PERKINS

LOCAL SCHOOL DISTRICT

# May 2023 – Five-Year Forecast

# What is the Five-Year Forecast

- Projection of Future Financial Performance
- Tool to highlight future shortfalls and ensure adequate time for planning
- An estimate informed both by historical trends and future assumptions
- Requirement for public school districts within the State of Ohio

# Keep in Mind

- Uncertainty increases each year into the forecast
- Revenue from State sources are subject to legislative changes and biennium budgets
- Anticipated deficits in the last years of the forecast are not uncommon
- Future changes such as employment shifts in the Township, housing development, etc. can have significant impacts which would greatly alter later years of the forecast

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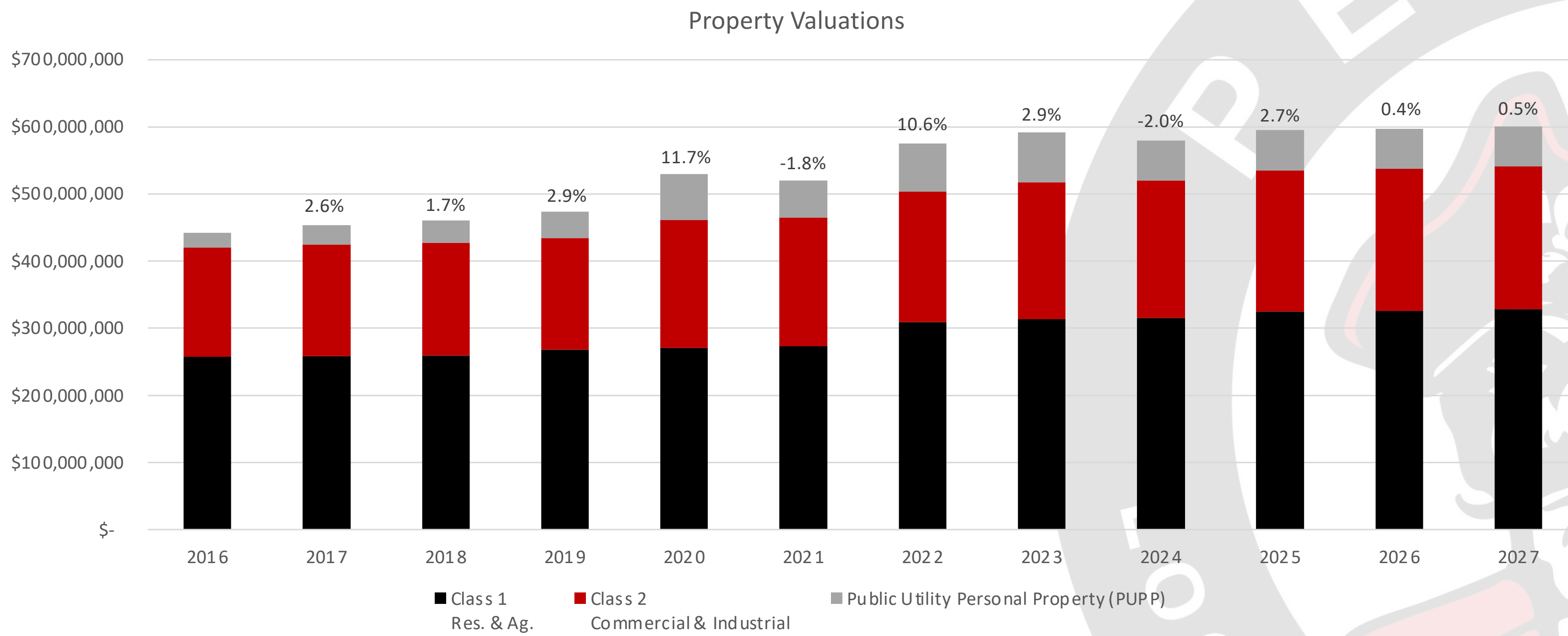
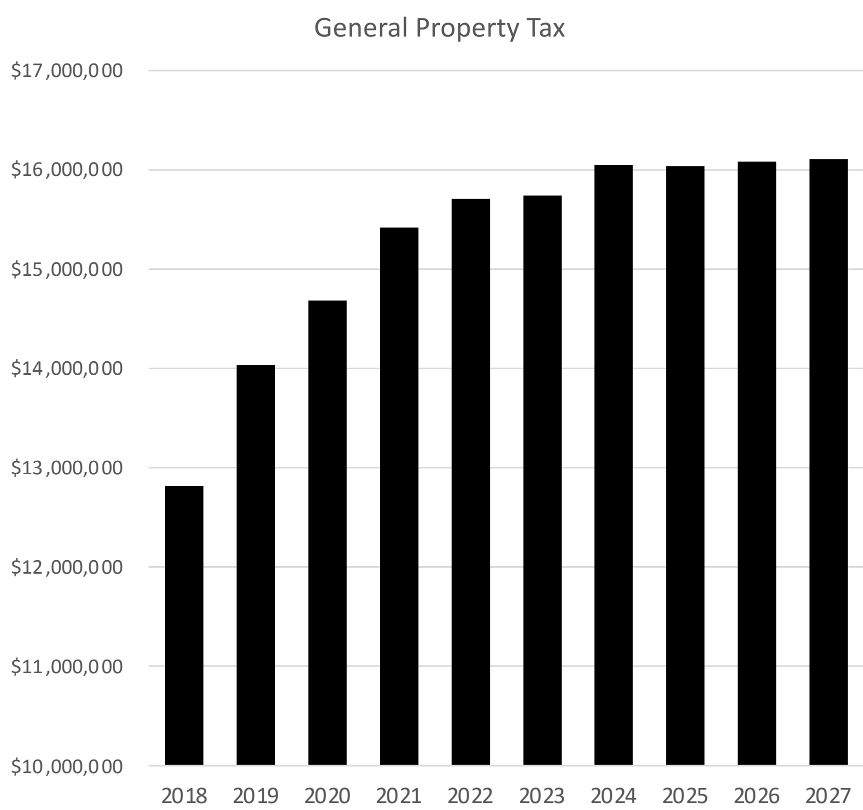
# REVENUE

