

CENTER GROVE COMMUNITY SCHOOL CORPORATION

2010 BUDGET PREPARATION SCHEDULE

Scheduled	Actual	
Feb. 3, 2009	04/11	Enrollment projections completed and reviewed by Cabinet
April 1, 2009	04/17	First draft of staffing decisions made by Cabinet
May 1, 2009	05/12	CPF Budget requests reviewed with Building Principals, Program Directors and Coordinators
May 1, 2009	05/12	General Fund Budgets reviewed with Building Principals, Program Directors and Coordinators
June 2, 2009	08/13	All budget request forms and worksheets completed and returned to the Business Office
June 16, 2009	07/14	First draft of budget cuts completed
June 27, 2009	08/17	Business Office review of all budgets completed
July 27, 2009	07/27	First budget draft presented to Cabinet
August 5, 2009	08/05	Special Board meeting to review the draft budget
August 17, 2009	08/17	Public discussion of the budget at regular Board meeting
Sept. 2, 2009		Date of 1st publication of the proposed 2010 Budget, Bus Replacement Plan, and Capital Projects Fund Plan
Sept. 9, 2009		Date of 2nd publication of the proposed 2010 Budget, Bus Replacement Plan, and Capital Projects Fund Plan
Sept. 18, 2009		Official ADM Enrollment Count
Sept. 21, 2009		Public hearing of the proposed 2010 Budget, Bus Replacement Plan, and Capital Projects Fund Plan
October 19, 2009		Proposed 2010 Budget, Bus Replacement Plan, and Capital Projects Fund Plan adopted by the Board at a regular meeting
October 20, 2009		File adopted budget and tax levies with County Auditor
October 23, 2009		Publish Notice of Adoption of the Capital Projects Plan
November 2009		DLGF hearing
December 2009		Auditor certifies pay-2010 Assessed Values
December 2009		Rates published by the County Auditor
January 2010		DLGF provides 1782 draft notice
February 2010		Final 2010 budget received

Assessed Value History

Pay Year	Amount	Change	Comments
1997	\$298,800,670		
1998	\$314,456,610	5.24%	
1999	\$333,052,510	5.91%	
2000	\$362,445,820	8.83%	
2001	\$378,893,170	4.54%	
2002	\$1,206,194,110	X 3.18	Change to True Tax Value; should have multiplied by 3.
2003	\$2,001,044,580	65.90%	Re-assessment year
2004	\$2,059,118,680	2.90%	
2005	\$2,168,245,180	5.30%	
2006	\$2,295,503,980	5.87%	
2007	\$2,520,158,340	9.79%	Trending make-up year; inventory tax reduction of \$27,906,300
2008	\$2,623,539,190	4.10%	
2009	\$2,087,882,638	-20.42%	Decrease due to a new homeowner's deduction
The years below are projected:			
2010	\$2,151,000,000	3%	
2011	\$2,216,000,000	3%	
2012	\$2,282,000,000	3%	

2010 BUDGET WORKSHEET

Fund	2009	2010	Change '09 to '10	Notes
General	\$42,880,000 \$0.0000	\$43,050,000 \$0.0000	+\$170,000 N/C	These numbers are mostly determined by the state funding formula. The state provides almost all revenue, and there is no local tax.
Sp. Ed. Pre-Schl.	\$221,000 \$0.0000	\$0 \$0.0000	-\$221,000 N/C	Revenue and expenses for this fund were moved to the General Fund as part of the 2010 funding formula.
Transp.	\$3,034,958 \$0.1193	\$3,190,000 \$0.1245	+\$155,042 +\$0.0052	The State caps the levy with an increase of about 4% per year.
Bus Replace.	\$777,996 \$0.0313	\$880,000 \$0.0352	+\$102,004 +\$0.0039	Budget for 2009 was not as enough to fund needed purchases in 2009.
Debt Service	\$11,090,000 \$0.5599	\$12,785,000 \$0.5408	+\$1,695,000 -\$0.0191	GO bonds for the high school and technology will increase the budget for 2010.
Severance Bond Fund	\$1,055,433 \$0.0460	\$1,058,000 \$0.0450	+\$2,567 -\$0.0010	This pays for the SB199 retirement bonds and will stay relatively constant until the bonds are paid off in 2013. Increased AV will lower the rate slightly.
CPF	\$7,225,153 \$0.2857	\$6,900,000 \$0.2728	-\$325,153 -\$0.0129	Tax rate is determined by a formula. It will generate less money in 2010 than it did in 2009.
Totals	\$66,284,540 \$1.0422	\$67,863,000 \$1.0183	+\$1,578,460 -\$0.0239	2.38% increase 2.29% decrease

Note: The above figures reflect budgets and rates after adjustments for SB199 tax neutrality.

CENTER GROVE COMMUNITY SCHOOL CORPORATION

COMPARISON of ADVERTISED and APPROVED TAX RATES

ADVERTISED

	2005	2006	2007	2008	2009	2010
Assessed Valuation	\$2,001,044,580	\$2,275,319,597	\$2,341,414,060	\$2,341,414,060	\$1,685,600,000	\$1,879,000,000
TAX RATE						
General	0.7801	0.7674	0.7404	0.7404	0.0000	0.0000
Debt Service	0.5216	0.3786	0.4527	0.4527	0.7215	0.6191
Pension Debt	0.0586	0.0429	0.0430	0.0430	0.0561	0.0516
Capital Projects	0.3555	0.3093	0.3217	0.3217	0.4507	0.3322
Transportation Operating	0.0951	0.0856	0.1092	0.1092	0.1626	0.1426
Transportation Bus Replacement	0.0917	0.0786	0.0830	0.0830	0.1031	0.0945
SpEd Pre-School	0.0111	0.0020	0.0024	0.0024	0.0000	0.0000
ADVERTISED TOTAL TAX RATE	1.9137	1.6644	1.7524	1.7524	1.4940	1.2400

(Items in red not yet approved)

