Tipton Community School Corporation

Board Presentation November 10, 2026

POLICY ANALYTICS LLC

RESEARCH. ANALYSIS. RESULTS.

Tonight's discussion:

- **District Cash Flows**
  Review Education and Operations Funds
- **SEA-1 Impact**
- **Cash Balances**
- **Future Actions**

Tipton Cash Flows

Assumptions

Revenues

- Education Fund –

  State Funded based on ADM count
  - 1.5% State Tuition increase annually
- Operations Fund

  Property Tax Funded
  - Following MLGQ (6% in 2027)
  - Specified Debt Scenario

Expenditures

- 2% Salary & Benefit increases
- 3-5% Utilities & Other expenditures

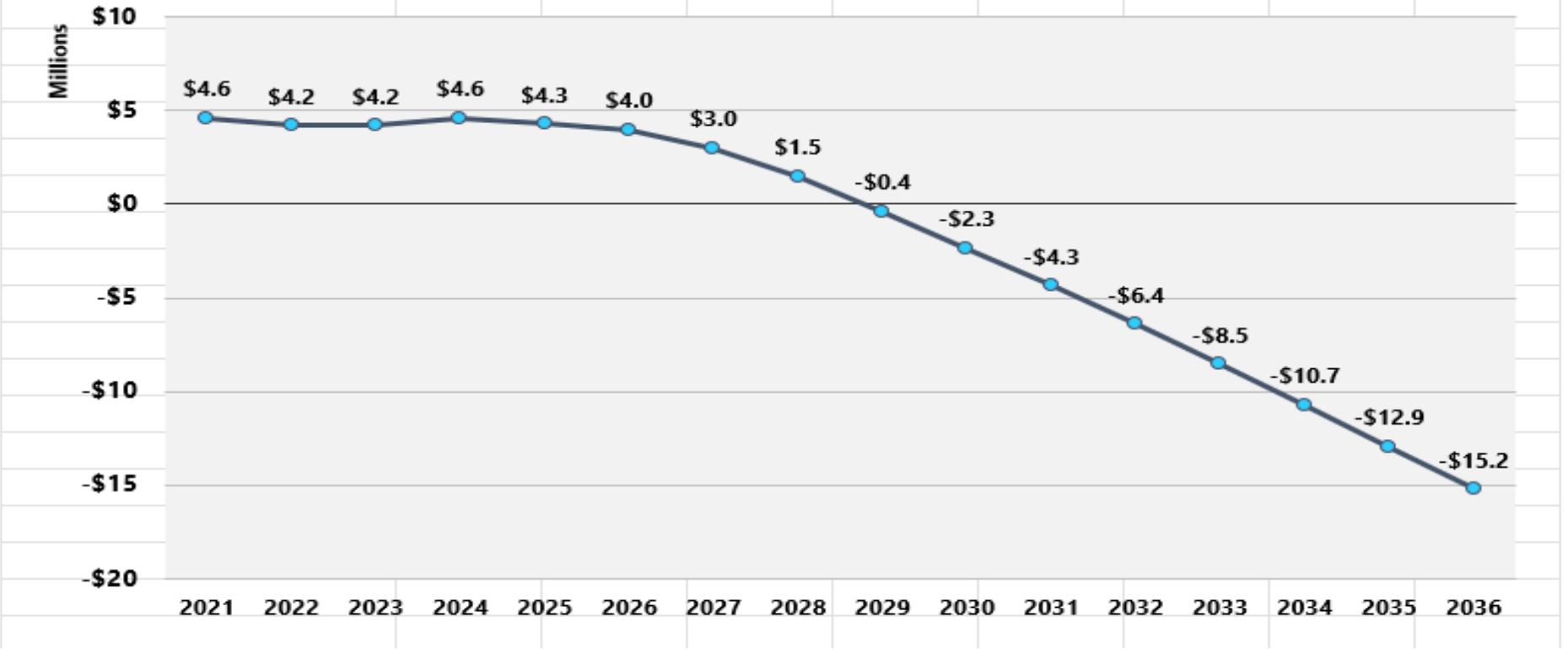
Tipton Community School District

Financial Update | September 2026

POLICY ANALYTICS LLC

Ending Cash Balance Projection

Education, Operations & Rainy Day Funds



	2021 Actual	2022 Actual	2023 Actual	2024 Actual	2025 Actual	2026 Projected	2027 Projected	2028 Projected	2029 Projected	2030 Projected	2031 Projected	2032 Projected	2033 Projected	2034 Projected	2035 Projected	2036 Projected
Ending Cash Balance Percentage	31%	29%	29%	30%	26%	24%	18%	9%	-2%	-13%	-24%	-34%	-45%	-55%	-65%	-75%

