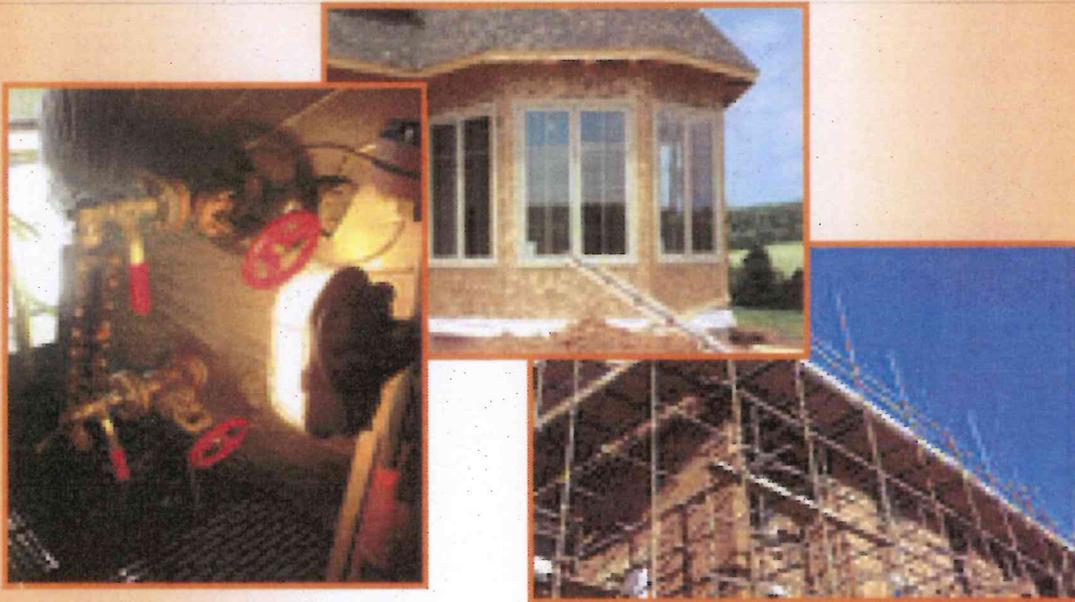


Section 5. Sub-section 5.
Debt service for locally approved
school construction projects in the
required local share of school funding.

Accounting for
Minor Capital Improvement Costs
In The Essential Programs & Services Model



A Report Submitted to:

***The Joint Standing Committee on
Education and Cultural Affairs***

*Pursuant to LD1686 Chapter 182
124th Legislature*

March 2011

Accounting for Minor Capital Improvement Costs in the Essential Programs and Services Model

During the Second Session of the 124th Legislature, the Joint Standing Committee on Education and Cultural Affairs considered LD1686 relating to the requirement of 20-A 15690 2A(2) to raise and appropriate funds for local only debt and its relationship to the Essential Programs and Services operating cost component for Operation and Maintenance of Plant. LD1686, Chapter 182, became a resolve **To Clarify the Reporting of Debt Service Costs and the Allowance of Minor Capital Improvement Project Costs under Essential programs and Services**. The resolve charged the Commissioner of Education with convening a stakeholders group to review current law relating to recognizing, funding, and approving non-state-funded debt service costs incurred for minor capital improvement projects. A copy of the Resolve is attached as *Appendix A*.

In accordance with the request, the Commissioner established a nine member stakeholder group comprised of representatives from the Maine School Superintendents Association, the Maine Association of School Business Officials, the Maine School Boards Association, and the Department of Education.

Resolve: Chapter 182, Stakeholder Group Members

Michael Cormier
Superintendent
RSU/SAD#9
Farmington

George Joseph
Superintendent
Carrabassett Valley School Department

Leon Levesque
Superintendent
Lewiston Schools

David Bridgham
Business Manager
RSU#24
Ellsworth

Adam Hanson
Business Manager
AOS #93
Damariscotta

Susan Campbell
School Board Member
Augusta School Department

Ashley O'Brien
School Board Member
RSU#36
Livermore

Jim Rier
Director Finance & Operations
Department of Education

Joanne Allen
School Finance Specialist
Department of Education

DISCUSSION:

The Essential Programs and Services Model (EPS) includes a cost component for Maintenance and Operation of school facilities. The per-pupil amount for that cost component of EPS was created using school administrative units' (SAU) annual reported general fund expenditures for maintenance and operation. Those reported expenditures included costs for minor capital improvements whether expended for services or annual payments made on debt for minor capital improvements. The Federal Accounting Handbook for Schools, which Maine follows throughout its accounting, reporting and auditing processes, includes minor capital expenditures and payments on minor capital debt in maintenance and operation of plant. In other words there is consistency between reported expenditures and the costs that are included in the EPS per-pupil calculation for Maintenance and Operation of Plant.

