

CEDAR FALLS COMMUNITY SCHOOL DISTRICT



Annual District Financial Report

January 22, 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)

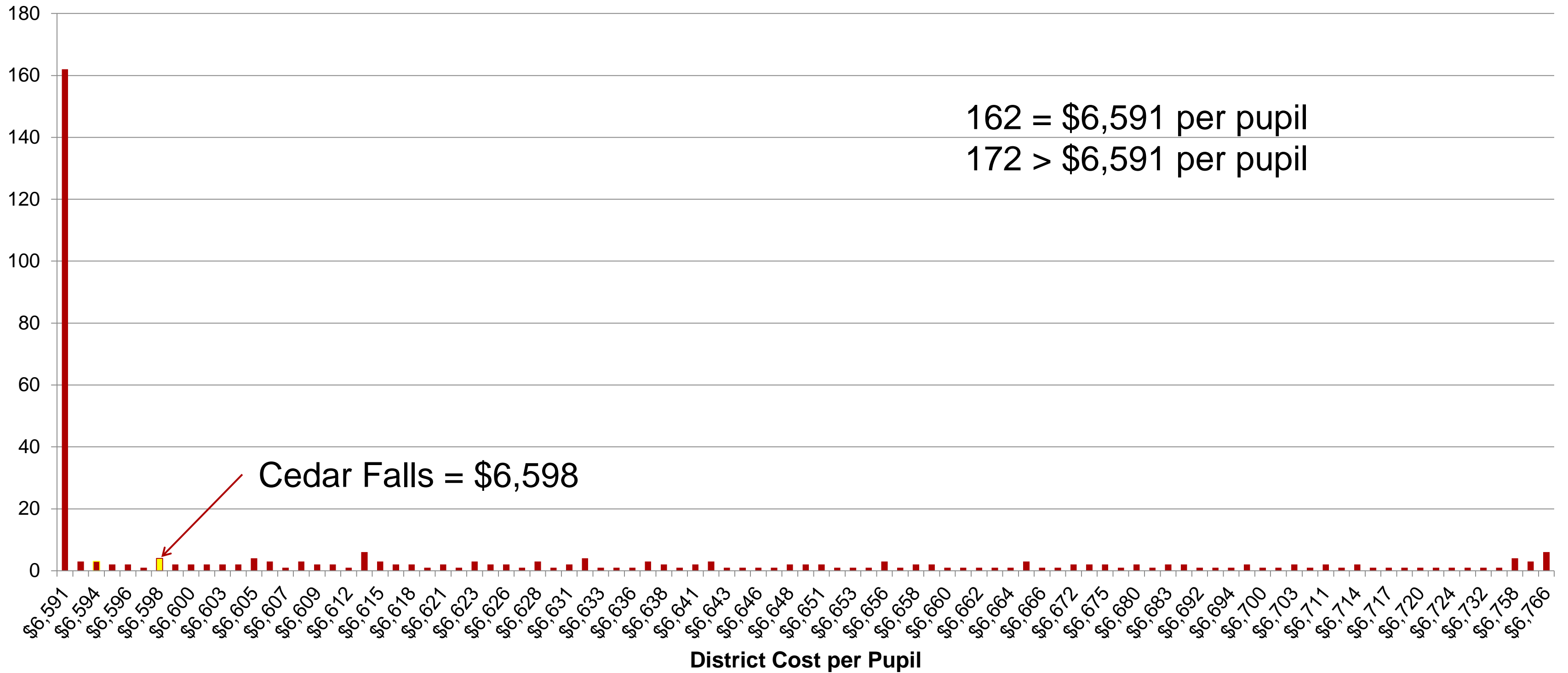
- Equity in expenditures
- Property tax relief
- Equalization of method of taxation
- Uniform state aid allocation formula
- Predictable
- Pupil-driven
- Provide for local discretion and incentives
- **ESTABLISHES
MAXIMUM SPENDING
CONTROL**
- Same formula for all Iowa K-12 public schools and AEA's

Four Key Factors

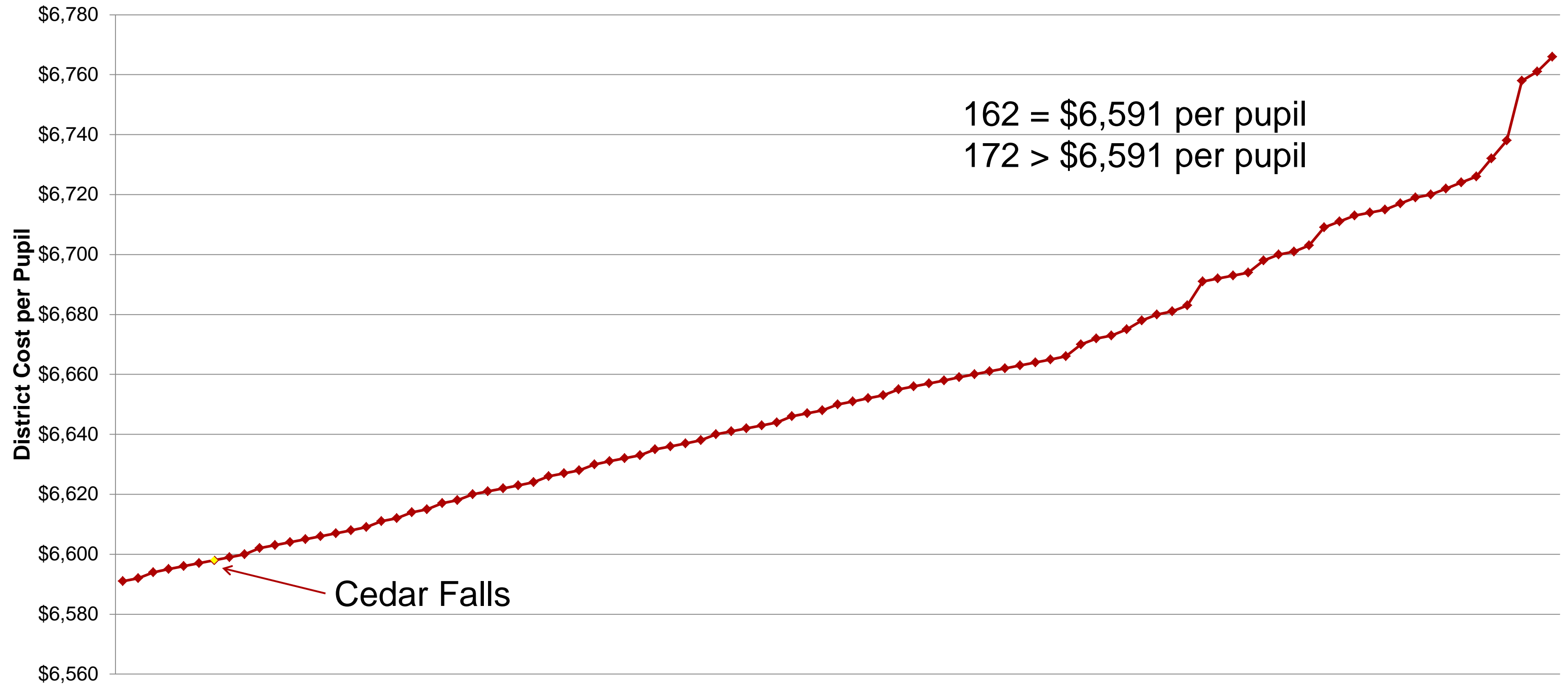
Iowa Public School Foundation Formula

- 1. Enrollment
 - Number of students enrolled on October 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

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. 1st 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

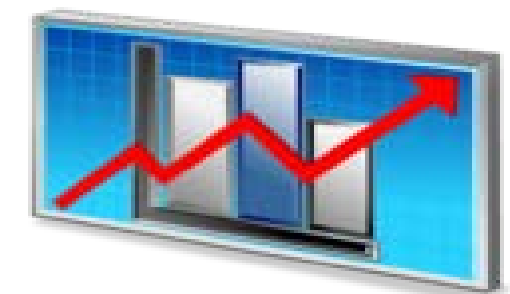
- All other District funds are **restricted** (specific purpose)
 - **Cannot** be used to support the General Fund
 - Management
 - Capital Projects (New for FY17)
 - Secure A Vision for Education (SAVE) (Statewide 1¢ sales tax)
 - Physical Plant & Equipment Levy
 - Activity
 - Nutrition
 - Debt
 - Agency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

