

CEDAR FALLS COMMUNITY SCHOOL DISTRICT

2018/19 Budget
Presentation



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
- 3. Supplemental State Aid Growth (SSA)
 - Legislature & Governor control the annual increase in dollars available per student
 - 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.
- 4. Balance
 - The ratio of property tax & state aid supporting a district’s budget varies by district. Districts with a higher “assessed valuation per student” will receive less state aid.

IOWA PUBLIC SCHOOL FOUNDATION PROGRAM - STATE AID

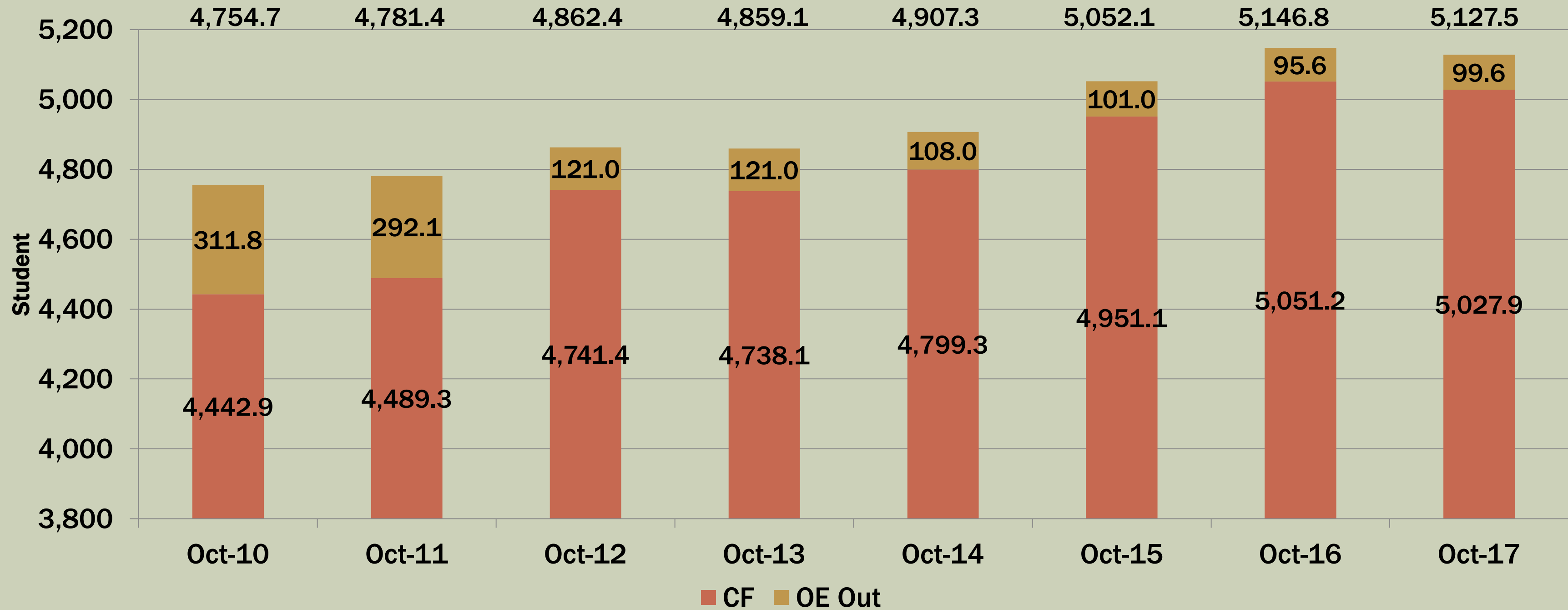
- **Iowa Code Chapter 257.1(2)**
 - “... each school district in the state is entitled to receive foundation aid, in an amount per pupil equal to the difference between the amount per pupil of foundation property tax in the district, and the combined foundation base per pupil or the combined district cost per pupil, whichever is less.

GENERAL FUND BUDGET DETERMINATION

- **Aid & Levy Budget Worksheet**
 - Implements the school foundation aid formula
 - Calculates the amount of spending authority, state aid and property taxes for a school district
 - Formula first determines the total maximum spending authority
 - Determines state aid vs. property taxes

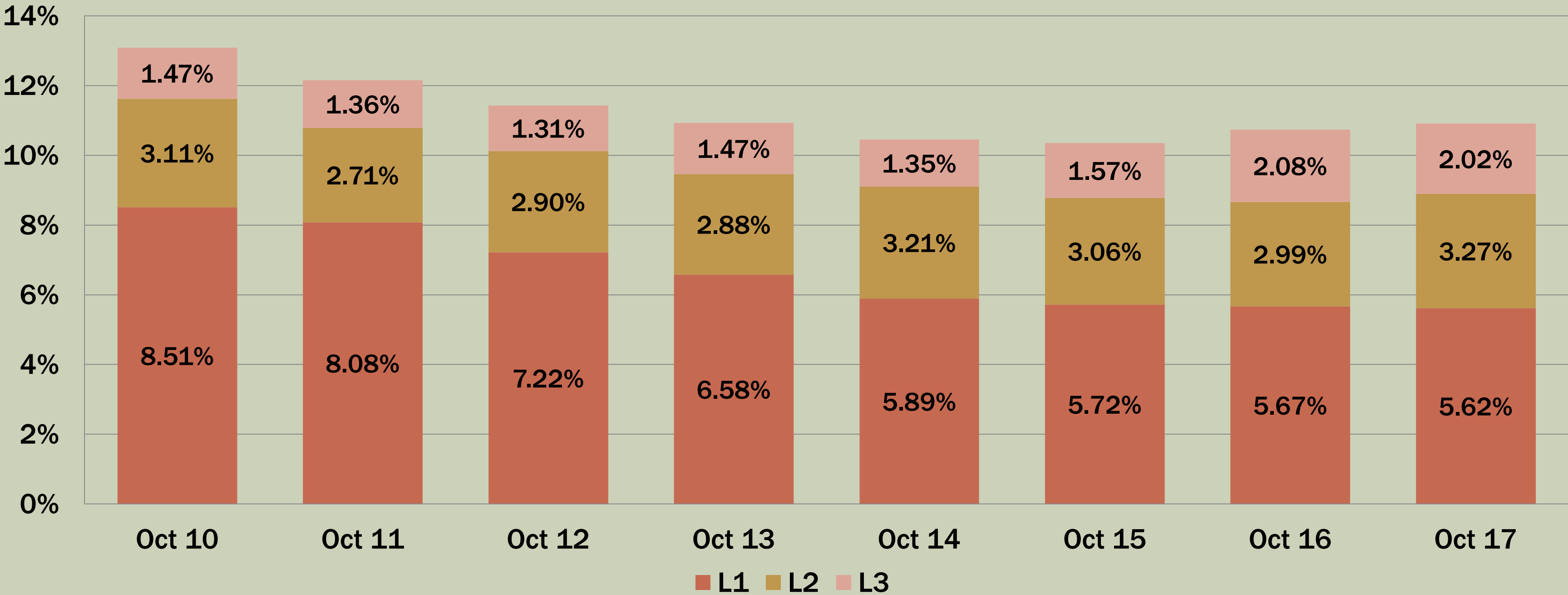
CERTIFIED ENROLLMENT

SECTION 1

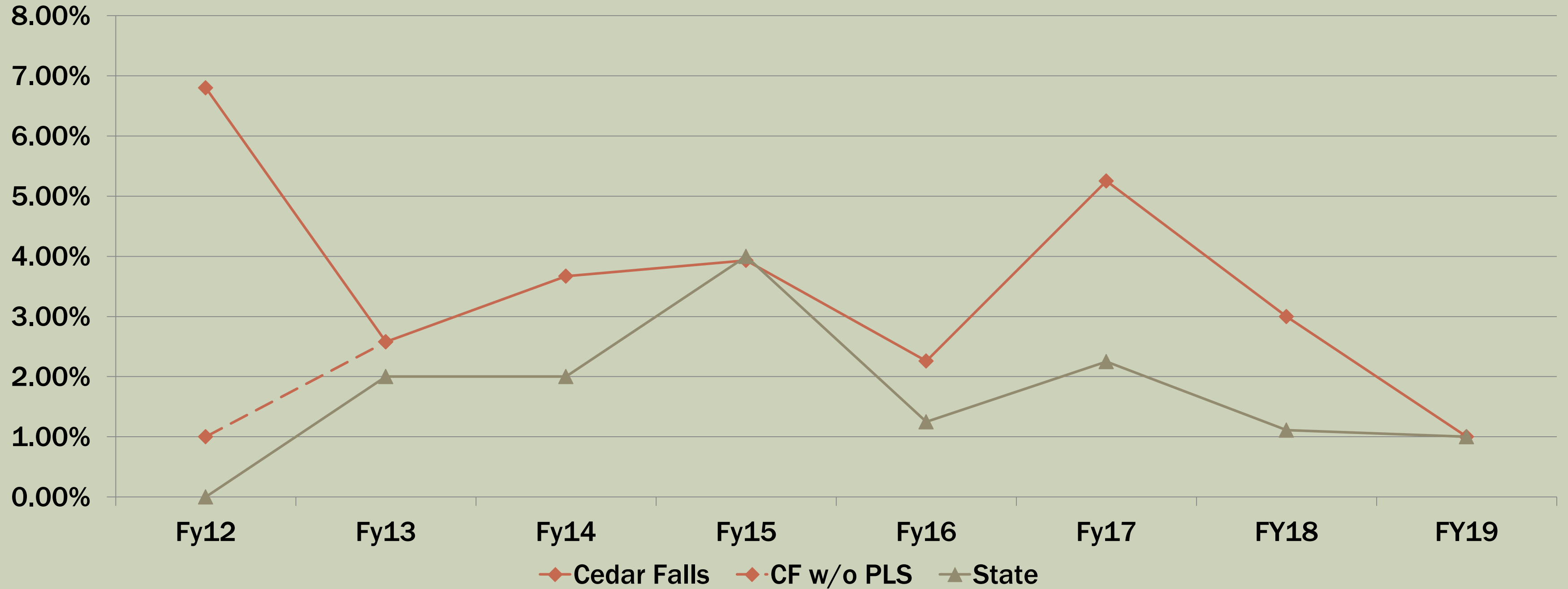


SPECIAL ED ENROLLMENT BY PERCENTAGE

SECTION 3



HISTORY OF SUPPLEMENTAL STATE AID IN PERCENTAGE

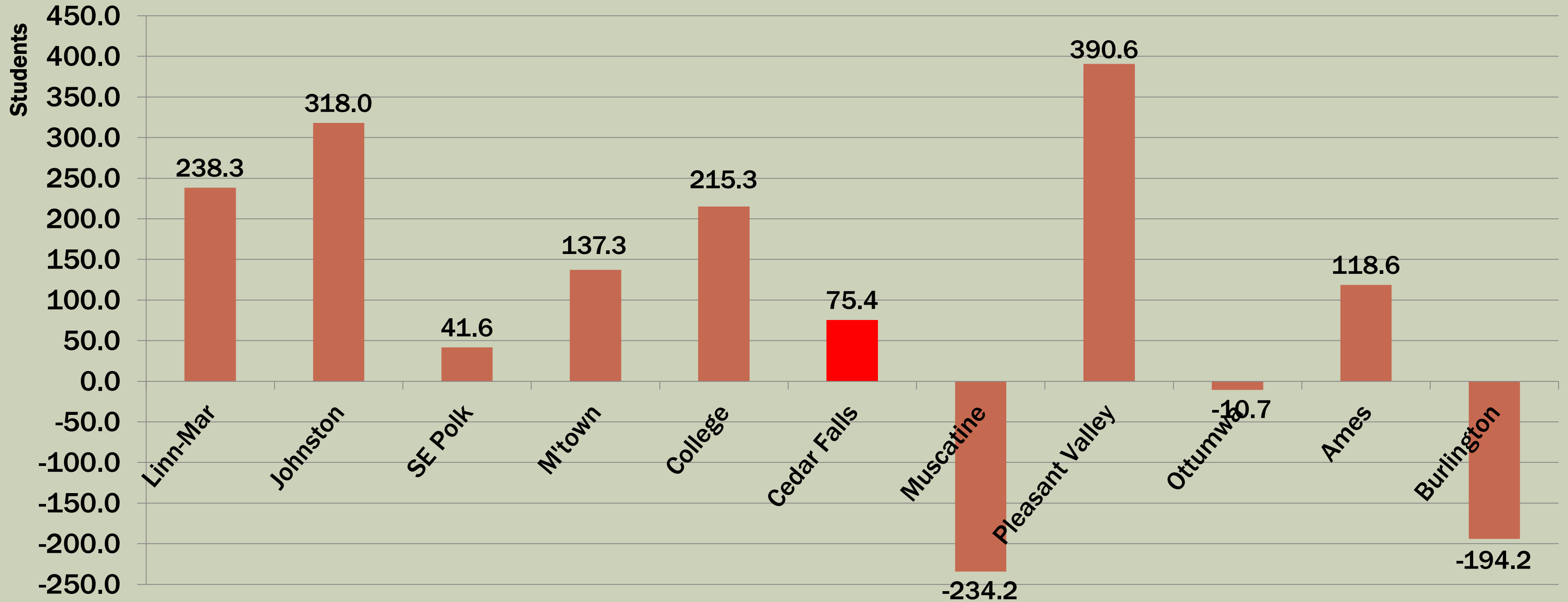


SSA COMPARISON - SIMILAR SIZED SCHOOLS

State Rank	School District	2017/18 RPDC	2017/18 RPDC/P	10/1/17 Count	2018/19 RPDC	Dollar Growth	% Growth	Per Pupil Growth	Enrollment Increase
12	Linn-Mar	\$48,737,813	\$6,665	7,436.2	\$50,060,498	\$ 1,322,685	2.71%	\$ 177.87	123.7
13	Johnston	\$45,942,949	\$6,664	7,074.1	\$47,615,767	\$ 1,672,818	3.64%	\$ 236.47	179.9
14	Southeast Polk	\$45,296,541	\$6,664	6,843.1	\$46,060,906	\$ 764,365	1.69%	\$ 110.70	45.9
15	Marshalltown	\$36,443,016	\$6,705	5,458.4	\$36,964,285	\$ 521,268	1.43%	\$ 94.50	23.2
16	College	\$33,897,102	\$6,664	5,162.7	\$34,750,134	\$ 853,032	2.52%	\$ 165.23	76.1
17	Cedar Falls*	\$34,334,303	\$6,671	5,127.5	\$34,549,095	\$ 343,343	1.00%	\$ 66.96	(19.3)
18	Muscatine*	\$34,416,225	\$6,664	4,935.8	\$34,219,920	\$ (196,305)	(0.57)%	\$ (39.77)	(148.4)
19	Pleasant Valley	\$32,255,164	\$6,797	4,922.4	\$33,787,354	\$ 1,532,190	4.75%	\$ 311.27	176.9
20	Ottumwa*	\$30,942,285	\$6,664	4,612.2	\$31,251,708	\$ 309,423	1.00%	\$ 67.09	(31.0)
21	Ames	\$28,285,752	\$6,754	4,299.8	\$29,328,936	\$ 1,043,936	3.69%	\$ 242.79	111.8
22	Burlington*	\$29,673,177	\$6,664	4,263.3	\$29,767,602	\$ 94,425	0.32%	\$ 22.15	(159.4)

