

North Union Local School District

Union County

Schedule of Revenues, Expenditures and Changes in Fund Balances
For the Fiscal Years Ended June 30, 2020, 2021 and 2022 Actual;
Forecasted Fiscal Years Ending June 30, 2023 Through 2027

	Actual				Forecasted				
	Fiscal Year 2020	Fiscal Year 2021	Fiscal Year 2022	Average Change	Fiscal Year 2023	Fiscal Year 2024	Fiscal Year 2025	Fiscal Year 2026	Fiscal Year 2027
Revenues									
1.010 General Property Tax (Real Estate)	\$4,769,707	\$4,974,849	\$5,042,726	2.8%	\$5,536,392	\$5,564,074	\$5,459,074	\$5,354,074	\$5,354,074
1.020 Tangible Personal Property Tax	433,819	479,618	490,777	6.4%	512,200	514,761	519,909	525,108	527,734
1.030 Income Tax	2,138,567	2,131,999	2,414,405	6.5%	2,804,054	2,832,095	2,860,415	2,889,020	2,917,910
1.035 Unrestricted State Grants-in-Aid	7,537,041	7,685,073	8,642,039	7.2%	8,685,250	8,728,676	8,772,319	8,684,596	8,641,173
1.040 Restricted State Grants-in-Aid	263,910	241,412	605,373	71.1%	612,000	581,400	552,330	552,330	552,330
1.045 Restricted Federal Grants-in-Aid									
1.050 Property Tax Allocation	694,563	704,510	703,513	0.6%	774,087	800,217	796,215	792,234	784,312
1.060 All Other Revenues	1,882,999	2,113,567	591,395	-29.9%	845,040	847,256	754,145	678,893	599,742
1.070 Total Revenues	17,720,606	18,331,028	18,490,228	2.2%	19,769,023	19,868,479	19,714,407	19,476,255	19,377,275
Other Financing Sources									
2.010 Proceeds from Sale of Notes									
2.020 State Emergency Loans and Advancements (Approved)									
2.040 Operating Transfers-In									
2.050 Advances-In									
2.060 All Other Financing Sources	200,011	115,445	60,240	-45.0%	50,000	20,000	20,000	20,000	20,000
2.070 Total Other Financing Sources	200,011	115,445	60,240	-45.0%	50,000	20,000	20,000	20,000	20,000
2.080 Total Revenues and Other Financing Sources	17,920,617	18,446,473	18,550,468	1.7%	19,819,023	19,888,479	19,734,407	19,496,255	19,397,275
Expenditures									
3.010 Personal Services	9,466,341	9,644,364	9,950,143	2.5%	10,213,398	10,570,867	11,140,847	11,530,777	11,876,700
3.020 Employees' Retirement/Insurance Benefits	3,873,508	4,072,961	4,322,518	5.6%	4,831,869	5,444,260	5,798,136	6,175,015	6,576,391
3.030 Purchased Services	3,033,701	2,609,529	2,504,373	-9.0%	2,629,591	2,761,071	2,788,682	2,816,568	2,844,734
3.040 Supplies and Materials	526,391	530,210	693,420	15.8%	658,749	625,812	628,941	635,230	641,582
3.050 Capital Outlay	561,736	408,480	335,085	-22.6%	414,822	948,118	467,081	471,752	485,904
3.060 Intergovernmental									
Debt Service:									
4.010 Principal-All (Historical Only)									
4.020 Principal-Notes									
4.030 Principal-State Loans									
4.040 Principal-State Advancements									
4.050 Principal-HB 264 Loans									
4.055 Principal-Other									
4.060 Interest and Fiscal Charges									
4.300 Other Objects	211,210	238,004	214,473	1.4%	216,618	218,784	229,615	240,662	252,576
