

White River Valley School District

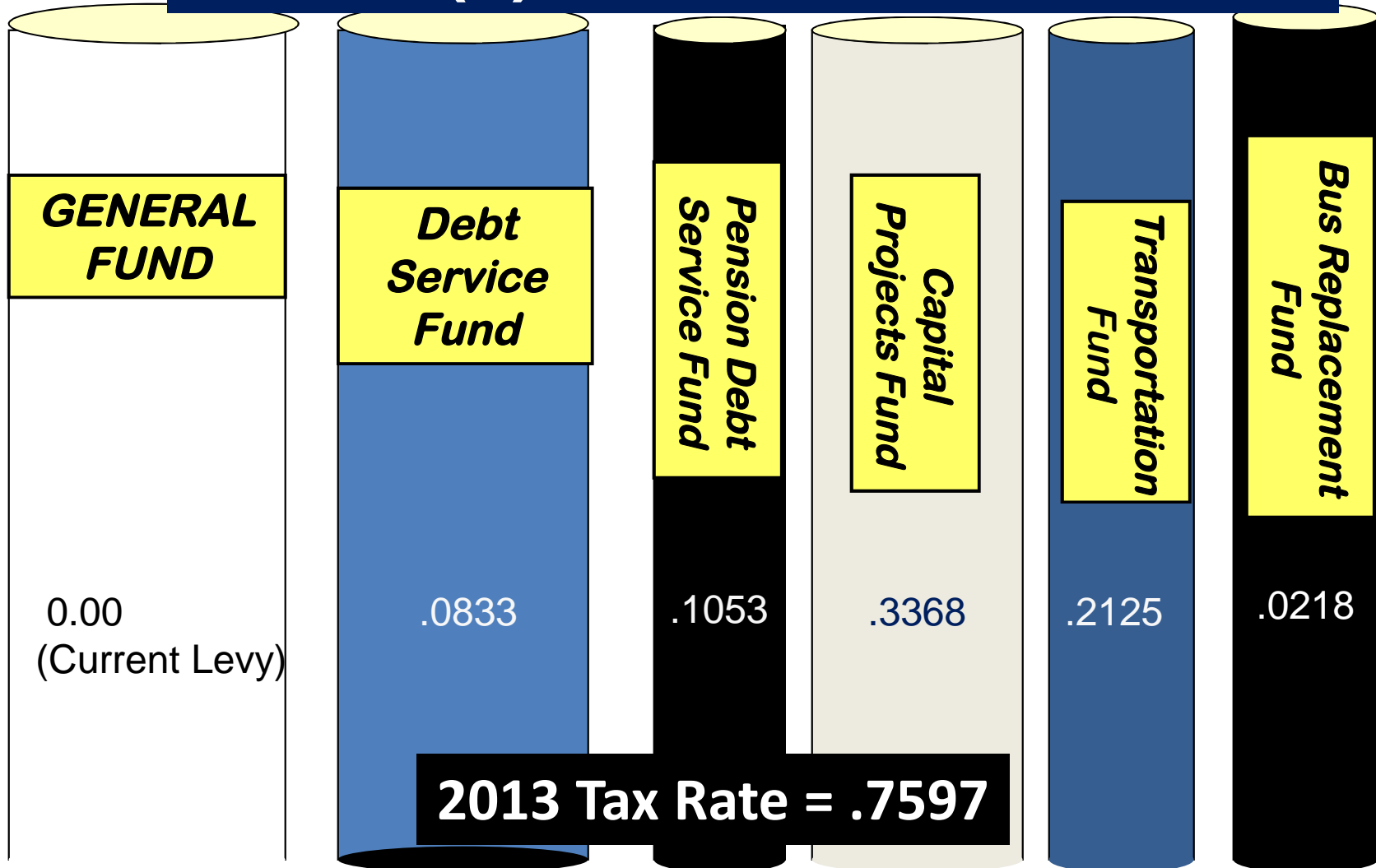
FINANCIAL SITUATION

and

MOVING FORWARD

INDIANA SCHOOL ACCOUNTING

SIX (6) PRIMARY FUNDS



DEBT SERVICE FUND



**DEBT
SERVICE
FUND**

INCOME:

- Property Tax
- Excise Tax
- CVET
(commercial
vehicle excise tax)

