

FWCS

2013 Budget

September 24, 2012

Budget Adoption Calendar

* Board Meetings

**September 10 &
September 17**

Budget and levy advertised

***September 24**

Public budget presentation

***October 8**

**Public hearings:
Budget
Bus Replacement Fund Plan
Capital Projects Fund Plan**

***October 22**

Adoption of budget and plans

By Feb. 2013:

**Budget order issued by Dept. of
Local Government Finance**

Funds to Approve

- **Property Tax Supported:**

- Racial Balance
- Capital Projects
- Transportation
 - Operations
 - Bus Replacement
- Debt Service & Pension Bond
- Museum of Art



- **Other:**

- General

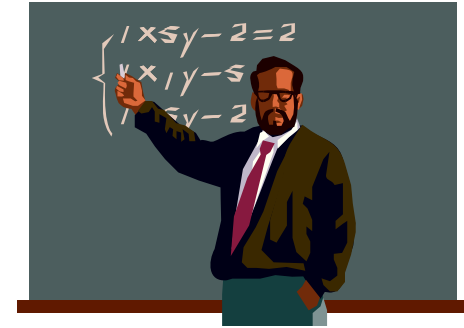
Board Approval Required

1. 2013 Appropriations (budget) & 2013 Maximum Levy (property tax)
2. Bus Replacement Fund Plan – 12 years
3. Capital Projects Fund Plan – 3 years
 - Closing of budgets for completed projects
4. 2013 Pension Bond tax neutrality
5. 2012 Budget Reductions

NEW for 2013

- **General Fund Revenue**
 - funding formula could be changed in middle of 2013
 - second enrollment count in February could impact future revenues
 - 2013 long session will determine next formulas
- **Debt**
 - \$119 million referendum project, repayment begins in 2013
 - South Side payments complete in 2012
- **2012 law changes included issues that increase property taxes in 2013**
 - Pension bond neutrality reduced temporarily
 - CPF formula corrected

General Fund

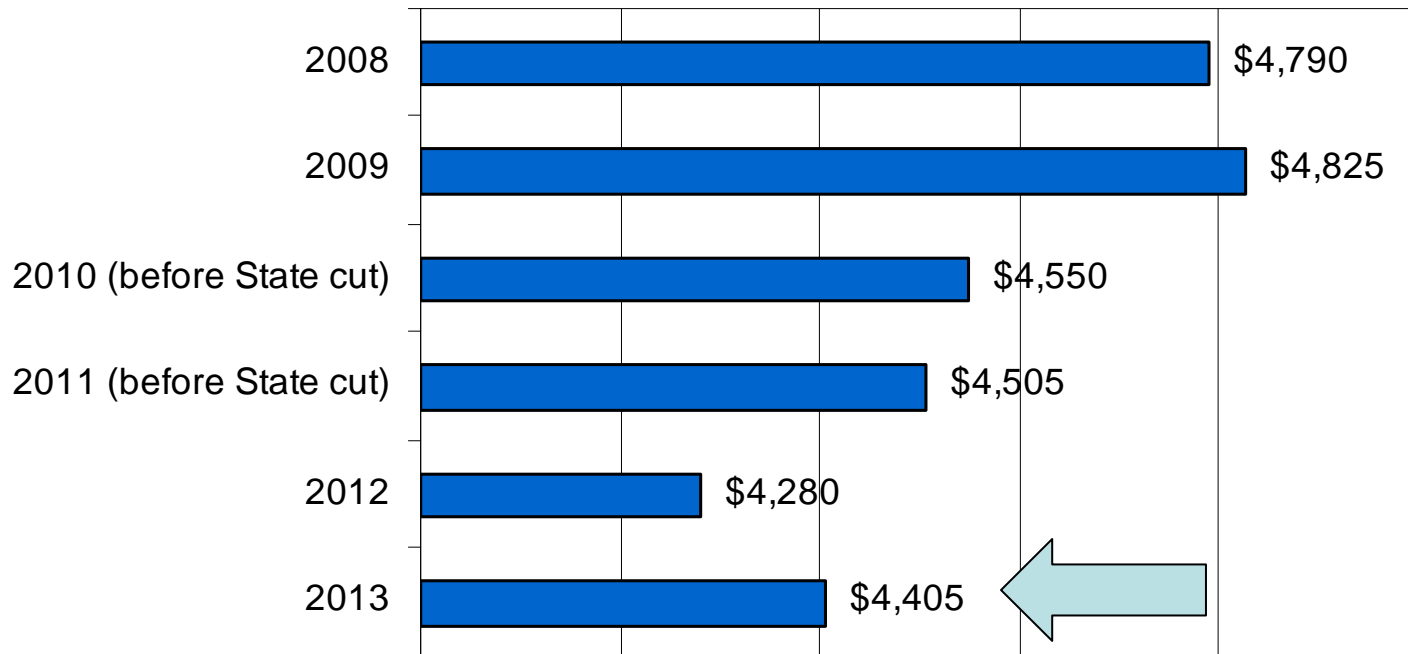


- Revenue funded primarily by State taxes
 - Formula expires 6-30-13 and may change from calendar year to fiscal year
 - Advised by state to use original 2013 formula for this budget
- Expenditures:
 - Salaries & fringe benefits
 - Teachers, administrators, clerical
 - Operating costs
 - Custodial, utilities, insurance, legal
 - School materials & supplies

