

**SCHOOL CITY OF HOBART
BOARD OF SCHOOL TRUSTEES
BOARD OF FINANCE MEETING
January 23, 2025**

The Board of School Trustees of the School City of Hobart met as the Board of Finance on January 23, 2025, in the Board Room at Hobart High School, 2211 East Tenth Street, Hobart, Indiana.

ROLL CALL: President Rikki Guthrie asked Board Members to log in. The following Board Members and Administrators were present or absent as noted:

Board Members Present:

Rikki A. Guthrie
Sandra J. Hillan
Frank Porras
Bradley Keehn
David W. Kostbade
Donald H. Rogers
Stuart B. Schultz
Kayla Davis, HHS student representative
Isis Fleming, HHS student representative (After meeting began)

Administrators Present:

Peggy Buffington
Bob Glover
Christopher N. King
William J. Longer

Administrators Absent:

Jonathan Mock
Tim Krieg

CALL TO ORDER: President Guthrie called the meeting to order around 6:35 p.m.

BOARD OF FINANCE: President Guthrie indicated that the Board of Finance meeting was being held in accordance with I.C. 5-13-7-6 that required the Board of Finance to organize yearly after the first Monday and on or before the last day of January. At the January 9, 2025, meeting, it was announced that the Board of Finance would meet on January 23, 2025, prior to the regular session meeting.

I. ELECTION OF OFFICERS –

President Guthrie noted the minutes of January 9, 2025, meeting indicated that the Board of School Trustees also serves as officers of the Board of Finance.

II. REVIEW: Treasurer's Investment Report –

Business Manager Bob Glover indicated that at the annual meeting of the Board of Finance, the investing officer of a political subdivision was required to make a written report to the investing officer's local Board of Finance summarizing the political subdivision's investments during the previous calendar year. The local Board of Finance is then required to "review the report." A copy of the Investment Report was included with the electronic meeting information. Mr. Glover noted in addition to the Report of Investments, he included three graphs, as follows:

- School City of Hobart Interest Income from 2015 through 2024: The graph showed interest rates from 2015 through 2024 and interest ranged from \$9,988.00 earned in 2015 to \$313,523.00 in 2024.
- NOW Account Interest Rates – 24 Months: The graph showed that \$201,541.00 was the amount of interest earned with an average rate of .3129 in 2023 and \$313,523.00 was the amount of interest earned with an average rate of .4500 in 2024.
- 2022 vs 2024 Interest Comparison: The graph showed the average interest rate of 0.04 in 2022 compared to 0.45 in 2024 and interest earned in 2022 was \$4,330.00 and \$313,523.00 in 2024.

Stuart Schultz moved to acknowledge that the Investment Report has been reviewed and accepted by the Board of Finance. Seconded by Donald Rogers.

In the discussion, Mrs. Guthrie inquired about the exclusive use of First Financial. She was told that the ECA accounts of the schools are spread out among the other branch banks in the city, and the school district's accounts are at First Financial. Dr. Buffington mentioned that they have met with a couple of the other bank branches in the past but have kept the district's accounts with First Financial.

Vote on motion: Aye – Kostbade, Rogers, Keehn, Schultz, Porras, Hillan, and Guthrie. Motion carried 7-0 in favor.

III. REVIEW: Overall Investment Policy of the School City of Hobart –

Mr. Glover presented the Investment Policy of the school district and noted that the law requires the Board of Finance to "review the overall investment policy of the political subdivision." According to the Indiana Board of Depositories, local investing officers should have a written investment policy adopted for the Board to review. Mr. Glover noted that nothing has changed from previous years. The district policy, which is consistent with Indiana law, was included with the electronic meeting information. The term "policy" actually refers to administrative procedures. In the absence of specific Board policy in this area, the Board policy instructs administrators to follow state and federal law. A copy of the Investment Policy is attached to the minutes of this meeting.

In addition, Mr. Glover mentioned that for informational purposes he included a copy of the public depositories that the district would be using in the 2025 calendar year for draft checking, as follows: JPMorgan Chase Bank, Centier Bank, and Peoples Bank, SB, Hobart branches. Also, TrustIndiana in Indianapolis, Indiana, would be used for investment of public funds by the school district for the 2025 calendar year.

Donald Rogers moved to acknowledge that the investment policy has been reviewed and accepted by the Board of Finance. Bradley Keehn seconded. Vote on motion: Aye – Kostbade, Rogers, Keehn, Schultz, Porras, Hillan, and Guthrie. Motion carried 7-0 in favor.

IV. DISPOSITION: Old Outstanding Checks –

Robert Glover, Business Manager, explained the procedure for the disposition of old outstanding checks. He indicated that not later than March 1 of each year, the Treasurer shall prepare or cause to be prepared a list in duplicate of all checks outstanding for two or more years as of December 31 of the last preceding year. The original copy shall be filed with the Board of Finance of the school corporation and the duplicate copy maintained by the Treasurer. A copy of the list of outstanding checks was included with the electronic meeting information. The Treasurer shall enter the amounts so listed as a receipt to the fund or funds upon which they were originally drawn and remove the checks from the list of outstanding checks. If the fund on which the checks were originally drawn is not in existence, or cannot be ascertained, the amount of such checks shall be receipted to the Education Fund or Operations Fund as appropriate. Mr. Glover noted that Board action was not required since the checks are already void. He mentioned that if any of the listed people would come forth, a new check would be issued for them.

Frank Porras moved that the Board of Finance accept the Disposition of Old Outstanding Checks and for the minutes to reflect that the report has been provided. Seconded by Stuart Schultz. Vote on motion: Aye – Kostbade, Rogers, Keehn, Schultz, Porras, Hillan, and Guthrie. Motion carried 7-0 in favor.

V. REVIEW: Fiscal Indicators –

Business Manager Bob Glover indicated that IC 5-13-7-8 required the superintendent of the school corporation, or their designee, to submit a written report assessing the financial condition of the school corporation to the Board of Finance during the annual meeting in January, and the Board of Finance shall review the submitted report. He noted that a specific format for this report was not outlined in statute. However, the report should use the Distressed Unit Appeal Board's (DUAB) Fiscal Indicators as the basis for the assessment of the school corporation's overall financial condition. Mr. Glover noted there were two attachments included with the electronic meeting information. The first was titled, School Corporation Fiscal Indicators Data Sources (for December 2024 Release) that outlined all of the sources where the data was collected from for the Fiscal Indicators Report by DUAB. The second was the district's Fiscal Indicators Report.