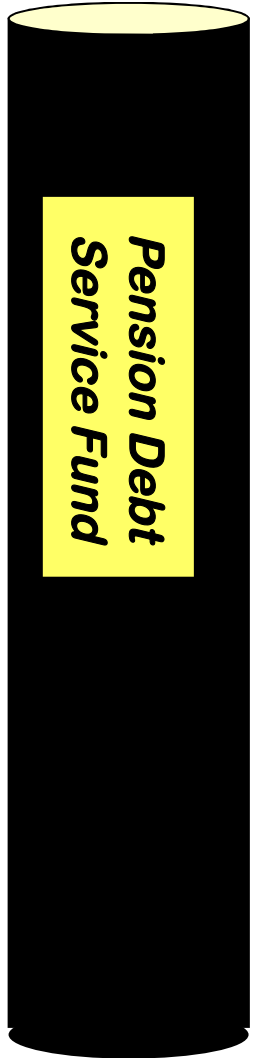
EXPENDITURES:

- Tax Anticipation Warrant
interest
- Building Corporation leases
- General Obligation Bonds
- Common School Fund Loans
- Uncollected Textbook Rental

$$\text{\$249,952/AV 300,062,424} = .0833$$

(\\$ amount needed divided by AV = Tax rate needed)

PENSION DEBT SERVICE FUND



INCOME:

- Property Tax
- Excise tax
- CVET Tax
- FIT

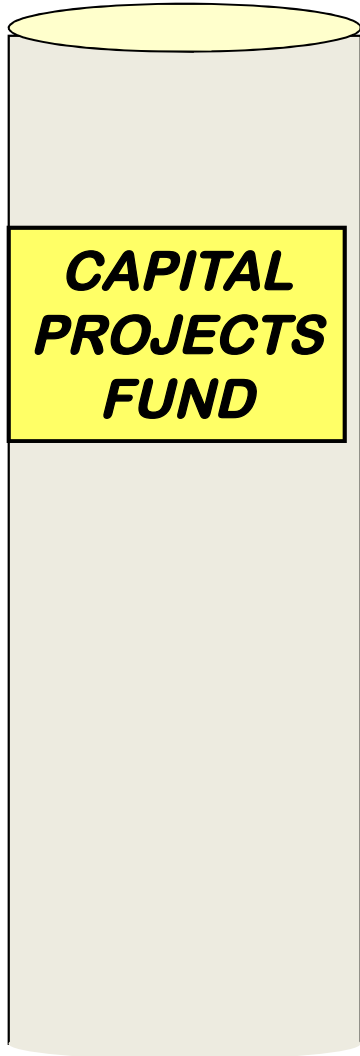
EXPENDITURES:

- Pension Bonds

$$\text{\$315,966 / AV 300,062,424} = .1053$$

($\text{\$ amount needed divided by AV} = \text{Tax rate needed}$)

CAPITAL PROJECTS FUND



INCOME:

- Property Tax
- Excise Tax
- CVET
- FIT

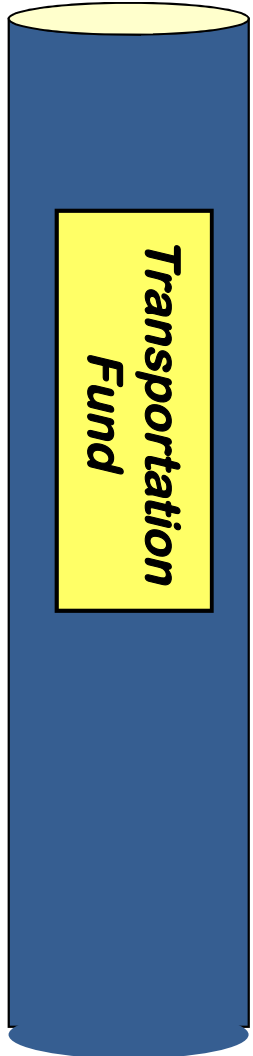
EXPENDITURES:

- Building Improvements
- Land Acquisition
- Architect fees
- Rental of Buildings/Equip.
- Maintenance
- Emergencies
- Utilities
- Technology

$\$1,010,610 / AV\ 300,062,424 = .3368$

(\$ amount needed divided by AV = Tax rate needed)

TRANSPORTATION FUND



INCOME:

- Property Tax
- Excise tax
- CVET Tax
- FIT

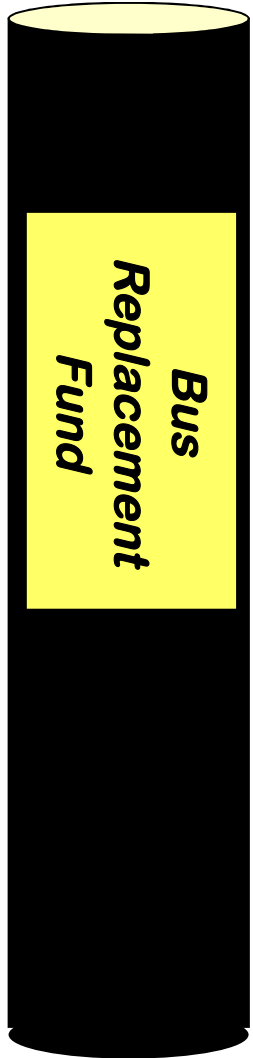
EXPENDITURES:

- Transportation staff
- Equipment & supplies
- Fuel/Maintenance
- Insurance
- Drivers(salary)

$$\$637,633 / AV \ 300,062,424 = .2125$$

(\$ amount needed divided by AV = Tax rate needed)

BUS REPLACEMENT FUND



INCOME:

- Property Tax
- Excise tax
- CVET Tax
- FIT

EXPENDITURES:

- Purchase Buses

$$\$65,414 / AV \ 300,062,424 = .0218$$

(\$ amount needed divided by AV = Tax rate needed)

GENERAL FUND



**GENERAL
FUND**

INCOME:

- State Support
- Federal Support
- Interest
- Rentals

EXPENDITURES:

- Salaries: teachers, secretaries, custodians, nurses, principals, librarians, administrators
- Benefits
- Utilities
- Instructional supplies

.0000 current levy

STARTING 2014

General Fund

Began 2013 with 289,798 cash balance.

Presently 193,622.

(Includes one-time payment of 125,000 to repay a loan to Title One program.) True Cash Balance: 68,622

Loss in cash balance 2013: 221,176

2013 Revenue: 5,480,190

2013 Expenditures: 5,576,366

Deficit Spending: 96,176

Other Factors

Foundation Grant Subtraction: 106,000 per year

2014 DLGF General Fund Budget: 5,200,000

(2013 Expenditures: 5,600,000)

(400,000 deficit looming)

Deficit Spending 2013: 96,176

Tax Caps: 22,000

GF Salary Corrections: 84,000

Unknowns:

Business Property Tax Passes: 56,000

Enrollment History

Average students lost last five years: 8.5: 40,000

Picture

221,176 Overspending 2013

Minus 106,000 Foundation Grant Adjustment

Minus 22,000 Tax Caps

Salary Corrections GF 84,000

Unknowns: 96,000+/-

Enrollment Loss + Business Property Tax Burden

40,000+56,000

2014 GF Budget Adjustment: 400,000

Deficit Finance Forecast Potential: 845,176

Best case: 749,176

Of that potential loss situation:
221,000 is over spending the
budget; **528,176 is lost revenue.**
Since 2009, we have made a **1.7**
million dollar cut in
expenditures.

We have cut 350,000 last year
and will have to cut at least that
much again for 2014-15.

SOLUTIONS

**What can we do to get this
situation rectified?**

- 1. Put out the best educational program in the County!**
- 2. Build positive relationships with students. Keep and build our enrollments at each building.**
- 3. Offer programs for students at all levels; do not hurt our programs.**
- 4. Efficiency**
- 5. Be part of the solution; not part of the problem!**
- 6. Financial Solutions**

Financial Solutions

- 1. Continued Cuts**
- 2. Effective Management of Retirements/Resignations**
- 3. Effective Rainy Day Fund Use**
- 4. General Fund Referendum**

GENERAL FUND CUTS

**Salaries: Administrators, Teachers, Secretaries,
Custodians, Nurses, Cafeteria**

Benefits

Utilities

Instructional Supplies

90% of the General Fund is salaries/benefits.

