

# WBCCSC Board of Finance Annual Report

January 8, 2024

Kyle Whiteley, Director of Business & Technology

## 1. 2023 Comparison Report/Year in Review

On January 1, 2023, the Education Fund Cash Balance was \$3,553,288. As of December 31, 2023, the Education Fund cash balance was \$4,115,473. This is an increase of \$562,185. The Education Fund expenditures for December 2023 were \$785,533. As of the end of December 2023, a total of 91% of the 2023 appropriation was expended.

On January 1, 2023, the Operations Fund Cash Balance was \$3,117,202. As of December 31, 2023, the Operation Fund cash balance was \$3,900,377. This is an increase of \$783,175. The Operation Fund expenditures for December 2023 were \$393,725. As of the end of December 2023, a total of 83% of the 2023 appropriation was expended.

On January 1, 2023, the Rainy Day Fund Cash Balance was \$1,924,968. As of December 31, 2023, the Rainy Day Fund cash balance was \$1,924,968.

On Thursday, December 28, 2023, with the authority of the Board of Trustees granted by a resolution on February 13, 2023, the corporation treasurer transferred \$625,000 from the Education Fund to the Operations Fund for Operation Fund expenditures that, in prior years, were General Fund expenditures. In 2023, the corporation treasurer transferred a total of \$1,399,880 from the Education Fund to the Operations Fund. This was 11.52% of the Education Fund Revenue and was \$3,707 less than what was transferred in 2022.

## 2. Investment Policy Review (Board Policy 7025)

In accordance with I.C. 5-13-7-7, the Board of Finance shall review the overall investment policy of the school corporation.

The WBCCSC School Board Policy 7025 addresses investments. The policy is included in this report. The policy is good for four years according to I.C. 5-13-9-5.7. Our policy was revised and approved in November 2020. The policy complies with the law and matches our current practices. The board will need to re-adopt this policy in 2024.

### 2023 Investments Review

In accordance with I.C. 5-13-7-7, the Board of Finance shall receive and review a written report of the investing officer that summarizes the school corporation's investments during the previous calendar year.

In 2023, Western Boone County Community School Corporation had investments in the form of various interest-bearing accounts, deposits, and treasuries with financial institutions and earned interest as follows:

<b>Financial Institution</b>	<b>2023 Earnings</b>	<b>2022 Earnings</b>
Home National Bank	\$479,070.35	\$113,716.30
Raymond James Bank	\$100,832.61	\$13,010.13
North Salem State Bank (New CD Account)	\$0.00	N/A

### 3. Outstanding Checks/Warrants

In accordance with I.C. 5-11-10.5, the Treasurer shall prepare a list of checks that have been outstanding for two or more years as of December 31 and file the same with the Board of Finance on or before March 1.

Per I.C. 5-11-10.5-2, the Treasurer shall declare these checks void and shall receipt the amount of the checks into the fund upon which they were originally drawn. This list is attached for your review.

### 4. Financial Condition Assessment Report (SEA 549)

“The Distressed Unit Appeal Board (“DUAB”) released in December the annual update of the School Corporation Fiscal Indicators (“Indicators”) as required by Indiana law. This update includes calendar year 2022 financial information (a year old). The Indicators for all Indiana public school corporations can be accessed at <https://www.in.gov/duab/2377.htm>. Links to supporting documentation, including instructions on how to use the indicators and downloadable data are also available at the same location. The Indicators will be updated annually with new financial information. This link is available to the public with more granular data also available.

During the 2019 legislative session, Senate Enrolled Act 549 (“SEA 549”) added a new requirement for school corporations pertaining to the Indicators. During a school corporation’s annual Board of Finance meeting, the superintendent of the school corporation or the superintendent’s designee shall submit a written report to the Board of Finance that assessed the financial condition of the school corporation using the Indicators. The Board of Finance shall review the submitted report. This document should be considered this report and the indicators are included below. WBCSC’s financial condition should be considered stable, and the following indicators support this assessment. This condition has been further strengthened by our adoption of financial policies in 2020 as well as a financial plan in 2021, and reviewed and updated in 2022. Enrollment continues to be an area of concern which we monitor closely as it directly affects Education Fund revenue.