Purpose

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

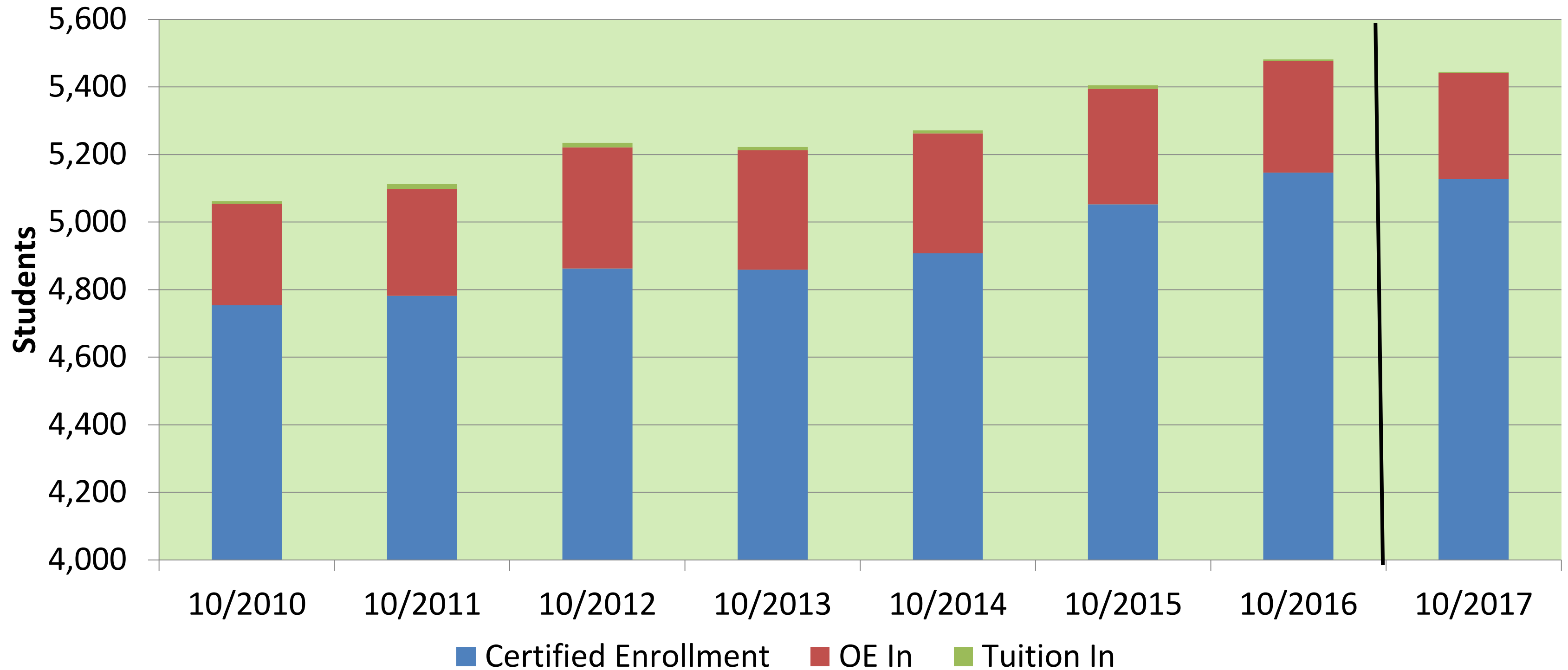
General Fund Key Financial Indicators

- 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



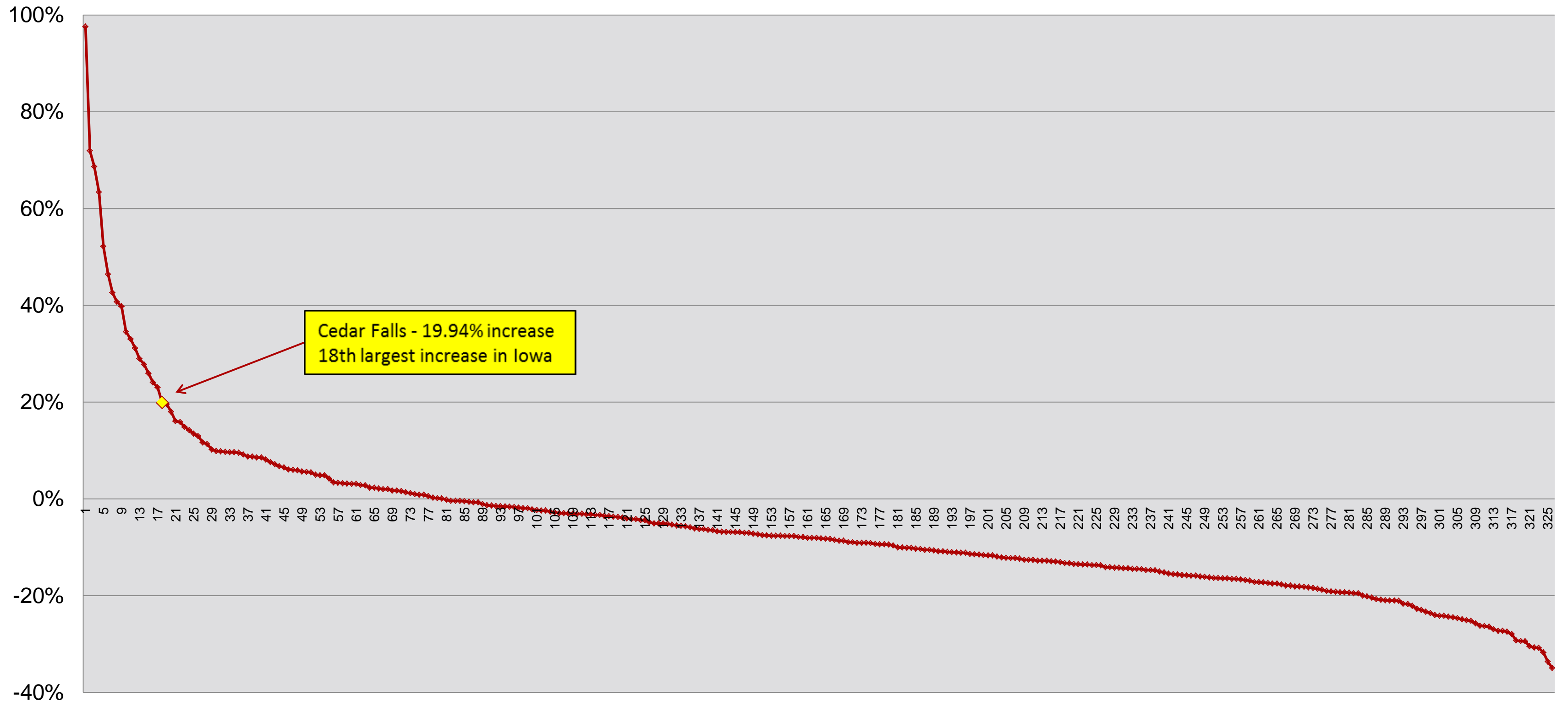
Enrollment History

Key Trend Dashboard Indicator #1

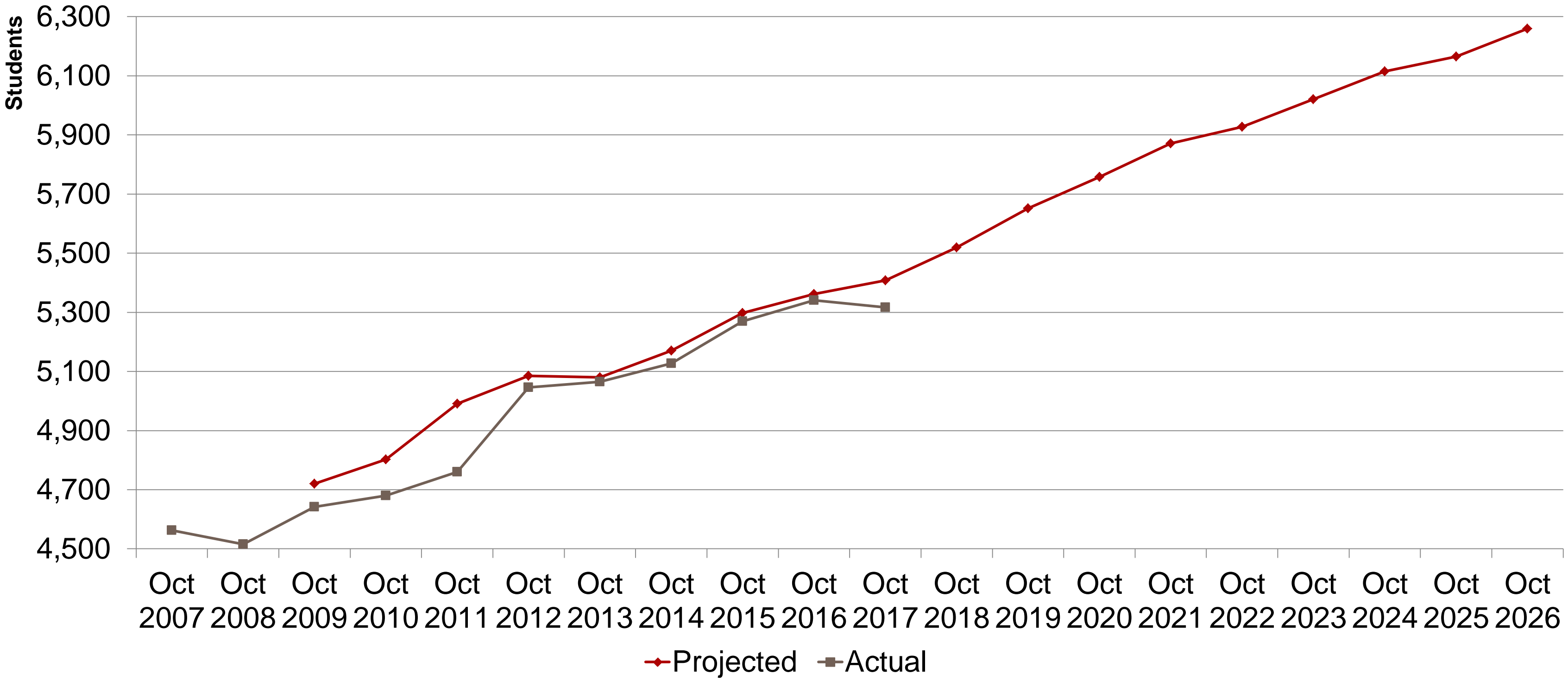


Increase of 14.1% over the last 8 years. 4 year old pre-school students not included.

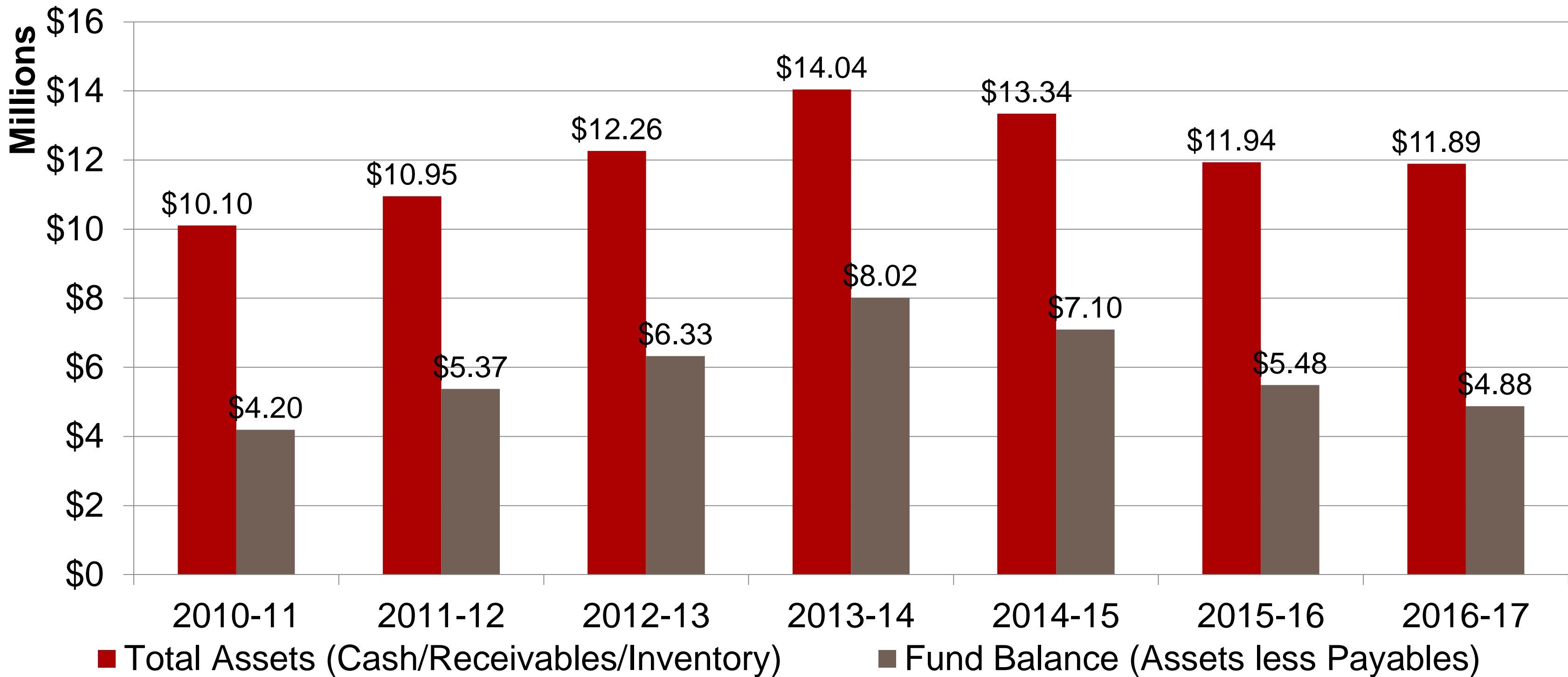
Iowa Schools Certified Enrollment Percentage Change 2006-17 to 2016/17



District Enrollment Projections



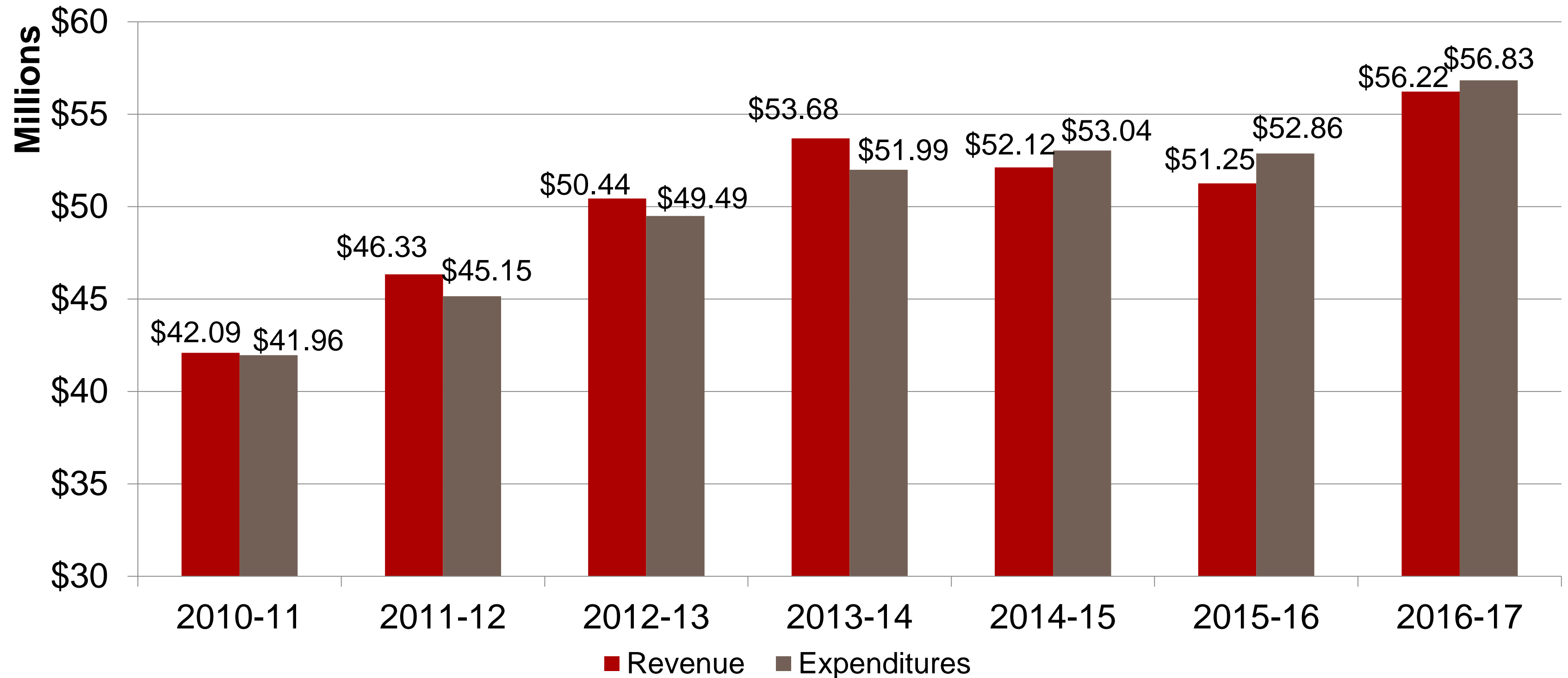
CAR General Fund Balance



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

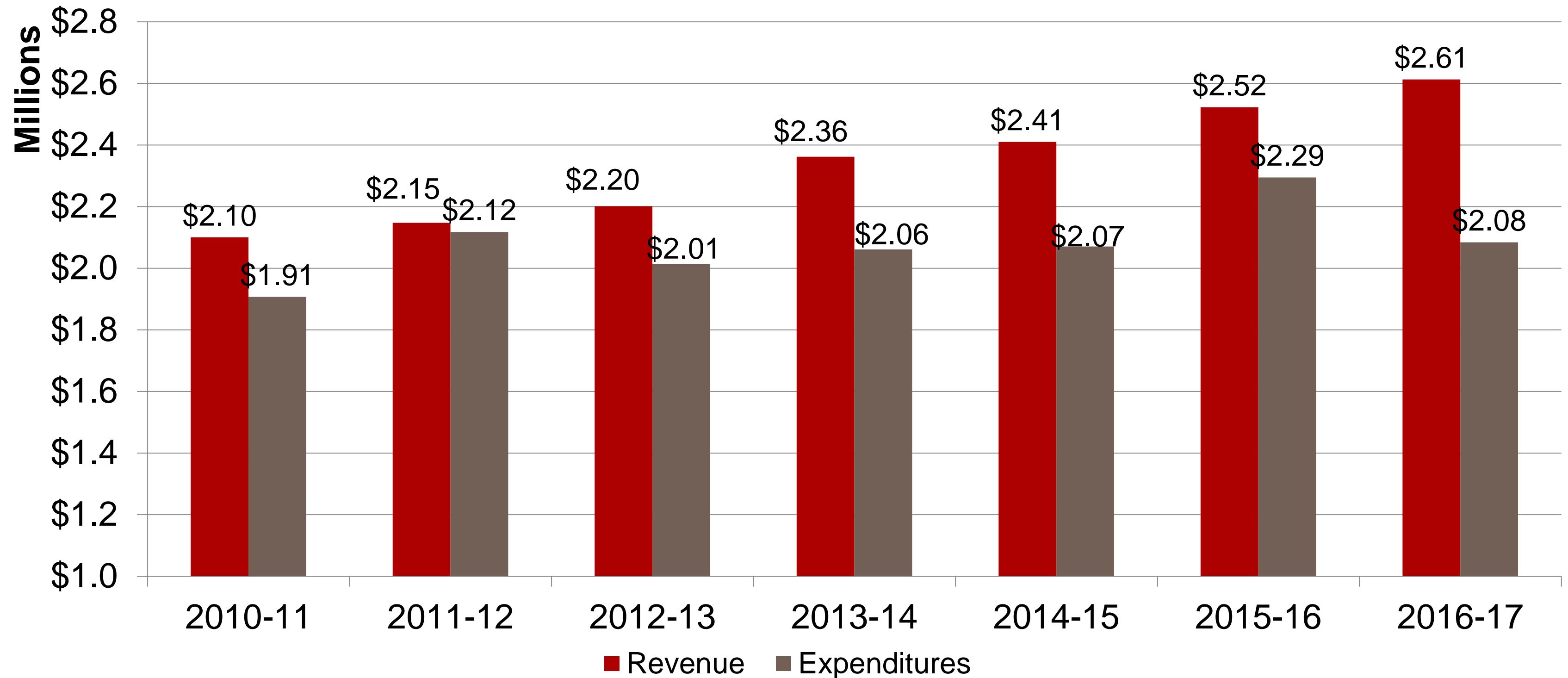
General Fund Revenue/Expenditure History

