

P A F R

POPULAR ANNUAL FINANCIAL REPORT

For the year ending June 30, 2019

EAST KNOX
LOCAL SCHOOL DISTRICT



TO THE CITIZENS OF THE EAST KNOX LOCAL SCHOOL DISTRICT,

We are pleased to present the **East Knox Local School District's (the "District") Popular Annual Financial Report (PAFR)** for the year ending June 30, 2019. This report makes our District's finances easier to understand, and communicates our financial situation in an open and accountable manner. We are proud of this report and the support offered by the Board of Education in its creation.

The PAFR is prepared on the cash-basis of accounting, which differs from financial information prepared in accordance with accounting principles generally accepted in the United States of America (GAAP). Annually, the District prepares cash-basis financial statements which are audited by the Auditor of the State of Ohio or its designee. A copy of our annual financial audit reports can be found on the Auditor of the State of Ohio's website at www.ohioauditor.gov.

The PAFR focuses on the District's General Fund. The General Fund is the chief operating fund of the District and is used to account for all financial resources except those required to be accounted for in another fund. The most significant items not reported in the General Fund include debt issuance and retirement and permanent improvements.

We would like to thank our citizens for their encouragement in creating a report designed to more adequately address their needs as taxpayers, as well as for the opportunity to serve them. Questions, comments and feedback regarding this report are encouraged, so please do not hesitate to contact the Treasurer's office at (740) 599-2502 or at jbusenburg@ekschools.org.

Respectfully submitted,



Jessica M. Busenburg
Treasurer



EAST KNOX LOCAL SCHOOL DISTRICT

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REVENUES AND RESOURCES OVER EXPENDITURES AND SERVICES

The Financial Activity Statement below is shown on a cash-basis for the District's General Fund. This type of schedule, known in accounting terms as the income statement, provides a summary of the receipts and resources received by the District compared to the disbursements and services provided by the District.

RECEIPTS & RESOURCES (shown in thousands)	FY19	FY18	FY17
Property Taxes	\$6,414	\$6,340	\$5,581
Unrestricted State Aid	3,932	3,993	3,897
Restricted State Aid	85	79	100
Property Tax Allocation	762	747	719
Casino Revenue	51	50	48
All Other Revenues	1,032	850	736
Total Receipts and Resources	\$12,276	\$12,059	\$11,081

DISBURSEMENTS & SERVICES PROVIDED (shown in thousands)	FY19	FY18	FY17
Instruction	\$6,950	\$6,737	\$6,418
Pupil Support	612	594	611
Instructional Staff Support	109	138	145
Board/Administration/Fiscal	1,250	1,163	1,123
Plant Operation	952	890	815
Transportation	608	569	553
Central Support	179	167	138
Extracurricular	216	196	151
Non-instructional services	29	27	25
Facilities, Acquisitions & Construction	80	—	—
Total Disbursements and Services	\$10,985	\$10,481	\$9,979
Receipts and Resources Over Disbursements and Services	\$1,291	\$1,578	\$1,102



Our Disbursements and Services DEFINITIONS

INSTRUCTION is the activities directly dealing with the teaching of pupils or the interaction between teacher and pupil. Includes aides or classroom assistants of any type, who assist in the instructional process. Technology used by the students is also included here.

PUPIL SUPPORT is the activates which are designed to assess and improve the well-being of pupils and to supplement the teaching process. This includes guidance services, health services, psychological services and support services for students with disabilities.

INSTRUCTIONAL STAFF SUPPORT is the activities associated with assisting the instructional staff with the content and process of providing learning experiences for pupils.

BOARD/ADMINISTRATION/FISCAL those activities concerned with establishing and administering policy in connection with operating the school district. This function includes budgeting, receiving and disbursing, financial accounting, payroll, inventory control, auditing and fiscal services rendered by persons in the treasurer's office.

PLANT OPERATION those activities concerned with keeping the physical plant open, comfortable and safe for use and keeping the grounds, buildings, and equipment in and effective working condition and state of repair. This includes activities of maintaining safety in buildings, on the grounds and in the vicinity of the schools.

TRANSPORTATION those activities concerned with the conveyance of individuals to and from school, as provided by state law. It includes transportation to school activities and between home and school.

CENTRAL SUPPORT those activities, other than general administration, which support each of the other instructional and supporting services programs including planning, research, development, evaluation, information staff, statistical, and data processing services.