# Property Valuation Trends



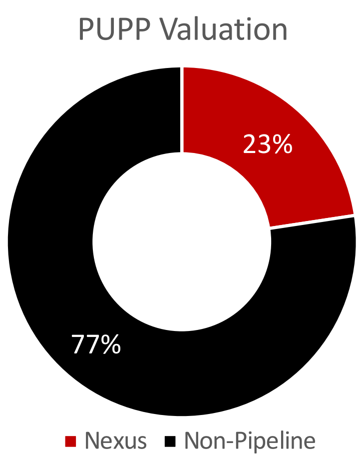

- Reduction in 2024 assumes a settlement in the Nexus case
- Assumes 5% increase at triennium, increase affected by Nexus reduction
- Slower growth in 2026/27 assumes PUPP value growth slow/depreciates

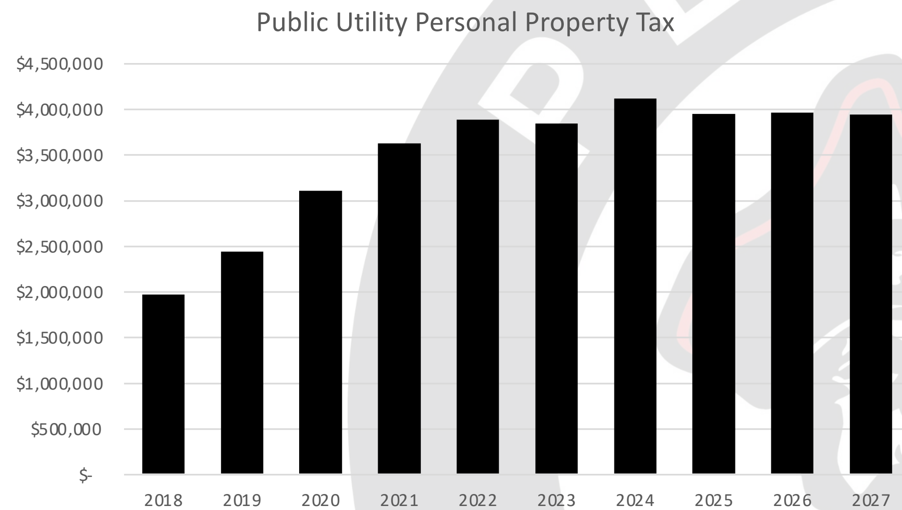
# 1.010 – General Property Tax




- Passage of the 2017 Current Expense Levy in coordination with commercial building activity accounts for historical revenue growth
- Outside (voted) millage – subject to HB 920 reduction. New revenue is only generated through new construction.
- Inside millage: 5.2 mills current expense. Revenue increases with value growth

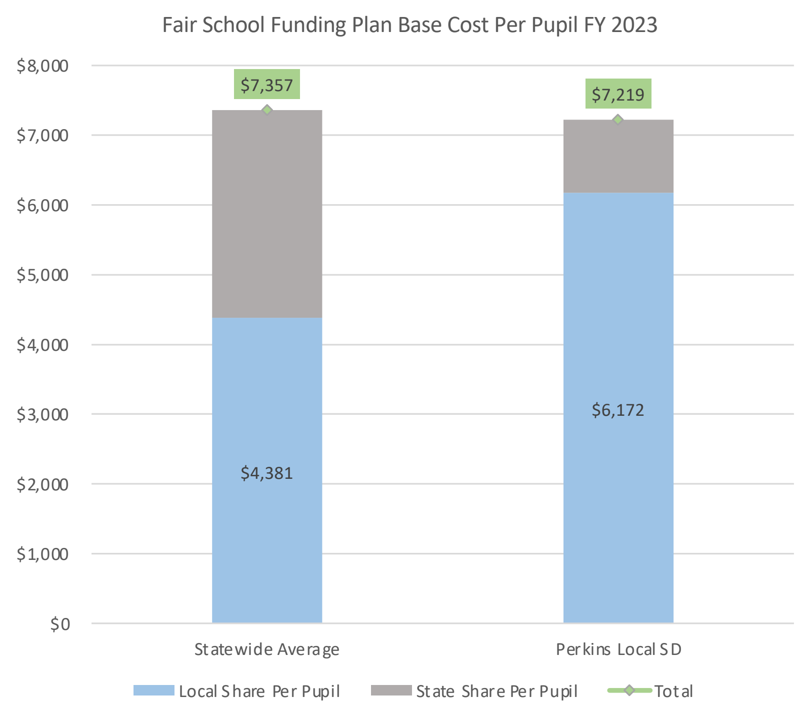
# 1.020 – Public Utility Property Tax




- District began collecting revenue from Nexus Pipeline in 2019
- Public Utility Assets pay full voted millage, unlike real property.
- Companies are able to depreciate assets over time – forecast assumes valuation stays stagnant
- Forecast assumes revenue to remain constant throughout – projecting Nexus' current appeal is awarded at the value the company pays on currently.