4.500 Total Expenditures	17,672,887	17,503,548	18,020,012	1.0%	18,965,047	20,568,912	21,053,302	21,870,004	22,677,887
Other Financing Uses									
5.010 Operating Transfers-Out	1,000	116,000	101,000	5743.5%	101,000	1,000	1,000	1,000	1,000
5.020 Advances-Out					9,000	9,000	9,000	9,000	9,000
5.030 All Other Financing Uses									
5.040 Total Other Financing Uses	1,000	116,000	101,000	5743.5%	110,000	10,000	10,000	10,000	10,000
5.050 Total Expenditures and Other Financing Uses	17,673,887	17,619,548	18,121,012	1.3%	19,075,047	20,578,912	21,063,302	21,880,004	22,687,887
6.010 Excess of Revenues and Other Financing Sources over (under) Expenditures and Other Financing Uses	246,730	826,925	429,456	93.5%	743,976	690,433-	1,328,895-	2,383,749-	3,290,612-
7.010 Cash Balance July 1 - Excluding Proposed Renewal/Replacement and New Levies	11,397,465	11,644,195	12,471,120	4.6%	12,900,576	13,644,552	12,954,119	11,625,224	9,241,475
7.020 Cash Balance June 30	11,644,195	12,471,120	12,900,576	5.3%	13,644,552	12,954,119	11,625,224	9,241,475	5,950,863
8.010 Estimated Encumbrances June 30	804,798	441,947	961,389	36.2%	942,161	923,318	904,851	886,754	895,622
Reservation of Fund Balance									
9.010 Textbooks and Instructional Materials									
9.020 Capital Improvements									
9.030 Budget Reserve	334,268	334,268	334,268		334,268	334,268	334,268	334,268	334,268
9.040 DPIA									
9.045 Fiscal Stabilization									
9.050 Debt Service									
9.060 Property Tax Advances									
9.070 Bus Purchases									
9.080 Subtotal	334,268	334,268	334,268		334,268	334,268	334,268	334,268	334,268
10.010 Fund Balance June 30 for Certification of	10,505,129	11,694,905	11,604,919	5.3%	12,368,123	11,696,533	10,386,105	8,020,453	4,720,973
Revenue from Replacement/Renewal Levies									
11.010 Income Tax - Renewal									
11.020 Property Tax - Renewal or Replacement							105,000	210,000	210,000
11.300 Cumulative Balance of Replacement/Renewal Levies							105,000	315,000	525,000
12.010 Fund Balance June 30 for Certification of Contracts, Salary Schedules and Other Obligations	10,505,129	11,694,905	11,604,919	5.3%	12,368,123	11,696,533	10,491,105	8,335,453	5,245,973
Revenue from New Levies									
13.010 Income Tax - New									
13.020 Property Tax - New									
13.030 Cumulative Balance of New Levies									
14.010 Revenue from Future State Advancements									
15.010 Unreserved Fund Balance June 30	10,505,129	11,694,905	11,604,919	5.3%	12,368,123	11,696,533	10,491,105	8,335,453	5,245,973
ADM Forecasts									
20.010 Kindergarten - October Count	111	111	90	-9.5%	90	90	90	90	110
20.015 Grades 1-12 - October Count	1,476	1,476	1,410	-2.2%	1380	1380	1380	1380	1420
State Fiscal Stabilization Funds									
21.010 Personal Services SFSF									
21.020 Employees Retirement/Insurance Benefits SFSF									
21.030 Purchased Services SFSF									
21.040 Supplies and Materials SFSF									
21.050 Capital Outlay SFSF									
21.060 Total Expenditures - SFSF									