APPROVED

	2005	2006	2007	2008	2009	2010
Assessed Valuation	\$2,168,245,180	\$2,295,503,980	\$2,520,158,340	\$2,623,539,190	\$2,087,882,638	\$2,151,000,000
TAX RATE						
General	0.6534	0.6803	0.6622	0.6769	0.0000	0.0000
Debt Service	0.3551	0.3166	0.4109	0.4109	0.5599	0.5408
Pension Debt	0.0428	0.0403	0.0379	0.0366	0.0460	0.0450
Capital Projects	0.2651	0.2713	0.2750	0.2730	0.2857	0.2728
Transportation Operating	0.0682	0.0686	0.0817	0.0853	0.1193	0.1245
Transportation Bus Replacement	0.0243	0.0250	0.0302	0.0323	0.0313	0.0352
SpEd Pre-School	0.0020	0.0020	0.0019	0.0019	0.0000	0.0000
APPROVED TOTAL TAX RATE	1.4109	1.4041	1.4998	1.5169	1.0422	1.0183
Advertised Rate	1.9137	1.6644	1.7524	1.7524	1.4940	1.2400
Approved Rate	1.4109	1.4041	1.4998	1.5169	1.0422	1.0183
Rate Change	-0.5028	-0.2603	-0.2526	-0.2355	-0.4518	-0.2217



2010 Budget

CENTER GROVE COMMUNITY SCHOOL CORPORATION



September 21, 2009

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This report presents the proposed calendar year 2010 Budget and proposed tax rates for the six advertised funds.

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Budget Adoption Calendar

- ◆ **August 5, 2009** **First draft of budget presented**
- ◆ **August 17, 2009** **Further discussion of the budget
at the regular Board meeting**
- ◆ **September 2, 2009** **Budget Advertised**
- ◆ **September 21, 2009** **Budget Hearing
Bus Replacement Plan Hearing
Capital Projects Plan Hearing**
- ◆ **October 19, 2009** **Budget Adoption by the Board
Bus Replacement Plan Adoption
Capital Projects Plan Adoption**

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The 2010 Budget has been under development for some time. We began this process in the spring by gathering data from principals and unit heads and making projections of staffing and enrollment. This year, the budget will be discussed at four separate Board meetings as shown above. We will request the Board to officially adopt the Budget at its regular meeting on October 19.



Agenda

- 1 2010 Major Budget Issues**
- 2 2010 Budgets**
- 3 Summary and Conclusions**

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The report that follows is divided into three parts: first, a discussion of major budget issues; then a review of the budgets themselves; and concluding with a discussion and some summary information. Because the detailed material about the budget has been on our website for a few weeks, I have developed the printed materials for sections 2, but I will not be discussing them tonight unless there are questions.



Major Budget Issues

- 1 Enrollment Changes**
- 2 General Fund Revenue for 2010 & 2011**
- 3 Restructuring of Accounts**
- 4 Rainy Day Fund**
- 5 General Fund Major Changes**

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Each year presents unique challenges and opportunities as we develop a budget that attempts to satisfy a variety of priorities. This year, five issues have developed as key factors in this budget as shown above.

The next section of this report reviews these five issues.



Major Issues:

❶ Enrollment Changes

Past Data and 2009-10 Projections

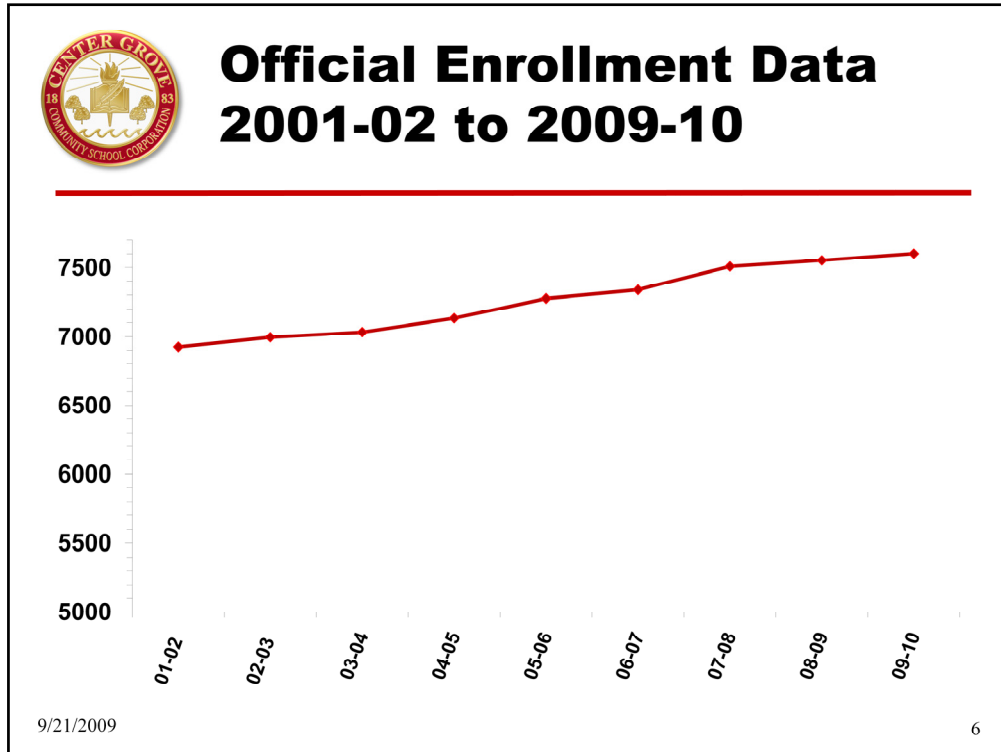
	2004-05	2005-06	2006-07	2007-08	2008-09	2009-10 Projected
Enrollment	7,135	7,277	7,338	7,508	7,553	7,603
Change From Previous Year	+102	+142	+61	+170	+45	+50

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The **first** major budget issue is enrollment. Because our revenue is tied to our enrollment, it is important that we project accurately. This chart shows what has happened over the last few years and what we have projected for 2009-10. The demographic model that we use projected an increase of 44 students for 2009-10. However, actual enrollment is expected to grow by at least 50 students.

It is important to note that the funding formula in the past has generated about \$5,000 per student. New provisions added for 2010 mean that any change in our ADM between -30 and +50 will generate exactly the same amount of revenue.



This chart represents our official enrollment data starting in 2001-02. During this eight-year period, we gained 678 students (an average gain of 85 students per year).

We will not have the final official enrollment figures for about two weeks. You should expect a more complete discussion of enrollment projections at the next Board meeting.