ANALYTICS LLC

Education Fund Cash Flow Projections

Cash Flow Projection
Dollars in Thousands
Actuals through August 2026

	2024 Actual	2025 Actual	2026 Projected	2027 Projected	2028 Projected	2029 Projected	2030 Projected	2031 Projected	2032 Projected	2033 Projected	2034 Projected
EDUCATION FUND											
Beginning Cash Balance	**676.4**	**1,104.2**	**1,023.0**	**1,180.5**	**950.1**	**751.3**	**166.5**	**(500.4)**	**(1,235.5)**	**(2,041.3)**	**(2,920.2)**
Receipts											
Tuition Support	11,101.2	11,385.9	11,570.8	11,475.9	11,282.5	11,361.3	11,505.2	11,667.8	11,832.7	12,000.0	12,169.8
Other	241.9	279.1	294.6	294.6	294.6	51.2	51.2	51.2	51.2	51.2	51.2
Total Revenues	**11,343.2**	**11,665.0**	**11,865.4**	**11,770.4**	**11,577.0**	**11,412.5**	**11,556.4**	**11,718.9**	**11,883.8**	**12,051.2**	**12,220.9**
Transfer In	346.8	-	4.8	4.7	4.7	4.7	4.7	4.8	4.9	5.0	5.0
Total Cash Inflow	**11,690.0**	**11,665.0**	**11,870.1**	**11,775.2**	**11,581.7**	**11,417.2**	**11,561.2**	**11,723.7**	**11,888.7**	**12,056.2**	**12,226.0**
Expenses											
General Education	(6,585.3)	(6,721.9)	(6,913.6)	(7,106.2)	(7,247.9)	(7,394.0)	(7,542.9)	(7,694.9)	(7,850.0)	(8,008.2)	(8,169.6)
Special Education	(1,234.6)	(1,202.6)	(1,143.0)	(1,172.1)	(1,195.3)	(1,219.3)	(1,243.9)	(1,268.9)	(1,294.4)	(1,320.4)	(1,346.9)
Transfer Tuition	(167.8)	(317.0)	(399.7)	(412.0)	(426.4)	(434.9)	(443.6)	(452.5)	(461.5)	(470.8)	(480.2)
Curricular Materials	(128.7)	(359.8)	(309.8)	(319.0)	(328.6)	(338.5)	(348.6)	(359.1)	(369.9)	(381.0)	(392.4)
Educational Support	(2,691.8)	(2,619.9)	(2,501.1)	(2,550.6)	(2,582.2)	(2,615.2)	(2,649.0)	(2,683.5)	(2,718.8)	(2,754.7)	(2,791.5)
Total Expenditures	**(10,808.4)**	**(11,221.2)**	**(11,267.0)**	**(11,559.9)**	**(11,780.4)**	**(12,002.0)**	**(12,228.1)**	**(12,458.9)**	**(12,694.5)**	**(12,935.1)**	**(13,180.6)**
Transfer Out	(453.8)	(525.0)	(445.7)	(445.7)	-	-	-	-	-	-	-
Total Cash Inflow	**(11,262.2)**	**(11,746.2)**	**(11,712.7)**	**(12,005.6)**	**(11,780.4)**	**(12,002.0)**	**(12,228.1)**	**(12,458.9)**	**(12,694.5)**	**(12,935.1)**	**(13,180.6)**
Surplus (Deficit)	**427.8**	**(81.2)**	**157.5**	**(230.4)**	**(198.8)**	**(584.8)**	**(666.9)**	**(735.2)**	**(805.8)**	**(878.9)**	**(954.6)**
Ending Cash Balance	**1,104.2**	**1,023.0**	**1,180.5**	**950.1**	**751.3**	**166.5**	**(500.4)**	**(1,235.5)**	**(2,041.3)**	**(2,920.2)**	**(3,874.8)**