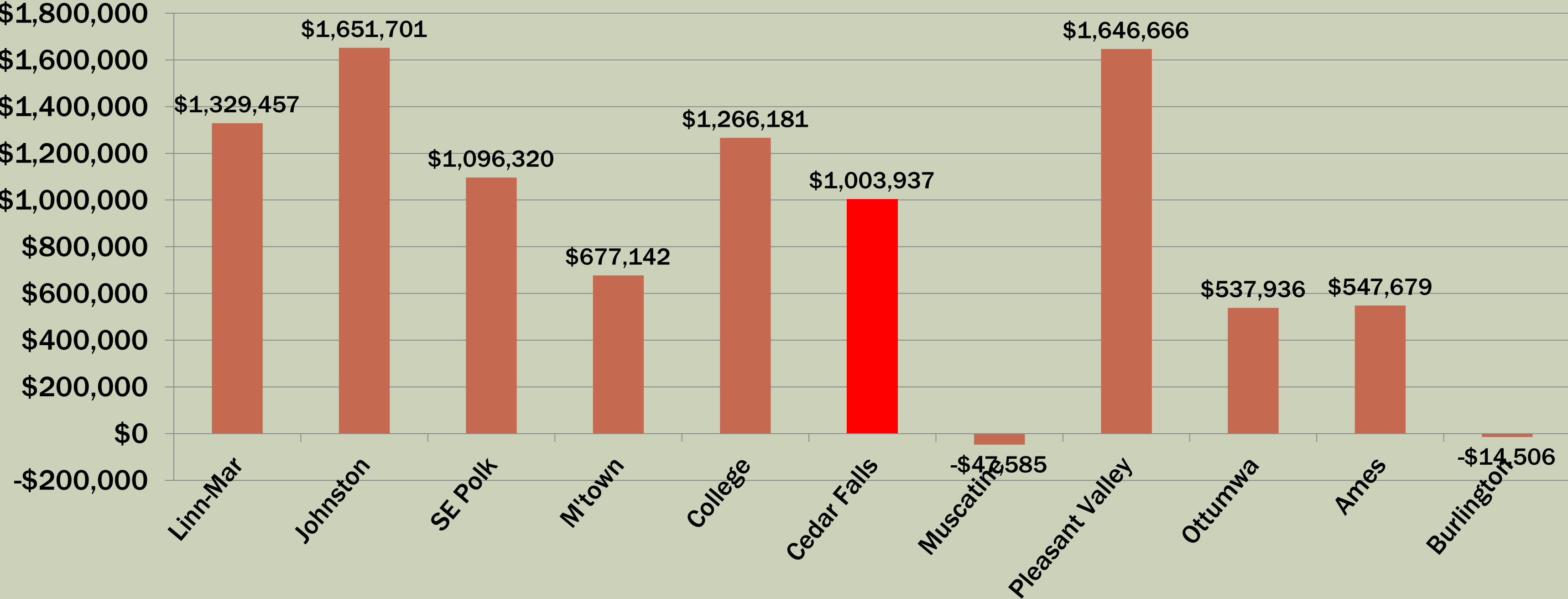
* = Indicates budget guarantee for FY19

SIMILAR SIZED SCHOOLS THREE YEAR CUMULATIVE CHANGE CERTIFIED ENROLLMENT



Oct. 2015, 2016 & 2017 certified enrollment count

SIMILAR SIZED SCHOOLS THREE YEAR AVERAGE INCREASE SUPPLEMENTAL STATE AID

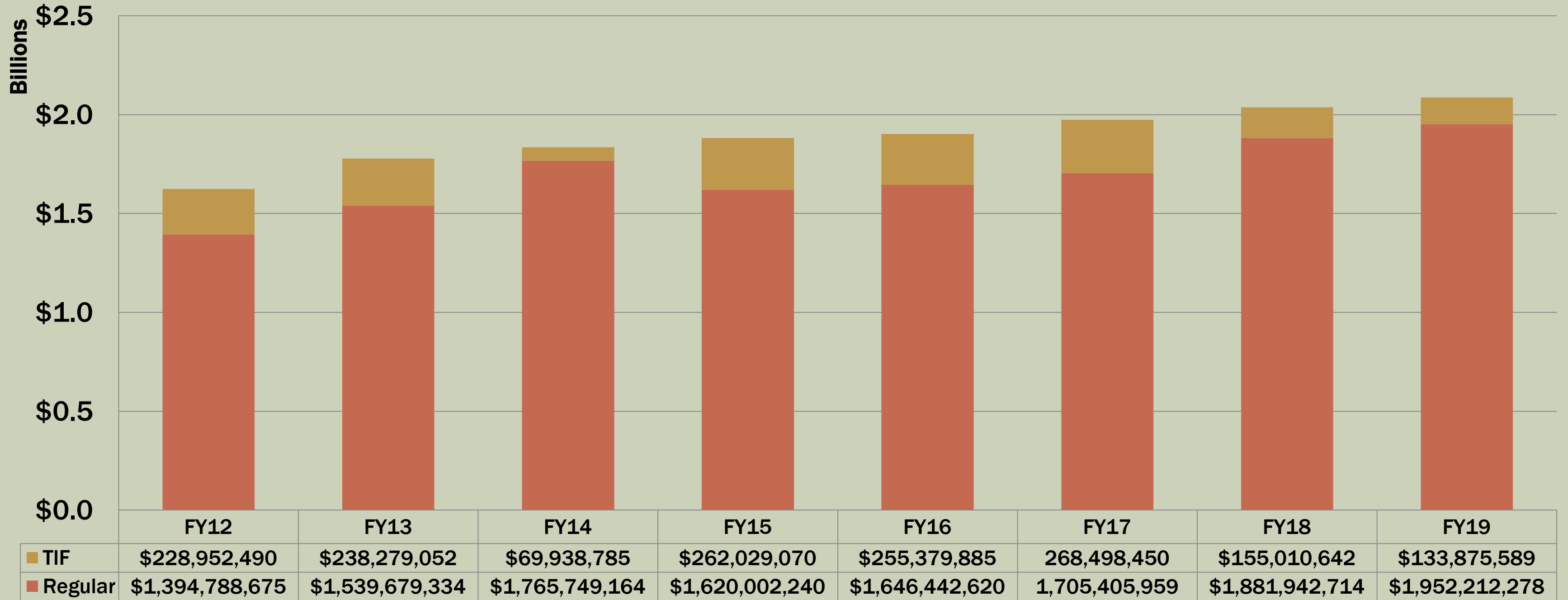


Included any budget guarantee funds received

CEDAR FALLS CSD

HISTORY OF ASSESSED VALUATION

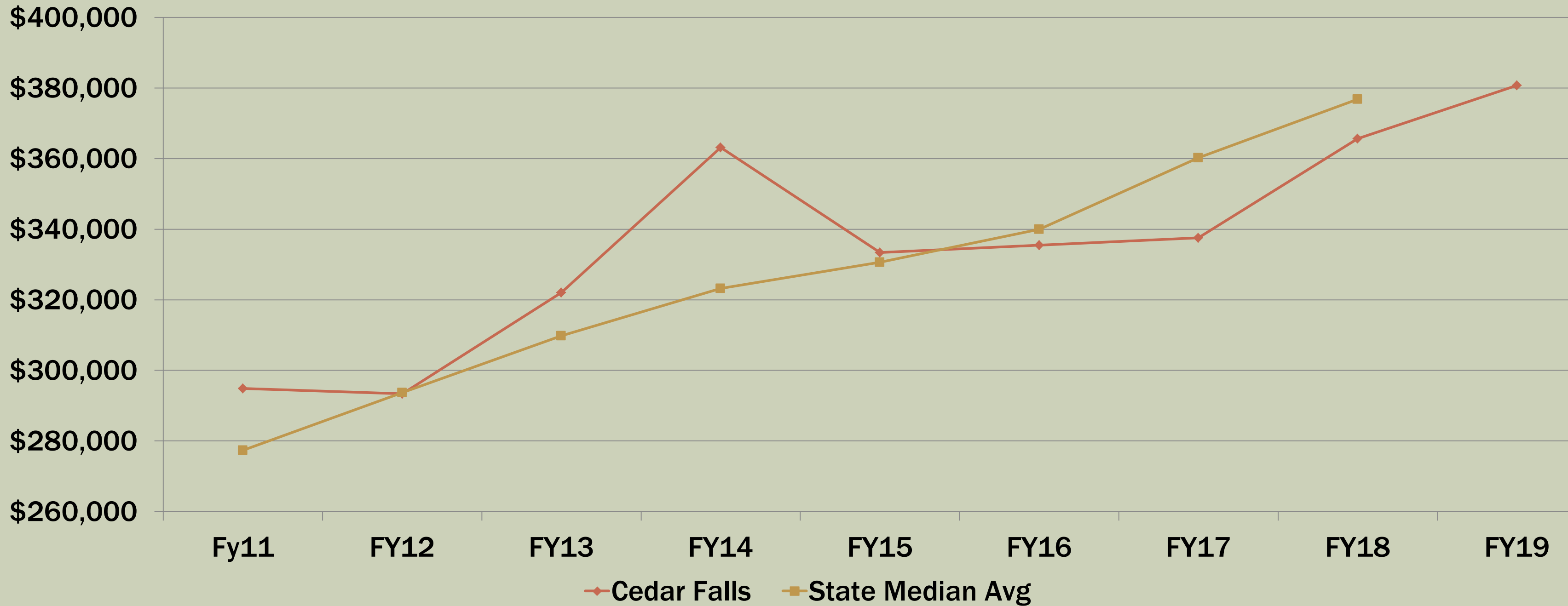
SECTION 6



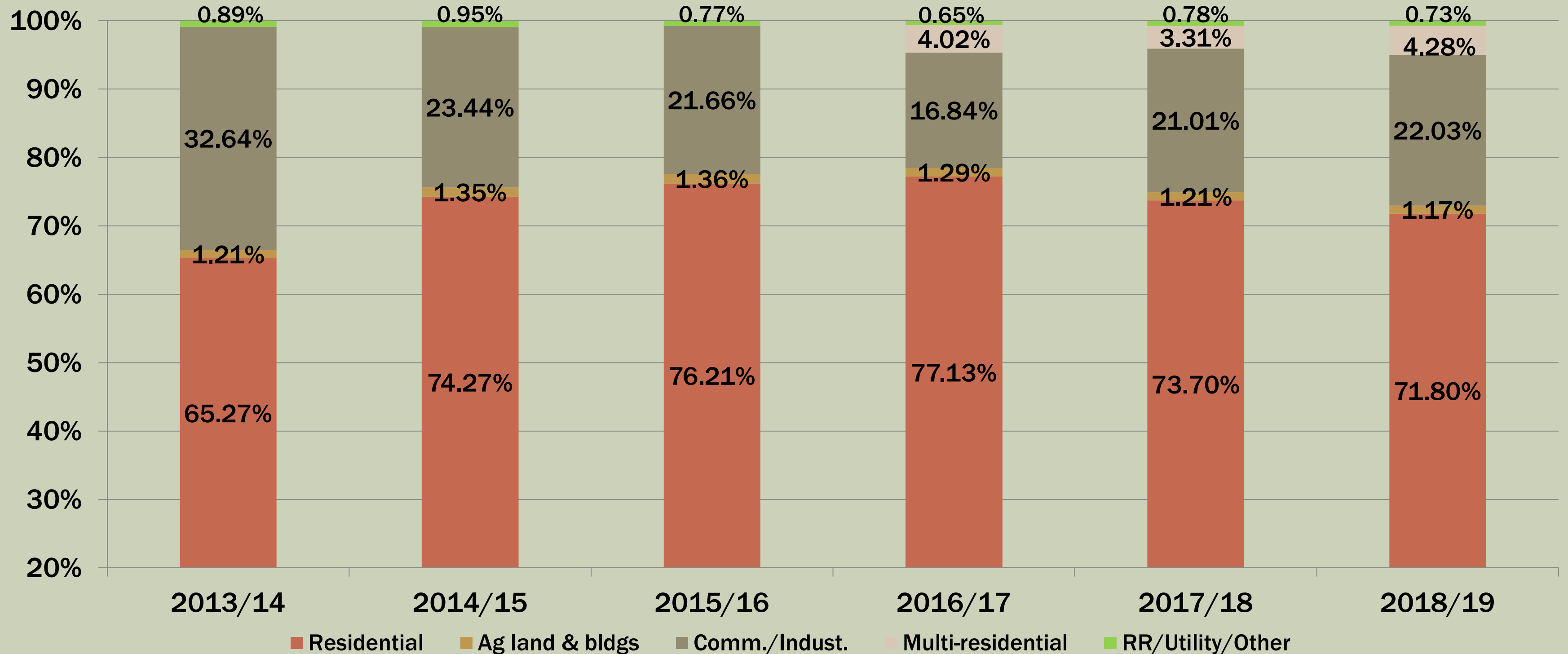
TAX INCREMENT FINANCING BASICS

- Used by cities/counties/community colleges since 1958
- City/county adopt urban renewal plans
 - Community Colleges job training projects
- City/county adopts an ordinance to initiate Tax Increment Financing
- Establishes a base valuation at the prior years' taxable valuation level
- Increased value of TIF area is incremental valuation
- Revenue on base valuation goes to all taxing authorities
- Revenue on incremental valuation goes to TIF project with some exceptions

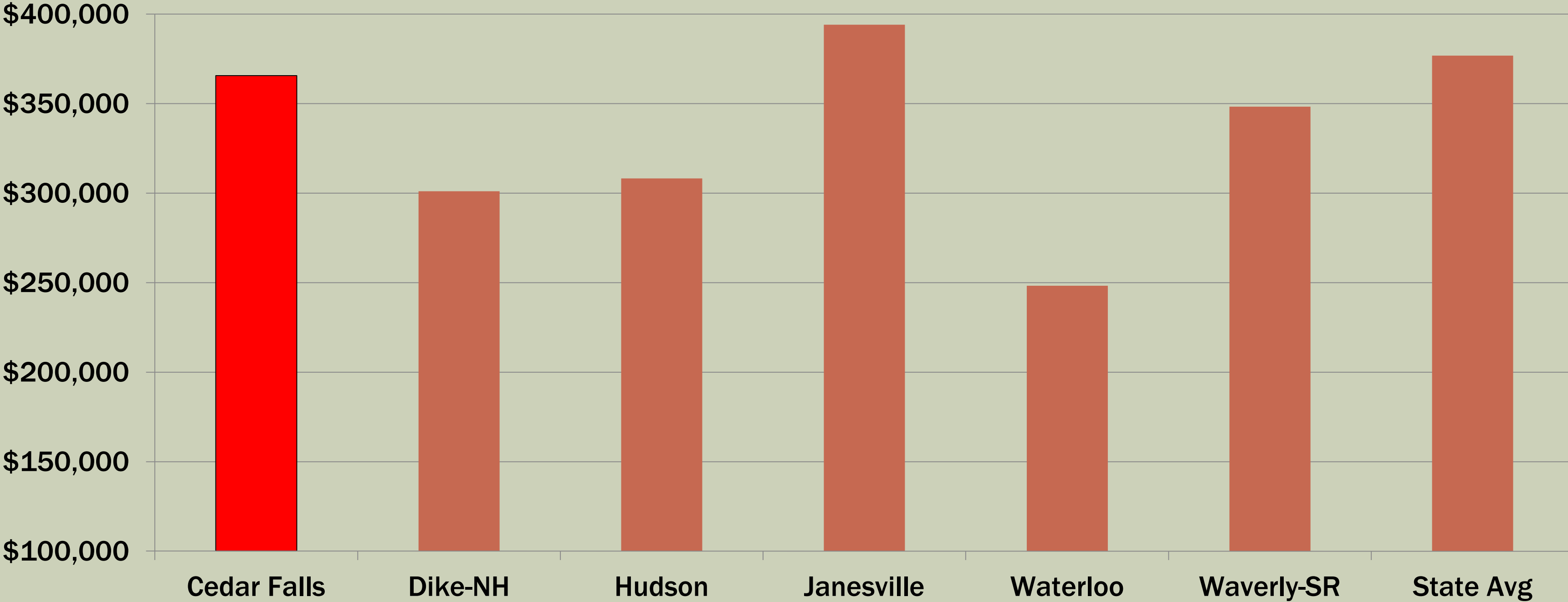
ASSESSED VALUATION PER STUDENT



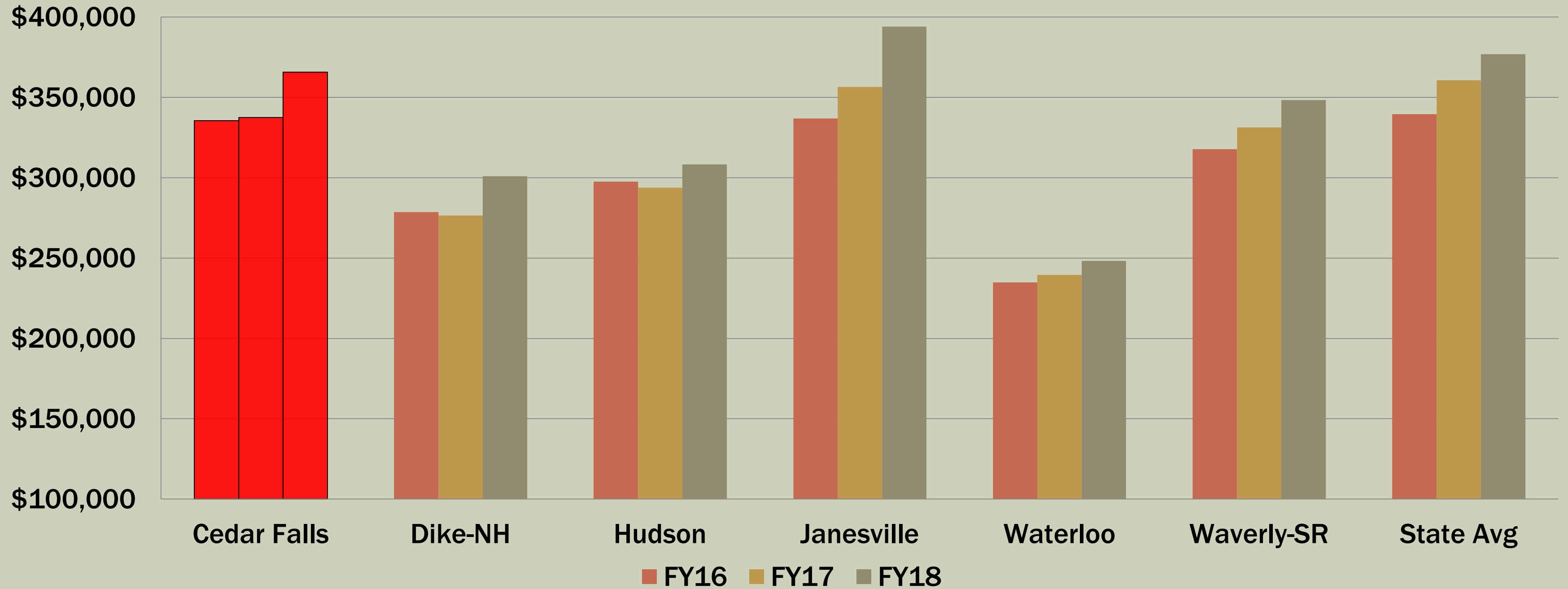
NET ASSESSED VALUATION BY CLASS



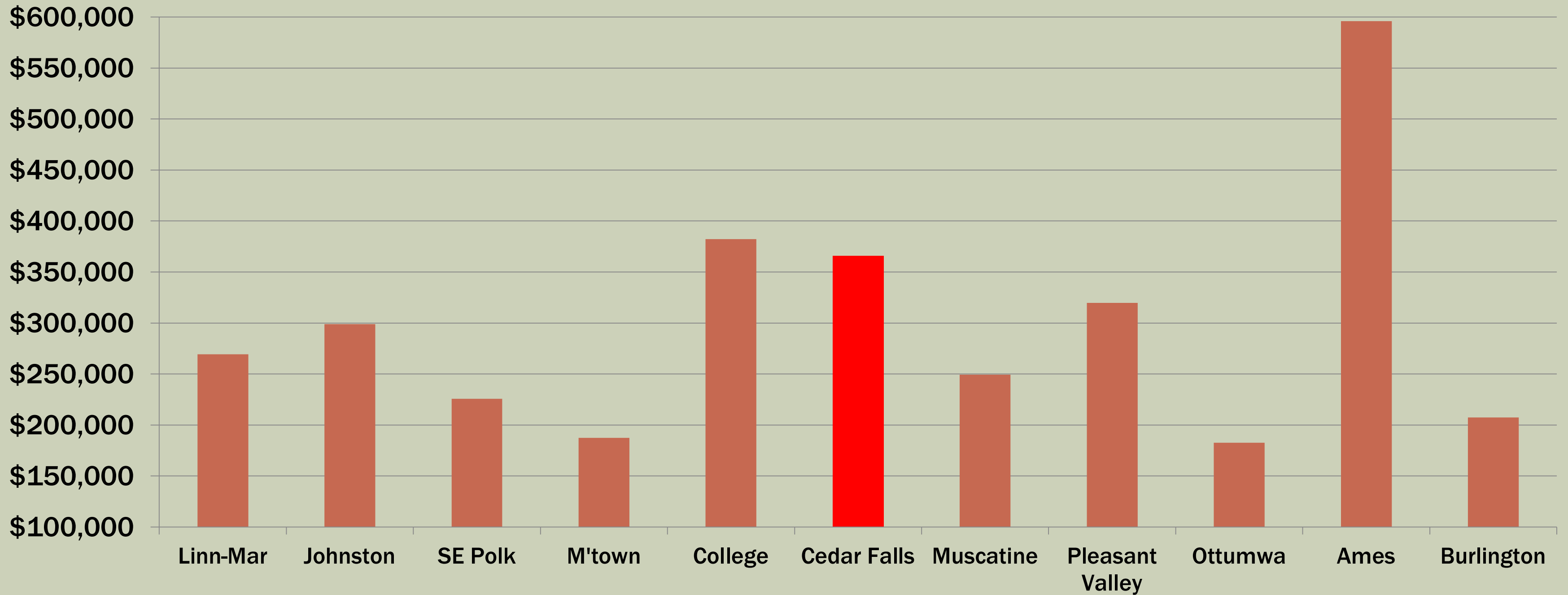
2017/18 VALUATION PER STUDENT – AREA SCHOOL COMPARISON