## Enrollment/Average Daily Membership



We monitor our enrollment closely as it continues to decline. Superintendent Ramey is actively meeting with town and county leaders to make them aware of our enrollment struggles due largely to lack of housing.

### Average Daily Membership ("ADM")

ADM is the number of eligible students enrolled in a school corporation on a particular day ("count day") designated by the State Board of Education. ADM is utilized in the State funding formula to determine the amount of tuition support that the State of Indiana will provide to the school corporation. Increasing or decreasing ADM will impact the amount of funding available to the school corporation.

Since 2014, two count days have occurred - one in September and one in February. For all years displayed but 2018 and 2019, tuition support was adjusted based on each count. For years 2018 and 2019, the February count did not impact tuition support, but the counts are displayed on this indicator for informational purposes.

Beginning with the fall count date for the 2019-2020 school year, school corporations differentiated between students that receive instruction in-person and students that receive instruction virtually. The level of tuition support differs for those students attending virtually. For the 2020-2021 school year, students receiving instruction virtually due to COVID-19 are included in the in-person count for the purposes of this indicator, as tuition support funding for these students is the same as students attending in-person.

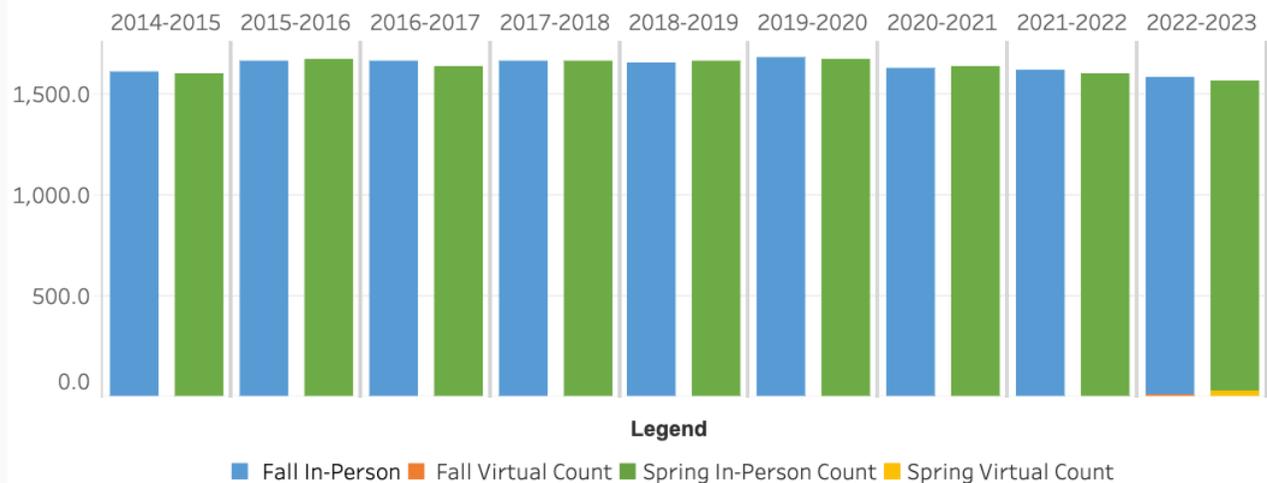
Time Of Year

(All) ▼

Virtual v In Person

(All) ▼

### Average Daily Membership ("ADM")



## Fund Balances



The funds and rules on how funds are used changed in 2019. Fund Balances are healthy and have shown growth from 2019-2022. Federal funds are typically reimbursable grants, so it is not uncommon to see a negative fund balance for federal funds for expenditures which we have not yet been reimbursed.