Major Issues:

@ General Fund Revenue for 2010 & 2011

- ✓ Revenue is controlled by the state formula.
- ✓ The state is using federal dollars to help fund schools from 07-01-09 through 06-30-11.
- ✓ We predict our 2011 revenue to be slightly less than 2010.
 - We are trying to get an updated projection of 2011 revenue from the state.
- ✓ Our current predictions are that 2011 state funding will be \$1.3 million short of funding existing programs.

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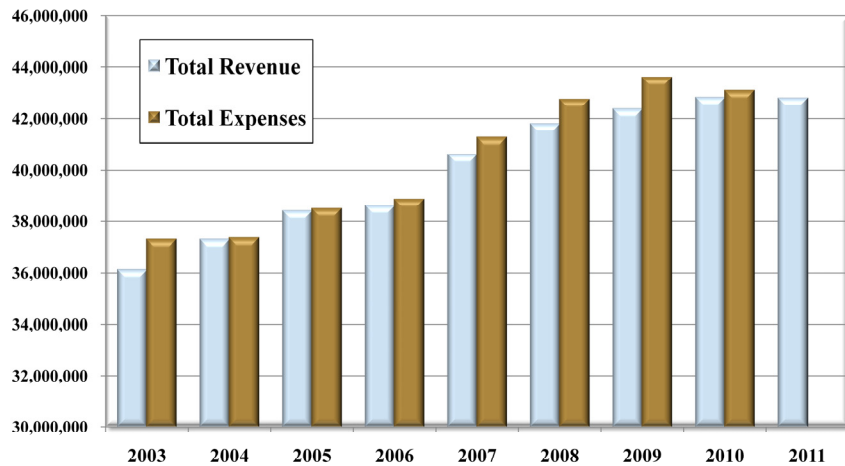
The **second** major budget issue is revenue in the General Fund. As most people are aware, our revenue is controlled by a state formula, currently that formula covers 2010 and 2011. The state is using federal stimulus dollars to help fund schools through June 30, 2011.

Because this is a two-year formula, we can estimate our revenue for 2011. Our expectation is that our revenue for 2011 will be about \$50,000 less than it is in 2010. This will be the first time that our revenue has dropped from one year to the next. We are working with Legislative Service Agency to try to get a better estimate of 2011 revenue.

Because we also have costs that are increasing every year, we have taken a look at 2011 expenses, and we expect that we will be short about \$1.3 million in 2011, just to cover our existing programs for students.



Revenue and Expense for 2003 to 2011



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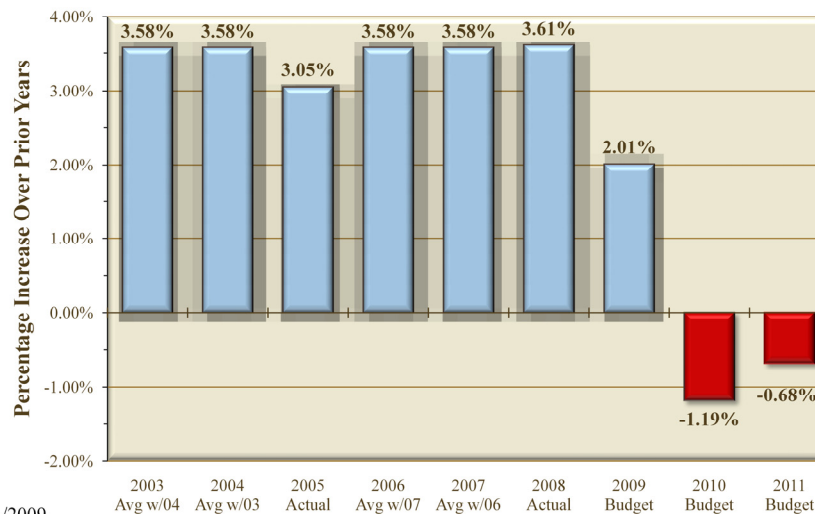
This chart shows our revenues and expenses going back to 2003.

First you will note that every year our expenses have been greater than our revenue. This is what you would expect given the fact that our cash balance has eroded each year.

Also, you can see that our expenses for 2010 are below 2009, and our expenses for 2011 will have to be even lower if we are to have a balanced budget.



General Fund Expense Percent Increase (Including Sp Ed Pre-Schl Expense)



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Here is another way to look at our expense picture. Each year our expenses have increased by about 3.5%. 2010 and 2011 represent the first time in history in which our expenses will not increase.

As the Board considers the possibility of a referendum for 2011, we need to keep in mind that we may need over \$1 million in additional revenue just to avoid massive cuts.



Major Issues:

③ Restructuring of Accounts

- 1/1/08 – State restructured accounts
- 1/1/09 – CGCSC changed to new software
- 7/1/09 – State creates new funds for Stimulus money
- 1/1/10 – State again restructured accounts
- 1/1/10 – State folds Pre-School into General Fund

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Sometimes it seems as if the Business Office has been going through a constant process of restructuring the accounting system. This chart shows the changes that have been made over the last few years. Unfortunately, these changes make it more difficult to explain school finance and especially difficult to make year-to-year comparisons.

