

# WBCCSC Board of Finance Annual Report

January 9, 2023

Kyle Whiteley, Director of Business & Technology

## 1. 2022 Comparison Report/Year in Review

On January 1, 2022, the Education Fund Cash Balance was \$3,516,766. As of December 31, 2022, the Education Fund cash balance was \$3,553,288. This is an increase of \$36,522. The Education Fund expenditures for December 2022 were \$832,623. As of the end of December 2022, a total of 91% of the 2022 appropriation was expended.

On January 1, 2022, the Operations Fund Cash Balance was \$2,567,353. As of December 31, 2022, the Operation Fund cash balance was \$3,117,202. This is an increase of \$549,849. However, \$473,385.83 of open purchase orders were carried over from the 2022 Operations Fund budget, so the realized growth to the cash balance is \$76,463. The Operation Fund expenditures for December 2022 were \$516,292. As of the end of December 2022, a total of 77% of the 2022 appropriation was expended.

On January 1, 2022, the Rainy Day Fund Cash Balance was \$1,218,601. As of December 31, 2022, the Rainy Day Fund cash balance was \$1,924,968. This is an increase of \$706,367. \$350,000 was transferred from the Operations Fund to the Rainy Day Fund in May of 2022. The Rainy Day Fund was also reimbursed for construction expenses incurred before the bond proceeds were received.

On Tuesday, December 27, 2022, with the authority of the Board of Trustees granted by a resolution on February 14, 2022, the corporation treasurer transferred \$550,000 from the Education Fund to the Operations Fund for Operation Fund expenditures that, in prior years, were General Fund expenditures. In 2022, the corporation treasurer transferred a total of \$1,403,587 from the Education Fund to the Operations Fund. This was 12.04% of the Education Fund Revenue and was \$271,022 less than what was transferred in 2021.

## 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.

### 2022 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 2022, 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>2022 Interest Earned</b> | <b>2021 Interest Earned</b> |
|------------------------------|-----------------------------|-----------------------------|
| Home National Bank           | \$113,716.30                | \$9,596.03                  |
| Raymond James Bank           | \$13,010.13                 | \$0                         |

In 2022, we began purchasing US Treasuries in a laddered approach. To end the year 2022, our accounts with Raymond James show a (\$19,388.84) change in value, because the treasuries can drop in value before they increase. Once they mature, they will show an increase. Home National Bank continues to match the TrustIndiana interest rate for our accounts. The rise in interest rates throughout the year led to the additional interest earned in 2022.

### 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 2021 financial information (over 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. Assessed Value is increasing in 2023. Out of all the indicators, 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. In five to ten years, we expect to see a rebound in enrollment, but the next couple of years may be challenging with regards to a lower enrollment.

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### 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

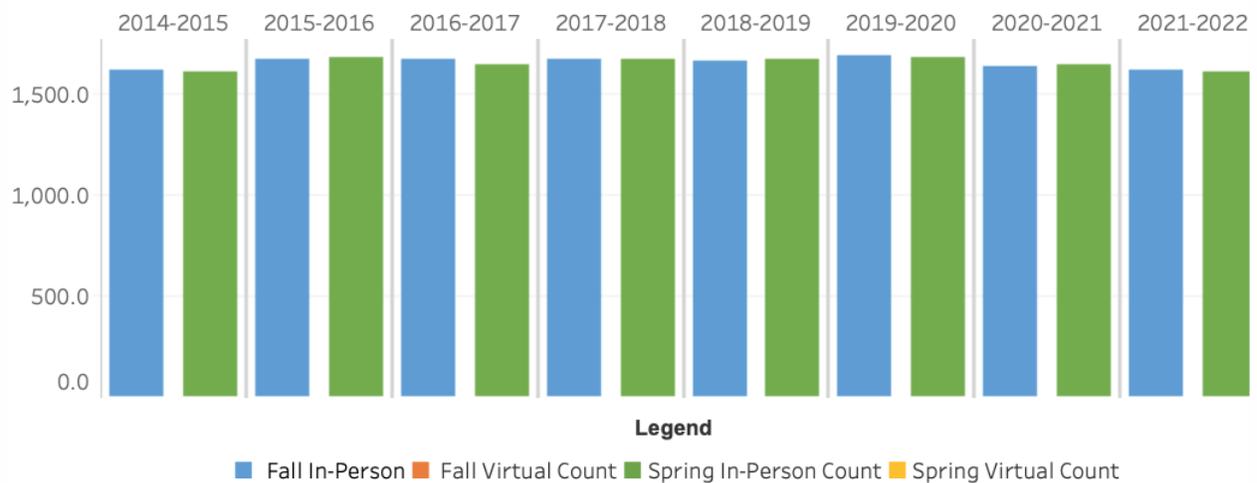
Time Of Year

(All) ▼

Virtual v In Person

(All) ▼

### Average Daily Membership ("ADM")



## Fund Balances



The funds and rules on the how funds are used changed in 2019. Fund Balances are healthy and have shown growth from 2019-2021. 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

