

FORT WAYNE COMMUNITY SCHOOLS



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CHIEF FINANCIAL OFFICER

FINANCIAL CONDITION
October 23, 2023

REPORT REQUIREMENT

REPORT REQUIREMENT

- IC 20-19-7 – School Corporation Financial Condition Analysis passed by the Indiana General Assembly in 2018
 - **State Committee determines:**
 - The **fiscal and qualitative indicators to be used for evaluating the financial condition** of each school corporation
 - The information that is to be presented on the DUAB's (Distressed Unit Appeals Board) Internet website in regards to the indicators.
 - **DUAB determines school districts in financial distress that may need corrective action**
- IC 5-13-7-8 – Requires that the superintendent or designee submit a report during the local board of finance meeting in January

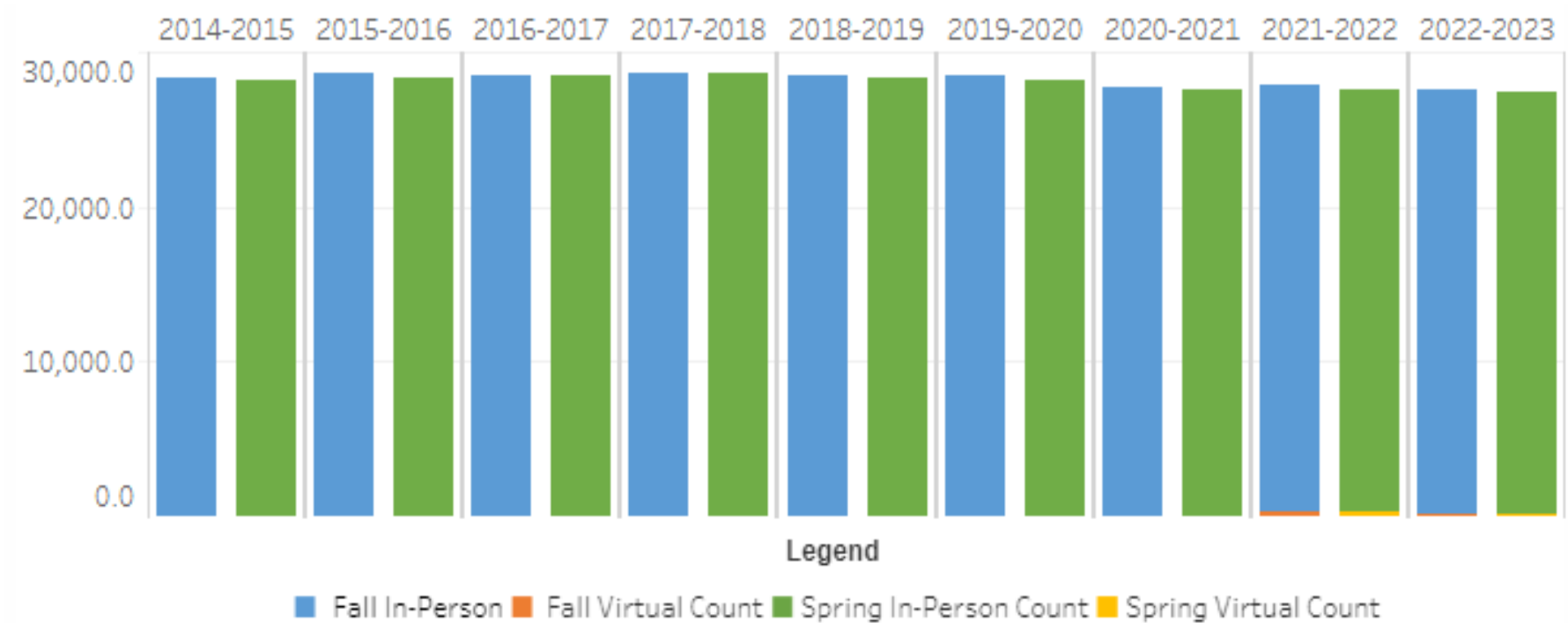
- Average Daily Membership (“ADM”)
- Fund Balances
- Annual Deficit/Surplus
- Fund Balance as Percent of Expenditures
- Revenue by Type
- Operating Referendum Revenue as Percent of Total Revenue (not applicable to FWCS)