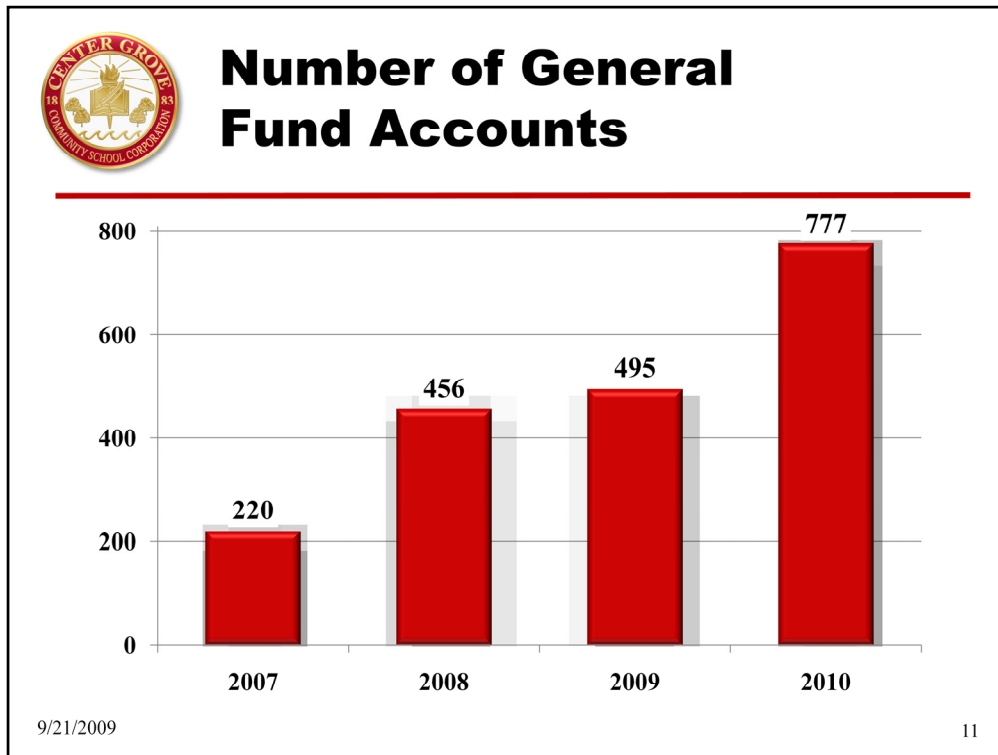
➤ On 01/01/08 the state implemented a major restructuring of accounts. This change created larger account numbers and more accounts to record fringe benefits.

➤ On 01/01/09 Center Grove implemented a new software system (Skyward) to do all of our accounting and payroll functions.

➤ On 07/01/09 the state created new funds for Federal stimulus money. This will require us to create hundreds of new accounts to record these expenditures.

➤ For 01/01/10 the state has again restructured the way benefits are recorded, again requiring hundreds of additional accounts.

➤ And on 01/01/10 the state has eliminated the Pre-School fund, moving all those revenues and expenses into the General Fund.



This chart shows the impact on just one of our funds, the General Fund. In 2007 we had 220 accounts, and for 2010 we will have 777. This expansion of accounts has impacted all of our other funds too.

The state has announced, and subsequently delayed, two other major accounting changes. One is the requirement to move most expenses down to the school level, and the other is a change from calendar year budgets to school year budgets.

It is unfortunate that all these changes make it more difficult to explain to the public what public education costs.



Major Issues:

④ Rainy Day Fund

- Expenses for HS redesign have been removed from the General Fund with the plan to use Rainy Day money.
- These expenses (\$82,000) are travel, stipends, and teacher substitute expenses associated with professional development.
- We have also moved expenses for Band uniforms (\$10,000) to the Rainy Day Fund.

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Center Grove has used the Rainy Day Fund for expenses that occur one-time, not for any on-going expenses. In constructing the General Fund Budget we looked for anything that could be moved to the Rainy Day Fund to free up General Fund dollars.

We moved \$82,000 in expenses associated with professional development for high school redesign. We also moved \$10,000 that had been budgeted to accumulate money to fund band uniforms.

The Board will be asked to appropriate this money at future meetings.



Major Issues: 6 General Fund Major Changes

Account Categories – Largest Increases

- **314.0 Consultants** (Elementary Principal) **+\$83,000**
- **611.0 Supplies** (Maintenance) **+\$71,964**
- **625.0 Electricity** **+\$70,000**
- **216.0 State Teacher Retirement** (After 07/95) **+\$58,836**

Account Categories – Largest Decreases

- **110.1 Certified Administrator Salaries** **-\$103,627**
- **120.3 Non-Certified Salaries** **-\$102,745**
- **110.2 Certified Teacher Salaries** **-\$52,170**
- **136.0 Substitutes** (Non-Certified) **-\$41,000**

(This shows all account categories with changes greater than \$30,000)

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The **last** major budget issue deals with changes we have made in the General Fund, which are presented on the next few slides. This slide shows the changes in major account categories, and the next slide shows the impact of staffing changes. This analysis compares the budget for 2009 to the new budget for 2010.

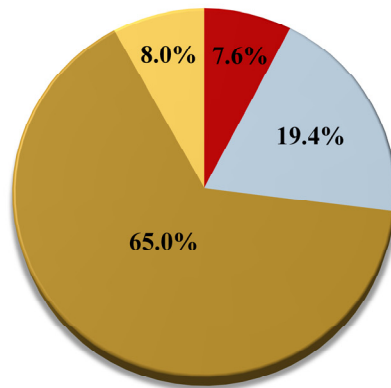
The largest increase is in payments to consultants. This occurs primarily because we have hired the principal at West Grove as a consultant, not an employee.

The largest decrease is in the cost of administrative salaries which total \$103,627. Next is all non-certified salaries, down \$102,745.

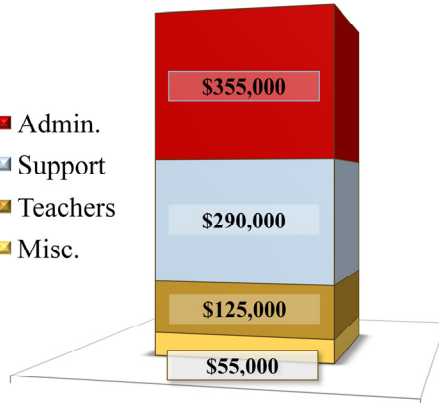


General Fund Budget Cuts

2009 Budget



Budget Cuts



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In order to get the General Fund as close to balanced as possible, the administration made a number of cuts in the budget, as compared to 2009. The pie chart on the left shows how the current 2009 budget is divided between administrators, teachers, support staff and miscellaneous. If we were going to make all areas share the cuts equally, 65% of the cuts would have come from teachers, 19% from support staff, etc.

Our actual goal was to protect the teaching staff as much as possible, and the chart on the right shows that is what happened. The largest cut of \$355,000 came from administrators, originally the smallest slice of the budget pie.

Keep in mind that these charts only deal with the specific cuts that we made. Other changes (such as salary schedule steps) cause increases in these areas.



