

# CEDAR FALLS COMMUNITY SCHOOL DISTRICT



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Annual District Financial Report  
January 24, 2022

# Overriding Purpose



Every topic, every slide, although not stated as topics revolve around:

- Meeting the needs of Cedar Falls students
- Funding the educational priorities of the district
- Understanding how Iowa school finance helps to meet and fund student needs and educational priorities

# Agenda

- Legal Basics
- Governmental fund accounting standards
- Key factors with the Iowa Public School Foundation Formula
- General fund key indicators
  - Individual fund revenue & expenditures
  - Individual fund balances
- Restricted Funds
- Wrap up

*Synopsis* of the Certified Annual Report - reviewed in October

# 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

# Cedar Falls CSD – Fund Accounting

## Governmental Fund

### General Fund

Includes:

- Special Education Consortium Prog.
- Tchr. Salary Supplement
- Prf. Dev/TLC
- Instructional Support Levy

### Special Revenue Fund

Includes:

- Student Activity Management Fund
- District Support Trust Fund
  - Funds donated to District both Principal and Interest can be used

### Capital Projects

Includes:

- G.O. Bonds
- SAVE
- Physical Plant & Equip.

### Debt Service (40)

## Proprietary Fund

### Enterprise Fund

Includes:

- School Nutrition
- HS Student Coffee Shop

## Fiduciary Fund

### Private Purpose Trust

- Misc. Student Scholarships

### ~~(Custodial Funds)~~

### ~~Agency Funds~~

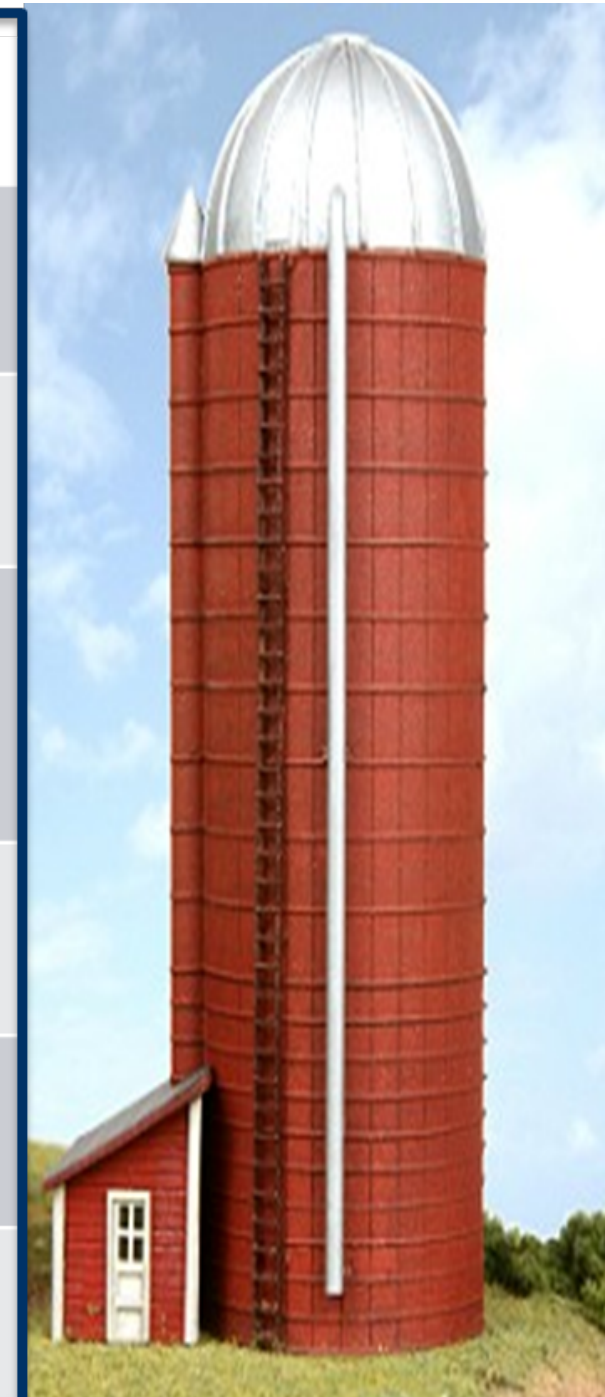
Includes:

- EE Staff Flower Funds, Cedar Falls Foundation
- Booster Clubs, School Parent Groups
- River Hills Consortium

# Categorical Funding (within the General Fund only)

Also treat as silos – only accounts, not funding

Teacher Salary Supplement	Dropout Prevention
Professional Development	Beginning Teacher Mentoring
Iowa Early Intervention	Beginning Administrator Mentoring
Statewide Voluntary Four-Year-Old Preschool	Nonpublic Textbook Services
SPED – Special Education	Gifted and Talented
At-Risk	ELL – English Language Learners
Home School Assistance	Teacher Leadership Compensation



# 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

# 4 Key Factors

## Iowa Public School Foundation Formula

- Enrollment
- Equalization
- Supplemental State Aid Growth (SSA)
- Balance





# 4 Key Factors

## Iowa Public School Foundation Formula

- Enrollment

Enrollment determines the majority of funding received by a school district, based on a count performed on **October 1**.

$$\text{Enrollment} \times \text{Cost per Student} =$$

**75% of Total General Fund Resources/Spending Authority**

Funding follows the student (*but not in all cases*)

Open enrollment → out of your district = you cut a check to the receiving district

Open enrollment ← into your district = your district receives a check



**Certified Enrollment**  
Students living in  
your district



**Served Enrollment**  
Students going to  
school in your district

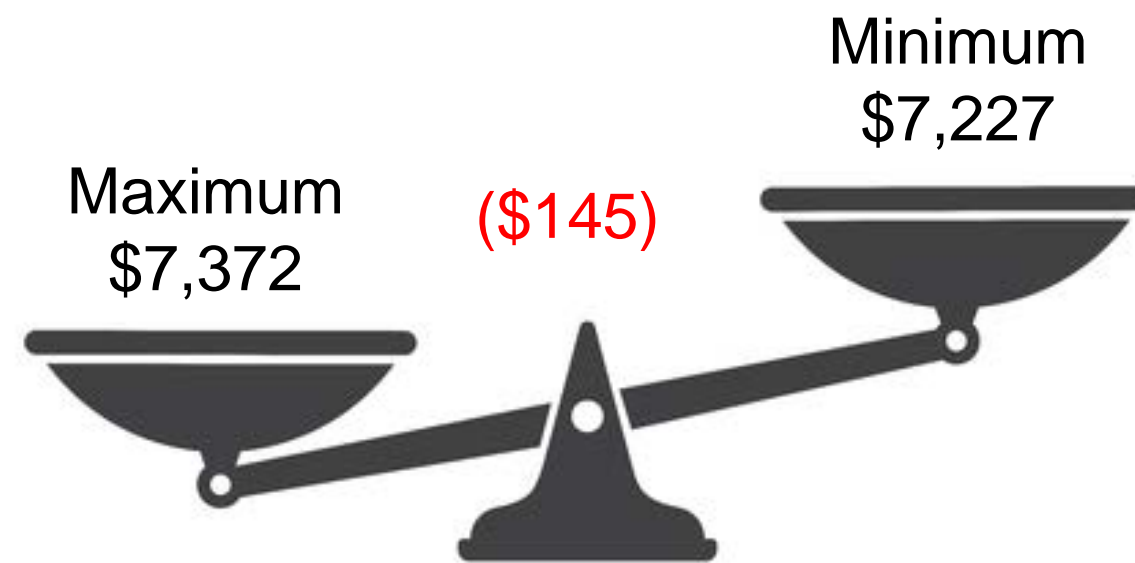
# 4 Key Factors

## Iowa Public School Foundation Formula

- 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

State Cost Per Pupil (SCPP)                      \$7,227



327 Districts  
111 > SCPP  
216 = SCPP

# 4 Key Factors

## Iowa Public School Foundation Formula

District Cost Per Pupil Category	# of Districts	% of Districts	Top of Category over SCPP
\$7,227	216	66.1%	\$0
\$7,228 to \$7,255	39	11.9%	\$28
\$7,256 to \$7,284	31	9.5%	\$57
\$7,285 to \$7,313	16	4.9%	\$86
\$7,314 to \$7,342	13	4.0%	\$115
\$7,343 to \$7,371	7	2.1%	\$144
\$7,372	5	1.5%	\$145

Legislature working *slowly* to close the gap: now at \$145

# 4 Key Factors

## Iowa Public School Foundation Formula

- Supplemental State Aid Growth (SSA)
  - [Legislature & Governor](#) control the annual increase in dollars available per student

Calculation - State Cost Per Pupil (SCPP)			
FY2021 State Cost Per Pupil (SCPP)			\$7,048
FY2022 State Rate of Growth	X		2.40%
Increase in FY2021 SCPP	=		\$169
FY2022 SCPP Amount	=		\$7,217
Equity Legislation Additional to SCPP	=		\$10
New FY2022 SCPP	=		\$7,227

	FY2021	Dollar Value	FY2022
<b>Example</b>	DCPP	Rate of Growth	DCPP
District A	\$7,048	\$169 + \$10	\$7,227
District B	\$7,108	\$169	\$7,277

- 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.



# Cedar Falls CSD Unspent Authorized Budget Worksheet

	Actual	Actual	Actual
	FY 19	FY 20	FY21
Regular Program District Cost	\$34,549,095	\$36,034,688	\$37,857,627
Regular Program Budget Adjustment	\$128,551	\$0	\$0
Supplemental Weighting District Cost	\$553,715	\$627,208	\$608,489
Special Education District Cost	\$4,673,746	\$4,705,714	\$5,067,935
Teacher Salary Supplement District Cost	\$2,916,266	\$3,041,474	\$3,192,330
Professional Development Supplement Dist. Cost	\$346,260	\$360,766	\$378,254
Early Intervention Supplement District Cost	\$345,594	\$360,714	\$378,952
Teacher Leadership Supplemental District Cost	\$1,674,129	\$1,745,325	\$1,831,057
AEA Special Education Support	\$1,741,685	\$1,807,796	\$1,901,624
AEA Special Education Support Adjustment	\$0	\$0	\$0
AEA Media Services	\$301,267	\$312,499	\$327,956
AEA Educational Services	\$336,301	\$348,714	\$365,909
TAG Allowable Growth	\$0	\$0	\$0
AEA Sharing District Cost	\$0	\$0	\$0
AEA Teacher Salary Supplement District Cost	\$219,981	\$227,507	\$238,320
AEA Professional Development Suppl. Dist. Cost	\$25,322	\$26,173	\$27,407
Dropout Allowable Growth	\$855,139	\$882,274	\$923,881
SBRC Allowable Growth Other #1	\$88,686	\$47,416	\$38,255
SBRC Allowable Growth Other #2	\$758,160	\$944,761	\$625,440
Special Education Deficit Allowable Growth	\$691,195	\$1,275,389	\$1,152,754
Special Education Positive Balance Reduction	\$0	\$0	\$0
AEA Special Education Positive Balance	\$0	\$0	\$0
Allowance for Construction Projects	\$574,592	\$0	\$0
Unspent Allowance for Construction	\$0		\$0
Enrollment Audit Adjustment	-\$5,870	\$0	-\$2,931
AEA Prorata Reduction	-\$198,163	-\$198,163	-\$198,163
Maximum District Cost	\$50,575,651	\$52,550,255	\$54,715,096
Advance for Increased Enrollment		\$0	\$0
Preschool Foundation Aid	\$468,152	\$567,600	\$560,316
Instructional Support Authority	\$2,681,623	\$2,780,076	\$2,873,016
Ed Improvement Authority	\$0	\$0	\$0
Asbestos Authority	\$0	\$0	\$0
Enrichment Authority / GAAP Adjustment Comp.	\$0	\$0	\$0
Other Miscellaneous Income	\$5,847,731	\$5,439,003	\$7,354,437
Unspent Authority Budget - Previous Year	\$7,695,672	\$7,103,465	\$7,655,770
Maximum Authorized Budget	\$67,268,830	\$68,440,398	\$73,158,635
Expenditures	\$60,165,365	\$60,784,628	\$63,958,053
Unspent Balance Total	\$7,103,465	\$7,655,770	\$9,200,581

# Spending Authority Calculation (General Fund)

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



# 4 Key Factors

## Iowa Public School Foundation Formula

- 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 88.4% 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