See Appendix B: Function Code Report (specifically #2680 and #2690)

In the first year of EPS implementation, FY2005-06, the per-pupil amount for Maintenance and Operation was set at \$625 for K-8 and \$825 for 9-12 student populations. While the cost component has been reviewed twice since that initial implementation, the method of calculation and the data used to create the per-pupil amount has not changed. Chapter 606-B has required that the per-pupil amount be inflated by the Consumer Price Index (CPI) each year. The resultant amounts for FY2011 are \$986 per-pupil K-8 and \$1172 per-pupil 9-12. While these per-pupil amounts are a part of each unit's unique EPS per-pupil amount the total allocation for Maintenance and Operation will also be impacted by each unit's unique number of specialized student populations – Economically Disadvantaged, Limited English Proficient, and K-2 students; for example the greater the number of specialized students the greater the total EPS allocation for Maintenance and Operation.

For the annual budget preparation, all proposed expenditures for minor capital improvements including the debt payment on locally approved bonding for minor capital improvements should be assigned to cost center #9 - Maintenance and Operations as required by **20-A §1485 (1) A&B Cost center summary budget format**. Revenue to support those expenditures would be part of the Total EPS Allocation and funded by the required state and local appropriation in warrant article required by **20-A §15690 (1) School administrative unit contribution to total cost of funding public education from kindergarten to grade 12**.

See Appendix C&D: Cost Center Summary Budget Graphics

If the SAU is proposing to spend an aggregate amount in their total budget that will exceed the 100% EPS Total Allocation, additional funds will be required and would be raised in the Additional Local Funds Article required by **20-A §15690 (3) Additional Local**

Appropriation. If the SAU is proposing to expend funds for Maintenance and Operation above the EPS defined cost component that will contribute to that additional local amount required to meet the proposed total budget. If the SAU is not proposing to spend an amount for Maintenance and Operation that is above the EPS defined cost there would be no impact on the additional local funds article due to that cost component.

By contrast, funds proposed to be expended on local debt payments for Major Capital Improvements are required to be included in Article #10 - Debt and other Commitments. Revenue to support those local only Major Capital debt payments should be included the local only debt Article required by 20-A §15690 (2) Non-state –funded debt service. Local only SAU expenditures and local appropriations for Major Capital Improvements are not included in the data that creates the EPS per pupil amount for Maintenance and Operation. The proposed expenditure for local only debt for Major Capital Improvements is excluded from the SAU’s total expenditure comparison with the spending target (100% of EPS the EPS allocation) required by 20-A §15690 (3B) **Additional local appropriation.** Local only debt for Major Capital Improvements is not recognized in EPS so the local revenue raised to support those payments should not be included in the SAU’s spending comparison with the 100% EPS spending target.

The Committee studied and has included two examples of SAU proposed expenditures and how those expenditures matched up with the EPS defined costs for Maintenance and Operation.

See Appendix E (SAU A Budget Graphic and F (SAU B Budget Graphic)

FY2011	EPS Maintenance & Operation Allocation	Article #9 Proposed Expenditure	Difference	Over/Under EPS FY2011
SAU “A”	\$6,027,065	\$5,553,192	(\$473,873)	(\$1,812,274)
SAU “B”	\$2,797,803	\$3,260,193	\$462,803	\$880,526

In example “A”, it could be argued that the EPS allocation exceeds the amount of proposed expenditures in Article #9 and if any additional local funds were proposed by the SAU those additional funds would not have been a result of the Maintenance and Operation EPS allocation –the EPS allocation is higher than the proposed expenditures.

In example “B”, it could be argued that because the proposed expenditures in Article #9 exceed the EPS defined costs for maintenance and operation by \$462,803, a substantial portion of the over EPS benchmark spending of \$880,526 is due to the proposed

spending for maintenance and operation that exceed the EPS allocation for that cost component.

CONCLUSIONS:

The EPS allocation for Maintenance and Operation properly includes expenditures for minor capital improvements and the annual payment on debt incurred for minor capital improvements. All expenditures for minor capital improvements purchased services or debt payments should be included in expenditure article #9 for budget preparation and voter approval.

The committee also concluded that while Federal Accounting Handbook for Schools requirements that distinguish between minor capital costs and major capital costs are rather clear and include examples, the statutory definitions for those two categories are not as clear and do not include consistent examples.

20-A §15901 Definitions

3. Major capital cost. "Major capital cost" means school construction projects and may include the cost for equipment approved under a school construction project.

[1981, c. 693, §§5, 8 (NEW) .]