AVERAGE DAILY MEMBERSHIP (ADM)

Average Daily Membership (“ADM”)

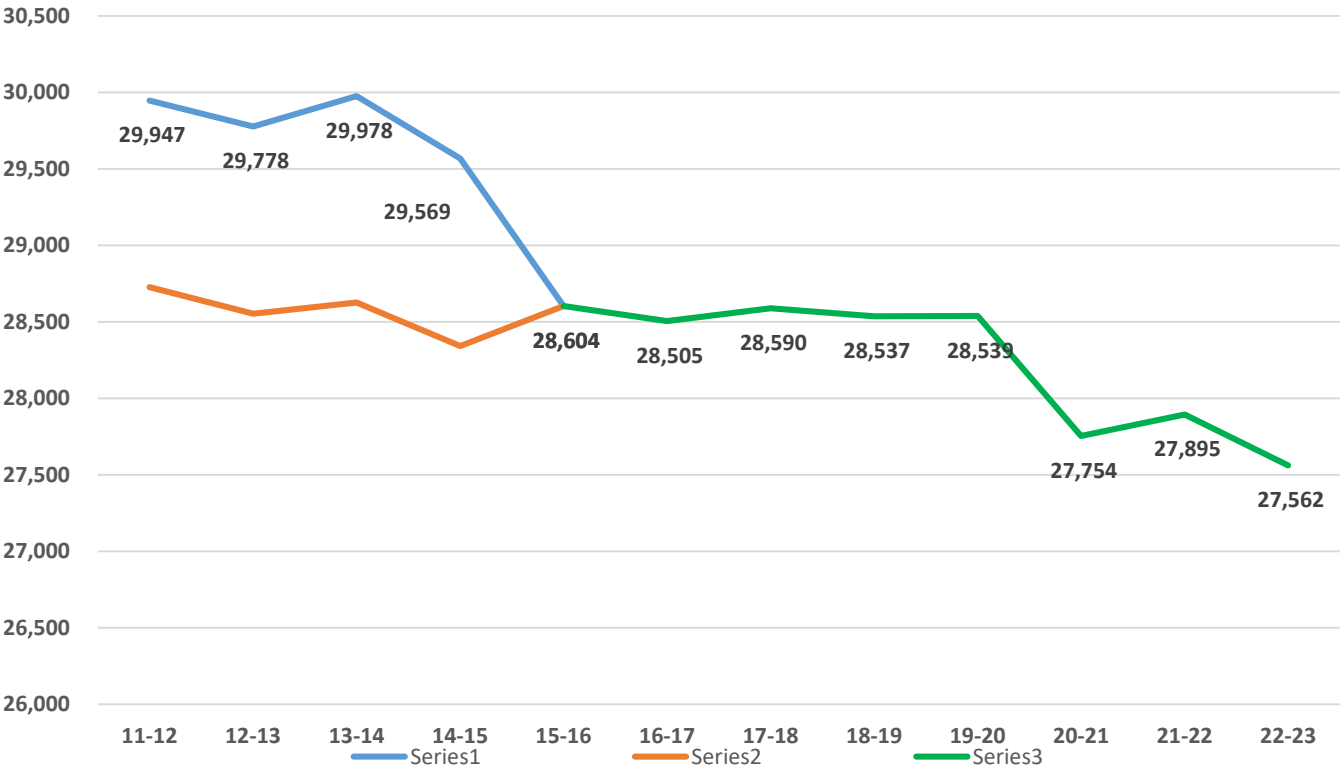
ADM is the number of eligible students enrolled in a school corporation on a particular day (“count day”) designated by the State Board of Education. ADM is utilized in the State funding formula to determine the amount of tuition support that the State of Indiana will provide to the school corporation. Increasing or decreasing ADM will impact the amount of funding available to the school corporation. It should be noted that kindergarten was only counted at one-half until 15-16 when it became funded in full.