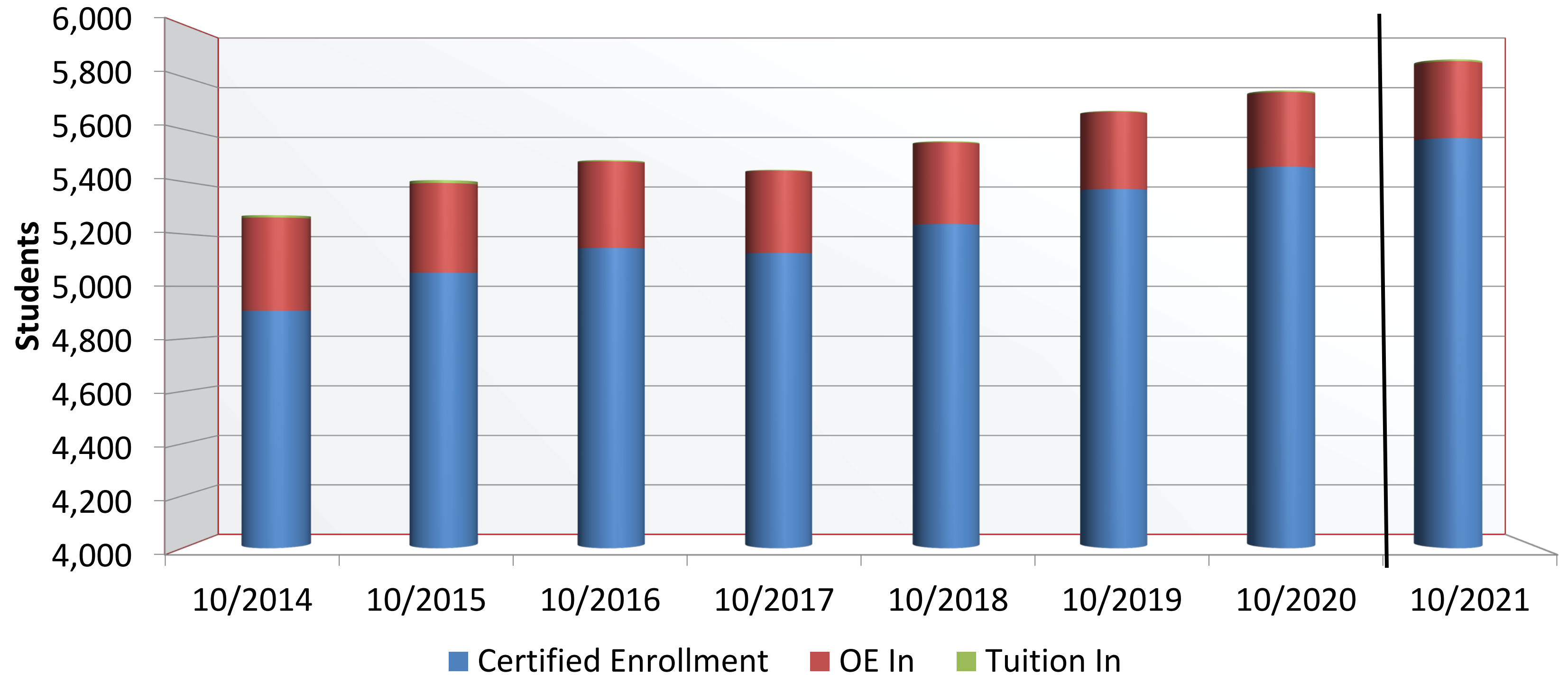
# General Fund Key Financial Indicators

- 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



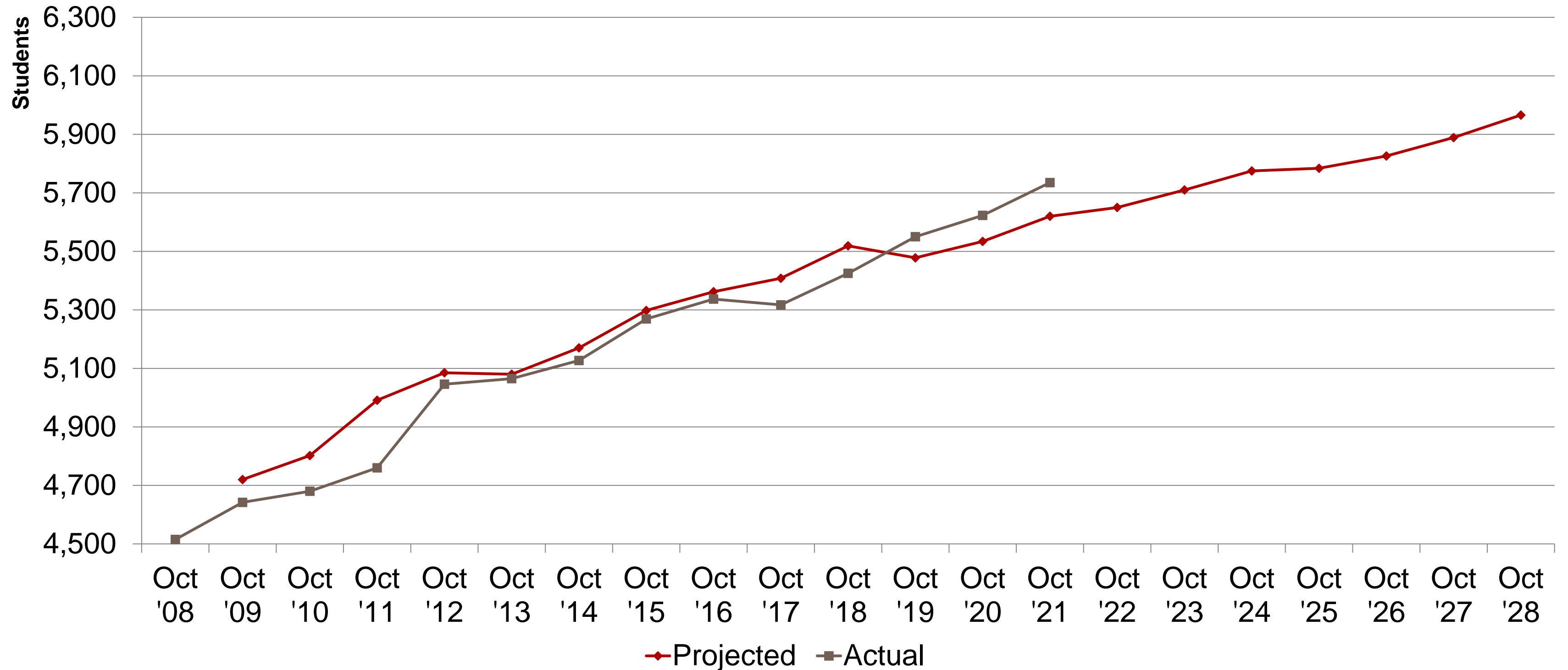
# Enrollment History

## Key Trend Dashboard Indicator #1



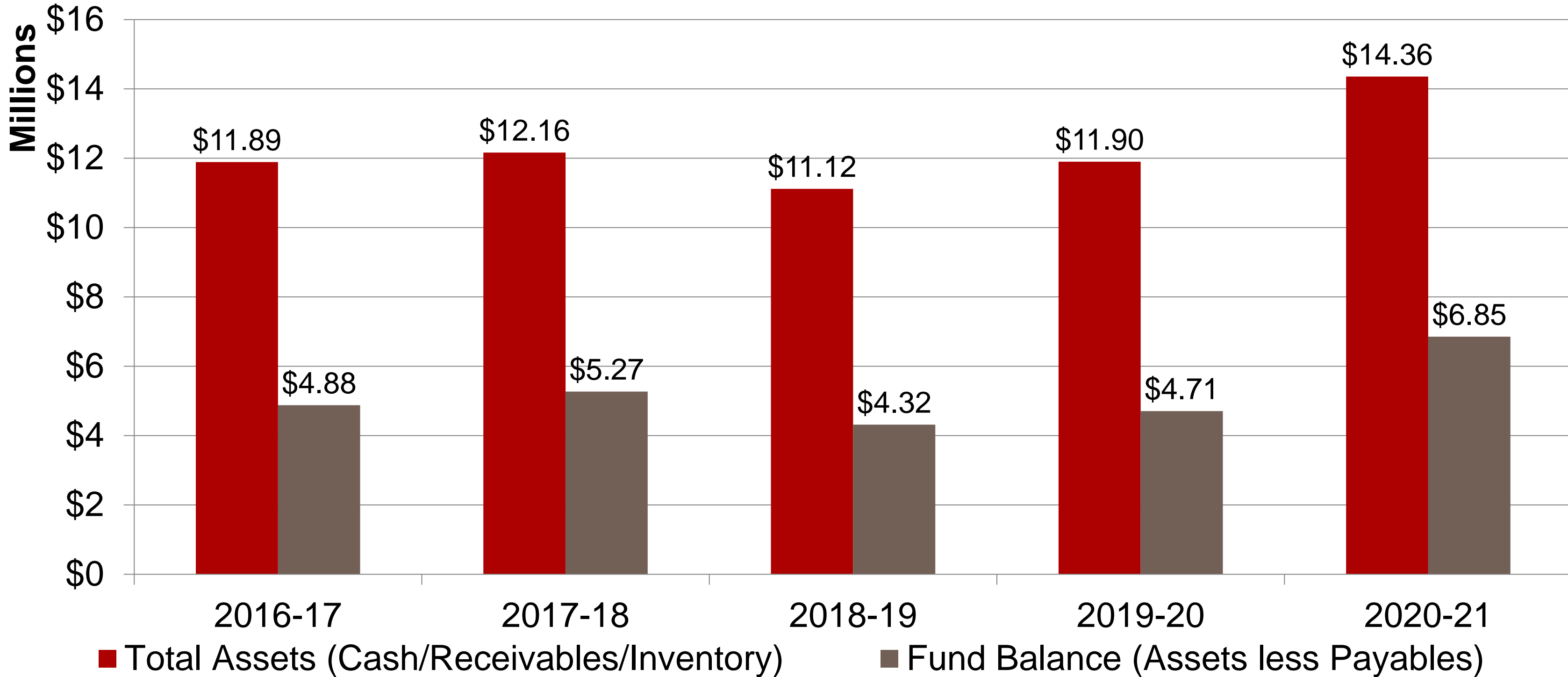
4 year old pre-school students not included.

# CFCSD Enrollment Projections



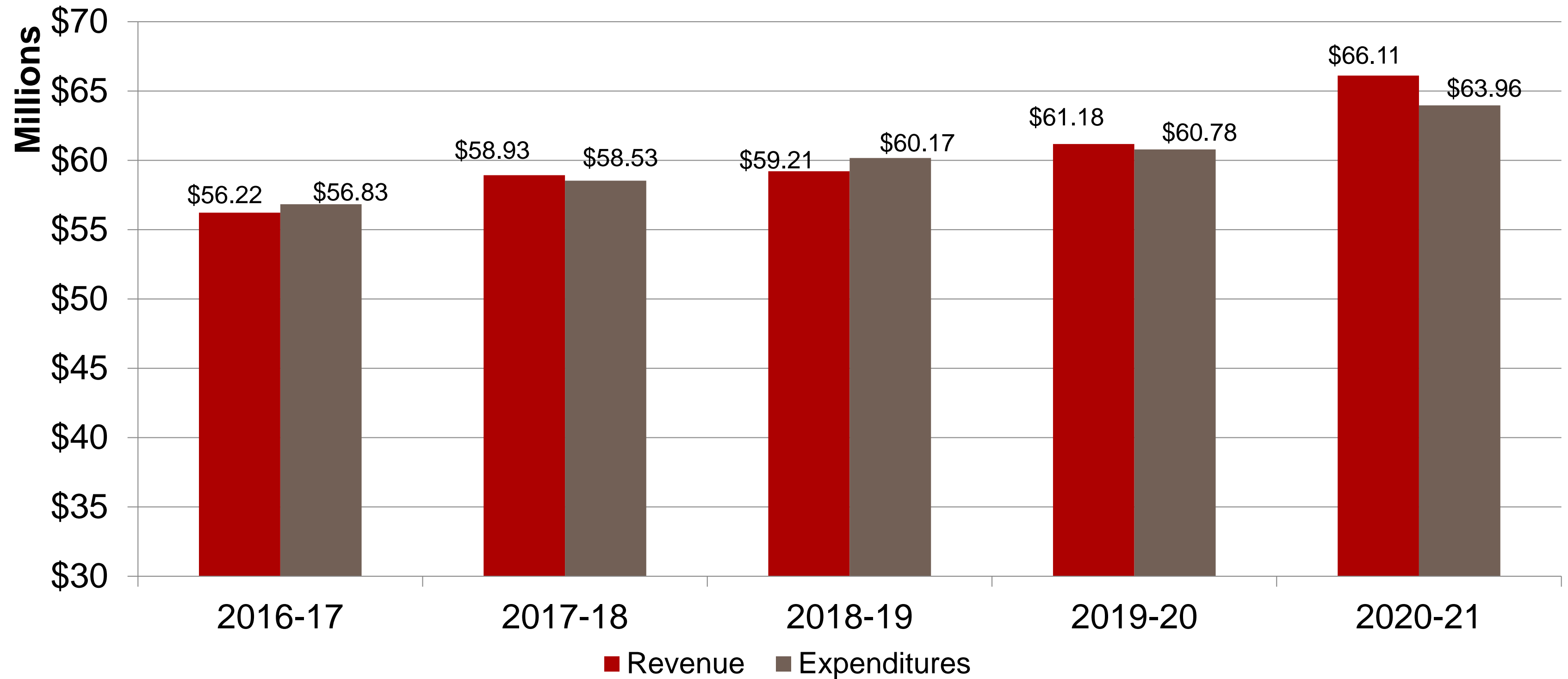
RSP & Associates projections – Updated Jan. 2019