Includes Instructional Support Fund

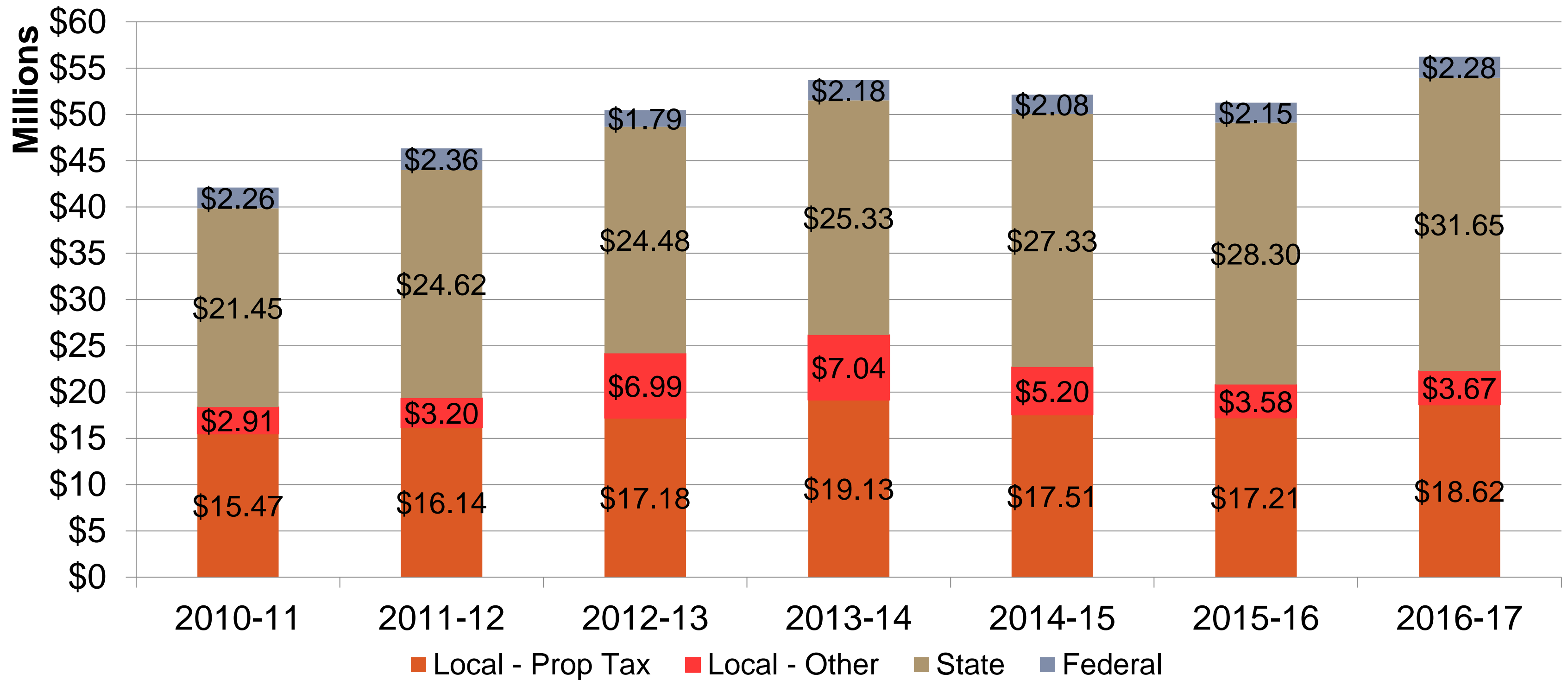


Revenue increased by \$4,973,166 and expenditures increased by \$3,966,674 from 2015-16 to 2016-17.

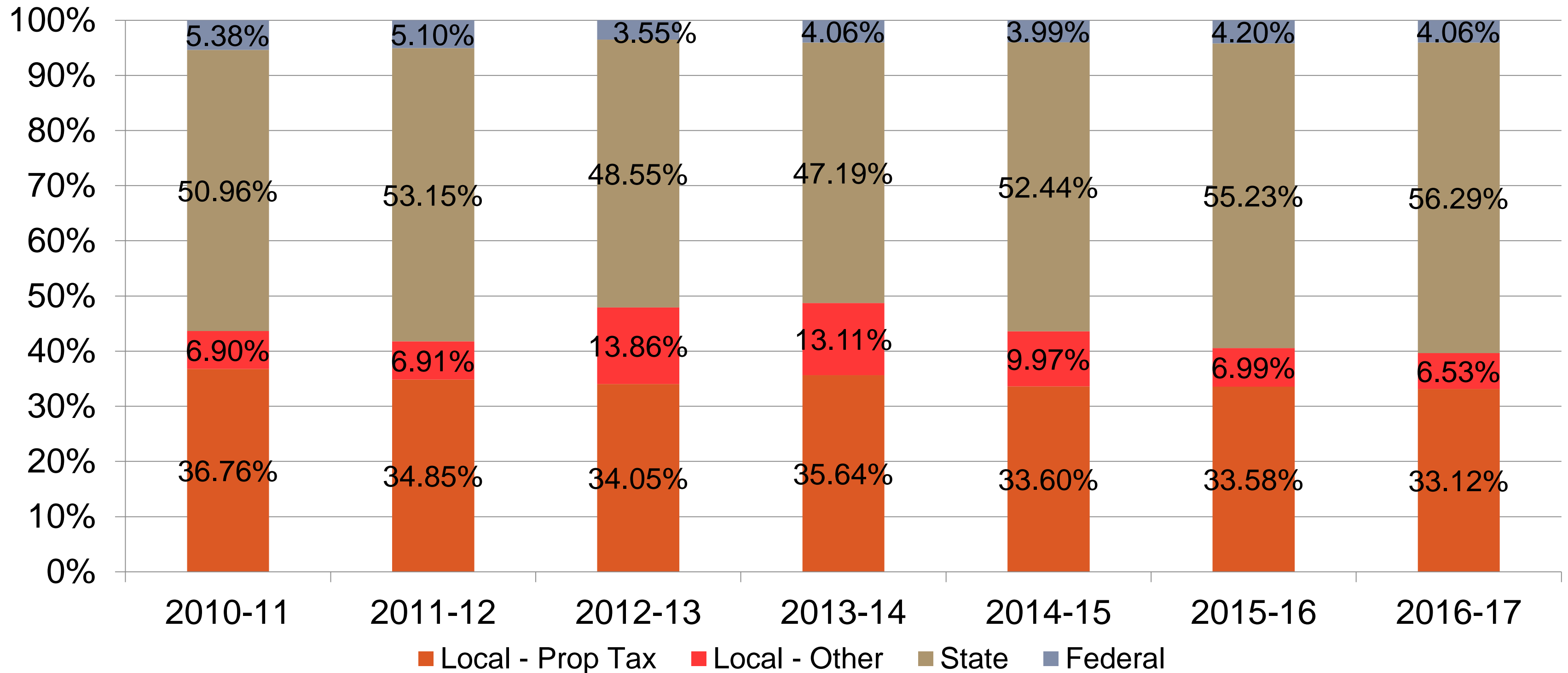
ISL (only) Revenue/Expenditure Detail



History of General Fund Revenue



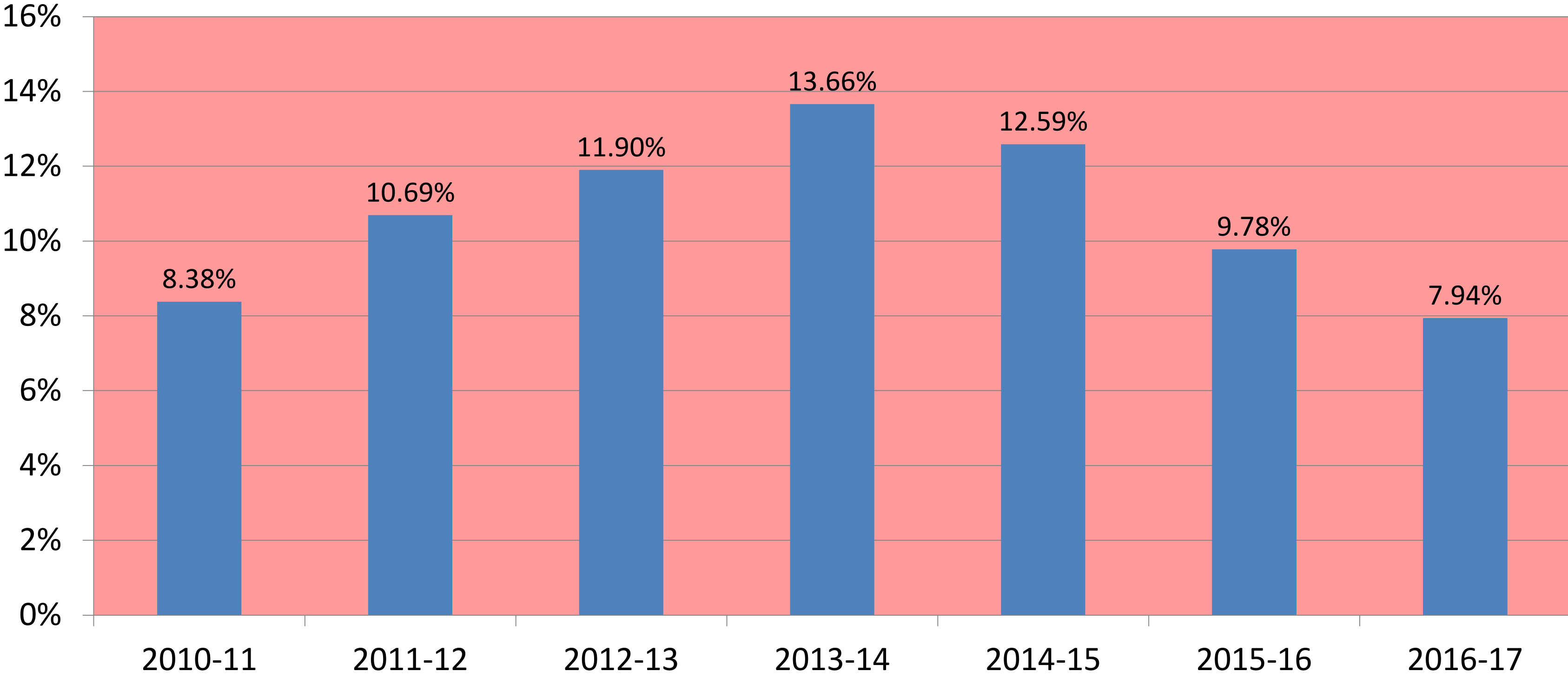
History of General Fund Revenue



Due to rounding percentages may not total 100.0%

Financial Solvency Ratio

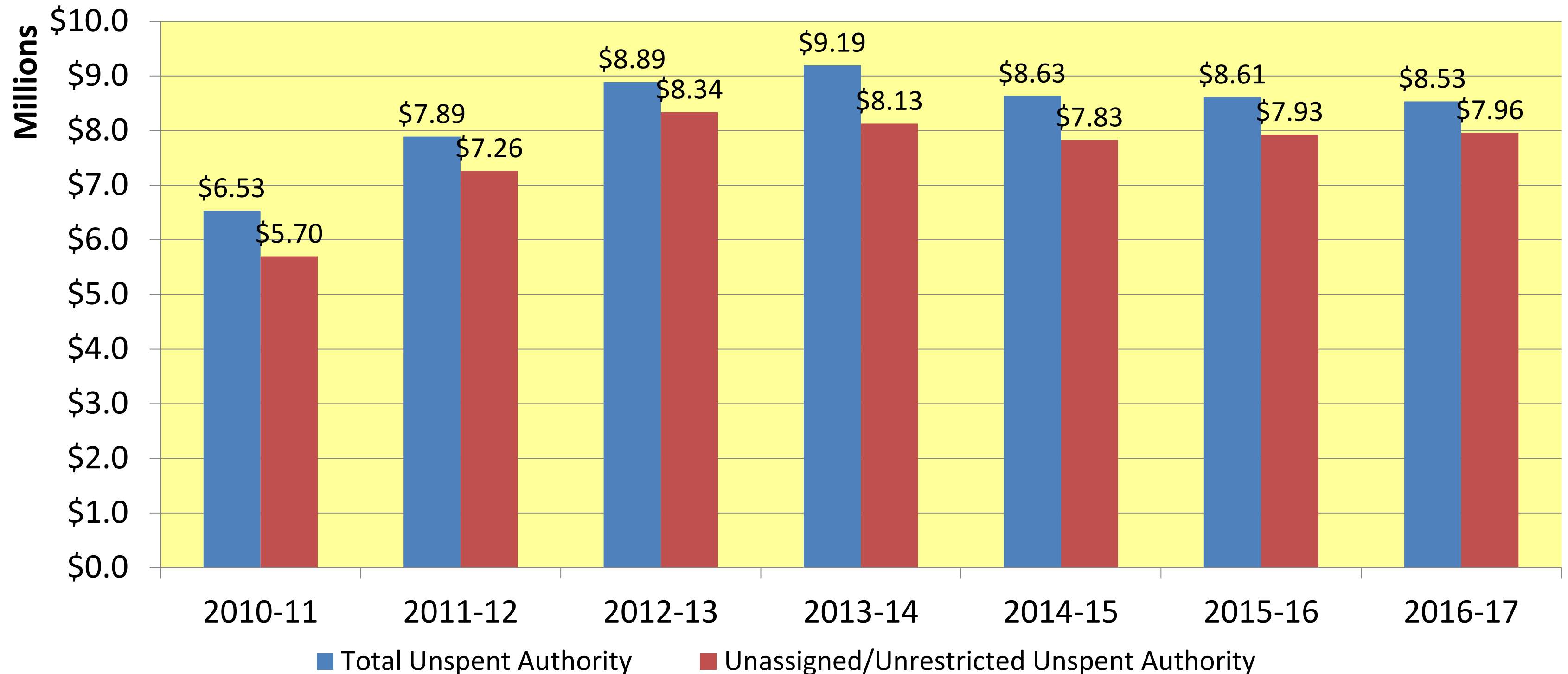
Key Trend Dashboard Indicator #2



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

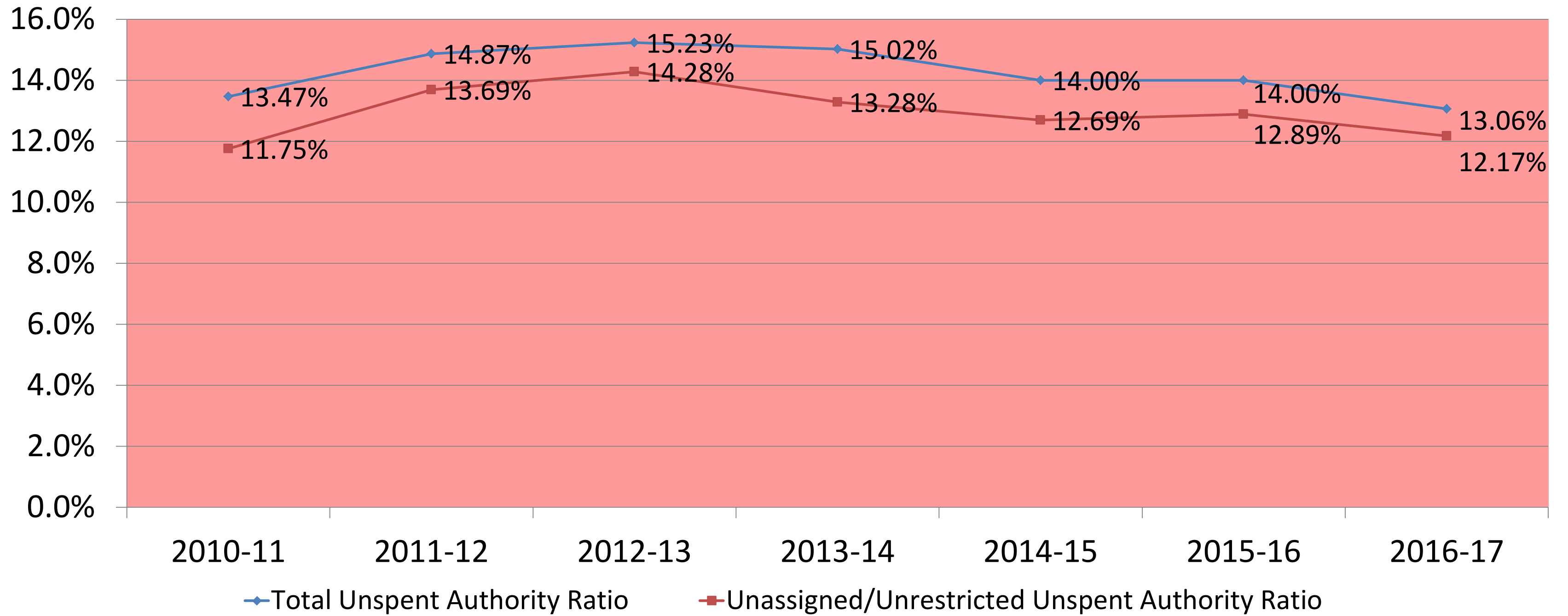
History of Unspent Budget Authority (In Dollars)

