

CEDAR FALLS COMMUNITY SCHOOL DISTRICT



Annual District Financial Report

January 23, 2016

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

Fund Accounting – CFCSD Funds

- General Fund
 - Includes Instructional Support Levy
- Management Fund
- Secure a Vision for Education (Formally LOT)
- 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 K-12 and AEA's

Four Key Factors

Iowa Public School Foundation Formula

- 1. Enrollment
 - Number of students enrolled on October 1st 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

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 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		Unspent Authorized Budget Worksheet							1044
			(Line 32 = Legal Limit on General Fund Spending)						
	Authority	Data Source			Actual FY13	Actual FY14	Actual FY15	Actual FY16	
1	Formula	AidLevy 4.3/5.1	Regular Program District Cost		28,726,651	29,796,787	30,967,044	31,666,807	
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	+	306,672	357,875	439,278	466,358	
4	Formula	AidLevy 4.14/5.4	Special Ed District Cost	+	3,528,498	3,650,817	3,659,185	3,889,933	
5	Formula	AidLevy 4.22/5.5	Teacher Salary Supplement District Cost	+	2,418,958	2,510,214	2,611,037	2,670,602	
6	Formula	AidLevy 4.30/5.6	Professional Development Suppl District Cost	+	288,844	299,427	310,837	317,748	
7	Formula	AidLevy 4.38/5.7	Early Intervention Supplement District Cost	+	285,163	296,217	308,650	315,883	
8	Formula	AidLevy 4.46/5.8	Teacher Leadership Supplement District Cost	+					
9	Formula	AidLevy 4.49/5.9	AEA Special Ed Support	+	1,434,409	1,487,076	1,538,702	1,579,693	
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	+	250,459	259,760	270,542	277,293	
12	Formula	AidLevy 4.63/5.12	AEA Educational Services	+	280,012	290,330	302,249	309,759	
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	+	185,274	191,309	196,413	201,174	
15	Formula	AidLevy 4.82/5.15	AEA Professional Dev Suppl District Cost	+	21,260	21,942	22,548	23,087	
16	Board/SBRC	AidLevy 5.17	SBRC Modified Suppl Amt Dropout Prev	+	663,332	663,421	744,414	738,732	
17	Board/SBRC	SBRC	SBRC Modified Supplemental Amt Other #1	+	0	0	80,675	102,442	
18	Board/SBRC	SBRC	SBRC Modified Supplemental Amt Other #2	+	489,292	132,022	314,189	942,912	
19	SBRC	SBRC/DE	Special Ed Deficit Modified Suppl Amt	+	656,990	0	675,685	807,534	
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	0	
25	Calculated	AidLevy 5.16	AEA Prorata Reduction	-	242,012	198,163	198,163	198,163	
26	Calculated	Calculated	Maximum District Cost	=	39,293,802	39,759,034	42,243,285	44,111,794	
27	Board/Vote	AidLevy 7.35	Total Preschool Foundation Aid	+	138,023	192,812	388,324	412,544	
28	Board/Vote	AidLevy 10.27	Instructional Support Authority	+	2,234,359	2,373,016	2,399,326	2,444,994	
29	Board	AidLevy 11.3	Ed Improvement Authority	+	0	0	0	0	
30	Board	See Note 1	Other Miscellaneous Income	+	8,821,889	9,965,205	7,446,734	5,873,635	
31	Calculated	Calculated	Unspent Auth Budget - Previous Year	+	7,888,478	8,888,612	9,191,056	8,630,990	
32	Calculated	Calculated	Maximum Authorized Budget	=	58,376,551	61,178,679	61,668,725	61,473,957	
33	Board	See Note 2	Expenditures	-	49,487,939	51,987,623	53,037,735	52,864,787	
34	Calculated	Calculated	Unspent Authorized Budget (UAB)	=	8,888,612	9,191,056	8,630,990	8,609,170	

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

Other District Funds

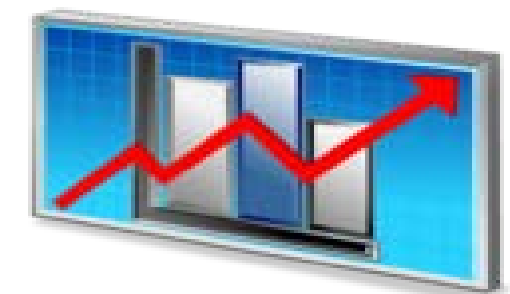
- Are All Restricted (specific purpose)
 - **Cannot** be used to support the General Fund
 - Management
 - Physical Plant & Equipment Levy
 - Secure A Vision for Education (SAVE) (formally LOT)
 - Activity
 - Nutrition
 - Debt
 - Agency & Trust