Bob Glover reviewed the Fiscal Indicators Report, as follows:

- Average Daily Membership (ADM)
 - A graph of ADM for the years 2015-2016 through 2023-2024.
 - A narrative regarding ADM and funds received and Spring and Fall ADM's for the calendar years 2020 to 2024 and fiscal years 2020-2021 to 2023-2024 and for the 2024-2025 (with Spring ADM not available).
- Fund Balances
 - A graph from 2014 through 2023 for all funds (Capital Funds, Debt Funds, Education Fund, Federal Funds, Federal Stimulus Funds, General Fund, Local Funds, Operating Referendum, Operational Funds, Rainy Day Fund, Self-Insurance Funds, and State Funds).
 - A graph from 2014 through 2023 for the district's Education Fund, Operating Referendum Fund, and Operational Funds.
 - A narrative regarding Fund Balances for Capital Funds, Federal Funds, Operational Funds, and Education Fund.

- Funds received from 2016 through 2024 for the Education Fund, Operations Fund, Referendum Operating Fund, General Fund, Capital Projects, Bus Replacement and Transportation.
- Circuit Breaker/Shortfalls from 2018 through 2024.
- Annual Deficit/Surplus
 - Two graphs from 2014 through 2023 of Revenue, Expenditure, Deficit Surplus and Fund Balance.
 - A narrative pertaining to the Annual Deficit/Surplus.
- Fund Balance as a Percent of Expenditures
 - A graph for the years 2014 through 2023.
 - A narrative and graph for the years 2015 through 2024 showing Percent of Expenditures, Fund Balance, and Expenditures in millions, rounded.
- Revenue by Type
 - Two graphs for the years 2014 through 2023 for the following funds: Federal Stimulus Revenue, Federal Revenue, State Revenue, Debt Revenue, Operating Referendum Revenue, Local Tax Revenue, Other Local Revenue. In addition, the first graph included Revenue Type Percentages for the years 2014 through 2023 for the following: Federal Revenue, State Revenue, Other Local Revenue, Debt Revenue, Operating Referendum Revenue, and Local Tax Revenue.
- Operating Referendum Revenue as Percent of Total Revenue
 - A graph showing Operating Referendum Revenue and Percent of Total Revenue from 2020 through 2023.

A copy of the district's Fiscal Indicators Report is attached to the minutes this meeting.

Stuart Schultz moved and Frank Porras moved to acknowledge that the Fiscal Indicators report has been reviewed and accepted by the Board of Finance. Seconded by Karen Robbins. Vote on motion: Aye – Kostbade, Rogers, Keehn, Schultz, Porras, Hillan, and Guthrie. Motion carried 7-0 in favor.

The Board thanked Mr. Glover for his work and presentation for the different report areas included at this meeting.

ADJOURNMENT: There being no other business to come before the Board of Finance, President Guthrie adjourned the meeting around 7:04 p.m.

BOARD OF SCHOOL TRUSTEES
BOARD OF FINANCE
SCHOOL CITY OF HOBART

Rikki A. Guthrie, President

ATTEST:

Frank Porras, Secretary

Submitted for Approval: February 6, 2025

INVESTMENT GUIDELINES & RESTRICTIONS FOR THE SCHOOL CITY OF HOBART

IC 5-13-7-7

The investing officer may deposit funds only with financial institutions designated by the State Board of Finance as depositories for state funds. [IC 5-13-4-8]. Qualifying financial institutions according to IC 5-13-4-10 are defined as follows:

- (1) A bank, trust company, or mutual savings bank that:
 - a. was incorporated under the law of Indiana or any other state; and
 - b. has its principal office or a branch in Indiana.
- (2) A national banking association with its principal office or a branch in Indiana.
- (3) A savings association operating as a deposit association incorporated under Indiana law.
- (4) A federally chartered savings association with its principal office or a branch in Indiana.
- (5) A federally chartered savings bank with its principal office or a branch in Indiana.
- (6) A state chartered credit union in Indiana that is federally insured or privately insured and three million dollars (\$3,000,000) or more.

The investing officer is empowered by statute to invest in:

- (1) Deposit Accounts [IC 5-13-4-7].
- (2) Federal Securities [IC 5-13-9-2].
- (3) Repurchase Agreements [IC 5-13-9-3]
- (4) Certificates of Deposit [IC 5-13-9-4]
- (5) Other investments authorized by law.

All investments must mature within 2 years of date of purchase.

Investments Not Authorized by Statute

Pursuant to IC 36-1-3-8, a unit may only invest funds as expressly provided in the statutes.

Investments should be made in the following manner:

- (1) By fund, where any statute or the terms of any bequest, federal, state, or private grant, endowment or trust, make provisions for investments with the interest to accrue to the benefit of such fund.
- (2) By fund, if so determined by the governing board.
- (3) From the total monies on deposit, after giving consideration to (1) and (2) above.

Prohibited Acts

An investing officer may not purchase securities on margin or open a securities margin account for the investment of public funds. [IC 5-13-9-9]

ANNUAL REPORT

The local board of finance shall receive and review the written report of the investing officer that summarizes the political subdivision's investments during the previous year. The report must contain the name of each financial institution, governmental agency or instrumentality or other person with whom the political subdivision invested money during the previous calendar year. [IC 5-13-7-7]

AUDIT AND REVIEW

The State Board of accounts is an independent state agency whose primary function is to audit and examine the accounts and records of all state and local departments, institutions, offices, or other agencies. As part of these audits, the Annual Report is verified for accuracy and compliance to statutory requirements. This investment policy is also subject to their review during an audit.

POLICY AMENDMENT

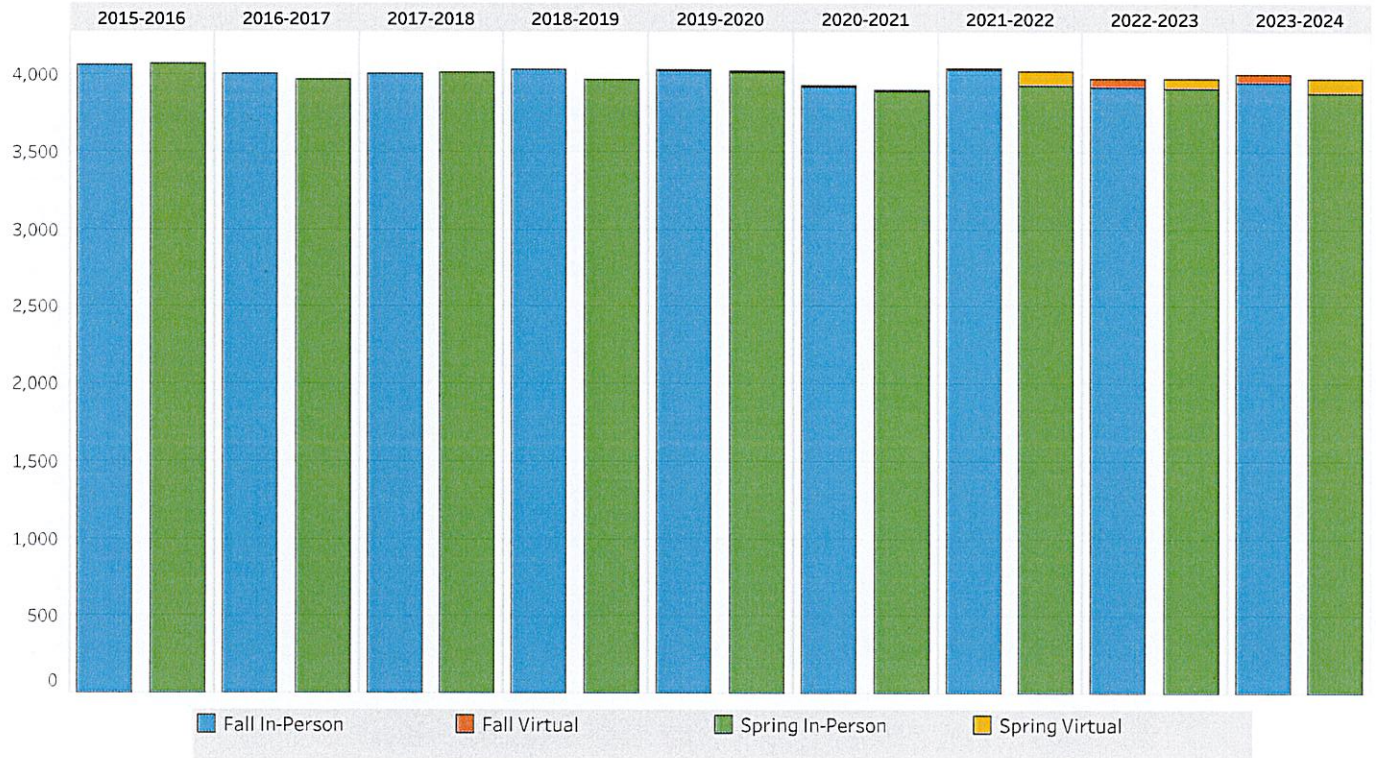
Amendment to this policy can occur by:

- (1) State statute
- (2) Changes approved by the Board of Finance agreeable with state statute.

Average Daily Membership/Demographics ⓘ
SCHOOL CITY OF HOBART SCHOOL CORPORATION



ADM or Demographics: ADM
Chart/Table: Chart
Time Of Year: All
In-Person / Virtual: All





SCHOOL CITY OF HOBART SCHOOL CORPORATION

4730

32 E 7th St, Hobart, IN, 46342
<http://www.hobart.k12.in.us/>

Most Recent Audit as of June 2024: <https://www.in.gov/sboa/WebReports/B60741.pdf>
Additional audit reports may be found at: <https://secure.in.gov/apps/sboa/audit-reports/#%2F>



**2023-24 Fall Student
Count (ADM):**

4,003.0

**2024 Net Assessed
Value:**

\$1,034,311,070

Estimated Population

24,163

****NOTICE****

School fund structure was modified in 2019. The General Fund, Capital Projects Fund, Transportation Fund, Bus Replacement Fund and certain specialty operating funds were eliminated and replaced with an Education Fund and an Operations Fund. Additional updates also were made to the chart of accounts at that time.

It is important to note that many funds have specific purposes as required either by State statutes or State or Federal grant requirements. As such, a school corporation's ability to transfer between funds or utilize fund balances and revenue for uses other than the purposes directed for a particular fund may be restricted.

For description of funds included by fund classification, please refer to the Data Sources document - <https://www.in.gov/duab/files/School-Corporation-Fiscal-Indicators-Data-Sources.pdf>

ADM

The primary funding source for the Education Fund is state tuition support. The amount of state tuition support the school corporation receives is determined by the state tuition support formula.

All calculations in this formula are approved by the Indiana General Assembly and can be found in Indiana Code. The main funding factor in this formula is the foundation amount. The foundation amount is a dollar value school corporations receive per ADM. Increases or decreases in ADM can have a positive or negative impact on the funds made available to provide for the education, safety, and social/emotional needs of students within the school district.

The Fiscal Indicator ADM analytic shows a 1.3% loss in ADM for calendar year 2017. The school corporation anticipated this reduction. The graduating class of 2016 was an unusually higher than average cohort.

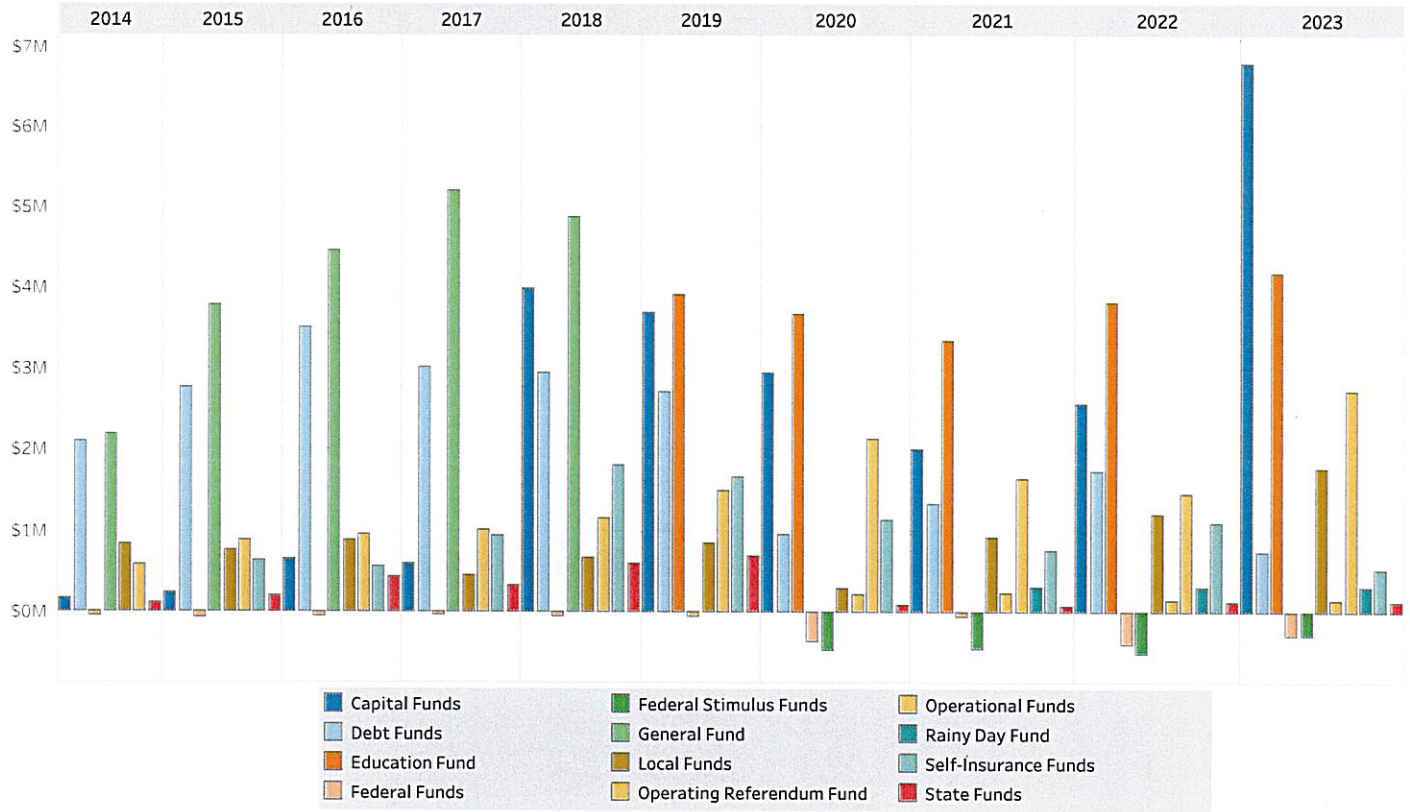
The COVID-19 pandemic had an observable adverse effect on the school corporation's ADM. ADM declined 3.1% from spring 2020 to spring 2021. In fall 2021, ADM returned to a level not seen since the graduation of the class of 2016. The subsequent decline in ADM in the fall of 2022 is primarily attributable to the difference in enrollment between the graduating class of 2022 and the incoming kindergarteners. ADM then rebounded in the fall of 2023. Indiana's voucher program, the growing popularity of virtual education, and lower birth rates represent new challenges that have emerged in recent years.

