

SUNMAN-DEARBORN
COMMUNITY SCHOOLS
#WatchSunmanDearborn

2025-2029
Five-Year Financial Forecast
Sunman-Dearborn Community Schools

Presented:
January 9, 2025
Sunman-Dearborn Community Schools
Board of Finance Meeting

Introduction

The five-year financial forecast has been developed to help provide a clearer picture of the financial future of Sunman-Dearborn Community Schools. The first five-year financial forecast was presented in 2017.

The forecast and report are designed to comply with new Indiana Code regarding Senate Enrolled Act (SEA) 549 passed into law during the 2019 Indiana General Assembly. SEA 549 requires a report be presented during the annual Board of Finance meeting which assesses the financial condition of the school corporation using the fiscal indicators determined by the Distressed Unit Appeal Board (DUAB). For more information about DUAB or the fiscal indicators, please go to <https://www.in.gov/duab/2386.htm>.

The forecast is developed with certain assumptions. As with any forecast, those assumptions can prove to be incorrect due to changes in enrollment, changes in the state budget, or changes in the economy. A detailed explanation follows.

The forecast contains three years of historical data (2022 - 2024), followed by five years of projections. The forecast projects expenses and revenues of both the Education Fund and the Operations Fund, as well as the projected cash balances of both funds and the Rainy Day Fund.

Overall Forecast Format

Moving from top to bottom, the top section of the forecast is expenses, and the bottom section is revenue. Moving from left to right, first are various categories, then each year. The first three years are actual expenses from calendar year 2022, 2023, and 2024 (January 1 - December 31). From there, you will see projected calendar years 2025 - 2029.

Five-Year Financial Forecast
2025 - 2029
Education Fund

		Actual			Projection				
EDUCATION FUND EXPENSES		2022	2023	2024	2025	2026	2027	2028	2029
1	Certified Salaries (110)	15,291,194	16,061,354	16,894,841	17,407,529	17,833,526	18,368,532	18,919,588	19,487,175
2	Non-Certified Salaries (120)	3,148,745	3,108,884	3,122,113	2,947,339	3,018,898	3,109,465	3,202,749	3,298,831
3	Benefits (200)	3,218,183	3,439,382	3,651,518	3,806,360	3,899,403	4,016,385	4,136,877	4,260,983
4	Medical/Dental Ins. (222)	2,888,086	2,902,405	3,352,249	3,384,805	3,469,425	3,556,161	3,645,065	3,736,191
5	HSA Contributions (222)	531,420	565,445	589,301	590,000	590,000	590,000	590,000	590,000
6	Prof Dev/Prof Services (313)	187,962	46,828	24,855	25,352	25,859	26,377	26,904	27,442
7	Cert/Non Cert Subs (311)	413,968	516,587	567,255	578,600	590,172	601,976	614,015	626,296
8	Travel (500)	12,250	14,841	15,447	15,447	15,447	15,447	15,447	15,447
9	Career Center/Other Tuition (500)	467,490	280,627	248,422	253,391	258,458	263,628	268,900	274,278
10	Supplies/Software (600)	629,123	634,777	432,228	900,000	900,000	900,000	900,000	900,000
11	Other (700)	0	0	0	0	0	0	0	0
12	Total Expenses	26,788,420	27,571,130	28,898,229	29,908,824	30,601,189	31,447,969	32,319,544	33,216,644
EDUCATION FUND REVENUE									
13	State Funding	26,927,395	27,983,743	29,045,207	29,626,111	30,218,633	30,823,006	31,439,466	32,068,255
14	Common School Reimb.	234,482	285,336	301,852	301,852	301,852	301,852	301,852	301,852
15	Other Revenue	323,787	220,324	422,870	794,000	794,000	794,000	794,000	794,000
16	Revenue Sub-total	27,485,664	28,489,404	29,769,928	30,721,963	31,314,485	31,918,858	32,535,318	33,164,107
17	Surplus/(Deficit)	1,243,894	1,146,562	871,699	813,139	713,296	470,888	215,773	(52,537)
18	Transfer (to)/from Other Funds	(1,500,000)	(1,400,000)	(1,400,000)	(1,000,000)	204,055	(403,146)	(146,047)	124,305
19	Total Revenue	25,985,664	27,089,404	28,369,928	29,721,963	31,518,540	31,515,712	32,389,270	33,288,412
20	December 31 Cash Balance	2,308,243	2,245,905	1,717,605	1,530,744	2,448,095	2,515,838	2,585,564	2,657,332
21	Cash Balance Percent	8.6%	9.1%	5.9%	5.1%	8.0%	8.0%	8.0%	8.0%
22	September Count Day ADM	3,783	3,735	3,668	3,668	3,660	3,638	3,639	3,631
23	Rainy Day Fund Cash Balance	5,726,348							
24	12/31 Cash Balance (All Funds)	10,333,277	10,467,893	10,117,494	9,902,182	10,597,647	11,130,115	11,541,618	11,505,146
25	12/31 Cash Balance % (All Funds)	27.49%	26.82%	24.88%	23.63%	24.77%	25.39%	25.69%	24.82%

