PIKE DELTA YORK LOCAL SCHOOL DISTRICT
FULTON COUNTY

SCHEDULE OF REVENUE, EXPENDITURES, AND CHANGES IN FUND BALANCES FOR THE FISCAL YEARS ENDED JUNE 30, 2018, 2019 and 2020 ACTUAL FORECASTED FISCAL YEARS ENDING JUNE 30, 2021 THROUGH 2025.

Forecast Provided By
Pike-Delta-York Local School District
Finance Office
Matt A. Feasel, Treasurer/CFO

November 2021

Pike-Delta-York Local School District

Fulton County

Schedule of Revenues, Expenditures and Changes in Fund Balances
For the Fiscal Years Ended June 30, 2019, 2020 and 2021 Actual;
Forecasted Fiscal Years Ending June 30, 2022 Through 2026

		Actual				Forecasted				
		Fiscal Year 2019	Fiscal Year 2020	Fiscal Year 2021	Average Change	Fiscal Year 2022	Fiscal Year 2023	Fiscal Year 2024	Fiscal Year 2025	Fiscal Year 2026
	Revenues									
1.010	General Property Tax (Real Estate)	$4,477,061	$4,576,841	$4,697,956	2.4%	$4,791,915	$4,887,754	$4,985,509	$5,085,219	$5,186,923
1.020	Public Utility Personal Property Tax	706,854	665,846	748,821	3.3%	760,054	771,454	783,026	794,772	806,693
1.030	Income Tax	-	-	-	0.0%	104,774	1,250,186	1,887,709	2,010,242	2,010,242
1.035	Unrestricted State Grants-in-Aid	7,286,108	7,016,976	7,170,016	-0.8%	6,663,643	6,851,166	6,852,398	6,853,649	6,854,918
1.040	Restricted State Grants-in-Aid	168,909	169,688	150,818	-5.3%	128,586	128,586	128,586	128,586	128,586
1.045	Restricted Federal Grants In Aid	-	-	-	0.0%	$0	$0	$0	$0	$0
1.050	Property Tax Allocation	548,948	543,687	549,254	0.0%	575,030	586,530	598,261	610,226	622,431
1.060	All Other Revenues	973,929	963,096	798,307	-9.1%	358,155	768,696	784,070	799,752	815,747
1.070	*Total Revenues*	14,161,809	13,936,134	14,115,172	-0.2%	13,382,157	15,244,372	16,019,559	16,282,445	16,425,540
	Other Financing Sources									
2.010	Proceeds from Sale of Notes	-	-	-	0.0%	-	-	-	-	-
2.020	State Emergency Loans and Advancements (Approved)	-	-	-	0.0%	-	-	-	-	-
2.040	Operating Transfers-In	-	-	-	0.0%	-	-	-	-	-
2.050	Advances-In	94,383	123,404	39,444	-18.6%	125,000	125,000	125,000	125,000	125,000
2.060	All Other Financing Sources	28,497	1,983	175,181	4320.5%	-	-	-	-	-
2.070	*Total Other Financing Sources*	122,880	125,387	214,625	36.6%	125,000	125,000	125,000	125,000	125,000
2.080	*Total Revenues and Other Financing Sources*	14,284,689	14,061,521	14,329,797	0.2%	13,507,157	15,369,372	16,144,559	16,407,445	16,550,540
	Expenditures									
3.010	Personal Services	7,794,608	7,812,664	7,868,215	0.5%	7,711,636	8,347,390	8,597,812	8,855,746	9,121,418
3.020	Employees' Retirement/Insurance Benefits	3,231,912	3,355,414	3,358,548	2.0%	3,404,578	3,598,656	3,706,413	3,816,140	3,927,887
3.030	Purchased Services	3,186,247	2,846,213	3,152,302	0.0%	1,671,146	1,861,070	1,935,512	2,012,933	2,093,450
3.040	Supplies and Materials	473,737	439,496	356,044	-13.1%	364,945	374,069	383,420	402,591	422,721
3.050	Capital Outlay	6,663	14,464	3,827	21.8%	10,000	10,000	10,000	10,000	10,000
3.060	Intergovernmental	0	0	0	0.0%	0	0	0	0	0
	Debt Service:				0.0%					
4.010	Principal-All (Historical Only)	0	0	0	0.0%	0	0	0	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	0	0	0	0.0%	0	0	0	0	0
4.055	Principal-Other	0	0	0	0.0%	0	0	0	0	0
4.060	Interest and Fiscal Charges	0	0	0	0.0%	0	0	0	0	0
4.300	Other Objects	167,634	195,226	161,656	-0.4%	51,988	168,187	171,551	174,982	178,481
4.500	*Total Expenditures*	14,860,801	14,663,477	14,900,592	0.1%	13,214,294	$14,359,371	14,804,708	15,272,392	15,753,958
	Other Financing Uses									
5.010	Operating Transfers-Out	220,453	186,866	-	-57.6%	0	0	0	0	0
5.020	Advances-Out	123,313	39,444	12,245	-68.5%	10,000	10,000	10,000	10,000	10,000
5.030	All Other Financing Uses	-	-	-	0.0%	0	0	0	0	0
5.040	*Total Other Financing Uses*	343,766	226,310	12,245	-64.4%	10,000	10,000	10,000	10,000	10,000
5.050	*Total Expenditures and Other Financing Uses*	15,204,567	14,889,787	14,912,837	-1.0%	13,224,294	14,369,371	14,814,708	15,282,392	15,763,958
6.010	*Excess of Revenues and Other Financing Sources over (under) Expenditures and Other Financing Uses*	(919,878)	(828,266)	(583,040)	-19.8%	282,863	1,000,001	1,329,851	1,125,053	786,582
7.010	Cash Balance July 1 - Excluding Proposed Renewal/Replacement and New Levies	3,164,101	2,244,223	1,415,957	-33.0%	832,917	1,115,780	2,115,782	3,445,633	4,570,686
7.020	*Cash Balance June 30*	2,244,223	1,415,957	832,917	-39.0%	1,115,780	2,115,782	3,445,633	4,570,686	5,357,268
8.010	*Estimated Encumbrances June 30*	23,139	32,839	16,624	-3.7%	-	-	-	-	-
`	**Reservation of Fund Balance**									
9.010	Textbooks and Instructional Materials	-	-	-	0.0%	-	-	-	-	-
9.020	Capital Improvements	-	-	-	0.0%	-	-	-	-	-
9.030	Budget Reserve	-	-	-	0.0%	-	-	-	-	-
9.040	DPIA	-	-	-	0.0%	-	-	-	-	-
9.045	Fiscal Stabilization	-	-	-	0.0%	-	-	-	-	-
9.050	Debt Service	-	-	-	0.0%	-	-	-	-	-
9.060	Property Tax Advances	-	-	-	0.0%	-	-	-	-	-
9.070	Bus Purchases	-	-	-	0.0%	-	-	-	-	-
9.080	*Subtotal*	-	-	-	0.0%	-	-	-	-	-
10.010	*Fund Balance June 30 for Certification of Appropriations*	2,221,084	1,383,118	816,293	-39.4%	1,115,780	2,115,782	3,445,633	4,570,686	5,357,268
	Revenue from Replacement/Renewal Levies									
11.010	Income Tax - Renewal				0.0%	-	-	-	-	-
11.020	Property Tax - Renewal or Replacement				0.0%	-	-	-	-	-
11.300	Cumulative Balance of Replacement/Renewal Levies				0.0%	-	-	-	-	-
12.010	*Fund Balance June 30 for Certification of Contracts, Salary Schedules and Other Obligations*	2,221,084	1,383,118	816,293	-39.4%	1,115,780	2,115,782	3,445,633	4,570,686	5,357,268
	Revenue from New Levies									
13.010	Income Tax - New				0.0%	-	-	-	-	-
13.020	Property Tax - New				0.0%	-	-	-	-	-
13.030	Cumulative Balance of New Levies	-	-		0.0%	-	-	-	-	-
14.010	Revenue from Future State Advancements				0.0%	-	-	-	-	-
15.010	*Unreserved Fund Balance June 30*	2,221,084	1,383,118	816,293	-39.4%	1,115,780	2,115,782	3,445,633	4,570,686	5,357,268