It would seem logical to conclude that a reduction in ADM would result in a loss of state dollars compared to the previous budget year. This is not necessarily true. Whether the school corporation experiences a loss of funding depends mainly on two components. The amount of ADM loss, and the support formula itself. Changes in the foundation amount along with other formula variables including, but not limited to, changes in the Complexity Grant can have a direct impact on the final dollar amount the school district receives. The tables below shows funding based on calendar and fiscal years.

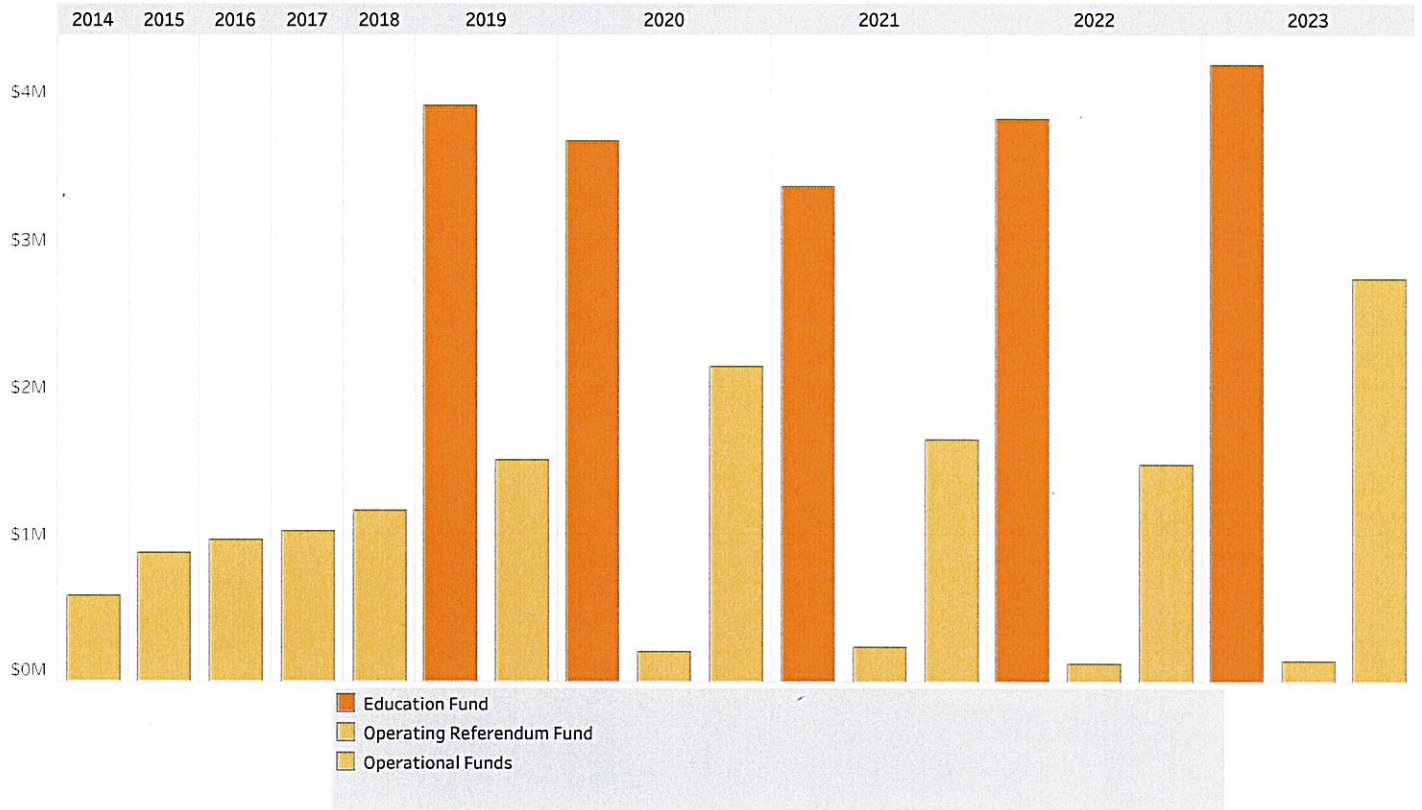
Calendar	Jan-June	Jul-December	Year Total	Spring ADM	Fall ADM	Difference
2020	14,185,005.95	14,026,491.00	28,211,496.95	4,017	3,921	
2021	13,985,915.00	15,002,988.50	28,988,903.50	3,892	4,035	777,407
2022	15,105,765.50	15,597,716.50	30,703,482.00	4,020	3,970	1,714,579
2023	15,660,747.50	16,604,473.00	32,265,220.50	3,968	4,003	1,561,739
2024	16,769,297.00	16,679,421.50	33,448,718.50	3,971	3,936	1,183,498

FY	Jul-December	Jan-June	Year Total	Fall ADM	Spring ADM	Difference
2020-2021	14,026,491.00	13,985,915.00	28,012,406.00	3,921	3,892	
2021-2022	15,002,988.50	15,105,765.50	30,108,754.00	4,035	4,020	2,096,348
2022-2023	15,597,716.50	15,660,747.50	31,258,464.00	3,970	3,968	1,149,710
2023-2024	16,604,473.00	16,769,297.00	33,373,770.00	4,003	3,971	2,115,306
2024-2025	16,679,421.50	16,679,421.50	33,358,843.00	3,936	N/A	(14,927)

Classification v Sum Classification All Select a view Chart



Classification v Sum Classification Fund Classification Multiple values Select a view Chart



Fund Balances

Capital Funds are inclusive of the corporation's construction funds. Construction funds are funded from the proceeds of bond issues. Bond issues are repaid through the Debt Service Fund. The balance in Capital funds will change based on the status of ongoing projects.