Five-Year Financial Forecast
2025 - 2029
Operations Fund

	OPERATIONS EXPENSES	Actual			Projections				
		2022	2023	2024	2025	2026	2027	2028	2029
1	Certified Salaries (110)	294,365	321,397	351,684	363,017	372,111	383,274	394,772	406,615
2	Non-Certified Salaries(120)	2,339,141	2,688,548	2,779,456	2,862,709	2,934,419	3,022,451	3,113,125	3,206,519
4	Substitutes(130)	200,403	274,982	341,577	348,408	355,376	362,484	369,733	377,128
5	Benefits (200)	516,522	589,534	614,092	646,500	662,695	682,575	703,053	724,144
6	Medical/Dental Insurance (222)	374,845	443,022	477,616	489,556	501,795	514,340	527,199	540,379
7	HSA Deposits (222)	74,438	93,870	99,322	100,000	100,000	100,000	100,000	100,000
8	Workers Compensation (200)	117,373	105,500	126,153	128,676	131,250	133,875	136,552	139,283
9	Professional Services (300)	200,894	217,716	200,031	204,032	208,112	212,275	216,520	220,851
10	Water & Refuse (400)	153,630	156,841	175,066	178,567	182,138	185,781	189,497	193,287
11	Repairs and Maint. (400)	708,240	727,551	346,110	350,000	350,000	350,000	350,000	350,000
12	Contracted Transportation (500)	2,623,139	2,916,384	3,281,286	3,281,286	3,281,286	3,281,286	3,281,286	3,600,000
13	Liability Insurance/Auto (500)	394,624	447,476	539,524	550,314	561,320	572,547	583,998	595,678
14	Other Purchased Services (500)	314,980	269,266	280,767	286,382	292,110	297,952	303,911	309,989
15	Utilities (600)	1,149,810	1,246,892	1,218,739	1,243,113	1,267,976	1,293,335	1,319,202	1,345,586
16	Supplies (600)	996,545	894,220	934,509	953,200	972,263	991,709	1,011,543	1,031,774
17	Equip/Software (700)	324,695	57,604	0	0	0	0	0	0
18	Dues/Fees (800)	17,257	4,939	2,111	2,111	2,111	2,111	2,111	2,111
19	Total Expenses	10,800,901	11,455,742	11,768,042	11,987,872	12,174,963	12,385,995	12,602,502	13,143,344
	OPERATIONS REVENUE								
20	Local Property Taxes	7,319,880	7,783,442	8,084,314	8,457,356	9,707,275	9,998,493	10,298,448	10,607,401
21	License Excise Tax	804,471	799,651	781,294	804,733	828,875	853,741	879,353	905,734
22	Comm. Veh. Excise Tax	15,382	15,993	15,962	16,441	16,934	17,442	17,966	18,505
23	Fin. Inst. Tax	12,601	10,845	9,074	9,347	9,627	9,916	10,213	10,520
24	Co. School Dist & LIT	702,730	751,653	740,319	762,528	785,404	808,966	833,235	858,232
25	Interest	111,634	479,655	505,963	500,000	400,000	350,000	350,000	350,000
26	Misc. Revenues	228,021	411,456	409,016	409,016	409,016	409,016	409,016	409,016
27	Sub-Total Revenue	9,194,717	10,252,695	10,545,944	10,959,421	12,157,132	12,447,575	12,798,232	13,159,408
28	Surplus/(Deficit)	(1,279,308)	(1,203,046)	(1,222,098)	(1,028,451)	(17,831)	61,580	195,730	16,065
29	Transfer (to)/from Education Fund	1,500,000	1,400,000	1,000,000	1,000,000	(204,055)	403,146	146,047	(124,305)
30	Transfer (to)/from Rainy Day	0	0	0	0	0	0	0	0
31	Total Revenue	10,694,717	11,652,695	11,945,944	11,959,421	11,953,076	12,850,721	12,944,279	13,035,103
32	December 31 Cash Balance	2,298,686	2,495,639	2,673,541	2,645,090	2,423,204	2,887,929	3,229,707	3,121,466