Pike-Delta-York Local School District – Fulton County
Notes to the Five Year Forecast
General Fund Only
November 2021

Introduction to the Five Year Forecast

School districts are required to file a five (5) year financial forecast by November 30, 2021, and May 31, 2022 for fiscal year 2022 (July 1, 2020 to June 30, 2021). The five-year forecast includes three years of actual and five years of projected general fund revenues and expenditures. Fiscal year 2022 (July 1, 2021-June 30, 2022) is the first year of the five-year forecast and is considered the baseline year. Our forecast is being updated to reflect the most current economic data available to us for the November 2021 filing.

Economic Outlook

This five-year forecast is being filed during the ongoing global health and financial recovery from the COVID-19 Pandemic which began in early 2020, and continues due to several serious virus mutations such as the Delta, Alpha B.1.1.7; Beta B.1.351, and; Gamma P.1 strains. The effects of the pandemic continue to impact our state, country and our globalized economy. Our school district plays a vital role in the recovery in our community and we have maintained continuity of services to our students and staff. As noted in the graphs below, the State of Ohio's economy has steadily recovered over the past year thus the full restoration of the original school foundation funding cuts from May 2020 are being restored to school districts beginning July 1, 2021. While increased inflation impacting district costs are expected to continue over the next few years, the economy is also expected to continue to grow as the recovery from the pandemic continues.

As a result from the financial stresses that responding to the pandemic placed on school district budgets, all school districts are being aided by three (3) rounds of federal Elementary and Secondary Schools Emergency Relief Funds (ESSER) which began being disbursed in fiscal year 2020 and can be extended into fiscal year 2025 for ESSER III expenses. The ESSER funds and restored state budget cuts will assist our district in providing vital services to our students.

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 five year financial forecast has risks and uncertainty not only due to economic uncertainties noted above but also due to state legislative changes that will occur in the spring of 2023 and 2025 due to deliberation of the next two (2) state biennium budgets for FY24-25 and FY26-27, both of which affect this five year forecast. We have estimated revenues and expenses based on the best data available to us and the laws in effect at this time. The items below give a short description of the current issues and how they may affect our forecast long term:

1) HB110 the current state budget implements what has been referred to as the Fair School Funding Plan (FSFP) for FY22 and FY23. **The actual release of the new Fair School Funding Plan formula has been delayed until December which is beyond the filing deadline of this forecast. We have projected FY22 and FY23 funding to be in line with the June 28, 2021 Legislative Service Commission estimates for our district.** The FSFP has many significant changes to the way foundation revenues are calculated for school districts and how expenses are charged off. State foundation basic aid will be calculated on a base cost methodology with funding paid to the district where a student is enrolled to be educated. There will be no separate open enrollment revenue payments to school districts beginning in FY22. There will also be direct funding to the district where students are educated for expenses previously

deducted from districts state foundation funding for open enrollment, community schools, STEM schools and scholarship recipients. The initial impact on the forecast will be noticed that the historic actual costs for FY19 through FY21 on the forecast will potentially reflect different trends on Lines 1.035, 1.04, 1.06 and 3.03 beginning in FY22. Longer term there may be some adjustments for FY22 and FY23 in state aid as the Ohio Department of Education resolves issues and possible unintended consequences as they create and implement the numerous changes to the complicated new formula. Our state aid projections have been based on the best information on the new HB110 formula as calculated by the Ohio Department of Education.

2) The State Budget represents 55.5% of district revenues and is an area of risk to revenue. The future risk comes in FY22 and beyond if the state economy stalls or worsens and the funding formula in future state budgets reduces funding to our district. There are two future State Biennium Budgets covering the period from FY22-23 and FY24-25 in this forecast. Future uncertainty in both the state foundation funding formula and the state's economy makes this area an elevated risk to district funding long range through FY25. We have projected our state funding to be in line with the FY19 funding level FY22 through FY25, which we feel is conservative and should be close to whatever the state approves for the new FY22-23 biennium budget. We will adjust the forecast in future years as we have data to help guide this decision.

3) Our district experienced a reappraisal in 2020 for collection in calendar year 2021. The district experienced minimal valuation growth as the result of this reappraisal. Total valuation increased by .17% or just 339,320. The changes authorized by HB49 to CAUV values lowered those values by an estimated 30% beginning with counties experiencing a reappraisal or update in Tax Year 2020. It is anticipated this reduction will be mostly offset by HB920 as rates will adjust up if net values for Class I are lower. It is also expected that cuts in CAUV will shift a larger tax burden to residential taxpayers which may be an unintended consequence of the legislature responding to agricultural interests. There is however always a minor risk that the district could sustain a reduction in values in the next appraisal update but we do not anticipate that at this time.

4) The community supported the renewal of the two emergency levies that were combined and originally approved by voters on May 6, 2014. These levies were renewed in November of 2018 as a "substitute levy" that will generate revenue growth and the district's property valuation grows and as tax abatements expire. No additional growth from this levy has been projected within this update. These levies are five (5) year levies that began in January of 2020 and expire in December of 2024.

5) The community supported the district's request for a one (1.00%) traditional income tax to fund district operations. The tax will go into effect on January 1, 2022 and will be for a five (5) year period of time. The first allocation of the tax will not be received by the district until April 30th of 2022. It is estimated that 70.4% of the estimated \$ 1,774,832 total collection or \$ 1,250,086 will be received in the 2022-23 fiscal year before receiving 100% of the annual estimate in 2023-24.