Federal Funds are reimbursable funds. Revenue is realized only after expenditures are made. Reimbursement requests are then sent to the proper state agency for reimbursement. These funds will never show a positive balance.

Operational Funds: The Operations Fund was created by HEA1009. It eliminated the Capital Projects Fund, Transportation Fund, and the Bus Replacement Fund as stand-alone funds. These three funds were combined to create the Operations Fund. A number of accounts in the General Fund that are considered operational in nature were also moved into the Operations Fund. The Operations Fund is a tax levy fund subject to the Circuit Breaker. Up to 15% of Educational Fund revenue can be transferred into the Operations Fund.

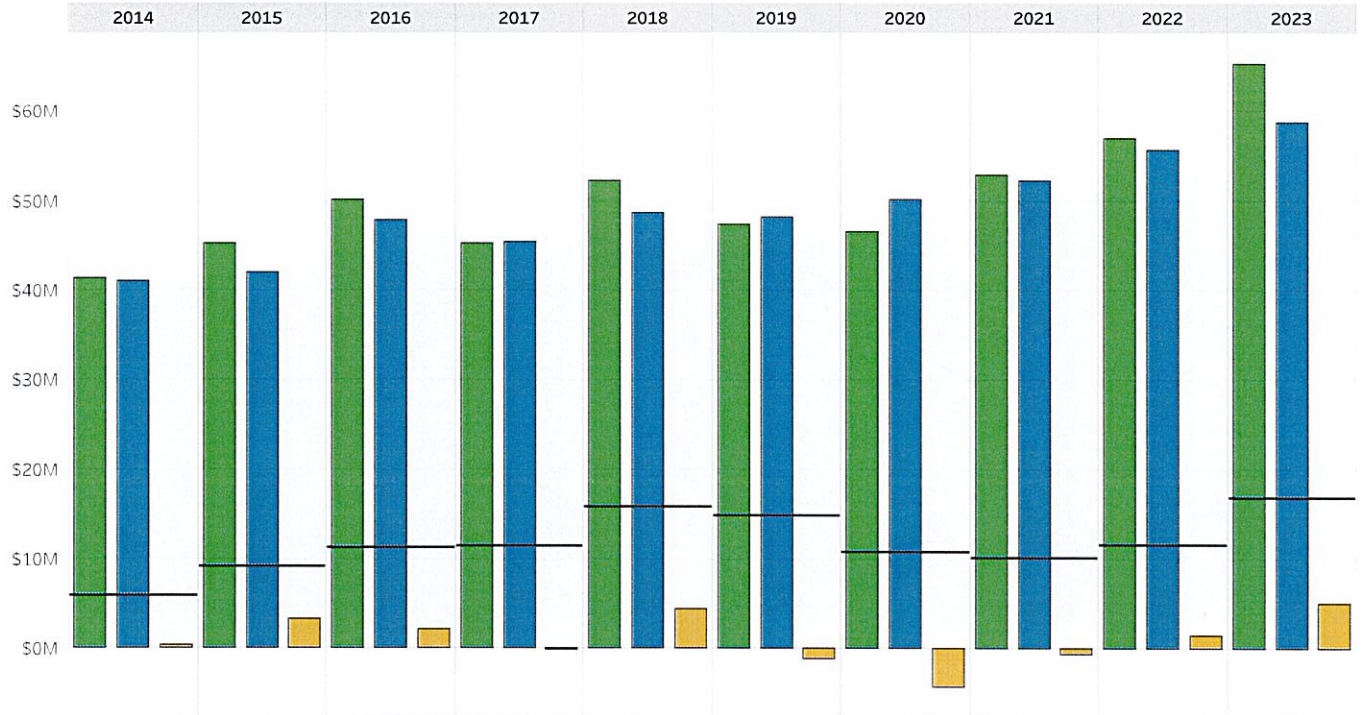
Circuit Breaker has continued to increase year over year placing pressure on our Operations Fund. The Exempt Operating Referendum Fund that became active in 2020 helps mitigate the increasing impact of Circuit Breaker. 2022 was the first year that the revenue generated by the Operating Referendum did not fully cover the Circuit Breaker loss in Operations.

Additionally, increased global inflation has placed significant pressure on the Operational Funds. From late 2021 through 2024, many of the district's variable operational costs have increased significantly, including utilities, fuel, and insurance. The district has relied on our cash balance, and transfers from the Education Fund, to manage these increased costs. In 2023, the district utilized the Protected Tax Waiver for the first time. This allowed for a transfer of funds from Debt Service to Operations resulting in an increased cash balance in Operations at the end of 2023.

Education Fund: The Education Fund was created by HEA1009. It eliminated the General Fund and retained expenditure accounts that are designated for educational purposes. HEA1009 allowed for transfers from the Education Fund to the Operations Fund. The strong cash balance in this fund helped the district manage the impact of COVID-19, and support the Operations Fund. Beginning in 2025, all Curricular Materials funding and expenditures will be included in the Education Fund.

	2016	2017	2018	2019	2020	2021	2022	2023	2024
Education Fund				\$ 3,904,787	\$ 3,669,696	\$ 3,355,741	\$ 3,814,488	\$ 4,181,878	\$ 4,201,681
Operations Fund				\$ 1,501,613	\$ 2,135,501	\$ 1,639,662	\$ 1,466,590	\$ 2,727,844	\$ 2,109,006
Referendum Operating Fund				\$ -	\$ 212,839	\$ 234,589	\$ 133,379	\$ 147,996	\$ 280,371
General Fund	\$ 4,461,265	\$ 5,199,840	\$ 4,869,373						
Capital Proj.	\$ 653,804	\$ 731,645	\$ 934,189						
Bus Replace.	\$ 10,935	\$ 141	\$ 31,640						
Transportation	\$ 301,290	\$ 286,719	\$ 196,511						
	\$ 5,427,294	\$ 6,218,345	\$ 6,031,713	\$ 5,406,400	\$ 6,018,036	\$ 5,229,992	\$ 5,414,457	\$ 7,057,718	\$ 6,591,058
Circuit Breaker/Shortfalls			\$ 624,505	\$ 667,727	\$ 1,408,339	\$ 2,060,225	\$ 2,538,676	\$ 3,463,336	\$ 3,591,991

Fund Classification: All
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Legend

