

East Knox Local School District

Knox County

Schedule of Revenues, Expenditures and Changes in Fund Balances
For the Fiscal Years Ended June 30, 2018, 2019 and 2020 Actual;
Forecasted Fiscal Years Ending June 30, 2021 Through 2025

	Actual				Average Change	Forecasted				
	Fiscal Year 2018	Fiscal Year 2019	Fiscal Year 2020			Fiscal Year 2021	Fiscal Year 2022	Fiscal Year 2023	Fiscal Year 2024	Fiscal Year 2025
Revenues										
1.010 General Property Tax (Real Estate)	\$6,012,540	\$6,068,253	\$6,146,148	1.11%	\$6,774,921	\$6,909,708	\$6,976,984	\$7,083,239	\$7,145,162	
1.020 Tangible Personal Property Tax	327,546	345,510	378,866	7.57%	417,314	431,820	440,457	449,266	458,251	
1.030 Income Tax										
1.035 Unrestricted State Grants-in-Aid	4,043,352	3,982,847	3,688,076	-4.45%	3,873,367	3,873,367	3,873,367	3,873,686	3,873,464	
1.040 Restricted State Grants-in-Aid	78,589	84,646	84,770	3.93%	84,768	84,768	84,768	84,768	84,768	
1.045 Restricted Federal Grants-in-Aid - SFSF										
1.050 Property Tax Allocation	746,996	762,151	769,316	1.48%	833,261	872,190	881,746	896,728	905,453	
1.060 All Other Revenues	850,121	1,032,392	1,197,814	18.73%	1,096,415	976,631	1,001,631	1,026,631	1,051,631	
1.070 Total Revenues	12,059,144	12,275,799	12,264,990	0.85%	13,080,046	13,148,485	13,258,953	13,414,318	13,518,729	
Other Financing Sources										
2.010 Proceeds from Sale of Notes										
2.020 State Emergency Loans and Advancements (Approved)										
2.040 Operating Transfers-In	50,000		50,000		50,000	50,000	50,000	50,000	50,000	
2.050 Advances-In	300,000		10,000							
2.060 All Other Financing Sources	15,960	17,300	59,857	127.20%	38,015					
2.070 Total Other Financing Sources	365,960	17,300	119,857	248.77%	88,015	50,000	50,000	50,000	50,000	
2.080 Total Revenues and Other Financing Sources	12,425,104	12,293,099	12,384,847	-0.16%	13,168,061	13,198,485	13,308,953	13,464,318	13,568,729	
Expenditures										
3.010 Personal Services	4,244,801	4,369,440	4,466,895	2.58%	4,600,993	4,919,544	5,168,161	5,476,180	5,689,034	
3.020 Employees' Retirement/Insurance Benefits	1,853,793	2,172,001	2,292,253	11.35%	2,234,593	2,485,561	2,655,738	2,841,895	3,003,723	
3.030 Purchased Services	3,851,828	3,705,286	3,803,397	-0.58%	3,759,481	3,804,671	3,905,764	3,983,879	4,063,557	
3.040 Supplies and Materials	347,604	399,202	350,762	1.35%	431,762	448,629	466,574	485,237	504,647	
3.050 Capital Outlay	10,172	156,657	75,000	693.98%	36,884					
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	172,602	182,455	290,556	32.48%	144,841	163,378	170,012	171,712	173,429	
4.500 Total Expenditures	10,480,800	10,985,041	11,278,863	3.74%	11,208,554	11,821,783	12,366,249	12,958,904	13,434,389	
Other Financing Uses										
5.010 Operating Transfers-Out	50,000		50,000		50,000	50,000	50,000	50,000	50,000	
5.020 Advances-Out			10,000							
5.030 All Other Financing Uses										
5.040 Total Other Financing Uses	50,000		60,000		50,000	50,000	50,000	50,000	50,000	
5.050 Total Expenditures and Other Financing Uses	10,530,800	10,985,041	11,338,863	3.77%	11,258,554	11,871,783	12,416,249	13,008,904	13,484,389	
6.010 Excess of Revenues and Other Financing Sources over (under) Expenditures and Other Financing Uses	1,894,304	1,308,058	1,045,984	-25.49%	1,909,507	1,326,702	892,703	455,415	84,340	
7.010 Cash Balance July 1 - Excluding Proposed Renewal/Replacement and New Levies	3,264,122	5,158,426	6,466,484	41.70%	7,512,468	9,421,975	10,748,677	11,641,381	12,096,796	
7.020 Cash Balance June 30	5,158,426	6,466,484	7,512,468	20.77%	9,421,975	10,748,677	11,641,381	12,096,796	12,181,136	
8.010 Estimated Encumbrances June 30	18,368	138,548	114,188	318.35%	90,000	90,000	90,000	90,000	90,000	
Reservation of Fund Balance										
9.010 Textbooks and Instructional Materials										
9.020 Capital Improvements										
9.030 Budget Reserve										
9.040 DPIA										
9.045 Fiscal Stabilization										
9.050 Debt Service										
9.060 Property Tax Advancements										
9.070 Bus Purchases										
9.080 Subtotal										
10.010 Fund Balance June 30 for Certification of Appropriations	5,140,058	6,327,936	7,398,280	20.01%	9,331,975	10,658,677	11,551,381	12,006,796	12,091,136	
Revenue from Replacement/Renewal Levies										
11.010 Income Tax - Renewal										
11.020 Property Tax - Renewal or Replacement										
11.300 Cumulative Balance of Replacement/Renewal Levies										
12.010 Fund Balance June 30 for Certification of Contracts, Salary Schedules and Other Obligations	5,140,058	6,327,936	7,398,280	20.01%	9,331,975	10,658,677	11,551,381	12,006,796	12,091,136	
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	5,140,058	6,327,936	7,398,280	20.01%	9,331,975	10,658,677	11,551,381	12,006,796	12,091,136	
ADM Forecasts										
20.010 Kindergarten - ADM Count					70	70	70	70	70	
20.015 Grades 1-12 - ADM Count					1114	1120	1120	1120	1120	

