation of a meaningful five-year forecast is as much an art as it is a science and entails many intricacies, it is recommended that you contact the Treasurer/Chief Fiscal Officer of the school district with any questions you may have. The Treasurer/CFO submits the forecast, but the Board of Education is recognized as the official owner of the forecast.

Here are three (3) essential purposes or objectives of the five-year forecast:

- (1) To engage the local board of education and the community in long-range planning and discussions of financial issues facing the school district.
- (2) To serve as a basis for determining the school district's ability to sign the certificate required by O.R.C. §5705.412, commonly known as the "412 certificate".
- (3) To provide a method for the Ohio Department of Education and Workforce and the Auditor of State to identify school districts with potential financial problems.

Ohio [HB.96](#) was passed in June 2025 which amended O.R.C. 5705.391 and O.A.C. 3301-92.04 requiring a Board of Education (BOE) to file their current years budgeted revenue and expenses, and three additional years. This is essentially a four (4) year forecast. Beginning in fiscal year 2026 (July 1 to June 30) the financial forecast must be filed by October 15, and the end of February. The filing deadlines will change in fiscal year 2027 to August 31, and end of February each fiscal year thereafter. While the legislative requirement is to file a four-year forecast, as noted above, we believe it is a prudent business practice to continue to develop a five-year forecast for planning purposes. The five-year forecast includes three years of actual and five years of projected general fund revenues and expenditures. The first year of the financial forecast is considered the current year budget and is used as the base for future years projections. Our forecast is updated to reflect the most current economic data available for the February 2026 filing.

Economic Outlook

The current global economic condition is marked by a mix of recovery and uncertainty. While some regions, particularly advanced economies, are experiencing stable growth, inflation rates remain high in several parts of the world, driven by supply chain disruptions, rising energy costs, and labor shortages. Central banks, notably the Federal Reserve, have raised interest rates to combat inflation, which has slowed economic activity in some sectors. Meanwhile, emerging markets face unique challenges, such as fluctuating commodity prices and currency depreciation, exacerbating debt burdens. Overall, the outlook is cautious, with geopolitical tensions, particularly around energy and trade, adding further complexity to the global economic landscape.

Data and assumptions noted in this forecast are based on the best and most reliable data available to us as of the date of this forecast.

Forecast Risks and Uncertainty:

This financial forecast has risks and uncertainty due to economic changes, new property tax laws signed by Governor DeWine on December 19, 2025, and also state legislative changes that will occur in the spring of 2027 and 2029 due to deliberation of the following two (2) state biennium budgets for FY28-29 and FY30-31, all of which affect this forecast. Data and assumptions noted in this forecast are based on the best and most reliable data available to us as of the date of this forecast. The items below give a short description of the current issues and how they may affect our forecast in the long term:

- I. On December 19, 2025, Governor DeWine signed into law several pieces of legislation that are the most sweeping changes to Ohio property tax law since 1976 when [HB.920](#) was passed. The legislation approved are: [HB.129](#), [HB.186](#), [HB.309](#), and [HB.335](#). These laws become effective March 19, 2026, which is after the February filing deadline for this forecast. Of particular

concern is [HB.186](#), which implements new caps on property tax increases, applied retroactively, for property reappraisal and triennial updates that occurred in tax year 2023, 2024, and 2025. Due to the complexity of these calculations, the Ohio Department of Taxation (ODT) has been charged with calculating the effects of this legislation and notifying Ohio's 88 county auditors as to the impact on property tax bills and subsequent tax settlements to local governments. The ODT has until April 20, 2026 to calculate any tax reductions that impact school districts.

A brief summary of the impact of each piece of legislation is noted below with specific anticipated impacts to this forecast noted in Estimated Real Estate Tax Line 1.01 section of these assumptions below:

- [HB.129](#) restores fixed sum levies and implements new requirements. It will also include fixed sum levy millage in the 20-mill floor calculation beginning in the next sexennial reappraisal or triennial update cycle of any county that contains district territory, but no later than Tax Year 2028, which will collect in calendar year 2029. For some districts, this will result in a loss due to a change in the 20-mill floor. Lakota Local Schools is not on the 20-mill floor.
- [HB.186](#) establishes Inflation Cap Credits and Temporary Tax Credits (claw back). Following reappraisals and triennial updates for school district property taxes, the Inflation Cap Credits prevent increases beyond the Gross Domestic Product Deflation Factor (GDP DF). The Temporary Tax Credits (claw back) provision refunds tax revenue that has already been collected by school districts beginning with sexennial reappraisals and triennial updates that occurred before the effective date of the law, retroactive back to tax year 2023, 2024, and 2025. These are funds that have already been realized and have been spent and/or included in future educational planning. While skyrocketing home values resulted in the need for property tax reform that limits tax growth for taxpayers, the retroactive claw back of taxes already paid is very detrimental to districts at the 20-mill floor. Lakota Local Schools is not on the 20-mill floor.
- [HB.309](#) allows County Budget Commissions (CBC's) to reduce any voter-approved levy (except debt) to bring taxes levied within levels the CBC finds reasonable and prudent to avoid unnecessary collections. This law gives locally elected CBC officials the power to override voter-approved levies and local school board fiscal decisions. The impact of this new law is indeterminable and can be administered inconsistently in 88 counties across Ohio.
- [HB.335](#) limits revenue growth from inside millage due to sexennial valuation reappraisals or triennial updates to no more than the Gross Domestic Product Deflation Factor (GDP DF). Our district plans to project at or below anticipated GDP DF to avoid inflation cap credits on inside millage.

Because the new, accelerated February filing deadline for school district forecasts, and the ODT's deadline to supply the tax reductions to school districts of April 20, 2026 are misaligned, authoritative data concerning [HB.186](#)'s official impact on our district will not be received as of the filing of this forecast. We have estimated revenues and expenses based on the limited data available and our understanding of this legislation. As authoritative data concerning [HB.186](#) is made available to the district, changes may need to be made to the forecast that may or may not be significant.

- II. Property tax collections are largest single source for the school system and a significant risk to the forecast. We project growth in appraised values every three (3) years that aligns with the new [HB.186](#) Gross Domestic Product Deflation Factor (GDP DF) and new construction growth. The effects of [HB.186](#) will be to limit property tax growth following sexennial reappraisals and triennial updates. Total local revenues, predominately local taxes, equate to 69.1% of the district's resources. As noted above, [HB.186](#) indicates any adjustment for prior year appraisals and updates that exceeded GDP DF in reappraisals and triennial updates that occurred in tax years 2023, 2024 and 2025 will result in possible, significant reductions (claw back) in the second half property tax collections that typically occur in August to September 2026. If the Ohio Department of Taxation (ODT) determines adjustments are required due to [HB.186](#), further revenue reductions in Tax Year 2026 collected in calendar year 2027 taxes will also result. We have included any estimated adjustment for [HB.186](#) in Line 1.01 assumptions below, but only the ODT will have actual authoritative data when it is released after this forecast filing deadline.
- III. Butler County experienced a triennial update in tax year 2023 for collection in FY24. We experienced value increases for Class I and II property by \$1.2 billion for an overall increase of 32.9%. A sexennial reappraisal will occur in tax year 2026 for collection in FY27. We anticipate value increases for Class I (Residential/Agriculture) and Class II (Commercial/Industrial) property within the Gross Domestic Product Deflation Factor range of 6% to 9%. [HB.335](#) inside millage cap will become effective for any reappraisal and update beginning in tax year 2026, and [HB.129](#) will become effective for our district in the next reappraisal in tax year 2026. We have anticipated any 20-mill floor adjustment at that time in Line 1.01 assumptions below. We do not anticipate any impact of [HB.335](#) on our tax projections due to our estimates for future growth in reappraisal being in line with anticipated GDP DF.
- IV. The state budget represented 30.9% of district revenues, which means it is a significant risk to the revenue. The future risk comes in FY28 and beyond if the state economy stalls due to a possible recession and the Fair School Funding Plan is not continued and/or funded in the next state biennium budget. In this forecast, there are two unknown future State Biennium

Budgets covering FY28-29 and FY30-31. Future uncertainty in the state foundation funding formula and the state's economy makes this area an elevated risk to district funding long-range through FY30. We have projected our state funding in FY26 based on recent formula calculations and use of the Ohio Department of Education and Workforce (ODEW) funding simulator for FY27 projections. This forecast reflects state revenue to grow by 0.5% from FY28 through FY30, which we feel is conservative and should be close to what the state approves for the next two biennium budgets. We will adjust the forecast in future years as we have data to make an informed decision.

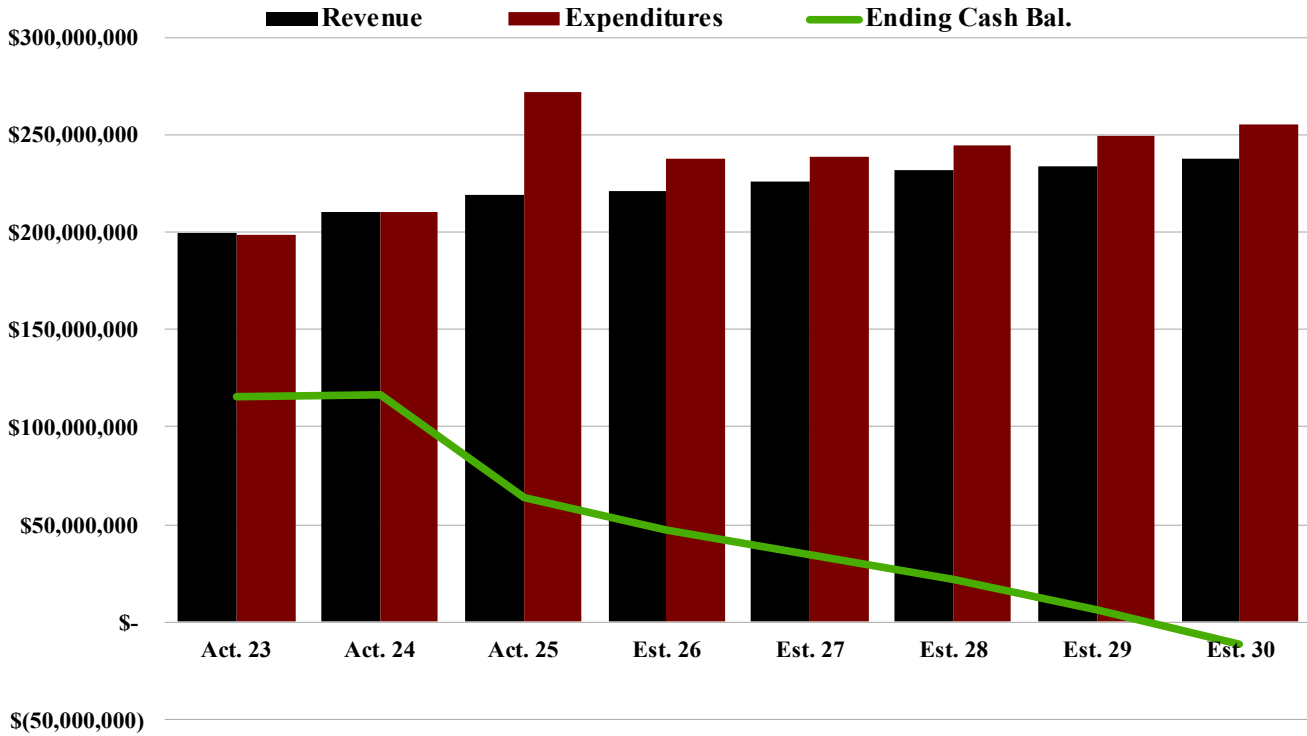
- V. [HB.96](#), the current state budget, continues to phase in what has been referred to as the Fair School Funding Plan (FSFP) for FY26 and FY27. FY26 reflects 83.33% of the implementation cost at year five of a six-year phase-in plan, which increases by 16.66% each year. FY27 will result in 100% funding of the FSFP. [HB.96](#) did not increase the base cost inputs (no increase from the state on formula funding) while allowing local capacity inputs to increase. This causes more districts to appear to have greater local ability to fund their schools thus reducing the amount of State Aid they receive. We have used the most recent FY27 simulations published by the Department of Education and Workforce for our forecasted revenues in FY27-FY30.
- VI. [HB.96](#), the current state biennium budget, also enacted a new provision called "Piggyback Property Tax Exemptions". This provision allows county commissioners in each county in Ohio to double the current Homestead Exemption and owner occupied 2.5% tax credit. Current Homestead and 2.5% owner occupied credits are reimbursed to the district from the state of Ohio. These expanded "Piggyback Property Tax Exemptions" will not be reimbursed. Butler County Commissioners approved the Piggyback exemption for the homestead exemption for tax year 2025, which is collected in calendar year 2026. This will result in estimated tax reductions for FY26 and FY27 noted in Line 1.01 Property Tax Estimates below. [HB.96](#) would allow this to occur every year, and if they were to be approved could result in reduced property tax collections for the school district of roughly \$873 thousand from current operating levies. This new law creates a potential risk to our local tax collections every year. County auditors have until December 2026 to implement this tax credit for tax year 2026. We will adjust the forecast in the future accordingly.
- VII. The Ohio Department of Taxation, on January 15, 2026, announced an updated state property tax sexennial reappraisal and triennial update schedule. Sixteen counties will have their reappraisal moved back by one year in accordance with the new schedule. Our county will not be impacted by this change.
- VIII. Labor relations in our district have been amicable with all parties working for the best interest of students. We believe as we move forward our positive working relationship will continue. Both labor union contracts have been extended through June 30, 2026.

The significant lines of reference for the forecast are noted below in the headings to make it easier to relate the assumptions made for the forecast item and refer to the forecast. It should assist the reader in reviewing the assumptions noted below in understanding the overall financial forecast for our district. If you would like further information, please contact Mr. Adam Zink, Treasurer/CFO of Lakota Local Schools at 513-644-1180, adam.zink@lakotaonline.com, or visit our [webpage](#) for additional resources.