Key Trend Dashboard Indicator #3



History of Unspent Budget Authority Ratio

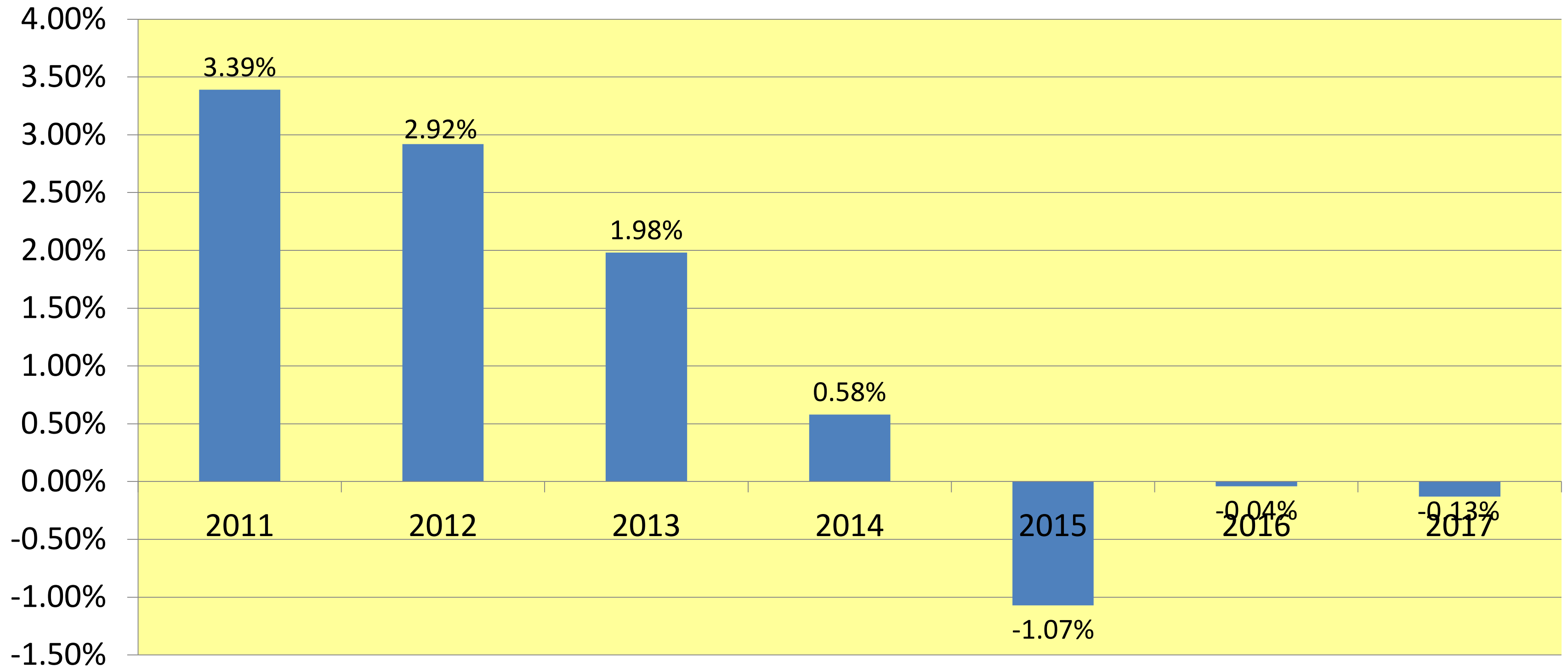
Key Trend Dashboard Indicator #3A



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

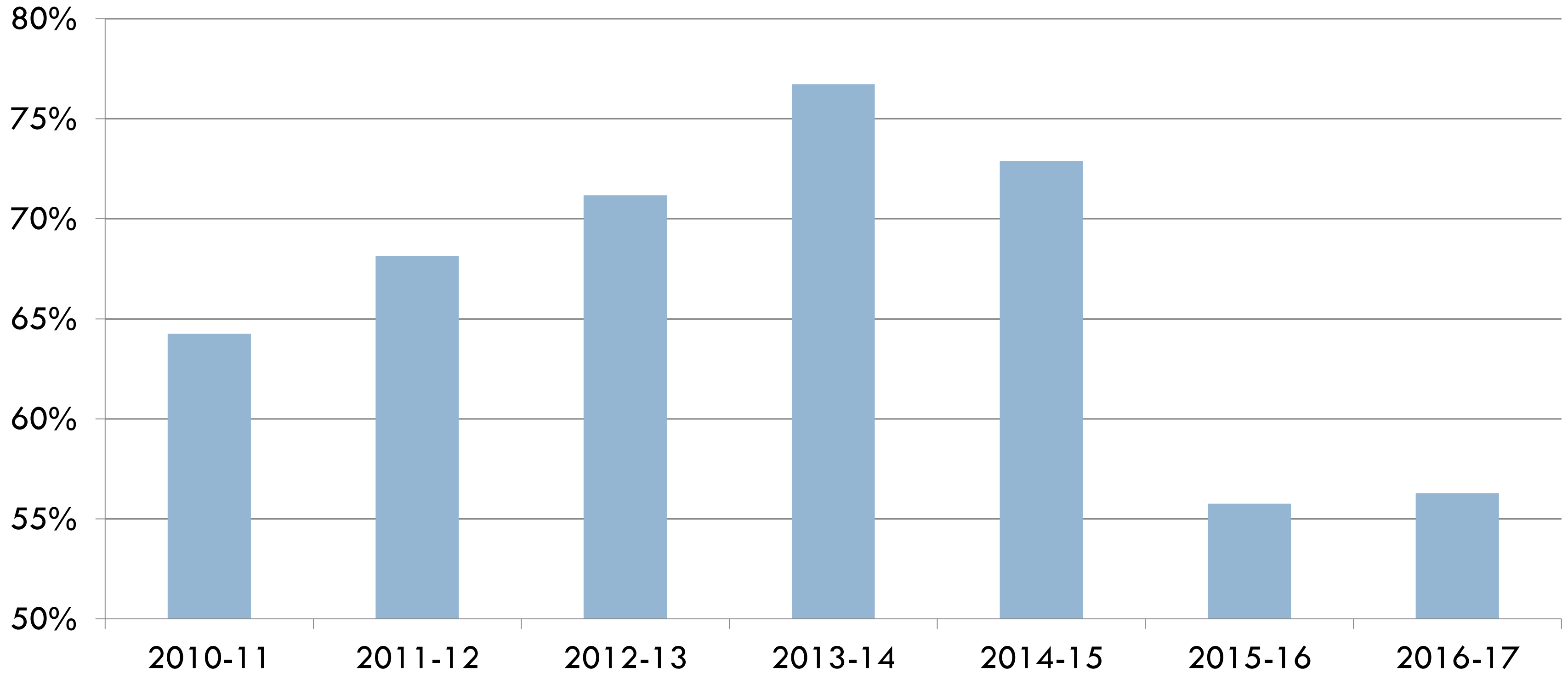
Key Trend Dashboard Indicator #4



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

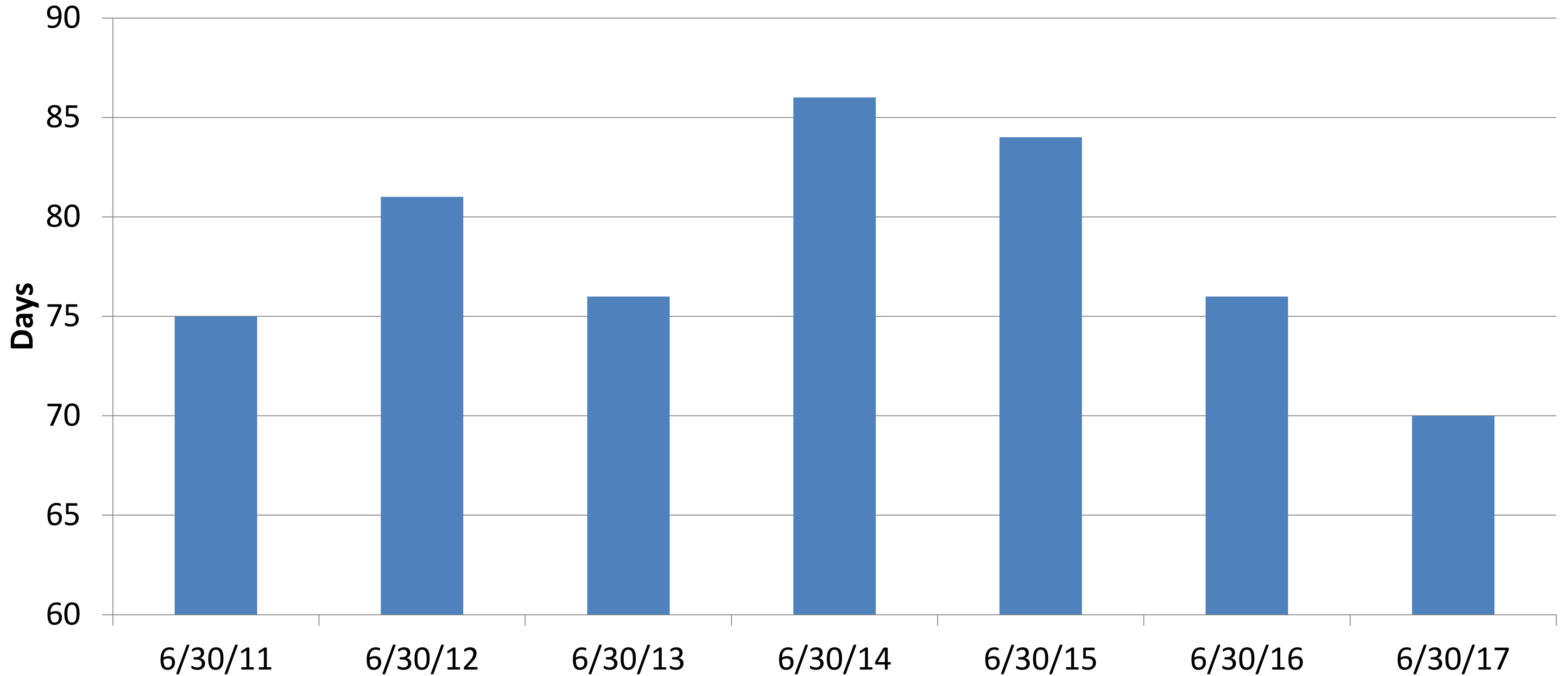
Net Fund Balance

As a Percentage of Unspent Authority



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

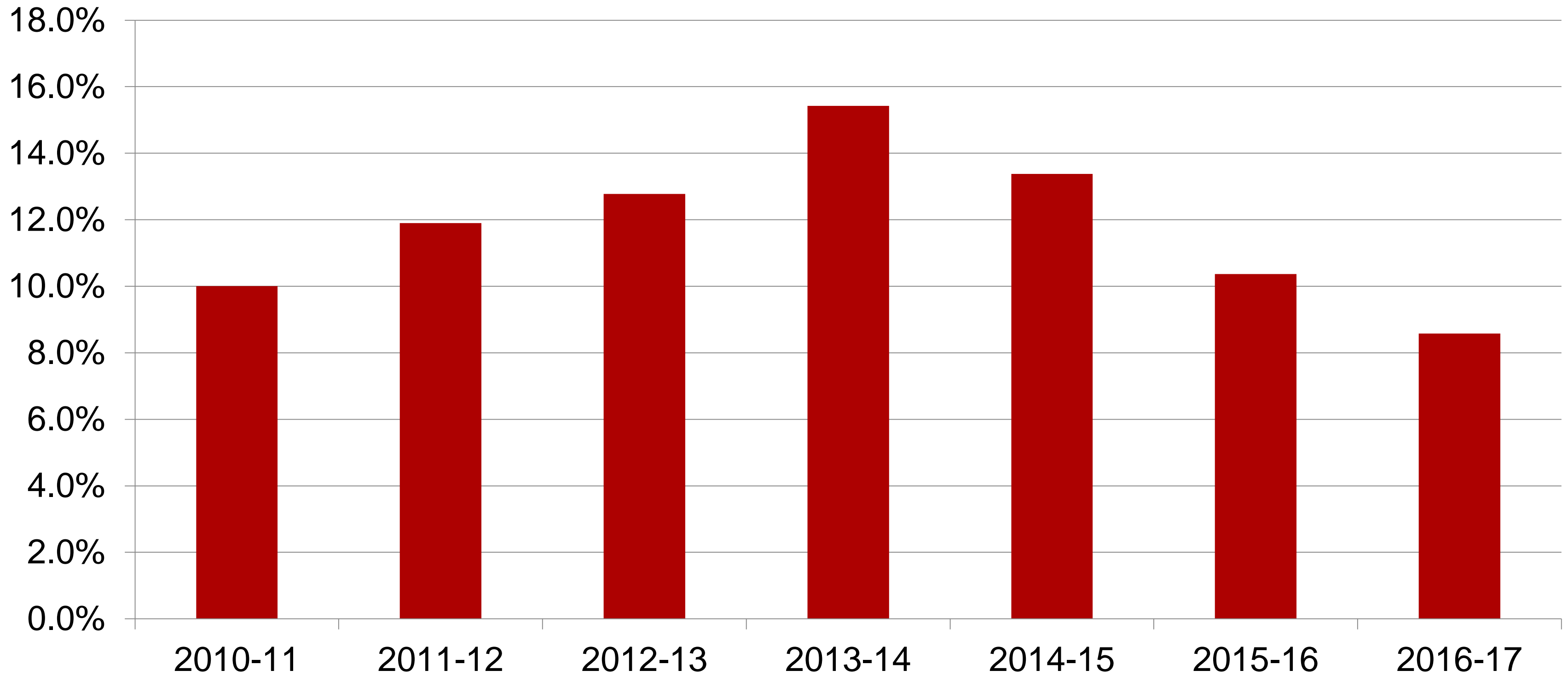
General Fund - Days Net Cash Ratio



Cash & investments/Avg. daily cash expenditures.

