

***PIKE DELTA YORK
LOCAL SCHOOLS***



2021-2025

Five-Year Forecast

May 19th, 2021

Pike Delta York Local School District

Five Year Forecast - May 2021

5/19/2021

	Actual			Projected				
	2017-18 Actual	2018-19 Actual	2019-20 Actual	2020-21 Fiscal Year	2021-22 Fiscal Year	2022-23 Fiscal Year	2023-24 Fiscal Year	2024-25 Fiscal Year
REVENUE	3,709,120	3,164,101	2,244,223	1,415,957	818,777	7,475	635,128	1,540,652
Real Estate Tax	4,629,118	4,477,061	4,576,841	4,697,956	4,744,936	4,792,385	4,840,309	4,888,712
Public Utility Personal Property Tax	211,372	706,854	665,846	748,821	756,309	763,873	771,511	779,226
Income Tax					104,774	1,250,186	1,887,709	2,010,242
Other Local	930,003	974,260	963,096	702,088	716,130	1,371,645	1,390,079	1,408,881
Foundation	7,285,055	7,286,108	7,016,976	7,120,743	7,268,698	7,341,385	7,414,799	7,488,946
Rollback & Homestead	509,730	548,948	543,687	549,254	581,255	587,067	592,938	598,867
Other State	194,610	168,909	169,688	264,156	264,156	264,156	264,156	264,156
Non-Operating Receipts	7,669	122,550	125,388	213,696	125,000	125,000	125,000	125,000
TOTAL RECEIPTS	13,767,556	14,284,690	14,061,520	14,296,714	14,561,257	16,495,697	17,286,500	17,564,030
Increase/Decrease %	-0.53%	3.76%	-1.56%	1.67%	1.85%	13.28%	4.79%	1.61%
TOTAL RECEIPTS PLUS CASH	17,476,676	17,448,791	16,305,744	15,712,672	15,380,034	16,503,171	17,921,628	19,104,683
EXPENDITURES								
Salaries & Wages	7,370,842	7,794,608	7,812,664	7,834,738	8,030,607	8,231,372	8,437,156	8,648,085
Fringe Benefits	3,153,794	3,231,912	3,355,414	3,366,166	3,517,643	3,675,937	3,841,354	4,014,215
Purchased Services	2,825,765	3,184,214	2,846,213	3,038,932	3,160,489	3,286,908	3,418,385	3,555,120
Supplies, Materials & Textbooks	513,162	470,126	439,496	390,443	400,204	410,209	420,464	441,487
Capital Outlay (Incl. Replacement)	4,872	10,778	14,464	2,255	2,255	2,255	2,255	2,255
Other	211,175	169,163	195,226	161,362	161,362	161,362	161,362	161,362
Non-Operating Expenses	232,965	343,766	226,309	100,000	100,000	100,000	100,000	100,000
TOTAL EXPENDITURES	14,312,575	15,204,568	14,889,786	14,893,895	15,372,559	15,868,043	16,380,976	16,922,525
Increase/Decrease %	5.95%	6.23%	-2.07%	0.03%	3.21%	3.22%	3.23%	3.31%
Excess of Revenue	(545,019)	(919,878)	(828,266)	(597,181)	(811,302)	627,653	905,524	641,506
ENDING CASH BALANCE (6/30)	3,164,101	2,244,223	1,415,957	818,777	7,475	635,128	1,540,652	2,182,158
% of Revenue	22.98%	15.71%	10.07%	5.73%	0.05%	3.85%	8.91%	12.42%
% of Salaries/Fringes to Revenue	76.45%	77.19%	79.42%	78.35%	79.31%	72.18%	71.03%	72.09%



Pike Delta York
Local School District
May 2021 Five Year Forecast
Assumption Summary

Real Estate Taxes

Property tax collections are a major revenue source for the local portion of the district's revenue. The continued issue of tax abatements within the village is to be of concern regarding future property tax growth. The minimal growth that the district used to experience from new construction will disappear as new homeowners apply for and receive 100% abatements. At the time of this forecast being prepared, the village has granted approximately thirty (30) residential & commercial 100% ten (10) year tax abatements with an estimated value of \$ 18,500,000 and an estimated tax loss of \$ 230,000 annually to the district. The district will continue to monitor potential future abatements and the affects it will have on district taxpayers.

Local property tax revenues account for 38.09% of the district's resources. Fulton County just completed a property reappraisal. Collections on these updated values are being collected in calendar year 2021. The district experienced a minimal increase of just \$ 339,320 in value or .17%. The 2015 valuation reappraisal, the district experienced a 13.23% increase in valuations throughout the district.

The district experienced additional revenue as a result of the NEXUS pipeline being completed. It is estimated that the district received approximately \$ 306,000 with the addition of the NEXUS pipeline value. This collection is based on the assessed value of \$ 5,919,410 which represents 61.49% of the original assessed value of \$ 9,626,120. Nexus has lost two appeals of the original value to the Ohio Department of Taxation and has filed their final appeal that is scheduled to be heard in February of 2022.