### Fund Balances\*

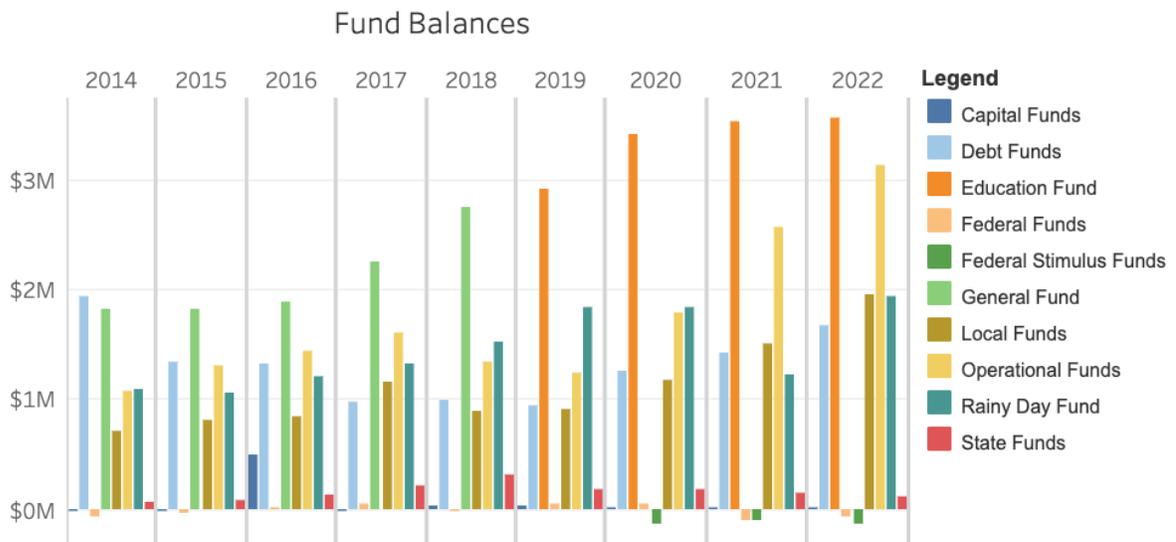
Fund Balances as of December 31 of the calendar year listed.

Select Funds by Fund Classification:

(All) ▼

Classification v Sum

Classification ▼



## Annual Deficit/Surplus

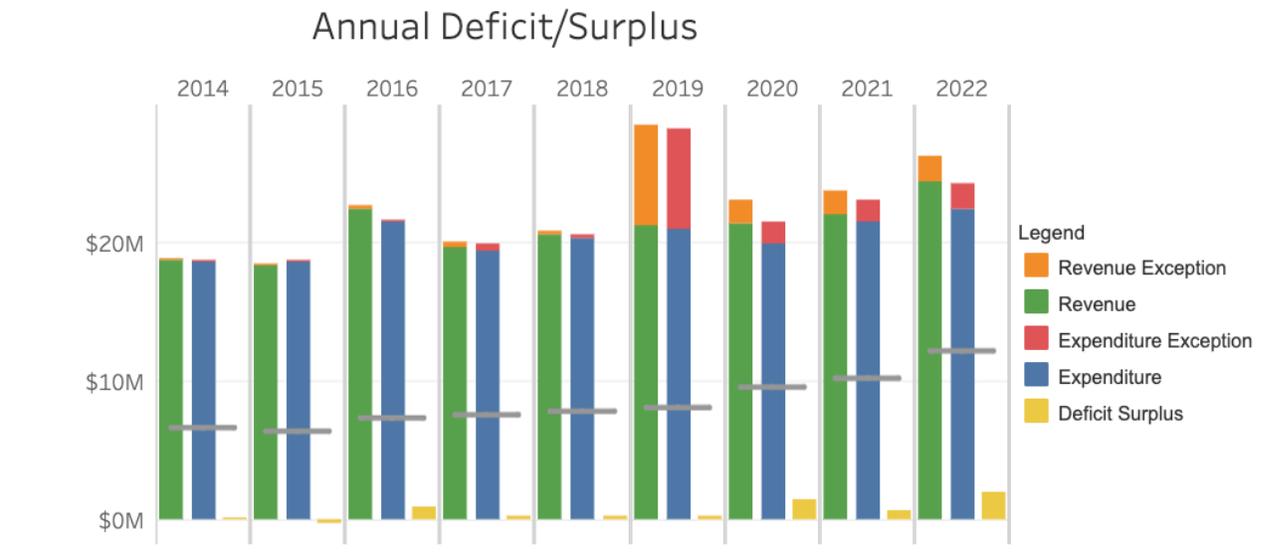


Our revenue and expenditures are close year-to-year and, most years, we show a slight surplus. A surplus occurs when revenue exceeds expenditures. Exceptions represents transfers from one fund to another.

