

# *Anderson Community School Corporation*

*Madison County, Indiana*

*2018*

*Proposed Budget*



*Executive Summary and Supplemental Graphs*

*Scheduled Hearing: August 8, 2017*

*Scheduled Adoption: September 12, 2017*

# ANDERSON COMMUNITY SCHOOL CORPORATION

## 2018 BUDGET

### *Assumptions*

- Fall 2017 actual enrollment unknown. Net impact on revenue; proportional increase/reduction in the General Fund.
- Class sizes to remain within the unchanged contractual limitations.
- Assessed valuation stabilizing. (actual data for 2018 unavailable from Madison County).
- Tax collection rates are expected to be somewhat less than recent historical collections, and concerns exist over the potentially worsening collections rate.
- State support disbursements are tied directly to student enrollment.
- Circuit Breaker losses as forecasted by the Department of Local Government Finance are profoundly affecting the Capital Projects Fund, Transportation Fund and Bus Replacement Fund.
- Pension Bond offset to continue to reduce revenue in Capital Projects Fund, Transportation and Bus Replacement funds.
- Stress on the General Fund continues due in large part to shortfalls in all other funds coupled with the student enrollment factor.

# ANDERSON COMMUNITY SCHOOL CORPORATION

## 2018 BUDGET

### *Anticipated Outcomes*

- Total tax rate expected to sustain a modest increase for 2018.
- Total revenue to be up in 2018 primarily due to a modest increase in the school funding formula.
- General fund revenue drops during the years 2012 through 2015, saw a pause in 2016 and have stabilized for 2017 and 2018 and track enrollment trends.
- Circuit breaker losses to amount to greater than \$8.5 million for 2018.
- Required pension bond offset to reduce revenue in Capital Projects, Transportation and Bus Replacement Funds by approximately \$3.0 million.
- Tax collections estimated to be well below 100% due to overall economic condition. Concerns are mounting as the tax collection rate is in a declining mode as evidence by recent losses.
- Bargained and administratively driven cost reductions in CPF, Transportation, Bus Replacement and General Fund to continue to be fully implemented in 2018.
- Staff reductions that took our staff from 1105.5 FTE in 2009-10 to 898 FTE in 2010-11 to 829 FTE in 2011-12, 828.5 in 2012-13, 843.5 in 2013-14, 854.5 in 2014-15, up to 874.5 in 2016 and to 881 in 2017.  
*(Based on an expected regular education average class size of approximately 25; within the unchanged, bargained class size goals.)*
- Start up operations and capital costs are included for the expansion of the Career Center on 38<sup>th</sup> Street, and the continued support of the COMPASS program.
- **All funds expected to be economically stretched in 2018 due to previous enrollment losses and losses formerly generated by changes in the state funding formula, and increased costs arising from the impending and unknown outcome of the collective bargaining settlement, however we will continue to maintain a respectable General Fund cash balance.**