# CAR General Fund Balance

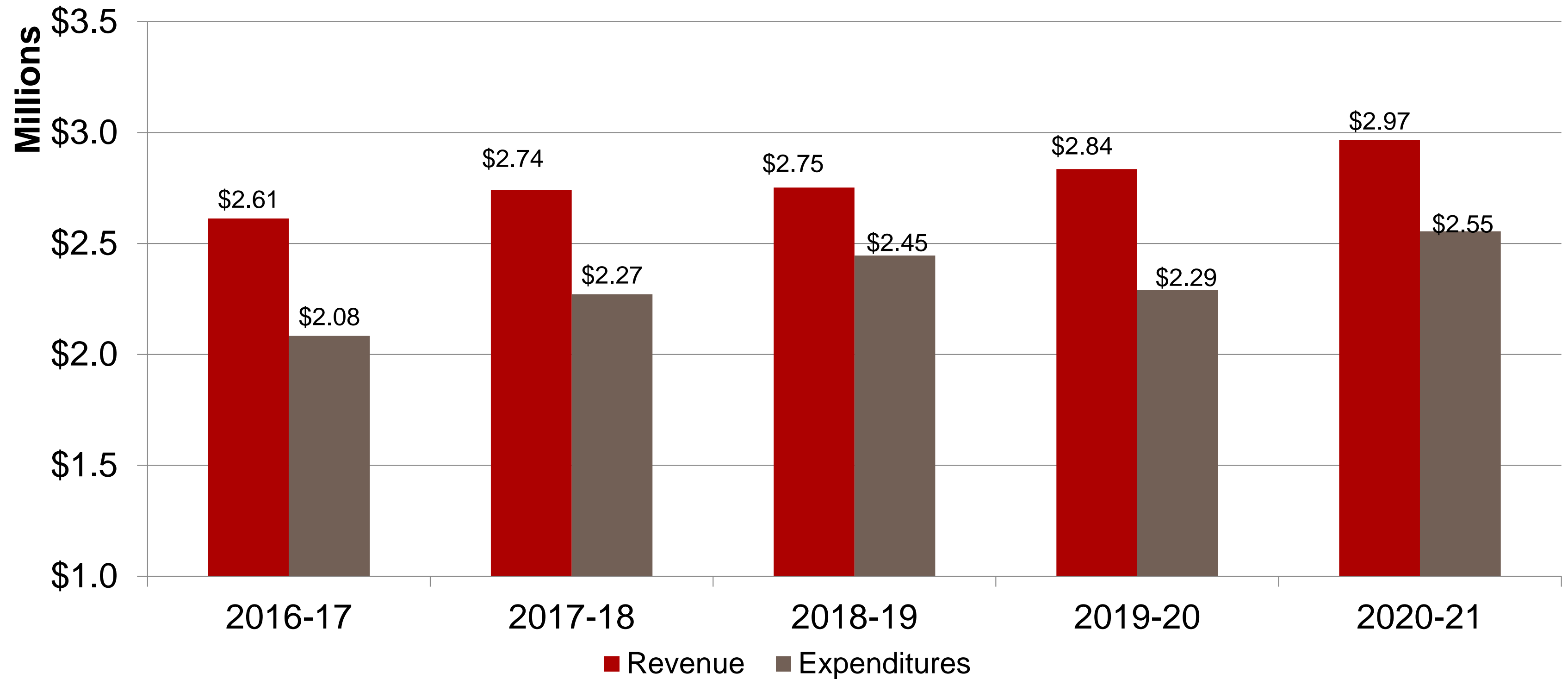


# General Fund Revenue/Expenditure History

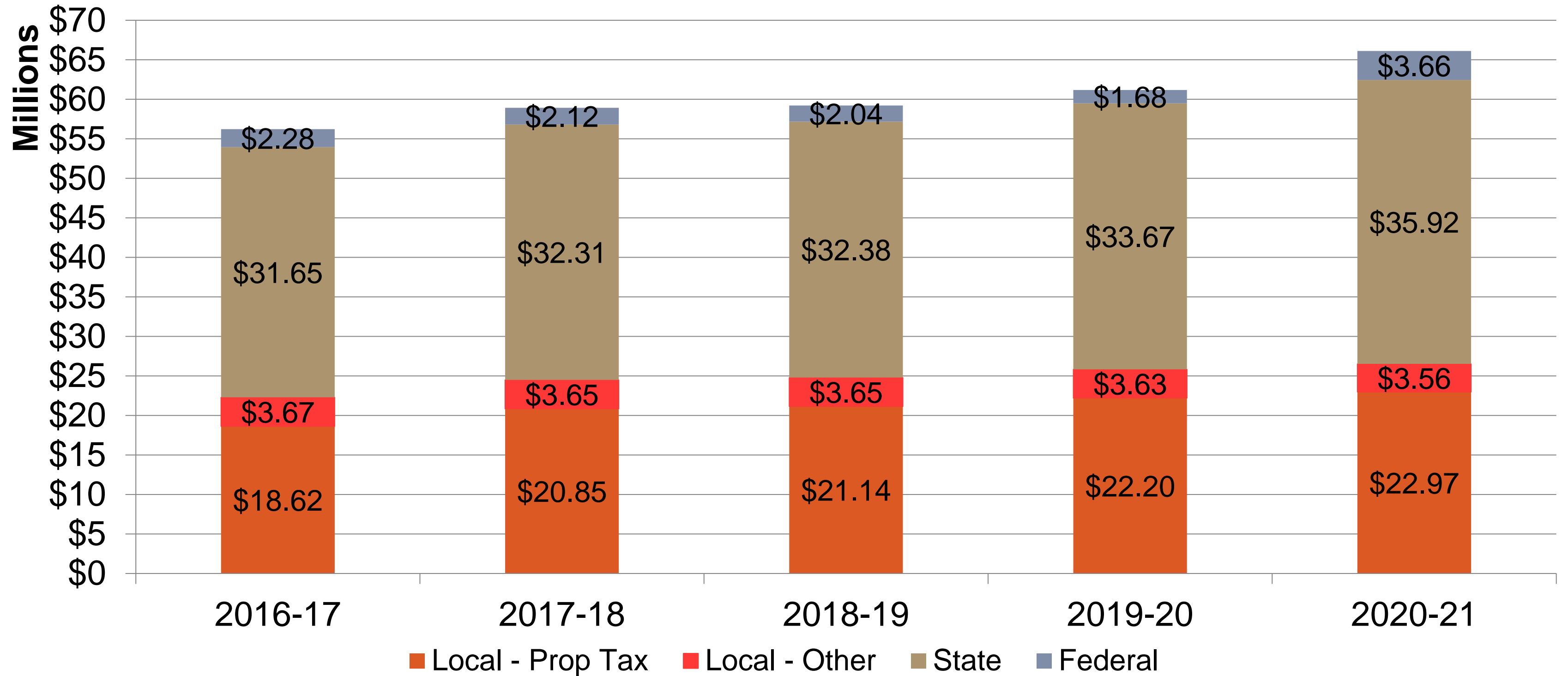
Includes Instructional Support Fund



# ISL (only) Revenue/Expenditure Detail

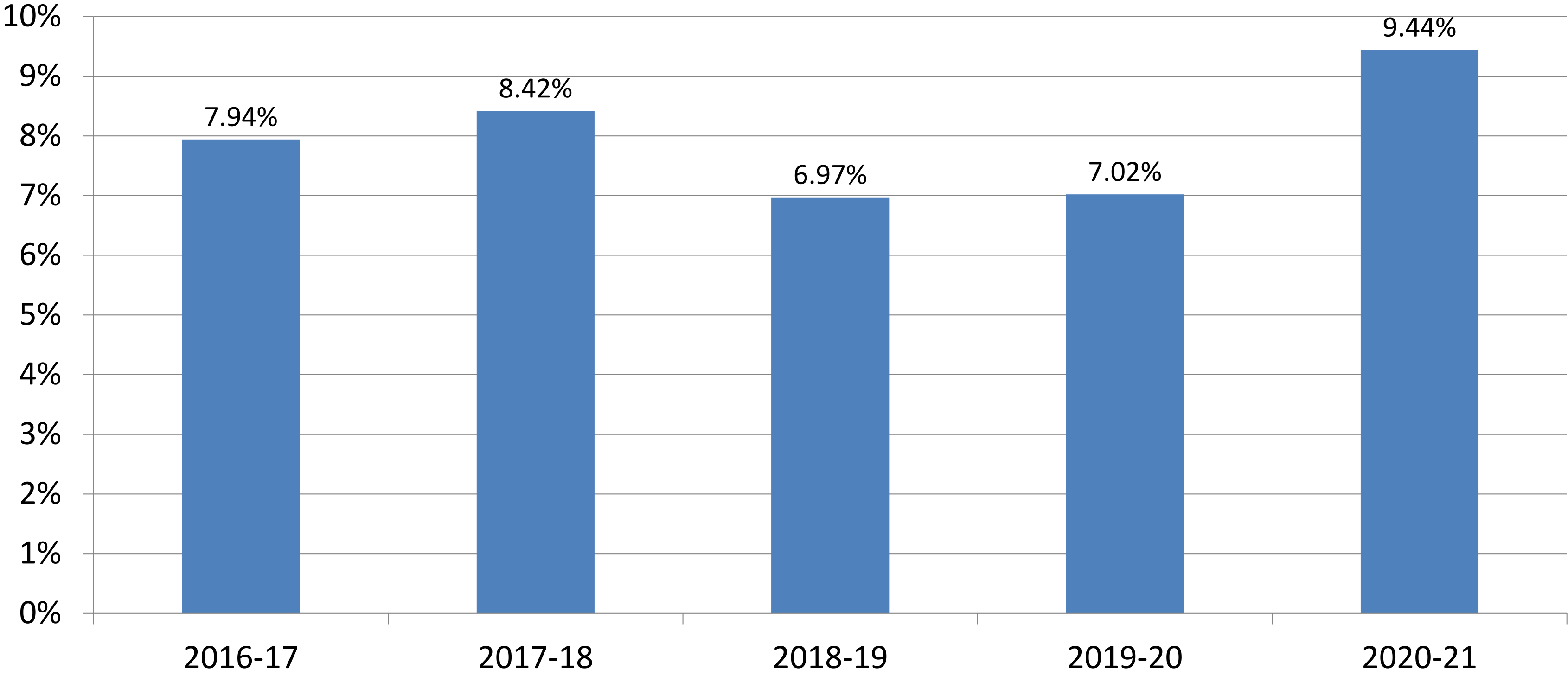


# History of General Fund Revenue



# Financial Solvency Ratio

## Key Trend Dashboard Indicator #2

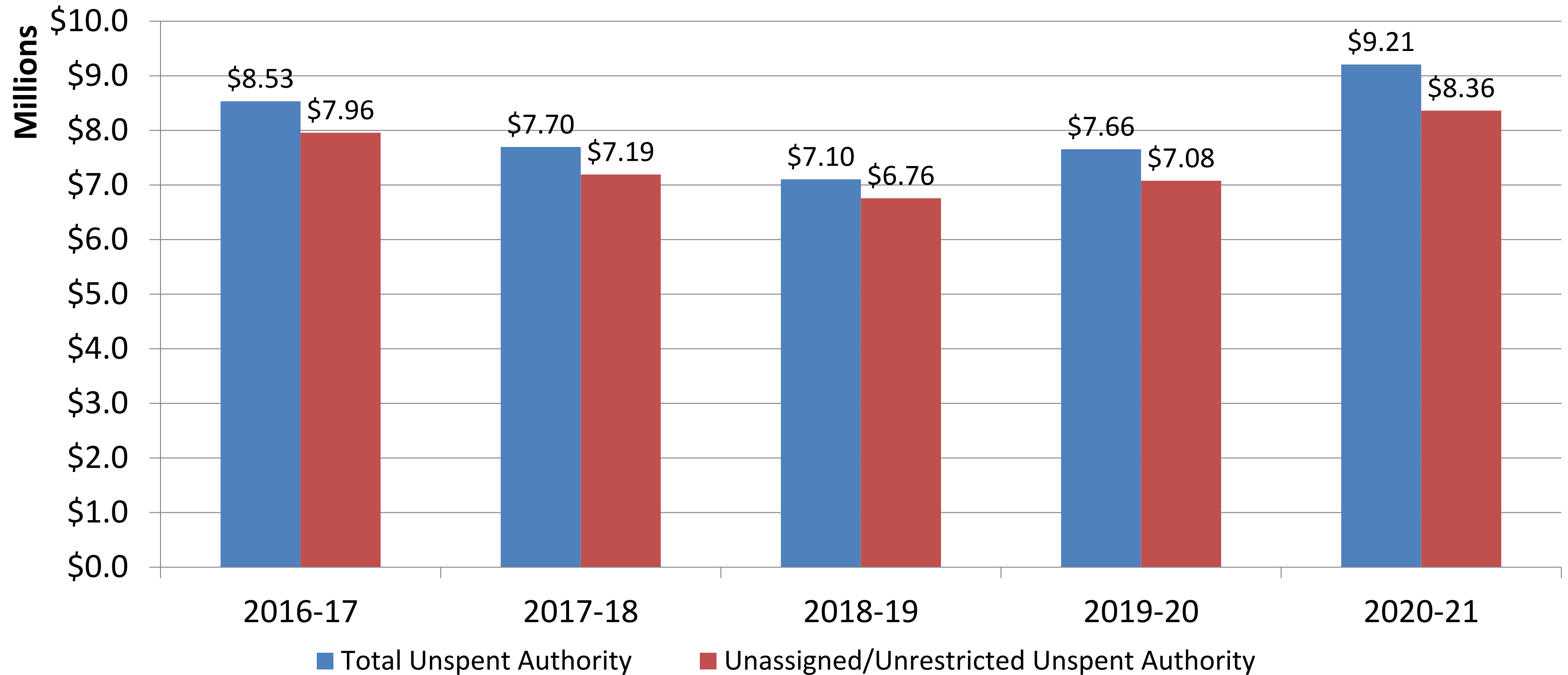


Assigned & unassigned fund balance/General fund revenue less AEA flow thru. Measures the District's fund equity position. IASB recommended minimum 5%.



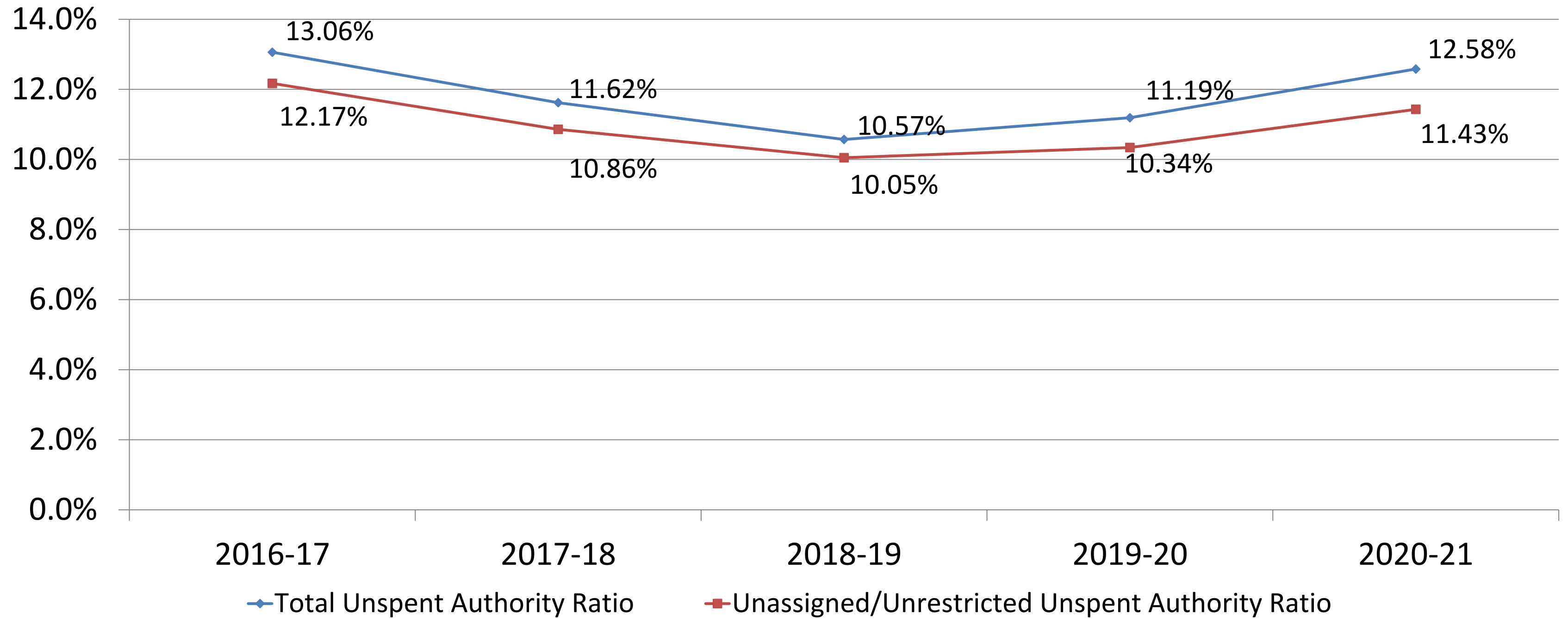
# History of Unspent Budget Authority (In Dollars)

## 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 (\$7.30 million) is desired. District is at 11.43 % for 2020-21.

# Spending Authority (UAB) vs. Cash (SR)

District FY21  
UAB  