Education Fund Expenses

Lines 1 - 11 are the Education Fund expense categories. Line 12 is the total of all expenses. Lines 1-5 are salaries and benefits for all employees funded through the Education Fund. This includes building administrators, teachers, counselors, instructional assistants, school nurses, media specialists, athletic coaches, ECA sponsors, and building administrative assistants. In calendar year 2024, these budget lines equaled 95.5% of all Education Fund expenses.

The overall Education Fund expenses increased by approximately \$1.3M in 2024 mostly due to salary and benefit increases.

Education Fund Revenue

There are three (3) sources of Education Fund revenue; Line 13 - State Tuition Support, Line 14 - Common School Loan Reimbursement, and Line 15 - Other Revenue.

Since 2019, the Indiana General Assembly has allowed transfers between the Education Fund and Operations Fund, with a guideline of less than 15% of state tuition revenue being transferred. Since 2019, we have transferred an average of 5%. We anticipate transferring \$1,000,000 for calendar year 2025, or 3.4% of state tuition revenue.

Line 16 is the Education Fund revenue from all sources, before any transfers to or from the Education Fund.

Operations Fund Expenses

Lines 1 - 18 are the Operations Fund expense categories. Row 19 is the total of all expenses. Rows 1-7 are salaries and benefits for all employees funded through the Operations Fund. This includes most central office administrators, central office administrative assistants, technology support, transportation salaries (bus drivers and aides), maintenance and custodians. In calendar year 2024, these budget lines amounted to 39.6% of all Operations Fund expenses. This is considerably less than the Education Fund. The Operations Fund also pays our utilities, contracted bus routes, insurance, equipment, supplies, and small improvement projects.

Operations Fund Revenue

There are several sources of revenue for the Operations Fund; Line 20 - Local Property Tax, Line 21 - License Excise Tax, Line 22 - Commercial Vehicle Excise Tax, Line 23 - Financial Institute Tax, Line 24 - County Distribution and Local Income Tax (LIT), Line 25 - Interest, and Line 26 - Miscellaneous. As you can see, our interest income has increased significantly with the recent changes in the Federal Fund Rate. The projection shows it to be elevated throughout the forecast. In calendar year 2025, we will make our last payment for our Pension Debt bonds of approximately \$950,000. This amount is reduced from our Operations Fund levy. In 2026, we

will no longer have a Pension Debt Fund levy, and the amount will be returned to the Operations Fund.

Figure 1 below shows the actual expenditures and revenue for both the Education Fund and Operations Fund for 2024 and the projected for 2025-2029.

