

FWCS 2017 Budget

September 26, 2016

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Agenda

- State Budget Requirements
- General Fund
- Property Tax Supported Funds
- Total Expected Budget and Comparisons
- Key Take-Aways



Budget Adoption Calendar

September 26

Public Budget Presentation
Budget advertised on Gateway

September 27

Capital Projects & Bus Replacement
advertised in newspapers

October 10

Public Hearings:
Budget
Bus Replacement Plan
Capital Projects Fund Plan

October 24
By Feb. 15, 2017

Adoption of Budget and Plans
Budget Order issued by State





Board Approval Required

- ✓ 2017 Appropriations (budget) & 2017 Maximum Levy (property tax)
- ✓ Bus Replacement Fund Plan – 12 years
- ✓ Capital Projects Fund Plan – 3 years
 - ✓ Closing of budgets for completed projects
- ✓ 2017 Pension Bond Tax Neutrality



Major Funds to Approve

General Fund

Capital
Projects
Fund

Transportation
& Bus
Replacement

Debt

Racial Balance



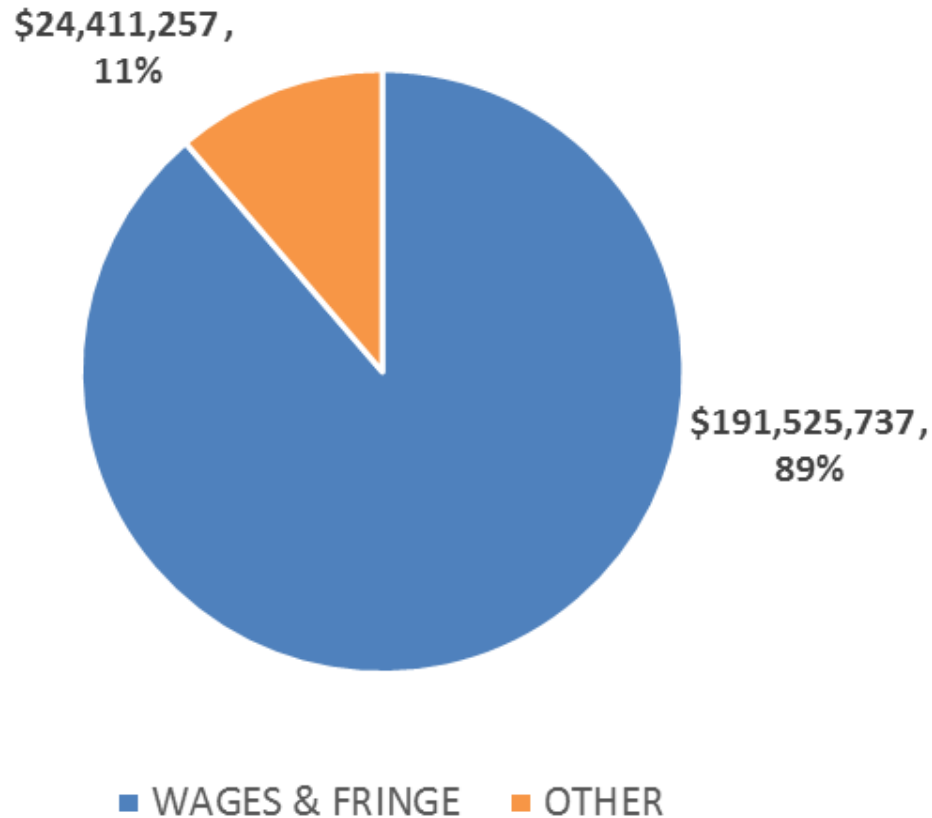
General Fund

- Revenue funded primarily by State taxes
 - School Funding Formula
- Expenditures
 - Salaries and Fringe Benefits
 - Teachers, administrators, aides, clerical, maintenance
 - Operating Costs
 - Custodial, utilities, insurance, legal
 - School Materials and Supplies



