

CEDAR FALLS COMMUNITY SCHOOL DISTRICT



Annual District Financial Report

December 10, 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 (G.O. Bonds)
- 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)

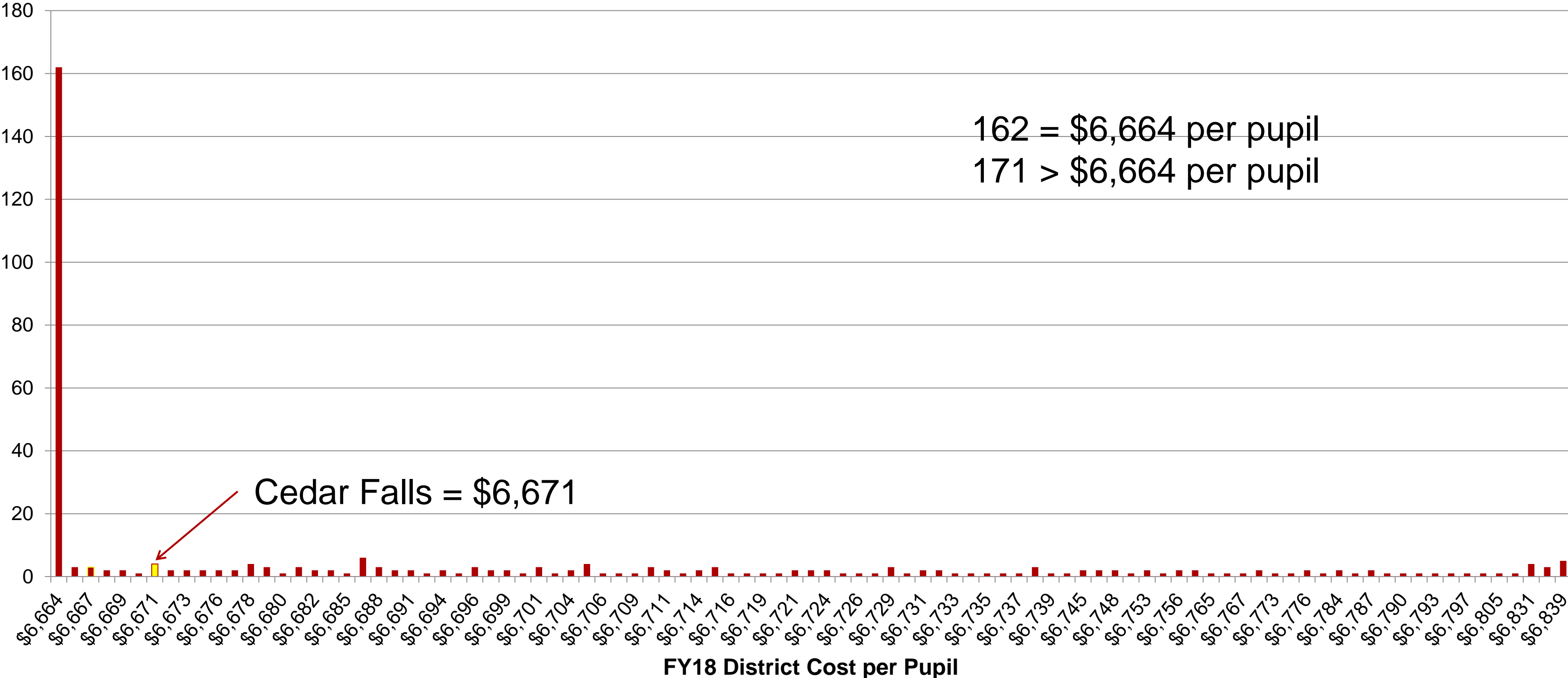
- Equity in expenditures
- Property tax relief
- Equalization of method of taxation
- Uniform state aid allocation formula
- Predictable
- Pupil-driven
- Provide for local discretion and incentives
- **ESTABLISHES
MAXIMUM SPENDING
CONTROL**
- Same formula for all Iowa K-12 public schools and AEA's