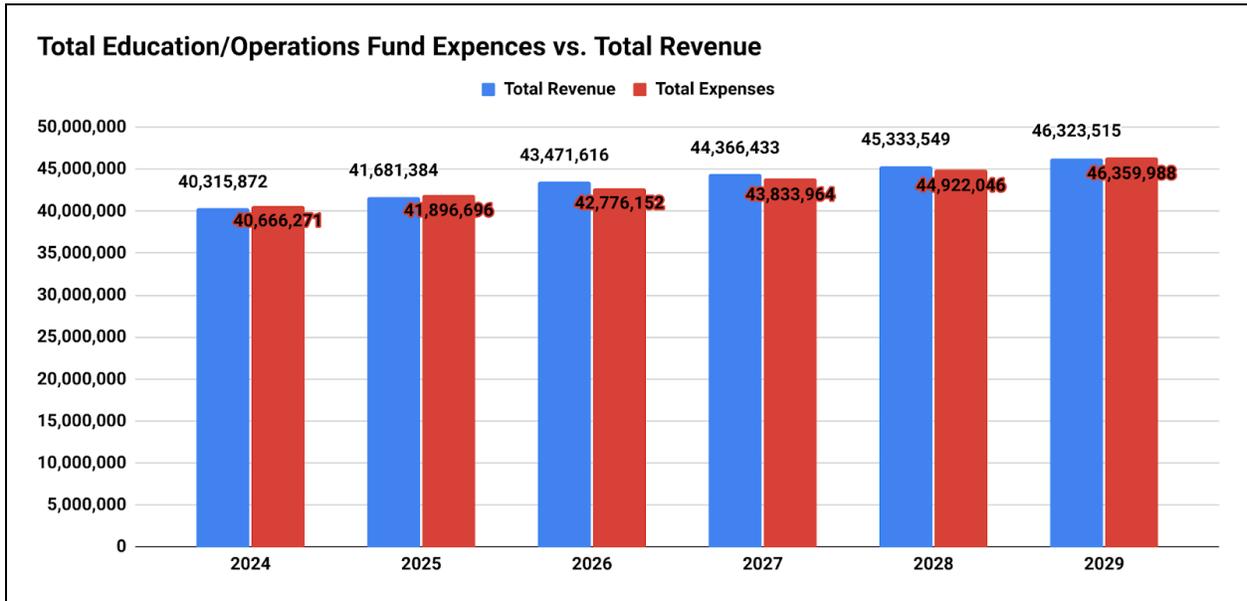


Figure 1: Education/Operations Fund Expenses vs Revenue 2024-2029

Education, Operations and Rainy Day Fund December 31 Cash Balance

The Strategic Plan goal is to maintain a combined cash balances of the Education Fund, Operations Fund, and Rainy Day Fund between 30% and 35%. Below, Figure 2 shows our combined cash balance increasing each year, with a small decrease in 2025, then increasing in years 2026-2028 and stabilizing in 2029.. Figure 3 shows our combined cash balance percent below 30%, lowering to 23% in 2025, then increasing to around 25% by 2028.

