



# East Allen County Schools

2012 Budget Information - July 19, 2011

- Capital Projects
- Bus Replacement

# Capital Projects & CPF Review

- Budget Schedule
- Budget Considerations
- Capital Projects Plan
  - Maximum Rate
  - Major Items
  - Funding Issue
- Bus Replacement Plan
  - Max Levy
  - Replacement Schedule

# Budget Schedule

- **July 19<sup>th</sup> Meeting**
  - Capital Projects & Bus Replacement
- **August 16<sup>th</sup> Meeting**
  - Entire Budget Review [i.e. General Fund; Debt Services; Transportation; etc.]
  - Approval of Advertisement
- **September 6<sup>th</sup> 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 4<sup>th</sup> Meeting**
  - Budget Approval

## *2011 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 \$2,148,215,700 (98% of 10Pay11 AV).
  - The Auditor's office has not suggested an assessed valuation for advertisement as of yet.
  - **To protect EACS, using \$1,972,851,100 (90% of 10Pay11 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 at \$1,905,171).

# CAPITAL PROJECTS:

- Funding Challenges

- Revenue of approximately \$7.7 Million Per Year
- Stagnate 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 \$7,645,938 (Estimate)
- Circuit Breaker Affect

|  | CPF | Total |
|--|-----|-------|
|--|-----|-------|

- Capital Project Challenge

- Adequate Funding Levels within CPF

# CAPITAL PROJECTS:

## Revenue, Expenditure, & Yearend Balance History

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

# CAPITAL PROJECTS:

## Revenue History

|  |           |           |           |           |           |           |           |           |
|--|-----------|-----------|-----------|-----------|-----------|-----------|-----------|-----------|
| Revenue  | 2004      | 2005      | 2006      | 2007      | 2008      | 2009      | 2010      | 2011-Est  |
| Property Taxes   | 6,664,846 | 7,447,420 | 7,999,494 | 8,321,760 | 8,519,873 | 6,901,009 | 7,130,992 | 6,989,836 |
| Excise Taxes   | 685,600   | 730,103   | 739,092   | 762,630   | 738,809   | 619,262   | 599,603   | 515,639   |
| CVET   | 76,351    | 89,894    | 96,358    | 104,762   | 108,632   | 89,050    | 90,445    | 85,990    |
| FIT  | 34,960    | 40,520    | 38,344    | 40,725    | 40,224    | 39,298    | 40,515    | 38,713    |
| Refunds/Reimbursements   | 11,064    | 5,086     | 5,222     | 10,282    | 40,774    | 45,850    | 14,899    | 15,760    |
| 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 | 7,645,938 |
| Loss (Collections/Circuit)   | -         | -         | -         | -         | -         | (215,894) | (182,609) | (239,567) |
| 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      |  |
|---------------------|-----------|-----------|-----------|-----------|------------|-----------|--|
| Expenditures        |           |           |           |           |            |           |  |
| Buildings           | 896,647   | 2,191,642 | 2,672,261 | 2,631,094 | 3,797,673  | 1,481,330 |  |
| Technology          | 1,344,539 | 1,681,054 | 1,958,382 | 2,146,572 | 2,242,942  | 1,903,927 |  |
| Equipment           | 572,486   | 558,583   | 708,932   | 787,023   | 649,938    | 605,631   |  |
| Salaries            | 1,311,823 | 1,251,982 | 1,323,254 | 1,364,806 | 1,367,558  | 1,328,021 |  |
| Benefits            | 421,785   | 418,647   | 452,747   | 444,632   | 500,087    | 493,924   |  |
| Utilities/Insurance | 1,060,000 | 1,498,310 | 1,748,177 | 1,977,340 | 1,775,955  | 2,061,410 |  |
| Total               | 5,607,280 | 7,600,217 | 8,863,755 | 9,351,467 | 10,334,152 | 7,874,244 |  |

