

**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**

September 22, 2025

Contents

Five-Year Forecast	3
Introduction to the Five-Year Forecast	4
Forecast Risks and Uncertainty:	4
Revenue Assumptions	7
Real Estate Value Assumptions – Line #1.010.....	8
Tax Rate Assumptions	9
New Tax Levies – Lines #13.010-13.030.....	10
Renewal and Replacement Levies – Lines #11.010-11.030.....	10
Estimated Tangible Personal Tax and Public Utility Personal Property (PUPP) – Line #1.020.....	10
School District Income Tax – Line #1.030.....	10
State Foundation Revenue Estimates – Lines #1.035, 1.040 and 1.045	11
Other Local Revenues – Line #1.060	13
All Other Financial Sources – Line #2.010 through Line #2.060 & Line #14.010	14
Expenditure Assumptions	15
Wages – Line #3.010	15
Fringe Benefits - Line #3.020	17
Purchased Services – Line #3.030	18
Supplies and Materials – Line #3.040.....	19
Equipment – Line #3.050.....	20
Debt Service – Line #4.010 through 4.060.....	20
Other Expenses – Line #4.300	20
Operating Expenditures Actual FY23 through FY25 and Estimated FY26-FY30.....	21
Transfers, Advances and All Other Financing Uses – Line #5.010; 5.020; 5.030	21
Encumbrances – Line #8.010.....	22
Reservations of Fund Balance – Lines #9.010-9.080	22
Ending Unreserved Cash Balance “The Bottom-line” – Line #12.010	23
True Cash Days Ending Balance	24
Additional Financial Resources	25
Financial Policies	25

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%	115,854,043	120,055,870	123,727,168	125,538,401	128,216,183	
1.020 Tangible Personal Property	9,295,585	10,143,737	10,659,626	7.1%	11,545,709	12,863,023	13,594,087	14,355,417	15,101,614	
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%	53,224,313	54,646,378	54,658,838	54,678,007	53,360,314	
1.040 Restricted State Grants-in-Aid	2,950,544	4,547,822	3,079,595	10.9%	2,239,151	2,091,289	2,091,289	2,108,243	2,167,528	
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%	11,989,938	12,404,556	13,272,788	13,423,767	13,702,027	
1.060 All Other Revenues	23,601,610	27,165,713	26,243,425	5.9%	24,052,329	23,687,728	23,890,693	23,950,160	24,010,835	
1.070 Total Revenues	197,260,981	210,032,446	215,676,305	4.6%	218,905,483	225,748,844	231,234,863	234,053,995	236,558,501	
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%	268,767	284,946	290,312	302,424	314,487	
2.070 Total Other Financing Sources	2,176,998	393,670	3,967,974	99.9%	1,945,978	957,846	970,362	302,424	314,487	
2.080 Total Revenues and Other Financing Sources	199,437,979	210,426,116	219,644,279	4.9%	220,851,461	226,706,690	232,205,225	234,356,419	236,872,988	
Expenditures										
3.010 Personal Services	111,653,418	114,651,152	119,546,810	3.5%	123,009,301	126,224,139	129,046,310	131,867,074	134,751,818	
3.020 Employees' Retirement/Insurance Benefits	36,936,010	42,514,476	45,962,577	11.6%	49,358,260	50,766,387	52,125,477	53,471,820	54,811,559	
3.030 Purchased Services	36,195,955	36,853,403	41,459,246	7.2%	44,339,104	41,933,638	43,200,193	44,866,882	46,758,439	
3.040 Supplies and Materials	5,173,315	6,964,970	9,882,638	38.3%	5,372,404	5,452,990	5,534,784	5,617,806	5,702,073	
3.050 Capital Outlay	985,834	461,922	362,536	-37.3%	368,522	374,608	380,795	387,087	393,487	
3.060 Intergovernmental	0	0	0	0.0%	0	0	0	0	0	
Debt Service:										
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%	226,055,040	227,914,703	233,479,661	238,736,112	244,957,652	
Other Financing Uses										
5.010 Operating Transfers Out	3,889,119	3,346,439	51,174,754	707.6%	11,599,006	11,146,745	11,345,336	10,812,322	10,994,565	
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%	11,599,006	11,146,745	11,345,336	10,812,322	10,994,565	
5.050 Total Expenditures and Other Financing Uses	198,778,717	210,058,782	272,444,453	17.7%	237,654,046	239,061,448	244,824,997	249,548,434	255,952,217	
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%	(16,802,585)	(12,354,758)	(12,619,772)	(15,192,015)	(19,079,229)	
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	46,744,556	34,389,798	21,770,026	6,578,011	
7.020 Cash Balance June 30	115,979,981	116,347,315	63,547,141	-22.5%	46,744,556	34,389,798	21,770,026	6,578,011	(12,501,218)	
8.010 Estimated Encumbrances June 30	520,451	402,778	456,277	-4.7%	456,277	456,277	456,277	456,277	456,277	
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%	46,288,279	33,933,521	21,313,749	6,121,734	(12,957,495)	
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	11,834,055	22,757,798	
13.030 Cumulative Balance of New Levies	0	0	0	0.0%	0	0	0	11,834,055	34,591,853	
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%	46,288,279	33,933,521	21,313,749	17,955,789	21,634,358	

Lakota Local School District – Butler County
Notes to the Financial Forecast
General Fund Only
September 22, 2025

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 reappraisals and updates (every three years), salary increases, enrollment variances, or businesses moving in or out of the district. The financial forecast is a crucial management tool and must be updated periodically. The financial 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 financial 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 financial 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 five year projections in our forecast for planning purposes. The financial forecast continues to include 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 year's projections. Our forecast is updated to reflect the most current economic data available for the October 2025 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:

A financial forecast has risks and uncertainty not only due to economic delays noted above but also due to 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, both of which affect this financial forecast. We have estimated revenues and expenses based on the best data available and the laws currently in effect. The items below give a short description of the current issues and how they may affect our forecast in the long term:

