

The top of the slide features a blue banner with a gold star and the word "INDIANA" in gold letters, part of the Indiana State Seal.

Distressed Unit Appeal Board

School Corporation Fiscal and Qualitative Indicators Committee Meeting 1

June 28, 2018



The Fiscal and Qualitative Indicators Committee



Fiscal and Qualitative Indicators Committee

- HEA 1315(ss) added IC 20-19-7 – School Corporation Financial Condition Analysis.
- Section 3 of this chapter establishes the Fiscal and Qualitative Indicators Committee (“Committee”).



Committee Goals

- Determination of the fiscal and qualitative indicators to be used for evaluating the financial condition of each school corporation
- Determination of information that is to be presented on the DUAB webpage
- Determination of how frequently to update the indicators



Internet Information Expectations

- Conveniently and easily accessed from a single Internet webpage
- Viewable in a dashboard format
- Viewable in graphical form
- Easily searchable
- Underlying data downloadable in spreadsheet form



Timeline for Indicators

- June – Sept. 2018: Committee Meetings
- Presentation to State Budget Committee
 - Anticipated to occur in October 2018
- January 1, 2019: Release of Indicators



Anticipated Committee Meetings

- June 28, 2018
 - Introductions
 - Schedule
 - Process
 - Discussion on Available Data
 - Examples of Research and Processes Followed in Other States



Anticipated Committee Meetings

- July 12, 2018
 - Public Comment
 - Revenue Indicators
 - Expenditure Indicators
 - Fund Balance Indicators
- July 26, 2018
 - Debt Indicators
 - Qualitative Indicators
 - Demographic Indicators



Anticipated Committee Meetings

- August 23, 2018
 - Review of preliminary draft of indicators and proposed dashboard presentation
- September 6, 2018
 - Public comment on preliminary draft
- September 27, 2018
 - Finalization of indicators and dashboard presentation for submission to the State Budget Committee



Committee Meetings

- Time: 2 pm Eastern
- Location: One North Capitol Avenue, Suite 900, Large Conference Room
- All meetings will be webcast at www.in.gov/duab



Interacting with the Committee

- Email: Indicators@duab.in.gov
- Listserv: DUABSchoolIndicators



On-Going Updates

- Indicators for all school corporations will be released on a regular basis to be determined by the Committee.
- The Committee shall annually determine if the indicators should be updated.
- Proposed updates must first be submitted to the State Budget Committee.



Statutory Ideas for Potential Indicators



Potential Fiscal Indicators

- Multi-year analysis with trend lines
 - 7-year trends
- Annual capital expenses compared to total capital assets
- Average daily membership (ADM)
- Common school fund loans
- Referendum revenue – controlled project and operating



Potential Fiscal Indicators

- Debt to AV ratio
- Debt to ADM ratio
- Federal revenues
- Fund cash balances by fund and overall
- Fund deficits and surpluses by fund and overall
- Gross expenditures per ADM
- Interfund transfers



Potential Fiscal Indicators

- Operating deficit or surplus
- Outstanding debt and annual debt obligations
- Salaries and benefits
- State tuition support



Potential Qualitative Indicators

- Failure to make required contributions or transfers
- Issuance of judgment bonds
- Missed debt payments
- Missed payroll
- Past due vendor payments
- IEERB findings on financial condition



Development of Indicators vs. Outcomes

- While it may be necessary to use available data to test the viability of potential indicators, as much as possible, the goal of the Committee will be to keep the indicators and the outcomes of the indicators separate.



Existing Research and Processes in Other States



Legislative Services Agency

- In Fall 2017, the Interim Study Committee on Fiscal Policy discussed fiscal monitoring of school corporation.
- LSA identified a variety of indicators that may be helpful in identifying a school corporation's financial condition.



Legislative Services Agency

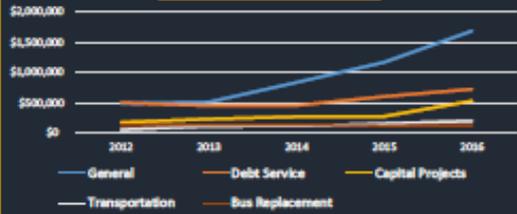
- These indicators included:
 - Ending Cash Balance
 - Receipts
 - Expenses
 - Outstanding Debt
 - Environmental Indicators
- These indicators were then put together into a dashboard.
 - LSA has produced a dashboard for all school corporations.



