

***PIKE DELTA YORK
LOCAL SCHOOLS***



2019-2023

Five-Year Forecast

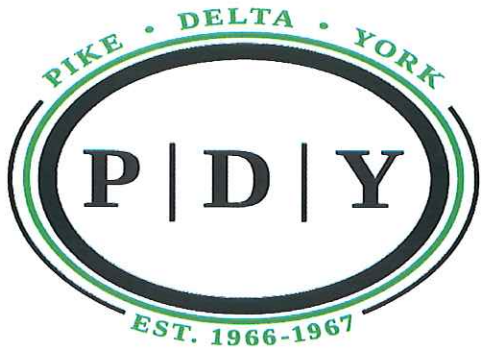
May 2019

Pike Delta York Local School District

Five Year Forecast - May 2019

5/15/2019

	Actual			Projected				
	2015-16 Actual	2016-17 Actual	2017-18 Actual	2018-19 Fiscal Year	2019-20 Fiscal Year	2020-21 Fiscal Year	2021-22 Fiscal Year	2021-22 Fiscal Year
REVENUE	2,518,514	3,377,671	3,709,119	3,164,100	2,529,700	1,685,837	817,253	(149,306)
<i>From Local Sources</i>								
Real Estate Tax	4,391,453	4,480,390	4,629,118	4,477,061	4,566,602	4,657,934	4,751,093	4,846,115
Public Utility Personal Property Tax	465,277	474,555	211,372	706,854	468,295	532,305	542,951	553,810
Other Local	688,264	834,135	821,648	862,558	833,588	849,126	856,838	864,628
Foundation	7,244,475	7,067,410	7,285,055	7,281,454	7,426,402	7,574,242	7,725,033	7,878,832
Rollback & Homestead	548,761	548,738	551,762	548,948	559,927	571,125	582,548	594,199
Other State	178,939	241,030	194,610	180,269	172,238	172,826	173,419	174,018
Non-Operating Receipts	52,977	7,104	7,669	115,438	115,438	115,438	115,438	115,438
Federal Revenue - Medicare	128,098	112,742	108,354	100,000	110,000	112,000	114,000	115,000
TPP Reimbursement	214,712	74,228	(42,032)	0	0	0	0	0
Emergency Levy Renewals					0	0	0	0
TOTAL RECEIPTS	13,912,955	13,840,333	13,767,556	14,272,582	14,252,491	14,584,997	14,861,320	15,142,040
			-0.53%	3.67%	-0.14%	2.33%	1.89%	1.89%
TOTAL RECEIPTS PLUS CASH	16,431,469	17,218,003	17,476,675	17,436,682	16,782,191	16,270,833	15,678,573	14,992,734
EXPENDITURES								
Salaries & Wages	6,806,326	7,078,875	7,370,842	7,689,151	7,996,717	8,316,586	8,649,249	8,995,219
Fringe Benefits	2,965,422	3,072,661	3,153,794	3,248,330	3,345,780	3,446,153	3,549,538	3,656,024
Purchased Services	2,618,142	2,572,591	2,825,765	3,067,622	3,006,270	2,946,144	2,887,221	2,829,477
Supplies, Materials & Textbooks	411,235	458,598	513,162	470,536	465,831	461,172	456,561	451,995
Capital Outlay (Incl. Replacement)	49,850	32,728	4,872	6,336	5,000	5,000	5,000	5,000
Other	202,823	206,607	211,175	175,007	176,757	178,525	180,310	182,113
Non-Operating Expenses	0	86,824	232,965	250,000	100,000	100,000	100,000	100,000
TOTAL EXPENDITURES	13,053,798	13,508,884	14,312,575	14,906,982	15,096,354	15,453,580	15,827,879	16,219,828
	859,156	331,448	(545,019)	(634,400)	(843,863)	(868,584)	(966,559)	(1,077,788)
ENDING CASH BALANCE (6/30)	3,377,671	3,709,119	3,164,100	2,529,700	1,685,837	817,253	(149,306)	(1,227,094)
% of Revenue	24.28%	26.80%	22.98%	17.72%	11.83%	5.60%	-1.00%	-8.10%
% of Salaries/Fringes to Revenue	70.23%	73.35%	76.45%	76.63%	79.58%	80.65%	82.08%	83.55%



