



The Hope of Our Country

Elwood Community School Corporation

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Dr. Joe Brown
Superintendent

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Director of Learning

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Director of Business

To: Melissa Ambre, Director of School Finance at IDOE
Courtney Schaafsma, Executive Director at DUAB
From: Joe Brown, Superintendent
Linda Jones, Director of Business
Date: May 14, 2021
Re: ECSC response to Excessive Education Fund Transfer List

Thank you for taking the time to review our response to the Excessive Education Fund Transfer List. Please let us know if you have additional questions or guidance moving forward.

How and why the school corporation's leadership believes the school corporation failed to meet the education fund transfer target percentage.

Joe Brown was named Interim Superintendent of Elwood Community School Corporation in January of 2019 and then became permanent in July. Linda Jones started in April of 2019 as the Director of Business for Elwood Community School Corporation. Joe was the eighth Superintendent in ten years when he took over.

In our 2018 State Board of Accounts audit we had sixteen findings. We recently received our 2021 audit results and have reduced this to three findings. All three of these were connected to previous findings. We include this to show the condition of the financial landscape when we took over.

In September of 2019, Elwood Community School Corporation was identified for assessment through the Distressed Unit Appeal Board. After meeting with Ms. Schaafsma for the assessment, we received notification in November of 2019 that no further action was necessary at that time.

The 2019 transfer amount was determined prior to Joe and Linda starting in their positions. They continued the transfers throughout 2019 per the 2019 Budget.

Elwood Community School Corporation continues to be negatively impacted by the Circuit Breaker. The loss in 2020 was \$1,133,501. The below table shows the 2020 impact of the Circuit Breaker for Elwood and our neighboring school corporations. You'll see Elwood Community School Corporation is ranked second highest in this group and is losing 66% of our levy. Elwood Community School Corporation is one of the top ten school corporations in Indiana negatively affected by the Circuit Breaker.

2020 Circuit Breaker Impact on Operations Fund on Selected School Corporations*

Corporation	Certified Levy	Circuit Breaker Loss	% of Levy Lost
Alexandria	1,716,546	257,494	15%
Anderson	10,812,834	8,724,220	81%
Elwood	1,729,301	1,133,501	66%
Frankton Lapel	1,625,443	16,469	1%
Hamilton Heights	3,894,297	217,710	6%
Madison Grant	1,025,874	15,299	1%
South Madison	4,614,538	1,231,808	27%
Tipton	3,259,040	380,247	12%

Data based on 2020 DLGF Circuit Breaker Report

*Corporations selected based on distance to Elwood Community School Corporation

The table below shows the impact the Circuit Breaker has had on Elwood Community School Corporation over the past seven years. Unfortunately, the amount is increasing steadily each year. To combat this early on, Elwood Community School Corporation tried for a referendum in 2010. The referendum failed 73% to 27%. This is something the school corporation has talked about trying again; however, we believe our overall student achievement needs to improve before trying for another referendum.

Year	Certified Levy	Revenue Lost	% of Revenue Lost
2020	\$1,729,301	\$1,133,501	66%
2019	\$1,574,308	\$1,069,386	68%
2018	\$1,411,445	\$952,623	67%
2017	\$1,385,501	\$935,338	68%
2016	\$1,297,051	\$819,871	63%
2015	\$1,340,573	\$820,344	61%
2014	\$1,457,688	\$713,557	49%

The steps the school corporation's leadership is planning or actively taking to budget and spend during the next calendar year to meet the education fund transfer target percentage for the next calendar year.

Joe Brown and Linda Jones started working with Mr. Marvin Ward with MTW Consulting soon after beginning their roles. Mr. Ward assists with budget development, debt service projections, and has collaborated with us on both short and long term financial goals.

Joe and Linda worked to implement monthly monitoring reports and cash flows for the Education and Operations Funds. These are reviewed regularly and shared with the school board. Below is a snapshot of our cash balances over the past couple of years. You'll notice increases in both funds for the past two years.

	Education Fund Balance on 1/1	Education Fund Balance on 12/31	Increase in Education Fund balance from Jan to Dec	Operations Fund Balance on 1/1	Operations Fund Balance on 12/31	Increase in Operations Fund balance from Jan to Dec
2019	\$1,516,193	\$1,811,803	\$295,610	\$255,371	\$550,329	\$294,958
2020	\$1,811,803	\$2,492,965	\$681,162	\$550,329	\$651,326	\$100,997

Elwood Community School Corporation transferred \$2,750,000 in 2019 from the Education Fund to the Operations Fund. We reduced this amount by \$229,167 in 2020 making the transfer amount \$2,520,833. Our plan is to continue that reduction again in 2021. We are currently \$157,000 below our expected Operations Fund expenditures after the first quarter of 2021.

Through budget savings measures, we've given raises for three consecutive years to both certified and classified employees. Our beginning teacher pay has been increased from \$33,500 to \$36,750 since 2018. Elwood Community School Corporation had gone eight years since giving raises to all employees prior to 2018.

Student enrollment has been declining in Elwood over the past decade. The below table shows that we've significantly slowed down and have possibly stopped the trend. This data is related to leadership changes that have been made across the school corporation. Around 70% of the administrative team is new to Elwood Community School Corporation in the past three years. In addition to leadership changes, significant work has been done around social emotional learning and ensuring a guaranteed and viable curriculum. Some of these changes can be viewed in our [2020 State of the Schools](#).

School Year	September ADM	February ADM	Change (Sept to Feb)	End of Year ADM	Change (Sept to End of Year)
'17-'18	1,473	1,449	-24 students	1436	-37 students
'18-'19	1,428	1,391	-37 students	1385	-43 students
'19-'20	1,377	1,391	+14 students	1,378	+1 student
'20-'21	1,359.24	1,357.24	- 2 students*	1,368 (as of 4/27/2021)	+8.76 students (as of 4/27/2021)

The City of Elwood has been working on residential projects across our community in addition to recruiting businesses to the area. We saw an increase in the Assessed Valuation from \$236,275,551 in 2020 to \$253,332,552 in 2021.

Elwood Community School Corporation had a \$.87 debt service tax rate in 2020 and this dropped to \$.84 in 2021. We recently had a facilities study completed which identified various building upgrades/renovations that are needed over the next several years. The majority of our debt will be paid off over the next few years which will allow us to address the identified needs to our facilities without an increase to the debt service tax rate.

Elwood Community School Corporation did a GO Bond in 2018 for around one million dollars and did another in 2020 for \$1.575 million dollars. This money has allowed us to reimburse ourselves for previous expenses, begin facility updates, and has protected our Operations Fund from unexpected expenses. As we're building our long term financial plan we anticipate including a GO Bond every few years to ensure our Operations Fund is protected from unexpected expenses.

Another strategy we've recently presented to our school board is moving our solar project debt to debt service for 2022. The annual payment reaches \$461,800 and is currently paid out of our Operations Fund. This move would allow us to eliminate over fifty percent of our current overage of \$888,891.36.

We have contacted Forecast5 Analytics to study our Operations Fund expenditures compared to other school corporations. We are taking a contract with Forecast5 Analytics to our school board at our May meeting.