CALENDAR YEAR

# FINANCIAL SCENARIO

**ANDERSON COMMUNITY SCHOOL CORPORATION  
2016 ACTUAL AND THREE YEAR FORECAST  
REVENUE AND EXPENSE – ALL FUNDS**

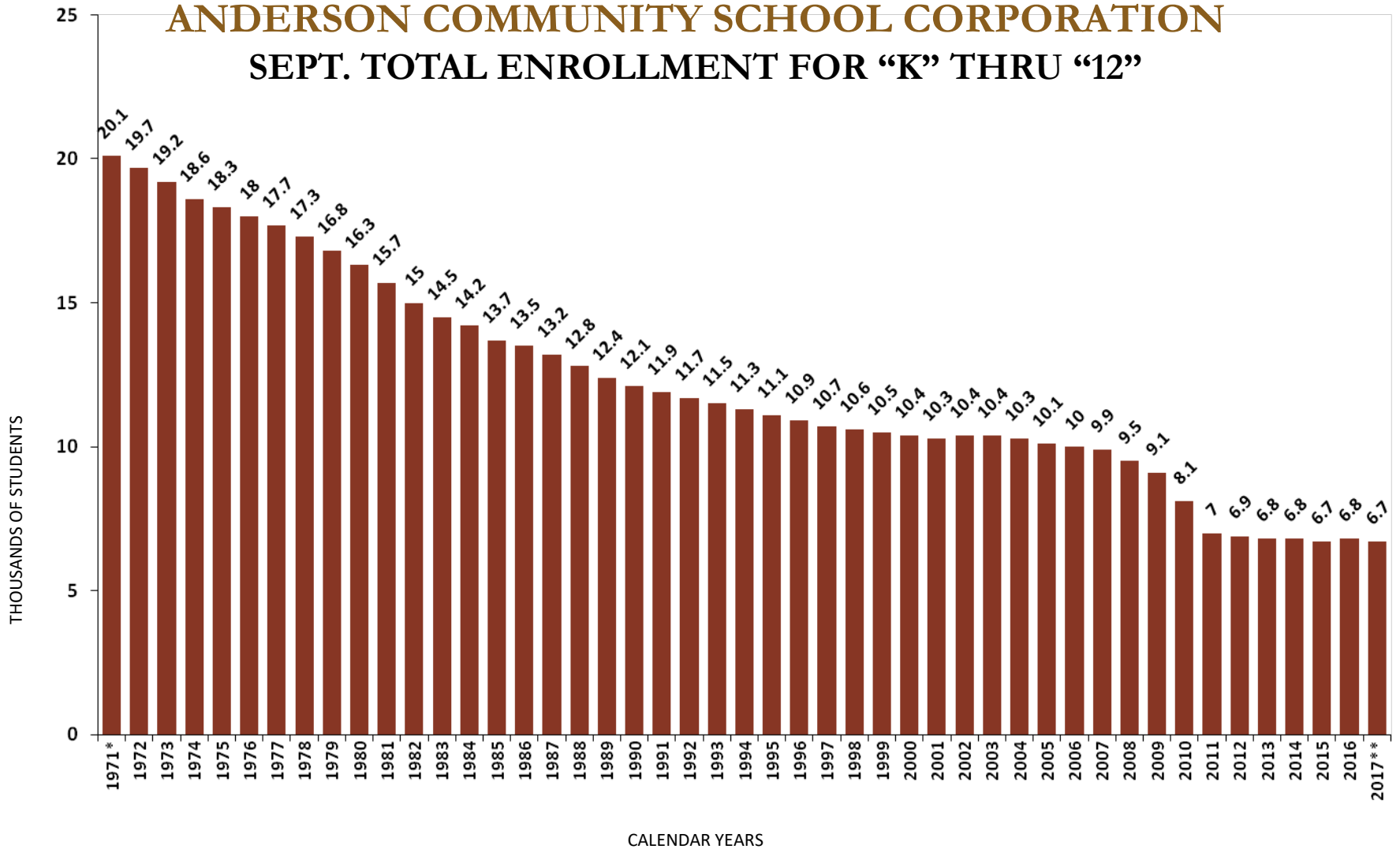
Millions of Dollars

	2016 ACTUAL	2017 ACTUAL	2018 FORECAST	2019 FORECAST
<b>REVENUE</b>	\$73.8	\$74.2	\$74.9	\$75.0
<b>EXPENSE</b>	\$72.7	\$74.1	\$73.9	\$75.0
<b>ALL FUNDS SURPLUS/SHORTFALL</b>	\$1.1	(\$1)	\$1.0	(\$0)
<b>GENERAL FUND SURPLUS/SHORTFALL</b>	\$1.7	(\$1.2)	(\$.8)	(\$0)
<b>CUMULATIVE GENERAL FUND SURPLUS/SHORTFALL</b> <small>(INCLUDES CARRYOVER FROM PRIOR YEARS)</small>	\$11.3	\$10.1	\$9.3	\$9.3