# Fair School Funding Plan (FSFP)




- State funding is generated by calculating a statewide average per pupil base cost by a district's ADM
- The amount is adjusted based on "local capacity"
  - Total Property Valuation
  - Adjusted Gross Income (AGI) relative to Statewide average
- The local responsibility for base cost is 60%
- Based on Perkins local capacity, the district's local share of the base cost is 86%

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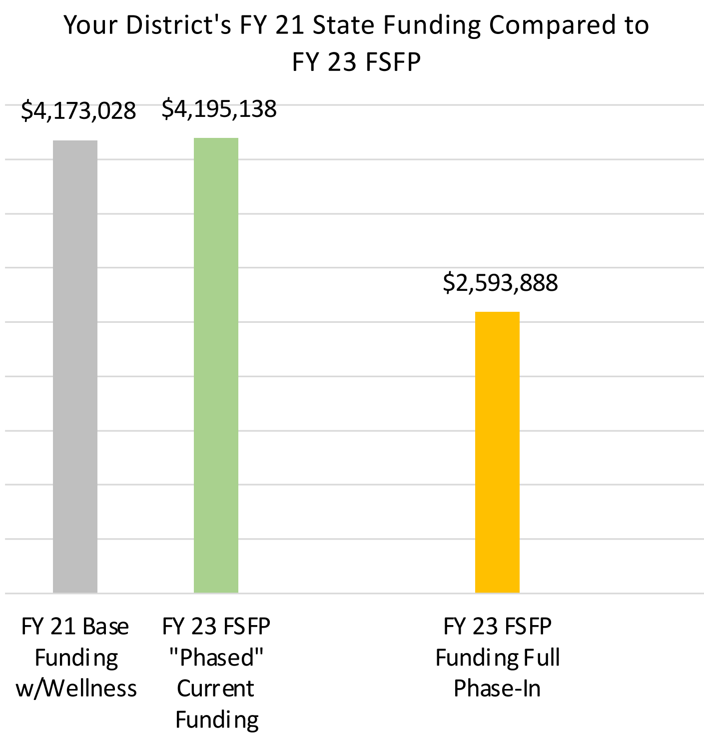
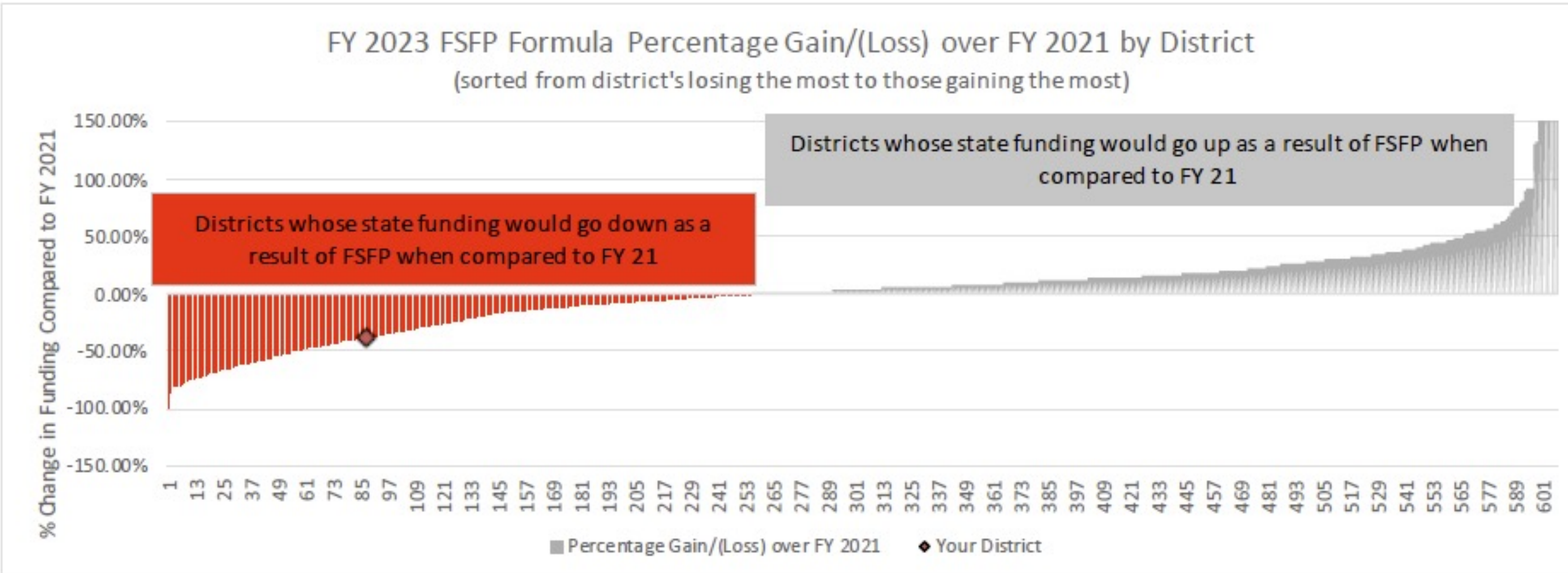


