# FINANCE & AUDIT COMMITTEE

OCTOBER 16, 2023 MEETING

6:00 PM, BERLIN ROOM

OLENTANGY SCHOOLS℠

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# FIVE-YEAR FORECAST

OLENTANGY SCHOOLS℠
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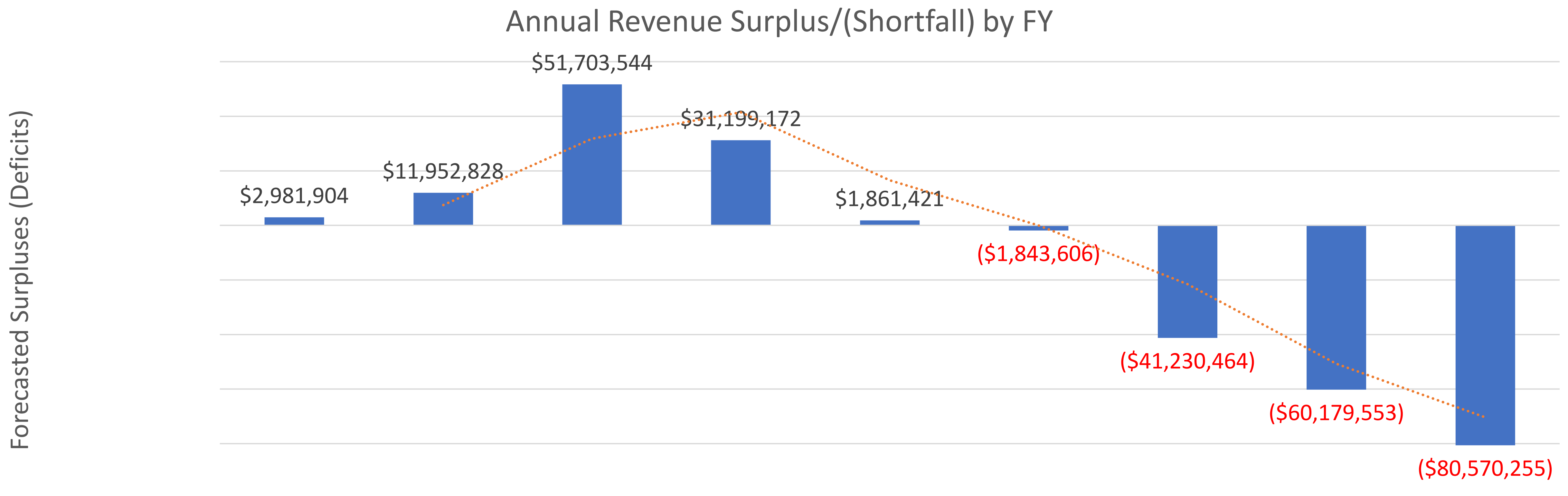
# FORECASTED SURPLUSES (DEFICITS)

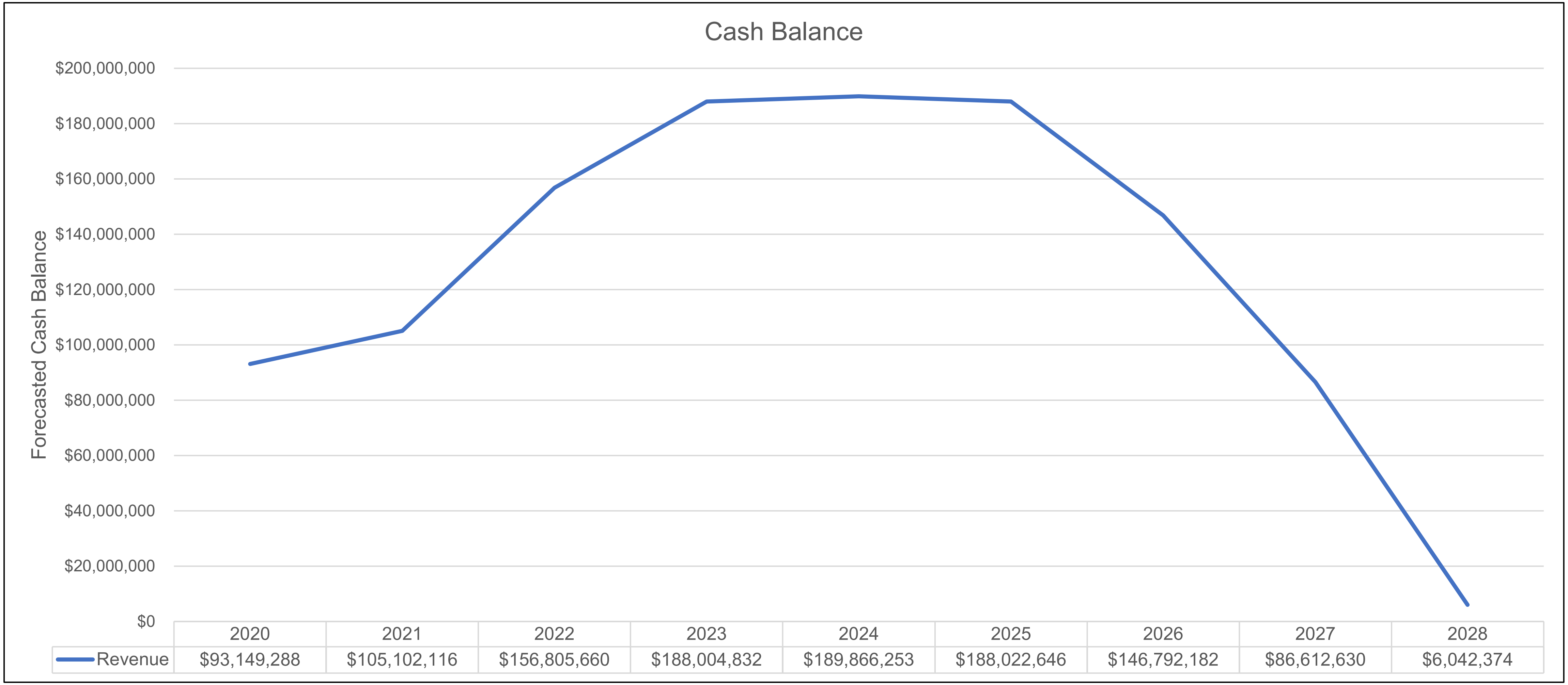
Annual Revenue Surplus/(Shortfall) by FY




| | 2020 | 2021 | 2022 | 2023 | 2024 | 2025 | 2026 | 2027 | 2028 |
|---|---|---|---|---|---|---|---|---|---|
| Surplus/(Shortfall) | $2,981,904 | $11,952,828 | $51,703,544 | $31,199,172 | $1,861,421 | ($1,843,606) | ($41,230,464) | ($60,179,553) | ($80,570,255) |