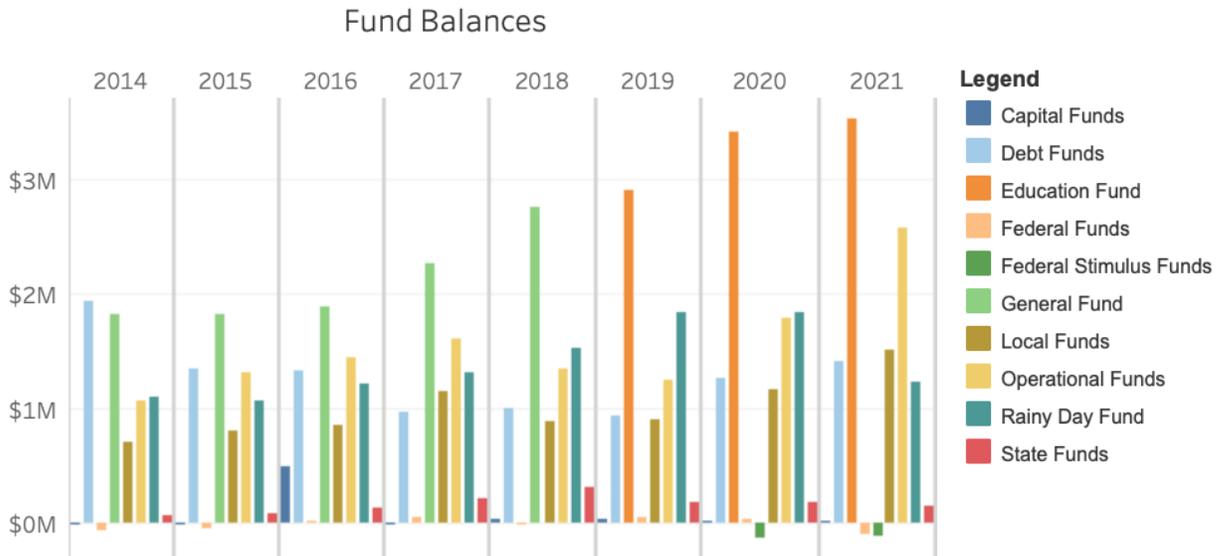
Fund Balances as of December of the calendar year listed.

Select Funds by Fund Classification

(All)