### Annual Deficit/Surplus\*

This indicator provides a comparison of revenue to expenditures on a calendar year basis, including whether the school corporation had an operating deficit or surplus for that year. **Exceptions can be transfers from one fund to another or adjusting entries for accounting purposes.** Fund balance is also included to assist in identifying situations in which the school corporation utilized existing fund balances to fund expenditures.

Select Funds by Fund Classification:



## Fund Balances as Percent of Expenditures



Our fund balances individually and collectively are sufficient to maintain operations in the case of delayed revenue. Reserve and Liquidity Board Policy 7022 asserts our “Reserve Target” level is 15% using “Unrestricted Funds” (Education Fund and Rainy Day Fund). Our 2022 reserve level based on unrestricted funds was 53.4% which meets and exceeds our target level (Second graph):

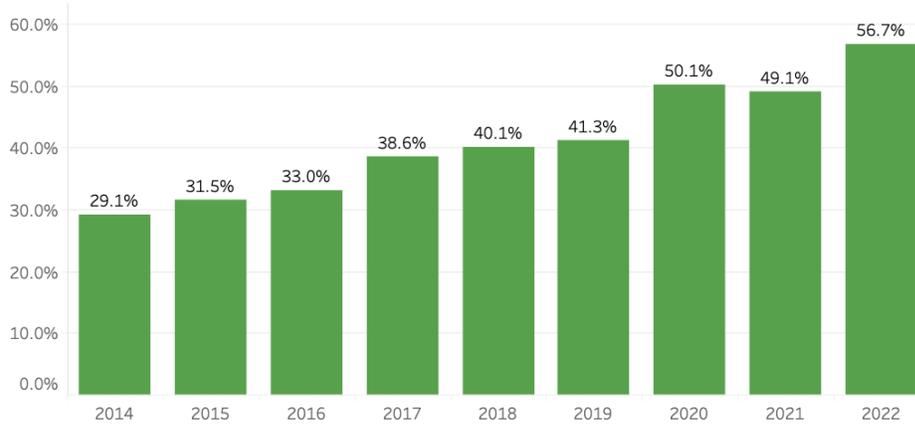
### Fund Balances as Percent of Operations Expenditures\*

This indicator considers the ability of the school corporation to maintain operations in the event of delays in revenue by utilizing existing fund balance to fund operations. Fund balances for this metric include the Education Fund, General Fund, Operating Referendum Fund, Operational Funds, and Rainy Day Fund

Select Funds by Fund Classification:

(All)

Fund Balances As Percent Of Expenditures



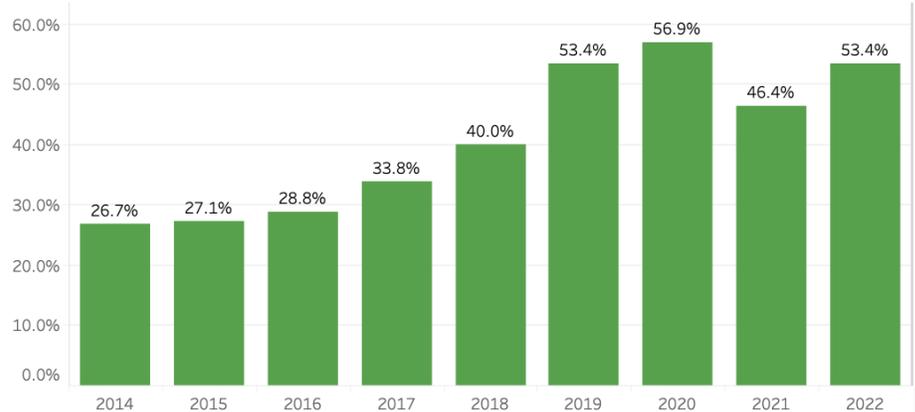
### Fund Balances as Percent of Operations Expenditures\*