4. School construction project. "School construction project" means:

A. On-site additions to existing schools; [1981, c. 693, §§5, 8 (NEW).]

B. New schools; [1981, c. 693, §§5, 8 (NEW).]

C. The cost of land acquired in conjunction with projects otherwise defined by this subsection; [1983, c. 612, (AMD).]

D. The building of or acquisition of other facilities related to the operation of school administrative units; [1981, c. 693, §§5, 8 (NEW).]

E. The complete restoration of existing school buildings in lieu of replacement when in the judgment of the commissioner the action is in the best interest of the State and local unit; and [1983, c. 613, (RPR).]

F. Off-site construction only if, in the judgment of the commissioner, it is economically in the best interests of the State or there is no other practical way to complete a project. [2005, c. 683, Pt. B, §12 (AMD).]

"School construction project" does not mean the purchase, lease-purchase or construction of portable temporary classroom space, as defined in section 15672, subsection 21-B, the lease-purchase of bus garage and maintenance facilities or a permanent space lease-purchase project as defined in section 15901, subsection 4-B.

[2005, c. 683, Pt. B, §12 (AMD) .]

20-A §15672 Definitions

20-A. Minor capital costs. "Minor capital costs" means costs relating to plant maintenance, minor remodeling, site development or the purchase of land not in conjunction with a construction project.

A. "Minor capital costs" does not include construction of new buildings or the purchase of land in conjunction with a school construction project. [2005, c. 2, Pt. D, §§72, 74 (AFF); 2005, c. 2, Pt. D, §36 (NEW); 2005, c. 12, Pt. WW, §18 (AFF).]

B. Expenditures to repay funds borrowed for minor capital expenditures must be considered minor capital costs in the year in which these funds are repaid. [2005, c. 2, Pt. D, §§72, 74 (AFF); 2005, c. 2, Pt. D, §36 (NEW); 2005, c. 12, Pt. WW, §18 (AFF).]

C. Purchase of land made in accordance with this subsection must be approved:

(1) By the legislative body of the school administrative unit; and

(2) By the commissioner, under rules adopted for this purpose. [2005, c. 2, Pt. D, §§72, 74 (AFF); 2005, c. 2, Pt. D, §36 (NEW); 2005, c. 12, Pt. WW, §18 (AFF).]
[2005, c. 2, Pt. D, §§72, 74 (AFF); 2005, c. 2, Pt. D, §36 (NEW); 2005, c. 12, Pt. WW, §18 (AFF) .]

RECOMMENDATIONS:

Amend the statutory definition of Minor capital costs, 20-A 15672 (20-A), to include the same examples as those used in the Federal Accounting Handbook for School Systems, specifically the code 2690 description, Operation and Maintenance of Plant – Capital Renewal and Renovation. "Examples include: roof replacement, boiler replacement, and installing new windows".

The Department of Education should post this report and provide a template for School Administrative Units to calculate their unique EPS Cost Component for Maintenance and Operation of Plant in order for them to make accurate comparisons with the amount being proposed in Cost Center #9 for approval by the voters.

Resolve, To Clarify the Reporting of Debt Service Costs and the Allowance of Minor Capital School Improvement Projects Costs under Essential Programs and Services

Emergency preamble. Whereas, acts and resolves of the Legislature do not become effective until 90 days after adjournment unless enacted as emergencies; and

Whereas, many school administrative units have an immediate need to submit proposals for approval under the school funding formula for recognition of non-state-funded debt service expenditures incurred for minor capital school improvement projects; and

Whereas, it may be necessary to change the law to allow for reimbursement for these non-state-funded debt service expenditures; and

Whereas, a review of current law and state policy pertaining to the funding and reporting requirements for these projects must be initiated before the 90-day period expires in order that the study may be completed and a report submitted in time for submission to the next legislative session; and

Whereas, in the judgment of the Legislature, these facts create an emergency within the meaning of the Constitution of Maine and require the following legislation as immediately necessary for the preservation of the public peace, health and safety; now, therefore, be it

Sec. 1 Review of essential programs and services requirements for non-state-funded debt service expenditures incurred for minor capital school improvement projects. Resolved: That the Commissioner of Education shall convene a stakeholder group to review current state law related to recognizing, funding and approving non-state-funded debt service costs incurred for minor capital school improvement projects; and be it further

Sec. 2 Stakeholder group. Resolved: That the Commissioner of Education or the commissioner's designee is a member of the stakeholder group. The Commissioner of Education shall invite the participation of representatives of the following educational associations:

1. The Maine School Superintendents Association;
2. The Maine Association of School Business Officials; and
3. The Maine School Boards Association.