Purpose

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

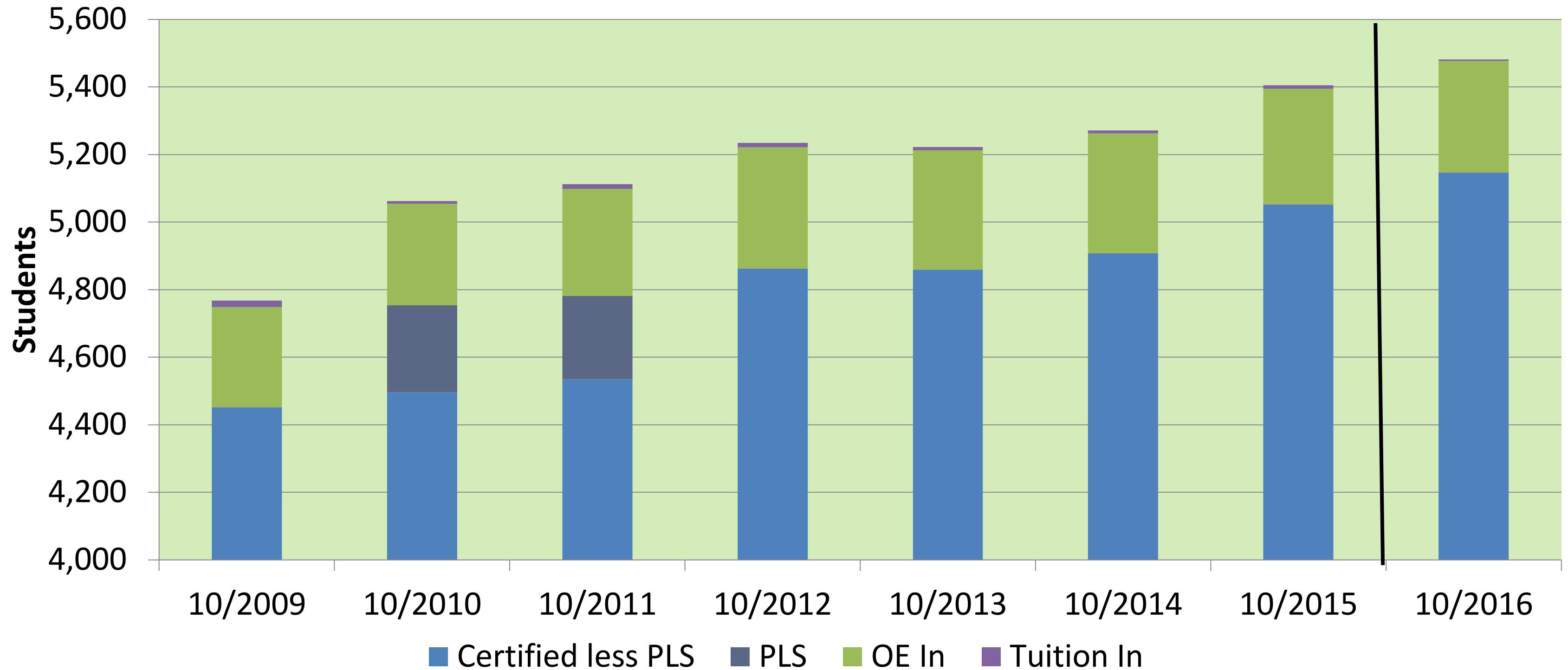
General Fund Key Financial Indicators

- 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



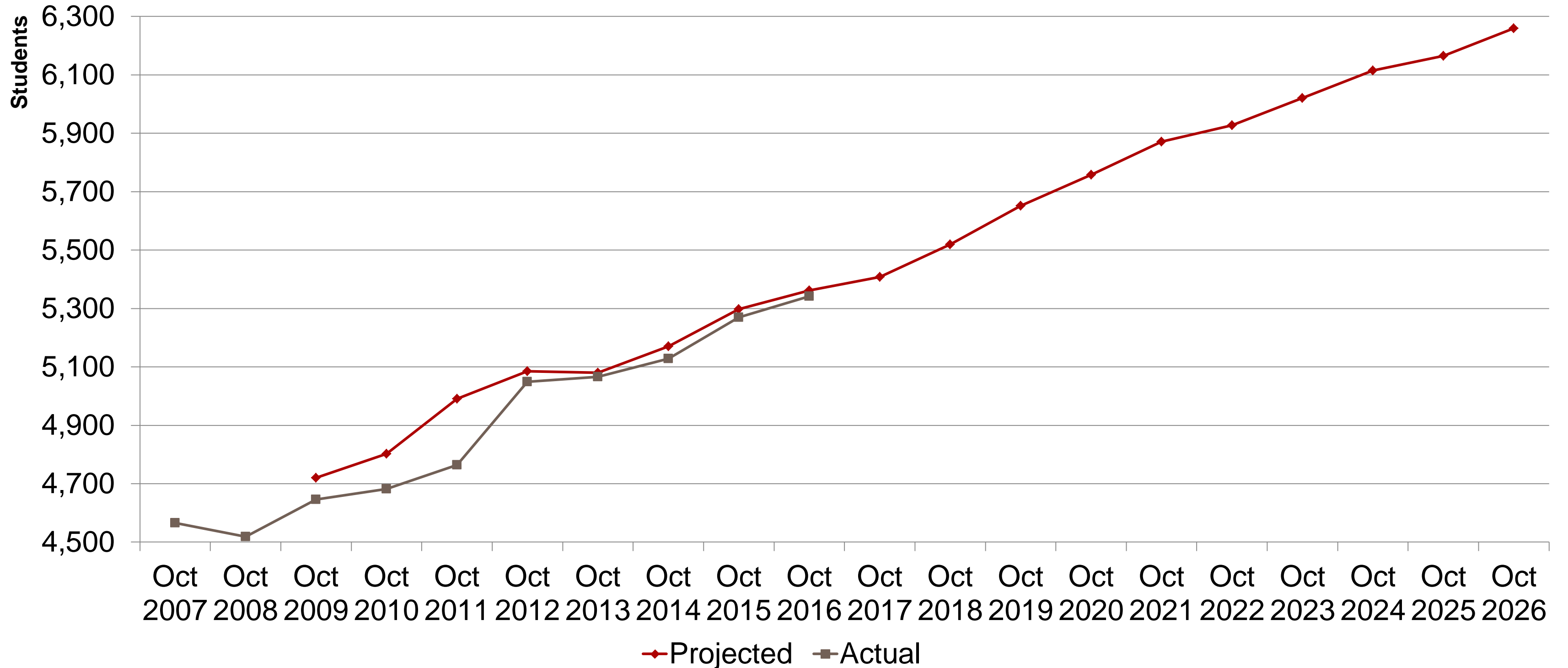
Certified Enrollment History

Key Trend Dashboard Indicator #1

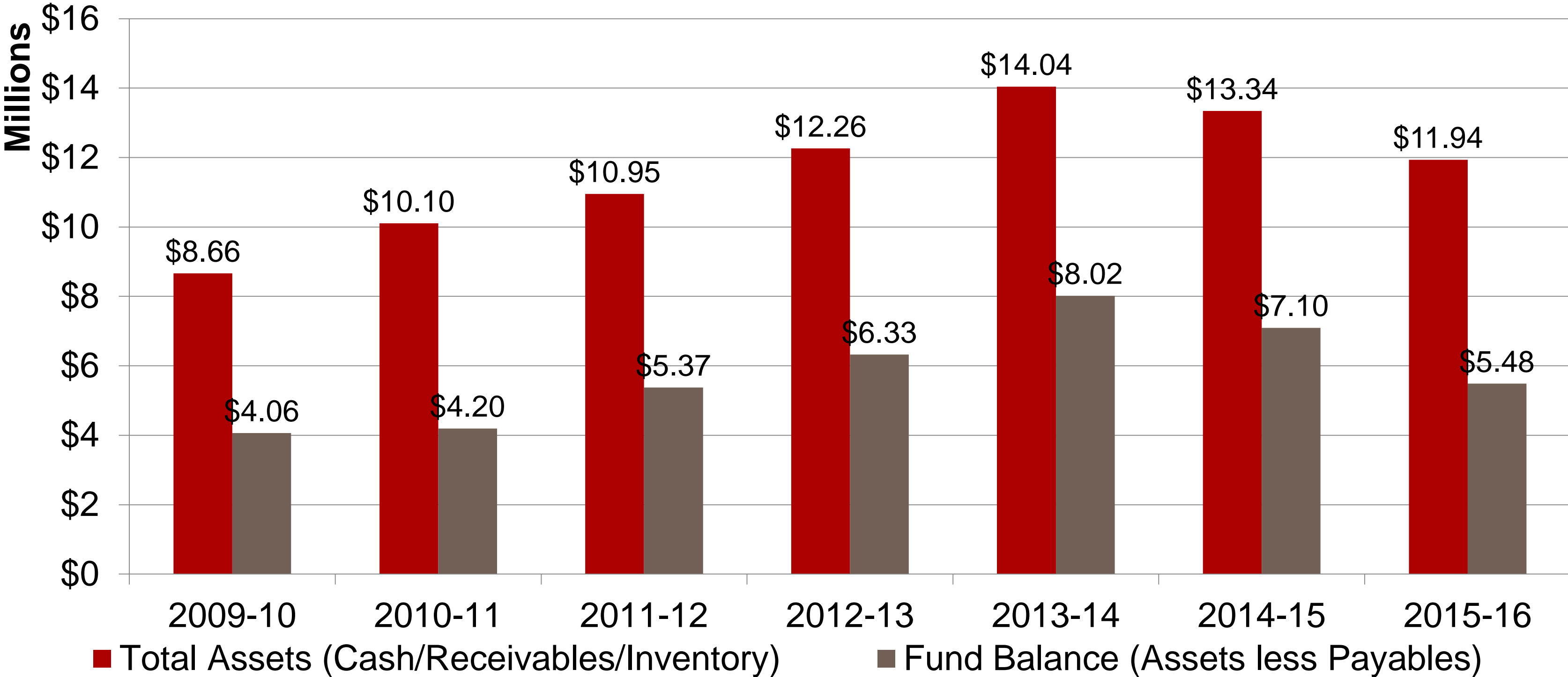


Increase of 15.6% over the last 8 years. 4 year old pre-school students not included.

