

**NORTH UNION LOCAL SCHOOL DISTRICT
UNION COUNTY
SCHEDULE OF REVENUE, EXPENDITURES, AND CHANGES
IN FUND BALANCES FOR THE FISCAL YEARS ENDED
JUNE 30, 2022, 2023, and 2024 ACTUAL
FORECASTED FISCAL YEARS ENDING
JUNE 30, 2025, THROUGH JUNE 30, 2029**



**Forecast Provided By
North Union Local School District
Treasurer's Office
Scott Maruniak, Treasurer/CFO
November 18, 2024**

North Union Local School District
Union County

Schedule of Revenues, Expenditures and Changes in Fund Balances
For the Fiscal Years Ended June 30, 2022, 2023 and 2024 Actual;
Forecasted Fiscal Years Ending June 30, 2025 Through 2029

	Actual				Average Change	Forecasted				
	Fiscal Year 2022	Fiscal Year 2023	Fiscal Year 2024			Fiscal Year 2025	Fiscal Year 2026	Fiscal Year 2027	Fiscal Year 2028	Fiscal Year 2029
Revenues										
1.010 General Property Tax (Real Estate)	\$5,042,726	\$5,536,392	\$6,096,254	10.0%	\$6,235,949	\$6,434,298	\$6,601,710	\$6,640,854	\$6,846,436	
1.020 Public Utility Personal Property Tax	490,777	512,200	562,606	7.1%	553,152	565,587	588,193	612,310	635,125	
1.030 Income Tax	2,414,405	2,804,054	2,740,195	6.9%	2,803,011	2,831,042	2,859,352	2,887,945	2,916,824	
1.035 Unrestricted State Grants-in-Aid	8,642,039	8,663,808	8,570,214	-0.4%	8,668,980	8,669,436	8,669,894	8,670,355	8,670,818	
1.040 Restricted State Grants-in-Aid	605,373	596,790	743,169	11.6%	617,134	617,133	617,133	617,133	617,133	
1.045 Restricted Federal Grants-in-Aid	0	0	0	0.0%	0	0	0	0	0	
1.050 State Share of Local Property Taxes	703,513	774,088	857,323	10.4%	873,975	894,989	922,289	927,957	954,521	
1.060 All Other Revenues	591,394	880,755	1,329,772	50.0%	1,260,987	1,199,080	1,143,364	1,093,219	1,048,089	
1.070 <i>Total Revenues</i>	\$18,490,227	\$19,768,087	\$20,899,533	6.3%	\$21,013,188	\$21,211,565	\$21,401,935	\$21,449,773	\$21,688,946	
Other Financing Sources										
2.010 Proceeds from Sale of Notes	0	0	0	0.0%	0	0	0	0	0	
2.020 State Emergency Loans	0	0	0	0.0%	0	0	0	0	0	
2.040 Operating Transfers-In	0	0	0	0.0%	0	0	0	0	0	
2.050 Advances-In	0	0	0	0.0%	0	10,000	10,000	10,000	10,000	
2.060 All Other Financing Sources	60,240	46,589	67,831	11.5%	67,831	67,831	67,831	67,831	67,831	
2.070 <i>Total Other Financing Sources</i>	\$60,240	\$46,589	\$67,831	11.5%	\$67,831	\$77,831	\$77,831	\$77,831	\$77,831	
2.080 <i>Total Revenues and Other Financing Sources</i>	\$18,550,467	\$19,814,676	\$20,967,364	6.3%	\$21,081,019	\$21,289,396	\$21,479,766	\$21,527,604	\$21,766,777	
Expenditures										
3.010 Personal Services	\$9,950,143	\$10,113,260	\$10,379,078	2.1%	\$11,631,767	\$12,056,032	\$12,659,668	\$13,355,398	\$14,088,261	
3.020 Employees' Retirement/Insurance Benefits	4,322,518	4,718,036	4,928,352	6.8%	5,228,111	5,930,564	6,419,775	6,962,713	7,555,337	
3.030 Purchased Services	2,504,373	2,487,974	2,797,966	5.9%	2,937,865	3,135,103	3,201,605	3,361,685	3,529,769	
3.040 Supplies and Materials	693,420	744,159	1,028,795	22.8%	1,105,235	1,134,247	1,190,959	1,250,507	1,313,032	
3.050 Capital Outlay	335,085	457,618	979,636	75.3%	445,000	660,000	536,500	686,650	550,491	
3.060 Intergovernmental	0	0	0	0.0%	0	0	0	0	0	
Debt Service:										
4.010 Principal-All (Historical Only)	0	0	0	0.0%	0	0	0	0	0	
4.020 Principal-Notes	0	0	0	0.0%	0	0	0	0	0	
4.030 Principal-State Loans	0	0	0	0.0%	0	0	0	0	0	
4.040 Principal-State Advancements	0	0	0	0.0%	0	0	0	0	0	
4.050 Principal-HB 264 Loans	0	0	0	0.0%	0	0	0	0	0	
4.055 Principal-Other	0	0	0	0.0%	0	0	0	0	0	
4.060 Interest and Fiscal Charges	0	0	-	0.0%	0	0	0	0	0	
4.300 Other Objects	214,473	176,930	236,053	8.0%	240,585	245,208	249,923	254,732	259,637	
4.500 <i>Total Expenditures</i>	\$18,020,012	\$18,697,977	\$20,349,880	6.3%	\$21,588,563	\$23,161,154	\$24,258,430	\$25,871,685	\$27,296,527	
Other Financing Uses										
5.010 Operating Transfers-Out	\$101,000	\$1,000	\$1,200	-39.5%	\$10,000	\$10,000	\$10,000	\$10,000	\$10,000	
5.020 Advances-Out	0	0	0	0.0%	10,000	10,000	10,000	10,000	10,000	
5.030 All Other Financing Uses	0	0	0	0.0%	0	0	0	0	0	
5.040 <i>Total Other Financing Uses</i>	\$101,000	\$1,000	\$1,200	-39.5%	\$20,000	\$20,000	\$20,000	\$20,000	\$20,000	
5.050 <i>Total Expenditures and Other Financing Uses</i>	\$18,121,012	\$18,698,977	\$20,351,080	6.0%	\$21,608,563	\$23,181,154	\$24,278,430	\$25,891,685	\$27,316,527	
<i>Excess of Revenues and Other Financing Sources over (under) Expenditures and Other Uses</i>										
6.010 <i>Uses</i>	\$429,455	\$1,115,699	\$616,284	57.5%	(\$527,544)	(\$1,891,758)	(\$2,798,664)	(\$4,364,081)	(\$5,549,750)	
Cash Balance July 1 - Excluding Proposed Renewal/Replacement and New Levies										
7.010	\$12,471,122	\$12,900,577	\$14,016,276	6.0%	\$14,632,560	\$14,105,016	\$12,213,258	\$9,414,594	\$5,050,513	
7.020 <i>Cash Balance June 30</i>	\$12,900,577	\$14,016,276	\$14,632,560	6.5%	\$14,105,016	\$12,213,258	\$9,414,594	\$5,050,513	(\$499,237)	
8.010 <i>Estimated Encumbrances June 30</i>	\$1,182,404	\$1,121,884	\$1,178,662	0.0%	\$1,178,662	\$1,178,662	\$1,178,662	\$1,178,662	\$1,178,662	
Reservation of Fund Balance										
9.010 Textbooks and Instructional Materials	0	0	0	0.0%	0	0	0	0	0	
9.020 Capital Improvements	0	0	0	0.0%	0	0	0	0	0	
9.030 Budget Reserve	0	0	0	0.0%	0	0	0	0	0	
9.040 DPIA	0	0	0	0.0%	0	0	0	0	0	
9.045 Fiscal Stabilization	0	0	0	0.0%	0	0	0	0	0	
9.050 Debt Service	0	0	0	0.0%	0	0	0	0	0	
9.060 Property Tax Advances	0	0	0	0.0%	0	0	0	0	0	
9.070 Bus Purchases	0	0	0	0.0%	0	0	0	0	0	
9.080 <i>Subtotal Reservations of fund Balance</i>	\$0	\$0	\$0	0.0%	\$0	\$0	\$0	\$0	\$0	
10.010 <i>Fund Balance June 30 for Certification of Appropriations</i>	\$11,718,173	\$12,894,392	\$13,453,898	7.2%	\$12,926,354	\$11,034,596	\$8,235,932	\$3,871,851	(\$1,677,899)	

North Union Local School District

Union County

Schedule of Revenues, Expenditures and Changes in Fund Balances
For the Fiscal Years Ended June 30, 2022, 2023 and 2024 Actual;
Forecasted Fiscal Years Ending June 30, 2025 Through 2029