Tuition Support Factors

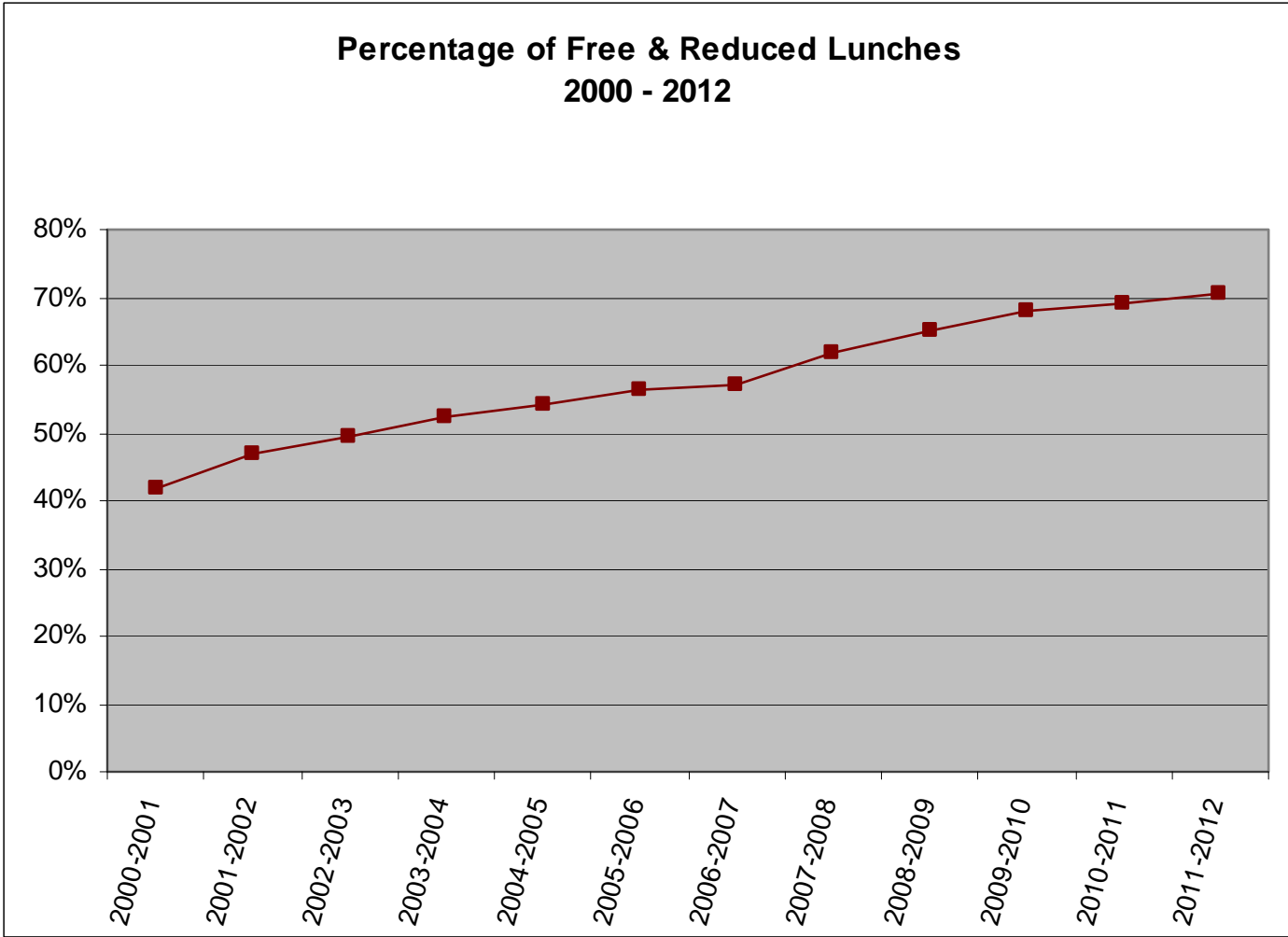
$$\begin{aligned} & \text{State Foundation Amount} \\ & \quad \times \\ & \quad \underline{\text{FWCS Complexity Index}} = \\ & \text{Normal Amount Per Pupil} \\ & \quad + \\ & \quad \underline{\text{State Adjustments}} = \\ & \text{Final Amount Per Pupil} \\ & \quad \times \\ & \quad \underline{\text{ADM (Average Daily Membership)}} = \\ & \text{Tuition Support Revenue} \end{aligned}$$

Tuition Support Factors State Foundation Amount



Tuition Support – 2013 Complexity Index & Total Per Pupil

	2012			2013			Change
	Formula	Summary		Formula	Summary		
Free & reduced lunch rate 2010-11	68.30%		10-11	68.30%			
Times State multiplier	0.4974			0.4972			
	0.3397			0.3396			
Add 1	1			1			
	1.3397	1.3397	\$1,637	1.3396	1.3396	\$1,591	(\$45.60)
Subtract State factor	-1.28			-1.31			
Bonus for high complexity schools	0.0597	0.0597	73	0.0296	0.0296	35	(37.82)
Complexity index - FWCS	1.3994	\$1,710		1.3692	\$1,626		(\$83.42)
Multiplied by per pupil foundation amount	\$4,280	\$4,280		\$4,405	\$4,405		\$125.00
Normal amount per pupil	\$5,990	\$5,990		\$6,031	\$6,031		\$41.58
Enrollment grant (\$150,000/ADM)	5	5		5	5		-
Total per pupil	\$5,995	\$5,995		\$6,036	\$6,036		\$41.58



Tuition Support State Adjustments

- Restoration & Small School Grants eliminated but replaced
- NEW for 2012 & 2013
 - Districts 500-1,000 receive \$150 per pupil
 - Districts greater than 1,000 students receive flat amount of \$150,000 (**about \$5/pupil for FWCS**)
 - **7-year transition down** - Additional funding provided if 2012 formula less than prior year
 - 65% of districts get \$148 million more than formula (**not FWCS**)
 - If allocated to all in formula, foundation would increase \$119/student (**\$3.4 million for FWCS**)