- I. Property tax collections are the largest single revenue source for the school system. The housing market in our district is growing. We project growth in appraised values every three (3) years and new construction growth with modest increases in local taxes. Total local revenues, which are predominately local taxes, equate to 69.2% of the district's resources. We believe there is a low risk that local collections will fall below projections throughout the forecast.
- II. Butler County experienced a triennial update in the 2023 tax year, which will be collected in 2024. The 2023 update increased residential and commercial assessed values by 32.9%. A sexennial reappraisal will occur in tax year 2026 for collection in calendar year 2027. We anticipate overall value increases for residential and commercial property of 14.7% at that time. We feel these estimates are reasonable, but they could unexpectedly be lower which would reduce anticipated property tax collections. New construction assessed value in 2024 for residential property was \$52.9 million and \$21.6 million for commercial industrial property.
- III. Due to historic property value increases in reappraisal and update years the Ohio Legislature has considered various proposals since 2023 to help reduce non-voted tax increases on taxpayers. [HB.96](#) the current state biennium budget passed in June which included several proposals that would have ultimately reduced districts' cash balances and placed severe restrictions on increasing local tax revenues. The Governor vetoed four (4) property tax measures that he said would jeopardize the financial stability of public schools. The Ohio House of Representatives pulled three (3) of the Governor's vetoes addressing school district to attempt to override them. They included: 1) County Budget Commission Authority; 2) manipulates the calculation of the 20-mill floor to include emergency, substitute and other levies in the calculation; and 3) the elimination of various levies including emergency, replacement and renewal levies

The Ohio House of Representatives met on July 21, 2025 and voted (61-58) in favor of overriding the elimination of various levy types - only. As of this forecast filing, the Senate has not met to vote on any of the vetoes thus the Governor's vetoes remain in effect.

As part of the Governors' vetoes, he created a property tax reform working group co-chaired by former legislators. The governor appointed 11 members including the co-chairs. The working group is tasked with thoroughly examining issues related to how to provide meaningful property tax relief to homeowners and businesses while ensuring that funding for local schools, local governments, fire, police, EMS, libraries, and developmental disabilities is adequate. The Governor has asked the working group to issue a report with concrete proposals by September 30, 2025

The legislature has introduced several other bills that would limit real estate tax growth or eliminate real estate tax collections completely. Many of these bills are still in committee. We are watching legislation closely for any impact on our local revenues

- IV. The state budget represented 30.8% 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 or the last two (2) years of the Fair School Funding Plan is not 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 [HB.96](#) legislation with the Governor's vetoes in place. This forecast reflects state revenue to align with the FY28 funding levels 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 (FSFP). [HB.96](#) did not increase the cost inputs while allowing revenue 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. The impact of this to Lakota Local Schools can be found in the "Guarantee" which ensures a district receives the same amount of revenue in state funding as FY21. For Lakota this is currently estimated at \$18.1 million in FY26 and \$24.4 million in FY27 based on the most recent simulations published by the Department of Education and Workforce for our forecasted revenues.
- 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. The extended tax credits for qualifying taxpayers would result in reduced property tax collections for the school district of roughly from current operating levies. This new law creates a potential risk to our local tax collections. Butler County Commissioners have indicated that they intend to enact the Piggyback Property Tax Exemption for one year to extend the Homestead Exemption, which would result in a loss of revenue of roughly \$860 thousand for tax year 2025. It is currently unknown whether the county commissioners will continue the Homestead extension beyond tax year 2025; however, the commissioners have indicated they intend this as a one-time extension of the Homestead Exemption. Therefore, we are only

forecasting this reduction for tax year 2025. We will continue to monitor this closely to ensure we are forecasting any further revenue reductions related to this provision as soon as they are known.

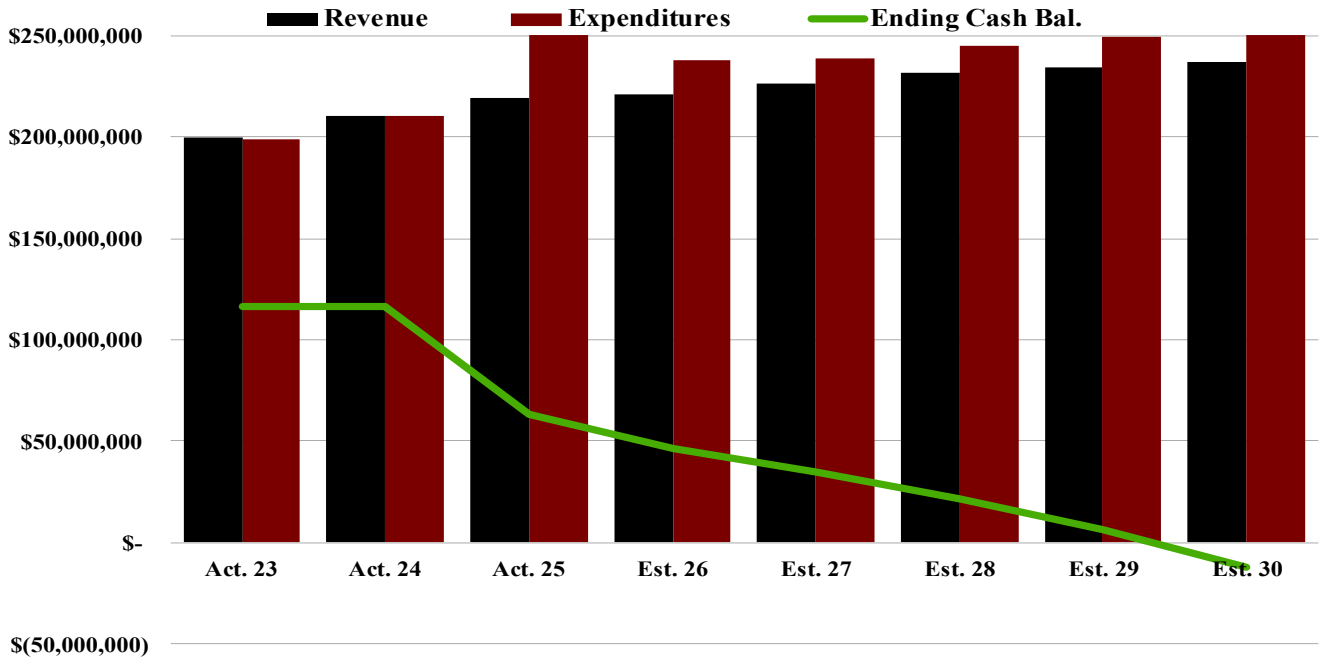
- VII. Labor relations in our district have been amicable with all parties working for the best interest of students. We believe as we move forward our positive working relationship will continue. Both labor union contracts have been extended through June 30, 2026. Due to the length of time since the last union negotiations, we will likely begin bargaining unit negotiations in the fall of calendar year 2025.