General Fund Revenue, Expenditures and Ending Cash Balance Actual FY23-25 and Estimated FY26-30

The graph below captures in one snapshot the operating scenario facing the district over the forecasted years.

General Fund Revenue, Expenditures & Cash Balance

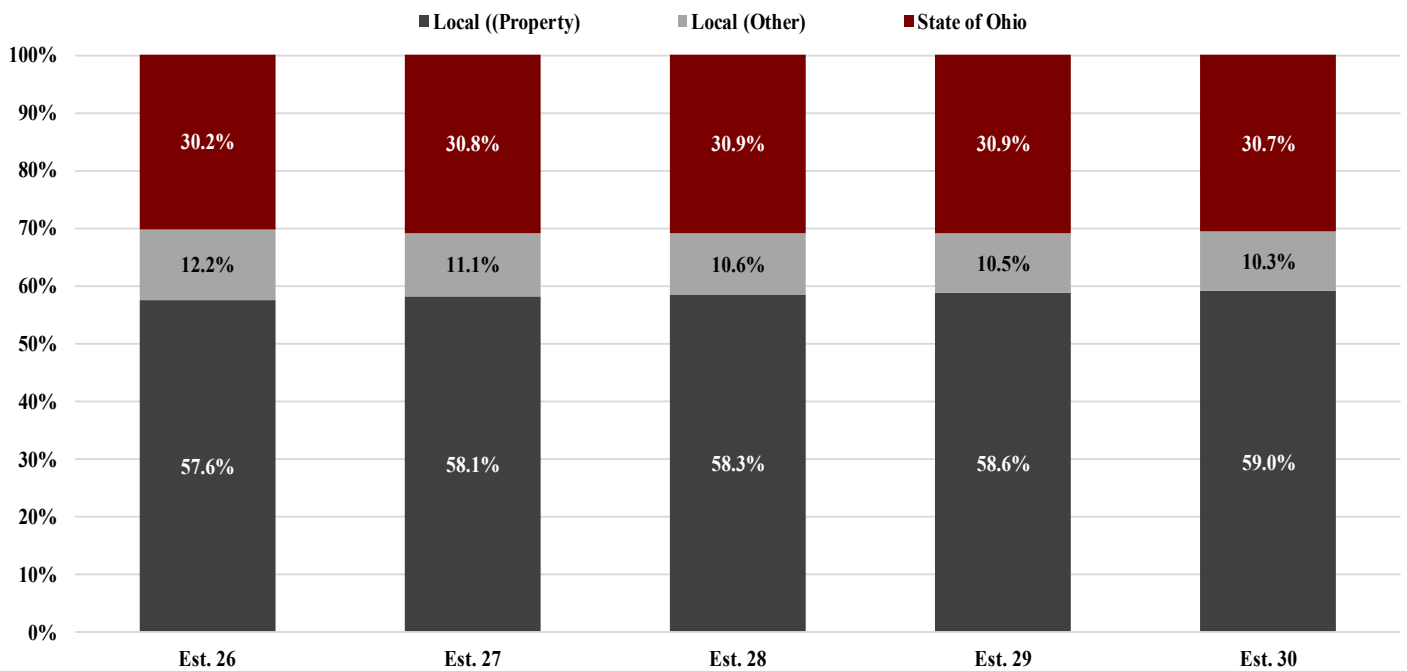


Revenue Assumptions

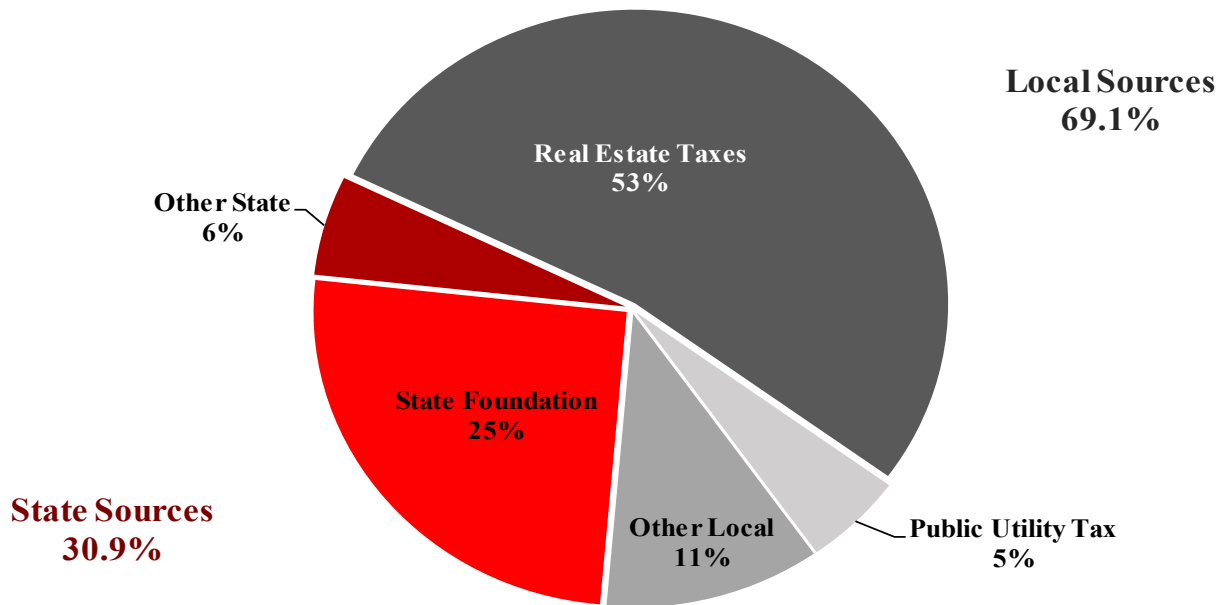
All Operating Revenue Sources General Fund FY26

In this section the reader will find information on where district revenues come from, as well as the methodology used to estimate future years' revenues. These estimates are based on the best information we have at the time of submission.

Investors in Lakota Local Schools



Est. General Fund Revenues FY2026 \$218,542,959



Real Estate Value Assumptions for the Collections in Lines #1.010 and #1.020

Property values have shown a trend of recovery since 2014, and the pace is picking up. Our 2023 triennial update shows values increasing at a pace not seen since before 2008. When the district values rise due to inflation, [HB.920](#) will reduce voted tax rates so there is no increase other than on the un-voted inside millage amount. As we get further away from the recession of 2008, our values will continue to increase and [HB.920](#) will prevent our district from collecting additional revenues from those increased values until our district reaches the 20-mill floor.

Property values are established each year by the county auditor based on new construction, demolitions, Board of Revisions and Board of Tax Appeals activity and complete reappraisal or updated values. New to this forecast, [HB.186](#) allows new construction growth in property taxes irrespective of GDP DF. Butler County experienced a triennial update for the 2023 tax year to be collected in 2024. Residential/agricultural values increased 38.05%, or \$1.11 billion, due to the update led by a strong housing market.

For tax year 2024, new construction in residential property was up 1.2%, or \$52.9 million, in assessed value and commercial/industrial values increased 2.5%, or \$21.6 million. Overall values rose \$85.5 million, or 1.7%, which includes new construction for all classes of property. At this time, we are modeling property tax collections over the forecasted period using average new construction growth trends for both Class I and Class II. Due to the rapid growth the district has seen for both Class I and Class II properties, we have been moderately aggressive in our new construction estimates. New construction growth has additional revenue considerations for our real property collections caused by [HB.920](#). The new construction revenue is received prior to the new values being added to the district's total property valuation, which would reduce the effective millage collected for Class I and Class II properties. Because the revenue is received prior to the effective millage reduction, these are new revenues to the district and are a significant area of risk that we monitor closely for any changes in value.

A sexennial reappraisal will occur in 2026 for collection in fiscal year 2027, which we are estimating to increase 9% in residential/agricultural and 5% for commercial/industrial property based on the average of the last four Reappraisal/Update cycles. Overall, we anticipate Residential/Agricultural and Commercial/Industrial values to increase \$427 million, or 8.29%. Due to [HB.920](#), the assumed reappraisal growth will decrease the voted effective millage. The increase to collections in the reappraisal is only to the 6.49 inside mills Lakota receives.

The May 2025 forecast assumed the sexennial reappraisal would reflect a 24.5% increase in residential and a 10% increase in commercial/industrial property, which would have resulted in overall value increases of \$1.2 billion. Since May 2025, the housing market has stalled significantly with the Federal Reserve maintaining the interest rates for as long as they had. Also, due to the high home prices, this unaffordability has kept many families in their current homes, which reduces supply and causes prices to remain at higher levels. The October 2026 forecast assumed the sexennial reappraisal would reflect a 15% increase in residential and a 5% increase in commercial/industrial property, which would have resulted in overall value increases of \$682 million. Since October 2026, the state legislature has passed [HB.186](#) and [HB.335](#), which established Inflation Cap Credits that prevent value increases beyond the Gross Domestic Product Deflation Factor (GDP DF). At this time Lakota is impacted by [HB.335](#) which will cap the revenues generated by the

6.49 inside mills. These factors, along with other economic factors (unemployment, tariffs, local economic development, etc.), have caused growth to slow significantly.

Public Utility Personal Property (PUPP) is not impacted by [HB.920](#), due to tax payments being calculated with voted millage, or 64.14 general fund mills for Lakota. PUPP values increased by roughly \$4.5 million in tax year 2025. However, we have reduced the values by \$21.9 million to account for a value dispute that Duke Energy has filed on parcels within Lakota’s boundaries. We anticipate that Duke will “tender pay” these property taxes until the dispute is settled. This is to ensure that the district does not collect the funds ahead of the determination. If the funds are collected, and the value is reduced, the district would owe a refund to Duke Energy. If the values remain at the higher amount, then Duke will make payments to the district on the unpaid amounts, which would result in a windfall in future years. Due to the high level of risk, we do not anticipate this in this forecast. The estimated \$4.2 million value per tax year reduces the payment to Lakota Local Schools by \$270 thousand per tax year. We are assuming our values will continue to grow by a rolling three-year average (omitting the dramatic increase in tax year 2023, which was not in alignment with trend) for each year of the forecasted period.

Tangible personal property (TPP) values decreased to \$0 in 2011 because of [HB.66](#) passed in 2005 to be effective July 1, 2005. This began a systematic phase-out of the tax base statewide to be replaced by a Commercial Activities Tax (CAT). The district has not been held harmless from the loss of the local taxes by the state TPP reimbursements, due to cuts made in [HB.153](#) reimbursements. In 2004, our district’s TPP values were \$183,373,135 and yielded the general fund \$11,119,738 in local taxes, which is equivalent to losing a 4.42 mill levy each year. Elimination of the TPP taxes, transferred the burden for those lost dollars into increased taxes on local taxpayers, a shift of the tax burden from businesses to residential taxpayers.

We have been conservative with any future value increases for reappraisal or updates due to uncertainty over pending legislation as noted in the Forecast Risks and Uncertainty above.

Estimated Assessed Property Valuations by Collection Years

| <u>Classification</u> | <u>Actual</u> | <u>Estimated</u> | <u>Estimated</u> | <u>Estimated</u> | <u>Estimated</u> |
|-----------------------|------------------------|------------------------|------------------------|------------------------|------------------------|
| | <u>TAX YEAR 2025</u> | <u>TAX YEAR 2026</u> | <u>TAX YEAR 2027</u> | <u>TAX YEAR 2028</u> | <u>TAX YEAR 2029</u> |
| | <u>COLLECT 2026</u> | <u>COLLECT 2027</u> | <u>COLLECT 2028</u> | <u>COLLECT 2029</u> | <u>COLLECT 2030</u> |
| Res./Ag. | \$4,238,912,180 | \$4,672,252,416 | \$4,734,443,394 | \$4,797,768,994 | \$5,136,964,034 |
| Comm./Ind. | 910,100,090 | 979,652,813 | 1,005,375,492 | 1,030,273,714 | 1,074,108,224 |
| Public Utility (PUPP) | <u>189,349,620</u> | <u>197,755,043</u> | <u>207,512,087</u> | <u>216,593,321</u> | <u>226,012,460</u> |
| Total | <u>\$5,338,361,889</u> | <u>\$5,849,660,271</u> | <u>\$5,947,330,973</u> | <u>\$6,044,636,029</u> | <u>\$6,437,084,718</u> |

Tax Rate Assumptions

The county auditor sets tax rates for each levy voted on to provide tax revenues for the school district. Ohio law provides for “reduction factors” of all voted property tax levies to adjust the millage rates lower for the levy to not increase from inflation of property values for the taxes received by a district to that of the actual amount of the levy at the time of the election. The reduction factors are applied separately to Residential/Agriculture (Class I) and Commercial/Industrial (Class II) resulting in different effective millage rates. The district-voted rate for all general fund operating levies is 64.14 mills while the Class I effective millage rate is 23.23 mills, and the Class II effective millage rate is 32.66 mills. The Ohio law has a provision that the reduction factors cannot lower the total millage rate for each class less than 20 mills, which includes both the voted and the non-voted millage rates; this is called the “20-Mill Floor”. Currently, our district is not on the floor for Class I or Class II in tax year 2024. With the new [HB.186](#) GDP Deflation Factors capping value increases following reappraisals/updates, the district is no longer expecting to reach the 20-mill floor during the next reappraisal cycle.

| <u>Tax Levies</u> | <u>Year</u> | <u>Last Calendar</u> | <u>Full Tax Rate</u> | | |
|-----------------------------------|-----------------|---------------------------|----------------------------|------------------------|-----------------|
| | | | <u>(per \$1,000 of</u> | <u>Effective Rates</u> | |
| | <u>Approved</u> | <u>Year of Collection</u> | <u>assessed valuation)</u> | <u>Res/Ag</u> | <u>Comm/Ind</u> |
| Inside Ten-Mill Limitation | n/a | n/a | 6.49 | 6.49 | 6.49 |
| Continuing Operating | 1976 | n/a | 15.88 | 1.81 | 3.66 |
| Continuing Operating | 1978 | n/a | 3.80 | 0.43 | 0.88 |
| Continuing Operating | 1985 | n/a | 5.90 | 1.32 | 2.05 |
| Continuing Operating | 1988 | n/a | 5.67 | 1.43 | 2.33 |
| Continuing Operating | 1991 | n/a | 5.90 | 2.01 | 3.25 |
| Continuing Operating | 1996 | n/a | 6.50 | 2.55 | 4.19 |
| Continuing Operating | 2000 | n/a | 4.90 | 2.20 | 3.43 |
| Continuing Operating | 2005 | n/a | 5.60 | 3.07 | 3.92 |
| Continuing Operating | 2013 | n/a | <u>3.50</u> | <u>1.92</u> | <u>2.45</u> |
| Total Gross & Effective Tax Rates | | | <u>64.14</u> | <u>23.23</u> | <u>32.66</u> |

[HB.129](#) is a new law that restores fixed sum levies and now includes them in the 20-mill floor calculation. [HB.129](#) will be in effect following the tax year 2026 sexennial reappraisal. Our district does not have fixed sum, or emergency, levies, therefore, this will not impact our forecast.

