

CENTER GROVE COMMUNITY SCHOOL CORPORATION

2009 BUDGET PREPARATION SCHEDULE

Scheduled	Actual	
Feb. 1, 2008	01/01	Enrollment projections completed and reviewed by Cabinet
April 1, 2008	05/06	First draft of staffing decisions made by Cabinet
April 1, 2008	06/27	CPF Budget request forms and worksheets reviewed with Building Principals, Program Directors and Coordinators
May 1, 2008	06/20	General Fund Budgets reviewed with Building Principals, Program Directors and Coordinators
June 2, 2008	06/27	All budget request forms and worksheets completed and returned to the Business Office
June 16, 2008	06/03	First draft of budget cuts completed
June 27, 2008	07/07	Business Office review of all budgets completed
July 7, 2008	07/15	First budget draft presented to Cabinet
July 16, 2008	07/18	Draft budget presented to the Board Finance Committee
New item	07/21	<i>First public discussion of the budget at regular Board meeting</i>
New item	08/18	<i>Second public discussion of the budget at regular Board meeting</i>
July 30, 2008	10/22	Date of 1st publication of the proposed 2009 Budget, Bus Replacement Plan, and Capital Projects Fund Plan
August 6, 2008	10/29	Date of 2nd publication of the proposed 2009 Budget, Bus Replacement Plan, and Capital Projects Fund Plan
August 18, 2008	11/5	<i>Public hearing of the proposed 2009 Budget, Bus Replacement Plan, and Capital Projects Fund Plan</i>
September 12, 2008	09/12	Official ADM Enrollment Count
September 15, 2008	11/17	<i>Proposed 2009 Budget, Bus Replacement Plan, and Capital Projects Fund Plan adopted by the Board at a regular meeting</i>
September 16, 2008	11/18	File adopted budget and tax levies with County Auditor File request for Transportation Appeal with the DLGF
September 17, 2008	11/19	Publish Notice of Adoption of the Capital Projects Plan
October 2008		State Board of Tax Commissioners hearing
November 2008		Auditor certifies pay-2009 Assessed Values
November 2008		Rates published by the County Auditor
January 2009		DLGF provides 1782 draft notice
February 2009		State Board of Tax Commissioners certification of Budgets/rates

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%	
The years below are projected:			
2009	\$2,107,000,000	-20%	Expect a decrease due to a new homeowner's deductions
2010	\$2,191,000,000	4%	
2011	\$2,279,000,000	4%	

2009 BUDGET WORKSHEET

Fund	2008	2009	Change '08 to '09	Notes
General	\$42,150,000 \$0.6769	\$42,880,000 \$0	+\$730,000 -\$0.6769	These numbers are mostly determined by the state funding formula. The state assumes entire fund in 2009, so there is no local tax.
CPF	\$8,400,000 \$0.2730	\$8,400,000 \$0.3410	N/C +\$0.0680	Rate is capped. Decreased AV requires higher rate to generate the same revenue.
Transp.	\$2,670,000 \$0.0853	\$3,185,000 \$0.1301	+\$515,000 +\$0.0448	The State caps the levy with an increase of about 4% per year. We will request a levy appeal of \$440,000.
Bus Replace.	\$985,515 \$0.0323	\$836,000 \$0.0342	-\$149,515 +\$0.0019	Will slow down our replacement schedule from 10 years to 12 years. Decreased AV pushes up the rate.
Debt Service	\$10,770,000 \$0.4109	\$10,090,000 \$0.5096	-\$680,000 +\$0.0987	Decreased AV requires higher rate to generate about the same revenue.
Severance Bond Fund	\$1,060,000 \$0.0366	\$1,056,000 \$0.0449	-\$4,000 +\$0.0083	This fund pays for the SB 199 retirement bonds. Decreased AV requires higher rate to generate about the same revenue.
Sp. Ed. Pre-Schl.	\$209,000 \$0.0019	\$221,000 \$0	+\$12,000 -\$0.0019	This fund pays for pre-school expenses for special ed students. The state assumes entire fund in 2009, so there is no local tax.
Totals	\$66,244,515 \$1.5169	\$66,668,000 \$1.0598	+\$423,485 -\$0.4571	0.64% increase 30.13% 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

