# Perry Local Schools
# Board of Education

# October 2025

# General Fund Income Summary

## Real Estate and Public Utility Tax Revenue

The school district received $11.89 million dollars from local sources of tax revenue in the 2024-2025 school year including tangible personal property tax. As in all years, the district receives tax revenue in two cycles – March and September. Taxes collected in calendar year 2025 are due from tax rates and values from calendar year 2024. This process actually covers two separate school fiscal years as a school district fiscal year for 2025 runs from July 1, 2024 through June 30, 2025. The tax collections that are collected for that fiscal year are for the second half of tax year 2024, collected in September 2024, and first half of tax year 2025, collected in March 2025.

In addition to General tax collections, the district receives reimbursement from the State of Ohio for the Homestead and Rollback Exemption credit received by local taxpayers. There is discussion that the state legislature may expand the Homestead credit to provide relief from higher-than-normal inflation in property valuations, but since no action, we will assume the value of these credits will remain flat over time.

Overall, total operating revenues were $28 million in FY25 and are projected to be approximately $27.2 million in FY26.

## Casino Tax Revenue

The school district received $94,743 from the State of Ohio, based upon gaming revenue within the state, which is $669 more than we received the prior year. This number is based upon district enrollment data and state taxed revenues from the state's casinos.

## State Revenue

The school district received just over $5 million dollars from the State of Ohio in FY25 for general education, special education transportation, career technical education programs, special education, and threshold costs tuition. (Threshold costs tuition are reimbursements for the large costs associated with individual special education students.) These amounts are all based upon the state's Fair School Funding formula and from prior-year expenses for special education reimbursements.

## Interest Income

The school district interest income up until the last six months of FY22 has been generally received at a rate of less than 0.5%. Interest rates increased in FY23, approaching 4.5% yield to the portfolio, and remained at these higher levels throughout FY25. We expect interest rates to start a gradual decline beginning in FY26.

# Expense Summary

## Salaries and Wages/Benefits

The district's salary and benefit expenses have fluctuated very little over the past few years. Changes due to student needs, labor contracts, requirements, as well as rising healthcare costs have balanced each other out as total salary and benefits have increased by an average of 2% annually. Together salaries and benefits represented approximately 80% of the district budget. As a result, changes to salary and benefits have a large effect on the entirety of the budget and the long-term trend as the cost of salaries and benefits recurs and grows each year of the forecast.

## Purchased Services

Outside of personnel, purchased services represent the largest cost for the school district. Purchased services represents several large categories, such as utilities and special education services, but it also includes several other areas including property, fleet, and liability insurances; travel and meeting expenses including mileage and conference registration costs; repair of facilities, busses, and instructional equipment; as well as legal expenses. In total, the district expended $3.96 million for purchased services in FY25. That number is expected to be closer to $3.66 million in FY26. This represents approximately 14% of our entire budget. The forecast projects a 3-4% annual inflationary increase to this value.

## Supplies and Materials

Supplies and materials make up only 5% of the school district budget. The three largest categories of supply expenses are instructional supplies and textbooks, maintenance and custodial supplies, and transportation and vehicle supplies, including fuel. Of those, instructional supplies and textbooks comprised about 39% of the supply budget, and maintenance and custodial supplies and transportation supplies and fuel comprised 56%. The remaining 5% of the district supply and material cost is spent on administrative functionality.

## Equipment

This area of the forecast includes the following:

1. Instructional equipment – Chromebooks
2. School busses
3. Facility items such as buildings, HVAC, plumbing, etc.

This area historically represents about 1%-1.5% of the district budget and preventative maintenance items are necessary to continue to keep safe facilities with comfortable educational environments.

## Other Expenses

Other expenses in the school district budget comprise approximately 1%, or about $294,000 of total budget. The largest expenses in this area (over 95%) are comprised of the three following annual expenses:

1. Property, fleet, and liability insurances
2. Auditor and County Treasurer fees
3. Tax Assessment

## Transfers and Advances

Transfers and advances occur from time to time to account for one time needs outside of the General Fund that need either a short-term (advances) or permanent (transfers) cash infusion from the general operating fund. Advances are typical to cover costs associated with federal grants that the district has not been reimbursed for as of fiscal year-end. Transfers are typical to cover costs associated with food services, athletics, and costs of fees and local field trips that are not fully subsidized by their operations or revenues. In FY24, the district created a 070 Capital Projects fund and made an initial transfer of $12.2 million to cover the following 6 projects: elevator modernization, roof replacement/repair, emergency radio system, carpet/flooring replacement, turf replacement, and boiler replacement. These 6 projects are all part of the district's 10-year capital improvement plan. The district also transferred $500,000 into the 035 fund to cover upcoming severance payments, and $750,000 into the 003 fund for routine capital maintenance and repair costs. In FY26, the district created 9 additional 070 accounts to set aside funds to complete more of district's 10-year capital improvement plan. These accounts were created for the following projects: district painting, bleacher guardrails, alumni scoreboard, repair of the stadium north wall, upgrades to the fire alarm PNLS and peripheral, stadium turf replacement, repairs to the clock tower brick/masonry, upgrades to the electrical distribution, and upgrades/repair of the MSA system. A total of $3,369,000 was transferred for these projects.

