

# CEDAR FALLS COMMUNITY SCHOOL DISTRICT



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Annual District Financial Report  
February 12, 2018

# Where to Begin - Legal Basics

- Home Rule

- Governing body has authority to take any action as long as it is not prevented by state or Federal law
- Applies to cities and counties

- Dillon's Rule

- Governing body has the authority to take action only if specifically stated in the law
- Applies to Iowa public school districts, AEA's and community colleges
- 2017 passage of HF573 provides some "wiggle room" but did not grant full Home Rule status

# Fund Accounting – CFCSD Funds

- General Fund
  - Includes Instructional Support Levy
- Management Fund
- Capital Projects Fund (new for FY17)
- Secure A Vision for Education (Statewide 1¢ sales tax)
- Physical Plant & Equipment Levy
- Activity Fund
- Nutrition Fund
- Debt Service Fund
- Trust & Agency Funds



# Goals & Principals of Iowa School's Foundation Formula (General Fund)

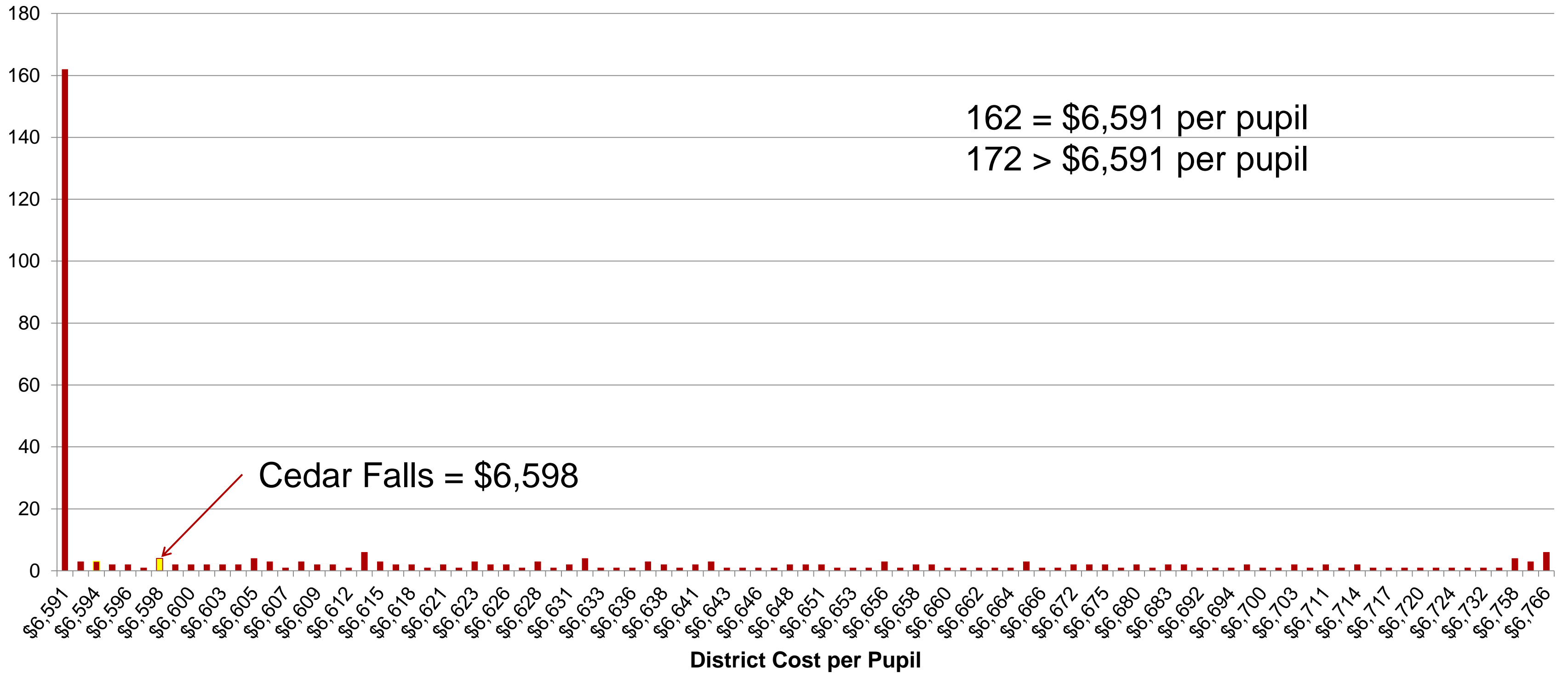
- Equity in expenditures
- Property tax relief
- Equalization of method of taxation
- Uniform state aid allocation formula
- Predictable
- Pupil-driven
- Provide for local discretion and incentives
- **ESTABLISHES  
MAXIMUM SPENDING  
CONTROL**
- Same formula for all Iowa K-12 public schools and AEA's

# Four Key Factors

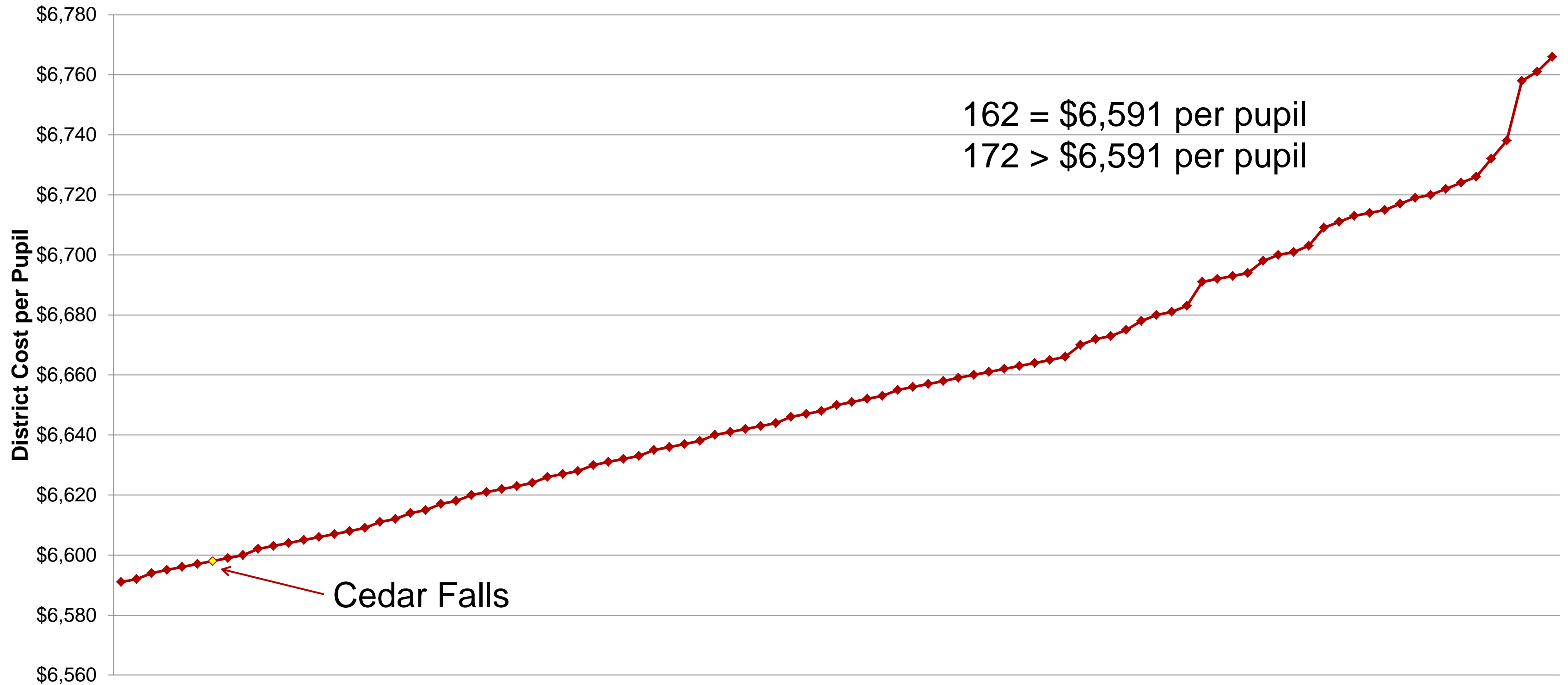
## Iowa Public School Foundation Formula

- 1. Enrollment
  - Number of students enrolled on October 1<sup>st</sup> determines budget and spending authority for the following school year
- 2. Equalization
  - Legislature established a law that “cost per student” across the state will be nearly equal to ensure every student equal access to a quality education

# Iowa Public Schools District Cost per Pupil



# Iowa Public Schools District Cost per Pupil



# Four Key Factors

## Iowa Public School Foundation Formula

- 3. Supplemental State Aid Growth (SSA)
  - Legislature & Governor control the annual increase in dollars available per student
    - Basically the State Foundation Formula is the Cost per Student x State percent of growth (SSA) x Oct. 1<sup>st</sup> enrollment
  - State foundation formula **sets the expenditure ceiling** for each school district's **total spending authority** and **tells** the school district how to fund its spending authority.



# Spending Authority (General Fund)

- Spending Authority is similar to the maximum limit on a credit card.
- Maximum limit does not necessarily mean you have the cash to spend to that limit.
- Spending authority is a calculation. It does not generate its own cash.
- Any unused spending authority (permission) carries forward to the following fiscal year.

# Spending Authority Calculation (General Fund)

- Combined District Cost
- + SBRC Dropout Prevention
- + SBRC Allowable Growth (increased enrollment, ELL, other misc.)
- + SBRC Special Education Deficit Allowable Growth
- + 4 yr. old pre-school funding
- + Instructional Support Levy
- + Other miscellaneous income
- + Previous year unspent budget authority
- = Maximum Authorized Budget
- - Expenditures
- = Unspent Authorized Budget Balance

# Cedar Falls CSD Unspent Authorized Budget Worksheet

Line 32 = Legal Limit on General Fund Spending

Authority	Data Source		Actual FY14	Actual FY15	Actual FY16	Actual FY17
1 Formula	AidLevy 4.3/5.1	Regular Program District Cost	29,796,787	30,967,044	31,666,807	33,333,756
2 Formula	AidLevy 4.8/5.2	Regular Program Budget Adjustment	0	0	0	0
3 Formula	AidLevy 4.11/5.3	Supplementary Weighting District Cost	357,875	439,278	466,358	506,291
4 Formula	AidLevy 4.14/5.4	Special Ed District Cost	3,650,817	3,659,185	3,889,933	4,043,914
5 Formula	AidLevy 4.22/5.5	Teacher Salary Supplement District Cost	2,510,214	2,611,037	2,670,602	2,812,555
6 Formula	AidLevy 4.30/5.6	Professional Development Suppl District Cost	299,427	310,837	317,748	334,297
7 Formula	AidLevy 4.38/5.7	Early Intervention Supplement District Cost	296,217	308,650	315,883	332,984
8 Formula	AidLevy 4.46/5.8	Teacher Leadership Supplement District Cost	0	0	0	0
9 Formula	AidLevy 4.49/5.9	AEA Special Ed Support	1,487,076	1,538,702	1,579,693	1,660,185
10 Formula	AidLevy 4.54/5.10	AEA Special Ed Support Adjustment	0	0	0	0
11 Formula	AidLevy 4.60/5.11	AEA Media Services	259,760	270,542	277,293	291,378
12 Formula	AidLevy 4.63/5.12	AEA Educational Services	290,330	302,249	309,759	325,389
13 Formula	AidLevy 4.66/5.13	AEA Sharing District Cost	0	0	0	0
14 Formula	AidLevy 4.74/5.14	AEA Teacher Salary Suppl District Cost	191,309	196,413	201,174	210,511
15 Formula	AidLevy 4.82/5.15	AEA Professional Dev Suppl District Cost	21,942	22,548	23,087	24,190
16 Board/SBRC	AidLevy 5.17	SBRC Modified Suppl Amt Dropout Prev	663,421	744,414	738,732	773,047
17 Board/SBRC	SBRC	SBRC Modified Supplemental Amt Other #1	0	80,675	102,442	100,596
18 Board/SBRC	SBRC	SBRC Modified Supplemental Amt Other #2	132,022	314,189	942,912	634,990
19 SBRC	SBRC/DE	Special Ed Deficit Modified Suppl Amt	0	675,685	807,534	972,951
20 SBRC	SBRC/DE	Special Ed Positive Balance Reduction	0	0	0	0
21 Board/SBRC	SBRC/DE	AEA Special Ed Positive Balance	0	0	0	0
22 Board/SBRC	SBRC	Allowance for Construction Projects	0	0	0	0
23 SBRC	SBRC	Unspent Allowance for Construction	0	0	0	0
24 Auditor	AidLevy 5.18	Enrollment Audit Adjustment	0	0	0	-17,810
25 Calculated	AidLevy 5.16	AEA Prorata Reduction	198,163	198,163	198,163	231,049
26 Calculated	Calculated	Maximum District Cost	39,759,034	42,243,285	44,111,794	46,108,175
27 Board/Vote	AidLevy 7.35	Total Preschool Foundation Aid	192,812	388,324	412,544	425,120
28 Board/Vote	AidLevy 10.27	Instructional Support Authority	2,373,016	2,399,326	2,444,994	2,549,366
29 Board	AidLevy 11.3	Ed Improvement Authority	0	0	0	0
30 Board	See Note 1	Other Miscellaneous Income	9,965,205	7,446,734	5,873,635	7,673,278
31 Calculated	Calculated	Unspent Auth Budget - Previous Year	8,888,612	9,191,056	8,630,990	8,609,170
32 Calculated	Calculated	Maximum Authorized Budget	61,178,679	61,668,725	61,473,957	65,365,109
33 Board	See Note 2	Expenditures	51,987,623	53,037,735	52,864,787	56,831,461
34 Calculated	Calculated	Unspent Authorized Budget (UAB)	9,191,056	8,630,990	8,609,170	8,533,648

\$1,678,957



# Four Key Factors

## Iowa Public School Foundation Formula

- 4. Balance
  - The ratio of property tax & state aid supporting a district's budget varies by district. "Property rich districts" will receive less state aid.
    - Uniform Levy - \$5.40/\$1,000
    - State Foundation Percentage – to 87.5% level
    - Supplemental State Aid – covers property tax increase as a result of an increase in "cost per pupil"
    - Additional Levy – varies from district to district

# Cedar Falls 2016/17 Cost per Pupil = \$6,771

12.57%	\$ 838 per Student	Additional Levy Combined District Cost – Foundation Dollar Level
62.82%	\$4,191 per Student	State Foundation Aid = Foundation Dollar Level – Uniform Levy  Foundation dollar cost per pupil as set by the State of Iowa x Weighted Enrollment - Uniform Levy  + SSA Prop Tax Replacement Payment
24.61%	\$1,642 per Student	Uniform Levy = \$5.40 per \$1,000 assessed valuation x school district assessed valuation

# Other District Funds

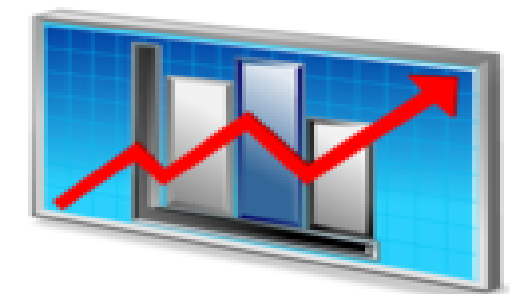
- All other District funds are **restricted** (specific purpose)
  - **Cannot** be used to support the General Fund
    - Management
    - Capital Projects (New for FY17)
    - Secure A Vision for Education (SAVE) (Statewide 1¢ sales tax)
    - Physical Plant & Equipment Levy
    - Activity
    - Nutrition
    - Debt
    - Agency & Trust

# Purpose

- This report will provide information on:
  - Individual fund revenue & expenditures
  - Individual fund balances
  - General Fund key financial indicators

# General Fund Key Financial Indicators

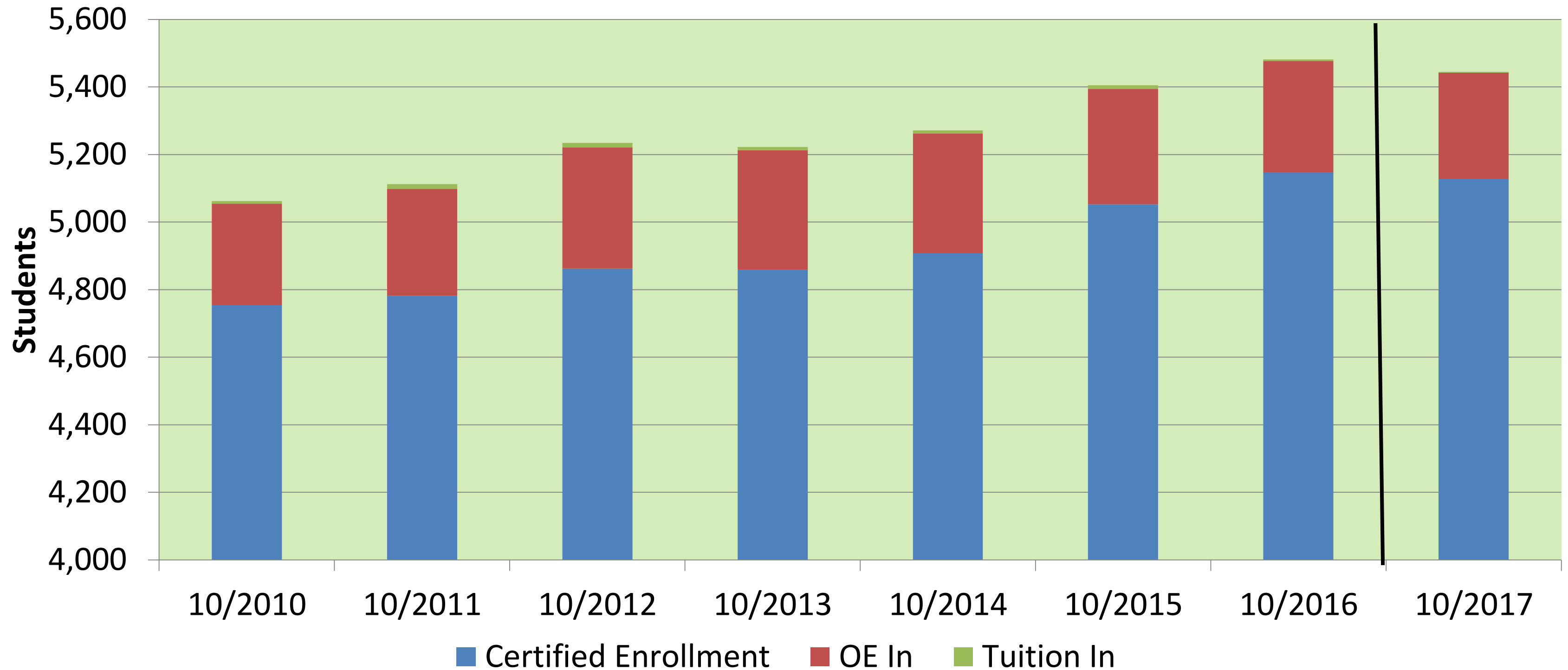
- The Iowa Association of School Boards (IASB) has developed key financial indicators to create a snapshot of a District's financial health
- Key General Fund dashboard indicators include:
  - #1 Certified Enrollment
  - #2 Financial Solvency Ratio
  - #3 Unspent Budget Authority
    - #3A Unspent Budget Authority Ratio
  - #4 Annual Unspent Budget Authority Ratio
  - #5 Salaries & Benefits to Total Budget Ratio
  - Background Color
    - Green = Increase of 0.01% or greater
    - Yellow = 0.00 to 5.00% decrease
    - Orange = Greater than 5.00% decrease