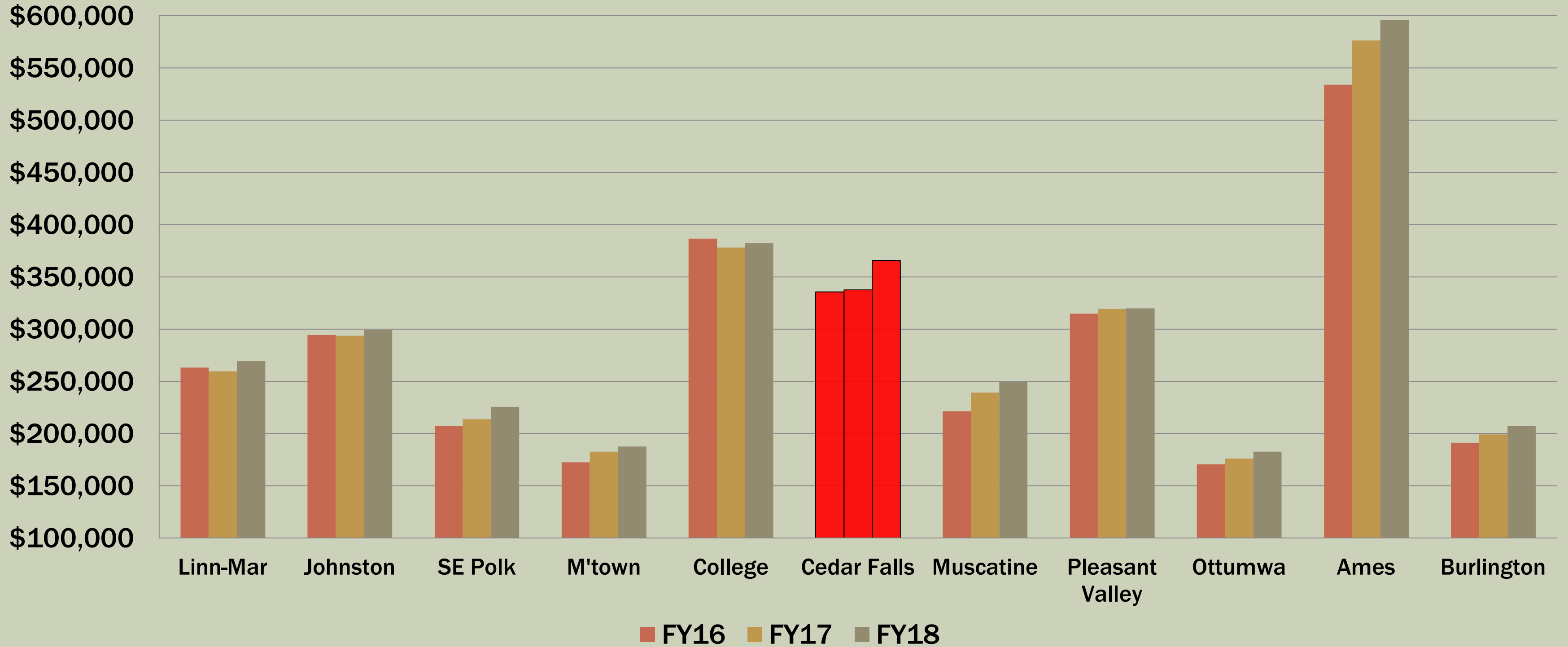
VALUATION PER STUDENT AREA SCHOOL 3 YR. COMPARISON



2017/18 VALUATION PER STUDENT SIMILAR SIZE SCHOOL COMPARISON



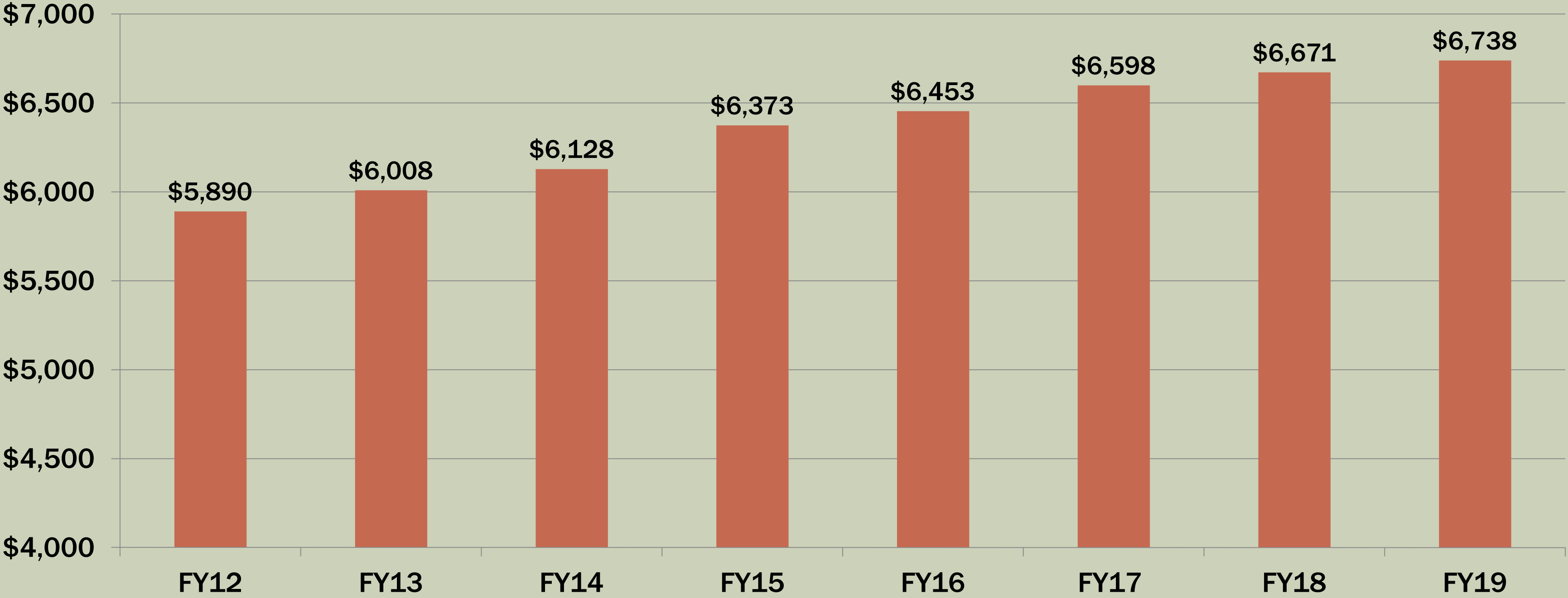
VALUATION PER STUDENT SIMILAR SIZE SCHOOL 3 YR. COMPARISON



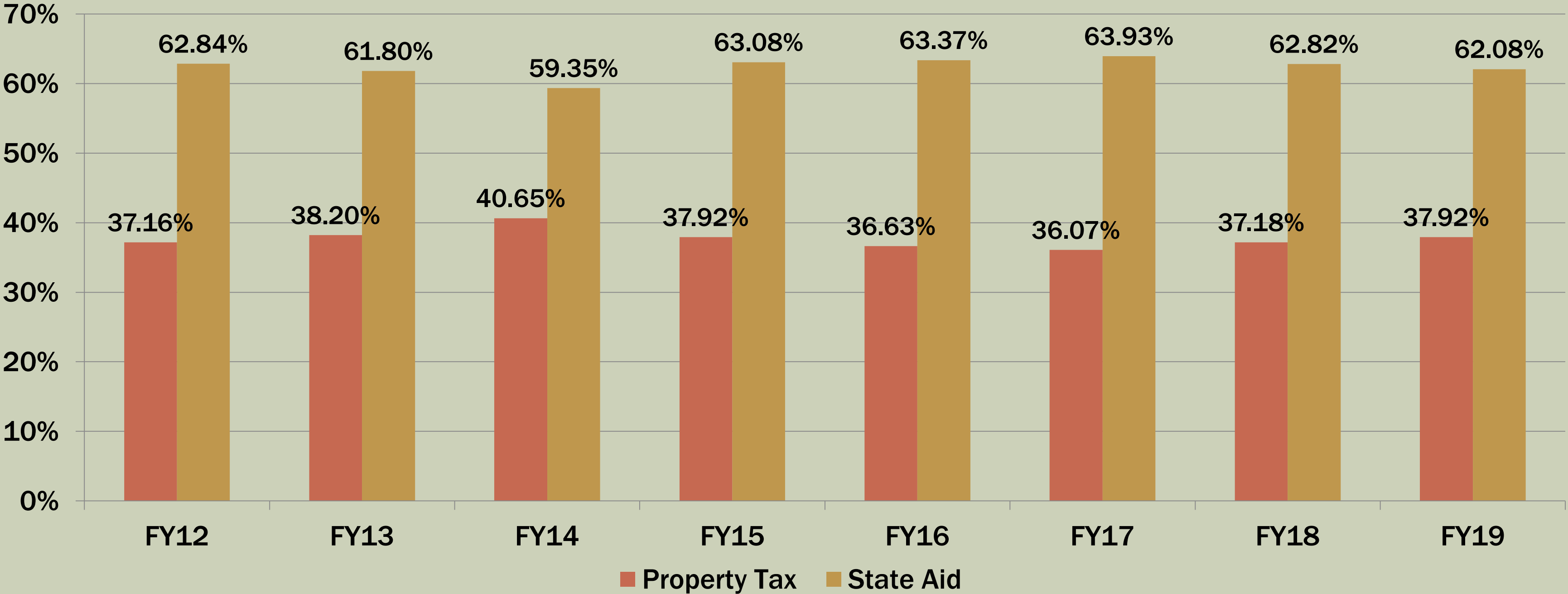
2018/19 COMBINED DISTRICT COST – \$6,738 PER STUDENT

12.82%	\$ 864 per Student	Additional Levy Combined District Cost – Foundation Dollar Level
62.08%	\$4,183 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
25.10%	\$1,691 per Student	Uniform Levy = \$5.40 per \$1,000 assessed valuation x school district assessed valuation

HISTORY OF COST PER PUPIL



HISTORICAL COMBINED DISTRICT COST MIX



COMBINED DISTRICT COST FUNDING

- Aid & Levy budget worksheet
 - Uniform Levy (Section 6)
 - Property Tax Portion = \$10,413,395 (Ln 6.3 - Ln 5.2)
 - Property Tax Rate = \$5.40000
 - Regular Program Adjustment (101% guarantee)
 - Property Tax Portion = \$128,551 (Ln 5.2)
 - Property Tax Rate = \$0.06585
 - Final State Foundation Aid (Section 9)
 - Regular Program = \$31,359,887 (Ln 9.12 - Ln 9.11)
 - Includes TSS, PD, TLC, Early Intervention & Property Tax Replacement Payment (PTRP)

COMBINED DISTRICT COST FUNDING

- **Additional Levy (Section 8 minus Section 13)**

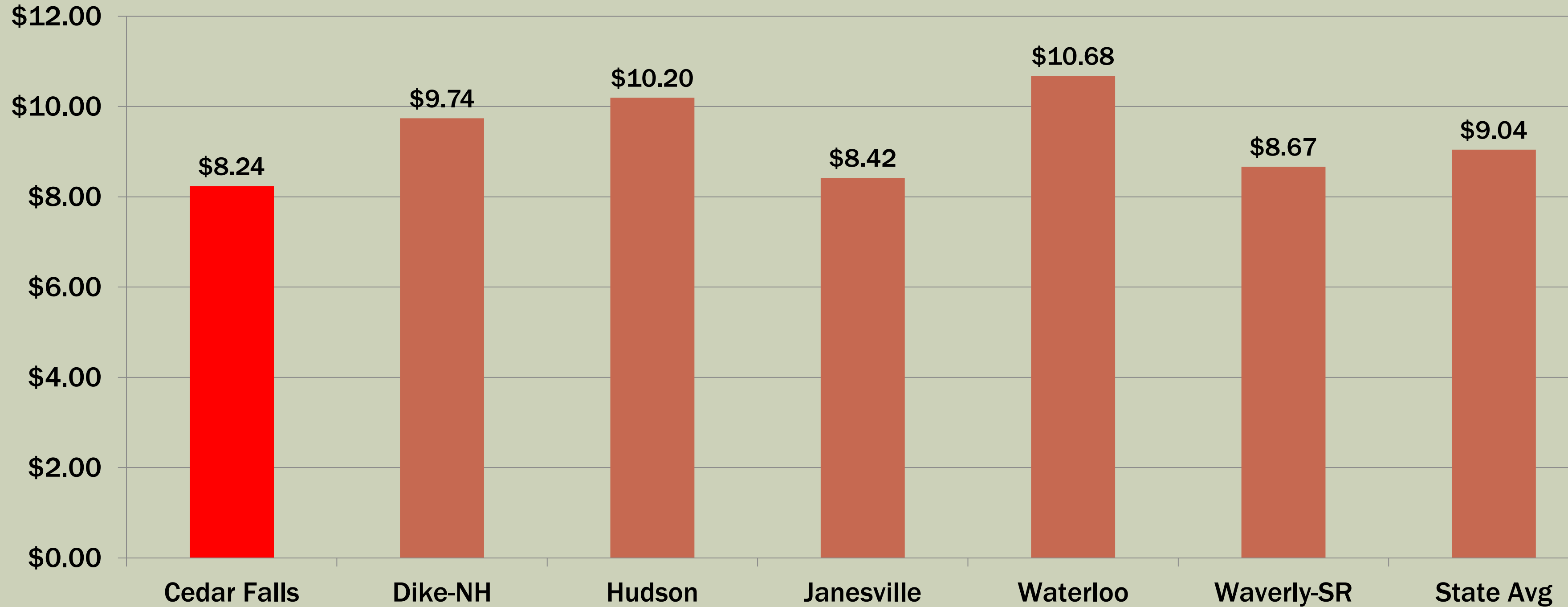
■ Gross Property Tax Additional Levy (Ln 8.4)	\$6,922,399
■ Utility Replacement Adjustment (Ln 8.38)	- 37,428
■ AEA Statewide Reduction (Ln 8.41)	+ 66,618
■ Property Tax Replacement Payment (Ln 8.42)	- 543,105
■ Add. Levy Utility Replacement Adjust (Ln 13.5)	+ 219
■ Add. Levy C & I State Replacement (Ln 13.21)	- 169,569
■ Dropout Prevention Program (Ln 5.17)	- <u>855,139</u>
■ Net Additional Levy	\$5,383,995

- Property Tax Rate = \$2.69204

COMBINED DISTRICT COST SUMMARY

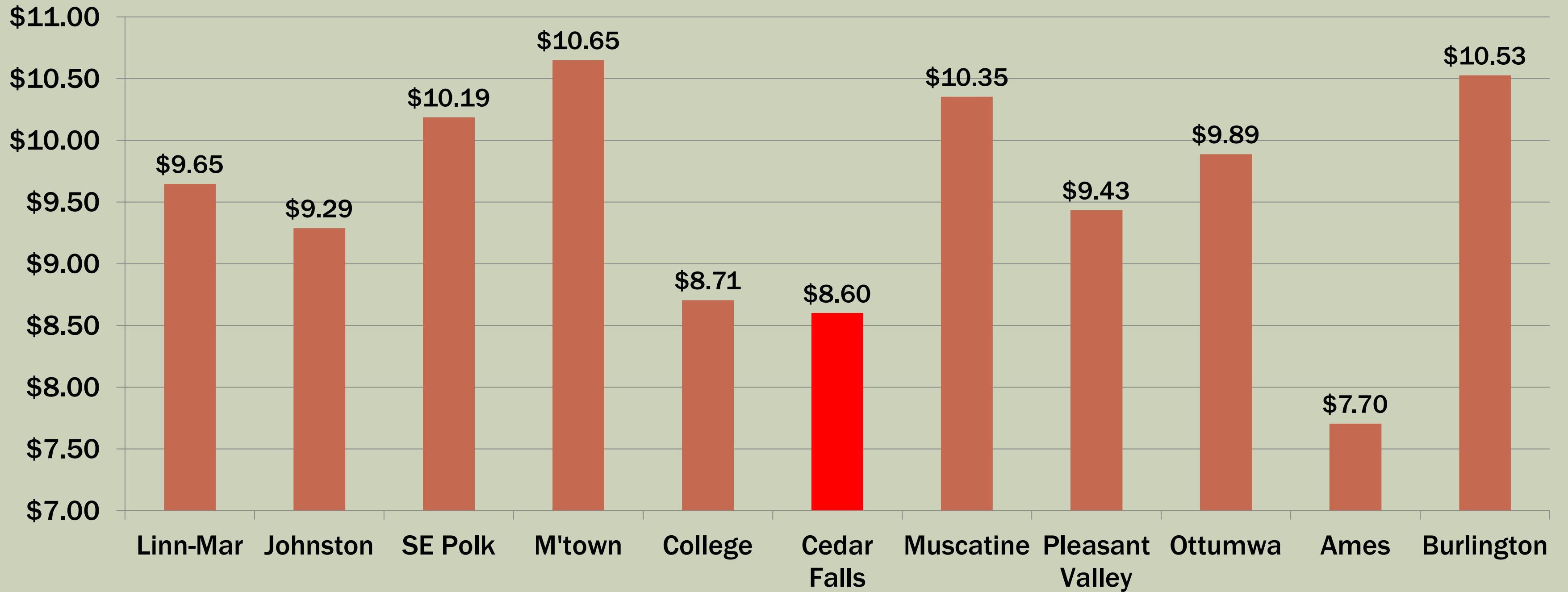
- **Uniform and Additional Levy**
 - Property Tax Portion = \$15,797,390
 - Property Tax Rate = \$8.09204
- **Regular program adjustment (101% guarantee)**
 - Property Tax Portion = \$128,551
 - Property Tax Rate = \$0.06585
- **Dropout Prevention (approved by BOE on Nov. 27, 2017)**
 - Property Tax Portion = \$855,139
 - Property Tax Rate = \$0.43804
- **Totals**
 - Property Tax Portion = \$16,781,080
 - Property Tax Rate = \$8.59593