**Five-Year Forecast
Assumptions
May 2021**

The East Knox Local School District Board of Education approved the Five-Year Forecast at their regular meeting on May 13, 2021.

REVENUE ASSUMPTIONS

GENERAL PROPERTY TAX (REAL ESTATE)

Real Estate Value Assumptions:

Property values are established each year by the County Auditor based on new construction and complete or updated values. A general reappraisal is mandated by Ohio law every six years with a three-year midpoint update. Property taxes are levied and assessed on a calendar year basis while the district's fiscal year (FY) runs from July through June. Property tax revenue received during calendar year 2020 (the collection year) for real property represents collections of 2019 taxes (the tax year).

Property taxes are applied to real property, public utility personal property, and manufactured homes which are located within the school district. The District receives property taxes from Knox, Coshocton, and Licking Counties. Approximately 97% of the tax collections are from Knox County and the remaining 3% coming from taxpayers in Licking and Coshocton Counties.

The district passed a 4.4 mill emergency operating levy in November 2016 that generates \$1.2 million per year and collections started January 1, 2017. This was the 10th attempt at passing an operating levy since 2010. Due to the levy passage, tax receipts increased by \$661,000 in FY17 and an additional \$729,679 in FY18. In 2017 agricultural values decreased by \$5.3 million or 9%. On the other hand, residential values increased by \$18 million or 9%. Values increased 1.4% in 2018 and 3% in 2019. 2020 is a reappraisal year for Knox County. Residential values increased by 21% in the district and agricultural values decreased by 5%. Overall, there was a 15.8% increase in valuation from 2019 to 2020 for the school district.

Tax collections for FY21 are projected to increase by 10.2% in FY21. This is an additional \$628,000 in revenue compared to FY20. Tax revenue collections are projected to average 1.3% increase over the next four years.

TANGIBLE PERSONAL PROPERTY TAX

The District also receives public utility real and personal property taxes. These tax receipts are reflected in Line 1.020. Some growth is projected in this area. The 2018 collections increased by 9.93%, 5.48% in 2019, and 9.65% in 2020 and have averaged a 7.5% increase over the past three years. In 2021 collections are up 10% or \$39,000. In the past, the majority of the District's Tangible Personal Property Tax revenue has been from Public Utilities.