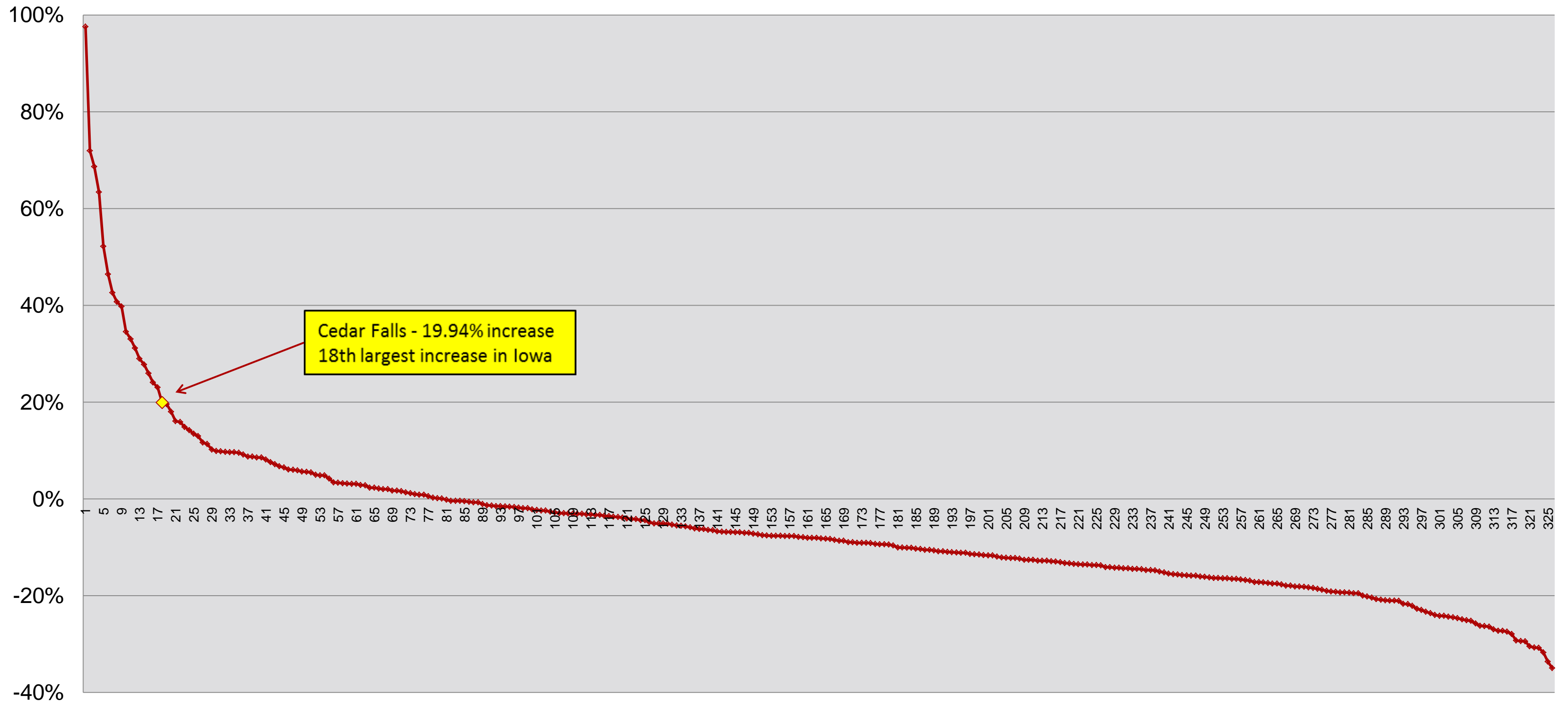
# Enrollment History

## Key Trend Dashboard Indicator #1

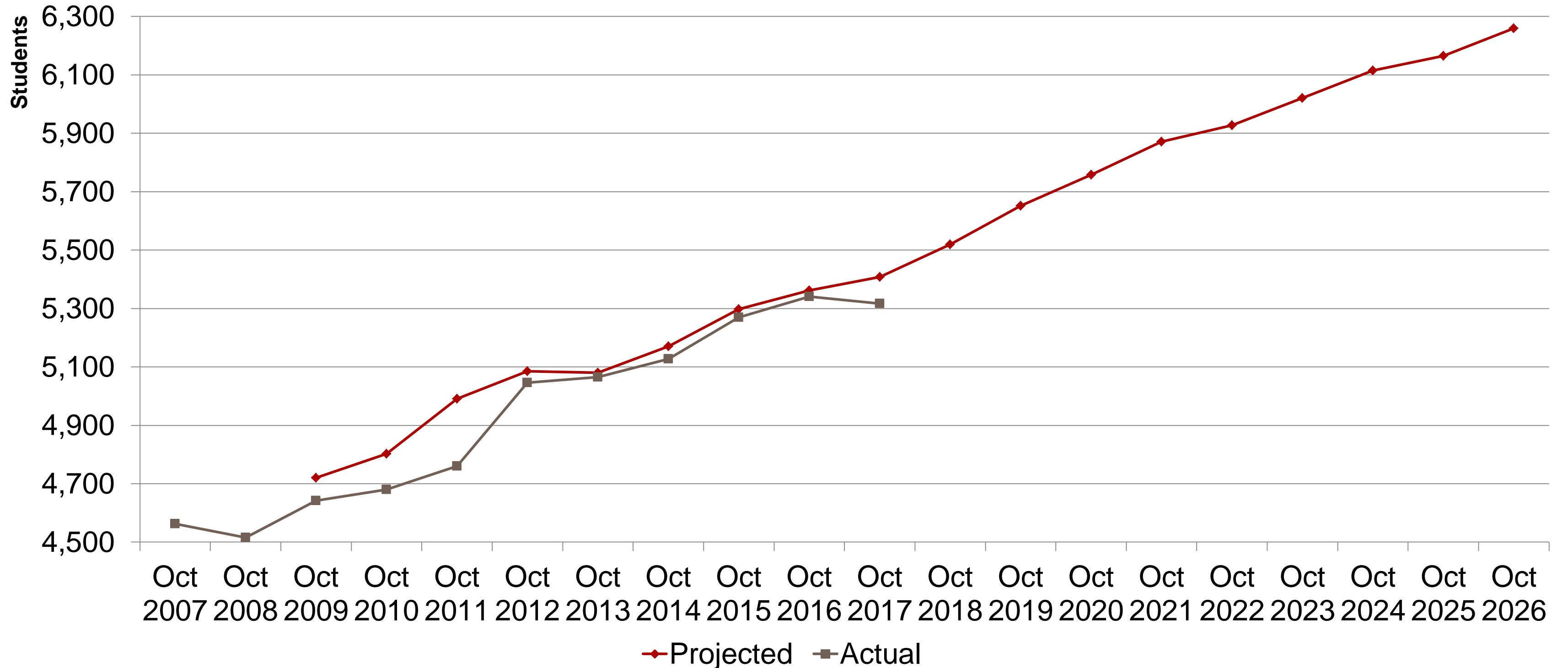


Increase of 14.1% over the last 8 years. 4 year old pre-school students not included.

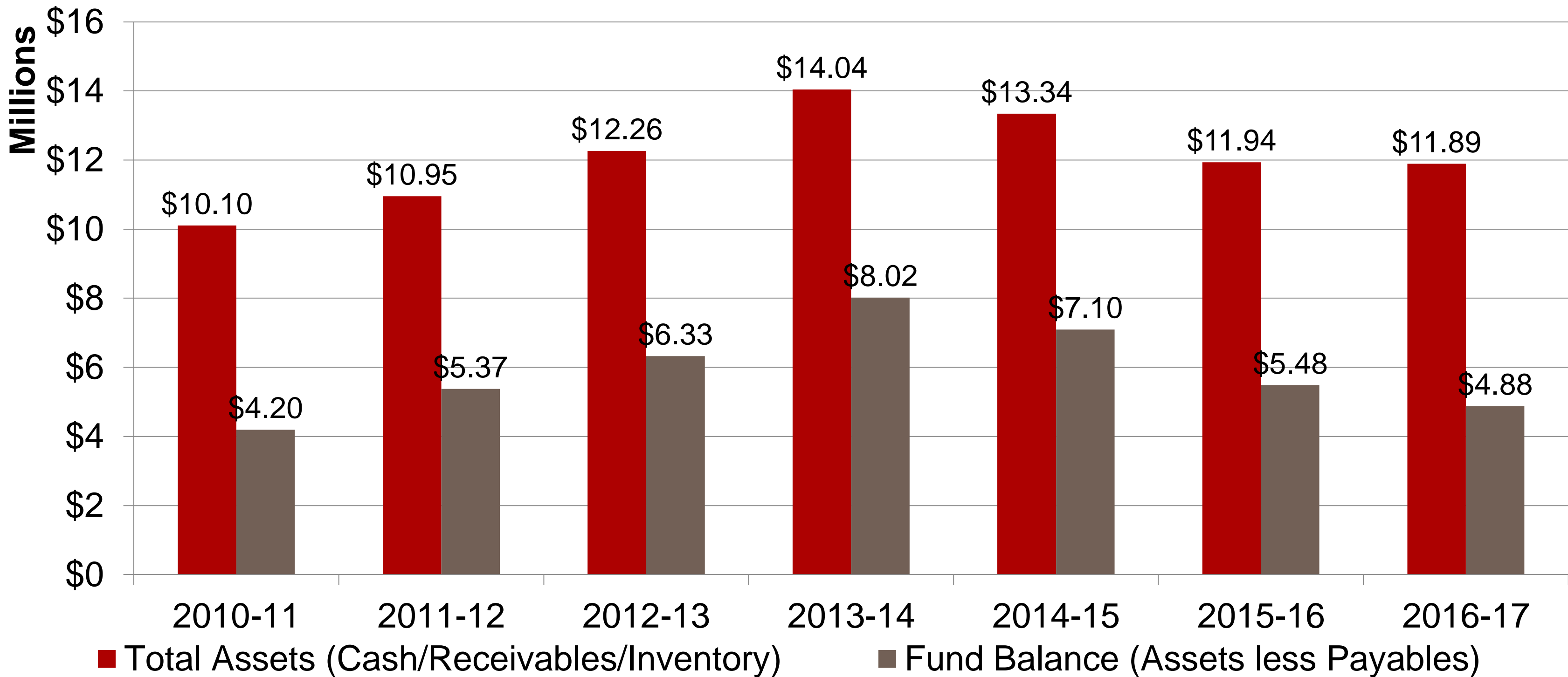
# Iowa Schools Certified Enrollment Percentage Change 2006-17 to 2016/17



# District Enrollment Projections



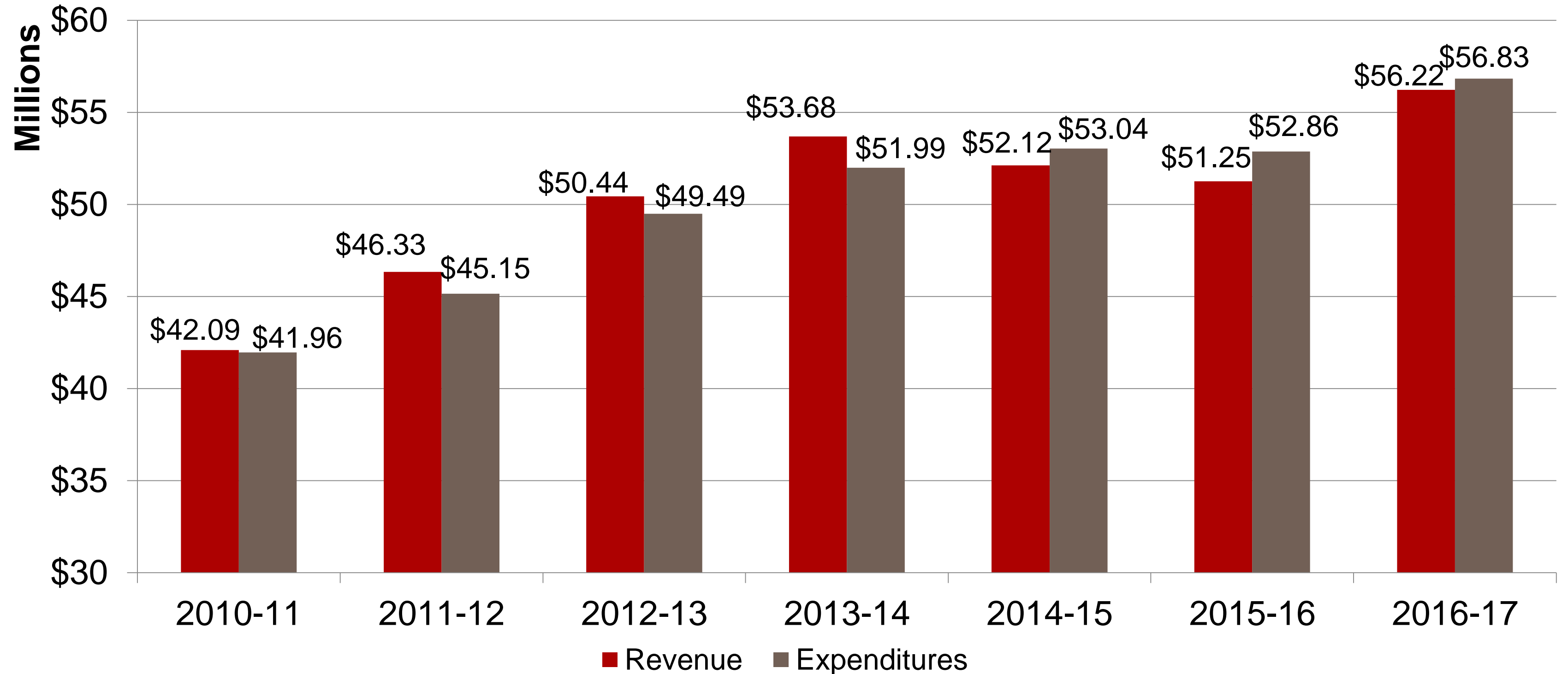
# CAR General Fund Balance



\$48,673 decrease in cash on hand and \$606,649 decrease in fund balance.