A goal of 90 days is desired.

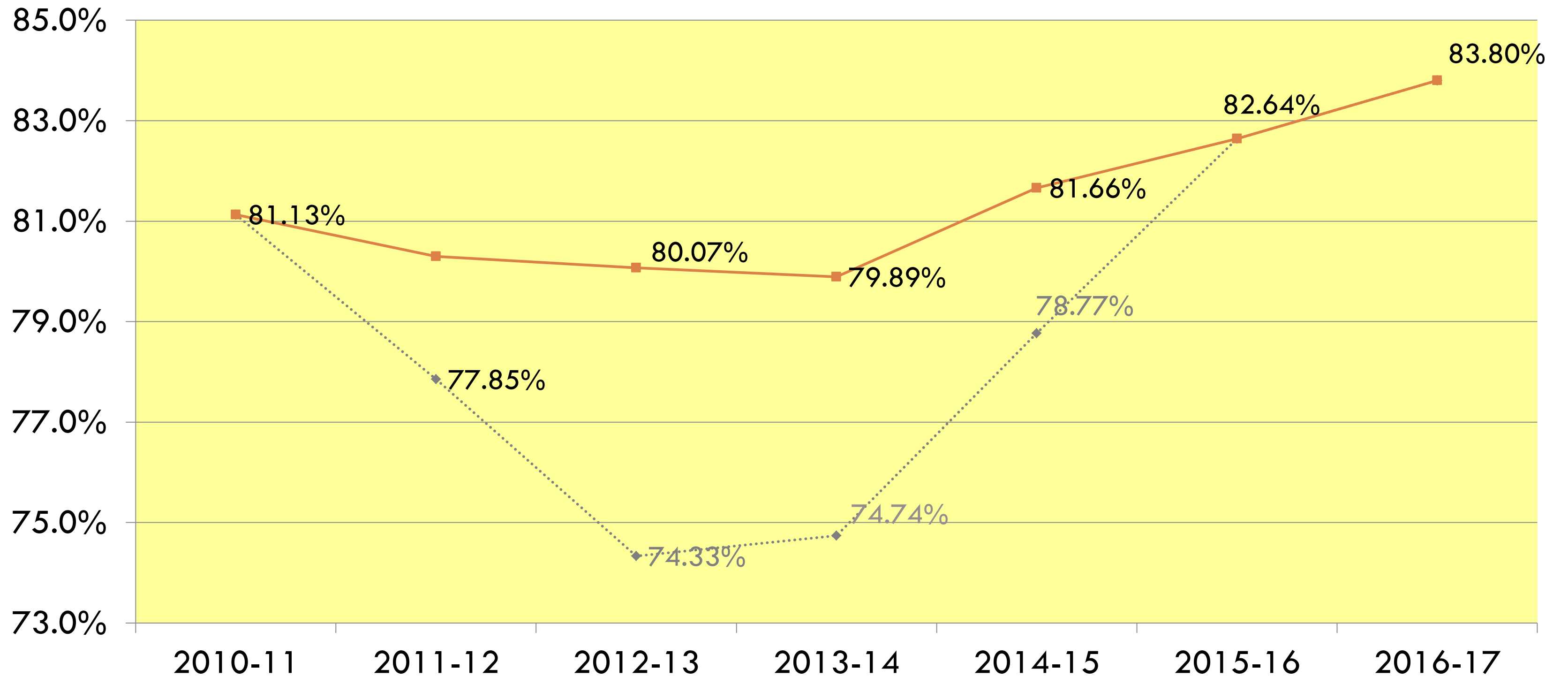
Net Fund Balance As a Percentage of Expenditures



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

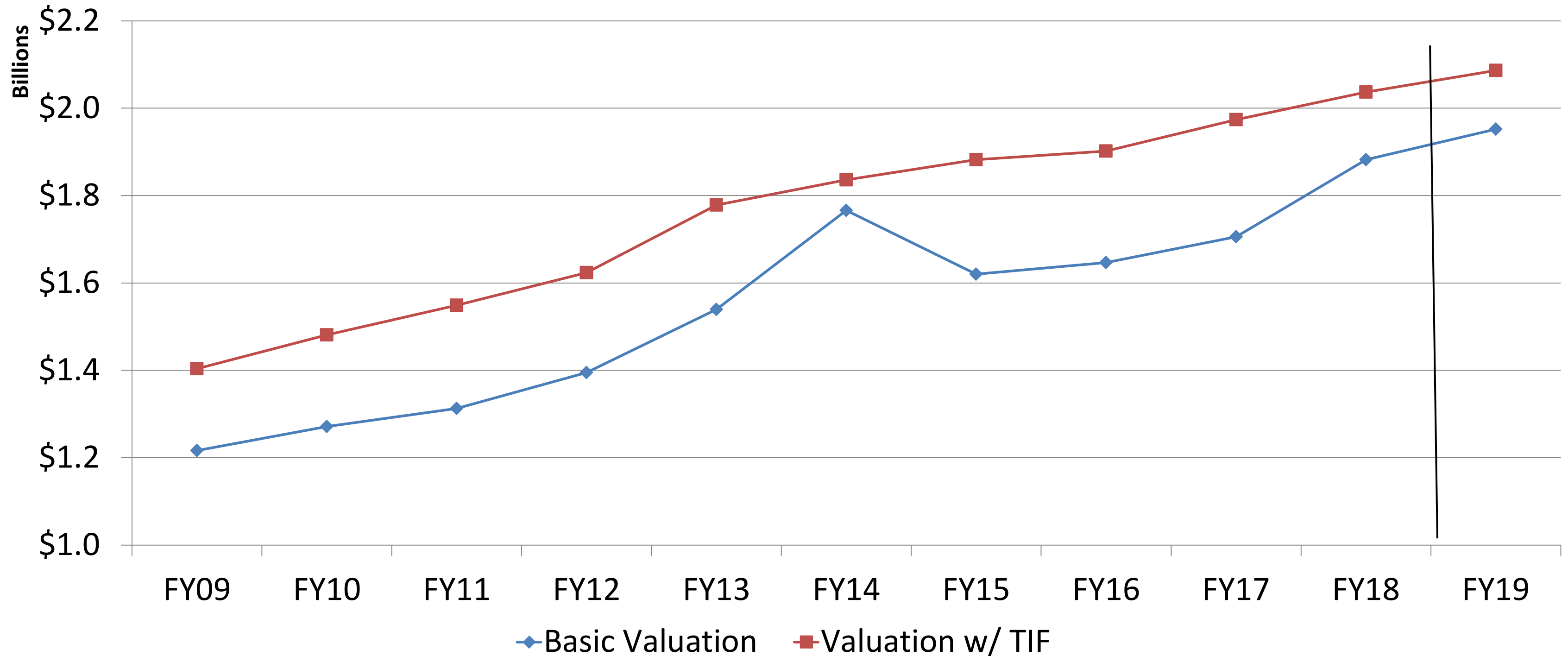
Salaries & Benefits to Total Expenditures Ratio

Key Trend Dashboard Indicator #5



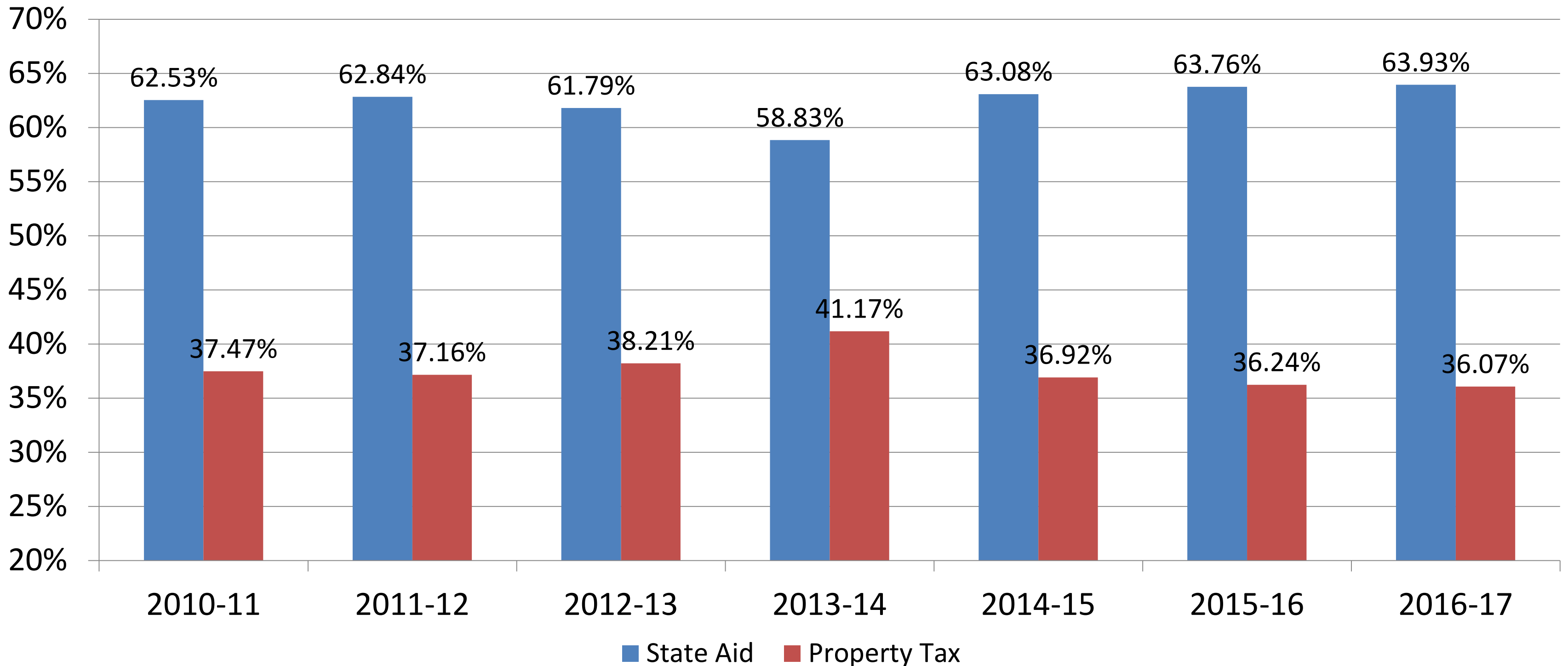
Measures the percent of the District's budget dedicated to labor costs.

History of Assessed Valuation



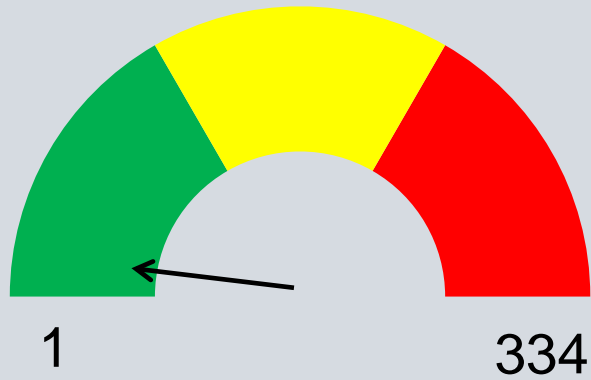
Basic Valuation increased 10.35% from FY17 to FY18 & 54.70% over the past 10 years.
Valuation w/ TIF increased 3.19% from FY17 to FY18 & 45.13% over the past 10 years.

General Fund Combined District Cost Property Tax/State Aid History



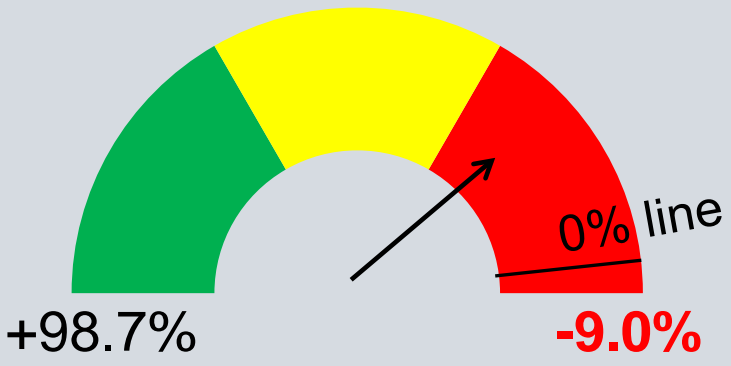
Financial Dashboard – All Iowa Schools

Oct. 1, 2016 Certified Enrollment



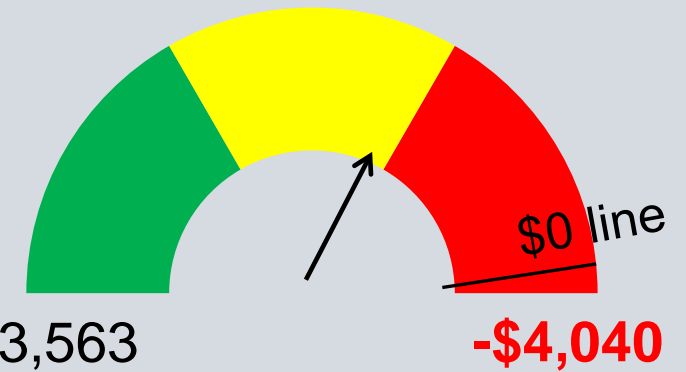
Rank = 16th Largest
 CF = 5,146.8 (10/1/16) 5,127.5 (10/1/17)