The commissioner may invite any other person the commissioner determines will contribute to the development of effective policies related to the issues to be reviewed by the stakeholder group; and be it further

Sec. 3 Duties. Resolved: That the Commissioner of Education and the stakeholder group shall review the provisions of the Essential Programs and Services Funding Act pertaining to funding and reporting requirements for approval for reimbursement of non-state-funded debt service costs incurred for minor capital school improvement projects. The stakeholder group shall develop recommendations to change, as necessary, relevant provisions in the school funding formula to appropriately address these local expenditures. The recommendations must include, but are not limited to, recommendations relating to:

Appendix A

1. How school administrative unit expenditures for non-state-funded debt service costs incurred for minor capital school improvement projects should be recognized under the Essential Programs and Services Funding Act, particularly with respect to how these expenditures should be counted towards the amount of locally raised funds that meet or exceed the local cost share expectation as defined in the Maine Revised Statutes, Title 20A, section 15671-A, subsection 1, paragraph B;

2. The types of expenditures, including the replacement of windows, a boiler or a roof, that may be included as non-state-funded debt service costs incurred for minor capital school improvement projects that are recognized as part of the amount of locally raised funds that meet the local cost share expectation;

3. How school administrative units should report expenditures for non-state-funded debt service expenditures incurred for minor capital school improvement projects;

4. How to clarify the school funding formula requirements related to the adoption and approval of expenditures for non-state-funded debt service costs incurred for minor capital school improvement projects, including how to more effectively communicate to the public how these expenditures are reflected in the language that is included in school budget articles and explanations that are presented to the voters to adopt and approve the school budget; and

5. Any other policy issue pertaining to the recognition and funding of debt service costs that a majority of the stakeholder group determines to be necessary and useful to improving public policy related to the appropriate maintenance and improvement of school facilities in the State; and be it further

Sec. 4 Report. Resolved: That the Commissioner of Education shall present the findings and recommendations of the stakeholder group to the joint standing committee of the Legislature having jurisdiction over education matters by January 15, 2011.

Emergency clause. In view of the emergency cited in the preamble, this legislation takes effect when approved.

Function Code Report

Function Code 2600

<i>Function</i>	<i>Title</i>	<i>Description</i>
Operation and Maintenance of Plant		Activities concerned with keeping the physical plant open, comfortable, and safe for use, and keeping the grounds, buildings, and equipment in effective working condition and state of repair. This includes the activities of maintaining safety in buildings, on the grounds, and in the vicinity of schools. Costs for building rental and property insurance should also be included here.

Function Code 2610

<i>Function</i>	<i>Title</i>	<i>Description</i>
Operation & Maintenance of Plant	Care of Buildings	Custodial activities concerned with keeping the physical plant clean and ready for daily use. This includes operating the heating, lighting, and ventilating systems, and doing minor repairs.

Function Code 2620

<i>Function</i>	<i>Title</i>	<i>Description</i>
Operation and Maintenance of Plant	Maintenance of Buildings	Activities associated with keeping buildings at an acceptable level of efficiency through repairs and preventative maintenance.

Function Code 2630

<i>Function</i>	<i>Title</i>	<i>Description</i>
Operation & Maintenance of Plant	Care and Upkeep of Grounds	Activities involved in maintaining and improving the land (but not the buildings). This code includes snow removal, landscaping, grounds maintenance, and the like.

Function Code 2640

<i>Function</i>	<i>Title</i>	<i>Description</i>
Operation & Maintenance of Plant	Care and Upkeep of Equipment	Activities involved in maintaining equipment owned or used by the school administrative unit. This includes such activities as servicing and repairing furniture, machines, and movable equipment.

Function Code 2650

<i>Function</i>	<i>Title</i>	<i>Description</i>
Operation & Maintenance of Plant	Vehicle Operation and Maintenance (other than Student Transportation Vehicles)	Activities involved in maintaining general purpose vehicles such as trucks, tractors, graders, and staff vehicles. This includes such activities as repairing vehicles; replacing vehicle parts; and cleaning, painting, greasing, fueling, and inspecting vehicles for safety, (i.e., preventive maintenance).

Function Code 2660

<i>Function</i>	<i>Title</i>	<i>Description</i>
Operation & Maintenance of Plant	Security	Activities concerned with maintaining a safe and secure environment for students and staff, whether in-transit to or from school, on a campus or administrative facility, or participating in school-sponsored events. This includes costs associated with security plan development and implementation, installation of monitoring devices such as cameras or metal detectors, security personnel such as campus police and security guards, purchase of security vehicles and communication equipment, and other security related costs. Costs associated with in-service training related to school safety, drug and violence prevention training, and alternative schools should not be accounted for here.

Function Code 2670

<i>Function</i>	<i>Title</i>	<i>Description</i>
Operation and Maintenance of Plant	Safety	Activities concerned with maintaining a safe environment for students and staff, whether they are in transit to or from school, on a campus or administrative facility, or participating in school sponsored events. This includes costs associated with chemical officers, installation and monitoring school fire alarm systems and providing school crossing guards, as well as other costs incurred in an effort to ensure basic safety of staff and students. Costs associated with in-service training related to school safety, drug and violence prevention training, and alternative schools should not be accounted for under this function code.