Average Daily Membership (“ADM”) – excludes Preschool



| | | | | | | | | | |
|--------|--------|--------|--------|--------|--------|--------|--------|--------|--------|
| Fall | 14-15 | 15-16 | 16-17 | 17-18 | 18-19 | 19-20 | 20-21 | 21-22 | 22-23 |
| Funded | 28,343 | 28,604 | 28,505 | 28,590 | 28,537 | 28,539 | 27,754 | 27,895 | 27,562 |

Enrollment vs. ADM (not including Preschool)



Significant enrollment impacts:

Enrollment (without preschool)

- Vouchers began 11-12 (now about 4,800 in FWCS boundaries)
- Transportation reductions implemented 15-16
- Enrollment has gone down about 2,100 since 11-12
- Enrollment has remained stable since 15-16, until COVID impact

Enrollment Funded (ADM)

- Preschool not funded
- Kindergarten counted (funded) at 1/2 through 14-15
- Kindergarten counted (funded) fully beginning 15-16

Enrollment and ADM are the same (without preschool)

- Beginning in 15-16

The background is a solid orange color with a repeating pattern of various school and educational items in a lighter orange shade. These items include apples, pencils, pens, rulers, protractors, flasks, books, graduation caps, trophies, globes, and a palette.

FUND BALANCES

- Indicators presented online include calendar year-end balances of all funds
- This portion of presentation includes **most significant funds:**
 - Former General and Operational Funds compared to Education Fund and Operations Fund
- Funds excluded include grants, construction, debt, lunch, textbook rental

Fund Balances for Major Funds

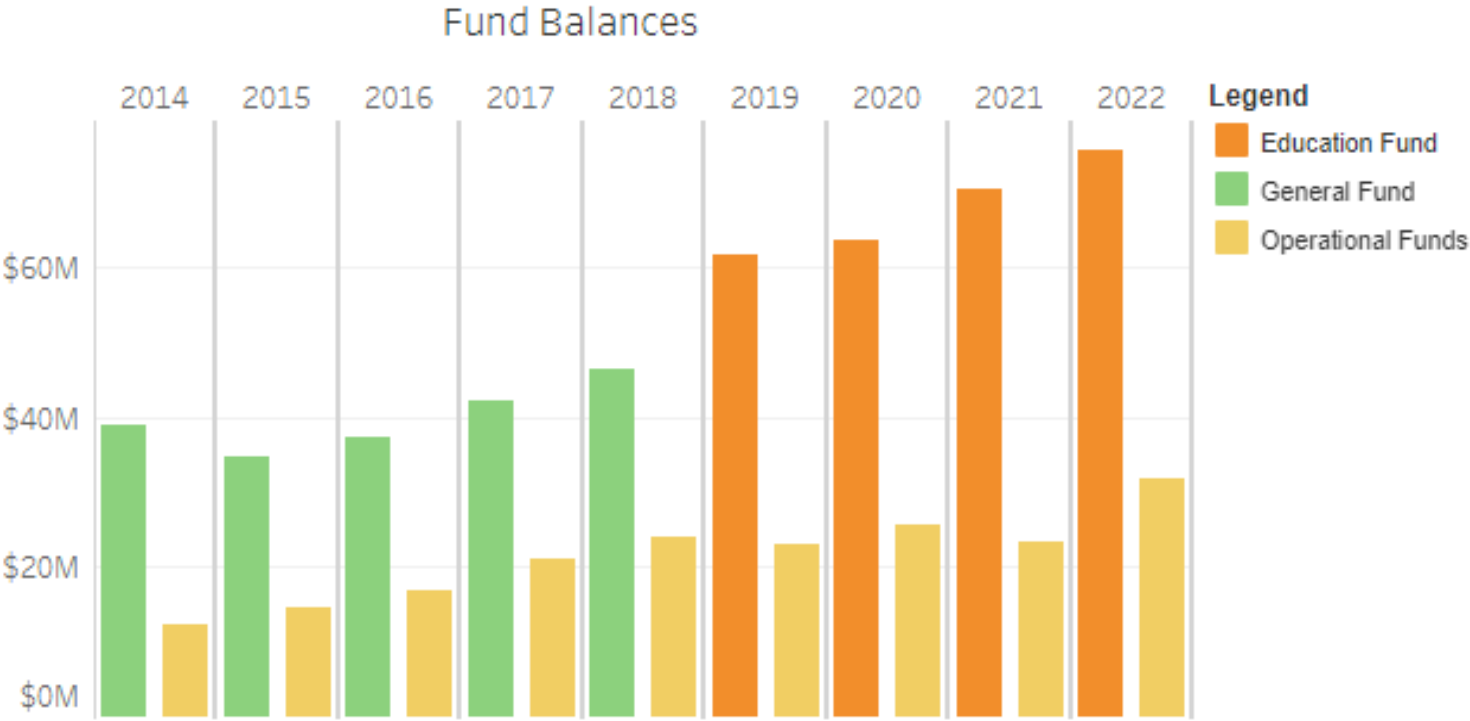
Fund Balances as of December of the calendar year listed.