	Actual				Average Change	Forecasted				
	Fiscal Year 2022	Fiscal Year 2023	Fiscal Year 2024			Fiscal Year 2025	Fiscal Year 2026	Fiscal Year 2027	Fiscal Year 2028	Fiscal Year 2029
Revenue from Replacement/Renewal Levies										
11.010 Income Tax - Renewal	0	0	0	0.0%	0	0	0	0	0	0
11.020 Property Tax - Renewal or Replacement	0	0	0	0.0%	0	0	0	0	0	0
11.300 Cumulative Balance of Renewal Levies	\$0	\$0	\$0	0.0%	\$0	\$0	\$0	\$0	\$0	\$0
<i>Fund Balance June 30 for Certification of Contracts, Salary Schedules and Other</i>										
12.010 <i>Obligations</i>	\$11,718,173	\$12,894,392	\$13,453,898	7.2%	\$12,926,354	\$11,034,596	\$8,235,932	\$3,871,851	(\$1,677,899)	
Revenue from New Levies										
13.010 Income Tax - New	0	0	0	0.0%	0	0	0	0	0	0
13.020 Property Tax - New	0	0	0	0.0%	0	0	0	0	0	0
13.030 Cumulative Balance of New Levies	\$0	\$0	\$0	0.0%	\$0	\$0	\$0	\$0	\$0	\$0
14.010 Revenue from Future State Advancements				0.0%	-	-	-	-	-	-
15.010 <i>Unreserved Fund Balance June 30</i>	\$11,718,173	\$12,894,392	\$13,453,898	7.2%	\$12,926,354	\$11,034,596	\$8,235,932	\$3,871,851	(\$1,677,899)	

North Union Local School District –Union County
Notes to the Five Year Forecast
General Fund Only
November 18, 2024

Introduction to the Five Year Forecast

A forecast is a snapshot of today. Based on historical trends, what we know and future assumptions. That snapshot, however, will be adjusted because the further into the future the forecast extends, the more likely it is that the projections will deviate from experience. Various events will ultimately impact the latter years of the forecast, such as state budgets (adopted every two years), tax levies (new/renewal/replacement), salary increases, enrollment variances, or businesses moving in or out of the district. The five-year forecast is a crucial management tool and must be updated periodically. The five-year forecast enables district management teams to examine future years' projections and identify when challenges will arise. This helps district management to be proactive in meeting those challenges. School districts are encouraged to update their forecasts with the Ohio Department of Education and Workforce (ODEW) when events materially change their forecast or, at a minimum when required under the statute.

In a financial forecast, the numbers only tell a small part of the story. For the numbers to be meaningful, the reader must review and consider the Assumptions of the Financial Forecast before drawing conclusions or using the data as a basis for other calculations. The assumptions are fundamental to understanding the rationale of the numbers, particularly when a significant increase or decrease is reflected.

Since the preparation of a meaningful five-year forecast is as much an art as it is a science and entails many intricacies, it is recommended that you contact the Treasurer/Chief Fiscal Officer of the school district with any questions you may have. The Treasurer/CFO submits the forecast, but the Board of Education is recognized as the official owner of the forecast.

Here are three essential purposes or objectives of the five-year forecast:

- (1) To engage the local board of education and the community in long-range planning and discussions of financial issues facing the school district.
- (2) To serve as a basis for determining the school district's ability to sign the certificate required by O.R.C. §5705.412, commonly known as the "412 certificate".
- (3) To provide a method for the Ohio Department of Education and Workforce, and the Auditor of State to identify school districts with potential financial problems.

O.R.C. §5705.391 and O.A.C. 3301-92-04 require a Board of Education (BOE) to file a five-year financial forecast by November 30, and May 31, each fiscal year (July 1 to June 30). The five-year forecast includes three years of actual and five years of projected general fund revenues and expenditures. The first year of the fiscal year is considered the baseline year. Our forecast is updated to reflect the most current economic data available for the November 2024 filing.

Economic Outlook

The current economic recovery began in the fall of 2020 and remains robust through this forecast date. However, recent Federal Reserve Bank interest rate cuts foretell of a possible recession in the next six to twelve months from this forecast. The persistently high inflation that has impacted our state, country, and broader globalized economy has slowed to an annualized rate of 2.53% in August 2024 that is down from the 40 year high of 9.1% annualized rate posted in June 2022. Costs for goods and services in FY23 and FY24 were notably impacted in areas such as capital and durable goods, diesel fuel for buses, electric, natural gas, and building materials for facility maintenance and repair. Inflation affecting district costs is expected to continue in FY25. There is some good news, the Federal Reserve is projecting inflation to be closer to their target rate of 2% by

calendar year end 2024 or early in 2025. It remains to be seen if the cumulative cost increases over the past two years are transitory in goods and services or will last over the forecast period.

The Federal Reserve Bank cut Federal Fund rates In September 2024 by 50 basis points (.5%) which indicates slowing inflation and a slowing economy. Employment levels have begun to fall. The unemployment rate was 3.8% in September 2023 and rose to 4.2% in September 2024. A survey of prominent leading economists predicts there is roughly a 50% chance of a mild recession in the calendar year 2025. How this news impacts the state of Ohio's FY26 and FY27 biennium budget deliberations and actions in late spring 2025 is unknown as this forecast is filed.

The state of Ohio has enjoyed economic growth over the past three years, and the state's Rainy Day Fund balance is at \$3.7 Billion. The new state funding formula is in the fourth year of a projected six-year phase-in. While increased inflation has impacted costs across Ohio, the state's economy has grown, and many school districts received new funding in HB33 for FY24 and FY25. The ongoing growth in Ohio's economy should enable the state to finalize the last two years of the phase-in of the new funding formula in FY26 and FY27 even if a cyclical recession occurs. Regardless of a recession, the state is well-positioned to continue state aid payments to Ohio's school districts.

Since 2020 all school districts were being aided in varying degrees by three (3) rounds of federal Elementary and Secondary Schools Emergency Relief Funds (ESSER). The most recent allocation of ESSER funds must be encumbered by September 30, 2024. The loss of these funds in FY25 and future years may create a "fiscal cliff" as any ongoing costs will likely be absorbed back into the district General Fund.

Data and assumptions noted in this forecast are based on the best and most reliable data available to us as of the date of this forecast.

Forecast Risks and Uncertainty:

A five-year financial forecast has risks and uncertainty not only due to economic delays noted above but also due to state legislative changes that will occur in the spring of 2025 and 2027 due to deliberation of the following two (2) state biennium budgets for FY26-27 and FY28-29, both of which affect this five-year forecast. We have estimated revenues and expenses based on the best data available and the laws currently in effect. The items below give a short description of the current issues and how they may affect our forecast in the long term:

1) Property tax collections are the largest single local revenue source for the school system. The housing market in our district is stable and growing. We project continued growth in appraised values every three (3) years and new construction growth with continued modest increases in local taxes as the pandemic ends and the economy continues its recovery as anticipated. Total local revenues, which are predominately local taxes equate to 51.65% of the district's resources. We believe there is a low risk that local collections will fall below projections throughout the forecast.

2) Union County experienced a reappraisal update in the 2022 tax year to be collected in 2023 and Delaware County will experience a full reappraisal in 2023 tax year to be collected in 2024. The 2022 update increased overall assessed values by \$59.34 million or an increase of 24.94%. The Delaware County reappraisal increased values by 3.83% or \$11.39 million in 2023. A reappraisal will occur in tax year 2025 for collection in 2026 for Union County. We anticipate real estate values will increase by \$22.47 million for an overall increase of 7.22%. There is, however, always a minor risk that the district could sustain a reduction in values in the next appraisal update, but we do not anticipate that at this time.

3) Due to historic property value increases in reappraisal and update years the Ohio Legislature has considered various proposals since 2023 to help reduce non voted tax increases on taxpayers. Currently the senate has proposed SB271 that seeks to limit growth through refund or reduction taxes to ensure annual tax growth to no more than 5% in a year. If passed by the General Assembly this will result in lowering tax increases for our residents who qualify. We are watching this legislation closely.

In addition to SB271, the legislature developed a Joint Committee on Property Taxation and Reform in 2024 in response to the historic valuation increases. Their mission is to review Ohio's property tax system and to make recommendations to the General Assembly on property taxation. The committee must report to the General Assembly by December 31, 2024. We are following any actions of the committee closely to determine what impact, if any, proposals could mean for our district to limit tax growth or to reduce taxes

4) The district's emergency levy for \$680,000 will expire in 2030 and the \$210,000 emergency levy will expire in 2035. It will be essential to renew these levy when they expire. We believe the levy will be renewed, but there is always a chance it will not.

5) The state budget represents 48.35% of district revenues, which means it is a significant risk to the revenue. The future risk comes in FY26 and beyond if the state economy stalls due to the record high inflation or the Fair School Funding Plan is not funded in future state budgets due to an economic recession. In this forecast, two forthcoming State Biennium Budgets cover FY26-27 and FY28-29. Future uncertainty in the state foundation funding formula and the state's economy makes this area an elevated risk to district funding long-range through FY28. We have projected our state funding in FY25 based on the additional phase-in of HB33 (the fair school funding plan). This forecast reflects state revenue to align with the FY25 funding levels through FY29, which we feel is conservative and should be close to what the state approves for the FY26-FY29 biennium budgets. We will adjust the forecast in future years as we have data to help guide this decision.

