

***PIKE DELTA YORK
LOCAL SCHOOLS***



2023-2027

Five-Year Forecast

May 17, 2023

Pike Delta York Local School District

Five Year Forecast - May 2023

5/17/2023

	Actual			Projected				
	2019-20 Actual	2020-21 Actual	2021-22 Actual	2022-23 Fiscal Year	2023-24 Fiscal Year	2024-25 Fiscal Year	2025-26 Fiscal Year	2026-27 Fiscal Year
REVENUE	2,244,223	1,415,958	832,918	506,772	1,219,450	2,445,847	3,464,682	4,147,812
Real Estate Tax	4,576,841	4,697,956	4,717,193	4,659,234	4,729,123	4,800,060	4,872,061	4,945,142
Public Utility Personal Property Tax	665,846	748,821	803,653	783,556	775,720	767,963	760,284	752,681
Income Tax	0	0	127,315	1,494,256	2,450,761	2,745,603	2,935,143	3,012,786
Other Local	963,096	798,307	553,440	899,477	908,472	917,556	926,732	935,999
Foundation	7,045,981	7,170,016	6,530,368	6,695,015	6,695,015	6,695,015	6,695,015	6,695,015
Rollback & Homestead	543,687	549,254	558,348	564,148	572,611	581,200	589,918	598,767
Other State	140,684	150,818	386,893	389,753	389,753	389,753	389,753	389,753
Non-Operating Receipts	125,388	214,625	13,695	303	5,000	5,000	5,000	5,000
TOTAL RECEIPTS	14,061,520	14,329,797	13,690,904	15,485,743	16,526,455	16,902,150	17,173,905	17,335,142
	-1.56%	1.91%	-4.46%	13.11%	6.72%	2.27%	1.61%	2.56%
TOTAL RECEIPTS PLUS CASH	16,305,744	15,745,755	14,523,822	15,992,515	17,745,905	19,347,998	20,638,588	21,482,955
EXPENDITURES								
Salaries & Wages	7,812,664	7,868,215	7,934,747	8,455,871	8,709,548	8,970,834	9,239,959	9,517,158
Fringe Benefits	3,355,414	3,358,548	3,524,274	3,760,655	3,929,884	4,106,729	4,291,532	4,484,651
Purchased Services	2,846,213	3,152,302	1,959,380	1,963,521	2,042,062	2,164,586	2,294,461	2,432,128
Supplies, Materials & Textbooks	439,496	356,044	431,749	394,456	414,179	434,888	456,633	479,464
Capital Outlay (Incl. Replacement)	14,464	3,827	1,820	1,052	5,000	5,000	5,000	5,000
Other	195,226	161,656	165,080	187,510	189,385	191,279	193,191	195,123
Non-Operating Expenses	226,309	12,245	0	10,000	10,000	10,000	10,000	10,000
TOTAL EXPENDITURES	14,889,786	14,912,837	14,017,050	14,773,065	15,300,058	15,883,315	16,490,775	17,123,524
	(828,266)	(583,040)	(326,146)	712,678	1,226,397	1,018,835	683,130	211,618
ENDING CASH BALANCE (6/30)	1,415,958	832,918	506,772	1,219,450	2,445,847	3,464,682	4,147,812	4,359,430

True Days Cash	35	20	13	30	58	80	92	93
% of Revenue	10.07%	5.81%	3.70%	7.87%	14.80%	20.50%	24.15%	25.15%
% of Salaries/Fringes to Revenue	79.42%	78.35%	83.70%	78.89%	76.48%	77.37%	78.79%	80.77%

Pike-Delta-York Local School District

Fulton County

Schedule of Revenues, Expenditures and Changes in Fund Balances
For the Fiscal Year Ended June 30 from, Nov 2022- vs. May 2023 Forecast