Personnel Changes (General Fund) From 2008-09 to 2009-10

Teachers	Change
KG	+.5
GR 1-5	-2.0
H.S. English	-1.0
H.S. PE	-1.0
Total	-3.5
Savings	\$175,000
Counselors	-2.0



Non-Teachers	Change
Assistant Principal	-2.0
ESC Administrator	-1.0
Instructional Aides	-3.75
Custodians	-4.0
Tech. Secretary	-.5
Tech. Developer	-.5
AV Technician	-1.0
Total	-12.75
Savings	\$617,000
Home/Schl. Coord.	+2.5

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This slide shows the staffing changes that affect the General Fund. Keep in mind that this chart includes position that were cut as well as positions that were moved to other funds.

This shows a reduction of 3.5 teachers in the General Fund. In addition two counselors that resigned were replaced with non-certified home/school coordinators.

On the left, non-teaching position were reduced by 12.75.



Post-Budget Additions

- Added 1.0 teacher – KG at NGES (\$50,000)
- Added 4.0 classroom aides – various schools (\$60,000)
- Total 2010 budget is in the red **\$310,000**
- **Including 6 teachers paid with Stimulus money, we have 3.5 more teachers this fall than we did a year ago.**

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Because of the requirement to publish parts of the budget in the newspaper a few weeks ago, the budget had to be completed by the end of August. Since that time, we have made a few changes. We have added a kindergarten teacher at North Grove because of the class sizes there, and we have also added classroom aides totaling 4.0 positions in various locations.

With these changes, the General Fund 2010 budget is in the red by \$310,000. This money will come from the cash balance.

With Federal stimulus dollars we have hired an additional 6 teachers, including 5 instructional coaches and an RTI/alternative teacher.

Including those new positions, we have a total of 3.5 more teachers this fall compared to the fall of 2008.



Average Class Size Across the District by Year

Grade Level	2003	2004	2005	2006	2007	2008	Est. 2009
K	21	19	20	20	22	21	22
1	20	20	20	20	21	24	22
2	20	22	20	21	22	24	25
3	22	21	21	23	24	25	25
4	27	26	26	27	26	25	27
5	25	29	26	26	25	25	25

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Class size is also an important issue. This chart gives a historical perspective on our class sizes in the elementary grades.



2010 Budgets for Tax-Rated Funds

- ◆ **General Fund**
- ◆ **Capital Projects Fund**
- ◆ **Transportation Fund**
- ◆ **Bus Replacement Fund**
- ◆ **Debt Service Fund**
- ◆ **Bond Severance Fund**

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This next part of the report reviews the budgets for each fund. It is important to understand that we have included only the funds for 2010 that are (or were) supported, at least in part, by local property taxes, which we call “tax-rated.” These funds make up about 85% of our total revenues and expenditures. The remaining portion, which is NOT discussed here, includes such things as special grants and federal funds like Title 1.

If you wish to see a summary of these funds all on one page, you may refer to the 2010 Budget Worksheet which is in the budget notebook on page 1-3.



General Fund – Overview

- ◆ **Purpose: General operational expenses**
- ◆ **This fund now includes all expenses and revenues that were previously in the Sp. Ed. Pre-School Fund. The figures below show budgets for these two funds combined.**
- ◆

Budget	<u>Revenue</u>	<u>Expenses</u>
– 2009	\$42,491,000	\$43,101,000
– 2010	\$42,850,000	\$43,050,000
– Change	+\$359,000	- \$51,000
– Percent	+0.8%	-0.1%
- ◆ **There is no tax rate for the General Fund.**

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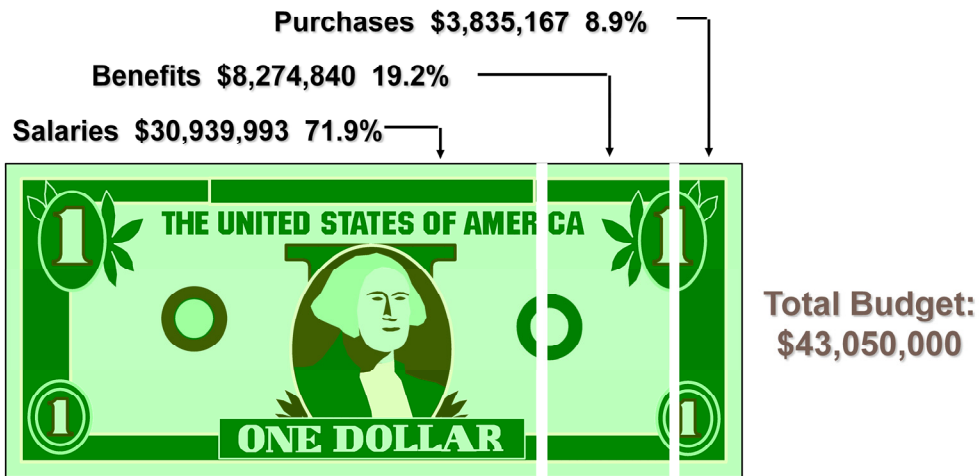
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The first and largest fund is the General Fund, which supports our general operating cost for running the schools. This fund includes salaries, fringe benefits, utilities, and a variety of other operating costs. For the first time in 2010 it now includes all the revenues and expenses that used to be in the Special Ed Pre-School Fund. As you can see, revenue for 2010 has increased by \$359,000 while budgeted expenses have decreased by \$51,000. This still leaves the budget in the red by \$200,000, shown here before the post-budget additions previously discussed.

It is important to know that we have a funding formula that controls how much money we will receive. There is little that we can do to change the revenue in the General Fund.



2010 General Fund Expenses



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Turning now to General Fund expenses, this graphic shows that salaries and wages represent 71.9% of our 2010 Budget and fringe benefits another 19.2%. Thus, for next year, 91.1% of our General Fund Budget will go toward the direct expenses of personnel.



Capital Projects – Overview

- ◆ **Purpose:** Construction, renovation, repair, equipment purchase, and maintenance
- ◆ **Budget**
 - 2009 \$7,225,153
 - 2010 \$6,900,000
 - Decrease -4.5% -\$325,153
- ◆ **Revenue**
 - Revenue comes from local taxes
 - Tax rate, limited by law, has caused the decrease for 2010
- ◆ **Summary of CPF:** Refer to next two slides
- ◆ **Expected tax rate of \$0.2728, a decrease of -\$0.0129 below the 2009 rate of \$0.2857**

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The Capital Projects Fund is used for building construction, renovation, and repair, as well as equipment purchase and maintenance. The 2010 budget is down \$325,153 compared to this year.