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

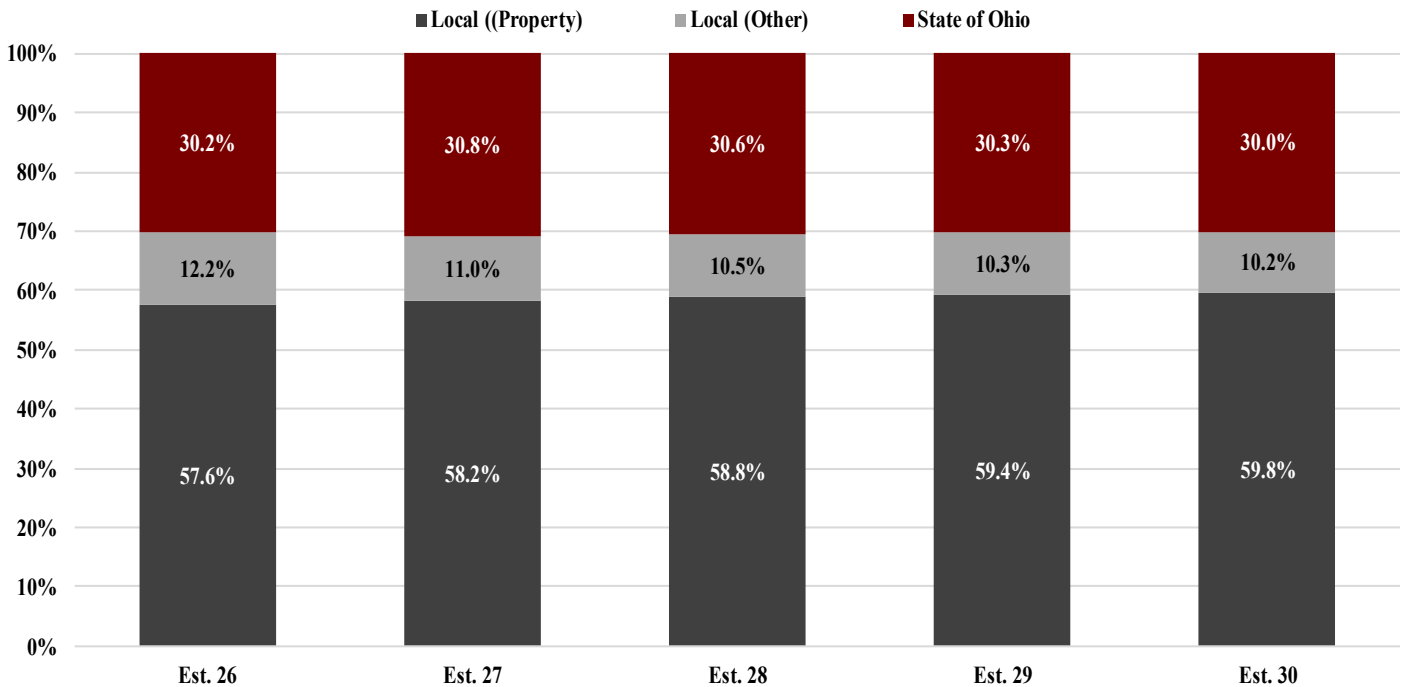


Revenue Assumptions

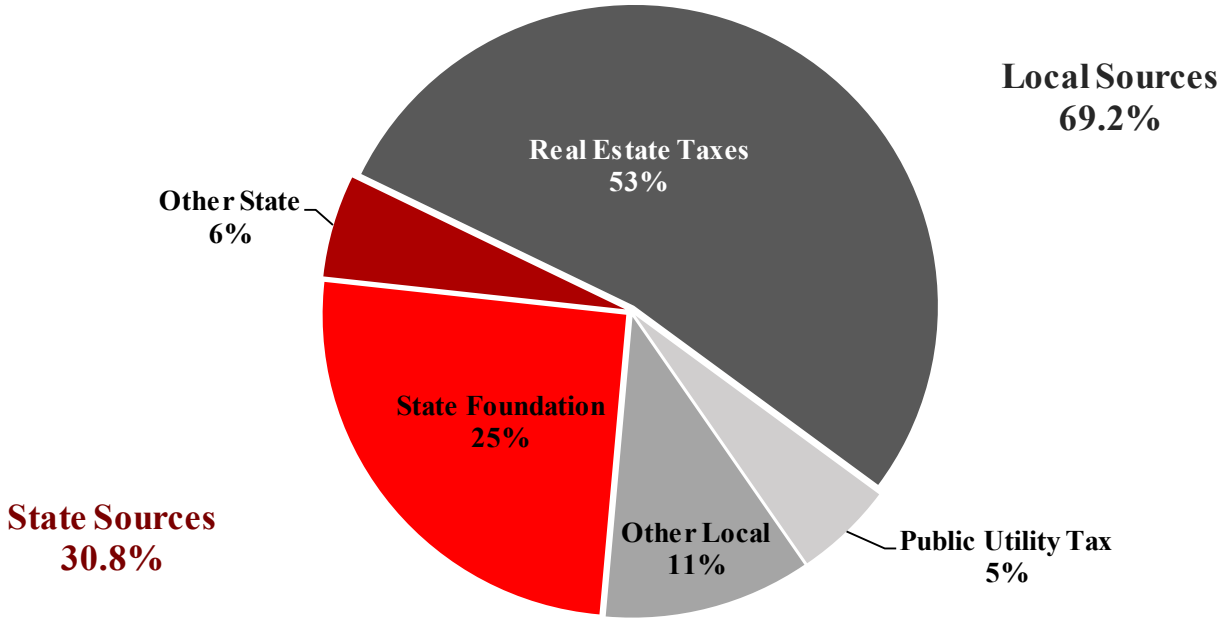
All Operating Revenue Sources General Fund FY26

