



East Allen County Schools

2013 Budget Information - July 17, 2012

- Capital Projects
- Bus Replacement

Capital Projects & CPF Review

- Budget Schedule
- Budget Considerations
- Capital Projects Plan
 - Maximum Rate
 - Major Items
 - Funding Issue
 - State General Fund Loan
 - General Obligation [GO] Bond
- Bus Replacement Plan
 - Max Levy
 - Replacement Schedule
- Circuit Breaker

Budget Schedule

- **July 17th Meeting**
 - Capital Projects & Bus Replacement
- **August 21st Meeting**
 - Entire Budget Review [i.e. General Fund; Debt Services; Transportation; etc.]
 - Approval of Advertisement
- **September 18th Meeting**
 - Public Hearing
 - Capital Projects Plan
 - Bus Replacement Plan
 - General; Debt Services; Pension Debt; Transportation; Art Institute
 - Approval of Capital Projects Plan and Bus Replacement Plan
- **October 16th Meeting**
 - Budget Approval

2013 Budget Considerations

- **Protect East Allen County Schools**
 - AV is not available.
 - Advertised Rates & Levies are overstated so that EACS can be safe with either a significantly lower final AV or higher AV compared to our advertised AV amount. We can be harmed by either the rate or the levy being understated
 - Internal Estimate for EACS is \$2,162,641,100 (98% of 11Pay12 AV).
 - The Auditor's office has not suggested an assessed valuation for advertisement as of yet.
 - **To protect EACS, using \$1,986,099,000 (90% of 11Pay12 AV)**

CAPITAL PROJECTS:

- Each year, a 3-year plan is developed to schedule plans for construction, repair, remodeling, repair existing equipment and purchase new equipment. This fund allows funding for future projects which have been identified within the Capital Projects Plan. An annual hearing must be held for discussion and public input on the proposed projects. Appropriations within this fund may be used for the purchase, lease or repair of equipment, computer equipment, software, and many of the technologies are to be purchased from this fund. The maximum levy rate for East Allen in CY2011 based on the formula is **\$0.3298** [**\$0.2429-Rate Cap + \$0.0869-Utility & Insurance**]. Utility & Insurance expenditures paid out of CPF can not exceed 3.5% of the school corporation's 2005 calendar year distribution.
 - School Corporations allowed to pay Utility Services and/or Property Casualty Insurance from CPF. (CY 2004 at \$523,000; CY 2005 at \$1,060,000; CY 2006 at \$1,498,310; CY 2007/2008/2009/2010/2011/2012/2013 at \$1,905,171).

CAPITAL PROJECTS:

- Funding Challenges

- Revenue of approximately \$7.7 Million Per Year
- Stagnant Assessed Value with Rate Cap
- Decrease in Local Revenue (drop in Net Assessed Value in CY 2009)
 - 2007 \$9,326,159
 - 2008 \$9,448,312
 - 2009 \$7,695,883
 - 2010 \$7,881,454
 - 2011 \$7,786,270
 - 2012 \$7,774,627 (Estimate includes Circuit Breaker Loss & State General Fund Loan)

- Circuit Breaker Affect

	CPF	Total
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- Starting in 2013, Circuit Breaker Losses that are associated with Debt Service Funds will be prorated over the remaining funds. For EACS this equates to a \$170,000 loss in revenue which is prorated over the remaining funds (Capital Projects-51%, Transportation-41%, Bus Replacement-7.7%, Art Institue-0.3%)

- Capital Project Challenge

- Adequate Funding Levels within CPF

CAPITAL PROJECTS - STATE GENERAL FUND LOAN:

- House Bill 1072 [IC 6-1.1-18-12]
 - Correction of the CPF Rate Cap Calculation method by DLGF (decreases in assessed values resulted in a reduced rate cap. For EACS the rate was reduced by 0.0149 (0.2413 to 0.2264) which resulted in a reduced levy of \$328,809.
 - The bill allowed an Interest Free Loan to recoup CPF Levy Lost in 2012, to be repaid in 2013.
 - The Board of School Trustees adopted a resolution requesting a loan to replace the amount of the 2012 loss on June 19th. The resolution was submitted to the Office of Management and Budget before July 1, 2012.
 - On July 13, 2012, the Office of Management and Budget distributed to EACS the amount certified (\$328,809). No interest or fee may be charged on the loan amount.
 - To be paid back out of Debt Service Fund in 2013 in two (2) installments (June 2013 and December 2013).