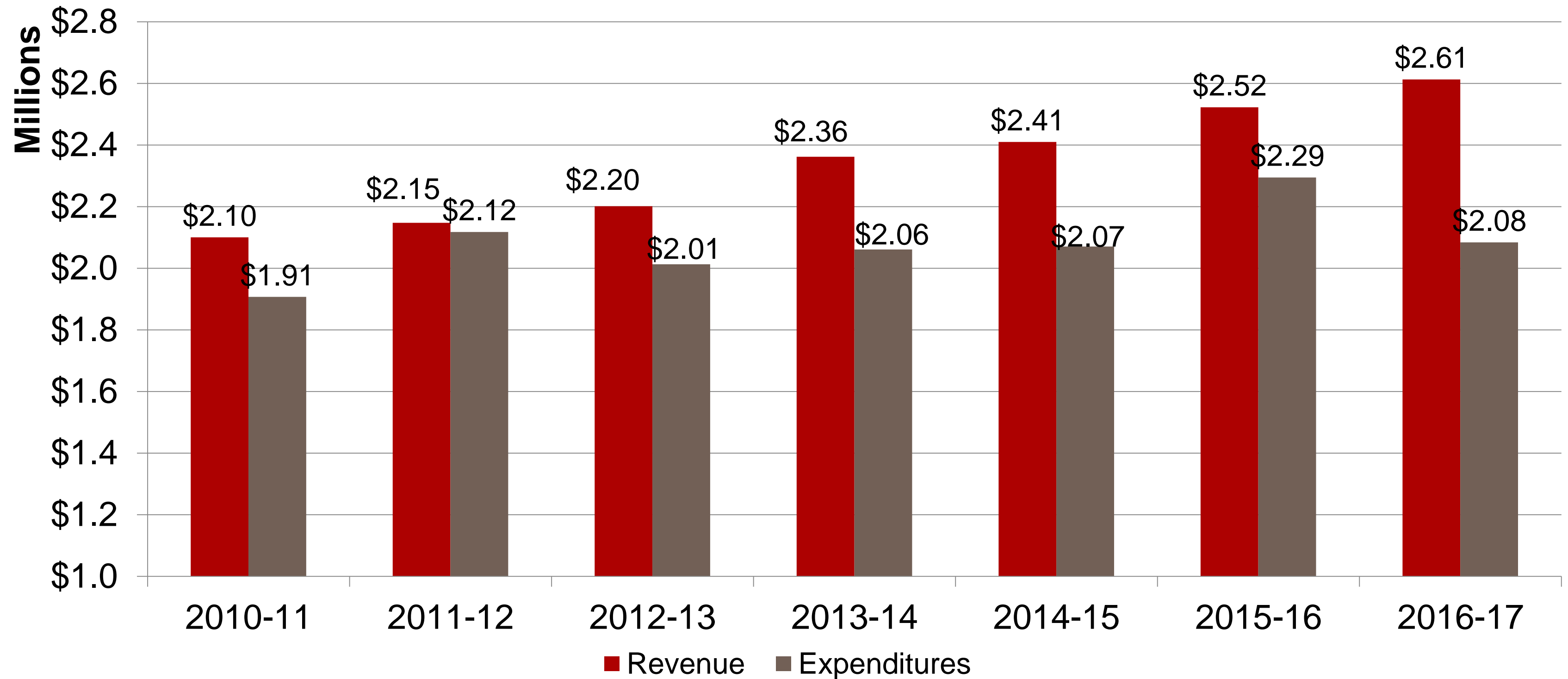
# General Fund Revenue/Expenditure History

Includes Instructional Support Fund

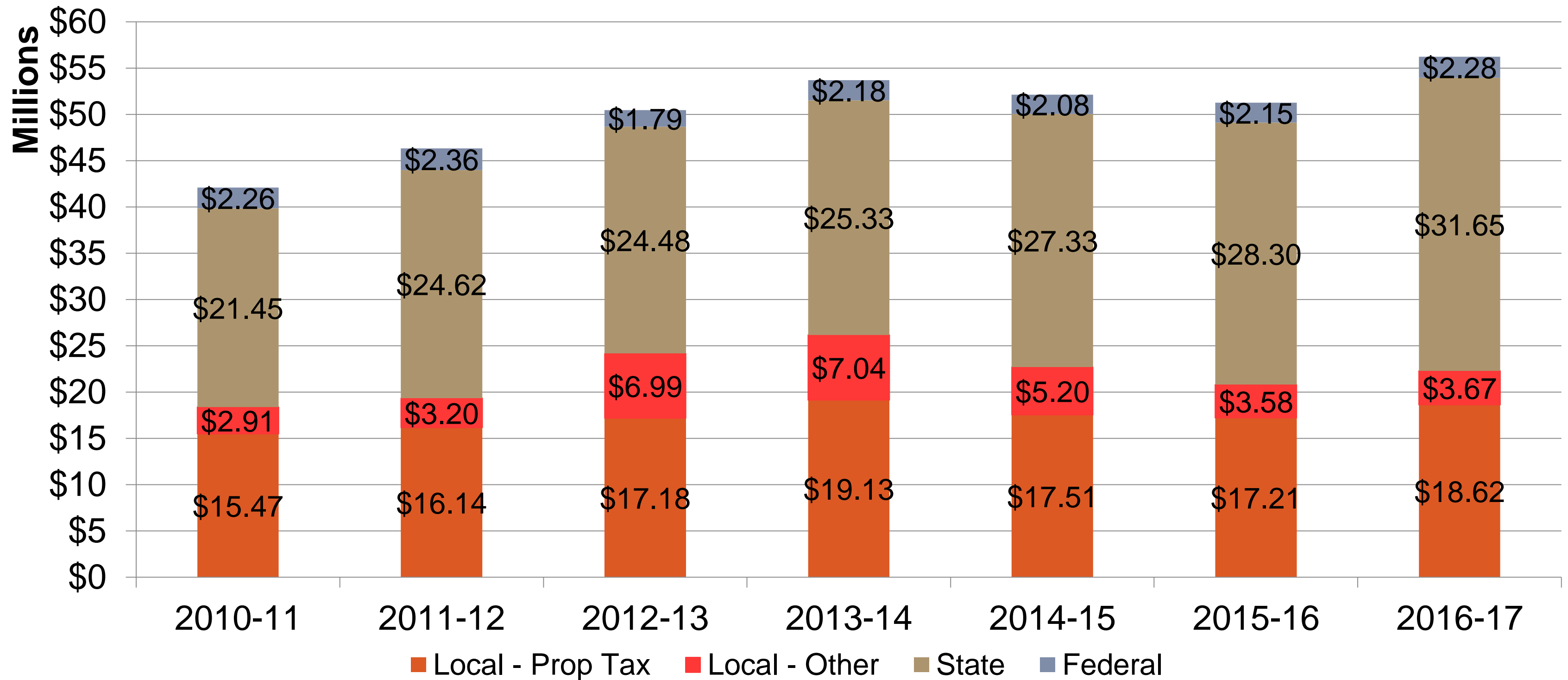


Revenue increased by \$4,973,166 and expenditures increased by \$3,966,674 from 2015-16 to 2016-17.

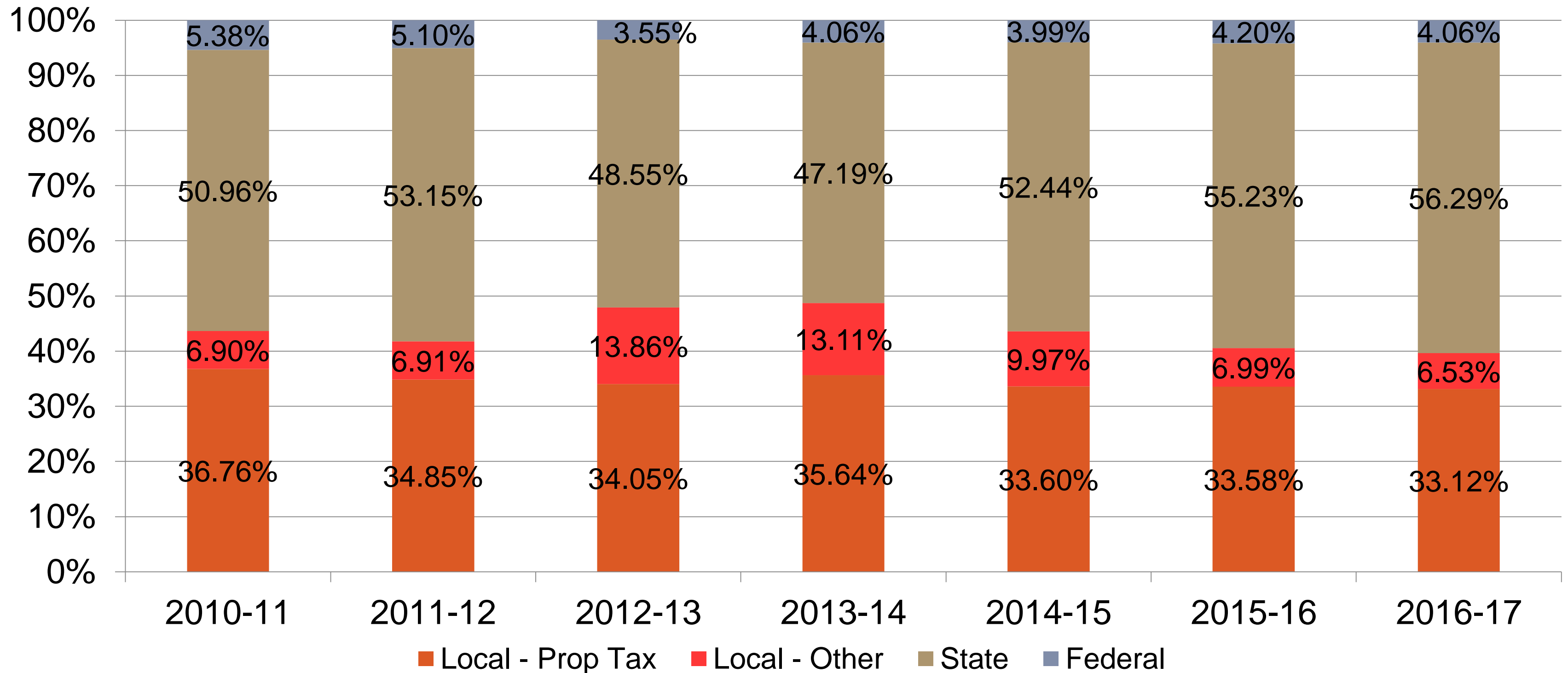
# ISL (only) Revenue/Expenditure Detail



# History of General Fund Revenue



# History of General Fund Revenue

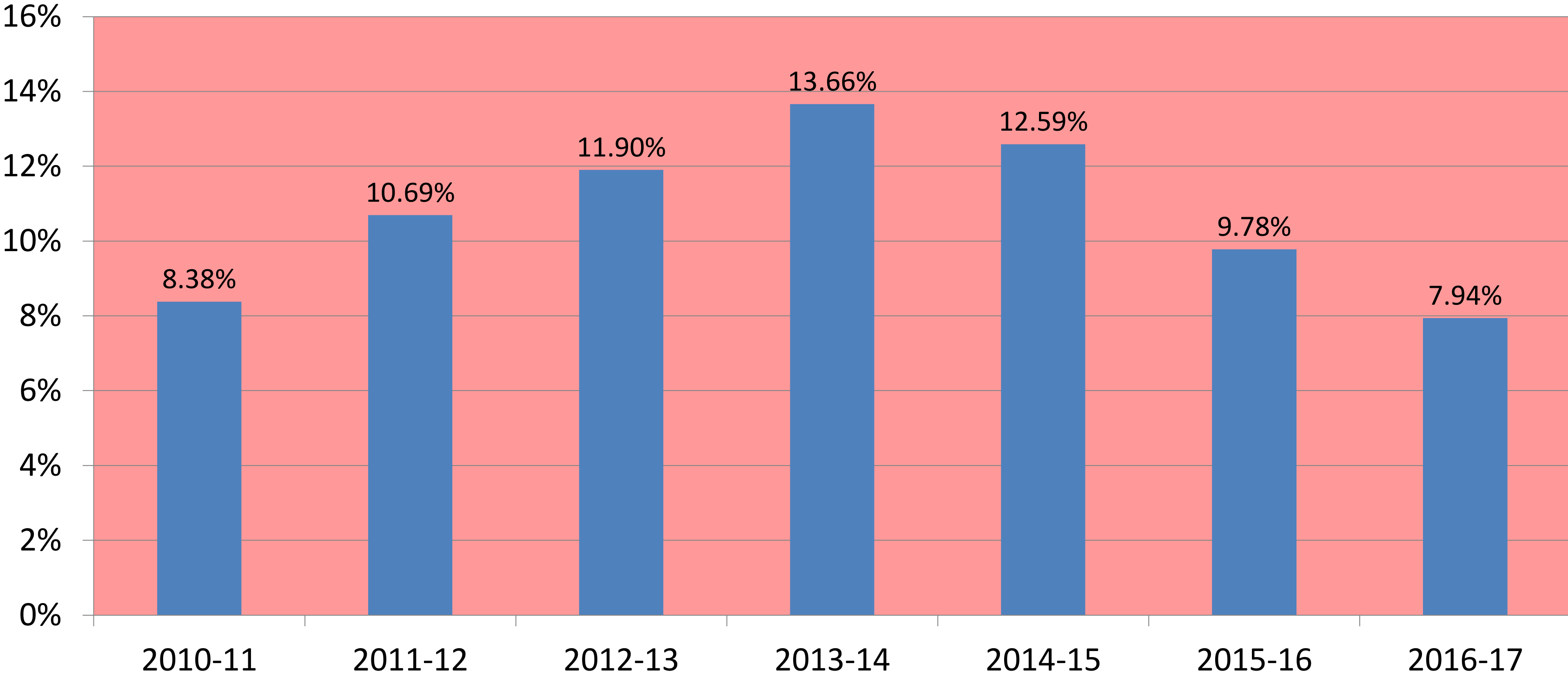


Due to rounding percentages may not total 100.0%



# Financial Solvency Ratio

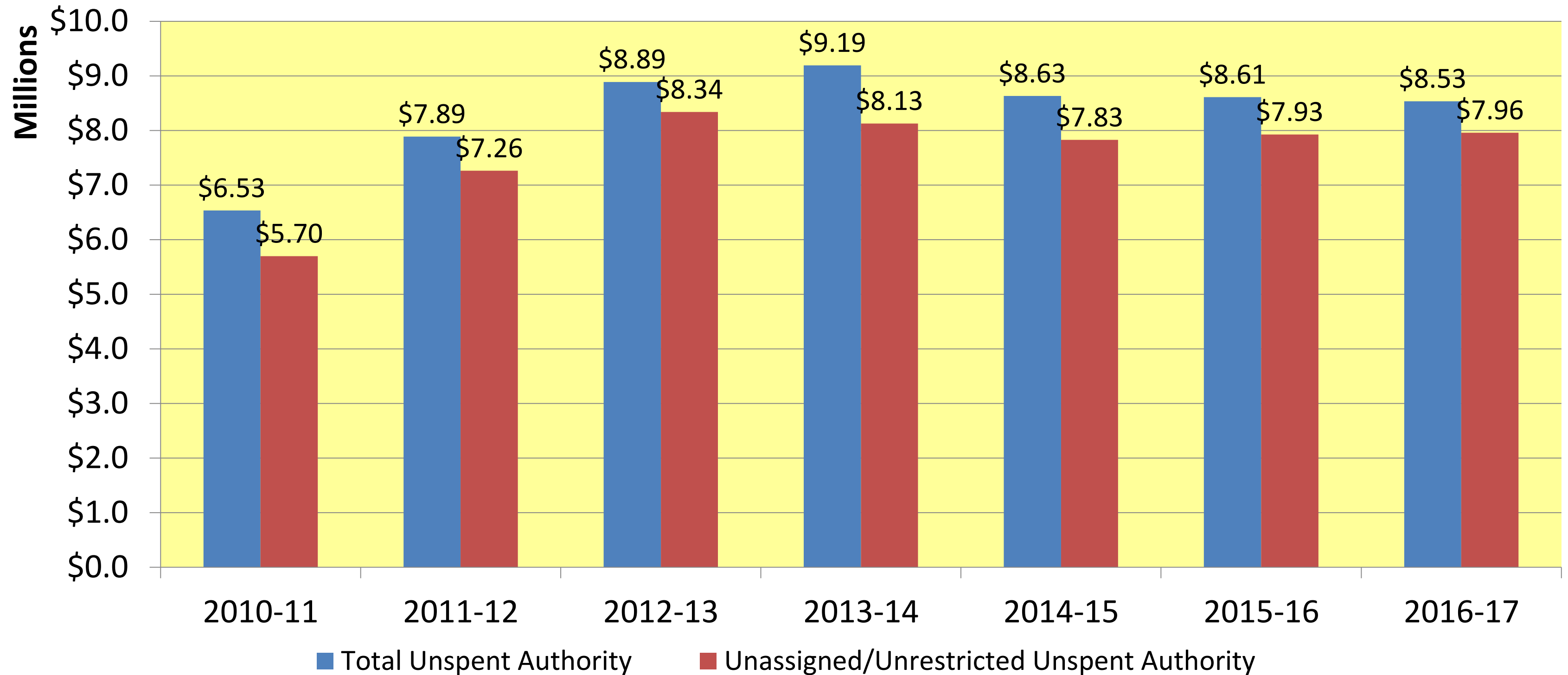
## Key Trend Dashboard Indicator #2



Assigned & unassigned fund balance/General fund revenue less AEA flow thru. Measures the District's fund equity position. IASB recommended minimum 5%. Goal 10%

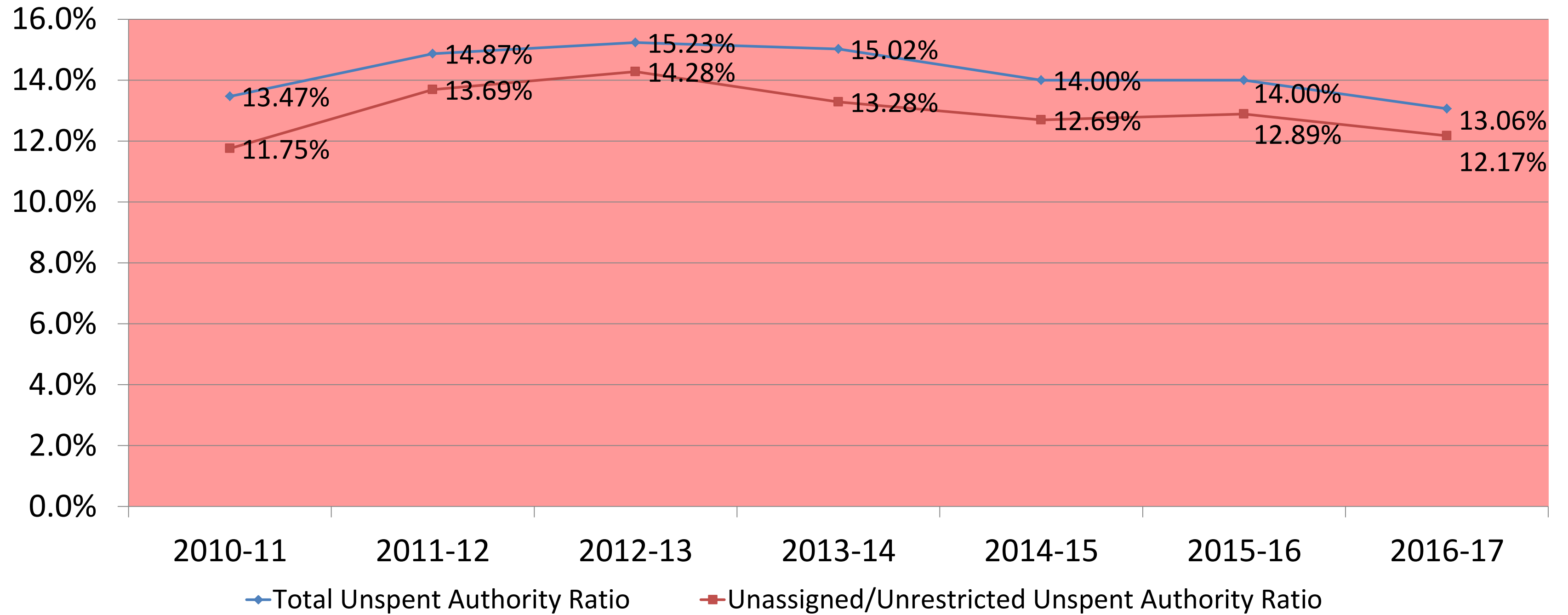
# History of Unspent Budget Authority (In Dollars)