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Select Funds by Fund Classification:

(Multiple values)

Fund Balances As Percent Of Expenditures



## Revenue



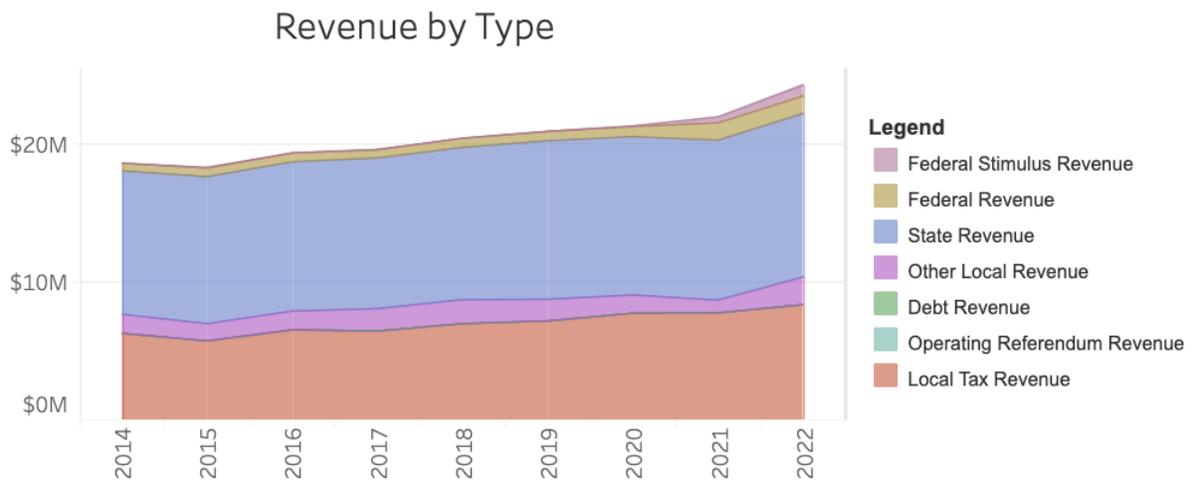
Our revenue continued to trend upward through 2022. The maximum levy for Operations has increased over the last several years, but the growth quotient is now capped at 4%. 2024 is the final year for Federal Stimulus Revenue (ESSER funds). Revenue from interest is increasing due to high interest rates. A declining enrollment may drive state revenue down in the coming years.

### Revenue by Type

Local Tax revenue includes property tax, income tax, and other taxes as applicable. Other local revenue will include revenue sources such as rental income and sale of property. Debt revenue includes bond and loan proceeds. State revenue includes tuition support and other grants received from the State. Federal revenue includes grant funding received from the Federal government.

Select Funds by Fund Classification:

(Multiple values) ▾



## Operating Referendum



We do not have an operating referendum. With our healthy cash balances and Rainy Day Fund, I do not recommend an operating referendum at this time. However, with the maximum levy growth quotient capped at 4% and a declining enrollment, the board has the option to pursue an operating referendum in the future to address a loss in revenue.