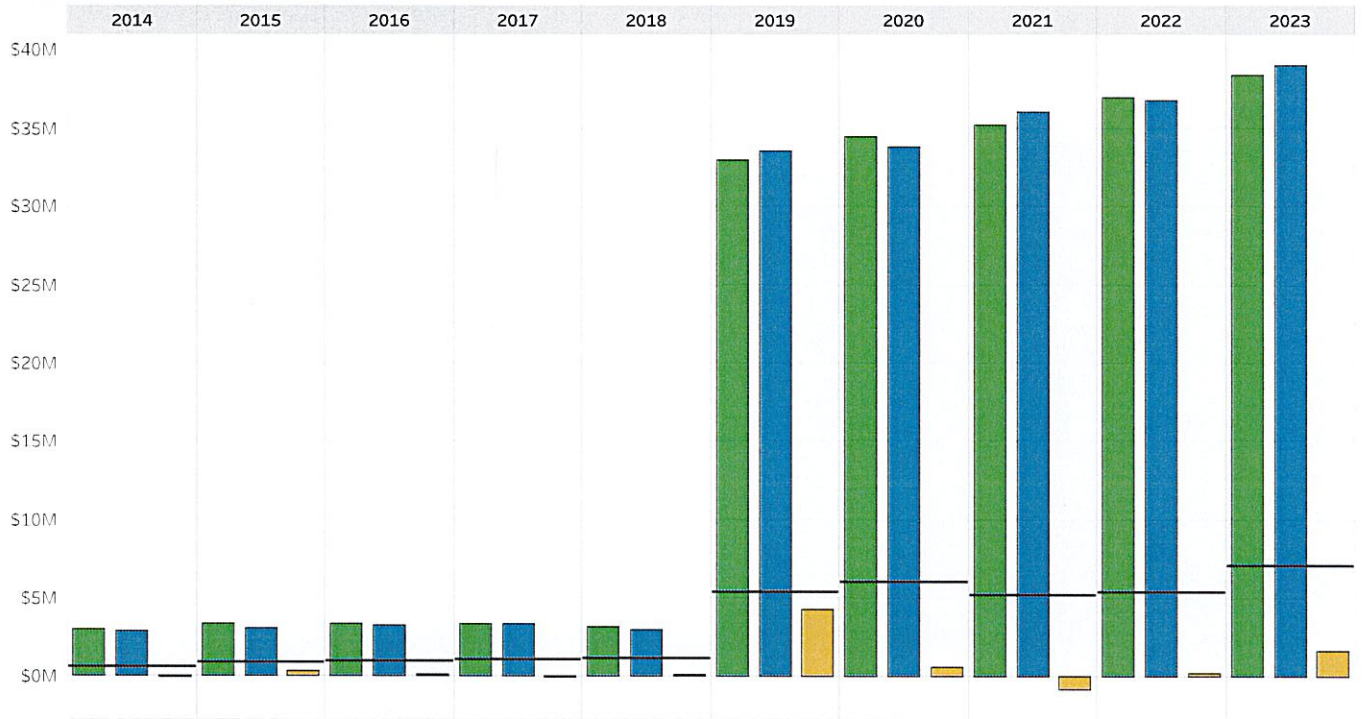
- Revenue
- Expenditure
- Deficit Surplus
- Fund Balance

Annual Deficit/Surplus ⓘ
SCHOOL CITY OF HOBART SCHOOL CORPORATION



Fund Classification
 Multiple values

Select a view
 Chart



Legend

- Revenue
- Expenditure
- Deficit Surplus
- Fund Balance

Annual Deficit/Surplus

The **Annual Deficit/Surplus** Fiscal Indicator shows a slight downward trend to the **Fund Balance** from 2018-2022. A bond issue in 2023 is the primary cause for the increased balance that year. The **Deficit/Surplus** trend has stabilized recently due to the introduction of the Exempt Operating Fund that began in the calendar year 2020.

It should be noted that this fiscal Indicator includes funds that cannot be used for Educational or Operational purposes. For example, activities in the construction funds and debt service funds contributed to the overall **Revenue** and **Fund Balances**. The revenue from bond proceeds funds the construction funds and is not recurring. The Annual Deficit/Surplus Fiscal Indicator will see an increase in overall expenditures and a reduction in cash balances as construction projects are spent down.

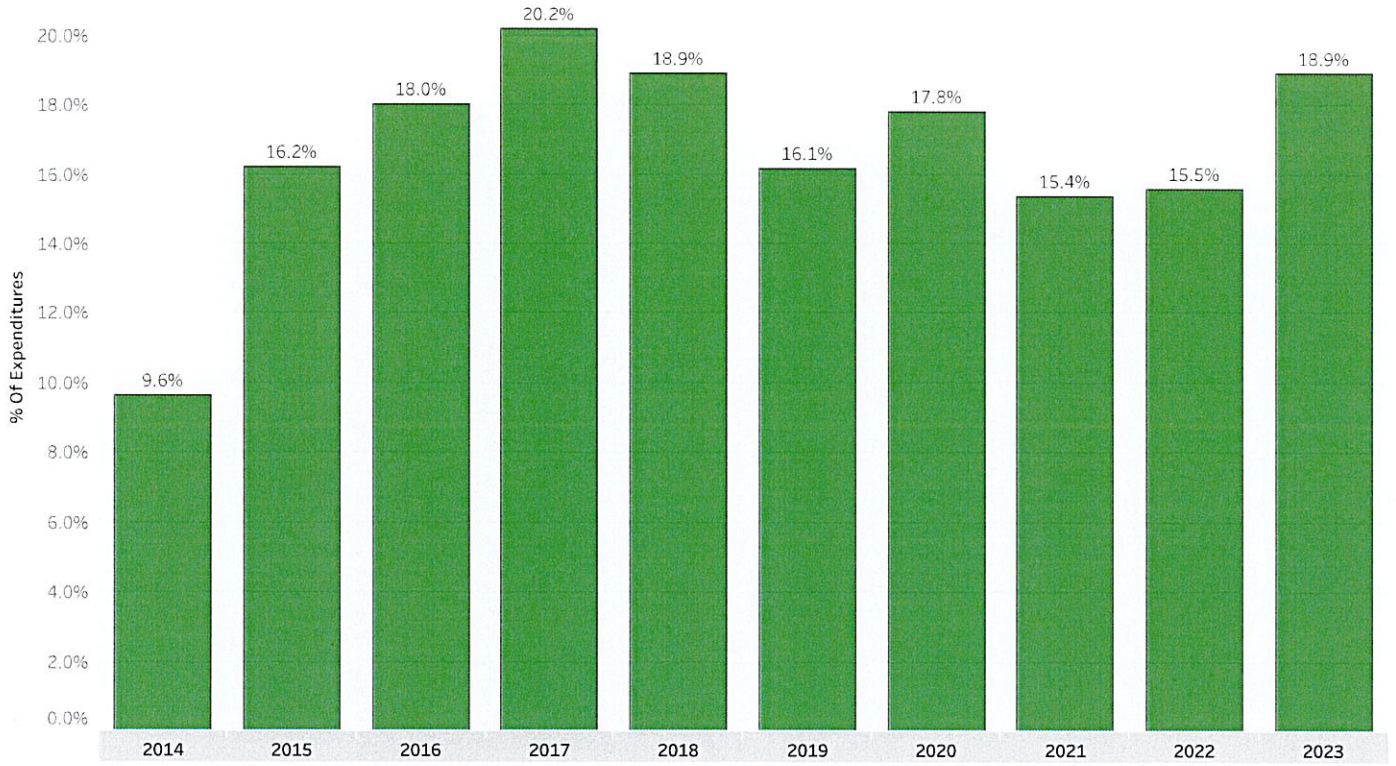
To put this fiscal indicator in perspective, a second Annual Deficit/Surplus Fiscal Indicator is included that has been filtered to include Educational, Operational, and Referendum Funds only. This filtered indicator shows an adjustment to the way these funds were tracked as a result of legislated changes in 2019. Following a surplus in these funds in 2020, there was a decline in the cash balance of these funds in 2021. That decline is attributable to lost revenue from the pandemic, and Circuit Breaker. Much of the increase in 2023 is the result of the transfer of funds from Debt Service to Operations through the Protected Tax Waiver.