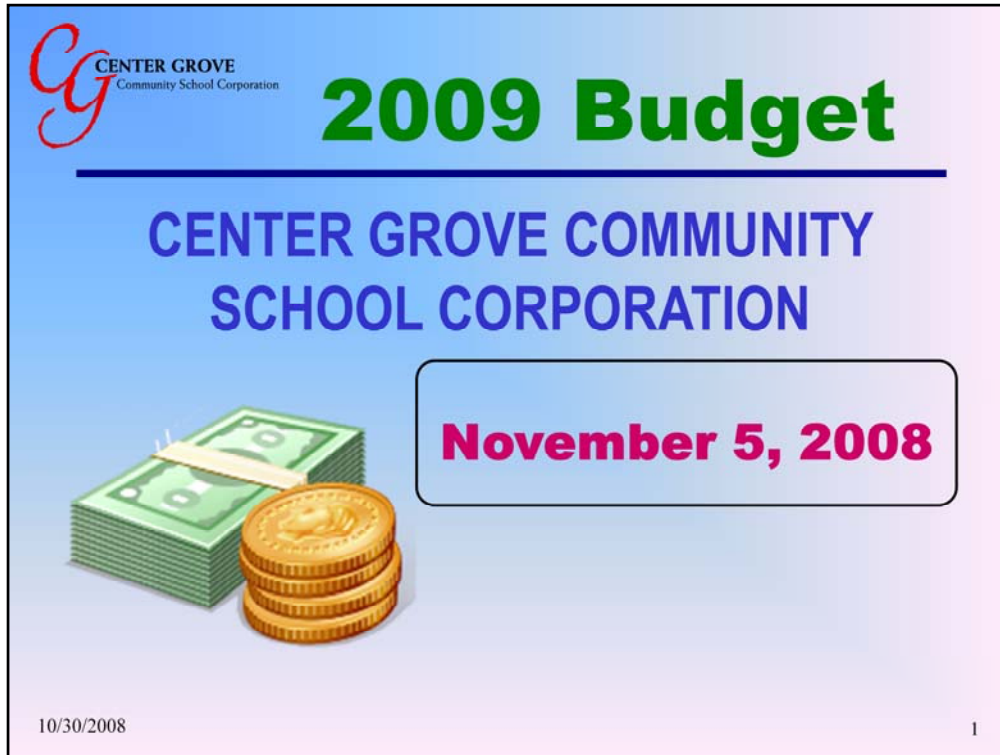
ADVERTISED

	2004	2005	2006	2007	2008	2009
Assessed Valuation	\$2,101,096,809	\$2,001,044,580	\$2,275,319,597	\$2,341,414,060	\$2,341,414,060	\$1,685,600,000
TAX RATE						
General	0.6647	0.7801	0.7674	0.7404	0.7404	0.0000
Debt Service	0.4252	0.5216	0.3786	0.4527	0.4527	0.7215
Pension Debt	0.0603	0.0586	0.0429	0.0430	0.0430	0.0561
Capital Projects	0.2993	0.3555	0.3093	0.3217	0.3217	0.4507
Transportation Operating	0.0906	0.0951	0.0856	0.1092	0.1092	0.1626
Transportation Bus Replacement	0.0851	0.0917	0.0786	0.0830	0.0830	0.1031
SpEd Pre-School	0.0083	0.0111	0.0020	0.0024	0.0024	0.0000
ADVERTISED TOTAL TAX RATE	1.6335	1.9137	1.6644	1.7524	1.7524	1.4940

(Items in red not yet approved)

APPROVED

	2004	2005	2006	2007	2008	2009
Assessed Valuation	\$2,059,118,680	\$2,168,245,180	\$2,295,503,980	\$2,520,158,340	\$2,623,539,190	\$2,107,000,000
TAX RATE						
General	0.6040	0.6534	0.6803	0.6622	0.6769	0.0000
Debt Service	0.4252	0.3551	0.3166	0.4109	0.4109	0.5096
Pension Debt	0.0448	0.0428	0.0403	0.0379	0.0366	0.0449
Capital Projects	0.2497	0.2651	0.2713	0.2750	0.2730	0.3410
Transportation Operating	0.0687	0.0682	0.0686	0.0817	0.0853	0.1301
Transportation Bus Replacement	0.0214	0.0243	0.0250	0.0302	0.0323	0.0342
SpEd Pre-School	0.0020	0.0020	0.0020	0.0019	0.0019	0.0000
APPROVED TOTAL TAX RATE	1.4158	1.4109	1.4041	1.4998	1.5169	1.0598
Advertised Rate	1.6335	1.9137	1.6644	1.7524	1.7524	1.4940
Approved Rate	1.4158	1.4109	1.4041	1.4998	1.5169	1.0598
Rate Change	-0.2177	-0.5028	-0.2603	-0.2526	-0.2355	-0.4342



This report presents the proposed calendar year 2009 Budget and proposed tax rates for the seven tax-rated funds.

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Budget Adoption Calendar

- | | |
|---------------------|---|
| ◆ July 21, 2008 | First draft of budget presented |
| ◆ August 18, 2008 | Further discussion of the budget at the regular Board meeting |
| ◆ October 22, 2008 | Budget Advertised |
| ◆ November 5, 2008 | Budget Hearing
Bus Replacement Plan Hearing
Capital Projects Plan Hearing |
| ◆ November 17, 2008 | Budget Adoption by the Board
Bus Replacement Plan Adoption
Capital Projects Plan Adoption |

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The 2009 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. The Board will officially adopt the Budget at its regular meeting on November 17.

Agenda

- 1 2009 Major Budget Issues**
- 2 2009 Budgets**
- 3 Summary and Conclusions**

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.

Major Budget Issues

- 1 Enrollment Changes**
- 2 Impact of 2009 Tax Restructuring**
- 3 Health Insurance Renewal**
- 4 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, four issues have developed as key factors in this budget as shown above.

The next section of this report reviews these four issues.