General Fund – eliminated 12-31-18

Education Fund – first year 2019, portion of former General Fund & Racial Balance

Operational Funds – pre 2019 – Capital Projects, Transportation, Racial Balance

Operational Funds – first year 2019, portion of former General Fund, Capital Projects Fund, Transportation



FUND BALANCES

- **Board Policy 6210** - Education and Operations Funds desired Fund Balance - 8 to 15% of budget, provides about 2 months of payroll

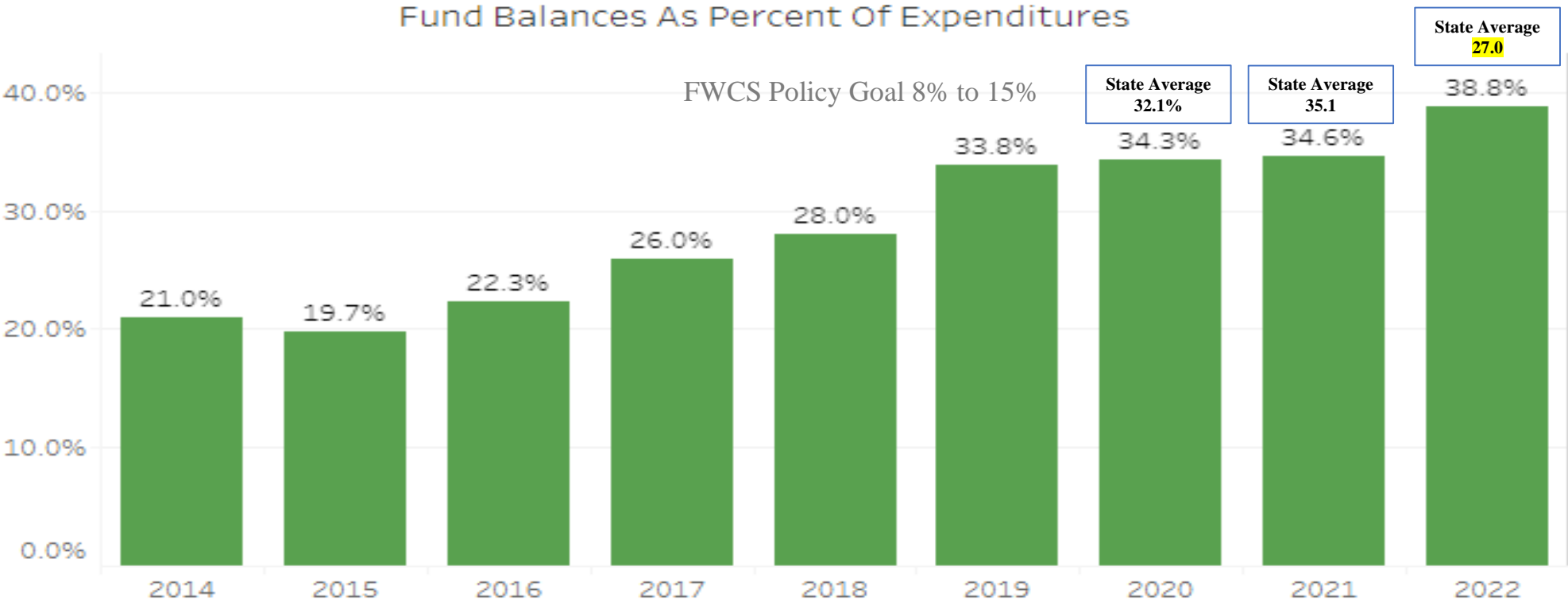
- End of 2022 to support 2023

| | Education | Operations |
|---------------------------------------|---------------------|---------------------|
| 2023 Budget (incl. 2022 encumbrances) | \$231,112,179 | \$85,480,708 |
| 12/31/22 Cash | \$75,681,535 | \$31,816,386 |
| 12/31/22 Encumbrances | -\$2,875,145 | -\$1,120,381 |
| | \$72,806,390 | \$30,696,005 |
| Fund Balances as a % of 2023 Budget | 31.5% | 35.9% |
| <i>If at 15%</i> | <i>\$34,666,827</i> | <i>\$12,822,106</i> |

- **Necessity of Fund Balance**
 - Absorption of expired grant expenditures if desired
 - Change in indirect cost depending on current federal grants
 - Enrollment changes
 - Uncertainty of next 2-year funding formula
 - Impact of changing interest rates – positive and negative
 - Future outlook anticipates reaching goal around 2028

Fund Balances as Percent of Expenditures (Before Reduced for Encumbrances)

This indicator considers the ability of the school corporation to maintain operations in the event of delays in revenue by utilizing existing fund balances to fund operations. This chart includes General, Education, and Operations Funds and compares 2022 expenditures to 12-31-22 Fund Balances



| | | | | |
|--------------------------------------|--|--|--|--|
| 80 districts have higher % than FWCS | | | | |
| | | | | |
| 246 districts are above 15% | | | | |
| 30 districts are between 8% and 15% | | | | |
| 14 districts are below 8% | | | | |
| 290 | | | | |