Four Key Factors

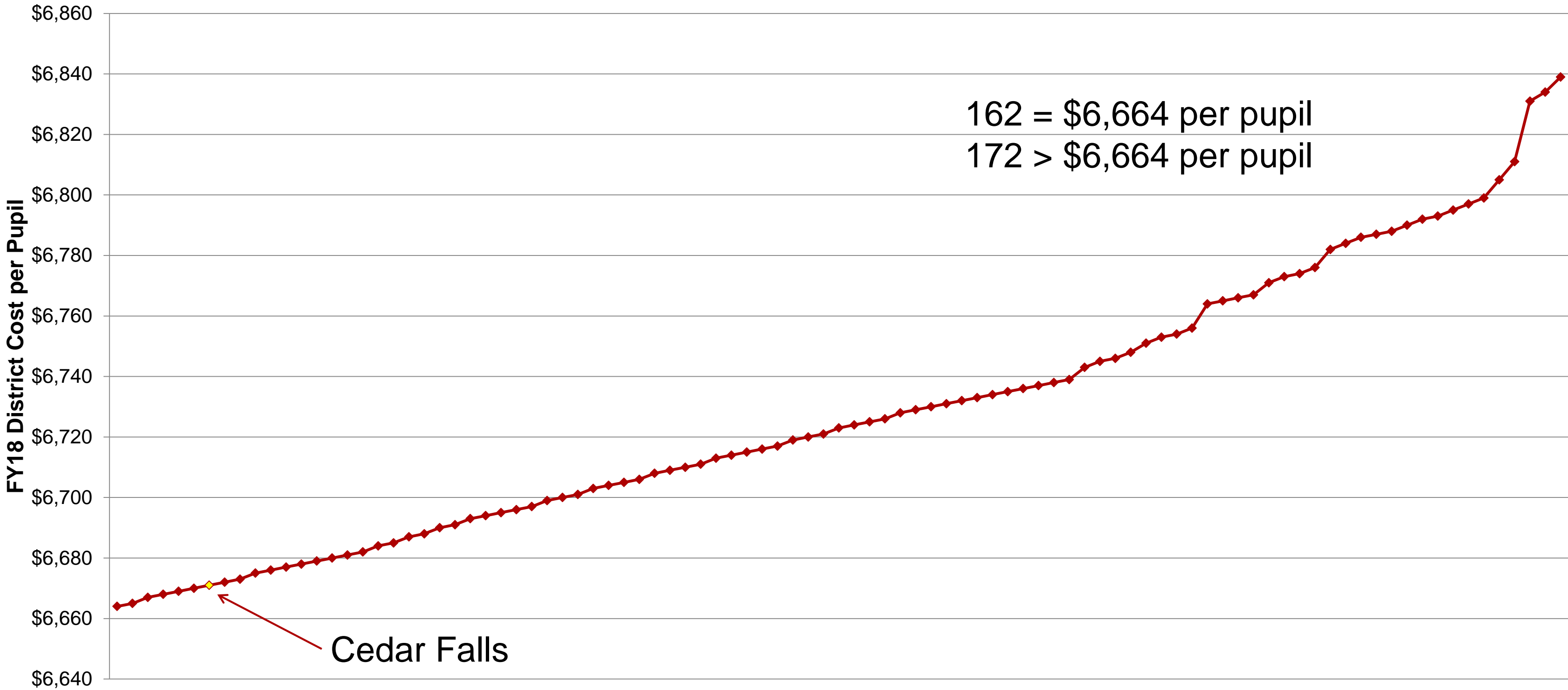
Iowa Public School Foundation Formula

- 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

FY18 Iowa Public Schools District Cost per Pupil



FY18 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 FY15	Actual FY16	Actual FY17	Actual FY18
1 Formula	AidLevy 4.3/5.1	Regular Program District Cost	30,967,044	31,666,807	33,333,756	34,334,303
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	439,278	466,358	506,291	494,028
4 Formula	AidLevy 4.14/5.4	Special Ed District Cost	3,659,185	3,889,933	4,043,914	4,601,723
5 Formula	AidLevy 4.22/5.5	Teacher Salary Supplement District Cost	2,611,037	2,670,602	2,812,555	2,897,700
6 Formula	AidLevy 4.30/5.6	Professional Development Suppl District Cost	310,837	317,748	334,297	344,218
7 Formula	AidLevy 4.38/5.7	Early Intervention Supplement District Cost	308,650	315,883	332,984	343,240
8 Formula	AidLevy 4.46/5.8	Teacher Leadership Supplement District Cost	0	0	0	1,663,806
9 Formula	AidLevy 4.49/5.9	AEA Special Ed Support	1,538,702	1,579,693	1,660,185	1,729,212
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	270,542	277,293	291,378	298,659
12 Formula	AidLevy 4.63/5.12	AEA Educational Services	302,249	309,759	325,389	333,465
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	196,413	201,174	210,511	218,815
15 Formula	AidLevy 4.82/5.15	AEA Professional Dev Suppl District Cost	22,548	23,087	24,190	25,156
16 Board/SBRC	AidLevy 5.17	SBRC Modified Suppl Amt Dropout Prev	744,414	738,732	773,047	828,149
17 Board/SBRC	SBRC	SBRC Modified Supplemental Amt Other #1	80,675	102,442	100,596	98,079
18 Board/SBRC	SBRC	SBRC Modified Supplemental Amt Other #2	314,189	942,912	634,990	136,969
19 SBRC	SBRC/DE	Special Ed Deficit Modified Suppl Amt	675,685	807,534	972,951	467,283
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	-17,810	0
25 Calculated	AidLevy 5.16	AEA Prorata Reduction	198,163	198,163	231,049	198,163
26 Calculated	Calculated	Maximum District Cost	42,243,285	44,111,794	46,108,175	48,616,642
27 Board/Vote	AidLevy 7.35	Total Preschool Foundation Aid	388,324	412,544	425,120	476,476
28 Board/Vote	AidLevy 10.27	Instructional Support Authority	2,399,326	2,444,994	2,549,366	2,660,565
29 Board	AidLevy 11.3	Ed Improvement Authority	0	0	0	0
30 Board	See Note 1	Other Miscellaneous Income	7,446,734	5,873,635	7,673,278	5,942,894
31 Calculated	Calculated	Unspent Auth Budget - Previous Year	9,191,056	8,630,990	8,609,170	8,533,648
32 Calculated	Calculated	Maximum Authorized Budget	61,668,725	61,473,957	65,365,109	66,230,225
33 Board	See Note 2	Expenditures	53,037,735	52,864,787	56,831,461	58,534,533
34 Calculated	Calculated	Unspent Authorized Budget (UAB)	8,630,990	8,609,170	8,533,648	7,695,692

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 2017/18 Cost per Pupil = \$6,671

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

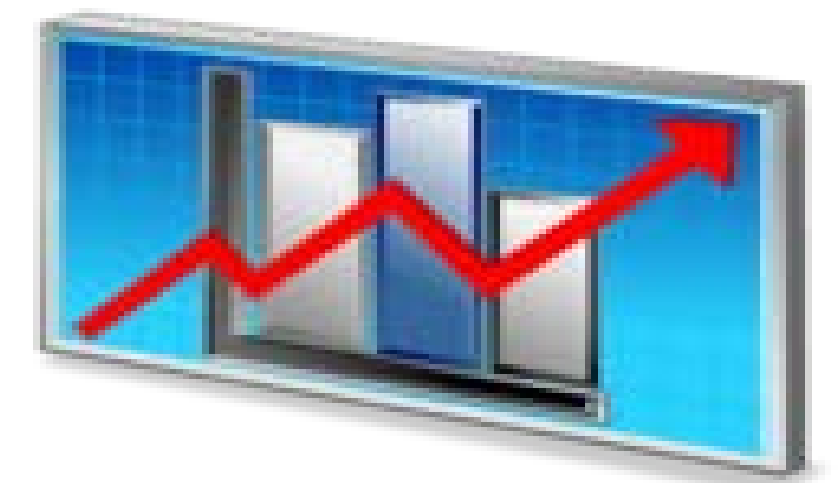
- All other District funds are **restricted** (specific purpose)
 - **Cannot** be used to support the General Fund
 - Management
 - Capital Projects (New beginning in FY17)
 - Secure A Vision for Education (SAVE) (Statewide 1¢ sales tax)
 - Physical Plant & Equipment Levy
 - Activity
 - Nutrition
 -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