Fund Balance as a Percent of Expenditures ⓘ
SCHOOL CITY OF HOBART SCHOOL CORPORATION



Fund Classification
All

Select a view
Chart



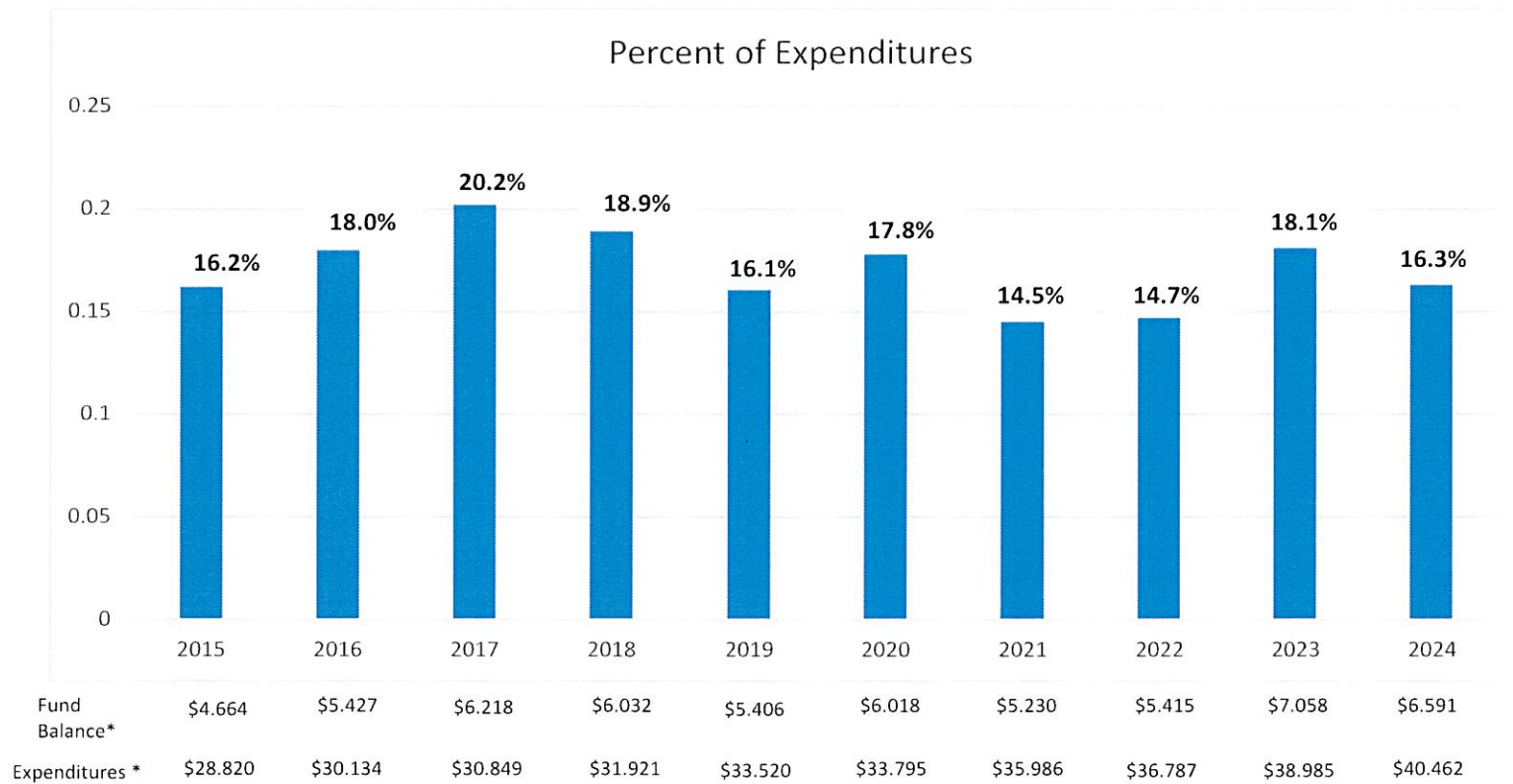
Fund Balances As Percent of Expenditures

The Fund Balances As Percent of Expenditures has held within a steady range beginning at 16.2% in 2015 and ending around 16.3% in 2024. The highest percent was 2017 at 20.2%.

This particular fiscal indicator only includes funds that are can be used for Educational and Operational purposes. Other funds that are non-recurring or single purpose are not included. This gives a better overall picture on the ability of the school corporation to maintain services in the event of delays in receiving revenue.

The cash balance of \$7,057,718.28 for 2023 would support more than two (2) months of the average 2023 monthly expenditures. This puts the school corporation in a very positive financial position in the event of delayed revenues. The second graphic removes Rainy Day Funds from the calculation.

Looking ahead to 2024, expenditures increased by \$1,477,039. The Fund Balance decreased by \$466,660. The calculation of Percent of Expenditures for 2024 is 16.3%.