District Enrollment Projections



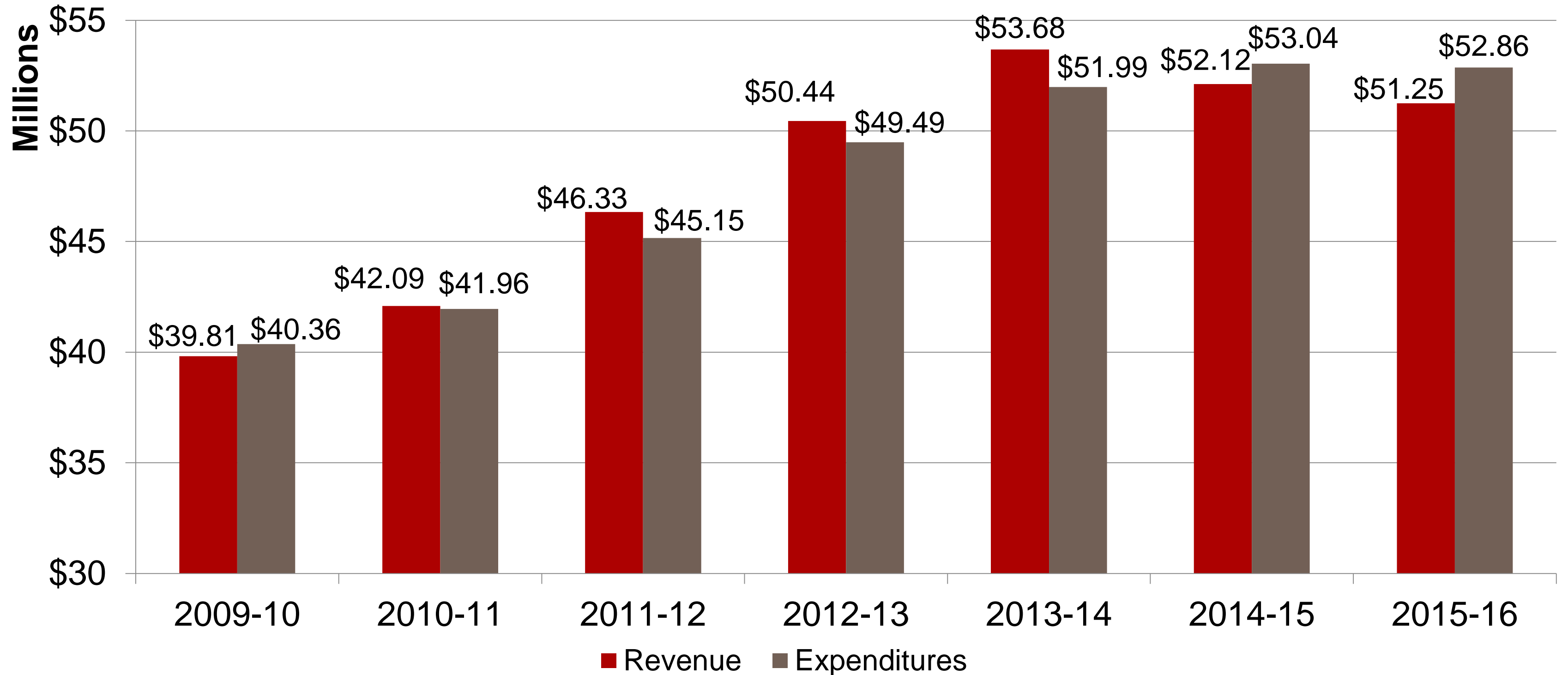
CAR General Fund Balance



\$1,400,528 decrease in cash on hand and \$1,613,141 decrease in fund balance.

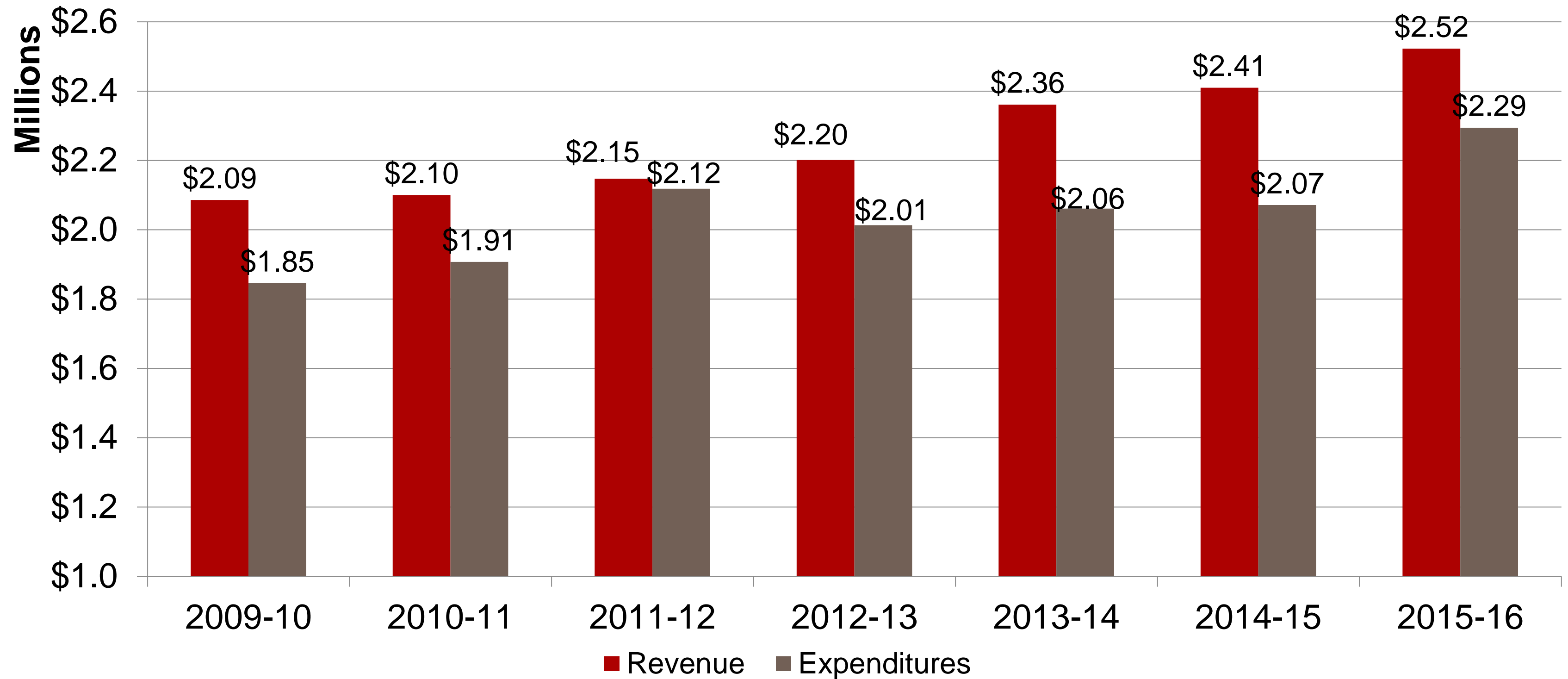
General Fund Revenue/Expenditure History

Includes Instructional Support Fund

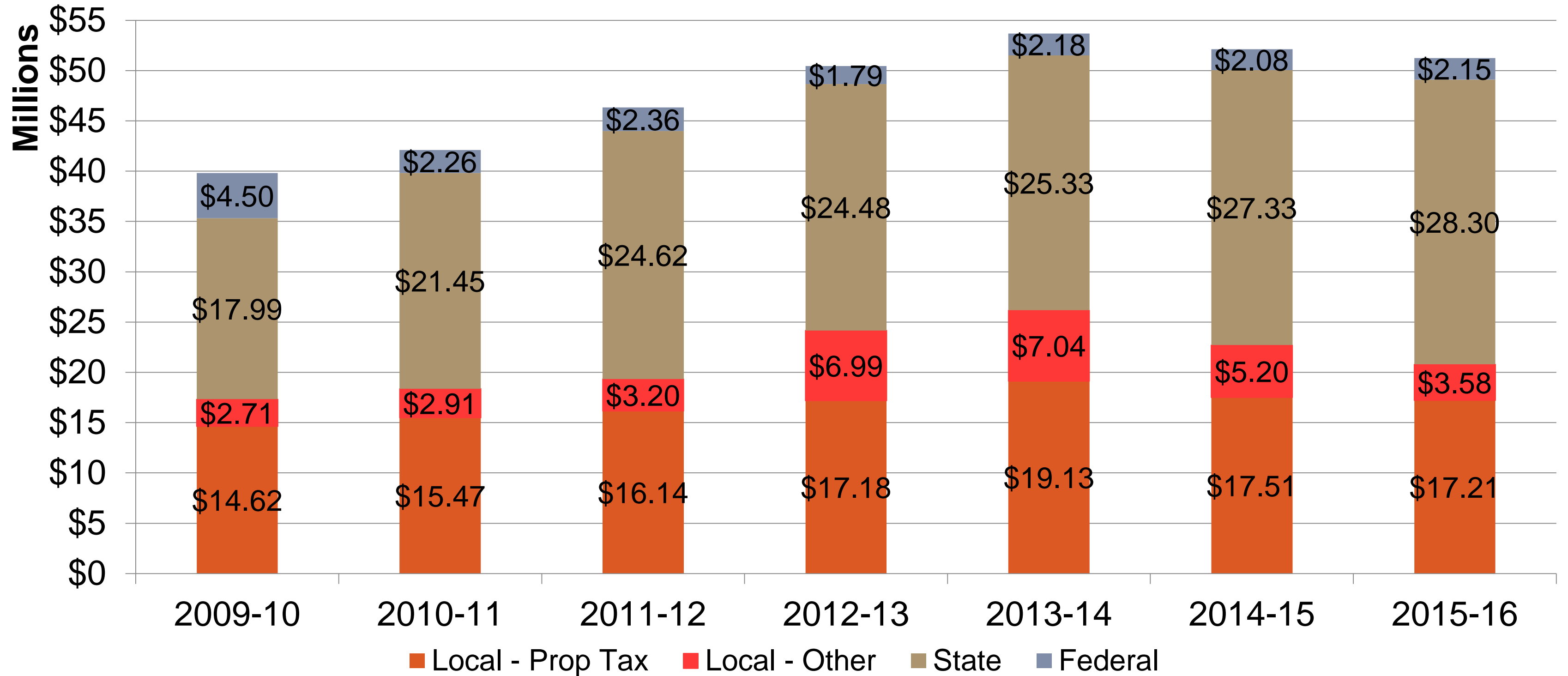


Revenue decreased by \$863,789 and expenditures decrease by \$172,948 from 2014-15 to 2015-16.