Estimated Real Estate Tax Collection Assumptions & New Tax Laws

[HB.96](#) enacted a new provision called “Piggyback Property Tax Exemptions”. This provision allows county commissioners in each county in Ohio to double the current Homestead Exemption and owner occupied 2.5% tax credit. Butler County Commissioners approved the Piggyback exemption for the homestead exemption for tax year 2025, which is collected in calendar year 2026. This will result in estimated tax reductions for FY26 and FY27, noted in Line 1.01 Estimated Real Estate Tax Estimates below. County auditors have until December 2026 to implement this tax credit for tax year 2026. We will adjust the forecast in the future accordingly.

[HB.186](#) is a new law that establishes an Inflation Cap Credit for school district property taxes, preventing increases beyond the Gross Domestic Product Deflation Factor (GDP DF) in reappraisal and triennial updates. [HB.186](#) also includes Temporary Tax Credits (claw back) provision that retroactively refunds property tax revenue that has already been collected by school districts for impacted districts starting in their sexennial reappraisal or triennial updates in tax years 2023, 2024, and 2025. These funds have already been realized and have been spent and/or included in future educational planning. The Ohio Department of Taxation is charged, as the authoritative source, with calculating the adjustments due to [HB.186](#), but has until April 20, 2026 to do so, which is after the filing deadline for this forecast.

Lakota Schools are not at the 20-mill floor and all operating levies are affected by [HB.920](#) reduction factors which inflation proofs these current expense levies. We do not anticipate any claw back of previously paid taxes.

[HB.335](#) is a new law that limits revenue growth from inside millage due to valuation reappraisals or triennial updates to the Gross Domestic Product Deflation Factor (GDP DF) for future real estate tax revenue growth. We have not forecasted any increases for future reappraisals/triennial updates above anticipated GDP DF, thus no adverse impact to the forecasted property tax revenue is anticipated from this new law.

As noted in the Forecast Risks and Uncertainty section above, there is no authoritative data for school districts that has been released by the Ohio Department of Taxation (ODT) on [HB.186](#). The ODT is the authority in [HB.186](#) tasked to calculate all of the temporary tax credits and inflation cap credits to be used in tax year 2025 to collect in calendar year 2026. We will continue to monitor guidance as it is released and will update our forecast accordingly.

We have been conservative with any future value increases for reappraisal or updates due to implementation uncertainty over the new legislative changes as noted in the Forecast Risks and Uncertainty above.

Estimated Real Estate Tax Collections - Line #1.010

Property tax levies are estimated to be collected at 98.89% of the annual amount. This allows for a 1.11% delinquency factor. In general, 52.74% of the Res/Ag and Comm/Ind property taxes are expected to be collected in the March tax settlement and 47.26% collected in the August tax settlement. Collections in FY24 were down \$626 thousand due to fewer delinquent taxes collected in the August and March tax settlements. In FY25, the delinquent collections were higher than FY24 by \$204 thousand. We believe this fluctuation is due to the dramatic increase in values caused by the 2023 triennial update, which increased tax bills for many taxpayers in 2024. We believe the delinquent collections will return to the trend beginning in FY27 and continuing throughout the forecasted period. Due to the Inflation Cap Credits established in [HB.186](#), guidance from county auditors has been provided to taxpayers to only pay the first half of the tax year 2025 property tax bills, which are collected in 2026, as the calculation for the credits is still being worked through by the Ohio Department of Taxation. This could cause a reduction in the amount of revenue we receive from the tax settlement in the spring of 2026, which would impact the revenues for FY26.

| <u>Source</u> | <u>FY26</u> | <u>FY27</u> | <u>FY28</u> | <u>FY29</u> | <u>FY30</u> |
|--|----------------------|----------------------|----------------------|----------------------|----------------------|
| Estimated Real Estate Tax Line # 1.010 | \$115,826,522 | \$119,267,203 | \$122,271,552 | \$124,116,721 | \$126,787,132 |
| Homestead Piggyback Exemption (HB96) | (436,596) | (436,596) | 0 | 0 | 0 |
| 2.5% Rollback Piggyback Exemption (HB96) | 0 | 0 | 0 | 0 | 0 |
| Property Tax Inflation Cap Credits (HB186) | <u>0</u> | <u>0</u> | <u>0</u> | <u>0</u> | <u>0</u> |
| Estimated Property Taxes Line #1.010 | <u>\$115,389,926</u> | <u>\$118,830,607</u> | <u>\$122,271,552</u> | <u>\$124,116,721</u> | <u>\$126,787,132</u> |

New Tax Levies – Lines #13.010-13.030

The district has worked hard to ensure the 2013 levy is able to support the district. To ensure this continues, the district has engaged in a Master Facilities Plan, which would result in operational efficiencies that are not yet reflected in this forecast. Currently, the unencumbered carryover cash balance in fiscal year 2030 of this forecast (Line #10.010) is estimated to be below zero; therefore, we have modeled a 3.6 mill levy to begin collecting in FY29 in order to bring the FY30 unreserved balance of the forecast above thirty (30) days of operating expenditures. This is an increase from the 3.4 mills modeled in the May 2025 submission.

We believe the need for this levy could be mitigated, if not offset entirely, with operational savings from approval of the Master Facilities Plan by the district’s taxpayers.

| <u>Source and Type of New Revenue</u> | <u>FY26</u> | <u>FY27</u> | <u>FY28</u> | <u>FY29</u> | <u>FY30</u> |
|--|-------------|-------------|-------------|---------------------|---------------------|
| Modeled - Levy passed 2028 collect in 2029 - 3.6 mills | \$0 | \$0 | \$0 | \$11,315,559 | \$21,760,690 |
| New Property Tax Line # 13.020 | <u>0</u> | <u>0</u> | <u>0</u> | <u>11,315,559</u> | <u>33,076,249</u> |
| Total Line # 13.030 | <u>\$0</u> | <u>\$0</u> | <u>\$0</u> | <u>\$11,315,559</u> | <u>\$33,076,249</u> |

Renewal and Replacement Levies – Lines #11.010-11.030

Tax levies that are not continuous by law cannot be included with the property taxes. The levies passed by Lakota’s residents are continuing levies; therefore, there are no levies that will appear on this line of the forecast.

Estimated Tangible Personal Tax and Public Utility Personal Property (PUPP) – Line #1.020

The phase out of TPP taxes, as noted earlier, began in FY06 because of [HB.66](#), which systematically phased out General Personal Property tax along with telephone/railroad public utility property by 2011. The last collection of local TPP taxes was October 2010. Any amounts received in the forecast period are from settlement of old, outstanding delinquent TPP taxes. The last settlements were received in FY22 and are no longer projected in this forecast.

Amounts noted below are PUPP tax payments from public utilities. The values for PUPP are noted in the table below, which were \$162.9 million in assessed values in tax year 2024 and are collected at the district’s gross voted millage rate. Collections are typically 51% in March and 49% in August along with the real estate settlements from the county auditor. The values in 2024 increased by 9.7%, or \$16.3 million. Duke Energy initiated a valuation dispute in tax year 2024. The forecast models decreased values by an estimated \$21.9 million in ax year 2025 as it is assumed Duke will make “tender payments” until values are ruled on. This caused a net reduction in PUPP values of \$5.5 million in tax year 2025. PUPP values are expected to grow by a rolling three-year average (omitting the dramatic increase in tax year 2023, which was not in alignment with trend) for each year of the forecasted period.

As noted in the tax value section above, this revenue assumption reflects the tender payment for Duke Energy. At this time, estimated to be a reduction of \$1.4 million per tax year. We will continue to monitor and adjust these estimates as future information becomes available.

| <u>Source</u> | <u>FY26</u> | <u>FY27</u> | <u>FY28</u> | <u>FY29</u> | <u>FY30</u> |
|---|---------------------|---------------------|---------------------|---------------------|---------------------|
| Public Utility Personal Property Taxes Line #1.02 | <u>\$11,352,526</u> | <u>\$12,419,838</u> | <u>\$13,003,175</u> | <u>\$13,606,885</u> | <u>\$14,200,409</u> |

School District Income Tax – Line #1.030

Our school district does not have an income tax levy; therefore, income tax revenues are not modeled in this forecast.

State Foundation Revenue Estimates – Lines #1.035, 1.040 and 1.045

Current State Funding Model per HB.96 through June 30, 2027

Unrestricted State Foundation Revenue – Line #1.035

[HB.96](#), the current state budget, continued the Fair School Funding Plan for FY26 and FY27, which funds students where they are educated rather than where they live. We have projected FY26 funding based on the most current foundation settlement and funding factors.

Our district is currently a guarantee district in FY26 and is expected to continue to be on the guarantee in FY27-FY30 on the new Fair School Funding Plan (FSFP). In FY26 Lakota’s guarantee is \$19 million and simulated to be \$23.7 million in FY27 or the equivalent of 4.06 mills to replace, should the state discontinue the guarantee.

A detailed overview of how foundation funding is calculated including all of the [HB.96](#) changes on the Ohio Department of Education and Workforce is now available. Please visit the Ohio Department of Education and Workforce at: <https://education.ohio.gov/Topics/Finance-and-Funding/Overview-of-School-Funding>.

State Funding FY26-FY27

The Fair School Funding Plan was presented as a six (6) year phase-in plan, the state legislature approved the final two (2) years of the funding plan in [HB.96](#) phasing in funding at 83.33% in FY26 and then 100% in FY27. However, the legislature did not increase the funding base inputs from FY25. In other words, the legislature did not increase funding in the foundation formula. They did increase transportation funding’s state share percentage to 45.83% in FY26, and 50% in FY27, which could increase funding, and; they added three (3) Supplemental Payments outside the formula: a Base Funding Supplement, Enrollment Growth Supplement and Performance Supplement.

The Base Funding Supplement will be paid to all districts. The funding supplement per pupil is \$27 in FY26 and \$40 in FY27.

The Enrollment Growth Supplement is paid to eligible districts based on the current FY26 enrolled ADM multiplied by \$225 per student, and in FY27 based on FY27 enrolled ADM multiplied by \$250. To be eligible enrolled ADM growth between FY22 and FY25 must equal or exceed 5% growth, and FY27 enrolled ADM growth between FY23 and FY26 must equal or exceed 3%. Our district does not qualify for this payment.

The Performance Supplement was included in [HB.96](#). The eligibility for the supplement payment uses data from the state report card for the 2024-2025 school year for FY26 and 2025-2026 school year for FY27; the payment will be a separate payment of \$13 per pupil in FY26 and FY27. We are expected to receive an estimated \$931 thousand in FY26 and \$963 thousand in FY27.

The funding formula eliminated the Supplemental Targeted Assistance guarantee beginning in FY26 but still includes two (2) primary guarantees: 1) Formula Transition Aid, and 2) Formula Transition Supplement. The two (2) guarantees in both temporary and permanent law ensure that no district will get fewer funds in FY26 and FY27 than they received in FY21.

Future State Budget Projections beyond FY27

Our funding status for FY28-FY30 will depend on unknown two (2) new state budgets. There is no guarantee that the current Fair School Funding Plan will be continued in future biennial budget process; therefore, our state funding estimates are reasonable, and we will adjust the forecast when we have authoritative data to work with. For this reason, funding is expected to grow by 0.5% from FY28 through FY30, which we feel is conservative and should be close to what the state approves for the next two biennium budgets. In addition to this, the district has forecasted expansion of the transportation program to service an additional 800 students while maintaining the same number of routes through routing efficiencies and bell schedule adjustments.

Threshold Cost Reimbursement

Threshold Cost (formerly Catastrophic Cost) reimbursement nearly doubled in FY22 due to increased appropriations, which are funded at the state level by a reduction in special education funding at the local level. These revenues are inconsistent year-to-year, and we are not projecting any growth over the remainder of the forecast. We were notified that Threshold Cost reimbursements, and likely future years, are expected to be reduced by 30% from FY25 levels due to fixed state appropriations.

Credential Reimbursement

The Department of Education and Workforce (DEW) credits the district with students receiving qualifying credentials for workforce readiness.

Casino Revenue

On November 3, 2009, Ohio voters passed the Ohio casino ballot issue. This issue allowed four (4) casinos to open in Cleveland, Toledo, Columbus, and Cincinnati. Thirty-three percent (33%) of the gross casino revenue will be collected as a tax. School districts will receive 34% of the 33% of Gross Casino Revenue that will be paid into a student fund at the state level. These funds will be distributed to school districts on the 31st of January and August each year, beginning for the first time on January 31, 2013.

