

**TUESDAY SEPTEMBER 6, 2022**  
**BUDGET HEARING**  
**WHITE RIVER VALLEY SCHOOL CORPORATION**

*The White River Valley School board met in a special open session on September 6, 2022 for the budget hearing. Seven board members were present for the budget hearing: Mr. Brock Hostetter, Mr. Andy Davis, Mr. David Reed, Mr. Bruce Porter, Mr. Roger Shake, Mr. Jason Davidson, and Mr. Joe Decker.*

It is my hope that the following document will serve as an outline and overview of our Fiscal Year 2023 Budget.

I want to stress that this budget makes many “assumptions” and could see many changes from now until the end of the 2023 Financial Year. These assumptions include, but are not limited to, that we will receive all revenues—for all funds---spelled out in the budget (we may not); that our expenditures will remain consistent and minimally or at the cost of inflation (unknown at this point), and that student enrollment and our assessed valuation of property will remain steady at best. This year, we know that Farmland AV will be stabilizing. I have to anticipate every year where I think our enrollment will be. Right now, I have to be extremely conservative in my educated guesses. I anticipated our 2022-23 enrollment to be 750. Currently we are below that level.

I have been taught that it is best practice to put together a “defensive” budget, one that is based on some very conservative assumptions to compile our budget estimate. As it goes every year, we are building a budget that goes out 18 months—July, 2022 through December, 2023—and has to be completed prior to us having some vital information that will heavily impact how the budget works. The two PRIMARY VARIABLES THAT DETERMINE OUR REVIEW are “missing or unsure at the current time.” The variables include: 1) our assessed valuation of property in the district, and 2) conclusive information of our student enrollment for the 2022-23 and the 2023-24 school years. One of those missing numbers was released in late August. Our AV for the 23 budget year will be \$348,000,000, which is up from \$302,000,000. Remember, when the AV goes up, the tax rate goes down.

Our district’s assessed valuation of property will determine what our actual levies could be and what actual revenue we can or will receive from these local sources. If that number changes significantly, that would most definitely impact our tax rate on individuals in our school district. We know that the Farmland AV has stabilized this year and is forecast to slightly increase, and that our district is comprised of 81% farmland. Those facts lead me to believe that our AV overall should be stable with a slight increase. Please remember that there are now many “safeguards” in place to protect the taxpayer, so any adverse impact to the AV will most likely negatively impact our ability to raise revenue. The fact that we now know about the AV increase makes me rest a little easier, especially with the slight potential drop in enrollment.

Our final enrollment numbers and the actual dollar figure we will receive over the next twelve (12) months will not be officially determined until count day, September 17<sup>th</sup>, for the first part of the budget period. If our student enrollment numbers change drastically, this could heavily impact our state revenue and our 2022-23 state revenue numbers.

When you build a budget, you are attempting to answer these primary questions:

- \*How much revenue might we receive and from where?
- \*How much will we spend and what will we spend it on?
- \*What does our budget mean to our taxpayers?
- \*What is our long-term fiscal outlook?
- \*What happens to our budget without the referendum revenue?

## **2023 REVENUE**

The primary sources of our 2023 budget revenue are state funding (Basic Grant) for our Education Fund and local property taxes for the other major budgeted funds. Those other funds also receive some additional monies from various miscellaneous sources, including, but not limited to interest income, rental of school facilities, etc. Most of this additional income will go into the Education Fund. Remember, this will be year #5 for the new system—where the CPF Fund, the Transportation Fund, and the Bus Replacement Fund have all been combined into the Operations Fund. WRV will estimate and transfer under the state identified limit of 15% from the Education Fund to the Operations Fund. These transfers can be done monthly, quarterly, or bi-annually. If we go over that 15% transfer mark, then we will be placed as a distressed unit. The distressed unit list consists of up to 50—as of this time, we will NOT be on that list.

The basic grant is our revenue from the state and is based on the biannual state budget. The state budget estimate had us gaining 5% new money in the second year of the approved budget, which is very much a positive. However, we were scheduled to lose 11.5% in the amount attributed from the complexity index (that's the 12 page formula—the change to Federal SNAP statistics from the Free-and-Reduced statistics hurt us). We are also taking a cut in Federal Title one dollars, which finances all of our instructional assistants, of \$23,000.

The Federal ESSER Funds 1 and 2 programs have been a nice plus for our district. Those funds have allowed us to add some positions that will help our students and teachers. A reminder, however, that those positions will need to be re-evaluated as the ESSER dollars fall off for the 2023-24 school year.

NOTE: We are currently carrying three pieces of debt: our Qualified Construction Loan that will come to a conclusion in 2024 and the Series A and B Bonds that we took on last November. The new debt that we are adding from the November bond issues we take our Debt Service payments to just over \$920,000 and our tax rate on our debt from .07 to .33.

|                       | FY2020     | FY2021     | FY2022     | FY2023     |
|-----------------------|------------|------------|------------|------------|
| Form One Expenditures | 10,726,206 | 10,608,220 | 12,237,894 | 12,635,486 |

|                        |            |            |            |            |
|------------------------|------------|------------|------------|------------|
| Form Two Misc. Revenue | 2,175,050  | 1,815,100  | 1,306,900  | 1,016,000  |
| Basic Grant            | 4,832,005  | 4,304,000  | 5,072,844  | 6,204,000  |
| Property Tax—All Funds | 4,121,953  | 4,353,301  | 3,980,654  | 4,615,105  |
| Total Revenue          | 11,128,958 | 10,472,401 | 10,360,398 | 11,835,105 |

|               |  |  |         |           |
|---------------|--|--|---------|-----------|
| ESSER 1 Funds |  |  | 638,000 | 0         |
| ESSER 2 Funds |  |  |         | 1,405,000 |

|                                 |           |           |   |           |
|---------------------------------|-----------|-----------|---|-----------|
| Referendum Property Tax         | 1,400,000 | 1,400,000 | 0 | 0         |
| Misc. Rev.—REF Excise           | 93,000    | 92,700    | 0 | 0         |
| Total Referendum Revenue        | 1,493,000 | 1,492,700 | 0 | 0         |
| Remaining Referendum Fund Total |           |           |   | 2,273,641 |

Current Rainy Day Fund                      \$2,857,794  
2022 Entry \$200,000  
Total Rainy Day Fund at end of 2022: \$3,057,794

REMEMBER, we underestimate revenue and overestimate expenditures to be able to maximize what we receive from the DLGF. They can cut our estimate, but they cannot add to our estimates.

2021 Advertised Rate:            \$1.674  
2021 1782 Notice Rate:        \$1.191  
2021 Debt Service:               \$0.069  
Referendum Rate:                \$0.41

2022 Advertise Rate:            \$1.5310            Based on 85% AV: \$260,000,000  
2022 1782 Notice Rate:        \$1.0690            AV: \$302,000,000  
2022 Debt Service:               \$0.33  
Referendum is completed.

2023 Advertise Rate:            \$1.7751            Based on 85% AV: \$260,000,000  
2023 Actual Rate:                                     AV: \$348,000,000  
2023 Debt Service:               \$0.33  
Referendum is completed.

Mr. Joe Decker made a motion to adjourn the budget hearing.

**Adjournment**

The motion was seconded by Mr. David Reed. The motion passed 7-0.