6) HB33, the current state budget, continues to phase in what has been referred to as the Fair School Funding Plan (FSFP) for FY24 and FY25. FY24 reflects 50% of the implementation cost at year three of a six-year phase-in plan, which increases by 16.66% each year. FY25 will result in 66.66% funding of (FSFP), however, the final two years of the phase-in are not guaranteed. The FSFP has made many significant changes to how 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. We have used the October funding report for FY24, and the most recent simulations published by the Department of Education and Workforce for our forecasted revenues in FY25.

7) HB33 directly pays costs associated with open enrollment, community and STEM schools, and all scholarships, including EdChoice Scholarships. These costs are no longer deducted from our state aid. However, education option programs such as College Credit Plus continue to be removed from state aid, increasing costs to the district. Expansion or creation of programs not directly paid for by the state of Ohio can expose the district to new expenditures currently outside the forecast. We closely monitor any new threats to our state aid and increased costs as new proposed laws are introduced in the legislature.

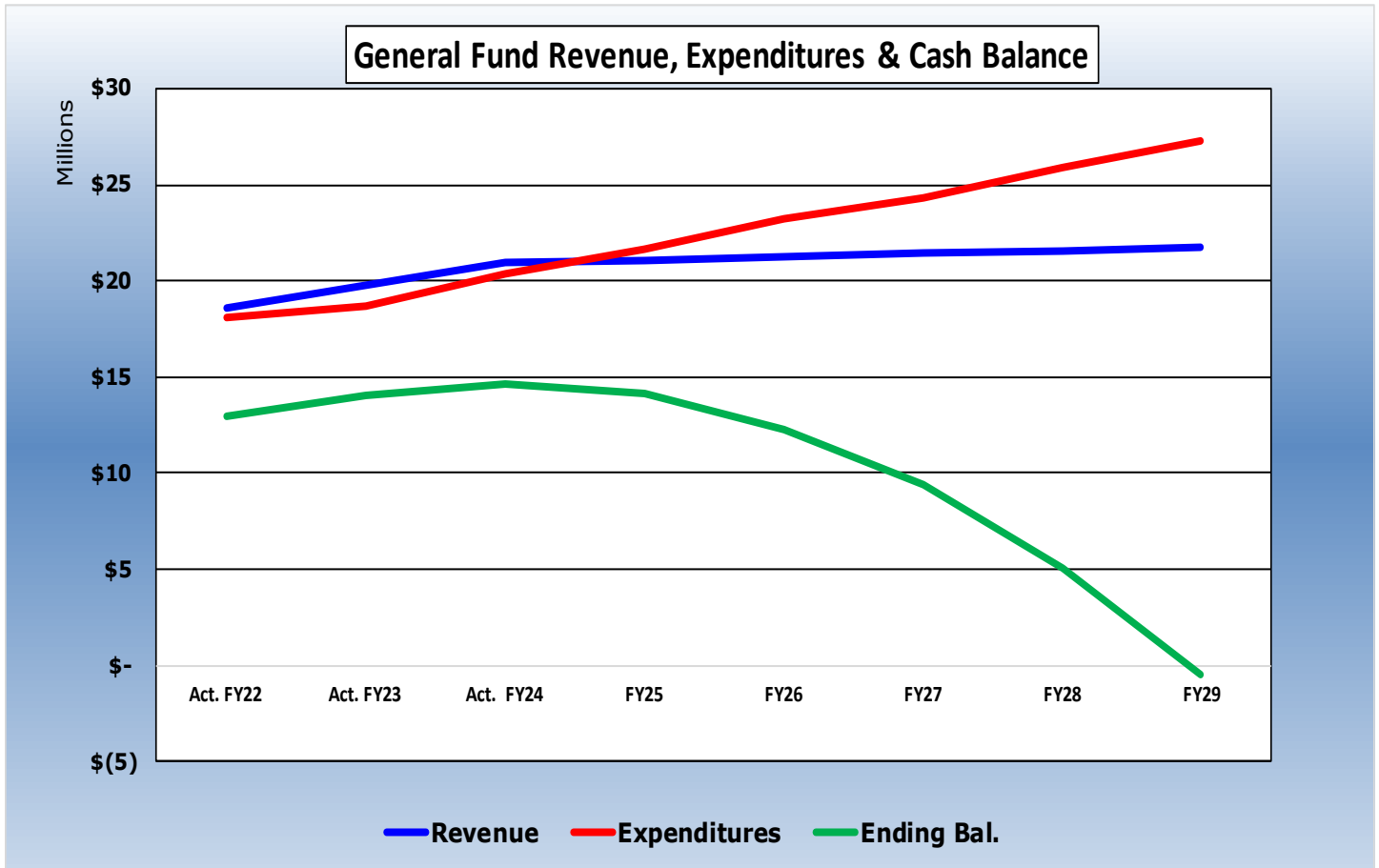
8) Income tax is the district's second-largest local revenue source. The past few payments we received have been greater than in previous years, making income tax forecasting even more difficult. We will monitor the income tax revenue very closely for any positive or negative changes that may occur.

9) Labor relations in our district have been amicable with all parties working for the best interest of students and realizing the resource challenges we face. We believe as we move forward our positive working relationship will continue and will only grow stronger.

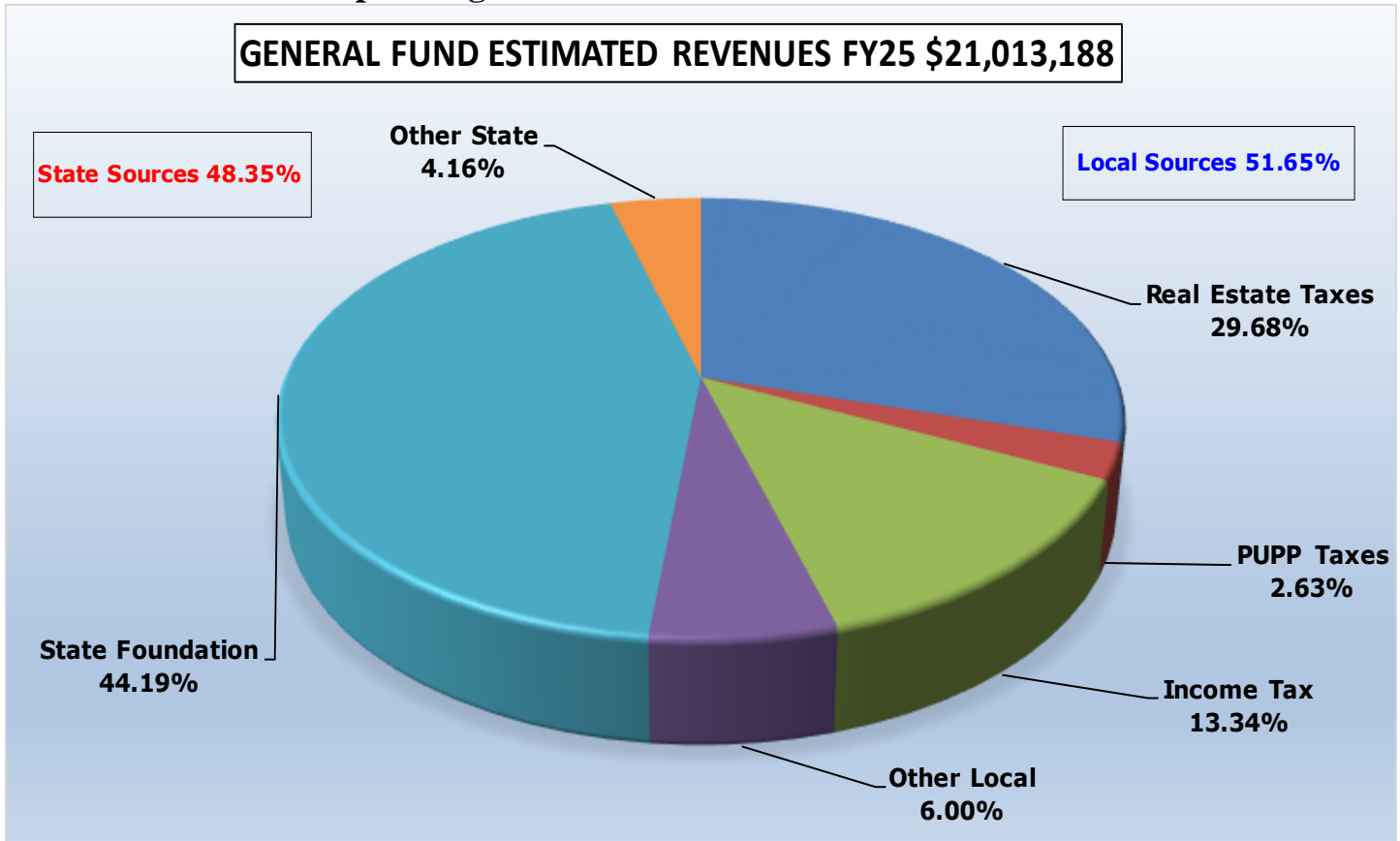
The major lines of reference for the forecast are noted below in the headings to make it easier to relate the assumptions made for the forecast item and refer back to the forecast. It should be of assistance to the reader to review the assumptions noted below in understanding the overall financial forecast for our district. If you would like further information, please feel free to contact Scott Maruniak, Treasurer/CFO at 740-943-1609.