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 \$218,905,483



Real Estate Value Assumptions – Line #1.010

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. 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 an improving 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 15% in residential 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 \$759.8 million, or 14.7%. 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. These factors, along with other economic factors (unemployment, tariffs, local economic development, etc.), has 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 mills for Lakota. PUPP values increased by roughly \$16.3 million in tax year 2024. However, we have reduced the increase 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. This 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>Estimated</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.	\$4,244,177,796	\$4,934,397,811	\$4,997,927,708	\$5,060,165,419	\$5,415,104,244
Comm./Ind.	911,587,357	981,214,443	1,007,065,609	1,032,056,305	1,075,926,467
Public Utility (PUPP)	195,255,297	205,629,279	218,011,069	229,388,954	241,268,792
Total	<u>\$5,351,020,449</u>	<u>\$6,121,241,533</u>	<u>\$6,223,004,385</u>	<u>\$6,321,610,678</u>	<u>\$6,732,299,504</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 23.24 mills, and the Class II effective millage rate is 30.21 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. Should the Tax Year 2026 Reappraisal result in a 15% increase to Class 1 and 5% increase to Class 2 properties, Lakota Local Schools would have an estimated effective millage rates of 21.03 Class 1 and 31.36 Class 2 that would not begin collecting until calendar year 2027.

<u>Tax Levies</u>	<u>Year Approved</u>	<u>Last Calendar Year of Collection</u>	<u>Full Tax Rate</u>	<u>Effective Rates</u>	
			<u>(per \$1,000 of 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	3.65
Continuing Operating	1978	n/a	3.80	0.43	0.87
Continuing Operating	1985	n/a	5.90	1.31	2.05
Continuing Operating	1988	n/a	5.67	1.43	2.33
Continuing Operating	1991	n/a	5.90	2.01	3.24
Continuing Operating	1996	n/a	6.50	2.55	4.18
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>23.21</u>	<u>32.61</u>

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.

<u>Source</u>	<u>FY26</u>	<u>FY27</u>	<u>FY28</u>	<u>FY29</u>	<u>FY30</u>
Estimated Real Estate TaxLine # 1.010	<u>\$115,854,043</u>	<u>\$120,055,870</u>	<u>\$123,727,168</u>	<u>\$125,538,401</u>	<u>\$128,216,183</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 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 unencumbered unreserved balance of the forecast above thirty-six (36) 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	\$11,834,055	\$22,757,798
New Property TaxLine # 13.020	<u>0</u>	<u>0</u>	<u>0</u>	<u>11,834,055</u>	<u>22,757,798</u>
TotalLine # 13.030	<u>\$0</u>	<u>\$0</u>	<u>\$0</u>	<u>\$11,834,055</u>	<u>\$22,757,798</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>\$11,545,709</u>	<u>\$12,863,023</u>	<u>\$13,594,087</u>	<u>\$14,355,417</u>	<u>\$15,101,614</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 FY26-FY30 on the new Fair School Funding Plan (FSFP).

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 not available at this time. When a detailed analysis is 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 will not know until later in FY26 if we will receive this additional funding.

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 held constant in the forecast for FY28 through FY30.

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.

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	\$28,355,043	\$23,105,107	\$23,577,187	\$23,612,645	\$22,170,664
HB.96 Guarantee	18,116,360	24,357,010	23,868,237	23,822,302	23,822,302
Additional Items	<u>3,799,210</u>	<u>4,063,801</u>	<u>4,063,801</u>	<u>4,063,801</u>	<u>4,157,758</u>
Basic Aid- Subtotal	<u>\$50,270,613</u>	<u>\$51,525,918</u>	<u>\$51,509,225</u>	<u>\$51,498,748</u>	<u>\$50,150,724</u>
Casino Revenue	\$1,217,026	\$1,245,509	\$1,274,662	\$1,304,308	\$1,334,639
Threshold Aid	1,728,463	1,866,740	1,866,740	1,866,740	1,866,740
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>\$53,224,313</u>	<u>\$54,646,378</u>	<u>\$54,658,838</u>	<u>\$54,678,007</u>	<u>\$53,360,314</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 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.

<u>Source</u>	<u>FY26</u>	<u>FY27</u>	<u>FY28</u>	<u>FY29</u>	<u>FY30</u>
DPIA	\$450,167	\$516,585	\$516,585	\$516,585	\$531,112
ESL	381,414	316,460	316,460	333,414	342,789
Gifted	459,016	332,190	332,190	332,190	341,532
Career Tech - Restricted	0	0	0	0	0
Other Restricted State Funds	22,500	0	0	0	0
Student Wellness and Success Funds	<u>926,054</u>	<u>926,054</u>	<u>926,054</u>	<u>926,054</u>	<u>952,095</u>
Total Restricted State Revenues Line # 1.040	<u>\$2,239,151</u>	<u>\$2,091,289</u>	<u>\$2,091,289</u>	<u>\$2,108,243</u>	<u>\$2,167,528</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	\$53,224,313	\$54,646,378	\$54,658,838	\$54,678,007	\$53,360,314
B) Restricted State Aid Line # 1.040	2,239,151	2,091,289	2,091,289	2,108,243	2,167,528
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>\$55,463,464</u>	<u>\$56,737,667</u>	<u>\$56,750,127</u>	<u>\$56,786,250</u>	<u>\$55,527,842</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. [HB.59](#) 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, [HB.119](#) expanded the Homestead Exemption for all seniors 65 years or older or disabled, regardless of income. Effective September 29, 2013, [HB.59](#) 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.

[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. The extended tax credits for qualifying taxpayers would result in reduced property tax collections for the school district from current operating levies. Butler County Commissioners have indicated that they intend to enact the Piggyback Property Tax Exemption for one year to extend the Homestead Exemption, which would result in a loss of revenue of roughly \$860 thousand for tax year 2025. It is currently unknown whether the county commissioners will continue the Homestead extension beyond tax year 2025; however, the commissioners have indicated they intend this as a one-time extension of the Homestead Exemption. Therefore, we are only forecasting this reduction for tax year 2025. We will continue to monitor this closely to ensure we are forecasting any further revenue reductions related to this provision as soon as they are known.