## Key Trend Dashboard Indicator #3



# History of Unspent Budget Authority Ratio

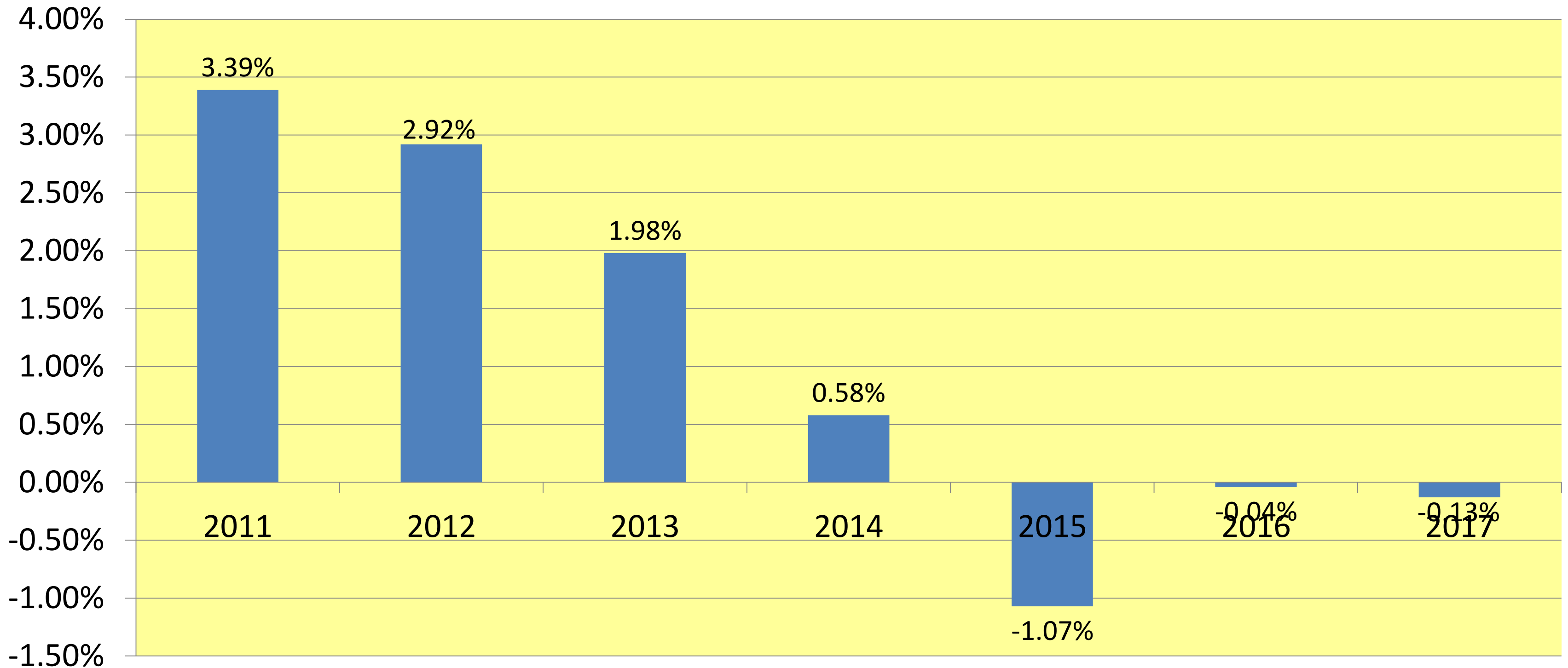
## Key Trend Dashboard Indicator #3A



A goal of 10% unassigned/unrestricted unspent authority over expenditures (\$5.68 million) is desired. District is at 12.17% for 2016-17.

# Annual Unspent Budget Authority Ratio

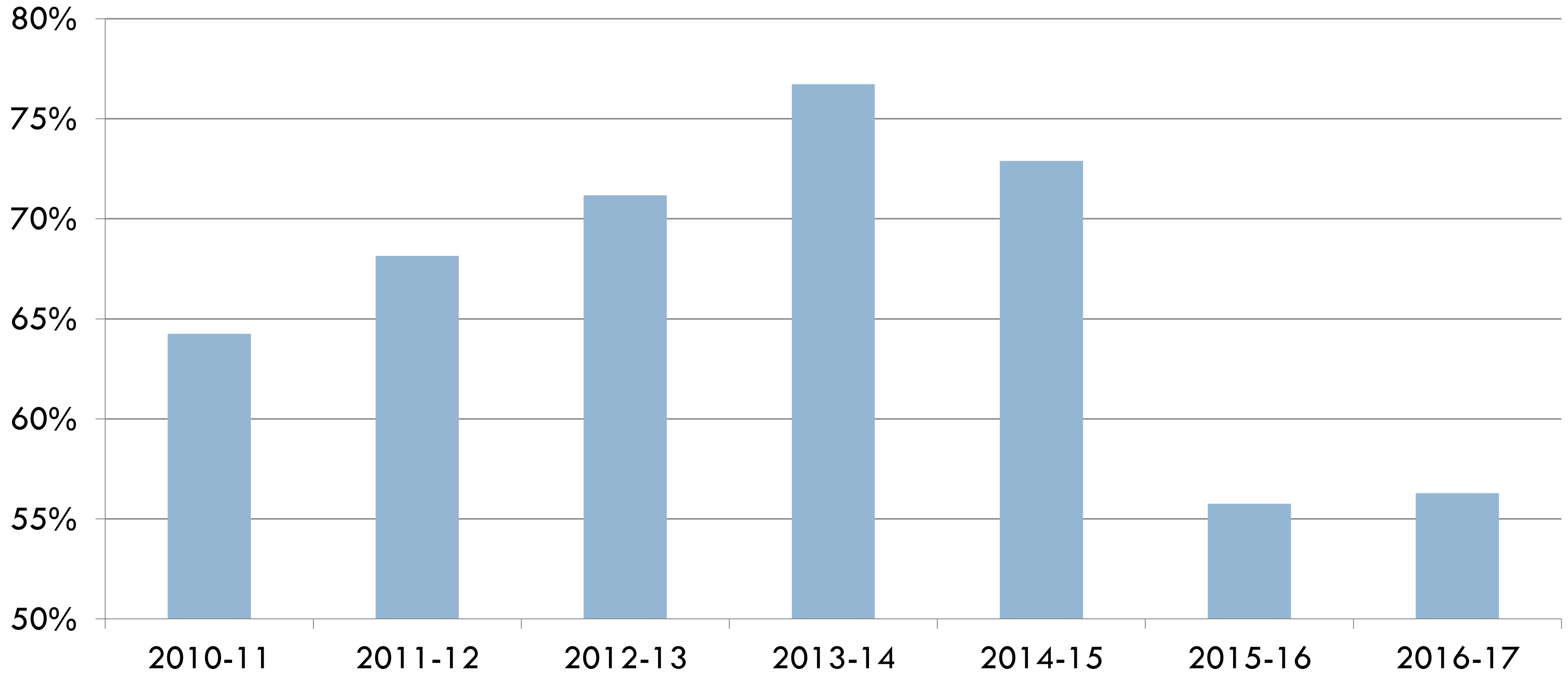
## Key Trend Dashboard Indicator #4



Measures the annual amount in UAB as a percentage of expenditures each year.

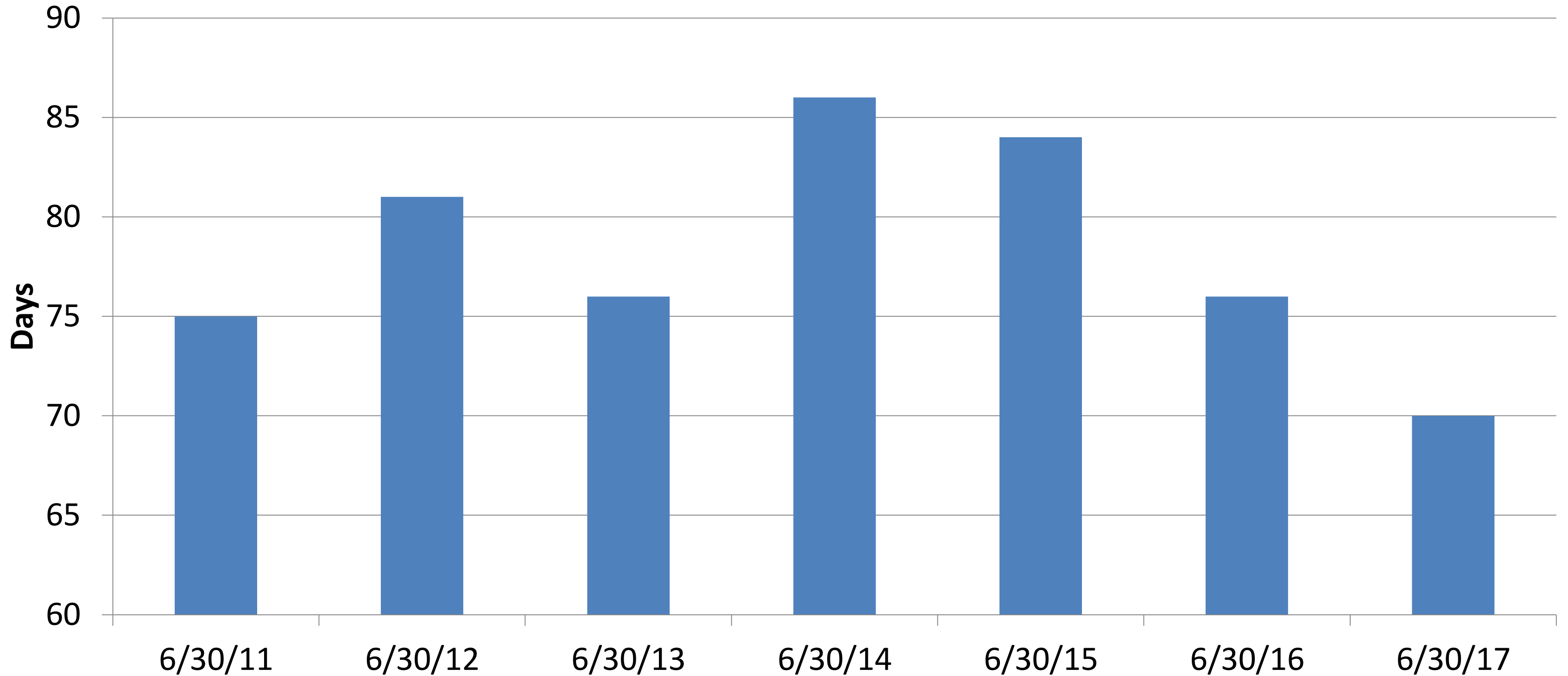
# Net Fund Balance

## As a Percentage of Unspent Authority



Measures the percent of the District's ability to finance it's unspent budget authority.

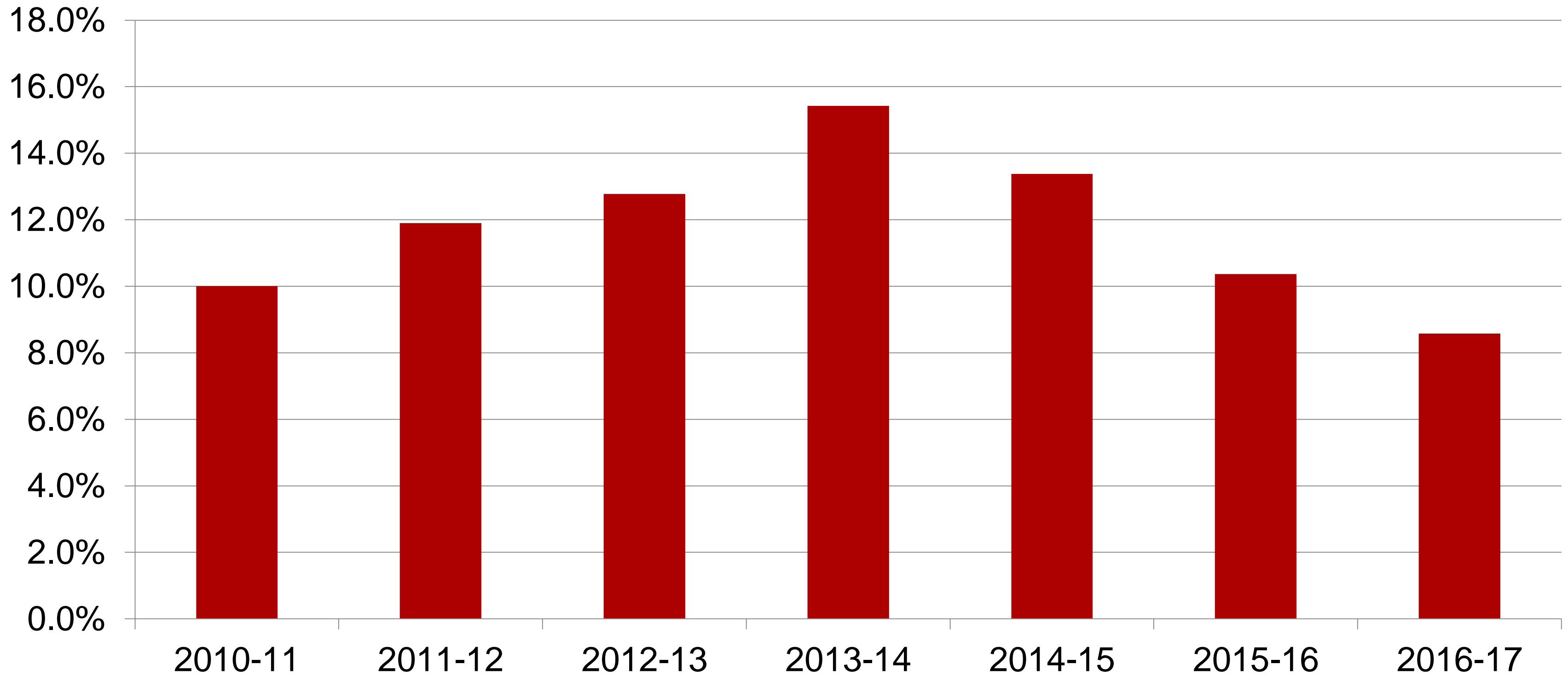
# General Fund - Days Net Cash Ratio



Cash & investments/Avg. daily cash expenditures.

A goal of 90 days is desired.

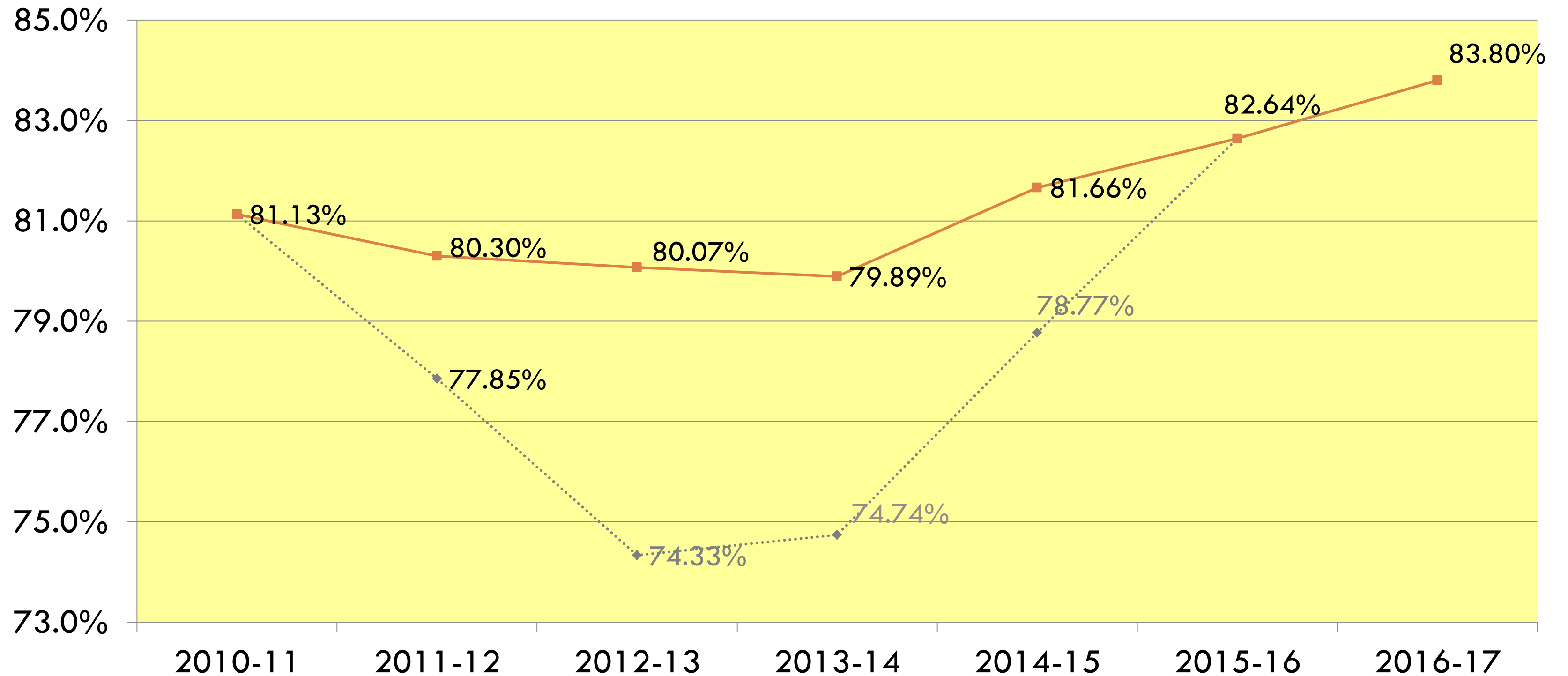
# Net Fund Balance As a Percentage of Expenditures



Measures the percent of the District's cash available to cover non-funded months. – Goal 10%

