

PAFR

POPULAR ANNUAL FINANCIAL REPORT



For the year ending June 30, 2020

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, 2020. 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

23201 Coshocton Road, Howard, OH 43028

p. 740.599.2502

f. 740.599.5863

www.ekschools.org

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)	FY20	FY19	FY18
Property Taxes	\$6,525	\$6,414	\$6,340
Unrestricted State Aid	3,636	3,932	3,993
Restricted State Aid	85	85	79
Property Tax Allocation	769	762	747
Casino Revenue	52	51	50
All Other Revenues	1,092	1,032	850
Total Receipts and Resources	\$12,159	\$12,276	\$12,059

DISBURSEMENTS & SERVICES PROVIDED (shown in thousands)	FY20	FY19	FY18
Instruction	\$7,317	\$6,950	\$6,737
Pupil Support	601	612	594
Instructional Staff Support	115	109	138
Board/Administration/Fiscal	1,291	1,250	1,163
Plant Operation	842	952	890
Transportation	613	608	569
Central Support	150	179	167
Extracurricular	213	216	196
Non-Instructional Services	31	29	27
Facilities, Acquisitions & Construction	—	80	—
Bond Issuance Costs	106	—	—
Total Disbursements and Services	\$11,279	\$10,985	\$10,481
Receipts and Resources Over Disbursements and Services	\$880	\$1,291	\$1,578



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 administrating 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.

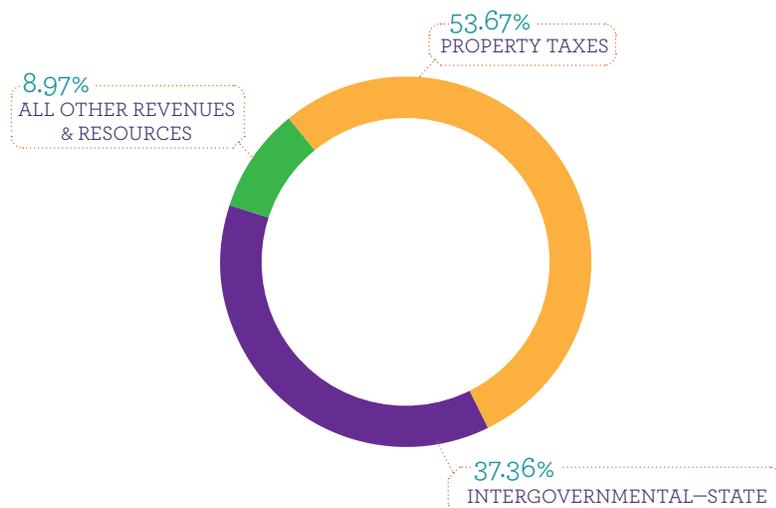
NON-INSTRUCTIONAL SERVICES those activities concerned with providing non-instructional services to students, staff or the community. Also includes providing certain services to other school districts.

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.

BOND ISSUANCE COSTS are the professional and registration fees associated with the issuance of bonds by an issuer to investors.

GENERAL FUND RECEIPTS & RESOURCES

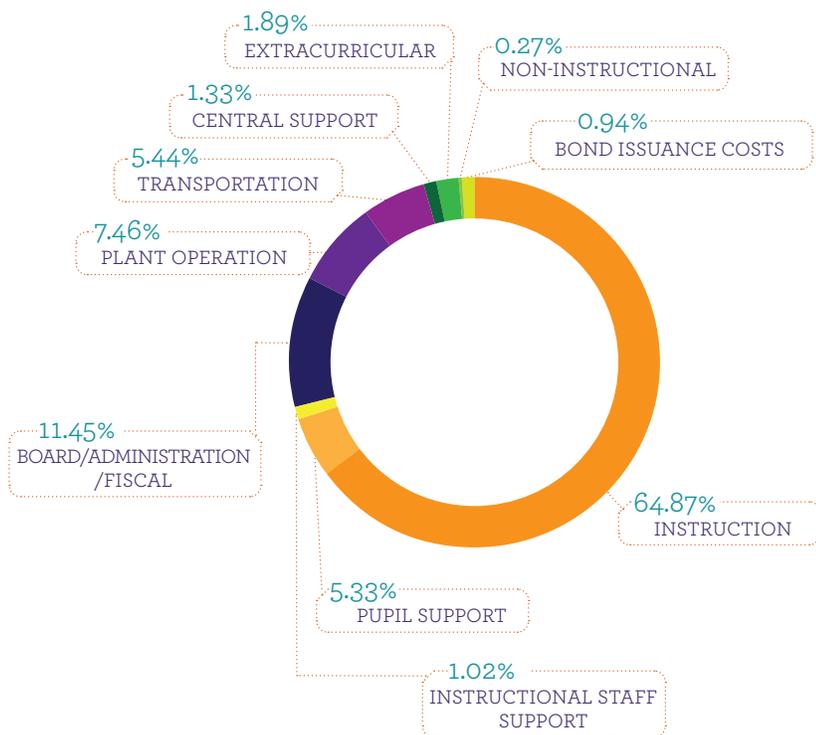
The graph below displays the cash-basis receipts and resources for the General Fund for fiscal year 2020.