<u>Source</u>	<u>FY26</u>	<u>FY27</u>	<u>FY28</u>	<u>FY29</u>	<u>FY30</u>
Rollback and Homestead	<u>\$11,989,938</u>	<u>\$12,404,556</u>	<u>\$13,272,788</u>	<u>\$13,423,767</u>	<u>\$13,702,027</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 50 basis points in September 2024, an additional 25 basis points in December 2024, and most recently announced a 25 basis point rate cut in September 2025. While interest revenue in FY26 should remain steady due to laddered investment strategies, 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 GE Aviation and Republic Wire. In FY24, we anticipated collections beginning for two new properties, which finished construction in tax year 2023: Kemba Credit Union and Queen City Harley Davidson. The abatement paperwork for Queen City Harley Davidson is still being finalized with the Ohio Department of Taxation and is now anticipated to be received in FY26. The abatement paperwork for Kemba Credit Union was finalized in January 2025 and began being received in line 1.060 as opposed to line 1.010, where it was 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 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	3,696,793	3,038,991	2,947,608	2,947,608	2,947,608
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	634,945	647,644	660,597	673,809	687,285
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>\$24,052,329</u>	<u>\$23,687,728</u>	<u>\$23,890,693</u>	<u>\$23,950,160</u>	<u>\$24,010,835</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.

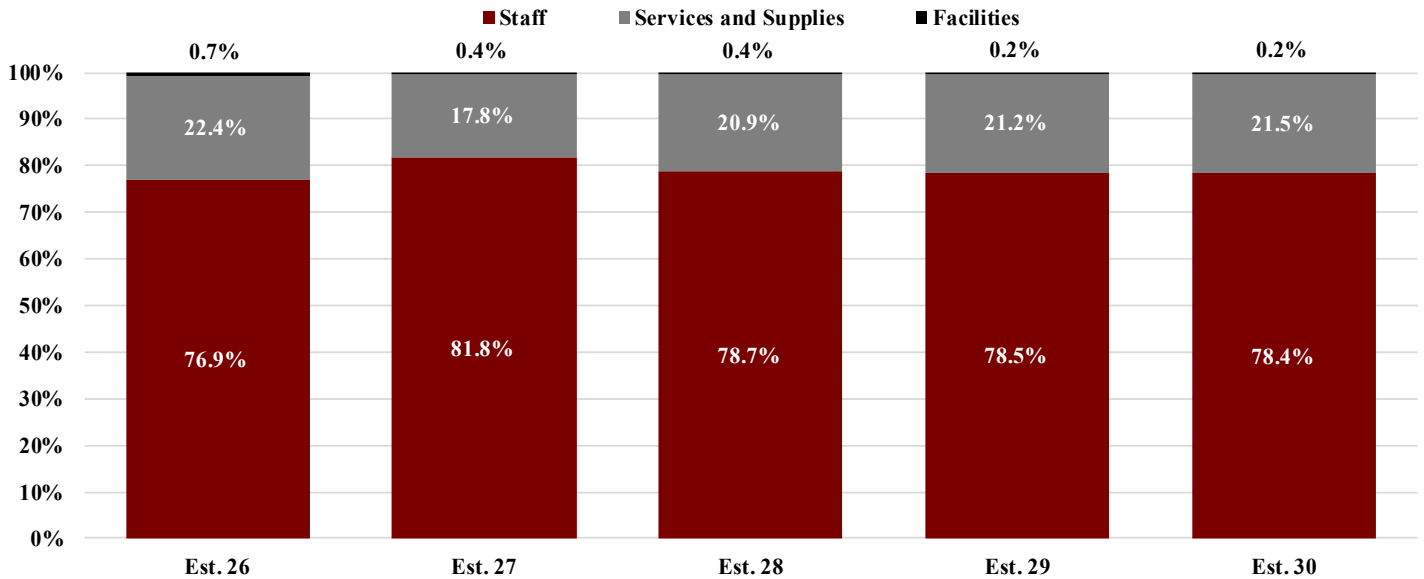
<u>Source</u>	<u>FY26</u>	<u>FY27</u>	<u>FY28</u>	<u>FY29</u>	<u>FY30</u>
Transfers In Line # 2.040	\$1,348,100	\$672,900	\$680,050	\$0	\$0
Advance Returns # 2.050	<u>329,111</u>	<u>0</u>	<u>0</u>	<u>0</u>	<u>0</u>
Total Transfers and Advances In	<u>\$1,677,211</u>	<u>\$672,900</u>	<u>\$680,050</u>	<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>250,000</u>	<u>260,000</u>	<u>270,400</u>	<u>281,216</u>	<u>292,465</u>
Total Other Financing Sources Line # 2.060	<u>\$268,767</u>	<u>\$284,946</u>	<u>\$290,312</u>	<u>\$302,424</u>	<u>\$314,487</u>

Expenditure Assumptions

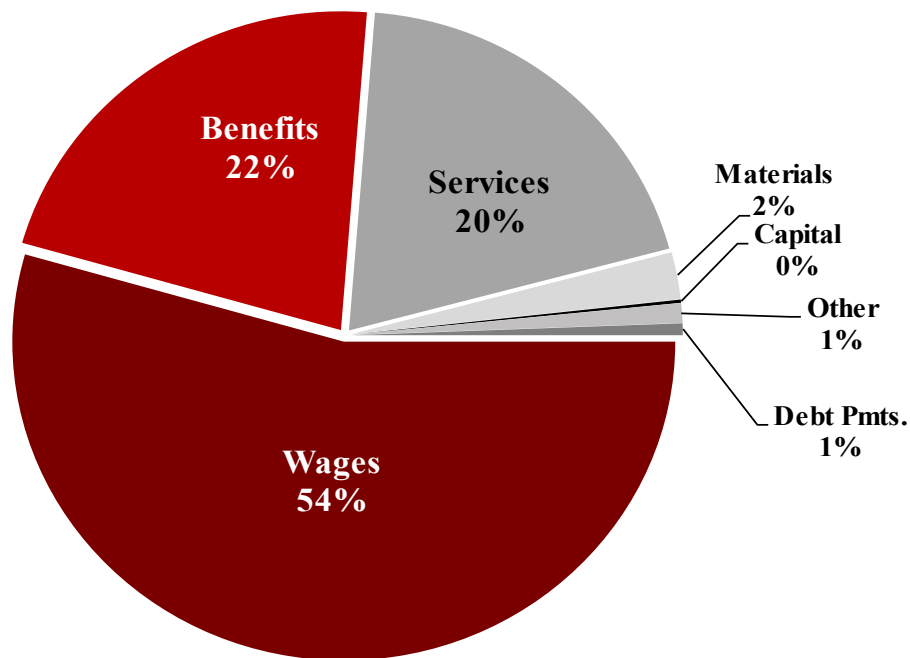
The district's leadership team is always looking at ways to improve the education of our students, whether it be with changes in staffing, curriculum, or new technology. In this section, the reader will gain a better understanding of the way the district invests its resources to meet the current and 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 \$226,055,040