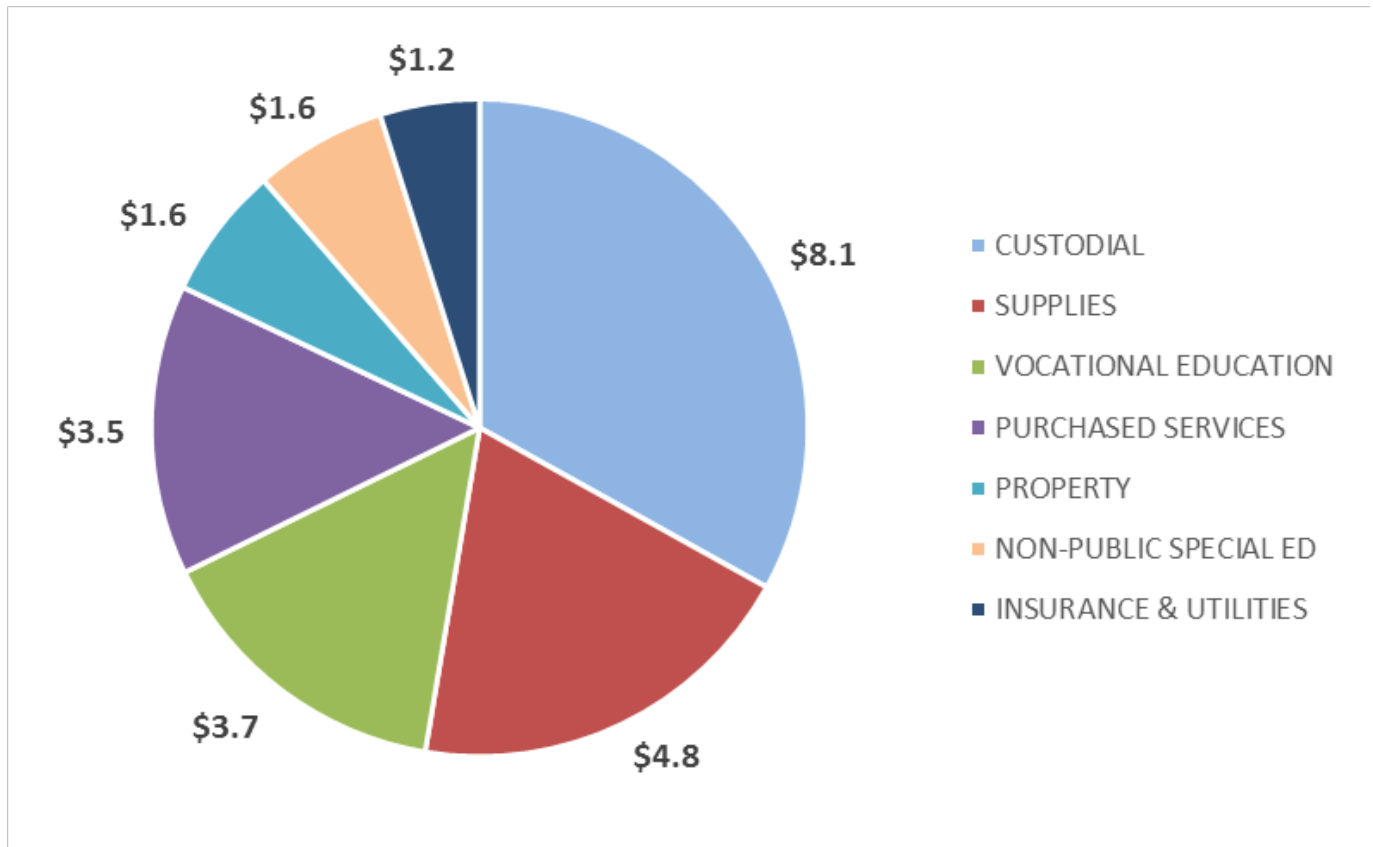
General Fund 2017 Budget

\$215,936,994



General Fund

General Fund 2017 Budget Excluding Wages & Fringes (in millions)



General Fund



Funding Formula Factors

Amount Per Pupil

FWCS

Foundation: Provided per pupil to all school districts

Complexity: Provides additional resources to all districts based on percent of students with needs

	<u>Foundation</u>	<u>Complexity</u>	<u>Total</u>	
2014-15	\$4,610	\$1,610	\$6,220	
2015-16	\$4,967	\$1,303	\$6,270	0.8%
2016-17	\$5,088	\$1,342	\$6,430	2.5%