Legislative Services Agency

At-A-Glance: Adams Central Community Schools

CASH BALANCE BY FUND



ENROLLMENT TRENDS

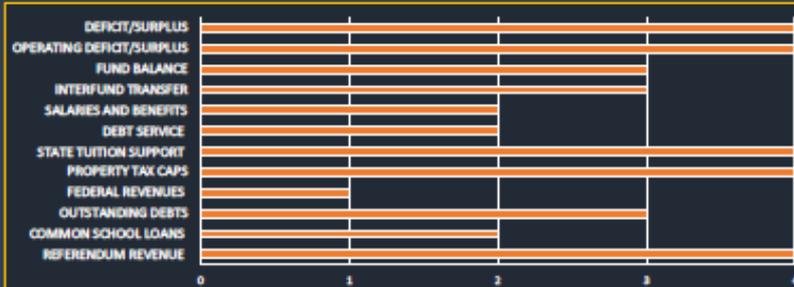
INCREASE
over the past 6 years

2012:	1,164
2017:	1,258

Percent change of:
8.08%

compared to average:
2.83%

QUANTILES FOR FISCAL YEAR 2016



FIVE YEAR BENCHMARKS

Healthy Trend	Indicator	2016	2012	Difference
SURPLUS/INCREASE	DEFICIT/SURPLUS	17.17	-25.24	42.40
SURPLUS/INCREASE	OPERATING DEFICIT/SURPLUS	7.36	-1.14	8.50
INCREASE	FUND BALANCE	45.99	19.72	26.27
DECREASE	INTERFUND TRANSFER	1.11	1.60	-0.49
DECREASE	SALARIES AND BENEFITS	89.75	84.38	5.37
DECREASE	DEBT SERVICE	11.85	8.67	3.18
INCREASE	STATE TUITION SUPPORT	\$7,281,242	\$6,545,730	11.24
DECREASE	PROPERTY TAX CAPS	0.08	0.14	-0.05
DECREASE	FEDERAL REVENUES	11.96	14.41	-2.45
DECREASE	OUTSTANDING DEBTS	58.33	109.97	-51.64
DECREASE	COMMON SCHOOL LOANS	0.36	0.81	-0.45
DECREASE	REFERENDUM REVENUE	0.00	0.00	0.00

ENVIRONMENTAL TRENDS

Population **DECREASED** from 8,240 in 2010 to 8,028 in 2014
ABOVE AVERAGE household income: \$55,684 versus \$50,741
 Unemployment **REMAINED STEADY** from 3.60% in 2010 to 3.60% in 2014



Legislative Services Agency

- <http://iga.in.gov/static-documents/8/7/2/b/872b246f/final-school-corp-financial-condition-indicators.pdf>



State of New York

- New York State Comptroller's Office of Local Government and School Accountability
- Fiscal Stress Monitoring System
- <http://www.osc.state.ny.us/localgov/fiscalmonitoring/index.htm>



State of New York



New York State Comptroller Thomas P. DiNapoli
Office of the State Comptroller

OSC Home > Local Government Home > Fiscal Stress Monitoring System > Fiscal Stress Monitoring System Search Tool

[Download Fiscal Stress System Search Tool Data](#)

Fiscal Stress Monitoring System Search Tool

Search for a local government or school district:

[Reset Search](#)

Self-Assessment Tool: The self-assessment tool is an interactive excel workbook that can be used to generate fiscal stress projections or view indicator data, recent trends and peer group comparisons.

- [Self-Assessment Tool User Guide](#)