See accompanying summary of significant forecast assumptions and accounting policies

Includes: General fund, Emergency Levy fund, DPIA fund, Textbook fund and any portion of Debt Service fund related to General fund debt

North Union Local School District Five – Year Forecast Assumptions

1. Property Values increased in the FY 2015 and FY 2017 receipts. This is mainly due to changes in CAUV values that took place the prior calendar year. CAUV values dramatically increased for tax collections. Recently the state has changed the way CAUV will be calculated in the future. These re-evaluation of CAUV values will not be felt in Union county until the 2019 tax year. At that time the county has gone through a complete re-evaluation. Even though CAUV values dropped, residential real estate values increased. The net effect was an over increase in property valuation for North Union. This translated into higher revenue in FY 2021 despite the potential effects COVID-19 may have had. Recently due to the heated real estate market (the market has since cooled down), the FY 2022 collection was even higher than prior years. I have projected a stable real estate settlement in future years. Due to the recent Property Tax Re-Evaluation in Union County, first half tax collections in calendar year 2023 are significantly higher. North Union overwhelmingly passed on May 6, 2014 a renewal of a \$210,000 emergency levy for a period of ten years. North Union passed a renewal levy in November 2020, this was our \$680,000.00 Emergency Levy. The levy was renewed for an additional ten years. The passage of this levy was important to maintain current financial stability. In addition, these Emergency Renewals still have the benefit of Homestead and Rollback reimbursement for the tax payers. The Board will look to renew the \$210,000 emergency levy in November 2023. This allows us to still have all of 2024 to get it passed should that be needed.
2. North Union's State Foundation receipts actually slightly increased in FY 2021 due to the Governor returning funds to the schools during this fiscal year. As a bit of back ground, on May 5, 2020 the governor enacted cuts to school funding due to the COVID-19 and financial impact it is having upon the state and the nation. The cut to North Union was \$275,605.00 in FY 2020. Due to the governor returning funds to the schools, FY 2021 will actually be an increase over the prior year. The State of Ohio recently approved a new funding formula. The new funding formula was implemented in January 2022. Since then, some initial allocations have been reduced. In the end it looks to be a wash. So even though the district is showing more state revenue, the revenue from other local (where open enrollment was receipted) has been dramatically reduced. I am projecting funding to very gradually increase for a couple of years, then it was slowly start to decrease. As with most small districts, North Union is either gradually losing enrollment or remaining flat.
3. As back ground, here are my previous concerns regarding state funding – Even though we saw a slight increase in FY 2019. This increase is mainly due to a slight increase in per pupil funding. According to the latest biennium budget information, North Union is looking to receive at least what we received in FY 2019. The question becomes, what do they consider the total amount we received? Even as a “guarantee” district, the amount seems to vary. That being said, we will plan for slight decreases in FY 2026 and FY 2027. We project this because according to ODE student enrollment information, North Union's student

population has either slightly decreased or remained flat. The lower student population leads to decreases in funding. We are seeing a trend in most small schools across the state of Ohio that enrollment numbers are on a downward trajectory. We have also projected that the specific state foundation for career tech instruction slightly decreases after FY 2017. However, Economically Disadvantaged Funding now is also receipted to the Restricted Funding line (1.040). This has caused an increase in that line for FY 2016. In addition, due to the increase in real estate valuation as compared to the overall state valuation North Union will look “wealthier” and should see a slight decrease in state foundation revenue.

4. Personal Property receipts continued to increase through FY 2022. I am projecting it to start to slightly decrease. These receipts are due to Utility Personal Property. I suspect changes will be enacted to reduce these charges to the utility companies. There is the potential to receive additional revenue due to Solar Farms within our district boundaries. I will not plan to add additional revenue until they are a definite project and we have more information as to how much revenue they may end up providing. The county approved a Payment In Lieu Of Taxes (PILOT) for these Solar Farms. The district will receive a direct payment for these farms (through the county Auditor). When these payments are to begin is yet undetermined. It will depend upon when the farms are fully operational. Again, until payments start to be received, no revenue will be forecasted. In addition, the board will need to determine as to how the funds are to be allocated.
5. Income tax receipts have increased significantly in FY 2014. We believe this is due a better local economy. We saw a very slight decrease in FY 2015 (0.17%). We realized a 5.7% reduction in FY 2016 collections since part of the additional revenue would have been due to the higher crop prices and yields. In FY 2017 we have realized an 11.5% increase. In FY 2018, we saw a very minor 2% increase in income tax collections. In FY 2019 we experienced a 5.3% increase in income tax receipts. In FY 2020 we received a slight increase. Then wonderful COVID-19 entered the picture. We thought this was to be an economic tsunami. Unemployment levels went to an all-time high. America is resilient and has already rebounded. In addition, a vaccine that is widely distributed will help to speed the recovery. That being said, we saw only a very slight decrease from FY 2020 in FY 2021. FY 2022 was a huge increase for the district. Inflation and an employee’s job market has led to higher wages. In fact, we saw a 13% increase over FY 2021. FY 2023 Income Tax Collections another 16%. This is being driven by lower unemployment rates and employers increasing salaries to attract workers. I am projecting a slight increase for the remainder of the forecast (current receipts are higher than last year at this time). We will forecast a slight increase at this time for all years in the forecast.
6. Other Local Revenue dropped significantly in FY 2022. This was due to changes in the State Funding Formula. We no longer receive Open Enrollment funding. The main revue stream for this line is interest earnings, Medicaid payments, and other misc. receipts. Due to the federal reserve dramatically increasing interest rates, our interest earnings have dramatically increased in FY 2023. However, as