NOTE: INCLUDES FULL IMPLEMENTATION OF TARGETED COST REDUCTIONS; ASSUMES LEVELING OF STUDENT ENROLLMENT; ASSUMES STABILIZING OF ASSESSED VALUE; ASSUMES STABLE STATE SUPPORT REVENUE PER STUDENT. EXPENDITURES DO NOT INCLUDE ENCUMBRANCES. FORECAST IS DEPENDENT ON STUDENT ENROLLMENT. FIGURES ASSUME NO INCREASE IN ENROLLMENT. **INCREASED STUDENT ENROLLMENT IS KEY TO BALANCING THE BUDGET.**

# ANDERSON COMMUNITY SCHOOL CORPORATION

## SEPT. TOTAL ENROLLMENT FOR "K" THRU "12"



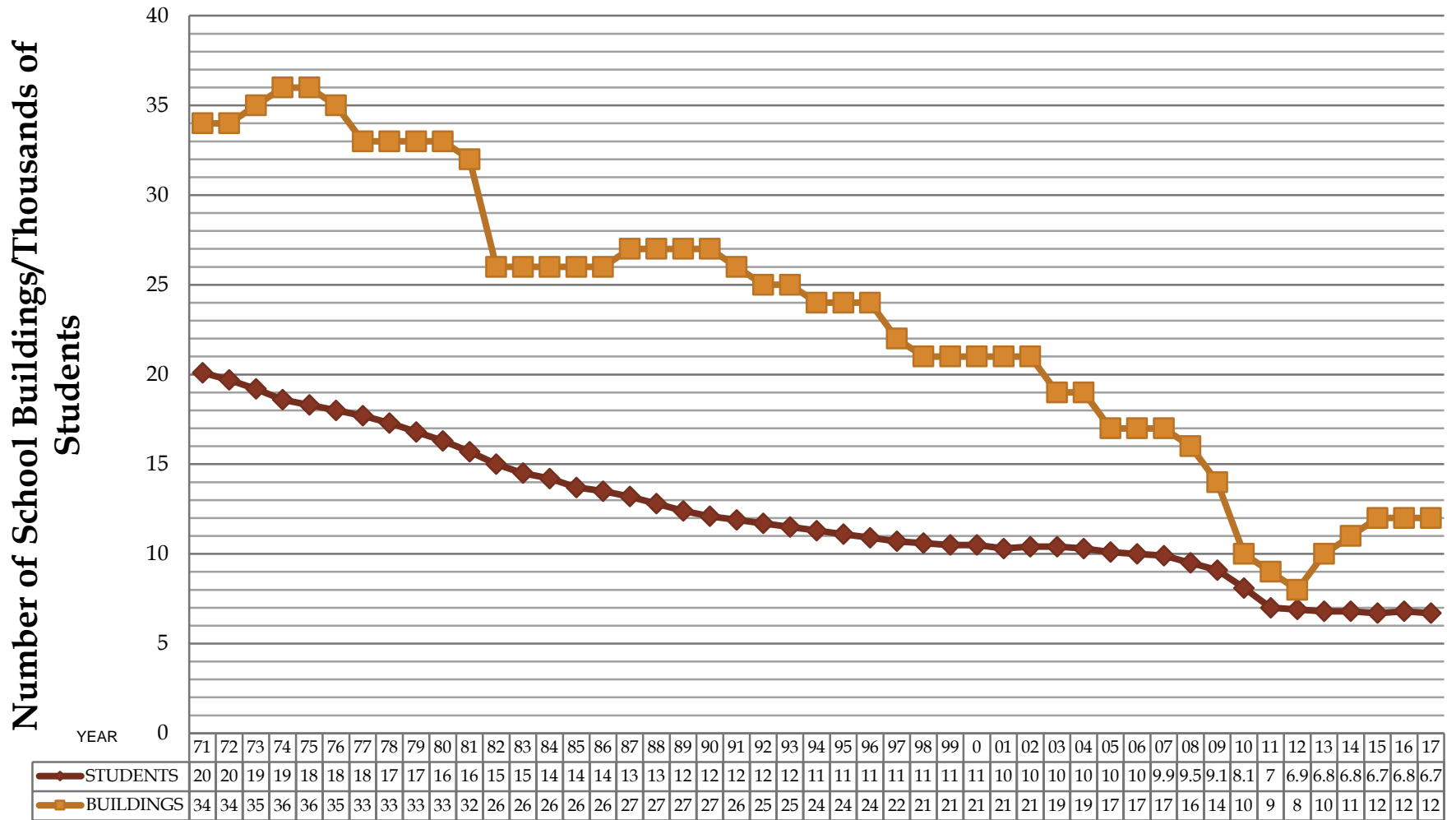
\* The year Anderson Community Schools was consolidated