2017/18 COMBINED DISTRICT COST – TAX RATE COMPARISON



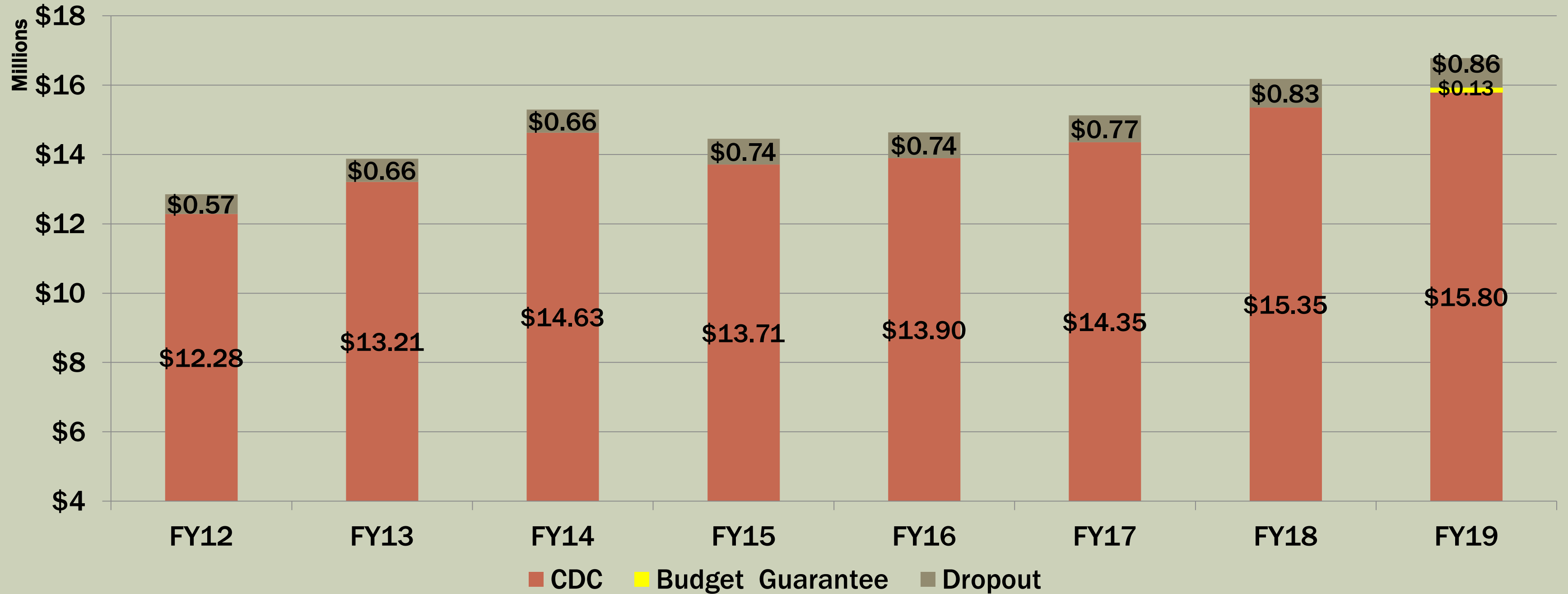
Includes Drop Out Prevention Funding.

2017/18 COMBINED DISTRICT COST – SIMILAR SIZE SCHOOL COMPARISON

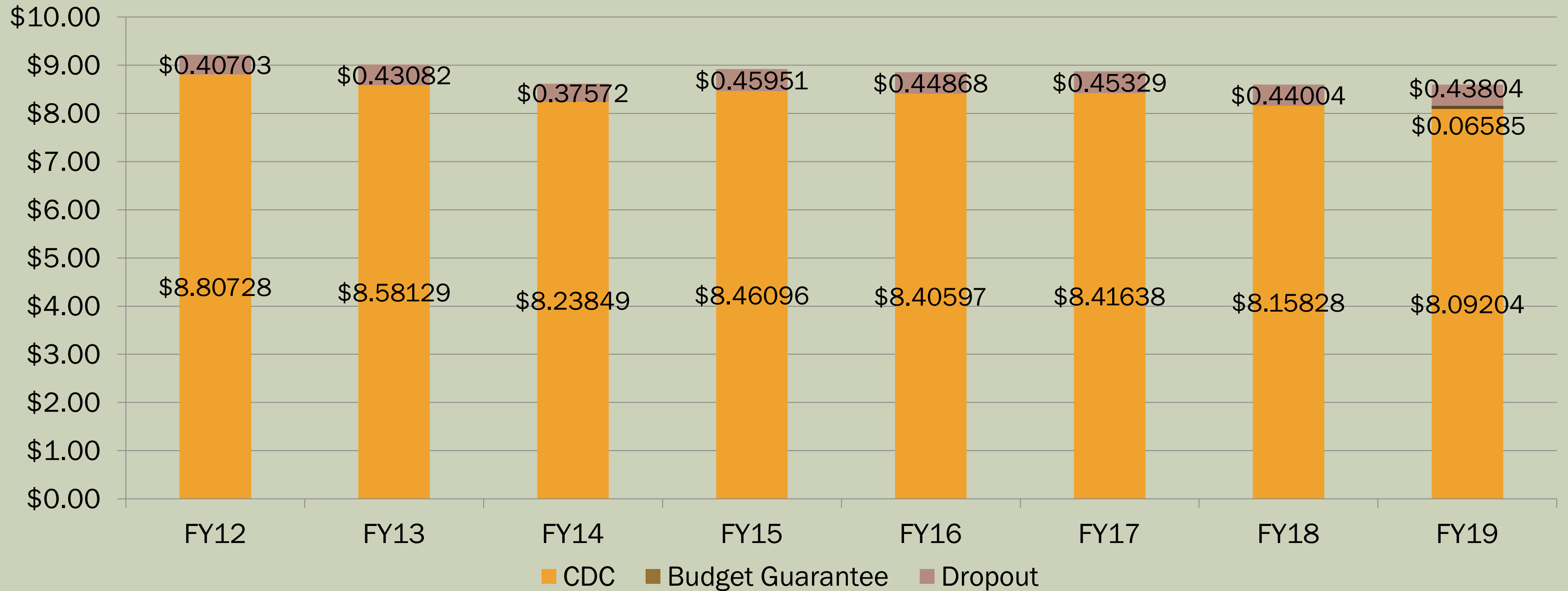


Includes Drop Out Prevention Funding

HISTORY OF COMBINED DISTRICT COST & DROPOUT PROPERTY TAX REVENUE



HISTORY OF COMBINED DISTRICT COST & DROPOUT PROPERTY TAX RATES



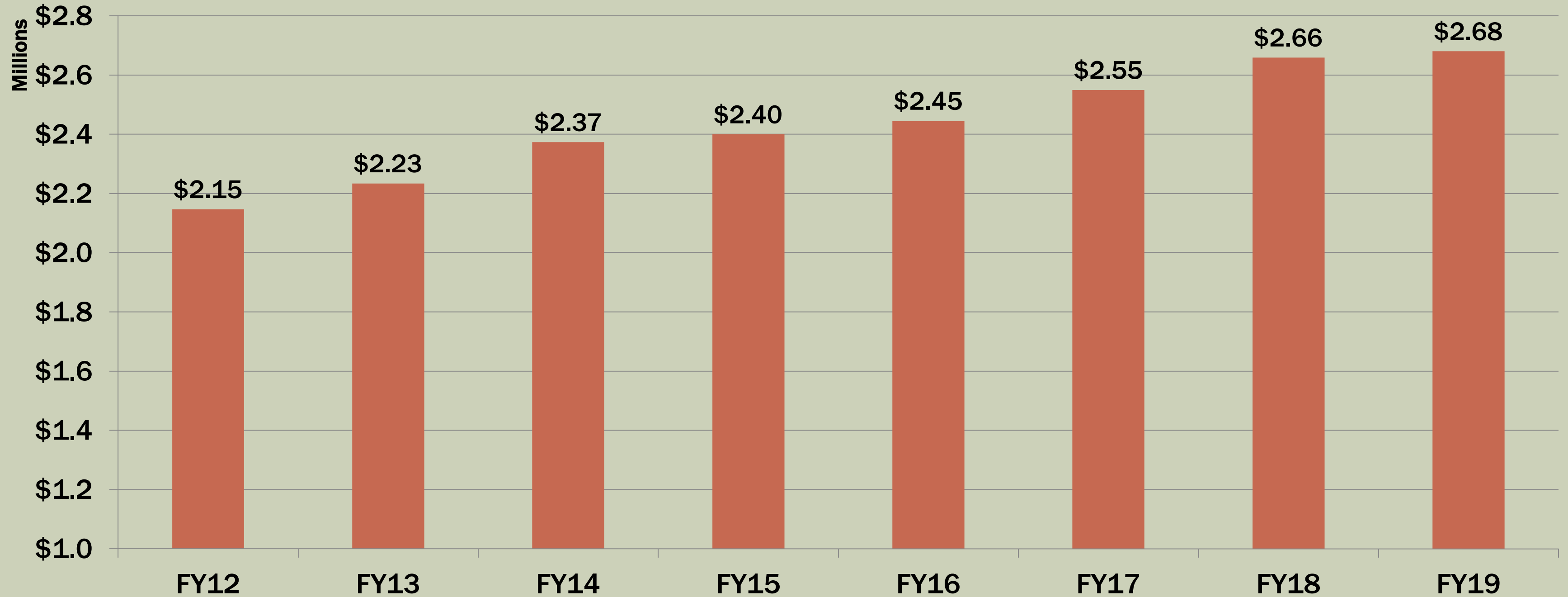
INSTRUCTIONAL SUPPORT LEVY

SECTION 10

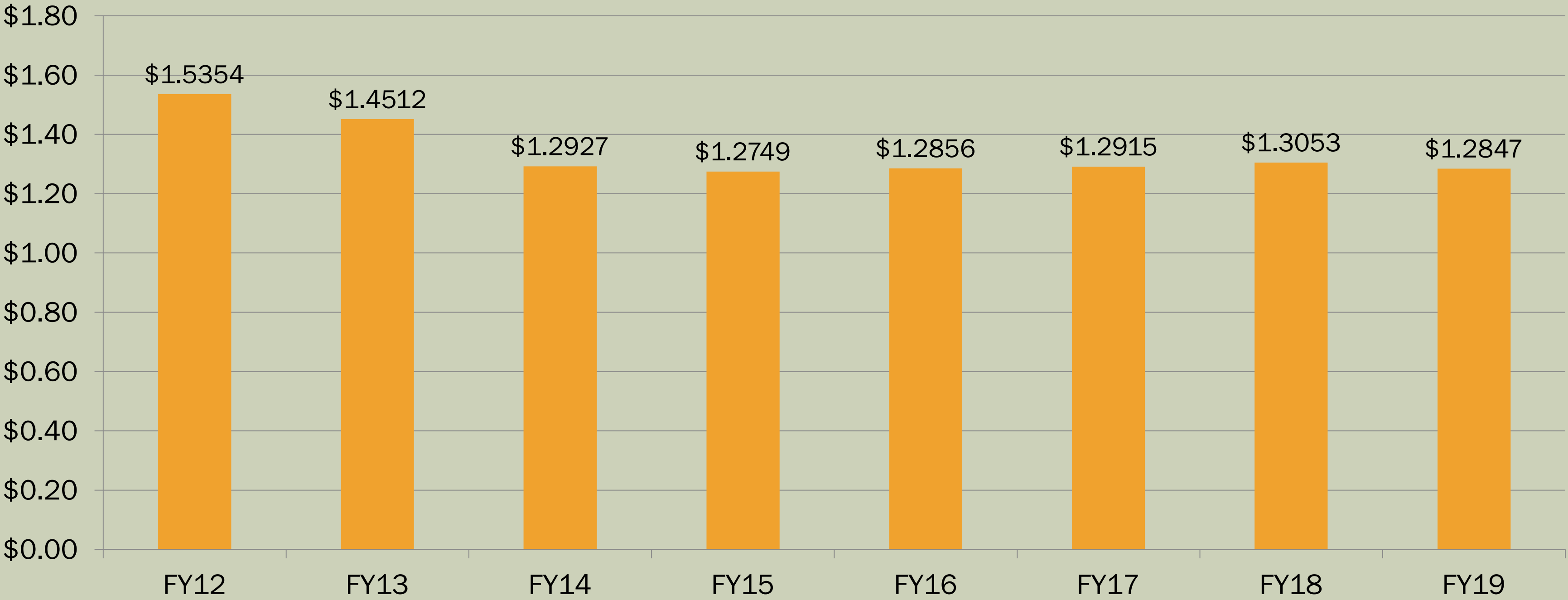
- Included with General Fund for reporting to Dept. of Education
- 10 year levy approved by voters of District (Thru FY2022)

- 10% of regular district program cost (Ln 10.5) \$3,467,765
- Less gross ISL State Aid (22.72% of total) - \$ 787,876
- Net Property Tax \$2,679,889
- Instructional Support State Aid + \$ 0
 - (0% of Gross State Aid)
- Total Adjusted ISL Dollars = \$2,679,889
- Less anticipated actual ISL State Aid - \$ 0
- Anticipated Actual ISL Dollars = \$2,679,889
- Property tax rate of \$1.28465/\$1,000

HISTORY OF INSTRUCTIONAL SUPPORT LEVY PROPERTY TAX REVENUE



HISTORY OF INSTRUCTIONAL SUPPORT LEVY PROPERTY TAX RATES



CASH RESERVE LEVY – PART ONE

SECTION 15

- **SBRC Approved Requests**
 - **Increased enrollment, open enrollment out, LEP excess cost**
 - \$125,229 – Open enrollment out increase - approved by BOE on Oct. 23, 2017
 - \$ 11,740 – ELL beyond 5 years - approved by BOE on Oct. 23, 2017
 - \$100,596 – LEP allowable excess cost - approved by BOE on Oct. 9, 2017
 - **Special Education**
 - \$972,951 – Special Ed excess cost - approved by BOE on Oct. 9, 2017

- **Total SBRC #1 approved requests - \$1,210,516**

CASH RESERVE LEVY – PART TWO

SECTION 15

■ Other

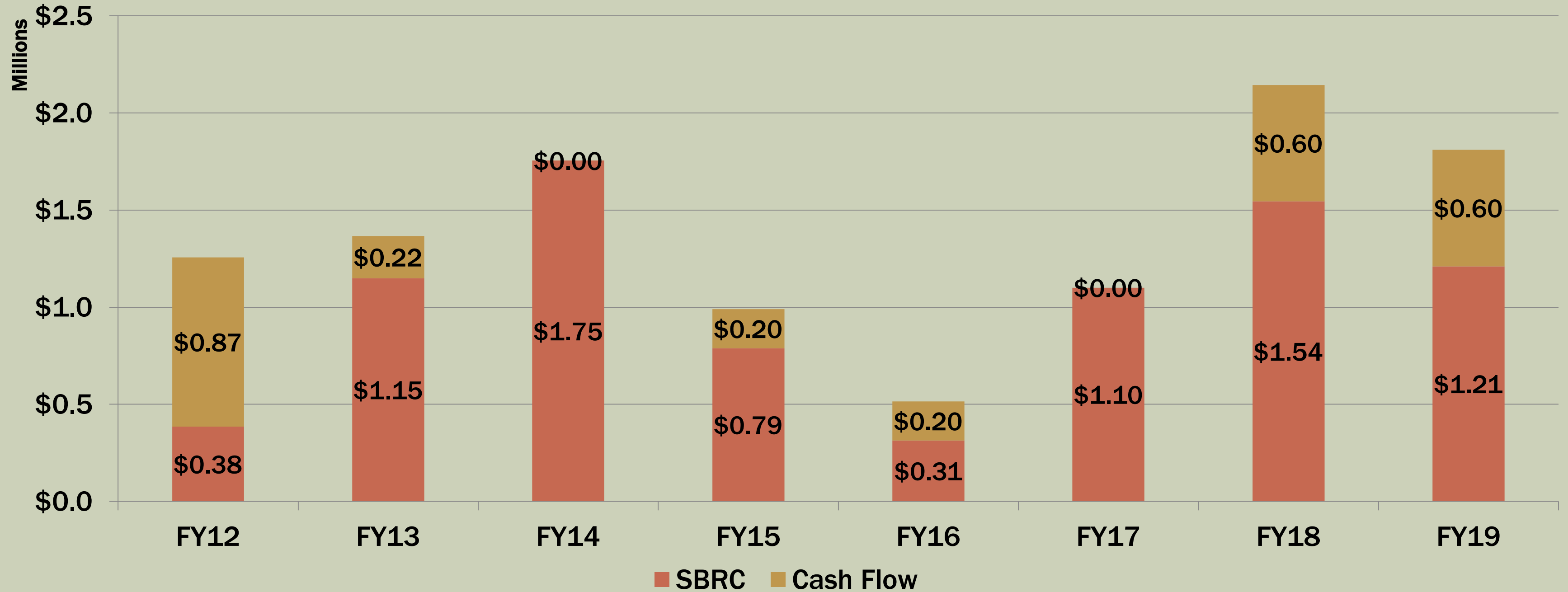
■ Cash flow needs	\$ 600,000
■ Other SBRC approved requests	<u>\$ 0</u>
■ Total request for FY19	\$ 600,000

