

# 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				Average Change	Forecasted				
	Fiscal Year 2019	Fiscal Year 2020	Fiscal Year 2021			Fiscal Year 2022	Fiscal Year 2023	Fiscal Year 2024	Fiscal Year 2025	Fiscal Year 2026
<b>Revenues</b>										
1.010 General Property Tax (Real Estate)	\$4,714,260	\$4,769,707	\$4,974,849	2.7%	\$4,974,849	\$4,974,849	\$4,974,849	\$4,869,849	\$4,764,849	
1.020 Tangible Personal Property Tax	399,807	433,819	479,618	9.5%	479,618	474,822	470,073	465,373	460,719	
1.030 Income Tax	2,079,588	2,138,567	2,131,999	1.3%	2,174,639	2,196,385	2,218,349	2,240,533	2,262,938	
1.035 Unrestricted State Grants-in-Aid	7,807,464	7,537,041	7,685,073	-0.7%	7,685,073	7,723,498	7,762,116	7,684,494	7,761,339	
1.040 Restricted State Grants-in-Aid	241,385	263,910	241,412	0.4%	241,412	229,342	217,875	217,875	217,875	
1.045 Restricted Federal Grants-in-Aid										
1.050 Property Tax Allocation	680,214	694,563	704,510	1.8%	704,510	700,988	697,483	693,995	687,055	
1.060 All Other Revenues	1,874,909	1,882,999	2,113,567	6.3%	1,869,096	1,859,232	1,831,169	1,798,357	1,755,287	
1.070 <b>Total Revenues</b>	<b>17,797,627</b>	<b>17,720,606</b>	<b>18,331,028</b>	<b>1.5%</b>	<b>18,129,197</b>	<b>18,159,116</b>	<b>18,171,914</b>	<b>17,970,476</b>	<b>17,910,062</b>	
<b>Other Financing Sources</b>										
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%	50,000	20,000	20,000	20,000	20,000	
2.070 <b>Total Other Financing Sources</b>	<b>130,055</b>	<b>200,011</b>	<b>115,445</b>	<b>5.8%</b>	<b>50,000</b>	<b>20,000</b>	<b>20,000</b>	<b>20,000</b>	<b>20,000</b>	
2.080 <b>Total Revenues and Other Financing Sources</b>	<b>17,927,682</b>	<b>17,920,617</b>	<b>18,446,473</b>	<b>1.4%</b>	<b>18,179,197</b>	<b>18,179,116</b>	<b>18,191,914</b>	<b>17,990,476</b>	<b>17,930,062</b>	
<b>Expenditures</b>										
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%	4,148,753	4,345,955	5,116,745	5,282,531	5,487,648	
3.030 Purchased Services	3,366,822	3,033,701	2,609,529	-11.9%	2,740,006	2,877,006	2,905,776	2,934,834	2,964,182	
3.040 Supplies and Materials	704,533	526,391	530,210	-12.3%	397,658	298,243	521,926	527,145	532,416	
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 <b>Total Expenditures</b>	<b>17,623,737</b>	<b>17,672,887</b>	<b>17,503,548</b>	<b>-0.3%</b>	<b>17,811,521</b>	<b>18,397,955</b>	<b>20,209,135</b>	<b>20,859,865</b>	<b>21,468,271</b>	
<b>Other Financing Uses</b>										
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 <b>Total Other Financing Uses</b>	<b>1,000</b>	<b>1,000</b>	<b>116,000</b>	<b>5750.0%</b>	<b>76,000</b>	<b>10,000</b>	<b>10,000</b>	<b>10,000</b>	<b>10,000</b>	
5.050 <b>Total Expenditures and Other Financing Uses</b>	<b>17,624,737</b>	<b>17,673,887</b>	<b>17,619,548</b>	<b>0.0%</b>	<b>17,887,521</b>	<b>18,407,955</b>	<b>20,219,135</b>	<b>20,869,865</b>	<b>21,478,271</b>	
6.010 <b>Excess of Revenues and Other Financing Sources over (under) Expenditures and Other Financing Uses</b>	<b>302,945</b>	<b>246,730</b>	<b>826,925</b>	<b>108.3%</b>	<b>291,676</b>	<b>228,839-</b>	<b>2,027,221-</b>	<b>2,879,389-</b>	<b>3,548,209-</b>	
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	12,762,796	12,533,957	10,506,736	7,627,347	
7.020 <b>Cash Balance June 30</b>	<b>11,397,465</b>	<b>11,644,195</b>	<b>12,471,120</b>	<b>4.6%</b>	<b>12,762,796</b>	<b>12,533,957</b>	<b>10,506,736</b>	<b>7,627,347</b>	<b>4,079,138</b>	