Purpose

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

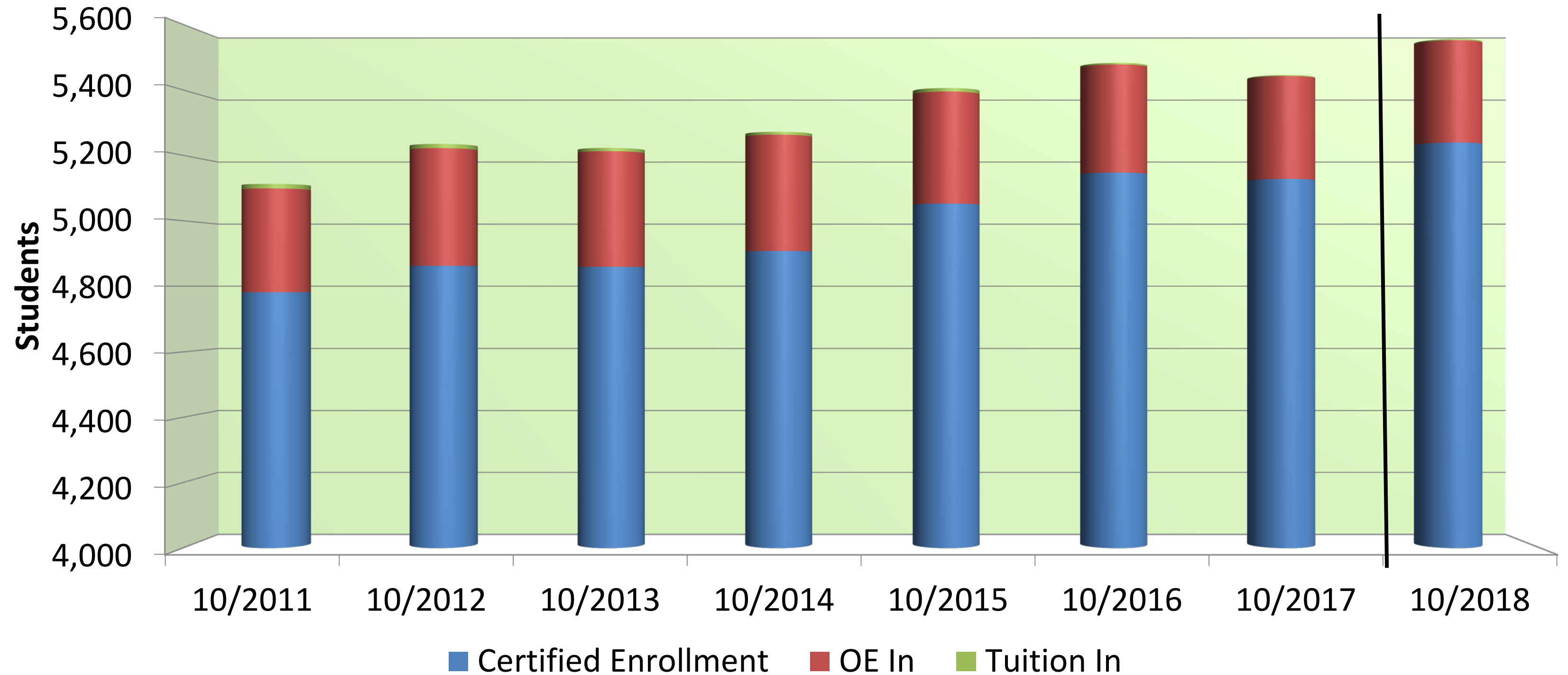
General Fund Key Financial Indicators

- 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

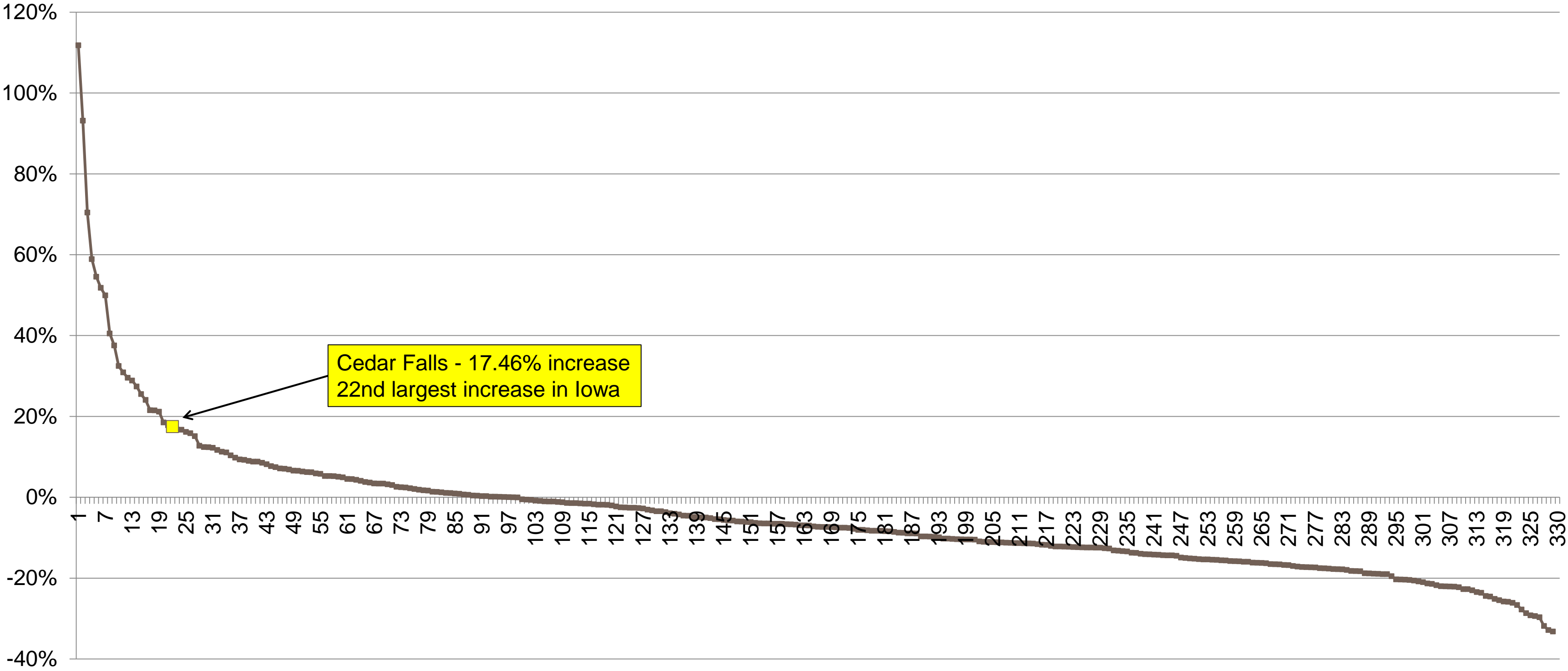
Key Trend Dashboard Indicator #1



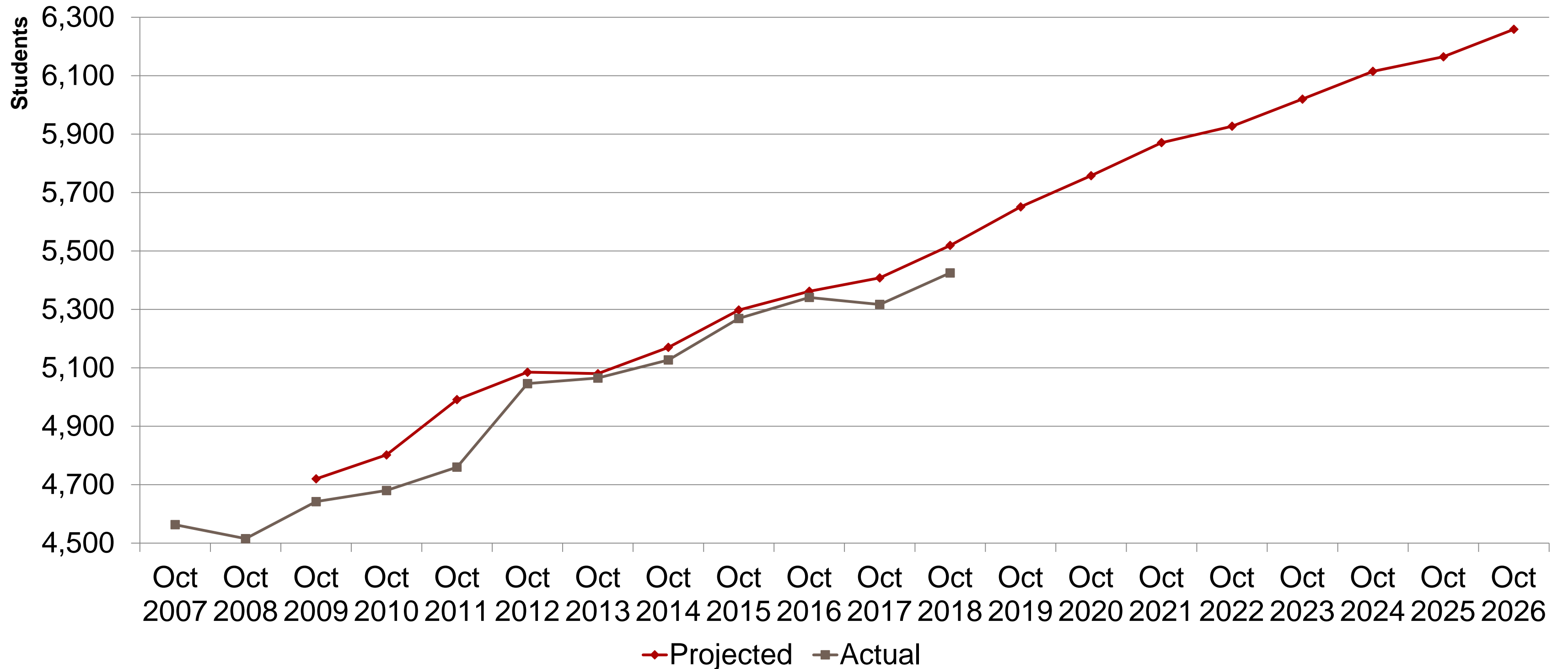
Increase of 9.5% over the last 8 years. 4 year old pre-school students not included.

