



East Allen County Schools

2014 Budget Information - July 16, 2013

- Capital Projects
- Bus Replacement

Capital Projects & Bus Replacement

- Budget Schedule
- Capital Projects Plan
 - Maximum Rate
 - Major Items
 - Funding Issue
 - General Obligation [GO] Bond
- Bus Replacement Plan
 - Max Levy
 - Replacement Schedule

Budget Schedule

- **July 16th Meeting**
 - Capital Projects & Bus Replacement
- **August 20th Meeting**
 - Entire Budget Review [i.e. General Fund; Debt Services; Transportation; etc.]
 - Approval of Advertisement
- **September 17th 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 15th Meeting**
 - Budget Approval

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 CY2013 based on the formula is **\$0.3245** [**\$0.2390-Rate Cap + \$0.0855-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 2007/2008/2009/2010/2011/2012/2013/2014 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 \$7,778,582 (includes State Loan – CPF)
 - 2013 \$8,351,698 (estimate includes Project/Bond Reimbursement & Circuit Breaker Loss)
- Circuit Breaker Affect

	CPF	Total
• 2009	\$ 40,412	[\$105,193]
• 2010	\$ 187,385	[\$481,611]
• 2011	\$ 239,567	[\$644,390]
• 2012	\$ 216,308	[\$579,403]
• 2013	\$ 256,166	[\$711,546]

- Starting in 2014, Circuit Breaker Losses that are associated with Debt Service Funds will be prorated over the remaining funds. For EACS this equates to about a \$720,000 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:

Revenue, Expenditure, & Yearend Balance History

	2005	2006	2007	2008	2009	2010	2011	2012
Revenue	8,313,023	8,878,510	9,326,159	9,448,312	7,695,883	7,881,454	7,786,270	7,778,582
Expenses	5,607,280	7,600,217	8,949,504	9,351,467	10,334,152	7,874,244	9,671,709	11,002,239
Difference	2,705,743	1,278,293	376,655	96,845	(2,638,269)	7,210	(1,885,439)	(3,223,657)
End of Year Balance	9,008,223	10,286,516	10,663,172	10,760,017	8,121,748	8,128,958	6,243,519	3,019,863

CAPITAL PROJECTS:

Revenue History

Revenue	2004	2005	2006	2007	2008	2009	2010	2011	2012
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	6,638,761
Excise Taxes	685,600	730,103	739,092	762,630	738,809	619,262	599,603	596,598	578,263
CVET	76,351	89,894	96,358	104,762	108,632	89,050	90,445	87,806	88,432
FIT	34,960	40,520	38,344	40,725	40,224	39,298	40,515	38,697	39,014
Refunds/Reimbursements	11,064	5,086	5,222	10,282	40,774	45,850	14,899	46,996	105,303
Fund Transfers	223,000	-	-	86,000	-	1,414	5,000	-	-
2013 State Loan									328,809
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	7,778,582
Levy Loss (Collections/Circuit)	-	-	-	-	-	(276,891)	(182,609)	(213,230)	(260,265)
CPF Allowance for Utilities & Insurance	2004	2005	2006	2007	2008	2009	2010	2011	2012
Amount	523,000	1,048,561	1,498,310	1,905,171	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%	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	2012
Expenditures								
Buildings	896,647	2,191,642	2,672,261	2,631,094	3,797,673	1,481,330	2,523,877	3,817,583
Technology	1,344,539	1,681,054	1,958,382	2,146,572	2,242,942	1,903,927	2,620,113	2,902,672
Equipment	572,486	558,583	708,932	787,023	649,938	605,631	674,690	457,653
Salaries	1,311,823	1,251,982	1,323,254	1,364,806	1,367,558	1,328,021	1,430,473	1,442,067
Benefits	421,785	418,647	452,747	444,632	500,087	493,924	520,316	550,801
Utilities/Insurance	1,060,000	1,498,310	1,748,177	1,977,340	1,775,955	2,061,410	1,902,240	1,831,463
Total	5,607,280	7,600,217	8,863,755	9,351,467	10,334,152	7,874,244	9,671,709	11,002,239