Function Code 2680

<i>Function</i>	<i>Title</i>	<i>Description</i>
Operation & Maintenance of Plant	Capital Enhancement and Improvement	Those activities having to do with additions or alterations to existing plant assets that add to, as opposed to restore, the value of the base asset or create a new asset. Many of these projects and expenses are made to enhance educational programs. (Adding a new ventilation system when one did not exist is a capital improvement or enhancement while replacing a roof is capital renewal.)

Function Code 2690

<i>Function</i>	<i>Title</i>	<i>Description</i>
Operation and Maintenance of Plant	Capital Renewal and Renovation	Those activities having to do with the replacement, in whole or substantial part, of a building component which renews its life expectancy. Activities which bring facilities up to current codes and standards would be categorized as capital renewal. In most cases, capital renewal activities involve the substantial renewal or replacement of fixed assets. Examples include: replacing a roof covering, replacing a boiler, installing new windows.

EXPENDITURES What the District Board Proposes to Spend on Education from July 1, 2010 to June 30, 2011

<p>ARTICLE # 1</p> <p>To see what sum the District will be allowed to EXPEND for</p> <p>REGULAR INSTRUCTION</p> <p>Board of Directors Recommends</p> <p>\$18,757,354</p>	<p>ARTICLE # 2</p> <p>To see what sum the District will be allowed to EXPEND for</p> <p>SPECIAL EDUCATION</p> <p>Board of Directors Recommends</p> <p>\$10,387,771</p>	<p>ARTICLE # 3</p> <p>To see what sum the District will be allowed to EXPEND for</p> <p>CAREER & TECHNICAL</p> <p>Board of Directors Recommends</p> <p>\$2,982,941</p>	<p>ARTICLE # 4</p> <p>To see what sum the District will be allowed to EXPEND for</p> <p>OTHER INSTRUCTION</p> <p>Board of Directors Recommends</p> <p>\$767,222</p>	<p>ARTICLE # 5</p> <p>To see what sum the District will be allowed to EXPEND for</p> <p>STUDENT & STAFF SUPPORT</p> <p>Board of Directors Recommends</p> <p>\$2,934,121</p>	<p>ARTICLE # 6</p> <p>To see what sum the District will be allowed to EXPEND for</p> <p>SYSTEM ADMINISTRATION</p> <p>Board of Directors Recommends</p> <p>\$989,432</p>
<p>ARTICLE # 7</p> <p>To see what sum the District will be allowed to EXPEND for</p> <p>SCHOOL ADMINISTRATION</p> <p>Board of Directors Recommends</p> <p>\$2,393,126</p>	<p>ARTICLE # 8</p> <p>To see what sum the District will be allowed to EXPEND for</p> <p>TRANSPORTATION & BUSES</p> <p>Board of Directors Recommends</p> <p>\$1,435,227</p>	<p>ARTICLE # 9</p> <p>To see what sum the District will be allowed to EXPEND for</p> <p>FACILITIES MAINTENANCE</p> <p>Board of Directors Recommends</p> <p>\$5,553,192</p>	<p>ARTICLE # 10</p> <p>To see what sum the District will be allowed to EXPEND for</p> <p>DEBT & OTHER COMMITMENTS</p> <p>Board of Directors Recommends</p> <p>\$2,901,463</p>	<p>ARTICLE # 11</p> <p>To see what sum the District will be allowed to EXPEND for</p> <p>ALL OTHER</p> <p>Board of Directors Recommends</p> <p>\$300,000</p>	<p>TOTAL EXPENSES</p> <p>\$49,339,086</p>