Iowa Schools Certified Enrollment Percentage

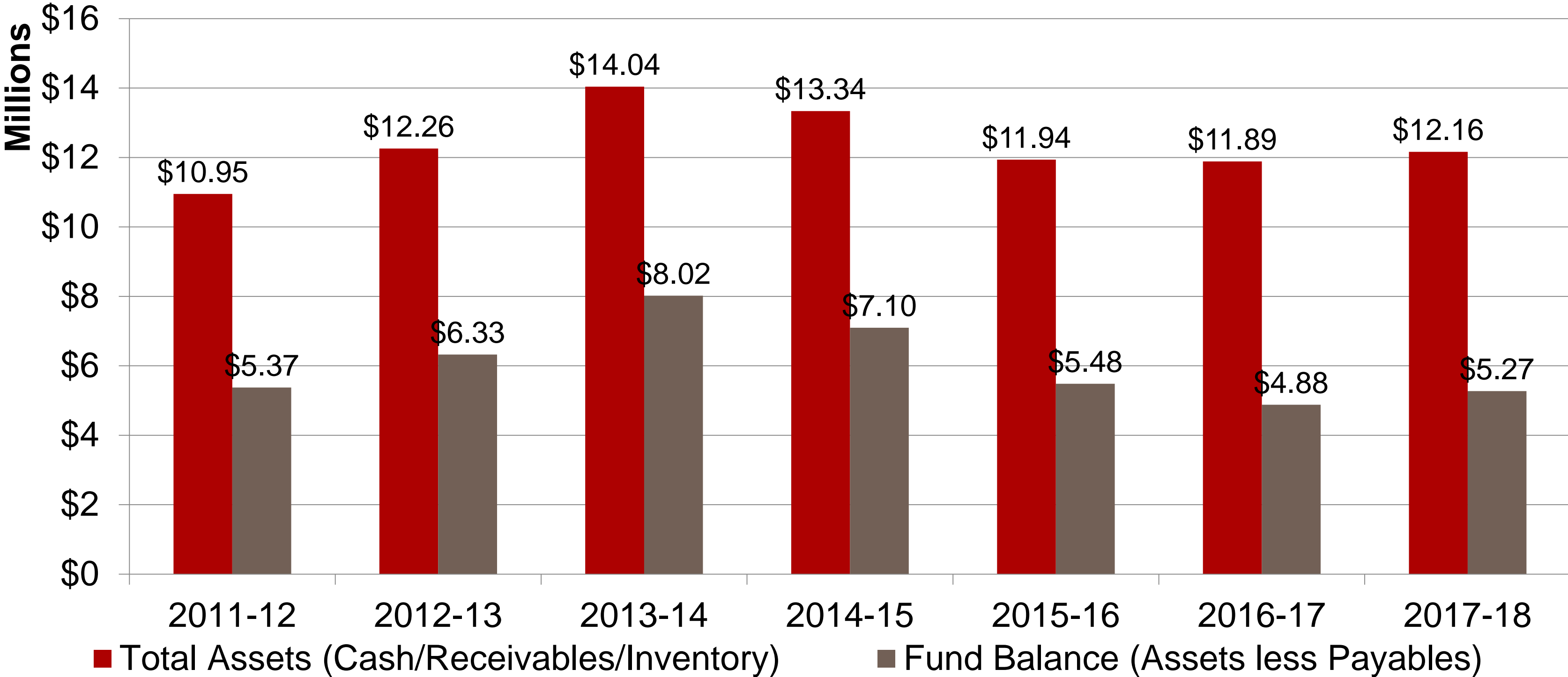
Oct. 2007 to Oct. 2017



CFCSD Enrollment Projections



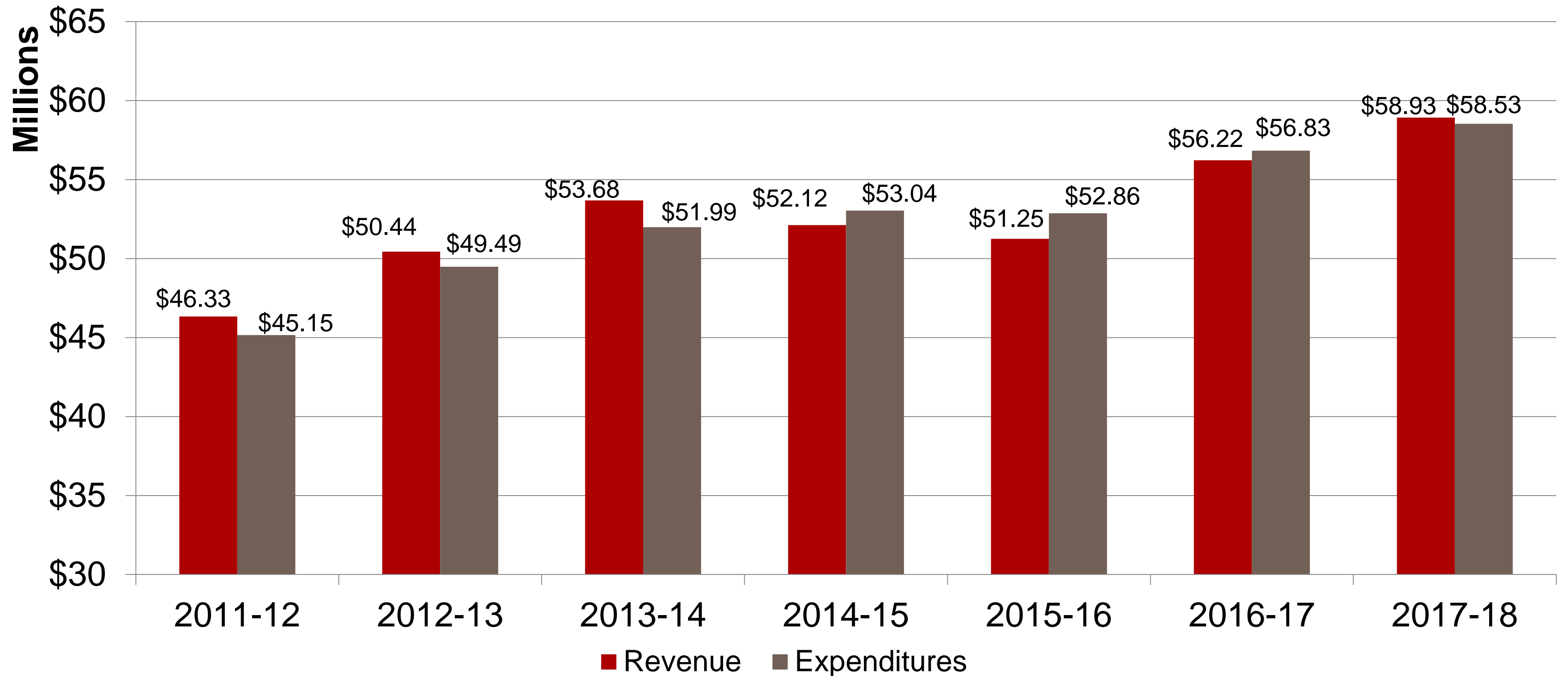
CAR General Fund Balance



\$275,119 increase in cash on hand and \$393,177 increase in fund balance.

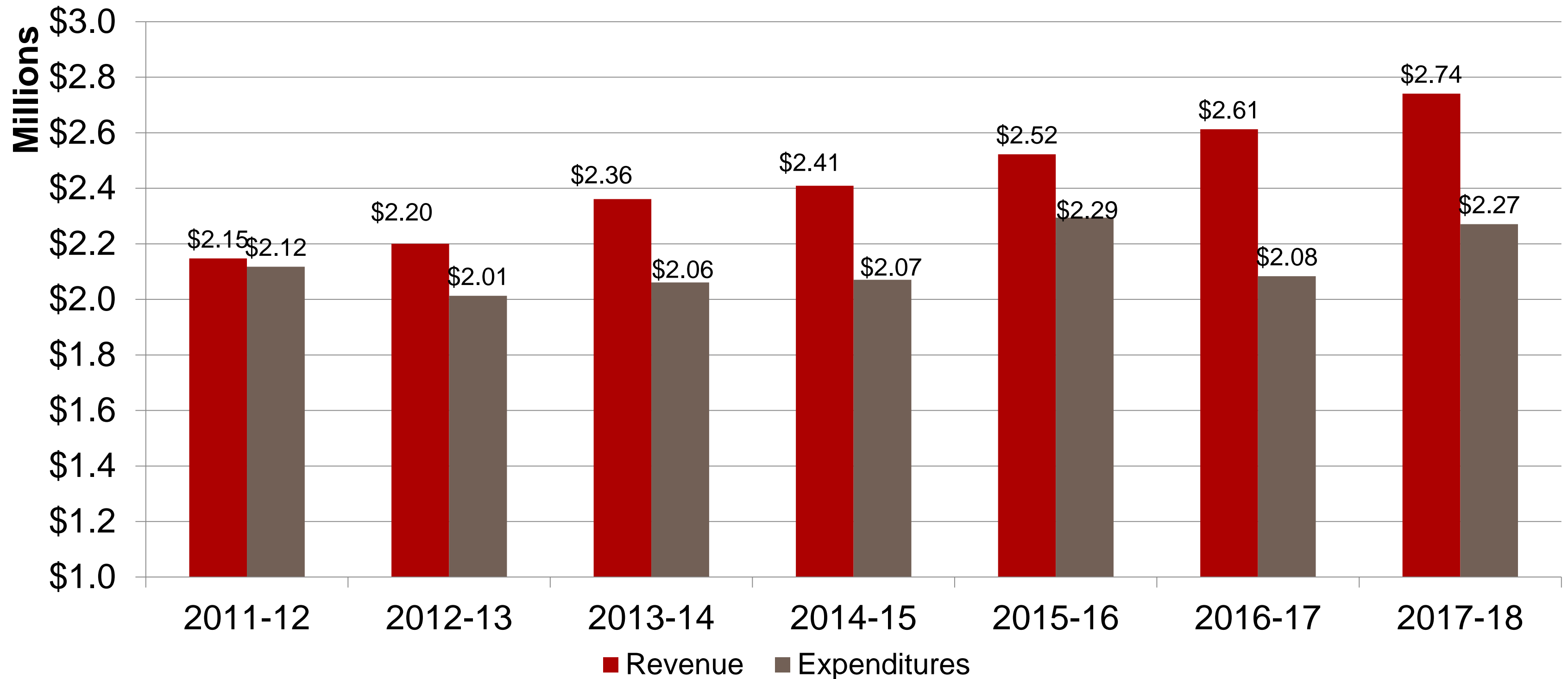
General Fund Revenue/Expenditure History

Includes Instructional Support Fund

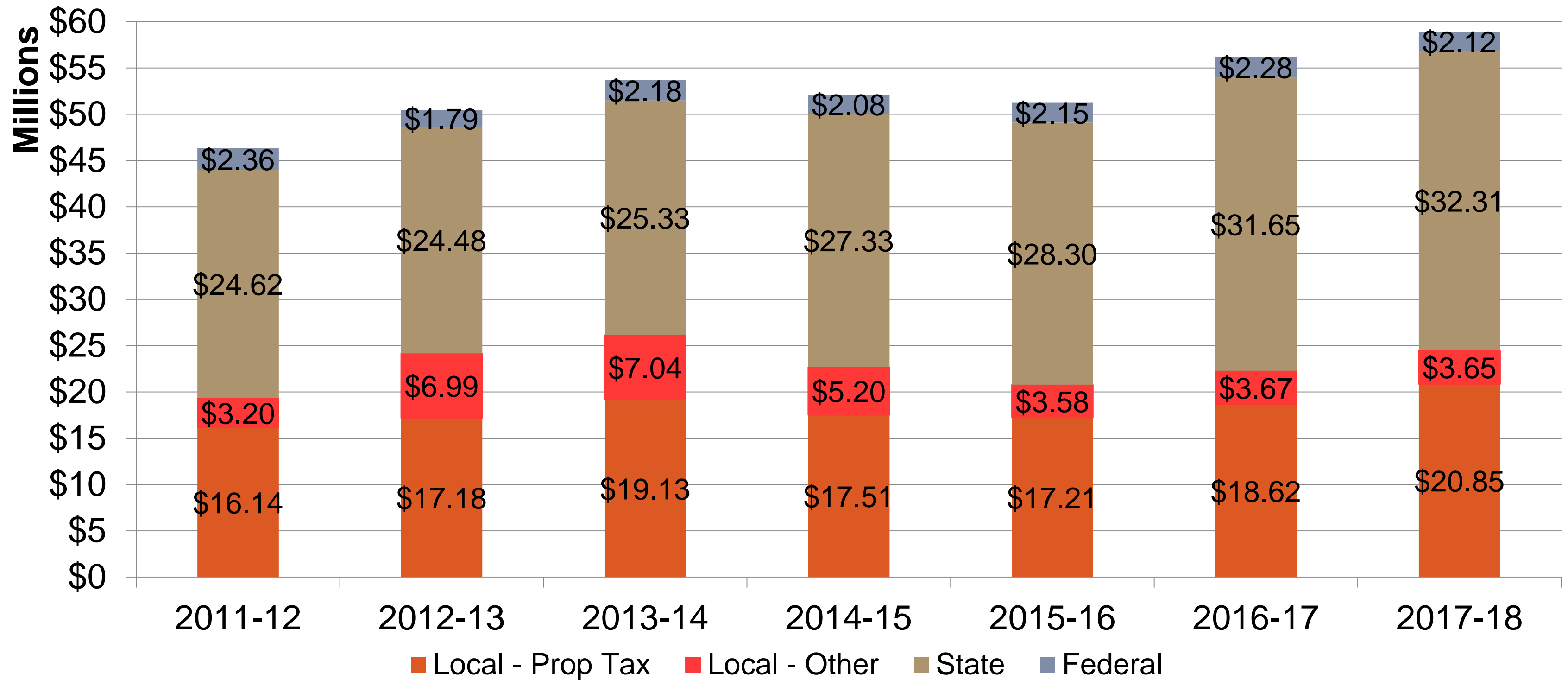


Revenue increased by \$2,702,918 and expenditures increased by \$1,703,092 from 2016-17 to 2017-18.

