

***PIKE DELTA YORK
LOCAL SCHOOLS***



2020-2024

Five-Year Forecast

November 2019

Pike Delta York Local School District

Five Year Forecast - November 2019

11/18/2019

	Actual			Projected				
	2016-17 Actual	2017-18 Actual	2018-19 Actual	2019-20 Fiscal Year	2020-21 Fiscal Year	2021-22 Fiscal Year	2022-23 Fiscal Year	2023-24 Fiscal Year
REVENUE	3,377,671	3,709,120	3,164,101	2,244,223	1,557,483	553,535	(778,872)	(2,451,397)
<i>Real Estate Tax</i>	4,480,390	4,629,118	4,477,061	4,521,832	4,567,050	4,612,721	4,658,848	4,705,436
<i>Public Utility Personal Property Tax</i>	474,555	211,372	706,854	587,545	616,922	647,768	680,157	714,165
<i>Other Local</i>	946,878	930,003	974,260	1,022,626	1,073,757	1,127,445	1,183,817	1,243,008
<i>Foundation</i>	7,067,410	7,285,055	7,286,108	7,273,635	7,273,635	7,273,635	7,273,635	7,273,635
<i>Rollback & Homestead</i>	622,966	509,730	548,948	576,534	582,299	588,122	594,003	599,943
<i>Other State</i>	241,030	194,610	168,909	156,089	156,089	156,089	156,089	156,089
<i>Non-Operating Receipts</i>	7,104	7,669	122,550	125,000	125,000	125,000	125,000	125,000
TOTAL RECEIPTS	13,840,333	13,767,556	14,284,690	14,263,260	14,394,752	14,530,780	14,671,549	14,817,276
		-0.53%	3.76%	-0.15%	0.92%	0.94%	0.97%	0.99%
TOTAL RECEIPTS PLUS CASH	17,218,004	17,476,676	17,448,791	16,507,483	15,952,235	15,084,315	13,892,677	12,365,879
EXPENDITURES								
<i>Salaries & Wages</i>	7,078,875	7,370,842	7,794,608	7,935,000	8,093,700	8,255,574	8,420,685	8,589,099
<i>Fringe Benefits</i>	3,072,661	3,153,794	3,231,912	3,500,000	3,657,500	3,822,088	3,994,081	4,173,815
<i>Purchased Services</i>	2,572,591	2,825,765	3,184,214	2,750,000	2,860,000	2,974,400	3,093,376	3,217,111
<i>Supplies, Materials & Textbooks</i>	458,598	513,162	470,126	450,000	472,500	496,125	520,931	546,978
<i>Capital Outlay (Incl. Replacement)</i>	32,728	4,872	10,778	40,000	40,000	40,000	40,000	40,000
<i>Other</i>	206,607	211,175	169,163	175,000	175,000	175,000	175,000	175,000
<i>Non-Operating Expenses</i>	86,824	232,965	343,766	100,000	100,000	100,000	100,000	100,000
TOTAL EXPENDITURES	13,508,884	14,312,575	15,204,568	14,950,000	15,398,700	15,863,187	16,344,074	16,842,003
	331,449	(545,019)	(919,878)	(686,740)	(1,003,948)	(1,332,407)	(1,672,525)	(2,024,727)
ENDING CASH BALANCE (6/30)	3,709,120	3,164,101	2,244,223	1,557,483	553,535	(778,872)	(2,451,397)	(4,476,124)
% of Revenue	26.80%	22.98%	15.71%	10.92%	3.85%	-5.36%	-16.71%	-30.21%
% of Salaries/Fringes to Revenue	73.35%	76.45%	77.19%	80.17%	81.64%	83.12%	84.62%	86.14%



Pike Delta York Local School District

November 2019 Five Year Forecast

Assumption Summary

Real Estate Taxes

Property tax collections are the 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 six (6) residential 100% ten (10) year tax abatements totaling a loss of approximately \$ 13,000 annually to the district. The district will continue to monitor potential future abatements and the affects it will have on district taxpayers.

Local property tax revenues account for 36% of the district's resources. Our district will experience a **reappraisal in 2020 for collection in calendar year 2021.**

The district will experience additional revenue as a result of the NEXUS pipeline being completed. The first year of collection will be in calendar year 2020. Additional revenue has not been projected within this update due to the lack of information at the time these projections were prepared.

The community supported the renewal of the two emergency levies in November of 2018. Those levies were due to expire at the end of this year. 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 will be 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. We have projected minimal (1.00%) growth in local real estate taxes and a five (5%) growth rate of the public utility property taxes.

Other Local Revenue

Local revenue are receipts that come to the district at the local level other than real estate taxes. Interest income, open enrollment tuition, pay to participate fees and facility rental fees are just a couple of examples. For the purposes of this forecast, we have factored in an overall increase of 5.00% through FY 2024.

Interest income will increase and decrease as the cash position of the General Fund fluctuates over the forecast period. The district's balances available for investment vary month to month due to cash flow needs. 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.