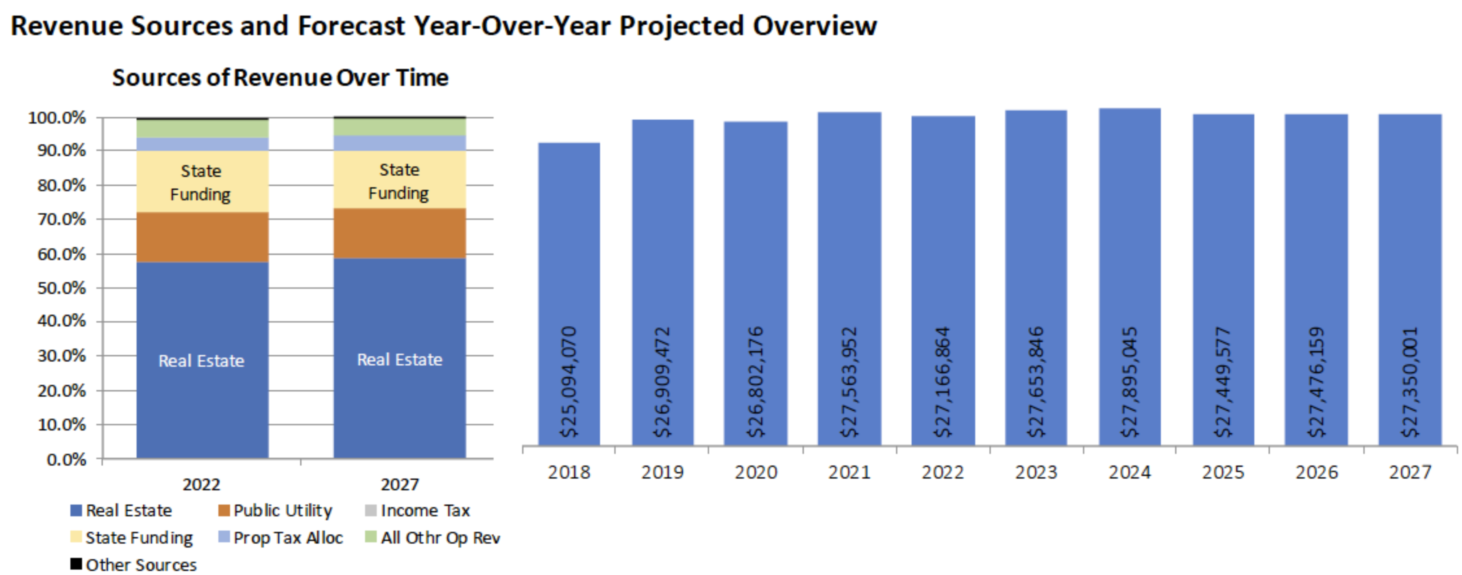

- The formula would generate $2.59M in State Aid
- The District received $4.1M in 2021
- FSFP currently includes guarantees to prevent a significant drop in funding amounts (essentially keep the district whole)
- Without the guarantee, the district would receive $1.579M less.
- The forecast assumes base cost increased from FY18 – FY22 AND increased to FY 24 in 2026/2027