General Fund



Funding Formula Factors

(ADM) Average Daily Membership

*The number of students funded
as of 9-16-16*

		Unofficial	
	<u>15-16</u>	<u>16-17</u>	<u>Change</u>
Total Count	29,654	29,528	(126)
Students Funded	28,620	28,591	(29)
(excludes preschool)			

General Fund



General Fund Revenue Summary

	<u>2016</u>	<u>2017</u>	
Foundation	\$ 143,247,036	\$ 145,650,935	1.7%
Complexity	37,681,949	38,416,579	1.9%
Total Tuition Support	180,928,985	184,067,514	1.7%
Special Ed	15,861,647	15,844,896	-0.1%
Honors Diploma	478,200	478,200	0.0%
Voc Ed	1,745,397	1,736,444	-0.5%
Total State Formula	199,014,229	202,127,054	1.6%
Miscellaneous	4,749,585	5,058,393	6.5%
Total Revenue	\$ 203,763,814	\$ 207,185,447	1.7%

General Fund



Property Tax Supported Funds

Debt

Racial
Balance

Capital
Projects
Fund

Transportation
& Bus
Replacement



Property Tax Supported Funds

Property Tax Reductions

1. Circuit Breaker
2. Pension Bond Tax Neutrality
3. Potential – Business Personal Property Tax Elimination



Property Tax Reductions

1. Circuit Breaker (Tax Cap) Loss

	2009-2015	2016	2017
	Loss Subtotal	Estimated	Estimated
			(if 20% increase)
General Fund	19,670		
Racial Balance Fund	3,771,857	744,178	1,175,000
Pension Debt Fund	2,144,037	418,913	-
Debt Service Fund	8,149,734	1,459,926	-
State CPF Loan (only 2013)	78,835	-	-
Referendum Debt (start 2013)	24,051	10,435	-
Transportation Fund	10,630,480	2,280,194	3,507,000
Bus Replacement Fund	1,282,928	214,892	436,000
Capital Projects	11,767,799	2,204,940	3,675,000
Museum of Art Fund	106,843	21,740	34,000
Total	37,976,234	7,355,217	8,827,000
Less State Aid (2009 not eligible & 2010)	(1,275,363)		
Levy Decreased by Circuit Breaker	36,700,871	7,355,217	8,827,000
Estimated Levy before Circuit Breaker	435,050,915	67,226,584	71,365,938
Circuit Breaker loss as a % of Estimated Levy	8.4%	10.9%	12.4%

State waiver allows circuit breaker to be allocated to debt funds in 2014-2016. In 2017 debt circuit breaker will be shifted to other funds.



Property Tax Reductions

2. 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
 - Ends in 2021



Property Tax Reductions

2. Pension Bond Tax Neutrality

Budget Reductions Required:

	Actual	Estimated	Since
	<u>2016</u>	<u>2017</u>	<u>2005-2017</u>
Capital Projects	\$2,000,000	\$2,000,000	\$30,178,916
Bus Replacement	1,422,171	-	11,084,824
Transportation	-	1,200,000	3,950,851
	\$3,422,171	\$3,200,000	\$45,214,591

Note: Debt repayment and reductions end 2021

Property Tax Reductions

3. Potential – Business Personal Property Tax Elimination

- Ordinance introduced by City Councilman Arp
- Would eliminate Business Personal Property Tax on new equipment purchases
- Over time, as equipment replaced, there will be a shift to other property taxpayers that may be at circuit breaker limit
- FWCS current portion of existing tax estimated at \$10 million
- Estimated \$500,000 loss year one and then will compound every year thereafter
- If passed, could result in additional cuts to Transportation, Capital Projects and General Fund



Property Tax Reductions

What could be done if funds not lost?

- Racial Balance – more support for students
- Capital Projects – replacement schedules up to date with pay-as-you-go projects; more funds available for General Fund
- Transportation – more service for students
- Bus Replacement – 12-year replacement schedules up to date



A. Debt Service Fund

- North Side & Nutrition Services Center end in 2017
- Remainder mostly technology loans