# Salaries & Benefits to Total Expenditures Ratio

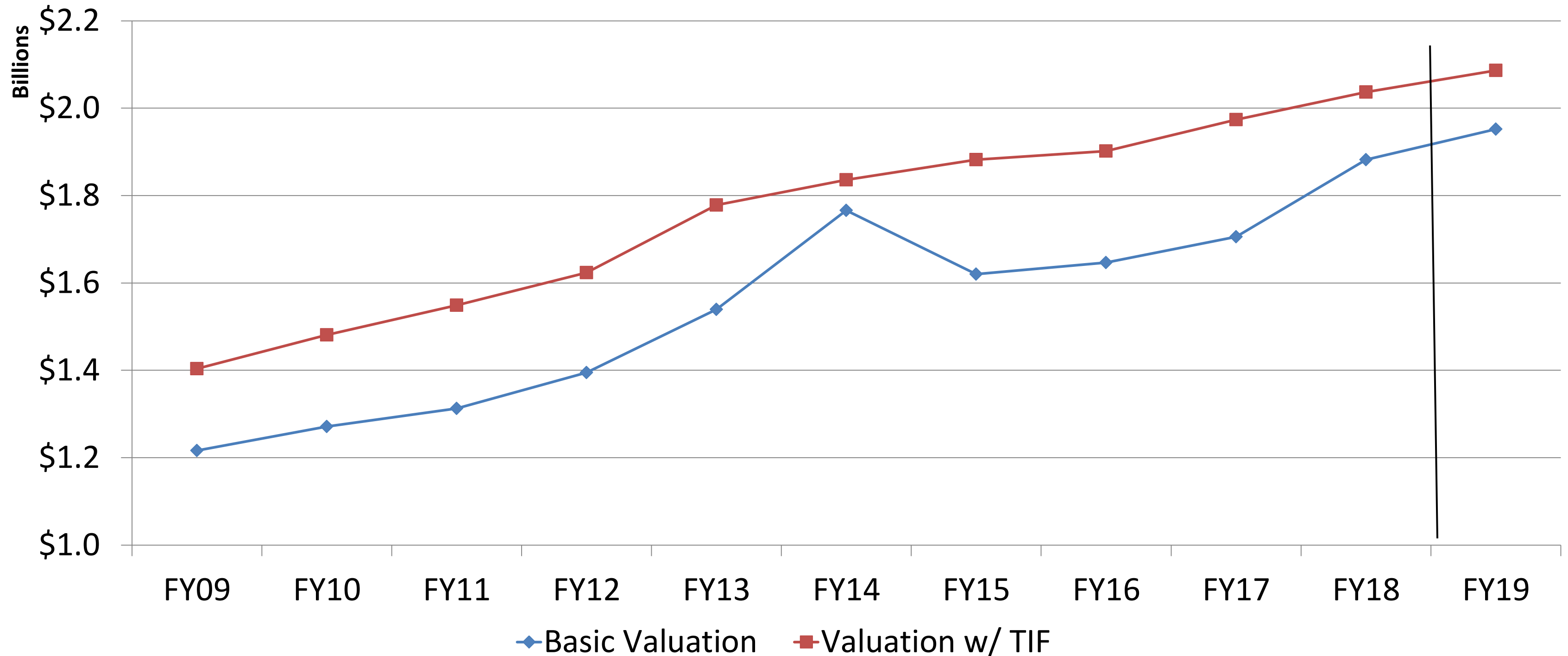
## Key Trend Dashboard Indicator #5



Measures the percent of the District's budget dedicated to labor costs.

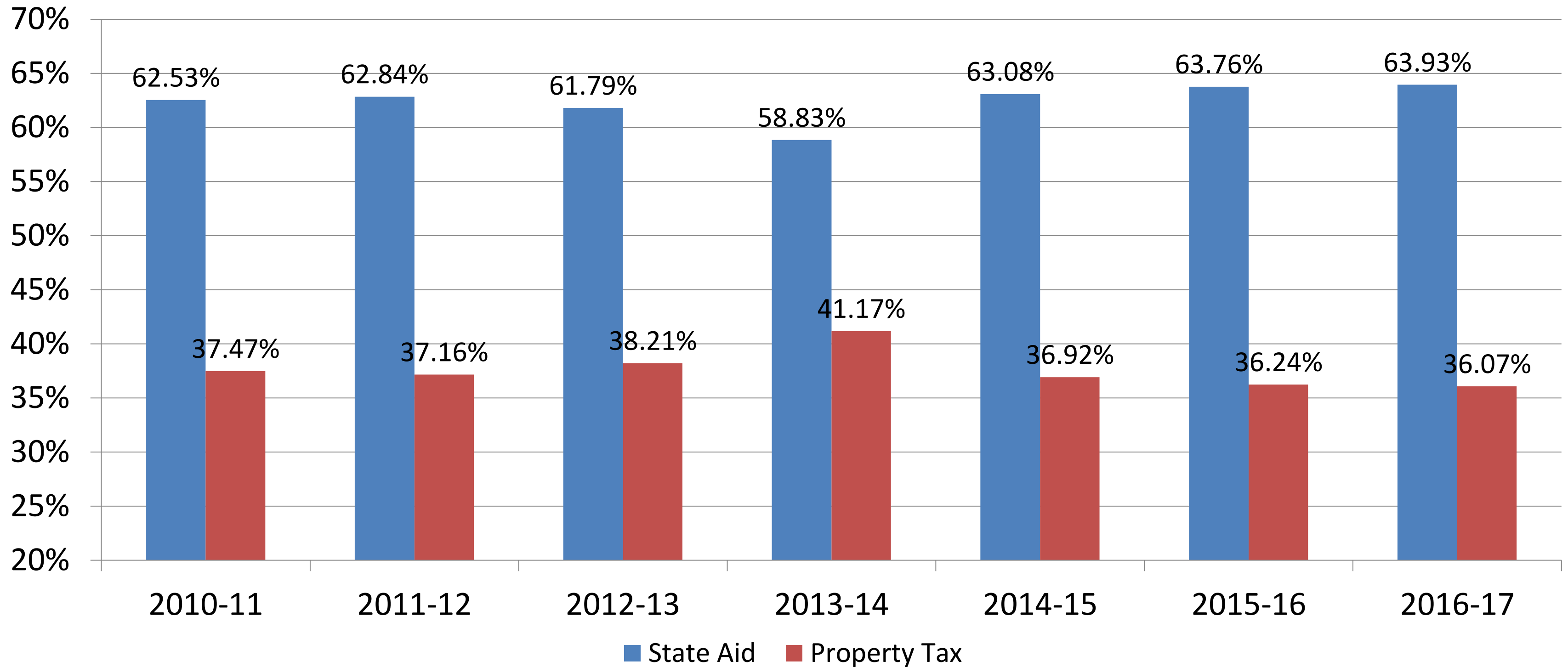


# History of Assessed Valuation



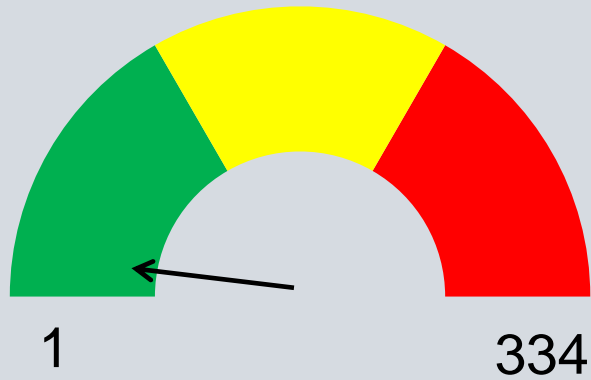
Basic Valuation increased 10.35% from FY17 to FY18 & 54.70% over the past 10 years.  
Valuation w/ TIF increased 3.19% from FY17 to FY18 & 45.13% over the past 10 years.

# General Fund Combined District Cost Property Tax/State Aid History



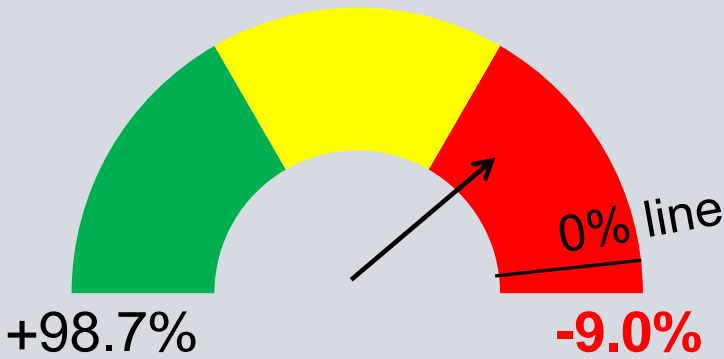
# Financial Dashboard – All Iowa Schools

**Oct. 1, 2016 Certified Enrollment**



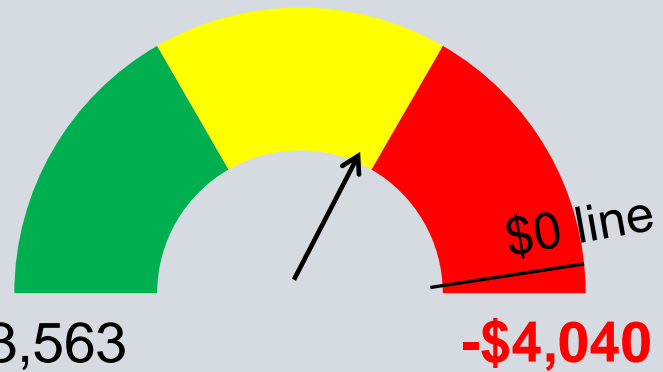
Rank = 16<sup>th</sup> Largest  
 CF = 5,146.8 (10/1/16) 5,127.5 (10/1/17)

**FY16 Solvency Ratio**



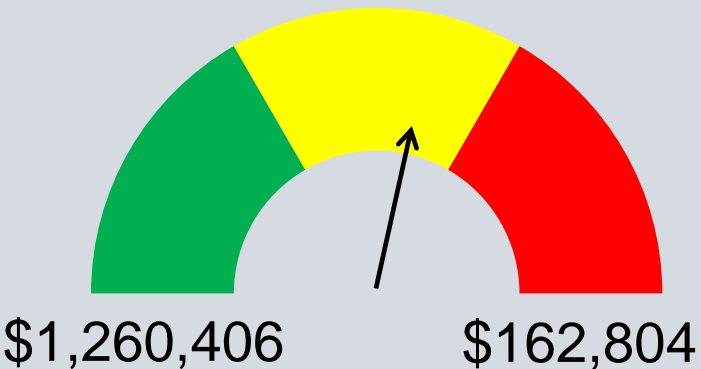
Rank = 256 out of 336  
 State Avg. = 17.10%  
 CF = 9.78% Fy16 7.94% Fy17

**FY16 UBA Per Pupil**



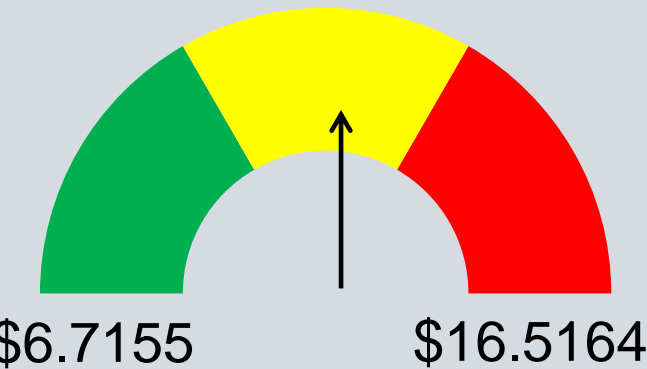
Rank = 214 out of 336  
 State Avg. = \$2,641  
 CF = \$1,704 Fy16 \$1,658 Fy17

**FY17 Valuation per Pupil**



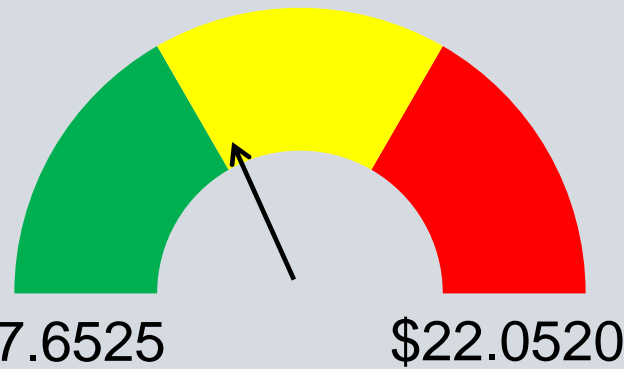
Rank = 187 out of 334  
 State Avg. = \$390,874  
 CF = \$337,564 Fy17 \$365,653 Fy18

**FY17 General Fund Tax Rate**



Rank = 175 out of 334  
 State Avg. = \$10.7986  
 CF = \$10.8065 Fy17 \$11.0437 Fy18

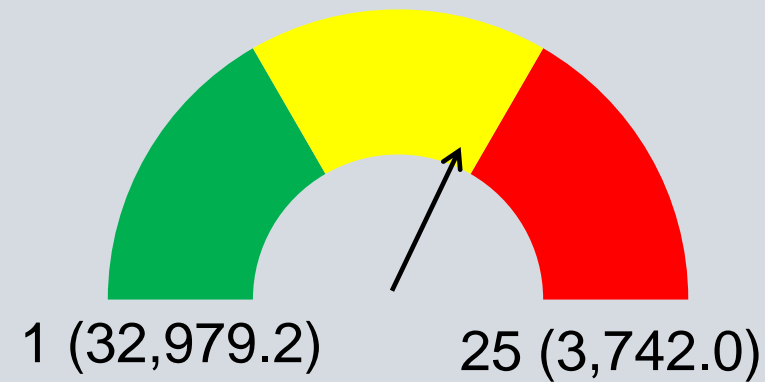
**FY17 Total Tax Rate**



Rank = 126 out of 334  
 State Avg. = \$13.7953  
 CF = \$12.7697 Fy17 \$14.2727 Fy18

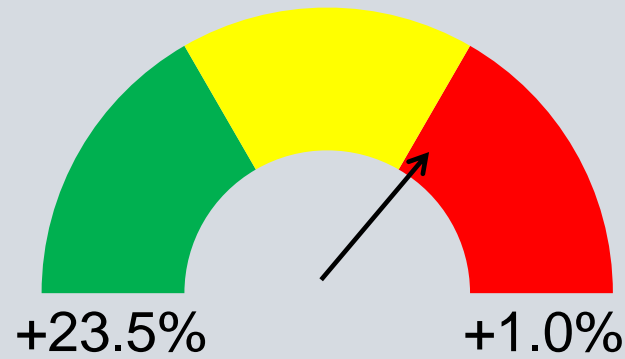
# Financial Dashboard – 25 Largest Iowa Schools

**Oct. 1, 2016 Certified Enrollment**



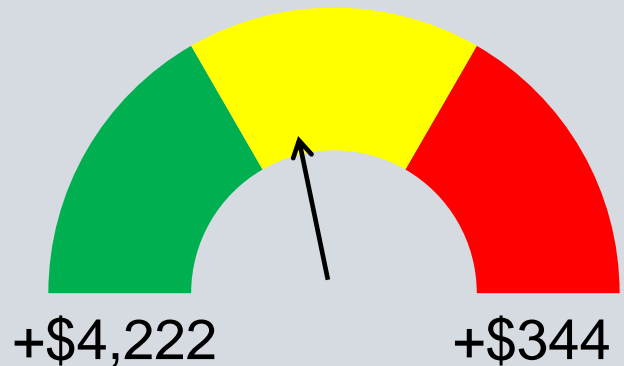
Rank = 16<sup>th</sup> Largest  
 CF = 5,146.8 (10/1/16)    5,127.5 (10/1/17)

**FY16 Solvency Ratio**



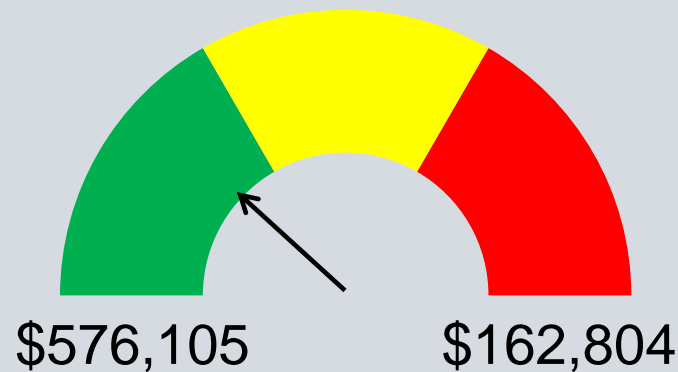
Rank = 17 out of 25  
 Average = 11.79%  
 CF = 9.78% Fy16    7.94% Fy17

**FY16 UBA Per Pupil**



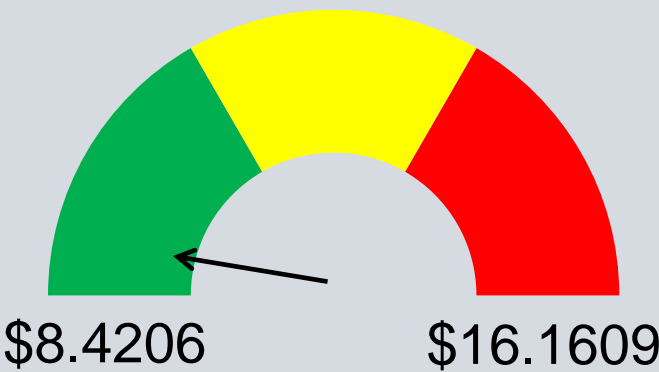
Rank = 11 out of 25  
 Average = \$1,812  
 CF = \$1,759 Fy15    \$1,704 Fy16