# Fair School Funding Plan (FSFP)




- Roughly 265 of the 611 districts in Ohio are on the guarantee
- Forecast assumes slight declines in enrollment
- Forecast assumes base cost increases

# 2.080 – Total Revenue




- School Revenue is largely capped without a significant increase in new construction, enrollment, or approval of new levies
- Downward pressures:
  - Interest rates
  - State law changes (e.g. HB 1 – not modeled)
  - Local demographics relative to State Funding – little opportunity for growth

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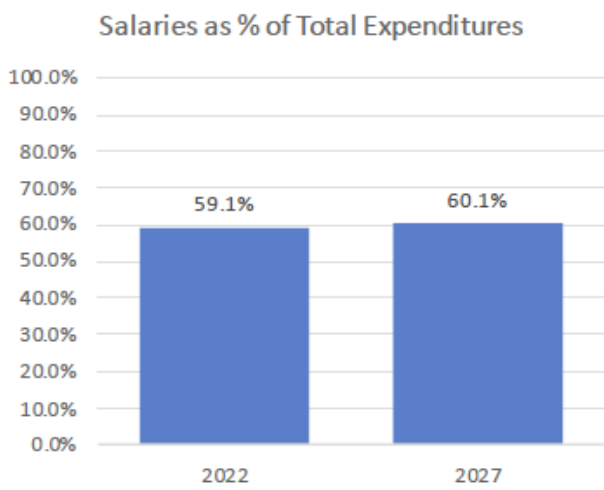
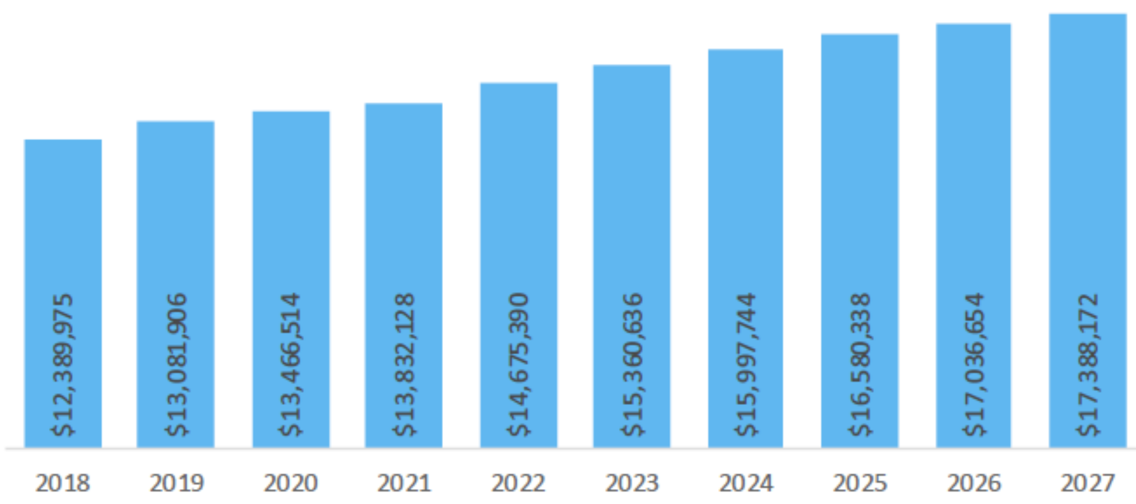
# EXPENDITURES