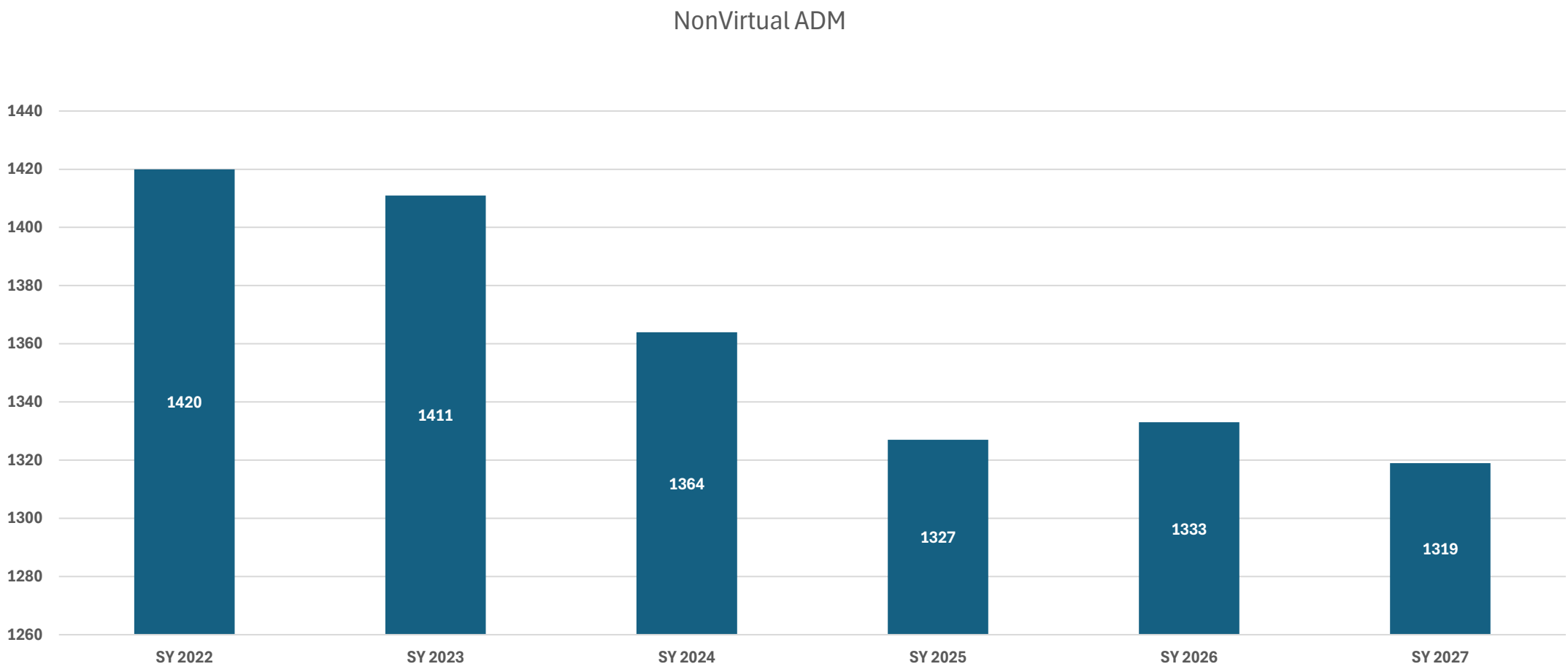
Transfer to Operations

Structural Deficit

Education Fund Non-Virtual ADM

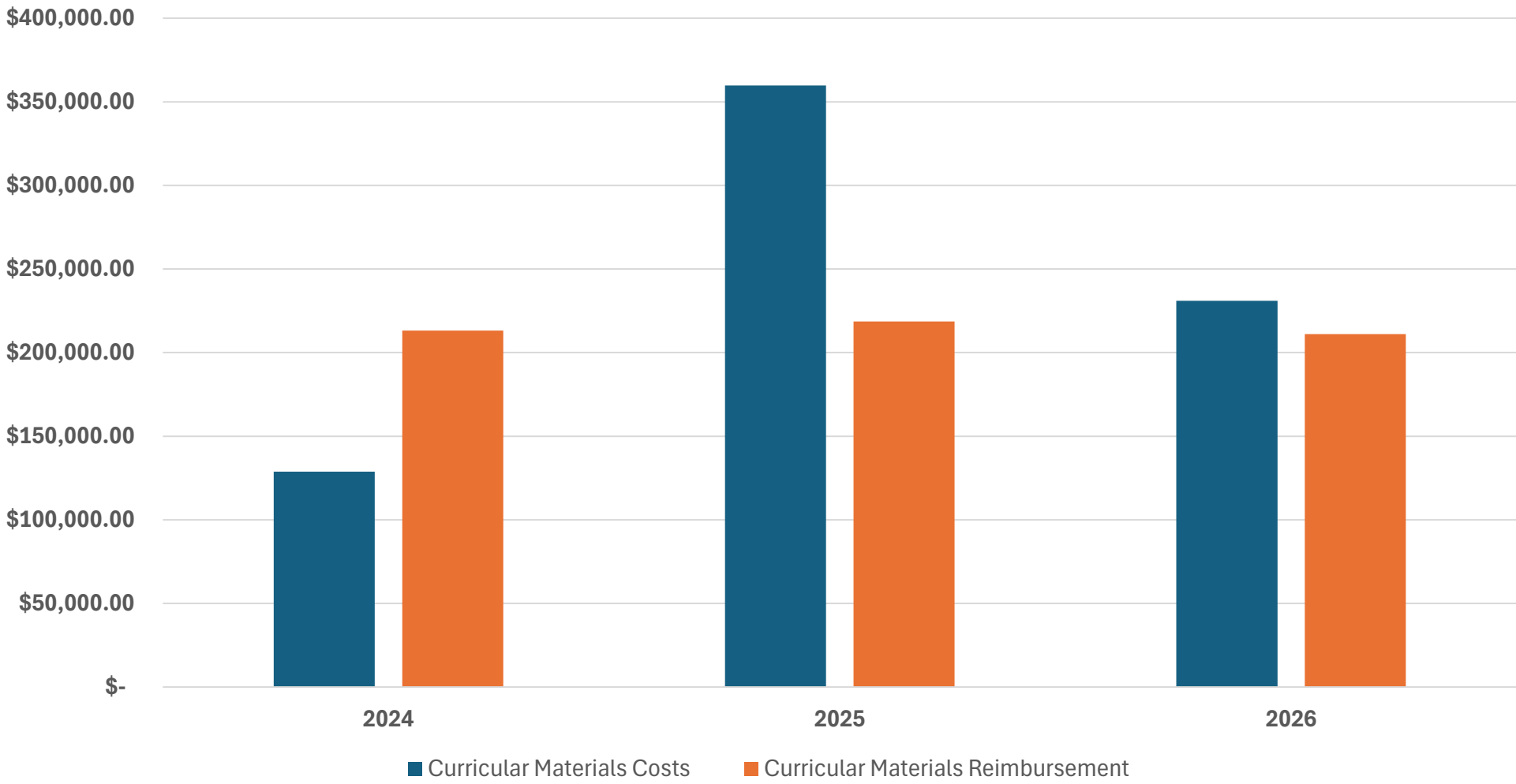
Average of the September and February Counts for prior years

Fall Actual Count for SY27



Curricular Materials

Education Fund



Other Expenditure Increases

Education Fund

- TRF is increasing from 7.1% to 8.1% which is an additional $60K cost to the district
- Vocational School costs were $132K in 2024 and now up to $186K in 2026
- Health Insurance costs
- Special Education costs