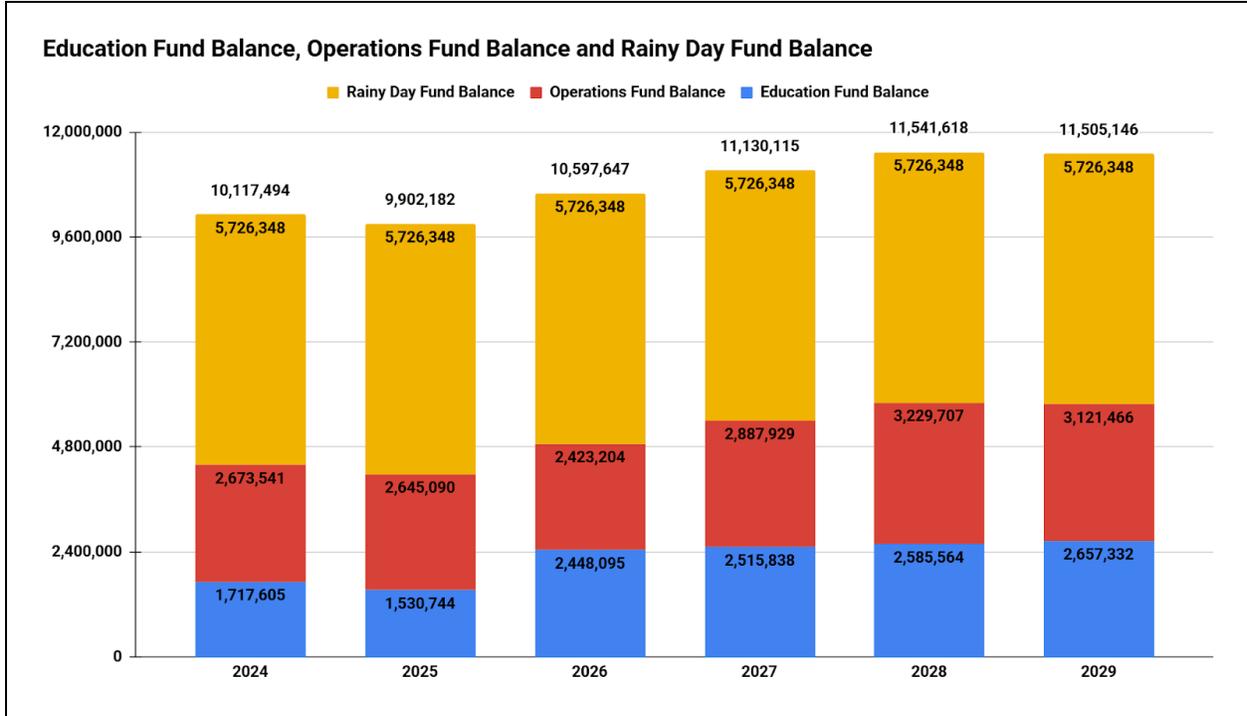


Figure 2: Education/Operations/Rainy Day Fund Cash Balance 2024-2029

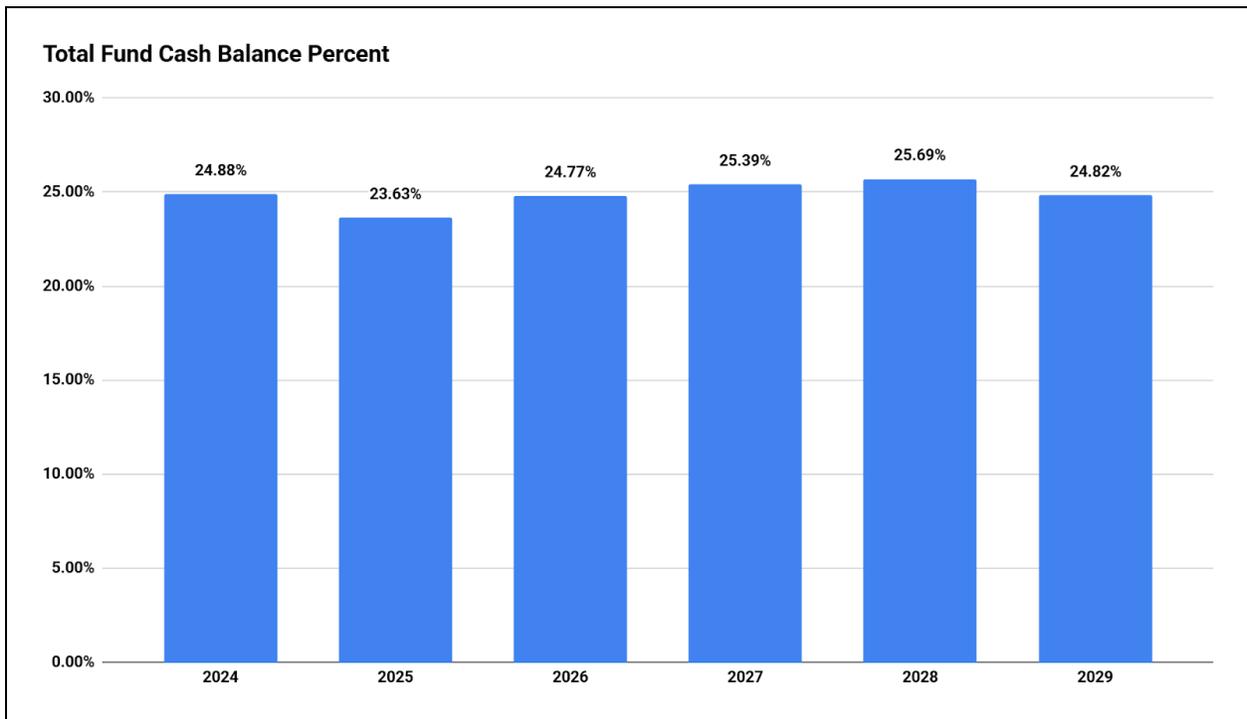


Figure 3: Education/Operations/Rainy Day Fund Cash Balance Percent 2024-2029

Average Daily Membership (ADM)

ADM, or enrollment projections, serve as a cornerstone for financial planning. For Sunman-Dearborn Community Schools, trends over the last decade have transitioned through three distinct phases: declining, rising, and declining again. These shifts have direct implications for state funding, operational planning, and long-term fiscal strategy.