Salaries and Benefits
76.7%

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 fall 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 anticipates 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, and assumed to continue to post this position until 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 do not anticipate any staffing changes withing the Classified staff. In our non-represented staff, we are anticipating hiring a new Administrative Assistant to the Assistant Superintendent and adding a Residency Specialist. The Treasurer's Office and Welcome Center both have a Generalist position which have been replaced with supplemental and not a full time staff member 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	\$120,556,861	\$123,745,759	\$126,549,539	\$129,351,619
Base Increases	4,100,525	2,411,137	2,474,915	2,530,991	2,587,032
Cost of Living Adjustment & Education Advancements	1,267,554	1,359,070	1,430,959	1,494,276	1,515,734
Staff Retire Replacement	(3,229,438)	(1,096,507)	(1,277,094)	(1,254,187)	(1,237,006)
Staff Decrease, Increase or Reclass	953,570	446,424	175,000	31,000	0
Positions Pending Replacements	306,787	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	92,453	102,297	104,343	106,430	108,559
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>\$123,009,301</u>	<u>\$126,224,139</u>	<u>\$129,046,310</u>	<u>\$131,867,074</u>	<u>\$134,751,818</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. Moving forward, and based on national trends, we are assuming a 4% premium increase for FY25-26, then 3% annual 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 are projecting a 2% increase for the 2026 plan year and 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	\$19,834,158	\$20,335,193	\$20,776,346	\$21,207,590	\$21,646,627
Insurances	27,366,759	28,241,085	29,092,609	29,921,316	30,774,578
Workers Comp/Unemployment	310,678	318,667	325,680	332,690	339,858
Medicare	1,718,165	1,762,942	1,802,342	1,841,724	1,881,996
Contracted Expenditure	128,500	108,500	128,500	168,500	168,500
Total Fringe Benefits Line # 3.020	<u>\$49,358,260</u>	<u>\$50,766,387</u>	<u>\$52,125,477</u>	<u>\$53,471,820</u>	<u>\$54,811,559</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.

An increase was seen in FY25 for Orton-Gillingham training in the amount of \$400 thousand. The Orton-Gillingham approach is a structured, multisensory teaching method that empowers educators to develop individualized plans for teaching reading and vocabulary skills, particularly for students with dyslexia. Further professional development, which was \$60 thousand, for Dynamic Indicators of Basic Early Literacy Skills (DIBELS) training for K-6 staff in FY24-25. The DIBELS training and methodology empowers instructional staff through training on proper assessment administration, accurate data collection, guidance on interpretation of the results, and guidance on using the data for instructional decisions. As the district continues to invest in new curriculum, the district's professional development expenditures will fluctuate depending on the quantity of professional development needed to support the implementation of the new curriculum.

Beginning in FY24, Professional Services saw a decrease in videographer service, which was hired internally and is now reflected in the section labeled Wages (Line 3.01). Beginning in FY25, the district began implementing a new human resources database (Frontline Central) and began using a new district notification system (Parent Square), which was roughly \$50 thousand and \$100 thousand, respectively. The district also migrated away from the online benefit platform (BenefitSolver) to a new platform (Employee Navigator), which results in savings of \$105 thousand annually, which began in August 2024. The substitute teacher contract expenses increased in FY25, stemming from an increase in the daily rate for substitutes (currently \$125/day and moving to \$130/day). The Professional Services line also saw an increase in FY25 for a contracted Gifted Director. This shifted the expenditures from Wages and Benefits (Lines 3.010 and 3.020, respectively) to this section. Overall, this change does not increase the expense for the Gifted Director position; however, this expense returned to Lines 3.010 and 3.020 for FY26 and beyond as we brought this position back in-district.

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. 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.

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 is projected to decrease roughly \$90 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	1,392,441	1,654,771	1,991,884	2,427,252	2,991,837
Local Tuition	2,214,525	2,371,968	2,552,232	2,761,244	3,006,754
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	387,733	407,120	427,476	448,849	471,292
Total Purchased Services Line # 3.030	<u>\$44,339,104</u>	<u>\$41,933,638</u>	<u>\$43,200,193</u>	<u>\$44,866,882</u>	<u>\$46,758,439</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. 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
Fuel for vehicles	1,136,889	1,153,942	1,171,251	1,188,820	1,206,652
Software & Computer Supplies	500,539	508,047	515,668	523,403	531,254
Total Supplies and Materials Line # 3.040	<u>\$5,372,404</u>	<u>\$5,452,990</u>	<u>\$5,534,784</u>	<u>\$5,617,806</u>	<u>\$5,702,073</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 return to the general fund.

<u>Source</u>	<u>FY26</u>	<u>FY27</u>	<u>FY28</u>	<u>FY29</u>	<u>FY30</u>
Equipment	\$256,911	\$260,765	\$264,676	\$268,646	\$272,676
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>\$368,522</u>	<u>\$374,608</u>	<u>\$380,795</u>	<u>\$387,087</u>	<u>\$393,487</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 per 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>
Total Bond Principal Payments Line # 4.010	\$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 and 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