cash balances begin to be eroded, we will be looking to decrease earnings over time.

7. Due to the crazy global and national economy over the past few years, interest rates have dramatically increased recently. Less than a year ago, we had interest rates at or near zero. Now they have returned to levels I have not seen in many years. The federal government is trying to combat inflation with increasing interest rates. I will not debate the merits of recent national fiscal policy. In the end, investment earnings will increase until cash balances begin to significantly dwindle.
8. Salaries continue to increase due to assumed reasonable rate of negotiated increases, along with step increases, and additional staff required for student population and/or programming growth. North Union approved a new negotiated agreement in April 2021 (FY 2022-FY 2024). The Board of Education agreed to reasonable base increases. These increases amounted to an increase of 3% (FY 2022), 2.5% (FY2023), and 2.5% (FY2024). North Union is also looking at adding additional staff to deal with growing facilities, increased technology, and more special education students. However, knowing that staffing is the vast majority of our expenses, we will continue to evaluate staffing needs each year. Should we need to reduce staffing, we would plan to via attrition. Finally, the general fund will need to carry more of the salaries for staff providing services previously funded through federal and state grant funds. In FY 2009 alone federal and state budgets were reduced by over \$100,000. This trend of lower federal grants will continue. At this time the Board has not made any plans to reduce or eliminate any current programs, therefore, in order to continue as is the financial costs will fall to the general fund. North Union successfully negotiated step freezes in FY 2013, and FY 2014. One of these steps was given back in the last round of negotiations. Most retirements caused by the changes implemented at STRS and SERS have already been realized so very few retirements are expected in the near future (1-3 per year).
9. Since Federal Funds are not keeping up with local costs, more salaries and benefits will continue to be charged to General fund in order for the programs to remain.
10. Fringe benefits will continue to increase due to required STRS and SERS board share increases and assumed rate of 10% increase for FY 2021-FY2024 in insurance premiums. Starting September 1, 2012 North Union moved to the Stark County Council of Governments Insurance Consortium. This consortium is extremely stable and lowered our costs during the FY 13 school year. In FY 2014, FY 2015, and FY 2016 North Union qualified to receive a "rate holiday". This has resulted in an annual \$300,000 savings during the FY 2014, FY 2015, and FY 2016 fiscal years. Insurance premiums will increase 2.5% in FY 2017, and an additional "premium holidays" had been awarded for FY 2017 saving the district another \$450,000 (due to three months of premium holidays as opposed to two months the past few fiscal years). In FY 2018 the rate increase was 5.4% and the district received 2 months of rate holidays. FY 2019 insurance premiums increases were slightly less than 10% and three (3) additional rate holidays were awarded. Two additional rate holidays and a 3.25% increase was given in FY

2020. For FY 2021 new insurance increased by only 3.97% and two months of rate holidays will be awarded. North Union LSD took these rate holidays in December 2020 and January 2021. For FY 2021 new insurance increased by only 3.91% and two months of rate holidays were again awarded. North Union LSD will take these rate holidays in December 2021 and January 2022. Official new rates and potential rate holidays are to be voted on by the Stark COG Board in Mid-June. For FY 2023, the Stark County COG Board approved a 7.35% increase in medical insurance and one month of rate holiday. This is far better than I would have initially anticipated. In future years we will assume no rate holidays and a 10% increase for FY 2024-2027.