The 10-year enrollment projections for Sunman-Dearborn Community Schools highlight shifts in trends over the past decade, transitioning from decline to growth and now stabilizing. These changes, modeled using the three-year cohort survival method, emphasize the interplay between enrollment patterns and state funding.

From 2008 to 2018, the district endured nearly a decade of declining enrollment, reaching a low of 3,673 students in 2018. The 2018 projection anticipated continued decreases, predicting an enrollment of 3,476 by the 2023-24 school year.

Beginning in 2019, enrollment experienced a reversal, with consistent increases of 17, 59, and 28 students annually from 2020 to 2022. A primary driver of this growth was a rise in out-of-district transfers, which escalated from 2 students in 2011-12 to 276 by 2022-23. By 2021, enrollment projections shifted from decline to sustained growth, anticipating student numbers exceeding 4,000 by the 2030-31 school year.

Due to a 3-year trend of modest enrollment decline, the most recent projection reflects a stabilization in enrollment. The 2024 projection indicates steady enrollment levels for the near future, with potential declines expected 9-10 years out.

State tuition support remains tightly linked to ADM. While the projected stabilization alleviates immediate revenue concerns, potential changes necessitate strategic planning. To mitigate the impact on funding, the district can adjust staffing levels in alignment with enrollment trends. This approach ensures financial efficiency while maintaining service quality.

Sunman-Dearborn's enrollment trajectory reflects a stabilization phase, offering a window for strategic preparation. By leveraging adaptive staffing models and maintaining fiscal discipline, the district can sustain its strong financial position and continue delivering quality education, even amid longer-term demographic shifts.

For purposes of the financial forecast, the enrollment is assumed to be neutral without an increase or decrease.