		FY 2023 - Forecasted			
		Nov 2022	May 2023	Variance	
					Var. %
Revenues					
1.010	General Property Tax (Real Estate)	4,787,950	4,659,234	-128,716	-2.69%
1.020	Public Utility Personal Property Tax	811,689	783,556	-28,133	-3.47%
1.030	Income Tax	1,556,075	1,494,256	-61,819	-3.97%
1.035	Unrestricted State Grants-in-Aid	6,538,629	6,695,015	156,386	2.39%
1.040	Restricted State Grants-in-Aid	388,377	389,753	1,375	0.35%
1.045	Restricted Federal Grants In Aid	0	0	0	0.00%
1.050	Property Tax Allocation	566,723	564,148	-2,575	-0.45%
1.060	All Other Revenues	896,668	899,477	2,809	0.31%
1.070	Total Revenues	15,546,111	15,485,438	-60,673	-0.39%
Other Financing Sources					
2.010	Proceeds from Sale of Notes	0	0	0	0.00%
2.020	State Emergency Loans and Advancements (Approved)	0	0	0	0.00%
2.040	Operating Transfers-In	0	0	0	0.00%
2.050	Advances-In	0	0	0	0.00%
2.060	All Other Financing Sources	0	303	303	0.00%
2.070	Total Other Financing Sources	0	303	303	0.00%
2.080	Total Revenues and Other Financing Sources	15,546,111	15,485,741	-60,370	-0.39%
Expenditures					
3.010	Personal Services	8,320,818	8,455,871	135,053	1.62%
3.020	Employees' Retirement/Insurance Benefits	3,840,342	3,760,655	-79,688	-2.08%
3.030	Purchased Services	2,037,755	1,963,521	-74,234	-3.64%
3.040	Supplies and Materials	453,336	394,456	-58,880	-12.99%
3.050	Capital Outlay	10,000	1,052	-8,948	-89.48%
3.060	Intergovernmental	0	0	0	
	Debt Service:				
4.010	Principal-All (Historical Only)	0	0	0	0.00%
4.020	Principal-Notes	0	0	0	0.00%
4.030	Principal-State Loans	0	0	0	0.00%
4.040	Principal-State Advancements	0	0	0	0.00%
4.050	Principal-HB 264 Loans	0	0	0	0.00%
4.060	Interest and Fiscal Charges	0	0	0	0.00%
4.300	Other Objects	166,731	187,510	20,779	12.46%
4.500	Total Expenditures	14,828,983	14,763,065	-65,918	-0.44%
Other Financing Uses					
5.010	Operating Transfers-Out	0	0	0	0.00%
5.020	Advances-Out	0	10,000	10,000	0.00%
5.030	All Other Financing Uses	0	0	0	0.00%
5.040	Total Other Financing Uses	0	10,000	\$10,000	0.00%
5.050	Total Expenditures and Other Financing Uses	14,828,983	14,773,065	(\$55,918)	-0.38%
6.010	Excess of Revenues and Other Financing Sources over (under) Expenditures and Other Financing Uses	717,129	712,677	(4,452)	-0.62%
7.010	Cash Balance July 1 - Excluding Proposed Renewal/Replacement and New Levies	506,773	506,773	0	0.00%
7.020	Cash Balance June 30	1,223,902	1,219,450	4,452-	-0.36%



Pike Delta York
Local School District
May of 2023 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. 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 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 39.67% of the district's resources. Fulton County completed a property reappraisal in 2021. Collections on these updated values are being collected in calendar year 2022. 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 had lost two appeals of the original value to the Ohio Department of Taxation and a decision was handed down in July of 2022 as to a fair and equitable value that both the ODOT and NEXUS agreed to. Just when we thought the end was in sight, the Lorain County Auditor filed an appeal with the courts claiming that the value was not high enough and seeking a more favorable judgement. We have applied a depreciation factor of 1% to account for the NEXUS value adjustments to be conservative.

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 was the "capture" year for the replacement substitute levy. New construction and properties coming off of 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 and one-half (1.50%) growth in real estate collections. With the volatility of the NEXUS pipeline, we have decided to apply a depreciation factor of one (1.00%) percent in public utility collections for the next four (4) years of the forecast.

School District Income Tax

The Pike Delta York Local School district community supported a one (1.00%) percent five (5) year traditional school district income tax levy on May 4th, 2021. The levy was designated for operations and became effective on January 1st of 2022. It is estimated that the levy will generate \$ 2,047,352 annually. The income tax levy is administered through the Department of Taxation. The collections are distributed to the district on a quarterly basis. The first distribution was received by the district on April 29th, 2022. The district received 96.03% or \$ 1,494,256 of the projected \$ 1,556,075 for the 2022-23 fiscal year. It takes approximately eighteen months for the district to receive the full collection. It is estimated that we will receive 106.3% in fiscal year 2023-24 and 113.20% in fiscal year 2024-25. We have projected an annual growth rate of five (5.00%) annually for the life of this forecast. The levy will expire in December of 2026.