B. Referendum Debt Fund

- Includes funding for next bond issues

C. Pension Debt Fund



Debt Service \$12,634,287

Referendum \$13,054,000

	<u>Final</u> <u>Payment</u>	<u>Budget</u> <u>2016</u>	<u>Budget</u> <u>2017</u>	<u>Change</u>
North Side	2017	\$7,490,000	\$7,485,000	(\$5,000)
Nutrition Services Center	2017	1,280,400	1,284,300	3,900
New Tech - 2009	2025	163,310	160,720	(2,590)
New Tech - 2010	2022	106,500	106,500	-
State Technology Loans	2015	4,007,183	3,299,224	(707,959)
Interest on tax anticipation warrants	if needed	50,000	50,000	-
Unfunded textbooks		234,551	248,543	13,992
A Debt Service		13,331,944	12,634,287	(697,657)
B Referendum Debt	2033	6,689,000	13,054,000	6,365,000
Total		\$20,020,944	\$25,688,287	\$5,667,343
<i>Max Rate Promised</i>		<i>0.3028</i>	<i>0.3028</i>	
<i>Estimated Tax Rate</i>		<i>0.2734</i>	<i>0.2979</i>	



Pension Debt Budget

\$3,522,121

	<u>Final Payment</u>	<u>Budget 2016</u>	<u>Budget 2017</u>	<u>Change</u>
C Pension Bond Fund (tax neutral)	2021	3,519,790	3,522,121	2,331
<u>Estimated Pension Bond Neutrality</u>				
Capital Projects Fund		2,000,000	2,000,000	
Bus Replacement Fund		1,422,171	-	
Transportation		-	1,200,000	



Debt



Racial Balance

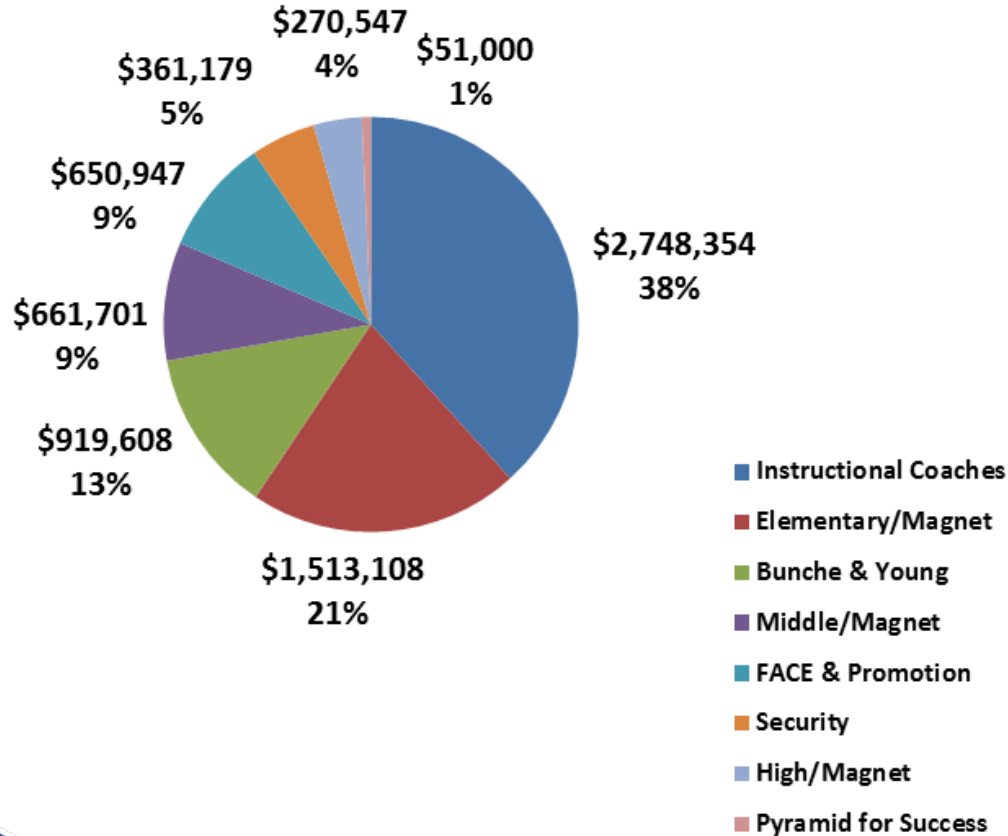


- Funding provided by a reduction in CPF
- Established in 1989
- Provides resources that encourage and sustain a diverse student environment
 - Magnet Schools
 - Family and Student Support
 - Teacher Coaches