\*\* Forecast for Budget Purposes

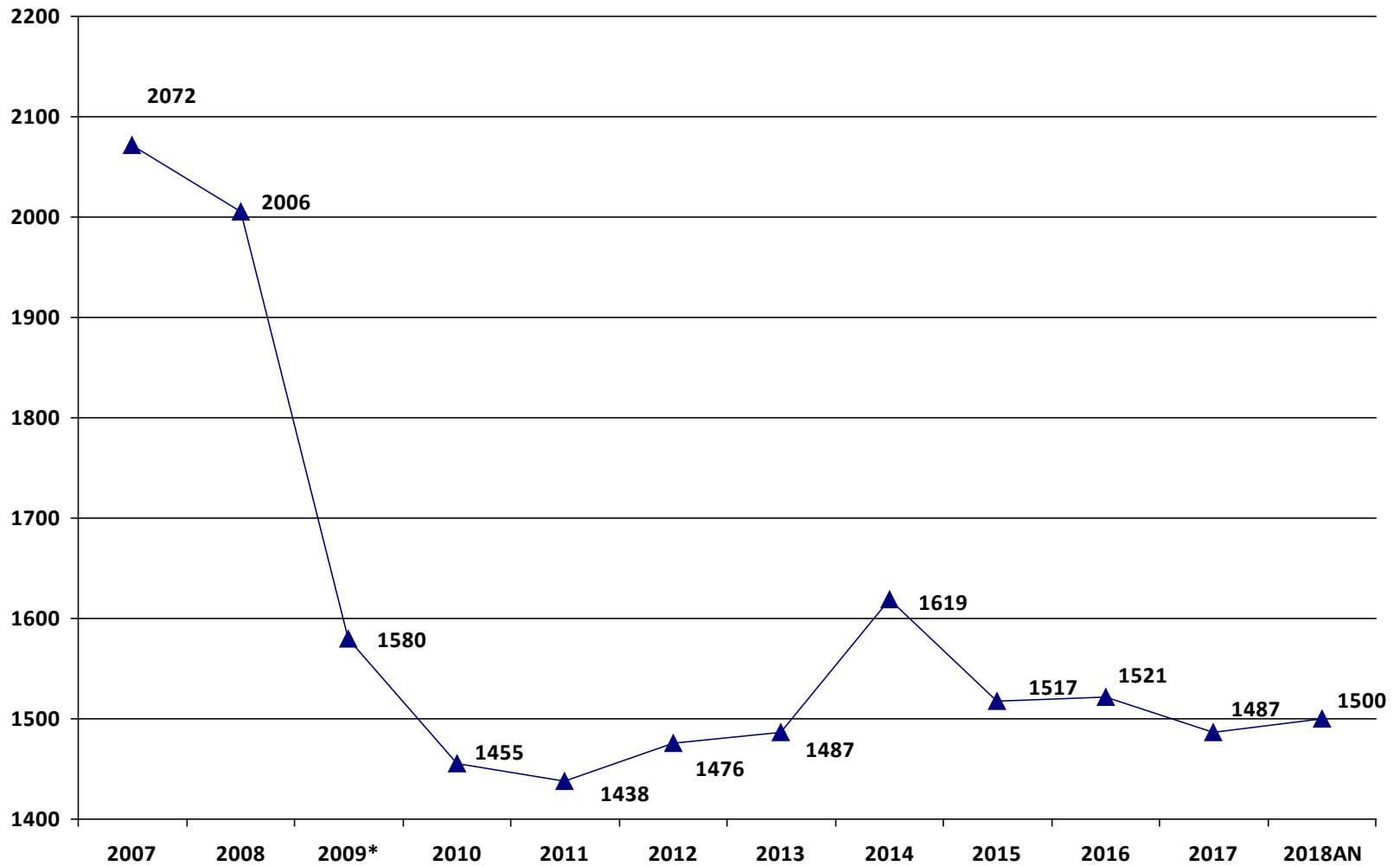
# ANDERSON COMMUNITY SCHOOLS

## STUDENT ENROLLMENT & NUMBER OF SCHOOL BUILDINGS

1971 TO 2017



# ANDERSON COMMUNITY SCHOOL CORPORATION BUDGET ORDER ASSESSED VALUATION



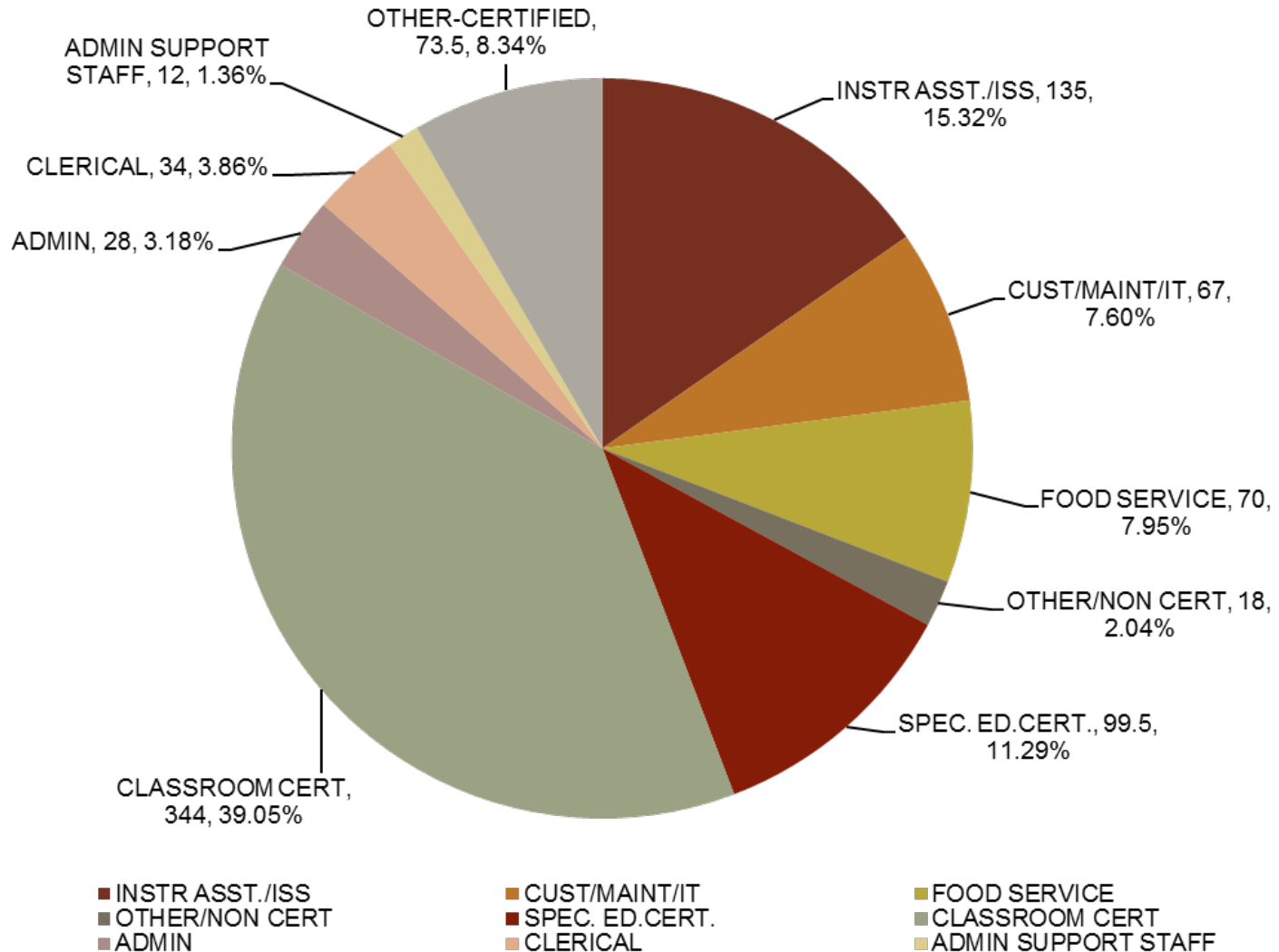
\* In 2009, major increases in the homestead deduction resulted in a substantial drop in assessed valuation.  
"AN" - Anticipated