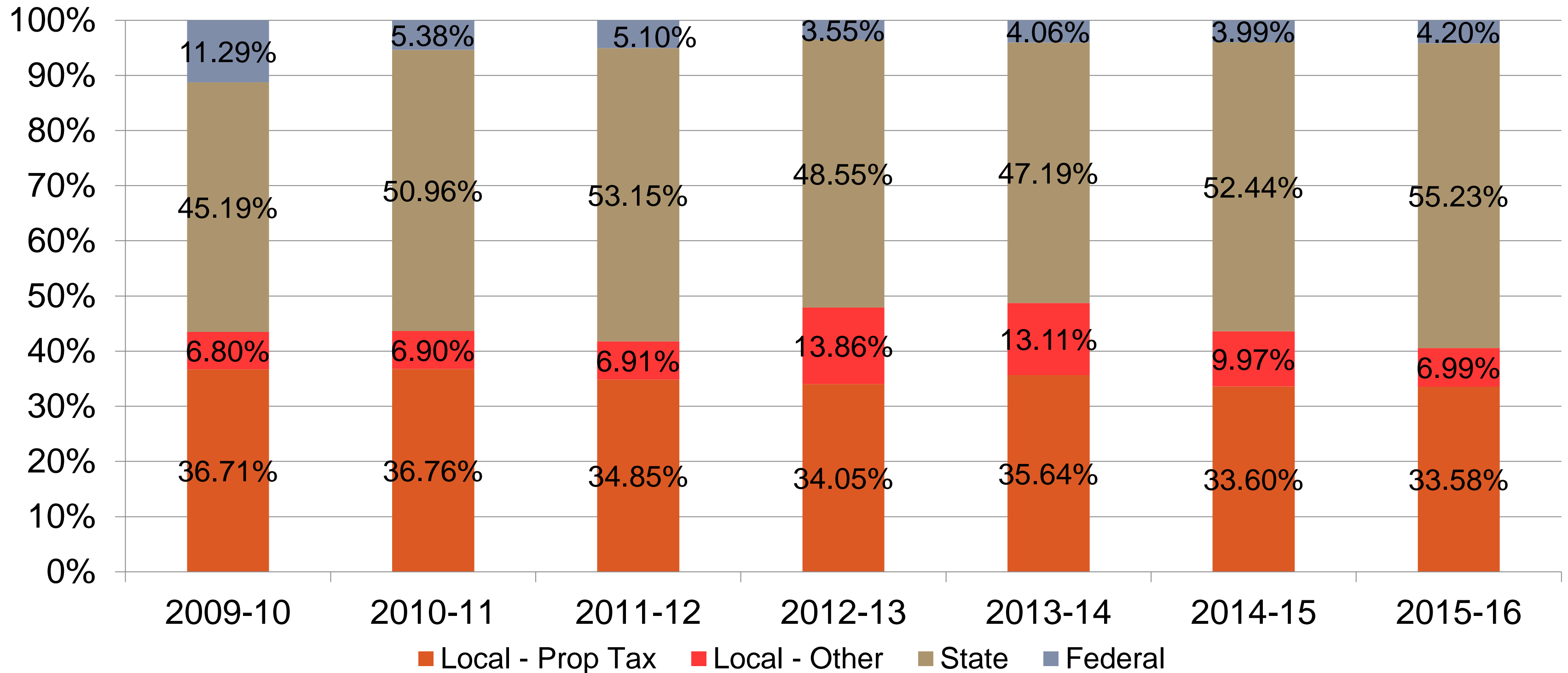
ISL (only) Revenue/Expenditure Detail



History of General Fund Revenue



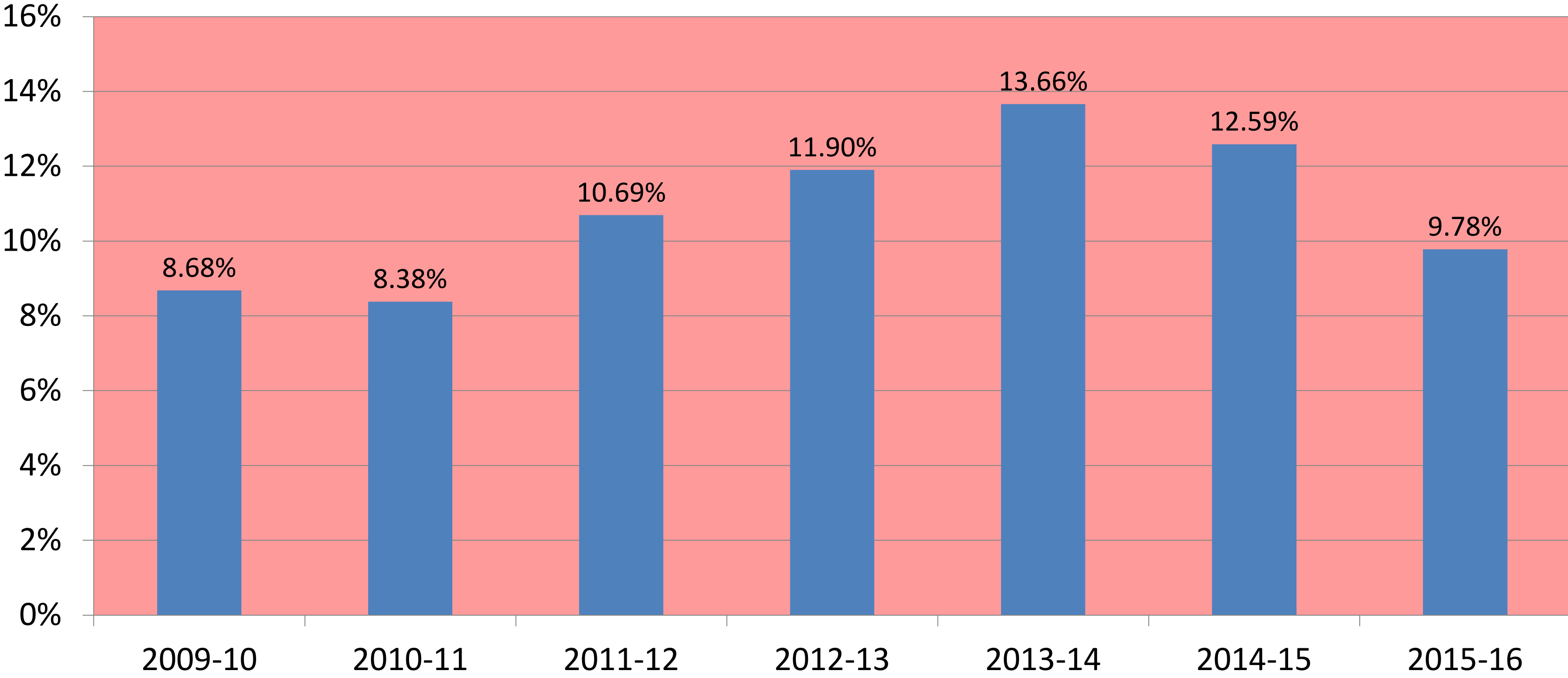
History of General Fund Revenue



Due to rounding percentages may not total 100.0%

Financial Solvency Ratio

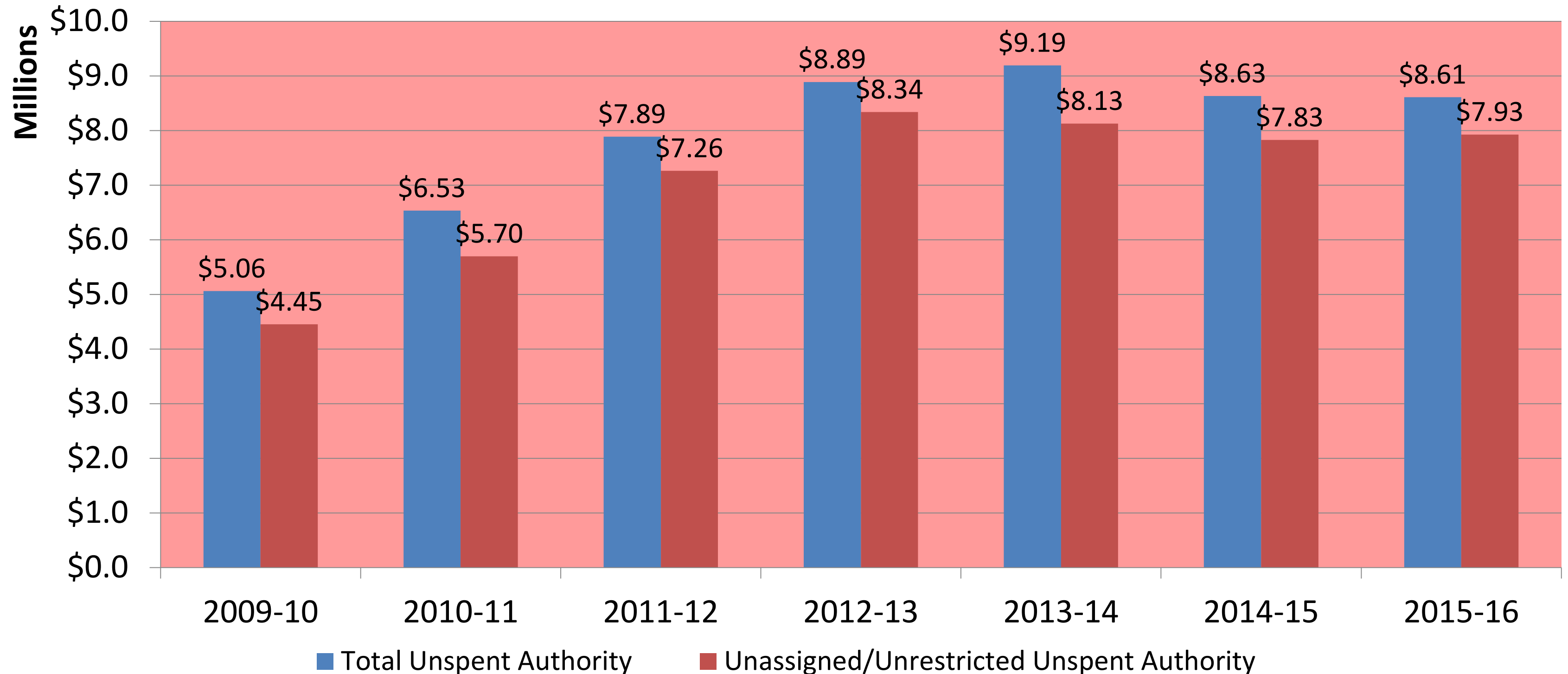
Key Trend Dashboard Indicator #2



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

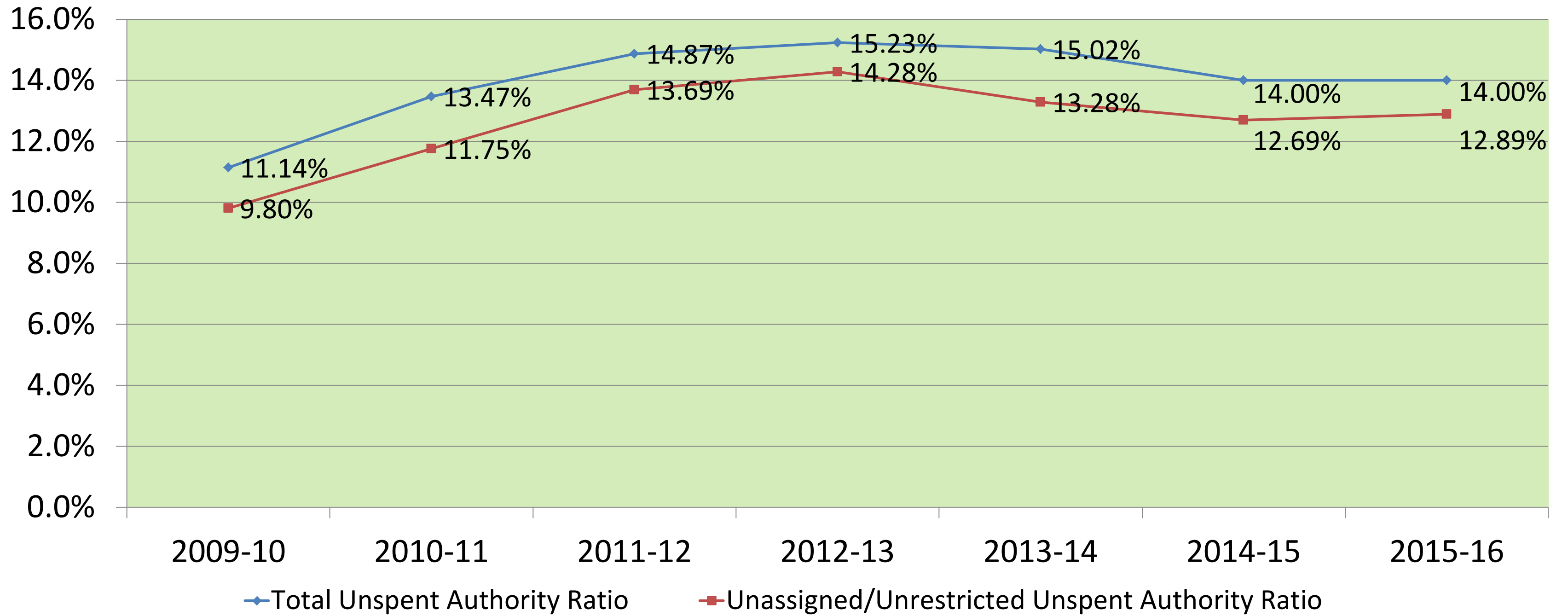
History of Unspent Budget Authority (In Dollars)

Key Trend Dashboard Indicator #3



History of Unspent Budget Authority Ratio

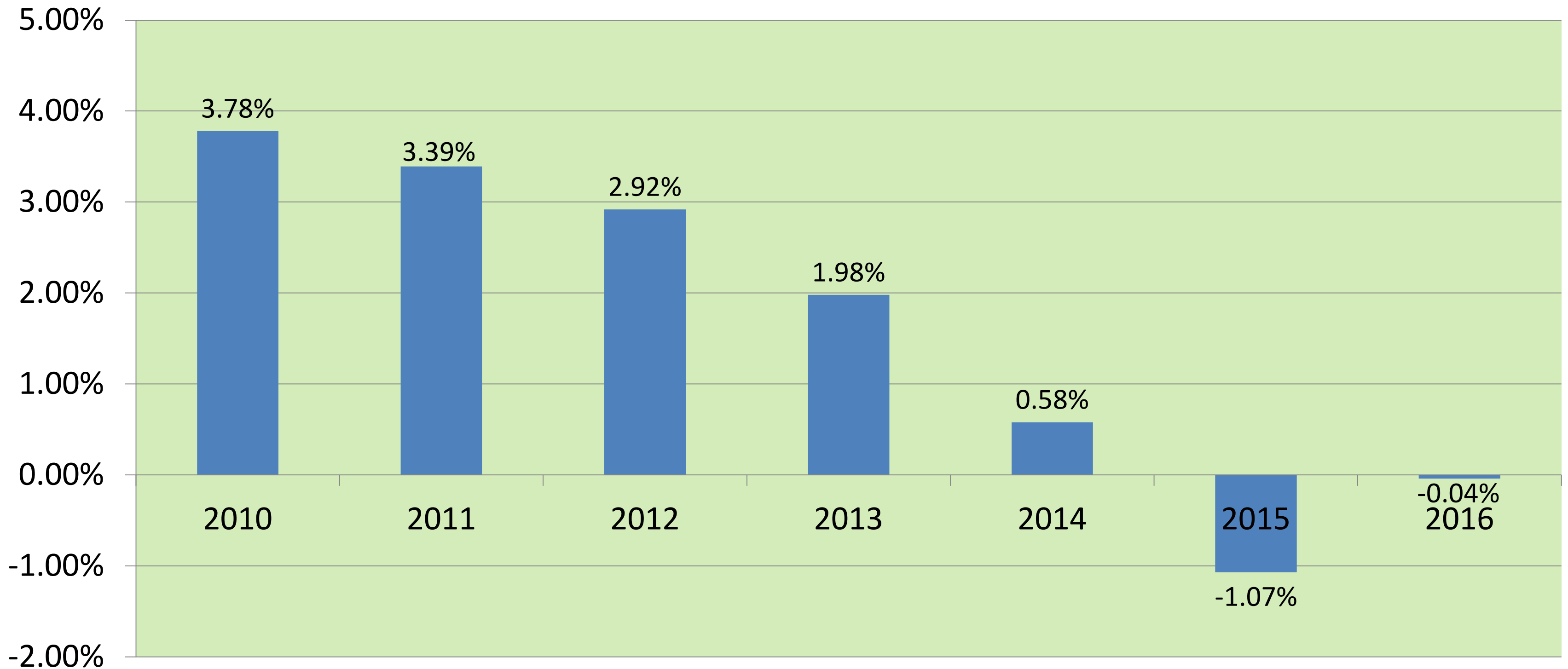
Key Trend Dashboard Indicator #3A



A goal of 10% unassigned/unrestricted unspent authority over expenditures (\$5.29 million) is desired. District is at 12.89% for 2015-16.