The community supported the renewal of the two emergency levies in November of 2018. Those levies were due to expire at the end of 2019. These levies were renewed as a "substitute levy" that will generate revenue growth and the district's property valuation grows and as tax abatements expire. Calendar year 2020 were the "capture" year for the replacement substitute levy. New construction and properties coming off or abatement programs in 2021 should generate 6.90 mills of additional revenue. Having limited experience with the recently approved substitute levy, we have not projected significant changes during the forecasted period. As a result of the above listed factors, we have projected a one (1.00%) growth real estate collections and public utility collections for the next five (5) years of the forecast.

Other Local Revenue

Local revenue are receipts that come to the district at the local level other than real estate taxes. Interest income, open enrollment tuition, pay to participate fees and facility rental fees are just a couple of examples. Interest income has decreased significantly as a result of the pandemic. Interest income for the current fiscal year has been projected at 39.6% of our investment earning from the 2019-20 fiscal year. I do not see a significant change in the market over the next year or two. Our cash flow should increase in the third year of the forecast. Staying on the conservative side for this update, I think it is prudent to

Other Local Revenue - Continued

remain with our original position of gradual increases of 10% in the remaining four years of the forecast. We continue to work with Red Tree Investments to maximize our investment opportunities and diversify our portfolio. Security of the public funds collected by the district is the top priority of this office.

Donation agreements are also accounted for within this area. The District currently has several donation agreements in place. Fulton County Processing has actually had three donation agreements in place over the years. The first one was entered into in 2008 with payments beginning in 2010. The final payment for the first donation agreement was received in fiscal year 2019-20. The second agreement was entered into in with a donation amount of \$26,414 that will expire in 2024 and the third, recently negotiated CRA began this calendar year and is estimated to bring \$ 36,900 annually to the district.

Worthington Industries tax abatement proceeds have been part of the local receipts and as a result, these projections have declined due to the fact that this abatement will no longer be collected. Upon the expiration of these agreements, the values of these properties have been added to the tax duplicate and should be included in general property tax in FY20 and FY21.

The District approved an agreement with Nature Fresh Farms and received the first payment of \$ 25,679.56 in February of 2017. The District received the second payment of \$ 23,625.00 in February of 2018, \$ 21,707 in FY19, \$19,970 in FY20 and \$ 18,397 in FY21 and decreasing 8% annually until February of 2030. Future donation agreements with Nature Fresh for their continued expansion evaporated due to the fact that the Village of Delta operates under a Pre1994 provision of tax abatement legislation. The original donation agreement that was negated by the village was estimated at \$ 3.2 million dollars over a twenty-three (23) year period.

The District was able to negotiate a donation agreement with NorthStar BlueScope on the estimated \$ 750,000,000 additions to its current facility. Construction began in January of 2020 with a completion date estimated at December of 2021. This would place a non-abated value on the 2022 tax year payable in 2023. It is estimated that the district would receive the first donation agreement in February of 2023 or the 2022-23 fiscal year.

State Foundation

The foundation allocation for fiscal year 2019-20 was reduced by \$ 250,021. Funding reductions continued at the same level for the first half of fiscal year 2021. On January 22nd, 2021 Governor DeWine signed an executive order restoring 55% of the \$ 250,021.89 reduction. An additional \$ 137,121.47 was restored to the district's foundation in February of 2021. We have projected funding levels to return to fiscal year 2019 levels in fiscal year 2022. We have also structured this forecast taking into account the recent provisions of H.B. 166. The allocation to all districts in Ohio is restricted money for Student Wellness and Success which is restricted in use and must be placed in Fund 467. This is not General Fund money and thus not included in the forecast. We have assumed this money will not continue after FY22. House Bill 1, the Fair School Funding system has been introduced at the time of this forecast being prepared. Some are hopeful that this legislation will take a fast track and potentially be approved by both the house and the senate by the end of the fiscal year. The new school funding formula was originally introduced by Representatives Bob Cupp and John Patterson and exhibits equity and adequacy. This area also includes funding for our preschool program and special education transportation. The state aid has been projected with a one (1.00%) adjustment in years three through five of this forecast.

Other State Revenue

The current state budget provides funding for Economically Disadvantaged and Career Technical Education. This state aid has been "flat-lined" throughout the remaining years of this forecast as well.

Revenues

Overall, revenues projections have changed moderately from our November of 2020 forecast to the May of 2021 forecast other than the state foundation projection.

The addition of income tax proceeds beginning in fiscal year 2021-22 and the restoration of funding cuts and the possibility of fair funding legislation with our state foundation has created some optimism within these revenue projections. We still have to remain on the conservative side but there remain some avenues of potential growth within these numbers.