# ANDERSON COMMUNITY SCHOOLS

## STAFFING SUMMARY

### FORECAST FULL-TIME EMPLOYEES 2016-17

TOTAL: 881.0



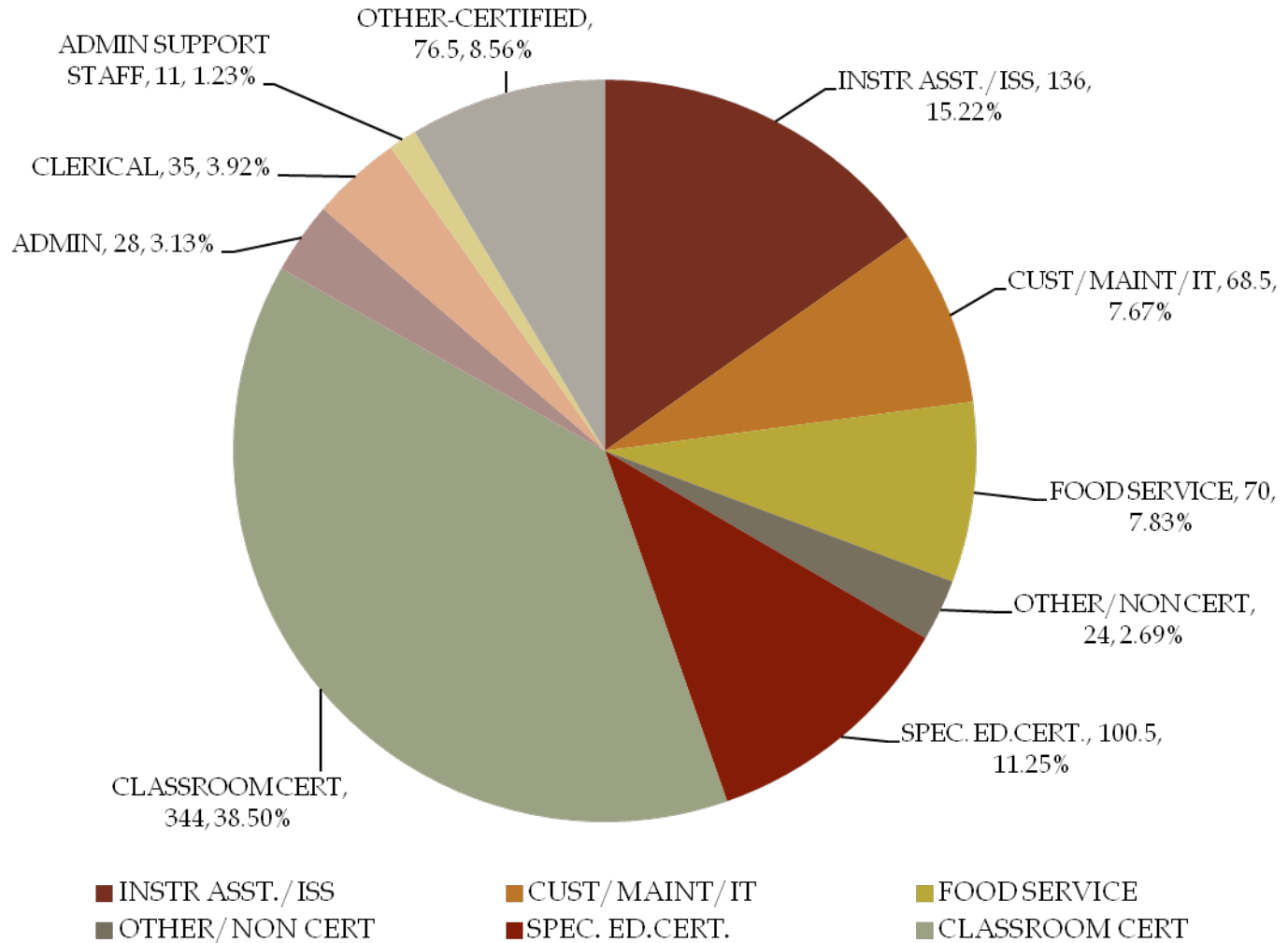


# ANDERSON COMMUNITY SCHOOLS

## STAFFING SUMMARY

### FORECAST FULL-TIME EMPLOYEES 2017-18

**TOTAL: 893.5**



# ANDERSON COMMUNITY SCHOOL CORPORATION

## 2018 BUDGET

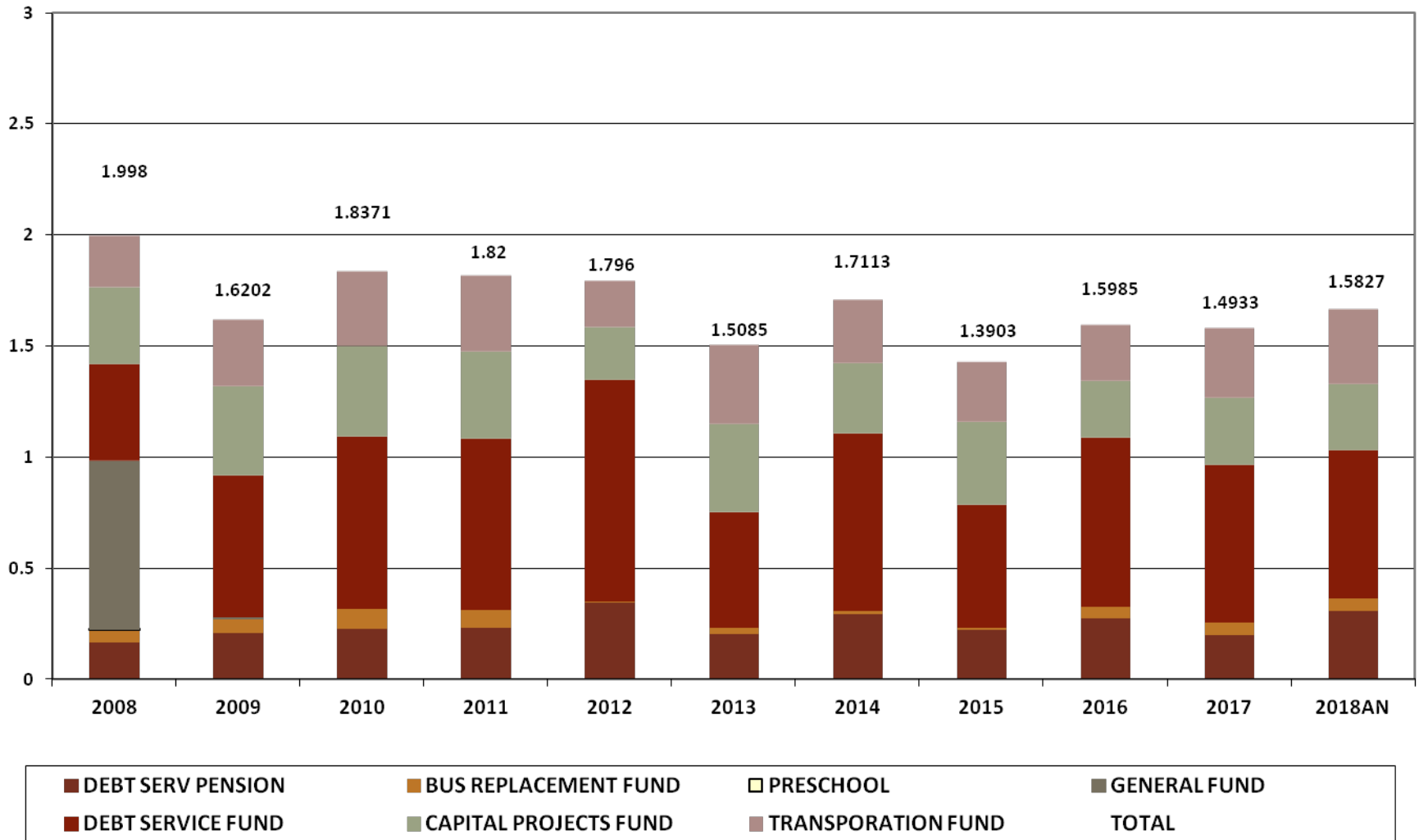
### TAX RATE ANALYSIS

<u>Fund</u>	<u>2014 Actual</u>	<u>2015 Actual</u>	<u>2016 Actual</u>	<u>2017 Actual</u>	<u>2018 Expected Actual*</u>
Debt Service	.8021	.6179	.7590	.7117	.6667
Trans. Operating Fund	.2858	.2676	.2518	.3135	.3333
Bus Replacement Fund	.0117	.0103	.0500	.0545	.0533
Capital Projects	.3135	.3729	.2570	.2999	.2999
Debt Service Pension Fund	.2982	.2246	.2807	.2031	.3133
<b>TOTAL TAX RATE</b>	1.7113	1.4933	1.5985	1.5827	1.6665