Annual Unspent Budget Authority Ratio

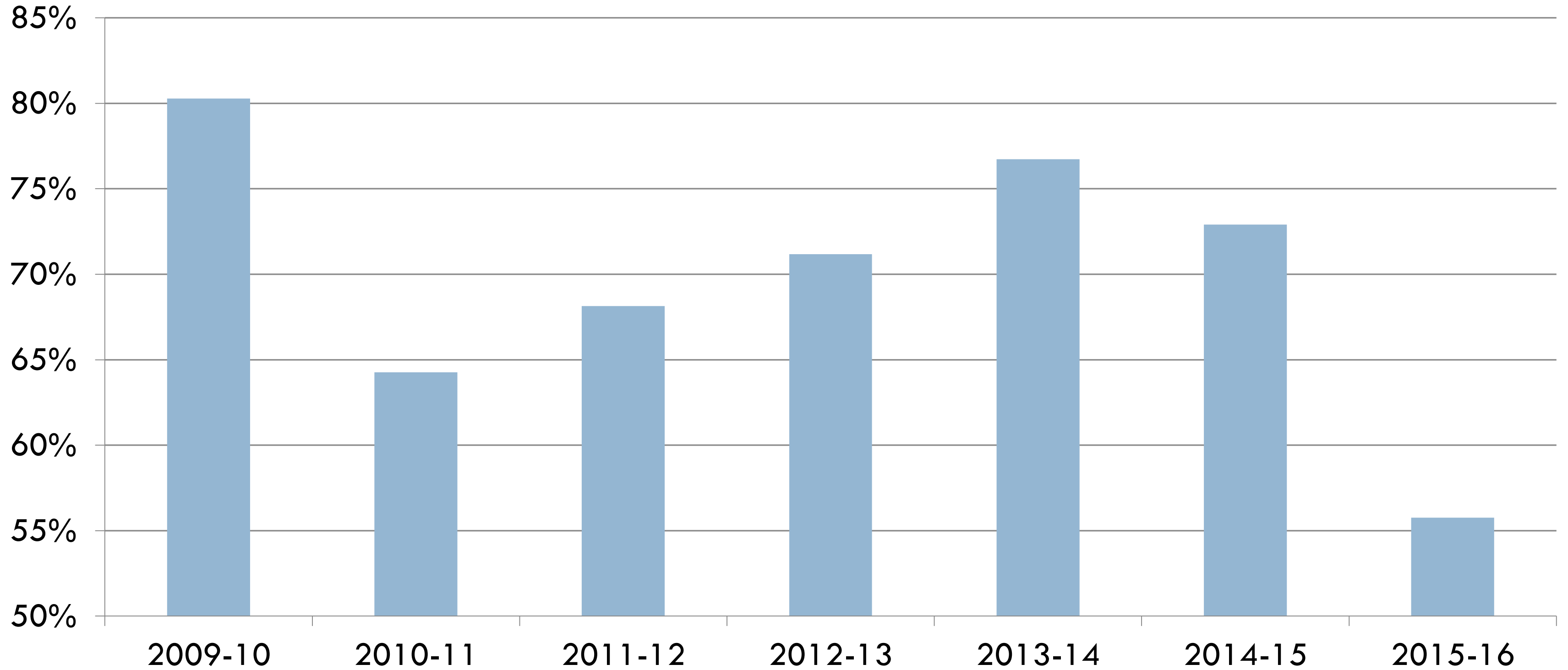
Key Trend Dashboard Indicator #4



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

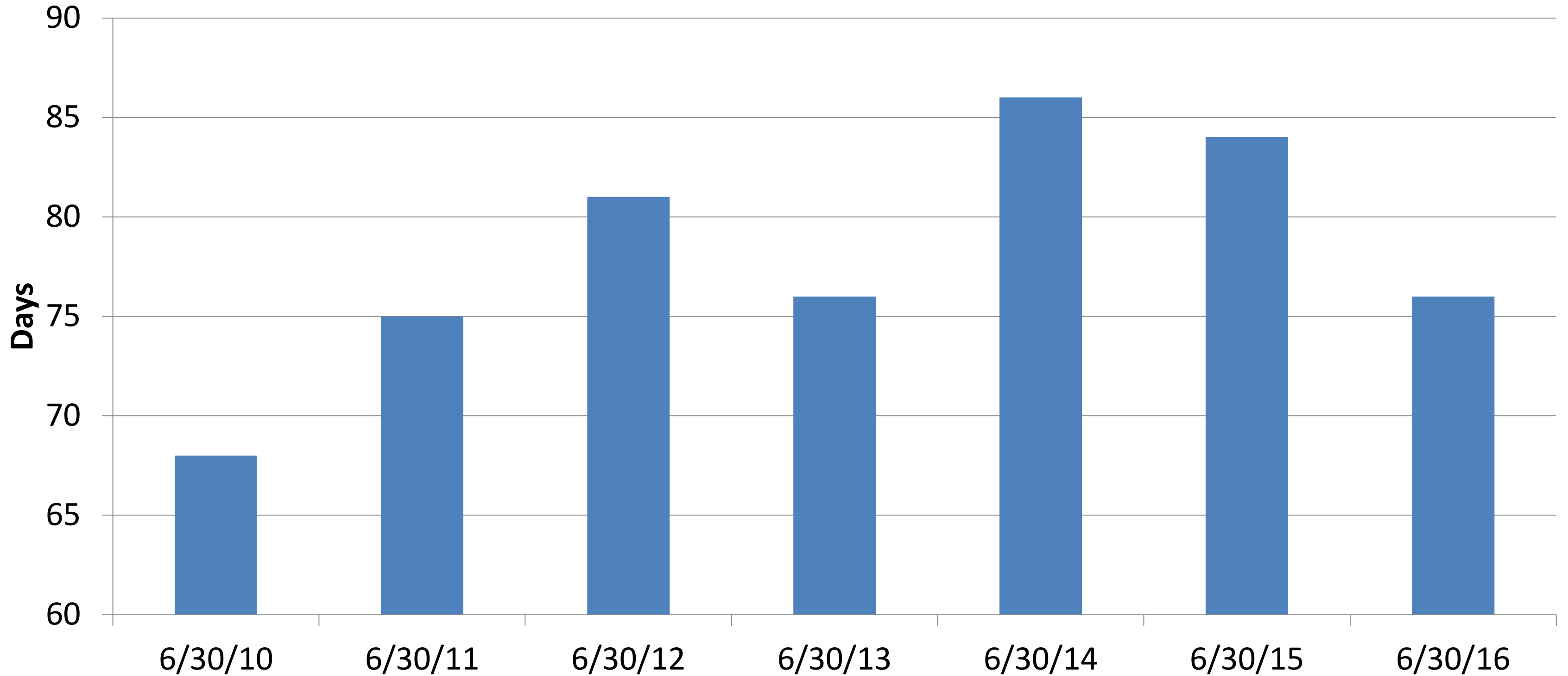
Net Fund Balance

As a Percentage of Unspent Authority



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

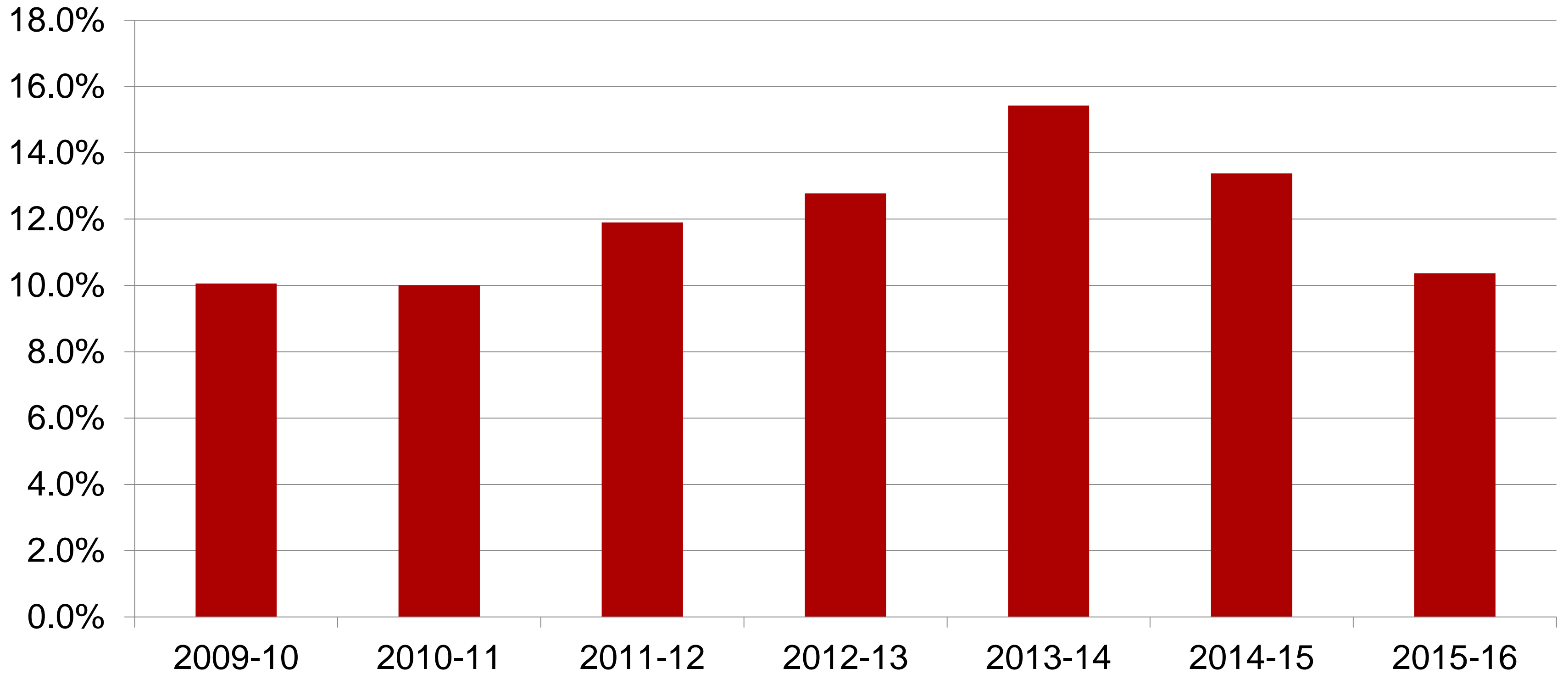
General Fund - Days Net Cash Ratio



Cash & investments/Avg. daily cash expenditures.

A goal of 90 days is desired.

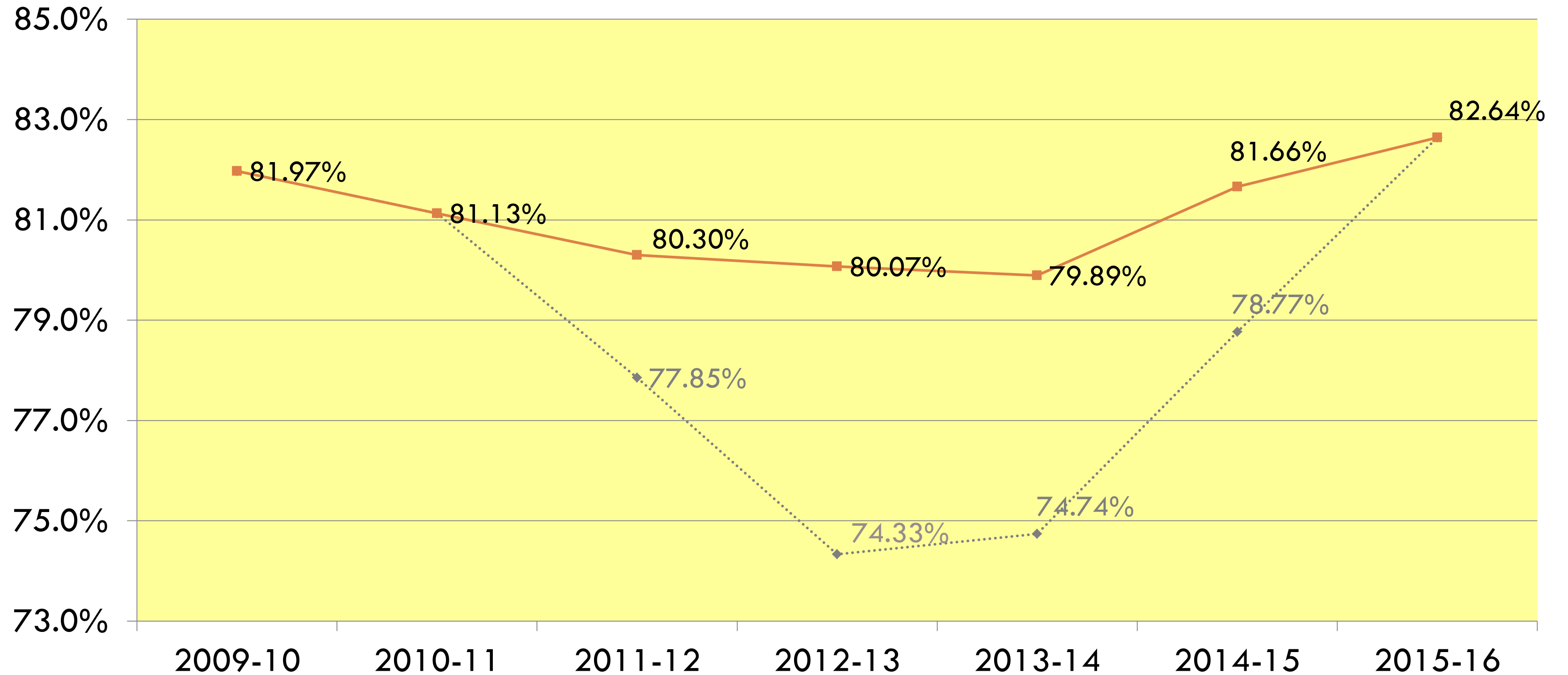
Net Fund Balance As a Percentage of Expenditures



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

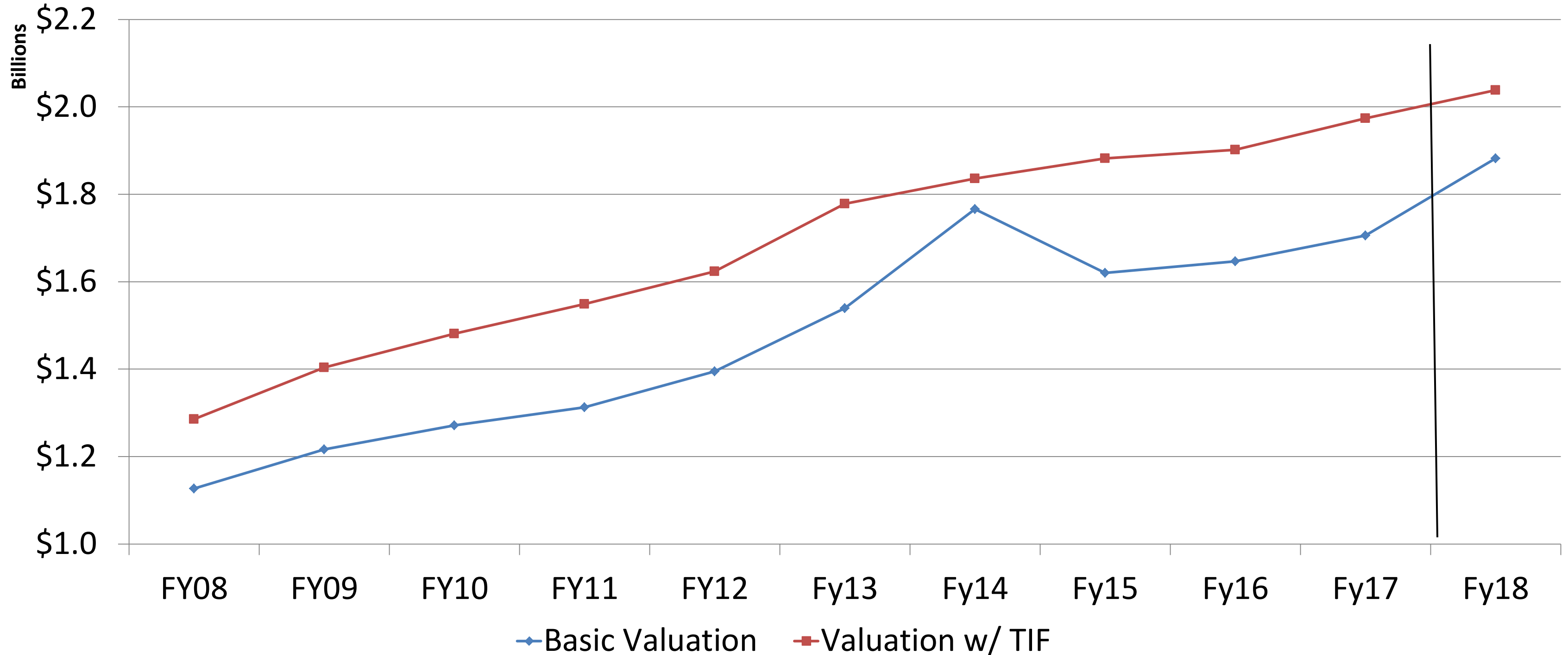
Salaries & Benefits to Total Expenditures Ratio

Key Trend Dashboard Indicator #5



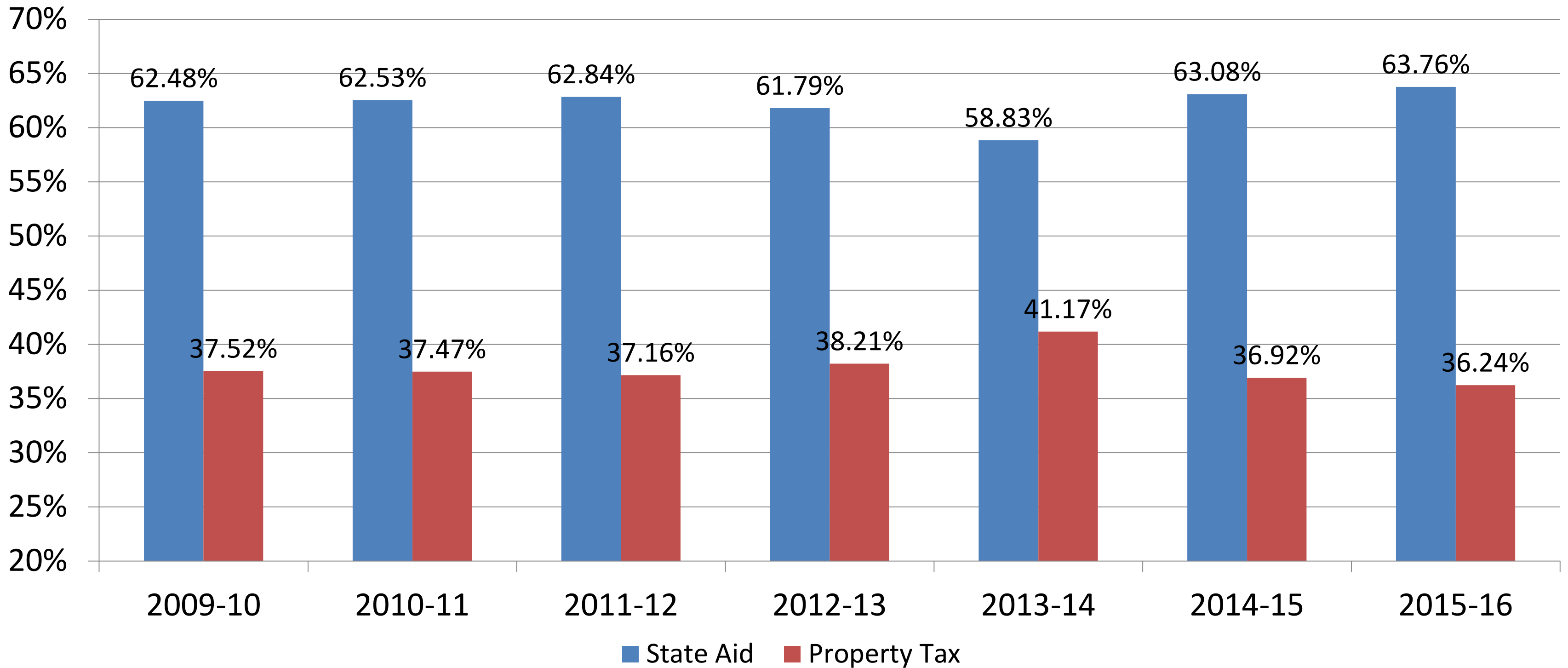
Measures the percent of the District's budget dedicated to labor costs.