Classification v Sum

Classification



## Annual Deficit/Surplus

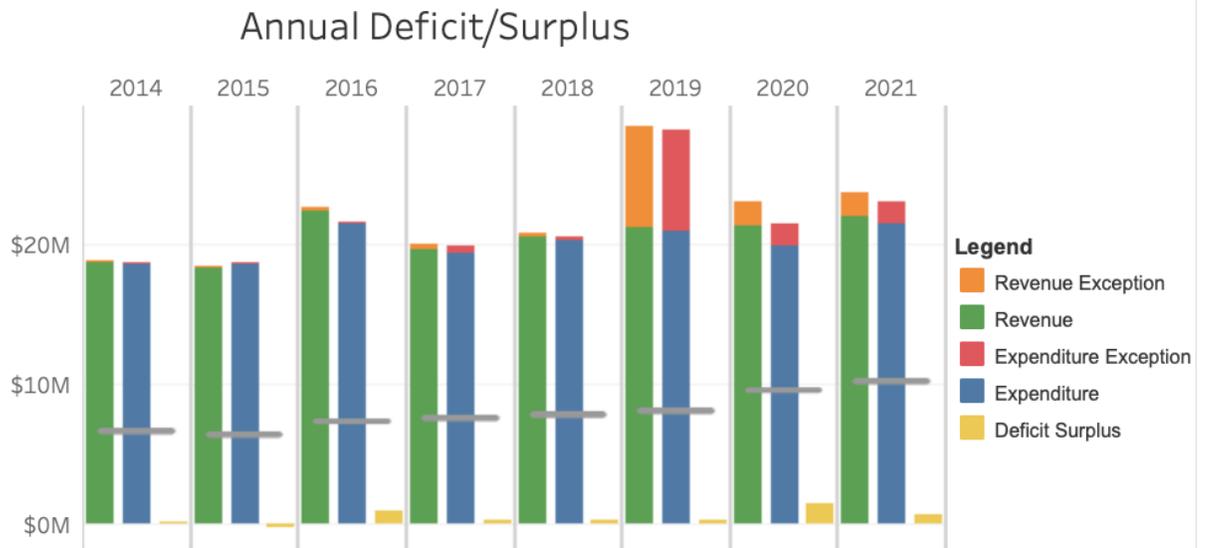


Our revenue and expenditures are close year-to-year and, most years, we show a slight surplus. From 2016 through 2021, we have shown a surplus meaning our revenue exceeds our expenditures. Exceptions are new to the graph this year and represents transfers from one fund to another.

### 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



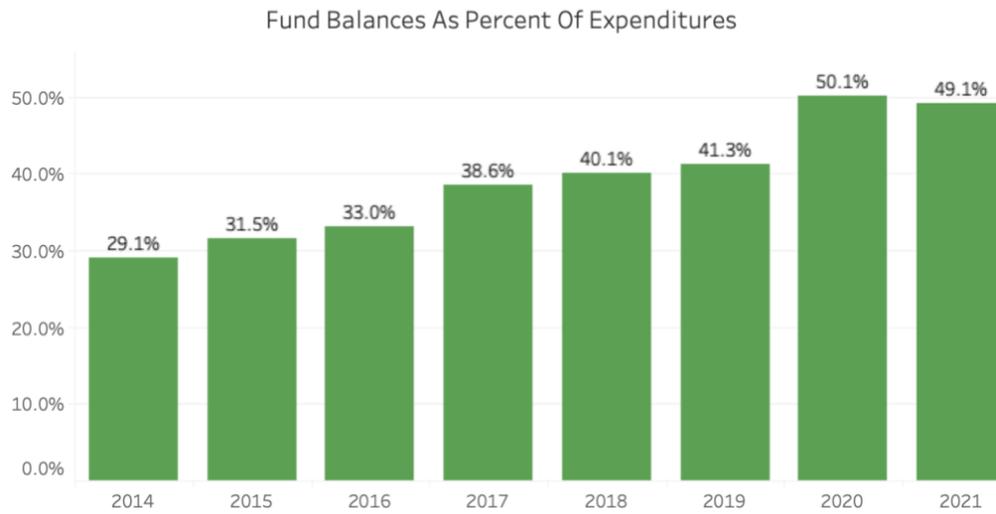
Our fund balances individually and collectively are sufficient to maintain operations in the case of delayed revenue. Reserve and Liquidity Board Policy 7022 asserts our “Reserve Target” level is 15% using “Unrestricted Funds” (Education Fund and Rainy Day Fund). Our 2021 reserve level based on unrestricted funds was 46.4% 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)

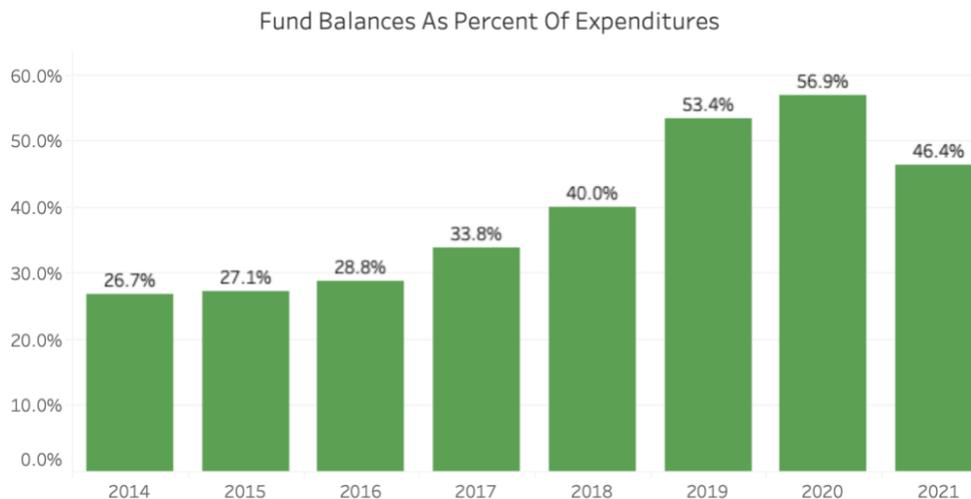


### Fund Balances as Percent of Operations Expenditures

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Select Funds by Fund Classification:

(Multiple values)



## Revenue



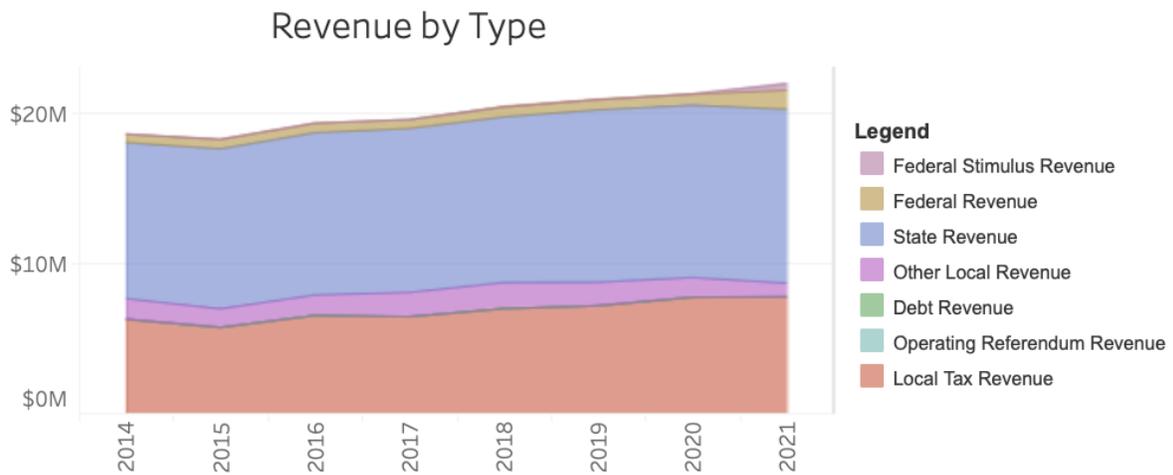
Our revenue continued to trend upward through 2021. The Governor’s agenda includes an increase to the funding formula for the next biennium budget. The maximum levy for Operations has increased over the last several years. Moving forward, enrollment will determine if our revenue continues to climb.

### 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 and currently have no plans to pursue one.

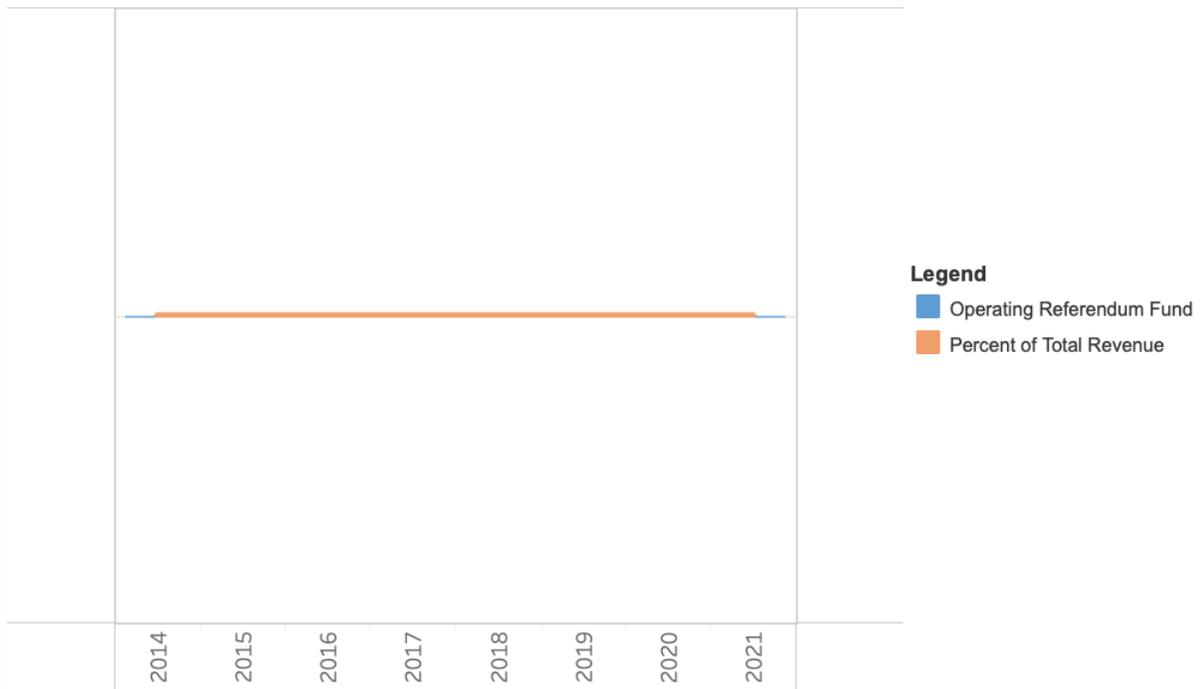
### Operating Referendum Revenue as Percent of Total Revenue