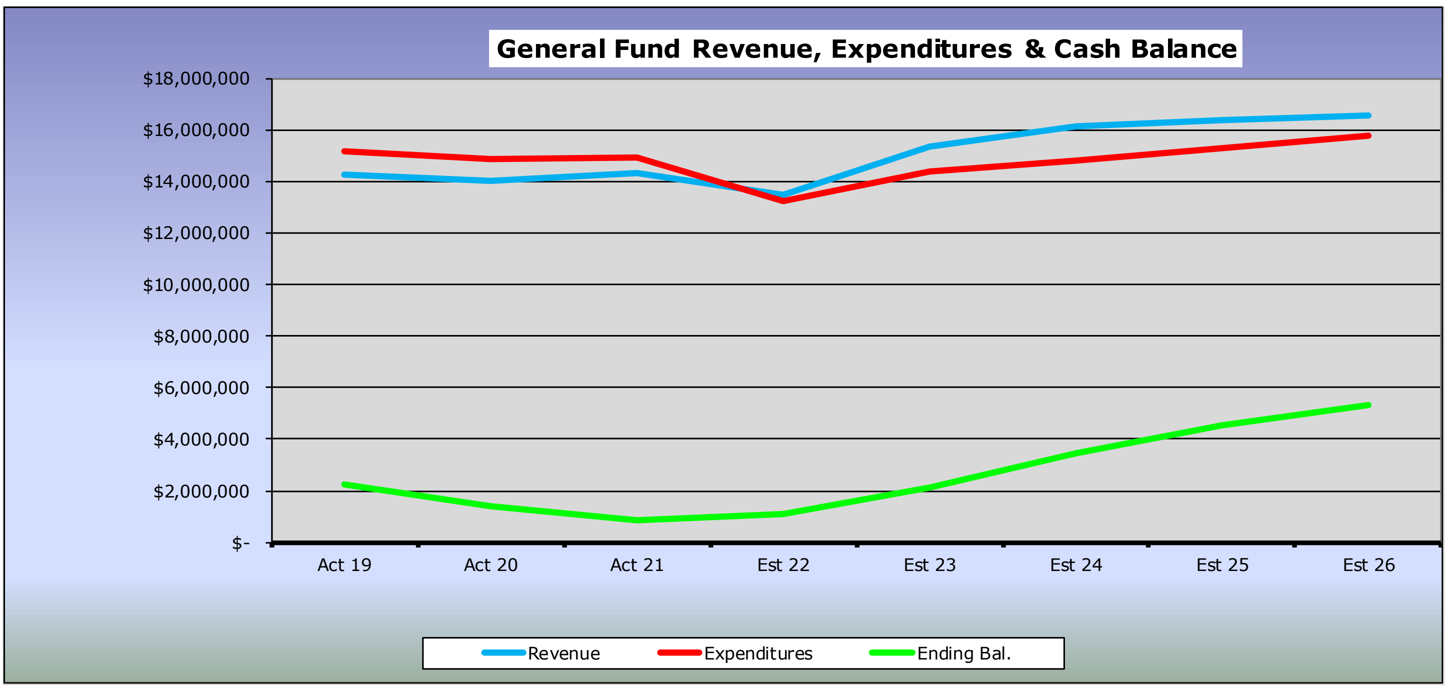
6) HB110 direct pays costs associated with open enrollment, community and STEM schools, and for all scholarships including EdChoice Scholarships. These costs will no longer be deducted from our state aid. However, there still are education option programs such as College Credit Plus which continue to be deducted from state aid which will increase costs to the district. Expansion or creation of programs that are not directly paid by the state of Ohio can exposes the district to new expenditures that are not currently in the forecast. We are monitoring closely any new threats to our state aid and increased costs as any new proposed laws are introduced in the legislature.

7) Labor relations in our district have been strained due to the lack of adequate funding but we all continue working for the best interest of students and realizing the resource challenges we face. We believe as we move forward our positive working relationship will continue and will only grow stronger.

The major 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 back to the forecast. It should be of assistance to the reader to review the assumptions noted below in understanding the overall financial forecast for our district. If you would like further information please feel free to contact Matt A. Feasel, CFO/Treasurer of the Pike Delta York Local School District at (419) 822-3391.

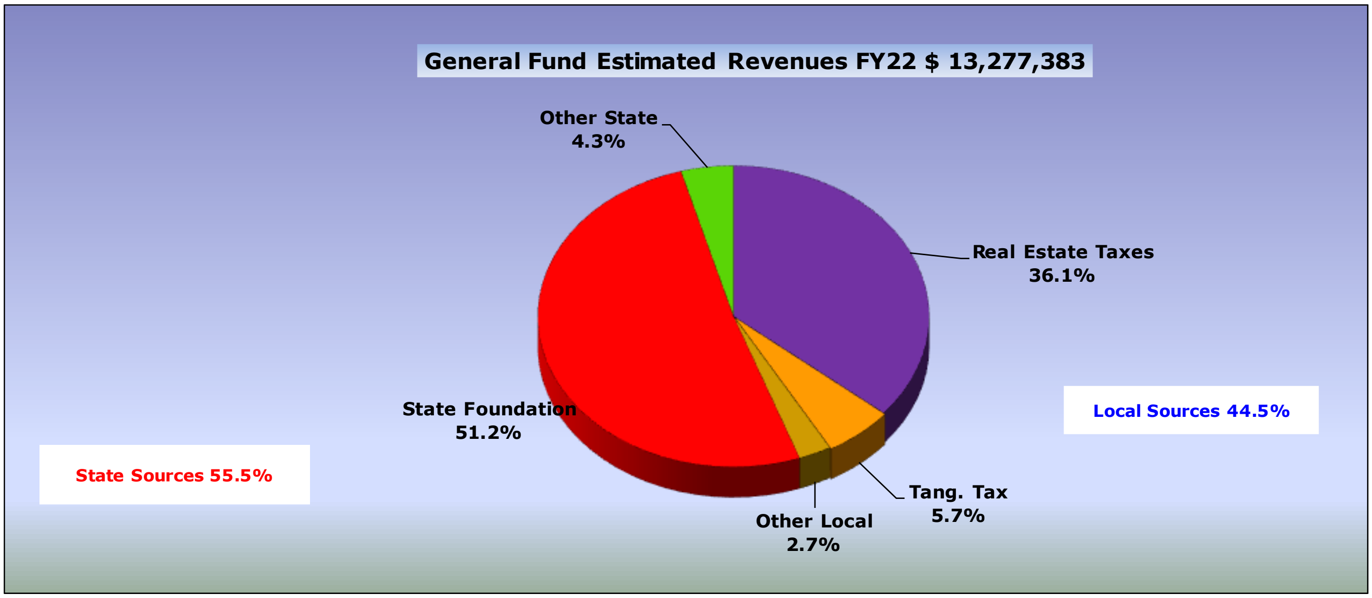
Pike Delta York Local Schools

Cash Position Statement
November 2021



Pike Delta York Local Schools

Estimated General Fund Revenue
November 2021



ESTIMATED ASSESSED VALUE (AV) BY COLLECTION YEARS

	Estimated	Estimated	Estimated	Estimated	Estimated
	TAX YEAR 2021	TAX YEAR 2022	TAX YEAR 2023	TAX YEAR 2024	TAX YEAR 2025
Classification	COLLECT 2022	COLLECT 2023	COLLECT 2024	COLLECT 2025	COLLECT 2026
Res./Ag.	$156,309,013	$159,435,193	$162,623,897	$165,876,375	$169,193,902
Comm./Ind.	$28,428,247	$28,996,812	$29,576,748	$30,168,283	$30,771,648
Public Utility Personal Property (PUPP)	$16,072,464	$16,313,551	$16,558,254	$16,806,628	$17,058,728
Total Assessed Value	$200,809,723	$204,745,555	$208,758,899	$212,851,286	$217,024,278

Property Values are established each year by the County Auditor based on new construction, demolitions, BOR/BTA activity and complete reappraisal or updated values. Fulton County experienced a reappraisal for the 2020 tax year to be collected in 2021.