\* Based on an estimated assessed value of \$1,500,000,000

# ANDERSON COMMUNITY SCHOOL CORPORATION

## TAX RATES BY FUND



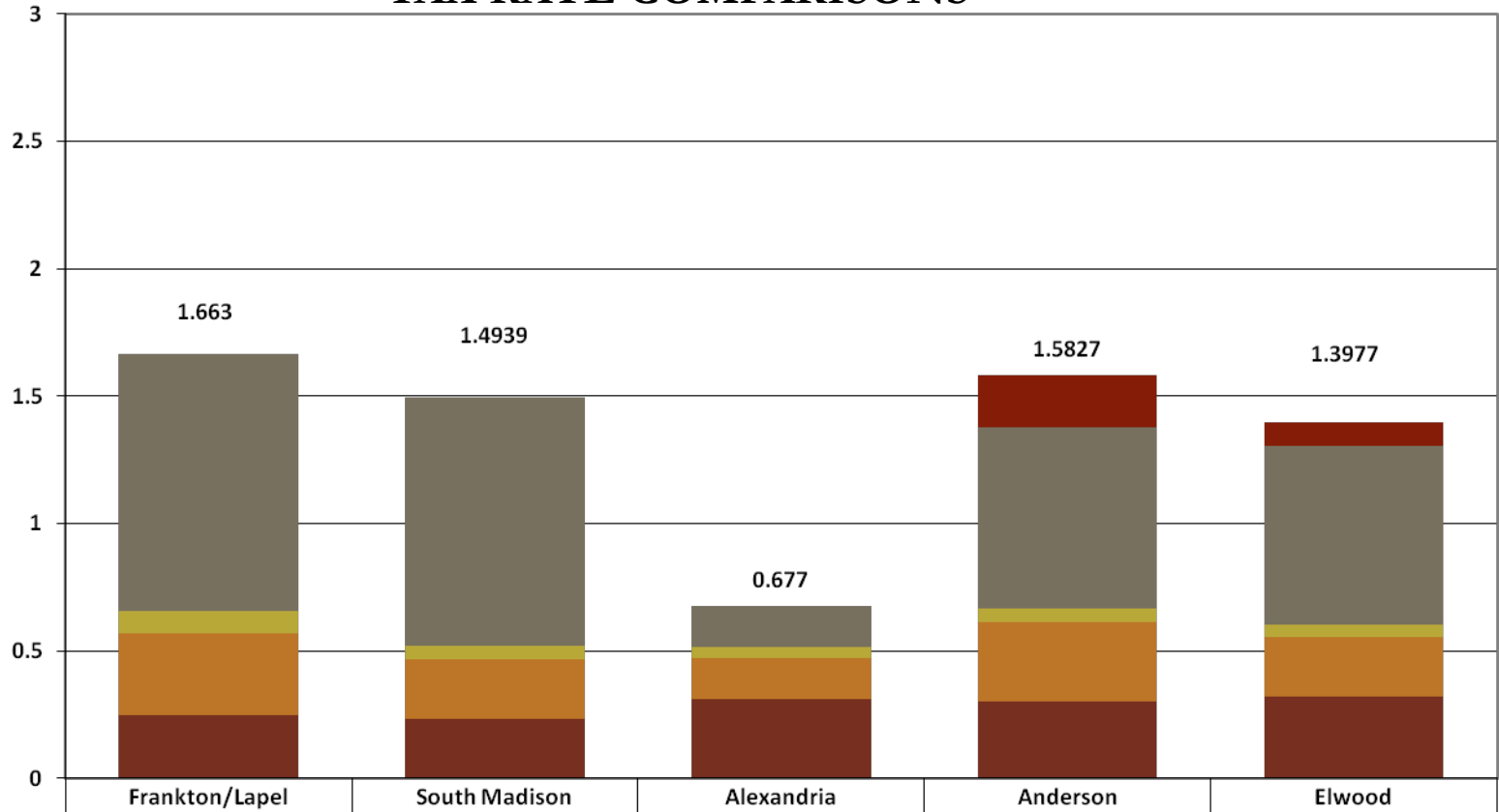
AN-ANTICIPATED

\*General Fund tax rate eliminated in 2009 & funding provided by state grants via funding formula.

# ANDERSON COMMUNITY SCHOOL CORPORATION

## 2016 COUNTY SCHOOL CORPORATIONS

### TAX RATE COMPARISONS



	Frankton/Lapel	South Madison	Alexandria	Anderson	Elwood
<b>TOTAL</b>	<b>1.663</b>	<b>1.4939</b>	<b>0.677</b>	<b>1.5827</b>	<b>1.3977</b>
<b>■ DEBT SVS PENS</b>	<b>0</b>	<b>0</b>	<b>0</b>	<b>0.2031</b>	<b>0.0913</b>
<b>■ DEBT</b>	<b>1.008</b>	<b>0.9728</b>	<b>0.1593</b>	<b>0.7117</b>	<b>0.7008</b>
<b>■ BUS</b>	<b>0.0854</b>	<b>0.0527</b>	<b>0.0474</b>	<b>0.0545</b>	<b>0.0526</b>
<b>■ TRANS</b>	<b>0.3208</b>	<b>0.2339</b>	<b>0.1608</b>	<b>0.3135</b>	<b>0.2333</b>
<b>■ CPF</b>	<b>0.2488</b>	<b>0.2345</b>	<b>0.3095</b>	<b>0.2999</b>	<b>0.3197</b>