Racial Balance Budget

\$7,176,444



Note: Net of Circuit Breaker

Racial Balance



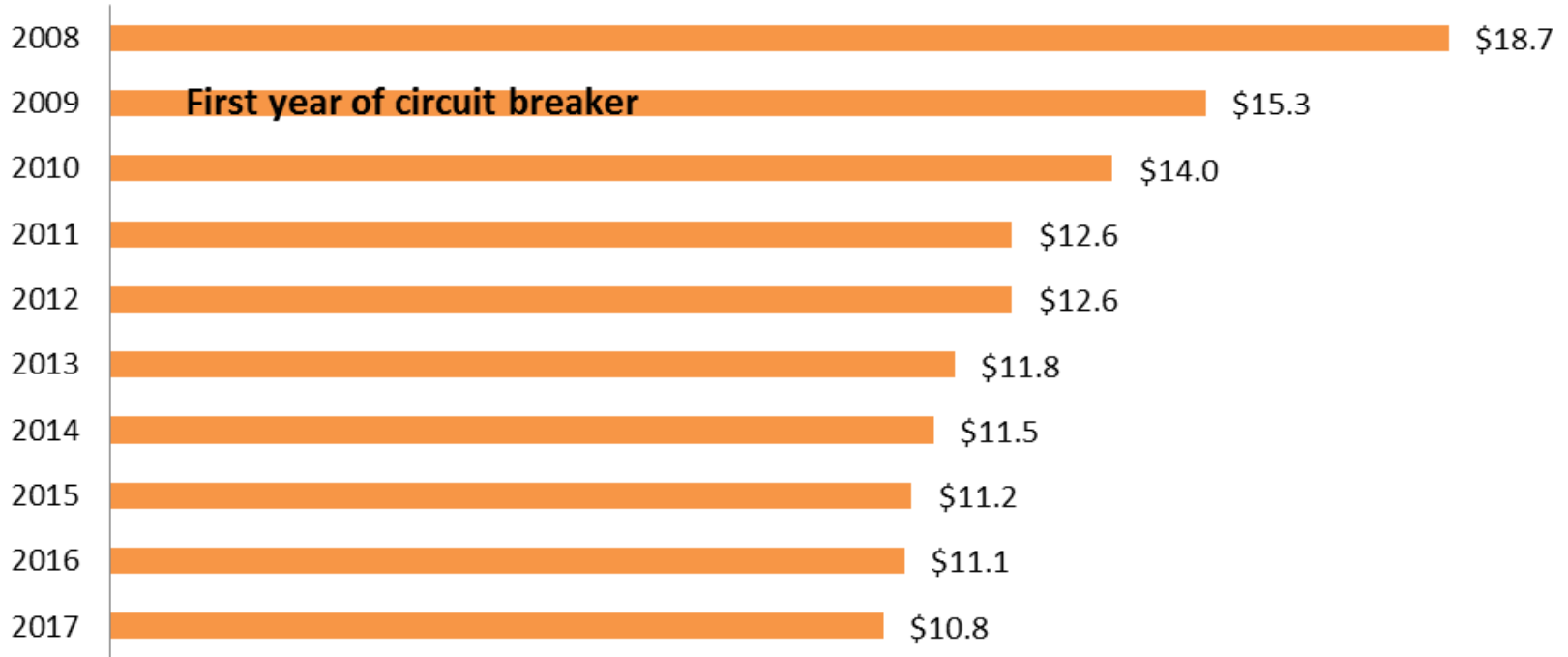
Capital Projects Fund



- 3-year plan required by State
- Lower than other districts due to Racial Balance Fund
- 63 buildings (51 schools); average age 58 years
- 15 schools still without complete air conditioning after Phase I Project

Capital Projects Fund Revenue

(in millions)



Note: Not including levy for utilities and insurance





Capital Projects Three-Year Plan

	2017	2018	2019
Building Improvements	\$3,564,000	\$3,019,249	\$2,794,249
Equipment	1,369,665	1,291,421	1,260,350
Building & Equipment Repair	3,665,238	3,597,264	3,612,726
Technology	1,820,000	1,820,000	1,805,000
Emergency Allocation	200,000	200,000	200,000
Land	250,000	150,000	125,000
	10,868,903	10,077,934	9,797,325
Utilities & Insurance	6,179,026	6,179,026	6,179,026
Total Plan	\$17,047,929	\$16,256,960	\$15,976,351