Special Education Revenue

<u>Exceptionality</u>	<u>Count</u>	2013 <u>Amount per Pupil</u>	<u>Revenue Total</u>
Severe	638	\$8,350	5,327,300
Mild & Moderate	3,285	\$2,265	7,440,525
Communication & Homebound	1,754	\$533	934,882
Preschool	384	\$2,750	1,056,000
	<hr/> 6,061		<hr/> 14,758,707

Full-Day Kindergarten

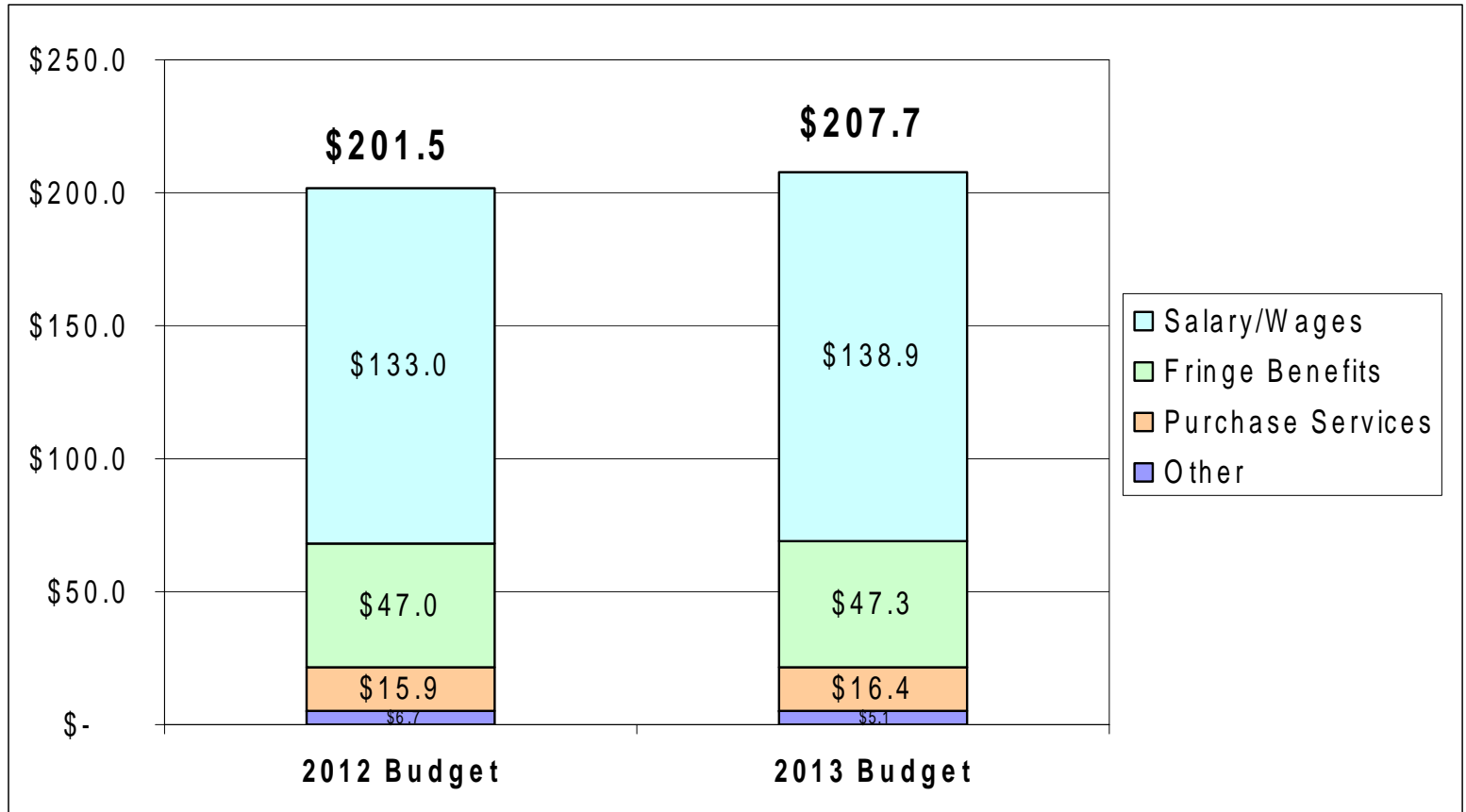
Increased during 2012 General Assembly

	State Funding Provided	If Fully Funded	Difference
FWCS per pupil funding (1st–12th grade) Kindergarten = 1/2	<u>\$6,036</u> \$3,018	\$6,036	
Plus full-day kindergarten grant: Increased amount effective 2012	<u>\$2,400</u>		
FWCS State funding for kindergarten	\$5,418	\$6,036	-\$618
Times number of kindergarten students 2013 Estimate (in millions)	<u>2,447</u> \$13.3	<u>2,447</u> \$14.8	<u>2,447</u> -\$1.5
2012 original estimate at 2011 rates	<u>10.3</u>		
Increase in FWCS kindergarten funding	\$3.0		

General Fund Revenue

<u>Funding</u>	<u>Estimate 2012</u>	<u>Estimate 2013</u>	
Tuition Support	\$172,213,586	\$170,877,130	
Academic Honors Diploma	455,400	455,400	
Special Education	14,758,707	14,758,707	
Voc Ed	1,858,425	1,858,425	
Prime Time	3,165,215	3,402,606	
Total State Revenue per Formula	192,451,333	191,352,268	
Miscellaneous Revenue:			
Full-Day Kindergarten	5,949,600	5,872,800	
Indirect Costs	1,078,000	1,078,000	
Interest	700,000	700,000	
Other	2,193,280	2,579,108	
Total General Fund Revenue	\$202,372,213	\$201,582,176	-0.4%