ANNUAL DEFICIT/SURPLUS

Annual Deficit/Surplus

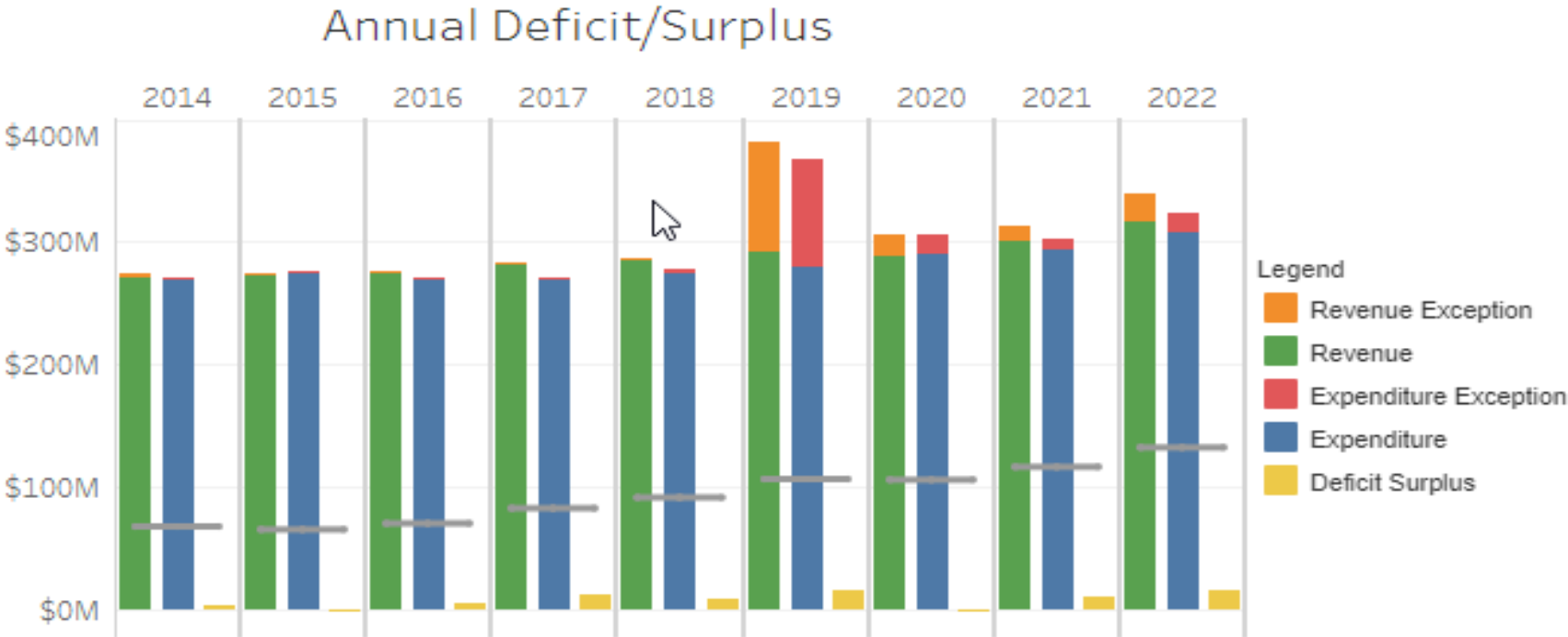
This indicator provides a comparison of revenue to expenditures on a calendar year basis, including whether the school corporation had an operating deficit or surplus for that year. Exceptions can be transfers from one fund to another or adjusting entries for accounting purposes. Fund balance is also included to assist in identifying situations in which the school corporation utilized existing fund balances to fund expenditures.

Funds included in below graph:

Education Fund & Operations Fund (Post 2018)

General Fund (Pre 2019)

Operational Funds (Pre 2019)