**FY17 Valuation per Pupil**



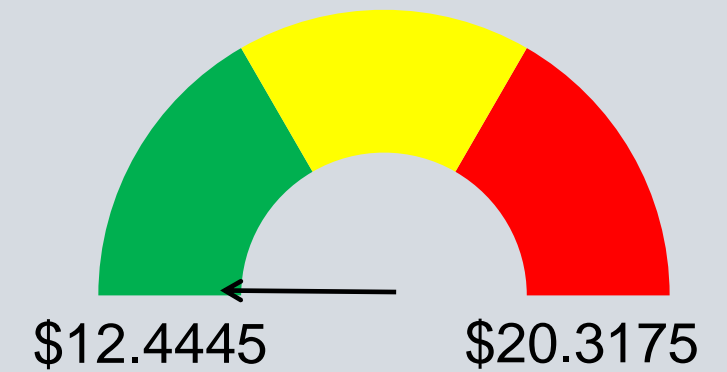
Rank = 5 out of 25  
 Average = \$289,708  
 CF = \$337,564 Fy17    \$365,653 Fy18

**FY17 General Fund Tax Rate**



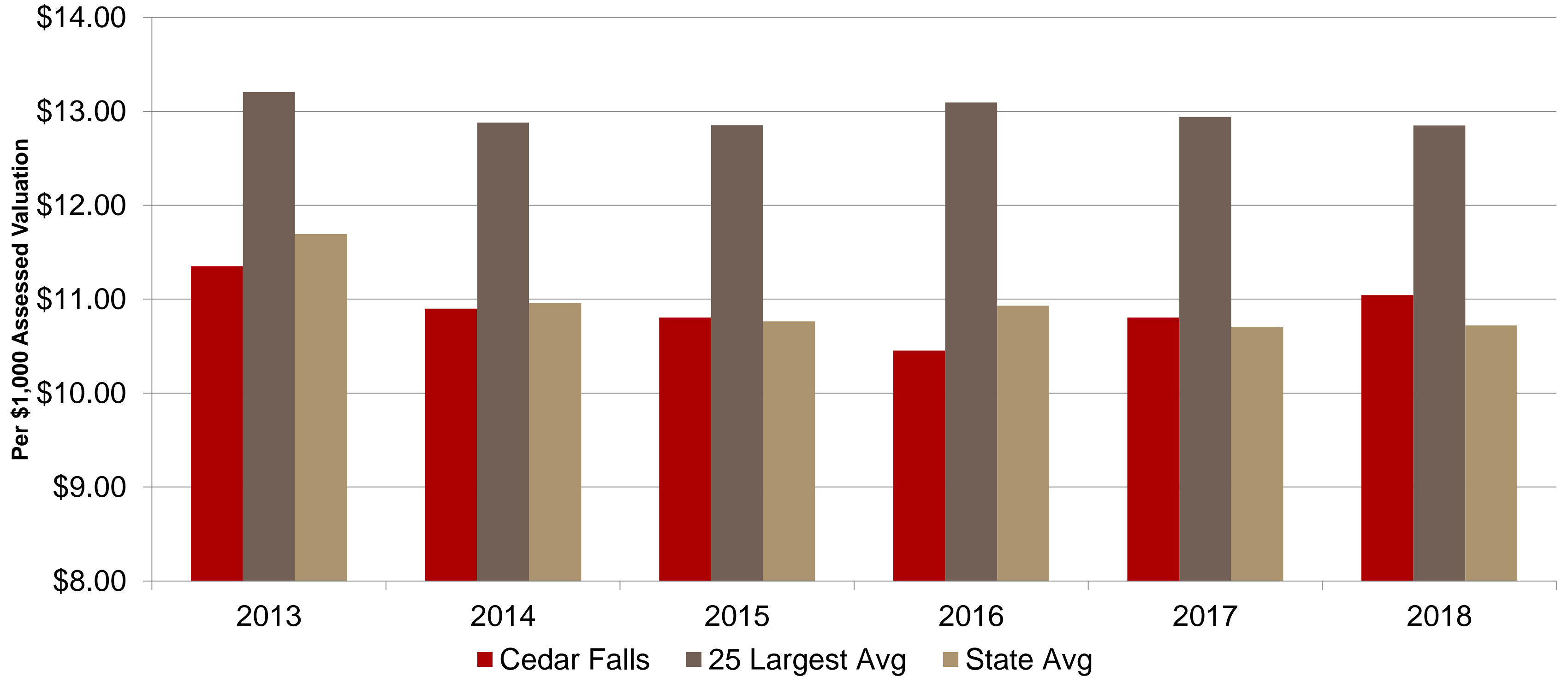
Rank = 2 out of 25  
 Average = \$12.9391  
 CF = \$10.8065 Fy17    \$11.0437 Fy18

**FY17 Total Tax Rate**

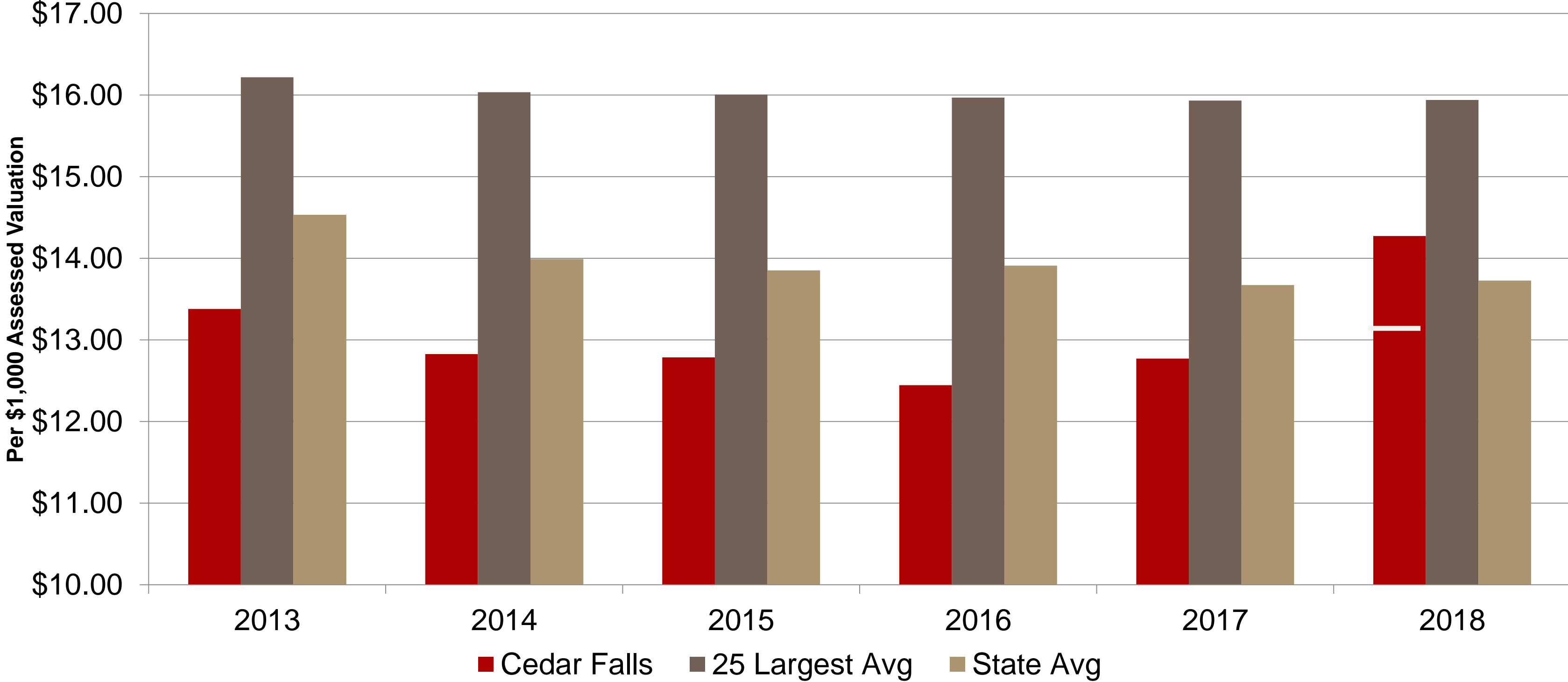


Rank = 1 out of 25  
 Average = \$15.9328  
 CF = \$12.7697 Fy17    \$14.2727 Fy18

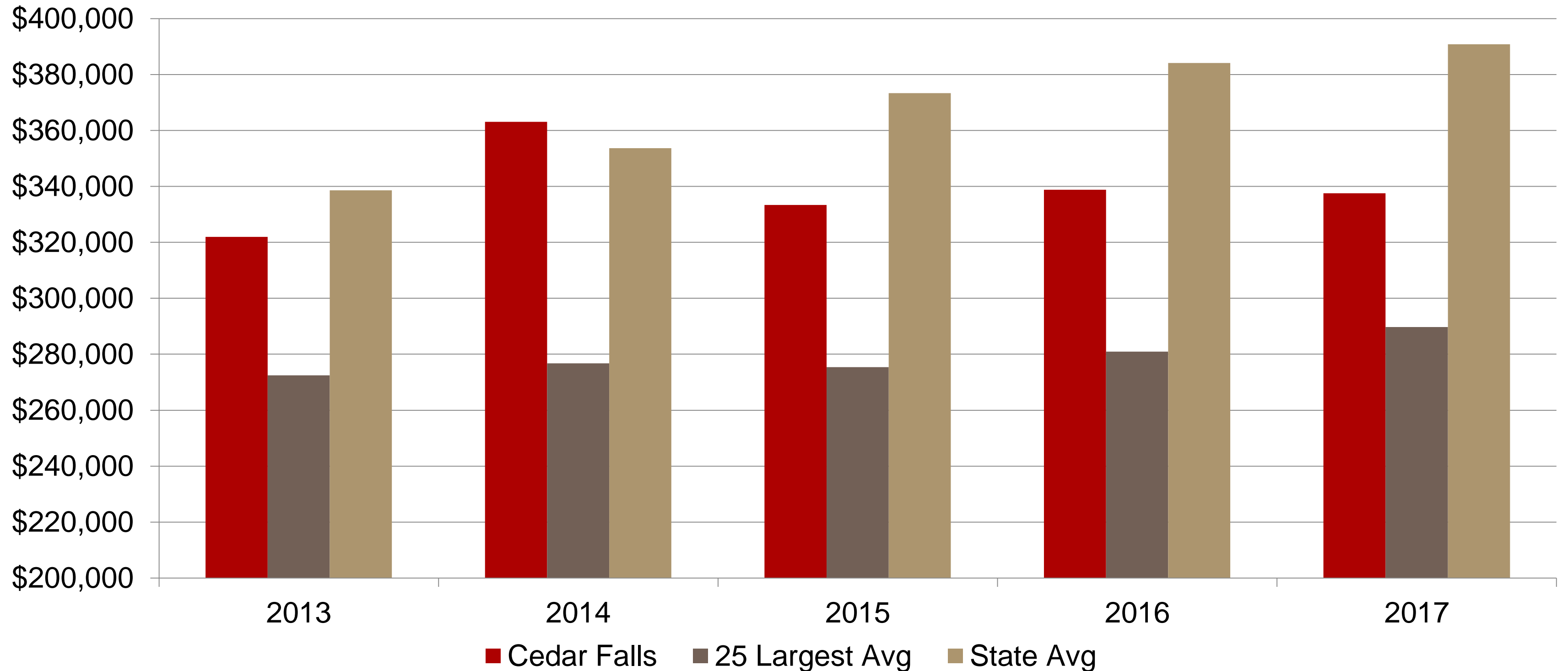
# General Fund Tax Rate



# Total Tax Rate

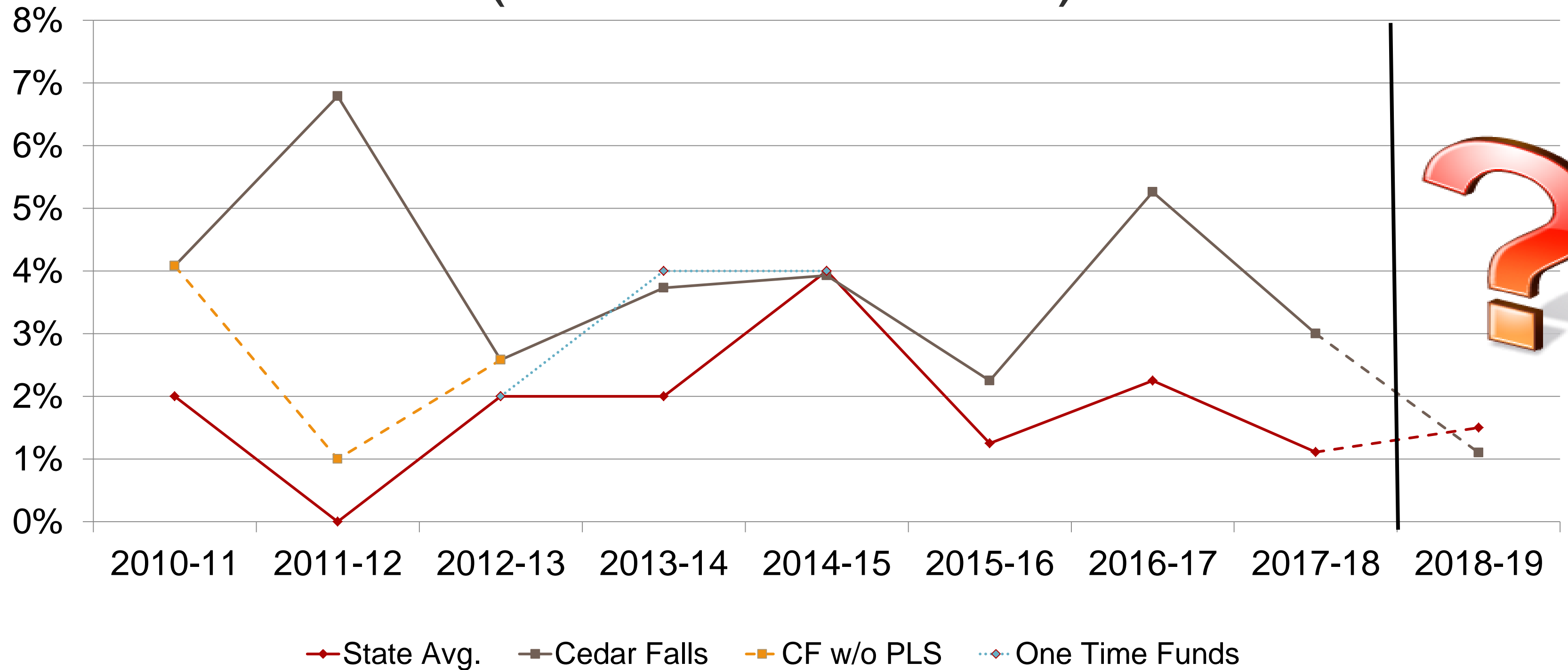


# Net Assessed Value per Student



*TIF Valuation Not Included*

# History of Supplemental State Aid (Allowable Growth)





# Other District Funds (Restricted)

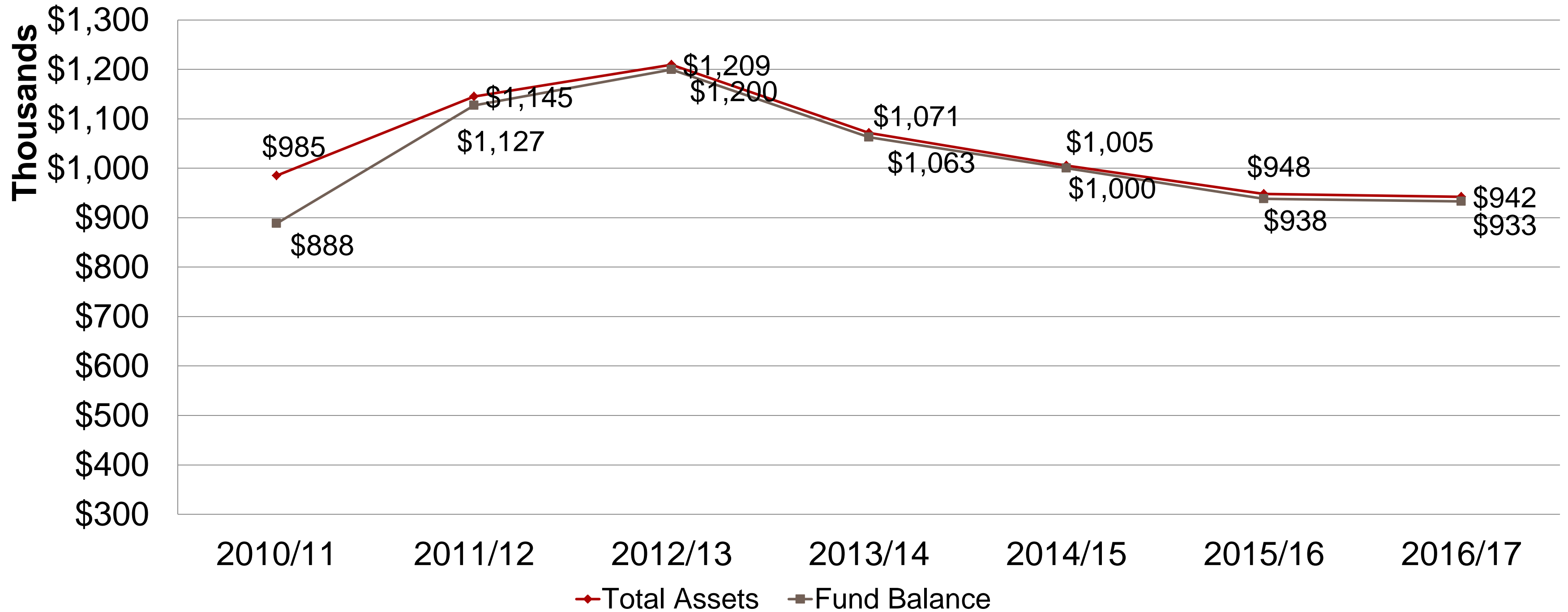


- Other District funds:
  - Management
  - Capital Projects Fund
  - Secure A Vision for Education (SAVE) (Statewide 1¢ sales tax)
  - Physical Plant & Equipment Levy (PPEL)
  - Debt
  - Activity
  - Nutrition
- These are restricted use funds that are subject to laws and regulations established by the Code of Iowa and Iowa Administrative Code.
- Definitions:
  - Total Assets = Cash, Receivables and Inventory on hand.
  - Fund Balance = Total Assets minus Payables and Accrued Expenses due.