11.43%

UAB/Solvency		SOLVENCY RATIO				
	STATUS	Less than 0.0%	0.0% to 5.0%	5.0% to 15.0%	15.0% to 25.0%	Above 25.0%
Unspent Authorized Budget (UAB) Ratio	Less than 0.0%	Very High Concern	Very High Concern	Very High Concern	Very High Concern	Very High Concern
	0.0% to 5.0%	High Concern	Concern	Concern	Concern	Concern
	5.0% to 15.0%	High Concern	Acceptable	Best	Best	Caution - May be Excessive
	15.0% to 25.0%	High Concern	Acceptable	Good	Good	Caution - May be Excessive
	Above 25.0%	High Concern	Caution - May be Excessive	Caution - May be Excessive	Caution - May be Excessive	Caution - May be Excessive

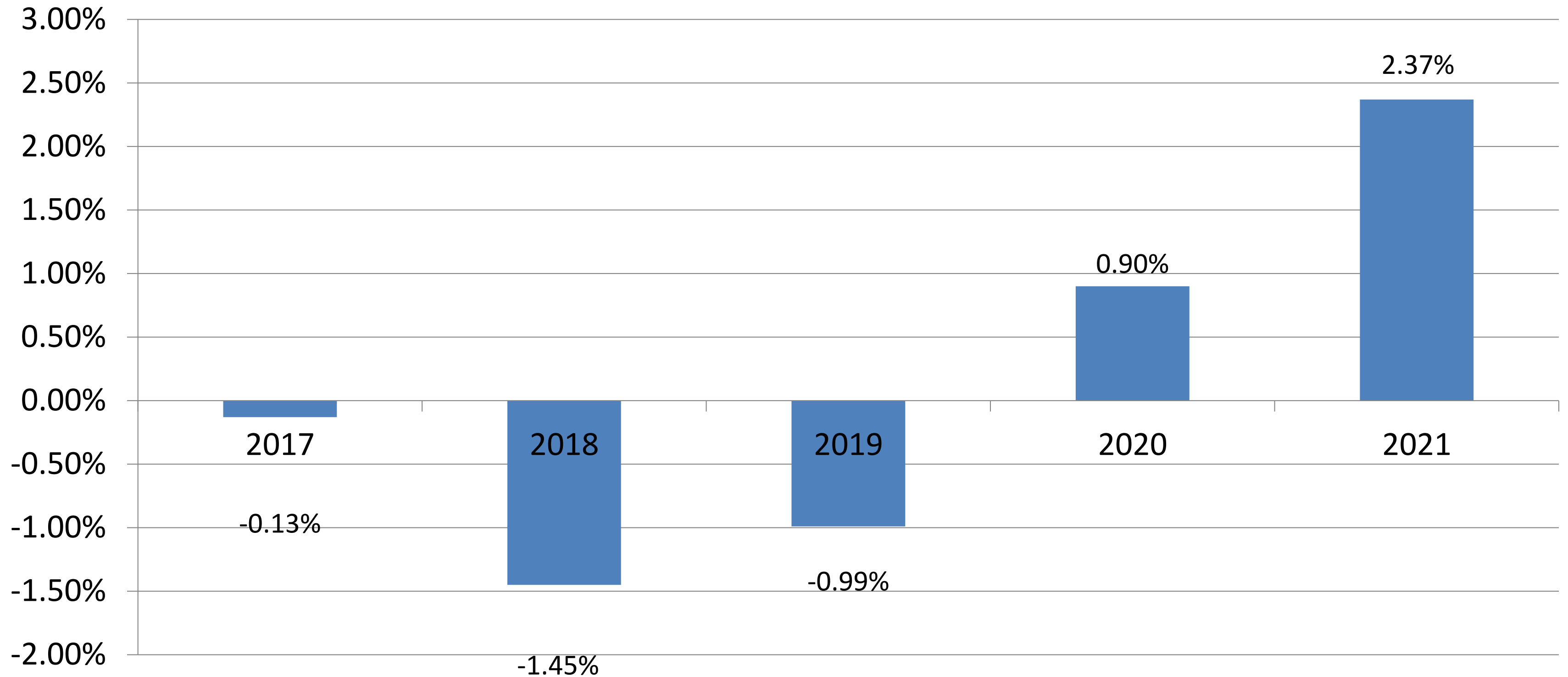
District FY21  
Solvency  
Ratio  
9.44%

Status	Count	Percentage
Very High Concern	0	0.0%
High Concern	5	1.5%
Concern	8	2.4%
Caution - May be Excessive	159	48.6%
Acceptable	10	3.1%
Good	105	32.1%
Best	40	12.2%