CAPITAL PROJECTS:

Revenue, Expenditure, & Yearend Balance History

	2005	2006	2007	2008	2009	2010	2011
Revenue	8,313,023	8,878,510	9,326,159	9,448,312	7,695,883	7,881,454	7,786,270
Expenses	5,607,280	7,600,217	8,949,504	9,351,467	10,334,152	7,874,244	9,671,709
Difference	2,705,743	1,278,293	376,655	96,845	(2,638,269)	7,210	(1,885,439)
End of Year Balance after Encumbrances	7,594,705	8,994,066	7,263,209	8,414,191	5,796,189	5,005,630	4,559,174

* Board Determination to utilize Cash Balance to continue scheduled building maintenance (i.e. A/C, roofing, asphalt, etc.)

CAPITAL PROJECTS:

Revenue History

Revenue	2004	2005	2006	2007	2008	2009	2010	2011
Property Taxes	6,664,846	7,447,420	7,999,494	8,321,760	8,519,873	6,901,009	7,130,992	7,016,173
Excise Taxes	685,600	730,103	739,092	762,630	738,809	619,262	599,603	596,598
CVET	76,351	89,894	96,358	104,762	108,632	89,050	90,445	87,806
FIT	34,960	40,520	38,344	40,725	40,224	39,298	40,515	38,697
Refunds/Reimbursements	11,064	5,086	5,222	10,282	40,774	45,850	14,899	46,996
Fund Transfers	223,000	-	-	86,000	-	1,414	5,000	-
Subtotal	7,695,821	8,313,023	8,878,510	9,326,159	9,448,312	7,695,883	7,881,454	7,786,270
Levy Loss (Collections/Circuit)	-	-	-	-	-	(276,891)	(182,609)	(213,230)
CPF Allowance for Utilities & Insurance	2004	2005	2006	2007	2008	2009	2010	2011
Amount	523,000	1,048,561	1,498,310	1,905,171	1,905,171	1,905,171	1,905,171	1,905,171
Percentage	1.0%	2.0%	2.75%	3.5%	3.5%	3.5%	3.5%	3.5%
Indiana Code specifies percentage of CY2005 Basic Grant State Support available calculation for Utility & Insurance Allowance.								

CAPITAL PROJECTS:

Expenditure by Summary Classification Type

	2005	2006	2007	2008	2009	2010	2011
Expenditures							
Buildings	896,647	2,191,642	2,672,261	2,631,094	3,797,673	1,481,330	2,523,877
Technology	1,344,539	1,681,054	1,958,382	2,146,572	2,242,942	1,903,927	2,620,113
Equipment	572,486	558,583	708,932	787,023	649,938	605,631	674,690
Salaries	1,311,823	1,251,982	1,323,254	1,364,806	1,367,558	1,328,021	1,430,473
Benefits	421,785	418,647	452,747	444,632	500,087	493,924	520,316
Utilities/Insurance	1,060,000	1,498,310	1,748,177	1,977,340	1,775,955	2,061,410	1,902,240
Total	5,607,280	7,600,217	8,863,755	9,351,467	10,334,152	7,874,244	9,671,709

* Refer to
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EAST ALLEN COUNTY SCHOOLS
Capital Project Fund - Plan Summary