General Fund Expenditures



General Fund Expenditures

General Fund Increases:

Move Building Coaches from Stimulus	2,373,000
14 fewer teachers	(980,000)
New Positions:	830,000
5 Assistant Principals to MS	
Assistant Principal to New Tech	
Elementary Technology Coordinator	
10 Elementary Data Trainers	
LEAD Bonuses/steps where applicable	2,400,000
Summer School (revenue dependent)	273,000
Substitutes if needed	500,000
PERF increase	327,000
Insurance - Buildings	384,000
Student Support	87,000
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	6,194,000

Property Tax Supported Funds

Issues affecting each fund:

1. Circuit Breaker
2. Pension Bond Neutrality

Circuit Breaker (Tax Cap) Loss by Fund

	<u>2009 Actual</u>	<u>2010 Actual</u>	<u>2011 Actual</u>	<u>2012 Estimated</u>	<u>2013* Estimated</u>	<u>5-year Total</u>
General Fund	19,670					19,670
Racial Balance Fund	124,151	426,950	544,834	576,408	750,000	1,672,342
Pension Debt Fund	69,423	248,015	322,615	351,673	-	991,726
Debt Service Fund	220,301	816,962	1,210,877	1,062,145	-	3,310,285
DOE Debt					-	-
Transportation Fund	320,733	1,076,969	1,399,426	1,582,207	2,200,000	4,379,336
Bus Replacement Fund	23,257	41,256	296,292	211,781	280,000	572,585
Capital Projects	375,229	1,349,450	1,718,368	1,725,338	2,350,000	5,168,385
Museum of Art Fund	4,281	8,155	17,141	12,953	25,000	42,530
Total	1,157,044	3,967,756	5,509,553	5,522,506	5,605,000	16,156,859
Less State Aid	-	(1,275,363)	n/a	n/a	n/a	(1,275,363)
Levy Decreased	1,157,044	2,692,393	5,509,553	5,522,506	5,605,000	14,881,496
 Certified Levy	 59,650,698 1.9%	 58,416,290 4.6%	 60,276,386 9.1%	 56,507,873 9.8%	 66,471,497 8.4%	

*Circuit Breaker will no longer be allocated to debt funds, their share will be distributed to other funds

Pension Bond Tax Neutrality

- Since 2005
 - FWCS, like most Indiana school districts, has been repaying a pension bond (required by the state to be in compliance)
 - Bond payments are tax neutral by cutting other property tax supported funds (\$29 million to date)

Pension Bond Tax Neutrality

- **2012 General Assembly Change**
 - Temporary change for pension bond neutrality
 - 2013 - only 25% required neutralized, results in one time tax increase for FWCS and many other districts that will then be removed over the following three years
 - 2014 - 50%
 - 2015 - 75%
 - 2016 and beyond - full compliance at 100%
 - Reduced tax neutrality requirement provides additional funds for 3 years

Pension Bond Tax Neutrality

Budget Reductions Required:

	<u>2012</u>	<u>2013</u>	<u>Change</u>	<u>Since Inception 2005</u>
Capital Projects	\$2,299,542	-		\$20,012,159
Bus Replacement	695,827	877,439		6,559,653
Transportation	596,423	-		2,269,103
	\$3,591,792	\$877,439	-\$2,714,353	\$28,840,915

*Debt repayment and reductions end 2021

Property Tax Supported Funds

1. Debt Service
2. Racial Balance
3. Capital Projects
4. Transportation
5. Bus Replacement
6. Museum of Art

Debt Service Funds

	<u>Final Payment</u>	<u>2012</u>	<u>2013</u>	<u>Change</u>	<u>\$100,000 Home</u>
2012 Referendum Estimated Payment	2033	\$ -	\$ 4,100,000	\$ 4,100,000	\$17.03
First phase to be sold 4th quarter 2012					
South Side	2012	1,877,288	-	(1,877,288)	(7.35)
North Side	2017	7,495,000	7,495,000	-	1.79
Food Service Center	2017	1,279,600	1,278,800	(800)	0.30
New Tech - 2009	2025	168,578	171,080	2,502	0.05
New Tech - 2010	2022	106,500	106,500	-	0.03
State Technology Loans	2014	2,433,667	2,737,529	303,862	1.84
Interest on tax anticipation warrants (if needed)		50,000	50,000	-	0.01
Unfunded textbooks		310,097	-	(310,097)	(1.21)
Debt Service Fund		\$ 13,720,730	\$ 15,938,909	\$ 2,218,179	\$12.49
State CPF Loan Fund	2013	\$ -	755,469	755,469	
Pension Bond Fund	2021	3,885,193	3,887,303	2,110	
		\$ 17,605,923	\$ 20,581,681	\$ 2,971,225	