**We will begin introducing cuts in February, look at
retirements in March/April and the goal will be
\$400,000 savings.**

Rainy Day Fund

2013: Spent 80,990.89

2014 Additions: 200,000 from CPF

25,000 Bus Replacement Fund

2014: Earmarked 10,000 Police Resource Officer

Will be replaced with Fall '14 Vocational ADM

Current Rainy Day Fund: 970,864

This is our savings account; the only revenue flow to this account comes from within. Once it is gone, it's gone!

Type of Operating Referendum

GENERAL FUND HELP

IC 20-46-1-8(a)(1):

****Board determines it cannot carry out its public education duty unless it imposes a referendum tax levy****

CIRCUIT BREAKER

TAX CAP HELP

IC 20-46-1-8(a)(2):

Board determinates that a referendum tax levy should be imposed to replace property tax revenue that the school corporation will not receive because of the application of the circuit breaker credit under IC 6-1.1-20.6.

WRV Tax Rate History

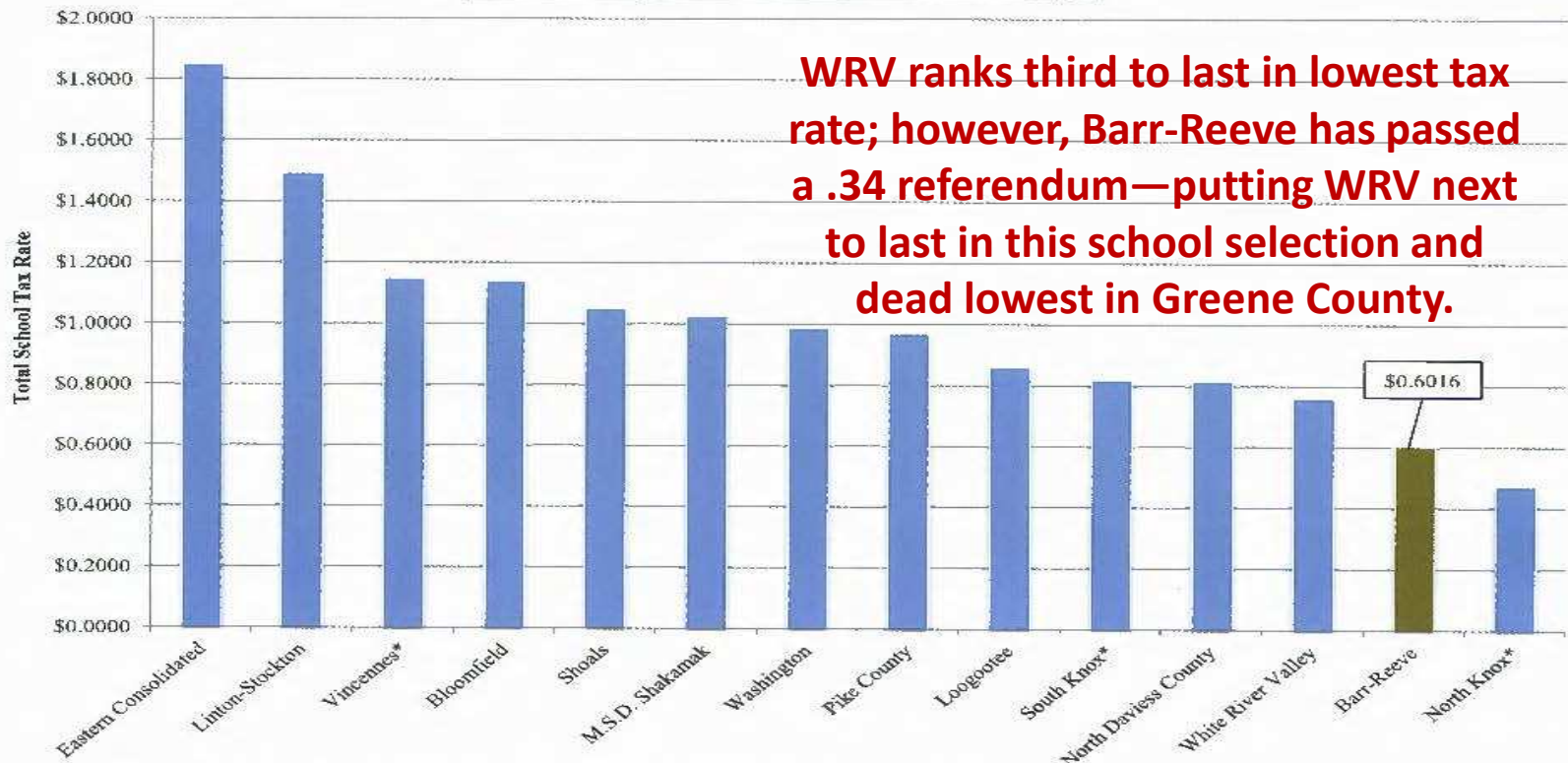
2006	2007	2008	2009	2010	2011	2012	2013
1.777	1.8074	1.6413	.6782	.8995	.9072	.6703	.7597