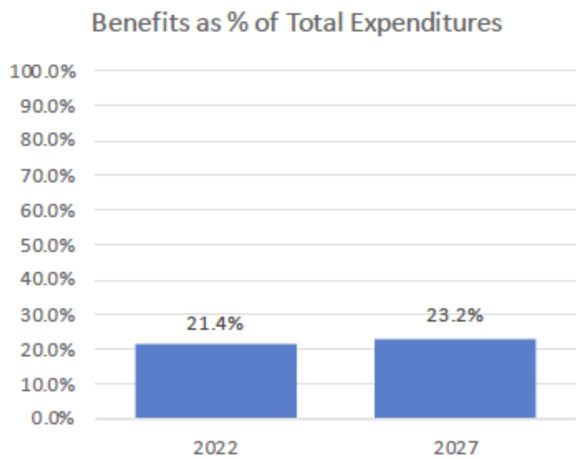
# 3.010 – Personnel Services

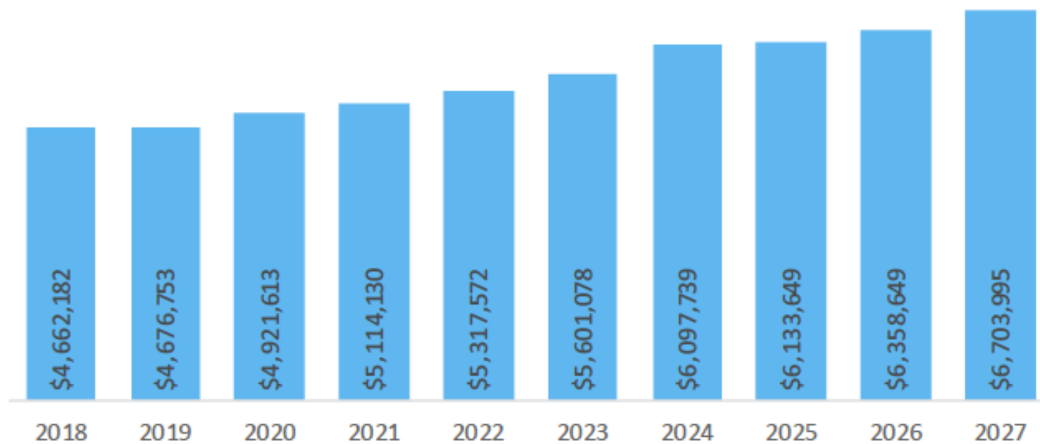



- Salaries as a percent of total GRF expenditures hold constant at 60% throughout the forecast
- The forecast assumes the last year of the current CBA with all unions
- The forecast assumes known retirements and modifications for FY24
- Assumes positions funded with ESSER dollars come back into the GRF