FY16 Solvency Ratio



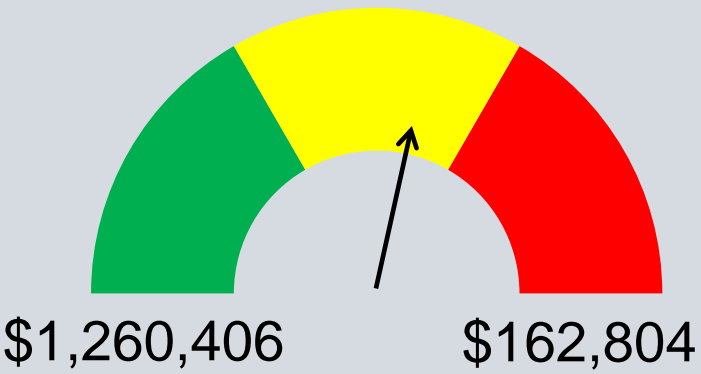
Rank = 256 out of 336
 State Avg. = 17.10%
 CF = 9.78% Fy16 7.94% Fy17

FY16 UBA Per Pupil



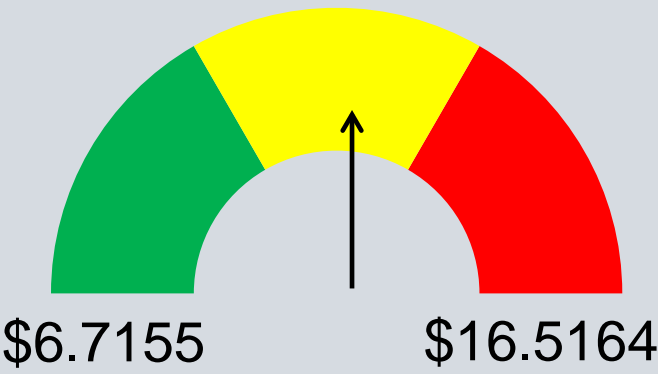
Rank = 214 out of 336
 State Avg. = \$2,641
 CF = \$1,704 Fy16 \$1,658 Fy17

FY17 Valuation per Pupil



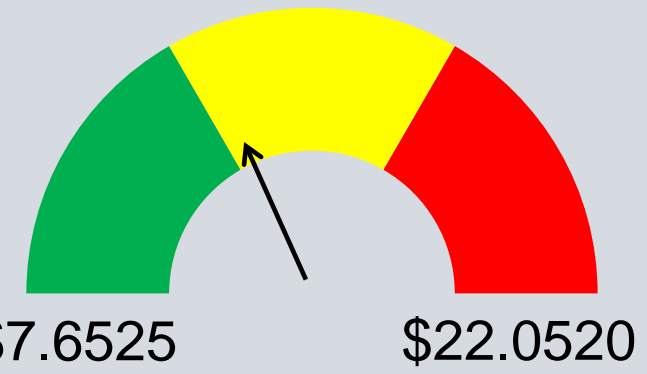
Rank = 187 out of 334
 State Avg. = \$390,874
 CF = \$337,564 Fy17 \$365,653 Fy18

FY17 General Fund Tax Rate



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

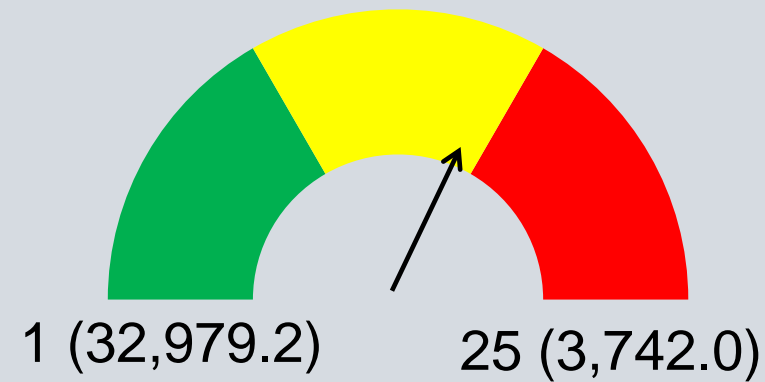
FY17 Total Tax Rate



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

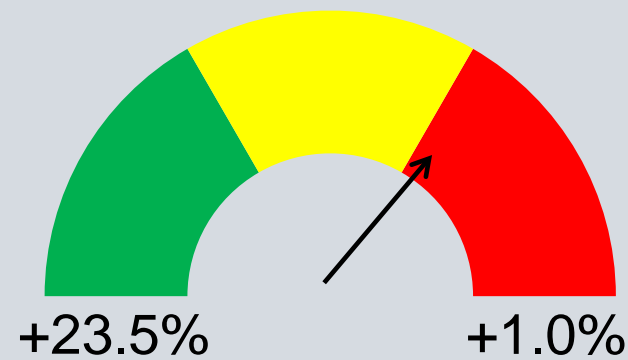
Financial Dashboard – 25 Largest Iowa Schools

Oct. 1, 2016 Certified Enrollment



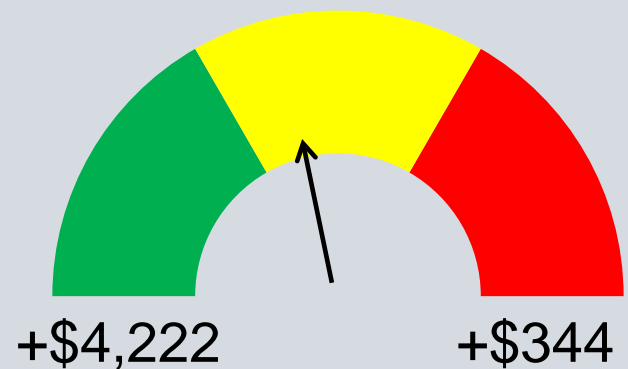
Rank = 16th Largest
 CF = 5,146.8 (10/1/16) 5,127.5 (10/1/17)

FY16 Solvency Ratio



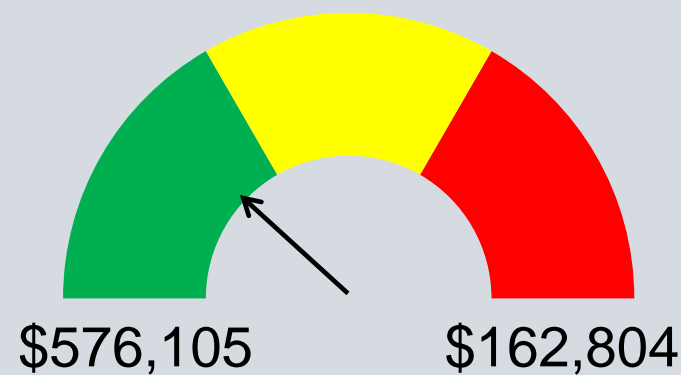
Rank = 17 out of 25
 Average = 11.79%
 CF = 9.78% Fy16 7.94% Fy17

FY16 UBA Per Pupil



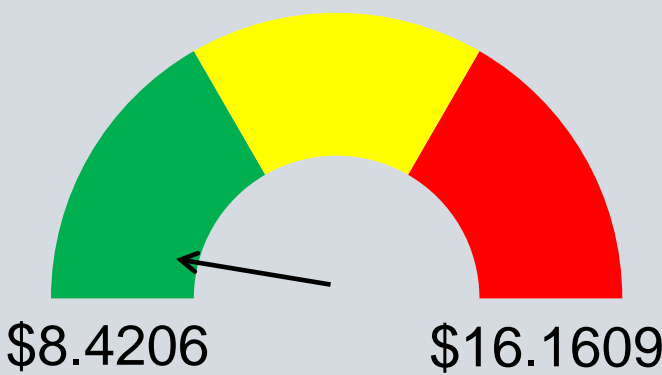
Rank = 11 out of 25
 Average = \$1,812
 CF = \$1,759 Fy15 \$1,704 Fy16

FY17 Valuation per Pupil



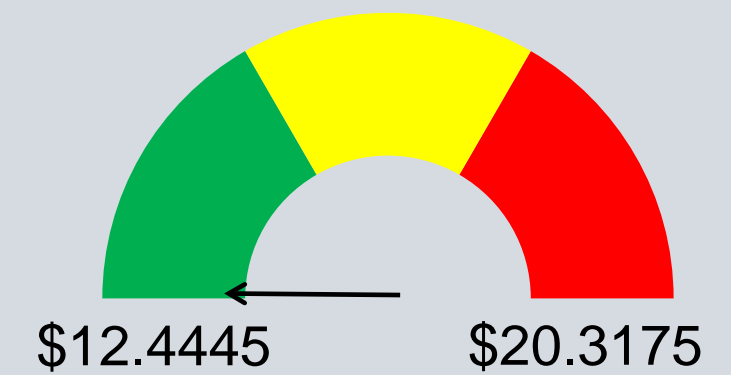
Rank = 5 out of 17
 Average = \$289,708
 CF = \$337,564 Fy17 \$365,653 Fy18

FY17 General Fund Tax Rate



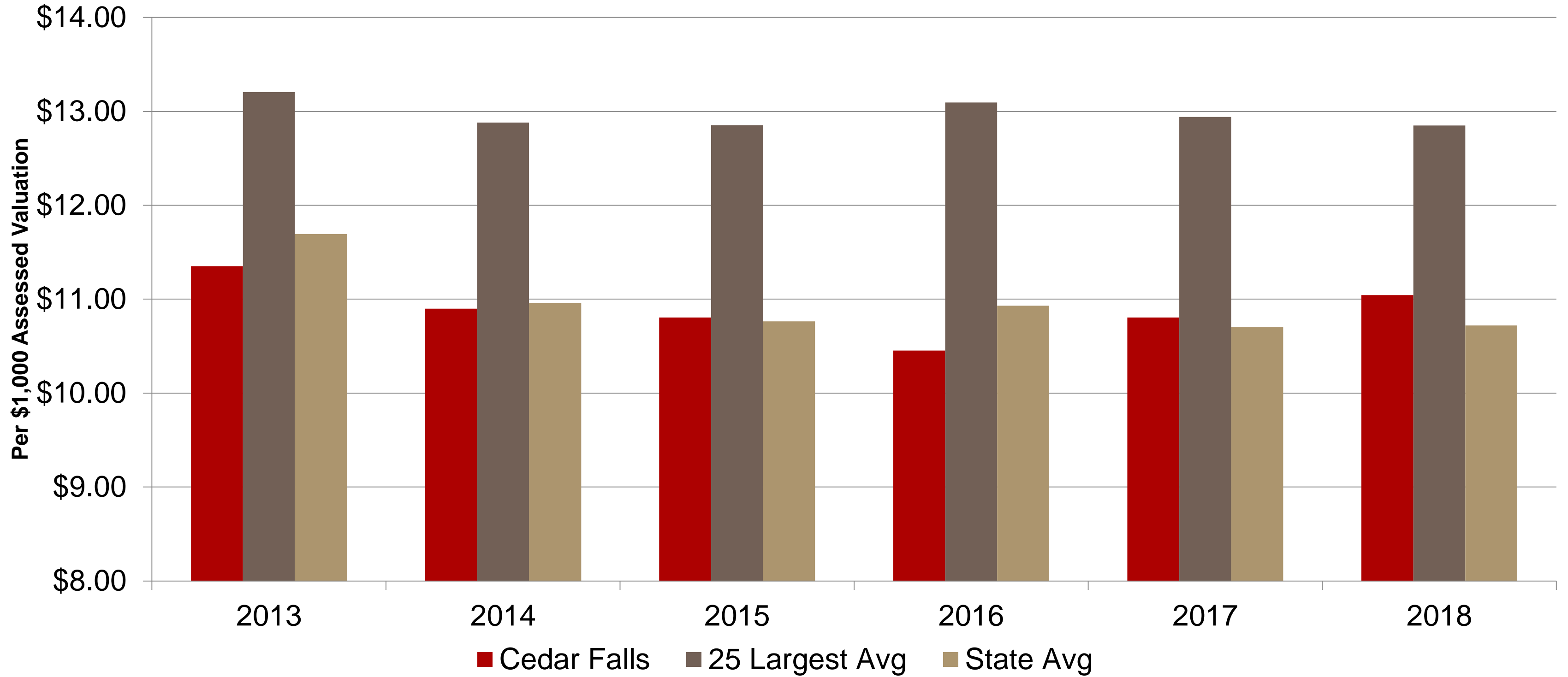
Rank = 2 out of 25
 Average = \$12.9391
 CF = \$10.8065 Fy17 \$11.0437 Fy18