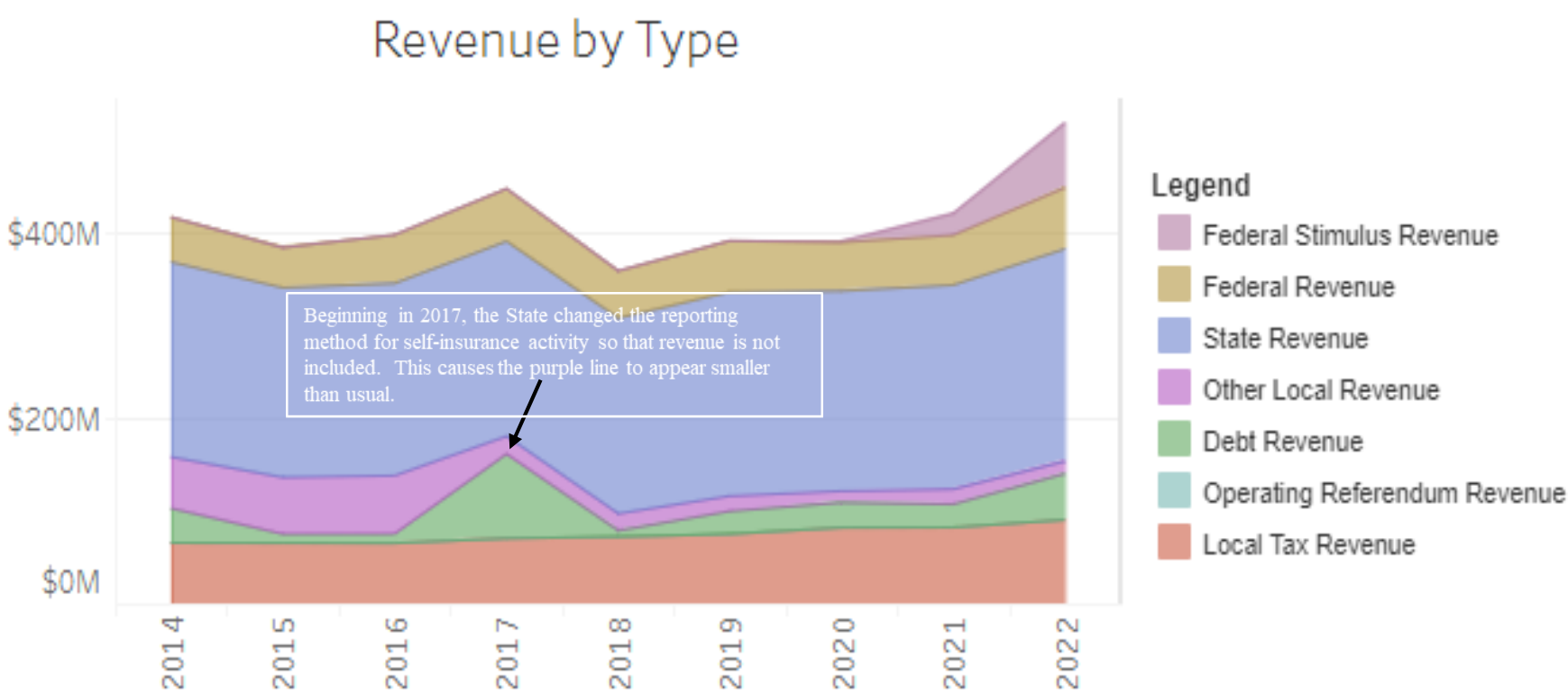


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REVENUE

Revenue by Type – ALL FUNDS

Local Tax revenue includes property tax, income tax and other taxes as applicable. Other local revenue will include revenue sources such as rental income and sale of property. Debt revenue includes bond and loan proceeds. State revenue includes tuition support and other grants received from the State. Federal revenue includes grant funding received from the Federal government.