Public Utility Personal Property (PUPP) values have increased an average of $ 313,865 over the past four years as a result of reinvestments being made by utilities statewide. We remain somewhat conservative in our projections and have projected valuation increases of 100,000 for each year of the forecast.

CAUV values represent 29.64% of Class I residential agricultural values. HB49 authorized a reduction in CAUV computations that will result in these values falling on average by 30%. These reductions will occur as districts experience their next reappraisal or update cycle. We will experience this in the Tax Year 2020 reappraisal. A reduction of value has been weighted in to our average Class I value change in 2019. This will cause a shift in taxes from agricultural taxpayers to residential taxpayers but should not result in lower taxes to our district.

The district is at the twenty (20.00) mill floor. As a result, any growth in valuation should result in the district receiving additional funds from real estate taxes.

ESTIMATED REAL ESTATE TAX (Line # 1.010)

Source	FY22	FY23	FY24	FY25	FY26
Real Estate Taxes	$4,791,915	$4,887,754	$4,985,509	$5,085,219	$5,186,923

Summary of Real Estate Values & Taxes – Line # 1.010

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-six (36) residential & commercial 100% ten (10) year tax abatements with an estimated value of $ 21,927,689 and an estimated tax loss of $ 287,632.38 annually to the district. This would be the equivalent of a 1.46 mill property tax levy. The district will continue to monitor potential future abatements and the affects it will have on district taxpayers.

Local property tax revenues account for 38.01% 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 two (2.00%) growth real estate collections and public utility collections for the next five (5) years of the forecast.

New Tax Levies – Line #13.030
No new levies are modeled in this forecast.

ESTIMATED PERSONAL PROPERTY TAX (Line # 1.020)

Source	FY22	FY23	FY24	FY25	FY26
Public Utility Personal Property	$760,054	$771,454	$783,026	$794,772	$806,693

Summary of Public Utility Personal Property Taxes – Line # 1.020
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.

ESTIMATED SCHOOL DISTRICT INCOME TAX (Line # 1.030)

Source	FY22	FY23	FY24	FY25	FY26
SDIT Collection	$104,774	$1,250,186	$1,887,709	$2,010,242	$2,010,242

Summary of the School District Income Tax –Line # 1.030
The community supported the district's request for a one (1.00%) traditional income tax to fund district operations. The tax will go into effect on January 1, 2022 and will be for a five (5) year period of time. The first allocation of the tax will not be received by the district until April 30th of 2022. It is estimated that 70.4% of the estimated $ 1,774,832 total collection or $ 1,250,086 will be received in the 2022-23 fiscal year before receiving 100% of the annual estimate in 2023-24.

ESTIMATED UNRESTRICTED STATE FOUNDATION (Line # 1.035)

Source	FY22	FY23	FY24	FY25	FY26
Basic Aid-Unrestricted	$6,373,194	$6,559,503	$6,559,503	$6,559,503	$6,559,503
Additional Aid Items	$170,039	$170,039	$170,039	$170,039	$170,039
Basic Aid-Unrestricted Subtotal	$6,543,233	$6,729,542	$6,729,542	$6,729,542	$6,729,542
Ohio Casino Commission ODT	$75,946	$77,160	$78,392	$79,643	$80,912
Catastrophic Aid	$44,464	$44,464	$44,464	$44,464	$44,464
Total Unrestricted State Aid Line # 1.035	$6,663,643	$6,851,166	$6,852,398	$6,853,649	$6,854,918

Summary of Unrestricted State Funding – Line # 1.035
State Foundation Revenue Estimates Funding Model per HB110 – June 30, 2023
The actual release of the new Fair School Funding Plan formula has been delayed until December which is beyond the filing deadline of this forecast. We have projected FY22 and FY23 funding to be in line with the June 28, 2021 Legislative Service Commission estimates for our district. The amounts estimated for state funding are based on HB110, referred to as the Fair School Funding Plan (FSFP). The state foundation funding formula has gone through many changes in recent years. The most recent funding formula began in FY14 and was dropped in FY19 after six (6) years, followed by no foundation formula for two (2) years in FY20 and FY21, and now HB110 implements the newest and possibly the most complicated funding formula in recent years for FY22 and FY23. HB110 the current formula introduces many changes to how state foundation is calculated and expenses deducted from state funding which will potentially make the actual five year forecast look different with estimates FY22 through FY26 compared to actual data FY19 through FY21 on Lines 1.035, 1.04, 1.06 and 3.03 of the forecast.

Overview of Key Factors that Influence State Basic Aid in the Fair School Funding Plan
A. Student Population and Demographics
B. Property Valuation
C. Personal Income of District Residents

D. Historical Funding- CAPS and Guarantees from prior funding formulas

<u>Base Cost Approach- Unrestricted Basic Aid Foundation Funding</u>
The new funding formula uses FY18 statewide average district costs and developed a base cost approach that includes minimum service levels and student teacher ratios to calculate a unique base cost for each district that includes base funding for five (5) areas:

1. Teacher Base Cost (4 subcomponents)
2. Student Support (7 subcomponents-including a restricted Student Wellness component)
3. District Leadership & Accountability (7 subcomponents)
4. Building Leadership & Operations (3 subcomponents)
5. Athletic Co-curricular (contingent on participation)

<u>State Share Percentage – Unrestricted Basic Aid Foundation Funding</u>
Once the base cost is calculated, which is estimated to be as high as $7,202 per pupil when fully phased in, the FSFP calculates a state share percentage (SSP) calculation. The state share percentage in concept will be higher for districts will less capacity (lower local wealth) and be a lower state share percentage for districts with more capacity (higher local wealth). The higher the district's ability to raise taxes based on local wealth the lower the state share percentage. The state share percentage will be based on 60% property valuation of the district, 20% on federally adjusted gross income and 20% on federal median income, as follows:

1. 60% based on most recent three (3) year average assessed values or the most recent year, whichever is lower divided by base students enrolled.
2. 20% based on most recent three (3) year average federal adjusted gross income of districts residents or the most recent year, whichever is lower divided by base students enrolled
3. 20% based on most recent year federal median income of district residents multiplied by number of returns in that year divided by base students enrolled
4. When the weighted values are calculated and Items 1. through 3. above added together, the total is then multiplied by a Local Share Multiplier Index from ranging from 0% for low wealth districts to a maximum of 2.5% for wealthy districts.

When the unrestricted base cost is determined and multiplied by the state share percentage, the resulting amount is multiplied by the current year enrolled students (including open enrolled students being educated in each district), and finally multiplied by the local share multiplier index for each district. The result is the local per pupil capacity amount of the base per pupil funding amount. The balance of this amount is the state share to pay.