CASH RESERVE LEVY – SUMMARY

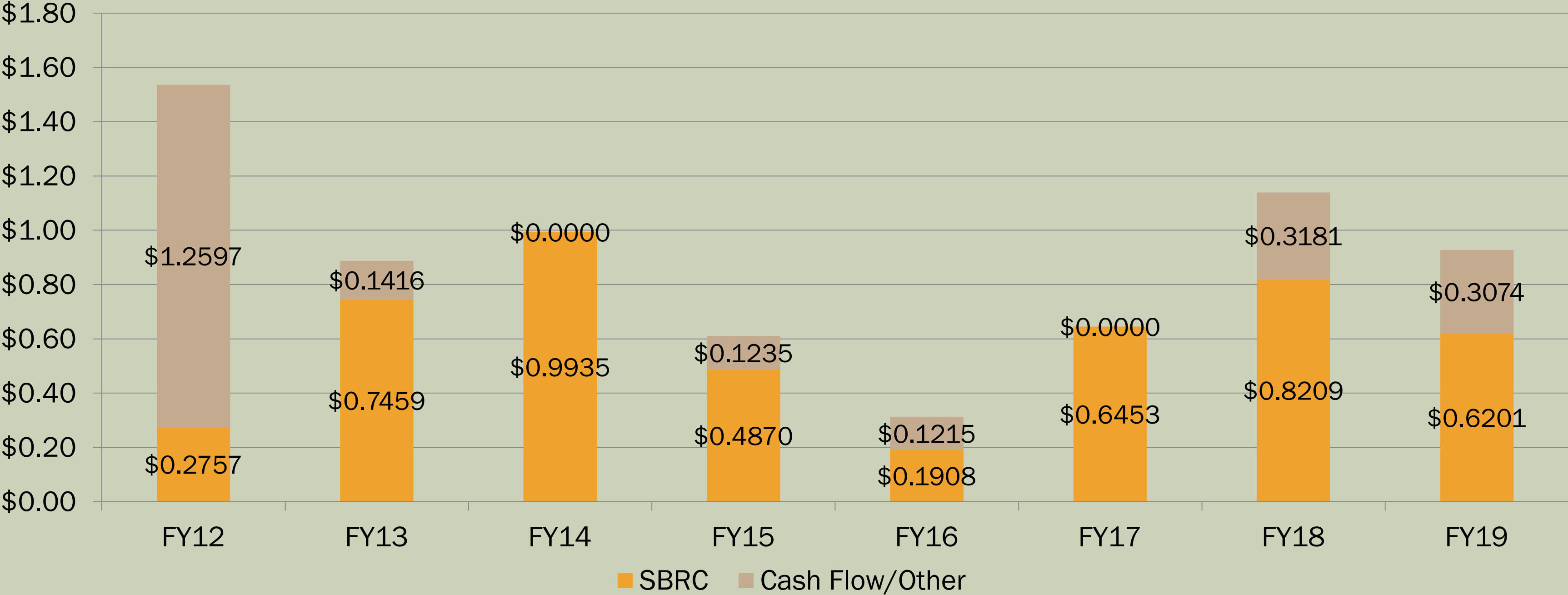
SECTION 15

■ SBRC Approved/Requested	\$1,210,516
■ Other Requests (Cash Flow)	<u>\$ 600,000</u>
■ Total Cash Reserve Levy	\$1,810,516
■ Property Tax Rate of \$0.92742	

HISTORY OF SBRC CASH RESERVE LEVY TAX REVENUE



HISTORY OF CASH RESERVE LEVY TAX RATES



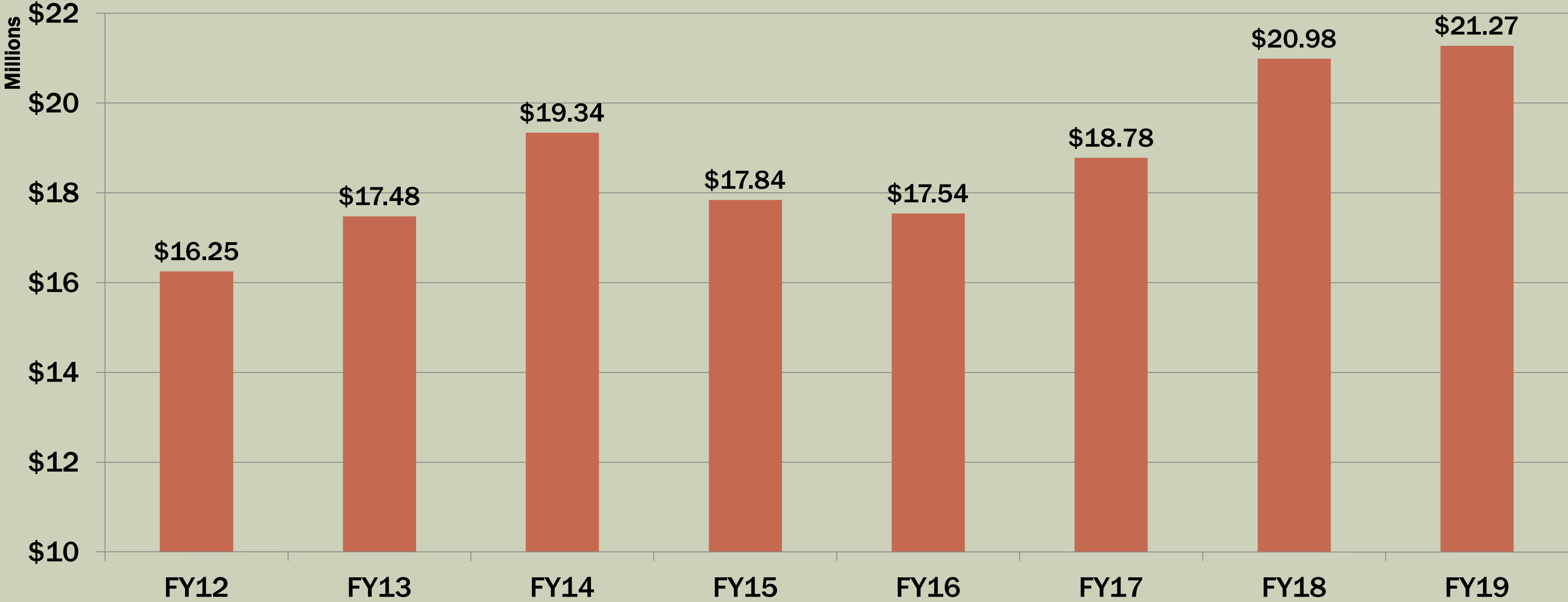
GENERAL FUND SUMMARY

SECTION 15

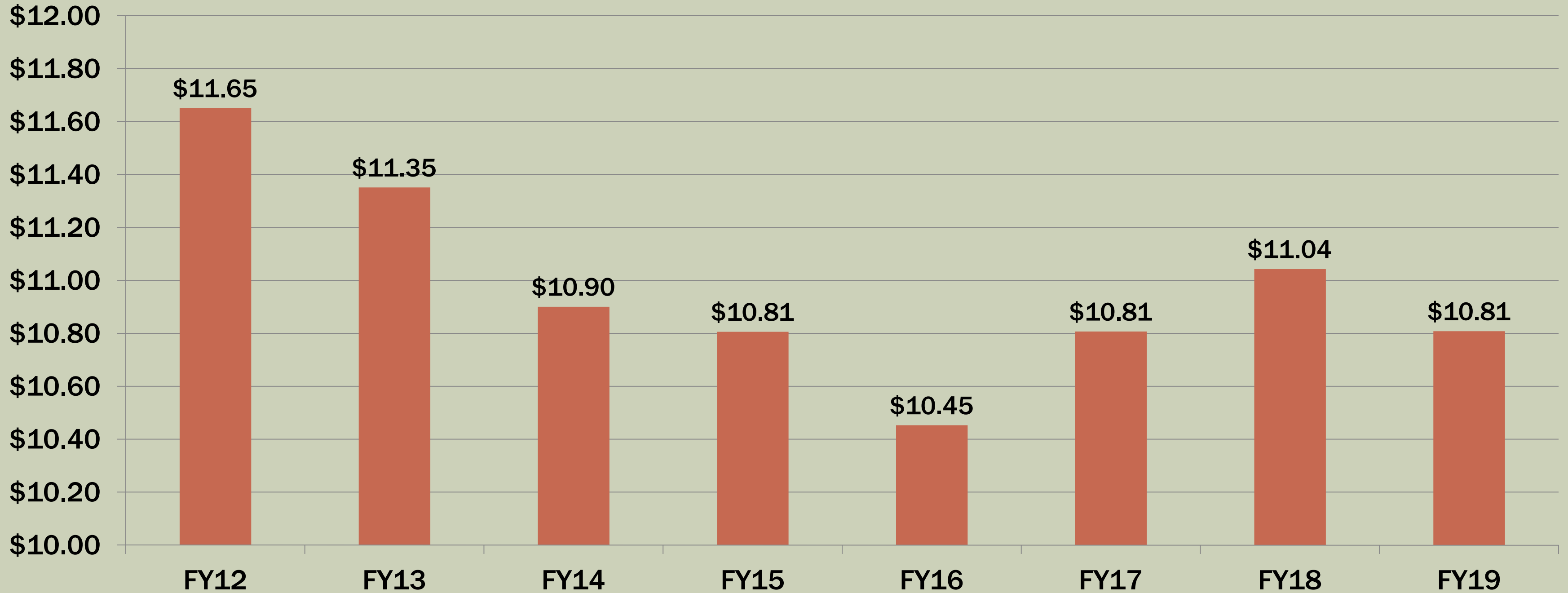
■ Total General Fund Request

	Dollars	Tax Rate
■ Comb. District Cost	\$15,797,390	8.19204
■ Budget Guarantee	\$ 128,551	0.06585
■ Dropout	\$ 855,139	0.43804
■ Instructional Support	\$ 2,679,889	1.28465
■ Cash Reserve Levy	<u>\$ 1,810,516</u>	<u>0.92742</u>
■ Totals	\$ 21,271,185	10.80800

HISTORY OF OPERATING FUND PROPERTY TAX REVENUE



HISTORY OF OPERATING FUND PROPERTY TAX RATES



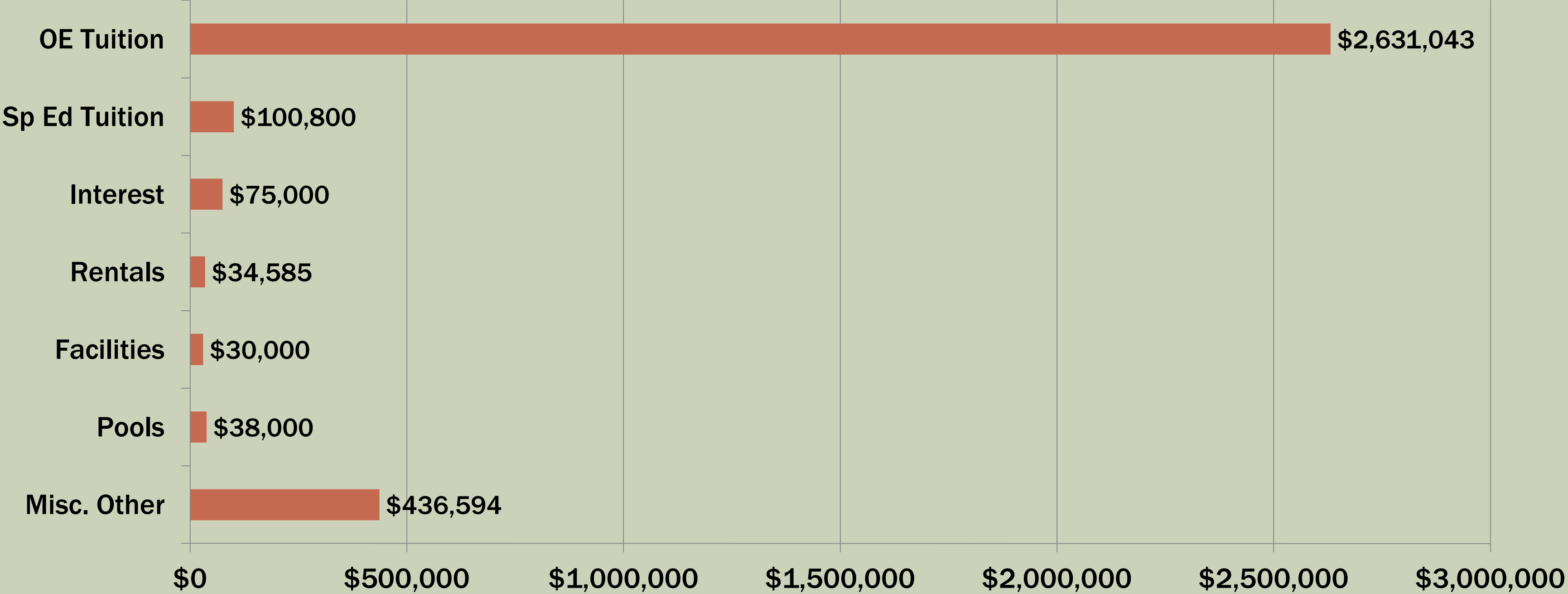
COMMERCIAL & INDUSTRIAL (C & I) STATE REPLACEMENT ESTIMATE

- Beginning in FY2015, commercial & industrial property valuations are being reduced through rollback. Rollback was 95% in FY2015 and 90% beginning in FY2016. State of Iowa is reimbursing local governments and school districts for the loss of property tax receipts.
- Beginning in FY2018, commercial and industrial replacement payments paid by the State of Iowa becomes limited by the total amount of payments made in FY2017.
- District is estimating a 95% prorated payment from Fy2018 amounts.

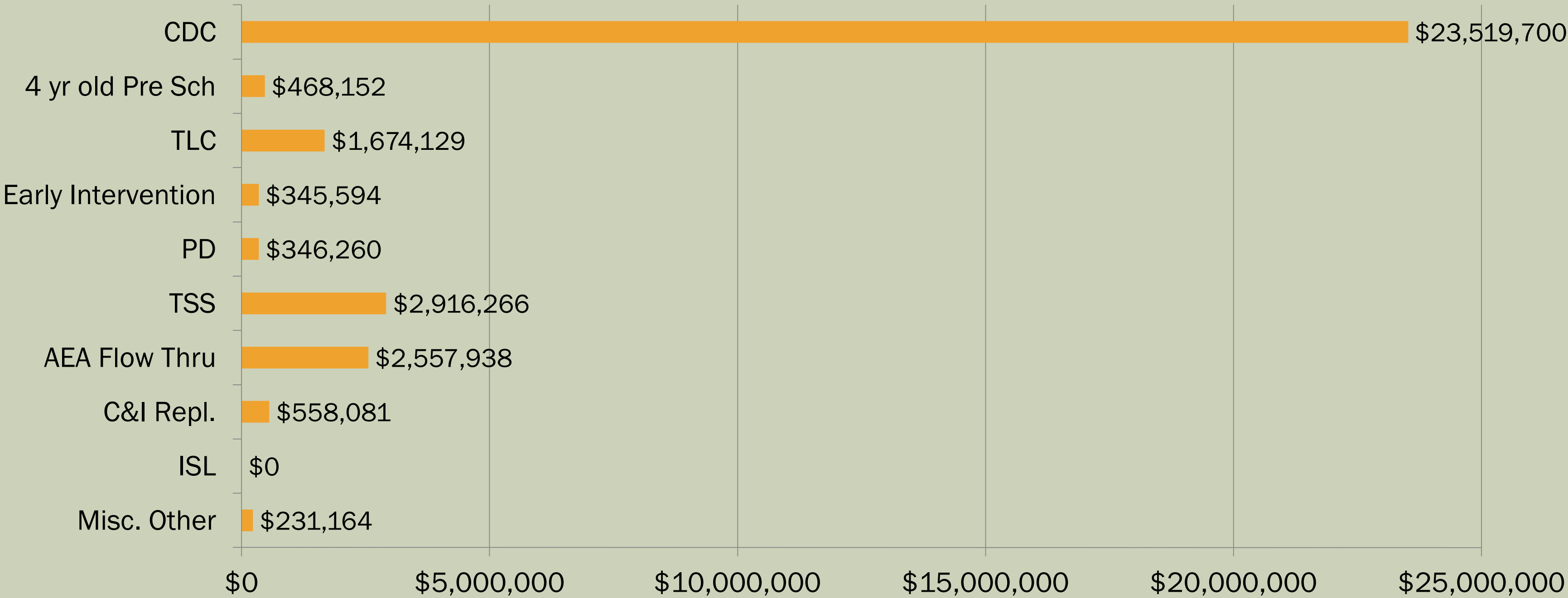
CFCSD COMMERCIAL & INDUSTRIAL (C & I) STATE REPLACEMENT ESTIMATE

■ C & I Non-TIF 100% valuation	\$483,273,870
■ C & I Non-TIF taxable valuation	<u>-\$429,999,239</u>
■ Est. Non-TIF valuation reduction (GF/Mgt. Fund)	\$ 53,274,631
■ C & I TIF 100% valuation	\$140,250,834
■ C & I TIF taxable valuation	<u>-\$131,172,997</u>
■ Est. TIF valuation reduction	<u>\$ 9,077,837</u>
■ Est. combined valuation reduction (Debt/PPEL/ISL)	\$ 62,352,468
■ Est. General Fund C & I replacement	
■ $(\$53,274,631 / 1,000) * 9.52335$ (tax rate)	$\$507,353 \times 0.95 = \$481,985$
■ Est. Inst. Support Levy C & I replacement	
■ $(\$62,352,468 / 1,000) * 1.28465$ (tax rate)	$\$ 80,101 \times 0.95 = \$ 76,096$