# Annual Unspent Budget Authority Ratio

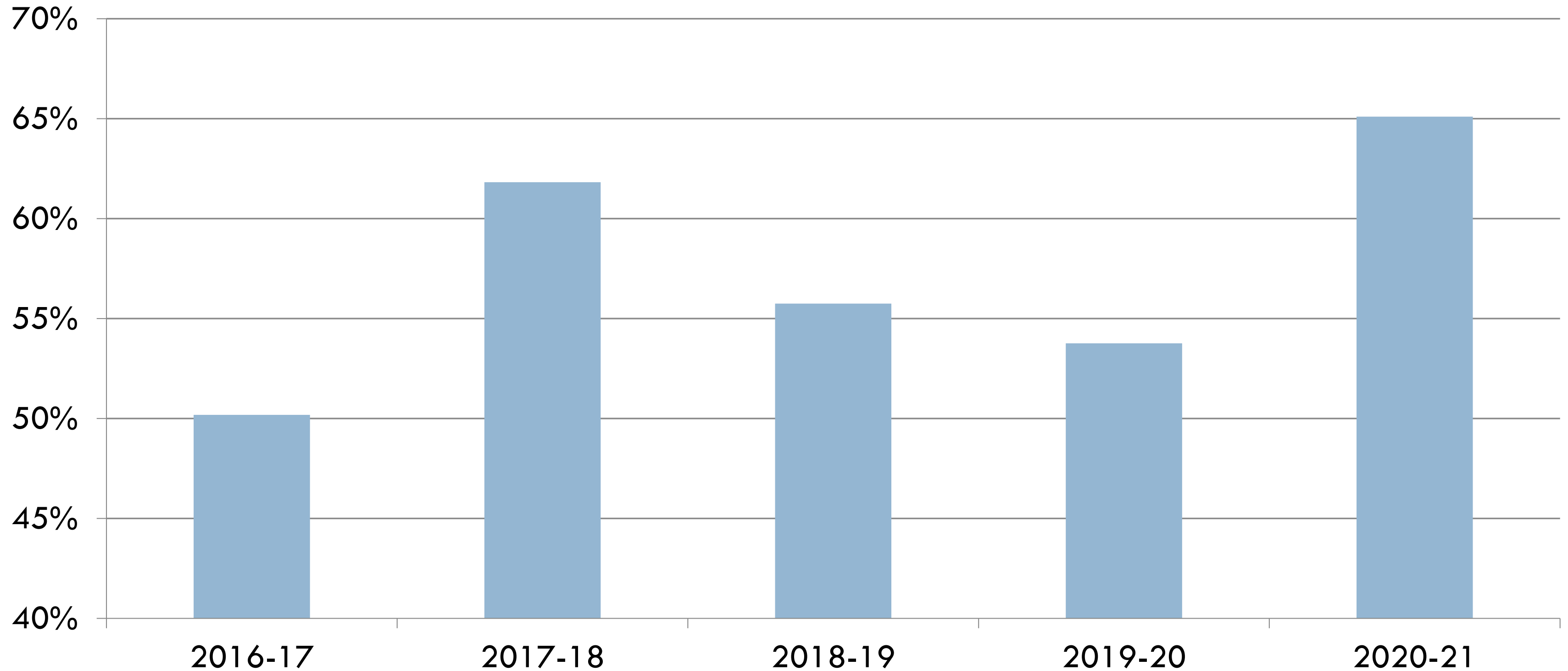
## Key Trend Dashboard Indicator #4



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

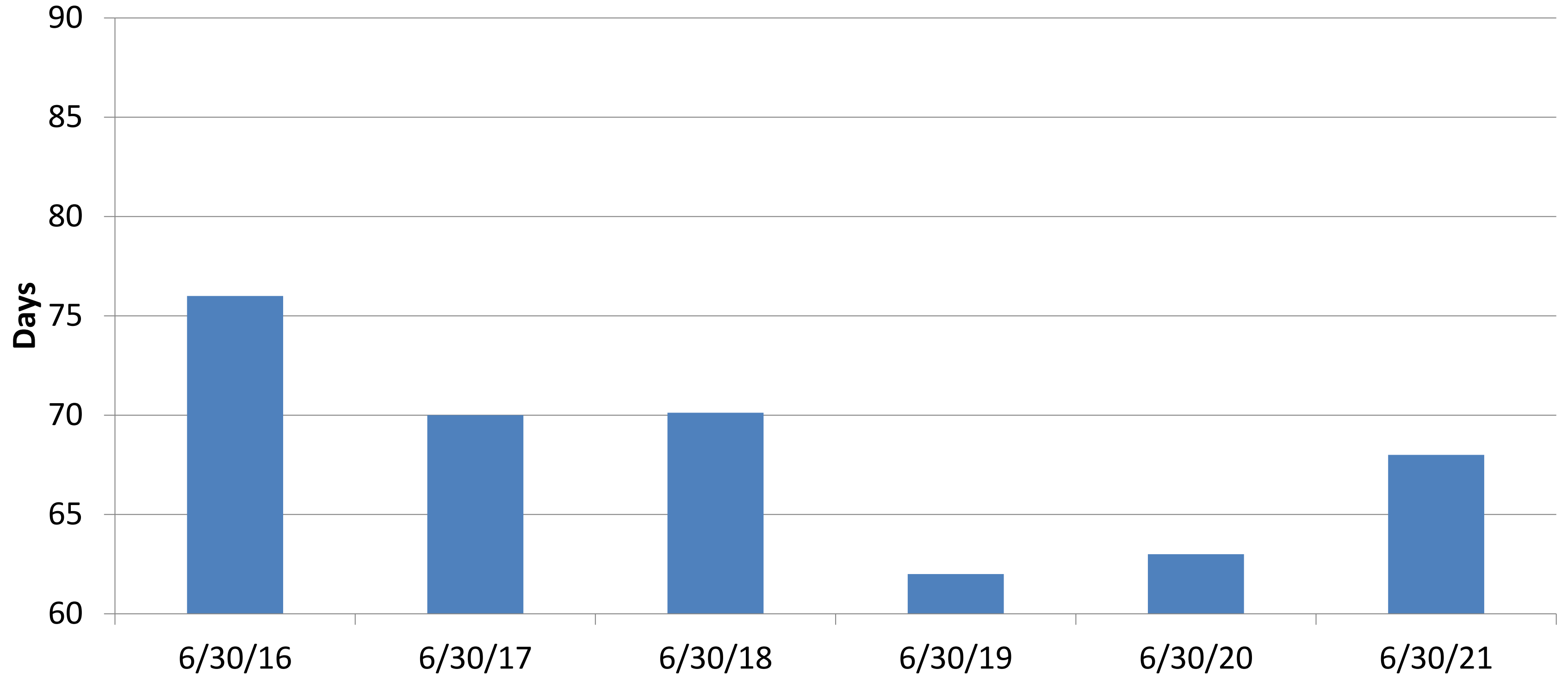
# Net Fund Balance

## As a Percentage of Unspent Authority



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

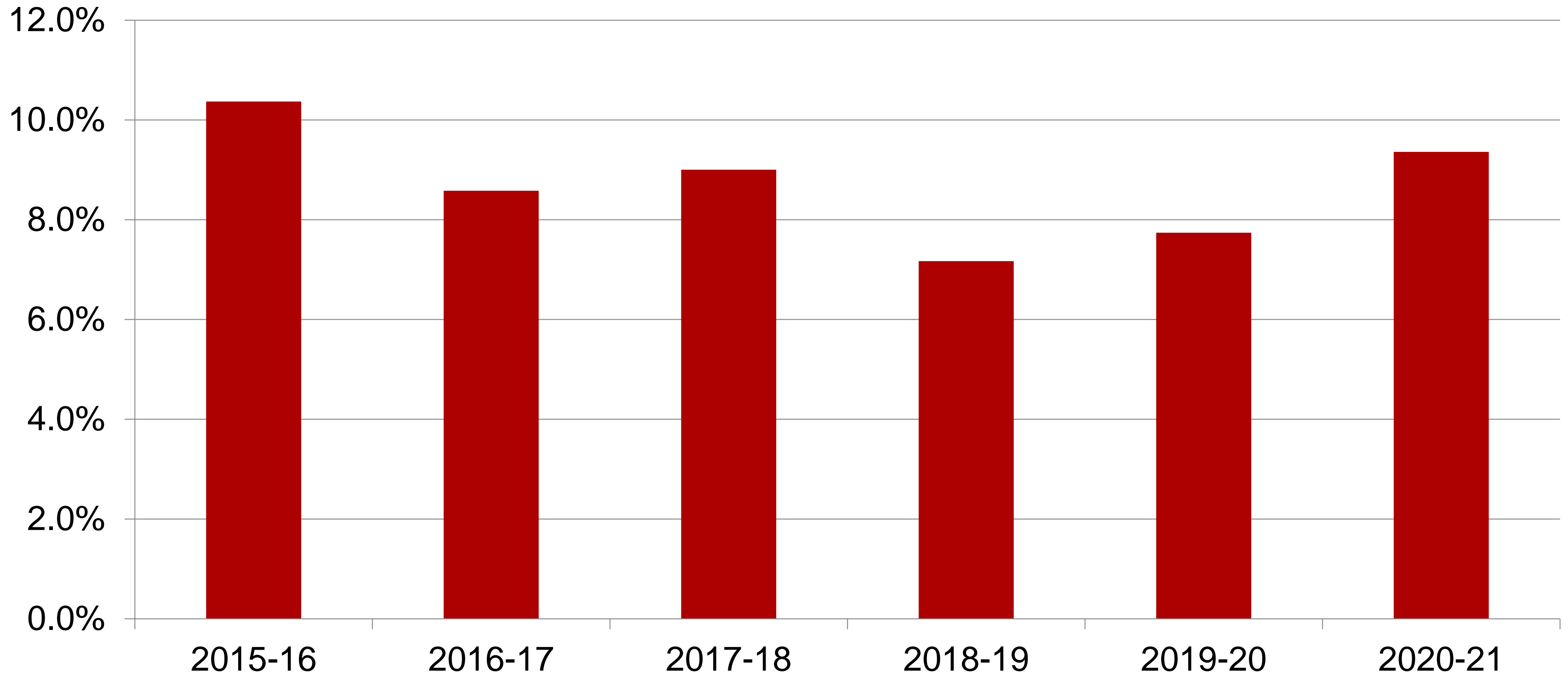
# General Fund - Days Net Cash Ratio



Cash & investments/Avg. daily cash expenditures.

A goal of 90 days is desired.

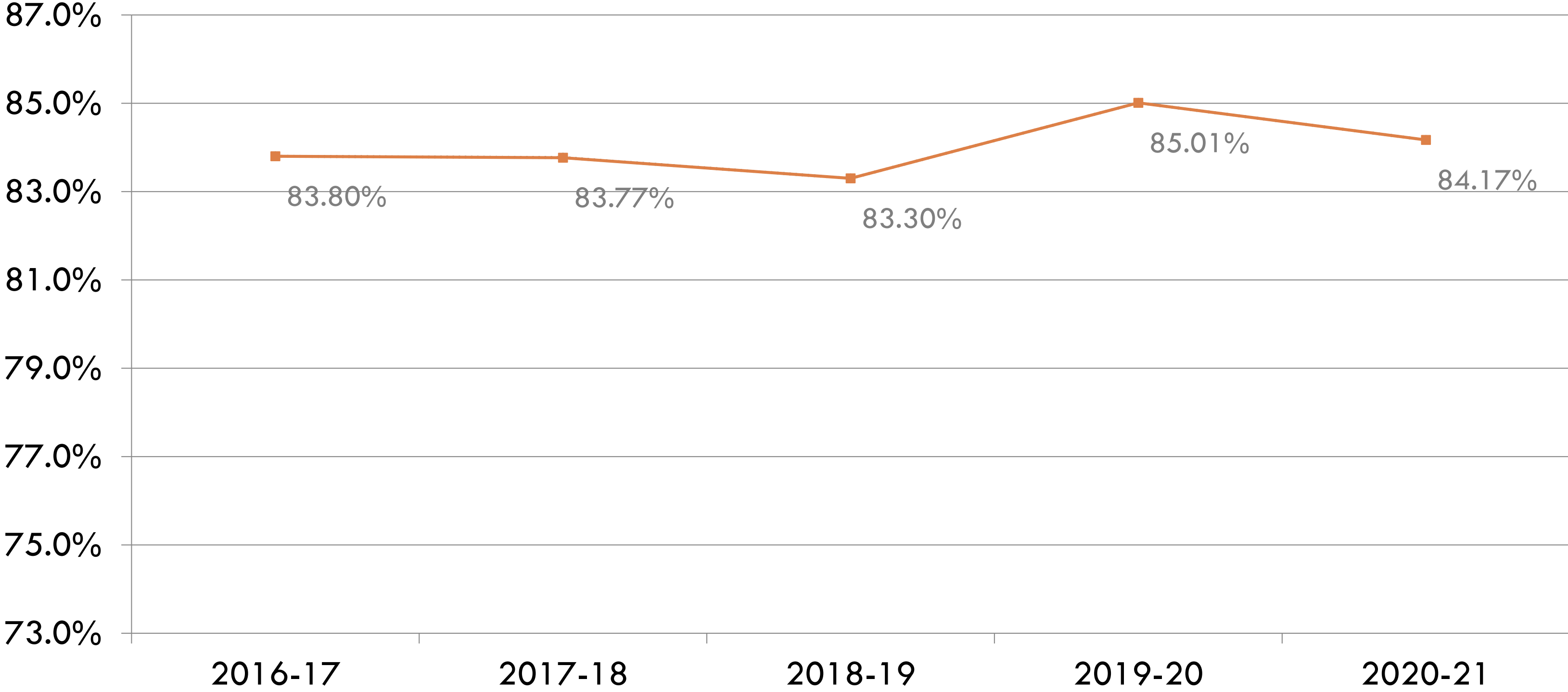
# Net Fund Balance As a Percentage of Expenditures