# Management Fund

- Restricted fund
  - Board of Education Controlled
  - Used for property/liability/auto/workman compensation/etc. insurance premiums
  - Property loss (deductible only)
  - Unemployment payments
  - Early severance benefits (not used)

# Management Fund



# Secure A Vision for Education (SAVE)

## Formally Local Option One Cent Sales Tax

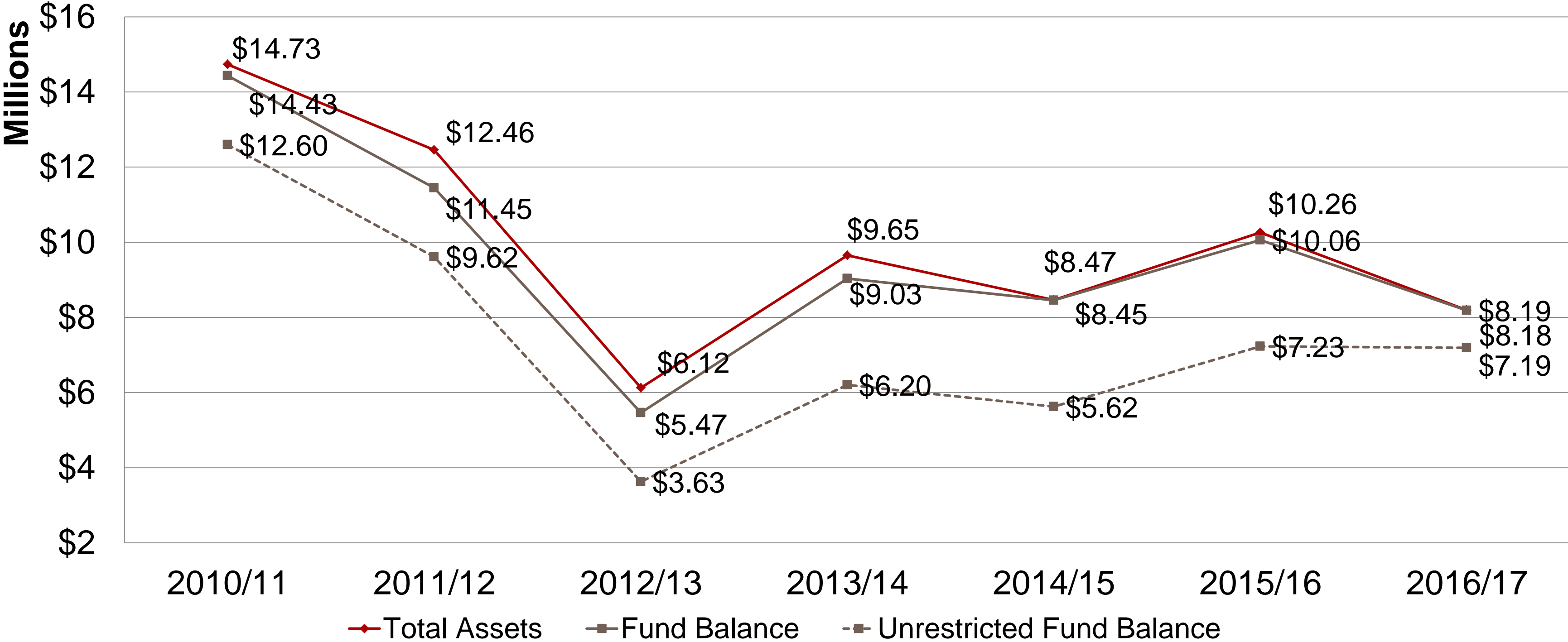
- Restricted fund
  - Construction, remodeling, repairing and furnishing of new or existing buildings
  - Purchase or improve school grounds
  - Procure or open roads to buildings
  - Emergency repairs
  - Payment of principle and interest or retirement of general obligation bonds

# SAVE - Revenue/Expense History

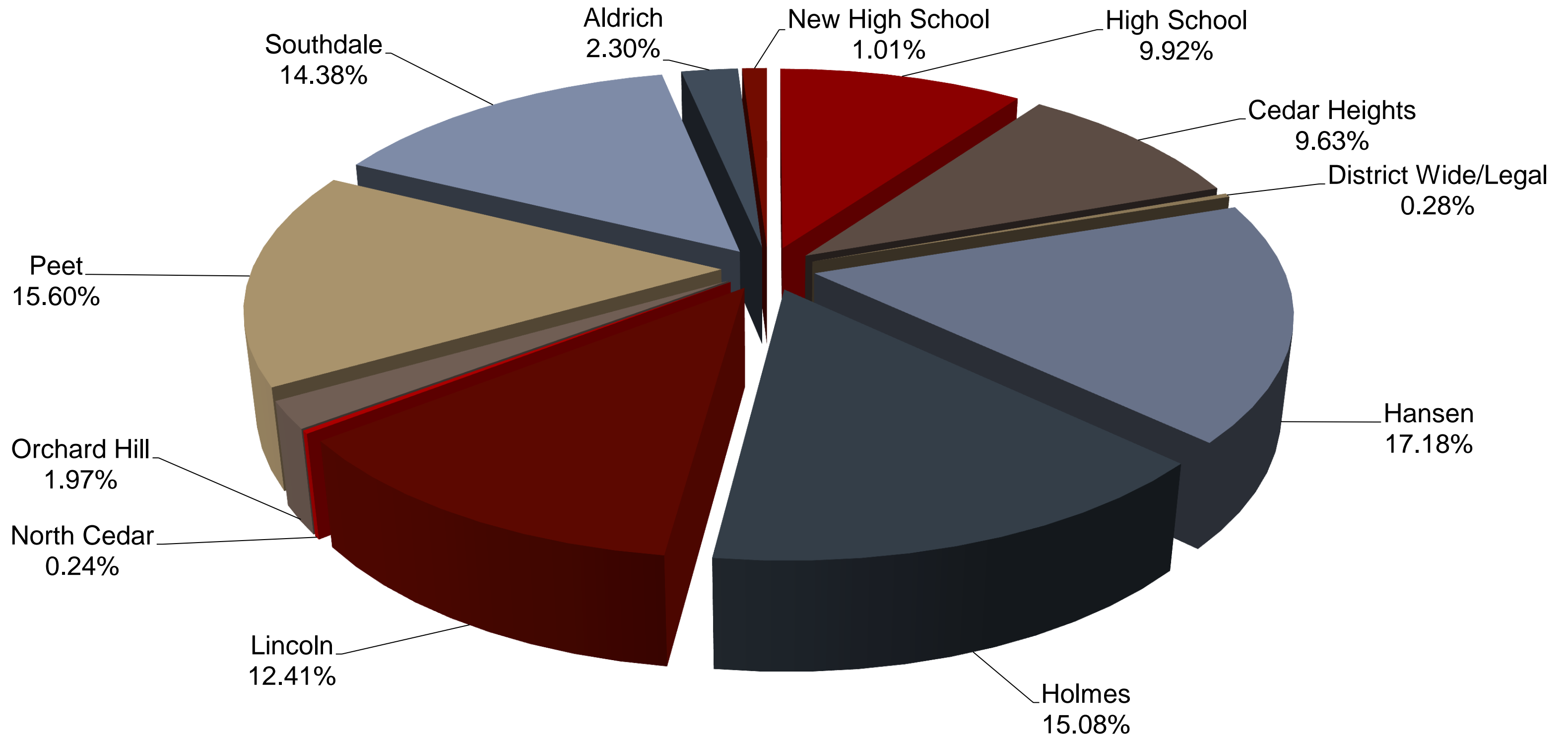
Fiscal Year	Beginning Balance	Sales Tax Revenue	Interest	Sale of BAN's/ Bonds	Other Revenue	Total Available	Project Expense	BAN/Bond Payment (P & I)	EOY Balance	Less Req. Bond Reserve	Net Available
2000	\$3,398	\$2,389,728	\$63,619	\$5,000,000	\$0	\$7,456,745	\$656,624	\$0	\$6,800,121		
2001	\$6,800,121	\$3,139,300	\$515,092		\$680,967	\$11,135,480	\$2,804,086	\$250,300	\$8,081,094		
2002	\$8,081,094	\$3,289,359	\$445,141		\$357,970	\$12,173,564	\$5,800,954	\$250,300	\$6,122,310		
2003	\$6,122,310	\$3,415,544	\$356,005		\$331,387	\$10,225,246	\$3,224,358	\$5,250,300	\$1,750,588		
2004	\$1,750,588	\$3,575,011	\$22,946		\$118,184	\$5,466,729	\$1,250,748	\$0	\$4,215,981		
2005	\$4,215,981	\$3,418,807	\$85,233		\$235,256	\$7,955,277	\$3,983,234	\$0	\$3,972,043		
2006	\$3,972,043	\$4,090,224	\$217,071	\$5,046,303	\$3,300	\$13,328,941	\$8,263,024	\$147,594	\$4,918,323		
2007	\$4,918,323	\$3,839,801	\$260,884		\$0	\$9,019,008	\$2,256,054	\$175,400	\$6,587,554		
2008	\$6,587,554	\$4,376,493	\$272,527		\$0	\$11,236,574	\$2,265,992	\$5,175,400	\$3,795,182		
2009	\$3,795,182	\$4,516,507	\$170,853	\$10,016,194	\$17,500	\$18,516,236	\$3,547,264	\$240,564	\$14,728,408		
2010	\$14,728,408	\$4,514,284	\$186,794		\$56,616	\$19,486,102	\$13,258,036	\$265,682	\$5,962,384		
2011	\$5,962,384	\$3,607,002	\$44,403	\$20,500,000	\$1,365	\$30,115,154	\$5,119,637	\$10,563,845	\$14,431,672	\$1,834,533	\$12,597,139
2012	\$14,431,672	\$3,672,221	\$85,127		\$20,900	\$18,209,920	\$4,925,138	\$1,835,232	\$11,449,550	\$1,834,533	\$9,615,017
2013	\$11,449,550	\$4,468,108	\$48,818		\$0	\$15,966,476	\$8,731,307	\$1,770,141	\$5,465,028	\$1,834,533	\$3,630,495
2014	\$5,465,028	\$4,227,019	\$49,678	\$9,999,287	\$39,920	\$19,780,932	\$7,415,222	\$3,331,454	\$9,034,256	\$2,829,533	\$6,204,723
2015	\$9,034,256	\$4,613,875	\$35,647		\$0	\$13,683,778	\$1,958,675	\$3,272,592	\$8,452,511	\$2,829,533	\$5,622,978
2016	\$8,452,511	\$4,682,586	\$41,635		\$1,398	\$13,178,130	\$341,056	\$2,775,355	\$10,061,719	\$2,829,533	\$7,232,186
2017	\$10,061,719	\$4,831,500	\$52,038		\$0	\$14,945,257	\$1,781,175	\$4,979,369	\$8,184,713	\$995,000	\$7,189,713
Totals		\$70,667,369	\$2,953,511	\$50,561,784	\$1,864,763		\$77,582,584	\$40,283,528			

# Secure A Vision for Education (SAVE)

## Formally Local Option One Cent Sales Tax

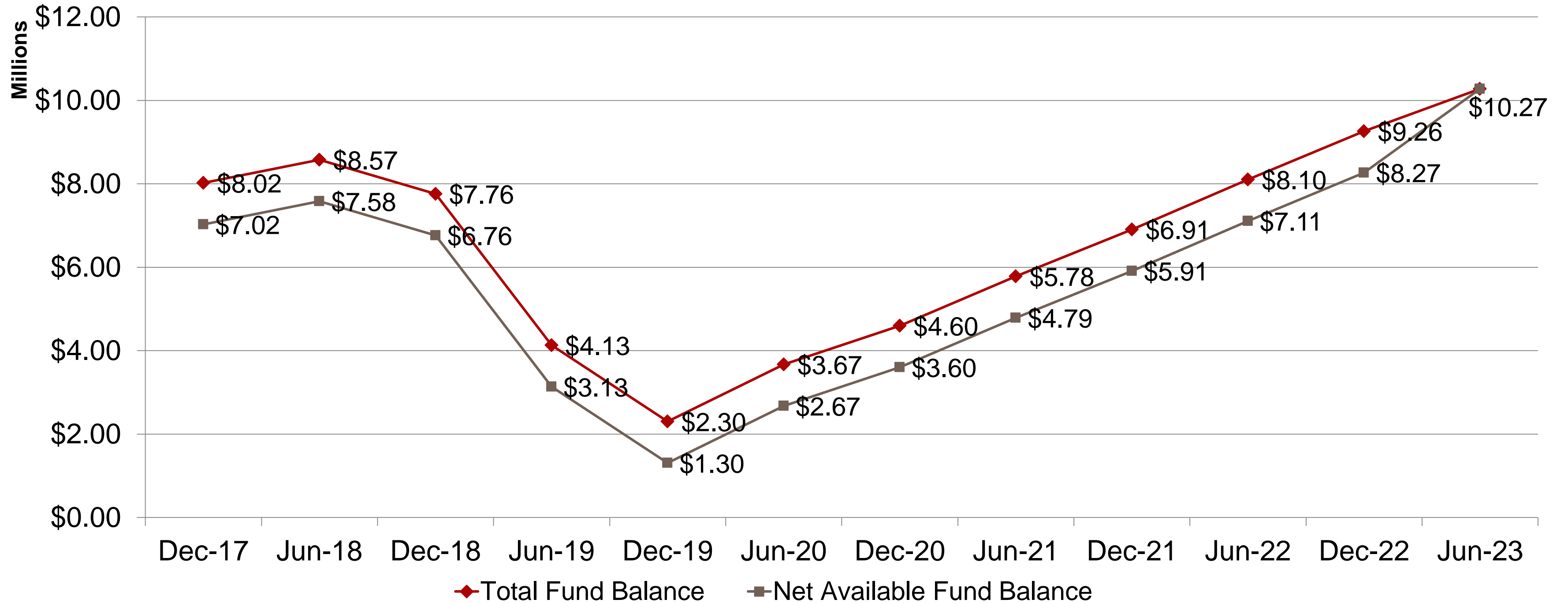


# History of SAVE Fund Expense



# Statewide Sch. Infrastructure Sales & Service Tax

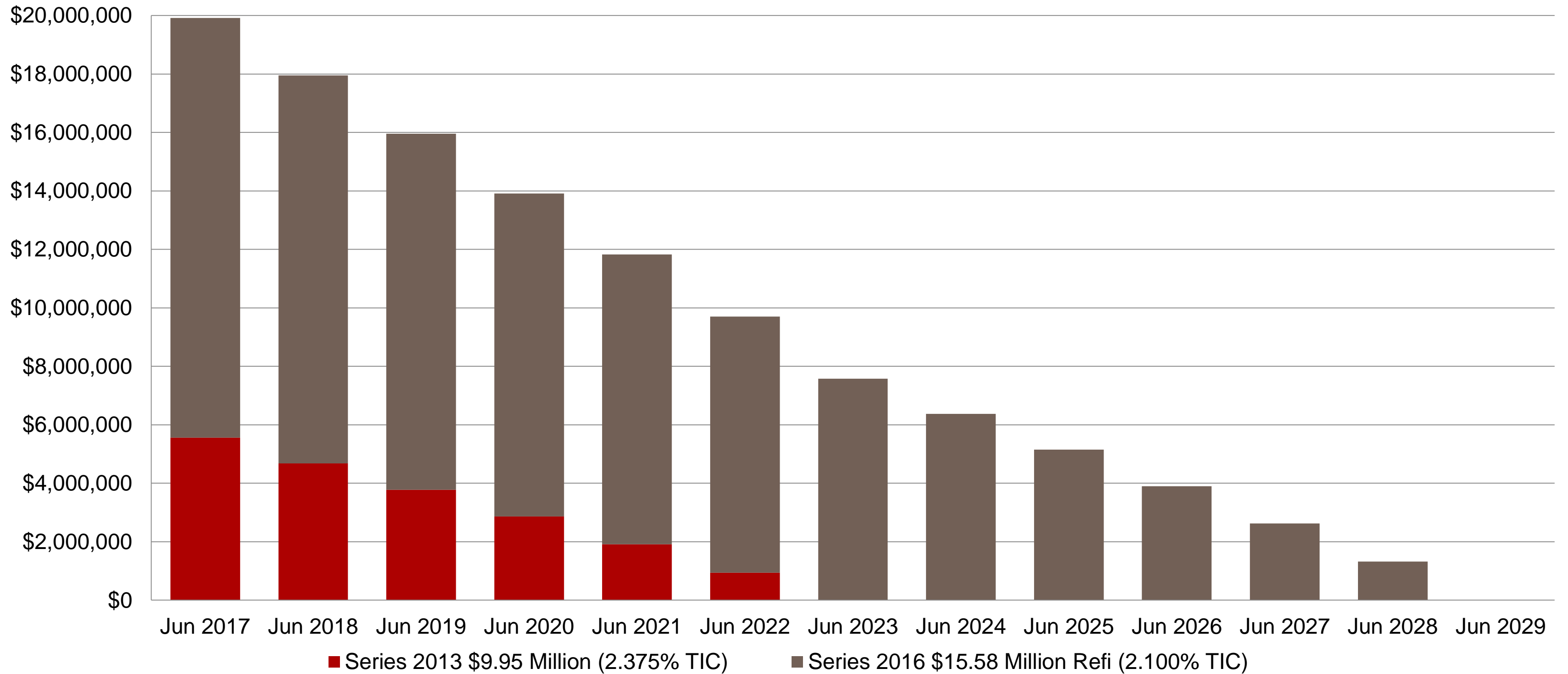
## Projected Future Fund Balance (Cash Basis)