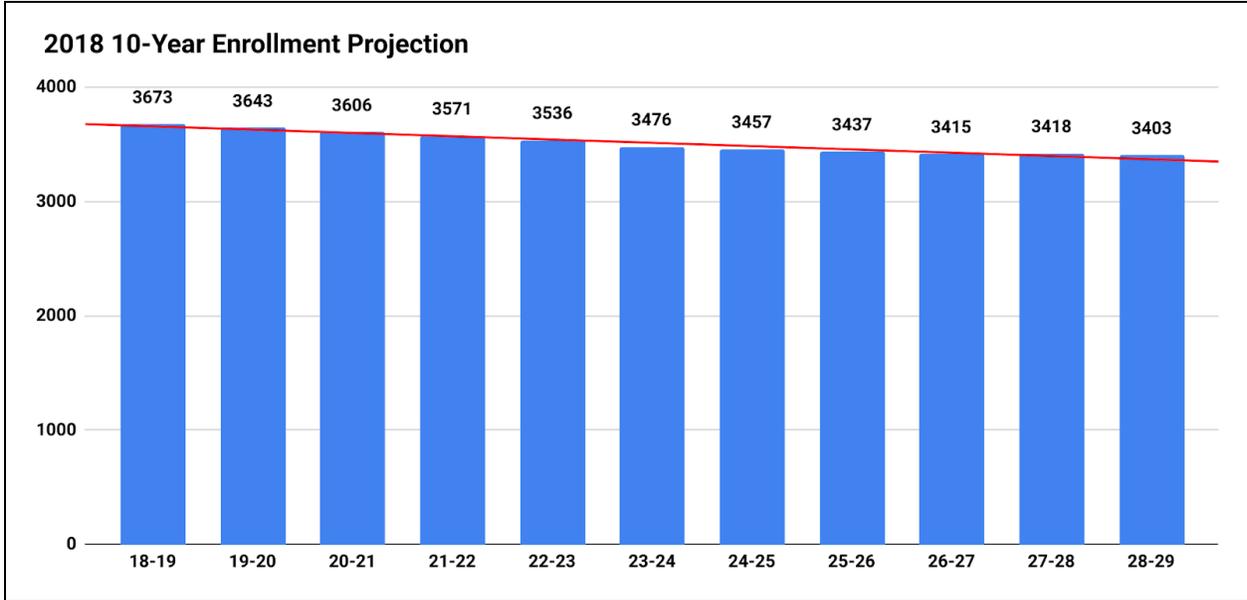


Figure 4: 2018 10-Year Enrollment Projection

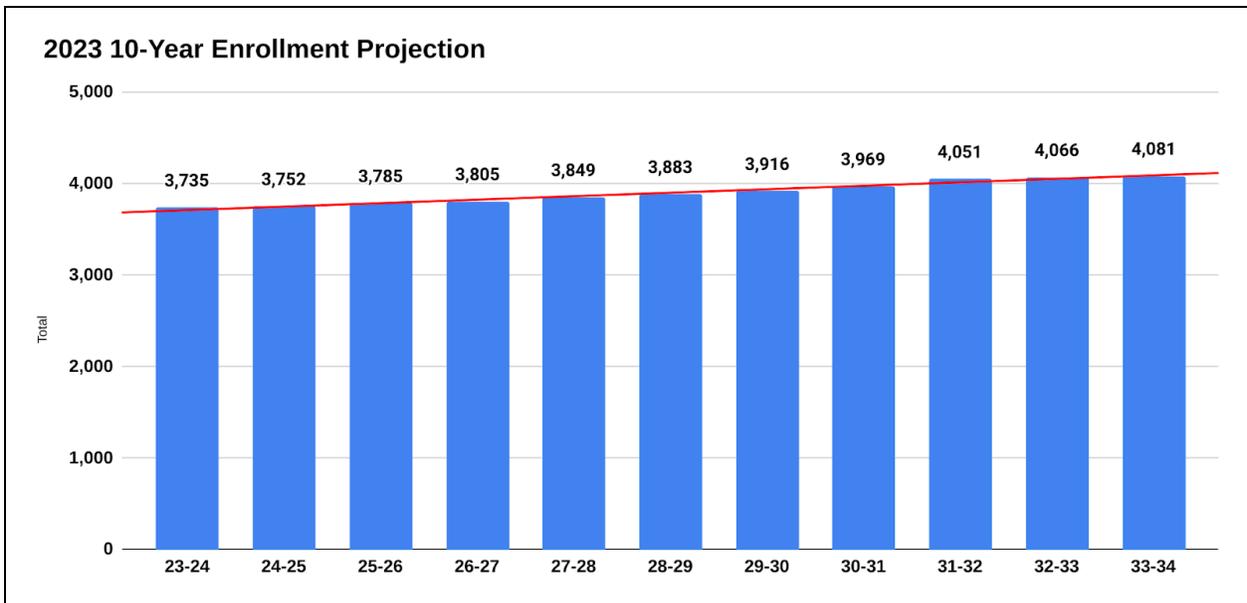


Figure 5: 2023 10-Year Enrollment Projection

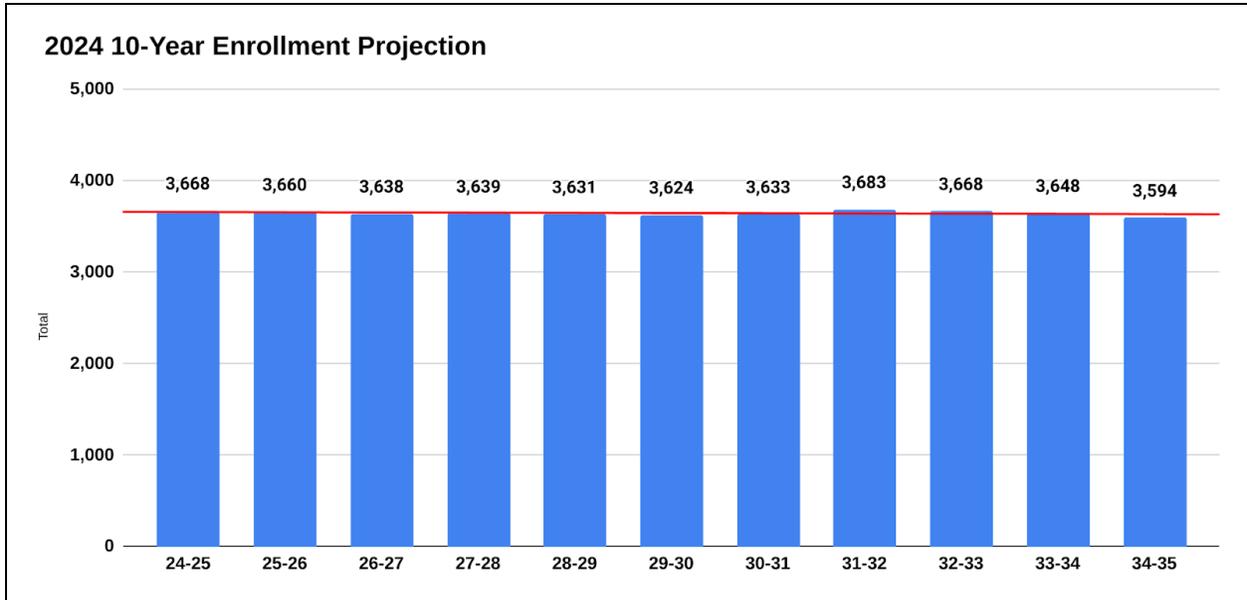


Figure 6: 2024 10-Year Enrollment Projection

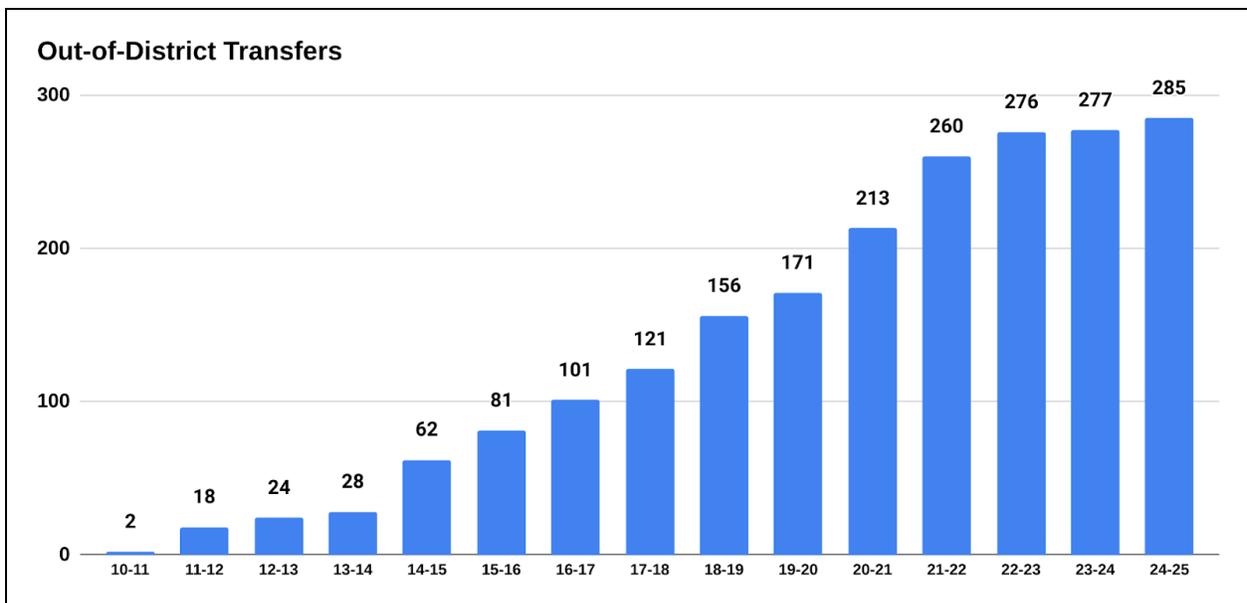


Figure 7: Historical Out-of-District Transfers

Conclusion

As mentioned above, the forecast is built upon certain assumptions. Per the Board’s request, these assumptions include raises, increases in health insurance contributions including current level of HSA contributions. Without these assumptions, the forecast would show a combined cash balance of \$25M or 60% of expenditures, in fiscal year 2029. In addition, it shows an assumption of a stable student enrollment as well as 2% average increase in state tuition and a 3% increase in property tax each year. In any year, the assumptions can change. However, given

the assumptions, Sunman-Dearborn Community School Corporation continues to be in a very strong financial position.