The tax rate for this fund is limited by law and we are currently at the maximum. There is a state formula that controls what our rate will be and thus the amount of revenue that we can expect.



CPF Budget By Category

Category	Amount
Technology	\$2,173,261
Utilities	\$1,300,000
Equipment	\$980,000
Maintenance	\$790,000
Building Projects	\$794,000
Energy Savings Contract	\$545,825
Emergency	\$230,000
Professional Fees	\$86,914
Total	\$6,900,000

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This slide shows the breakdown of the \$6.9 million CPF Budget by category. The biggest single expense in CPF is \$2.17 million for technology. The category of Building Projects, at \$794,000, is detailed on a coming slide. Utilities remain at \$1.3 million, the same amount that was budgeted last year. The State limits the amount of CPF dollars that may be spent on utilities.



Technology Expenses

Description	Amount
Staffing	\$938,403
Desktops/Laptops/Servers	\$100,000
Multi-Media Classrooms	Bonds
New Telephone/Networking Systems	Bonds
Purchase New Software	\$145,000
Other Equipment Purchases	\$115,000
Connectivity	\$189,000
Maintenance/Software Contracts	\$487,358
Miscellaneous	\$132,500
Total	\$2,107,261

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Above are the planned technology projects for the upcoming fiscal year.

Staffing consists of a director, a network engineer, a data integration specialist, and other staff that provide hardware/software technical support and professional development.

The total amount of money allocated to non-personnel technology items is down by over a million dollars from 2009. As a result we are proposing the sale of bonds to fund district-wide technology projects. The Board will be asked to approve these bonds at the next Board meeting when the budget is approved.



CPF Building Projects

Project Description	Amount
Painting/Wallcovering – district-wide	\$70,000
Carpeting/VCT – district-wide	\$50,000
Site Projects – district-wide	\$51,000
Roofing project – High School	Bonds
High School Press Box/Bleachers	\$150,000
Mechanical and Temperature Control	\$155,000
Asphalt Repairs/Resurfacing	\$150,000
Miscellaneous Interior Projects	\$83,000
Miscellaneous Exterior Projects	\$85,000
Total	\$794,000

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This slide shows a list of the individual building projects scheduled for 2010.

Because we do not have the CPF funds to complete a \$1.5 million roofing project at the high school, we will be requesting bonds for this project also.



Transportation – Overview

- ◆ **Purpose:** Operational expenses of the school transportation program
- ◆ **Budget**
 - 2009 \$3,034,958
 - 2010 \$3,190,000
 - Increase 5.1% +\$155,042
- ◆ **Revenue**
 - Revenue comes from local taxes only
 - Levy is limited by law
- ◆ **Expenses:** pays for operational costs of transporting students
- ◆ **Expected tax rate of \$0.1245, an increase of \$0.0052 from the 2009 rate of \$0.1193**

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The Transportation Fund provides for the operational expenses of the transportation program. The budget is increasing \$155,042 or 5.1%.

This increase is driven by additional routes. Each year we are adding routes to accommodate new students.

The tax rate for 2010 will go up by about ½ cent to \$0.1193.



Transportation Issues

- ✓ **We have budgeted for an increase of 2 drivers in 2009-10 and 3 more in 2010-11.**
- ✓ **In spite of driving more miles per year, decreases in the cost of gasoline have generated significant savings.**
 - **2006: \$179,838**
 - **2007: \$380,342**
 - **2008: \$541,875**
 - **2009: \$330,000 (estimated)**
- ✓ **We have requested levy appeals each year for the last 4 years. We will NOT have to request a levy appeal for 2010.**

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Here are some concerns we currently have about the Transportation Fund.

First, our budget is based on the addition of 2 drivers this fall and 3 more for the fall of 2010. We started this school year with 66 drivers.

Second, for the first time in recent years the cost of fuel is not a major increase in the budget. We have budgeted about the same amount in 2010 as we did in 2009.

Finally, for 2010 we do NOT plan to submit a levy appeal, for the first time since 2005. This fund has a limit on the levy, which the State increases by about 4% per year. This 4% should be enough to cover our expenses for 2010 if the price of fuel remains low.



Bus Replacement – Overview

- ◆ **Purpose:** Provides money to replace the existing fleet of school buses
- ◆ **Budget**
 - 2009 \$777,996
 - 2010 \$880,000
 - Increase 13.1% +\$102,004
- ◆ **Revenue**
 - All revenue comes from local taxes
- ◆ **Planning to replace 5 buses in 2010, compared to replacing 4 in 2009**
- ◆ **Expected tax rate of \$0.0352, an increase of \$.0039 from the 2009 rate of \$0.0313**

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The Bus Replacement Fund is used for the purchase of yellow school buses. The budget for 2010 is increasing by \$102,004 or 13.1%.

Starting last year we moved to a bus replacement cycle of 12 years as the state requires. For 2010, we will be replacing 5 buses (out of a fleet of 91) and buying 3 additional buses for a total of 8. We have assumed a 6% increase in bus prices to guard against revenue shortfalls.

The expected tax rate for 2010 will be \$0.0352, an increase of \$0.0039.



Debt Service – Overview

- ◆ **Purpose:** This fund pays long-term principal and all interest on debt
- ◆ **Budget**
 - 2009 \$11,090,000
 - 2010 \$12,785,000
 - Increase 15.3% +\$1,695,000
- ◆ **Revenue:** Comes from local taxes
- ◆ **Expenses:** Budget provides payments for temporary loan interest and repayment of bonds
- ◆ **Expected tax rate of \$0.5408, a decrease of \$0.0191 below the 2009 rate of \$0.5599**

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The purpose of the Debt Service Fund is to pay interest on all loans and principal on long-term debt.

The budget for 2010 supports scheduled payments for temporary loan interest and also the repayment of all of our bonds.

The expected tax rate in 2010 is \$0.5408, a decrease of \$0.0191 below the rate in 2009. Note that this and other tax rates are based on a 3% increase in total taxable assessed value for the district.



2010 Debt Service Expenses

✓ Short Term Interest

- We are budgeting \$250,000 for interest on temporary loans to meet our cash flow needs.