# 3.020 – Employee Benefits (Insurance and Retirement)

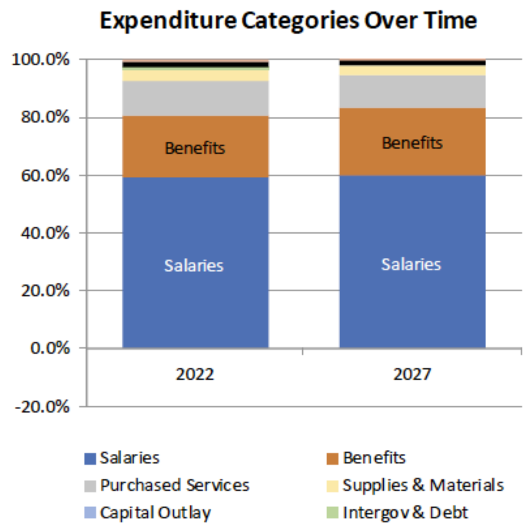


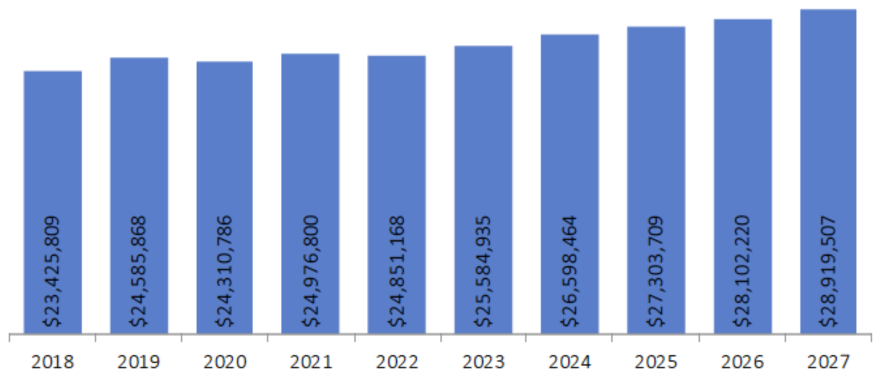




- The forecast assumes an anticipated 9% increase in health insurance cost for FY24 and 6-8% annual increases thereafter
- The forecast does not assume any modifications to retirement contribution rates for STRS/SERS

# 4.500 – Total Expenditures

**Expenditure Categories and Forecast Year-Over-Year Projected Overview**




- Expenditures generally keep pace with inflation, unlike revenue
- Downward pressures:
  - Employment benefit costs
  - Increased costs – COVID catch-up
  - Increasing caseloads for special education
  - Costs of goods and services – inflationary pressure

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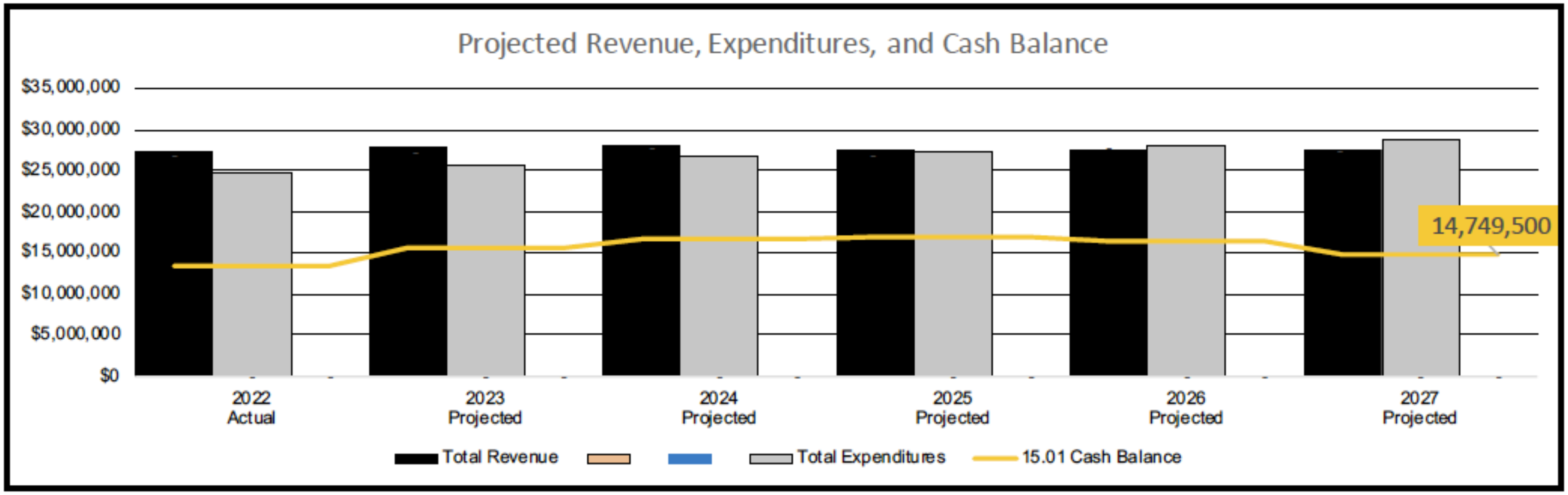
# Cash Balances

# 4.500 – Total Expenditures




- The forecast assumes a near break-even in FY25 and to begin deficit spending (utilizing cash reserves to fund operations) in FY26
- The forecast assumes cash balances to drop from an anticipated $15.5M in FY23 to $14.7M in FY27