Major Issues: ① Enrollment Changes

Past Data and 2008-09 Projections

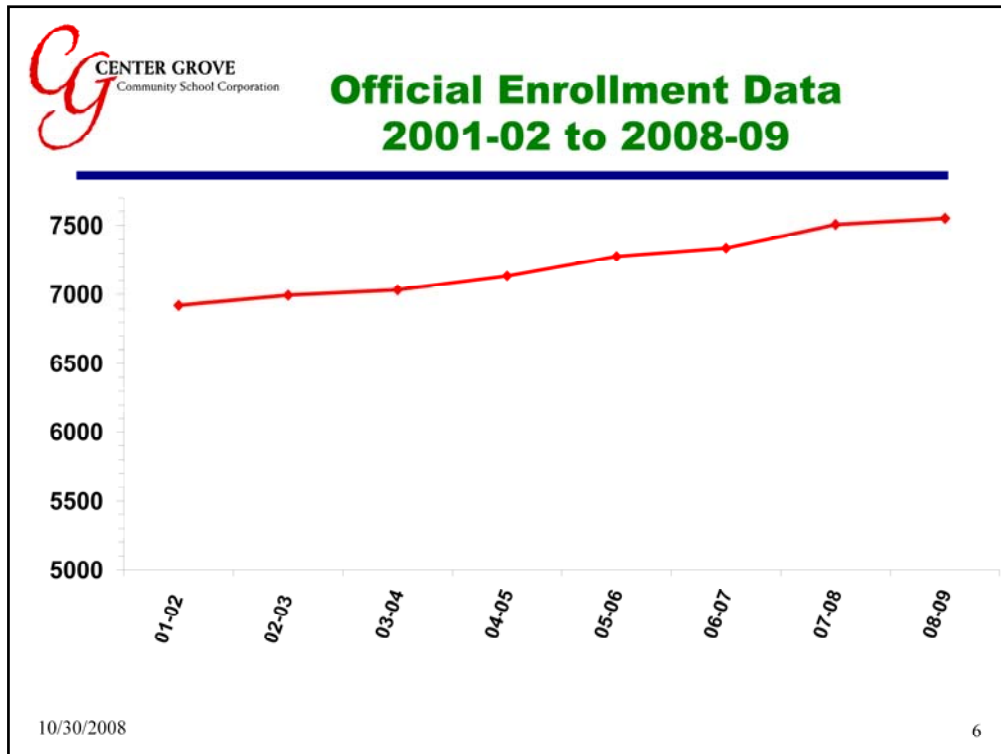
	2004-05	2005-06	2006-07	2007-08	2008-09 Projected
Enrollment	7,135	7,277	7,338	7,508	7,601
Change From Previous Year	+102	+142	+61	+170	+93
				2008-09 Actual Enrollment	7,551

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The **first** major budget issue is enrollment. Because our revenue is directly 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 2008-09. The demographic model that we use projected an increase of 93 students for 2008-09. This is the number we used for our initial budget forecasts. However, actual enrollment only grew by 43 students.

It is important to note that the current funding formula generates about \$5,000 per student. So this difference of 50 students represents \$250,000 in lost revenue.



This chart represents our official enrollment data starting in 2001-02. During this seven-year period, we gained 626 students (an average gain of 89 students per year).

For a more complete discussion of enrollment projections, please refer to the Board presentation that was made on October 13, 2008.

Major Issues: ② Impact of 2009 Tax Restructuring

- ✓ New homeowner deduction
 - Additional deduction of 35% for homes valued up to \$645,000, and 25% above that
- ✓ Decrease in taxable AV of about 20%
 - Not related to market value; created by the above additional deduction
- ✓ Possible decrease in CPF of about 20%
 - State procedures are still unclear
 - If this decrease does occur, we are planning to sell “GO” bonds to complete CPF projects

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The **second** major budget issue is the tax restructuring implemented by the legislature that will take effect beginning in 2009. This slide and the next one detail five changes that will impact our financing.

First, homeowners will receive a new deduction of 35% for homes valued up to \$645,000 and 25% above that. This means that homeowners will be paying significantly less taxes in 2009 than they did in 2008. Some projections of this impact are given in the concluding section of this report.

Second, we expect the total taxable assessed value for the school district to decrease by about 20%. This is not related to any decrease in market value, but is created by the above-mentioned new deduction.

Third, there is the possibility that our CPF fund will decrease by about 20%. The procedures that the State will use at this time are unclear. However, this fund from year to year normally has a capped tax rate, so if the total assessed value decreases by 20%, the tax revenue for this fund will decrease by 20%. If this happens, we are making preparations to sell general obligation bonds to provide money for the projects that would need to be cut from the CPF.

Tax Restructuring Continued

- ✓ No tax rate for General Fund and Pre-School Fund
 - Revenue which previously came from local taxpayers will now come from the State.
- ✓ Circuit breaker impact in 2010
 - We are estimated to lose about \$200,000 annually.
 - This assumes no annexation and no new debt – either of these could increase the impact.

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Fourth, beginning in 2009, there will be no tax rate for the General Fund and the Pre-School Fund. Revenues which previously came from local property taxes will now be provided by the State.

Finally, the circuit breaker provisions of the new law will begin to impact our corporation beginning in 2010. The provision insures that no taxpayer will pay more than 1% of their gross assessed value. Because this provision creates a drop in revenue that cannot be replaced, we expect to lose about \$200,000 annually. This will most likely become a further reduction in our CPF fund.



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Major Issues: ③ Impact of Health Insurance Renewal

- July 8 - First Early Estimate at 41%
- July 17 - First Renewal Proposal at 35.7%
- What has happened since?
 - Error was made by ISTA in projecting claims
 - June and July claims data was added which were significantly better than anyone expected
 - ISTA agreed to a CSR pledge of \$800,000
 - CGCSC agreed to pledge \$500,000
 - Continued to negotiate with ISTA for a lower rate if we would join ISTA's PRIDE pool

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In July, we presented our concerns to the Board about the upcoming health insurance renewal. The first renewal proposal that we received from the insurance company (ISTA) was a 35.7% increase. The slide above details the changes that have taken place since that first renewal. These changes have resulted in a renewal that is much different than was originally expected.

Health Insurance - Results

- No increase in premium through 10-01-09!
- We will add an on-site clinic, where employees receive services at no cost
- Current plan will be renewed through 12-31-08
- On 1-1-09 we will join the ISTA PRIDE pool (assuming it has at least 2,500 lives)
- This is an 18-month commitment to the pool



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- ✓ Our final renewal includes no increase in premium until the next renewal on October 1, 2009.
- ✓ We will add an on-site clinic, where employees can receive routine medical care and many generic drugs at no cost to them.
- ✓ We will maintain our current plan and benefits through December 31, and then join the ISTA PRIDE pool on January 1, 2009 (assuming that the pool has at least 2,500 lives in it).
- ✓ We are making an 18-month commitment to stay in the pool through at least October 1, 2010.