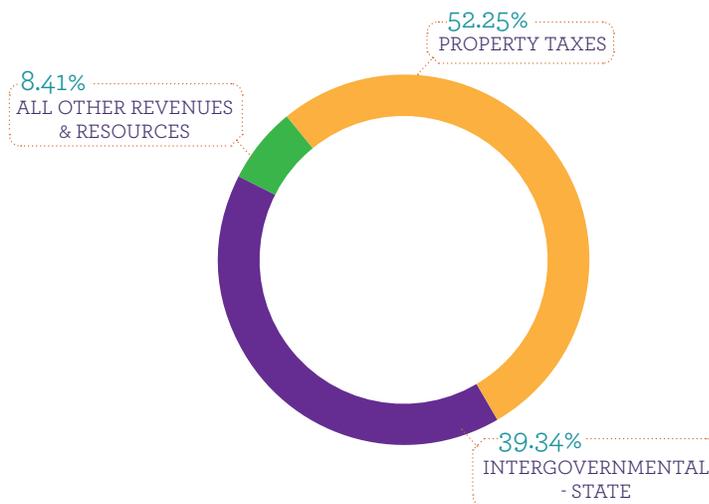
EXTRACURRICULAR student activities under the guidance or supervision of qualified adults which are designed to provide opportunities for pupils to participate in such experiences on an individual basis at school events or public events.

NON-INSTRUCTIONAL SERVICES those activities concerned with providing non-instructional services to students, staff or the community. Also includes providing certain services to other school districts.

FACILITIES ACQUISITION AND CONSTRUCTION are those activities concerned with acquiring land and buildings, remodeling buildings, constructing buildings and additions to buildings, initially installing or extending service systems and other built-up equipment, and improving sites.

GENERAL FUND RECEIPTS & RESOURCES

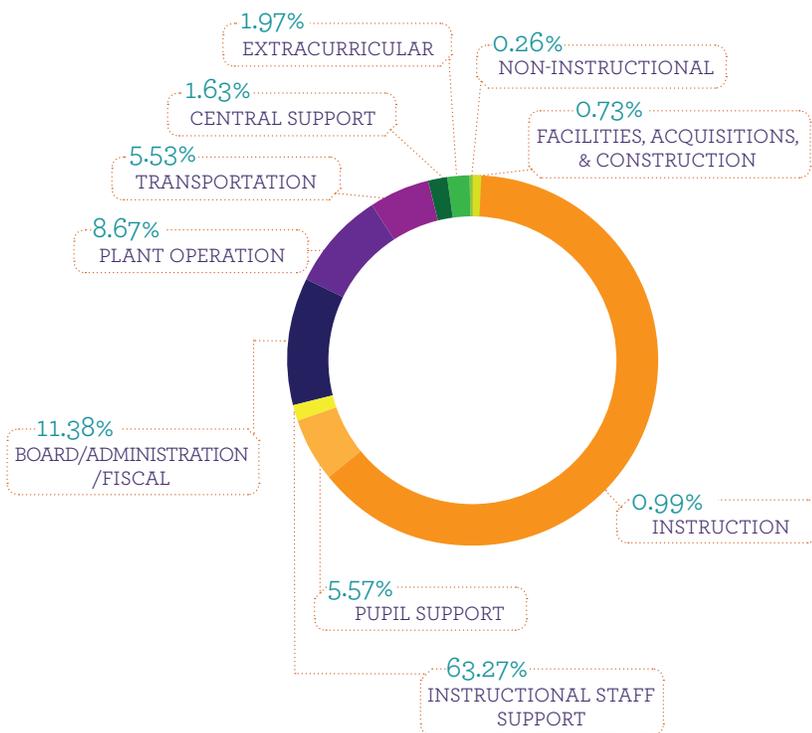
The graph below displays the cash-basis receipts and resources for the General Fund for fiscal year 2019.



 **TOTAL** \$12,276
Disbursements & Services (shown in thousands)

GENERAL FUND DISBURSEMENTS & SERVICES

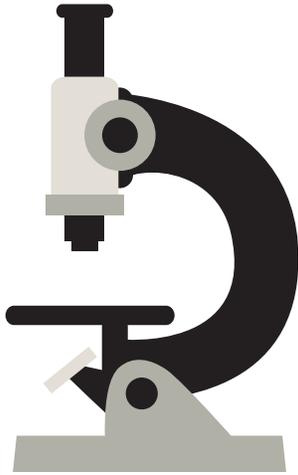
The graph below displays the cash-basis disbursements and services provided for the General Fund for fiscal year 2019.



 **TOTAL** \$10,985
Disbursements & Services (shown in thousands)

PROPERTY TAXES

To the right is a graph depicting the amount of cash collections received by the District from real and personal property taxes. Property taxes provide a majority of the local revenue to operate and maintain our schools.