EAST ALLEN COUNTY SCHOOLS				
Capital Project Fund - Plan Summary				
The following is a general outline of the plan:	Account No.	2014	2015	2016
CURRENT EXPENDITURES				
(1) Land Acquisition and Development	41000	-	-	-
(2) Professional Services	43000	60,000	60,000	60,000
(3) Education Specifications Development	44000	-	-	-
(4) Building Acquisition, Construction, and Improvements	45100	2,908,500	2,918,650	2,893,800
(5) Rental of Buildings, Grounds and Equipment	45500	24,000	24,000	24,000
(6) Purchase of Mobile or Fixed Equipment	47000	220,000	206,000	206,000
(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	465,000	462,000	462,000
(10) Sports Facilities	45400	350,000	-	-
(11) Property or Casualty Insurance	26700	150,000	150,000	150,000
(12) Other Operation and Maintenance of Plant	26800	-	-	-
(13) Technology	22300/25800	3,357,901	3,085,810	2,380,719
SUBTOTAL CURRENT EXPENDITURES		9,495,401	8,866,460	8,136,519
(14) Allocation for Future Projects (Cumulative Totals)		2,000,000	2,000,000	2,000,000
(15) Transfer From One Fund to Another	60100	-	-	-
TOTAL EXPENDITURES AND ALLOCATIONS		\$ 11,495,401	\$ 10,866,460	\$ 10,136,519
SOURCES AND ESTIMATES OF REVENUE				
(1) January 1, Cash Balance		\$3,100,000		
(2) Less Encumbrances Carried Forward from Previous Year		\$400,000		
(3) Estimated Cash Balance Available for Plan (Line 1 minus Line 2)		\$2,700,000	\$2,000,000	\$1,250,000
(4) Property Tax Revenue		\$8,135,401	\$8,206,460	\$8,226,519
(5) Auto Excise, CVET and FIT receipts		\$660,000	\$660,000	\$660,000
(6) Other Revenue (interest income)		\$0	\$0	\$0
TOTAL FUNDS AVAILABLE FOR PLAN (Add lines 3,4,5,6)		\$11,495,401	\$10,866,460	\$10,136,519
ESTIMATED PROPERTY TAX RATE TO FUND PLAN		0.40565	0.38971	0.37206
ESTIMATED ASSESSED VALUATION (Advertisement)		\$2,005,531,400	\$2,105,808,000	\$2,211,098,000
12Pay13 AV is \$2,228,368,226		@ 90%		
ESTIMATED ASSESSED VALUATION (Internal)		\$2,183,800,900	\$2,292,991,000	\$2,407,641,000
12Pay13 AV is \$2,228,368,226		@ 98%		
ESTIMATED AMOUNT EXCEEDING CAP		\$933,226		
- Adjusted Fund Rate Cap: 0.2390 (Inventory & Interstate Commerce)		0.2390		
- Adjusted Fund Rate Cap: 0.3245 (Utility & Insurance)		0.3245		

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
 - Routine building construction/repair/maintenance projects that are specific in nature
 - Payback requirement – less than twenty years
 - Minimize the taxpayer impact

General Obligation Bond - Discussion

- Projects (\$1,860,000) :

- Example
 - Boiler Replacement (Leo Jr./Sr. High School)
 - Roofing (Park Hill Gym, 64 Building)
 - Parking Lot (Leo Jr./Sr. High School, New Haven Middle School)
 - Elevator (New Haven High School, New Haven Middle School)
 - Sidewalks (Paul Harding Junior High/East Allen University)
 - Cabinets/Sinks (Leo Elementary)
 - Exterior Lighting (Southwick Elementary)

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 \$1,356,599 per year for 2014.

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	2012
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	6
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	6

Bus Replacement Plan:

Issue: DLGF Maximum Levy is \$1,356,599 (1.026 x \$1,322,221)

A	B	C	D
No. of buses owned	No. of buses to be replaced	Year	Total of Replacement Cost
158	24	2014	\$ 2,395,900
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
158	12	2025	\$ 1,612,400

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 re-adopts the resolution described in subsection (1) above and the annual pension debt levy for EACS is \$750,000, it must reduce its levies in other funds by \$187,183 in 2013, \$375,000 for 2014, \$562,500 for 2015, and \$750,000 for 2016.

EACS – Budget Information

- Questions
- Concerns
- Issues
- Action Items