Major Issues: ④ General Fund Major Changes

Major Changes – Other Accounts

• 564.00 Payments to C-9 & JCSS	+\$141,000
• 611.55 Copier Supplies	+\$122,364
• 580.00 Travel	-\$32,700
• 411.00 Water/Sewer	-\$40,000
• 611.00 General Supplies	-\$95,840

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

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The **fourth** major budget issue deals with changes we have made in the General Fund, which are presented on this slide and the next one. This slide shows the changes in the non-personnel related accounts, and the next slide shows the impact of staffing changes. This analysis compares the budget for 2008 to the new budget for 2009.

Payments to the Central Nine Vocational Cooperative and Johnson County Special Services are up by \$141,000. This is a combination of higher charges in 2009, as well as a budget that was too small in 2008.

Copier supplies include charges for paper, as well as special printing charges from our in-house copy center. We have not explicitly budgeted for this item in the past and have just run a purchasing account into the red to pay them. In the 2009 budget, each location has a specific account and must live within that amount.

Personnel Changes From 2007-08 to 2008-09

Teachers	Change	Non-Teachers	Change
Elementary-KG	+3.0	MS Deans	+2.0
ENL Teacher	+2.0	Sp. Ed. Director	+1.0
Elem. GT	+2.0	Tech. Trainer	+1.0
MS - Media, 6 th	+2.0	KG/1 st GR Aides	+6.0
Elem. 1-5	-6.0	Sp. Ed. Aides	-16
HS-Germ PE Med	-3.0	MS – Custodians	-2.0
Tech. Trainer	-1.0	Security/Nurse	-3.0
Special Ed.	-2.0	MS/HS – Aides	-2.5
EL - art music PE	-3.0	Maintenance	-2.0
Elem. – Media	-1.0	El-Lit Lab Aides	-5.5
Total	-7.0	Total	-21

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This slide shows the staffing changes that affect the General Fund. While we have added teachers in some areas (such as KG), the net reduction is seven teachers.

Some of the non-teaching changes require further explanation:

- The Middle School deans were added in exchange for reductions in other support positions.
- The Special Ed Director is not a new employee. She has worked for us while being paid through the Johnson County Special Services (JCSS). Now that she is our employee, part of her salary will be reduced from our payments to JCSS.
- The Tech Trainer is a replacement for the tech trainer that was previously a teacher.
- The reduction in Lit Lab Aides is actually a reassignment of these people to be paid from Title I and an outside grant.

Budgets for Tax-Rated Funds

- ◆ **General Fund**
- ◆ **Capital Projects Fund**
- ◆ **Transportation Fund**
- ◆ **Bus Replacement Fund**
- ◆ **Debt Service Fund**
- ◆ **Bond Severance Fund**
- ◆ **Special Education Pre-School 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 2009 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 2009 Budget Worksheet which is in the budget notebook on page 1-3.



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General Fund -- Overview

◆ **Purpose: General operational expenses**

◆ Budget	<u>Revenue</u>	<u>Expenses</u>
– 2008	\$41,720,000	\$42,150,000
– 2009	\$42,610,000	\$42,880,000
– Increase	+\$890,000	+\$730,000

◆ **For 2009 there will be no tax rate, compared to a tax rate of \$0.6769 in 2008.**

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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. As you can see, revenue for 2009 has increased by \$890,000 and expenses have increased by \$730,000. This still leaves the budget in the red by \$270,000.

For the first time in 2009, there will be no tax rate for the General Fund, as the State has taken over what was previously raised in local taxes. However, we still 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.



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General Fund Revenue for 2009

	2008 Projections (07/08)	2009 Projections (07/08)	Change
◆ Local:	\$20,495,849	\$000	-\$20,495,849
Property, Excise, Financial			
◆ State:	\$19,849,976	\$41,569,250	+\$21,719,274
Formula Support, Prime Time, Summer School, FDG, Others			
◆ Other:	<u>\$1,374,175</u>	<u>\$1,040,750</u>	<u>-\$333,425</u>
Interest, Miscellaneous			
◆ TOTAL	\$41,720,000	\$42,610,000	+\$890,000 +2.1%

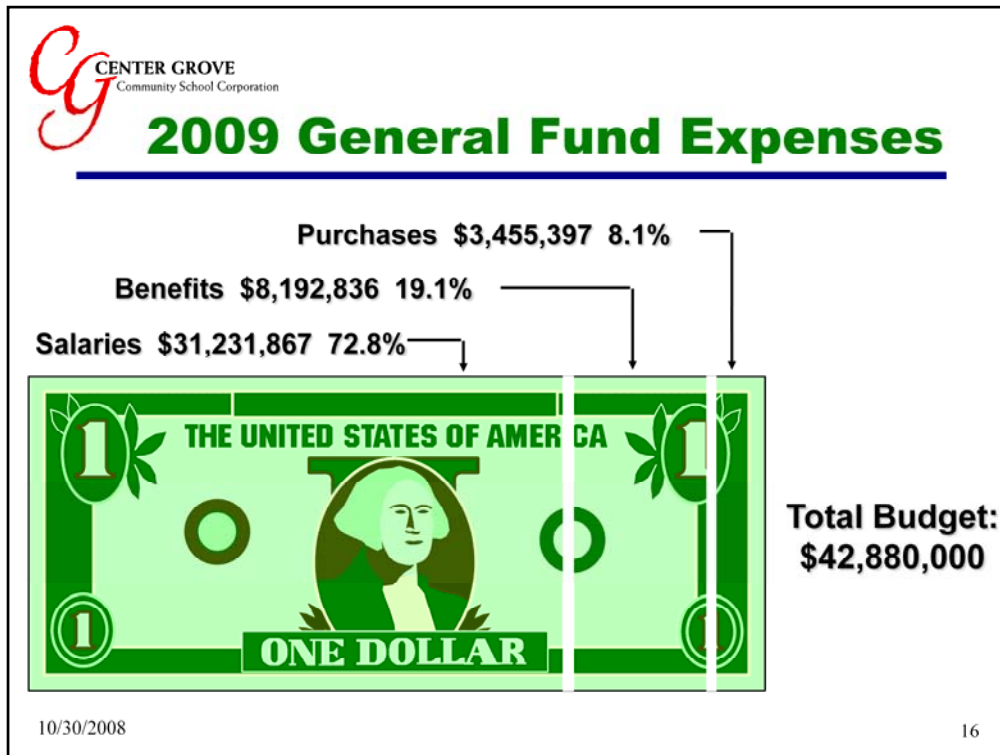
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This chart represents our revenue estimates:

- **Local** revenue no longer exists since there are no property taxes coming into this fund.
- **State** revenue is up \$21,719,274 to make up for lost property tax revenue.
- The **Other** revenue category includes a variety of different sources. The two biggest items are parent fees for full-day kindergarten and interest earned by the corporation.

In past years, the State has funded about 78% of the General Fund. With no property taxes coming into this fund in 2009, the State will be funding about 96%.



Turning now to General Fund expenses, this graphic shows that salaries and wages represent 72.8% of our 2009 Budget and fringe benefits another 19.1%. Thus, for next year, 91.9% of our General Fund Budget will go toward the direct expenses of personnel.



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Capital Projects -- Overview

- ◆ **Purpose:** Construction, renovation, repair, equipment purchase, and maintenance
- ◆ **Budget**
 - 2008 \$8,400,000
 - 2009 \$8,400,000
- ◆ **Revenue**
 - Revenue comes from local taxes
 - Tax rate limited by law
- ◆ **Summary of CPF:** Refer to next two slides
- ◆ **Expected tax rate of \$0.3410, an increase of +\$0.0680 over the 2008 rate of \$0.2730**
- ◆ **Don't forget that we are making an assumption here that the state will allow for the same revenue in 2009 as in 2008**

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The Capital Projects Fund is used for building construction, renovation, and repair, as well as equipment purchase and maintenance. We are hopeful that the CPF Budget for 2009 will remain the same as 2008.

The tax rate for this fund is limited by law, and we are currently at the maximum. With a significant decrease in AV, it will take a larger rate to generate the same amount of revenue, thus the increase of 6.8 cents.

CPF Budget By Category

Category	Amount
Technology	\$3,152,648
Building Projects	\$1,043,000
Utilities	\$1,300,000
Equipment	\$1,077,600
Maintenance	\$685,000
Energy Savings Contract	\$542,650
Emergency	\$500,000
Professional Fees	\$99,102
Total	\$8,400,000

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This slide shows the breakdown of the \$8.4 million CPF Budget by category. The biggest single expense in CPF is \$3.1 million for technology. The next category of Building Projects, at \$1.043 million, 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.



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Technology Expenses

Description	Amount
Staffing	\$671,648
Desktops/Laptops/Servers	\$750,000
Multi-Media Classrooms	\$400,000
New Telephone/networking systems	\$200,000
Purchase New Software	\$135,000
Other Equipment Purchases	\$216,000
Connectivity	\$204,000
Maintenance/Software Contracts	\$458,000
Miscellaneous	\$118,000
Total	\$3,152,648

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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, desktop support specialists, a help desk technician, and professional development technology integrators.

Center Grove Community School Corporation is on a four year life cycle replacement plan for all desktop computers, as well as other hardware including network infrastructure. This will ensure a reliable and stable technical environment.

The technology department plans to install additional multimedia classrooms, update the telephone system in various buildings, as well as identify software for enhancing instruction and/or improving processes.



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CPF Building Projects

Project Description	Amount
Painting/Wallcovering - district-wide	\$60,000
Carpeting/VCT – district-wide	\$30,000
Site Projects – district-wide	\$205,000
Roofing/Building Exterior – district-wide	\$520,000
Miscellaneous Classroom Projects	\$13,000
Terrazzo – MSC Entry	\$125,000
Gym Floor – PGES	\$75,000
Outbuilding Renovations	\$15,000
Total	\$1,043,000

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This slide shows a list of the individual building projects scheduled for 2009.

Transportation -- Overview

- ◆ **Purpose:** Operational expenses of the school transportation program
- ◆ **Budget**
 - 2008 \$2,670,000
 - 2009 \$3,185,000
 - Increase 19.3% +\$515,000
- ◆ **Revenue**
 - Revenue comes from local taxes only
 - Levy is limited by law
- ◆ **Expenses:** pays for operational costs of transporting students
- ◆ **Expected tax rate of \$0.1301, an increase of \$0.0448 from the 2008 rate of \$0.0853**

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The Transportation Fund provides for the operational expenses of the transportation program. The budget is increasing \$515,000 or 19.3%.

This increase is driven by two factors. First, each year we are adding routes to accommodate new students and new programs. Second is the increasing cost of fuel, which is discussed on the next slide.

The tax rate for 2009 will go up by about 4.5 cents to \$0.1301.

Impact of Diesel Prices

Year	Gallons	Average Price	Total Cost
2006	106,616	\$2.22	\$236,164
2007	105,234	\$2.41	\$254,130
2008	120,000	\$3.63	\$435,943
2009	125,000	\$4.75	\$593,750

On 5/11/08 we purchased diesel at a price of \$4.13. The estimate of \$4.75 for 2009 is only 15% higher.

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The above chart shows our projected cost for diesel fuel for 2009. In addition to diesel, our total fuel budget of \$670,000 includes a much smaller amount of regular gasoline and some motor oil.