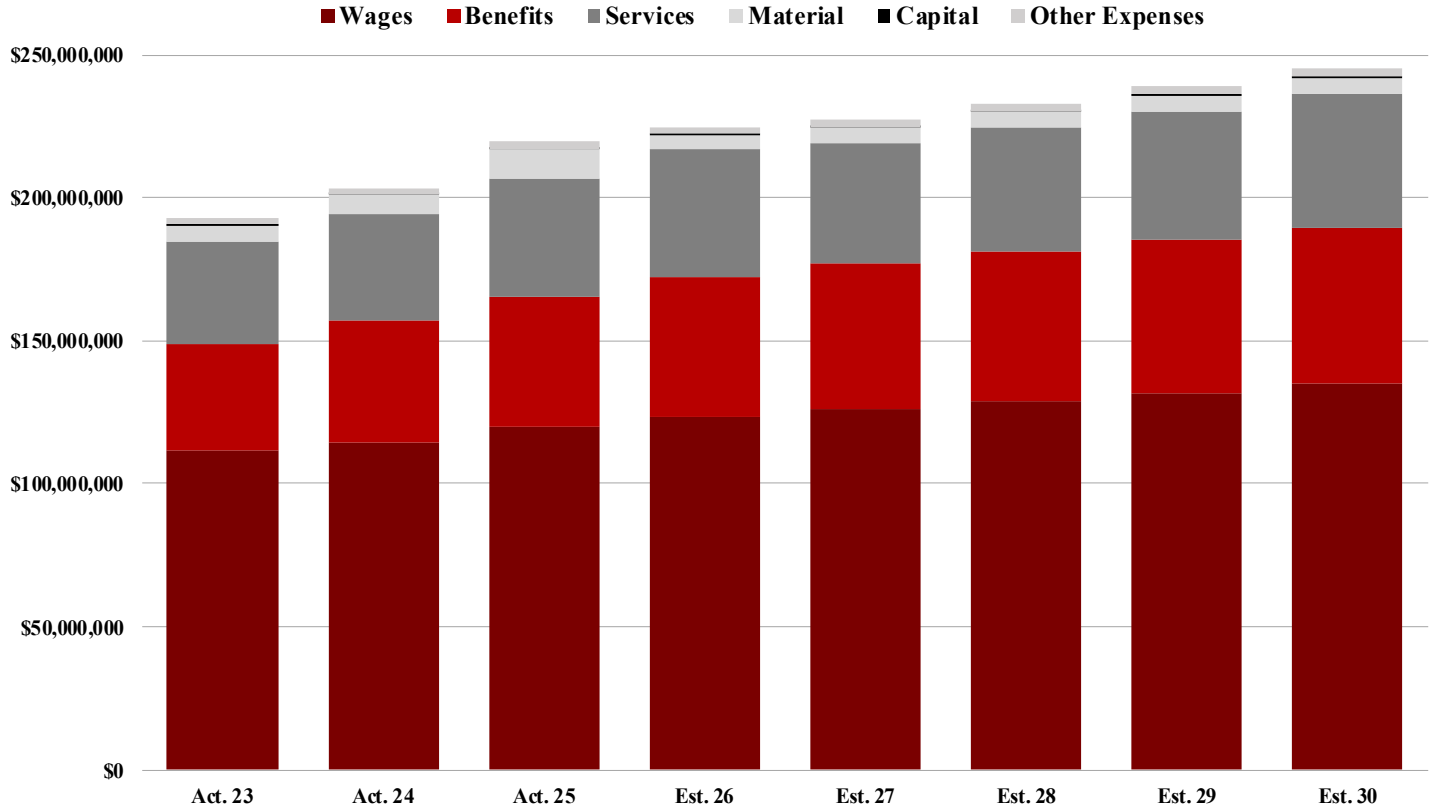
The category of Other Expenses consists primarily of the county educational service center deductions for specialized services provided to the district and auditor and treasurer fees. Auditor and treasurer fees increase when a new operating levy is collected, during a sexennial reappraisal or triennial 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	\$5,571,762	\$5,695,457	\$5,785,368	\$5,828,532	\$5,904,501
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	<u>92,182</u>	<u>92,182</u>	<u>92,182</u>	<u>92,182</u>	<u>92,182</u>
Operating Transfers Out Line # 5.010	<u>\$11,599,006</u>	<u>\$11,146,745</u>	<u>\$11,345,336</u>	<u>\$10,812,322</u>	<u>\$10,994,565</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>\$456,277</u>	<u>\$456,277</u>	<u>\$456,277</u>	<u>\$456,277</u>	<u>\$456,277</u>

Reservations of Fund Balance – Lines #9.010-9.080

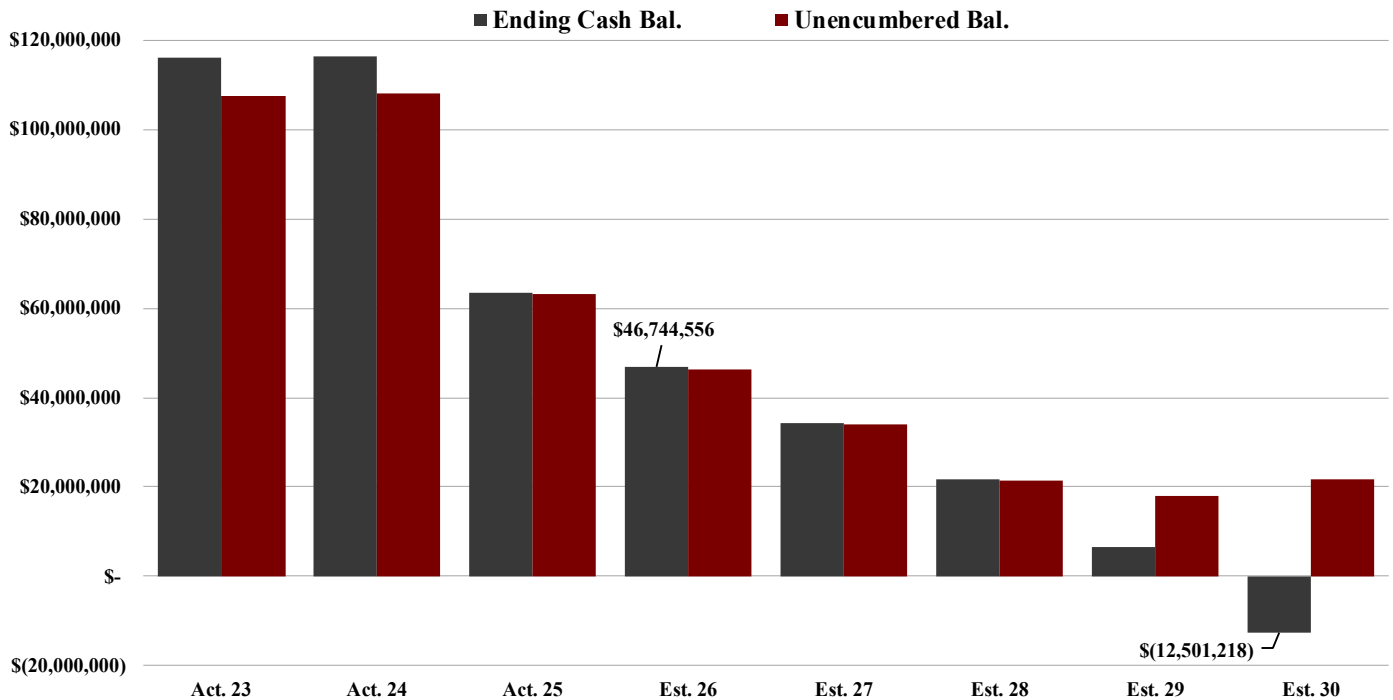
On June 10, 2019 the Board approved [Policy 6217](#), the “Budget Stabilization,” to transfer a portion of the prior year general fund unencumbered carry-over balance to a reserve fund. The district made the first transfer to this newly established fund in July 2019. Policy 6217 states that the district 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	<u>\$46,288,279</u>	<u>\$33,933,521</u>	<u>\$21,313,749</u>	<u>\$17,955,789</u>	<u>\$21,634,358</u>