11. Purchased services costs have gone up in FY 2009 and beyond due to our district no longer utilizing ESC services and increase in energy costs from new construction projects (FY 2014 was an exception because of a natural gas credit from the previous very mild winter). In addition, drastic increases recently in energy costs will have a profound effect on the district budget. North Union recently embarked upon an HB264 Energy Conservation Project to reduce overall energy usage. These improvements have led to a slight decrease during FY 2013 in energy costs. The district has also added a slight increase to cover the changes in state law associated with post-secondary enrollment. This will be closely monitored since it could result in a significant increase should more student elect this option and there are no financial ramifications to the student if the class is not passed. Finally, we changed from using net open enrollment to gross open enrollment out for FY 2009 and beyond. In FY2017 costs for purchased services will increase more than normal due to having to purchase School Psychology services from an ESC and the Administrative Parking Lot Paving Project. In FY 2018, costs are to remain similar to FY 2017 due to the continued ESC services and small, minor repair/renovation projects throughout the district facilities. In FY 2018, the district did a LED lighting project at the Middle School. This project also changed the lighting control system that was causing issues. This improvement will help the district to continue to reduce its carbon footprint. In FY 2019, NU embarked on the design of a new Athletic Field House. The design services for said project came from the general fund. The actual construction of the project will be through a lease purchase agreement, PI fund, and contributions made to the district by Memorial Health of Union County. Furnishings for the building had been paid through donations and naming right contracts (NUAC has already made a significant contribution to this endeavor). North Union also has continued to pursue more energy conservation projects. Due to the funding formula, open enrollment out will no longer be charged to the purchased services category.
12. Supplies will continue to increase due to inflation and more student workbook materials. Also, a change in our fixed asset system will shift more costs to the supply line and away from the capital outlay line. Supply expenses to the general fund are forecasted to be lower in FY 2023. This is due to shifting supply costs to various COVID related grants. These COVID grants are different than normal federal grants in that you are allowed to use these federal dollars to supplant costs. This allows use to shift expenses to these federal grants.

13. Capital Outlay increased immensely between FY 2014 and FY 2015. This is due to a timing issue. Computers that were ordered in FY 2014 were not received until FY 2015. North Union has succeeded in purchasing individual electronic devices for all students throughout the entire district. The district will now be able to just replace grades as needed as opposed to needing replace grades and add costs to add another grade. In addition, bus purchases have recently been coming from this category in the general fund as opposed to using PI funds. Most funds in the district Permanent Improvement fund have been used for other projects, or to pay the debt of prior projects. An upcoming project, the replacement of the North Union Elementary School Playgrounds will be completed Summer 2023. The playground projects will be paid through the general fund. The new playgrounds will include new equipment and proper poured in place fall protection.
14. Other expenses have decreased due to changes in coding for services provided by the ESC. Eventually, costs will increase due to higher auditor and treasurer fees from higher property values and changes in coding for Income Tax Collection fees. . In addition, North Union used the ESC for speech therapy services during FY 2010. We have since hired these services in-house to reduce our costs going forward.
15. In the past NU had made transfers to the Permanent Improvement Fund to ensure we had resources during our building construction phase. We are currently not looking to do any additional transfers to PI at this present time. We will be transferring funds to the Freshmen and Sophomore Classes each year in lieu of having an activity advisor. In FY 2021 the district transferred funds to assist both the Food Service and Athletic Departments. In FY 2022, the district transferred \$100,000.00 to the Permanent Improvement fund. The District is using the PI fund to add an additional practice field and renovate the existing practice field and HS stadium field.
16. This five-year forecast also assumes that we would continue to offer all of the educational programs currently in place. This includes new employee positions that have been added through various grants (ESSER Funds, ARP, etc). These employees will move to be paid through the general fund as grant resources expire.