UNRESTRICTED GRANTS-IN-AID

State Revenue Estimates:

State revenue is reflected in both Line 1.035 and Line 1.045. The District receives around \$50,000 per year in casino tax funding. The fluctuations in revenue from prior years in Line 1.035 are due to pre-school enrollment changes and the receipt of true-up payments from previous year funding allocations. The District anticipates no increase in state funding in the remaining years of the forecast due to a loss in enrollment and current state funding methods used. For FY19, the District was on the transitional aid guarantee for \$750,000. This means that our calculated funding would be \$750,000 less if the state was not "guaranteeing" us the same amount of funding as the previous year. In FY18 the District received an extra \$43,000 in true-up payments from the previous year and pre-school funding went up about \$20,000. Funding decreased by \$66,000 in FY19 due to lower preschool enrollment. A new state budget took effect July 1, 2019 and there was no indication of an increase in funding for FY20 and beyond. On May 6, 2020 the District received notice that funding for FY20 would be reduced by \$277,579 due to state budget cuts due to the COVID-19 pandemic. To start FY21, the information available to districts was to anticipate the same level/reduction of funding for FY21 as FY20. This decrease was budgeted into the October Forecast in September 2020. In earlier calendar 2021, the district was notified that tax collections at

the state level were better than anticipated and our original reduction in funding was reduced. The reduction in funding is expected to be \$125,000. As a result, there is an additional \$198,000 anticipated in unrestricted state revenue in FY21 compared to the October 2020 forecast. State funding is projected to remain flat throughout the remaining forecast.

RESTRICTED GRANTS-IN-AID

Line 1.040 consists of career technical monies and economic disadvantaged funding. Career technical funds are received from the State and are restricted to use for vocational agriculture and family consumer science programs. These funds total about \$28,000 per year. Economic disadvantaged funding is a reclassification of funding in FY14 that was classified as unrestricted in prior years and these amount to about \$56,000 each year. The total restricted funding amounts are projected to remain flat.

PROPERTY TAX ALLOCATION

State Rollback, Homestead:

The Rollback and Homestead are reimbursements from the state for tax relief given to owner-occupied residences equaling 12.5% of the gross property taxes charged residential taxpayers and up to 10% for commercial and industrial taxpayers. Tax relief is also granted to qualified elderly and disabled homeowners based on their income. These amounts grow in proportion to the Real Estate tax receipts based on Residential/Agricultural and Commercial/Industrial property classifications. The reimbursements fluctuate each year as property values increase/decrease and can be seen in line item 1.050. These amounts are projected to increase by an average of 3.35% over the FY21 to FY25 forecast period. New levies such as the one approved in November 2016 do not receive the Rollback credits, but they do receive the Homestead credit.

ALL OTHER REVENUES

Open Enrollment/ Tuition:

The District has had a fluctuation in open enrollment students coming into the District over the last several years due to financial difficulties and declining enrollment. There was a significant loss in FY11 and FY12. Numbers have fluctuated up and down since then. In FY19 the revenue increased by \$46,000 (9 students) and \$63,000 (12 students) in FY20. Overall, the District expects to receive \$583,000 in open enrollment revenue in FY21 which is an increase of \$58,000 from FY20.

Interest Income:

Beginning in FY17 interest earnings started to increase as the District cash balance and interest rates increased. There was an increase of \$55,000 in FY18, \$78,000 in FY19, and \$37,000 in FY20. The District has been working with a public funds investing company since August 2017 to expand investment options. A decline in interest revenue is projected in FY21 due to declining rates.

Other Miscellaneous revenue:

The District has received significant funding for the past few years for Medicaid reimbursements. The District participates in the Medicaid School Program (MSP). Through this program the District is able to bill the state for services such as physical therapy, speech, and occupational therapy provided to Medicaid eligible students. Prior year true-up payments have been paid to the district recently resulting in \$39,000 in FY18, \$125,000 in FY19, and \$91,000 in FY20. The Series B bond sale had receipts of \$106,242 in one-time bond refund premium proceeds. This is an in and out of funds for accounting and has no impact on the bottom line of the budget. There have been \$75,000 in BWC dividends from Ohio BWC due to the ongoing pandemic. These are one time funds that were deposited into the general fund.