Operations Fund Cash Flow Projections

Cash Flow Projection

Dollars in Thousands

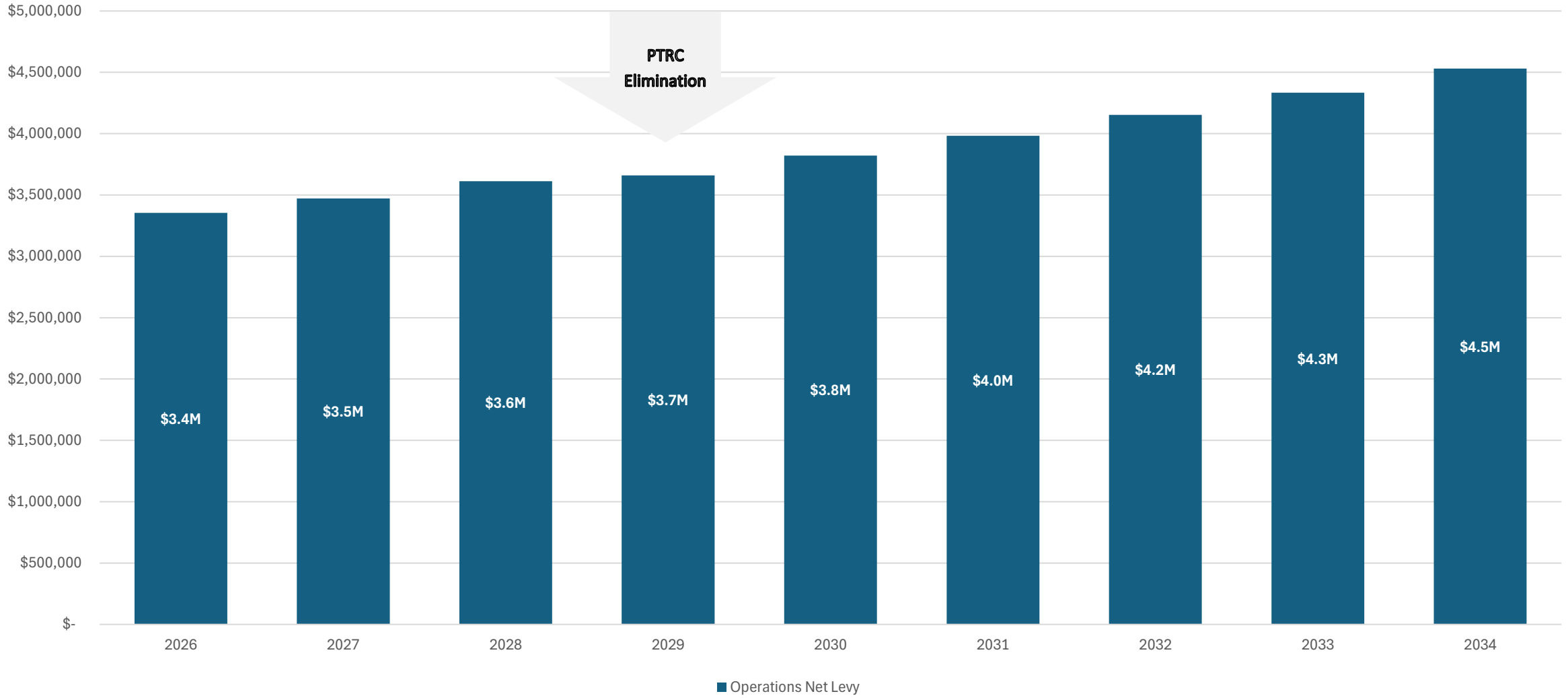
Actuals through August 2026

	2024 Actual	2025 Actual	2026 Projected	2027 Projected	2028 Projected	2029 Projected	2030 Projected	2031 Projected	2032 Projected	2033 Projected	2034 Projected
OPERATIONS FUND											
Beginning Cash Balance	**1,287.1**	**1,512.4**	**1,207.4**	**747.1**	**81.1**	**(1,022.8)**	**(2,214.2)**	**(3,333.2)**	**(4,435.2)**	**(5,517.9)**	**(6,577.2)**
Receipts											
Local Taxes	3,807.5	3,862.6	3,824.6	4,006.8	4,147.9	4,196.9	4,410.5	4,573.5	4,743.7	4,923.4	5,120.7
Other	658.3	316.8	402.6	216.9	216.9	216.9	216.9	216.9	216.9	216.9	216.9
Total Revenues	**4,465.8**	**4,179.5**	**4,227.2**	**4,223.7**	**4,364.8**	**4,413.8**	**4,627.3**	**4,790.4**	**4,960.6**	**5,140.3**	**5,337.6**
Transfer In	450.0	525.0	445.7	445.7	-	-	-	-	-	-	-
Total Cash Inflow	**4,915.8**	**4,704.5**	**4,672.8**	**4,669.3**	**4,364.8**	**4,413.8**	**4,627.3**	**4,790.4**	**4,960.6**	**5,140.3**	**5,337.6**
Expenses											
Capital Projects	(2,319.2)	(2,500.3)	(2,528.3)	(2,601.3)	(2,675.3)	(2,763.4)	(2,854.9)	(2,950.0)	(3,048.8)	(3,151.5)	(3,258.2)
Transportation	(1,201.5)	(1,168.6)	(1,291.4)	(1,394.1)	(1,450.2)	(1,482.7)	(1,515.9)	(1,550.0)	(1,584.9)	(1,620.6)	(1,657.2)
Administrative Support	(1,161.5)	(1,340.6)	(1,313.4)	(1,339.8)	(1,343.1)	(1,359.1)	(1,375.5)	(1,392.3)	(1,409.6)	(1,427.4)	(1,445.7)
Total Expenditures	**(4,682.1)**	**(5,009.5)**	**(5,133.1)**	**(5,335.3)**	**(5,468.7)**	**(5,605.2)**	**(5,746.4)**	**(5,892.3)**	**(6,043.3)**	**(6,199.5)**	**(6,361.1)**
Transfer Out	(8.3)	-	-	-	-	-	-	-	-	-	-
Total Cash Inflow	**(4,690.4)**	**(5,009.5)**	**(5,133.1)**	**(5,335.3)**	**(5,468.7)**	**(5,605.2)**	**(5,746.4)**	**(5,892.3)**	**(6,043.3)**	**(6,199.5)**	**(6,361.1)**
Surplus (Deficit)	**225.4**	**(305.1)**	**(460.3)**	**(666.0)**	**(1,103.9)**	**(1,191.4)**	**(1,119.0)**	**(1,101.9)**	**(1,082.8)**	**(1,059.2)**	**(1,023.5)**
Ending Cash Balance	**1,512.4**	**1,207.4**	**747.1**	**81.1**	**(1,022.8)**	**(2,214.2)**	**(3,333.2)**	**(4,435.2)**	**(5,517.9)**	**(6,577.2)**	**(7,600.7)**