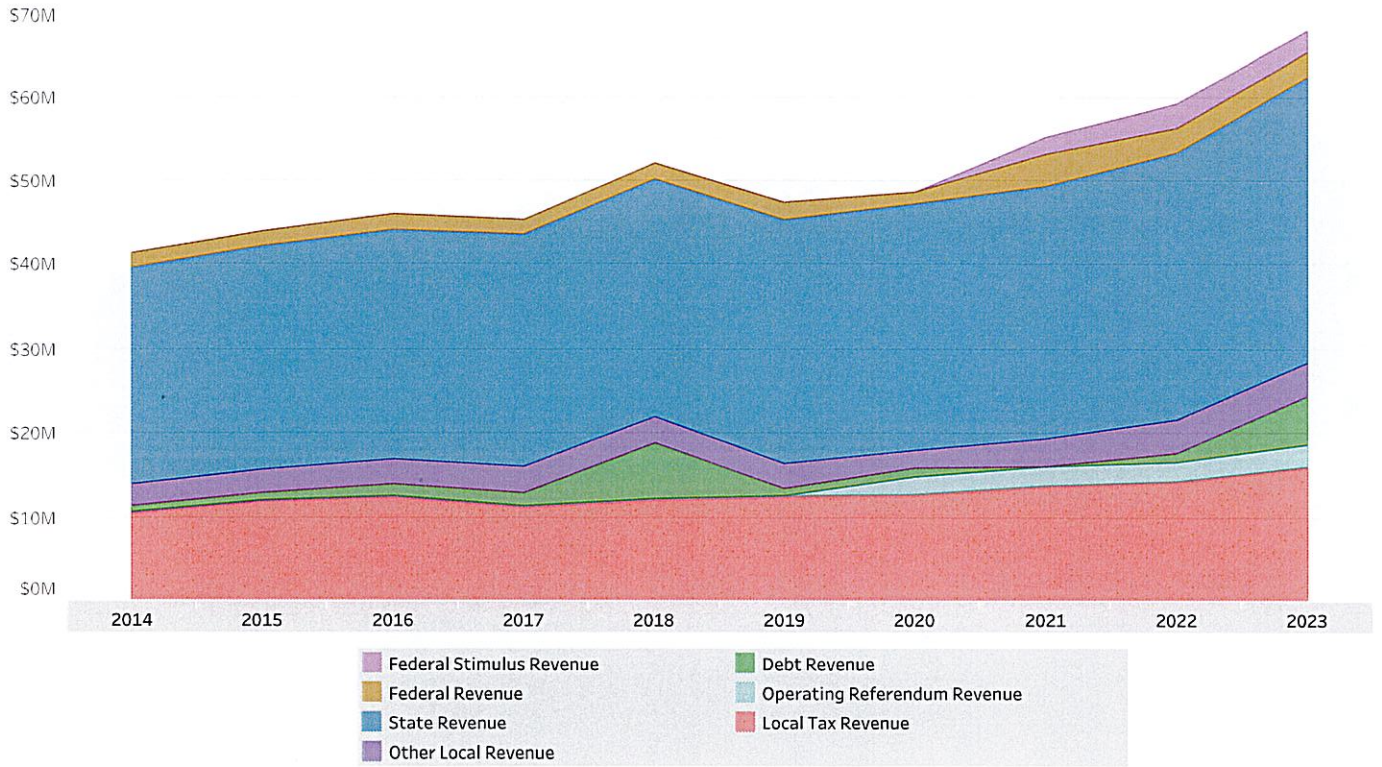


* In Millions, Rounded

Revenue By Type
SCHOOL CITY OF HOBART SCHOOL CORPORATION



Fund Classification: All
 Select a view: Chart



Revenue Type	2014	2015	2016	2017	2018	2019	2020	2021	2022	2023
Federal Revenue	4.1%	4.2%	4.0%	3.6%	3.7%	4.2%	2.8%	10.7%	10.0%	4.5%
State Revenue	62.3%	60.1%	59.1%	61.1%	54.3%	61.0%	60.3%	54.4%	53.6%	51.9%
Other Local Revenue	6.4%	6.2%	6.6%	6.7%	5.9%	6.4%	4.1%	5.9%	6.6%	6.3%
Debt Revenue	1.4%	2.3%	3.2%	3.5%	12.6%	1.6%	2.2%	0.0%	1.7%	8.7%
Operating Referendum Revenue	0.0%	0.0%	0.0%	0.0%	0.0%	0.0%	4.3%	4.0%	3.9%	4.0%
Local Tax Revenue	25.8%	27.2%	27.1%	25.0%	23.5%	26.7%	26.3%	25.1%	24.2%	24.5%

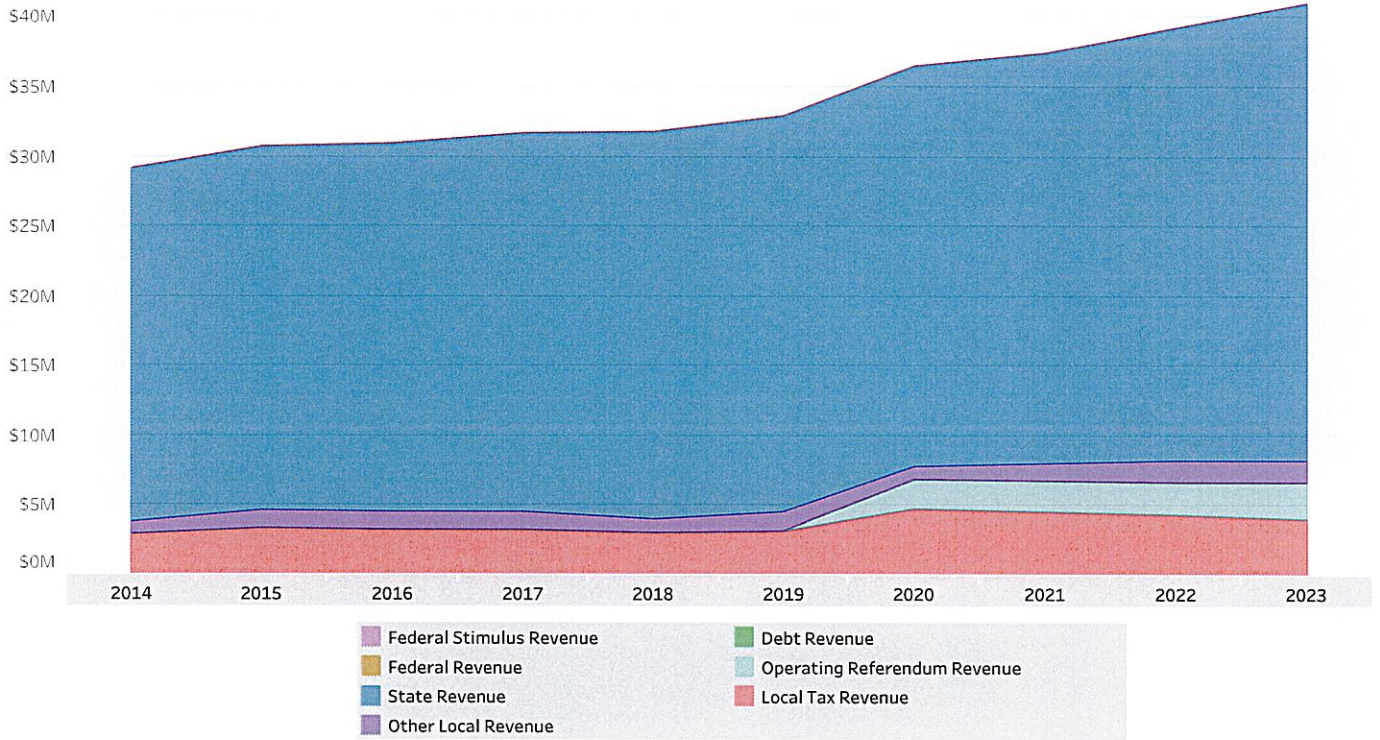
Revenue By Type

SCHOOL CITY OF HOBART SCHOOL CORPORATION



Fund Classification
Multiple values

Select a view
Chart



Operating Referendum Revenue
SCHOOL CITY OF HOBART SCHOOL CORPORATION



Fund Classification
All

Select a view
Chart