8.010 <b>Estimated Encumbrances June 30</b>	<b>1,326,316</b>	<b>804,798</b>	<b>804,798</b>	<b>-19.7%</b>	<b>464,044</b>	<b>468,865</b>	<b>473,372</b>	<b>478,105</b>	<b>454,200</b>	
<b>Reservation of Fund Balance</b>										
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 Advancements										
9.070 Bus Purchases										
9.080 <b>Subtotal</b>	<b>334,268</b>	<b>334,268</b>	<b>334,268</b>		<b>334,268</b>	<b>334,268</b>	<b>334,268</b>	<b>334,268</b>	<b>334,268</b>	
10.010 <b>Fund Balance June 30 for Certification of</b>	<b>9,736,881</b>	<b>10,505,129</b>	<b>11,332,054</b>	<b>7.9%</b>	<b>11,964,484</b>	<b>11,730,824</b>	<b>9,699,096</b>	<b>6,814,974</b>	<b>3,290,670</b>	
<b>Revenue from Replacement/Renewal Levies</b>										
11.010 Income Tax - Renewal								105,000	210,000	
11.020 Property Tax - Renewal or Replacement										
11.300 <b>Cumulative Balance of Replacement/Renewal Levies</b>								<b>105,000</b>	<b>315,000</b>	
12.010 <b>Fund Balance June 30 for Certification of Contracts, Salary Schedules and Other Obligations</b>	<b>9,736,881</b>	<b>10,505,129</b>	<b>11,332,054</b>	<b>7.9%</b>	<b>11,964,484</b>	<b>11,730,824</b>	<b>9,699,096</b>	<b>6,919,974</b>	<b>3,605,670</b>	
<b>Revenue from New Levies</b>										
13.010 Income Tax - New										
13.020 Property Tax - New										
13.030 <b>Cumulative Balance of New Levies</b>										
14.010 Revenue from Future State Advancements										
15.010 <b>Unreserved Fund Balance June 30</b>	<b>9,736,881</b>	<b>10,505,129</b>	<b>11,332,054</b>	<b>7.9%</b>	<b>11,964,484</b>	<b>11,730,824</b>	<b>9,699,096</b>	<b>6,919,974</b>	<b>3,605,670</b>	
<b>ADM Forecasts</b>										
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	
<b>State Fiscal Stabilization Funds</b>										
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 <b>Total Expenditures - SFSF</b>										

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. 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. As of today, the new funding formula has not been fully implemented by the Ohio Department of Taxation. I am projecting funding to be the same as FY 2021 and then a very minor increase for the remainder of the forecast (with the exception of a reduction for one year in FY2025 (this would be when the next state budget would be enacted). 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 2021. I am projecting it to remain at FY 2021 levels in FY 2022, then will 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. We are looking to project an 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. The primary reason for decreased revenue in this line is the decrease in investment earnings.
7. 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).
8. 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.
  9. 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. In future years we will assume no rate holidays and a 10% increase for FY 2022-2025.
  10. 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.
11. 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 2022 and 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.
  12. 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. Due to COVID-19 and Federal ESSER funds, some capital outlay purchases will be shifted to grants in FY 2022, FY 2023, and FY 2024.
  13. 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.
  14. 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.
  15. This five-year forecast also assumes that we would continue to offer all of the educational programs currently in place.