Categorical State Aid
In addition to the base state foundation funding calculated above the FSFP also has unrestricted categorical funding and new restricted funding beginning in FY22, some of which will have the state share percentage applied to these calculations as noted below:

<u>Unrestricted Categorical State Aid</u>

1. <u>Targeted Assistance/Capacity Aid</u> – Provides additional funding based on a wealth measure using 60% weighted on property value and 40% on income. Uses current year enrolled average daily membership (ADM). Also will provide supplemental targeted assistance to lower wealth districts whose enrolled ADM is less than 88% of their total FY19 ADM.
2. <u>Special Education Additional Aid</u> – Based on six (6) weighted funding categories of disability and moved to a weighted funding amount and not a specific amount. An amount of 10% will be reduced from all district's calculation to be used toward the state appropriation for Catastrophic Cost reimbursement.

3. Transportation Aid – Funding based on all resident students who ride including preschool students and those living within 1 mile of school. Provides supplemental transportation for low density districts. Increases state minimum share to 29.17% in FY22 and 33.33% in FY23.

Restricted Categorical State Aid

1. Disadvantage Pupil Impact Aid (DPIA)- Formerly Economically Disadvantaged Funding is based on number and concentration of economically disadvantaged students compared to state average and multiplied by $422 per pupil. Phase in increases are limited to 0% for FY22 and 14% in FY23.
2. English Learners – Based on funded categories based on time student enrolled in schools and multiplied by a weighted amount per pupil.
3. Gifted Funds –Based on average daily membership multiplied by a weighted amount per pupil.
4. Career-Technical Education Funds – Based on career technical average daily membership and five (5) weighted funding categories students enrolled in.
5. Student Wellness & Success Funding – moved into DPIA funding, is restricted funding and will be spent on same initiatives and requirements that were previously designated under the stand alone fund.

State Funding Phase-In FY22 and FY23 and Guarantees

HB110 provides funding for FY22 and FY23. While the FSFP was presented as a six (6) year phase-in plan, the state legislature approved the first two (2) years of the funding plan. The FSFP does not include caps on funding, rather it will include a general phase-in percentage for most components in the amount of 16.67% in FY22 and 33.33% in FY23. DPIA funding will be phased in 0% in FY22 and 14% in FY23. Transportation categorical funds will not be subject to a phase in.

HB110 includes "formula transition aid" which is a guarantee. There are actually three (3) guarantees in both temporary and permanent law to ensure that no district will get less funds in FY21 than they received in FY21. The guarantee level of funding for FY21 is a calculated funding guarantee level based on full state funding cuts from May 2020 restored, net of transfers and deductions, plus Student Wellness and Success funds (based on FY21 SWSF amounts), enrollment growth supplement funds paid in FY21 and special education preschool and special education transportation additional aid items.

Student Wellness and Success (Restricted Fund 467)

In FY20 and FY21 HB166, provided Student Wellness and Success Funds (SWSF) to be deposited in a Special Revenue Fund 467. HB110 the new state budget has essentially eliminated these funds by merging them into state aid and wrapped into the expanded funding and mission of DPIA funds noted above and on Line 1.04 below. Any remaining funds in Special Revenue Fund 467 will be required to be used for the restricted purposes governing these funds until spent fully.

Future State Budgets Projections Beyond FY23

Our funding status for the FY24-26 will depend on two (2) new state budgets which are unknown. There is no guarantee that the current Fair School Funding Plan in HB110 will be funded or continued beyond FY23. For this reason funding is held constant FY23 through FY26.

Casino Revenue

On November 3, 2009 Ohio voters passed the Ohio casino ballot issue. This issue allowed for the opening of four (4) casinos one each 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% GCR 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 which began for the first time on January 31, 2013.

Casino revenue fell slightly in FY21 due to COVID-19 and Casinos closing for a little over two months. We have increases the amount in FY22 back to pre-pandemic FY20 levels as Casino revenues appear to have dipped largely due to their closure and not in response to the economic downturn. Prior to COVID-19 closure, casino revenues were growing modestly as the economy improved. Original projections for FY22-26 estimated a .4% decline in pupils to 1,778,441 and GCR increasing to $106.35 million or $59.80 per pupil. We believe FY22 Casino revenues will resume their historical growth rate.

RESTRICTED STATE REVENUES (Line # 1.040)

Source	FY22	FY23	FY24	FY25	FY26
DPIA	$60,074	$60,074	$60,074	$60,074	$60,074
Career Tech	$68,512	$68,512	$68,512	$68,512	$68,512
Gifted	$0	$0	$0	$0	$0
ESL	$0	$0	$0	$0	$0
Student Wellness	$0	$0	$0	$0	$0
Total Restricted State Revenues Line #1.040	$128,586	$128,586	$128,586	$128,586	$128,586

Summary of Restricted State Funding – Line #1.040
HB110 has continued Disadvantaged Pupil Impact Aid (formerly Economic Disadvantaged funding) and Career Technical funding. In addition, there have been new restricted funds added as noted above under "Restricted Categorical Aid" for Gifted, English Learners (ESL) and Student Wellness. The amount of DPIA is limited to 0% phase in growth for FY22 and 14% in FY23.

RESTRICTED FEDERAL GRANTS-IN-AID (Line # 1.045)

No federal unrestricted grants are projected FY21-25.

PROPERTY TAX ALLOCATION (Line # 1.050)

Source	FY22	FY23	FY24	FY25	FY26
Rollback and Homestead	$575,030	$586,530	$598,261	$610,226	$622,431

Summary of Rollback and Homestead Reimbursement – Line #1.050
Rollback funds are reimbursements paid to the district from the State of Ohio for tax credits given owner occupied residences equaling 12.5% of the gross property taxes charged residential taxpayers on tax levies passed prior to September 29, 2013. HB59 eliminated the 10% and 2.5% rollback on new levies approved after September 29, 2013, which is the effective date of HB59. HB66 the FY06-07 budget bill previously eliminated 10% rollback on Class II (commercial and industrial) property.

Homestead Exemptions are also credits paid to the district from the state of Ohio for qualified elderly and disabled. In 2007 HB119 expanded the Homestead Exemption for all seniors over age 65 or older or who are disabled regardless of income. Effective September 29, 2013 HB59 changes the requirement for Homestead Exemptions. Individual taxpayers who do not currently have their Homestead Exemption approved or those who do not get a new application approved for tax year 2013, and who become eligible thereafter, will only receive a Homestead Exemption if they meet the income qualifications. Taxpayers who currently have their Homestead Exemption as of September 29, 2013 will not lose it going forward and will not have to meet the new income qualification. This will reduce homestead reimbursements to the district, and as with the rollback reimbursements above, increase the taxes collected locally on taxpayers. **On the District revenue, if an existing levy is not renewed we would never regain this revenue on any levies in the future.**

OTHER LOCAL REVENUES (Line # 1.060)

Source	FY22	FY23	FY24	FY25	FY26
Open Enrollment Tuition	$0	$0	$0	$0	$0
Interest	$32,890	$33,548	$34,219	$34,903	$35,601
Tax Incentive Agreements	$45,707	$450,000	$459,000	$468,180	$477,544
Tuition SF-14 & SF-14H	$132,939	$135,597	$138,309	$141,076	$143,897
Other Income, Rentals and Fees	$146,619	$149,551	$152,542	$155,593	$158,705
Total Other Local Revenue Line #1.060	$358,155	$768,696	$784,070	$799,752	$815,747

Summary of Other Revenues – Line # 1.060
Local revenue are receipts that come to the district at the local level other than real estate taxes. Interest income, local 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 42% of our investment earning from the 2020-21 fiscal year. I do not see a significant change in the market over the next year or two. Our cash flow will continue to increase expanding our investment opportunities. Staying on the conservative side for this update, I think it is prudent to 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.