TOTAL \$12,159
 Receipts & Resources
 (shown in thousands)

GENERAL FUND DISBURSEMENTS & SERVICES

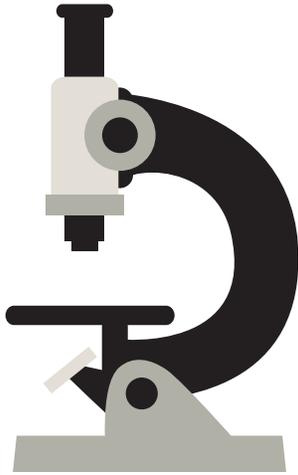
The graph below displays the cash-basis disbursements and services provided for the General Fund for fiscal year 2020.



TOTAL \$11,279
 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.

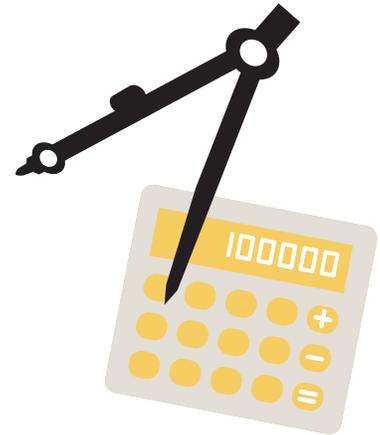


UNBUNDLING THE TAX RATE

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 2020 tax year collected in 2019.

TAX BURDEN ON HOMEOWNERS

Type	Gross Rate	Effective Rate	Length Approved
Inside-Operating	4.50	4.50	Permanent
Voted-Operating	30.70	15.50	Permanent
Voted—Emergency Levy	3.99	3.99	10 Year
Permanent Improvement	3.00	2.44	Permanent
Bond Retirement	5.89	5.89	Various



ASSESSED VALUES OF REAL PROPERTY

Collection Year	Agricultural/ Residential	Commercial/ Industrial	Other Real Estate	Public Utility Personal	Total
2020	\$279,596,350	\$9,635,880	\$422,298	\$11,667,790	\$301,322,318
2019	\$274,655,580	\$7,798,160	\$511,618	\$9,458,150	\$292,423,508
2018	\$272,071,100	\$6,895,450	\$589,180	\$8,991,160	\$288,546,890

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
2019-2020	\$525,128	95.43	\$1,749,551	300.78	\$(1,224,423)	\$(239,343)	\$(1,463,766)
2018-2019	\$453,644	76.50	\$1,634,833	275.43	\$(1,181,189)	\$(227,125)	\$(1,408,314)
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)

*full-time equivalent

OUR TAXES AS COMPARED TO NEIGHBORING DISTRICTS

School	Equivalent Millage (property + income)	School	Equivalent Millage (property + income)
Loudonville*	40.44	Mount Vernon	32.68
Clear Fork*	35.56	East Knox	32.32
Danville*	35.53	North Fork*	32.06
Centerburg*	33.30	Northridge	31.04
		Fredericktown	28.13

*has an income tax in effect

2019–2020

DISTRICT ACCOMPLISHMENTS



ACADEMIC

- 2020 Graduation rate was 98.6%
- Inducted 14 new members into the National Honor Society
- 8th Grade student won Knox County Spelling Bee Championship
- Worked with Knox Public Health to ensure June high school graduation during Covid-19
- Purchased curriculum through the ongoing work of the District Leadership Team in coordination with instructional staff



FINANCIAL

- Finished fiscal year 2020 within budget for the 7th straight year and improved the District's cash balance
- Received the Ohio Auditor of State Award for financial reporting for fiscal year 2019
- 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 and general funds to make energy efficient improvements (LED lighting and HVAC controls) to the elementary building. Utility costs were reduced by \$72,372 in fiscal year 2020 for the District
- Utilized permanent improvement funds for the following projects:
 - Renovated field house restrooms and baseball concession stand, purchased a new bus, replaced the softball and football field fencing, and added a softball batting cage
- Issued \$19 million in bonds for the construction of a new junior/senior high school at a true interest cost of 2.13%, compared to the 4.5% that had originally been estimated earlier in 2019 for ballot planning. This will save taxpayers nearly \$3.8 million over the 37-year repayment schedule
- Negotiated three-year contract with certified staff



EXTRACURRICULAR

- Varsity Football team finished 13-1, made a state final four appearance, and broke the school record for wins in a season
- Varsity Golf had its second consecutive conference championship
- Varsity Volleyball won its first sectional championship in school history
- Varsity Girls Basketball won a sectional championship



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