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

# Salaries & Benefits to Total Expenditures Ratio

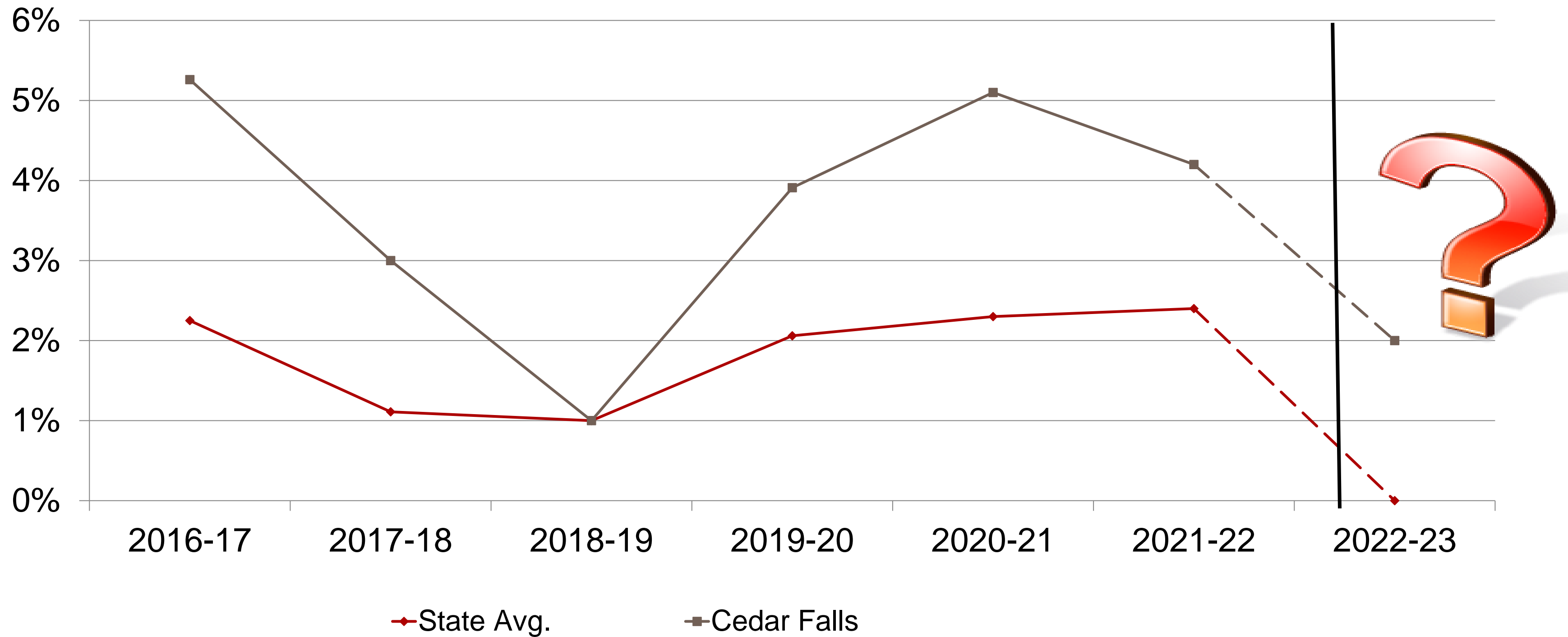
## Key Trend Dashboard Indicator #5



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



# History of Supplemental State Aid (Allowable Growth)



# Cedar Falls CSD – RESTRICTED Funds

## Governmental Fund

### ~~General Fund~~

Incl  
Spec  
C  
T  
Pri. Dev/TLC  
Instructional Support Levy

### Special Revenue Fund

Includes:  
Student Activity  
Management Fund  
District Support Trust Fund  
- Funds donated to District  
both Principal and Interest can  
be used

### Capital Projects

Includes:  
G.O. Bonds  
SAVE  
Physical Plant & Equip.

### Debt Service

## Proprietary Fund

### Enterprise Fund

Includes:  
School Nutrient  
HS Student Coffee Shop

## Fiduciary Fund

### Private Purpose Trust

Misc. Student Scholarships

### ~~(Custodial Funds) Agency Funds~~

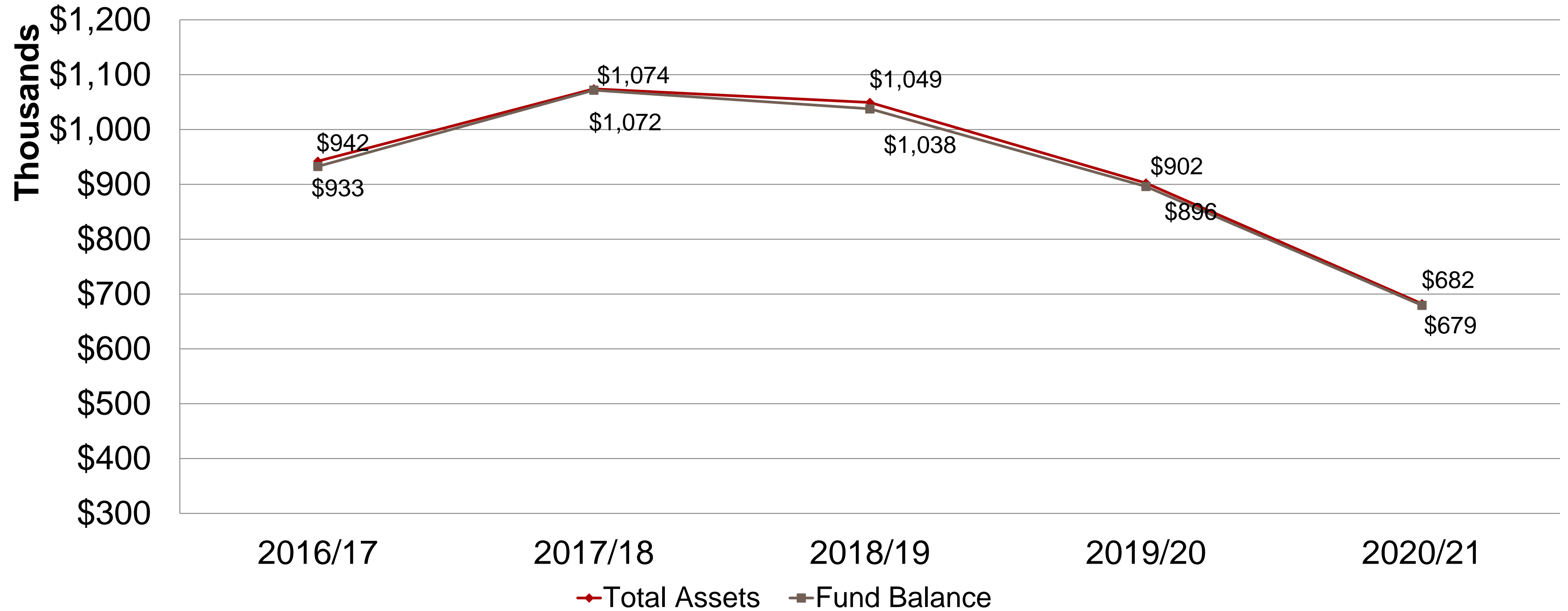
Includes:  
EE Staff Flower Funds,  
Cedar Falls Foundation  
  
Booster Clubs, School  
Parent Groups  
  
River Hills Consortium

# Management Fund

- Funding Source
  - Board of Education Controlled property tax
- Uses
  - Property/liability/auto/workers compensation/etc. insurance premiums
  - Property loss (deductible only)
  - Unemployment claims
  - Early retirement (not used)

**RESTRICTED!**

# Management Fund



# Secure A Vision for Education (SAVE)

## Formally Local Option One Cent Sales Tax

- Funding Source

- From state sales tax revenue
  - Distributed monthly (\$1,037 per pupil)
  - Bond Proceeds

**RESTRICTED!**

- Uses

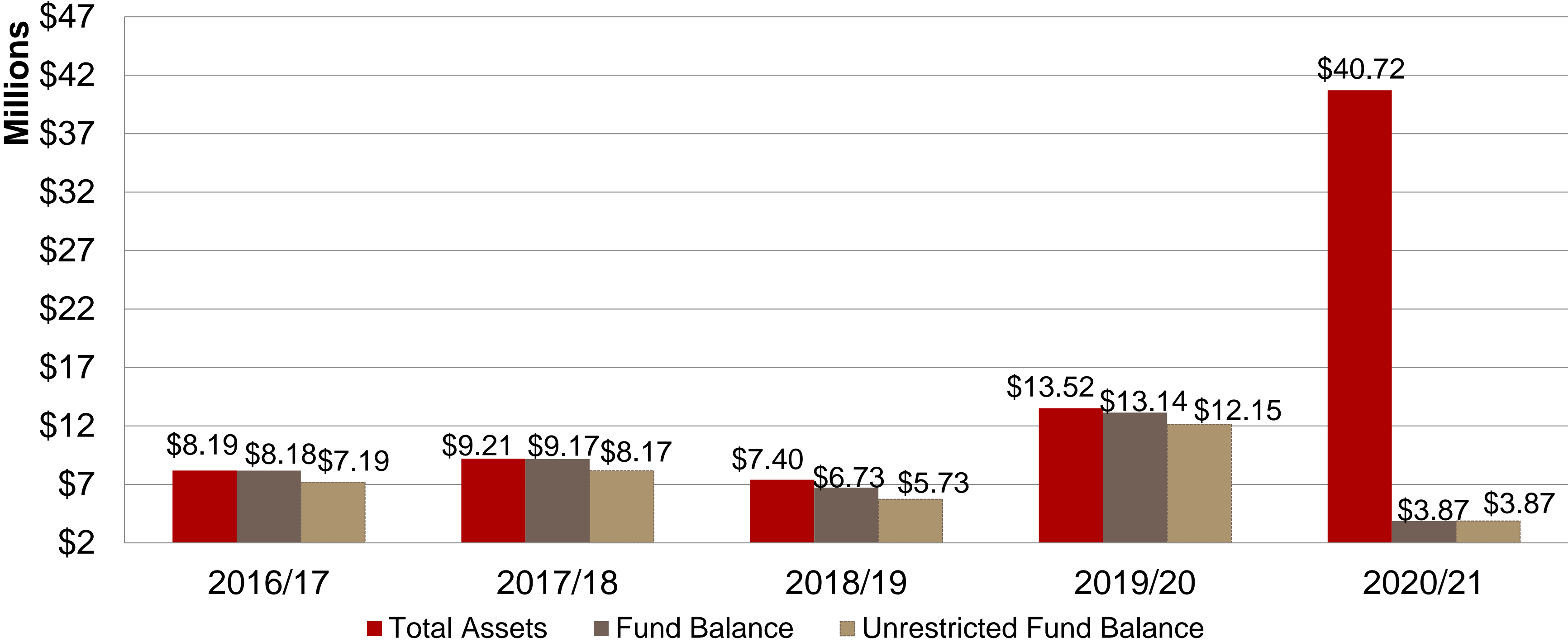
- Construction, remodeling, repairing and furnishing of new or existing buildings
- Purchase or improve school grounds
- Emergency repairs
- Payment of principle and interest or retirement of general obligation bonds