Two-Year Comparison

	Approved <u>2016</u>	Proposed <u>2017</u>	<u>Change</u>
Building Improvements	\$ 3,475,000	\$ 3,564,000	\$ 89,000
Equipment	1,150,268	1,369,665	219,397
Building & Equipment Repair	3,366,526	3,665,238	298,712
Technology	3,182,726	1,820,000	(1,362,726)
Emergency Allocation	200,000	200,000	-
Land	100,000	250,000	150,000
	\$ 11,474,520	\$ 10,868,903	\$ (605,617)
Utilities & Insurance	6,179,026	6,179,026	-
Total expected budget	\$ 17,653,546	\$ 17,047,929	\$ (605,617)
Allowances in Approved Budget (likely all subtracted)			
Pension Bond neutrality		2,000,000	
Circuit Breaker		3,675,000	
Budget to Approve		\$ 22,722,929	

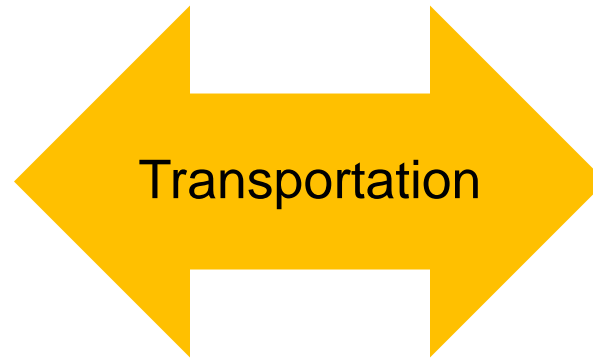




CPF Building Improvements

	Approved	Proposed	
	<u>2016</u>	<u>2017</u>	<u>Change</u>
Professional Services	\$ 75,000	\$ 75,000	\$ -
Multi-Building Project	-	-	-
Roof Replacement	910,000	964,000	54,000
Site Improvements	215,000	150,000	(65,000)
General Building Systems	345,000	500,000	155,000
Mechanical/Electrical	400,000	495,000	95,000
HVAC Replacement	900,000	800,000	(100,000)
Traffic/Safety	300,000	200,000	(100,000)
School Programmatic Needs	30,000	30,000	-
Hazardous Materials	150,000	150,000	-
A.D.A. Projects	50,000	50,000	-
School Sports Facilities	100,000	150,000	50,000
	\$ 3,475,000	\$ 3,564,000	\$ 89,000