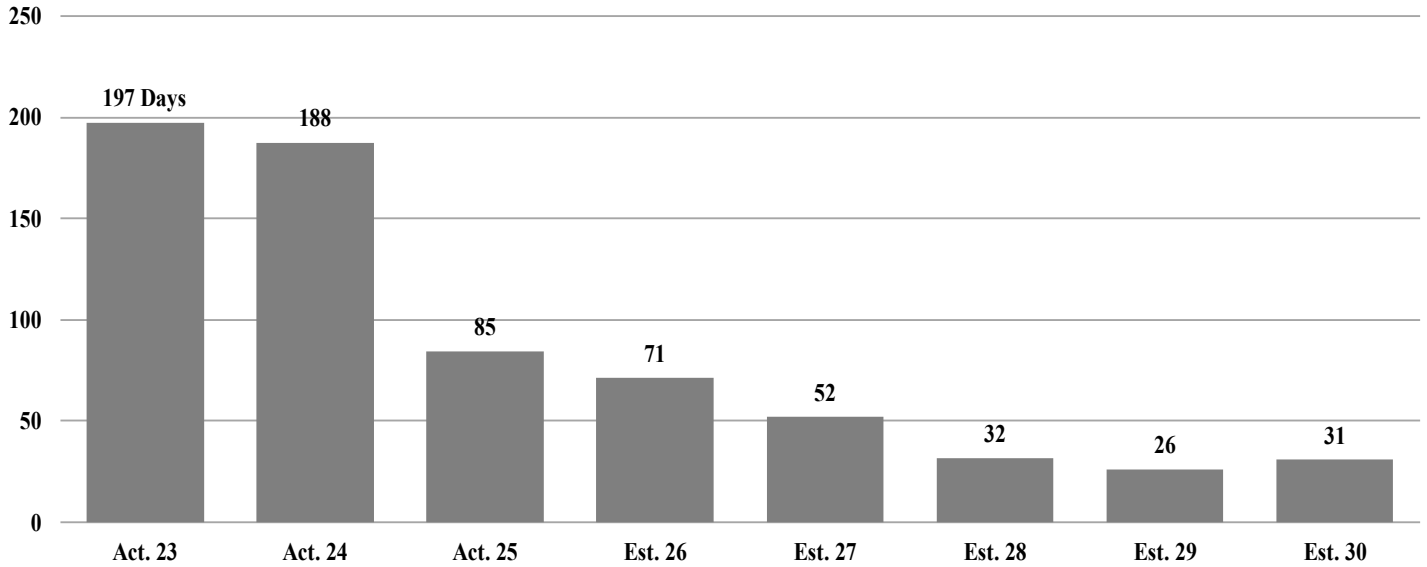
General Fund Ending Cash Balance



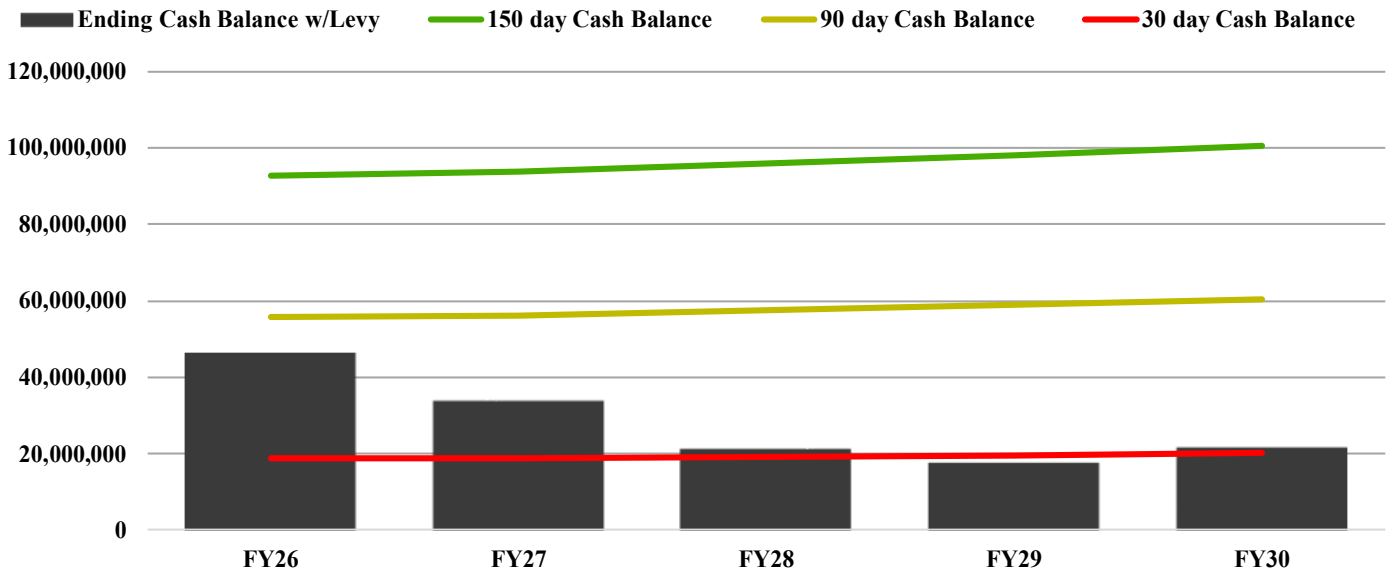
True Cash Days Ending Balance

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.

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](#)

[Comprehensive Annual Financial Report](#)

[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 33](#)

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](#)