Fiscal Year Ending In	Class	Local Government/School District Name	County	Stress Designation	Fiscal Scores			Environmental Score	Region	Self-Assessment Tool (.xls)
					Current Year	1 Year Prior	2 Years Prior			
2017	School	Addison	Steuben	No Designation	3.3	10.0	6.7	13.3	Southern Tier	Download
2017	School	Adirondack	Oneida	No Designation	10.0	25.0	51.7	0.0	Mohawk Valley	Download
2017	School	Alton	Chenango	No Designation	6.7	28.3	13.3	21.7	Southern Tier	Download
2017	School	Akron	Erie	No Designation	0.0	0.0	0.0	0.0	Western New York	Download
2017	School	Albany	Albany	No Designation	0.0	0.0	0.0	38.3	Capital District	Download
2017	School	Albion	Orleans	No Designation	0.0	6.7	20.0	13.3	Finger Lakes	Download
2017	School	Alden	Erie	No Designation	0.0	6.7	6.7	0.0	Western New York	Download
2017	School	Alexander	Genesee	No Designation	3.3	20.0	36.7	0.0	Finger Lakes	Download
2017	School	Alexandria	Jefferson	No Designation	0.0	0.0	0.0	13.3	North Country	Download
2017	School	Alfred-Almond	Allegany	No Designation	6.7	6.7	13.3	5.0	Western New York	Download
2017	School	Allegany-Limestone	Cattaraugus	No Designation	0.0	0.0	0.0	5.0	Western New York	Download
2017	School	Altmar-Parish-Williamstown	Oswego	No Designation	0.0	0.0	6.7	23.3	Central New York	Download
2017	School	Amagansett	Suffolk	No Designation	0.0	0.0	6.7	10.0	Long Island	Download





State of New York

County: Steuben
MuniCode: 460700200100

Addison Central School District

Fiscal Year: 2017
Stress Level: No Designation

Category	Indicator	Scoring	Fiscal Year	End	Points	
Year End Fund Balance	1 Unassigned Fund Balance	General Fund 25 Points ≤ 1% 16.67 Points > 1% But ≤ 2% 8.33 Points > 2% But ≤ 3% 0 Points > 3%	2017	Data Required Unassigned Fund Balance (codes 916 & 917) Gross Expenditures Calculation Unassigned Fund Balance ÷ Gross Expenditures	1,177,261 28,068,760 4.19%	0.00
	2 Total Fund Balance	General Fund 25 Points ≤ 0% 16.67 Points > 0% But ≤ 5% 8.33 Points > 5% But ≤ 10% 0 Points > 10%	2017	Data Required Total Fund Balance (code 8029) Gross Expenditures Calculation Total Fund Balance (code 8029) ÷ Gross Expenditures	4,525,795 28,068,760 16.12%	0.00
Operating Deficits	3 Operating Deficit	General Fund 20 Points = Deficits ≤ -1% in 3/3 of the Last Fiscal Years 13.33 Points = Deficits ≤ -1% in 2/3 of the Last Fiscal Years 6.67 Points = Deficit ≤ -1% in 1/3 Last Fiscal Years 0 Points = Deficit ≤ -1% in 0/3 Last Fiscal Years	2015	Data Required Gross Revenues Gross Expenditures Calculation (Gross Revenues - Gross Expenditures) ÷ Gross Expenditures	26,453,606 24,108,613 9.73%	0.00
			2016	Data Required Gross Revenues Gross Expenditures Calculation (Gross Revenues - Gross Expenditures) ÷ Gross Expenditures	28,136,788 27,117,835 3.76%	
			2017	Data Required Gross Revenues Gross Expenditures Calculation (Gross Revenues - Gross Expenditures) ÷ Gross Expenditures	28,735,117 28,068,760 2.37%	
Cash Position	4 Cash Ratio	General Fund 10 Points ≤ 50% 6.67 Points > 50% But ≤ 75% 3.33 Points > 75% But ≤ 100% 0 Points > 100%	2017	Data Required Cash and Investments (codes 200-223, 450, 451) Net Current Liability (codes 600-626 & 631-668) Calculation Cash and Investments ÷ Net Current Liability	2,254,795 1,492,279 151.10%	0.00
	5 Cash % of Monthly Expenditures	General Fund 10 Points ≤ 33.33% 6.67 Points > 33.33% But ≤ 66.67% 3.33 Points > 66.67% But ≤ 100% 0 Points > 100%	2017	Data Required Cash and Investments (codes 200, 201, 450, 451) Average Monthly Gross Expenditures (Gross Expenditures ÷ 12) Calculation Cash and Investments ÷ Average Monthly Gross Expenditures	2,254,745 2,339,063 96.40%	3.33
Reliance on Short-Term Cash-Flow Debt	6 Short-Term Cash-Flow Debt Reliance	All Funds 10 Points ≥ 10% Change in Short-Term Cash-Flow Debt Issued or Current Year Short-Term Cash-Flow Debt Issued and No Prior Year Issuance 6.67 Points ≥ 6.67% But < 10% Change in Short-Term Cash-Flow Debt Issued 3.33 Points ≥ 3.33% But < 6.67% Change in Short-Term Cash-Flow Debt Issued 0 Points < 3.33% Change in Short-Term Cash-Flow Debt Issued or No Current Year Issuance	2016	Data Required Short-Term Cash-Flow Debt Issued (Revenue Anticipation Notes, Tax Anticipation Notes, Budget Notes, and Deficiency Notes)	0	0.00
			2017	Data Required Short-Term Cash-Flow Debt Issued (Revenue Anticipation Notes, Tax Anticipation Notes, Budget Notes, and Deficiency Notes)	0	
			Calculation (Current Year Short-Term Cash-Flow Debt Issued - Prior Year Short-Term Cash-Flow Debt Issued) ÷ Prior Year Short-Term Cash-Flow Debt Issued	0.00%		
Total¹:					3.3	