Transfer from Education

Structural Deficit

Operations Fund Property Tax Projected Revenue

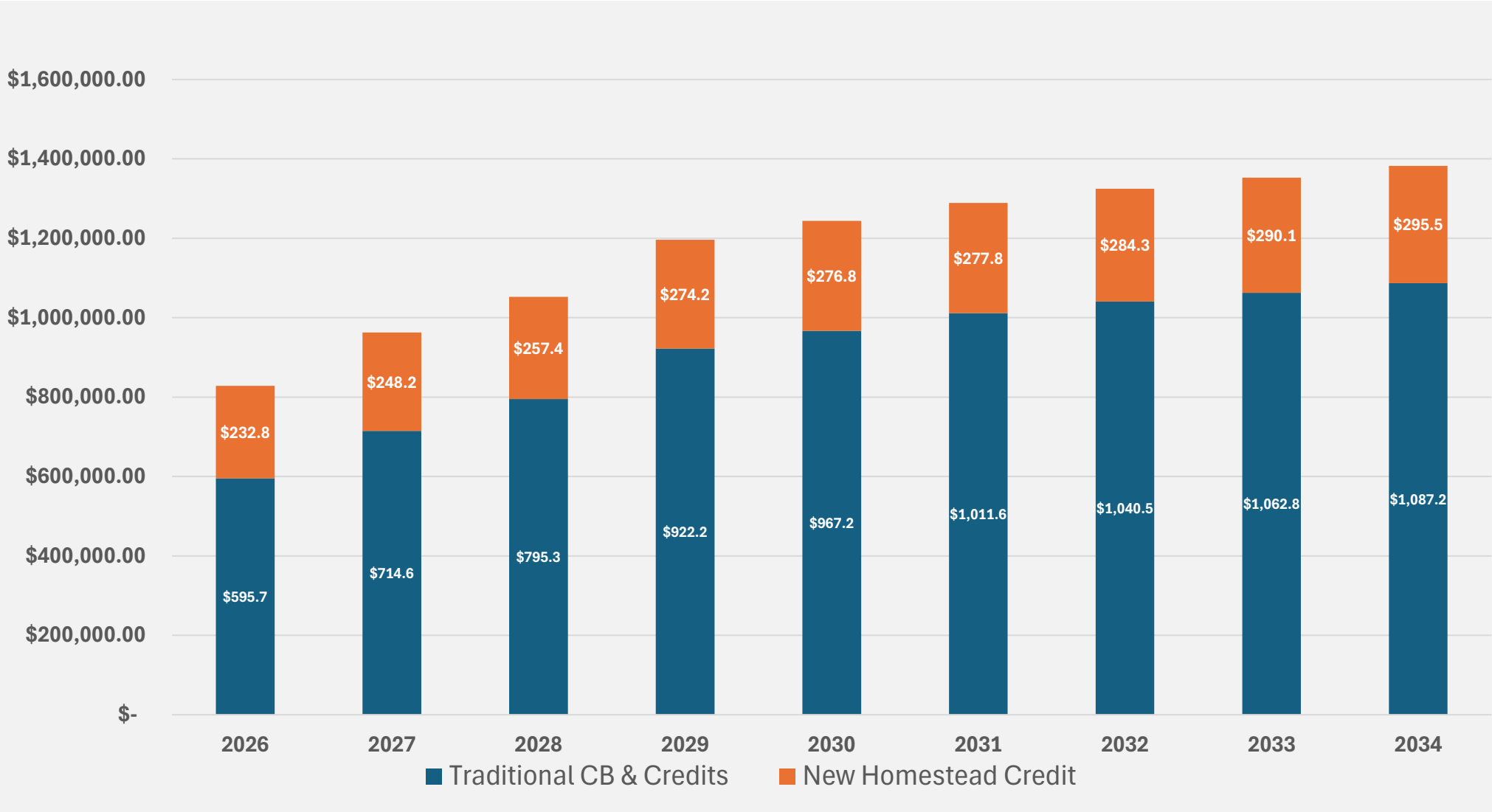


Traditional Circuit Breaker Loss and New 10%/$300 Max Homestead Credit – *Revenue Not Received*

Circuit Breaker Loss:

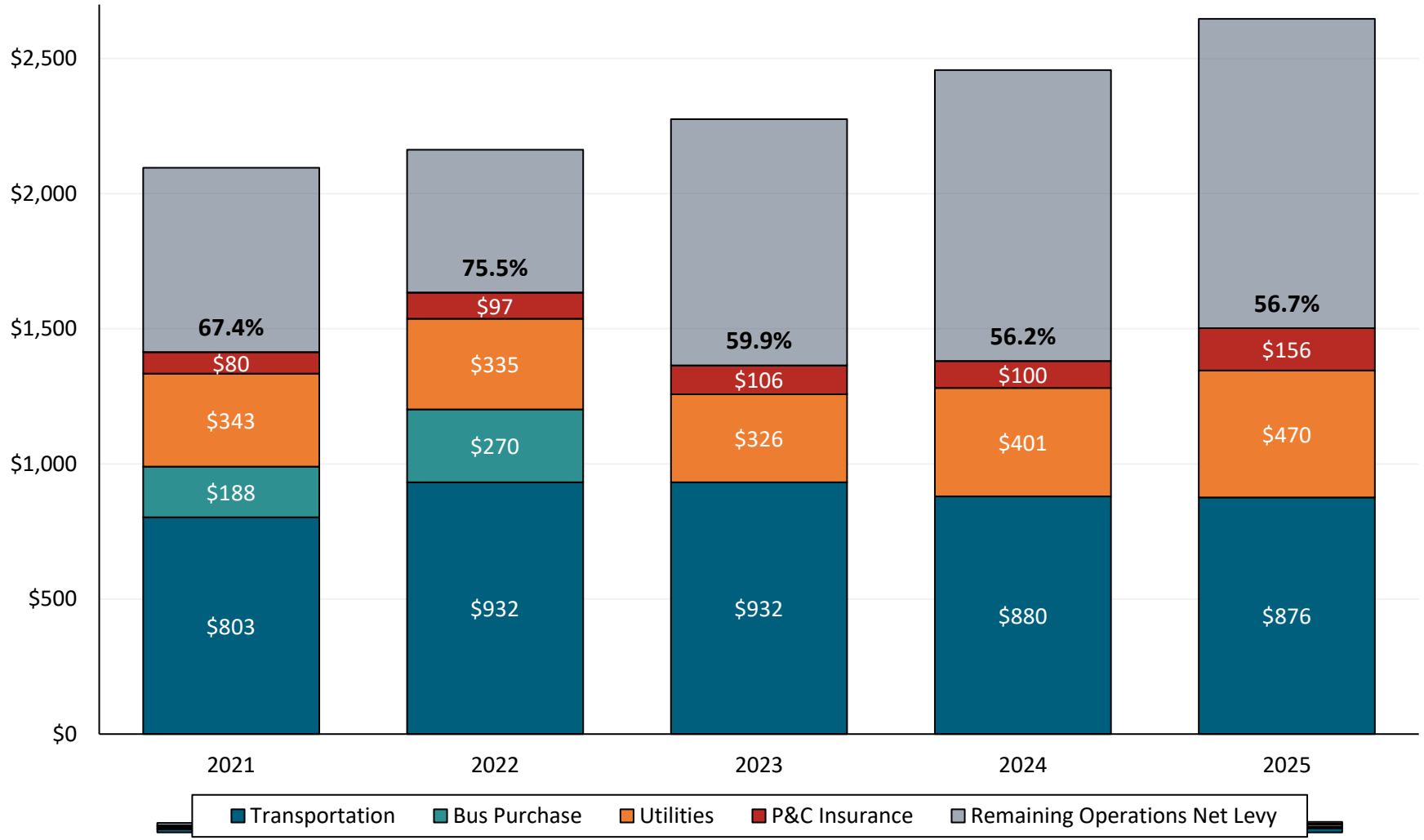
- 1% Credit – Owner Occupied Residential (Homestead)
- 2% Credit – Other Residential, Agricultural Land
- 3% Credit – Commercial and Industrial Property, Business Personal Property

Dollars in Thousands



Fixed Costs versus Operations Net Levy per Student

Operations & Operating Referendum Funds



+2.2%
2021 – 2025 CAGR
Transportation Expenditures

+8.2%
2021 – 2025 CAGR
Utilities Expenditures

+18.2%
2021 – 2025 CAGR
P&C Insurance Expenditures

**CAGR: Compound Annual Growth Rate*

Tipton Community School Corporation

Forecast model

Baseline

Supplied expense-trend model.

