

East Knox Local School District

Knox 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
Revenues										
1.010 General Property Tax (Real Estate)	\$6,068,253	6,146,148	\$6,777,688	5.78%	\$7,356,692	\$7,417,006	\$7,519,962	\$7,615,843	\$7,678,705	
1.020 Tangible Personal Property Tax	345,510	378,866	417,315	9.90%	448,551	470,240	479,177	488,292	497,585	
1.030 Income Tax										
1.035 Unrestricted State Grants-in-Aid	3,982,847	3,688,076	3,886,866	-1.01%	3,058,860	3,082,825	3,083,144	3,083,464	3,083,785	
1.040 Restricted State Grants-in-Aid	84,646	84,770	84,767	0.07%	180,827	180,827	180,827	180,827	180,827	
1.045 Restricted Federal Grants-in-Aid - SFSF										
1.050 Property Tax Allocation	762,151	769,316	833,433	4.64%	884,940	893,475	907,841	921,421	930,955	
1.060 All Other Revenues	1,032,392	\$1,197,814	1,098,755	3.88%	444,150	439,650	442,150	452,150	462,150	
1.070 Total Revenues	12,275,799	12,264,990	13,098,824	3.36%	12,374,020	12,484,024	12,613,101	12,741,997	12,834,007	
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		10,000								
2.060 All Other Financing Sources	17,300	59,857	38,016	104.75%	30,565					
2.070 Total Other Financing Sources	17,300	119,857	88,016	283.12%	80,565	50,000	50,000	50,000	50,000	
2.080 Total Revenues and Other Financing Sources	12,293,099	12,384,847	13,186,840	3.61%	12,454,585	12,534,024	12,663,101	12,791,997	12,884,007	
Expenditures										
3.010 Personal Services	4,369,440	4,466,895	4,543,637	1.97%	4,616,394	4,810,787	5,262,001	5,530,688	5,770,405	
3.020 Employees' Retirement/Insurance Benefits	2,172,001	2,292,253	2,187,655	0.49%	2,222,979	2,435,342	2,675,802	2,840,494	3,005,961	
3.030 Purchased Services	3,705,286	3,803,397	3,513,087	-2.49%	2,262,743	2,352,315	2,399,361	2,447,349	2,496,296	
3.040 Supplies and Materials	399,202	350,762	382,152	-1.59%	458,034	457,250	475,540	494,562	514,344	
3.050 Capital Outlay	156,657	75,000	36,885	-51.47%	33,147					
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	182,455	290,556	142,519	4.15%	118,199	137,426	138,800	140,188	141,590	
4.500 Total Expenditures	10,985,041	11,278,863	10,805,935	-0.76%	9,711,495	10,193,119	10,951,503	11,453,280	11,928,595	
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		60,000	50,000		50,000	50,000	50,000	50,000	50,000	
5.050 Total Expenditures and Other Financing Uses	10,985,041	11,338,863	10,855,935	-0.52%	9,761,495	10,243,119	11,001,503	11,503,280	11,978,595	
6.010 Excess of Revenues and Other Financing Sources over (under) Expenditures and Other Financing Uses	1,308,058	1,045,984	2,330,905	51.40%	2,693,090	2,290,905	1,661,598	1,288,718	905,412	
7.010 Cash Balance July 1 - Excluding Proposed Renewal/Replacement and New Levies	5,158,426	6,466,484	7,512,468	20.77%	9,843,373	12,536,463	14,827,368	16,488,966	17,777,684	
7.020 Cash Balance June 30	6,466,484	7,512,468	9,843,373	23.60%	12,536,463	14,827,368	16,488,966	17,777,684	18,683,096	
8.010 Estimated Encumbrances June 30	138,548	114,188	64,630	-30.49%	105,000	105,000	105,000	105,000	105,000	
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	6,327,936	7,398,280	9,778,743	24.55%	12,431,463	14,722,368	16,383,966	17,672,684	18,578,096	
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	6,327,936	7,398,280	9,778,743	24.55%	12,431,463	14,722,368	16,383,966	17,672,684	18,578,096	
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	6,327,936	7,398,280	9,778,743	24.55%	12,431,463	14,722,368	16,383,966	17,672,684	18,578,096	
ADM Forecasts										
20.010 Kindergarten - ADM Count					69	69	69	69	69	
20.015 Grades 1-12 - ADM Count					828	828	828	828	828	