✓ Outstanding Bonds

- Refer to the budget materials for a complete list.
- New in 2010: The C-9 building project, GO bonds for technology, and GO bonds for roofing at the high school.
- Tax rate for 2010 is down because in 2009 we were rebuilding cash that was taken to pay off bonds for the ESC. That was a one-time cost.

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This slide shows a breakdown of projected expenses for the Debt Service Fund.

Because we receive our tax revenues normally in June and December, we must borrow each year to meet our cash flow needs. We are budgeting \$250,000 for interest on temporary loans.

Regarding our outstanding bonds, there is a chart showing all our bond payments on page 3-5 in the budget materials. Increasing payments for 2010 include: the second phase of the C-9 expansion, new bonds for district-wide technology projects, and new bonds for roofing at the high school. We will also be selling bonds for the high school renovation for New Tech, but we do not anticipate any payments for these bonds in 2010.



Bond Severance Fund – Overview

- ◆ **Purpose:** This fund is used to pay back the severance bonds (SB 199)
- ◆ **Budget**
 - 2009 \$1,055,433
 - 2010 \$1,058,000
 - Increase 0.2% \$2,567
- ◆ **Revenue:** Comes from local taxes
- ◆ **Expenses:** This will remain about \$1,060,000 through the year 2013
- ◆ **Expected tax rate of \$0.0450, a decrease of \$0.0010 from the 2009 rate of \$0.0460**

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The purpose of the Severance Bond Fund is to pay back the bonds that were sold under the provisions of SB 199 to pay retirement benefits.

The budget for this fund will remain relatively constant through the year 2013, when the severance bonds are paid off.

The tax rate for 2010 is expected to be \$0.0450. It decreases slightly because of the increase in assessed value (AV). The tax rate and budget in the Bus Replacement Fund will be decreased by this amount so that these payments satisfy the “tax neutrality” provisions of SB 199.



Summary and Conclusions

- **Discussion of Tax Rates**
- **Projected General Fund Cash Balance**

The balance of this report includes a discussion of projected tax rates and General Fund cash balance.



Budget Comparison 2009 - 2010 (after adjustments for SB199)

	<u>2009 Budget</u>	<u>2010 Budget</u>	<u>Change</u>	<u>Percent</u>
General Fund	\$42,880,000	\$43,050,000	+\$170,000	+0.4%
Sp. Ed. Pre-Schl.	\$221,000	-0-	-\$221,000	N/A
Capital Projects	\$7,225,153	\$6,900,000	-\$325,153	-4.5%
Transportation	\$3,034,958	\$3,190,000	+\$155,042	+5.1%
Bus Replacement	\$777,996	\$880,000	+\$102,004	+13.1%
Debt Service	\$11,090,000	\$12,785,000	+\$1,695,000	+15.3%
Bond Severance	<u>\$1,055,433</u>	<u>\$1,058,000</u>	<u>+\$2,567</u>	+0.2%
Total	\$66,284,540	\$67,863,000	+\$1,578,460	+2.4%

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This slide summarizes the budgets for the seven funds that were tax-rated in 2009. Note that the combined budget for these funds has increased \$1,578,460 or 2.4% for 2010.



Comparison Tax Rates 2009-2010 (after adjustments for SB199)

	<u>2009 Rate</u>	<u>2010 Rate</u>	<u>Change</u>	<u>Adver.</u>
General Fund	\$0.0000	\$0.0000	\$0.0000	\$0.0000
Capital Projects	\$0.2857	\$0.2728	-\$0.0129	\$0.3322
Transportation	\$0.1193	\$0.1245	+\$0.0052	\$0.1426
Bus Replacement	\$0.0313	\$0.0352	+\$0.0039	\$0.0945
Debt Service	\$0.5599	\$0.5408	-\$0.0191	\$0.6191
Bond Severance	\$0.0460	\$0.0450	-\$0.0010	\$0.0516
Sp. Ed. Pre-Schl.	<u>\$0.0000</u>	<u>\$0.0000</u>	<u>\$0.0000</u>	<u>\$0.0000</u>
Total	\$1.0422	\$1.0183	-\$0.0239	\$1.2400

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The next part of this report discusses tax rates. This slide shows the tax rates for all seven tax-rated funds.

Note that the total tax rate for next year is now expected to be about \$1.0183 for every \$100 of assessed value, down about \$.02 cents or 2% below 2009.

As we have said before, 2010 rates are only estimates at this time. Also, keep in mind that these rates have been developed with the assumption of a 3% increase in total assessed value. A different assessed value for 2010 would result in different tax rates.

We also show here our “advertised” rates. While we don’t actually advertise a rate, we do advertise the tax levy that these rates would generate. We always advertise a higher-than-needed levy, to guard against errors in estimation or procedure in developing the advertisement. The final rate, we believe, will be very close to the projection of \$1.0183.



Impact – Sample Homeowner



Assume a \$300,000
home 2008 pay 2009

This shows a
reduction of 2%
for 2010 in this
example.

(Tax rates and
bills reference
school taxes only.)

	2009	2010
Gross A.V.	\$300,000	\$300,000
- Homestead Deduction	(\$45,000)	(\$45,000)
- New Supplemental Ded. (35%)	(\$89,250)	(\$89,250)
- Mortgage Deduction	(\$3,000)	(\$3,000)
Equals Net A.V.	\$162,750	\$162,750
District Tax Rate	\$1.0422	\$1.0183
School Tax Obligation	\$1,696	\$1,657

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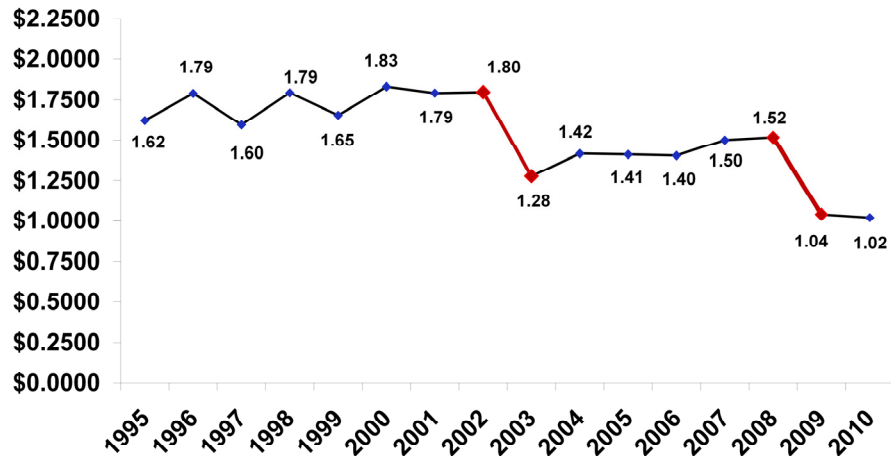
This slide shows the impact of the property tax decrease on a sample taxpayer. For this example of a \$300,000 home, the school tax bill for 2009 would be about \$1,696 per year. The 2010 amount would be \$1,657, down about 2%.