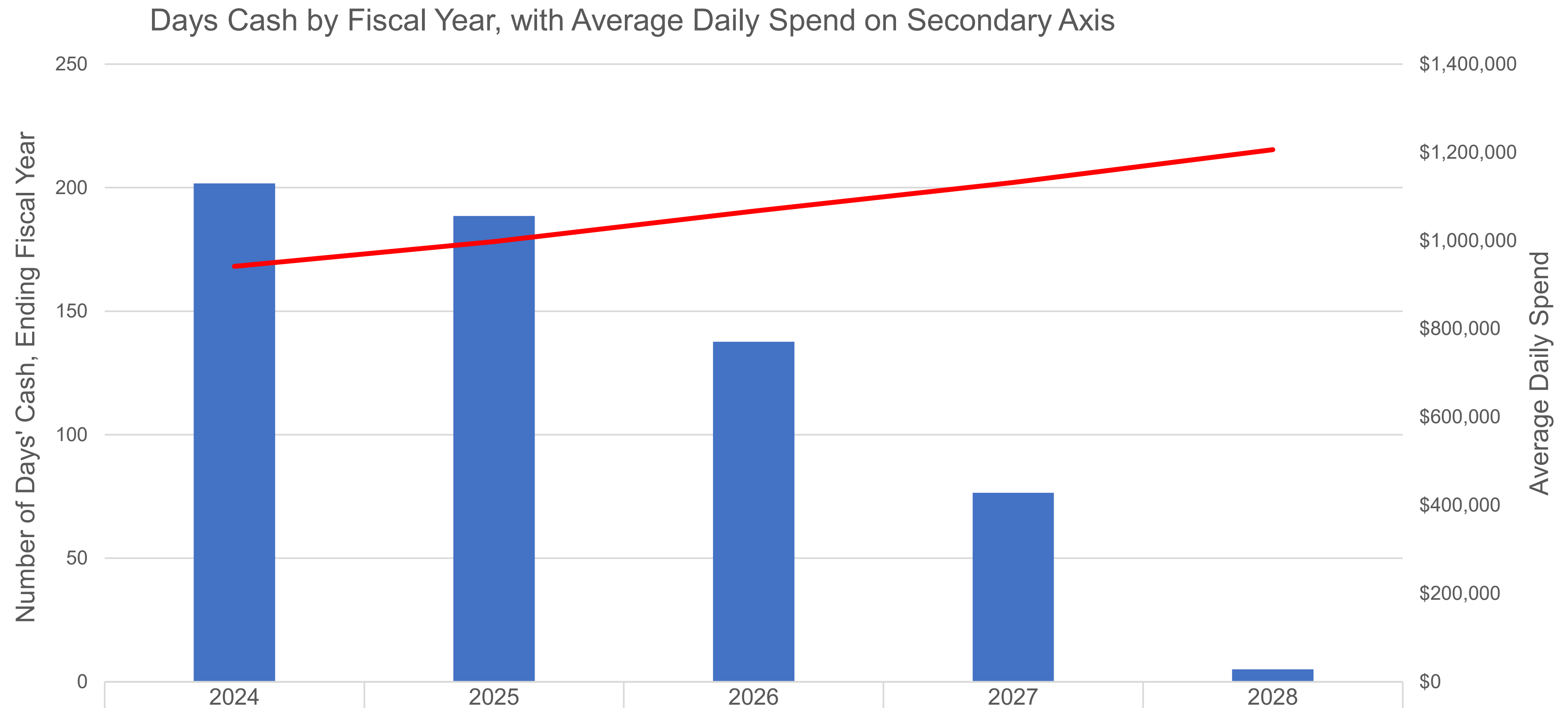
Surplus/(Shortfall) 2 per. Mov. Avg. (Surplus/(Shortfall))

# FORECASTED BALANCES




| | 2020 | 2021 | 2022 | 2023 | 2024 | 2025 | 2026 | 2027 | 2028 |
|---|---|---|---|---|---|---|---|---|---|
| Revenue | $93,149,288 | $105,102,116 | $156,805,660 | $188,004,832 | $189,866,253 | $188,022,646 | $146,792,182 | $86,612,630 | $6,042,374 |

# CASH ON HAND AND DAILY EXPENSES




| | 2024 | 2025 | 2026 | 2027 | 2028 |
|---|---|---|---|---|---|
| No. Days' Cash End Fiscal Year | 202 | 189 | 138 | 77 | 5 |
| Avg. Daily Spend | $941,500 | $997,412 | $1,066,488 | $1,131,620 | $1,205,802 |

# POLICY 6210.01

The Board designates a cash balance that specifies the number of days of cash recommended to be on hand at the end of each fiscal year. The following chart provides the designated number of days' cash recommended for each fiscal year in the five-year forecast cycle (days' cash defined as the quotient of the forecasted cash balance at the end of each fiscal year divided by the forecasted expenses for that fiscal year multiplied by 365):

| Fiscal or School Year | Current Fiscal Year | Current Fiscal Year + 1 | Current Fiscal Year + 2 | Current Fiscal Year + 3 | Current Fiscal Year + 4 |
|---|---|---|---|---|---|
| **Cash Requirements in Days** | 180 days | 150 days | 120 days | 90 days | 60 days |

For the purposes of this calculation, and in accordance with GASB 54, the cash balance shall refer to the total of the committed, assigned, and unassigned fund balances of the general operating fund in any given fiscal year.