State of Colorado

- Colorado Department of Education
- Financial Transparency for Colorado Schools
- <https://coloradok12financialtransparency.com/>



State of Colorado



FISCAL YEAR
2015 - 2016

Search by city, name or zip code

Boulder Valley RE 2

6500 Arapahoe Road
BOULDER, CO 80303

Compare

Download Data



31,247

STUDENTS
SERVED

E M H

C

60 View All

SCHOOLS IN
DISTRICT



Narrative

“ A MESSAGE FROM:

Bill Sutter

CFO
Boulder Valley RE 2
AUG 21, 2017

The Boulder Valley School District is located approximately twenty miles northwest of Denver. BVSD's boundaries encompass over 500 square miles in Boulder, Broomfield, and Gilpin Counties and contain a population of approximately 211,000. The communities of Boulder, Broomfield, Erie, Gold Hill,...

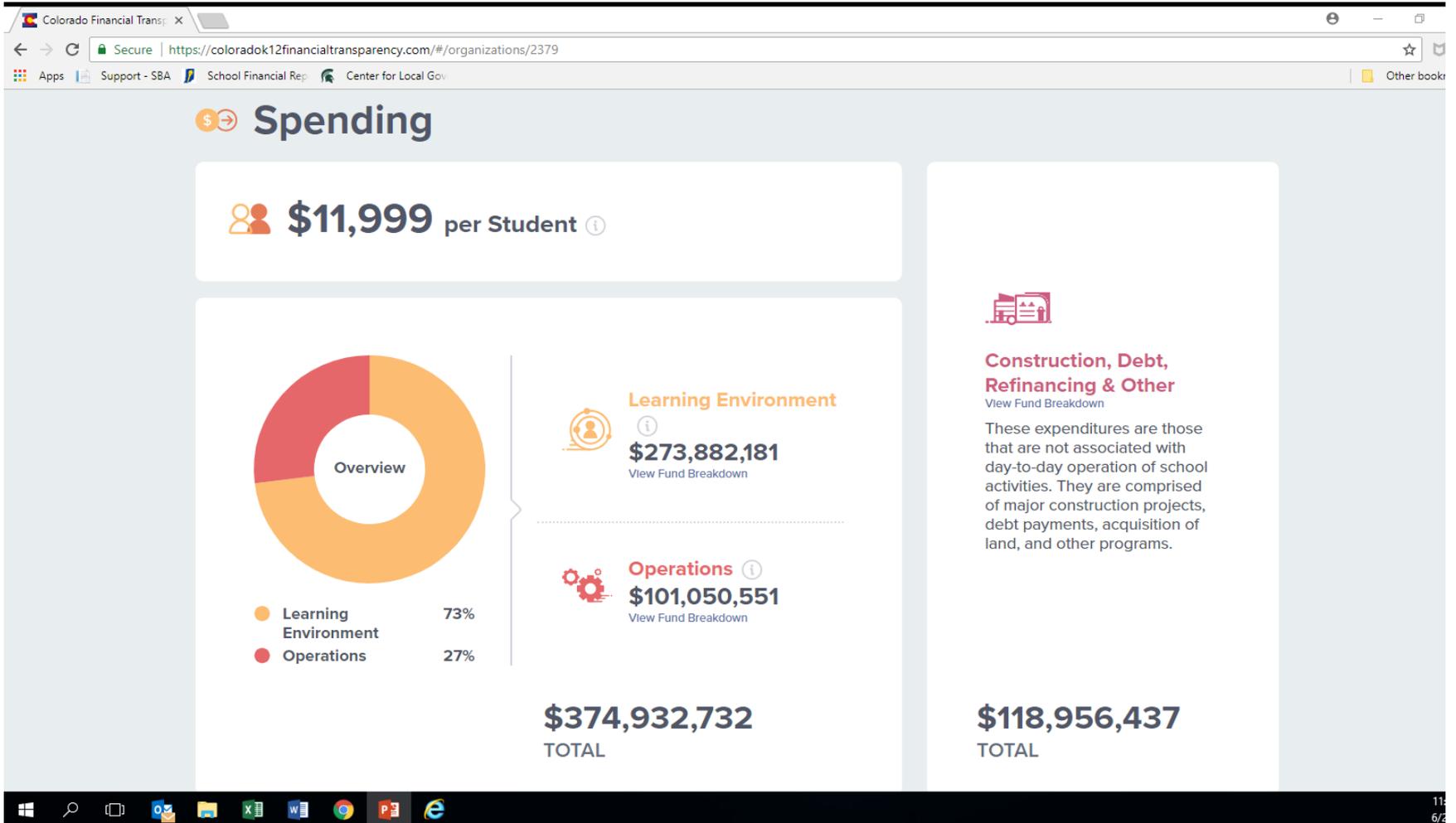
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6/28/20