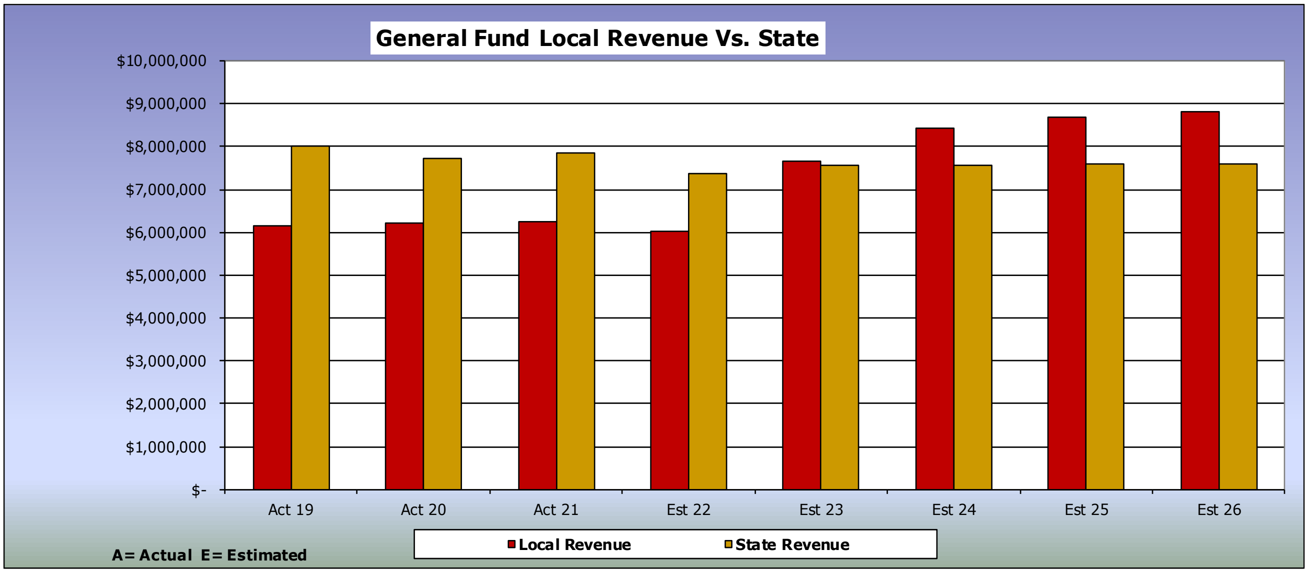
Donation agreements are also accounted for within this area. The District currently has several donation agreements in place. Fulton County Processing has actually had three donation agreements in place over the years. The first one was entered into in 2008 with payments beginning in 2010. The final 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 FY22.

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 North Star 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.

COMPARISON OF STATE & LOCAL REVENUE



ESTIMATED SHORT TERM BORROWING (Line # 2.010 & 2.020)

The district has not borrowed so this line is not used.

ESTIMATED NON-OPERATING RECEIPTS (Line # 2.040 & 2.050)

Source	FY22	FY23	FY24	FY25	FY26
Transfers In - Line 2.040	$0	$0	$0	$0	$0
Advance Returns - Line 2.050	$125,000	$125,000	$125,000	$125,000	$125,000
Total Transfer & Advances In	$125,000	$125,000	$125,000	$125,000	$125,000

Summary of Transfers & Advances – Line # 2.040 & # 2.050
These are non-operating revenues which are the repayment of short term loans to other funds over the previous fiscal year and reimbursements for expenses received for a previous fiscal year in the current fiscal year. All advances over year end are planned to be returned in the succeeding fiscal year.

Workers Compensation issued a refund recently due to claims being significantly less than expected. It is not anticipated that we will see any type of rate increase for calendar year 2021. A second rebate of $ 131,683 was received in December of 2020 and is included in the current forecast.

ESTIMATED ALL OTHER FINANCING SOURCES (Line # 2.060)

This funding source is typically a refund of prior year expenditures that is very unpredictable. We will estimate these payments when we have solid data with which to do so.

Expenditure Assumptions

The district's leadership team is always looking at ways to improve the education of the students whether it be with changes in staffing, curriculum, or new technology needs. As the administration of the district reviews expenditures, the education of the students is always the main focus for resource utilization.

ESTIMATED PERSONAL SERVICES (Line # 3.010)

Source	FY22	FY23	FY24	FY25	FY26
Base Wages	$8,104,262	$8,347,390	$8,597,812	$8,855,746	$9,121,418
ESSER & S.W.S.F. Charge-off's	-$392,626	$0	$0	$0	$0
Wages and Salary Line # 3.01	$7,711,636	$8,347,390	$8,597,812	$8,855,746	$9,121,418

Collective bargaining agreements were finally completed in the spring of 2021. Three year agreements were ratified with the P-D-Y Education Association and the OAPSE classified staff. Salary schedules were adopted for the teaching staff that reflect increase of 2.00% for the 2021-22 school year, 2.50% for the 2022-23 school year and 3.00% for the 2023-24 school year. The classified (OAPSE) staff were awarded 2.00% increases in each of the three years of the contract. Historically we have seen the salary line item of the budget increase at an average of 2.96% 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 three (3.00%) 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.

ESTIMATED FRINGE BENEFITS (Line # 3.020)

Source	FY22	FY23	FY24	FY25	FY26
A) STRS/SERS	$1,215,698	$1,335,582	$1,375,650	$1,416,919	$1,459,427
B) Insurance's	$1,978,015	$2,040,447	$2,103,503	$2,167,190	$2,231,514
C) Workers Comp/Unemployment	$30,847	$33,390	$34,391	$35,423	$36,486
D) Medicare	$111,819	$121,037	$124,668	$128,408	$132,261
E) Tuition Reimbursement	$68,200	$68,200	$68,200	$68,200	$68,200
Total Fringe Benefits Line #3.020	$3,404,578	$3,598,656	$3,706,413	$3,816,140	$3,927,887

Summary of Fringe Benefits – Line #3.020
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.

A.) STRS/SERS
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.

B.) Insurance
The Northern Buckeye Health Plan Board of Directors have addressed rates for the calendar year 2022. Medical plans were increased. The traditional fully insured plan increased 8% while the high deductible plan increased 9.25%. Dental, vision and life insurance was not adjusted for the 2022 calendar year. 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.

The 2020-21 fiscal year 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 2020-21 and 2021-22 fiscal years. A little larger than three (3.18%) percent inflation rate has been applied to the final four years of the forecast.

