

Olentangy Schools Annual Financial Reporting and Audits

WINTER 2024



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PRESENTATION OVERVIEW

1. Annual Comprehensive Financial Report (ACFR)
2. Annual Financial Audit
3. Popular Annual Financial Report
4. Putting it all Together



ANNUAL COMPREHENSIVE FINANCIAL REPORT (ACFR)



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What is an Annual Comprehensive Financial Report (ACFR)?

- The Annual Comprehensive Financial Report (ACFR) is a set of government financial statements comprising the financial report of a state, municipal or other governmental entity that complies with the accounting requirements promulgated by the Governmental Accounting Standards Board (GASB)
- Standardized reporting format used across the United States
- Accompanied by an independent auditor's report
- Eligible for the 'Certificate of Achievement for Excellence in Finance Reporting' through the Government Finance Officers Association (GFOA)
 - Olentangy has achieved the award several years in a row and hopes to achieve the award for our fiscal year 2023 report as well



What does the ACFR contain?

- The ACFR contains three main sections – the introductory section, the financial section and the statistical section.
- **The introductory section** - introduces the government, the governing board, the organizational structure and includes a transmittal letter from the Treasurer/CFO and Superintendent
 - The Transmittal Letter:
 - Provides a profile of the District and local economy
 - Long Term Planning
 - Major Initiatives
 - Financial policies
 - Notes on employee relations
 - Awards and Accomplishments



What does the ACFR contain? Cont.

- **The Financial Section** – comprised of the management’s discussion of the report, the independent auditor’s report, the basic financial statements and notes to the basic financial statements
 - District-wide financial statements (balance sheet and income statement)
 - Fund financial statements
 - Other governmental combining
 - Includes budget versus actual
 - Notes provide insight to amounts presented
 - Current and future debt payments
 - Capital Asset detail

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What does the ACFR contain? Cont.

- **The Statistical Section** – Trend data for the current year plus nine previous years of reporting
- Contains both financial data and non-financial data
 - Net Assets and Fund Balances
 - Revenues and Expenses
 - Actual and Assessed Valuations, property tax collections and top tax payors
 - General Obligation debt compared to enrollment, per capita and valuation
 - Demographic and employment data for the District
 - Other miscellaneous facts

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How is the ACFR prepared and put together?

- District operates on a cash basis during the year and must “convert” books to an accrual basis for accurate presentation in the ACFR
 - Follows Generally Accepted Accounting Principals (GAAP)
- Conversion is completed by starting with our cash basis numbers and applying either post-period transactions, projections or a combination of both
- District engages with an outside entity each year for completion finalization of report



Key Takeaways of the ACFR

- Top question in reviewing financials in general – am I better or worse off now versus a year ago and why.
- Change in Net Position (Net Assets)
- Change in Fund Balance – General Fund



Key Takeaways of the ACFR, cont.

- Change in Net Position (Net Assets)
 - Two versions – one with Pension/OPEB and one without
 - With pension/OPEB, our Net Assets increased \$40.3 million (from \$37.0 million to \$77.3 million)
 - Without pension/OPEB, our Net Assets increased \$47.5 million (from \$282.8 million to \$330.3 million) ^{ti0}
- Three components to Net Position (amounts are excluding pension/OPEB)
 - Net invested in Capital Assets increased \$18.2 million to \$91.5 million
 - Restricted assets increased \$15 million to \$58.4 million
 - Unrestricted assets increased \$14.3 million to \$180.3 million ^{ti1}



Key Takeaways of the ACFR, cont.

- Change in Fund Balance represent different segments of government operations broken down into General Fund (funded largely by operating levies and state funding), Debt Service (specific to pay back debt proceeds), and other governmental (permanent improvement funding, building funds, grant and special revenue funds, etc.)
 - Our General Fund increased \$33.8 million to a balance of \$240.6 million
 - Our Debt Service decreased \$2.7 million to \$40.6 million
 - Other Governmental decreased \$23.1 million to \$60.6 million
 - Total Government Wide funds increased by \$8.0 million to a balance of \$341.8 million



ANNUAL FINANCIAL AUDIT



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Annual Financial Audit Requirements

- The State of Ohio requires an annual audit (ORC 117.11)
- Based on the amount of Federal funds spent during a fiscal year, we are subject to what is referred to as a 'Single Audit'
 - In Fiscal Year 2023, we spent \$13.1 million across six federal programs
- The Ohio Auditor of State is responsible for ensuring ORC is met and audits are performed
 - Audits may be bid to private accounting firms at the state's discretion, referred to as IPAs
 - We currently have a contract with Plattenburg, CPA for our full financial audit
- Under Ohio law, "the Auditor of State may conduct an audit of a public office at any time...if the auditor has reasonable cause to believe that an additional audit is in the public interest" (ORC 117.11(A))



Audit Process

- Initial engagement
 - Establishes who will perform the audit
 - Establishes the scope of the audit and timeline of the audit
- Field testing of our various records
 - Can be completed all at one time or spread out through the timeline
- Compliance reviews confirmations with outside entities
 - Part of environment risk assessment
 - Outside confirmations with legal counsel, banks, etc.
- Opinion issuance
- Post-audit conference



What Records are Audited?