**ANDERSON COMMUNITY SCHOOL CORPORATION  
CIRCUIT BREAKER & TAX COLLECTION LOSSES**

**PROPERTY TAX REVENUE ONLY  
2015 BUDGET YEAR (ACTUAL)**

	TAX LEVY	ACTUAL TAX COLLECTION	SHORTFALL
DEBT SERVICE	\$9,373,528.00	\$6,798,485.00	(\$4,744,546.00)
PENSION DEBT SERVICE	\$3,407,177.00	\$2,471,176.00	(\$1,797,768.00)
CAPITAL PROJECT FUND	\$5,656,884.00	\$4,096,921.00	\$188,411.00 **
TRANSPORTATION	\$4,059,485.00	\$2,944,287.00	(\$885,140.00)
BUS REPLACEMENT	\$156,251.00	\$113,327.00	(\$647,083.00)
TOTAL LOCAL PROPERTY TAX SUPPORTED FUNDS	\$22,653,325.00	\$16,424,196.00	(\$7,886,126.00)
COLLECTION RATE		67.4%	

*NOTE: Including Protected Funds in Circuit Breaker calculation.*

*\* 67.4% collection rate.*

**ANDERSON COMMUNITY SCHOOL CORPORATION**  
**CIRCUIT BREAKER AND TAX COLLECTION SHORTFALL INCLUDING**  
**PROTECTED FUNDS**  
**PROPERTY TAX REVENUE ONLY**  
**2016 BUDGET YEAR (ACTUAL)**

	ACTUAL TAX LEVY	ACTUAL TAX COLLECTION	SHORTFALL
DEBT SERVICE	\$11,543,031.00	\$7,818,087.00	(\$3,724,944.00)
PENSION DEBT SERVICE	\$4,268,944.00	\$2,891,353.00	(\$1,377,591.00)
CAPITAL PROJECT FUND	\$3,908,510.00	\$2,647,231.00*	(\$1,261,279.00)
TRANSPORTATION	\$3,829,427.00	\$2,593,668.00	(\$1,235,759.00)
BUS REPLACEMENT	\$760,410.00	\$515,025.00	(\$245,385.00)
TOTAL LOCAL PROPERTY TAX SUPPORTED FUNDS *	\$24,310,322.00	\$16,465,364.00	(\$7,844,958.00)
COLLECTION RATE		67.7%	

*NOTE: Including Protected Funds in Circuit Breaker calculation.*

*\*72.5% overall collection rate.*

*\*\* Includes increment from bond refinancing.*

**ANDERSON COMMUNITY SCHOOL CORPORATION**  
**2017 BUDGET YEAR FORECAST**  
**CIRCUIT BREAKER AND TAX COLLECTION SHORTFALL INCLUDING**  
**PROTECTED FUNDS.**  
**PROPERTY TAX REVENUE ONLY.**

	ACTUAL TAX LEVY	EXPECTED ACTUAL TAX COLLECTION	EXPECTED SHORTFALL
DEBT SERVICE	\$10,582,746.00	\$6,988,493.00	(\$3,594,253.00)
PENSION DEBT SERVICE	\$3,020,030.00	\$1,994,327.00	(\$1,025,703.00)
CAPITAL PROJECT FUND	\$4,459,415.00	\$2,944,849.00**	(\$1,514,566.00)
TRANSPORTATION	\$4,661,642.00	\$3,078,393.00	(\$1,583,249.00)
BUS REPLACEMENT	\$810,397.00	\$535,159.00	(\$275,238.00)
TOTAL LOCAL PROPERTY TAX SUPPORTED FUNDS *	\$23,534,230.00 <sup>1</sup>	\$15,541,221.00*	(\$7,993,009.00) <sup>2</sup>

NOTE: Including Protected Funds in Circuit Breaker calculation.

\* 66% collection rate.

\*\* Not including increment from Bond refinancing which is expected to generate approximately \$1.5 million.

**ANDERSON COMMUNITY SCHOOL CORPORATION**  
**2018 BUDGET YEAR FORECAST**  
**CIRCUIT BREAKER AND TAX COLLECTION SHORTFALL INCLUDING**  
**PROTECTED FUNDS.**  
**PROPERTY TAX REVENUE ONLY.**

	ANTICIPATED TAX LEVY	EXPECTED ACTUAL TAX COLLECTION	EXPECTED SHORTFALL
DEBT SERVICE	\$10,000,000.00	\$6,600,000.00	(\$3,400,000.00)
PENSION DEBT SERVICE	\$4,700,000.00	\$3,102,000.00	(\$1,598,000.00)
CAPITAL PROJECT FUND	\$5,000,000.00	\$3,300,000.00**	(\$1,700,000.00)
TRANSPORTATION	\$5,000,000.00	\$3,300,000.00	(\$1,700,000.00)
BUS REPLACEMENT	\$800,000.00	\$528,000.00	(\$272,000.00)
<b>TOTAL LOCAL PROPERTY TAX SUPPORTED FUNDS *</b>	\$25,500,000.00	\$16,830,000.00*	(\$8,670,000.00)

*NOTE: Including Protected Funds in Circuit Breaker calculation.*

*\* Assumes 66% overall collection rate.*

*\*\*Not including increment from bond refinancing which is expected to generate approximately \$1.5 million.*



# ANDERSON COMMUNITY SCHOOL CORPORATION

## TRANSPORTATION FUND

<u>PROJECTED EXPENDITURES</u>	<u>2016 ACTUAL</u>	<u>2017 ACTUAL BUDGET</u>	<u>2018 FORECASTED BUDGET</u>
Budgeted appropriations	\$2,588,557.00	\$2,211,887.00	\$3,500,000.00
<u>ACTUAL OR ANTICIPATED EXPENDITURES:</u>	\$4,782,348.00	\$4,700,000.00	\$4,700,000.00
<b>REVENUE</b>			
Property tax levy	3,829,427.00	\$4,661,642.00	\$4,000,000.00
Other revenue (EXCISE, CVET, FIT)	<u>\$248,692.00</u>	<u>\$353,765.00</u>	<u>\$300,000.00</u>
Total budgeted revenue	\$4,078,119.00	\$5,015,407.00	\$4,300,000.00
Expected or actual property tax revenue	<u>\$2,593,668.00*</u>	<u>\$3,076,684.00*</u>	<u>\$2,640,000.00*</u>
Expected or actual other revenue (EXCISE, CVET, FIT)	\$342,708.00	\$300,000.00	\$300,000.00
<u>TOTAL ANTICIPATED OR ACTUAL REVENUE:</u>	\$2,250,960.00	\$3,376,684.00	\$2,940,000.00
<b>SHORTFALL CHARGED TO GENERAL FUND</b>	\$2,531,388.00	\$1,323,316.00	\$1,760,000.00

RESULT: EXPENDITURES EXCEEDED REVENUE BY \$1.4 MILLION IN 2015, \$2.5 MILLION IN 2016, AN EXPECTED \$1.3 MILLION IN 2017 AND \$1.8 MILLION IN 2018.