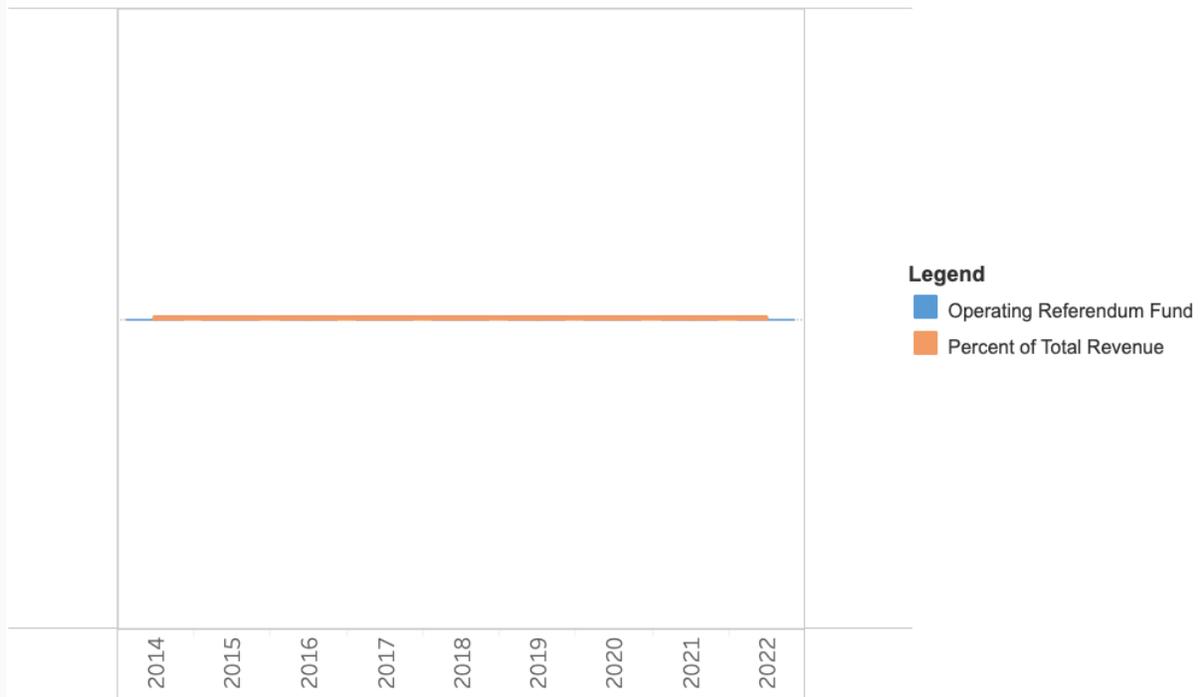
### Operating Referendum Revenue as Percent of Total Revenue

For those school corporations that have successfully obtained an operating referendum, this indicator provides data on the importance of the referendum revenue to the school corporation's revenue picture. For additional information, visit the Department of Local Government Finance's Referendum Information page (<https://www.in.gov/dlgf/8789.htm>).

Select Funds by Fund Classification:

(All) ▾

### Operating Referendum Revenue as Percent of Total Revenue



## 5. 2024 Budget Update

In December, we received our Notice of Final Budget Recommendations from the DLGF (1782 Notice). Our proposed budget was approved by the DLGF. WBCSC did not request any changes. Our 2024 Assessed Value increased to \$923,137,717 from \$850,289,395 in 2023. Our 2024 maximum levy for the Operations Fund is \$4,000,359. For 2024, we are taking a levy of \$3,999,956 for the Operations Fund, \$403 less than the maximum. This levy, in addition to our Debt Service levy of \$4,691,386 brings our total tax levy in 2024 to \$8,691,342. This levied amount with our 2024 A.V. gives us a 2024 tax rate of 0.9415. At the time this document was prepared, WBCSC had not yet been notified by the DLGF that the 2024 Budget Order for Boone County was certified. We anticipate this will be completed this month. Once we receive this notification, our budget and corresponding tax rate will be considered certified.

\$4,691,386 – 2024 Debt Service Fund Levy

\$4,280,357 – 2023 Debt Service Fund Levy

\$3,999,956 – 2024 Operations Fund Levy

\$3,845,859 – 2023 Operations Fund Levy

\$8,691,342 – 2024 Total Levy

\$8,126,216 – 2023 Total Levy

\$923,137,717 – 2024 Assessed Value

\$850,289,395 – 2023 Assessed Value

0.9415 – 2024 Tax Rate

0.9557 – 2023 Tax Rate

## INVESTMENT OF CORPORATION FUNDS IN TRANSACTION ACCOUNTS

BP - 7025

The board of school trustees for Western Boone County Community School Corporation supports and authorizes a safe and sound investment program. Such a program is viewed as an important ingredient of sound fiscal management, the purpose of which is to secure a maximum yield of interest revenues to supplement other corporation revenues for the support of the educational program of the corporation.