- Our cash books for the year (our main accounting system)
 - Specific receipts and expenses, payroll
- Our Annual Comprehensive Financial Report and the GAAP conversion
 - Based on our financial statements and notes
- Our Federal receipts and Expenditures
 - Specific expenses tested for Federal compliance
- Our compliance with Ohio law for finances
 - Budgeting, purchasing, transfers, retirement system payments, etc.
- Other Ohio compliance requirements not otherwise tested
 - Public records, fraud reporting, credit cards



Audit Results

- Audits are conducted to obtain reasonable assurances that financial statements and reports are free from material misstatements
- Best result is to receive an unmodified opinion with no report-level comments
 - We have received this level opinion on both our regular and single audit reports
 - Adds strength and value to financial reports published by the District
- Possible to receive an unmodified opinion but with report level comments
- Receive a type of modified opinion
 - Qualified
 - Adverse
 - Disclaimer



POPULAR ANNUAL FINANCIAL REPORT



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What is the Popular Annual Financial Report (PAFR)?

- The Popular Annual Financial Report is a financial-based report that is designed to meet the needs of the average citizen who may be unable or unwilling to fully utilize the ACFR
- The PAFR is created by pulling information from the ACFR, the Five-Year Forecast and any other constructively relevant data to objectively present financial information
- The PAFR should be released within six months of the end of the fiscal year
 - Created in concert with the ACFR
- Eligible for the 'Popular Annual Financial Reporting Awards Program' through the Government Finance Officers Association (GFOA)
 - Olentangy has submitted our first application for a PAFR for the FY2023 PAFR



What is in our PAFR?

Key financial highlights from the ACFR

- General Fund balance sheet and income statement

- Outstanding debt

Five-Year forecast overview

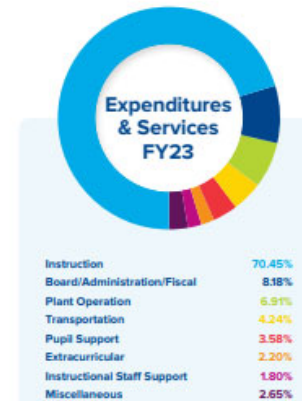
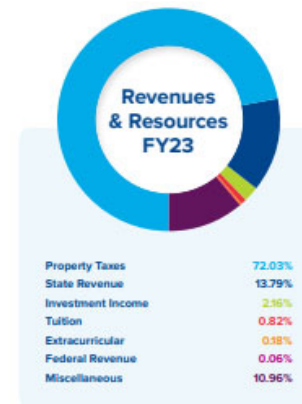
- Summary of revenues over expenses, ending cash balance

Funding review and breakdown

- Five year review of tax and state funding with brief analysis

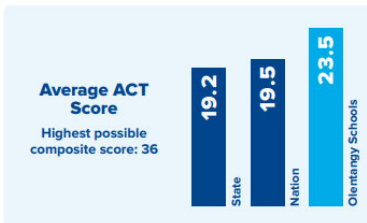
- Breakdown of the tax rate

- Historical assessed valuation



What is in our PAFR? Cont.

District Statistics



Ohio School Report Card Results



U.S. News & World Report's 2023 Best High School Rankings



Treasurer's Awards

- Excellence in Financial Reporting by Government Finance Officers Association
- Auditor of State Highest Achievement in Open and Transparent Government
- Standard & Poors Global Ratings AAA/Stable (highest ranking)

- District accolades
 - Academic achievements and report card results
 - Financial awards
 - Debt service millage rollback
- District needs
 - Current and projected enrollment growth
 - Building utilization maps
 - Detail on upcoming ballot issue



What is in our PAFR? Cont.

Annual Tax Increase for Homeowners

Assuming passage of the levy, the chart below provides an estimate of the annual tax increase for homeowners that would first apply to the 2024 tax year (collected in 2025).