FY17 Total Tax Rate

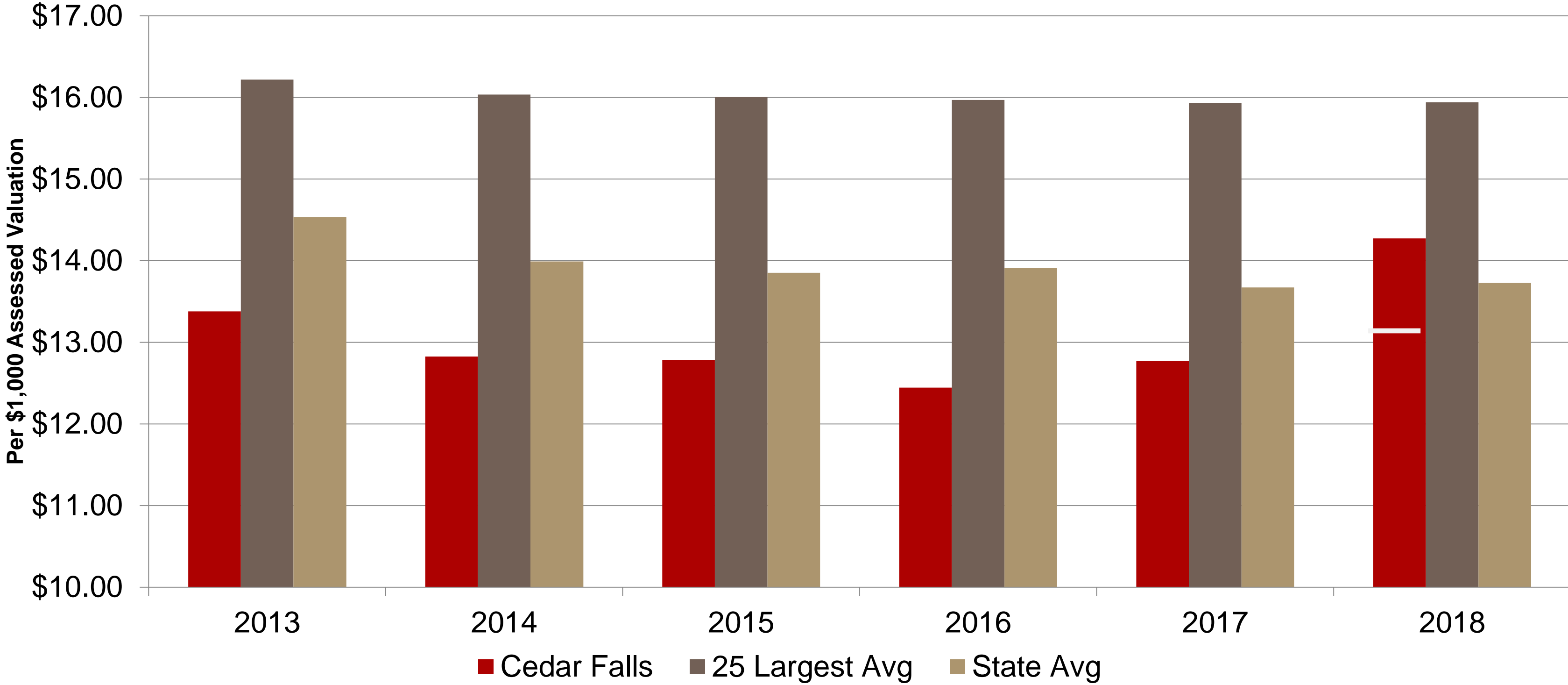


Rank = 1 out of 25
 Average = \$15.9328
 CF = \$12.7697 Fy17 \$14.2727 Fy18

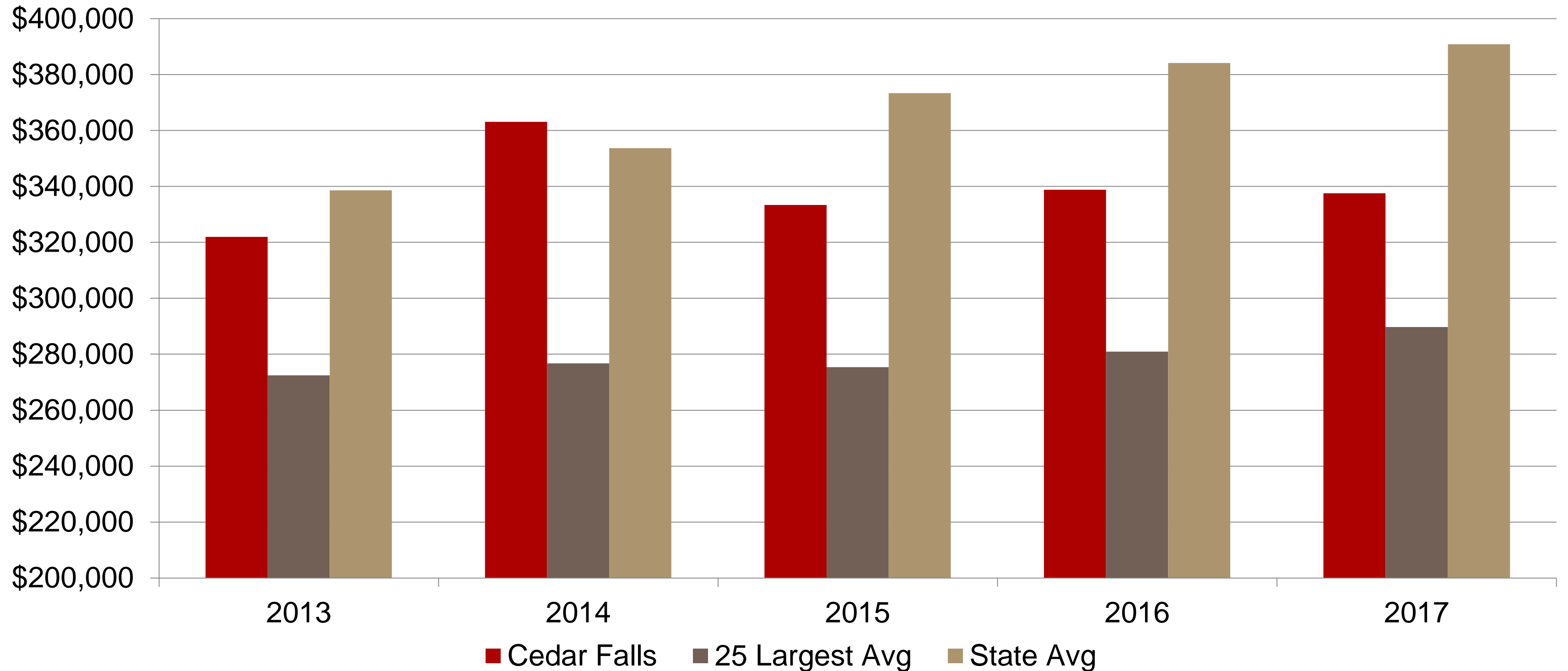
General Fund Tax Rate



Total Tax Rate

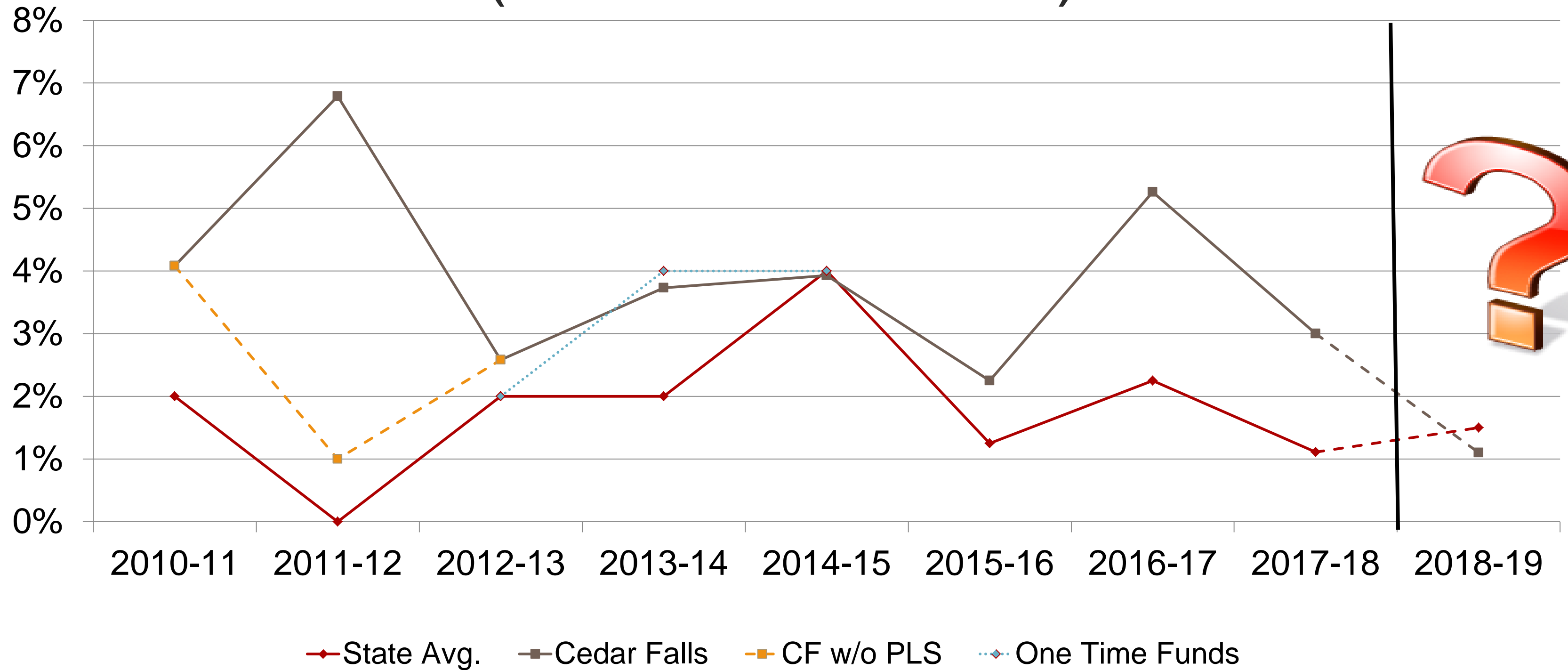


Net Assessed Value per Student



TIF Valuation Not Included

History of Supplemental State Aid (Allowable Growth)



Other District Funds (Restricted)

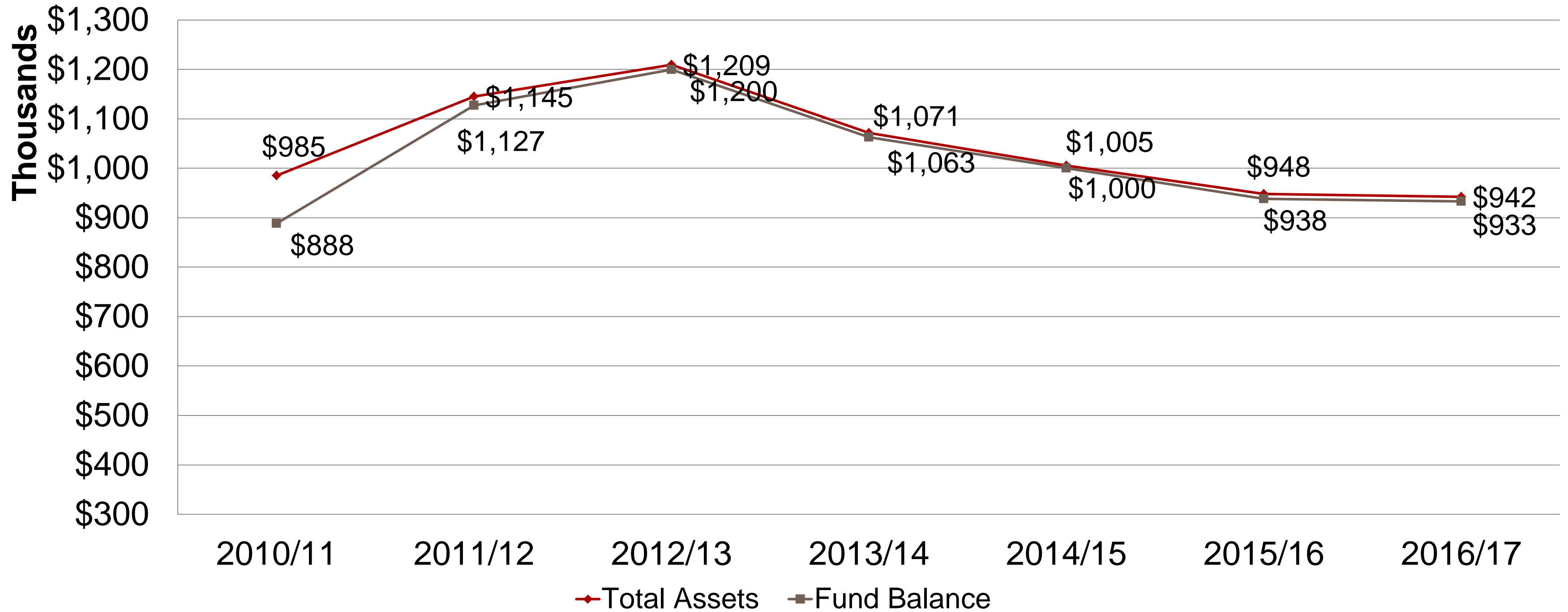


- Other District funds:
 - Management
 - Capital Projects Fund
 - Secure A Vision for Education (SAVE) (Statewide 1¢ sales tax)
 - Physical Plant & Equipment Levy (PPEL)
 - Debt
 - Activity
 - Nutrition
- These are restricted use funds that are subject to laws and regulations established by the Code 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



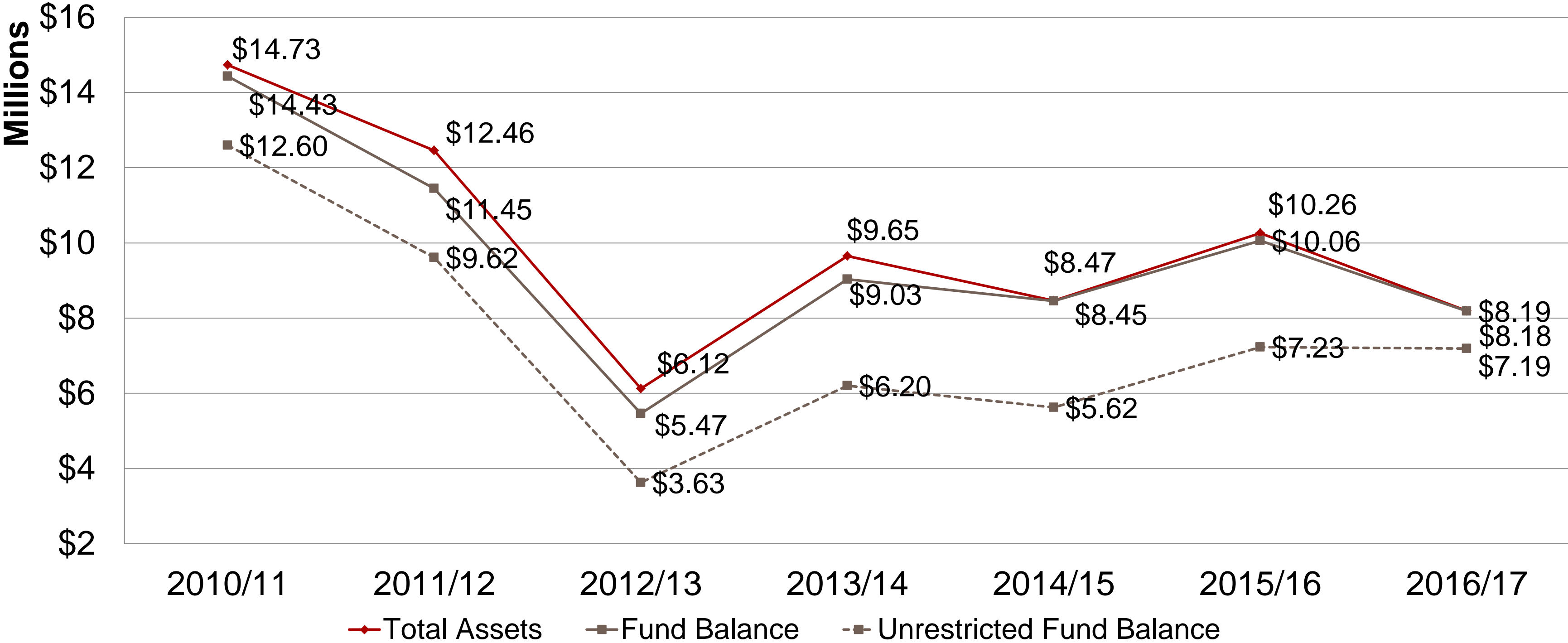
Secure A Vision for Education (SAVE)