Other Local Revenue - Continued

Donation agreements are also accounted for within this area. The District currently has several donation agreements in place. These agreements, one with a donation amount of \$19,057 annually from Fulton County Processing and the other at \$38,675 annually from Worthington Steel Company, are expected to expire in FY19 and FY20. Upon the expiration of these agreements, the values of these properties will be added to the tax duplicate and will then be included in general property tax in FY20 and FY21. The District has two additional agreements with Fulton County Processing. The first of the ten scheduled payments began in FY16, in the amount of \$26,414. The new agreement was recently entered into with Fulton County Processing for an addition to their facility west of Delta. This agreement is expected to exceed the expiring agreement by generating an estimated \$ 25,158.00 annually.

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 and is projected to receive the amounts of \$ 21,707 in FY19, and \$19,970 in FY20 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. It is our understanding that the village has agreed to grant Nature Fresh 100% tax abatement on any future expansion at that site. Originally it was projected that once all phases of the project were complete, that the district would have received 50% of any future tax revenue generated as a result of this expansion. Estimated total of the donation was \$ 3.2 million dollars over a twenty-three (23) year period.

State Foundation

We have structured this forecast taking into account the recent provisions of H.B. 166. The new 2019-20 and 2020-21 biennium budget was adopted basically “freezing” state funding for all school districts in Ohio at their FY19 level with the only exception being the addition of Enrollment Growth Supplement money for a small number of growing districts. The only increase in funding to all districts in Ohio is restricted money for Student Wellness and Success which is restricted in use and must be placed in Fund 467. This is not General Fund money and thus not included in the forecast. We have assumed this money will not continue after FY22. A new school funding formula has been introduced by Representatives Bob Cupp and John Patterson that exhibits equity and adequacy and continues to be deliberated. The state aid has been “flat-lined” throughout the remaining years of this forecast.

Other State Revenue

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

Revenues

Overall, revenues projections have not changed from the projections we prepared in May for fiscal year 2019-20. Our revenue estimate for the current fiscal year (2019-20) has increased just \$10,769. We have projected an actual decrease of \$21,430 in our revenue from the previous 2018-19 fiscal year. Minimal growth in real estate collections, the state foundation being frozen have resulted in adjustment being limited to changes in tuition income, investment earnings and expiring and new CRA's.

Salaries & Wages

Collective bargaining agreements will be expiring at the end of the 2019-20 school year. Projecting salaries with any degree of accuracy becomes very difficult without salary schedules and a collective bargaining agreement in place beyond the current fiscal year. Historically we have seen the salary line item of the budget increase at an average of 3.90%. 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 four (2.00%) annual salary adjustment was used. This will continue to be a “work in process” as we negotiate both certified and classified collective bargaining agreements in the coming months and factor in possible staffing adjustments. These will be based on student enrollment projections and the effect that will have on staffing.

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.

Actual rates have been applied to the staff's current enrollment status. The Northern Buckeye Health Plan Board of Directors approved rate adjustments for January 1, 2020.

The health plan rates were increased by six (8%) percent in January of 2020. The dental and vision rates will be adjusted by four (4%) on January 1, 2020. The life insurance rates remained unchanged for calendar year 2020.

Projected increases for medical and dental insurance is 3.00% for the last four years of this forecast. 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 is expected to remain at about 1/2% of wages after fiscal year 2020 due to a moderated claim experience over prior years. The district has committed to the Northern Buckeye Education Council's consortium for 2020. 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.

Purchased Services

This has been the most volatile area of the budget recently. We were forced to increase this area of the budget by over twelve (12.75%) percent during the 2018-19 fiscal year. This area includes expenses that are performed by individuals and/or companies not employed by the district. They include expenses related to utilities, professional development, tuition, legal services, property and fleet insurance and special needs services performed by the educational service center. These expenses account for approximately twenty-one (20.9%) percent of the budget. We have reviewed this area of the budget and have reduced this line item by over thirteen (13.6%) percent for the 2019-20 fiscal year. It is our goal to live within these parameters. Last year unforeseeable circumstances created unexpected expenditures. We have projected \$ 2,750,000 for 2019-20 with an annual increase of four (4.00%) percent over the remaining life of this forecast.

Supplies & Materials

This category is self-explanatory. Instructional supplies, office supplies, testing supplies, technology, custodial, transportation and fuel are all tracked through this line item. We have reduced this 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.

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. Permanent improvement funds, provided through donations from Worthington Industries and Fulton County Processing were exhausted in fiscal year 2018. Alternate funding sources will have to be explored or capital projects will have to rely on the availability of operational dollars to maintain these aging facilities and fleet. At the time of this forecast, general fund dollars were utilized and are projected to be transferred to the permanent improvement fund to meet future transportation needs and building maintenance. The need to address the option of an additional funding source for our capital improvements needs to be addressed sooner than later.

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.

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 2019 the general fund advanced approximately \$ 125,000 to various funds to cover a temporary deficit as a result of cash flow. Those advances have been returned to the general fund.

Expenditures

The budget for 2019-20 has been reduced by \$ 146,354 or .97% since the May of 2019 forecast. By finalizing last year's expenditure and having the forecast reflect the most current information for the current fiscal year, it has an effect across the entire forecast. Total General Fund expenditures are estimated at \$ 14,950,000 for the current (2019-20) fiscal year. The forecast has expenditures increasing at an annual average percentage of 2.25%.

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. 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.