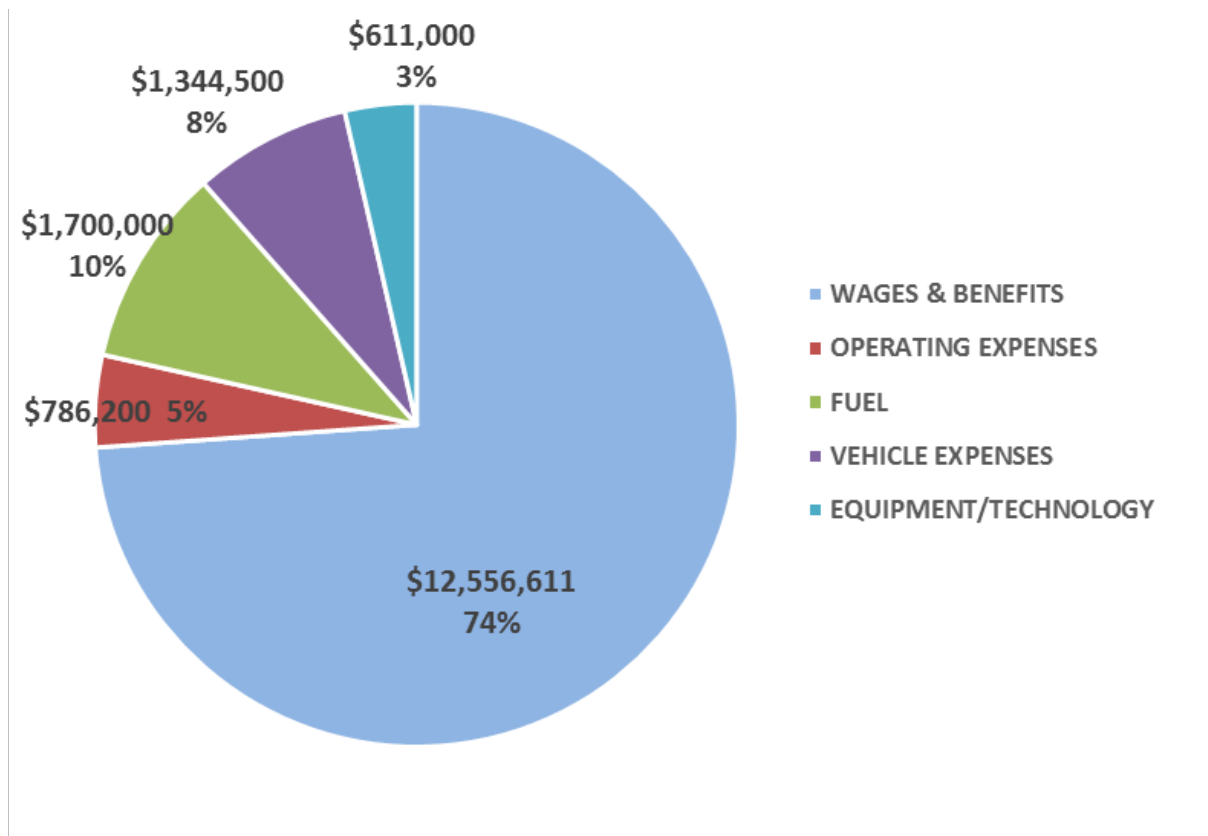
- 254 buses and 45 activity buses
- 1,145 routes (includes regular, Special Ed, midday, activity, Study Connection)
- 145 square miles
- Over 3 million miles traveled



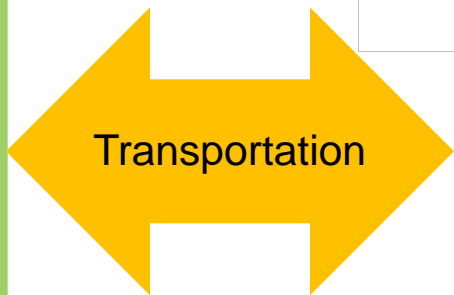


Transportation Budget

\$16,387,311



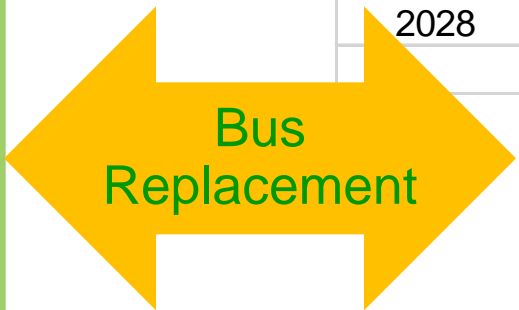
Note: Net of Circuit Breaker & Pension Bond Neutrality





12-Year Bus Replacement Plan

Passenger	<u>Replacement Schedule</u>					Total Cost
	14	24	48	84	Total	
2017	13		3	34	50	\$ 4,867,699
2018	3	6	2	20	31	\$ 3,483,521
2019	2	2	6	20	30	\$ 3,568,550
2020		2	6	20	28	\$ 3,612,700
2021	11	4		2	17	\$ 1,357,820
2022		3		2	5	\$ 688,457
2023		2	6	20	28	\$ 4,063,744
2024	16			14	30	\$ 2,993,606
2025		8	8	17	33	\$ 5,125,605
2026				8	8	\$ 1,328,776
2027		6	2	8	16	\$ 2,689,978
2028		12	11		23	\$ 3,898,964
	45	45	44	165	299	\$ 37,679,420