GENERAL FUND – PROJECTED OTHER LOCAL REVENUE

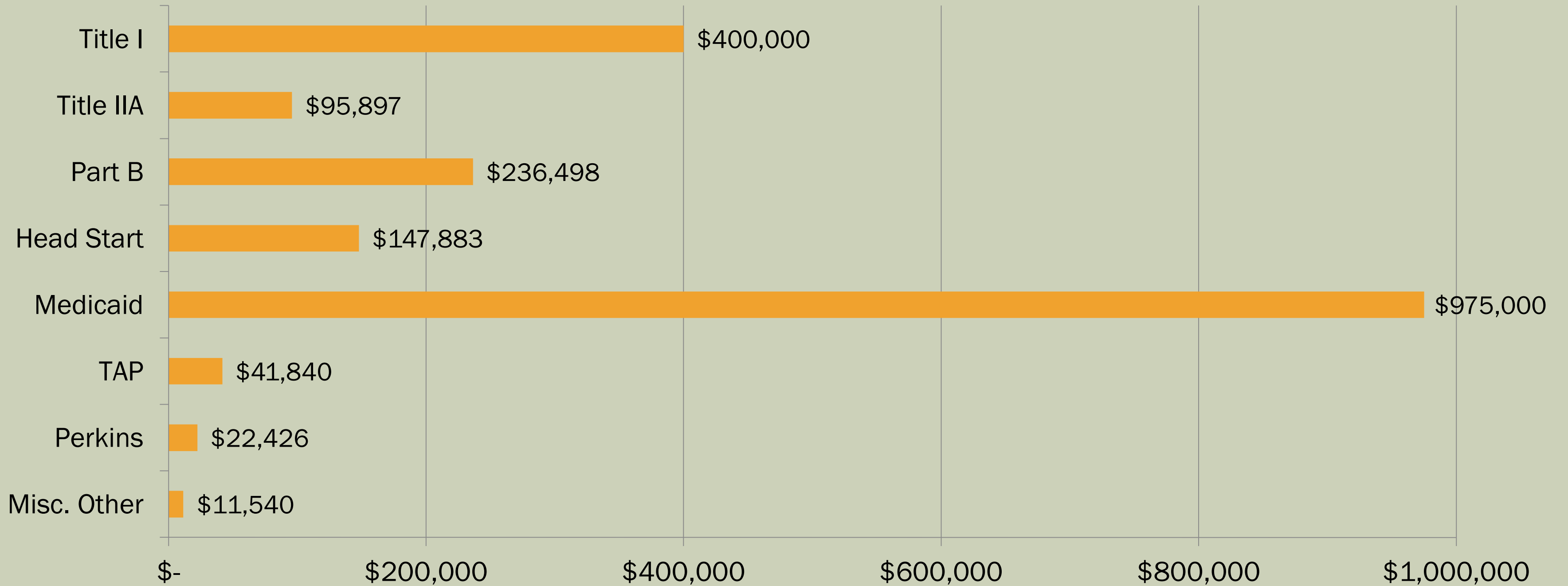


GENERAL FUND – PROJECTED STATE REVENUE

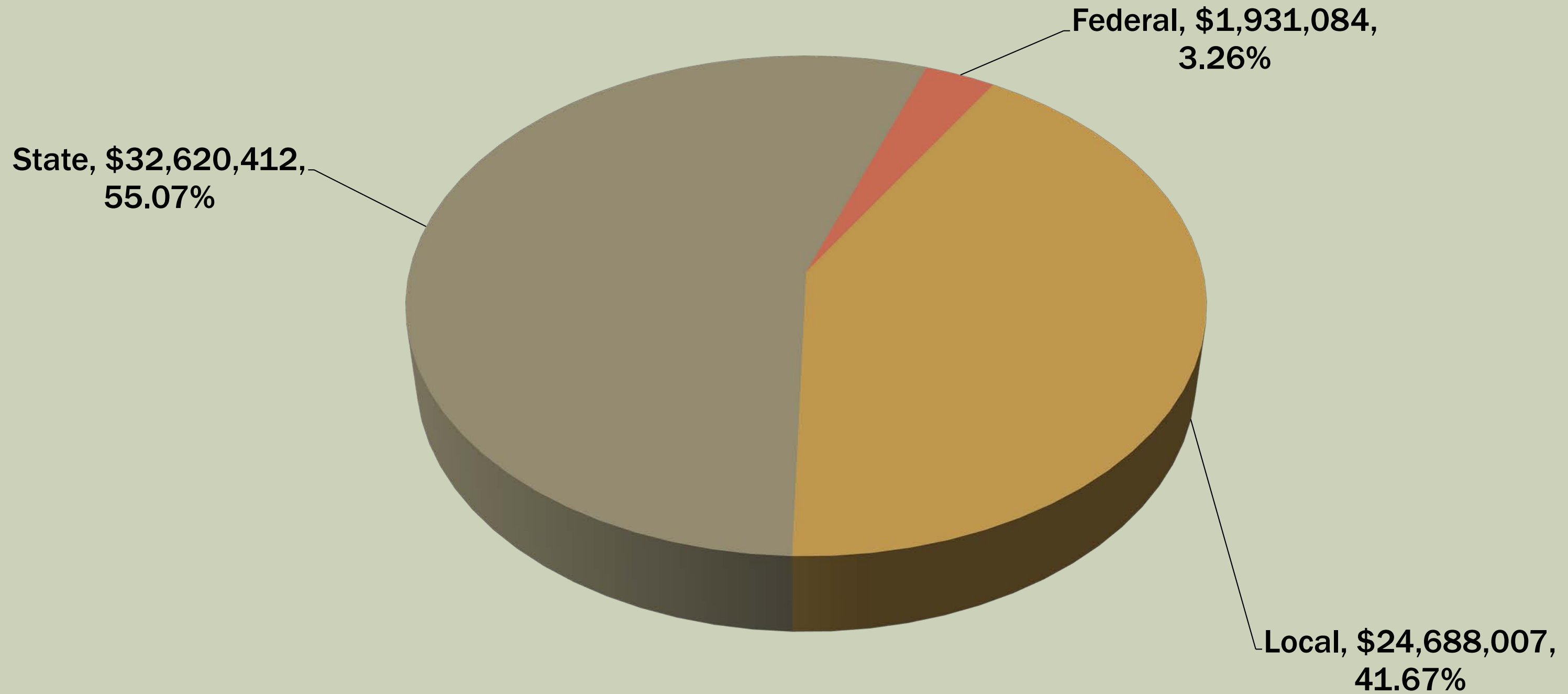


State CDC includes Property Tax Replacement Payment (PTRP)

GENERAL FUND – PROJECTED FEDERAL REVENUE



TOTAL 2018/19 GENERAL FUND REVENUE

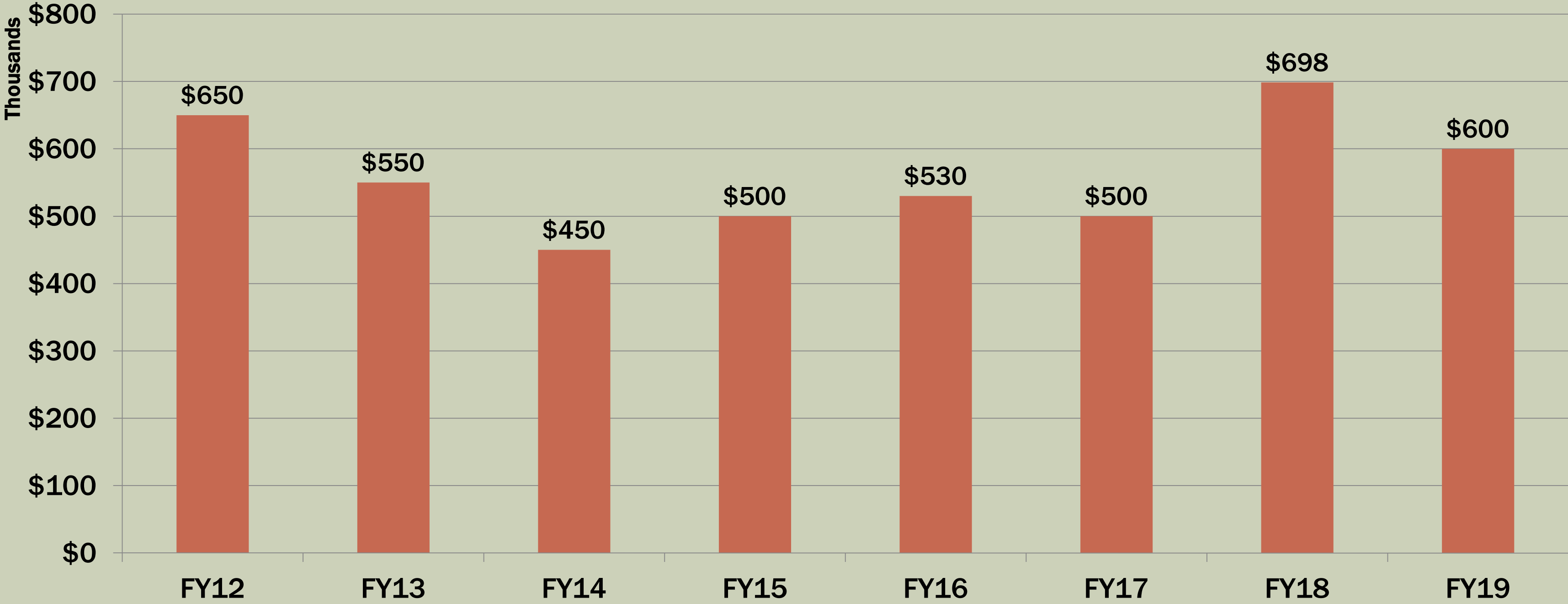


Due to rounding, percentages may not equal 100.00%

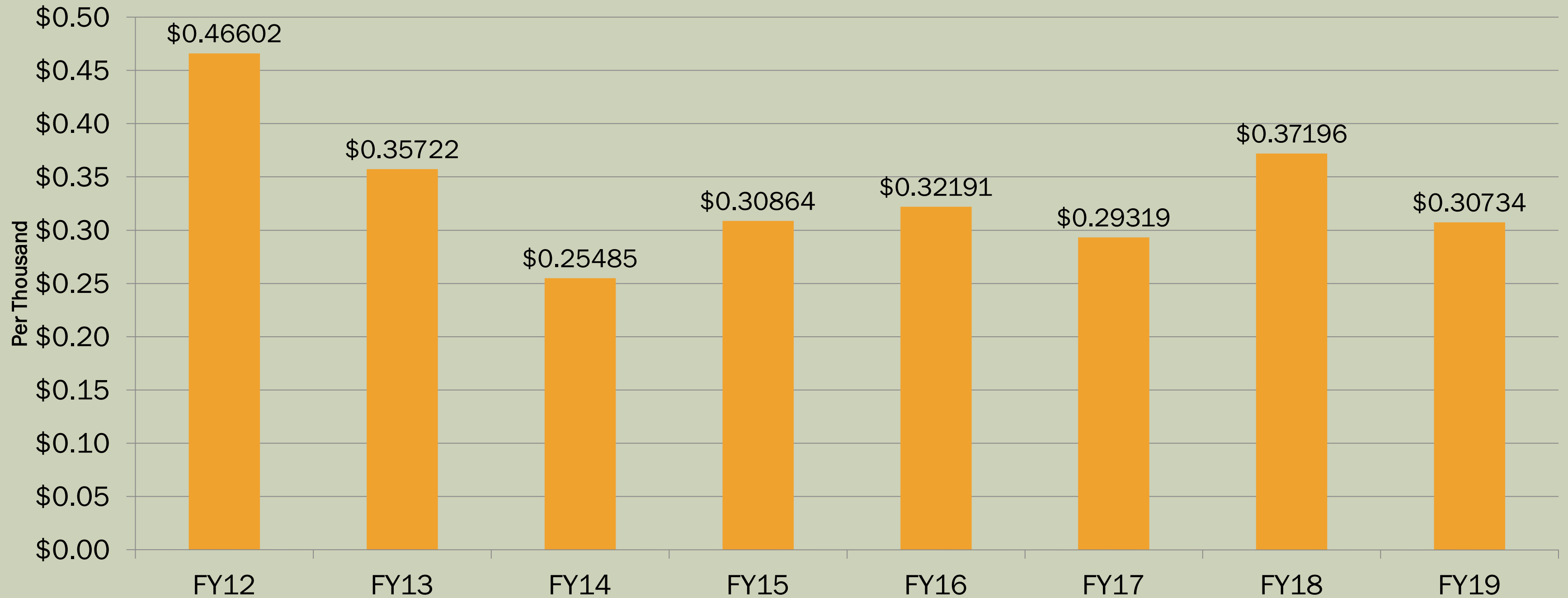
MANAGEMENT FUND

- **Restricted fund**
 - Board of Education Controlled
 - Used for property/liability/auto/workman compensation/etc. insurance premiums
 - Property loss deductible
 - Early severance benefits
- **Amount requested for 2018/19**
 - \$600,000
 - Property tax rate of \$0.30734/\$1,000
- **Est. Management Fund C & I replacement**
 - $(\$53,274,631 / 1,000) * 0.30734 \text{ (tax rate)} * 0.95 = \$15,555$

HISTORY OF MANAGEMENT FUND PROPERTY TAX REVENUE



HISTORY OF MANAGEMENT FUND PROPERTY TAX RATE



PHYSICAL PLANT & EQUIPMENT LEVY (PPEL)

- **Restricted fund with two parts**
 - Board of Education controlled – up to \$0.33/\$1,000 (regular)
 - Voters approved renewal of additional \$1.34/\$1,000 levy for 10 years on December 6, 2016. Levy now expires June 30, 2028 (voted).
 - 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
 - Purchasing of “bundled” equipment and technology greater than \$500
 - Purchase or lease of school buses or other vehicles
 - Leasing or renting of facilities

PHYSICAL PLANT & EQUIPMENT LEVY (PPEL)

■ PPEL Fund

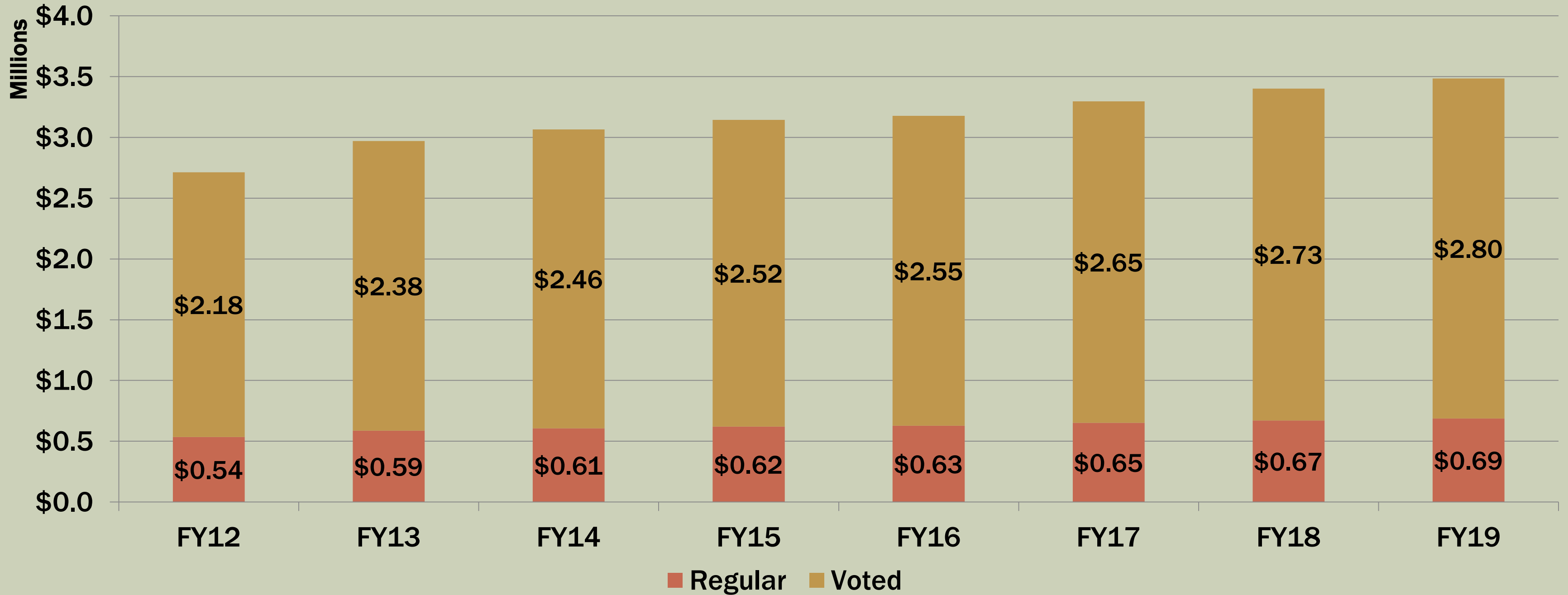
■ Amount requested for 2018/19

- \$688,409 (regular) & \$2,795,358 (voted) = \$3,483,767
- Property tax rate of \$1.67/\$1,000