If any version of a forecast published in May of a school/fiscal year shows a cash balance in a given school/fiscal year that fails to meet the recommendations above, the following actions will occur:

A. The treasurer will convene the members of the Finance and Audit Committee to review the forecast, and to discuss options that may increase forecasted cash reserves that meet or exceed recommendations in any school/fiscal year. The Finance and Audit Committee will forward any findings or recommendations to the superintendent.

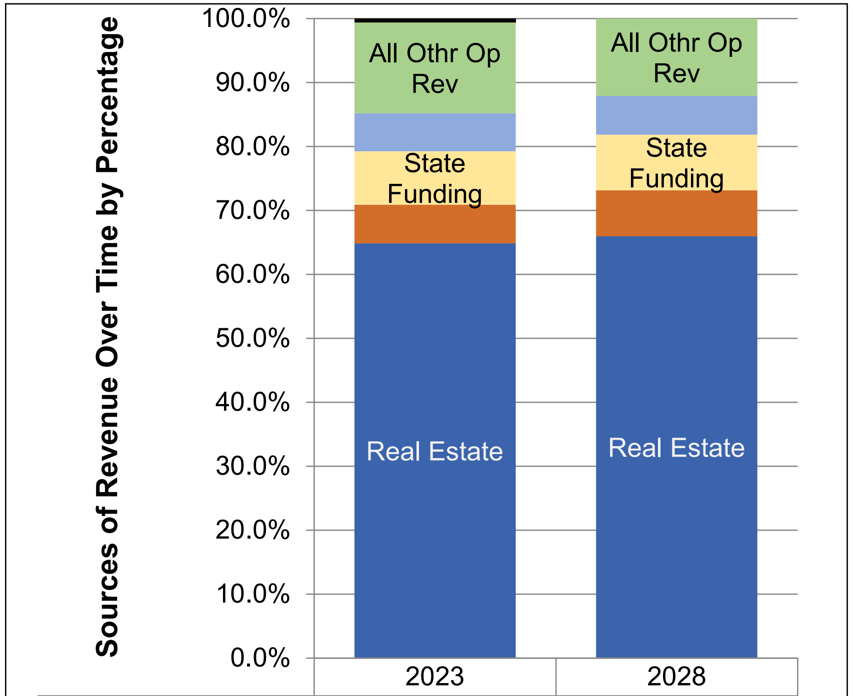
B. The superintendent and the treasurer will jointly review any findings or recommendations provided by the Finance and Audit Committee.

The Board, in consultation with superintendent and treasurer, may discuss options to address any school/fiscal year in which the forecasted cash reserves are less than the recommended level. These options may include additional operating levies, expenditure reductions or both; or may include delaying any action to gather the most timely, emerging or best-available information for further analysis and review.