History of Assessed Valuation



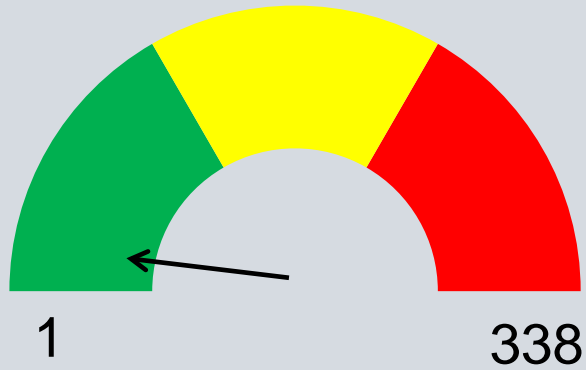
Basic Valuation increase 3.58% from Fy16 to Fy17 & increased 56.57% over the past 10 yrs.
Valuation w/ TIF increased 3.79% from Fy16 to Fy17 & 58.83% over the past 10 years.

Combined District Cost Property Tax/State Aid History



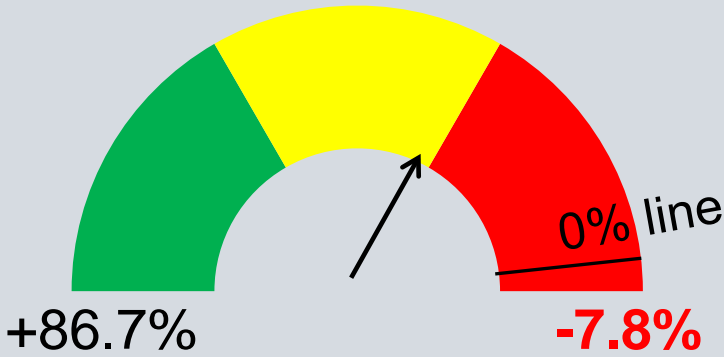
Financial Dashboard – All Iowa Schools

Certified Enrollment



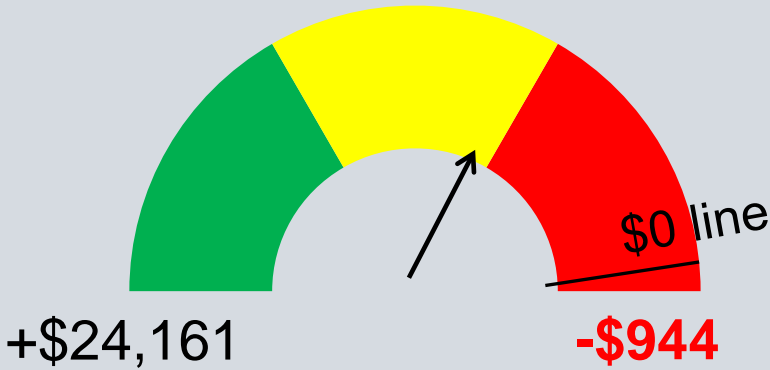
Rank = 17th Largest
 CF = 5,052.1 (10/15) 5,146.8 (10/16)

FY15 Solvency Ratio



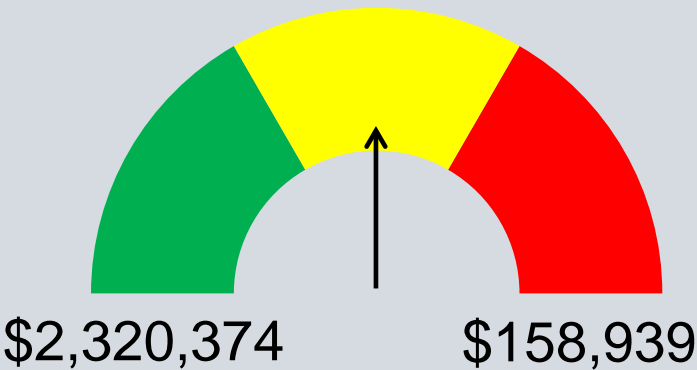
Rank = 209 out of 338
 State Avg. = 16.39%
 CF = 12.59% FY15 9.78% FY16

FY15 UBA Per Pupil



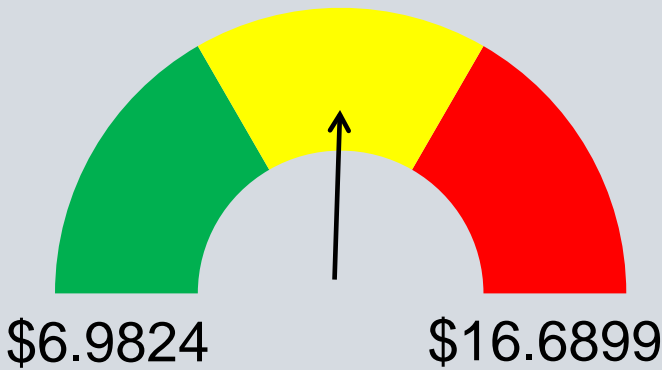
Rank = 217 out of 338
 State Avg. = \$2,726
 CF = \$1,759 FY15 \$1,704 FY16

FY16 Valuation/Pupil



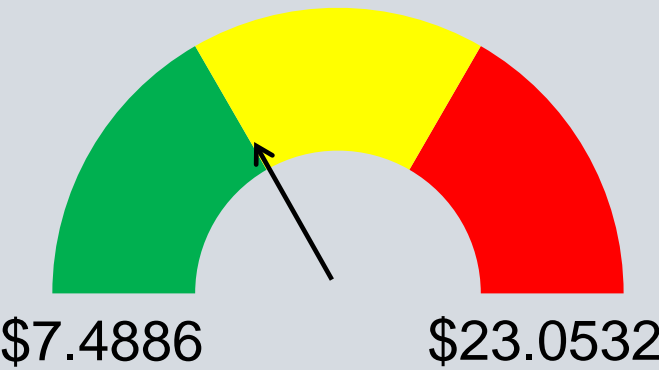
Rank = 171 out of 338
 State Avg. = \$384,160
 CF = \$338,837 FY16 \$347,517 FY17

FY16 General Fund Tax Rate



Rank = 188 out of 338
 State Avg. = \$10.9318
 CF = \$10.4526 FY16 \$10.8065 FY17

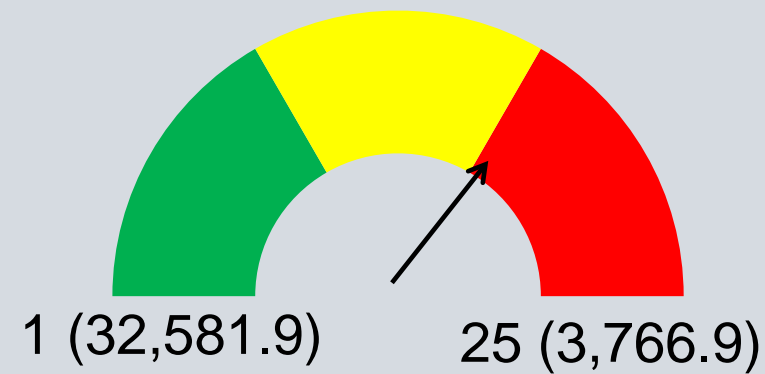
FY16 Total Tax Rate



Rank = 127 out of 338
 State Avg. = \$13.9085
 CF = \$12.4445 FY16 \$12.7697 FY17

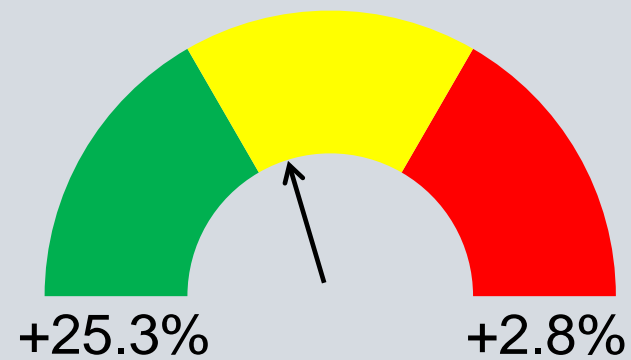
Financial Dashboard – 25 Largest Iowa Schools

Certified Enrollment



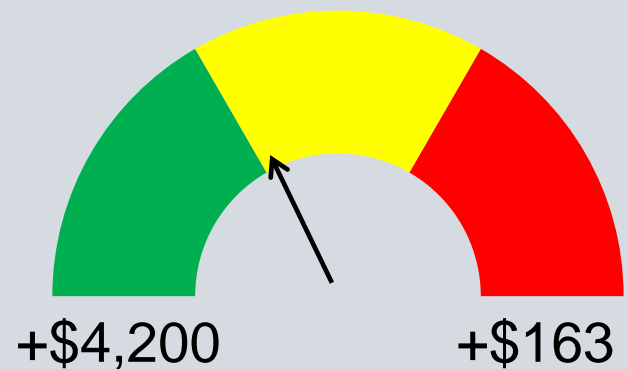
Rank = 17th Largest
 CF = 5,052.1 (10/15) 5,146.8 (10/16)

FY15 Solvency Ratio



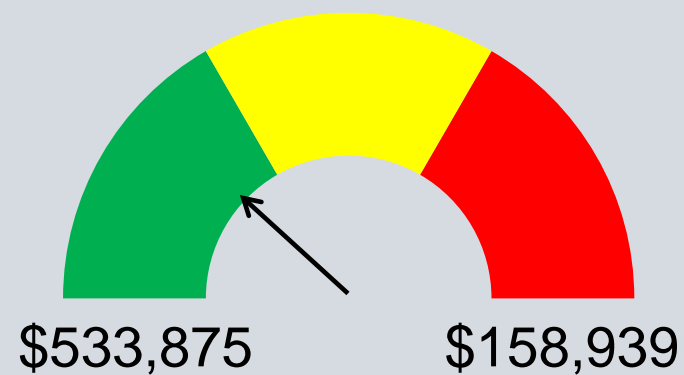
Rank = 10 out of 25
 Average = 11.50%
 CF = 12.59% FY15 9.78% FY16

FY15 UBA Per Pupil



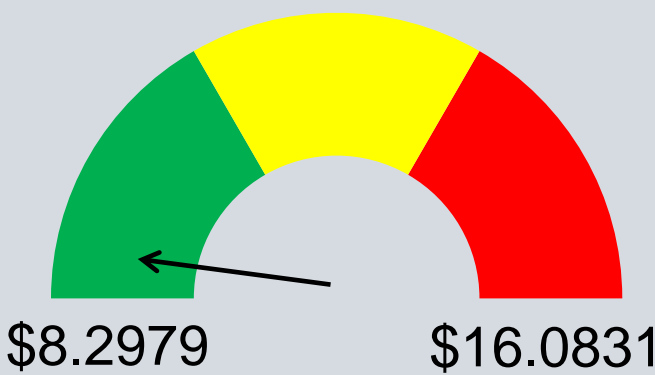
Rank = 9 out of 25
 Average = \$1,706
 CF = \$1,759 FY15 \$1,704 FY16