2014 Tax Rate: .6973

2013 AREA SCHOOLS TAX RATES

(see where WRV ranks!)

2013 AREA SCHOOL TAX RATES



WRV ranks third to last in lowest tax rate; however, Barr-Reeve has passed a .34 referendum—putting WRV next to last in this school selection and dead lowest in Greene County.

*Based upon the certified 2012 tax rates. The pay 2013 Budget Order for Knox County is not yet available.

Note: The average school tax rate for the listed school corporations is \$0.9986.



So what does the whole picture look like? WRV has had a number of negative impacts to its revenue over the course of the last five years.

***In 2009 schools could no longer levy Property Taxes for the general fund;**

***In 2009 the funding formula used by the state changed—utilizing free/reduced lunch data rather than census data;**

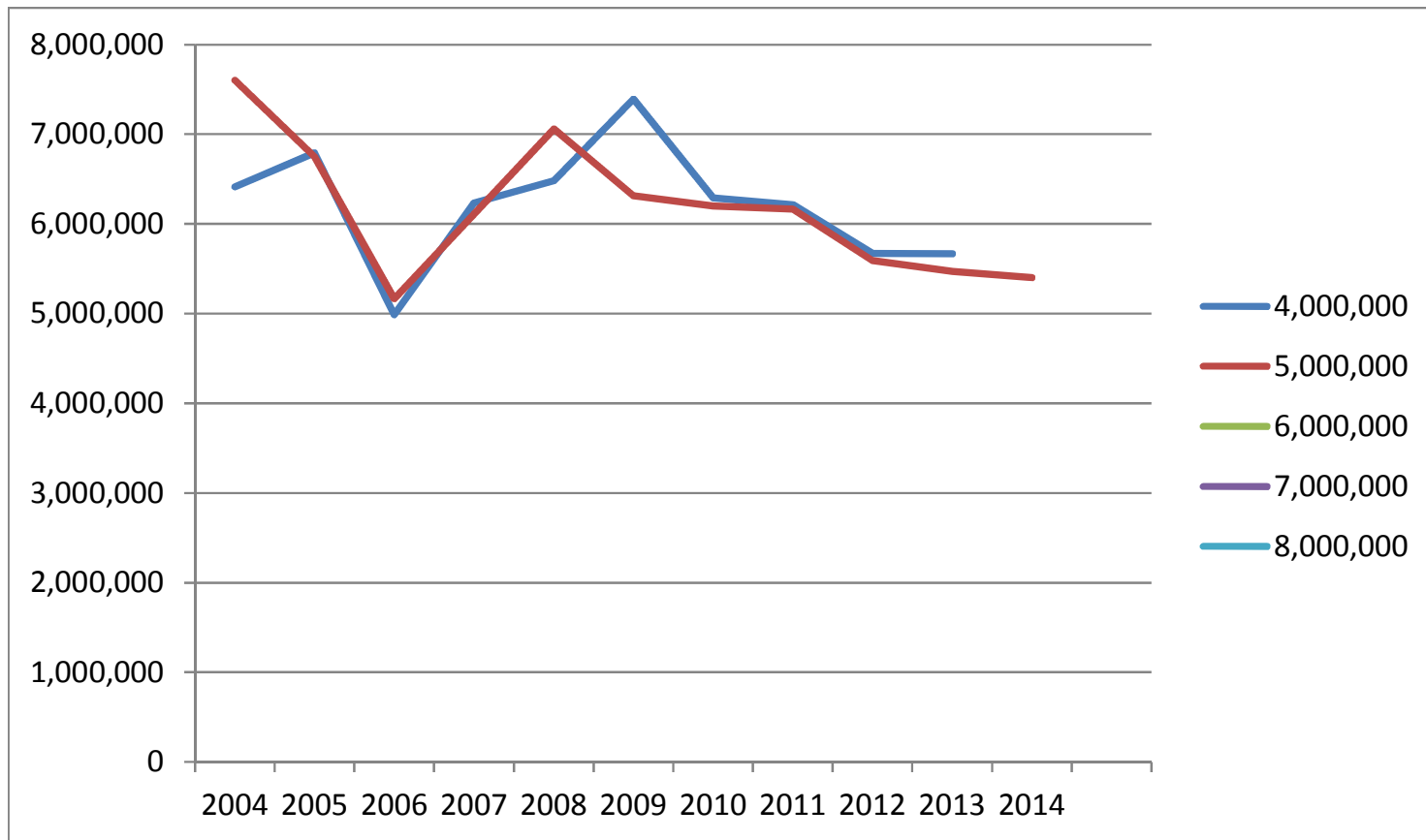
***In 2010 small/rural schools and restoration grants were no longer issued by the state;**