C.) Workers Compensation & Unemployment Compensation

Workers Compensation issued a refund recently due to claims being significantly less than expected. It is not anticipated that we will see any type of rate increase for calendar year 2021. A second rebate of $ 131,683 was received in December of 2020 and is included in the current forecast. The district has committed to the Northern Buckeye Education Council's consortium for 2021. Unemployment Compensation has been negligible and is anticipated to remain as such as we plan our staffing needs carefully.

D.) Medicare

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.

ESTIMATED PURCHASED SERVICES (Line # 3.030)

Source	FY22	FY23	FY24	FY25	FY26
Base Services	$416,503	$433,163	$450,490	$468,510	$487,250
Instructional Services	$574,703	$597,691	$621,599	$646,463	$672,321
ESSER & S.W.S.F. Charge-off's	($118,344)	$0	$0	$0	$0
Building and Maintenance	$201,551	$209,613	$217,998	$283,430	$224,264
Open Enrollment Deductions	$35,496	$36,916	$38,392	$39,928	$41,525
Community School Deductions	$13,353	$13,887	$14,443	$15,021	$15,622
Other Tuition Including Ed Scholarship	$181,587	$188,851	$196,405	$204,261	$212,432
Utilities	$366,296	$380,948	$396,186	$412,034	$428,515
Total Purchased Services Line #3.030	$1,671,146	$1,861,070	$1,935,512	$2,012,933	$2,093,450

Summary of Purchased Services – Line #3.030

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 have accounted for twenty (20%) percent of the budget in the past. HB110, the new state budget will impact this are of the budget beginning in FY22 as the Ohio Department of Education will begin to direct pay these costs to the educating districts for open enrollment, community and STEM schools, and for scholarships granted students to be educated elsewhere, as opposed to deducting these amounts from our state foundation funding and shown here as expenses. College Credit Pus, excess costs 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 trend.

We have closely monitored this area of the budget and have made every attempt to control these costs. We have projected an annual increase of four (4.00%) percent over the life of this forecast.

ESTIMATED SUPPLIES & MATERIALS (Line # 3.040)

Source	FY22	FY23	FY24	FY25	FY26
Supplies & Materials	$364,945	$374,069	$383,420	$402,591	$422,721

Summary of Supplies & Materials – Line # 3.040
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 are of the budget for the current fiscal year and have built in a moderate annual increase to account for one-to-one technology purchases.

ESTIMATED CAPITAL OUTLAY (Line # 3.050)

Source	FY22	FY23	FY24	FY25	FY26
Capital Outlay	$10,000	$10,000	$10,000	$10,000	$10,000
Replacement Bus Purchases	$0	$0	$0	$0	$0
Total Equipment Line #3.050	$10,000	$10,000	$10,000	$10,000	$10,000

Summary of Capital Outlay – Line # 3.050
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.

ESTIMATED OTHER OBJECTS (Line # 4.300)

Source	FY22	FY23	FY24	FY25	FY26
County Auditor & Treasurer Fees	$117,392	$119,740	$122,134	$124,577	$127,069
ESSER & S.W.S.F. Adjustments	-$112,901	$0	$0	$0	$0
Other Expenses	$47,497	$48,447	$49,416	$50,405	$51,413
Total Other Expenses Line #4.300	$51,988	$168,187	$171,551	$174,982	$178,481

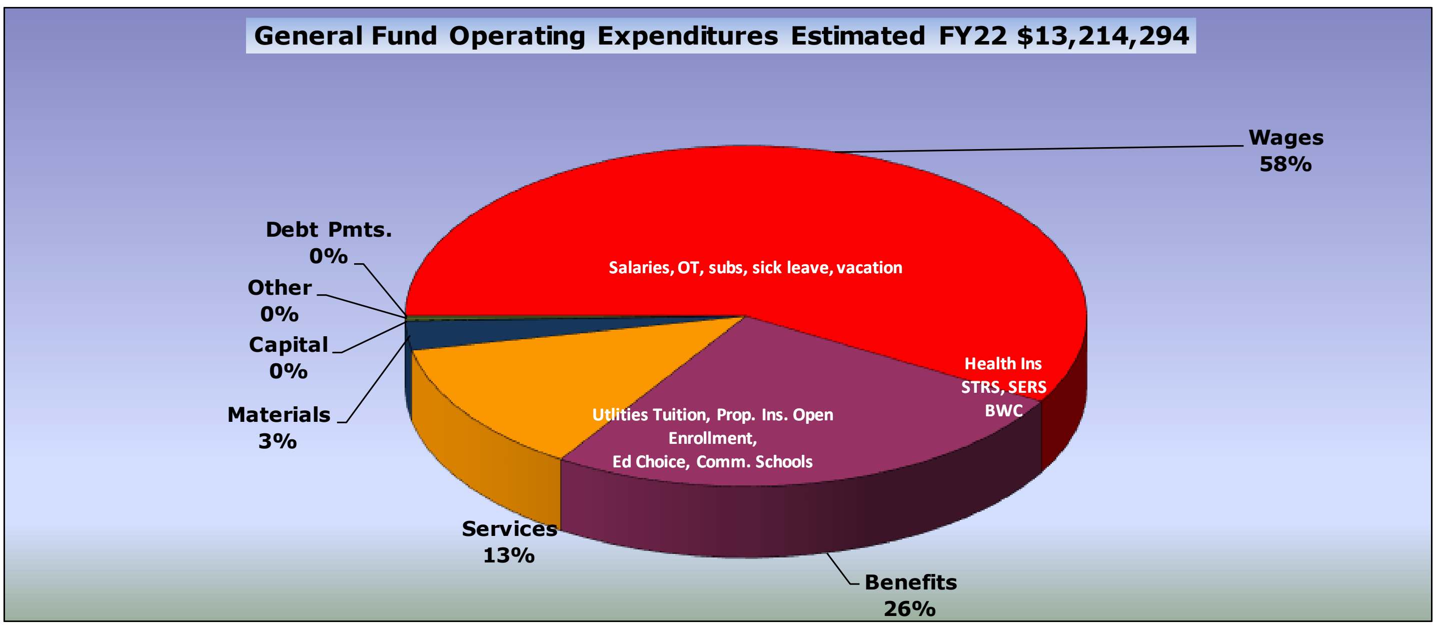
Summary of Other Objects – Line # 4.300
The category of Other Objects consists primarily of the County ESC deductions for specialized services provided to the District. Auditor & Treasurer fees that are related to the collection of real estate taxes, membership fees, employee bonding and miscellaneous collection fees are classified within this area. Currently, we are flat-lining this line item in an effort to balance this budget. There will be a fee associated with the income tax collection that will increase this area of the budget.

ESTIMATED TRANSFERS & ADVANCES (Line # 5.01 - 5.04)

Source	FY22	FY23	FY24	FY25	FY26
Operating Transfers Out Line #5.010	$0	$0	$0	$0	$0
Advances Out Line #5.020	$10,000	$10,000	$10,000	$10,000	$10,000
Total Transfer & Advances Out	$10,000	$10,000	$10,000	$10,000	$10,000

Summary of Transfers & Advances – Line # 5.010 & 5.020
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. With the effects of the COVID-19 pandemic, additional funds will be needed to finance deficits created within the food service fund.

