

***PIKE DELTA YORK
LOCAL SCHOOLS***



2022-2026

Five-Year Forecast

November 17th, 2021

Pike Delta York Local School District

Five Year Forecast - November 2021

11/17/2021

	Actual			Projected				
	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	2025-26 Fiscal Year
REVENUE	3,164,101	2,244,223	1,415,957	832,917	1,115,781	2,115,782	3,445,633	4,570,686
Real Estate Tax	4,477,061	4,576,841	4,697,956	4,791,915	4,887,754	4,985,509	5,085,219	5,186,923
Public Utility Personal Property Tax	706,854	665,846	748,821	760,054	771,454	783,026	794,772	806,693
Income Tax				104,774	1,250,186	1,887,709	2,010,242	2,010,242
Other Local	974,260	963,096	798,307	358,155	768,696	784,070	799,751	815,746
Foundation	7,286,108	7,016,976	7,170,016	6,663,643	6,851,166	6,852,398	6,853,649	6,854,918
Rollback & Homestead	548,948	543,687	549,254	575,030	586,530	598,261	610,226	622,431
Other State	168,909	169,688	150,818	128,586	128,586	128,586	128,586	128,586
Non-Operating Receipts	122,550	125,388	214,625	125,000	125,000	125,000	125,000	125,000
TOTAL RECEIPTS	14,284,690	14,061,520	14,329,797	13,507,157	15,369,372	16,144,559	16,407,445	16,550,540
Increase/Decrease %	3.76%	-1.56%	1.91%	-5.74%	13.79%	5.04%	21.47%	2.51%
TOTAL RECEIPTS PLUS CASH	17,448,791	16,305,744	15,745,754	14,340,074	16,485,153	18,260,341	19,853,078	21,121,226
EXPENDITURES								
Salaries & Wages	7,794,608	7,812,664	7,868,215	7,711,636	8,347,389	8,597,811	8,855,745	9,121,417
Fringe Benefits	3,231,912	3,355,414	3,358,548	3,404,578	3,598,656	3,706,413	3,816,140	3,927,887
Purchased Services	3,184,214	2,846,213	3,152,302	1,671,146	1,861,070	1,935,513	2,012,933	2,093,451
Supplies, Materials & Textbooks	470,126	439,496	356,044	364,945	374,069	383,421	402,592	422,721
Capital Outlay (Incl. Replacement)	10,778	14,464	3,827	10,000	10,000	10,000	10,000	10,000
Other	169,163	195,226	161,656	51,988	168,187	171,551	174,982	178,481
Non-Operating Expenses	343,766	226,309	12,245	10,000	10,000	10,000	10,000	10,000
TOTAL EXPENDITURES	15,204,568	14,889,786	14,912,837	13,224,293	14,369,371	14,814,708	15,282,392	15,763,958
Increase/Decrease %	6.23%	-2.07%	0.15%	-11.32%	8.66%	3.10%	15.56%	6.41%
Excess of Revenue	(919,878)	(828,266)	(583,041)	282,864	1,000,001	1,329,851	1,125,053	786,582
ENDING CASH BALANCE (6/30)	2,244,223	1,415,957	832,917	1,115,781	2,115,782	3,445,633	4,570,686	5,357,268
% of Revenue	15.71%	10.07%	5.81%	8.26%	13.77%	21.34%	27.86%	32.37%
% of Salaries/Fringes to Revenue	77.19%	79.42%	78.35%	82.30%	77.73%	76.21%	77.23%	78.85%



Pike Delta York
Local School District
November 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-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.

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 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

Other Local Revenue - Continued

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.

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 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.**

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 work.

Revenues

Overall, revenues projections have changed significantly from the May of 2021 forecast primarily due to changes made with the state foundation funding formula.

The addition of income tax proceeds beginning in fiscal year 2021-22, some growth from our property tax proceeds as a result of the substitute levy and the changes proposed with the state’s fair funding recently passed legislation 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 2.96% 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.

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 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.

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 three (3.0%) 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 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.

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.

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 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 2021 the general fund advanced approximately \$ 12,245 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 \$ 13,224,293 or \$ 1,688,544 or .11.32% less than the fiscal year 2020-21 expense levels. The forecast has expenditures increasing at an annual average percentage rate of 4.48%. 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.

Pike Delta York Local
General Fund FYF Budget Revisions
 November 2021
ESSER & Student Wellness & Success Funding

<i>Expenditure Area</i>	2021-22 Initial Projections	2021-22 Adjustments	2021-22 Revised Projections
Salaries & Wages	8,104,262.00	392,625.88	7,711,636.12
Fringe Benefits	3,492,826.00	88,247.92	3,404,578.08
Total	11,597,088.00	480,873.80	11,116,214.20
Purchased Services	1,789,490.00	118,344.14	1,671,145.86
Supplies & Materials	364,945.00	0.00	364,945.00
Capital Outlay	10,000.00	0.00	10,000.00
Other Objects	164,889.00	112,901.00	51,988.00
Non-Operating Expenses	10,000.00	0.00	10,000.00
Totals	2,339,324.00	231,245.14	2,108,078.86
Grand Total	13,936,412.00	712,118.94	13,224,293.06