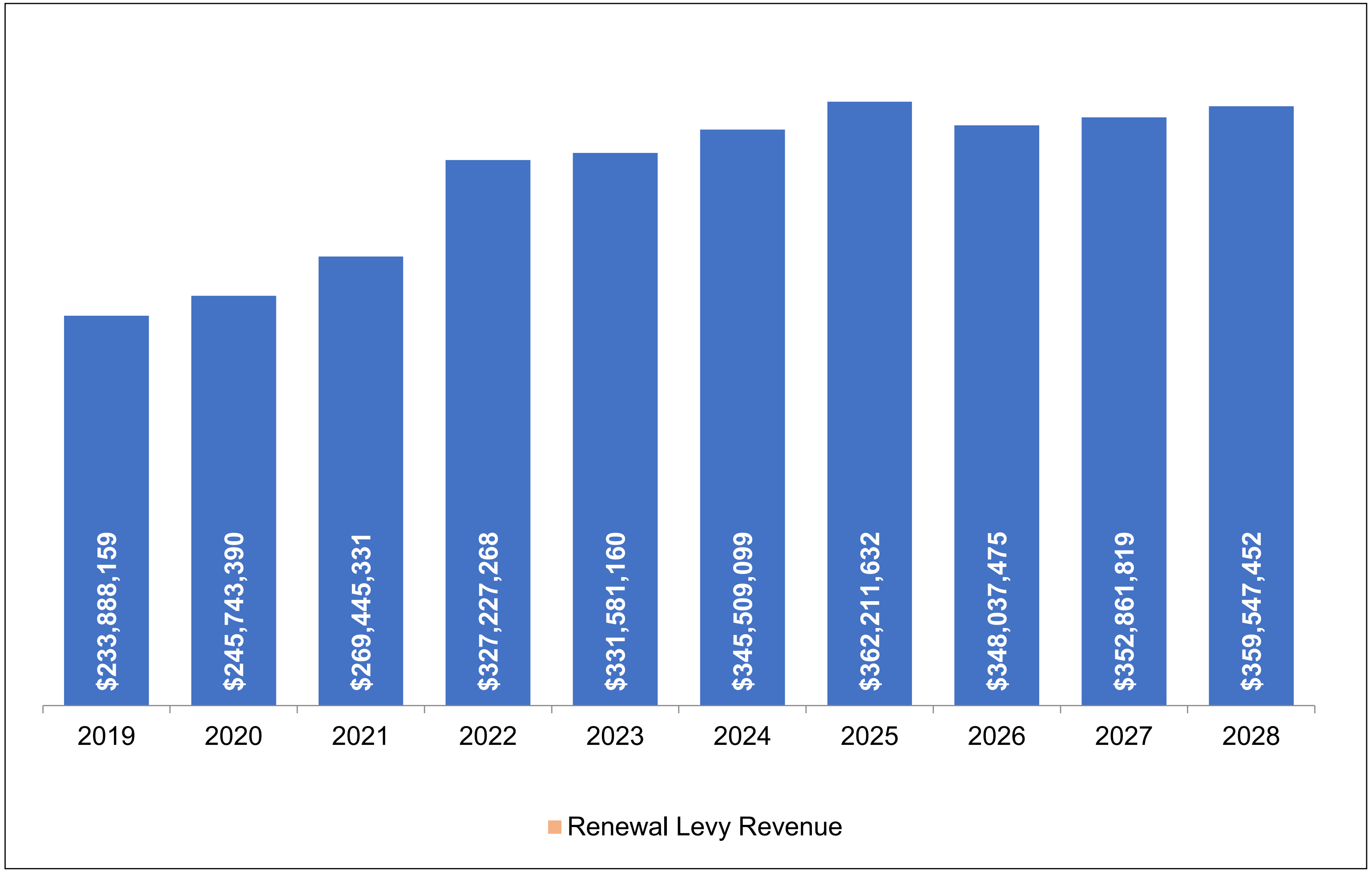
# REVENUE ANALYSIS

REVIEW OF MAJOR REVENUE COMPONENTS, ASSUMPTIONS

# REVENUES




| | 2023 | 2028 |
|---|---|---|
| Other Sources | 0.6% | 0.0% |
| All Othr Op Rev | 14.2% | 12.1% |
| State Share of Local Property Taxes | 5.9% | 6.1% |
| State Funding | 8.4% | 8.7% |
| Income Tax | 0.0% | 0.0% |
| Public Utility | 6.1% | 7.2% |
| Real Estate | 64.9% | 66.0% |



# REVENUES

4-Year Historical Actual Average Annual Dollar Change
Compared to 5-year Projected

| | Historical Average Annual $$ Change | **Projected** Average Annual $$ Change | Projected Compared to Historical Variance |
|---|---|---|---|
| Real Estate | 14,839,613 | 4,428,513 | ($10,411,100) |
| Public Utility | $2,085,965 | $1,151,453 | ($934,512) |
| Income Tax | $0 | $0 | $0 |
| State Funding | $3,411,112 | 724,083 | ($2,687,029) |
| Prop Tax Alloc | $428,944 | $415,902 | ($13,042) |
| All Othr Op Rev | $3,597,651 | ($733,651) | ($4,331,302) |
| Other Sources | $59,965 | ($393,042) | ($453,007) |
| Total Average Annual Change | 24,423,250 | 5,593,258 | ($18,829,992) |
| | 9.37% | 1.68% | -7.69% |

Total revenue increased 9.37% or $24,423,250 annually during the past 4-Year period and is projected to increase 1.68% or $5,593,258 annually through FY2028. Real Estate has the most projected average annual variance compared to the historical average at -$10,411,100

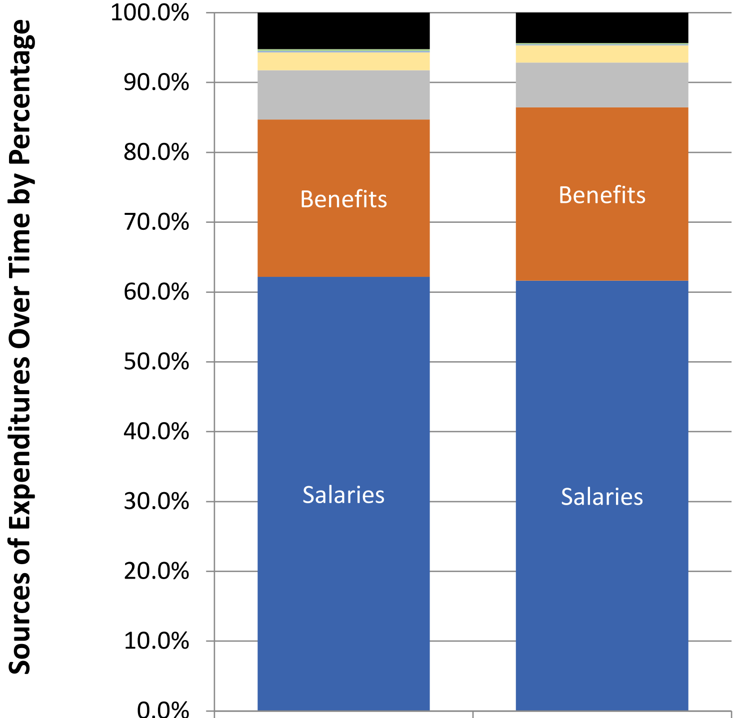
The decline in revenue experienced in 2026 is due principally to the dramatic decrease in state funding expected if the FSFP is does not continue to progress to being fully funded. This forecast does NOT increase the phase-in to 83.33% in FY26, nor does it increase the phase-in to 100% in FY27. This, in combination with the cost sets also being static, dramatically shifts state formula funds away from the District. Additionally, this forecast does NOT incorporate additional operating funds via an operating levy.

Note: Expenditure average annual change is projected to be > $27,947,144 On an annual average basis, expenditures are projected to grow faster than revenue.