Salaries & Wages

Collective bargaining agreements expired at the end of the 2019-20 school year. Projecting salaries with any degree of accuracy becomes very difficult without salary schedules and a collective bargaining agreement in place beyond the current fiscal year. Historically we have seen the salary line item of the budget increase at an average of 2.88% over the last five years. These figures are based on salaries paid to all staff including certified, classified, supplementals, administrators, substitutes, aides, etc. For the purposes of this forecast, a two and one half (2.50%) percent salary adjustment has been projected for the life of this forecast to allow for salary increases, step increases, educational adjustments and increases in sub costs.

Fringe Benefits

This area of the forecast captures all costs associated with benefits and retirement costs, which all except health insurance are directly related to the wages paid. 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 Northern Buckeye Health Plan Board of Directors have addressed rates for the calendar year 2021. Medical plans were increased 9%. Dental insurance was adjusted 4.25% for the calendar year 2021 rates. The increases include adjustments for inflation and the function of the health insurance committee to maintain control of costs. Over the past two plan years, claims have increased and have resulted in increases of premiums to cover the plan.

Workers Compensation issued a refund in November of 2020 for \$ 34,551.70 due to claims being significantly less than expected. It is not anticipated that we will see any type of rate increase for calendar year 2022. A second rebate of \$ 131,680 was received for December of 2020. The district has committed to the Northern Buckeye Education Council's consortium for 2022. Unemployment Compensation has been negligible and is anticipated to remain as such as we plan our staffing needs carefully.

Medicare will continue to increase at the rate of increase of wages. 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.

This forecast has been projected with current staffing levels and enrollment levels. Staffing reductions and alternative (grants, Student Wellness and Success, etc.) funding has been utilized when applicable and permissible for the 2021-22 and 2022-23 fiscal years. A four and a half (4.5%) percent inflation rate has been applied to the final four years of the forecast.

Purchased Services

This has been the most volatile area of the budget in recent years. This area includes expenses that are performed by individuals and/or companies not employed by the district. They include expenses related to utilities, professional development, tuition, legal services, property and fleet insurance and special needs services performed by the educational service center. These expenses account for twenty (20%) percent of the budget. We have closely monitored this area of the budget and have made every attempt to control these costs. We have increased the original projected amount of \$ 3,026,245 by \$ 12,687 for 2020-21 with an annual increase of four (4.00%) percent over the remaining life of this forecast.

Supplies & Materials

This category is self-explanatory. Instructional supplies, office supplies, testing supplies, technology, custodial, transportation and fuel are all tracked through this line item. We have reduced this area of the budget for the current fiscal year and have built in a moderate annual increase to account for classroom supplies.

Capital Outlay

The administration has prepared a five-year capital project plan and have continued to update this plan annually. The plan addresses the needs of the district to address the needs of maturing facilities and transportation fleet. Technology is another area that continually presents challenges. Inside millage (2.00 mills) was transferred earlier this year, from the general fund, to generate a funding source for capital projects. General fund dollars will no longer be needed to fund these needed repairs and renovations and were projected to be transferred to the permanent improvement fund to meet future transportation needs and building maintenance.

Other Objects

The category of Other Objects consists primarily of the County ESC deductions for specialized services provided to the District. Auditor & Treasurer fees, that are related to the collection of real estate taxes, membership fees, employee bonding and miscellaneous collection fees are classified within this area. Currently, we are flat-lining this line item in an effort to balance this budget. As we get closer to the collection of the income tax, we will have to re-evaluate this budget. There will be a fee associated with the income tax collection that will increase this area of the budget.

Non-Operating

Non-operating expenses are to account for financial necessities of the overall operation of the district. Occasionally, various programs within the district require fiscal assistance throughout the year. A temporary advance of funds may be necessary to cover a temporary cash deficit. In fiscal year 2020 the general fund advanced approximately \$ 226,309 to various funds to cover a temporary deficit as a result of cash flow. Those advances have been returned to the general fund.

Expenditures

General Fund expenditures are currently estimated at \$ 14,893,895 or just \$ 4,109 more or .03% than the fiscal year 2019-20 expense levels. The forecast has expenditures increasing at an annual average percentage of 2.60%. The utilization of grant dollars has been used when possible to reduce general fund expenses.

Summary

Ultimately, everyone looks at the “Bottom-Line” when looking at any financial document. As we indicated earlier in these assumptions, this is the best estimate that we can make at the present time. These projections can change almost immediately due to the needs of our students, the state budget, who can or cannot pay their property taxes or more unfunded mandates place on the local taxpayers by our legislative body. The COVID-19 pandemic has created situations that we have never seen before. We need to continue to utilize this forecast as a planning document and constantly monitor our progress on a monthly basis. Financial stability is crucial in addressing the future needs and plans for meeting the instructional needs of our students and community while preparing for those unforeseen circumstances that occasionally present themselves. It is inevitable that additional revenue is needed to maintain our current programs. We have done what we can at this point to meet those needs. The passage of the 1.00% traditional income tax and the transfer of inside millage will generate additional dollars to help “close the gap”. Now, we have to slowly transition back to the point of financial solvency.