OTHER FINANCING SOURCES

There was a transfer of \$50,000 in FY17 and FY18 to fund the severance set-aside fund. This was a requirement by the Auditor of State's Office in order to be released from Fiscal Emergency. The District receives refunds from previous year expenditures, such as BWC refunds and other miscellaneous receipts, such as the sale of District property that is receipted into Line 2.07. At the end of FY17, the general fund had to give an advance (loan) to the self-insurance fund due to a low balance. The original advance was an expense in FY17 (Line 5.02) and the return is a revenue in FY 18 (Line 2.05). This transaction technically overstates expenses in FY17 and overstates revenues in FY18, but it is unallowable for the self-insurance fund to have a negative balance. The district did not make a \$50,000 transfer to the severance set-aside fund in FY19, but this transfer has been continued for FY20 and beyond due to upcoming retirements. In FY20, there was a BWC refund of \$15,264 and a refund from the

water department for overage charges of \$28,919. The District received an additional \$14,234 rebate from BWC in April 2020 due to the COVID-19 Pandemic. In FY21, there was a refund of \$5,325 from the Coronavirus Relief Funds (CRF) for expenses in FY20 that the federal grant could cover, auction proceeds, and another worker's compensation refund.

EXPENDITURE ASSUMPTIONS

PERSONAL SERVICES

This line item includes salaries paid to all employees including part-time, supplemental, and substitute pay. The teacher's association and the Board of Education agreed to a three-year contract effective July 1, 2017- June 30, 2020. This agreement allowed for a 4% base increase plus steps in FY18, 0% base increase in FY19 plus steps, and 1% base increase plus steps in FY20. In addition, those certified staff members who were frozen on steps for 5 or more years received one additional step in both FY19 and FY20. In March 2017, the board approved 4% base salary increases for all other staff for FY18. Classified staff and administrators received 1.5% base salary increases in FY19. In FY20, administrators received a 1% base salary increase and classified staff received a 2% base salary increase. The teacher's association and the Board of Education agreed to a three-year contract with a 3% base salary increase in FY21 and a salary re-opener in FY22 and FY23. In March 2021 the board approved base salary increases of 2.25% for FY22 for all staff and 2.25% for FY23 for certified staff. FY24-25 salary increases are not board approved and will need to be negotiated. Bases raises of 2% have been projected. These are for projection purposes only.

Due to levy passage in November 2016, the Board re-instated some positions starting in FY18. An elementary music and art teacher were hired and a new Language Arts position was made at the Junior High level. The district technology coordinator was replaced with a contracted position so this expense has shifted from personal services (Line 3.010) to purchased services (Line 3.030).

Salary costs increased by 6.6% in FY18, 2.9% in FY19, and 2.2% in FY20. An estimated increase of 4.4% is projected in FY21. The average salary increase is projected to increase 4% each year through the remainder of the forecast. The district received nearly \$250,000 in ESSER funds. \$100,000 of the funds are going towards teacher salaries that came from the general fund in FY20. The district will receive ESSER II funds that will extend the payment of these positions from federal funds through FY23. These positions have been added back into the general fund in FY24. There was one high school science teaching position that was not filled in FY21. Also, there is an additional \$35,000 budgeted for severance payments in FY21. There are at least two certified retirements for FY22 that project to save nearly \$70,000 over the next two years.

The district anticipates employing 3 additional special education teachers for the 2021-2022 school year and an additional administrative position. The salaries of these additional positions have been factored into the forecast for each year beginning with FY22.

EMPLOYEES' RETIREMENT/INSURANCE BENEFITS

This line item includes State Teachers Retirement System and School Employees Retirement System contributions, Medicare, Workers Compensation, unemployment and medical, dental, vision, and life insurance premiums. Any increase/decrease in wages increases/decreases the District's liability for retirement, Medicare, and worker's compensation. This is reflected in the amounts for FY21-25 due to projected salary and step increases each year.

The district received a 3.27% increase in FY17 rates (\$41,000 increase). Due to fewer employees taking health benefits and midyear resignations, benefits decreased by 5% in FY17. In FY18 benefits increased by 3.8% due to premium increases and additional employees being on insurance since positions were added. In FY19 benefits increased 17.17%. Insurance premiums went up 7.3% and salaries went up 2.94%. In addition, there were 10 additional employees on the District insurance in October 2019 compared to October 2018. The insurance rate increase for FY20 is 2.48%. The insurance rate increase for FY21 is 2.76%. Overall, the retirement/benefit costs are reduced by 3.57% in FY21 due to the district taking a moratorium on insurance in December 2020. This was a onetime savings of approximately \$120,000. FY22 through FY25, benefits are projected to increase by an average of 7.7% as payroll costs and medical costs increase. The FY22 insurance rate increase was 0%. There are \$37,000 in ESSER funds being used for retirement and benefit costs for the three positions mentioned above. In addition, insurance benefits and other related payroll benefit costs have been added in for the 4 positions mentioned under personal services.