Impact of Debt Service Fund Change

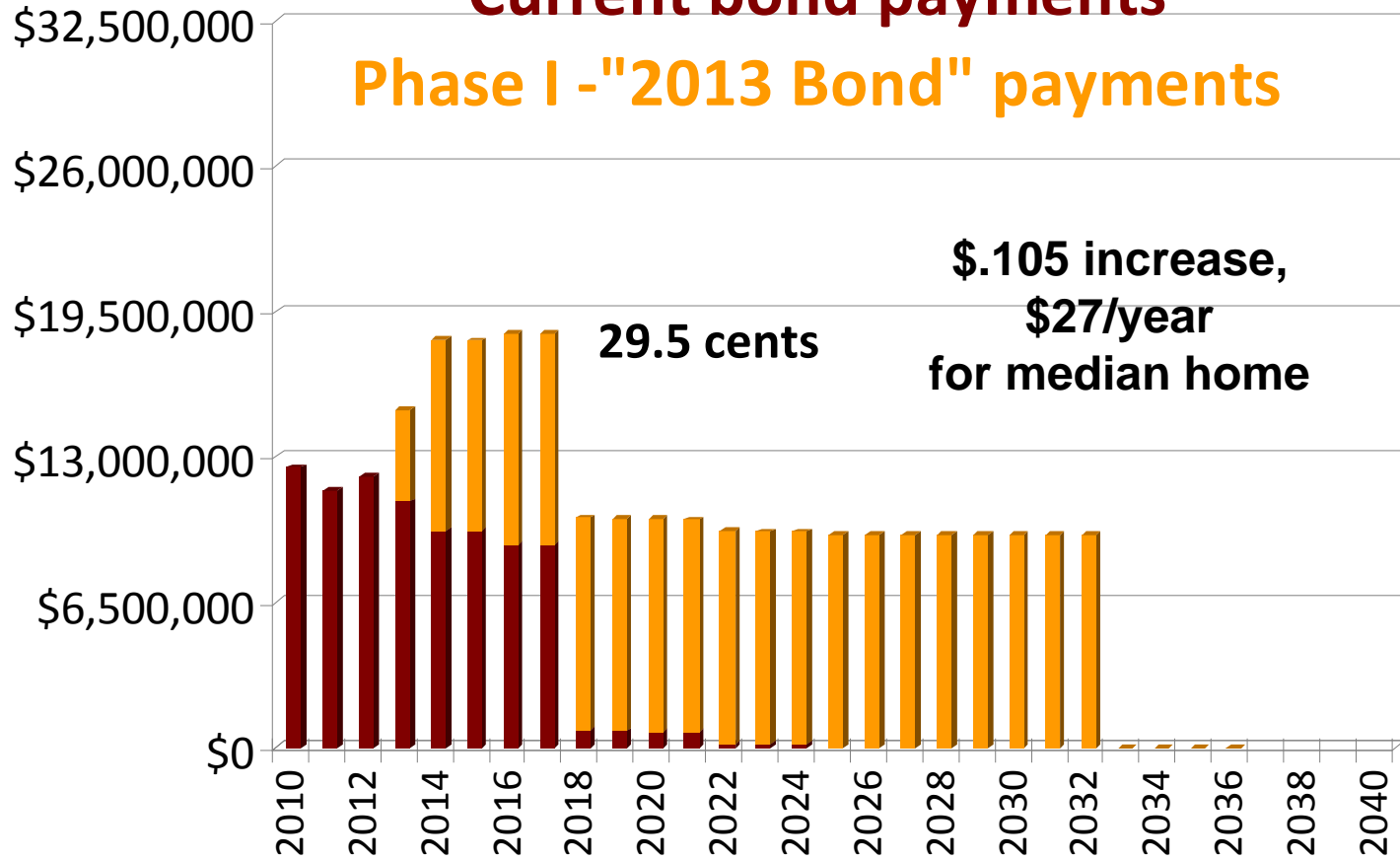
	2013 <u>Change</u>	\$100,000 <u>Home</u>
2012 Referendum Estimated Payment <i>First phase to be sold 4th quarter 2012</i>	\$4,100,000	\$23.08
South Side	(1,877,288)	(10.57)
	2,222,712	12.51
State Technology Loans	303,862	1.71
Unfunded textbooks	(310,097)	(1.75)
Remainder of debt	1,702	0.01
	\$2,218,179	\$12.49