The investing officer for Western Boone County Community School Corporation is the corporation Director of Business and Technology. The investing officer will manage the various funds of the school corporation. This includes the funds to which local and state tax dollars are received, as well as federal and community grant funds.

The objectives, in priority order, of the investment program are:

1. The safety of principal and funds
2. The liquidity of the portfolio sufficient to enable the corporation to meet all cash flow and other operational requirements
3. The attainment of the highest rate of return through fiscal and economic cycles, within the boundaries of statutory constraints, cash flow requirements, and the primary objects of safety and liquidity

Whenever there occurs a cash balance in any active fund which, though allocated to a specific use, is temporarily not needed, the balance will be invested temporarily to the best advantage of the corporation in such securities as are permitted by law.

### Investment Guidelines

The investing officer shall approve investing available school funds in the following accounts and within the following parameters. These investments must comply with the requirements of I.C. 5-13.

#### A. Deposit Accounts

The treasurer may deposit funds only with the financial institutions designated by the State Board of Finance as depositories and by the local board of finance.

#### B. Suitable and Authorized Investments

Consistent with Indiana Code 5-13-9, the following investments will be permitted by this Policy:

- (1) Securities backed by the full faith and credit of the United States Treasury or fully guaranteed by the United States and issued by any of the following:
  - (A) The United States Treasury.
  - (B) A federal agency.
  - (C) A federal instrumentality.
  - (D) A federal government sponsored enterprise.

- (2) Securities fully guaranteed and issued by any of the following:
  - (A) A federal agency.
  - (B) A federal instrumentality.
  - (C) A federal government sponsored enterprise.
  
- (3) Municipal securities issued by an Indiana local governmental entity, a quasi-governmental entity related to the state, or a unit of government, municipal corporation, or special taxing district in Indiana, if the issuer has not defaulted on any of the issuer's obligations within the twenty (20) years preceding the date of the purchase in accordance with IC 5-13-9-2.
  
- (4) Money market mutual funds rated AAAM, or its equivalent, by Standard and Poor's Corporation or Aaa, or its equivalent, by Moody's Investors Service, Inc. in accordance with IC 5-13-9-2.5.
  
- (5) Repurchase agreements in accordance with IC 5-13-9-3.
  
- (6) Certificates of deposit in accordance with IC 5-13-9-4.
  
- (7) Certificates of deposit authorized by a resolution of the corporation in accordance with IC 5-13-9-5 and 5-13-9-5.3, which expands the list of approved financial institutions to include all Indiana depositories approved for the receipt of public funds according to the Indiana State Board for Depositories.
  
- (8) Local government investment pools in accordance with IC 5-13-9-11.

Consistent with Indiana Code 36-1-7, the corporation may pass a resolution to enter into interlocal cooperation agreements for the joint exercise of powers, including the investment of public funds.

C. Maximum Maturities

The corporation's investments must have a stated final maturity of not more than two years pursuant to IC 5-13-9-5.6. The corporation may adopt an ordinance, pursuant to IC 5-13-9-5.7, authorizing its Investment Officer to make investments having a stated final maturity that is more than two (2) years but not more than five (5) years after the date of purchase. The total investments of the corporation with maturities of two (2) to five (5) years outstanding at the time of purchase may not exceed twenty-five percent (25%) of its total portfolio of public funds invested, including balances in transaction accounts. Such ordinance expires on the date on which this Policy expires, which may not exceed four (4) years.

The treasurer shall prepare a report on December 31st summarizing the financial activities that occurred during the previous month.

This policy is effective until four (4) years from the date it is adopted by the school board.

Legal Reference: I.C. 5-13-9-5.7

Date Adopted: 10/08/12

Date Adopted: 02/11/19

Date Adopted: 11/09/20

**Checks over 2 years old as of 12/31/2023**

Check	Sub Type	Effective Date	†△	Orig Amount	Amount	Employee/Payee Name
<a href="#">Click here to define a filter</a>						
087564	Docket	01/19/2021		100.00	100.00	[REDACTED]
088418	Docket	06/03/2021		12.05	12.05	[REDACTED]