REVENUES Where the Money Will Come From to Pay the Above Expenses

<p>ARTICLE # 12</p> <p>To see what sum the District will appropriate for the total cost of funding public education from kindergarten to grade 12 as described in the Essential Programs and Services Funding Act in Title 20-A section 15688</p> <p>EPS LOCAL CONTRIBUTION</p> <p>Board of Directors Recommends</p> <p>\$15,919,904</p>	<p>ARTICLE # 13</p> <p>To see what sum the District will raise and appropriate for non-state-funded debt for major capital school construction projects that are not approved for state subsidy. The bonding of this long-term debt was previously approved by the voters or other legislative body.</p> <p>NON-STATE-FUNDED DEBT</p> <p>Board of Directors Recommends</p> <p>\$241,083</p>	<p>ARTICLE # 14</p> <p>To see what sum the District will raise and appropriate for additional local contributions to the total cost of funding public education from kindergarten to grade 12 as described in the Essential Programs and Services Funding Act and local amounts raised for the annual payment on non-state-funded construction loans.</p> <p>ADDITIONAL LOCAL FUNDS</p> <p>Board of Directors Recommends</p> <p>\$0</p>	<p>ARTICLE # 15</p> <p>To see what sum the District will appropriate for the Board to expend for the total cost of funding public education from kindergarten to grade 12 as described in the Essential Programs and Services Funding Act in Title 20-A section 15688</p> <p>TOTAL BUDGET ARTICLE</p> <p>Board of Directors Recommends</p> <p>\$49,339,086</p>	<p>This is a summary Article. It authorizes the Regional Board to expend the money raised and appropriated in the previous Articles as well as revenues from all other sources. This Article does not raise additional money. The following is a summary of all revenue sources:</p> <table border="1"> <tr> <td>State Allocation</td> <td>\$32,682,046</td> </tr> <tr> <td>ARRA State Stabilization</td> <td>\$1,306,264</td> </tr> <tr> <td>Balance Forward</td> <td>\$</td> </tr> <tr> <td>Federal/Other Revenues</td> <td>\$</td> </tr> <tr> <td>Tuition Receipts</td> <td>\$</td> </tr> <tr> <td>Other Local Revenues</td> <td>\$</td> </tr> <tr> <td>Local Allocation (Total)</td> <td>\$</td> </tr> </table>	State Allocation	\$32,682,046	ARRA State Stabilization	\$1,306,264	Balance Forward	\$	Federal/Other Revenues	\$	Tuition Receipts	\$	Other Local Revenues	\$	Local Allocation (Total)	\$
State Allocation	\$32,682,046																	
ARRA State Stabilization	\$1,306,264																	
Balance Forward	\$																	
Federal/Other Revenues	\$																	
Tuition Receipts	\$																	
Other Local Revenues	\$																	
Local Allocation (Total)	\$																	
<p>The District's contribution to the total cost of funding public education from kindergarten to grade 12 as described in the Essential Programs and Services Funding Act is the amount of money determined by state law to be the minimum amount that the district must raise and assess in order to receive the full amount of state dollars - Line 50 of the ED279</p>	<p>Non-state-funded debt service is the amount of money needed for the annual payments on the District's long term debt for major capital school construction projects that are not approved for state subsidy. The bonding of this long-term debt was previously approved by the voters or other legislative body.</p>	<p>The additional local funds are those locally raised funds over and above the District's local contribution to the total cost of funding public education from kindergarten to grade 12 as described in the Essential Programs and Services Funding Act and local amounts raised for the annual payment on non-state-funded construction loans.</p>	<p>TOTAL REVENUES</p> <p>\$</p>															

EXPENDITURES

ARTICLE # 9

To see what sum the District will be allowed to EXPEND for

Facilities Maintenance

Board of Directors Recommends

\$5,553,192

The FACILITIES MAINTENANCE article includes costs for keeping the physical plant open, comfortable and safe for use. It also includes keeping grounds, buildings, and equipment in working condition.

Maintenance / Custodial

Salaries & Benefits	\$1,722,381
Purchased Services	\$986,346
Supplies & Equipment	\$1,406,674

Capital Enhancement / Improvement

Salaries & Benefits	
Purchased Services	
Supplies & Equipment	

Capital Renewal & Renovation

Salaries & Benefits	
* Annual Payment on Loans	\$1,437,791
Supplies & Equipment	

* Minor Capital Improvements **\$5,553,192.**

ARTICLE # 10

To see what sum the District will be allowed to EXPEND for

Debt & Other Commitments

Board of Directors Recommends

\$2,901,463

The DEBT & OTHER COMMITMENTS article includes costs for the principal and interest payments on long term debt of the school administrative unit and payment of new school construction debt.

Debt Service

Principal (Major Capital Debt)	\$1,436,582
Interest	\$1,223,798
ED279 Line #42	\$2,660,380

Principal (Local Major Capital Debt)	\$136,858
Interest	\$104,225
	\$241,083

Other Commitments

Salaries & Benefits	
Purchased Services	
Supplies & Equipment	

\$2,901,463.