Funds in view

Education + Operations

Combined Education and Operations balances.

Review through 2031

2026 — 2031

Compare both model outputs on charts

Reset view

Snapshot: Oct 28, 202

When does cash turn negative?

2028

First projected year-end below $0. 2031 cash: **-$4,879,459** (-$7,109,861 from 2025). 2 selected fund entries below $0 in 2031.

Projected 2031 surplus/deficit

−$1.80M

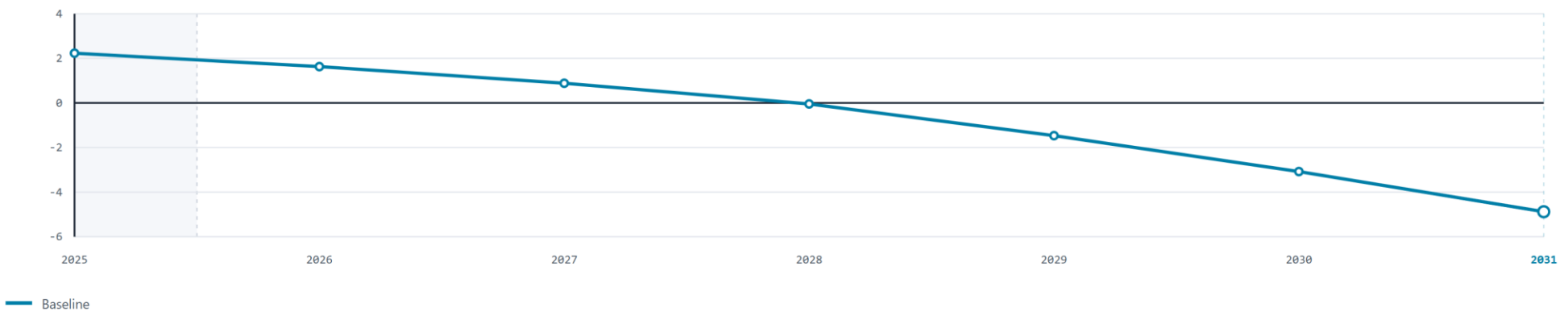
Revenue less expenses, before transfers. Net transfers: **$0**. Net cash movement: **-$1,801,496**.

Source: Both supplied forecast workbooks · Education + Operations · 2025 baseline; 2026–2031 projections · USD

Ending cash balance

Education + Operations · Corporation 7945

USD millions



Summary: Multiple factors impacting cash flow

- **Structural Deficit** that was currently happening – Revenue not keeping up with Expenditures
  - **ADM Decline**

    Loss of 101 non-virtual students from SY22 to SY27 –
    Foundation amount per student amount is ~$7K which is +$700K impact –
    not including any complexity or additional revenue loss per student)
  - **Traditional Circuit Breaker loss** (has grown to over $500K and will grow up to $1M)

- **SEA-1 -**
  - **Homestead Credit** creating even more unfunded credit loss (~$300K)
  - **LIT changes – PTRC Elimination** beginning in 2029 (~$131K in increased circuit breaker loss)

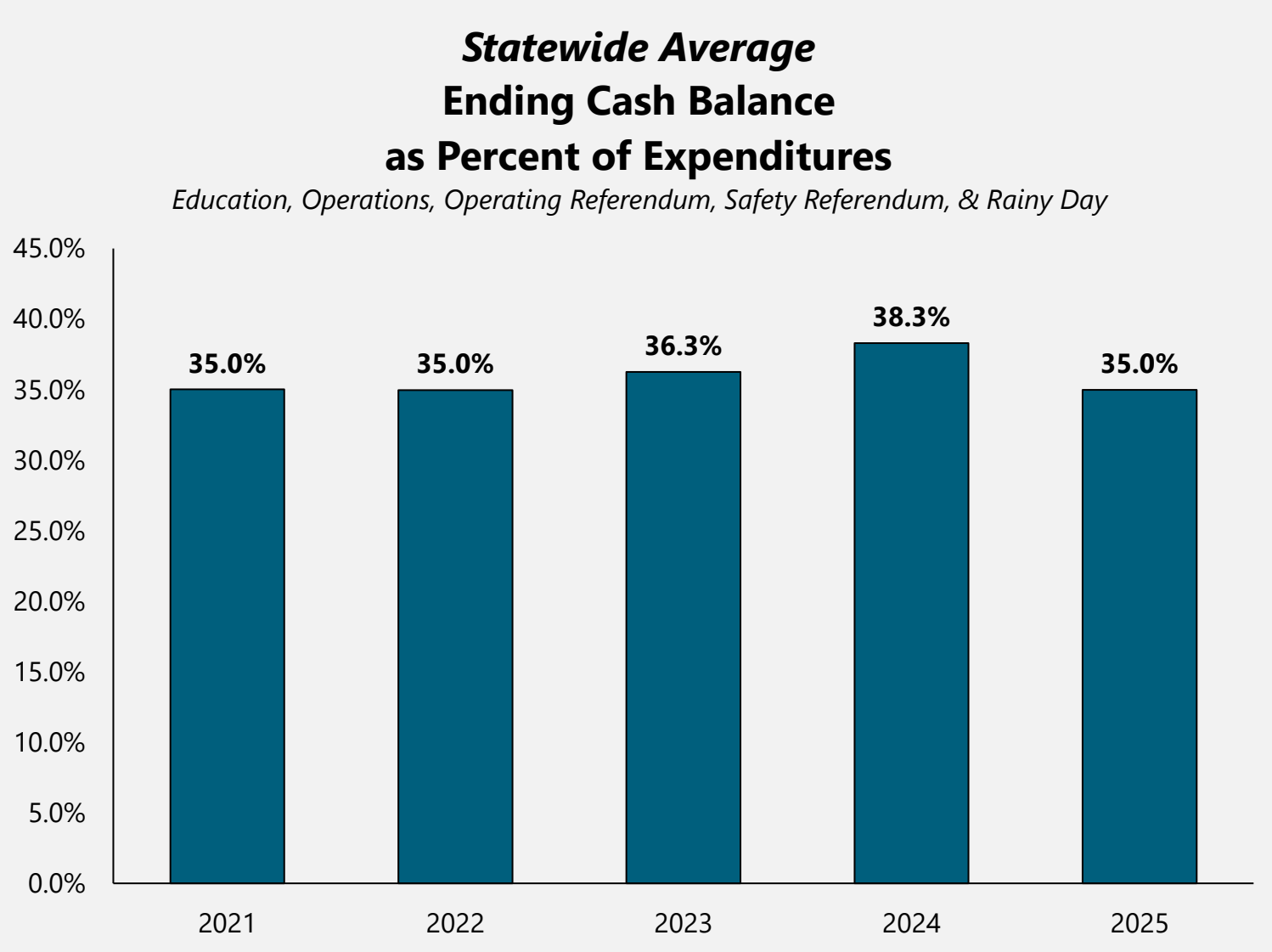
- **Education and Operations will be negative by the end of 2028 if no action is taken**

