

From the Director's Desk



Tom Mandon, ESC
Executive Director

How will you react to the Circuit Breaker?

In the January, 2008, publication of *The Consultant* I shared my view on how best to work with the 2007 County Board of Tax and Capital Review legislation, effective January 1, 2009. As you all know, this capital projects board was eliminated in the 2008 session of the legislature in favor of HEA 1001 and the phasing to 1%, 2%, and 3% of assessed valuation permanent circuit breaker cap limits of property taxes beginning in pay 2010 (excluding Lake and St. Joe Counties). However, the question that I raised in January is broader and more valid now with the circuit breaker than it was with the County Board. It is broader because the circuit breaker could affect the property tax-related revenue of each school corporation or local unit of government rather than only capital projects under the County Board. It is more valid now because each common taxing unit affects all others in determining the circuit breaker cap.

The question is **“What sort of strategies and alliances must be considered by school officials in the face of the circuit breaker?”**

- School officials must strengthen ties with local governmental officials and other community/county leaders to enable them to share the short and long term needs of the school corporation as well as to understand the needs of each of the other governmental units. This strengthening applies to every common governmental unit. Everyone must work together to avoid or minimize losing property tax revenue due to the circuit breaker cap.
- School officials must explore possible school/local government shared service opportunities. Shared services could include transportation, purchasing, use of current facilities such as swimming pools, libraries, and performing arts centers, as well as new construction of the same sorts of facilities, avoiding duplication of effort and exploring the possibility of sharing costs.
- If a school corporation wishes to pursue the construction of a school and has carefully worked through steps one and two above, the next step is to prepare for a successful referendum. A referendum results whenever a statutorily set amount is exceeded for the construction of a school and the lesser of 100 or more property owners or registered voters, or 5% of the registered voters object to the project. The limits are \$10,000,000 for a building housing any combination of students in grades K-8 and \$20,000,000 for students in grades 9-12. There is a third category for any other type of project not to exceed the lesser of \$12,000,000 or 1% of the total gross assessed valuation of the school corporation. The petition/remonstrance process is utilized for projects below the thresholds. A referendum is a determination by voters to decide if a school corporation shall issue bonds or enter into a lease to finance the project. A successful referendum result does not count against the circuit breaker cap, while a successful petition/remonstrance becomes a part of the circuit breaker.

I feel that we at ESC, along with our sister company Governmental Consulting Services, have the staff and the knowledge to successfully assist you in navigating through the uncharted waters of the circuit breaker and the referendum process.

Educational Services Company

3535 E. 96th Street
Suite 126
Indianapolis, IN 46240

Phone: (317) 818-3535
or (888) 351-3535

Fax: (317) 818-3533

www.educationalservicesco.com

Business hours:

7:30 a.m. to 4 p.m.,
Monday-Friday

Please stop and visit us in
Booth #317 at the annual

Fall Conference of the ISBA/IAPSS

on Monday,
September 29, 2008.

*We're looking forward
to seeing you!*

Lighten Up!

After having dug to a depth of 10 meters last year, Scottish scientists found traces of copper wire dating back 100 years and came to the conclusion that their ancestors already had a telephone network more than 100 years ago.

Not to be outdone by the Scots, in the weeks that followed, English scientists dug to a depth of 20 meters, and, shortly after, headlines in the UK newspapers read: “English archaeologists have found traces of 200-year-old copper wire and have concluded that their ancestors already had an advanced high-tech communications network a hundred years earlier than the Scots.”

One week later, “The Kerryman,” a southwestern Irish newsletter, reported the following: “After digging as deep as 30 meters in peat bog near Tralee, Paddy O'Reilly, a self-taught archaeologist, reported that he found absolutely nothing. Paddy has therefore concluded that 300 years ago Ireland had already gone wireless.”

This New Service Could Both Save and Make You Money!

Do you remember reading or hearing about the following incidents?

Audit: Pencil sale proceeds fishy

State auditors say a scented pencil sale @ Pxxxxxxx Elementary School in XXXX doesn't pass the smell test. The school bought 5500 pencils @ 50 cents apiece last year, sold them for \$1.00 apiece, but bank deposits only came to about \$4,500.

The state audit also cited missing deposits from textbook rental fees, day planners, spirit wear and yearbooks. All told, the XXX treasurer is being held responsible for an additional \$3,496.00 of missing money.

Indiana State Police are investigating the disappearance of hundreds of thousands of dollars in athletic funds from XXXXXX high school.