# SAVE - Revenue/Expense History

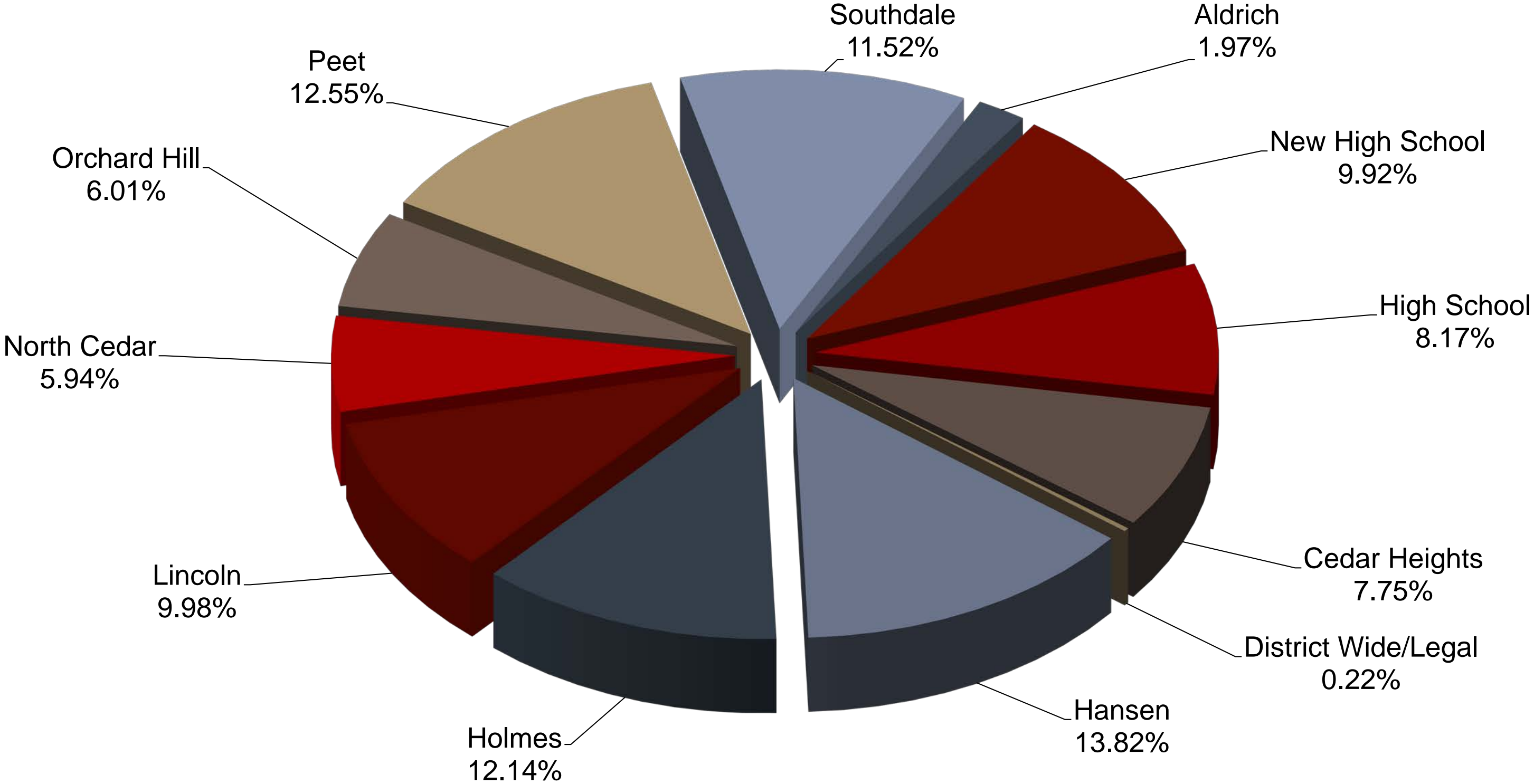
Fiscal Year Ending June 30	Beginning Balance	Sales Tax Revenue	Interest	Sale of BAN's/ Bonds	Other Revenue	Total Available	Project Expense	BAN/Bond Payment (P & I)	EOY Balance	Less Req. Bond Reserve	Net Available
2001	\$6,800,121	\$3,139,300	\$515,092		\$680,967	\$11,135,480	\$2,804,086	\$250,300	\$8,081,094		
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
2018	\$8,184,713	\$4,791,570	\$113,601		\$1,450,319	\$14,540,203	\$1,812,585	\$3,557,801	\$9,169,817	\$995,000	\$8,174,817
2019	\$9,169,817	\$5,259,465	\$178,674		\$835,243	\$15,443,199	\$6,373,855	\$2,342,830	\$6,726,514	\$995,000	\$5,731,514
2020	\$6,726,514	\$5,424,200	\$156,056	\$10,000,000	\$35,930	\$22,342,699	\$5,723,955	\$3,476,480	\$13,142,265	\$995,000	\$12,147,265
2021	\$13,142,265	\$5,358,688	\$57,838	\$32,900,000	\$0	\$51,458,791	\$7,926,234	\$4,799,851	\$38,732,706	\$0	\$38,732,706
Totals		\$89,111,564	\$3,396,061	\$88,461,784	\$4,186,255		\$98,762,589	\$54,460,489			

# Secure A Vision for Education (SAVE)

## Formally Local Option One Cent Sales Tax

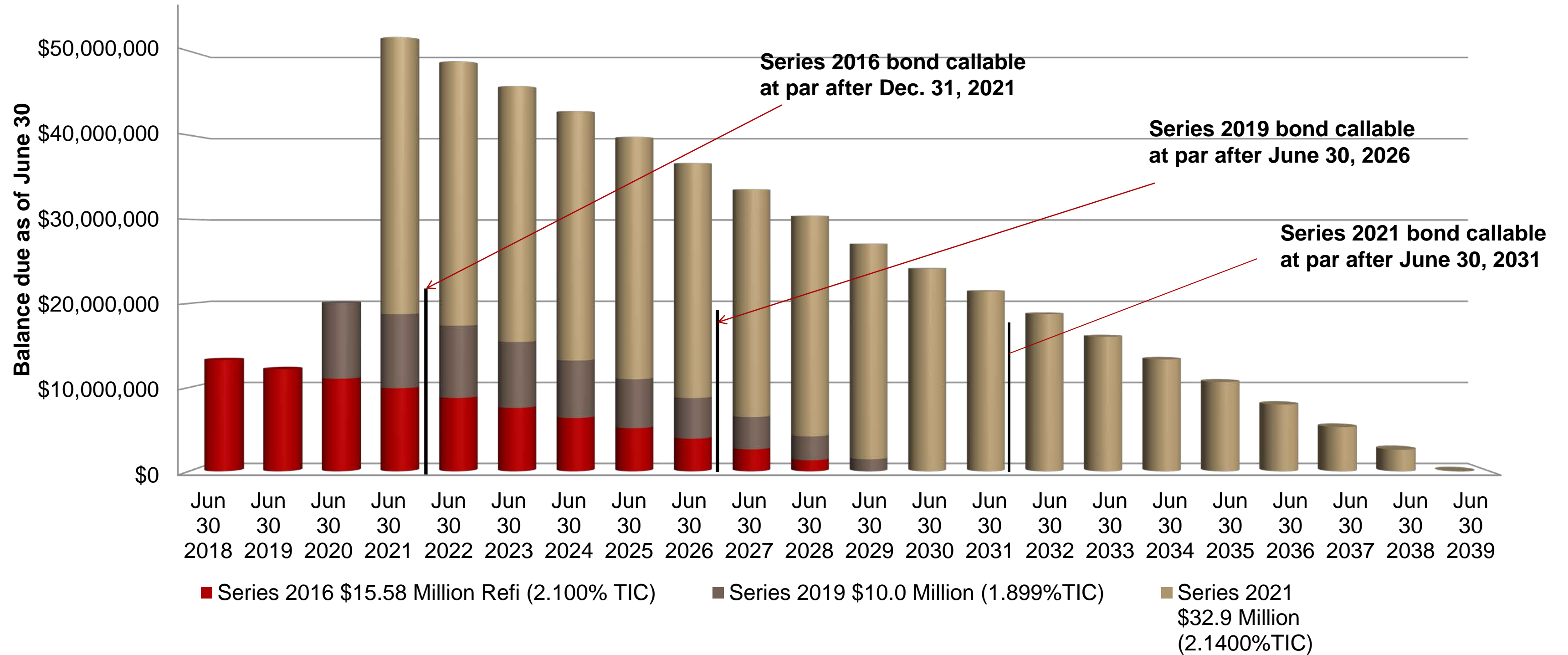


# History of SAVE Fund Expense (2001 to 2021)





# Outstanding Revenue Bond Debt

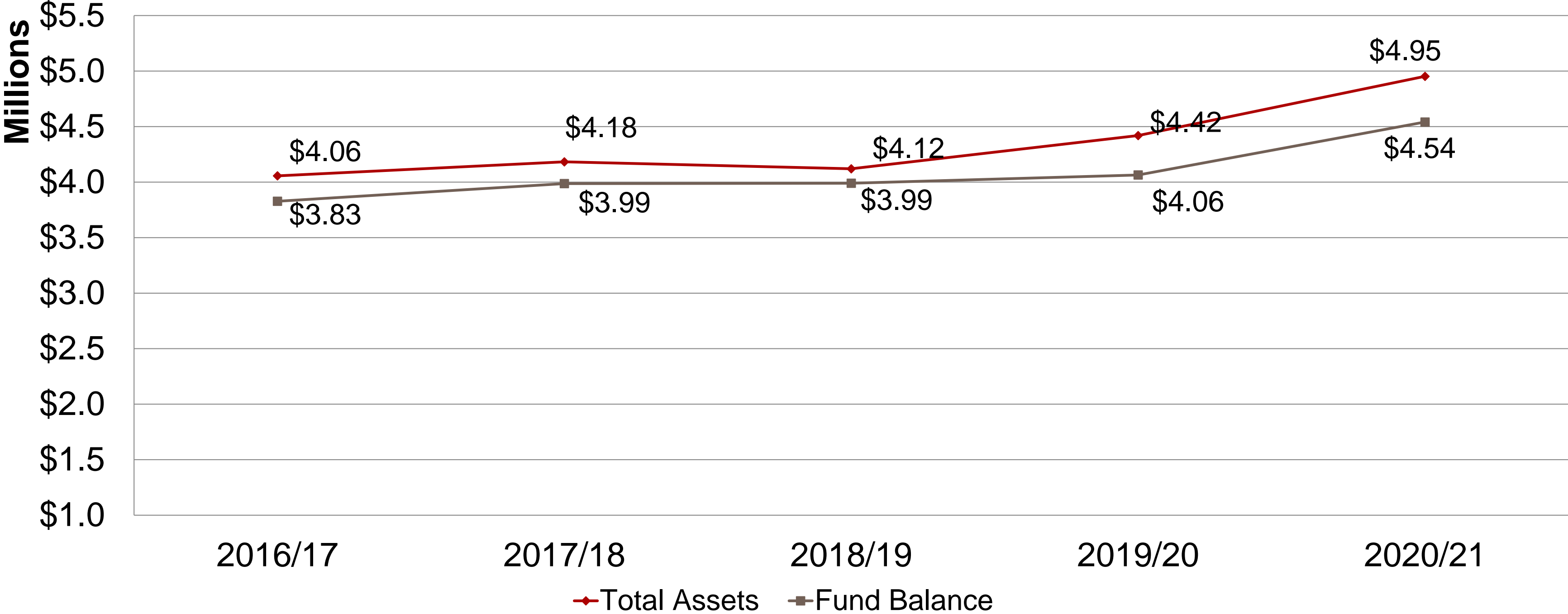


# Physical Plant & Equipment Levy (PPEL)

- Funding Source (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 expires June 30, 2028
- Uses:
  - 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