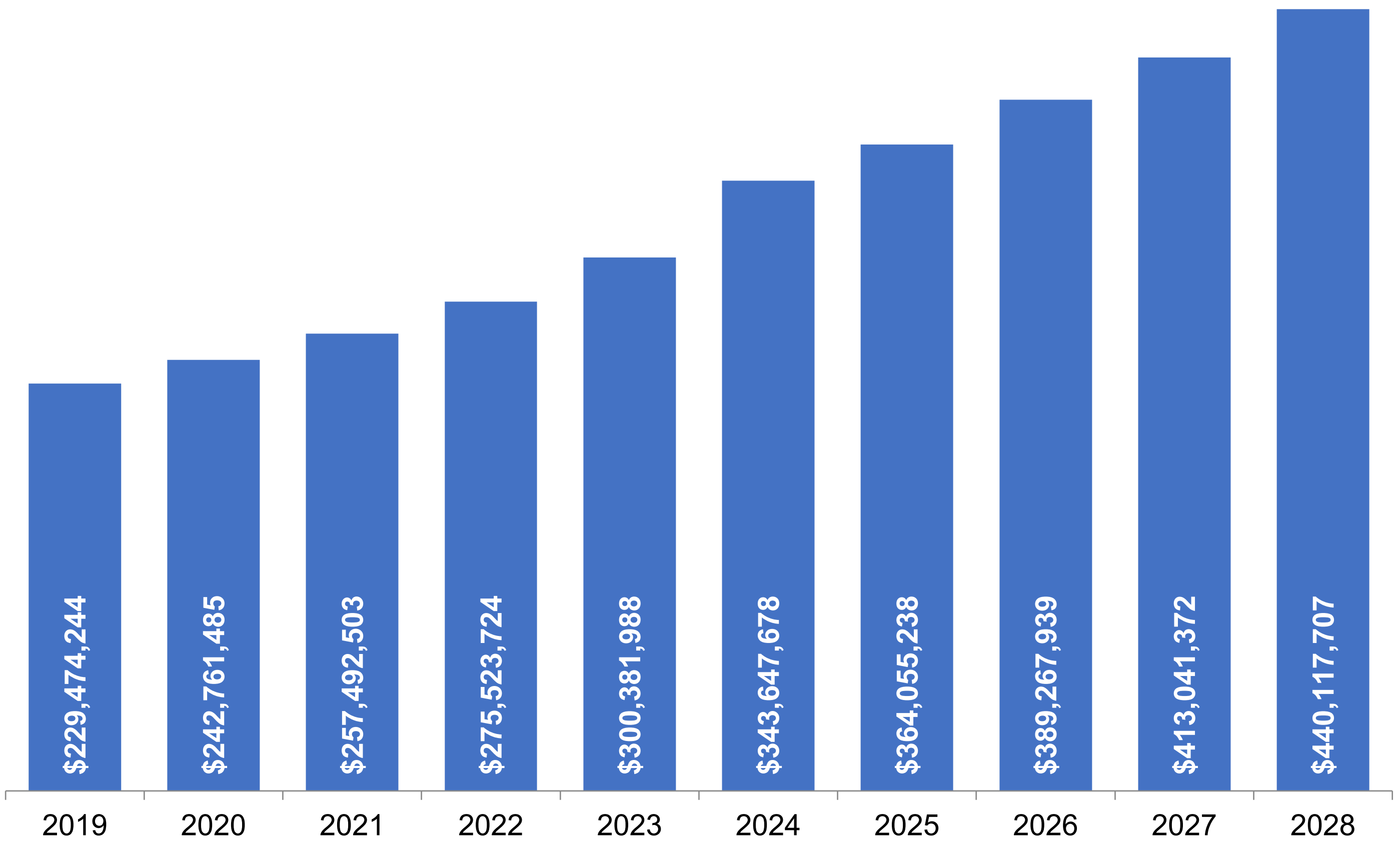
# EXPENDITURE ANALYSIS

REVIEW OF MAJOR EXPENDITURE COMPONENTS, ASSUMPTIONS

# EXPENDITURES




| | 2023 | 2028 |
|---|---|---|
| Other Uses | 0.0% | 0.0% |
| Other Objects | 5.2% | 4.3% |
| Intergov & Debt | 0.3% | 0.2% |
| Capital Outlay | 0.2% | 0.1% |
| Supplies & Materials | 2.6% | 2.5% |
| Purchased Services | 7.1% | 6.4% |
| Benefits | 22.5% | 24.8% |
| Salaries | 62.2% | 61.6% |



# EXPENDITURES

4-Year Historical Actual Average Annual Dollar Change
Compared to 5-Year Projected

| | Historical Average Annual $$ Change | **Projected** Average Annual $$ Change | Projected Compared to Historical Variance |
|---|---|---|---|
| Salaries | 11,466,030 | 16,895,349 | $5,429,320 |
| Benefits | $3,336,092 | $8,300,521 | $4,964,429 |
| Purchased Services | $1,398,136 | $1,427,771 | $29,635 |
| Supplies & Materials | $346,581 | $634,220 | $287,639 |
| Capital Outlay | $52,395 | ($6,371) | ($58,767) |
| Intergov & Debt | $77,252 | ($0) | ($77,252) |
| Other Objects | $1,050,450 | $695,654 | ($354,796) |
| Other Uses | $0 | $0 | $0 |
| Total Average Annual Change | $17,726,936<br>6.97% | $27,947,144<br>9.30% | $10,220,208<br>2.33% |

Total expenditures increased 6.97% or $17,726,936 annually during the past 4-Year period and is projected to increase 9.30% or $27,947,144 annually through FY2028. Salaries has the largest projected average annual variance compared to the historical average at $5,429,320.