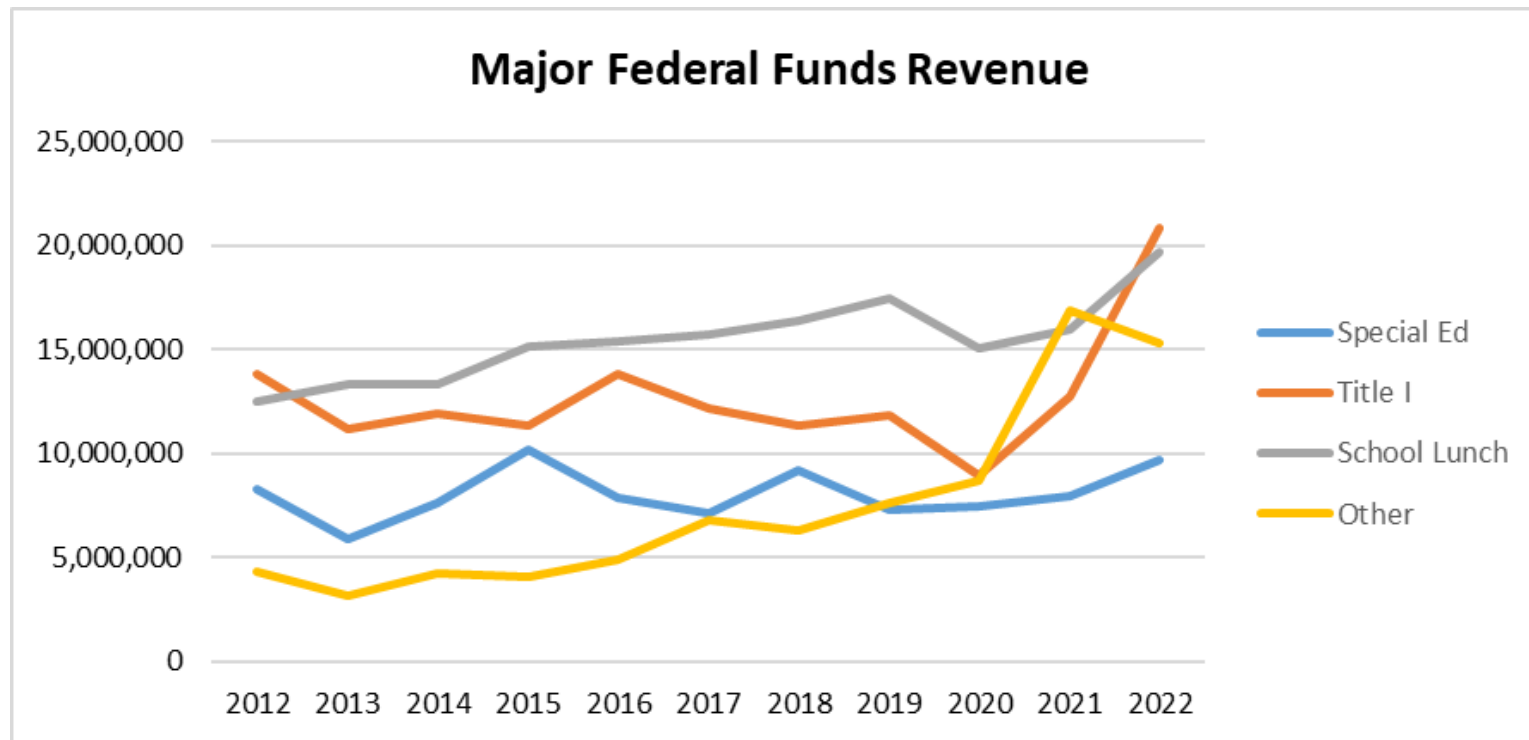


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REVENUE BY TYPE – ALL FUNDS

| | <u>2021</u> | | <u>2022</u> | |
|----------------------|-----------------------|---------------|-----------------------|---------------|
| State Revenue | \$ 219,260,223 | 55.5% | \$ 228,185,653 | 48.8% |
| Local Tax Revenue | 83,000,697 | 21.0% | 91,152,799 | 19.5% |
| Other Local Revenue | 16,155,580 | 4.1% | 13,270,821 | 2.8% |
| Federal Revenue | 53,598,095 | 13.6% | 65,604,414 | 14.0% |
| Federal COVID Relief | 22,785,603 | 5.8% | 69,113,658 | 14.8% |
| | \$ 394,800,198 | 100.0% | \$ 467,327,344 | 100.0% |
| | | | | |
| Debt Revenue | 24,822,785 | | 49,409,491 | |
| | \$ 419,622,984 | | \$ 516,736,835 | |

FEDERAL REVENUE



| | | |
|----------------------|--|---------------------------|
| | | <u>2022</u> |
| Special Ed | | 9,686,535 |
| Title I | | 20,879,421 |
| School Lunch | | 19,712,124 |
| Other | | 15,326,334 |
| Major Funds | | <u>65,604,414</u> |
| | | |
| Federal COVID Relief | | 69,113,658 |
| | | |
| | | <u>134,718,072</u> |



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Thank you