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

PROJECTED ENROLLMENT FOR 2033-2034

8,799
Grades 9-12

6,641
Grades 6-8

12,639
Grades K-5

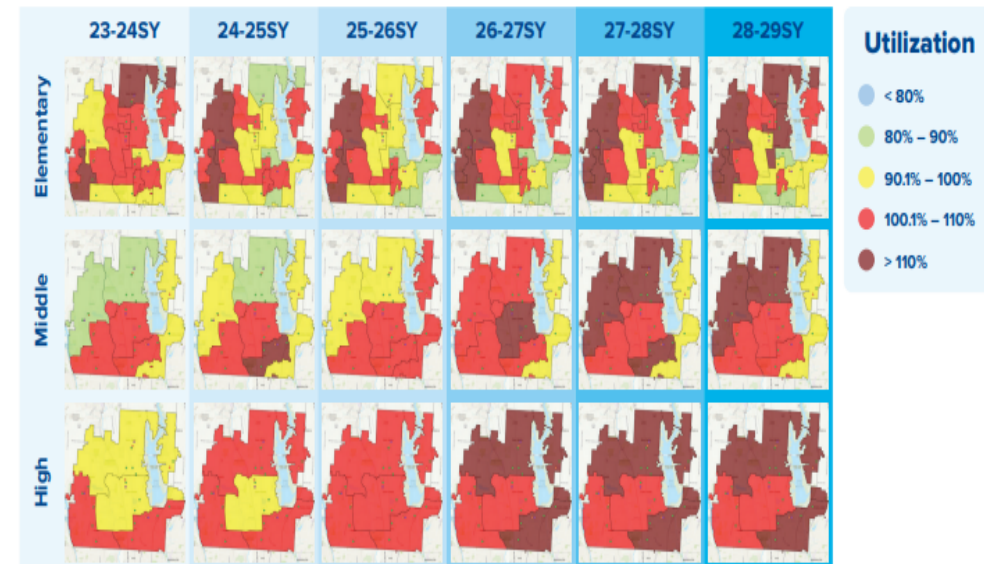
730
Preschool

28,809

PS-12 Total Enrollment

Projected increase
20%

Building Utilization Map By Attendance Boundaries



Key Takeaways of the PAFR

- Like the ACFR, a quick snapshot to show am I better off now from last year and will I be better off next year compared to this year
- The PAFR does contain some historical data but presents the direction this District is moving towards on the current course
- Provide a highlight reel for someone to confidently understand where we have been, where we are going, what we have achieved, what challenges we face and what we need to overcome them



PUTTING IT ALL TOGETHER



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Our Annual Reports and Annual Audit

- The ACFR is a complete financial report that is geared towards the financial community and presents a more laborious review of our financial operations
- Our annual audit is an independent auditor's report to establish the credibility and reliability of what is presented
- The PAFR is a more user-friendly financial report that presents a picture of not only our current financial position but where we are headed
- Provide a highlight reel for someone to confidently understand where we have been, where we are going, what we have achieved, what challenges we face and what we need to overcome them



District Needs

2024 AND BEYOND

- Aging facilities and equipment
- Safety and security
- Continued operating funds
- Existing building updates
- Enrollment management

2025-2026

- Elementary Schools 18 & 19

2027-2028

- High School 5

2028-2029

- Middle School 7
- Elementary School 20



Ballot Issue

- In March 2024, we are asking voters to approve a bond issue, permanent improvement levy, and operating levy. They will be on the ballot as one issue, so voters will need to cast just one vote.
- **Bond Issue:** Due to construction growth in our district, we anticipate that there will be no additional millage increase in the bond issue portion of the ballot issue.
- **Operating Levy and Permanent Improvement (PI):** Money from bonds cannot go toward operating expenses. For that funding, we are seeking an operating levy (3.00 mills) and PI (1.25 mills). Total millage is 4.25
- **Calculation:** \$148.75 per \$100,000 of home valuation annually
\$595 tax increase annually for a \$400,000 home



Investment in Olentangy

- Elementary School #18
- Elementary School #19
- Elementary School #20
- Middle School #7
- High School #5
- Offsite utility cost for construction
- Construction contingency
- Security upgrades and personnel
- High school theater updates including lighting, sound, painting
- Musical instrument replacements
- Buses/Transportation vehicles
- Stadium updates (e.g. fencing, scoreboards, tracks, lighting)
- Support facilities for transportation, technology and maintenance
- Land for future growth
- Asphalt and concrete repairs and replacement
- Building furniture and equipment
- Maintenance and custodial equipment and vehicles
- Roofing and building envelope
- Building maintenance, mechanicals, and security
- Athletic facilities
- Flooring
- Technology





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THANK YOU