North Union Local School District

Union County

Schedule of Revenues, Expenditures and Changes in Fund Balances
For the Fiscal Years Ended June 30, 2019, 2020 and 2021 Actual;
Forecasted Fiscal Years Ending June 30, 2022 Through 2026

		Actual				Forecasted				
		Fiscal Year 2019	Fiscal Year 2020	Fiscal Year 2021	Average Change	Fiscal Year 2022	Fiscal Year 2023	Fiscal Year 2024	Fiscal Year 2025	Fiscal Year 2026
	Revenues									
1.010	General Property Tax (Real Estate)	$4,714,260	$4,769,707	$4,974,849	2.7%	$5,042,726	$5,042,726	$5,042,726	$4,937,726	$4,832,726
1.020	Tangible Personal Property Tax	399,807	433,819	479,618	9.5%	490,777	485,869	481,011	476,200	471,438
1.030	Income Tax	2,079,588	2,138,567	2,131,999	1.3%	2,414,405	2,438,549	2,462,935	2,487,564	2,512,440
1.035	Unrestricted State Grants-in-Aid	7,807,464	7,537,041	7,685,073	-0.7%	8,614,152	8,657,223	8,700,509	8,613,504	8,699,639
1.040	Restricted State Grants-in-Aid	241,385	263,910	241,412	0.4%	602,000	571,900	543,305	543,305	543,305
1.045	Restricted Federal Grants-in-Aid									
1.050	Property Tax Allocation	680,214	694,563	704,510	1.8%	703,513	699,995	696,495	693,013	686,083
1.060	All Other Revenues	1,874,909	1,882,999	2,113,567	6.3%	595,096	670,418	657,688	645,386	628,400
1.070	*Total Revenues*	17,797,627	17,720,606	18,331,028	1.5%	18,462,669	18,566,680	18,584,669	18,396,698	18,374,031
	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	130,055	200,011	115,445	5.8%	50,641	20,000	20,000	20,000	20,000
2.070	*Total Other Financing Sources*	130,055	200,011	115,445	5.8%	50,641	20,000	20,000	20,000	20,000
2.080	*Total Revenues and Other Financing Sources*	17,927,682	17,920,617	18,446,473	1.4%	18,513,310	18,586,680	18,604,669	18,416,698	18,394,031
	Expenditures									
3.010	Personal Services	9,188,359	9,466,341	9,644,364	2.5%	9,978,360	10,327,603	10,889,069	11,270,186	11,608,292
3.020	Employees' Retirement/Insurance Benefits	3,592,324	3,873,508	4,072,961	6.5%	4,318,753	5,035,955	5,363,292	5,711,906	6,083,180
3.030	Purchased Services	3,366,822	3,033,701	2,609,529	-11.9%	2,290,006	2,404,506	2,428,551	2,452,836	2,477,365
3.040	Supplies and Materials	704,533	526,391	530,210	-12.3%	636,252	477,189	835,081	843,432	851,866
3.050	Capital Outlay	576,471	561,736	408,480	-14.9%	306,360	306,360	520,812	578,102	595,445
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	195,228	211,210	238,004	10.4%	240,384	242,788	254,807	267,067	280,288
4.500	*Total Expenditures*	17,623,737	17,672,887	17,503,548	-0.3%	17,770,115	18,794,401	20,291,612	21,123,529	21,896,436
	Other Financing Uses									
5.010	Operating Transfers-Out	1,000	1,000	116,000	5750.0%	71,000	1,000	1,000	1,000	1,000
5.020	Advances-Out					5,000	9,000	9,000	9,000	9,000
5.030	All Other Financing Uses									
5.040	*Total Other Financing Uses*	1,000	1,000	116,000	5750.0%	76,000	10,000	10,000	10,000	10,000
5.050	*Total Expenditures and Other Financing Uses*	17,624,737	17,673,887	17,619,548	0.0%	17,846,115	18,804,401	20,301,612	21,133,529	21,906,436
6.010	*Excess of Revenues and Other Financing Sources over (under) Expenditures and Other Financing Uses*	302,945	246,730	826,925	108.3%	667,195	217,721-	1,696,943-	2,716,831-	3,512,405-
7.010	Cash Balance July 1 - Excluding Proposed Renewal/Replacement and New Levies	11,094,520	11,397,465	11,644,195	2.4%	12,471,120	13,138,315	12,920,594	11,223,651	8,506,820
7.020	*Cash Balance June 30*	11,397,465	11,644,195	12,471,120	4.6%	13,138,315	12,920,594	11,223,651	8,506,820	4,994,415
8.010	*Estimated Encumbrances June 30*	1,326,316	804,798	804,798	-19.7%	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*	9,736,881	10,505,129	11,332,054	7.9%	11,861,886	11,663,008	9,984,532	7,285,798	3,764,525
	Revenue from Replacement/Renewal Levies									
11.010	Income Tax - Renewal									
11.020	Property Tax - Renewal or Replacement								105,000	210,000
11.300	Cumulative Balance of Replacement/Renewal Levies								105,000	315,000
12.010	*Fund Balance June 30 for Certification of Contracts, Salary Schedules and Other Obligations*	9,736,881	10,505,129	11,332,054	7.9%	11,861,886	11,663,008	9,984,532	7,390,798	4,079,525
	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*	9,736,881	10,505,129	11,332,054	7.9%	11,861,886	11,663,008	9,984,532	7,390,798	4,079,525
	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 last 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 FY 2022 collection was even higher than prior years. I have projected a stable real estate settlement in future years. 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.
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 gradually losing enrollment.
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 2022, FY 2023 and FY 2024. We project this because according to ODE student enrollment information, North Union's student population has slightly decreased. 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.
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. I am projecting a slight increase for the remainder of the forecast (current receipts are higher than last year at this time).
6. Overall Other Local Revenue will increase mainly due to an Ohio BWC dividend despite a significant drop in interest earnings. Interest earnings have fallen dramatically due to rates going to near zero. Other local revenue associated with this line is projected to remain flat. Due to the available academic programs offered at North Union we have seen a significant increase in open enrollment in the past. Our ability to attract open enrollment students is projected to remain stable in the future.
7. Open enrollment is no longer a separate part of the state funding formula. Open enrollment students are now counted a part of your normal student body due to the new funding formula. Therefore, this funding line will see a dramatic decrease in FY 2022. It will then remain stable with a slight decrease. Medicaid payments make up a significant portion of this line now.
8. Due to the crazy global and national economy over the past few years, interest rates seem to be jumping back up. Not even six months interest rates where 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.
9. 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 programing 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).

10. Since Federal Funds are not keeping up with local costs, more salaries and benefits will continue to charged to General fund in order for the programs to remain.
11. 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 rates 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. Recently the recommendation to the Stark County COG Board is a 7.35% increase in medical insurance and one month of rate holiday. This is far better than I would have initially anticipated. This will be voted on by the Stark County COG Board on June 16, 2022. In future years we will assume no rate holidays and a 10% increase for FY 2023-2025.

12. 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 then 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 fro 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.
13. 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.
14. Capital Outlay increased immensely between FY 2014 and FY 2015. This is due to a timing issue. Computers that where ordered in FY 2014 where 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. Due to COVID-19 and Federal ESSER funds, some capital outlay purchases will be shifted to grants in FY 2022 and FY 2023.

15. 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.
16. 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 FY2022, the district has allocated funds to make a similar, by smaller, transfer to these two departments if needed.
17. This five-year forecast also assumes that we would continue to offer all of the educational programs currently in place.