General Fund Revenue, Expenditures and Ending Cash Balance Actual FY22-24 and Estimated FY25-29

The graph below captures in one snapshot the operating scenario facing the district over the next few years.



Revenue Assumptions Operating Revenue Sources General Fund FY25



Real Estate Value Assumptions

Property Values are established each year by the Union and Delaware County Auditors based on new construction, demolitions, BOR/BTA activity and complete reappraisal or updated values. Union County experienced a reappraisal update for the 2022 tax year to be collected in 2023 and Delaware County will experience a full reappraisal in 2023 to be collected in 2024. Since the district is in two different counties and they are not on the same reappraisal cycle it makes it more difficult to determine the actual amount of increases per year, but we are fortunate that Union County has a larger portion than Delaware County which is a 95% to 5% split per county. Residential/agricultural or Class I values increased 24.38% or \$56.05 million due to the reappraisal led by an improving housing market in 2022. The Commercial/Industrial or Class II values increased in 2022 by 4.97% or \$306 thousand.

The Delaware reappraisal occurred in 2023 for collection in 2024 for which we received a 2.42% increase in Class I, and a 0% increase for Class II values.

A sexennial reappraisal for Union County will occur in 2025 for collection in 2026, for which we are estimating a 7.0 % increase in residential and a 1.5% increase for commercial/industrial property. We anticipate overall residential/agricultural and commercial/industrial values to increase \$22.47 million or 7.22%. The triennial update for Delaware County in 2026 for collection in FY27, we anticipate an overall increase for both Class I and Class II of 0.64% or \$2.13 million in values.

Public Utility Personal Property (PUPP) values change annually as the values are not included in the reappraisal or update years, which make them very difficult to forecast. PUPP values increased by \$484,930 in Tax Year 2023. We expect our values to continue to grow by \$900 thousand each year of the forecast.

ESTIMATED ASSESSED VALUE (AV) BY COLLECTION YEARS

<u>Classification</u>	Estimated TAX YEAR 2024 <u>COLLECT 2025</u>	Estimated TAX YEAR 2025 <u>COLLECT 2026</u>	Estimated TAX YEAR 2026 <u>COLLECT 2027</u>	Estimated TAX YEAR 2027 <u>COLLECT 2028</u>	Estimated TAX YEAR 2028 <u>COLLECT 2029</u>
Res./Ag.	\$304,434,573	\$326,849,472	\$329,032,896	\$331,531,929	\$350,278,526
Comm./Ind.	6,686,100	6,736,392	6,686,392	6,636,392	6,685,937
Public Utility Personal Property (PUPP)	<u>20,157,170</u>	<u>21,057,170</u>	<u>21,957,170</u>	<u>22,857,170</u>	<u>23,757,170</u>
Total Assessed Value	<u>\$331,277,843</u>	<u>\$354,643,033</u>	<u>\$357,676,458</u>	<u>\$361,025,491</u>	<u>\$380,721,633</u>

Tax Rate Assumptions

The county auditor sets tax rates for each levy voted on to provide tax revenues for the school district. Ohio law provides for “reduction factors” of all voted property tax levies to adjust the millage rates lower for the levy to not increase from inflation of property values for the taxes received by a district to that of the actual amount of the levy at the time of the election. The reduction factors are applied separately to Residential/Agriculture (Class I) and Commercial/Industrial (Class II), resulting in different effective millage rates. The district-voted rate for all operating levies is 24.85 mills while the Class I effective millage rate is 20.200014 mills, and the Class II effective millage rate is 20.456342 mills. The Ohio law has a provision that the reduction factors cannot lower the total millage rate for each class less than 20 mills, which includes both the voted and the non-voted millage rates; this is called the “20-Mill Floor”. Any emergency or substitute emergency levy that is voted on is not included in the 20-mill floor; the district has two emergency levies of 2.97 mills that was voted on for an annual amount of \$890,000 of taxes.

General Property Tax (Real Estate) – Line #1.010

Property tax levies are estimated to be collected at 95.98% of the annual amount. This allows 4.02% delinquency factor. In general, 56.11% of the Class I and Class II property taxes are expected to be collected in the February tax settlement and 43.89% collected in the August tax settlement.

ESTIMATED REAL ESTATE TAX - Line #1.010

<u>Source</u>	<u>FY25</u>	<u>FY26</u>	<u>FY27</u>	<u>FY28</u>	<u>FY29</u>
Est. Real Estate Taxes	\$6,235,949	\$6,434,298	\$6,601,710	\$6,640,854	\$6,846,436
Total Line #1.01 Real Estate Taxes	<u>\$6,235,949</u>	<u>\$6,434,298</u>	<u>\$6,601,710</u>	<u>\$6,640,854</u>	<u>\$6,846,436</u>

Estimated Tangible Personal Tax & PUPP Taxes – Line #1.020

The amounts below are public utility personal property (PUPP) tax payments from public utilities. Collections are typically 50% in March and 50% in August, along with the real estate settlements from the county auditor.

<u>Source</u>	<u>FY25</u>	<u>FY26</u>	<u>FY27</u>	<u>FY28</u>	<u>FY29</u>
Public Utility Personal Property	\$553,152	\$565,587	\$588,193	\$612,310	\$635,125
Total PUPP Tax Line #1.020	<u>\$553,152</u>	<u>\$565,587</u>	<u>\$588,193</u>	<u>\$612,310</u>	<u>\$635,125</u>

Renewal and Replacement Levies – Line #11.02

Tax levies that are not continuous, by law, cannot be included with the property taxes, since neither of the emergency levies expire during this forecast, those amounts are included in the tax lines above.

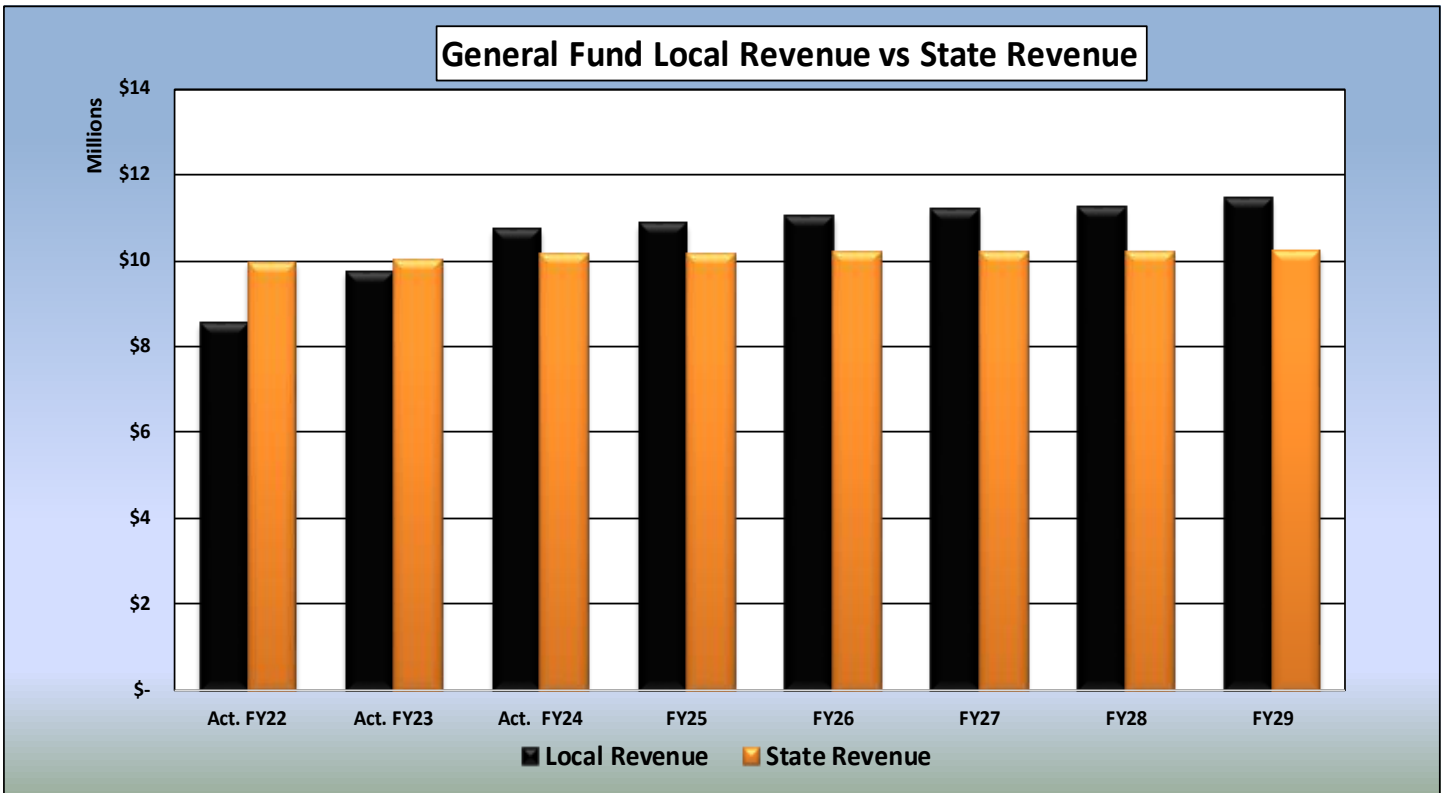
School District Income Tax – Line#1.030

The district has a 1% traditional SDIT for a continuous period. In FY25 to date, income tax collection statewide has risen by around 8.7%. The increase is based on the July 2024 payment which includes the April 15th tax

returns and the October 2024 payment. Our district has an increase for the first part of FY25. We will assume that income from withholdings will continue to increase in future collections. We will assume an annual growth rate of 1.0% for FY25 -FY29 as the concerns over inflation may slow growth in this area. We will continue to monitor the taxes with each payment for any out of the ordinary increase or decrease.