Transportation Issues

- ✓ **We have budgeted for an increase of 2 drivers in 2008-09 and 3 more in 2009-10.**
- ✓ **Increases in the cost per gallon and the number of miles is driving up our fuel (diesel and gas) budget significantly.**
 - **2004: \$175,000**
 - **2008: \$410,000**
 - **2009: \$670,000**
- ✓ **We will request a levy appeal for 2009 in the amount of \$440,000.**

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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 2009. We started this school year with 65 drivers.

Second, we have seen significant increases in our budget for fuel. In 2004, we spent only \$175,000. In 2009, we anticipate spending about \$670,000.

Finally, for 2009 we plan to submit a levy appeal of \$440,000. This fund has a limit on the levy, which the State increases by about 4% per year. This appeal will permanently raise that limit by \$440,000, providing us with enough funds to pay all of our transportation expenses without any support from the General Fund.

Bus Replacement -- Overview

- ◆ **Purpose:** Provides money to replace the existing fleet of school buses
- ◆ **Budget**
 - 2008 \$985,515
 - 2009 \$836,000
 - Decrease 15.2% -\$149,515
- ◆ **Revenue**
 - All revenue comes from local taxes
- ◆ **Planning to replace 4 buses in 2009, compared to replacing 6 in 2008**
- ◆ **Expected tax rate of \$0.0342, an increase of \$.0019 from the 2008 rate of \$0.0323**

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The Bus Replacement Fund is used for the purchase of yellow school buses. The budget for 2009 is decreasing by \$149,551 or 15.2%.

The State now recommends replacing buses every 12 years, whereas in the past they have recommended every 10 years. For 2009, we will be replacing 4 buses (out of a fleet of 79) and buying 4 new ones. We have assumed a 9% increase in bus prices to guard against revenue shortfalls.

The expected tax rate for 2009 will be \$0.0342, an increase of \$0.0019.



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Debt Service -- Overview

- ◆ **Purpose:** This fund pays long-term principal and all interest on debt
- ◆ **Budget**

–2008	\$10,770,000
–2009	\$10,090,000
–Decrease 6.3%	-\$680,000
- ◆ **Revenue:** Comes from local taxes
- ◆ **Expenses:** Budget provides payments for temporary loan interest, repayment of bonds, and textbook rental losses.
- ◆ **Expected tax rate of \$0.5096, an increase of \$0.0987 over the 2008 rate of \$0.4109.**

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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 2009 supports scheduled payments for temporary loan interest and also the repayment of all of our bonds.

The expected tax rate in 2009 is \$0.5096, an increase of \$0.0987 over the rate in 2008. This increase is created by a decreasing AV.



CENTER GROVE
Community School Corporation

2009 Debt Service Expenses

✓ Short Term Interest

- We are budgeting \$400,000 for interest on temporary loans to meet our cash flow needs.

✓ Outstanding Bonds

- Refer to the budget materials for a complete list.
- New in 2009: first year with two payments for the C-9 building project - \$84,288.
- Ending in 2009: last payment on the 1988 PGES bonds - \$249,000.
- May have new debt to finance CPF projects starting in 2009.

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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 \$400,000 for interest on temporary loans.

Regarding our outstanding bonds, there is a chart showing all our bond payments on page 3-7 in the budget materials. The only increasing payment for 2008 is \$84,000 for the C-9 building project. In addition, the last payment on the 1988 bonds to finance the building of Pleasant Grove will be paid in 2009.

If needed, we will sell bonds to finance CPF projects in 2009. This will be explained on a later slide.

Debt Service Limitations

- Last year at this time, the Board passed a resolution to hold the tax rate constant in the Debt Service Fund for 2008.
- The purpose of this resolution was to hold constant the amount taxpayers would pay to about the same as they paid the prior year.
- Although we expect gross AV to increase slightly, the new deduction for homeowners will result in an estimated 20% reduction in certified taxable AV.
- It will be impossible to hold the Debt Service tax rate constant into 2009 because of this new deduction (which was obviously beyond our control).

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Because of a projected 20% decrease in the total taxable AV for the district, it will be impossible to hold the Debt Service tax rate constant as we move into 2009.

Bond Severance Fund -- Overview

- ◆ **Purpose:** This fund is used to pay back the severance bonds (SB 199)
- ◆ **Budget**

-2008	\$1,060,000
-2009	\$1,056,000
-Decrease 0.4%	\$4,000
- ◆ **Revenue:** Comes from local taxes
- ◆ **Expenses:** This will remain about \$1,060,000 through the year 2013.
- ◆ **Expected tax rate of \$0.0449, an increase of \$0.0083 from the 2008 rate of \$0.0366**

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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 2009 is expected to be \$0.0449. It increases slightly because of the decrease in 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.



Sp. Ed. Pre-School Fund -- Overview

- ◆ **Purpose:** Provides services to pre-school special education students
- ◆ **Budget**
 - 2008 \$209,000
 - 2009 \$221,000
 - Increase 5.7% +\$12,000
- ◆ **Revenue**
 - The State provides \$2,750 per student.
 - Will be using about \$51,000 of cash balance in this fund
- ◆ **For the first time beginning in 2009, there will be no local tax rate. The 2008 rate was \$0.0019**

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The last of the tax rated funds is the Special Education Pre-School Fund which is mandated by the State of Indiana to provide services to special education pre-school students.

The maximum local property tax rate for this fund has in the past been fixed at \$0.0021. Starting in 2009, there will be no local tax, and the State will provide revenue of \$2,750 per student.

The budget for 2009 has increased by \$12,000 to \$221,000. This program is offered through Johnson County Special Services, and they will be billing us for their services. We are budgeting for an increase from 58 students in 2008 to 62 students in 2009.

