

# East Knox Local School District

Knox 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
<b>Revenues</b>									
1.010 General Property Tax (Real Estate)	6,146,148	\$6,777,688	\$7,357,190	9.41%	7,490,941	\$7,634,486	7,731,144	\$7,794,895	7,258,157
1.020 Tangible Personal Property Tax	378,866	417,315	448,552	8.82%	513,933	518,597	528,140	537,866	524,531
1.030 Income Tax									
1.035 Unrestricted State Grants-in-Aid	3,688,076	3,886,866	3,088,721	-7.57%	3,090,795	3,090,795	3,090,089	3,090,410	3,090,410
1.040 Restricted State Grants-in-Aid	84,770	84,767	180,291	56.34%	163,537	163,539	163,537	163,537	163,537
1.045 Restricted Federal Grants-in-Aid - SFSF									
1.050 Property Tax Allocation	769,316	833,433	893,451	7.77%	901,475	920,176	933,534	942,911	876,108
1.060 All Other Revenues	\$1,197,814	1,098,755	495,608	-31.58%	934,502	869,500	779,500	789,500	799,500
1.070 <b>Total Revenues</b>	<b>12,264,990</b>	<b>13,098,824</b>	<b>12,463,813</b>	<b>0.98%</b>	<b>13,095,184</b>	<b>13,197,095</b>	<b>13,225,945</b>	<b>13,319,120</b>	<b>12,712,243</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	50,000	50,000	50,000		50,000	50,000	50,000	50,000	50,000
2.050 Advances-In	10,000								
2.060 All Other Financing Sources	59,857	38,016	30,762	-27.79%	3,815	3,000			
2.070 <b>Total Other Financing Sources</b>	<b>119,857</b>	<b>88,016</b>	<b>80,762</b>	<b>-17.40%</b>	<b>53,815</b>	<b>53,000</b>	<b>50,000</b>	<b>50,000</b>	<b>50,000</b>
2.080 <b>Total Revenues and Other Financing Sources</b>	<b>12,384,847</b>	<b>13,186,840</b>	<b>12,544,575</b>	<b>0.80%</b>	<b>13,148,999</b>	<b>13,250,095</b>	<b>13,275,945</b>	<b>13,369,120</b>	<b>12,762,243</b>
<b>Expenditures</b>									
3.010 Personal Services	4,466,895	4,543,637	4,565,308	1.10%	4,705,876	5,576,252	5,938,110	6,210,715	6,466,811
3.020 Employees' Retirement/Insurance Benefits	2,292,253	2,187,655	2,179,606	-2.47%	2,200,658	2,600,237	2,784,525	2,947,379	3,115,343
3.030 Purchased Services	3,803,397	3,513,087	2,113,956	-23.73%	3,069,277	3,161,356	3,321,196	3,480,832	3,585,257
3.040 Supplies and Materials	350,762	382,152	336,616	-1.48%	533,443	585,700	609,128	633,493	658,833
3.050 Capital Outlay	75,000	36,885	35,793	-26.89%	103,400				
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	290,556	142,519	118,061	-34.06%	194,042	197,575	199,551	201,546	203,562
4.500 <b>Total Expenditures</b>	<b>11,278,863</b>	<b>10,805,935</b>	<b>9,349,340</b>	<b>-8.84%</b>	<b>10,806,696</b>	<b>12,121,120</b>	<b>12,852,510</b>	<b>13,473,966</b>	<b>14,029,806</b>
<b>Other Financing Uses</b>									
5.010 Operating Transfers-Out	50,000	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 <b>Total Other Financing Uses</b>	<b>60,000</b>	<b>50,000</b>	<b>50,000</b>	<b>-8.33%</b>	<b>50,000</b>	<b>50,000</b>	<b>50,000</b>	<b>50,000</b>	<b>50,000</b>
5.050 <b>Total Expenditures and Other Financing Uses</b>	<b>11,338,863</b>	<b>10,855,935</b>	<b>9,399,340</b>	<b>-8.84%</b>	<b>10,856,696</b>	<b>12,171,120</b>	<b>12,902,510</b>	<b>13,523,966</b>	<b>14,079,806</b>
6.010 <b>Excess of Revenues and Other Financing Sources over (under) Expenditures and Other Financing Uses</b>	<b>1,045,984</b>	<b>2,330,905</b>	<b>3,145,235</b>	<b>78.89%</b>	<b>2,292,302</b>	<b>1,078,975</b>	<b>373,434</b>	<b>-154,845</b>	<b>-1,317,563</b>
7.010 Cash Balance July 1 - Excluding Proposed Renewal/Replacement and New Levies	6,466,484	7,512,468	9,843,373	23.60%	12,988,608	15,280,910	16,359,886	16,733,320	16,578,475
7.020 <b>Cash Balance June 30</b>	<b>7,512,468</b>	<b>9,843,373</b>	<b>12,988,608</b>	<b>31.49%</b>	<b>15,280,910</b>	<b>16,359,886</b>	<b>16,733,320</b>	<b>16,578,475</b>	<b>15,260,911</b>
8.010 <b>Estimated Encumbrances June 30</b>	<b>114,188</b>	<b>62,900</b>	<b>124,694</b>	<b>26.66%</b>	<b>105,000</b>	<b>100,000</b>	<b>100,000</b>	<b>100,000</b>	<b>100,000</b>
<b>Reservation of Fund Balance</b>									
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 <b>Subtotal</b>									
10.010 <b>Fund Balance June 30 for Certification of Appropriations</b>	<b>7,398,280</b>	<b>9,780,473</b>	<b>12,863,914</b>	<b>31.86%</b>	<b>15,175,910</b>	<b>16,259,886</b>	<b>16,633,320</b>	<b>16,478,475</b>	<b>15,160,911</b>
<b>Revenue from Replacement/Renewal Levies</b>									
11.010 Income Tax - Renewal									660,000
11.020 Property Tax - Renewal or Replacement									
11.300 <b>Cumulative Balance of Replacement/Renewal Levies</b>									<b>660,000</b>
12.010 <b>Fund Balance June 30 for Certification of Contracts, Salary Schedules and Other Obligations</b>	<b>7,398,280</b>	<b>9,780,473</b>	<b>12,863,914</b>	<b>31.86%</b>	<b>15,175,910</b>	<b>16,259,886</b>	<b>16,633,320</b>	<b>16,478,475</b>	<b>15,820,911</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>7,398,280</b>	<b>9,780,473</b>	<b>12,863,914</b>	<b>31.86%</b>	<b>15,175,910</b>	<b>16,259,886</b>	<b>16,633,320</b>	<b>16,478,475</b>	<b>15,820,911</b>
<b>ADM Forecasts</b>									
20.010 Kindergarten - ADM Count					70	69	69	69	69
20.015 Grades 1-12 - ADM Count					856	858	860	860	860