<u>Source</u>	<u>FY25</u>	<u>FY26</u>	<u>FY27</u>	<u>FY28</u>	<u>FY29</u>
School District Income Tax	\$2,740,195	\$2,803,011	\$2,831,042	\$2,859,352	\$2,887,945
Adjustments	62,816	28,031	28,310	28,593	28,879
Total SDIT Line #1.030	<u>\$2,803,011</u>	<u>\$2,831,042</u>	<u>\$2,859,352</u>	<u>\$2,887,945</u>	<u>\$2,916,824</u>

The graph below shows the changes in state funding and local funding for the changes in the payments for open enrollment, community schools and scholarships that began in FY22, with increases for real estate valuations and income tax.



**State Foundation Revenue Estimates – Lines #1.035, 1.040 and 1.045
Current State Funding Model per HB33 through June 30, 2025**

A) Unrestricted State Foundation Revenue – Line #1.035

HB33, the current state budget, continued the Fair School Funding Plan for FY24 and FY25, which funds students where they are educated rather than where they live. We have projected FY25 funding based on the October 2024 foundation settlement and funding factors.

Our district is currently a guarantee district in FY25 and is expected to continue to be on the guarantee in FY26-FY29 on the new Fair School Funding Plan (FSFP).

For a detailed overview of how foundation funding is calculated please visit the Ohio Department of Education and Workforce at: <https://education.ohio.gov/Topics/Finance-and-Funding/Overview-of-School-Funding>

State Funding Phase-In FY25 and Guarantees

The Fair School Funding Plan was presented as a six (6) year phase-in plan, the state legislature approved the first two (2) years of the funding plan in HB110 and extended the plan in HB33 for FY24 and FY25. The FSFP does not include caps on funding; instead, it consists of a general phase-in percentage for most components of 66.67% in FY25.

The funding formula includes three (3) guarantees: 1) “Formula Transition Aid,” 2) Supplemental Targeted Assistance, and 3) Formula Transition Supplement. The three (3) guarantees in both temporary and permanent law ensure that no district will get fewer funds in FY24 and FY25 than they received in FY21.

Future State Budget Projections beyond FY25

Our funding status for FY26-29 will depend on unknown two (2) new state budgets. There is no guarantee that the current Fair School Funding Plan will be funded or continued beyond FY25; therefore, our state funding estimates are reasonable, and we will adjust the forecast when we have authoritative data to work with. For this reason, funding is held constant in the forecast for FY26 through FY29.

Casino Revenue

On November 3, 2009, Ohio voters passed the Ohio casino ballot issue. This issue allowed four (4) casinos to open in Cleveland, Toledo, Columbus, and Cincinnati. Thirty-three percent (33%) of the gross casino revenue will be collected as a tax. School districts will receive 34% of the 33% of Gross Casino Revenue that will be paid into a student fund at the state level. These funds will be distributed to school districts on the 31st of January and August each year, beginning for the first time on January 31, 2013.

The casino revenue has recovered from the pandemic from closing the casinos in 2020. Total funding in FY23 was \$113.1 million or \$64.90 per pupil. In FY24, the funding totaled \$114.18 million or \$65.44 per pupil. We expect the Casino revenues to have resumed their historical growth rate and are assuming a 1.5% annual growth rate for the remainder of the forecast.

<u>Source</u>	<u>FY25</u>	<u>FY26</u>	<u>FY27</u>	<u>FY28</u>	<u>FY29</u>
Basic Aid-Unrestricted	\$8,369,423	\$8,369,423	\$8,369,423	\$8,369,423	\$8,369,423
Additional Aid Items	201,843	201,843	201,843	201,843	201,843
Basic Aid-Unrestricted Subtotal	8,571,266	8,571,266	8,571,266	8,571,266	8,571,266
Ohio Casino Commission	94,032	94,488	94,946	95,407	95,870
CTE Credentials	3,682	3,682	3,682	3,682	3,682
Total Unrestricted State Aid Line #1.035	<u>\$8,668,980</u>	<u>\$8,669,436</u>	<u>\$8,669,894</u>	<u>\$8,670,355</u>	<u>\$8,670,818</u>

B) Restricted State Revenues – Line # 1.040

HB33 has continued Disadvantaged Pupil Impact Aid (formerly Economic Disadvantaged Fund) and Career Technical funding. In addition, new restricted funds have been added under “Restricted Categorical Aid” for Gifted, English Learners (ESL), and Student Wellness. We have estimated revenues for these new restricted funding lines using current October funding factors. The amount of DPIA is limited to 66.67% in FY25. We have flat-lined funding at FY25 levels for FY26-FY29 due to uncertainty on continued funding of the current funding formula.

HB33 set aside funds state-wide to subsidize the Science of Reading initiative. The district will be reimbursed for teacher in-service and associated fringe benefits upon proof of training and certified reimbursement request.

It is estimated that the district will receive \$135,123 from this one-time subsidy in FY25 and is required to maintain documentation as to how the funds were spent. The district received additional High Quality Instructional Material payment in FY25 of \$1,078.21 which is due to the state redirecting funds that were not used by other districts.

<u>Source</u>	<u>FY25</u>	<u>FY26</u>	<u>FY27</u>	<u>FY28</u>	<u>FY29</u>
DPIA	\$96,919	\$96,919	\$96,919	\$96,919	\$96,919
Career Tech - Restricted	204,988	204,988	204,988	204,988	204,988
Gifted	82,303	82,303	82,303	82,303	82,303
ESL	911	911	911	911	911
Student Wellness	232,012	232,012	232,012	232,012	232,012
Other Restricted	<u>136,201</u>	<u>0</u>	<u>0</u>	<u>0</u>	<u>0</u>
Total Restricted State Revenues Line #1.040	<u>\$617,134</u>	<u>\$617,133</u>	<u>\$617,133</u>	<u>\$617,133</u>	<u>\$617,133</u>

C) Restricted Federal Grants in Aid – line #1.045

There are no federal restricted grants projected during this forecast.

<u>SUMMARY</u>	<u>FY25</u>	<u>FY26</u>	<u>FY27</u>	<u>FY28</u>	<u>FY29</u>
Unrestricted Line #1.035	\$8,668,980	\$8,669,436	\$8,669,894	\$8,670,355	\$8,670,818
Restricted Line #1.040	617,134	617,133	617,133	617,133	617,133
Rest. Federal Funds #1.045	<u>0</u>	<u>0</u>	<u>0</u>	<u>0</u>	<u>0</u>
Total State Foundation Revenue	<u>\$9,286,114</u>	<u>\$9,286,569</u>	<u>\$9,287,027</u>	<u>\$9,287,488</u>	<u>\$9,287,951</u>

State Share of Local Property Tax – Line #1.050

A) Rollback and Homestead Reimbursement

Rollback funds are reimbursements paid to the district from the State of Ohio for tax credits given to owner-occupied residences. Credits equal 12.5% of the gross property taxes charged residential taxpayers on levies passed prior to September 29, 2013. HB59 eliminated the 10% and 2.5% rollback on new levies approved after September 29, 2013.

Homestead Exemptions are credits paid to the district from the state of Ohio for qualified elderly and disabled. In 2007, HB119 expanded the Homestead Exemption for all seniors 65 years of age or older or who are disabled regardless of income. Effective September 29, 2013, HB59 changed the requirement for Homestead Exemptions. Individual taxpayers who do not currently have their Homestead Exemption approved or those who did not get a new application approved for tax year 2013, and who become eligible thereafter will only receive a Homestead Exemption if they meet the income qualifications. Taxpayers who had their Homestead Exemption as of September 29, 2013, will not lose it going forward and will not have to meet the new income qualification. This will generally reduce homestead reimbursements to the district over time, and as with the rollback reimbursements above, the state is increasing the tax burden on our local taxpayers.

Summary of State Share of Local Property Tax Reimbursement – Line #1.050

Total Tax Reimbursements #1.050	<u>\$873,975</u>	<u>\$894,989</u>	<u>\$922,289</u>	<u>\$927,957</u>	<u>\$954,521</u>
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Other Local Revenues – Line #1.060

All other local revenue encompasses any type of revenue that does not fit into the above lines. The main sources of revenue in this area have been open enrollment, interest on investments, tuition for court placed students, student fees, Payment in Lieu of Taxes, and general rental fees.