\* Shortfall due to Circuit Breaker and Collections Shortages.

**ANDERSON COMMUNITY SCHOOL CORPORATION  
CAPITAL PROJECTS FUND**

<u>PROJECTED EXPENDITURES</u>	<u>2016 ACTUAL</u>	<u>2017 ACTUAL BUDGET</u>	<u>2018 FORECASTED BUDGET</u>
Utility Cost	\$2,273,805.00	\$2,273,805.00	\$2,273,805.00
Maintenance Staff	\$1,151,430.00	\$1,200,000.00	\$1,200,000.00
Technology Staff	<u>\$526,126.00</u>	<u>\$600,000.00</u>	<u>\$600,000.00</u>
<b><u>TOTAL COMMITTED COSTS:</u></b>	\$3,951,361.00	\$4,073,805.00	\$4,073,805.00
Remaining Budget (all other capital expense)	(\$880,118.00)	\$2,779,871.00	\$926,195.00
<b>TOTAL APPROPRIATIONS</b>	\$3,071,243.00	\$6,753,676.00	\$5,000,000.00
<b>ACTUAL EXPENDITURES</b>	\$6,162,303.00	\$7,000,000.00	\$7,000,000.00
<b><u>PROJECTED REVENUE:</u></b>			
Property Tax Levy	\$3,908,510.00	\$4,459,415.00	\$4,500,000.00
Other revenue (EXCISE, CVET, FIT)	<u>\$1,087,929.00</u>	\$1,182,661.00	\$1,000,000.00
Total Budgeted Revenue	\$4,996,439.00	\$5,642,076.00	\$5,500,000.00
Expected or actual property tax revenue	\$2,647,231.00*	\$2,943,214.00*	\$2,970,000.00*
Expected or actual other revenue (EXCISE, CVET, FIT)	\$338,053.00	\$500,000.00	\$500,000.00
Bond proceeds (increment)	\$1,688,498.00	\$1,688,485.00	\$1,688,750.00
<b>TOTAL ANTICIPATED OR ACTUAL REVENUE:</b>	\$4,673,782.00	\$5,131,699.00	\$5,158,750.00
<b>SHORTFALL CHARGED TO GENERAL FUND</b>	\$1,488,521.00	\$1,868,301.00	\$1,841,250.00

# ANDERSON COMMUNITY SCHOOL CORPORATION 2018 BUDGET

## *Conclusions*

**REVENUE** side of the budget in All Funds continues to be the major budget issue for 2017, 2018 and beyond.

- 2017-18 enrollment levels unknown
- State support losses moderating based on stable enrollment, with the prospect of increased revenue with increased enrollment
- Circuit breaker losses continue
- Tax collection losses continue
- Pension Bond tax rate offset continues to compromise revenue in Capital Projects Fund, Transportation and Bus Replacement Funds
- 2018 Budget as presented maximizes revenue available according to state law.

**EXPENSE** side of the budget has been addressed within the constraints of administrative authority and collective bargaining, however cost pressures and delivery of services is placing pressure on our fiscal condition.

- Targeted class sizes will not exceed contractual guidelines which are unchanged
- Additional reductions should be targeted to offset any future enrollment losses
- Staffing in place is being maintained at near peak efficiency
- Buildings are being operated at near optimal occupancy and efficiency-caution should be used regarding additional building openings.
- Budgets for 2017 & 2018 contain a general fund deficit caused by a lack of increased enrollment, collective bargaining and added costs for expansion of programs at the D-26 career center. We are anticipating increased enrollments in the future to offset the cost increases.
- General Fund cash balance has been established and efforts will be made to preserve it for future financial uncertainties
- D-26 continues to be expanded to provide greater curriculum offerings to our students.
- **Since the completion of building and staff consolidations, we have been experiencing “staffing creep” upwards in some employee categories, despite continued falling (or even stable) enrollment. This increase in staffing serves to erode our financial condition, cannot be sustained at the current rate, and must be kept in check to avoid future financial problems which includes an erosion of our cash balance and potential annual deficits.**

## NEXT STEPS:

- Heavily promote the proposed bond issue and General Fund Referendum to enhance facilities and bolster curriculum offerings to remain competitive.
- Continue to promote a partnership with all education stakeholders and to collaborate on cost reduction strategies as needed that may be necessary to maintain fiscal solvency.
- Continue similar collaboration through professional associations in Indianapolis to pursue additional revenue solutions with the state legislature.
- Intensify discussions with our local legislators in gaining their support for potential revenue generating solutions.
- Continue marketing of the school corporation to promote an increase in enrollment trends.
- Closely monitor staffing levels to ensure alignment with enrollment needs.
- Promote and expand efficiency gains in the areas of facilities utilization and operations.
- Continue to move in the direction of a marketplace responsive delivery of services, such as the expanded offerings at the D26 Career Center on 38<sup>th</sup> Street.
- In light of the reality of K-12 education being in transition from largely a monopoly to a competitive model, the administration, AFT and each employee individually must intensify their efforts to be customer oriented.
- **Attention must be given to the temptation of expansion of offerings and staff without the real prospect of increased revenue to offset the costs. Increased enrollment is critical to fiscally responsible implementation of said offerings.**