The following is a general outline of the plan:	Account No.	2013	2014	2015
CURRENT EXPENDITURES				
(1) Land Acquisition and Development	41000	-	-	-
(2) Professional Services	43000	1,100,000	1,255,000	100,000
(3) Education Specifications Development	44000	-	-	-
(4) Building Acquisition, Construction, and Improvements	45100	2,136,940	2,094,800	2,265,170
(5) Rental of Buildings, Grounds and Equipment	45500	24,000	24,000	24,000
(6) Purchase of Mobile or Fixed Equipment	47000	165,000	134,000	158,000
(7) Emergency Allocations	49000	100,000	100,000	100,000
(8) Utilities (Maintenance of Buildings)	26200	1,760,000	1,760,000	1,760,000
(9) Maintenance of Equipment	26400	412,000	412,000	387,000
(10) Sports Facilities	45400	200,000	-	-
(11) Property or Casualty Insurance	26700	150,000	150,000	150,000
(12) Other Operation and Maintenance of Plant	26800	-	-	-
(13) Technology	22300/25800	3,279,163	3,330,191	3,349,218
SUBTOTAL CURRENT EXPENDITURES		9,327,103	9,259,991	8,293,388
(14) Allocation for Future Projects (Cumulative Totals)		-	-	-
(15) Transfer From One Fund to Another	60100	-	-	-
TOTAL EXPENDITURES AND ALLOCATIONS		\$ 9,327,103	\$ 9,259,991	\$ 8,293,388
SOURCES AND ESTIMATES OF REVENUE				
(1) January 1, Cash Balance		\$1,940,000		
(2) Less Encumbrances Carried Forward from Previous Year		\$850,000		
(3) Estimated Cash Balance Available for Plan (Line 1 minus Line 2)		\$1,090,000	\$606,000	\$0
(4) Property Tax Revenue		\$7,582,203	\$7,999,091	\$7,638,488
(5) Auto Excise, CVET and FIT receipts		\$654,900	\$654,900	\$654,900
(6) Other Revenue (interest income)		\$0	\$0	\$0
TOTAL FUNDS AVAILABLE FOR PLAN (Add lines 3,4,5,6)		\$9,327,103	\$9,259,991	\$8,293,388
ESTIMATED PROPERTY TAX RATE TO FUND PLAN		0.38176	0.38358	0.34884
ESTIMATED ASSESSED VALUATION (Advertisement)		\$1,986,099,000	\$2,085,404,000	\$2,189,674,000
11Pay12 AV is \$2,206,776,647		@90%		
ESTIMATED ASSESSED VALUATION (Internal)		\$2,162,641,100	\$2,270,773,000	\$2,384,312,000
10Pay11 AV is \$2,206,776,647		@98%		
ESTIMATED AMOUNT EXCEEDING CAP		\$462,788		
- Adjusted Fund Rate Cap: 0.2429 (Inventory & Interstate Commerce)		0.2429		
- Adjusted Fund Rate Cap: 0.3292 (Utility & Insurance)		0.3292		

CPF Worksession [07-17-12]

Construction/Maintenance/Repair - Decision Points

- Discussion:
 - Paradigm Shift: no longer able to fund routine construction/maintenance/repair projects from CPF.
 - General Obligation [GO] Bond
 - Examples: boilers, doors, sidewalks, flooring, fueling stations, drainage, plumbing, cabinets, fencing, asphalt, locker rooms, restrooms, windows, roofing, lights, sound systems.

General Obligation Bond - Discussion

- Discussion:
 - Considerations:
 - Bonding of less than \$2 Million
 - For routine building construction/repair/maintenance
 - Only issue one at a time and payback before next one issued.
 - Payback in a two to three year time frame

General Obligation Bond - Discussion

- Projects (\$2,893,600):

- Boiler Replacement
- Asphalt/Sidewalk Repairs
- Fencing
- Door Replacements
- Restroom Repairs
- Window Replacements
- Classroom Cabinets
- Roofing
- Title IX
- Fueling Stations
- Locker Rooms
- Drainage/Exterior Block
- Flooring

Discussion: Future Projects

- **Needed Maintenance:**
 - NHHS - HVAC/Mechanical/Electrical
 - EAU – PHJH - HVAC/Mechanical/Electrical
- **Projects Needing Redefinition:**
 - NHMS - 64 Building
 - PHLC - Gym Roof
 - HIEL - Special Needs Preschool
 - Consolidated Administration
- **Process:**
 - Community Focus Meetings
 - Analysis of Input
 - Presenting Options
 - Board Decision

BUS REPLACEMENT FUND:

- Is used to cover the purchase of all buses, and requires the establishment of a 12-year replacement plan. As only the first year of the plan is firm, there is opportunity to make necessary adjustments to the proposed number of buses to be purchased in ensuing years. Hearings must be held annually for review and public input on the 12-year purchase plan.