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. 2023 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 request to reduce the debt service tax rate from 0.5292 to 0.5034, which reduces the levy from \$4,499,731 to \$4,280,357. Our 2023 Assessed Value increased to \$850,289,395 from \$726,509,669 in 2022. Our 2023 maximum levy for the Operations Fund is 3,846,499. For 2023, we are taking a levy of \$3,845,859 for the Operations Fund, \$640 less than the maximum. This levy, in addition to our Debt Service levy of \$4,280,357, brings our total tax levy in 2023 to \$8,126,216. This levied amount with our 2023 A.V. gives us a 2023 tax rate of 0.9557. WBCSC received notice on January 9, 2023, from the DLGF that the 2023 Budget Order for Boone County was certified.

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

\$3,663,788 – 2022 Debt Service Fund Levy

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

\$3,663,062 – 2022 Operations Fund Levy

\$8,126,216 – 2023 Total Levy

\$7,326,850 – 2022 Total Levy

\$850,289,395 – 2023 Assessed Value

\$726,509,669 – 2022 Assessed Value

0.9557 – 2023 Tax Rate

1.0085 – 2022 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.

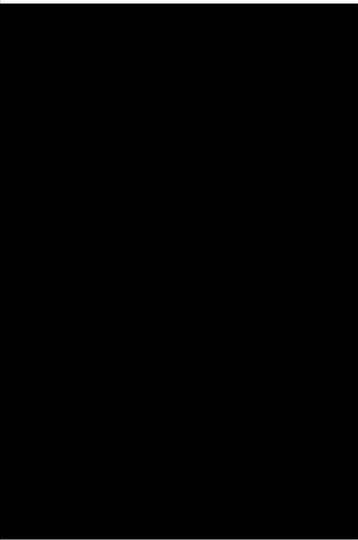
Legal Reference: I.C. 5-13-9-5.7

Date Adopted: 10/08/12

Date Adopted: 02/11/19

Date Adopted: 11/09/20

**Checks over 2 years old as of 12/31/2022**

| Check   | Sub Type | Effective Date | <sup>1</sup> △ | Orig Amount | Amount | Employee/Payee Name   |
|---|----------|----------------|----------------|-------------|--------|---|
| <a href="#">Click here to define a filter</a> |          |                |                |             |        |   |
| 085681  | Docket   | 02/28/2020     |                | 15.53       | 15.53  |  |
| 085691  | Docket   | 02/28/2020     |                | 16.50       | 16.50  |   |
| 085715  | Docket   | 03/05/2020     |                | 500.00      | 500.00 |   |
| 086124  | Docket   | 05/13/2020     |                | 6.75        | 6.75   |   |
| 086705  | Docket   | 09/03/2020     |                | 6.05        | 6.05   |   |
| 086712  | Docket   | 09/03/2020     |                | 18.55       | 18.55  |   |
| 086713  | Docket   | 09/03/2020     |                | 9.20        | 9.20   |   |
| 086727  | Docket   | 09/03/2020     |                | 18.60       | 18.60  |   |
| 086732  | Docket   | 09/03/2020     |                | 18.35       | 18.35  |   |
| 086734  | Docket   | 09/03/2020     |                | 5.15        | 5.15   |   |
| 086735  | Docket   | 09/03/2020     |                | 12.95       | 12.95  |   |
| 086992  | Docket   | 10/15/2020     |                | 12.55       | 12.55  |   |
| 087071  | Docket   | 10/30/2020     |                | 5.00        | 5.00   |   |