State of Colorado





State of Ohio

- Ohio State Auditor's Office
- Fiscal Health Indicators for cities and counties
- Coordinated effort with Ohio Department of Education on schools
- <https://ohioauditor.gov/fiscal/schools.html>



State of Ohio

The screenshot shows a web browser window displaying the Ohio Auditor of State's website. The page title is "School Districts & Fiscal Distress". The navigation bar includes "DAVE YOST OHIO AUDITOR" and various menu items like "AUDITS", "LOCAL GOVERNMENT", "OPEN GOVERNMENT", "INITIATIVES", "RESOURCES", "Quick Links", and "Site Search". A "SEARCH AUDITS" button is also present. The main content area features a large heading "School Districts & Fiscal Distress" and a paragraph explaining the joint work of the Ohio Department of Education and the Auditor of State's office. Below this, there are three blue buttons: "Fiscal Caution", "Fiscal Watch", and "Fiscal Emergency". The "Fiscal Caution" button is highlighted, and the page scrolls down to show the "Fiscal Caution" section, which includes the heading "Fiscal Caution" and the sub-heading "Declaring Fiscal Caution in a School District". The text in this section describes the first category of potential fiscal distress and the process of declaring fiscal caution.

**DAVE YOST
OHIO AUDITOR**

AUDITS LOCAL GOVERNMENT OPEN GOVERNMENT INITIATIVES RESOURCES Quick Links Site Search SEARCH AUDITS

LOCAL GOVERNMENT Reference Materials Fiscal Distress Trainings & Conferences UAN Financial Reporting skinnyOhio

School Districts & Fiscal Distress

In the case of schools, the Ohio Department of Education and the Auditor of State's office jointly work to make fiscal watch and emergency designations. The two agencies then work with each affected school district to provide guidance and technical assistance to help prevent the financial condition from getting worse. Ohio schools fall into fiscal watch or emergency only after an analysis is conducted by Auditor Yost's office.

Schools in Fiscal Distress

Fiscal Caution Fiscal Watch Fiscal Emergency

Fiscal Caution

Declaring Fiscal Caution in a School District

The first category alerting school districts of potential fiscal distress is fiscal caution. The Ohio Department of Education (ODE) in consultation with the Auditor of State (AOS), developed guidelines to identify fiscal practices that could lead to financial crisis if uncorrected.

Prior to declaring fiscal caution, ODE shall consult with the school board. The school board will be required to provide a written proposal to ODE to correct the fiscal deficiencies, and ODE may go on

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12/6/20



State of Michigan

- Michigan Department of Treasury
- Early Warning Indicators
- Focuses on four key indicators:
 - Enrollment
 - Revenue
 - Expenditures
 - Fund Balance
- https://www.michigan.gov/treasury/0,4679,7-121-1751_51556_74806-374713--,00.html



Other States with Fiscal Stress Processes

- Louisiana
- North Carolina
- Pennsylvania
- Tennessee
- Rhode Island