Expected to be \$27 by 2014

Debt Structuring Example

Current bond payments

Phase I - "2013 Bond" payments



**\$.105 increase,
\$27/year
for median home**

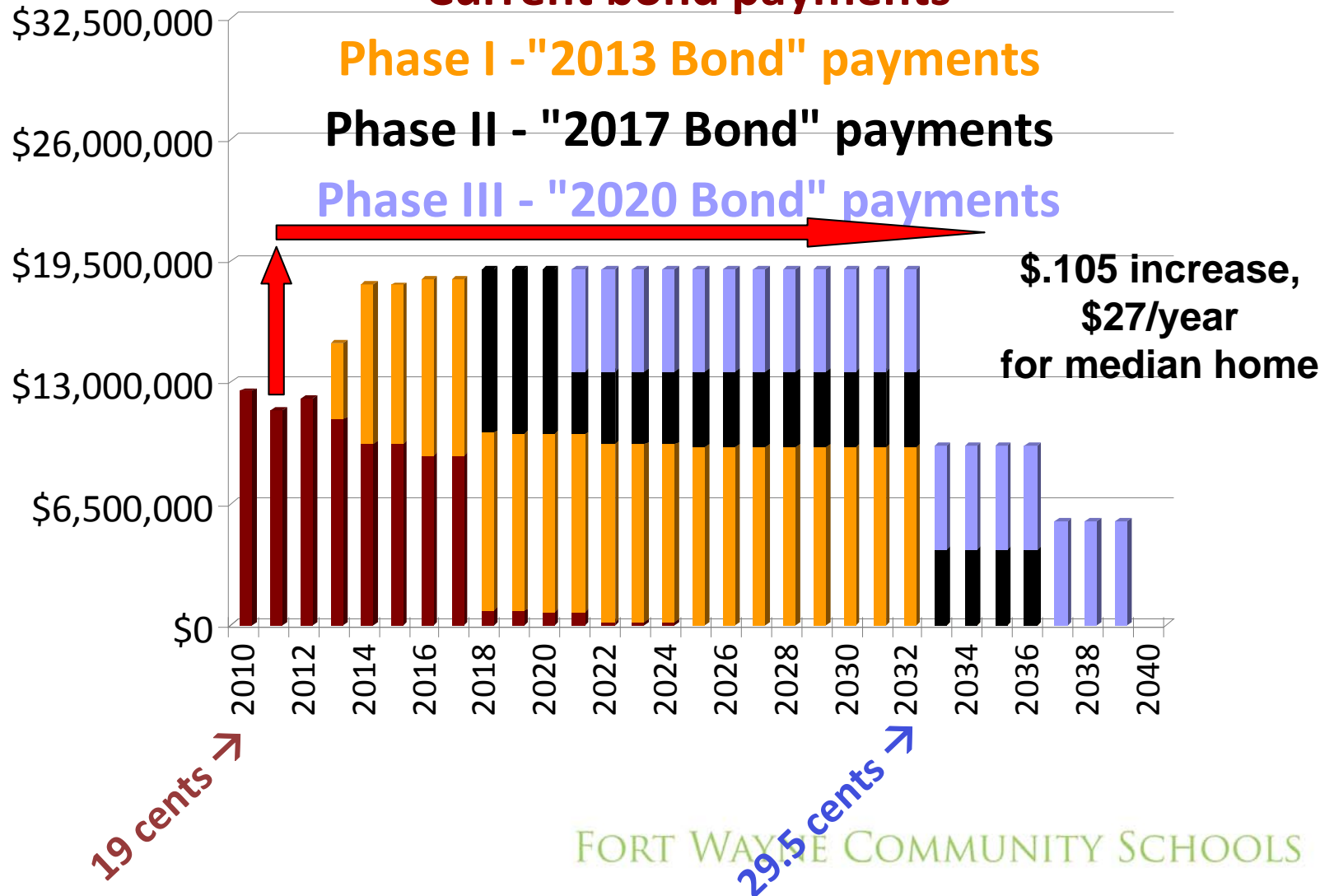
29.5 cents

19 cents →

14.6 cents →

Debt Structuring Example

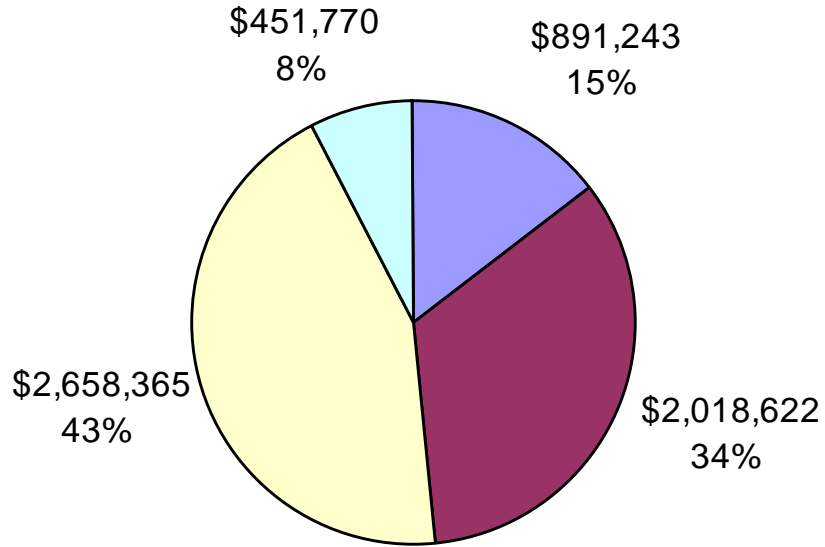
Current bond payments



Racial Balance Fund

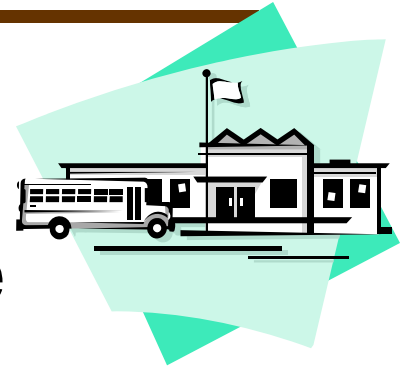
- Established in 1989
- Funding provided by a reduction in CPF
- Provides resources that encourage and sustain a diverse student environment
 - Magnet schools
 - Student Support
 - Teacher Coaches
- Circuit breaker estimated loss \$590,000

Racial Balance
2013 Budget \$6,610,000
(\$6,020,000 net of Circuit Breaker)



- Bunche & Young Preschools
- Magnet Schools
- Instructional Coaches
- Student Support

Capital Projects Fund (CPF)



- 3-year plan required by State
- 62 buildings, average age 55 years
- Lower than other districts due to Racial Balance Fund

2013 CPF Legislative Levy Changes

1. CPF Formula Correction - DLGF required to correct the maximum CPF levy for school districts with declining assessed values
 - Since 2007, FWCS allowed levy \$2.6 million less than correct formula
 - Formula corrected for 2013 and results in levy increase
 - General Assembly provided a loan from the State General Fund to correct 2012, with repayment required in 2013 from the Debt Service Fund, results in an additional levy increase, will be reversed in 2014
2. Pension Neutrality reduced so increase to CPF allowed

CPF Budget Increase Source of Funds

New for 2013:

DLGF formula correction	\$755,469
Reduced pension bond neutrality	2,299,542
Circuit breaker shift from debt funds	(624,662)