As of December 31, 2017



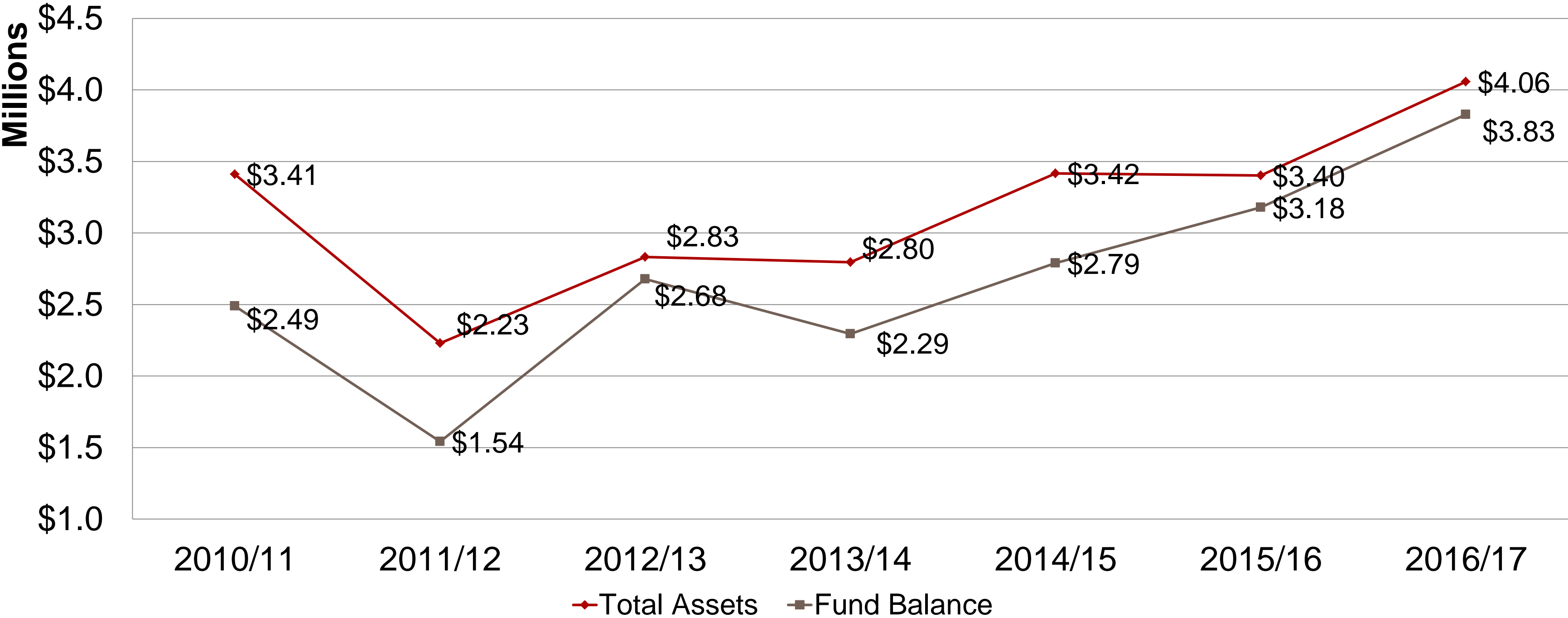
# Outstanding Revenue Bond Debt



# Physical Plant & Equipment Levy (PPEL)

- Restricted fund with two parts
  - Board of Education Controlled – up to \$0.33/\$1,000 (regular)
  - Voter approved additional \$1.34/\$1,000 levy
    - Voters approved extension of levy on December 6, 2016
    - Levy now expires at the end of the 2027-28 school year
- Can be used for:
  - Purchase or improvement of grounds
  - Construction, repairing or remodeling of schoolhouses or roads to schoolhouses including debt for same
  - Purchase or lease of equipment greater than \$500 per unit
    - Technology bundling included
  - Purchase or lease of school buses or other vehicles
  - Leasing or renting of facilities

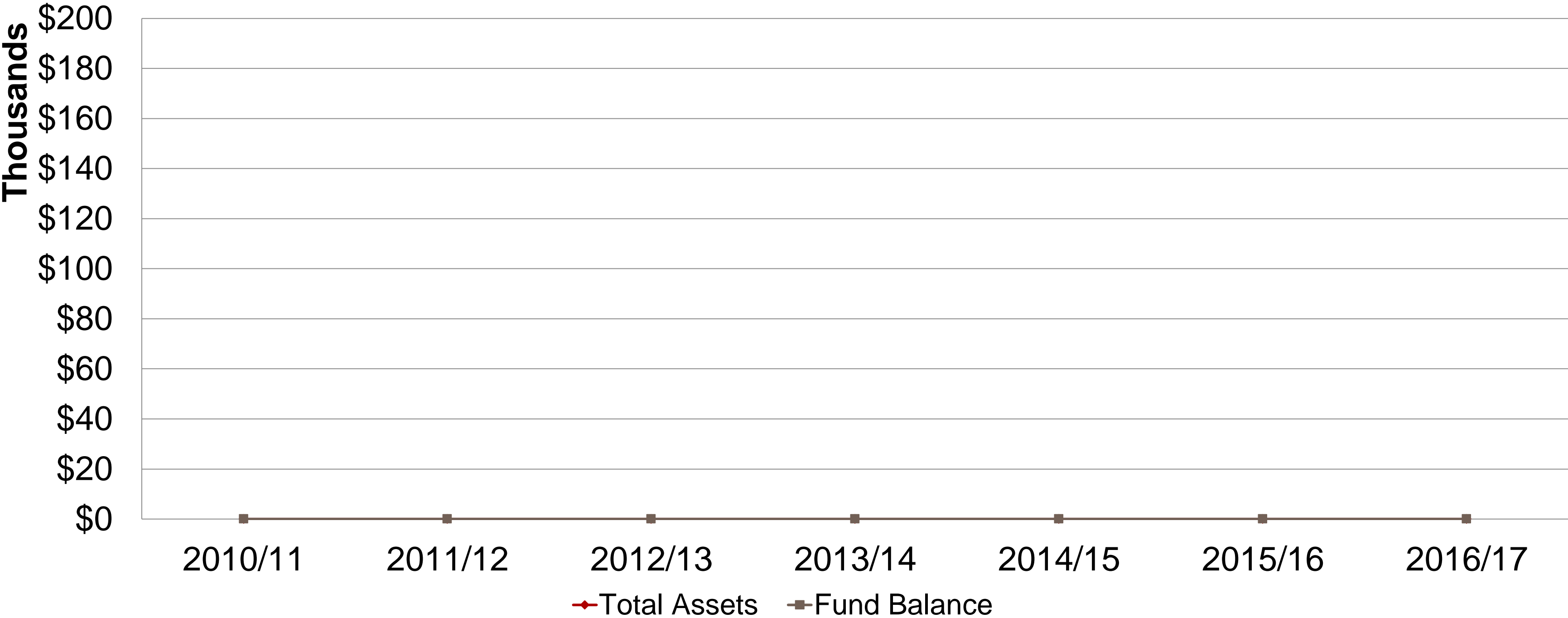
# Physical Plant & Equipment Levy (PPEL)



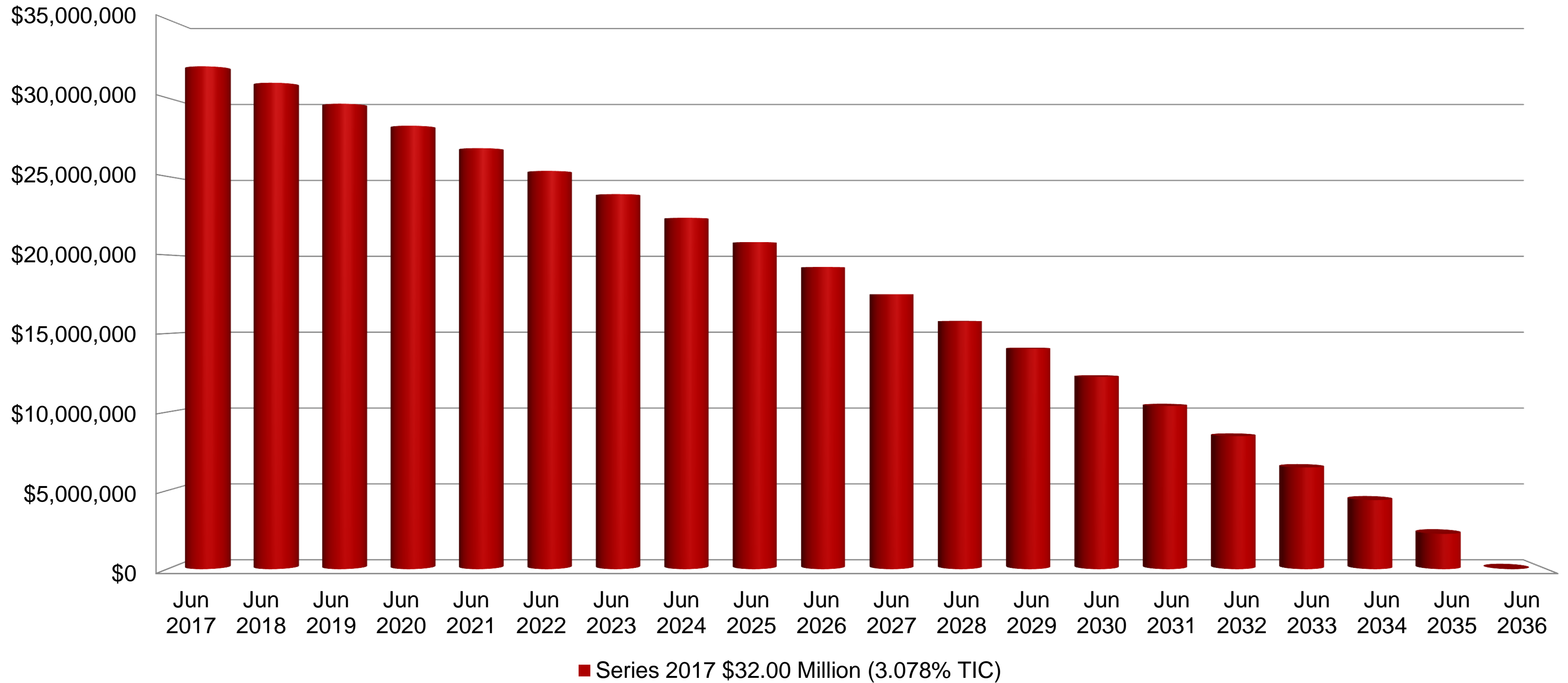
# Debt Service Levy

- Voters of a school district may approve bonded indebtedness for a period of up to 20 years
- Proceeds from the sale of General Obligation Bonds are deposited in the Capital Project Fund to be used for the cost of the approved project
- Revenue from the Debt Service Levy are deposited in the Debt Service Fund to be used to retire principal and interest on the bonds

# Debt Service Levy



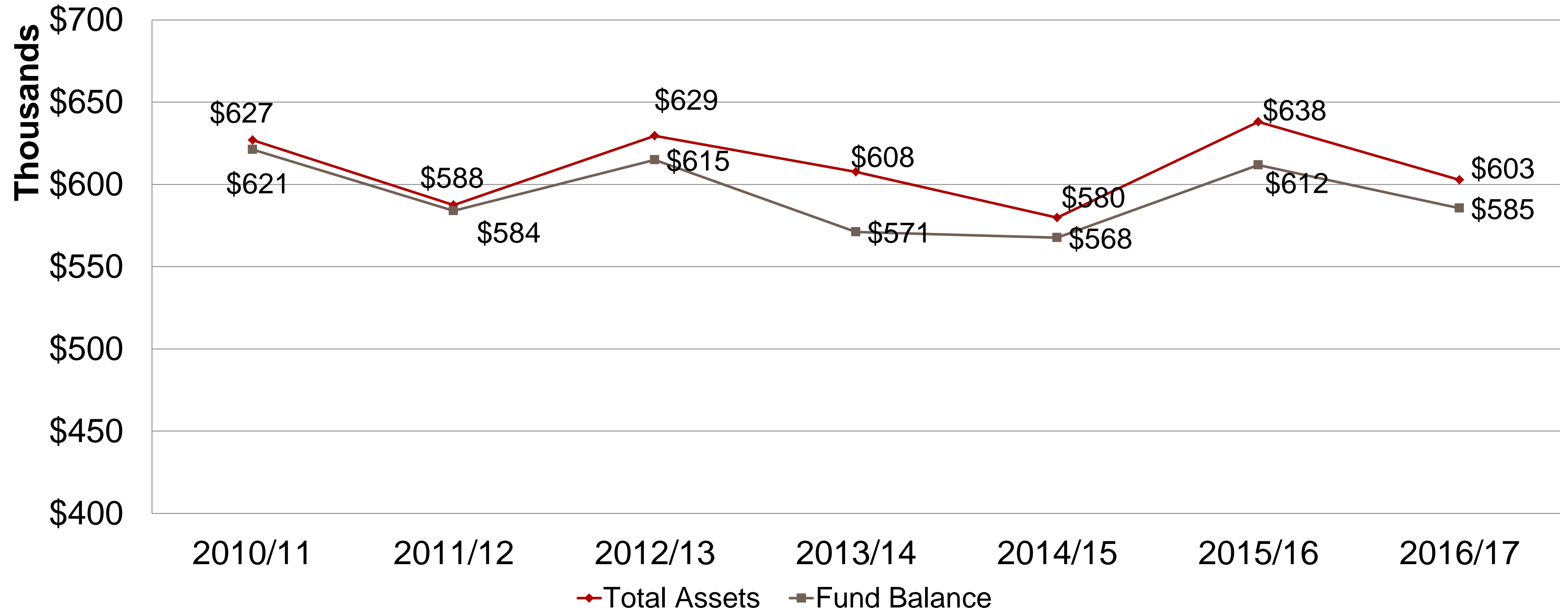
# Outstanding General Obligation Bond Debt



# Activity Fund

- Restricted fund
  - Account for student-related activities
    - Admissions
    - Activity Fees
    - Student Dues
    - Student Fund Raising Events
    - Student related co-curricular or extra-curricular activities

# Activity Fund

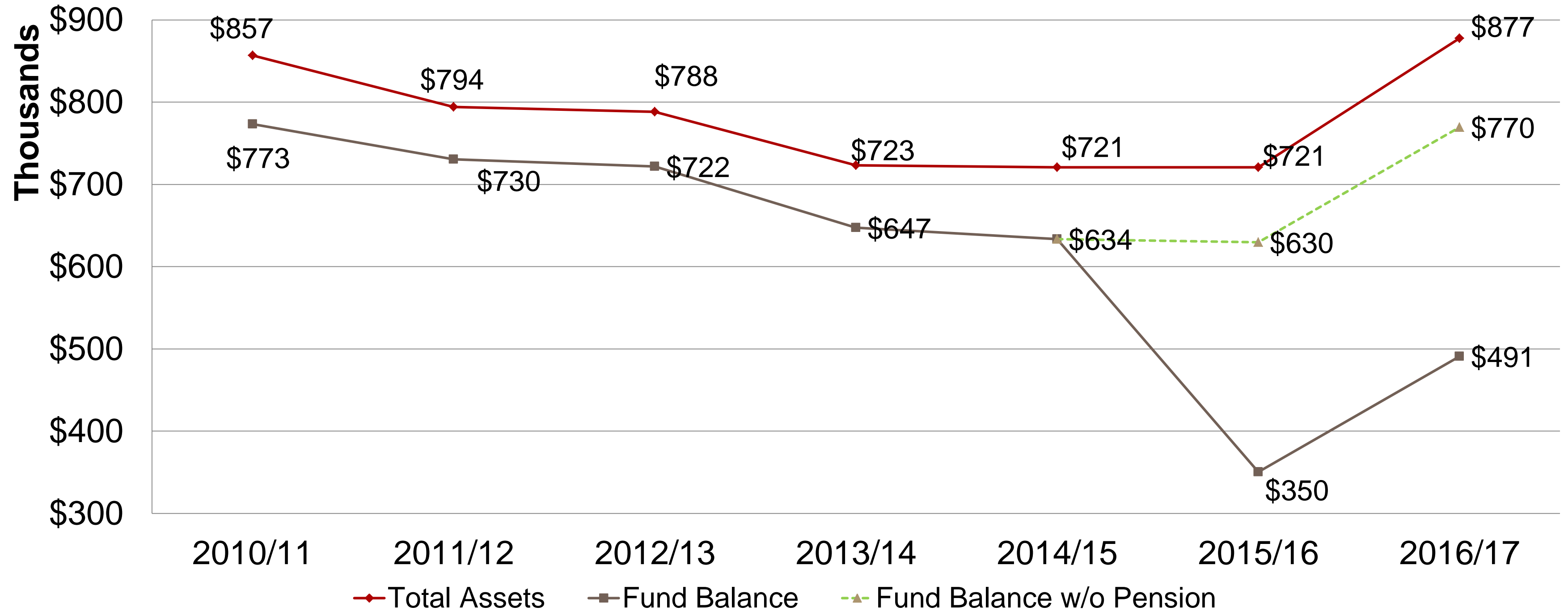




# Nutrition Fund

- Restricted fund
  - Considered an Enterprise Fund
    - Business type activity
      - Fund for which a fee is charged to external users for good or services
  - Account for all transactions for nutrition programs authorized under Iowa Code Chapter 283A

# Nutrition Fund



# Summary

- As of June 30, 2017
  - District's financial condition:
    - District General Fund cash balance
      - Decrease of \$125,554 from June 30, 2016
      - Days Net Cash Ratio 70 – down from 76
        - Cash reserve levy increased in FY18
    - Unspent budget authority (UBA) decreased by \$75,522
      - UBA Ratio 14.00% FY16 13.06% FY17
      - UBA will decrease in FY18 & FY19 with the opening of Aldrich Elementary
        - District will apply to the School Budget Review Committee for initial staffing & supply costs
  - Increases in enrollment without increases in supplemental state aid (allowable growth) puts more pressure on general fund
    - Continued requirements and changes in enrollment and curriculum may necessitate additional staff

# Summary

- Special Education
  - District continues to meet the needs of students
  - Medicaid funding helped reduce special education expenses
    - Net FY17 receipts = \$974,468
  - FY17 deficit = **\$972,951**
  - Projected FY18 deficit = **\$843,415**

# Summary

- We must continue to closely monitor budget and funding changes in order to make decisions that
  - Maintain a positive learning environment
  - Maintain a positive financial condition

- Special thank you to Denelle Gonnerman, Carrie DeBerg and the entire District Business Office staff for their assistance.
- Questions?