This is a difficult time to predict what will happen to an individual property's assessed value from one year to the next. For this example we have assumed no change. An increase in individual AV, for example, would result in a corresponding increase in taxes.

Keep in mind that this example deals with only the school portion of the tax bill. The remaining portion would vary based on other taxing districts where the home was located. Also note that the computation of tax bills is a complicated process; these are only estimates. As the saying goes "Actual mileage may vary."



Total School Tax Rates 1995-2010



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Tax rates for 1995 – 2001 have been divided by three to reflect the change to true tax value that took place in 2001.

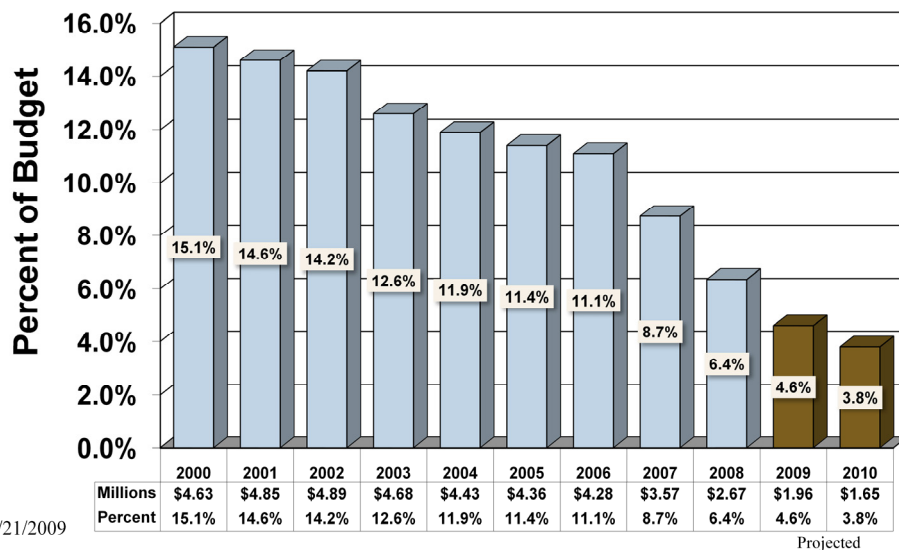
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Here you can see what is expected to happen to our tax rate in 2010. The red line from 2002 to 2003 represents the decrease due to reassessment. As a general rule, this represents a major change for which we cannot take credit or blame. Similarly, the red line from 2008 to 2009 represent the state taking over the General Fund tax rate.

The final point on this graph shows the projected tax rate of \$1.02 for 2010.



2000-2010 General Fund Operating Balance Percent



This slide shows our current projections for the cash balance position of the district.

We estimate our cash balance on the last day of the calendar year, December 31.

Everyone has seen this chart in the past and, I think, agrees that this is a disturbing trend. Generally a cash balance of one month's expenses, or 8%, is recommended.

The Board has established a goal to build the cash balance back to that level.

Our cash balance at the end of 2009 will be about \$1.96 million or 4.6%. The reasons for the decrease in 2009 are explained on the next slide. For 2010, the cash balance again decreases because the budget is \$310,000 in the red. Ending cash balance is projected to be \$1.65 million or 3.8%.



Projected 2009 EOY Cash Balance

Beginning Cash Balance This is the unencumbered cash balance on December 31, 2008.	\$2,672,838
Adopted Budget Deficit This is the "built-in" deficit in the adopted budget last fall.	-\$270,000
Change in Projected Revenue - Interest income is expected to be down about \$300,000 - Delinquent 2008 taxes will generate about \$200,000 - Full-day KG revenue is projected to be down \$87,000 - Pre-Schl Fund cash balanced transferred on 12-31-09 - - \$110,000	-\$77,000
Change in Projected Expense - Expenses are significantly higher than the original budget: \$90,000 for 2008 expenses moved to 2009 \$500,000 for an extra quarter of PERF and TRF in 2009 \$43,000 for support staff benefits – 2nd half of 2009 -\$270,000 utility reduction (moved to Rainy Day)	-\$363,000
Ending Cash Balance	\$1,962,838

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This chart shows the various factors affecting the cash balance in 2009.

Two items shown have not been previously discussed:

1. The county is still holding delinquent taxes collected for 2008. We expect to eventually receive a payment of at least \$200,000.
2. At the end of 2009, the state is eliminating the Special Education Pre-School Fund. At that time the remaining cash balance in this fund, projected to be about \$110,000 will be transferred to the General Fund.



Budget Summary

- ✓ **Revenue to support General Fund expenses is down \$51,000**
- ✓ **The General Fund is in the red by \$310,000**
- ✓ **Total teaching staff has increased by 3.5 positions**
- ✓ **All 7 funds are up in total \$1,578,460 or 2.4%**
- ✓ **The total tax rate is down \$0.02 or 2.3%**
- ✓ **Homeowners' tax bills for 2010 should be down about 2% compared to 2009**

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Here is a summary of some of the key points from this presentation:

- Revenue to support the General Fund is down \$51,000.
- The General Fund is in the red by \$310,000.
- The total budget in all seven funds is up \$1,578,460 or 02.4%.
- In spite of a reduction in General Fund revenue, total teaching staff has increased by 3.5 positions.
- The total tax rate is down \$.02 or 2.3%.
- Homeowners' tax bills for 2010 should be down about 2% compared to 2009, assuming no change in assessed value.



Future Activities

◆ Oct. 19 – Budget Approval



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The Board will be asked to approve the budget at their regularly scheduled Board meeting on October 19.

Please direct any questions or comments to:

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