Total casino funding in FY24 was \$113.1 million or \$64.90 per pupil. In FY25, the funding totaled \$114.18 million or \$65.44 per pupil. We expect the Casino revenues to have resumed their historical growth rate and are assuming a 1.5% annual growth rate for the remainder of the forecast.

| <u>Source</u> | <u>FY26</u> | <u>FY27</u> | <u>FY28</u> | <u>FY29</u> | <u>FY30</u> |
|---|---------------------|---------------------|---------------------|---------------------|---------------------|
| Basic Aid-Per HB110 | \$27,189,426 | \$24,154,808 | \$25,173,208 | \$25,299,074 | \$25,425,569 |
| HB.96 Guarantee | 19,030,452 | 23,721,677 | 23,868,237 | 23,822,302 | 23,822,302 |
| Performance Supplement | 931,700 | 963,195 | 992,091 | 1,021,854 | 1,052,510 |
| Additional Items | <u>3,873,472</u> | <u>4,367,839</u> | <u>4,063,801</u> | <u>4,063,801</u> | <u>4,158,501</u> |
| Basic Aid- Subtotal | <u>\$51,025,050</u> | <u>\$53,207,519</u> | <u>\$54,097,337</u> | <u>\$54,207,031</u> | <u>\$54,458,882</u> |
| Casino Revenue | \$1,193,730 | \$1,222,054 | \$1,250,825 | \$1,280,267 | \$1,310,205 |
| Threshold Aid | 1,120,300 | 1,209,924 | 1,209,924 | 1,209,924 | 1,209,924 |
| Industry Credentials | <u>8,211</u> | <u>8,211</u> | <u>8,211</u> | <u>8,211</u> | <u>8,211</u> |
| Total Unrestricted State Aid Line # 1.035 | <u>\$53,347,291</u> | <u>\$55,647,708</u> | <u>\$56,566,297</u> | <u>\$56,705,433</u> | <u>\$56,987,222</u> |

Restricted State Revenues – Line #1.040

[HB.96](#) has continued Disadvantaged Pupil Impact Aid (formerly Economic Disadvantaged funding), Career Technical, Gifted, English Learners (ESL), and Student Wellness funding. We were notified in January that the state of Ohio overspent their Science of Reading Appropriation and will be reducing funding to recover funds previously paid. We have estimated revenues for these new restricted funding lines using the most current funding factors available. For fiscal years 2026 and 2027, [HB.96](#) modifies how DPIA is calculated

by factoring in both directly certified and economically disadvantaged students. The new formula modifies the weight given to these student groups over the biennium. The new DPIA formula modified the weight given to these student groups over the biennium, which has resulted in calculated DPIA state funding in FY26 being \$86.6 million less than in FY25.

| <u>Source</u> | <u>FY26</u> | <u>FY27</u> | <u>FY28</u> | <u>FY29</u> | <u>FY30</u> |
|--|--------------------|--------------------|--------------------|--------------------|--------------------|
| DPIA | \$473,578 | \$516,585 | \$521,751 | \$526,969 | \$532,239 |
| ESL | 375,317 | 316,460 | 319,625 | 322,821 | 326,049 |
| Gifted | 427,632 | 332,190 | 335,512 | 338,867 | 342,256 |
| Career Tech - Restricted | 0 | 0 | 0 | 0 | 0 |
| Other Restricted State Funds | (70,682) | 0 | 0 | 0 | 0 |
| Student Wellness and Success Funds | <u>899,689</u> | <u>637,915</u> | <u>644,294</u> | <u>650,737</u> | <u>657,244</u> |
| Total Restricted State Revenues Line # 1.040 | <u>\$2,105,534</u> | <u>\$1,803,150</u> | <u>\$1,821,182</u> | <u>\$1,839,394</u> | <u>\$1,857,788</u> |

Restricted Federal Grants in Aid – Line #1.045

There are no federal restricted grants projected in this forecast.

Summary of State Aid Projections

| <u>Summary</u> | <u>FY26</u> | <u>FY27</u> | <u>FY28</u> | <u>FY29</u> | <u>FY30</u> |
|---|---------------------|---------------------|---------------------|---------------------|---------------------|
| A) Unrestricted State Aid Line # 1.035 | \$53,347,291 | \$55,647,708 | \$56,566,297 | \$56,705,433 | \$56,987,222 |
| B) Restricted State Aid Line # 1.040 | 2,105,534 | 1,803,150 | 1,821,182 | 1,839,394 | 1,857,788 |
| C) Restricted Federal Grants Line # 1.045 | <u>0</u> | <u>0</u> | <u>0</u> | <u>0</u> | <u>0</u> |
| Total State Foundation Revenue | <u>\$55,452,825</u> | <u>\$57,450,858</u> | <u>\$58,387,479</u> | <u>\$58,544,827</u> | <u>\$58,845,010</u> |

State Reimbursement for Property Tax Credits – Line #1.050

Rollback and Homestead Reimbursement

Rollback funds are reimbursements paid to the district from the State of Ohio for tax credits given to owner-occupied residences. Credits equal 12.5% of the gross property taxes charged to residential taxpayers on levies passed before September 29, 2013. HB59 eliminated the 10% and 2.5% rollback on new levies approved after September 29, 2013.

Homestead Exemptions are credits paid to the district from the state of Ohio for qualified elderly and disabled. In 2007, HB1 19 expanded the Homestead Exemption for all seniors 65 years or older or disabled, regardless of income. Effective September 29, 2013, HB59 changed the requirement for Homestead Exemptions. Individual taxpayers who still need to get their Homestead Exemption approved or those who did not get a new application approved for the tax year 2013 and who become eligible after that will only receive a Homestead Exemption if they meet the income qualifications. Taxpayers who had their Homestead Exemption as of September 29, 2013, will not lose it and will not have to meet the new income qualification. This will generally reduce homestead reimbursements to the district over time, and as with the rollback reimbursements above, the state is increasing the tax burden on our local taxpayers.

Partial HB.186 Guarantee

New [HB.186](#) authorizes payments to school districts and JVSs that are located in a county that underwent a reappraisal or triennial update in tax years 2023 and 2024 and that, due to the act's temporary credit, would otherwise receive less property tax revenue in tax year 2025 than in tax year 2024. The revenue guarantee applies to tax year 2025, in the case of 2023 reappraisal or update counties, and to tax years 2025 and 2026, in the case of 2024 reappraisal and update counties. Under the act, the Tax Commissioner will calculate the difference between a district's real property tax revenue in tax year 2024 and its revenue in 2025 and, if applicable, 2026. We do not anticipate receiving a hold harmless payment for [HB.186](#) due to not being on the 20-mill floor, but since the ODT has not released authoritative data on [HB.186](#) calculations, we cannot be certain of this. We will adjust the forecast as data from the ODT becomes available.

| <u>Source</u> | <u>FY26</u> | <u>FY27</u> | <u>FY28</u> | <u>FY29</u> | <u>FY30</u> |
|-----------------------------|---------------------|---------------------|---------------------|---------------------|---------------------|
| Rollback and Homestead | \$11,982,903 | \$12,286,216 | \$13,044,506 | \$13,200,738 | \$13,477,666 |
| HB186 Partial Reimbursement | <u>\$0</u> | <u>\$0</u> | <u>\$0</u> | <u>\$0</u> | <u>\$0</u> |
| Total - Line # 1.050 | <u>\$11,982,903</u> | <u>\$12,286,216</u> | <u>\$13,044,506</u> | <u>\$13,200,738</u> | <u>\$13,477,666</u> |

Other Local Revenues – Line #1.060

All other local revenue encompasses any revenue that does not fit the above lines. The primary sources of revenue in this area have been interest from investments, tuition for court-placed students, student fees, Payment In Lieu of Taxes, and general rental fees. Since FY22, open-enrolled students have been counted in our Enrolled ADM numbers for state funding and are not separately funded.

Interest income is based on the district cash balances and increased interest rates due to the Federal Reserve raising rates to curb inflation. The Federal Reserve Bank cut interest rates by 25 basis point in September 2025, another 25 basis points in October 2025, and an additional 25 basis points in December 2025. While interest income in FY26 should remain steady, the rate cuts will begin to have an impact on earnings in FY27 and future years. We will continue to monitor the investments for the district.

Medicaid revenues were inflated for FY24 due to a shift in the timing of receiving the FY23 settlement payment in FY24. Preschool tuition revenue in the Local Tuition line below has decreased beginning in FY24 due to fewer inclusion classroom offerings, which reduces the number of seats available for tuition-based students. Rental revenues are expected to grow by 4% annually to accommodate wages and benefit increases for the staff paid by the rental fees, which is the largest portion of the expense related to rentals.

In FY24, the district began receiving new revenue in the general fund from indirect costs. This amount is the portion of administrative costs incurred by programs administered by the district, such as food services and federal programs.

Lakota receives payments in lieu of taxes (PILOT) from several TIFs and RIDs to help facilitate economic development within the district. These are significant revenue sources for the district. In total, the Lakota Local School District's borders include eight TIF districts for West Chester Township, 12 TIF/RID districts for Liberty Township, four TIF districts for Butler County, and one TIF district for the City of Fairfield. The district currently receives compensation for all but one TIF, the Union Centre Boulevard (UCB) TIF. The UCB TIF district was created before legislation was adopted, which required school district involvement and approval. Due to the early expiration of a portion of the UCB TIF, the district began receiving tax revenue in the collection year of 2019. West Chester did extend the remaining UCB TIF district for 15 years, but at the same time worked with the district to modify the current 747 TIF. All other TIFs involve some sort of compensation agreement with the district. Unfortunately, not all agreements hold the district financially harmless, an example of this would be University Pointe, and Butler County TIF, Lakota receives 35% of what the district would receive. The district strives to balance the economic vitality of the entire community with the financial well-being of the district. Two RIDs in Liberty Township have also been terminated early: Hawthorne Hills and Allen Estates, which lowered our payments beginning in 2018 and beyond. This has merely moved the line item the revenue is recorded in from Other Local Revenues (Line 1.06) to Real Estate Tax collections (Line 1.01). In FY23, additional parcels were pulled into the Cincinnati-Dayton TIF from TY18 through TY21. The revenue from these parcels was roughly \$1.9 million in TY23, which pays first half in FY23 and second half in FY24 for the collections in arrears, then is estimated to continue collecting \$760 thousand moving forward for annual collections. These abated properties can result in positive or negative implications for our state funding due to fluctuations in valuation. A continued partnership with West Chester and Liberty townships and Butler County is vital, not just to the district but the community as a whole. During the triennial update in tax year 2023, the values inside TIF districts did not increase to the same level as values outside the TIF districts, which caused the collection of PILOTs from TIF districts to be lower than originally estimated by \$2 million in FY24. It should be noted that a decrease in PILOT payments due to expiration of the agreement will result in a decrease to line 1.060 and an increase to line 1.010 of the forecast due to the way in which the district is required to record these revenues.

The district also collects PILOTs from several Enterprise Zone Abatement (EZA) properties for Kemba Credit Union, Queen City Harley Davidson, and Republic Wire. The abatements are received in line 1.060 as opposed to line 1.010, where they were received previously. The tax revenues from Kemba Credit Union will be 25% less than previously received as part of the abatement incentive. Queen City Harley Davidson will also realize a 25% tax incentive from the abatement. Previously, we were collecting abatement revenue for GE Aviation, Systecon, and John Planes Enterprises. These abatements have expired and are now collected in full in line 1.010.

Although the district does not have the ability to create abatements, we appreciate communications we receive in regard to the planning taking place with our townships and county. This allows us to plan accordingly, to reduce the risk of over or understating revenues. The district strives to be a good community partner with our local governments to continue to meet the economic needs of our growing community.

| <u>Source</u> | <u>FY26</u> | <u>FY27</u> | <u>FY28</u> | <u>FY29</u> | <u>FY30</u> |
|---|---------------------|---------------------|---------------------|---------------------|---------------------|
| Payment In Lieu of Taxes | \$16,707,731 | \$16,943,786 | \$17,179,841 | \$17,179,841 | \$17,179,841 |
| Interest | 3,996,793 | 3,338,991 | 3,247,608 | 2,947,608 | 2,847,608 |
| Tuition from State | 1,538,619 | 1,554,005 | 1,569,545 | 1,585,240 | 1,601,092 |
| Local Tuition | 145,494 | 148,404 | 151,372 | 154,399 | 157,487 |
| Rentals | 269,766 | 280,557 | 291,779 | 303,450 | 315,588 |
| Indirect Cost | 477,042 | 486,583 | 496,315 | 506,241 | 516,366 |
| Medicaid Reimbursement | 647,395 | 660,343 | 673,550 | 687,021 | 700,761 |
| Miscellaneous | <u>581,939</u> | <u>587,758</u> | <u>593,636</u> | <u>599,572</u> | <u>605,568</u> |
| Total Other Local Revenues Line # 1.060 | <u>\$24,364,779</u> | <u>\$24,000,427</u> | <u>\$24,203,646</u> | <u>\$23,963,372</u> | <u>\$23,924,311</u> |

All Other Financial Sources – Line #2.010 through Line #2.060 & Line #14.010

There is no short-term borrowing projected in this forecast at this time. Other financing sources consist of advances that the school district anticipates during the forecasted period. Transfers into the general fund had increased in recent years due to the Board's approval

of [Budget Stabilization Policy 6217](#) on June 10, 2019; however, these transfers will not continue in years where deficit spending is projected. Also, the Board approved a change to the Budget Stabilization policy, which reserves the funds within the Permanent Improvement fund as opposed to the General Fund. Since the Permanent Improvement fund is not reflected in the five-year forecast, the transfers, should they occur again, will not be reflected as revenue to the General Fund reservation of funds account. Transfers into the General Fund are to support General Fund-backed debt that is included within the forecast; however, the payments are made from the Debt Service Fund (not the General Fund), which requires a transfer to the Debt Service Fund. There is a corresponding transfer out reflected in [Line #5.010](#) below.

Advances are approved from the general fund to other funds, primarily to cover grant monies that are not received as of fiscal year-end. At the end of FY23, the district made an advance to the Healthcare Fund to meet actuary reserve obligations. This is reflected as an advance return in FY24. The district is not anticipating future advances to this fund. However, it should be noted that the performance of the insurance fund could result in future advances.