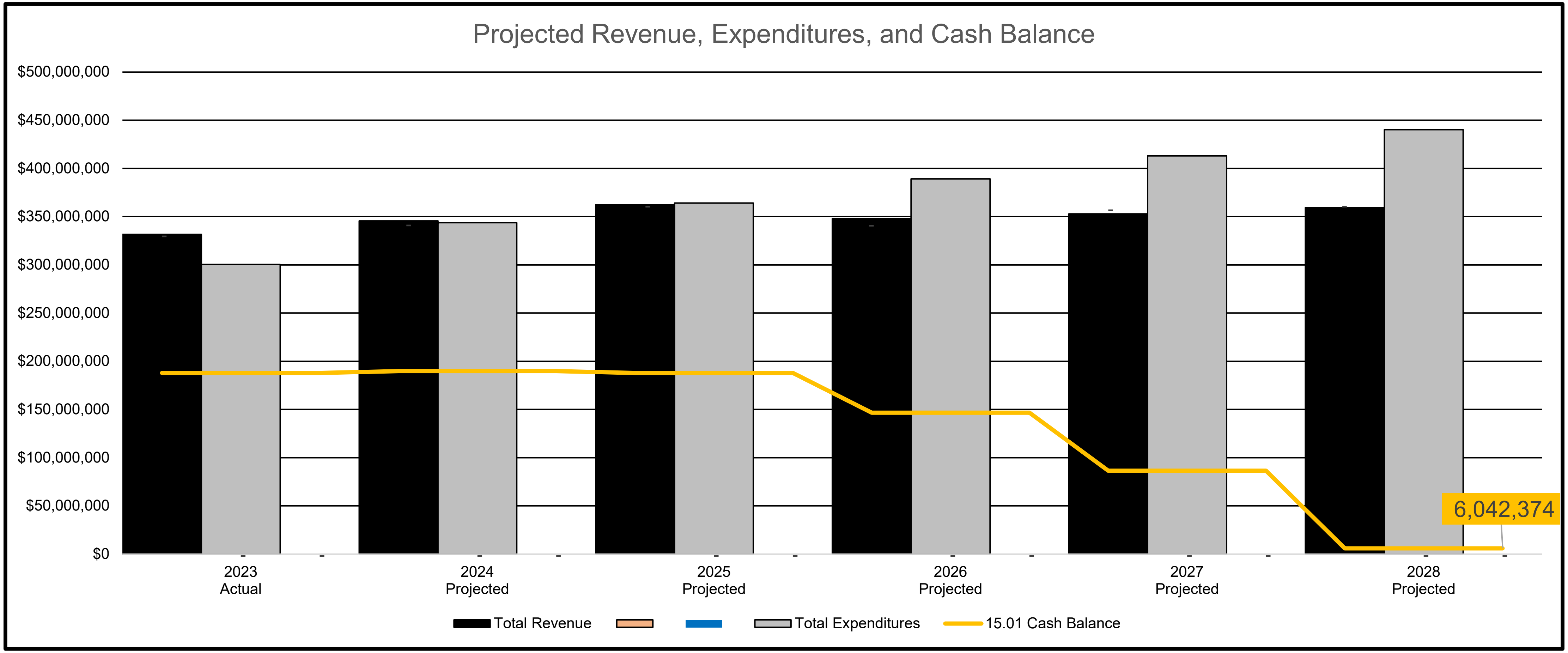
Overall operational expenditures for the District continue to trend favorably when compared to similar districts. Per the FY22 CUPP report at https://education.ohio.gov/Topics/Finance-and-Funding/School-Payment-Reports/District-Profile-Reports, Olentangy spent $13,424 per pupil in FY2022. Similar districts spent $14,569, and the statwide average was $14,686. ODE data shows that about 74% of expenses are instructional in nature.

Note: Revenue average annual change is projected to be > $5,593,258

On an annual average basis, revenues are projected to grow slower than expenditures.

# ABBREVIATED FIVE-YEAR FORECAST

# FIVE-YEAR FORECAST: FY2024 – FY2028



# FIVE-YEAR FORECAST: FY2024 – FY2028

| Financial Forecast | Fiscal Year 2024 | Fiscal Year 2025 | Fiscal Year 2026 | Fiscal Year 2027 | Fiscal Year 2028 |
|---|---|---|---|---|---|
| Beginning Balance (Line 7.010) Plus Renewal/New Levies Modeled | 188,004,832 | 189,866,253 | 188,022,646 | 146,792,182 | 86,612,630 |
| + Revenue | 345,509,099 | 362,211,632 | 348,037,475 | 352,861,819 | 359,547,452 |
| + Proposed Renew/Replacement Levies | - | - | - | - | - |
| + Proposed New Levies | - | - | - | - | - |
| - Expenditures | (343,647,678) | (364,055,238) | (389,267,939) | (413,041,372) | (440,117,707) |
| = Revenue Surplus or Deficit | 1,861,421 | (1,843,606) | (41,230,464) | (60,179,553) | (80,570,255) |
| Line 7.020 Ending Balance with renewal/new levies | 189,866,253 | 188,022,646 | 146,792,182 | 86,612,630 | 6,042,374 |
| Number of Days Cash (Based on FY Expenses, 365-day basis) | 201.66 | 188.51 | 137.64 | 76.54 | 5.01 |

Analysis Without Renewal Levies Included:

| | | | | | |
|---|---|---|---|---|---|
| Revenue Surplus or Deficit w/o Levies | 1,861,421 | (1,843,606) | (41,230,464) | (60,179,553) | (80,570,255) |
| Ending Balance w/o Levies | 189,866,253 | 188,022,646 | 146,792,182 | 86,612,630 | 6,042,374 |

# MARCH 19, 2024
# LEVY

ANALYSIS OF 3 MILL OPERATING LEVY

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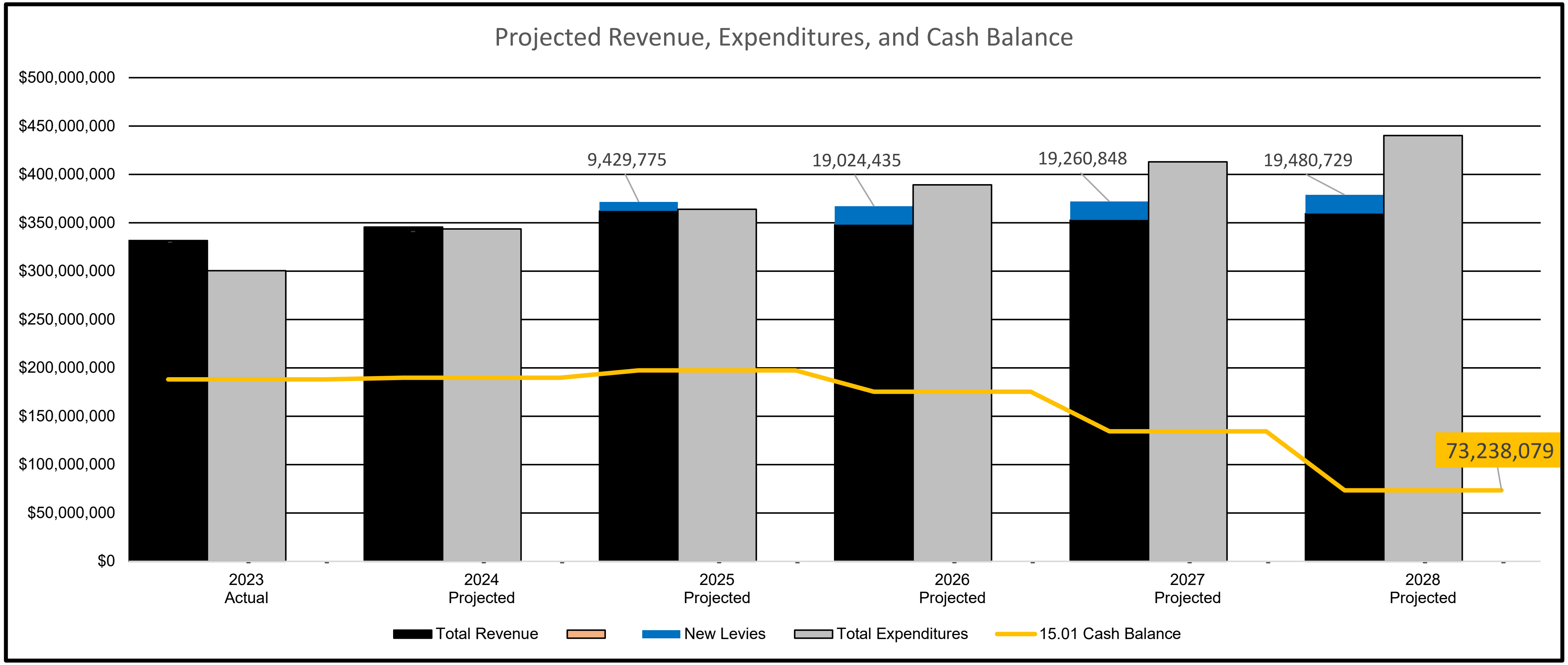
# 3 MILL OPERATING LEVY