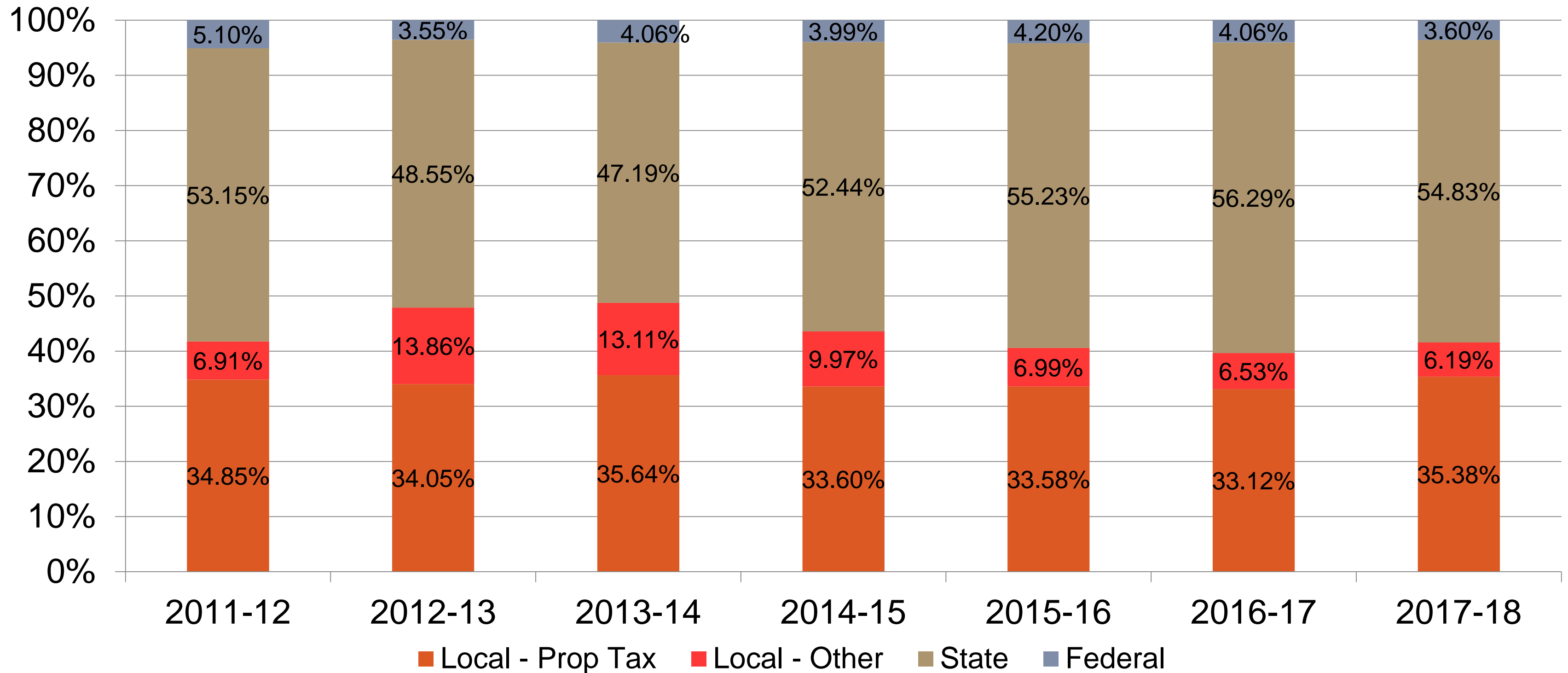
ISL (only) Revenue/Expenditure Detail



History of General Fund Revenue



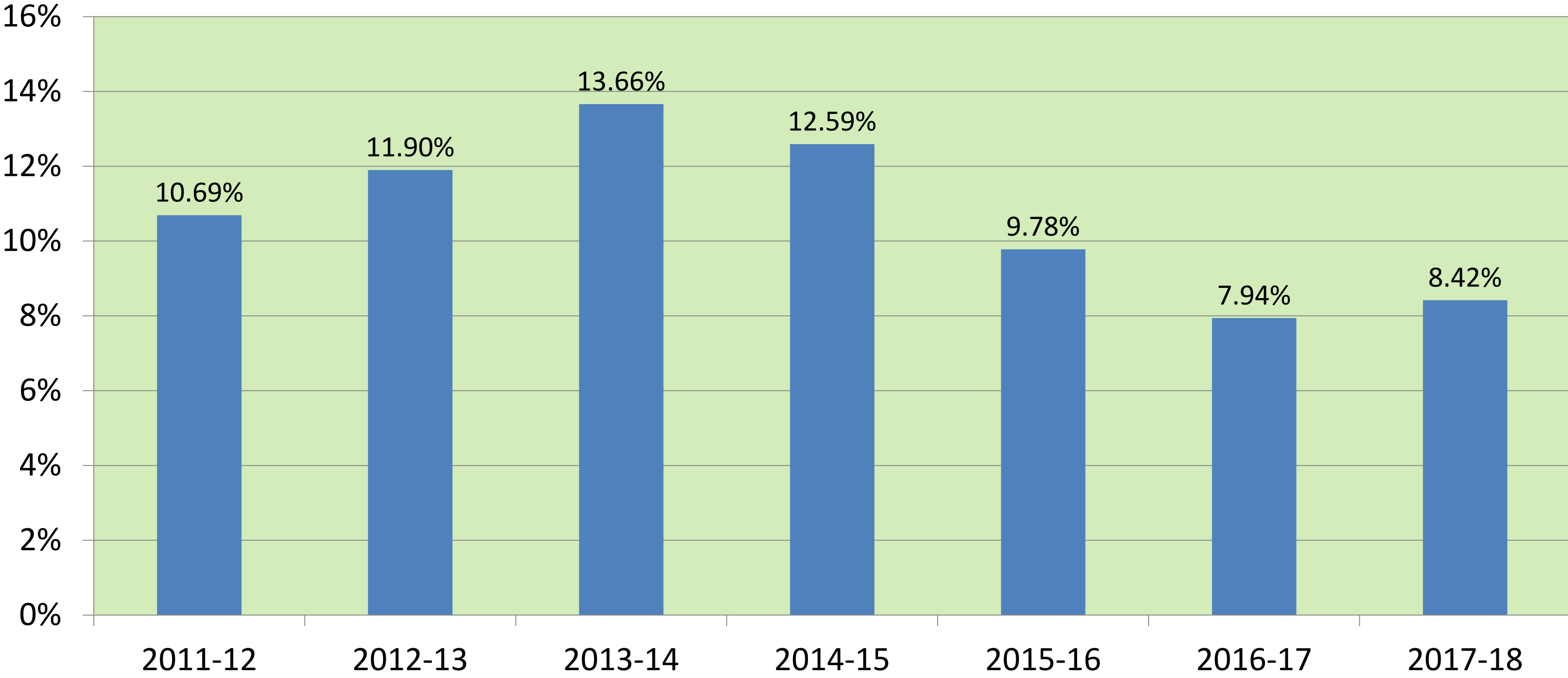
History of General Fund Revenue



Due to rounding percentages may not total 100.0%

Financial Solvency Ratio

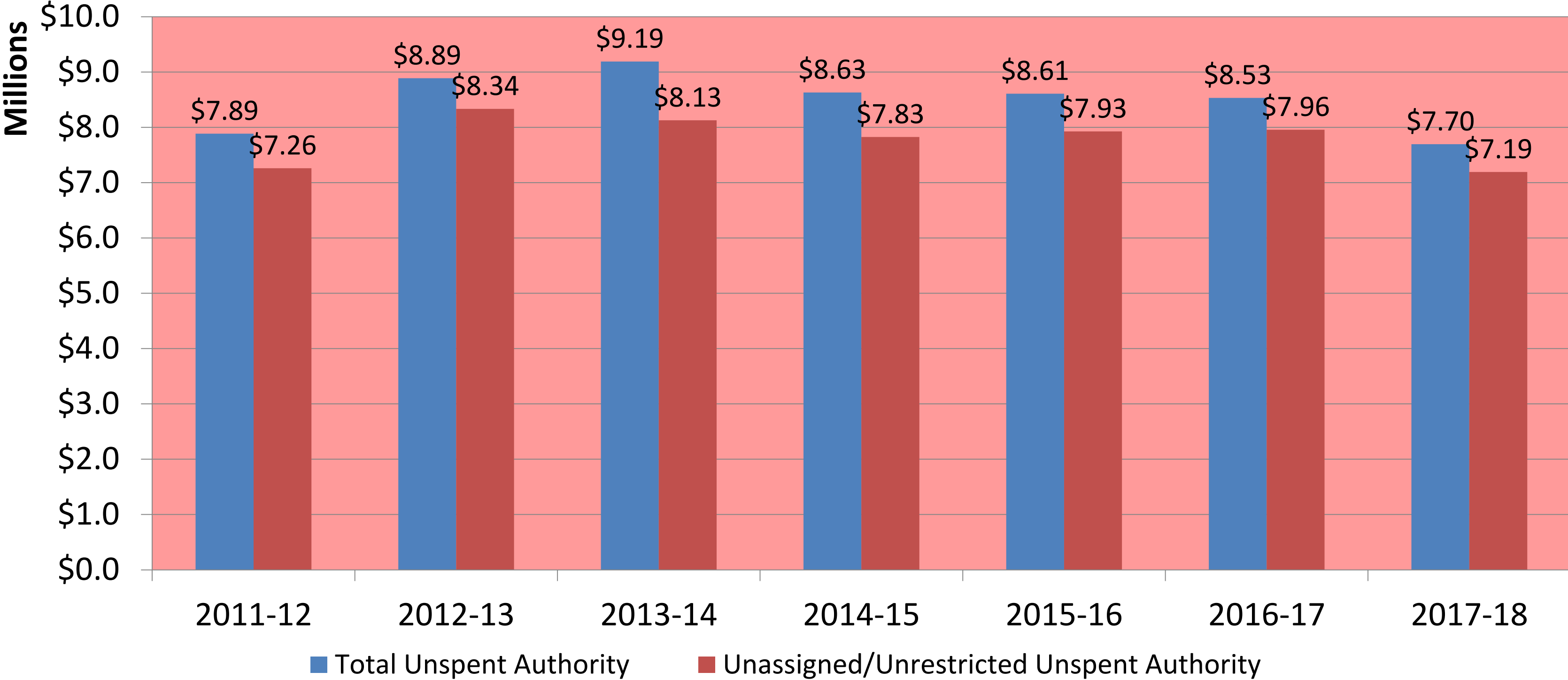
Key Trend Dashboard Indicator #2



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