Interest income is based on the district’s cash balances and increased interest rates due to the Federal Reserve raising rates to curb inflation. The Federal Reserve Bank cut interest rates by 50 basis point in September 2024. While interest income in FY25 should remain steady due to laddered investment strategies, the rate cuts will begin to have an impact on earnings in FY26 and future years. We will continue to monitor the investments for the district. All other revenues are expected to continue on historic trends.

<u>Source</u>	<u>FY25</u>	<u>FY26</u>	<u>FY27</u>	<u>FY28</u>	<u>FY29</u>
Tuition Related Payments	\$412,613	\$412,613	\$412,613	\$412,613	\$412,613
Interest Earnings	619,070	557,163	501,447	451,302	406,172
Medicaid	168,181	168,181	168,181	168,181	168,181
Miscellaneous	61,123	61,123	61,123	61,123	61,123
Total Other Local Revenue Line #1.060	<u>\$1,260,987</u>	<u>\$1,199,080</u>	<u>\$1,143,364</u>	<u>\$1,093,219</u>	<u>\$1,048,089</u>

Transfers In / Return of Advances – Line #2.040 & Line #2.050

These are non-operating revenues which are the repayment of short term loans to other funds over the previous fiscal year and reimbursements for expenses received for a previous fiscal year in the current fiscal year. The district anticipates advances at the end of each year to federal grants in FY25 through FY29 which will be repaid the following year.

<u>Source</u>	<u>FY25</u>	<u>FY26</u>	<u>FY27</u>	<u>FY28</u>	<u>FY29</u>
Transfers In - Line #2.040	\$0	\$0	\$0	\$0	\$0
Advance Returns - Line #2.050	<u>0</u>	<u>10,000</u>	<u>10,000</u>	<u>10,000</u>	<u>10,000</u>
Total Transfer & Advances In	<u>\$0</u>	<u>\$10,000</u>	<u>\$10,000</u>	<u>\$10,000</u>	<u>\$10,000</u>

All Other Financial Sources – Line #2.060

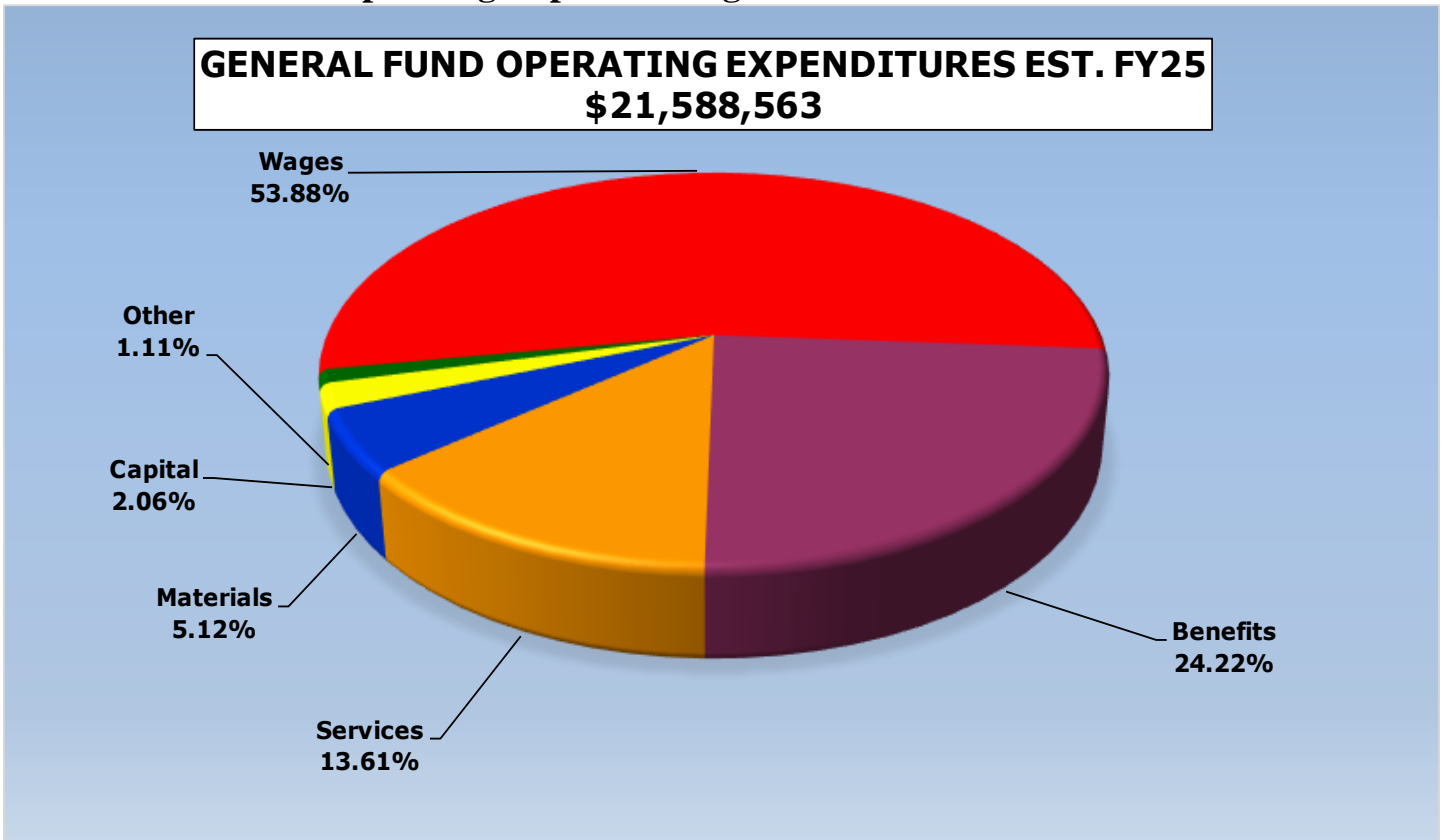
This funding source is typically a refund of prior year expenditures that is very unpredictable. The district is basing the amount for FY25 on the actuals that have been received in the previous year. These revenues are inconsistent year to year, and we will not project any increases for the remainder of the forecast.

<u>Source</u>	<u>FY25</u>	<u>FY26</u>	<u>FY27</u>	<u>FY28</u>	<u>FY29</u>
Refund of prior years expenditures	<u>\$67,831</u>	<u>\$67,831</u>	<u>\$67,831</u>	<u>\$67,831</u>	<u>\$67,831</u>

Expenditures Assumptions

The district's leadership team is always looking at ways to improve the education of the students whether it be with changes in staffing, curriculum, or new technology needs. As the administration of the district reviews expenditures, the education of the students is always the main focus for resource utilization.

All Operating Expense Categories - General Fund FY25



Personal Services – Line #3.010

Negotiations with bargaining unit members resulted in an agreement to include base increases of 6% for FY25, 2.5% for FY26-FY27 and are projecting for forecasting purposes only a 2.5% increase in FY28 through FY29. The district is forecasting steps and training increases of 2.75% each year of the forecast. We have used ESSER funds in FY22-24 to help offset wage costs and are returning \$250,000 for these expenses to the general fund in FY25.

The district will pay staff stipends for attending and being certified in the Science of Reading which increases the salaries in FY25 only by \$117,000.

<u>Source</u>	<u>FY25</u>	<u>FY26</u>	<u>FY27</u>	<u>FY28</u>	<u>FY29</u>
Base Wages	\$9,937,844	\$11,039,283	\$11,588,556	\$12,181,850	\$12,865,991
Based Pay Increase	596,271	275,982	289,714	365,456	385,980
Steps & Academic Training	273,291	273,291	303,580	318,685	335,001
Growth Staff	0	0	0	0	0
Substitutes	263,854	269,131	274,514	280,004	285,604
Supplementals	193,507	198,345	203,304	209,403	215,685
Severance	0	0	0	0	0
SWSF & ESSER Adjustments	367,000	0	0	0	0
Other Adjustments/Reductions	<u>0</u>	<u>0</u>	<u>0</u>	<u>0</u>	<u>0</u>
Total Wages Line #3.010	<u>\$11,631,767</u>	<u>\$12,056,032</u>	<u>\$12,659,668</u>	<u>\$13,355,398</u>	<u>\$14,088,261</u>

Employees' Retirement & Insurance Benefits – Line #3.020

This area of the forecast captures all benefits and retirement costs. These payments are included in the table below.

A) STRS/SERS

As the law requires, the BOE pays 14% of all employee wages to STRS or SERS. The district is also required to pay SERS Surcharge, an additional employer charge based on the salaries of lower-paid members. It is exclusively used to fund health care.

B) Insurance

The district belongs to a self-insured medical insurance consortium. The district received an 6.35% increase in FY25 and projects a 10% increase each year in FY26 through FY29 which reflects the trend on our current employee census and claims data.