**Five-Year Forecast  
Assumptions  
May 2023**

The East Knox Local School District Board of Education approved the Five-Year Forecast at their regular meeting on May 11, 2023.

**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 2022 (the collection year) for real property represents collections of 2021 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 10<sup>th</sup> attempt at passing an operating levy since 2010. 2020 was 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 increased by 10.2% due to the increase in assessed valuation. This was an additional \$631,000 in revenue compared to FY20. Tax collections for FY22 increased by 8.6%. This was an additional \$579,000 in revenue compared to FY21. Tax revenue collections are projected to average .21% decrease over the next five years. The decrease is because the emergency levy from 2016 will be up for renewal. Until that levy is renewed, it is required to reflect those potential lost tax receipts in Line 11.02. This first impacts the forecast in FY27 with a projected loss of \$660,000.

**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 collections increased by 9.6% in 2020, 10.2% in 2021, and 7.5% in 2022. In 2023 collections are estimated to increase by 14% or \$65,000. The majority of the District's Tangible Personal Property Tax revenue is from Public Utilities.

**UNRESTRICTED GRANTS-IN-AID**

***State Revenue Estimates:***

State revenue is reflected in Line 1.035. The District receives around \$60,000 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 flat enrollment and current state funding methods used. 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. 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 ended up being \$198,000. For the state biennial budget effective July 1, 2021, there were significant changes to the funding. Open Enrollment revenue is no longer be reflected in our state funding. On the other hand, the Community School Transfer and Open enrollment expenses will no longer be reflected in purchased service expenses. There is also some state funding that is now reported as restricted revenue. The result was a decrease in state funding of \$800,000 in FY22. As of March 2023, the district is still on the transitional aide guarantee for state funding for

\$567,000. The projections do not reflect any changes in the state biennial budget for July 1, 2023 since this is not known at this time.

## **RESTRICTED GRANTS-IN-AID**

Line 1.040 now consists of career technical, economic disadvantaged, gifted, English Learners, and Student Success and Wellness funding. These funds are restricted in their use to a specific purpose. These funds total about \$163,000 per 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 1.5% over the FY23 to FY26 forecast period. FY27 has a projected reduction because the emergency levy will be up for renewal. The proceeds from the renewal are reflected in Line 11.02. 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:***

Open enrollment is no longer reported through state funding. This resulted in a decrease of \$603,000 in other revenue for FY22.

### ***Interest Income:***

The District has been working with a public funds investing company since August 2017 to expand investment options. There was an increase of \$37,000 in FY20. There was then a decline of \$88,000 in FY21 and \$21,000 in FY22 due to declining rates. An increase of \$362,000 in interest revenue for FY23 is projected.

### ***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 resulting in \$91,000 in FY20, \$50,069 in FY21, and \$86,000 in FY22. 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. In FY21, there were \$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**

In FY17 the district established a severance set aside fund within the general 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. 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. In FY22, there were additional auction proceeds and BWC refunds.