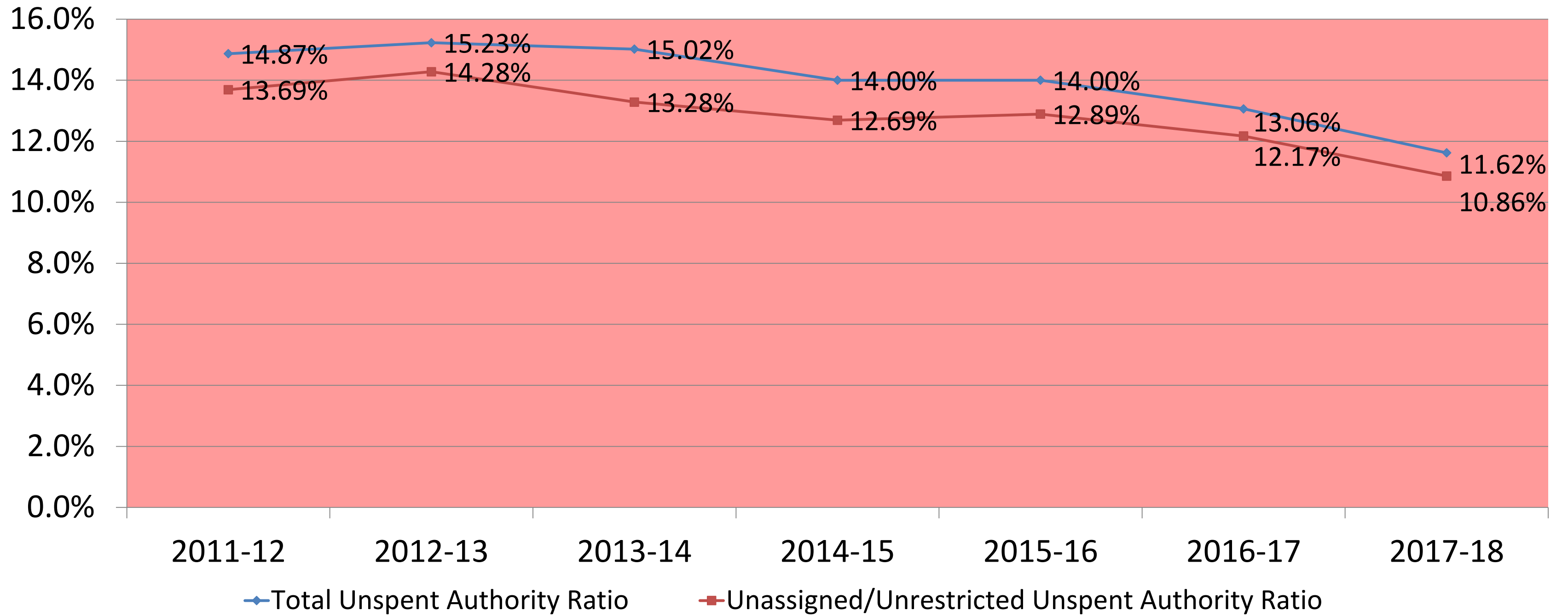
History of Unspent Budget Authority (In Dollars)

Key Trend Dashboard Indicator #3



History of Unspent Budget Authority Ratio

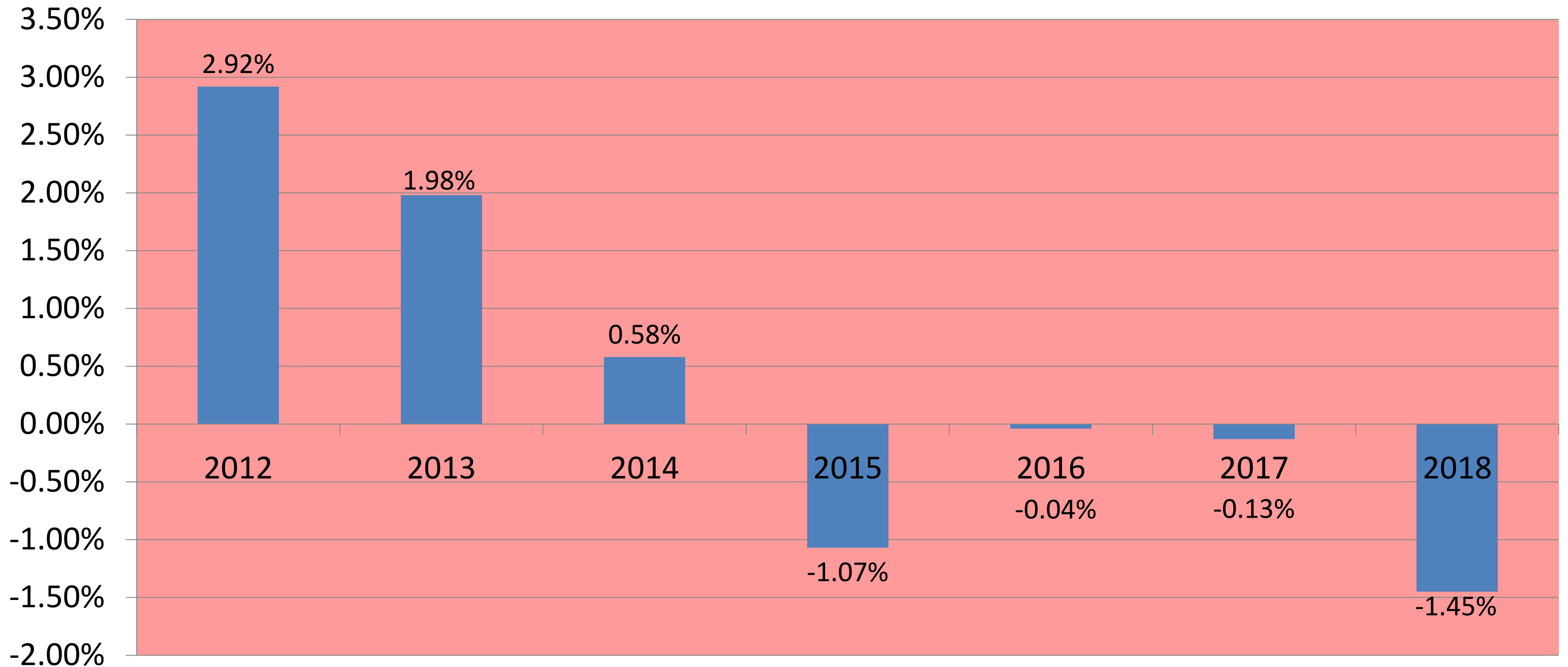
Key Trend Dashboard Indicator #3A



A goal of 10% unassigned/unrestricted unspent authority over expenditures (\$6.62 million) is desired. District is at 10.86% for 2017-18.