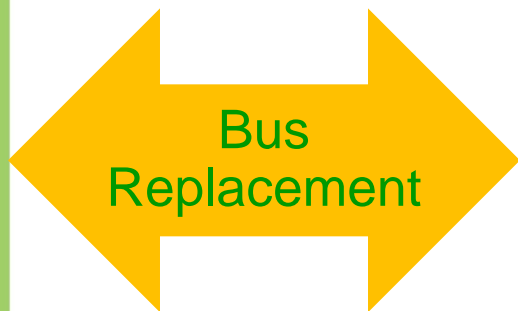


Bus Replacement Budget

\$3,351,000

<u>Passenger</u>	<u>Replacement Schedule</u>	<u>Cost per Bus</u>	<u>Total Cost</u>	2017 Expected		<u>Not Purchased</u>	<u>Funding Unavailable</u>
14	13	\$44,000	\$572,000	13	\$572,000	0	\$0
24	0	\$115,256	\$0		\$0	0	\$0
48	3	\$109,277	\$327,831	3	\$327,831	0	\$0
84	34	\$116,702	\$3,967,868	21	\$2,450,742	13	-\$1,517,126
Total	50		\$4,867,699	37	\$3,350,573	13	-\$1,517,126

Note: Net of Circuit Breaker





Museum of Art Budget

\$185,500

- Pass through to Fort Wayne Museum of Art to provide ongoing programs for our students
- Budget same at last year





2017 Expected Budget

		Reductions		
			Est.	
	2017 Budget to Approve	<u>Tax Neutrality</u>	<u>Circuit Breaker</u>	2017 Budget Expected
General	\$ 215,936,994			\$ 215,936,994
Racial Balance	8,351,444		1,175,000	7,176,444
Capital Projects	22,722,929	2,000,000	3,675,000	17,047,929
Pension Debt	3,522,121			3,522,121
Debt Service	12,634,286			12,634,286
Referendum Debt	13,054,000			13,054,000
Museum of Art	185,500		34,000	151,500
Bus Replacement	3,787,000		436,000	3,351,000
Transportation	21,094,311	1,200,000	3,507,000	16,387,311
	\$ 301,288,585	\$ 3,200,000	\$ 8,827,000	\$ 289,261,585



2016 and 2017 Budget Comparison

	2016 <u>Budget*</u>	2017 Budget <u>Expected</u>	Budget <u>Change</u>
General	\$216,773,606	\$215,936,994	(\$836,612)
Racial Balance	\$8,833,265	\$7,176,444	(\$1,656,821)
Capital Projects	\$18,467,997	\$17,047,929	(\$1,420,068)
Pension Debt	\$3,100,877	\$3,522,121	\$421,244
Debt Service	\$11,872,019	\$12,634,286	\$762,267
Referendum Debt	\$6,678,565	\$13,054,000	\$6,375,435
Museum of Art	\$157,268	\$151,500	(\$5,768)
Bus Replacement	\$1,593,166	\$3,351,000	\$1,757,834
Transportation	\$17,630,828	\$16,387,311	(\$1,243,517)
	\$285,107,592	\$289,261,585	\$4,153,993
			1.5%
* net of circuit breaker			



2017 Budget and Levy by Fund

	<u>2017 Budget to Approve</u>	<u>2017 Budget Expected</u>	<u>Estimated Levy</u>	<u>Estimated Tax Rate</u>
General Fund	\$ 215,936,994	\$ 215,936,994	\$ -	\$ -
Racial Balance	8,351,444	7,176,444	6,205,897	0.0890
Capital Projects	22,722,929	17,047,929	19,455,667	0.2790
Pension Debt	3,522,121	3,522,121	2,991,774	0.0429
Debt Service	12,634,286	12,634,286	8,258,593	0.1184
Referendum Debt	13,054,000	13,054,000	12,796,204	0.1723
Museum of Art	185,500	151,500	176,850	0.0025
Bus Replacement	3,787,000	3,351,000	3,313,959	0.0475
Transportation	21,094,311	16,387,311	18,166,994	0.2605
	\$301,288,585	\$289,261,585	\$71,365,938	\$1.0122



Key Take-Aways

- General Fund – New formula will happen mid-2017; must estimate impact
- Debt Funds – 2016 tax rate lower than promised; closer to promise in 2017
- Capital Projects Fund – revenue declines result in shift of some expenses to General Fund
- Transportation – reduced service and cuts stabilized the fund
- Bus Replacement – increase bus replacement due to continued low gas prices



Next Steps – 2017 Budget

October 10

Public Hearings:

- Budget
- Bus Replacement Fund Plan
- Capital Projects Fund Plan

October 24

Adoption of Budget and Plans