Sale of Personal Property and Refund of Prior Year Expenditures are calculated on a rolling three-year average for the forecasted period. Should the district move forward with the Master Facilities Project, Sale of Personal Property could see an increase as decommissioned furniture, equipment, or other assets could be sold as a result of this future project. Refund of Prior Year Expenditures is inflated for FY25 and FY26 due to a refund from our annual reconciliation with the State Employees Retirement System (SERS). This reconciliation of annual contributions deducted from our state foundation payments, which is based on an estimate of our payroll expenditures, resulted in a refund of \$545 thousand in FY25 and \$602 thousand in FY26. The estimate calculations used to project the state foundation estimates have been re-worked to ensure this refund does not continue beyond FY26.

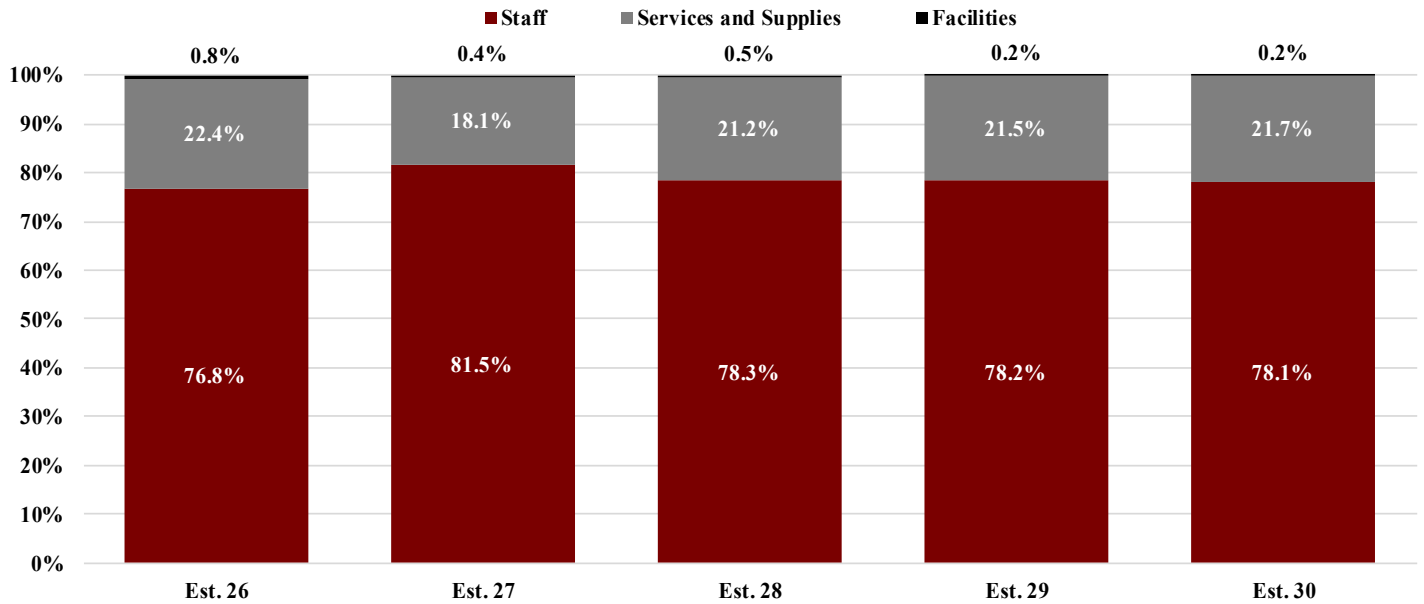
| <u>Source</u> | <u>FY26</u> | <u>FY27</u> | <u>FY28</u> | <u>FY29</u> | <u>FY30</u> |
|--|--------------------|------------------|------------------|------------------|------------------|
| Transfers In Line # 2.040 | \$1,348,100 | \$672,900 | \$680,050 | \$0 | \$0 |
| Advance Returns # 2.050 | <u>329,111</u> | <u>0</u> | <u>0</u> | <u>0</u> | <u>0</u> |
| Total Transfers and Advances In | <u>\$1,677,211</u> | <u>\$672,900</u> | <u>\$680,050</u> | <u>\$0</u> | <u>\$0</u> |
| <u>Source</u> | <u>FY26</u> | <u>FY27</u> | <u>FY28</u> | <u>FY29</u> | <u>FY30</u> |
| Sale of Personal Property | \$18,767 | \$24,946 | \$19,912 | \$21,208 | \$22,022 |
| Refund of prior years expense | <u>723,016</u> | <u>225,000</u> | <u>234,000</u> | <u>243,360</u> | <u>253,094</u> |
| Total Other Financing Sources Line # 2.060 | <u>\$741,783</u> | <u>\$249,946</u> | <u>\$253,912</u> | <u>\$264,568</u> | <u>\$275,116</u> |

Expenditure Assumptions

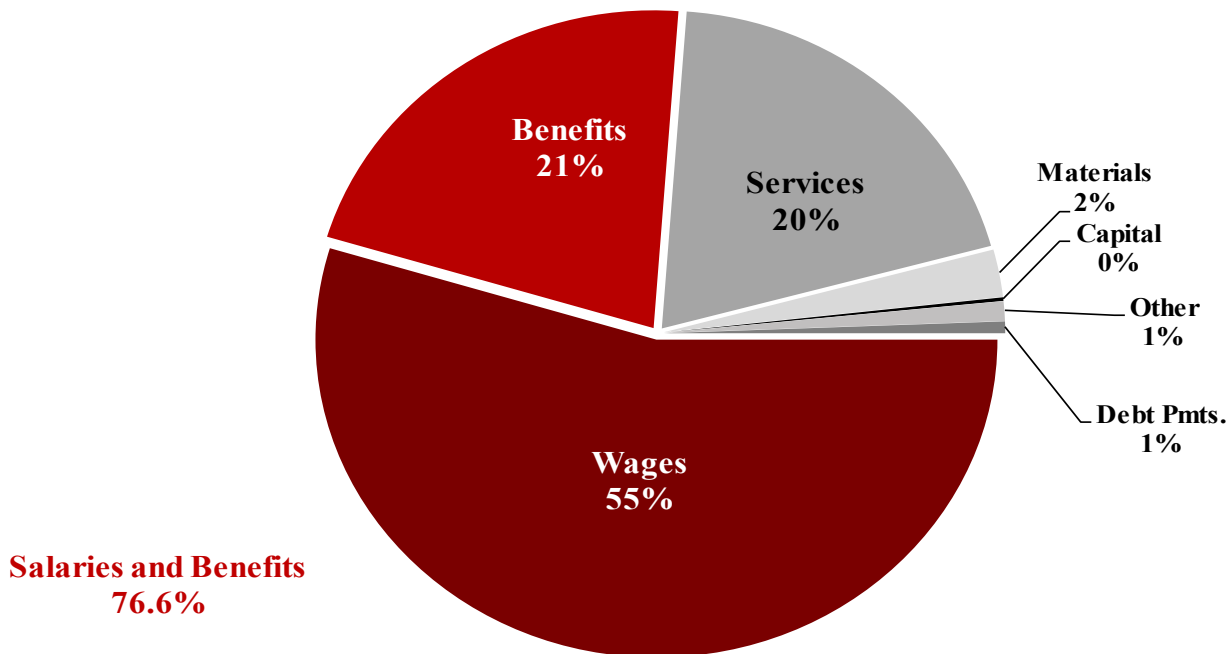
The district's leadership team is always looking at ways to improve the education of our students, whether it be with changes in staffing, curriculum, or new technology. In this section, the reader will gain a better understanding of the way the district invests its resources to meet the current and future needs of the students. As the administration of the district reviews the distribution of resources, the education of the students is always the main focus.

All Operating Expense Categories - General Fund FY26

Investment in Lakota Students



Est. General Fund Operating Investment FY2026 \$226,069,886



Wages – Line #3.010

The expenditures in this category represents salaries and wages for services rendered for all collective bargaining units and non-collective bargaining unit employees. The current agreement with the Lakota Education Association (LEA) provided for a 1.97% cost of living adjustment (COLA) for FY22-24 as well as a 2% increase on the base. The current agreement with the Lakota School Support

Association (LSSA) provided for a 1% COLA and a 2.5% increase on the base for FY22-24. The existing contracts were extended for a two-year period and will begin negotiating again in the spring of 2025. The extension of the agreements provided a 4% increase in FY25 and a 3.5% increase in FY26. Administrative and non-represented salary increases have been estimated to be comparable to the base increases received by the collective bargaining employees; the increases for these employee classifications are reviewed on an annual basis. Stipend, supplemental, severance, and substitute costs for classified positions are included in this line item also. For planning purposes only at this time, a 2% base increase is projected for FY27-30.

Severance payments have historically been paid from this line on the forecast. In an effort to stabilize the districts' budgets against cyclical changes in revenues and expenditures, the district established a fund for processing employee severance payments beginning in FY24. This shifted severance expenses from this line into another fund (Fund 035). The severance fund will be supported by a transfer, which began in fiscal year 2025.

Staffing and Enrollment

The district continues to analyze and audit classroom sizes and support staff ratios. We plan to continue this practice and align classroom teachers to the district's enrollment. The district also considers the enrollment study completed in September 2024 when predicting enrollment and the staff needed. The enrollment prediction from the study estimated that the district would have roughly 900 more students for the 2025-2026 school year than is currently enrolled. A recurring conversation centers on elementary student-to-teacher ratios. Additionally, the temporary influx of federal aid had allowed the district to increase staffing for the identified priorities. The district plans to further analyze its staffing needs for the forecasted period.

ESSER funds were used for reading and English language learner support teachers, nurses, Multi-Tiered Systems of Support (MTSS) staff, and a Director for Digital Learning in FY23. The total wages that returned to the general fund in FY24 were \$2.6 million. We have exhausted the ESSER funding that was allocated to the district; we do not anticipate receiving additional ESSER funds.

The district saw 32 LEA members retire under an early retirement provision in the LEA negotiated agreement in FY23. Due to this, the severance payments increased above normal trends in FY24. As mentioned above, the severance is now paid from the Termination Benefits fund (Fund 035). For FY25, the district saw 72 retirements. The positions were estimated to be replaced with staff averaging Column A and Step 6 on the FY26 certified salary schedule. Based on past trends, FY26-30 assumes a yearly retirement and replacement of 24 certified staff per year at this time. The district will continue to monitor staffing levels and position classifications to maximize our general operating fund.

Athletic staff, including the athletic directors, athletic operations managers, athletic maintenance staff, and athletic managers, have been moved to the athletic fund in order to represent the true cost of the program. The general fund continues to subsidize 75% of the athletic/extracurricular program through a transfer, which is represented in the Operating Transfers Out (Line 5.01) section below.

For FY26, the district realized the following staffing changes. In administration, one Director of Gifted Services returned to an in-house position and was removed from purchased services. In the May 2025 forecast filing, we estimated the return of one Executive Director of Student Services as it was vacant for one year; however, this position is still vacant as of this submission. The district will continue to post this position until it is filled. In our certified staff members, we hired seven additional Special Education teachers. We had one Gifted teacher retire in FY25, which was not replaced in FY26. We hired one additional Classified staff in FY26, who is an Instructional Aide. In our non-represented staff, we have added a Residency Specialist. The Treasurer's Office has a Specialist and Generalist position which have been replaced with three supplemental contracts, and not two full-time staff members, at this time.

The district analyzed class sizes to determine the ratios that best meet the needs of our students. Our buildings and curriculum team work to adjust classes to remain within these class sizes.

| <u>Grade</u> | <u>Ratio</u> |
|---|---|
| Kindergarten | 22:1 to 25:1 |
| 1 st Grade to 2 nd Grade | 23:1 to 26:1 |
| 3 rd Grade to 4 th Grade | 24:1 to 27:1 |
| 5 th Grade to 6 th Grade | 25:1 to 28:1 |
| 7 th Grade to 12 th Grade | Varies according to contractual language for core subject areas, foreign languages, performing arts, etc. |
| ESL/Reading Specialists and Title I Teachers | 40:1 |
| Special Education Kindergarten to 8 th Grade | 16:1 |
| Special Education 9 th Grade to 12 th Grade | 24:1 |
| Social Communications Classrooms | 6:1 |
| Multiple Disability Classrooms | 8:1 |
| Emotional Disturbance Classrooms | 12:1 |

Summary of Wages – Line #3.010

| <u>Source</u> | <u>FY26</u> | <u>FY27</u> | <u>FY28</u> | <u>FY29</u> | <u>FY30</u> |
|--|----------------------|----------------------|----------------------|----------------------|----------------------|
| Base Wages | \$117,157,863 | \$121,086,170 | \$123,409,100 | \$126,283,921 | \$129,286,218 |
| Base Increases | 4,100,525 | 2,421,723 | 2,468,182 | 2,525,678 | 2,585,724 |
| Cost of Living Adjustment & Education Advancements | 1,267,554 | 1,365,037 | 1,427,066 | 1,491,139 | 1,514,968 |
| Staff Retire Replacement | (2,564,438) | (1,972,736) | (1,277,094) | (1,254,187) | (1,237,006) |
| Staff Decrease, Increase or Reclass | 978,362 | 440,132 | 256,667 | 239,667 | 39,666 |
| Positions Pending Replacements | 146,304 | 68,774 | 0 | 0 | 0 |
| Certified Stipends | 729,760 | 737,058 | 744,429 | 751,873 | 759,392 |
| Classified OT and Extra Duty | 282,563 | 282,563 | 282,563 | 282,563 | 282,563 |
| Curricular Supplemental | 563,764 | 563,764 | 563,764 | 563,764 | 563,764 |
| Certified Extended Days | 258,375 | 258,375 | 258,375 | 258,375 | 258,375 |
| Longevity & Vacation Buyback | 89,853 | 99,606 | 101,598 | 103,630 | 105,703 |
| Classified Subs | 439,883 | 448,681 | 457,655 | 466,808 | 476,144 |
| Board of Education | 19,675 | 19,675 | 19,675 | 19,675 | 19,675 |
| Student Worker | <u>65,967</u> | <u>65,967</u> | <u>65,967</u> | <u>65,967</u> | <u>65,967</u> |
| Total Wages Line #3.010 | <u>\$123,536,010</u> | <u>\$125,884,789</u> | <u>\$128,777,947</u> | <u>\$131,798,873</u> | <u>\$134,721,153</u> |

Fringe Benefits - Line #3.020

This area of the forecast captures all costs associated with benefits and retirement costs. With the exception of medical and dental insurance, all costs are directly related to the wages paid.