**Five-Year Forecast
Assumptions
May 2022**

The East Knox Local School District Board of Education approved the Five-Year Forecast at their regular meeting on May 12, 2022.

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 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 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 revenue collections are projected to average 2.5% increase over the next five years with the largest increase projected in FY22 of 8.5% or \$579,000.

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 2018 collections increased by 5.5% in 2019, 9.6% in 2020, and 10.2% in 2021 and have averaged a 9.9% increase over the past three years. In 2022 collections are estimated to increase by 7.5% or \$31,000. 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 \$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 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. To start FY21, the information available to districts was to anticipate the same level/reduction of funding for FY21 as FY20. 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 new state biennial budget effective July 1, 2021, there are significant changes to the funding. Open Enrollment revenue will 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 is a decrease in state funding of \$828,000 in FY22.

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 \$180,000 per year. This was an increase of almost \$100,000. 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 2.2% over the FY22 to FY26 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. The District received \$584,000 in open enrollment revenue in FY21. As previously mentioned, ODE is changing its funding process. Open enrollment is no longer reported through state funding. This resulted in a decrease of \$585,000 in other revenue for FY22.

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. There was then a decline of \$88,000 in FY21 due to declining rates. The District has been working with a public funds investing company since August 2017 to expand investment options. A decline of \$21,000 in interest revenue for FY22 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 \$125,000 in FY19, and \$91,000 in FY20, and \$50,069 in FY21. 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 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. 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. In FY22, there are 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 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. FY24-26 salary increases are not board approved and will need to be negotiated. Bases raises of 2.25-2.5% have been projected. These are for projection purposes only.

Salary costs increased by 2.9% in FY19, 2.2% in FY20, and 1.7% in FY21. The average salary increase is projected to increase 4.6% 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 normal general fund positions. This is for four positions and will continue into FY23. These four 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. This provided additional savings in salary costs of nearly \$100,000. The district added one special education secretary. The district attempted to hire additional special education teachers, but it was difficult to find qualified applicants. One new intervention specialist position has been budgeted for in FY23 in hopes of finding a new person. In addition, an administrative position for FY24 has been added. The position will start in FY23 and be paid from ESSER II funds for one year.

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 FY22-26 due to projected salary and step increases each year.

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 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. FY22 through FY26, benefits are projected to increase by an average of 6% as payroll costs and medical costs increase. The FY22 insurance rate increase was 0% and will be 10.27% for FY23. There is approximately \$53,000 in ESSER funds being used for retirement and benefit costs for four positions mentioned above. These insurance benefits and other related payroll benefit costs have been added back in starting in FY24 for the four positions mentioned under personal services.

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. 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 \$1.8 million as a result.

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 and went down again in FY21 by \$172,000. 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. 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 is a 37% decrease projected due to the change in reporting open enrollment and community school. There is an anticipated increase in utility costs (\$80,000) and special education services of \$221,000. There is a 2.5% 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. 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, costs are expected to increase by \$76,000 due to increased costs of fuel/supplies and purchases for the band and the new preschool classroom. Average increases of 3% 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 and additional funds in FY22 to purchase playground equipment. There are no major purchases projecting going forward, but the Board of Education has discussed purchasing buses in the future out of general funds.

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 saved about \$38,000 in FY21. The only anticipated fluctuation in this line is the increase in auditor/treasurer fees as tax collections increase.

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. 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.