GENERAL FUND EXPENDITURE ESTIMATES



ESTIMATED ENCUMBRANCES (Line # 8.010)

	FY22	FY23	FY24	FY25	FY26
Estimated Encumbrances	$0	$0	$0	$0	$0

Summary of Encumbrances – Line # 8.010
These are outstanding purchase orders that have not been approved for payment as the goods were not received in the fiscal year in which they were ordered.

ESTIMATED EXPENDITURES (Line # 5.050)

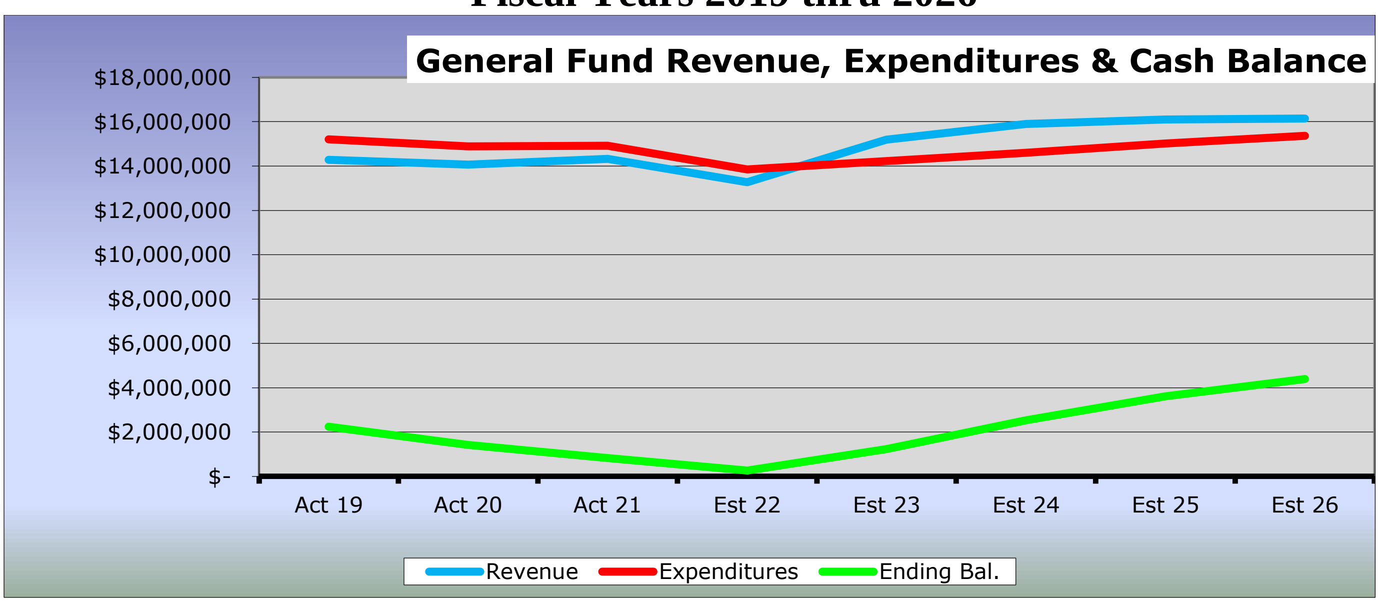
Summary of Estimated Expenditures – Line # 5.050
General Fund expenditures are currently estimated at $ 14,893,895 or just $ 4,109 more or .03% than the fiscal year 2019-20 expense levels. The forecast has expenditures increasing at an annual average percentage of 2.60%. The utilization of grant dollars has been used when possible to reduce general fund expenses.

ESTIMATED ENDING CASH BALANCE (Line # 15.010)

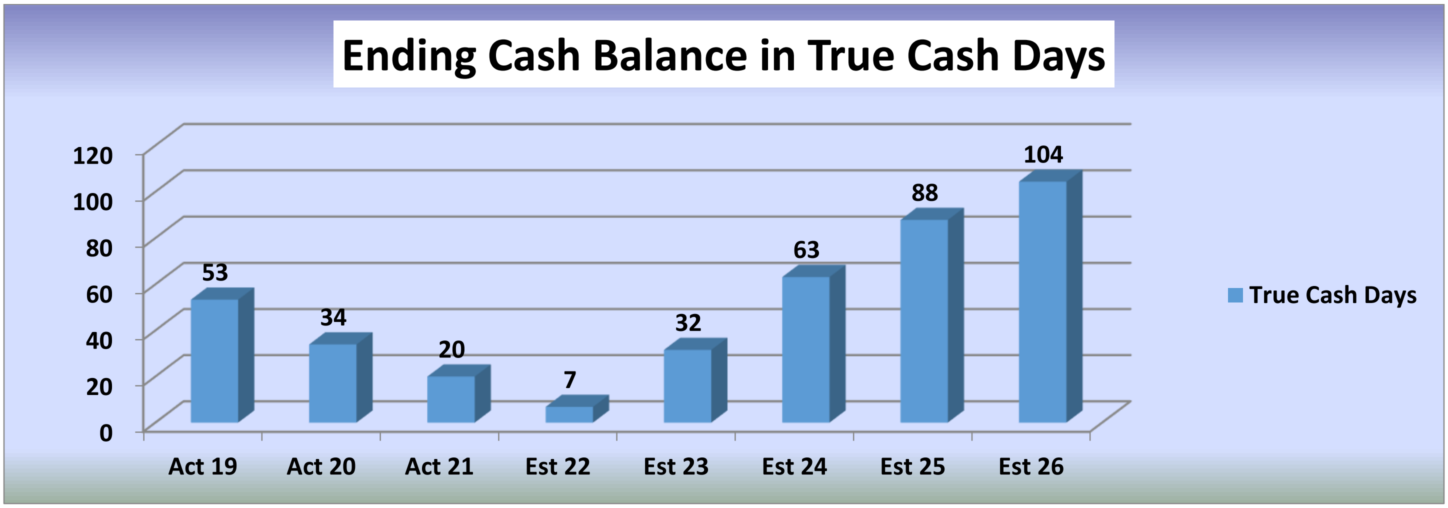
	FY22	FY23	FY24	FY25	FY26
Ending Unencumbered Cash Balance	$1,115,780	$2,115,782	$3,445,633	$4,570,686	$5,357,268

Summary of the Ending Cash Balance – Line # 15.010
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 and we believe that the attached financial plan does just that.

GENERAL FUND
CASH FLOW PROJECTIONS
Fiscal Years 2019 thru 2026



TRUE DAYS ENDING CASH 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 is the Current Years Ending Cash Balance divided by (Current Years Expenditures/365 days) = number of days the district could operate without additional resources or a severe resource interruption. The Government Finance Officers Association (GFOA) recommends no less than two (2) months or 60 days cash to be on hand at year end but could be more depending on each district's complexity and risk factors for revenue collection. This is calculated including transfers as this is predictable funding source for other funds such as for severance payments.