2,430,349

Annual closed projects

2,027,776

\$4,458,125

Capital Projects Fund Budget Overview

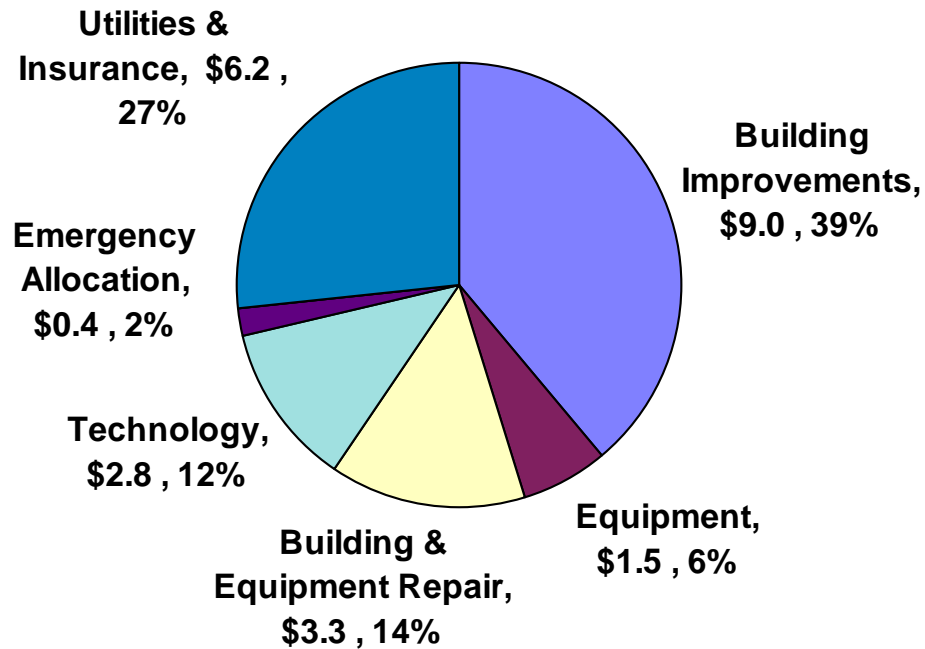
	<u>2012</u>	<u>2013</u>	<u>Change</u>
Building Improvements	\$ 4,768,620	\$ 9,037,048	\$ 4,268,428
Equipment	1,275,000	1,455,000	180,000
Building & Equipment Repair	3,310,574	3,287,574	(23,000)
Technology	2,740,549	2,798,246	57,697
Emergency Allocation	400,000	400,000	-
Land	50,000	25,000	(25,000)
	<hr/>		
	\$ 12,544,743	\$ 17,002,868	\$ 4,458,125
Utilities & Insurance	6,179,026	6,179,026	-
	<hr/>		
Total expected budget	\$ 18,723,769	\$ 23,181,894	\$ 4,458,125

Building Improvements

	<u>2012</u>	<u>2013</u>	<u>% of total</u>	<u>Change</u>
Professional Services	\$ 75,000	\$ 75,000	0.8%	\$ -
Roof Replacement	1,400,000	1,600,000	17.7%	200,000
Site Improvements	335,000	590,000	6.5%	255,000
General Building Systems	414,055	1,852,048	20.5%	1,437,993
Mechanical/Electrical	765,000	1,500,000	16.6%	735,000
HVAC Replacement	1,144,469	1,600,000	17.7%	455,531
Traffic/Safety	300,000	600,000	6.6%	300,000
School Programmatic Needs	55,096	680,000	7.5%	624,904
Hazardous Materials	160,000	190,000	2.1%	30,000
A.D.A. Projects	-	230,000	2.5%	230,000
School Sports Facilities	120,000	120,000	1.3%	-
	\$ 4,768,620	\$ 9,037,048	100.0%	\$ 4,268,428

Capital Projects Fund
2013 Recommended Budget \$28,031,894

\$23,181,894 net of
Circuit Breaker, & Assessed Value Allowance



Transportation Funds



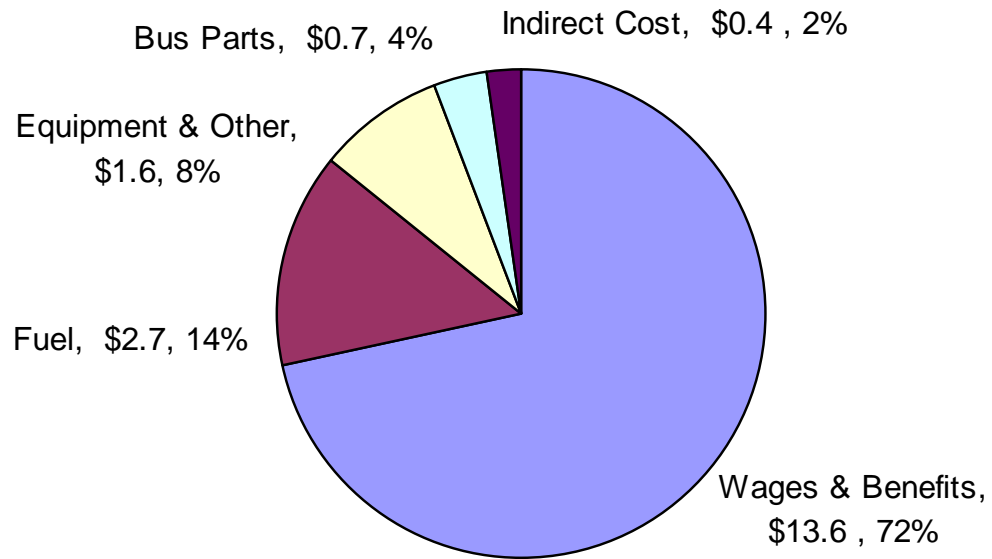
- Operations
 - Drivers, fuel, maintenance
 - Annual budget determined by state formula, supported by property taxes
- Bus Replacement – **New formula in 2013**
 - Previous replacement of buses 12 years old
 - New formula based on value of fleet divided by 12

Service Provided

- 145.7 square miles covered, 1700 bus routes
- 3.6 million miles traveled by 350 buses each year
- Over 25,000 students transported