C) Workers Compensation & Unemployment Compensation

Workers' Compensation is expected to be approximately .0021% of wages FY25– FY29. Unemployment is expected to remain at a very low level FY25-FY29. The district is a direct reimbursement employer, which means unemployment costs are only incurred and due if we have employees who are eligible and draw unemployment.

D) Medicare

Medicare will continue to increase at the rate of increases in wages and as new employees are hired. 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.

E) Other/Tuition/Annuities

The district expects staff to use the tuition reimbursement funds annually to further their education.

Summary of Fringe Benefits – Line #3.020

<u>Source</u>	<u>FY25</u>	<u>FY26</u>	<u>FY27</u>	<u>FY28</u>	<u>FY29</u>
A) STRS/SERS	\$1,777,516	\$1,853,434	\$1,946,182	\$2,052,484	\$2,165,346
B) Insurance's	3,244,932	3,864,425	4,250,868	4,675,955	5,143,551
C) Workers Comp/Unemployment	24,427	25,318	26,585	28,046	29,585
D) Medicare	168,661	174,812	183,565	193,653	204,280
E) Other/Tuition/Annuities	<u>12,575</u>	<u>12,575</u>	<u>12,575</u>	<u>12,575</u>	<u>12,575</u>
Total Fringe Benefits Line #3.020	<u>\$5,228,111</u>	<u>\$5,930,564</u>	<u>\$6,419,775</u>	<u>\$6,962,713</u>	<u>\$7,555,337</u>

Purchased Services – Line #3.030

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 are estimating an increase of 5% for all lines within the purchased services for the district due to inflationary increases for each year of the forecast.

FY26 there will be a new electric Capacity Charge that will be assessed on all electric bills to help expand Ohio's electric generating ability. This charge will begin June 2025 and end June 2026. It is anticipated it will increase electric costs by 20% annually for just that twelve (12) month period. We have increased utilities in FY26 by an additional 12% for electricity only and then made that same decrease percentage in FY27.

<u>Source</u>	<u>FY25</u>	<u>FY26</u>	<u>FY27</u>	<u>FY28</u>	<u>FY29</u>
Professional & Technical Services, ESC	\$935,156	\$981,914	\$1,031,010	\$1,082,561	\$1,136,689
Maintenance, Insurance & Garbage Removal	730,366	766,884	805,228	845,489	887,763
Professional Development	28,938	30,385	31,904	33,499	35,174
Communications, Postage, & Telephone	15,259	16,022	16,823	17,664	18,547
Utilities	457,669	530,896	467,188	490,547	515,074
Contracted Trades & Services	1,861	1,954	2,052	2,155	2,263
Tuition, Excess Costs & Scholarship Costs	327,892	344,287	361,501	379,576	398,555
College Credit Plus	21,632	22,714	23,850	25,043	26,295
Contract Transportation	0	0	0	0	0
Miscellaneous Purchased Services	<u>419,092</u>	<u>440,047</u>	<u>462,049</u>	<u>485,151</u>	<u>509,409</u>
Total Purchased Services Line #3.030	<u>\$2,937,865</u>	<u>\$3,135,103</u>	<u>\$3,201,605</u>	<u>\$3,361,685</u>	<u>\$3,529,769</u>

Supplies and Materials – Line #3.040

Expenses which are characterized by curricular supplies, testing supplies, copy paper, maintenance and custodial supplies, materials, and bus fuel. We are forecasting an increase of 5% for all lines within the supplies for the district due to inflationary increases for each year of the forecast. We have used ESSER funds in FY22-24 to help offset supply costs and are returning the remainder \$25,000 in FY25 as this grant will expire in September of 2024.

<u>Source</u>	<u>FY25</u>	<u>FY26</u>	<u>FY27</u>	<u>FY28</u>	<u>FY29</u>
General Office Supplies & Materials	\$406,701	\$427,036	\$448,388	\$470,807	\$494,347
Textbooks & Instructional Supplies	287,094	301,449	316,521	332,347	348,964
Facility Supplies & Materials	162,386	170,505	179,030	187,982	197,381
Transportation Fuel & Supplies	<u>224,054</u>	<u>235,257</u>	<u>247,020</u>	<u>259,371</u>	<u>272,340</u>
Total Supplies Line #3.040	<u>\$1,105,235</u>	<u>\$1,134,247</u>	<u>\$1,190,959</u>	<u>\$1,250,507</u>	<u>\$1,313,032</u>

Equipment – Line # 3.050

The district is planning for capital projects throughout the forecast. The district plans on purchasing one van in FY25, 2 buses in FY26 and FY28 and one bus in FY27 and FY29, we have increased the cost by 5% each year for inflation.

<u>Source</u>	<u>FY25</u>	<u>FY26</u>	<u>FY27</u>	<u>FY28</u>	<u>FY29</u>
Capital Outlay & Maintenance	\$400,000	\$400,000	\$400,000	\$400,000	\$400,000
Technology/Curriculum Purchases	0	0	0	0	0
Busses & Other Vehicles	<u>45,000</u>	<u>260,000</u>	<u>136,500</u>	<u>286,650</u>	<u>150,491</u>
Total Equipment Line #3.050	<u>\$445,000</u>	<u>\$660,000</u>	<u>\$536,500</u>	<u>\$686,650</u>	<u>\$550,491</u>

Other Expenses – Line #4.300

The category of Other Expenses consists primarily of Auditor & Treasurer fees, our annual audit, and other miscellaneous expenses. The County Auditor and Treasurer fees, along with the dues and other expenses are expected to increase by 2% in each year of the forecast.

<u>Source</u>	<u>FY25</u>	<u>FY26</u>	<u>FY27</u>	<u>FY28</u>	<u>FY29</u>
County Auditor & Treasurer Fees	\$180,427	\$184,036	\$187,717	\$191,471	\$195,300
ESC Deduction	9,481	9,481	9,481	9,481	9,481
Dues, Fees & other Expenses	<u>50,677</u>	<u>51,691</u>	<u>52,725</u>	<u>53,780</u>	<u>54,856</u>
Total Other Expenses Line #4.300	<u>\$240,585</u>	<u>\$245,208</u>	<u>\$249,923</u>	<u>\$254,732</u>	<u>\$259,637</u>

Transfers Out/Advances Out – Lines #5.010 and #5.020

This account group covers fund to fund transfer and end of year short term loans from the General Fund to other funds until they have received reimbursements and can repay the General Fund. The district annually transfers funds to the freshman/sophomore classes of \$10,000; and anticipates advances to federal grant funds each year of the forecast of \$10,000 per year that will be returned to the district in following fiscal year.

<u>Source</u>	<u>FY25</u>	<u>FY26</u>	<u>FY27</u>	<u>FY28</u>	<u>FY29</u>
Operating Transfers Out Line #5.010	\$10,000	\$10,000	\$10,000	\$10,000	\$10,000
Advances Out Line #5.020	<u>10,000</u>	<u>10,000</u>	<u>10,000</u>	<u>10,000</u>	<u>10,000</u>
Total Transfer & Advances Out	<u>\$20,000</u>	<u>\$20,000</u>	<u>\$20,000</u>	<u>\$20,000</u>	<u>\$20,000</u>