BUS REPLACEMENT FUND:

A Major Change in Available Funding:

- The 2011 Legislative Session changed the local tax levy from being a needs based fund to a maximum levy to be determined by the Local Department of Government Finance (DLGF).
- Amended IC 20-46-5-4 on how much each school corporation may levy for a calendar year property tax for the school bus replacement fund. The levy may not exceed the amount approved by the department of local government finance. The local department of government finance shall evaluate whether the levy proposed by a school corporation exceeds the reasonable needs of the school corporation to carry out the purposes of the fund and approve a levy that does not exceed the reasonable needs of the school corporation to carry out the purposes of this chapter. In making its determination, the department of local government finance may consider whether a school corporation has in a previous year transferred money from the fund to the school corporation's rainy day fund or a fund other than the school bus replacement fund.
- The DLGF's Calculation would be an average of 13 buses per year and a maximum levy of \$1,322,221 per year for 2013.

BUS REPLACEMENT FUND:

Current Types and Years Purchased

- Type of Buses**

Type A: 9 Buses
 Type B: 0 Buses
 Type C: 72 Buses
 Type D: 77 Buses
 Total 158 Buses

- Bus Purchase Year:**

Year Received	1999	2000	2001	2002	2003	2004	2005	2006	2007	2008	2009	2010	2011
Type A (9)	3	2	-	-	-	2	1	-	-	-	-	-	1
Type B (0)	-	-	-	-	-	-	-	-	-	-	-	-	-
Type C (72)	9	10	3	-	6	5	3	3	3	-	13	6	11
Type D (77)	2	3	10	16	10	9	11	8	8	-	-	-	-
Subtotal	14	15	13	16	16	16	15	11	11	-	13	6	12

Bus Replacement Plan:

Issue: DLGF Maximum Levy is \$1,322,221 (1.028 x \$1,286,207)

A	B	C	D
No. of buses owned	No. of buses to be replaced	Year	Total of Replacement Cost
158	22	2013	\$ 2,011,500
158	14	2014	\$ 1,562,900
158	16	2015	\$ 1,808,200
158	16	2016	\$ 1,872,400
158	16	2017	\$ 1,815,200
158	15	2018	\$ 1,794,600
158	11	2019	\$ 1,389,900
158	11	2020	\$ 1,422,900
158	13	2021	\$ 1,558,300
158	6	2022	\$ 716,400
158	12	2023	\$ 1,486,700
158	6	2024	\$ 753,000

PENSION DEBT – LEVY NEUTRALIZATION:

- Indiana code 20-48-1-2 provides that each year that a debt service levy is needed for the purposes of funding retirement or severance liabilities, a school corporation must reduce the total property tax levy for the school corporation’s capital projects, transportation, bus replacement, art association, and historical society funds, as appropriate, in an amount equal to the property tax levy needed for the debt service multiplied by the adjustment percentage set forth in subsection (1) or (2) below, as applicable:
 - (1) if the governing body of the school corporation adopts a resolution specifying that the adjustment percentages below apply to the school corporation, the adjustment percentage will be the following:
 - A) for property taxes first due and payable in 2013, 25%
 - B) for property taxes first due and payable in 2014, 50%
 - C) for property taxes first due and payable in 2015, 75%; and
 - D) for property taxes first due and payable after 2015, 100%; or
 - (2) if the governing body of the school corporation does not adopt a resolution specifying that the adjustment percentages above apply to the school corporation, the adjustment percentage is 100%.
- For example if EACS adopts the resolution described in subsection (1) above and the annual pension debt levy for EACS is \$744,000, it must reduce its levies in other funds by \$186,000 for 2013, \$372,000 for 2014, \$558,000 for 2015, and \$744,000 for 2016.

EACS – Budget Information

- Questions
- Concerns
- Issues
- Action Items