At the beginning of 2009 we should have about \$180,000 in cash balance in this fund. We will use about \$51,000 of this to meet expenses in 2009.

Summary and Conclusions

- **Discussion of Tax Rates**
- **Alternative Outcomes for 2009**
- **Projected General Fund Cash Balance**

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



Budget Comparison 2008 - 2009 (after adjustments for SB199)

	2008 Budget	2009 Budget	Change	Percent
General Fund	\$42,150,000	\$42,880,000	+\$730,000	+1.7%
Capital Proj.	\$8,400,000	\$8,400,000	N/C	N/C
Transportation	\$2,670,000	\$3,185,000	+\$515,000	+19.3%
Bus Replace.	\$985,515	\$836,000	-\$149,515	-15.2%
Debt Service	\$10,770,000	\$10,090,000	-\$680,000	-6.3%
Bond Severance	\$1,060,000	\$1,056,000	-\$4,000	-0.4%
Sp. Ed. Pre-Schl.	<u>\$209,000</u>	<u>\$221,000</u>	<u>+\$12,000</u>	<u>+5.7%</u>
Total	\$66,244,515	\$66,668,000	+\$423,485	+0.6%

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This slide summarizes the budgets for the seven tax-rated funds. Note that the combined budget for these funds has increased \$423,485 or 0.6% for 2009.

 Comparison Tax Rates 2008-2009 (after adjustments for SB199)				
	2008 Rate	2009 Rate	Change	Adver.
General Fund	\$0.6769	\$0.0000	-\$0.6769	\$0.0000
Capital Projects	\$0.2730	\$0.3410	+\$0.0680	\$0.4507
Transportation	\$0.0853	\$0.1301	+\$0.0448	\$0.1626
Bus Replacement	\$0.0323	\$0.0342	+\$0.0019	\$0.1031
Debt Service	\$0.4109	\$0.5096	+\$0.0987	\$0.7215
Bond Severance	\$0.0366	\$0.0449	+\$0.0083	\$0.0561
Sp. Ed. Pre-Schl.	\$0.0019	\$0.0000	-\$0.0019	\$0.0000
Total	\$1.5169	\$1.0598	-\$0.4571	\$1.4940
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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 \$1.0598 for every \$100 of assessed value, down almost \$.46 cents or 30% below 2008. This large decrease is caused by the State taking over General Fund support and eliminating the General Fund tax rate.

As we have said before, 2009 rates are only estimates at this time. Also, keep in mind that these rates have been developed with the assumption of a 20% decrease in total assessed value. A change in assessed value for 2009 would result in changed 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 \$1.0598.



Impact -- Sample Homeowner



Assume a \$300,000 home
2007 pay 2008

This shows a
reduction of 35% for
this example.

(Tax rates and bills
reference school
taxes only.)

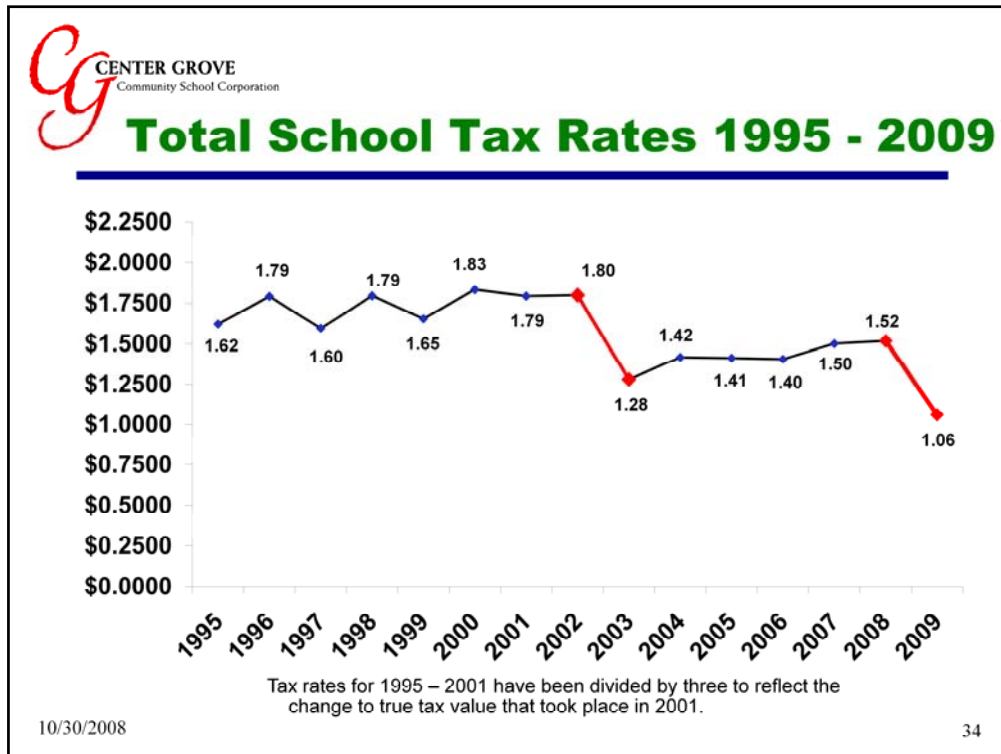
	2008	2009
Gross A.V.	\$300,000	\$306,000
- Homestead Deduction	(\$45,000)	(\$45,000)
- New Supplemental Ded. (35%)		(\$91,350)
- Mortgage Deduction	(\$3,000)	(\$3,000)
Equals Net A.V.	\$252,000	\$166,650
District Gross Tax Rate	\$1.5169	\$1.0598
District Gross Taxes	\$3,823	\$1,766
- Less SPTRC, Homestead Credit	-\$1,109	-0-
School Tax Obligation	\$2,714	\$1,766

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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 2008 would be about \$2,714 per year. The 2009 amount would be \$1,766.