Annual Unspent Budget Authority Ratio

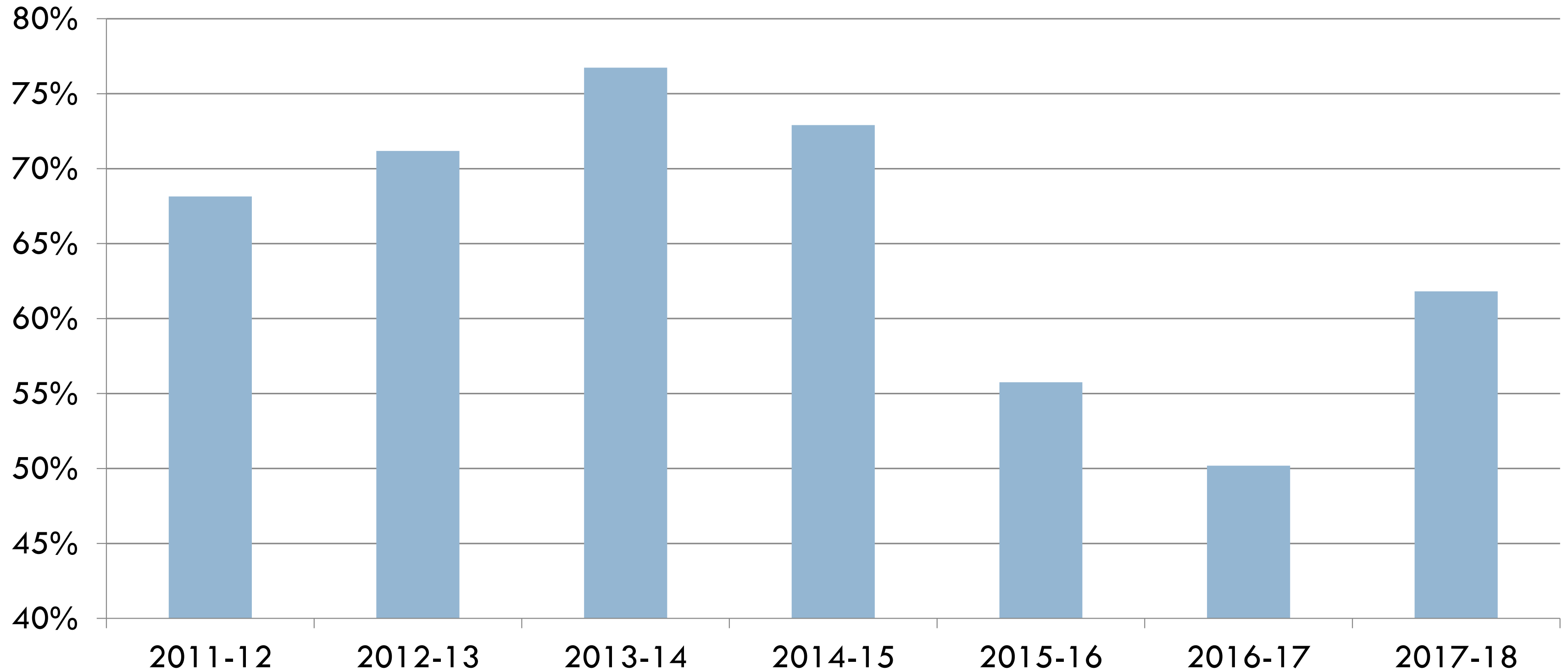
Key Trend Dashboard Indicator #4



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

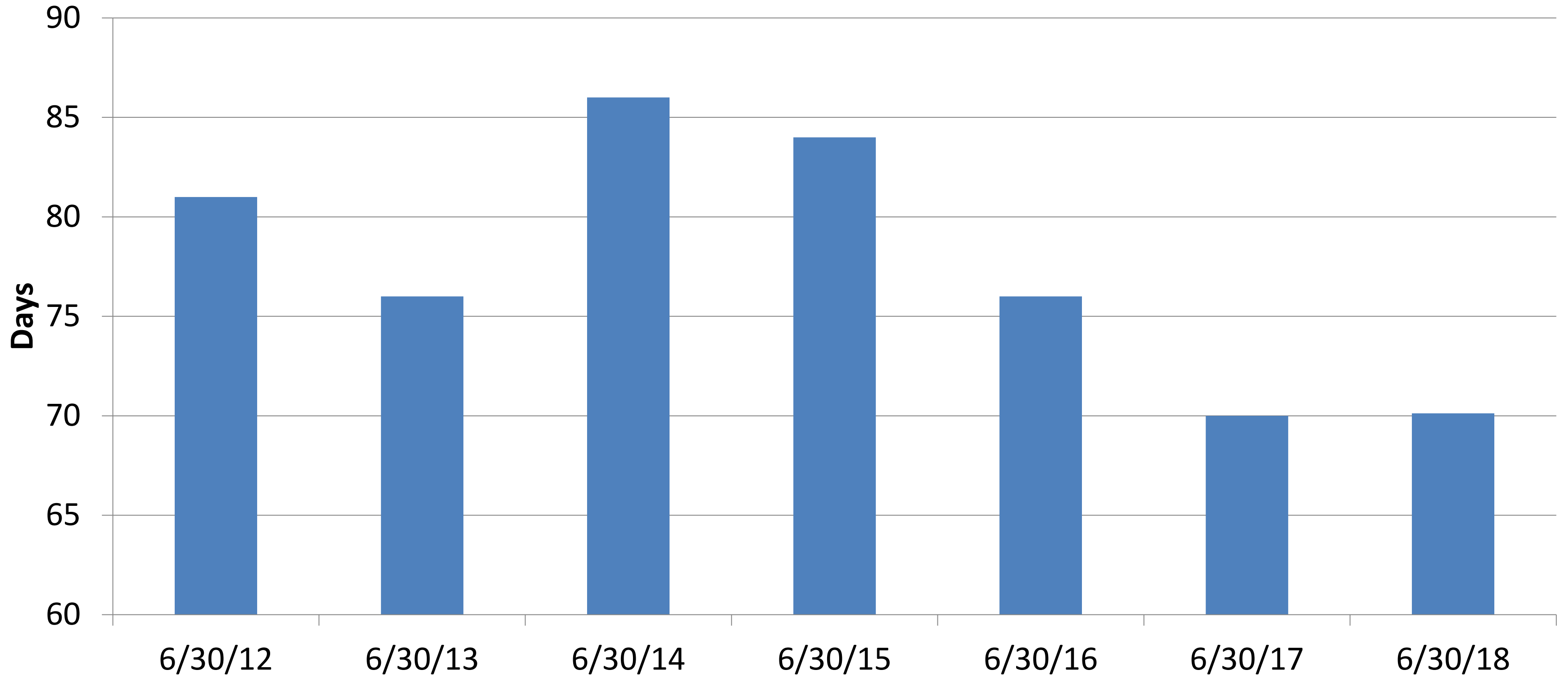
Net Fund Balance

As a Percentage of Unspent Authority



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

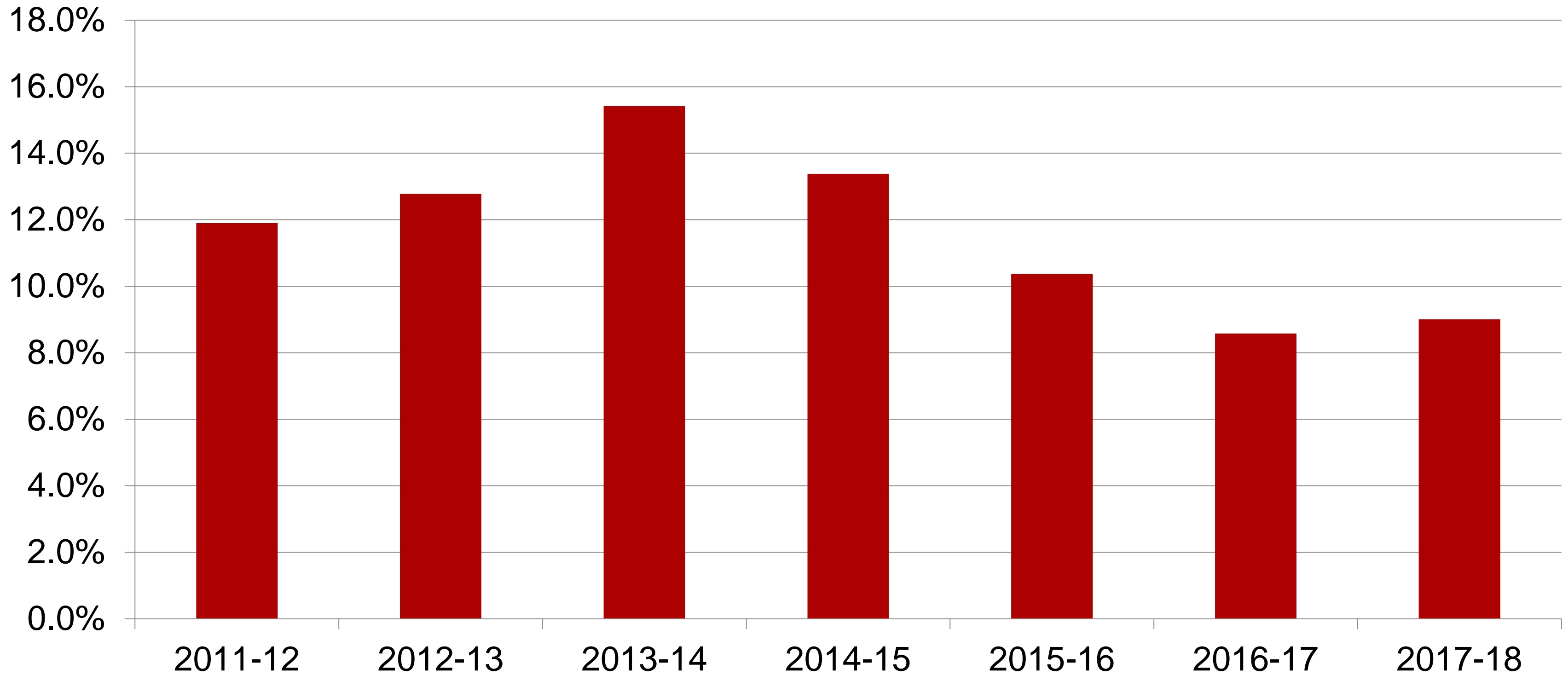