# Projection Summaries and Assumptions

## Tax Revenues

Tax revenues are based upon three factors. The valuation of the school district, the millage voted upon by voters of the community, and finally, the percentage of the taxes assessed that actually get collected. In this forecast, the assumptions are based upon:

a. The district does not pass any additional millage.
b. The valuation for the school district residential property will see an increase in FY25 due to the 2024 reappraisal.

c. School district taxes are collected at 100% of valuation, or with any delinquency, the taxes are collected from prior year in the following year.

## Public Utility Taxes

Assumptions for the forecast are that public utility values remain unchanged for the life of the forecast.

## Homestead and Rollback

The projections for the Homestead and Rollback payments are based upon the historical relationship to the actual tax collections.

## State Foundation Aid

In this forecast, the assumption is based on the final version of the biennial budget bill (HB96), with minimal increases in FY26 and FY27 and no further increases after that due to the uncertainty of the continuation of the Fair School Funding Formula. It is further assumed that the freeze in PUTPP revenue to FY17 numbers remains intact through FY27 as is written in HB96.

## Other Revenue

It is assumed that outside of one-time payments that are unknown at this time, the district's other revenue will remain flat.

## Expenses

## Salaries and Benefits

Each year, based upon the negotiated salary schedule, employees move up the schedule for year of experience as well as across (for teachers only) based upon educational attainment of additional hours of graduate credit. This "stepping" along with the current negotiated raises increases salary costs by approximately $300,000 in salary. The district is also required to pay 14% of all salary to the respective retirement systems, SERS and STRS. Federal Medicare and Ohio Worker's Compensation costs add in another approximately 2.35%. In addition, the school district will see a 19% increase to the healthcare premium rates for CY26, which increases the district's costs for healthcare by over $300,000 in FY26.

As we move forward, the district expects salary trends to continue upwards as STRS reforms are pushing employees to get 32 years of service prior to retirement, as opposed to 30 years of experience in the past. This keeps employees on the salary schedule for additional years at a higher salary than being replaced by a newer, lower paid employee on the salary schedule. The district has several employees expected to retire over the next 3-4 years.

From a healthcare perspective, the district does expect healthcare rates from the consortium to continue to rise at market pace (approximately 12% annually) but continues to seek relief through searching for competitive quotes from other consortiums, assessing the product plans that are being offered to the staff, and gaining a greater share of employee premiums. None of these options are calculated into the forecast at this time but would provide value to the taxpayers should we gain relief.

Contract negotiations for all employees are in place through FY28 with 2% salary increase in FY26 and 3% salary increase in FY27 and FY28.

### Purchased Services

As noted above, outside of personnel, purchased services represents the largest cost for the school district. In total, the district is expecting to spend $3.6 million for purchased services. This represents about 14% of our entire budget.

### Supplies/Materials

It is assumed that the increase in this area increases at an inflationary rate of 3% - 4%.

### Equipment

It is assumed that the increase in this area increases at an inflationary rate of 3% - 4%.

### Other Expenses

It is assumed that the increase in this area increases at an inflationary rate of 3% - 4%.

## Trends of Revenue Vs. Expenses

The school district revenues will see an increase in FY24 and FY25 due to the continued phase-in of the Fair School Funding Plan in the 2023 biennial budget. After that, we expect revenues to decrease or remain flat due to devaluations and the phase out of dollars associated with reimbursements from the deregulation of the power plant. School tax collections are based on a fixed amount or rate of collections and do not grow with inflation because of HP920 – unless the district falls below the 20-mill floor, as provided by law. The only school district local tax dollars that can grow only by inflation are limited to the 4.2 mills of inside milage. In order for the school district to receive additional tax revenue, new millage would have to be voted on or the effective millage rate of inside and outside permanent millage would have to fall below the 20-mill floor. The district is at the 20-mill floor, so in this forecast, the district expects to receive some growth to the inside millage and outside millage due to the new tax valuation for 2024 (collection 2025 and beyond).

Expenses continue to grow with inflation as well as student need. Depending on the market, some aspects of the district's budget grow at different rates than core inflation. Healthcare, for instance, is projected to grow at 12% for the term of the forecast beyond FY26. Other areas such as utilities are projected to grow at 3%-4% but are more dependent on weather and use than by actual rates. As a result, the overall district budget is expected to rise from year to year at about 4% based upon the conditions that exist as of the date of this forecast. The district Board of Education and management team are focused on reducing that growth to preserve a cash balance for all students beyond the life of the forecast. Proactive reductions will need to be made to change the bend of the current forecast.