- Resolution of Necessity Passed by Olentangy Board of Education on October 12, 2023
- Seeks to approve a 3-Mill Operating Levy for the District; Also Includes 1.25 Mill Permanent Improvement Levy
- Further seeks authority for the District to Issue Up to $350 Million in Bonds to Construct a New High School, 3 New Elementary Schools, and a New Middle School
- The Bond Issue Would be Run as No Additional Millage

# 3 MILL OPERATING LEVY AND 1.25 MILL PI LEVIES—HOMEOWNER COST

| Home Value per Auditor | Annual Cost for 3 Operating Mills | Annual Cost for 1.25 PI Mills | Total Annual Tax Increase |
|---|---|---|---|
| $100,000 | $105.00 | $43.75 | $148.75 |
| $200,000 | $210.00 | $87.50 | $297.50 |
| $300,000 | $315.00 | $131.25 | $446.25 |
| $400,000 | $420.00 | $175.00 | $595.00 |
| $500,000 | $525.00 | $218.75 | $743.75 |
| $600,000 | $630.00 | $262.50 | $892.50 |
| $700,000 | $735.00 | $306.25 | $1,041.25 |

# 3 MILL OPERATING LEVY—SEEKING WHAT WE NEED TO MEET POLICY 6210.01



# 3 MILL OPERATING LEVY—SEEKING WHAT WE NEED TO MEET CASH POLICY

| Financial Forecast | Fiscal Year 2024 | Fiscal Year 2025 | Fiscal Year 2026 | Fiscal Year 2027 | Fiscal Year 2028 |
|---|---|---|---|---|---|
| Beginning Balance (Line 7.010) Plus Renewal/New Levies Modeled | 188,004,832 | 189,866,253 | 197,452,421 | 175,246,392 | 134,327,688 |
| + Revenue | 345,509,099 | 362,211,632 | 348,037,475 | 352,861,819 | 359,547,452 |
| + Proposed Renew/Replacement Levies | - | - | - | - | - |
| + Proposed New Levies | - | 9,429,775 | 19,024,435 | 19,260,848 | 19,480,729 |
| - Expenditures | (343,647,678) | (364,055,238) | (389,267,939) | (413,041,372) | (440,117,790) |
| = Revenue Surplus or Deficit | 1,861,421 | 7,586,169 | (22,206,029) | (40,918,705) | (61,089,609) |
| Line 7.020 Ending Balance with renewal/new levies | 189,866,253 | 197,452,421 | 175,246,392 | 134,327,688 | 73,238,079 |
| Number of Days Cash (Based on FY Expenses, 365 basis) | 201.66 | 197.96 | 164.32 | 118.70 | 60.74 |

At least 60 days

Analysis Without Renewal Levies Included:

| | | | | | |
|---|---|---|---|---|---|
| Revenue Surplus or Deficit w/o Levies | 1,861,421 | (1,843,606) | (41,230,464) | (60,179,553) | (80,570,338) |
| Ending Balance w/o Levies | 189,866,253 | 188,022,646 | 146,792,182 | 86,612,630 | 6,042,292 |