**RESTRICTED!**

# Physical Plant & Equipment Levy (PPEL)

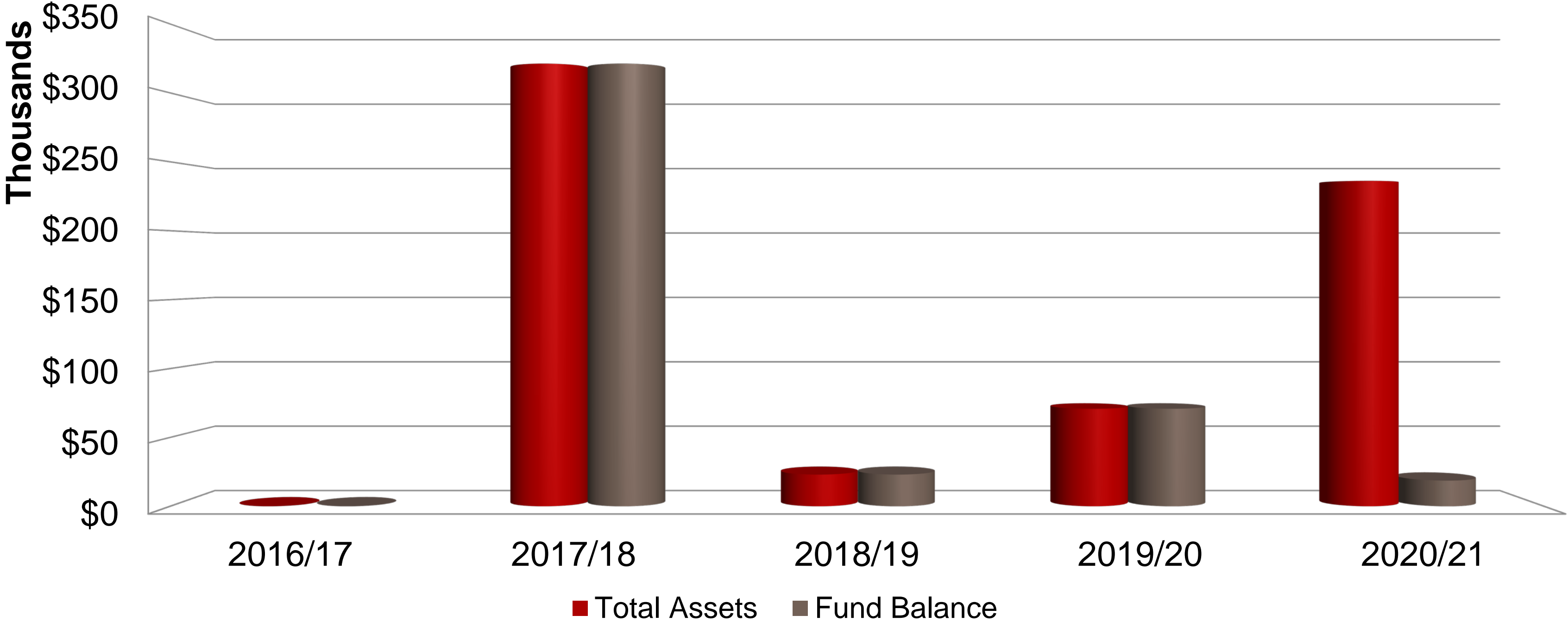


# Debt Service Levy

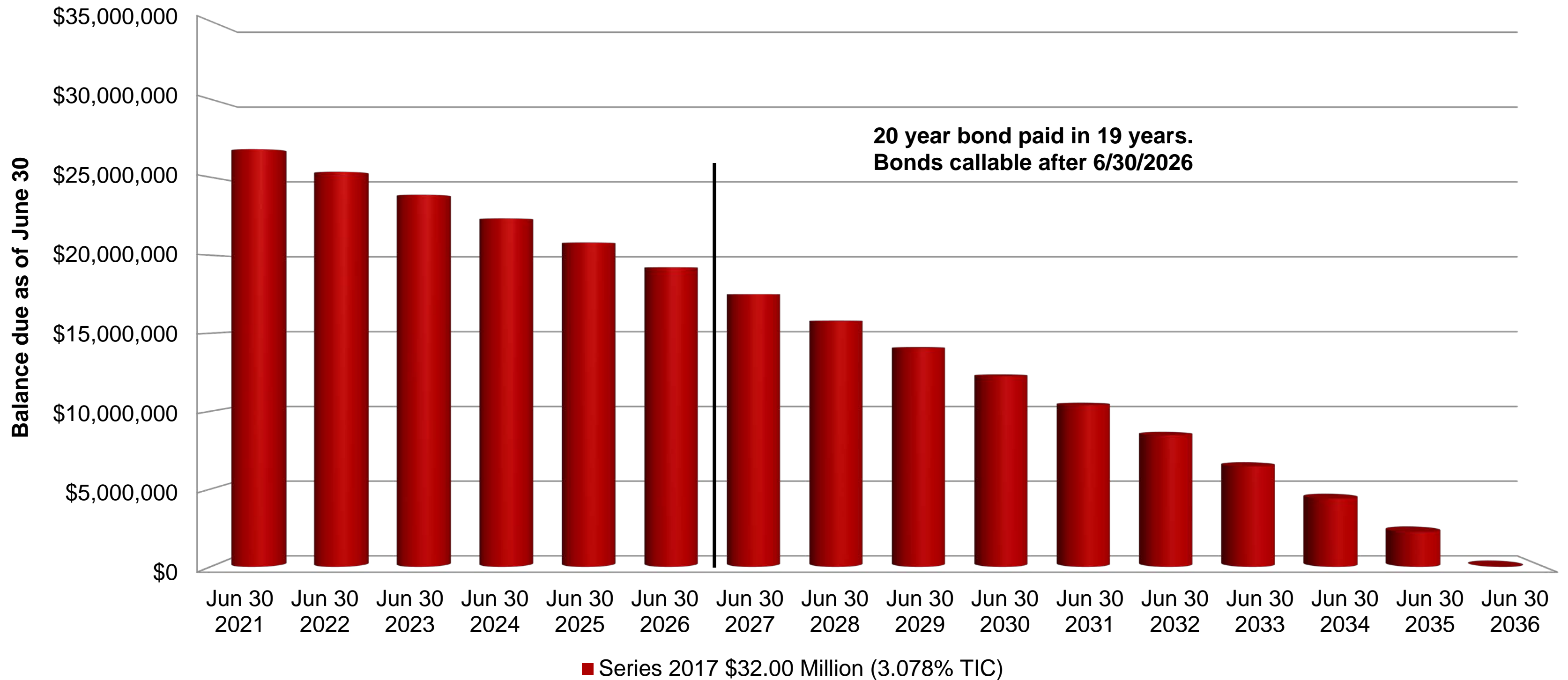
- Voters of a school district may approve bonded indebtedness for a period of up to 20 years
- Proceeds from the sale of General Obligation Bonds are deposited in the Capital Project Fund (31) to be used for the cost of the approved project
- Revenue from the Debt Service Levy (40) are deposited in the Debt Service Fund to be used to retire principal and interest on the bonds

**RESTRICTED!**

# Debt Service Levy



# Outstanding General Obligation Bond Debt

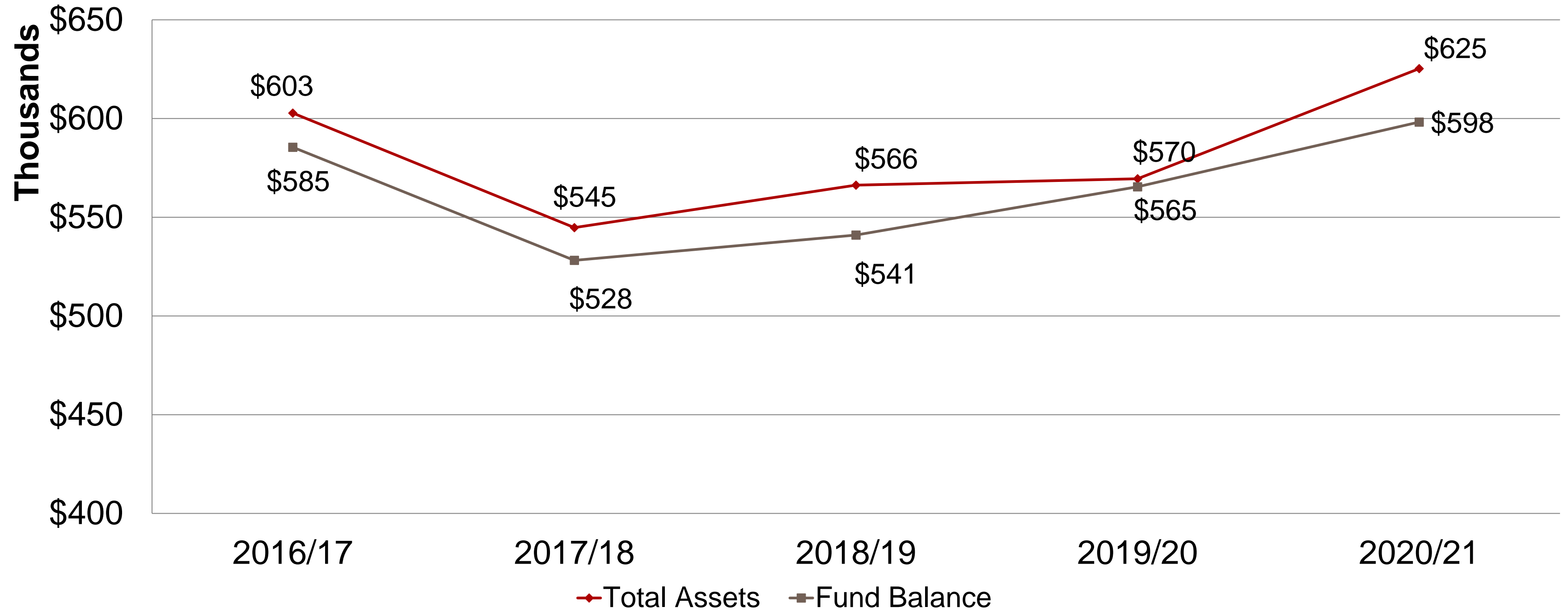


# Activity Fund

- Funding Source
  - Activity admissions (gate receipts)
  - Activity fees/student dues
  - Student fundraising
- Uses
  - Student related co-curricular or extra-curricular activities

**RESTRICTED!**

# Activity Fund



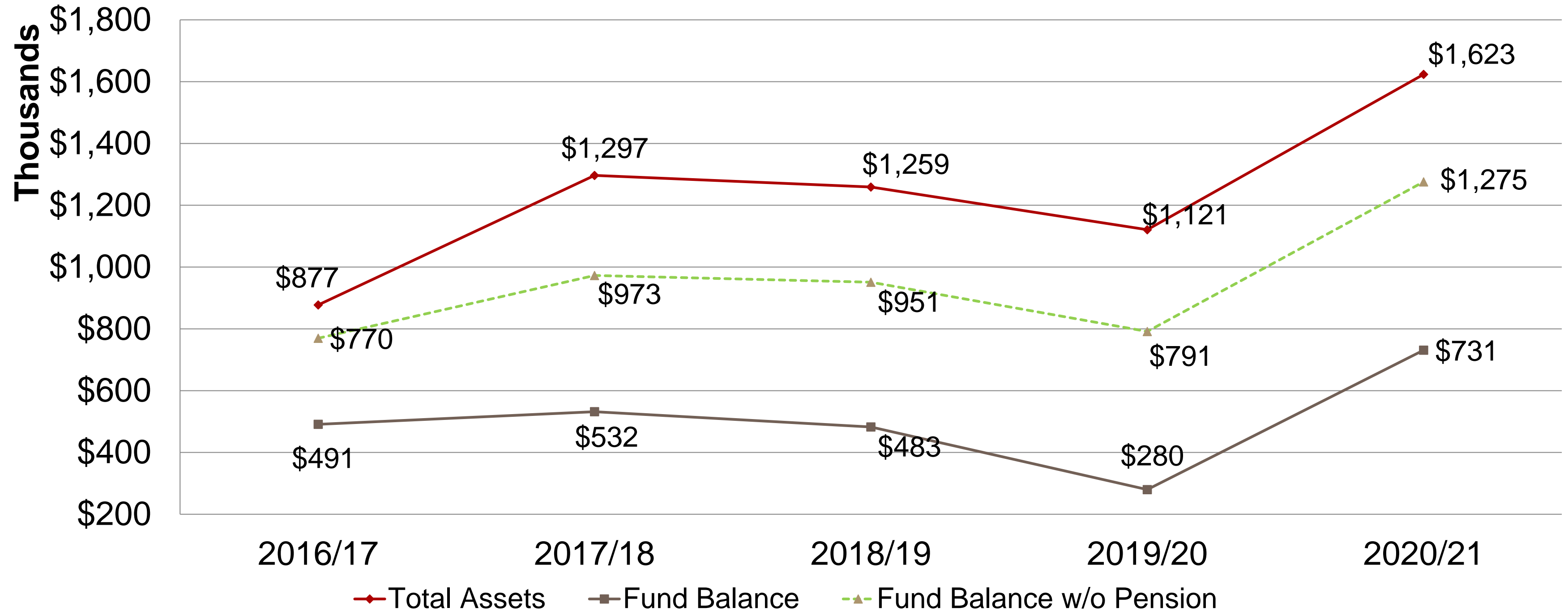


# Nutrition Fund

- Funding Source
  - Lunch fees
  - State/Federal reimbursements
- Uses
  - Expenses related to the nutrition program
    - Nutrition salary/benefits
    - Food, supplies & equipment
  - Account for all transactions for nutrition programs authorized under Iowa Code Chapter 283A

**RESTRICTED!**

# Nutrition Fund



# Summary

- As of June 30, 2021
  - District's financial condition:
    - District General Fund cash balance
      - Increase from June 30, 2020
      - Days Net Cash Ratio 68 – increase/Solvency Ratio
    - Unspent budget authority (UBA) increased
      - UBA Ratio 11.19% FY20 12.58% FY21
  - 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 FY21 receipts = \$648,252 – estimated to remain flat in FY22
  - FY21 deficit = \$1,152,754
  - Projected FY22 deficit = \$1,369,279
- Pandemic
  - Loss in Federal/State revenues and increase in expenditures
  - Potential impact on UAB
  - Amend FY22 budget

# 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

- Business Office Staff:
  - Jana Speck
  - Lisa Voves
  - Michelle Weber
  - Lori Wiley
  - Kayleen Tierney
  - Carrie DeBerg
- Administration
- Board of Education