Cash Balance

Cash balance is *not* the same as surplus

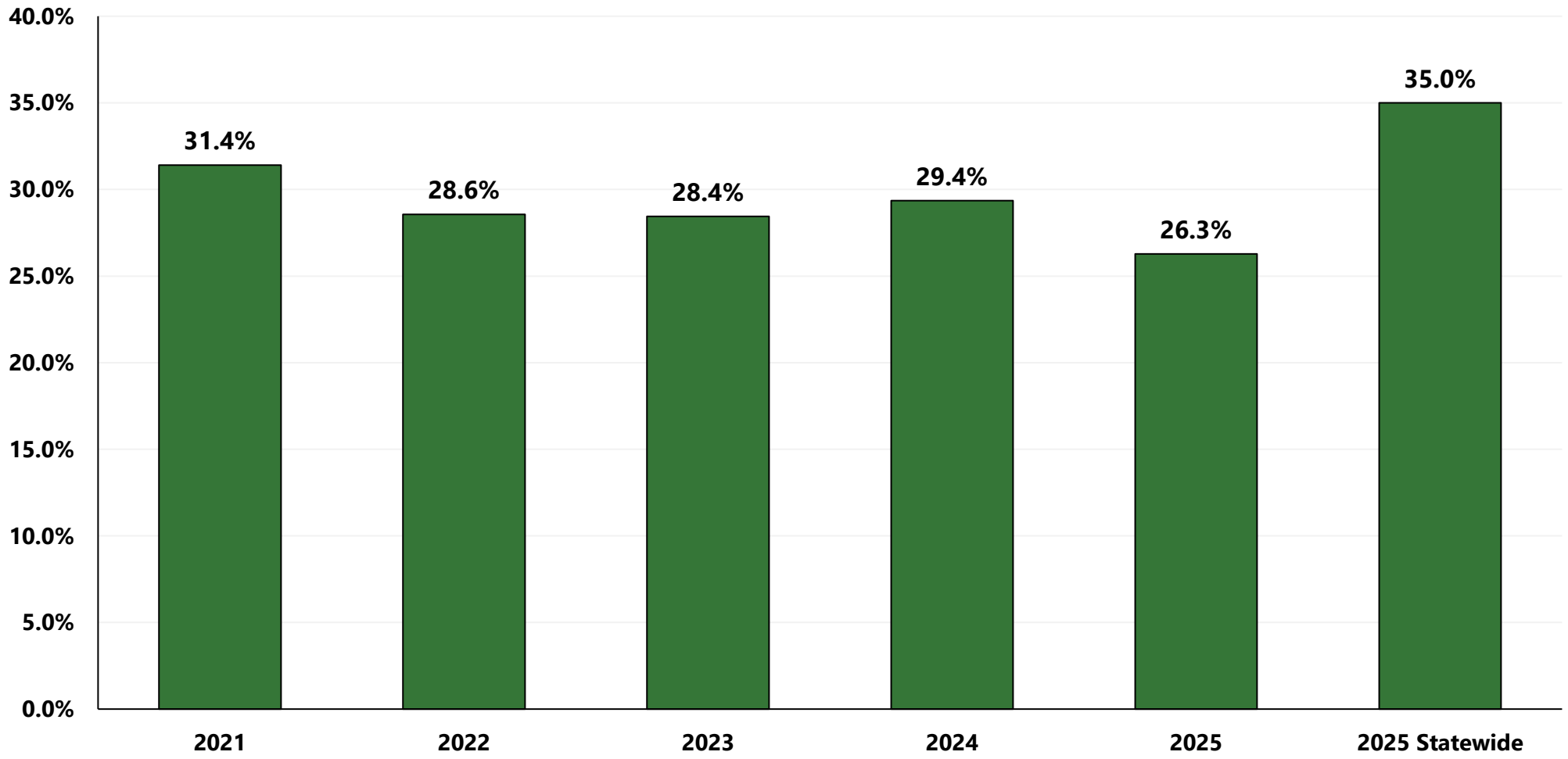
Cash Balance is a **snapshot** in time due to:

- Claims timing
- Payroll timing
- State Aid timing
- Tax collections
- Federal reimbursements
- Debt payments
- S&P Rating Impact
- DUAB monitors