FY16 Valuation/Pupil



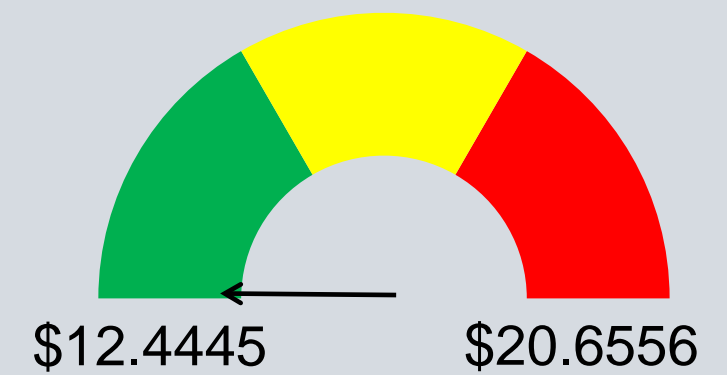
Rank = 5 out of 17
 Average = \$280,899
 CF = \$338,837 FY16 \$347,517 FY17

FY16 General Fund Tax Rate



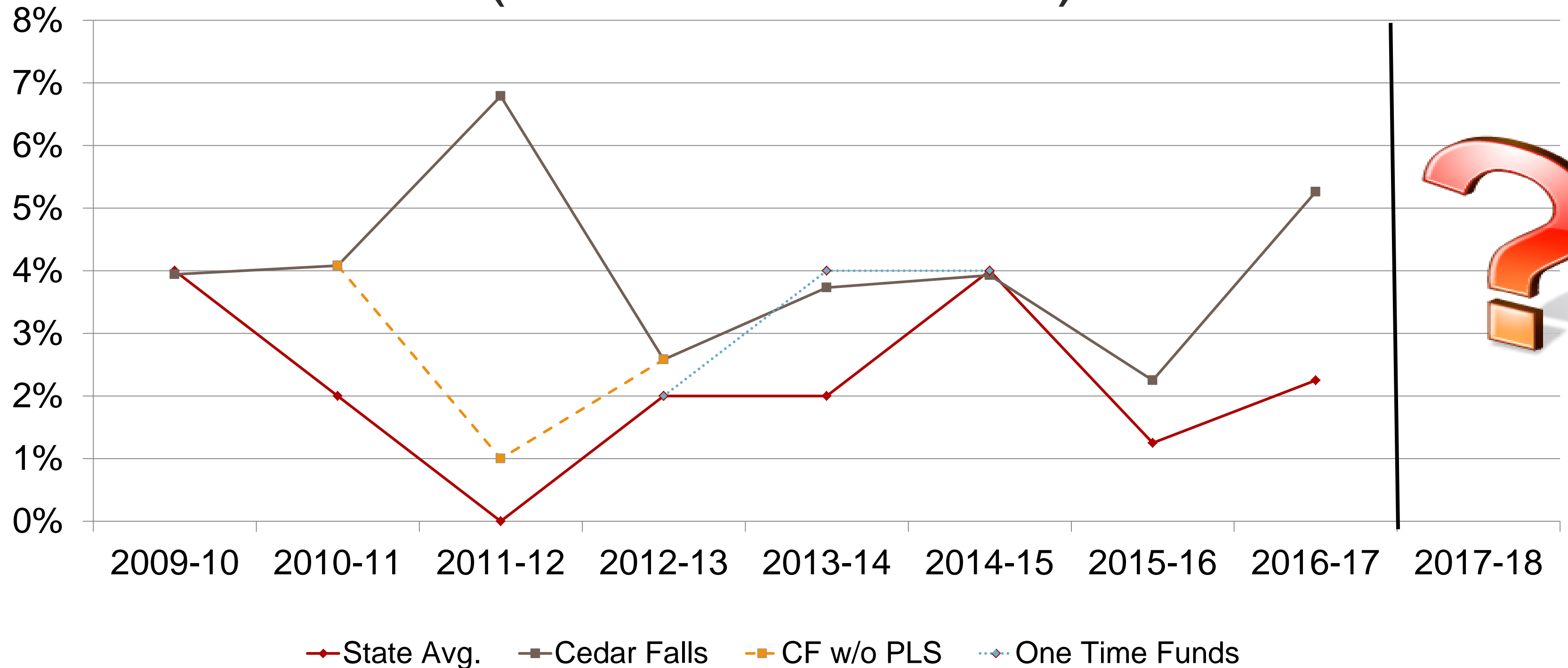
Rank = 2 out of 25
 Average = \$13.0515
 CF = \$10.4526 FY16 \$10.8065 FY17

FY16 Total Tax Rate



Rank = 1 out of 25
 Average = \$15.9686
 CF = \$12.4445 FY16 \$12.7697 FY17

History of Supplemental State Aid (Allowable Growth)



Other District Funds (Restricted)

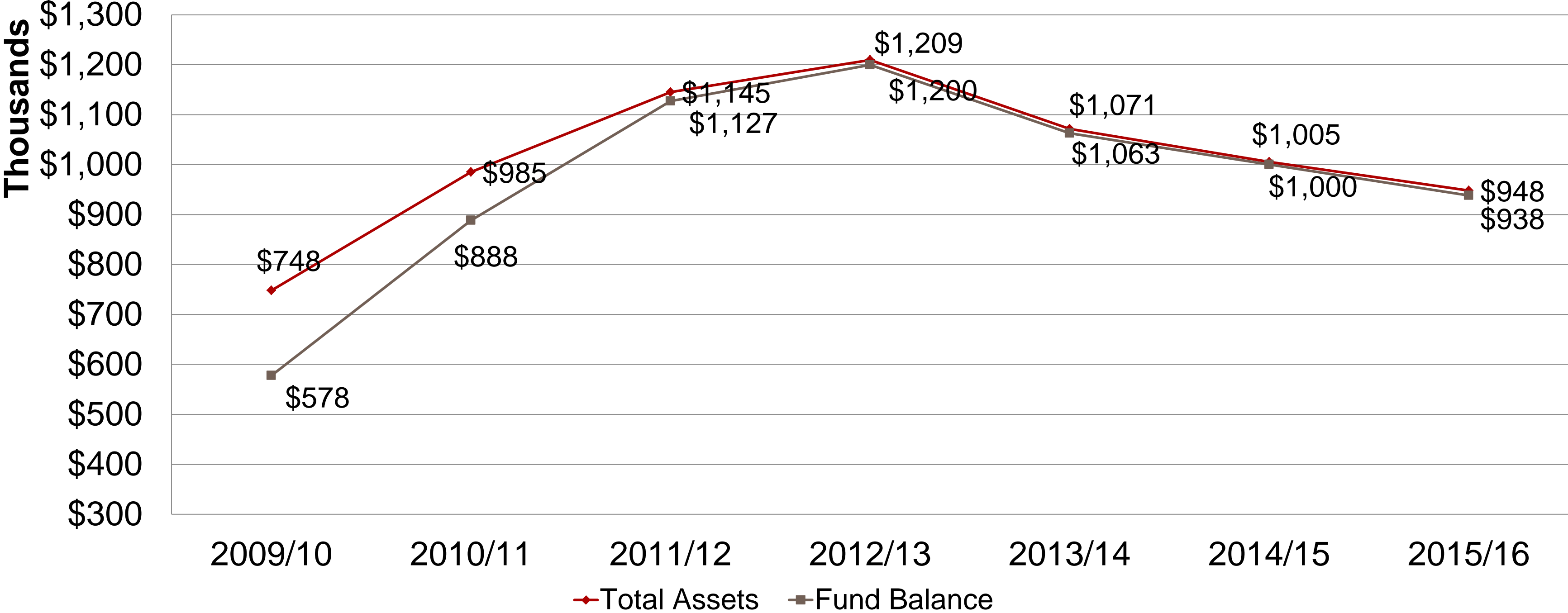


- Other District funds:
 - Management
 - Physical Plant & Equipment Levy (PPEL)
 - Secure A Vision for Education (SAVE) (formally LOT)
 - Debt
 - Activity
 - Nutrition
- These are restricted use funds that are subject to laws and regulations established by the Code of Iowa and Iowa Administrative Code.
- 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



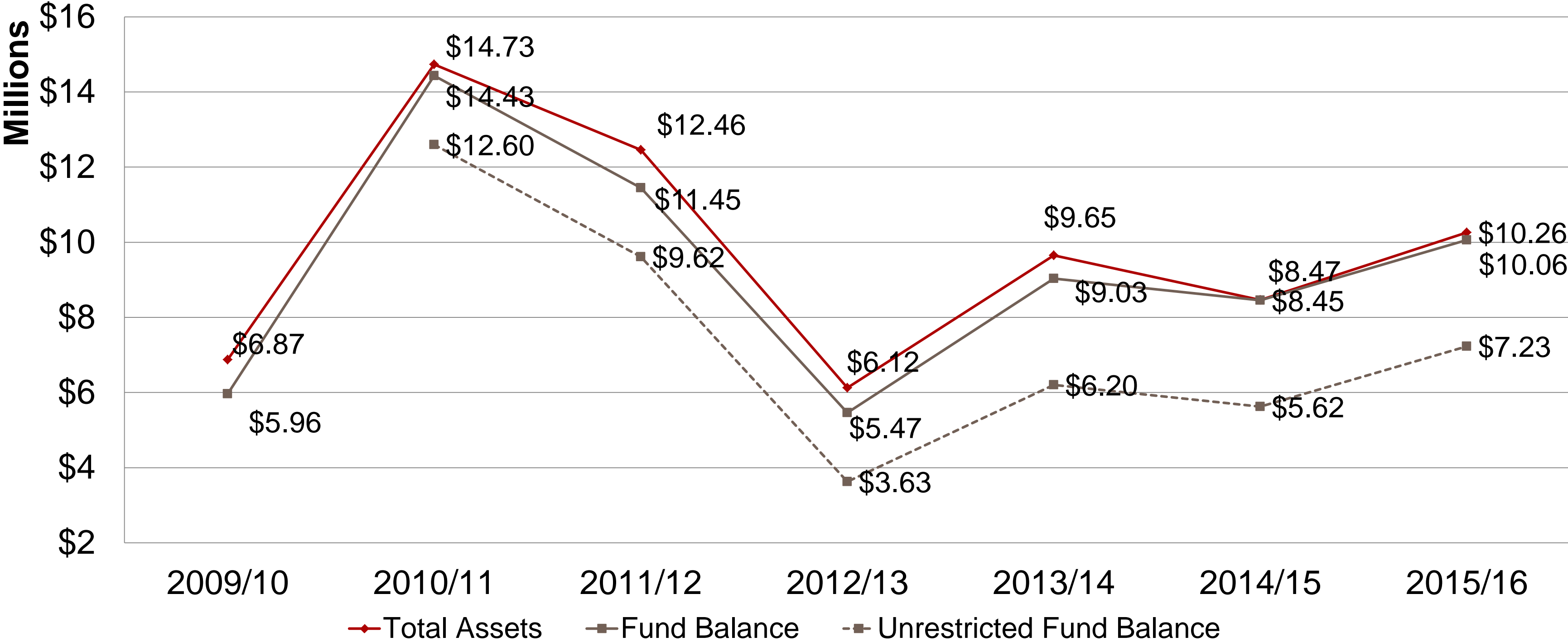
Secure A Vision for Education (SAVE)

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

Secure A Vision for Education (SAVE)