***WRV Impact of the state transition to foundation.**

***Tax Caps and Business Property Tax Revision**

***Enrollment Decrease**

All of this has led to a revenue problem. Our spending has been cut by 1.7 million dollars over the last five years. Cutting spending in the General Fund is important, and we have a little bit more that we can do; however, when we don't replace teachers, we directly impact student education.



Revenue is RED; expenditures are in BLUE.

The graph depicts a 2.2 million dollar drop in revenue since 2004 and a 744,054 dollar drop in expenditures during that same time span.

Since the change in the school funding formula in 2009, revenue has dropped 1.6 million dollars and expenditures have been cut back by 1.7 million.

Other Information:

2006 Revenue was low because the property taxes were late and WRV did not receive their 2nd tax payment until after the start of the year.

▣ **IMPORTANT POINTS OF EMPHASIS:**

In 2013 WRV tax rate is \$.78 of every \$100 of property's assessed value. In 2014, WRV tax rate is \$.69 of every \$100 of property's assessed value.

Schools in our neighboring districts tax much more.

Appropriate calculations would have us asking for a .41 referendum. (This could generate \$1,410,000 yearly.)

We would only levy what we need and it has to be approved by the Department of Local Government Finance (We may not ever need to use the full .41).

If referendum fails, we would most likely consolidate with neighboring districts who now have a higher tax rate. Basically you could pay more in taxes and still lose the local school corporation.

(Eastern \$1.83, Linton \$1.48, Bloomfield \$1.14, Shakamak \$1.03)

Are our kids not worth as much as the rest of Greene County's kids?

Operating Referendum Process



Jan 27

School Board meeting to adopt resolution to place referendum on the ballot



Jan 29

School certifies resolution to the DLGF for approval of the public question



Feb 8

DLGF approves or rejects the public question within 10 days



By Feb 11

School Board certifies approved public question to County Clerk with a copy to the County Council (*must occur 74 days prior to election*)



Feb/
Mar

County Election Board meets to arrange Election



May 6

May Election



Rules Kick-in

Total Revenue and Estimated Tax Rate

Scenario	Total Revenue	Estimated Tax Rate
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Ave. Revenue Needed	1,410,000	0.4108
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Assumes 2014 net assessed value of \$343,230,734 including TIF areas with no growth thereafter to project levies. Note: Represents tax impact from 2015-2021.

Estimated Annual Tax Impact

Market Value Of Home/Property	Net Assessed Value (1)	Maximum Revenue
\$50,000	\$10,000	\$41.08
72,4000 (2)	15,824	\$65.00
100,000	32,750	\$134.54
150,000	65,251	\$268.05
200,000	97,752	\$401.57
300,000	162,753	\$668.59
1 Acre of Farm Land \$100,000	1,760	\$7.23
Rental/Commercial Property	100,000	410.80

(1) Assumes Homestead Deduction, Supplemental Homestead Deduction and Mortgage Deduction.

(2) Average Home Value in WRV District, per the 2007-2011 American Community Survey, US Census Bureau

Note: Tax rate based upon 2014 net assessed value of School Corporation per DLGF.

Fact:
**WRV has the lowest school
property tax rate in Greene
County.**

**This is not the time to point the finger;
this is the time to stand up and fight
for our kids, our schools, and our
community! It is going to take
everyone to be part of the solution.**