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.”



Here you can see what is expected to happen to our tax rate in 2009. 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.

The final point on this graph shows the projected tax rate for 2009. You can visually see the impact of the elimination of the General Fund tax rate.

CPF Alternative Outcomes for 2009

If we get the “normal”
CPF tax rate, budgets
look like this:

If we don’t get the CPF
tax rate and sell bonds,
budgets look like this:

	Budget	Tax Rate		Budget	Tax Rate
General Fund	\$42,880,000	\$0.0000		\$42,880,000	\$0.0000
Capital Projects	\$8,400,000	\$0.3410		\$6,700,000	\$0.2601
Transportation	\$3,185,000	\$0.1301		\$3,185,000	\$0.1301
Bus Replace.	\$836,000	\$0.0342		\$836,000	\$0.0342
Debt Service	\$10,090,000	\$0.5096		\$11,090,000	\$0.5501
Bond Severance	\$1,056,000	\$0.0449		\$1,056,000	\$0.0449
Sp. Ed. Pre-Schl.	\$221,000	\$0.0000		\$221,000	\$0.0000
Total	\$66,668,000	\$1.0598		\$65,968,000	\$1.0194

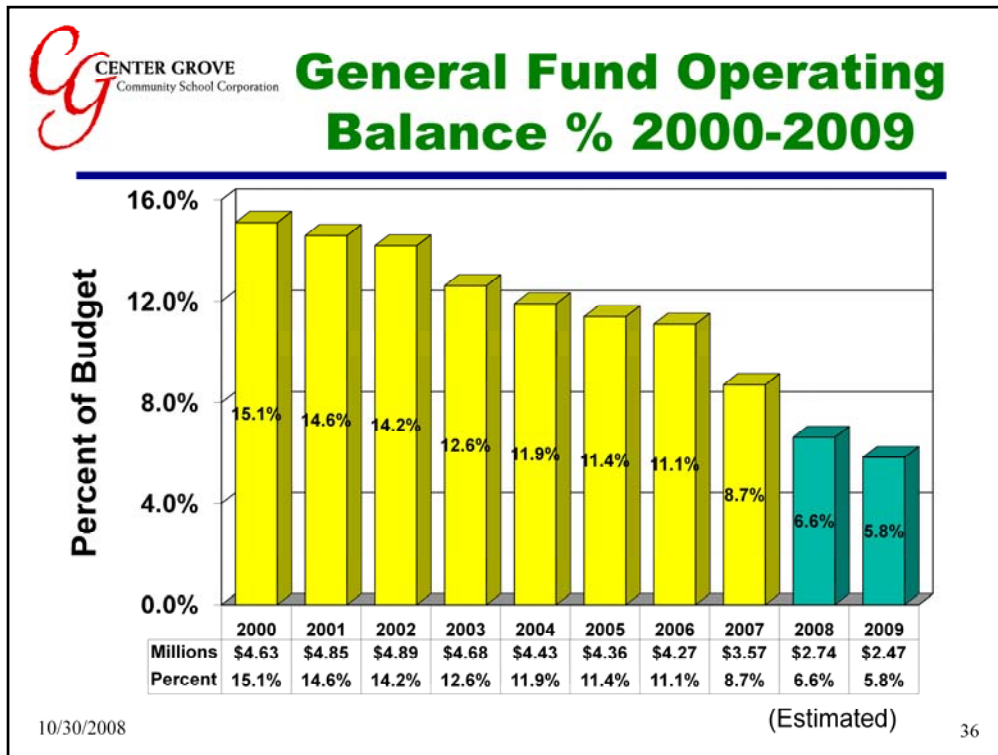
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This slide shows the two alternative outcomes which may occur with the CPF. The left set of columns assumes we are allowed to collect about the same amount of revenue in 2009 as we did in 2008. All of the CPF budget can be funded and we would not sell any bonds.

The right set of columns assumes that we will not be able to collect the same revenue in CPF. As a result, you will note that the CPF has been reduced by \$1,700,000. We would then sell bonds, to be paid back in 2009 and 2010, to fund these projects. You will note that the Debt Service Fund has been increased to cover the 2009 payments.

At this point in time (late October), the most probably outcome is that the CPF will be reduced and we will have to sell bonds.



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.

For 2008, we are projecting a cash balance of 6.6% at the end of the year.

Our projection for 2009 is that the cash balance will be reduced by the \$270,000 that the General Fund is in the red.

Budget Summary

- ✓ **The General Fund is up \$730,000**
- ✓ **The General Fund is in the red by \$270,000**
- ✓ **All 7 funds are up in total \$423,485**
- ✓ **For 2009, there is no tax rate for the General Fund or Pre-School fund**
- ✓ **The total tax rate is down \$0.4571 or 30.1%**
- ✓ **Homeowners' tax bills for 2009 should be about 65% of what they were in 2008**

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

- The General Fund budget has increased by \$730,000 or 1.7%.
- The General Fund is in the red by \$270,000.
- The total budget in all seven funds is up \$423,485 or 0.6%
- For 2009, there is no tax rate for the General Fund or Pre-School Fund.
- The total tax rate is down \$.4571 or 30.1%
- Because of the new homeowners deduction and a lower tax rate, homeowners' tax bills for 2009 should be about 60% of 2008.

Future Activities

◆ **Nov. 5 – Budget Hearing**

◆ **Nov. 17 – Budget Approval**



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November 5 is the official budget hearing. The Board will be asked to approve the budget at their regularly scheduled Board meeting on November 17.

Please direct any questions or comments to:

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