## Capital Project Fund - Plan Summary

| The following is a general outline of the plan:                     | Account No. | 2012                   | 2013                   | 2014                   |
|---|-------------|------------------------|------------------------|------------------------|
| <b>CURRENT EXPENDITURES</b>   |             |                        |                        |                        |
| (1) Land Acquisition and Development                                | 41000       | -                      | -                      | -                      |
| (2) Professional Services   | 43000       | 1,227,000              | 1,257,000              | 1,257,000              |
| (3) Education Specifications Development                            | 44000       | -                      | -                      | -                      |
| (4) Building Acquisition, Construction, and Improvements            | 45100       | 4,702,360              | 4,109,720              | 3,656,590              |
| (5) Rental of Buildings, Grounds and Equipment                      | 45500       | 24,000                 | 24,000                 | 24,000                 |
| (6) Purchase of Mobile or Fixed Equipment                           | 47000       | 308,000                | 308,000                | 306,000                |
| (7) Emergency Allocations   | 49000       | 200,000                | 200,000                | 200,000                |
| (8) Utilities (Maintenance of Buildings)                            | 26200       | 1,760,000              | 1,760,000              | 1,760,000              |
| (9) Maintenance of Equipment  | 26400       | 518,000                | 507,000                | 489,000                |
| (10) Sports Facilities  | 45400       | -                      | 90,000                 | -                      |
| (11) Property or Casualty Insurance                                 | 26700       | 150,000                | 150,000                | 150,000                |
| (12) Other Operation and Maintenance of Plant                       | 26800       | -                      | -                      | -                      |
| (13) Technology   | 22300/25800 | 4,123,878              | 5,108,758              | 4,936,823              |
| <b>SUBTOTAL CURRENT EXPENDITURES</b>                                |             | <b>13,036,438</b>      | <b>13,514,478</b>      | <b>12,779,413</b>      |
| <br>  |             |                        |                        |                        |
| (14) Allocation for Future Projects (Cumulative Totals)             |             | -                      | -                      | -                      |
| (15) Transfer From One Fund to Another                              | 60100       | -                      | -                      | -                      |
| <br>  |             |                        |                        |                        |
| <b>TOTAL EXPENDITURES AND ALLOCATIONS</b>                           |             | <b>\$ 13,036,438</b>   | <b>\$ 13,514,478</b>   | <b>\$ 12,779,413</b>   |
| <br>  |             |                        |                        |                        |
| <b>SOURCES AND ESTIMATES OF REVENUE</b>                             |             |                        |                        |                        |
| (1) January 1, Cash Balance   |             | \$6,383,000            |                        |                        |
| (2) Less Encumbrances Carried Forward from Previous Year            |             | \$1,680,000            |                        |                        |
| (3) Estimated Cash Balance Available for Plan (Line 1 minus Line 2) |             | \$4,703,000            | \$4,847,786            | \$4,847,786            |
| (4) Property Tax Revenue  |             | \$7,612,038            | \$7,945,292            | \$7,210,227            |
| (5) Auto Excise, CVET and FIT receipts                              |             | \$721,400              | \$721,400              | \$721,400              |
| (6) Other Revenue (interest income)                                 |             | \$0                    | \$0                    | \$0                    |
| <b>TOTAL FUNDS AVAILABLE FOR PLAN (Add lines 3,4,5,6)</b>           |             | <b>\$13,036,438</b>    | <b>\$13,514,478</b>    | <b>\$12,779,413</b>    |
| <b>ESTIMATED PROPERTY TAX RATE TO FUND PLAN</b>                     |             | <b>0.38584</b>         | <b>0.38355</b>         | <b>0.33149</b>         |
| <br>  |             |                        |                        |                        |
| <b>ESTIMATED ASSESSED VALUATION (Advertisement)</b>                 |             | <b>\$1,972,851,100</b> | <b>\$2,071,494,000</b> | <b>\$2,175,069,000</b> |
| 10Pay11 AV is \$2,192,056,810                                       |             | @90%                   |                        |                        |
| <br>  |             |                        |                        |                        |
| <b>ESTIMATED ASSESSED VALUATION (Internal)</b>                      |             | <b>\$2,148,215,700</b> | <b>\$2,255,626,000</b> | <b>\$2,368,407,000</b> |
| 10Pay11 AV is \$2,192,056,810                                       |             | @98%                   |                        |                        |
| <b>ESTIMATED AMOUNT EXCEEDING CAP</b>                               |             | <b>\$504,023</b>       |                        |                        |
| - Adjusted Fund Rate Cap: 0.2429 (Inventory & Interstate Commerce)  |             | 0.2429                 |                        |                        |
| - Adjusted Fund Rate Cap: 0.3285 (Utility & Insurance)              |             | 0.3298                 |                        |                        |

# Capital Projects Decision Points

## Discussion

| Paradigm Shift:         | Major Projects in 2012:                  | Funding Needs |
|-------------------------|--|---------------|
| Priorities              | One-to-One Computing                     | \$1,659,275   |
| • Construction          | Building Maintenance – Contracted Svcs.  | \$ 822,000    |
| • Renovation            | Misc. Building Projects                  | \$ 465,900    |
| • Maintenance           | Building Maintenance – Supplies/Parts    | \$ 450,000    |
| • Equipment             | Architectural Fees                       | \$1,225,000   |
| • Technology            | Woodlan – Construction                   | \$1,000,000   |
| • Utilities & Insurance | Highland Terrace – Expansion for PK (#1) | \$ 200,000    |
|                         | Roofing – Southwick & Heritage           | \$ 400,000    |
| Funding Sources         | Leo Jr./Sr. High – Lower Arena Bleachers | \$ 198,000    |
| • Capital Projects      | Service Center – Bus Parking &           | \$ 155,000    |
| • Borrowing/Bonding     | Underground Fuel Tank Lines              |               |
| • Grants                |  |               |
| • Textbook Rental       | (#1) Encumbrance - \$1,600,000           |               |

## **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 \$1,150,472 per year.

# 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 \$1,150,472

| A                  | B                           | C    | D                         |
|--------------------|-----------------------------|------|---------------------------|
| No. of buses owned | No. of buses to be replaced | Year | Total of Replacement Cost |
| 158                | 14                          | 2012 | \$ 1,232,900              |
| 158                | 14                          | 2013 | \$ 1,321,600              |
| 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              |

# EACS – Budget Information

- Questions
- Concerns
- Issues
- Action Items