It is unclear if the money has been stolen, or if the athletic department's bookkeeping is simply sloppy. The audit showed no money deposited for over 71,000 tickets issued for sporting events, concessions, and an athletic fundraiser.

Ex- Xxxxxx treasurer charged

County prosecutors have charged a former Xxxxx School Corporation employee with a pair of felonies alleging she stole \$34,000. She faces charges of failing to deposit public funds.

Audit: Adult Ed missing \$26K

State auditors are holding a former bookkeeper responsible for more than \$26,000 that went missing from their Adult Education program during the past three years. The money was from student-paid fees and vending machine proceeds.

Avoid finding yourself in a similar situation. Beginning this year, Educational Services Company is offering a new Extra-Curricular Activities Procedures review service. The service will look at current procedures, identify weaknesses, if any, and recommend implementations.

In addition, ESC has contracted with the national technology firm, RevTrak to enhance existing school corporation collection systems and to allow parents, students, or others to buy and pay for needed fees, including book rental fees, lunch meal charges, sporting event tickets, field trip fees, club fees, and other charges. The service will allow these charges to be paid via the Internet, using either a Visa or MasterCard account. The service provides a password-protected page showing all encrypted transactions completed for the entire year for any purchase for the parent or student as well as detailed

account information. All credit card information, including numbers, is encrypted and is not transmitted to the school corporation. For the district, all record keeping for each transaction can be called up with user-protected passwords. The Business Manager, Superintendent, or CFO can get a record to print or view from his or her desktop. The funds are deposited after the card is verified, and a receipt is sent to the email address of the payer. A notation is also sent to the bookkeeping office.

This service will reduce the need to send the ECA secretary or clerk to the bank because these transactions are electronic. It should also reduce the possibility of accounting errors or theft.

If the procedural review or the new RevTrak service is of interest to you, contact Tom Mandon for complete details: tmandon@educationalservicesco.com.

Problem Areas? Our Actuarial Services Can Help!

ESC has actuarial services able to assist you in any or all of the following areas:

Redistribution of Funds within 401a and VEBA Accounts

This redistribution is one option of a final buyout of retirement/severance liability as a part of SEA 199 whenever an eligible school employee leaves employment prior to fulfilling eligibility standards. If this redistribution applies to your buyout, you must annually redistribute the funds to the remaining eligible employees, and we can help you to do this task on an actuarially sound basis.

Comparing Retirement/Severance Benchmark to Current Liability

This comparison is something that must be completed 6-8 months prior to a State Board of Accounts review. We will provide a one page summary of liability comparisons and give funding options to you to maintain compliance with the SEA 199 legal requirements of funding on an actuarially sound basis.

GASB 45 Compliance

GASB has already been addressed by the State Board of Accounts, stating that insurance for retirees must be calculated as a finite amount of school contributions for each retiree. We can provide you with an actuarially sound review to insure compliance.

New Talent Joins the Educational Services Company Team

Educational Services Company is pleased to welcome Alan C. Middleton to the ESC Team. Alan has been the superintendent of the Garrett-Keyser-Butler Schools in Garrett, IN, since 1987. He has been responsible for managing the high performance model of continuous improvement and building the capacity for leadership at all levels of the school system. In 2003, Middleton was named Superintendent of the Year for District II of the IAPSS.

Before he became a school superintendent, Middleton was the business manager at Central Noble Community Schools

in Albion, IN. He was responsible for managing the school budget, teacher negotiations, and the support staff. In addition, he was the transportation director and managed the construction project for the middle school, 1985-1987.

Alan Middleton has been a member of the Indiana Association of School Business Officials and is also a member of the National Investor Relations Institute. He brings a wealth of experience-at many levels of school administration-to the ESC team, and we are pleased to have him with us.

Planning, Planning, and More Planning for Success

Just as “location, location, location” relates to success in selling and buying real estate, I believe “planning, planning, planning” is the mantra for success in the world of school facilities. Whenever a school corporation wishes to conduct short or long term facilities planning, ESC has a proven process and the personnel to provide community input, involvement, and to build consensus through a broad-based task force. The process is one in which our consultants roll up their sleeves and work with the task force. I also see school systems using the facility planning process implemented as a component of a successful referendum or petition/remonstrance drive.

Following are a few comments from school superintendents who have recently utilized this service.

“Don Dyck and other facilitators from Educational Services Company helped the school corporation and community of Brownsburg develop and implement a highly interactive process that productively engaged all stakeholder members of our Long Range Facility Planning Task Force. When we reached the end of the planning process, the homework was done, the questions of the community were answered and all felt they had been heard. What has resulted is a long range facility plan that has been implemented with all initial stages running smoothly.”