Retirement Contributions

The district pays 14% of each dollar paid in wages to either the State Teachers Retirement System or the School Employees Retirement System as required by Ohio law. The district is required to pay SERS Surcharge, which is an additional employer charge based on the salaries of lower-paid members.

Insurance

The district provides health, dental, and life insurance to its employees. The plan years for these insurances run from January 1st through December 31st each year, while the district's fiscal year runs from July 1st through June 30th each year. This creates a blended rate for six months of one plan year with six months of the following plan year. This blended rate is adjusted individually for each type of plan.

In January 2019, the district moved from Anthem to Medical Mutual of Ohio (MMO) for health care coverage of its employees. This move facilitated a 1% decrease in premiums, which remained constant for two (2) additional years through the 2021 plan year. The district moved to a self-insured plan for health care coverage and returned to Anthem coverage for the 2022 plan year. For the 2023 plan year, the district initially was anticipating a 17.1% increase in healthcare premiums. The insurance committee elected to increase deductibles, provider co-pays, and institute a new pharmaceutical administration plan. This, along with changing stop loss providers from Anthem to Voya, resulted in an estimated savings of 8.3%, or \$1.2 million, of which the actual increase of 8.8%. The increase that was blended through FY24-25 for medical premiums is 25% due to an unusually high volume of claims and in plan year 2026 (blended across FY26-27), the district saw a 4% increase for medical premiums. Moving forward, and based on national trends, we are assuming 3% annual premium increases for the remainder of this forecast. The district works hard to control these costs and will monitor them closely as we continue to establish a self-insured trend.

In an effort to provide the best value for our employees as possible, for the 2025 plan year, a new health insurance plan has been offered. For those employees who value the district's PPO plan offering, the district has added a high-performance network PPO option that has regional coverage at a reduced premium cost.

The district provides dental insurance to its employees, for which we saw a 1.8% increase for the 2026 plan year, and are estimating a 2% increase for the remainder of the forecasted period.

The district also provides life insurance to its employees which cost \$113,699 in FY25. The district has been negotiating the premium for life insurance for the last two plan years. In 2023, the monthly cost of coverage was \$0.08 per \$1,000 of coverage. Since then, the district has been able to reduce the monthly rate to \$0.045 per \$1,000 of coverage, which is nearly half the previous cost.

Workers' Compensation & Unemployment Compensation

Lakota is one of a handful of districts in the state that has taken advantage of self-insuring their Workers' Compensation. We historically funded this at 0.25% of wages. This move to self-insurance has saved the district and its residents millions of dollars over the past

decade. After meeting with our workers' compensation consultant, Hunter Consultants, and analyzing our cash reserve and maximum exposure, we are setting a reserve target of \$300,000. The district is a direct reimbursement employer, which means unemployment costs are only incurred and due if we have employees who are eligible and draw unemployment.

Medicare

Medicare will continue to increase at the rate of increases in wages and as new employees are hired. Contributions are 1.45% for all new employees to the district on or after April 1, 1986. These amounts are growing at the general growth rate of wages.

Summary of Fringe Benefits – Line #3.020

| <u>Source</u> | <u>FY26</u> | <u>FY27</u> | <u>FY28</u> | <u>FY29</u> | <u>FY30</u> |
|------------------------------------|---------------------|---------------------|---------------------|---------------------|---------------------|
| STRS/SERS | \$19,908,261 | \$20,299,859 | \$20,731,723 | \$21,192,618 | \$21,641,315 |
| Insurances | 26,537,675 | 27,387,429 | 28,214,528 | 29,018,213 | 29,845,584 |
| Workers Comp/Unemployment | 348,987 | 317,824 | 325,013 | 332,520 | 339,782 |
| Medicare | 1,725,559 | 1,758,239 | 1,798,632 | 1,840,809 | 1,881,607 |
| Contracted Expenditure | <u>128,500</u> | <u>108,500</u> | <u>128,500</u> | <u>168,500</u> | <u>168,500</u> |
| Total Fringe Benefits Line # 3.020 | <u>\$48,648,982</u> | <u>\$49,871,851</u> | <u>\$51,198,396</u> | <u>\$52,552,660</u> | <u>\$53,876,788</u> |

Purchased Services – Line #3.030

Purchased Services includes various services and supports that the district acquires from external providers to enhance educational operations and student well-being as well as utility costs, mileage, meeting expenses, repairs and maintenance, legal fees, and property insurance. College Credit Plus, excess fees, and other tuition costs will continue to draw funds away from the district, which will continue in this area and have been adjusted based on historical trends. In FY26 there will be a new electric Capacity Charge that will be assessed on all electric bills to help expand Ohio's electric generating ability. This charge will begin June 2025 and end June 2026. It is anticipated it will increase electric costs by 20% annually for just that twelve (12) month period.

In FY21, the district returned to busing its freshmen students, which resulted in an increase to the Transportation line. The contract with our transportation provider, Petermann, was renegotiated at the end of FY23. Due to a shortage of bus drivers, the district realized a decrease in this contract in FY23 from FY22 based on unfilled routes and a service reduction to schools deemed outside of 30 minutes or unaffordable due to low attendance. Fiscal year 2024 was deflated due to the need to cancel eight routes caused by under-staffing, and our contract was credited five days of the contract due to the strike that occurred in September 2023. For FY25, the contract with Petermann increased 3.8%. In addition, we are employing more bus monitors to assist with special education transportation, and we have increased the number of non-routine hours as those were underestimated in FY24. We have also seen an increase in the need for van services for homeless students and to accommodate specialized transportation for special education students. Furthermore, the district needed to add routes in FY25. The district was able to strategically consolidate freshman campus student pickup locations and was able to reduce the need for six routes. The district has engaged with a transportation consulting firm to analyze our routing and make recommendations for improvements and cost savings. When the results of the analysis are finalized, we will adjust the forecast accordingly. At this time the district is forecasting a 2.95% increase each year from FY26-30. This will be monitored closely in future forecasts as well as opportunities to enhance this program. In FY25, the district made a transfer to the Permanent Improvement fund to begin purchasing buses again (currently the buses are owned by Petermann). We anticipate savings in the transportation contract as the buses are strategically purchased in-house and no longer owned or leased by Petermann beginning in FY27.

The district's SRO Contract line saw an increase of \$463 thousand in FY25 due to multiple factors, one of which was a new agreement with West Chester Police Department, which increased by 11.6%. Also included is an estimate for detail officers to be the second SRO at West High School and an SRO at Shawnee Early Childhood School. These positions have been difficult to fill consistently; therefore, it was determined that we would conservatively budget for the positions to be filled at the highest rate possible. The contract for FY25 with the Butler County Sheriff's Office also included an 11.2% increase, and it included one new full-time SRO for Woodland Elementary.

Rentals and Lease Payments are projected to decrease roughly \$100 thousand from FY25 to FY26, then grow by 1.5% annually for the remainder of the forecast, which is a result of the district purchasing new copiers rather than continuing to lease.

| <u>Source</u> | <u>FY26</u> | <u>FY27</u> | <u>FY28</u> | <u>FY29</u> | <u>FY30</u> |
|---------------------------------------|---------------------|---------------------|---------------------|---------------------|---------------------|
| Phone, Postage & Advertising | \$336,904 | \$340,273 | \$343,676 | \$347,113 | \$350,584 |
| Transportation | 23,448,097 | 24,139,816 | 24,851,941 | 25,585,073 | 26,339,833 |
| Fleet Purchase | 0 | (3,013,000) | (3,104,000) | (3,198,000) | (3,294,000) |
| CS/OE/CCP/Scholarships/Tuition | 1,431,386 | 1,708,125 | 2,013,113 | 2,410,864 | 2,930,966 |
| Local Tuition | 2,253,470 | 2,386,378 | 2,571,352 | 2,786,584 | 3,040,309 |
| Professional Services | 4,348,203 | 4,164,751 | 4,171,397 | 4,233,968 | 4,297,478 |
| SRO Contract | 2,009,842 | 2,050,039 | 2,091,040 | 2,132,861 | 2,175,518 |
| Preschool Contract | 2,282,950 | 2,317,194 | 2,351,952 | 2,387,231 | 2,423,040 |
| Substitute Teachers | 2,184,929 | 2,217,703 | 2,250,969 | 2,284,734 | 2,319,005 |
| Management Services | 254,259 | 256,802 | 259,370 | 261,964 | 264,584 |
| Software Service | 45,659 | 46,116 | 46,577 | 47,043 | 47,513 |
| Instructional Services | 174,516 | 177,134 | 179,791 | 182,488 | 185,225 |
| Legal Expense | 347,448 | 352,660 | 357,950 | 363,319 | 368,769 |
| Repairs & Maintenance | 590,848 | 599,711 | 608,707 | 617,838 | 627,106 |
| Rental & Lease Payments | 601,930 | 610,959 | 620,123 | 629,425 | 638,866 |
| Curriculum Adoption PD | 379,537 | 210,120 | 71,170 | 124,773 | 210,112 |
| Utilities | 2,979,662 | 2,651,899 | 2,731,456 | 2,813,400 | 2,897,802 |
| Travel & Meeting Exp. | 359,621 | 377,602 | 396,482 | 416,306 | 437,121 |
| Property Insurance | <u>387,733</u> | <u>407,120</u> | <u>427,476</u> | <u>448,849</u> | <u>471,292</u> |
| Total Purchased Services Line # 3.030 | <u>\$44,416,994</u> | <u>\$42,001,402</u> | <u>\$43,240,542</u> | <u>\$44,875,834</u> | <u>\$46,731,123</u> |

Supplies and Materials – Line #3.040

Supplies and Materials expenses include curricular supplies, testing supplies, copy paper, maintenance, custodial supplies, materials, bus fuel, and other supplies consumed during the educational process. The cost for diesel fuel spiked during the pandemic but started to return to normal levels in FY23-25. The cost of fuel is estimated to increase 1.5% each year for FY26-30. Assuming the district purchases the bus fleet in FY27, supplies for repair will also return to the district. This is estimated to increase the supplies budget by \$460 thousand in FY26 and increase by % yearly at this time. Should the district actually spend less than the projected amount, it will be estimated that these dollars fund a reserve account to properly maintain the fleet and stabilize this budget over time. We will continue to monitor this closely for future implications in this section of the forecast.

The district has established a new rotation for textbook adoptions to meet the needs of our students' educational goals. In FY24-25, the curriculum rotations were paid from the general fund. In order to stabilize the district's budget against cyclical changes in revenues and expenditures, the district established a fund that will enable the district to continue providing curriculum rotations, which will ensure Lakota's students are receiving instruction using the most up-to-date instructional practices. These funds are held within the permanent improvement fund, which is not reflected in the district's five-year forecast.

| <u>Source</u> | <u>FY26</u> | <u>FY27</u> | <u>FY28</u> | <u>FY29</u> | <u>FY30</u> |
|---|--------------------|--------------------|--------------------|--------------------|--------------------|
| General Supplies | \$287,377 | \$291,688 | \$296,063 | \$300,504 | \$305,012 |
| Instructional Supplies and Textbooks | 1,008,933 | 1,024,067 | 1,039,428 | 1,055,019 | 1,070,844 |
| Health Supplies | 25,695 | 26,080 | 26,471 | 26,868 | 27,271 |
| Electronic Books | 1,555,398 | 1,578,729 | 1,602,410 | 1,626,446 | 1,650,843 |
| Building Maintenance Supplies | 857,572 | 870,436 | 883,493 | 896,745 | 910,196 |
| Transportation Supplies | 0 | 460,000 | 473,800 | 488,014 | 502,654 |
| Fuel for vehicles | 1,136,889 | 1,153,942 | 1,171,251 | 1,188,820 | 1,206,652 |
| Software & Computer Supplies | <u>576,976</u> | <u>603,631</u> | <u>612,685</u> | <u>621,875</u> | <u>631,203</u> |
| Total Supplies and Materials Line # 3.040 | <u>\$5,448,840</u> | <u>\$6,008,573</u> | <u>\$6,105,601</u> | <u>\$6,204,291</u> | <u>\$6,304,675</u> |

Equipment – Line #3.050

Capital Outlay is distinct from Supplies and Materials, as these purchases consist of any item with a life expectancy of five years or more, such as land, buildings, ground improvements, computers/technology, buses, vehicles, furnishings, and equipment. With the passage of the permanent improvement (PI) 2 mill levy in 2013, we have been able to move the majority of the expenditures for the upkeep and maintenance of the districts' 25 facilities to be paid from the PI fund. The PI funds are not maintained in the general fund and are not reflected in the five-year forecast, but the funds could have a negative impact on the general fund should the needs outpace the PI revenue. Due to the impact of HB.920 the PI levy is currently collecting at 1.09 effective mills. This could have implications on future submissions of the financial forecast if expenditures are returned to the general fund.

| <u>Source</u> | <u>FY26</u> | <u>FY27</u> | <u>FY28</u> | <u>FY29</u> | <u>FY30</u> |
|-----------------------------------|------------------|------------------|------------------|------------------|------------------|
| Equipment | \$300,000 | \$304,500 | \$309,068 | \$313,704 | \$318,410 |
| Technology Equipment | 58,595 | 59,767 | 60,962 | 62,181 | 63,425 |
| Improvements other than Buildings | <u>53,016</u> | <u>54,076</u> | <u>55,157</u> | <u>56,260</u> | <u>57,386</u> |
| Total Capital Outlay Line # 3.050 | <u>\$411,611</u> | <u>\$418,343</u> | <u>\$425,187</u> | <u>\$432,145</u> | <u>\$439,221</u> |