It is worth noting, in 2012, there were 99 employees on the district's coverage compared to 75 in 2017, 83 in 2018, and 86 today.

PURCHASED SERVICES

This line is used to account for all service related expenditures of the General Fund. This area consists of educational service center charges for services such as preschool, educational aides, Knox Learning Center and special education units housed off campus. Other costs accounted for here are open enrollment tuition for students attending elsewhere, community school tuition, charges from META for student and fiscal support, technology support, postage, professional development, and utility charges such as telephone, electric, garbage, water and sewer, and heating.

Open enrollment costs are the largest portion of these expenses. Open enrollment costs have steadily increased every year until FY18. Open enrollment costs went down \$101,000 in FY18 and \$71,000 in FY19. They then increased by \$110,000 in FY20. The costs for open enrollment for FY21 are projected to decrease by \$158,000. Community school costs have also been decreasing. They were \$86,000 lower in FY19 compared to FY17 with a total of \$232,000 being paid. In FY20 the district paid \$1.75 million on open enrollment (13% of the operating budget) and \$239,000 on community schools and \$171,000 in tuition to colleges for the state required College Credit Plus (CCP) program. In FY20 the CCP costs rose by \$47,000 for tuition. Overall purchased service costs decreased in FY19 partially due to Knox ESC contracted costs being lower because of fewer pre-school students being enrolled and other reduced special education services. There is a 1.8% increase projected in the remaining years of the forecast

SUPPLIES and MATERIALS

This line is used to account for all material and supply purchases. The major components of this section are classroom instructional materials, instructional software, janitorial and maintenance supplies, office supplies and diesel fuel. Instructional material budgets were increased for FY17 due to the levy passing and due to the District being required to purchase student textbooks for the College Credit Plus (CCP) program. This increased the expenses by 29%. For FY18, an additional \$50,000 was budgeted for textbooks and \$5,000 for instructional supplies to start up the elementary music and art programs that were re-instated. In addition, software was purchased for fiscal operations and district computer software upgrades. The District spent additional funds in FY19 on new elementary reading curriculum. In FY20, supply costs decreased by 12% due to lower fuel costs and overall decrease in spending due to the COVID-19 school closure. In FY21, the district decided to not replace any textbooks or curriculum due to the unexpected cuts in state funding. Also, additional funds were budgeted for fuel. Average increases of 4% are projected for the remaining years.

CAPITAL OUTLAY

This line item is used to account for capital expenditures. There are not usually many expenditures budgeted here because all purchases are made from the permanent improvement fund. The voters approved a 3 Mill Permanent Improvement Levy in March 2008. This levy generates nearly \$700,000 in revenue per year to be used for capital expenditures. In FY19 the Board of Education (BOE) purchased a property and demolished the house that was on the property. This was \$80,197 in one time expenses. Also, in March 2019 the BOE committed \$75,000 from the general fund in both FY19 and FY20 to an energy conservation project which will save the general fund in utility costs going forward. In FY21, the JR/SR High used \$30,685 instructional funds to purchase instructional equipment.

OTHER OBJECTS

This line is used to account mainly for charges from the Knox County Educational Service Center for a per pupil charge, county auditor and treasurer fees that are a percentage of tax collections, election fees, advertising delinquent tax fees, and financial audit fees. There have been minimal fluctuations in these costs over the past few years. County auditor and treasurer fees are usually about 2% of collections. In FY19 Knox County started collecting a new tax that is a % of collections that is going into a Land Bank. This resulted in an increase of almost \$14,000 in fees in FY19. There was a cost of \$7,500 charged for the November 2019 election for the bond issue. The District paid \$106,242 in one-time bond issuance costs for the Series B bond refunding. These fund were receipted as bond premium. The county auditor had excess collections of fees and decided to reduce fees for a one-time savings. This is estimated to save about \$38,000 in FY21.

OTHER FINANCING USE

This line includes any transfers or advances to other funds. Starting in FY15 there was a transfer of \$50,000 made to a severance set-aside fund each year. The District uses this fund to plan for and pay future severance expenses upon retirement from the district. The district elected to not make a transfer in FY19 due to low severance expenses over the past few years. There was an advance made to the 004 Building project fund in December 2019 that was returned in February 2020 once the bond proceeds were received.

This five-year forecast is available at the East Knox Local School District's website in the Board Section.
www.ekschools.org.