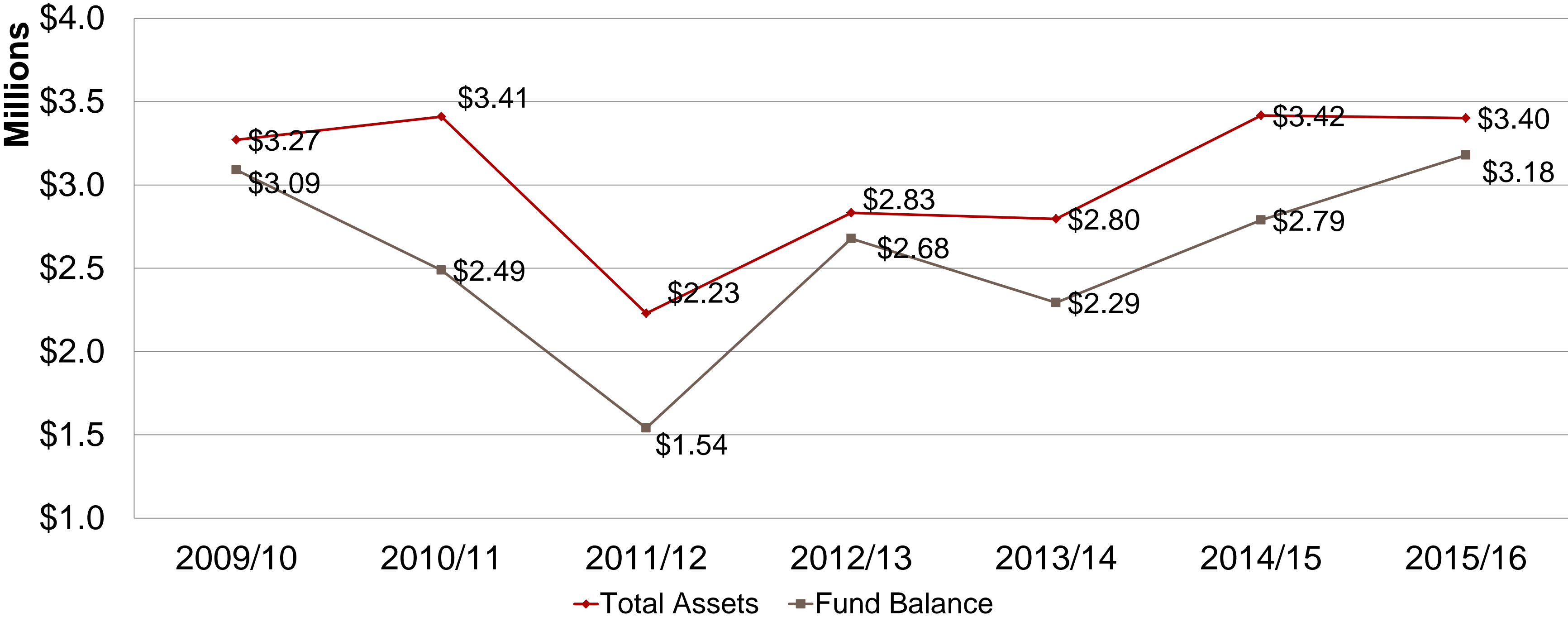
Formally Local Option One Cent Sales Tax



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

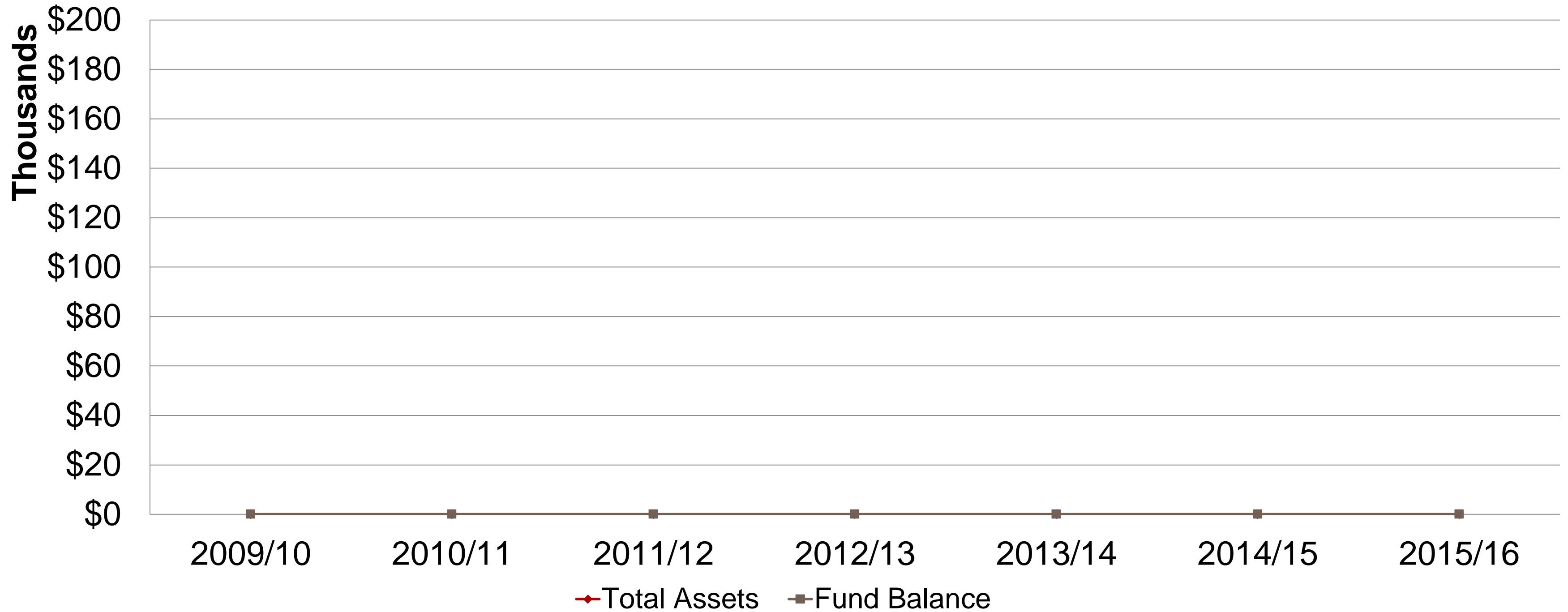
Physical Plant & Equipment Levy (PPEL)



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

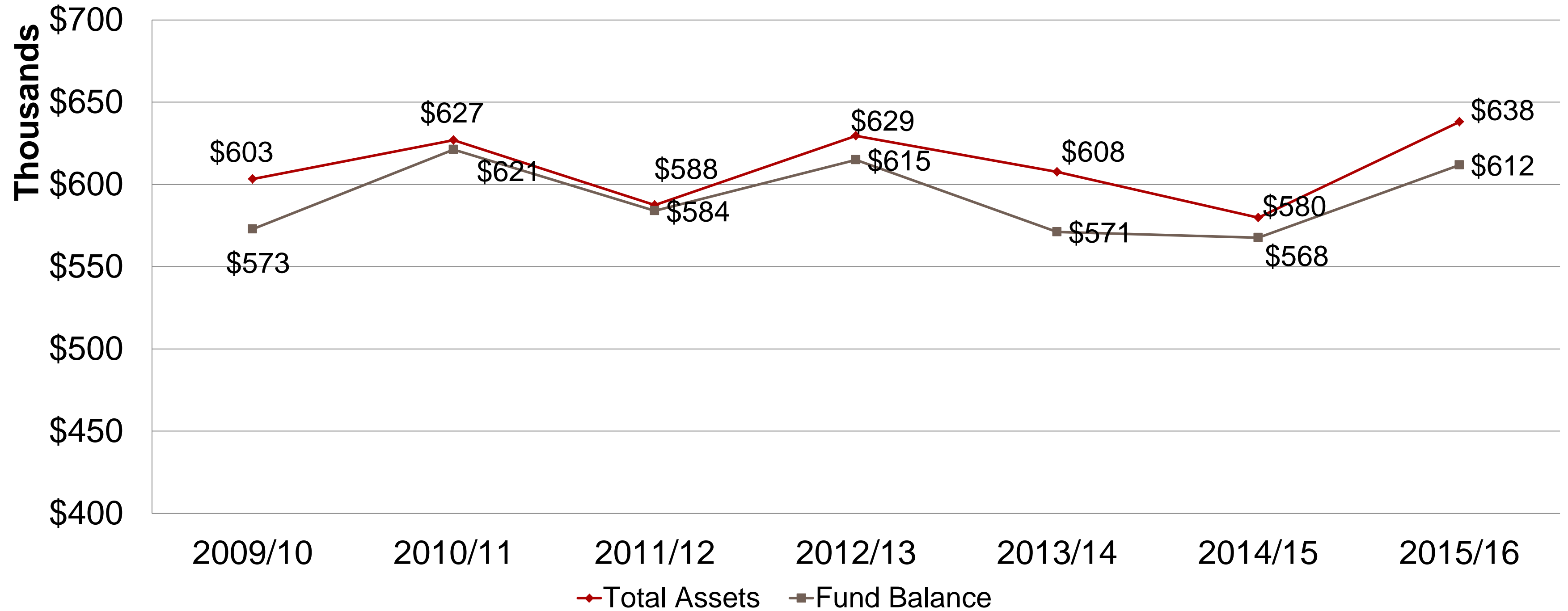
Debt Service Levy



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

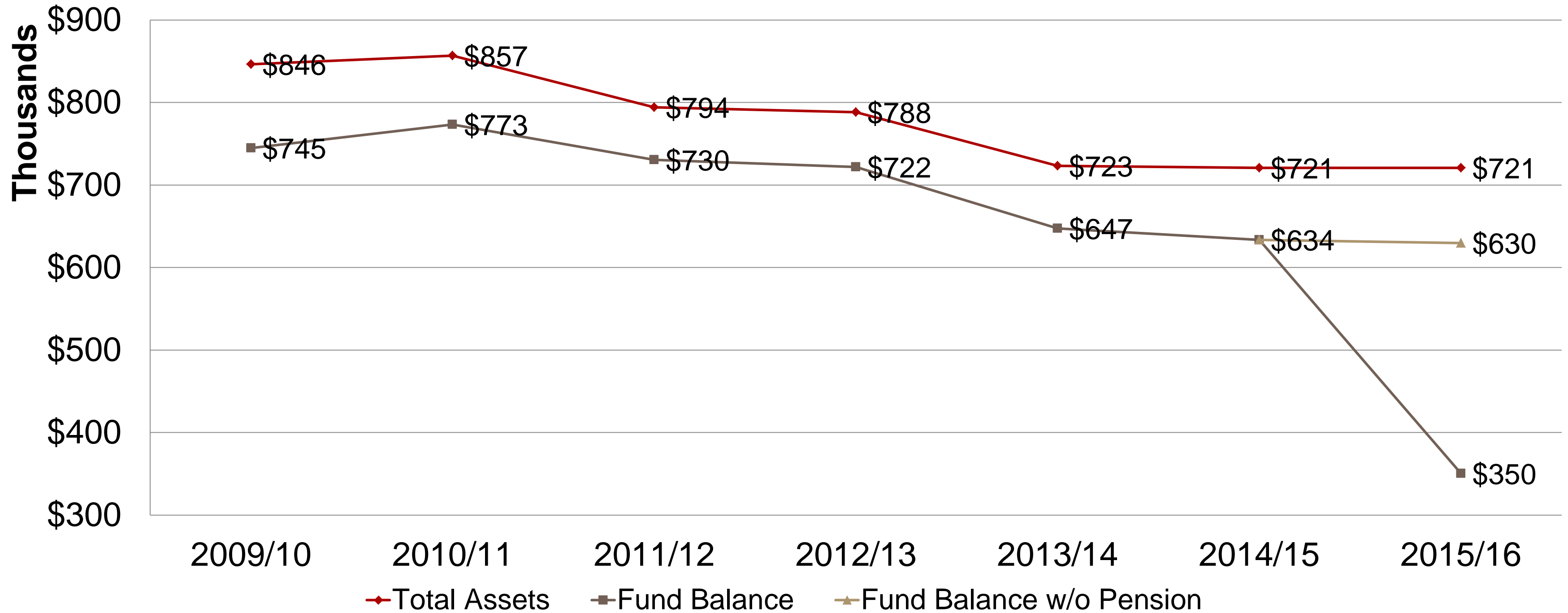
Activity Fund



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



Fy15 & Fy16 balance includes HS Student Coffee Shop

Summary

- As of June 30, 2016
 - District's financial condition:
 - District General Fund cash balance
 - Decrease of \$1,128,957 from June 30, 2015
 - Days Net Cash Ratio 76 – down from 84
 - Unspent budget authority (UBA) decreased by \$21,820
 - UBA Ratio 14.00% Fy15 14.00% Fy16
 - 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 Fy16 receipts = \$828,440
 - Required minimum hours per year has increased special education labor costs
 - Fy16 deficit = **\$807,534**
 - Projected Fy17 deficit = **\$888,900**

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?