Encumbrances –Line#8.010

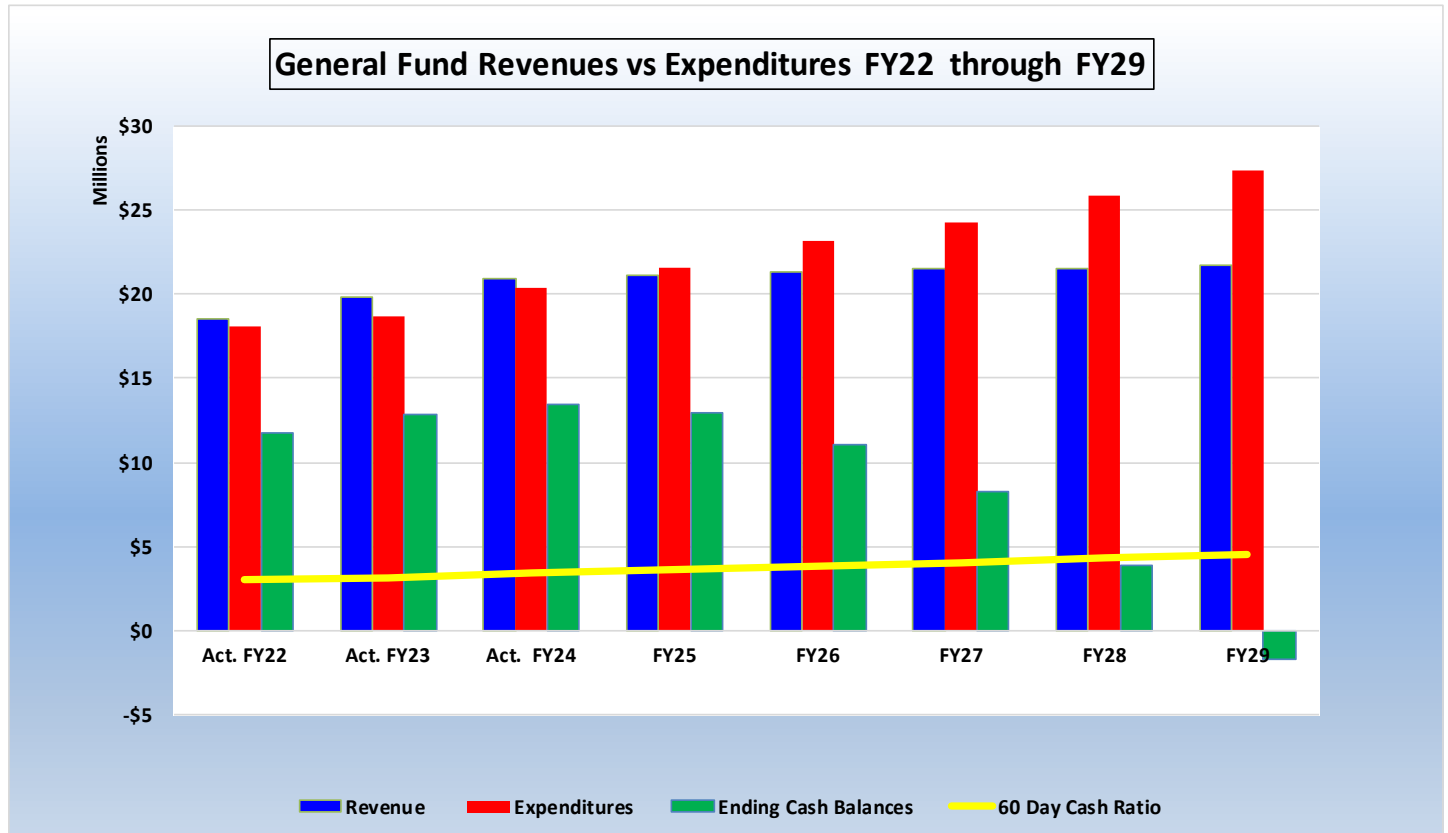
Encumbrances represent purchase authorizations and contracts for goods or services that are pending vendor performance and those purchase commitments, which have been performed, invoiced, and are awaiting payment. Encumbrances on a budget basis of accounting are treated as the equivalent of expenditure at the time

authorization is made in order to maintain compliance with spending restrictions established by Ohio law. For presentation in the forecast, outstanding encumbrances are presented as a reduction of the general fund cash balance.

	<u>FY25</u>	<u>FY26</u>	<u>FY27</u>	<u>FY28</u>	<u>FY29</u>
Estimated Encumbrances Line #8.010	<u>\$1,178,662</u>	<u>\$1,178,662</u>	<u>\$1,178,662</u>	<u>\$1,178,662</u>	<u>\$1,178,662</u>

Revenue vs Expenditures with Deficit Spending

The graph below shows that the district will begin to deficit spend in FY25 and each year after of the forecast.



Deficit spending affects the amount of carryover that the district has to plan for the future. When reviewing the needs of the district we review the amount of spending and what would be needed to remove any deficit spending in order to have positive cash balances on the forecast. The chart below shows the amount of deficit spending that is included on Line 6.010 of the forecast and the millage for each year that would be needed in order to erase the deficit spending.

	<u>FY25</u>	<u>FY26</u>	<u>FY27</u>	<u>FY28</u>	<u>FY29</u>
Excess of revenues over/(under) expenditures	(\$527,544)	(\$1,891,758)	(\$2,798,664)	(\$4,364,081)	(\$5,549,750)
Millage equivalent for deficit spending	(1.61)	(5.71)	(7.89)	(12.20)	(15.37)

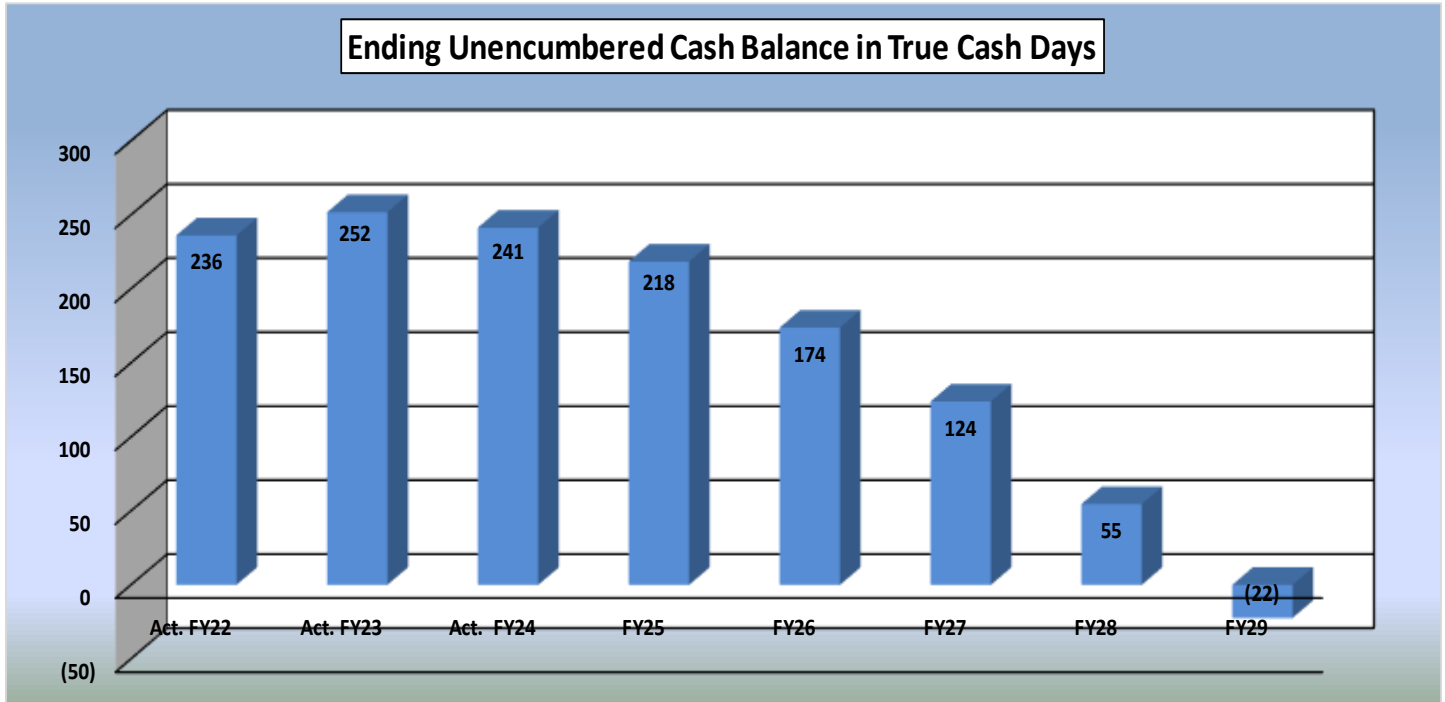
Ending Unencumbered Cash Balance “The Bottom-line”– Line#15.010

This amount must not go below \$-0- or the district general fund will violate all Ohio Budgetary Laws. Any multi-year contract which is knowingly signed which results in a negative unencumbered cash balance is a violation of 5705.412, ORC punishable by personal liability of \$10,000; unless an alternative 412 certificate, as permitted by HB153 effective September 30, 2011, could be issued.

	<u>FY25</u>	<u>FY26</u>	<u>FY27</u>	<u>FY28</u>	<u>FY29</u>
Ending Unreserved Cash Balance Line #15.01	<u>\$12,926,354</u>	<u>\$11,034,596</u>	<u>\$8,235,932</u>	<u>\$3,871,851</u>	<u>(\$1,677,899)</u>

True Cash Days Ending Balance

Another way to look at ending cash is to state it in ‘True Cash Days’. In other words, how many days could the district operate at year end if no additional revenues were received. This is the Current Years Ending Cash Balance divided by (Current Years Expenditures/365 days) = number of days the district could operate without additional resources or a severe resource interruption. The Government Finance Officers Association (GFOA) recommends no less than two (2) months or 60 days cash is on hand at year end but could be more depending on each district’s complexity and risk factors for revenue collection. This is calculated including transfers as this is a predictable funding source for other funds such as capital, athletics, and severance reserves.



Conclusion

The district is very appreciative of the support of the community, thank you for your support of the district and for our students.

North Union Local School District receives 48.35% of its funding for the district from state dollars which is very beneficial to the overall operations for the education of our students.

The district administration is grateful for the changes in the current state budget HB33 as it has reduced the amount that was deducted for programs that were not within the district's control. However, future state budgets funding will need to be watched since the full amount of the Fair School Funding Plan was not totally implemented with this budget and there is no guarantee for future increases in state budgets for FY26-FY29.

In planning for the future, the administration will need to make sure that the district is able to obtain a positive cash balance throughout the forecast. They will need to review current expenditures based on the current revenues to obtain this.

As you read through the notes and review the forecast, remember that the forecast is based on the best information that is available to us at the time the forecast is prepared.