Other Local Revenue

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 was originally projected \$ 50,000 for the current fiscal year. Interest rates have risen and our cash flow has grown giving us more opportunities for growth in this area. We have revised our original projection for interest income to \$ 132,814 since at the time this forecast was being prepared, the district had already collected \$ 99,814. I think it is prudent to remain with our original position of gradual increases 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 approximately \$ 10,000 annually to the district.

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, \$ 18,397 in FY21, \$ 16,925 in FY22 and \$ 15,571 in FY23 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 and was completed and operational in 2022. This created an abated value on the 2022 tax year payable in 2023. The district received the first donation of \$ 451,530.28 in agreement on February 13th of 2023.

State Foundation

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 calculations was delayed until March of 2022. **The new state budget is currently being deliberated as this forecast is being prepared. We will probably not have any results until the end of June or first part of July.** 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 were no separate open enrollment revenue payments to school districts beginning in FY22. 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 was also changed as a result of the FSFP. The impact on the forecast is obvious when the historic actual costs for FY19 through FY21 on the forecast reflect different trends on Lines 1.035, 1.04, 1.06 and 3.03 beginning in FY22. Longer term there may be adjustments to state aid for FY23 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 available as of this forecast. We've taken a very conservative approach in our estimations of state funding given all of the changes that have taken place.

Other State Revenue

The current state budget provides funding for Economically Disadvantaged and Career Technical Education. With the recent changes in the school funding component it is expected that gifted, ESL and Student Wellness and Success programs will be funded through this channel. At this point we have "flat-lined" this line-item until we know more on how it will be funded.

Revenues

Overall, revenue projections have shifted but not changed significantly from the November of 2022 forecast primarily due to changes made with the state foundation funding formula. Forecasted revenue for fiscal year 2022-23 has been reduced by only \$ 60,673 since the November of 2022 projections.

The addition of income tax proceeds beginning in fiscal year 2021-22, some minimal growth from our property tax proceeds, changes proposed with the state's fair funding recently passed legislation and the donation agreement with NorthStar BlueScope has created some optimism within these revenue projections. We still have to remain on the conservative side but there are some real possibilities of potential growth within this forecast.

Salaries & Wages

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 2.33% over the last five years. These figures are based on salaries paid to all staff including certified, classified, supplemental contracts,

administrators, substitutes, aides, etc. For the purposes of this forecast, we have adjusted the 2022-23 salary projection to reflect current staffing costs. A three (3.00%) percent salary adjustment has been projected for the remaining four years of the 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 addressed rates for the calendar year 2023. Medical plans were increased. The traditional fully insured plan increased 6% while the high deductible plan increased 13.0%. Dental premiums were increased \$1.00 per month while vision and life insurance were not adjusted for the 2023 calendar year. The increases include adjustments for inflation and the function of the health insurance committee to maintain control of costs.

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 2023. 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 one half (4.5%) percent inflation rate has been applied to the final four years of the forecast to account for health insurance uncertainty.

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 have accounted for twenty (20%) percent of the budget in the past. HB110, the new state budget will impact this area 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 Plus, 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. They now reflect just 13%.

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 for the first two years of this forecast and six (6.0%) for the final three years due to the expiration of ESSER funding and those expenses returning to the general fund.

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 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 projecting a one (1.00%) percent increase for this line item to cover the additional cost of the income tax administrative fee.

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 2021 the general fund advanced approximately \$ 12,245.00 to various funds to cover a temporary deficit as a result of cash flow. Those advances have been returned to the general fund. These are on an as needed basis and difficult to project ahead of time.

Expenditures

General Fund expenditures are currently estimated at \$ 14,773,065 or \$ 756,015 or 5.39% higher than fiscal year 2021-22 expense levels due to staffing adjustments and health insurance increases. The forecast has expenditures increasing at an annual average percentage rate of 4.09%. After the current fiscal year, that average declines to 3.76% for the remaining four years of the projections. The utilization of grant dollars has been and will continue to be 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 and we believe that the attached financial plan does just that.