Pike Delta York Local School District

May 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 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 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.**

Toledo Edison failed to make their February 2018 real estate payment prior to the first half payment deadline. The taxes were received shortly after the deadline but a decision was made by the county to distribute those funds with the second half (July/August) collection. This resulted in a shortfall of approximately \$ 272,000 to our public utility property taxes and year-end balance in fiscal year 2017-18 and inflated our actual receipts for 2018-19.

The district will also 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.

We have projected minimal (2.00%) growth in local taxes and we do not anticipate that this will change significantly during the forecast period.

The community supported the renewal of the two emergency levies that were combined and approved by voters on May 6, 2014. 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. No additional growth from this levy has been projected within this update.

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 1% through FY 2023 but have also removed the fees from future projected revenue.

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 RedTree 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 estimating the effects of the proposed state budget bill. The new 2019-20 and 2020-12 biennium budget is being deliberated at the time this forecast is being generated. A new school funding formula has been introduced by Representatives Bob Cupp and John Patterson that exhibits equity and adequacy. The amounts estimated for state funding are based on actual receipts for fiscal year 2019. Changes to our forecasted data could occur if there are large adjustments made by ODE based on more current student enrollments and information submitted daily via EMIS. We continue to be a **FORMULA** district regarding state funding in FY19. We have projected a two (2.0%) percent increase in state funding for the remaining four years of this forecast.

Other State Revenue

The current state budget provides funding for Economically Disadvantaged and Career Technical Education. Casino revenue proceeds are also included as part of this line item.

Revenues

Overall, revenues have changed significantly from the projections we prepared in October for fiscal year 2018-19. Our revenue estimate for the current fiscal year (2018-19) has decreased by \$ 333,565 or by over two (2.28%) percent from the revenue projected in October of 2018. That decrease is the result of overestimating the real estate collection and an increase in delinquencies. We have decreased the real estate estimate by over five (5.53%) percent or \$ 303,512. We have also adjusted the foundation amount by \$ 148,628 or two (2.0%) percent.

Salaries & Wages

Collective bargaining agreements will be expiring at the end of the 2019-20 school year. Salary schedules have been established for the 2018-19 and 2019-20 fiscal years allowing more accurate projections to be prepared. For the purposes of the forecast, a four (4.00%) annual salary adjustment was used. This will continue to be a “work in process” as we factor in possible staffing adjustments over the course of the next several months. This was based on actual staffing projections and enrollments and verified with historical data relating to salaries, supplemental contracts, substitute costs, and increases for step and training adjustments.

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, 2019.

The health plan rates were increased by six (6%) percent in January of 2019. The dental, life and vision insurance were not adjusted for calendar year 2019.

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 2019 due to a moderated claim experience over prior years. The district has committed to the Northern Buckeye Education Council's consortium for 2019. 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 this year. We have been forced to adjust this area of the budget by almost seven (6.70%) percent. This area of the budget 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 (20%) percent of the budget. We are going to closely review this area of the budget and potentially reduce this category. We have projected an annual decrease of one (1.00%) 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 flat-lined this are of the budget in an attempt to bring our spending back into line.

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. We really need to pursue the option of an additional funding source for our capital improvement needs.

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 estimating annual increases of one (1%) percent for this forecast.

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 2018 the general fund advanced \$ 95,000 to various funds to cover a temporary deficit as a result of cash flow. That advance has been returned to the general fund.

Expenditures

Expenditure projections have been increased for the current fiscal year by a little over one (1.16%) percent from our projections in October of 2018. 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 \$ 14,906,982 for the current (2018-19) fiscal year. The forecast has expenditures increasing at an annual average percentage of 3.00% as well.

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. We have some work to do over the course of the next four years to meet the needs of our students. 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.