EXPENDITURES

What the District Board Proposes to Spend on Education from July 1, 2010 to June 30, 2011

<p>ARTICLE # 1</p> <p>To see what sum the District will be allowed to EXPEND for</p> <p>REGULAR INSTRUCTION</p> <p>Board of Directors Recommends</p> <p>\$18,757,354</p>	<p>ARTICLE # 2</p> <p>To see what sum the District will be allowed to EXPEND for</p> <p>SPECIAL EDUCATION</p> <p>Board of Directors Recommends</p> <p>\$10,387,771</p>	<p>ARTICLE # 3</p> <p>To see what sum the District will be allowed to EXPEND for</p> <p>CAREER & TECHNICAL</p> <p>Board of Directors Recommends</p> <p>\$2,982,941</p>	<p>ARTICLE # 4</p> <p>To see what sum the District will be allowed to EXPEND for</p> <p>OTHER INSTRUCTION</p> <p>Board of Directors Recommends</p> <p>\$767,222</p>	<p>ARTICLE # 5</p> <p>To see what sum the District will be allowed to EXPEND for</p> <p>STUDENT & STAFF SUPPORT</p> <p>Board of Directors Recommends</p> <p>\$2,934,121</p>	<p>ARTICLE # 6</p> <p>To see what sum the District will be allowed to EXPEND for</p> <p>SYSTEM ADMINISTRATION</p> <p>Board of Directors Recommends</p> <p>\$989,432</p>
<p>ARTICLE # 7</p> <p>To see what sum the District will be allowed to EXPEND for</p> <p>SCHOOL ADMINISTRATION</p> <p>Board of Directors Recommends</p> <p>\$2,393,126</p>	<p>ARTICLE # 8</p> <p>To see what sum the District will be allowed to EXPEND for</p> <p>TRANSPORTATION & BUSES</p> <p>Board of Directors Recommends</p> <p>\$1,435,227</p>	<p>ARTICLE # 9</p> <p>To see what sum the District will be allowed to EXPEND for</p> <p>FACILITIES MAINTENANCE</p> <p>Board of Directors Recommends</p> <p>\$5,553,192</p>	<p>ARTICLE # 10</p> <p>To see what sum the District will be allowed to EXPEND for</p> <p>DEBTS & OTHER COMMITMENTS</p> <p>Board of Directors Recommends</p> <p>\$2,901,463</p>	<p>ARTICLE # 11</p> <p>To see what sum the District will be allowed to EXPEND for</p> <p>ALL OTHER</p> <p>Board of Directors Recommends</p> <p>\$300,000</p>	<p>TOTAL EXPENSES</p> <p>\$49,339,086</p>

SAU "A"

EPS Allocation
\$6,027,065
 \$473,873 Below EPS

REVENUES

Where the Money Will Come From to Pay the Above Expenses

<p>ARTICLE # 12</p> <p>To see what sum the District will appropriate for the total cost of funding public education from kindergarten through grade 12 as described in the Essential Programs and Services Funding Act in Title 20A, section 2688</p> <p>ED279 Line 50 \$17,812,695</p> <p>EPS LOCAL CONTRIBUTION</p> <p>Board of Directors Recommends</p> <p>\$15,919,904 (89.37%)</p>	<p>ARTICLE # 13</p> <p>To see what sum the District will raise and appropriate for the total cost of funding public education from kindergarten through grade 12 as described in the Essential Programs and Services Funding Act in Title 20A, section 2688</p> <p>minor capital projects in addition to the funds appropriated for the total cost of funding public education from kindergarten through grade 12.</p> <p>NON-STATE-FUNDED DEBT</p> <p>Board of Directors Recommends</p> <p>\$241,083</p>	<p>ARTICLE # 14</p> <p>To see what sum the District will raise and appropriate for the total cost of funding public education from kindergarten through grade 12 as described in the Essential Programs and Services Funding Act in Title 20A, section 2688</p> <p>ADDITIONAL LOCAL FUNDS</p> <p>Board of Directors Recommends</p> <p>\$0</p>	<p>The District's contribution to the total cost of funding public education from kindergarten to grade 12 as described in the Essential Programs and Services Funding Act is the amount of money determined by state law to be the minimum amount that the district must raise and assess in order to receive the full amount of state dollars - Line 50 of the ED279</p>
<p>ARTICLE # 15</p> <p>To see what sum the District will appropriate for the total cost of funding public education from kindergarten through grade 12 as described in the Essential Programs and Services Funding Act in Title 20A, section 2688</p> <p>allocation, debt service, state subsidy, and other receipts from the state.</p> <p>TOTAL BUDGET ARTICLE</p> <p>Board of Directors Recommends</p> <p>\$49,339,086</p>	<p>This is a summary Article. It authorizes the Regional Board to expend the money raised and appropriated in the previous Articles as well as revenues from all other sources. This Article does not raise additional money. The following is a summary of all revenue sources:</p> <p>State Allocation \$32,682,046 ARRA State Stabilization \$1,306,264 Balance Forward \$ Federal/Other Revenues \$ Tuition Receipts \$ Other Local Revenues \$ Local Allocation (Total) \$</p> <p>TOTAL REVENUES \$</p>	<p>The additional local funds are those locally raised funds over and above the District's local contribution to the total cost of funding public education from kindergarten to grade 12 as described in the Essential Programs and Services Funding Act and local amounts raised for the annual payment on non-state-funded construction loans.</p>	