Transportaton Fund 2013 Recommended Budget \$21,177,000

\$18,977,000 net of Circuit Breaker



Bus Replacement Maximum Levy **NEW** for 2013

<u>Bus Type</u>	<u>Number</u>	<u>Allowed Amount</u>	<u>Total</u>	<u>Divide by 12</u>
A	44	\$48,453	\$2,131,932	\$177,661
B	0	83,825	-	-
C	0	88,055	-	-
D	306	111,372	34,079,832	2,839,986
	<u>350</u>	<u>\$331,705</u>	<u>\$36,211,764</u>	<u>\$3,017,647</u>

Assessed Value Growth Quotient	<u>1.028</u>
2013 Bus Replacement Maximum Levy	\$3,102,141
Less: Pension Bond Neutrality	(899,605)
Less: Circuit Breaker	<u>(280,000)</u>
	<u>\$1,922,536</u>

Bus Replacement Plan

Passenger Bus Size	2012 Inventory	2013	
		Replacement Schedule (12 yr buses)	Funding Available
15	44	0	0
24	45	4	4
48	44	8	8
84	217	22	5
Total	350	34	17
Budget		\$3,786,648	\$1,893,324

Museum of Art Fund



- Pass through to Fort Wayne Museum of Art
- To provide ongoing programs for our students
- Budget same at \$185,500

2013 Expected Budget

	2013 Budget to Approve	Reductions			2013 Budget Expected
		Assessed Value Allowance	Tax Neutrality	Est. Circuit Breaker	
General	\$ 207,670,000				\$ 207,670,000
Racial Balance	6,610,000			750,000	5,860,000
Capital Projects	28,031,894	2,500,000	-	2,350,000	23,181,894
Pension Debt	3,887,303				3,887,303
Debt Service	15,938,909				15,938,909
State CPF Loan	755,469				755,469
Museum of Art	185,500			25,000	160,500
Bus Replacement	3,786,648	338,252	900,000	280,000	2,268,396
Transportation	21,177,000		-	2,200,000	18,977,000
	\$ 288,042,723	\$ 2,838,252	\$ 900,000	\$ 5,605,000	\$ 278,699,471

2012 & 2013 Budget Comparison

	<u>2012 Budget*</u>	<u>2013 Budget Expected</u>	<u>Budget Change</u>
General	\$ 201,525,000	\$ 207,670,000	\$ 6,145,000
Racial Balance	6,228,592	5,860,000	(368,592)
Capital Projects	18,723,769	23,181,894	4,458,125
Pension Debt	3,533,520	3,887,303	353,783
Debt Service	12,658,585	15,938,909	3,280,324
State CFP Loan	-	755,469	755,469
Museum of Art	131,319	160,500	29,181
Bus Replacement	3,080,837	2,268,396	(812,441)
Transportation	19,173,793	18,977,000	(196,793)
	\$ 265,055,414	\$ 278,699,471	\$ 13,644,057
			5.1%

* net of circuit breaker

Budget Change Summary

	<u>\$ Increase</u>	<u>% Increase</u>
DLGF CPF formula correction	\$1,510,938	0.6%
Reduced pension bond neutrality	2,714,353	1.0%
Annual closed projects for CPF	2,027,776	0.8%
New debt	4,405,564	1.7%
Removal of debt	(2,187,385)	-0.8%
Appropriation changes	5,172,811	2.0%
	<u>\$13,644,057</u>	<u>5.1%</u>



2013 Budget & Levy by Fund

	<u>2013 Budget To Approve</u>	<u>2013 Budget Expected</u>	<u>Estimated Levy</u>	<u>Tax Rate</u>
General	\$ 207,670,000	\$ 207,670,000	\$ -	\$ -
Racial Balance	6,610,000	5,860,000	5,780,002	0.0872
Capital Projects	28,031,894	23,181,894	20,294,952	0.3063
Pension Debt	3,887,303	3,887,303	3,509,755	0.0530
Debt Service	15,938,909	15,938,909	13,394,728	0.2021
State CPF Loan	755,469	755,469	688,988	0.0104
Museum of Art	185,500	160,500	185,630	0.0028
Bus Replacement	3,786,648	2,268,396	2,202,141	0.0332
Transportation	21,177,000	18,977,000	17,214,230	0.2598
	\$ 288,042,723	\$ 278,699,471	\$ 63,270,426	\$ 0.9547
2012		\$ 265,055,414	\$ 56,507,773	\$ 0.8527
Change		\$ 13,644,057	\$ 6,762,653	\$ 0.1020

Estimated Impact for \$100,000 home (FWCS portion only, before tax credits)

		<u>% Increase to total tax bill</u>
<u>Expected FWCS Changes:</u>		
Debt Service (new debt, South Side off, Technology)	\$12.49	
Transportation annual increase allowed by State	2.12	
Other changes	(1.22)	
	\$13.39	1.3%
 <u>2013 Legislative Changes:</u>		
New State law provisions for CPF	7.14	
Temporary increase: new State law provision for pension bond neutrality - will decrease over next 3 years	12.90	
	20.04	1.9%
 2013 Increase	\$33.42	3.2%

Recap of 2013

- General Fund Revenue
 - funding formula could be changed in middle of 2013
 - second enrollment count in February could impact future revenues
 - 2013 long session will determine next formulas
- Debt
 - \$119 million referendum project, repayment begins in 2013
 - South Side payments complete in 2012
- 2012 law changes included issues that increase property taxes in 2013
 - Pension bond neutrality reduced temporarily
 - CPF formula corrected

Next Steps – 2013 Budget

October 8

Public hearings:

Budget

Bus Replacement Fund Plan

Capital Projects Fund Plan

October 22

Adoption of budget and plans



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September 24, 2012

FORT WAYNE COMMUNITY SCHOOLS