Debt Service – Line #4.010 through 4.060

Debt, which commits general fund sources to its repayment, must be included in the forecast. Repayment on debt began in FY08 for a \$10 million bond issue, which provided funding for the new Union Elementary School. Additionally, the district issued debt in 2009 and 2010 for energy conservation projects at both high schools and the central office. The final issuance required to be included in the forecast is debt associated with the artificial turf at both high school stadiums. Payments for the aforementioned debt are reflected in the forecast but paid from the debt service fund according to applicable Ohio law. Sequestration has increased our interest payments for our energy conservation projects from its original debt issuance. Our guaranteed federal subsidies were reduced indefinitely by 5.7%. This is an average of an additional \$17,000 each year in interest expense to the district.

| <u>Source</u> | <u>FY26</u> | <u>FY27</u> | <u>FY28</u> | <u>FY29</u> | <u>FY30</u> |
|--|--------------------|------------------|------------------|-------------|-------------|
| Principal Bonds - \$10 M Elem. Bldg. | \$620,000 | \$640,000 | \$670,000 | \$0 | \$0 |
| HB 264 Principal 3 Issues Line # 4.050 | 670,000 | 0 | 0 | 0 | 0 |
| Bond & HB264 Interest Total Line # 4.060 | <u>58,100</u> | <u>32,900</u> | <u>10,050</u> | <u>0</u> | <u>0</u> |
| Total Principal & Interest | <u>\$1,348,100</u> | <u>\$672,900</u> | <u>\$680,050</u> | <u>\$0</u> | <u>\$0</u> |

Other Expenses – Line #4.300

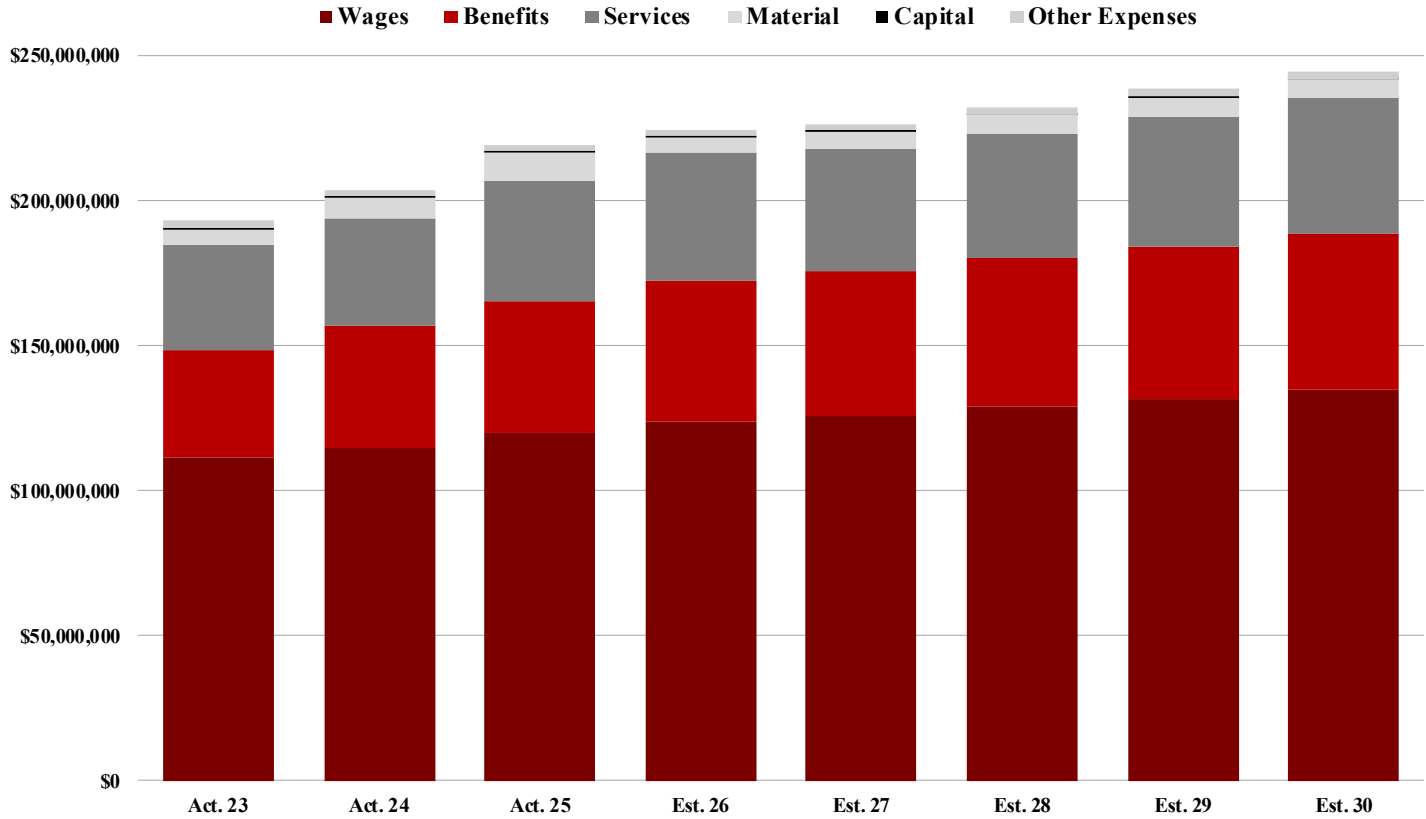
The category of Other Expenses consists primarily of the county educational service center (ESC) deductions for specialized services provided to the district and auditor and treasurer fees. Auditor and Treasurer Fees increase when a new operating levy is collected, during a sexennial reappraisal or triennial update, or during a year when the Board has elections for the voters to select its members. The district had previously received refunds from the county auditor's office for over-collection of auditor fees during real estate settlement distribution to local governments and school districts in FY20-21, but we did not receive the refund in FY22-23. In FY24, we began receiving the refund again and anticipate continuing to receive it for the remainder of the forecasted period.

| <u>Source</u> | <u>FY26</u> | <u>FY27</u> | <u>FY28</u> | <u>FY29</u> | <u>FY30</u> |
|----------------------------------|--------------------|--------------------|--------------------|--------------------|--------------------|
| County Auditor & Treasurer Fees | \$1,834,946 | \$1,804,946 | \$1,794,946 | \$1,774,946 | \$1,754,946 |
| Real Estate Fee Return | (577,815) | (583,593) | (589,429) | (595,323) | (601,276) |
| Butler County ESC | 112,310 | 113,995 | 115,705 | 117,441 | 119,203 |
| Liability Insurance | 415,342 | 436,109 | 457,914 | 480,810 | 504,851 |
| Fleet Insurance | 0 | 236,900 | 244,007 | 251,327 | 258,867 |
| Dues & Fees | 246,992 | 250,697 | 254,457 | 258,274 | 262,148 |
| Audit Fees | 67,891 | 68,909 | 69,943 | 70,992 | 72,057 |
| Banking Fees | 139,144 | 141,231 | 143,349 | 145,499 | 147,681 |
| Other expenses | <u>20,539</u> | <u>20,847</u> | <u>21,160</u> | <u>21,477</u> | <u>21,799</u> |
| Total Other Expenses Line #4.300 | <u>\$2,259,349</u> | <u>\$2,490,041</u> | <u>\$2,512,052</u> | <u>\$2,525,443</u> | <u>\$2,540,276</u> |

Operating Expenditures Actual FY23 through FY25 and Estimated FY26-FY30

As the following graph indicates, we have diligently contained costs due to lower and flat state revenues. We control our expenses while balancing students' academic needs to enable them to excel and perform well on state performance standards.

General Fund Expenditures Act. FY23 - Est. FY30



Transfers, Advances and All Other Financing Uses – Line #5.010; 5.020; 5.030

This category includes operating transfers-out, advances-out and refunds of prior year receipts. Operating transfers are funds transferred to the 300 fund to pay for extra-curricular supplemental contracts, administration, and supplies. In FY24, the district began transferring funds to build capital reserves for the rotational replacement of turf, uniforms, and marching band instruments. The district recognized marching band as an extra-curricular beginning in 2014. Since it was approved, the district transferred an equal amount per pupil to the band fund as it contributes to athletics. Beginning in FY25, the band will be operated in line with the accounting model set by athletics of a per participant budget. While this will shift the accounting procedures for marching band funds, it will not change the overall program structure for participants.

Transfers-out increase or decrease in line with the levy promise to reduce fees and implement a family cap. At the time, the Board of Education reduced extracurricular student fees by 50% as well as provided a fee waiver for our economically disadvantaged families, which historically increased this line by an additional \$300 thousand. Due to record inflation and a flat participation fee over the last twelve years, the district has identified that the support the district must provide to our extracurricular programs will need to increase. The district increased the total transfer to the athletic program to approximately \$3.15 million in FY24, which included planning aimed at additional budgets for extra-curricular programming and creating a separate fund to plan for uniform replacements that aligns with normal replacement cycles. The transfer for extracurriculars also includes an annual capital outlay transfer to begin building a reserve for replacement cycles of the turf fields and marching band instruments. The FY25 extracurricular transfer was approximately \$3.7 million. The marching band instruments have not been on a replacement cycle since Lakota moved to the two High School model; therefore, the district will transfer roughly \$470 thousand to the capital outlay fund to supplement the replacement cycle.

In collaboration with the Finance Committee, the district approved [Policy 6217](#), the “Budget Stabilization Policy,” on June 10, 2019. [Budget Stabilization Policy 6217](#) states that the district may approve a transfer for 50% of the district general operating fund (001) unencumbered balance over the prior fiscal year-end closing unencumbered balance may be set-aside in the budget stabilization reserve. This annual set-aside may not exceed 5% of the revenue credited to the general operating fund the prior fiscal year. The cumulative balance of the Budget Stabilization Fund shall not exceed 15% of total district general operating fund expenditures for the past three years, as reported in the five-year forecast submitted to the State of Ohio in May of the same fiscal year. Expenditure of these monies will require a separate resolution approved by the Board. In FY25, the Board approved an update to the policy, which changed the fund

in which the reserve is held to the Permanent Improvement (PI) fund. Therefore, the district transferred nearly \$8 million of the balance to the PI fund and reclassifying the currently Board approved expenditures from FY25.

A transfer is made annually to support debt payments made from the Debt Service Fund for debt that is backed by the General Fund. This transfer results in a net zero impact to the forecast. There is a corresponding transfer in reflected in [Line #2.040](#) above. Information about these debt payments can be found in the debt payment section of these assumptions, [Line #4.010 through 4.060](#).

Advances include loans to another fund to cover a temporary end-of-year deficit balance. These funds are returned to the general fund in the subsequent fiscal year. Refunds of prior year receipts are payments received in one fiscal year and returned to the original payer in another fiscal year.

With the expiration of ESSER funds, the district will return to a student fee collection for school fees in accordance with Board approved [Policy 6152](#) in FY25. Using these funds to provide relief to the families of students has been well received over the last four years. Should the district receive additional grant revenues in the future, this will be a high priority consideration.

In FY25, the district transferred \$35,844,789 to reserve accounts within other funds as part of a strategic initiative to stabilize expenditures and ensure long-term financial sustainability. These transfers were directed toward several key areas within the Permanent Improvement Fund. A curriculum reserve was established to support the district’s curriculum rotation, ensuring consistent investment in instructional materials. A transportation reserve was created to facilitate the repurchase of the district’s bus fleet from its transportation contractor, a move intended to improve cost efficiency and secure better pricing during future contract bids. Additionally, a copier reserve was funded to transition the district away from leasing copiers every five years toward direct ownership, which is expected to reduce financing costs and extend the useful life of the equipment resulting in long-term savings. The district also continued its support of the Severance Fund, which was initially established in FY24 with a \$1.46 million advance from the General Fund. This fund was designed to buffer the district’s budget against cyclical fluctuations in revenues and expenditures related to employee severance. The district will continue to advance funds to cover any deficit balance in the Severance Fund, with repayments expected to decrease annually as the fund builds a sustainable balance capable of supporting future obligations independently. All reservation accounts are assumed to have a ten-year runout in an effort to ensure only a responsible balance is maintained.

| <u>Source</u> | <u>FY26</u> | <u>FY27</u> | <u>FY28</u> | <u>FY29</u> | <u>FY30</u> |
|--|---------------------|---------------------|---------------------|---------------------|---------------------|
| Reserve Planning | \$5,574,922 | \$5,693,421 | \$5,783,758 | \$5,828,123 | \$5,904,092 |
| Extra Curricular | 3,738,999 | 3,813,779 | 3,890,055 | 3,967,856 | 4,047,213 |
| Capital | 472,726 | 482,181 | 491,825 | 501,662 | 511,695 |
| Curricular Supplies | 375,237 | 390,246 | 405,856 | 422,090 | 438,974 |
| General Fund Debt Service Transfer to 002-9001 | 1,348,100 | 672,900 | 680,050 | 0 | 0 |
| Club Card | 92,182 | 92,182 | 92,182 | 92,182 | 92,182 |
| Operating Transfers Out Line # 5.010 | <u>\$11,602,166</u> | <u>\$11,144,709</u> | <u>\$11,343,726</u> | <u>\$10,811,913</u> | <u>\$10,994,156</u> |
| Advances Out Line # 5.020 | <u>\$0</u> | <u>\$0</u> | <u>\$0</u> | <u>\$0</u> | <u>\$0</u> |
| Total Transfers and Advances | <u>\$11,602,166</u> | <u>\$11,144,709</u> | <u>\$11,343,726</u> | <u>\$10,811,913</u> | <u>\$10,994,156</u> |

Encumbrances – Line #8.010

Encumbrances represent purchase authorizations and contracts for goods or services that are pending vendor performance and those purchase commitments, which have been performed, are awaiting invoicing and payment. Encumbrances, on a budget basis of accounting, are treated as the equivalent of expenditure at the time authorization is made to maintain compliance with spending restrictions established by Ohio law. For presentation in the forecast, outstanding encumbrances are presented as a reduction of the general fund cash balance.