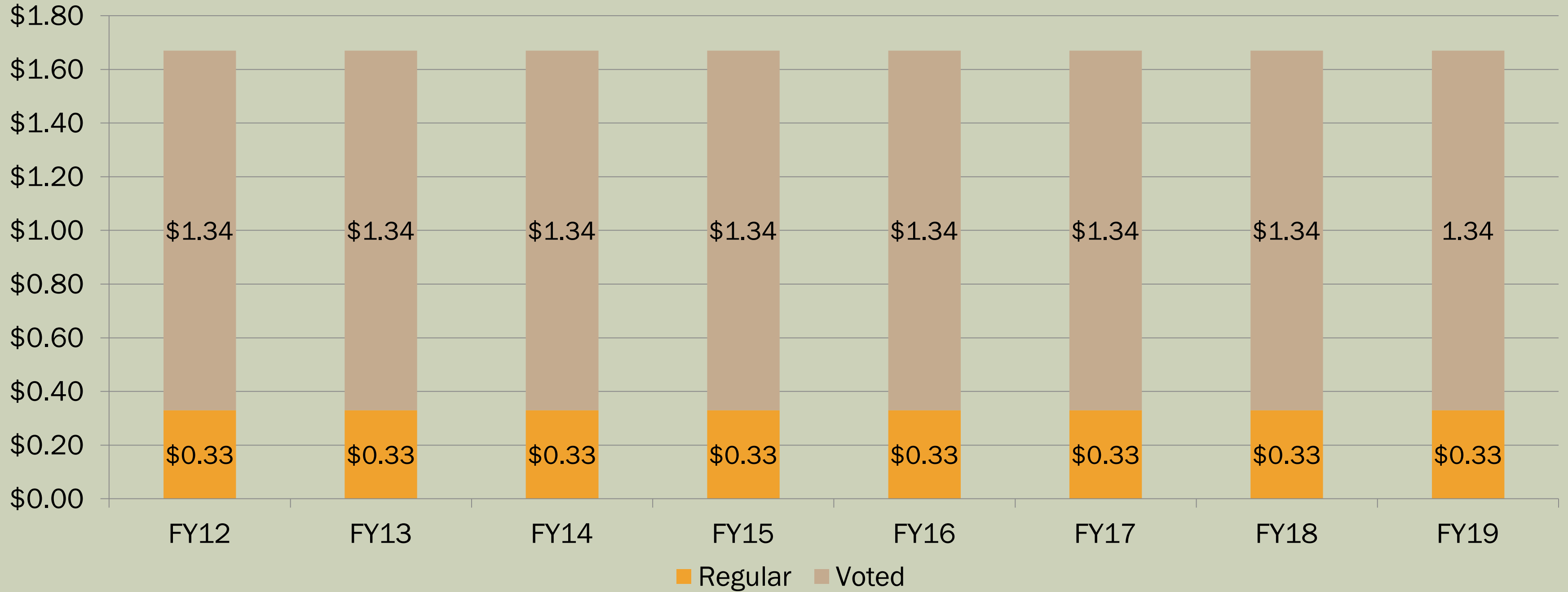
■ Est. PPEL C & I replacement

- $(\$62,352,468 / 1,000) * 1.67 \text{ (tax rate)} * 0.95 = \$98,922$

HISTORY OF PHYSICAL PLANT & EQUIPMENT LEVY (PPEL) PROPERTY TAX REVENUE



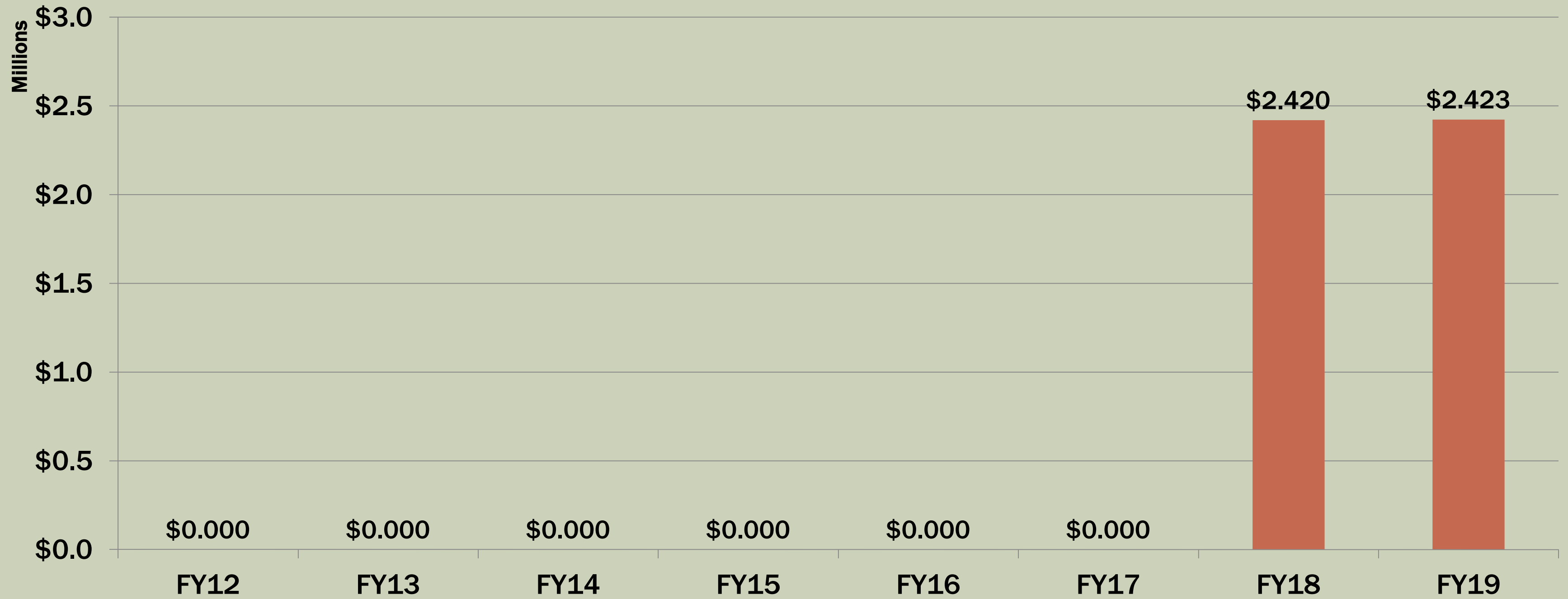
HISTORY OF PHYSICAL PLANT & EQUIPMENT LEVY (PPEL) PROPERTY TAX RATES



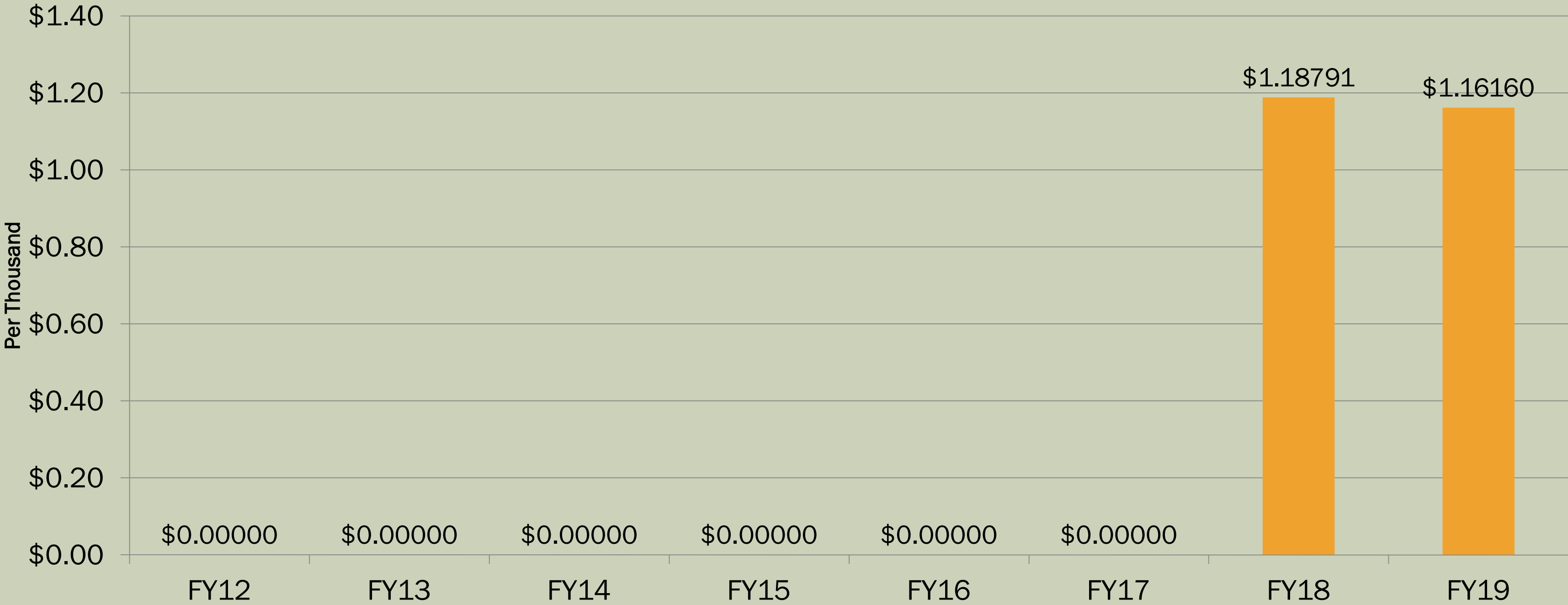
DEBT SERVICE LEVY

- **Restricted fund**
 - Used to pay interest as it becomes due and the amount necessary to pay the principal when due on bonds or other authorized indebtedness issued by the district, and to make payments required under a loan, lease-purchase agreement, or other evidence of indebtedness authorized by this code. (298A.10)
- **\$32 million bond – Voter approved on April 5, 2016**
 - Bonds sold February 7, 2017 – 19 years at 3.0785%
- **Amount requested for 2018/19**
 - \$2,423,200
 - Property tax rate of \$1.16160/\$1,000
- **Est. Debt Service Levy C & I replacement**
 - $(\$62,352,468 / 1,000) * 1.16160 \text{ (tax rate)} * 0.95 = \$68,807$

HISTORY OF DEBT SERVICE LEVY PROPERTY TAX REVENUE



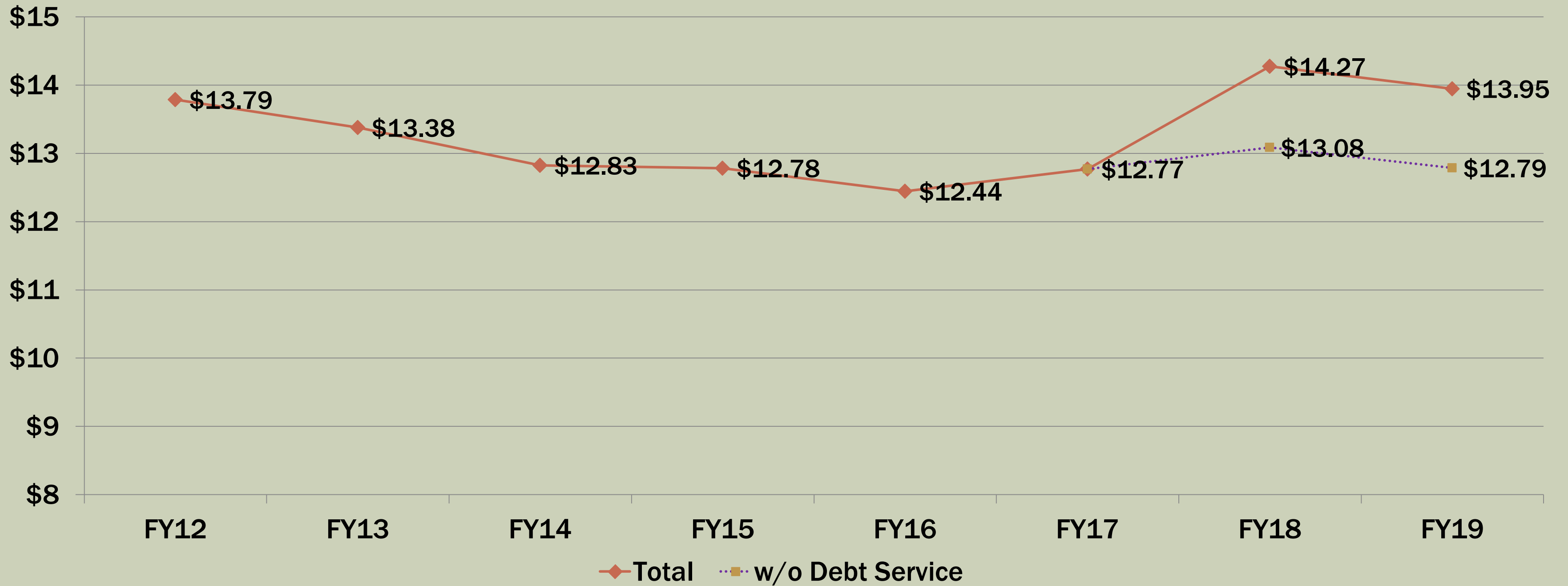
HISTORY OF DEBT SERVICE LEVY PROPERTY TAX RATE



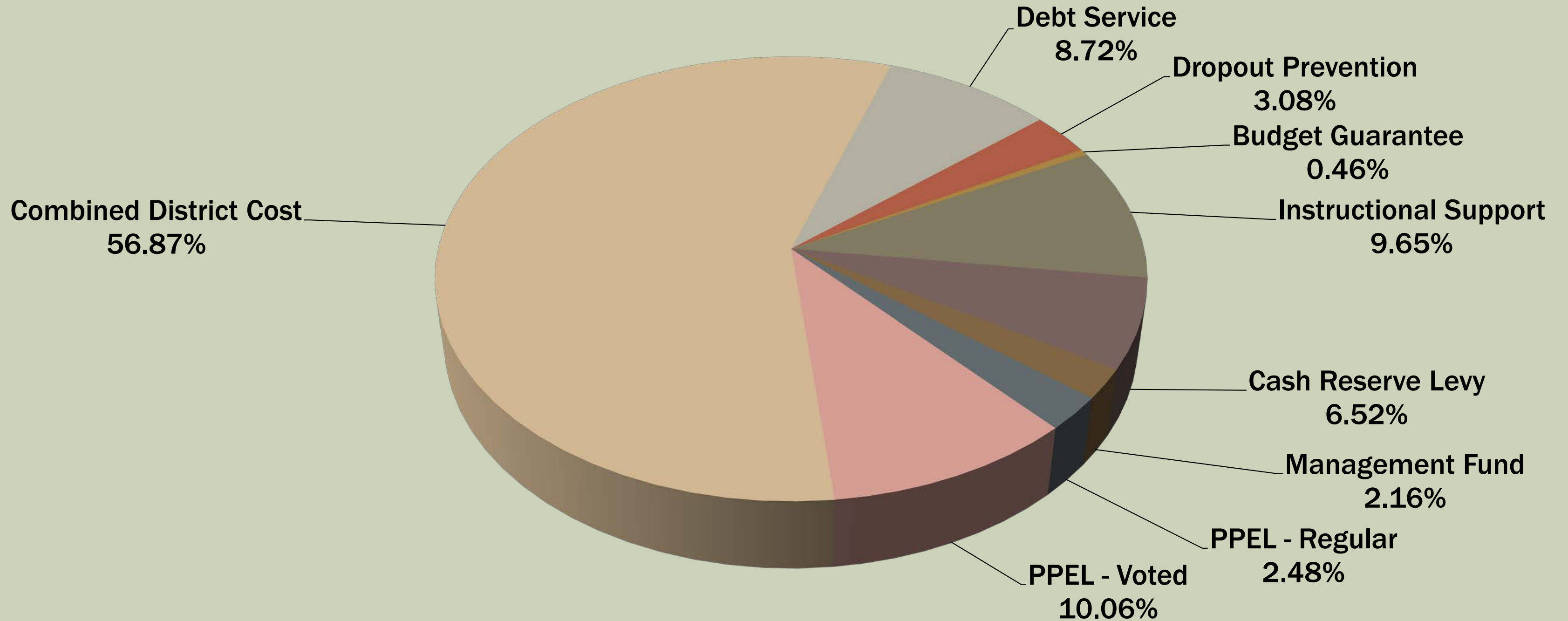
SUMMARY

■ Combined District Cost	\$15,797,390	
■ Budget Guarantee	\$ 128,551	
■ Dropout Prevention	\$ 855,139	
■ Cash Res. Levy - SBRC	\$ 1,210,516	
■ Cash Res. Levy - Other	<u>\$ 600,000</u>	
■ Sub-Total – General Fund	\$18,591,596	\$ 9.52335
■ Instructional Support Levy	\$ 2,679,889	\$ 1.28465
■ Management Fund	\$ 600,000	\$ 0.30734
■ Voted PPEL Levy	\$ 2,795,358	\$ 1.34000
■ Regular PPEL Levy	\$ 688,409	\$ 0.33000
■ Debt Service Levy	<u>\$ 2,423,200</u>	<u>\$ 1.16160</u>
■ Total	\$27,778,452	\$13.94694