Kathleen Corbin
Superintendent of Schools
Brownsburg Community School Corporation

“The facilitators from Educational Services Company were superb! Our Board members were quite impressed with the process as well as with the product. By working openly and effectively with the members of the broad based committee,

the team from Educational Services Company was able to recruit true believers and supporters in the future of our district. From the superintendent's perspective, I can add that I always felt that Educational Services Company worked for OUR district's best interests. They were extraordinarily capable of directing, but not forcibly leading, the work of the committees. The final product was proudly presented by all involved. I would recommend their work to anyone!”

Dr. Sherida L. Brower
Superintendent of Schools (Retired)
Mill Creek Community School Corporation

“Clark-Pleasant Community School Corporation is pleased to have Educational Services Company as a member of its executive planning committee working with our task force members, Board members and administrative leadership team in the development of a long range plan. The long range plan involves personnel, programs, and facilities. ESC has the resources to draw from experts well versed in all phases of these components. We are particularly pleased with their hands-on approach in working with our district. They have the ability to select the right person for the face-to-face meetings we require in our interactions with our community. These meetings result in highly credible relations and ultimately successful recommendations for our educational community. I would highly recommend the use of ESC for any school district with long range planning and/or facilities needs.”

Dr. J.T. Coopman
Superintendent of Schools
Clark-Pleasant Community School Corporation

Return Service Requested

Across the Board

Bill Brown and **Pam Retzlaff** continue to assist schools in the area of 403b compliance by evaluating vendors and meeting with school teams to assist in vendor selection. **Pete Apple** has recently concluded equipment and furniture purchasing services in Franklin Township, while **Bob Menzie** continues to provide the same services in Middlebury and will soon begin at the new Concord Middle School. **Jackie Beery** is serving as interim superintendent at Knox. **Tony Broadwell** is providing Centerville-Abington, Greensburg, Northeastern Wayne, South Henry, and Union County/College Corner budget assistance, financial planning, and cash flow projections. **Dick Cook** continues as corporation manager at New Durham Township and is providing budget assistance for Whiting. **Doug Cassman** is providing benefits review, vendor selection, and/or benefit management for Anderson, Bartholomew, Decatur County, Greenfield, Middlebury, North Newton, Rochester, Warren Township, Washington Community, Washington Township, and Wayne Township. Doug also just finished conducting an SEA 199 project for John Glenn. **Nate Day** continues to provide financial advisory services to Evansville, Central Nine Career Center, and Bartholomew and financial projections for North West Hendricks. **Denny Deeter** is providing forfeiture reallocation services for Northeastern Wayne, Warren Township, and Whitley County; and liability studies for Northeastern Wayne, South Vermillion, Southern Hancock County, Southwestern Consolidated (Shelby County), Vigo County, and North Newton. **Don Dyck** has facilitated a community task force and Board retreat in Valparaiso as well as a Board/Leadership Workshop in Porter Township. **Dan Eggermann** is providing budget assistance at Flat Rock-Hawcreek. **Bill Gall** is providing budget assistance at Boone Township, Lake Ridge, and Porter Township as well as serving as an interim superintendent at Hanover. **Tom Grabill** is providing business manager training at Beech Grove, circuit breaker strategy at Franklin Township, financial advisor services at Evansville and Clark-Pleasant, as well as assisting with excess levy appeals in Greenfield, Switzerland County, and Wayne Township. **Pat Green** is providing treasurer training and business office review at Bartholomew, and treasurer training at Brown County, Rockville, and Southwest Sullivan. **Tim Jackson** is involved in equipment and furniture purchasing services for Danville, Franklin Township, and South Gibson; budget assistance for Cloverdale and South Putnam; a technology study for Warren Township along with **Debbie Babcock**; and a food service study in Center Grove. **Bill McKinney** recently completed a special education study in Greencastle. **Jerry Moore** is providing Brown County budgeting assistance, financial planning, and cash flow projections, and budget assistance in Switzerland County. **Jerry Moore** and **Pete Rump** have completed a building capacity study for South Henry. **Ray Pavy** has recently completed an interim superintendent service at Charles A. Beard and continues to provide budgetary assistance at Nettle Creek. **Niles Pfafman** is providing school finance services to Smith-Green. **Mary Ann Ripperger** has recently completed a business office evaluation study for Marion. **Joe Scher** continues to provide school finance services to Mount Pleasant. **Bev Walters** has provided treasurer training at Eminence, treasurer training at Covered Bridge Special Education District, and deputy treasurer interim services at Richmond.