EXPENDITURES What the District Board Proposes to Spend on Education from July 1, 2010 to June 30, 2011

<p>ARTICLE # 1 To see what sum the District will be allowed to EXPEND for <u>REGULAR INSTRUCTION</u> Board of Directors Recommendations \$ 11,128,761</p>	<p>ARTICLE # 2 To see what sum the District will be allowed to EXPEND for <u>SPECIAL EDUCATION</u> Board of Directors Recommendations \$3,029,306</p>	<p>ARTICLE # 3 To see what sum the District will be allowed to EXPEND for <u>CAREER & TECHNICAL</u> Board of Directors Recommendations \$ 166,086</p>	<p>ARTICLE # 4 To see what sum the District will be allowed to EXPEND for <u>OTHER INSTRUCTION</u> Board of Directors Recommendations \$735,273</p>	<p>ARTICLE # 5 To see what sum the District will be allowed to EXPEND for <u>STUDENT & STAFF SUPPORT</u> Board of Directors Recommendations \$2,210,018</p>	<p>ARTICLE # 6 To see what sum the District will be allowed to EXPEND for <u>SYSTEM ADMINISTRATION</u> Board of Directors Recommendations \$635,281</p>
<p>ARTICLE # 7 To see what sum the District will be allowed to EXPEND for <u>SCHOOL ADMINISTRATION</u> Board of Directors Recommendations \$ 1,548,273</p>	<p>ARTICLE # 8 To see what sum the District will be allowed to EXPEND for <u>TRANSPORTATION & BUSES</u> Board of Directors Recommendations \$ 1,590,446</p>	<p>ARTICLE # 9 To see what sum the District will be allowed to EXPEND for <u>FACILITIES MAINTENANCE</u> Board of Directors Recommendations \$3,260,193</p>	<p>ARTICLE # 10 To see what sum the District will be allowed to EXPEND for <u>DEBT&OTHER COMMITMENTS</u> Board of Directors Recommendations \$ 1,928,552</p>	<p>ARTICLE # 11 To see what sum the District will be allowed to EXPEND for <u>ALL OTHER</u> Board of Directors Recommendations \$ 140,000</p>	<p>TOTAL EXPENSES 26,372,189</p>

SAU "B"
EPS Allocation
\$2,797,803
\$462,390 Above EPS

ARTICLE # 15
To see what sum the District will be allowed to EXPEND for
ARRA State Stabilization
ARRA State Stabilization
Balance Forward
Federal/Other Revenues
Tuition Receipts
Other Local Revenues
Local Allocation (Total)
\$ 26,372,189

This is a summary Article. It authorizes the Regional Board to expend the money raised and appropriated in the previous Articles as well as revenues from all other sources. This Article does not raise additional money. The following is a summary of all revenue sources:

State Allocation	\$
ARRA State Stabilization	\$
Balance Forward	\$
Federal/Other Revenues	\$
Tuition Receipts	\$
Other Local Revenues	\$
Local Allocation (Total)	\$

TOTAL REVENUES \$

REVENUES Where the Money Will Come From to Pay the Above Expenses

<p>ARTICLE # 12 To see what sum the District will appropriate for the total cost of funding kindergarten through grade 12 as described in the Essential Programs and Services Funding Act in Title 20A section 1588 <u>EPS LOCAL CONTRIBUTION</u> Board of Directors Recommendations \$ 11,195,940</p>	<p>ARTICLE # 13 To see what sum the District will raise and appropriate for non-state-funded portions of school construction projects and minor capital projects in addition to the funds appropriated for the total cost of funding public education from Kindergarten through grade 12. <u>NON-STATE-FUNDED DEBT</u> Board of Directors Recommendations \$376,388</p>	<p>ARTICLE # 14 To see what sum the District will raise and appropriate for non-state-funded portions of school construction projects and minor capital projects in addition to the funds appropriated for the total cost of funding public education from Kindergarten through grade 12. <u>ADDITIONAL LOCAL FUNDS</u> Board of Directors Recommendations \$ 1,431,955</p>
<p>The District's contribution to the total cost of funding public education from kindergarten to grade 12 as described in the Essential Programs and Services Funding Act is the amount of money determined by state law to be the minimum amount that the district must raise and assess in order to receive the full amount of state dollars - Line 50 of the ED279</p>	<p>Non-state-funded debt service is the amount of money needed for the annual payments on the District's long term debt for major capital school construction projects that are not approved for state subsidy. The bonding of this long-term debt was previously approved by the voters or other legislative body.</p>	<p>The additional local funds are those locally raised funds over and above the District's local contribution to the total cost of funding public education from kindergarten to grade 12 as described in the Essential Programs and Services Funding Act and local amounts raised for the annual payment on non-state-funded construction loans.</p>