# 3 MILL OPERATING LEVY—FORECASTED BALANCES

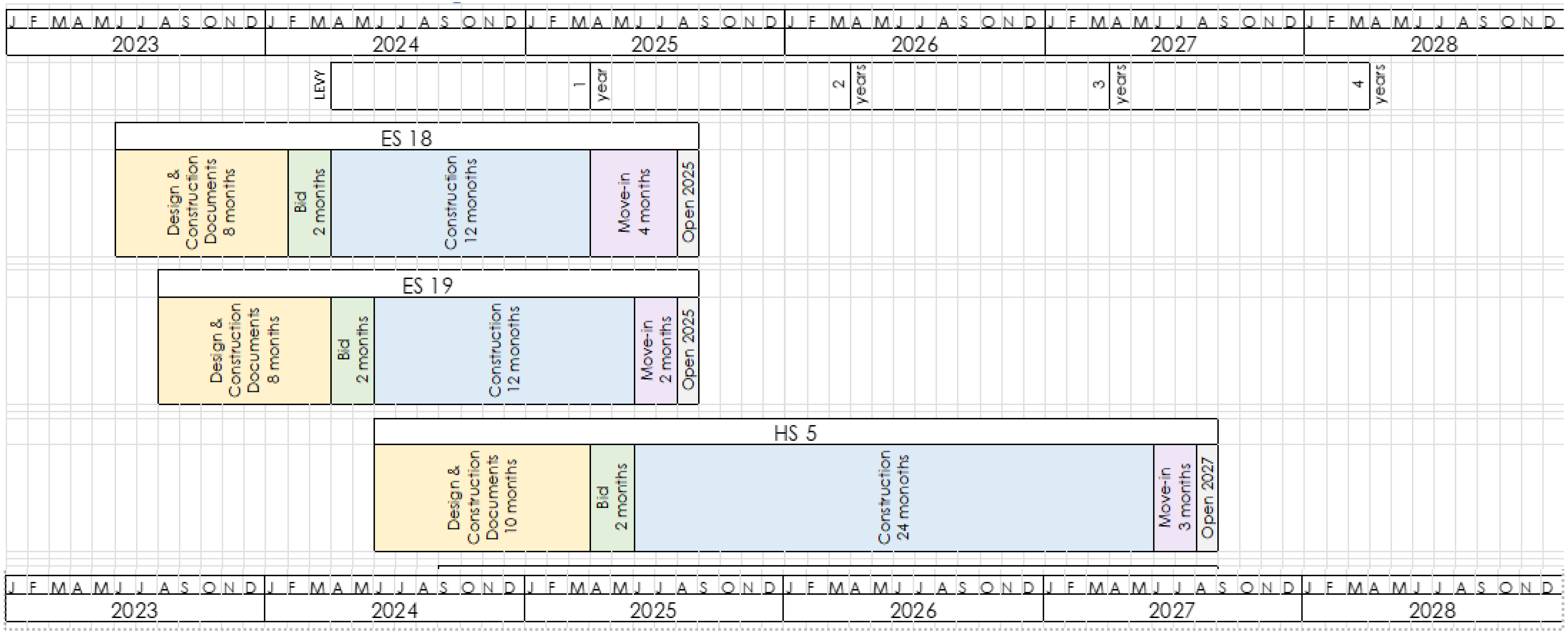

| | 2024 | 2025 | 2026 | 2027 | 2028 |
|---|---|---|---|---|---|
| Forecasted Cash Balance by Fiscal Year with 3.0 Mill Operating Levy | $189,866,253 | $197,452,421 | $175,246,392 | $134,327,688 | $73,238,079 |

# BOND ISSUE—PROJECTED ENROLLMENT

## Projected Enrollment

| | 2023-24 | 2024-25 | 2025-26 | 2026-27 | 2027-28 | 2028-29 | 2029-30 | 2030-31 | 2031-32 | 2032-33 | 2033-34 |
|---|---|---|---|---|---|---|---|---|---|---|---|
| **PS Total** | **586** | **589** | **606** | **622** | **638** | **654** | **669** | **685** | **700** | **715** | **730** |
| K | 1,483 | 1,509 | 1,552 | 1,593 | 1,634 | 1,675 | 1,714 | 1,754 | 1,793 | 1,833 | 1,870 |
| 1 | 1,642 | 1,693 | 1,723 | 1,772 | 1,819 | 1,866 | 1,912 | 1,957 | 2,003 | 2,047 | 2,093 |
| 2 | 1,749 | 1,701 | 1,754 | 1,785 | 1,836 | 1,885 | 1,933 | 1,981 | 2,028 | 2,075 | 2,121 |
| 3 | 1,800 | 1,815 | 1,766 | 1,821 | 1,853 | 1,906 | 1,957 | 2,006 | 2,056 | 2,105 | 2,154 |
| 4 | 1,853 | 1,876 | 1,891 | 1,840 | 1,898 | 1,931 | 1,986 | 2,039 | 2,090 | 2,142 | 2,193 |
| 5 | 1,809 | 1,910 | 1,934 | 1,949 | 1,897 | 1,957 | 1,991 | 2,047 | 2,102 | 2,154 | 2,208 |
| **K-5 Total** | **10,336** | **10,504** | **10,620** | **10,760** | **10,937** | **11,220** | **11,493** | **11,784** | **12,072** | **12,356** | **12,639** |
| **PS-5 Total** | **10,922** | **11,093** | **11,226** | **11,382** | **11,575** | **11,874** | **12,162** | **12,469** | **12,772** | **13,071** | **13,369** |
| 6 | 1,837 | 1,860 | 1,964 | 1,989 | 2,004 | 1,951 | 2,012 | 2,047 | 2,105 | 2,161 | 2,215 |
| 7 | 1,870 | 1,886 | 1,910 | 2,016 | 2,042 | 2,058 | 2,003 | 2,066 | 2,102 | 2,161 | 2,219 |
| 8 | 1,824 | 1,910 | 1,926 | 1,951 | 2,059 | 2,086 | 2,102 | 2,046 | 2,110 | 2,147 | 2,207 |
| **6-8 Total** | **5,531** | **5,656** | **5,800** | **5,956** | **6,105** | **6,095** | **6,117** | **6,159** | **6,317** | **6,469** | **6,641** |
| 9 | 1,783 | 1,861 | 1,949 | 1,965 | 1,991 | 2,101 | 2,128 | 2,145 | 2,088 | 2,153 | 2,191 |
| 10 | 1,839 | 1,813 | 1,892 | 1,982 | 1,998 | 2,024 | 2,136 | 2,164 | 2,181 | 2,123 | 2,189 |
| 11 | 1,805 | 1,868 | 1,842 | 1,922 | 2,014 | 2,030 | 2,056 | 2,170 | 2,199 | 2,216 | 2,157 |
| 12 | 1,832 | 1,811 | 1,874 | 1,848 | 1,928 | 2,020 | 2,036 | 2,062 | 2,177 | 2,206 | 2,223 |
| Ungraded | 39 | 39 | 39.00 | 39 | 39 | 39 | 39 | 39 | 39 | 39 | 39 |
| **9-12 Total** | **7,298** | **7,392** | **7,596** | **7,756** | **7,970** | **8,214** | **8,395** | **8,580** | **8,684** | **8,737** | **8,799** |
| **K-12 Total** | **23,165** | **23,552** | **24,016** | **24,472** | **25,012** | **25,529** | **26,005** | **26,523** | **27,073** | **27,562** | **28,079** |
| **PS-12 Total** | **23,751** | **24,141** | **24,622** | **25,094** | **25,650** | **26,183** | **26,674** | **27,208** | **27,773** | **28,277** | **28,809** |

# BOND ISSUE—CONSTRUCTION TIMING



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