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

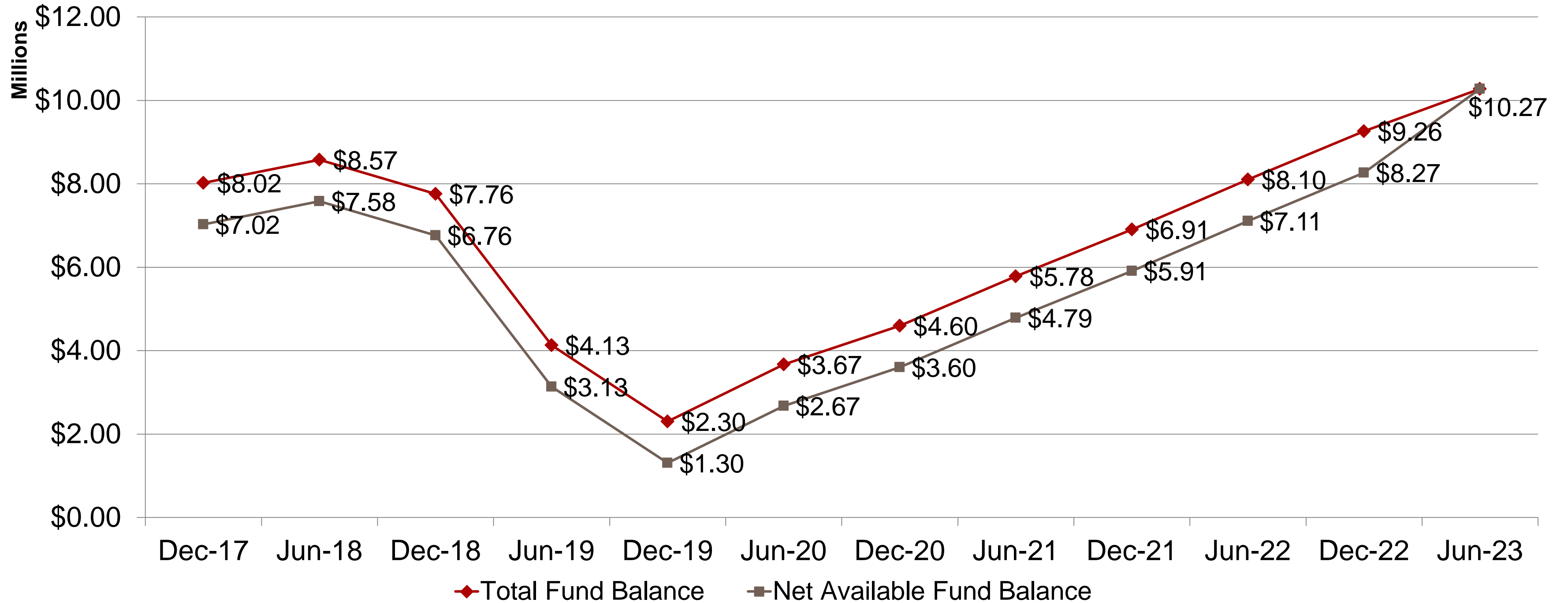
Secure A Vision for Education (SAVE)

Formally Local Option One Cent Sales Tax



Statewide Sch. Infrastructure Sales & Service Tax

Projected Future Fund Balance (Cash Basis)

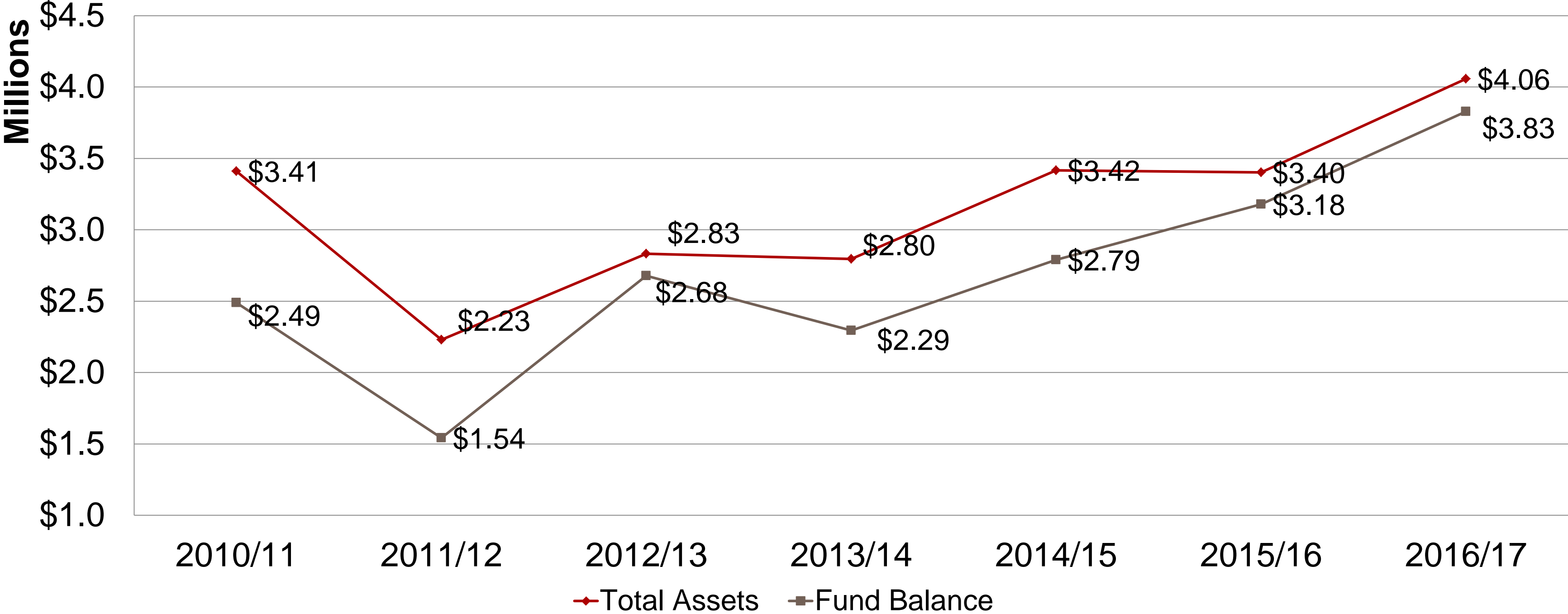


As of December 31, 2017

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

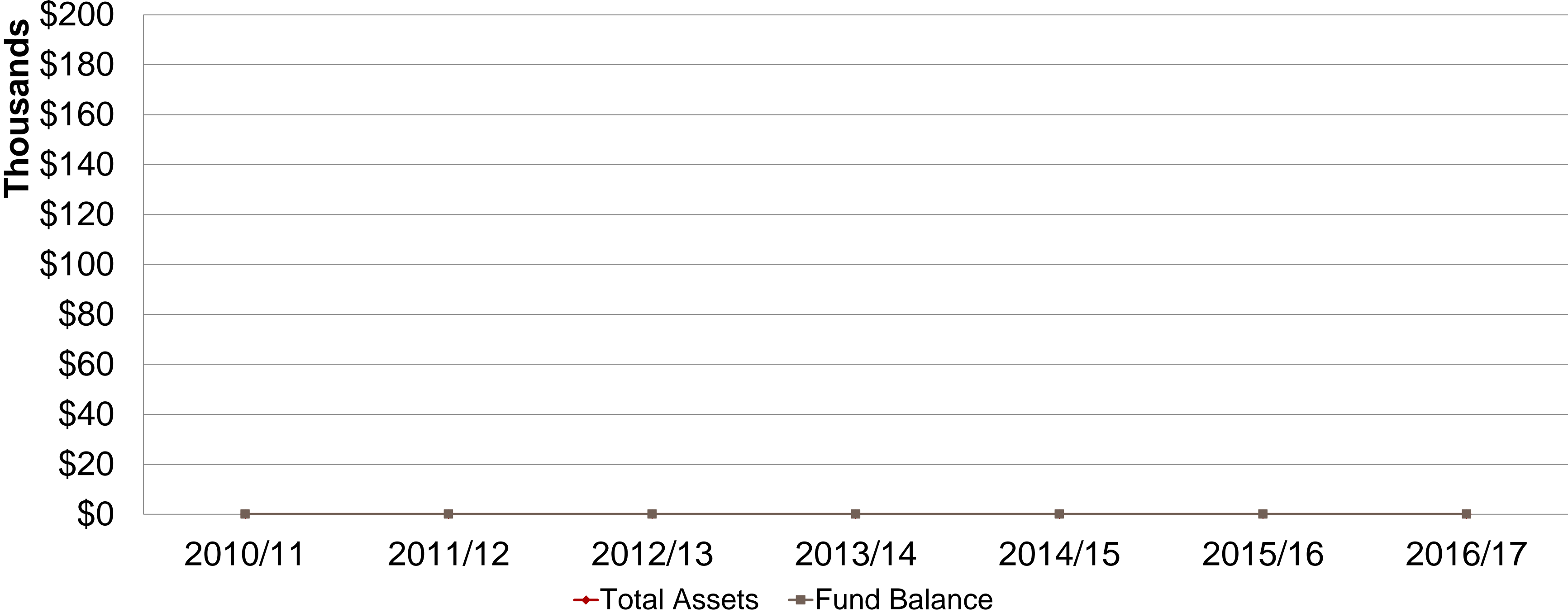
Physical Plant & Equipment Levy (PPEL)



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

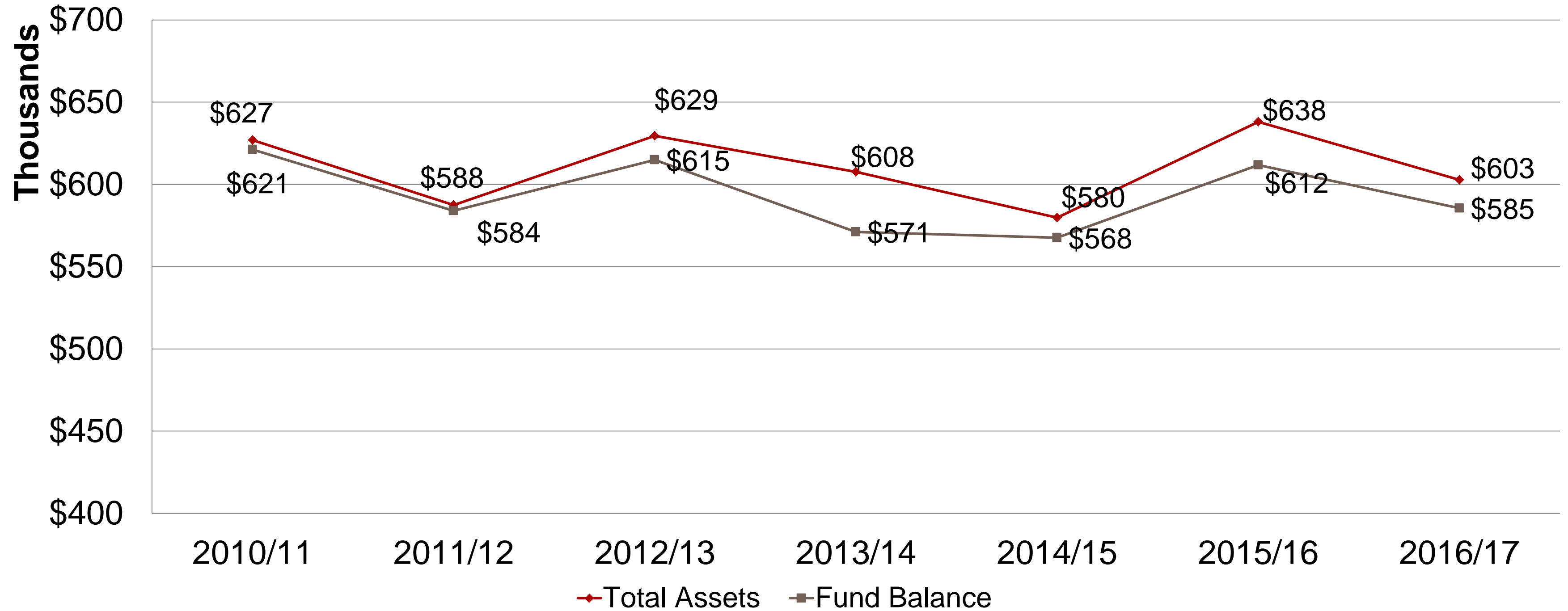
Debt Service Levy



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

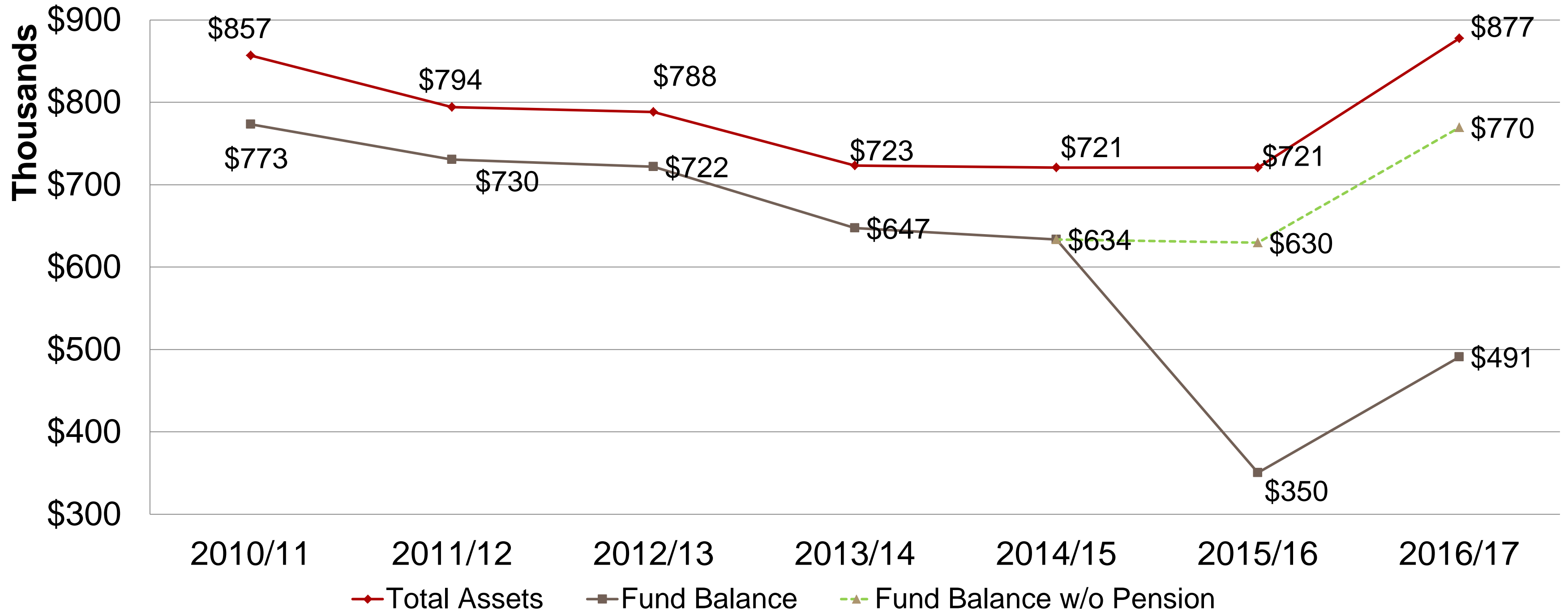
Activity Fund



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



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?