## **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 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. Salaries for the next three years have been negotiated and are as follows: FY24-4%, FY25-3%, and FY26-3%. This includes an added work day to the teacher contract. In addition, certified staff will receive retention bonuses of \$1,500 per year if employment is maintained.

Salary costs increased by 2.2% in FY20, 1.7% in FY21, and only .48% in FY22. The average salary increase is projected to increase 5.9% each year through the remainder of the forecast. The district received nearly \$250,000 in ESSER funds and \$1.4 million in ESSER II funds. Approximately \$100,000 of the funds in FY21 went towards teacher salaries that came from the general fund in FY20. In FY22 approximately \$168,000 in salaries is coming from ESSER II funds for general fund positions. The funding of these four positions will continue into FY23 with ESSER funds. An additional position was also added for FY23. These five positions have been added back into the general fund in FY24. There was a high rate of teacher and administrator resignation and retirement between FY21 and FY22 and again between FY22 and FY23. This provided additional savings in salary costs. The district added one special education secretary in FY22 and two special education teachers in FY23. The district had intended to hire one more special education teacher in FY23, but there were no other qualified applicants. This position has been projected for FY24. In addition, an additional science teacher at the JR/SR High has been added to the forecast. \$215,550 have been added into the forecast in FY24 for currently funded ESSER II positions and \$35,706 in FY25. This is four general education teachers and one curriculum director/assistant principal. In addition, \$50,000 has been added in for FY25 for nursing salary when the Student Success and Wellness Funds are exhausted.

### **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 FY23-27 due to projected salary and step increases each year.

The insurance rate increase for FY20 was 2.48% and 2.76% in FY21. Overall, the retirement/benefit costs were reduced by 4.56% in FY21 due to the district taking a moratorium on insurance in December 2020. This was a onetime savings of approximately \$120,000. FY23 through FY27, benefits are projected to increase by an average of 7.5% as payroll costs and medical costs increase. The FY22 insurance rate increase was 0% and 10.27% for FY23. There is approximately \$91,000 in ESSER funds being used for retirement and benefit costs for the five positions mentioned above. These insurance benefits and other related payroll benefit costs have been added back in starting in FY24. Despite the 10.27% increase in insurance rates, insurance costs are only expected to go up by about \$2,000. The district has had significant turnover in FY23 and several new employees opted out of coverage or only took single coverage. In March 2023, there are 35 single plans and 40 family plans for the general fund compared to 30 single and 44 family plans in November 2021.

### **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 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. As mentioned in the revenue section, open enrollment costs and community school costs will no longer be reflected as an expense in the forecast. The purchased service expenses went down approximately \$1.4 million in FY22 as a result.

In FY21, purchased services decreased by 7.6% due to lower open enrollment, lower utility costs, and a reduction in the cost for services for the Knox ESC. In FY22, there was a 39% decrease due to the change in reporting open enrollment and community schools. There is a projected 45% increase in FY23 due to increased utility costs (\$43,000), the addition of a second School Resource Officer (\$70,000), increased ESC costs due to increasing the

pay rate for educational aides, the cost of having the ESC preschools on campus, and the overall increased cost of ESC services (\$580,000), and additional costs for special education tuition and transportation at other facilities (\$135,000). There is a 3% increase projected in the remaining years of the forecast. In addition, contracted social workers and a nurse are currently being paid from carryover Student Success and Wellness Funds. The cost for social workers (\$65,000) has been added in for FY25 and nursing (\$60,000) in FY26 due to the exhaustion of these funds.

## **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. 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 FY22, overall supply costs were lower than anticipated for instructional supplies and curriculum. On the other hand, costs increased significantly for diesel fuel. For FY23, a 58% increase in cost is projected. This includes a projected \$30,000 in diesel fuel and an additional \$125,000 for instructional supplies, curriculum, and software that wasn't spent in FY22. Average increases of 5% 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 over \$700,000 in revenue per year to be used for capital expenditures. In March 2019 the BOE committed \$75,000 from the general fund in both FY19 and FY20 to an energy conservation project which has saved the general fund in utility costs going forward. In FY21, the JR/SR High used \$30,685 instructional funds to purchase instructional equipment and additional funds in FY22 to purchase playground equipment. In FY23, the BOE has committed \$103,400 to a cellular infrastructure project at the JR/SR High. The BOE has discussed purchasing buses in the future out of general funds, but there is no specific plan at this time.

## **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 2020, the District paid \$106,242 in one-time bond issuance costs for the Series B bond refunding. These funds were receipted as bond premium. The county auditor had excess collections of fees and decided to reduce fees temporarily. This saved about \$38,000 in FY21. The only anticipated fluctuation in this line is the increase in auditor/treasurer fees which is estimated to be \$77,000 in FY23.

## **OTHER FINANCING USES**

This line includes any transfers or advances to other funds. In 2017, the district established a severance set aside fund. The District uses this fund to plan for and pay future severance expenses upon retirement from the district. 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](http://www.ekschools.org)**.