| <u>Source</u> | <u>FY26</u> | <u>FY27</u> | <u>FY28</u> | <u>FY29</u> | <u>FY30</u> |
|-------------------------------------|------------------|------------------|------------------|------------------|------------------|
| Estimated Encumbrances Line # 8.010 | <u>\$500,000</u> | <u>\$500,000</u> | <u>\$500,000</u> | <u>\$500,000</u> | <u>\$500,000</u> |

Reservations of Fund Balance – Lines #9.010-9.080

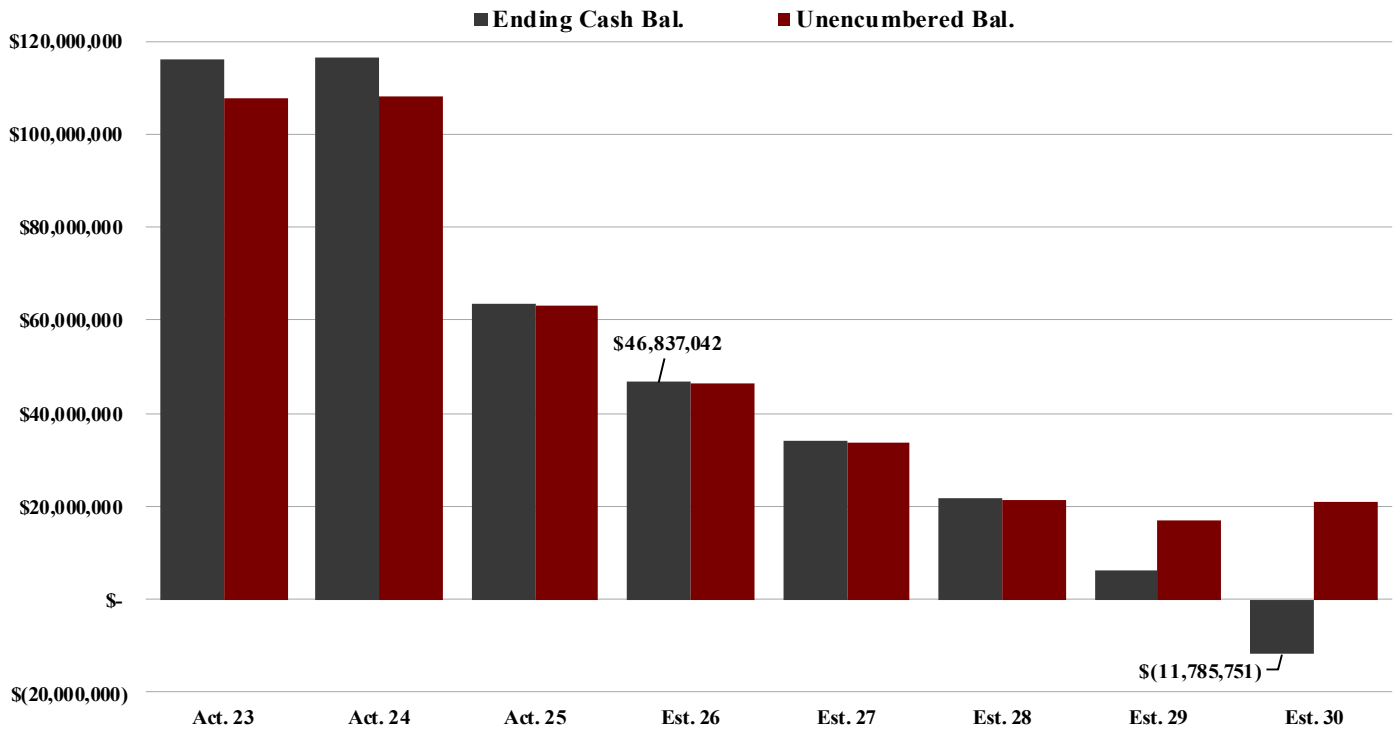
On June 10, 2019 the Board approved [Policy 6217](#), the “Budget Stabilization,” to transfer a portion of the prior year general fund unencumbered carry-over balance to a reserve fund. The district made the first transfer to this newly established fund in July 2019. Policy 6217 states that the district may approve a transfer for 50% of the district general operating fund (001) unencumbered balance over the prior fiscal year-end closing unencumbered balance may be set-aside in the budget stabilization reserve within the Permanent Improvement Fund. This annual set-aside may not exceed 5% of the revenue credited to the general operating fund the prior fiscal year. The cumulative balance of the Budget Stabilization Fund shall not exceed 15% of total district general operating fund expenditures for the past three years, as reported in the five-year forecast submitted to the State of Ohio in May of the same fiscal year. Expenditure of these monies will require a separate resolution approved by the Board. On April 3, 2024, the Board of Education approved expenditures of \$3.65 million for one-time facility expenses in anticipation of the master facilities plan. Due to these funds being held within the Permanent Improvement Fund, the balance of that fund is not reflected in this forecast.

Ending Unreserved Cash Balance “The Bottom-line” – Line #12.010

This amount must not go below \$-0- or the district general fund will violate all Ohio Budgetary Laws. Any multi-year contract, which is knowingly signed, and which results in a negative unencumbered cash balance, is a violation of O.R.C. §5705.412, which is punishable by personal liability of \$10,000; unless an alternative 412 certificate, as permitted by HB.153, effective September 30, 2011, is issued. It is recommended by the Government Finance Officers Association (GFOA) and other authoritative sources that a district maintains a minimum of sixty (60) day cash balance, which is approximately \$37.2 million for our district. Although this is a recommended benchmark, [Board Policy 6218](#) states that upon reaching ninety (90) days cash balance, or approximately \$55.7 million in FY26, the Superintendent and Treasurer/CFO will prepare and propose options that the Board may consider to forestall such an eventuality. Further, the Board believes the financial goals of the district should be in alignment with the district’s strategic plan and instructional goals. When a General Operating Fund cash balance exceeds 150 days, the Superintendent may prepare a plan for the expenditure of the excess General Operating cash balance on one or more of the deliverables of the strategic plan. This plan must be approved by the Board of Education and cannot result in the General Operating Fund cash balance falling below ninety (90) days in any year of the rolling five-year forecast.

| <u>Source</u> | <u>FY26</u> | <u>FY27</u> | <u>FY28</u> | <u>FY29</u> | <u>FY30</u> |
|--------------------------------|--------------|--------------|--------------|--------------|--------------|
| Ending Unreserved Cash Balance | \$46,337,042 | \$33,755,226 | \$21,316,045 | \$17,127,556 | \$20,790,498 |

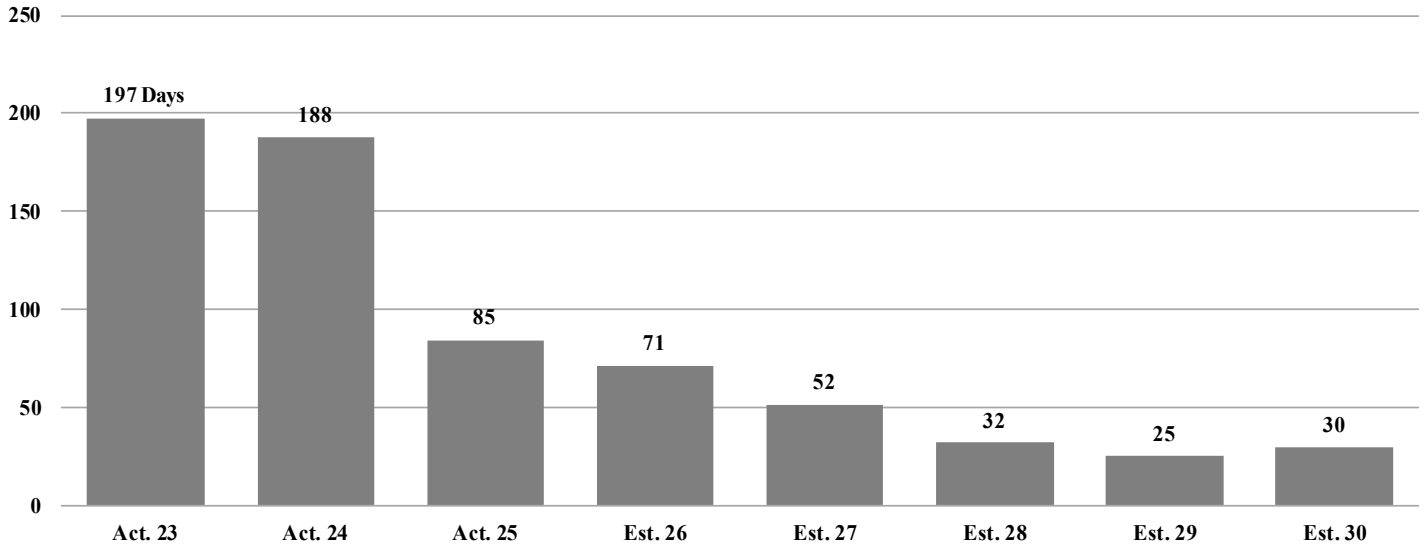
General Fund Ending Cash Balance



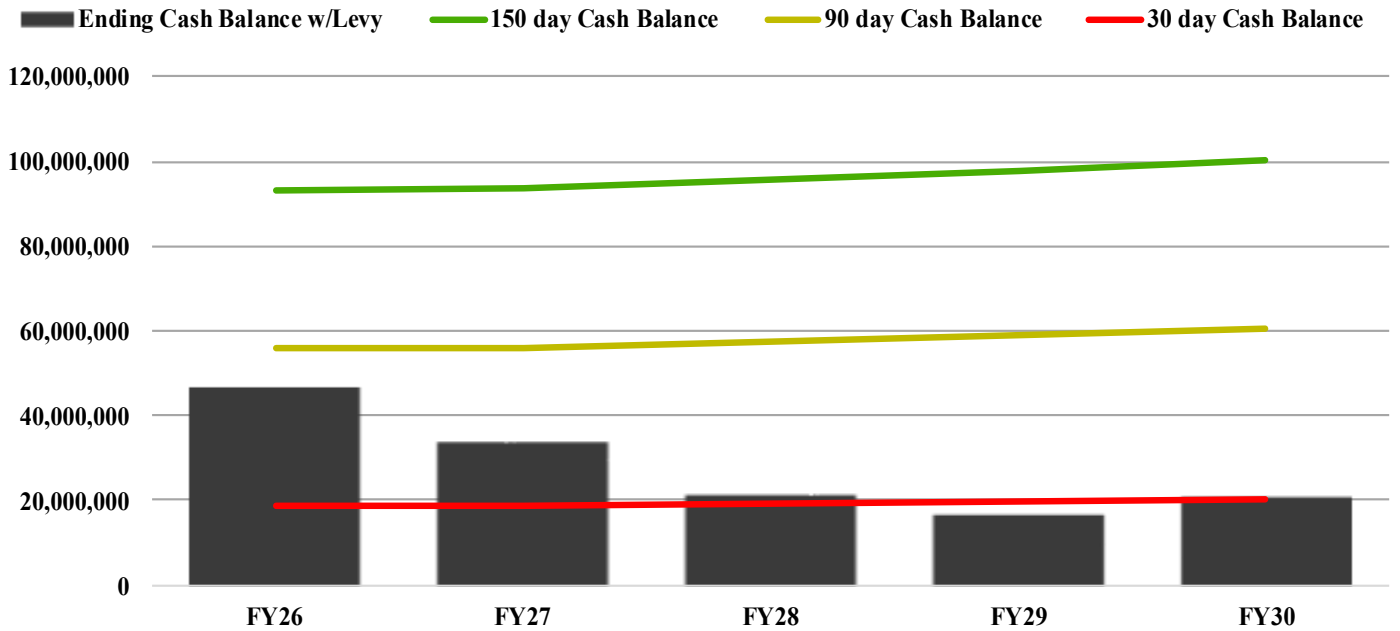
True Cash Days Ending Balance

Another way to look at ending cash is to state it in ‘True Cash Days’. In other words, how many days could the district operate at year-end if no additional revenues were received? This represents the number of days the district could operate without additional resources or a severe resource interruption. It is calculated by dividing the Current Year’s Ending Cash Balance by the average daily expenditures over 365 days. The Government Finance Officers’ Association (GFOA) recommends that no fewer than two (2) months or sixty (60) days of cash is on hand at year-end. Still, it could be more dependent on each district’s complexity and risk factors for revenue collection. This calculation includes the transfer line because this is a predictable funding source for other funds such as capital, athletics, and severance reserves. The chart below includes an estimated 3.6 mill operating levy to be approved in the fall of FY29.

Ending Cash Balance in True Cash Days with New Levy



Cash Balance with True Cash Days Benchmarks



Additional Financial Resources

[Treasurer's Office Webpage](#)

[Financial Prospectus](#)

[Annual Comprehensive Financial Report \(ACFR\)](#)

[Budget and Appropriations](#)

[Monthly Board Reports](#)

[Public Records](#)

[Strategic Plan](#)

[Master Facilities Plan](#)

[2013 Levy Facts](#)

[District Report Cards](#)

[Financial Audit](#)

[Quality Profile](#)

[School Finances 101](#)

[School Finances: Valuation Explained](#)

[School Funding: Millage Explained](#)

[OEPI HB.920 Explanation by Dr. Howard Fleeter](#)

[House Bill 920](#)

[House Bill 96](#)

Financial Policies

[6144 - INVESTMENTS](#)

[6144.01 - INVESTMENTS](#)

[6152 - STUDENT FEES, FINES, AND CHARGES](#)

[6210 - FISCAL PLANNING](#)

[6217 - BUDGET STABILIZATION POLICY](#)

[6218 - CASH BALANCE RESERVE POLICY](#)

[6219 - SCHOOL DISTRICT FINANCIAL POLICY](#)

[DOCUMENT STRUCTURALLY BALANCED](#)

[BUDGET](#)

[6220 - BUDGET PREPARATION](#)

[6231 - APPROPRIATIONS AND SPENDING PLAN](#)

[6232 - APPROPRIATIONS IMPLEMENTATION](#)

[6320 - PURCHASING AND BIDDING](#)