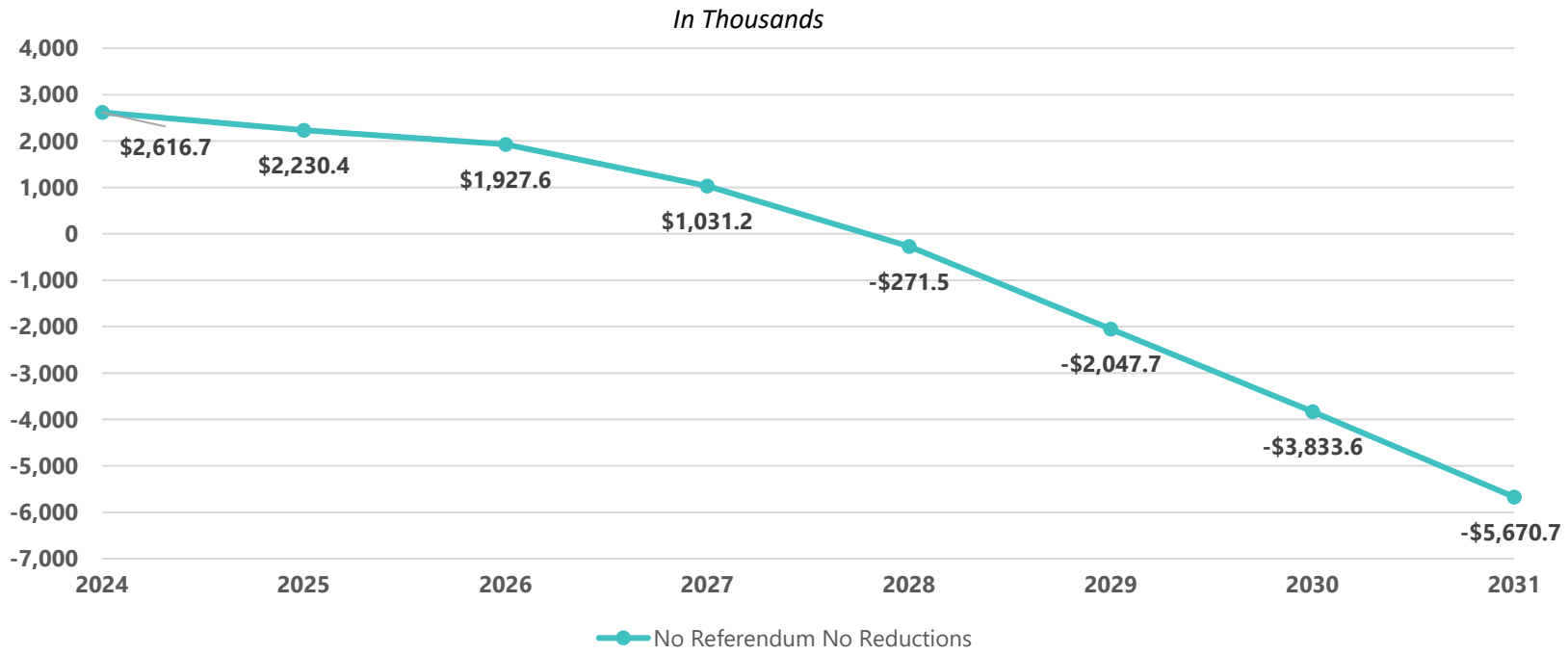
Tipton Ending Cash Balance as Percent of Expenditures

Education, Operations & Rainy Day Funds



Tipton – Education and Operations Cash Balance Projections

Current Cash Flows				
	2026	**2027**	**2028**	**2029**
Projected Ending Cash Balance	$1,927	$1,031	-$271	-$2,047
Projected Ending Cash Balance %	**11.4%**	**6.1%**	**-1.6%**	**-11.6%**



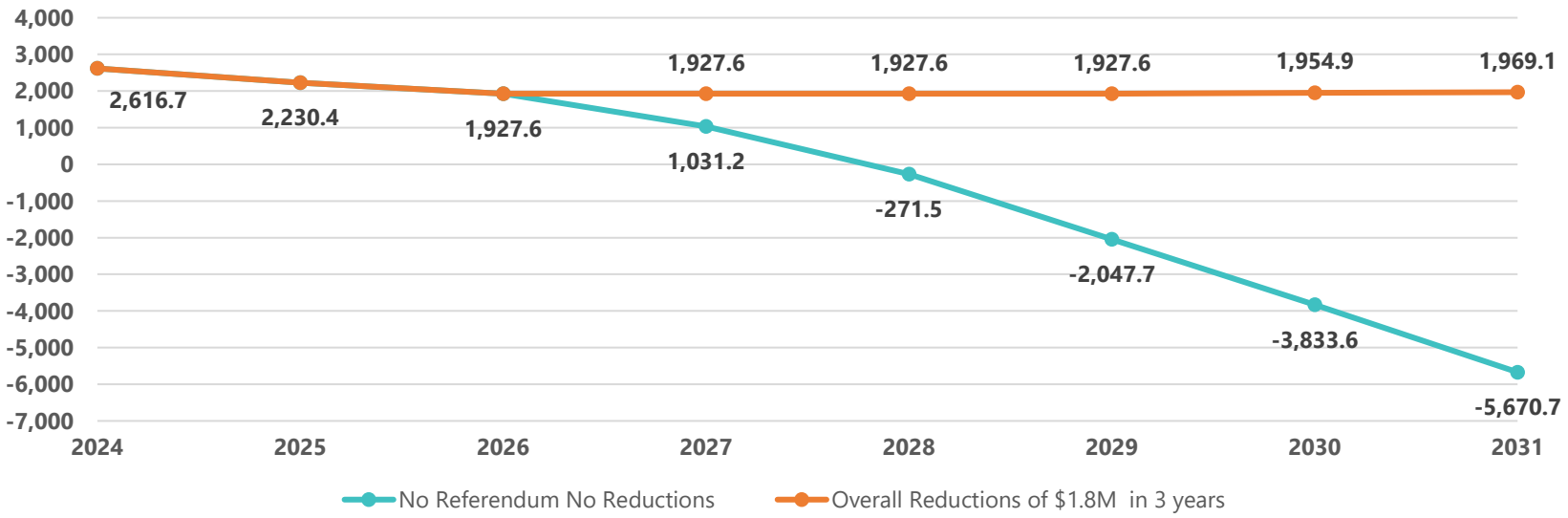
- **Next Steps:**
  - **Cost Reductions need to happen to maintain a cash balance**
  - **If not, the district will have a negative cash balance by the end of 2028**
  - **Need to start planning now for 2027**
  - **Does not include Rainy Day**

Cost Reductions Timeline – Education and Operations Funds Only

Estimated cost reductions to retain a cash balance

	2026	2027	2028	2029
Estimated amount needed to reduce		$896K	$387K	$446K
Projected Cash Balance	$1,927	$1,927	$1,927	$1,927
Projected Cash Balance %	**11.4%**	**12.0%**	**12.1%**	**12.2%**

In Thousands



Next Steps to maintain a level cash balance over the next few years:

Estimated reductions of $896K need to start in 2027

Another estimated $387K in 2028

Another estimated $446K in 2029

22%-23% cash balance with including Rainy Day

Does NOT include Rainy Day

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What This Means for TCSC Moving

- TCSC has an existing structural deficit that must be addressed.
- Approximately $896,000 in expenditure reductions are needed beginning in 2027, with additional reductions projected in subsequent years.
- Without corrective action, Education and Operations cash balances are projected to become negative in 2028.
- The Board and administration may consider evaluating personnel, programs, facilities, and organizational structures to establish a sustainable long-term financial model.
- Keeping an eye on legislative changes for impacts to cash flows
- Establish Best Practice for Cash Balance Management

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