TOTAL PROPERTY TAX RATE HISTORY

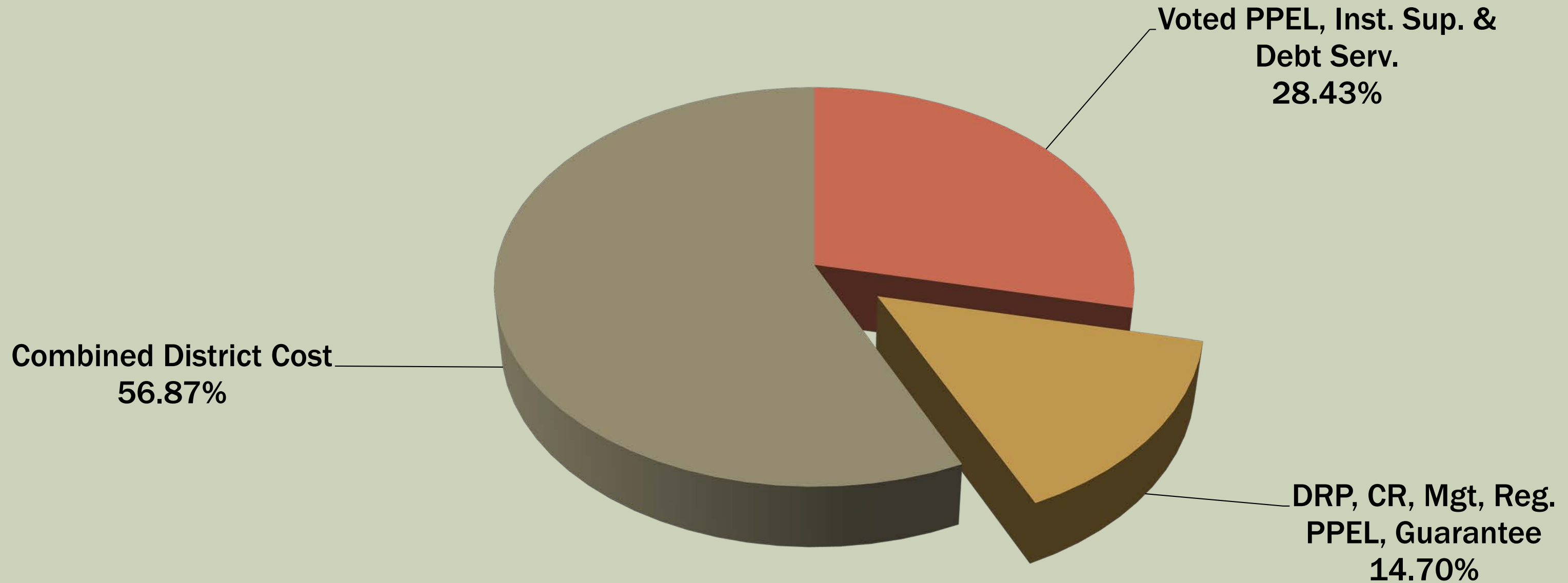


2018/19 PROPERTY TAX BREAKDOWN



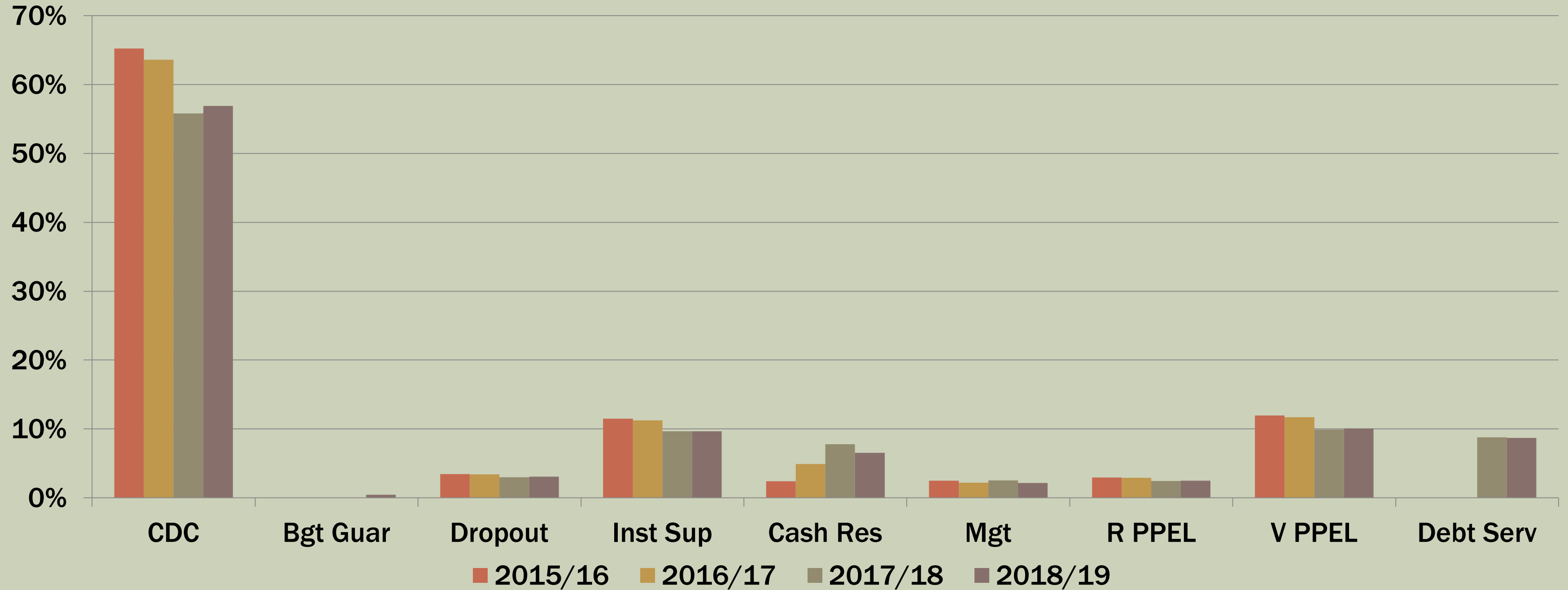
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2018/19 PROPERTY TAX BREAKDOWN

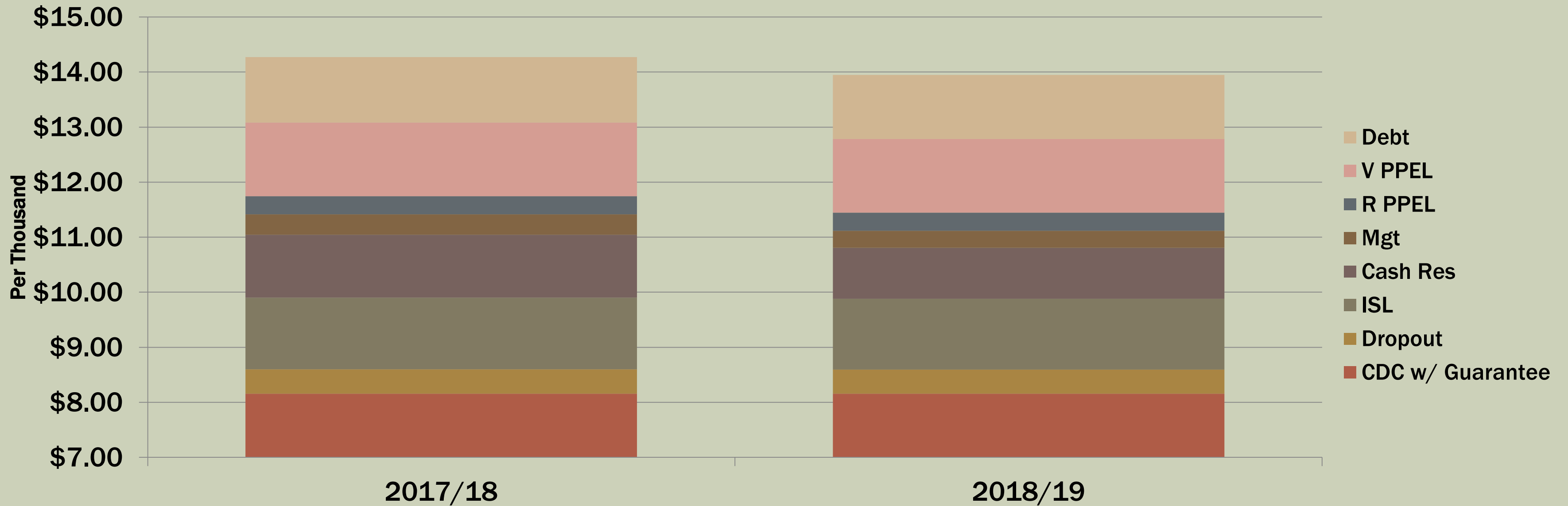


Due to rounding, percentages may not equal 100.00%

TAX LEVY HISTORY BY PERCENTAGE

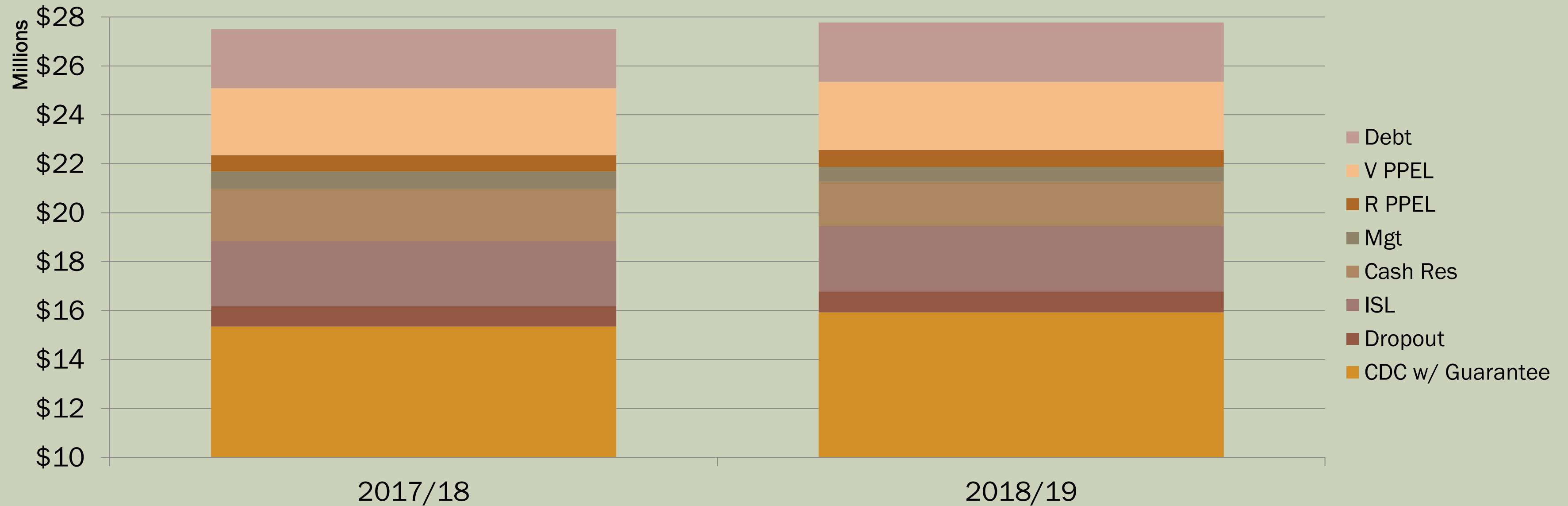


PROPERTY TAX RATE COMPARISON



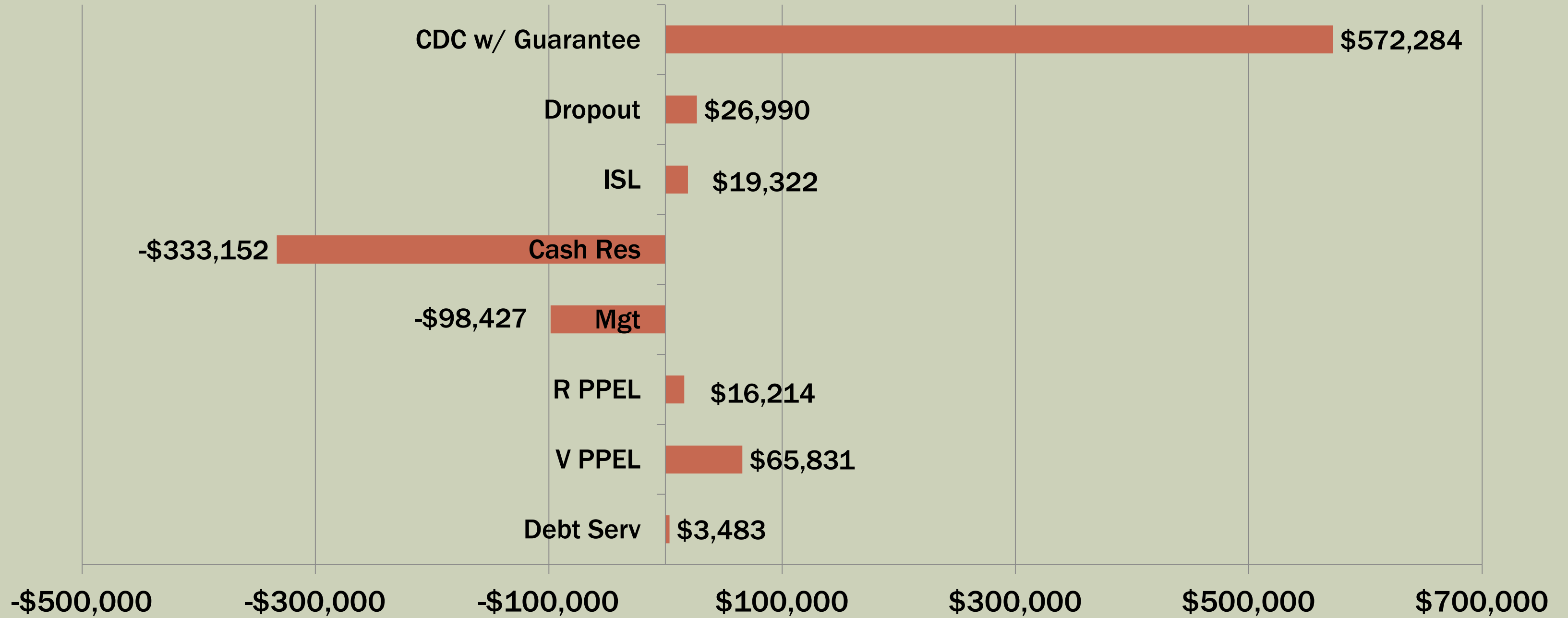
■ 2017/18	\$14.27271/\$1,000
■ 2017/18	<u>\$13.94894/\$1,000</u>
■ Change	- \$ 0.32377/\$1,000

PROPERTY TAX REVENUE COMPARISON



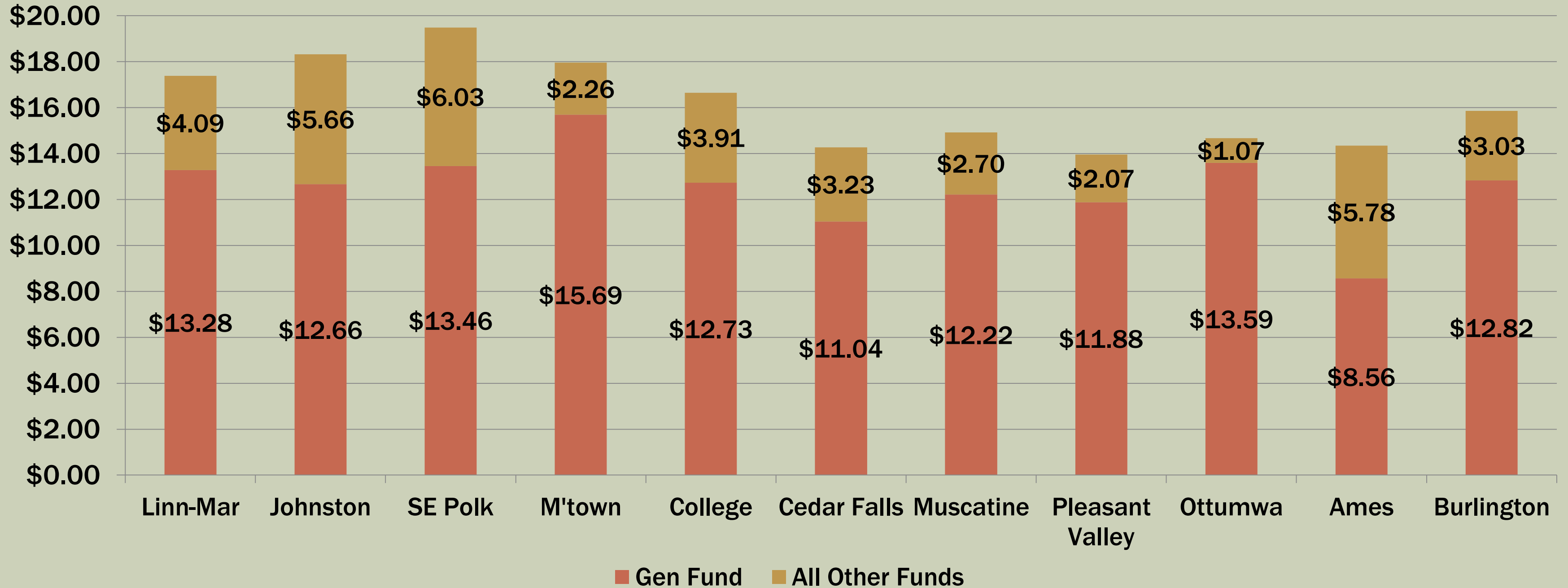
■ 2017/18	\$27,505,897
■ 2018/19	<u>\$27,778,442</u>
■ Change	+\$ 272,545

2017/18 PROPERTY TAX REVENUE CHANGE



2017/18 TOTAL TAX RATE

SIMILAR SIZE SCHOOL COMPARISON



ASSESSMENT & VALUATION OF PROPERTY

ASSESSMENT LIMITATIONS ORDER (ROLLBACK)

- Iowa Code 441.21
 - Adjustments in value to comply with state law that allows no more than a 4% increase in taxable value from year to year for all classes of property, except utility property which has a maximum increase of 8% per year.
 - Rate adjustment determined by Iowa Department of Revenue.
 - Rate adjustment is the same for all counties in Iowa.

RESIDENTIAL ROLLBACK HISTORY



Assessment Yr.

2008

2009

2010

2011

2012

2013

2014

2015

2016

2017

Fiscal Yr.

F2010

F2011

F2012

F2013

F2014

F2015

F2016

F2017

F2017

F2019

PROJECTED RESIDENTIAL PROPERTY TAX

		2017/18	2018/19
■ Prop. Value		\$100,000	\$100,000
■ Rollback	x	0.569391	0.556209
■ Tax Rate	x	<u>0.01427271</u>	<u>0.01394694</u>
■ Gross Tax	=	\$ 812.68	\$ 775,74
■ Est. Homestead	-	<u>\$ 66.96</u>	<u>\$ 66.96</u>
■ Net Tax	=	\$ 745.72	\$ 708.78
■ Change w/o Debt Service			\$ - 33.91
■ Debt Service			<u>\$ - 3.03</u>
■ Total Change			\$ - 36.94

PROJECTED RESIDENTIAL PROPERTY TAX

■ Property Value	2017/18	2018/19	Change
■ \$100,000	\$ 745.72	\$ 708.78	- \$ 36.94
■ \$200,000	\$1,558.39	\$1,484.52	- \$ 73.87
■ \$300,000	\$2,371.07	\$2,260.26	- \$110.81

BUDGET ADJUSTMENT (GUARANTEE) RESOLUTION

- Districts eligible for the regular program budget adjustment (101% guarantee) must adopt a resolution.
- Copy of resolution (board minutes) due to Department of Management no later than April 15th.
- Resolution
 - *“If necessary, the Board of Education of the Cedar Falls Community School District, will levy property tax for fiscal year 2018-2019 for the regular program budget adjustment as allowed under section 257.14, Code of Iowa.”*

2018/19 BUDGET TIMELINES

- March 26, 2018 - Establish Proposed Budget
- March 28, 2018 - Publish Proposed Budget
- April 9, 2018 - Public Hearing & Adoption of Budget
- April 16, 2018 - File Budget with County Auditor

2017/18 SCHOOL BUDGET AMENDMENT

■ Iowa Code Section 24.9

- Budget estimates adopted and certified in accordance with this chapter may be amended and increased as the need arises to permit appropriation and expenditure during the fiscal year covered by the budget of amounts of cash anticipated to be available during the year **from sources other than taxation** and which had not been estimated and appropriated for expenditure during the fiscal year of the budget sought to be amended.

■ Iowa Code Section 257.7(2)

- If actual miscellaneous income for a budget year exceeds the anticipated miscellaneous income in the certified budget for that year a school district may amend its certified budget.

2017/18 SCHOOL BUDGET AMENDMENT

- Amendment to 2017-18 Budget
 - Instruction
 - Amend expenditures from \$42,751,853 to \$43,577,509
 - Technology equipment & staffing
 - Total Support Services
 - No Change
 - Non-instructional Programs
 - No Change
 - Other Expenditures
 - No Change

- Public hearing required

2017/18 BUDGET AMENDMENT TIMELINES

- March 26, 2018 - Establish Proposed Budget Amendment
- March 28, 2018 - Publish Proposed Budget Amendment
- April 9, 2018 - Public Hearing & Adoption of Budget Amendment
- April 16, 2018 - File Budget Amendment with County Auditor

QUESTIONS?