STATE FUNDING

The chart to the right depicts the cash receipts for the District's General Fund from the State of Ohio. Monies received from the state are critical in running a fiscally solvent school district. The four primary components of State revenues are (1) unrestricted State Aid consisting of State Foundation which is a formula calculation based upon student enrollment, (2) property tax allocations which include Homestead and Rollback payments which represent the portion of the tax bill paid by the State instead of the taxpayer, (3) restricted State Aid consisting of economic disadvantaged and career tech funding, and (4) Casino tax revenue to the TPP tax phase-out. Amounts shown in thousands.



UNBUNDLING THE TAX RATE

All tax rates for the District except inside millage are reduced as valuations increase. In accordance with House Bill 920, as property valuations increase during the triennial update and reappraisal periods, the voted millage is reduced in order to generate the same amount of tax revenue for the District as was received when each levy was initially approved by the voters. The chart below shows the difference in the District's "Gross" or voted tax rates, as compared to the "Effective" rates, which are what is being collected. The rates below are for the 2019 tax year collected in 2018.

TAX BURDEN ON HOMEOWNERS

Type	Gross Rate	Effective Rate	Length Approved
Inside-Operating	4.50	4.50	Permanent
Voted - Operating	30.70	15.51	Permanent
Voted - Emergency Levy	4.11	4.11	10 Year
Permanent Improvement	3.00	2.45	Permanent
Bond Retirement	2.67	3.23	Various



ASSESSED VALUES OF REAL PROPERTY

Collection Year	Agricultural/ Residential	Commercial/ Industrial	Other Real Estate	Public Utility Personal	Total
2019	\$274,655,580	\$7,798,190	\$511,618	\$9,458,150	\$292,423,508
2018	\$272,071,100	\$6,895,450	\$589,180	\$8,991,160	\$288,546,890
2017	\$258,820,040	\$6,603,680	\$1,386,695	\$8,438,430	\$275,248,845

OPEN ENROLLMENT (OE)

Year	Open Enrollment In	Student FTE* OE In	Open Enrollment Out	Student FTE* OE Out	Net Open Enrollment Loss	Community School Loss	Total Annual Loss
2018-2019	\$453,644	76.50	\$1,634,833	275.43	\$(1,181,189)	\$(227,125)	\$(1,408,318)
2017-2018	\$411,227	73.68	\$1,707,208	293.58	\$(1,295,981)	\$(287,213)	\$(1,583,194)
2016-2017	\$412,198	72.61	\$1,801,234	309.21	\$(1,389,036)	\$(318,260)	\$(1,707,296)
2015-2016	\$394,077	68.65	\$1,691,203	300.82	\$(1,297,126)	\$(319,560)	\$(1,616,686)

*full-time equivalent

OUR TAXES AS COMPARED TO NEIGHBORING DISTRICTS

School	Equivalent Millage (property + income)	School	Equivalent Millage (property + income)
Loudonville*	41.14	Centerburg*	32.75
Clear Fork*	35.57	North Fork*	32.05
Danville*	35.41	East Knox	29.23
Mount Vernon	33.09	Fredericktown	28.11
		Northridge	27.04

*has an income tax in effect

2018–2019

DISTRICT ACCOMPLISHMENTS



ACADEMIC

- Offered college courses to high school students for the 2018–2019 school year through College Credit Plus program. Over 45 students took advantage of this program
- Added a School Resource Officer to the district and a Social Worker to the JR/SR staff
- Invested in new elementary reading curriculum in Spring 2019 to begin using in Fall 2019



FINANCIAL

- Finished the fiscal year within budget for the 6th straight year and improved the district cash balance
- Received the Ohio Auditor of State Award for financial reporting for FY18
- Applied for and was awarded a BWC Safety and Security Grant for \$37,605 that was used to install additional interior and exterior cameras throughout the district
- Utilized permanent improvement funds to make energy efficient improvements (LED lighting and HVAC controls) to the elementary building and other district offices, re-sealed parking lots, purchased two buses, and completed many other projects on the facilities district wide
- Spent 6 months holding community meetings to determine the most desirable solution to updating outdated district facilities and preparing for a November 2019 bond issue
- Gained 11 students open enrolling into the district and had 24 fewer students open enrolling out of the district over the past two years



EXTRACURRICULAR

- Football team had third winning season in a row
- Boys Golf won KMAC Golf and qualified for Districts
- Varsity Baseball team was District Finalists
- Drama Department successfully performed two plays after being restored two years ago



PAFR

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