General Fund - Days Net Cash Ratio



Cash & investments/Avg. daily cash expenditures.

A goal of 90 days is desired.

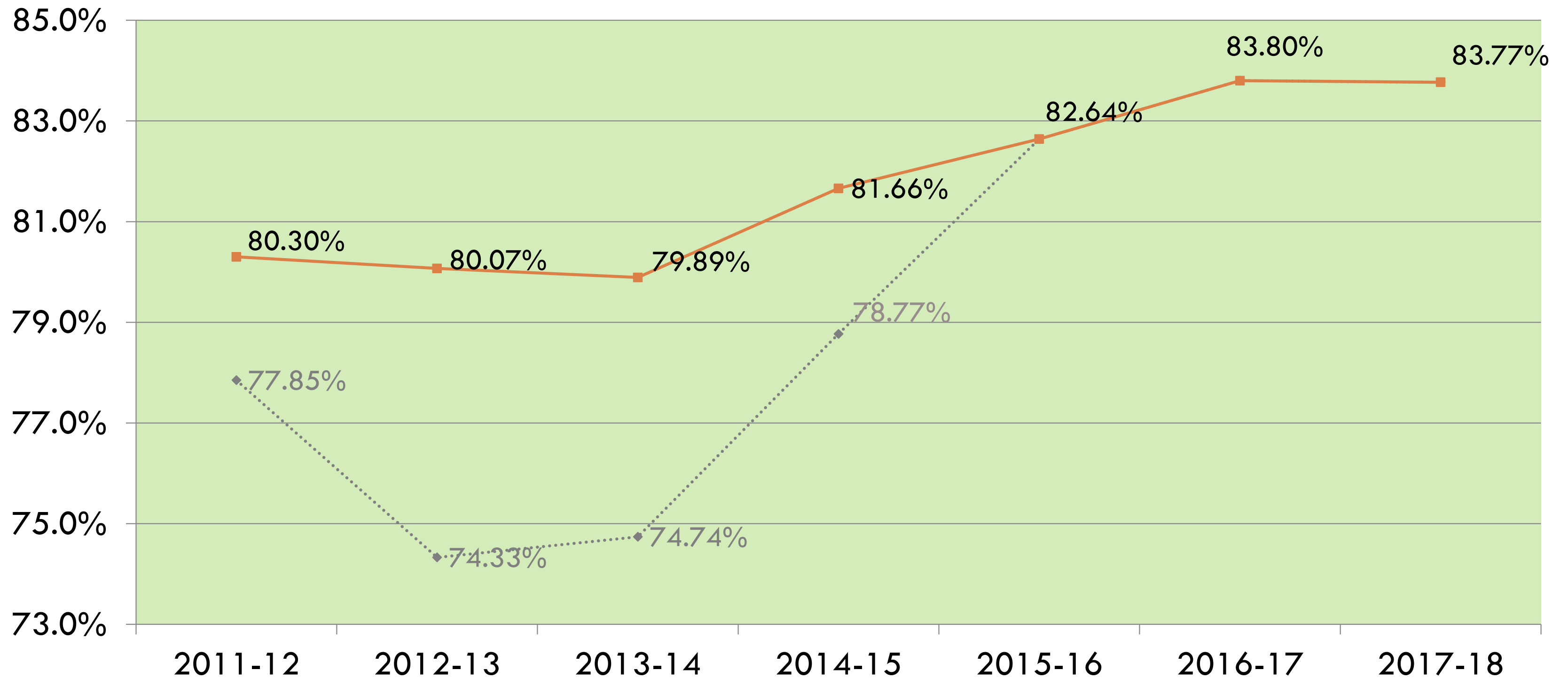
Net Fund Balance As a Percentage of Expenditures



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

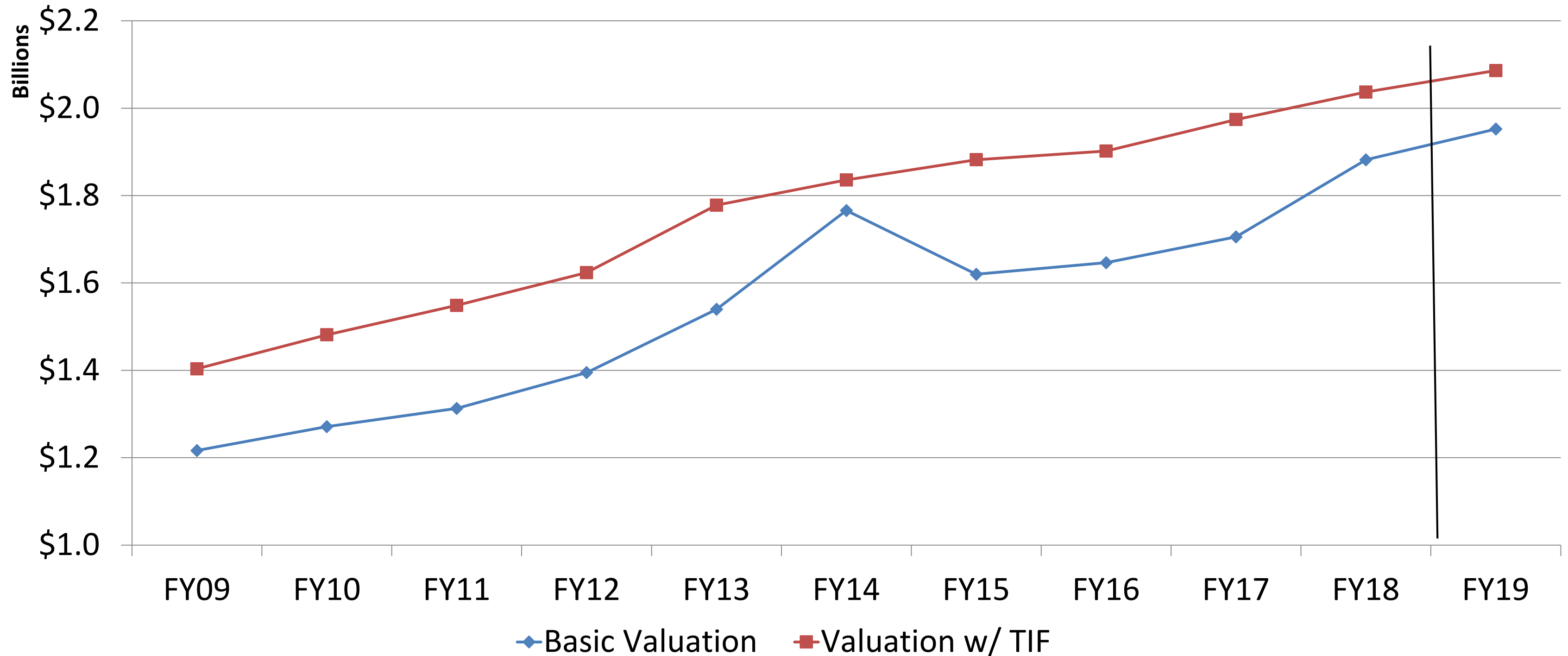
Salaries & Benefits to Total Expenditures Ratio

Key Trend Dashboard Indicator #5



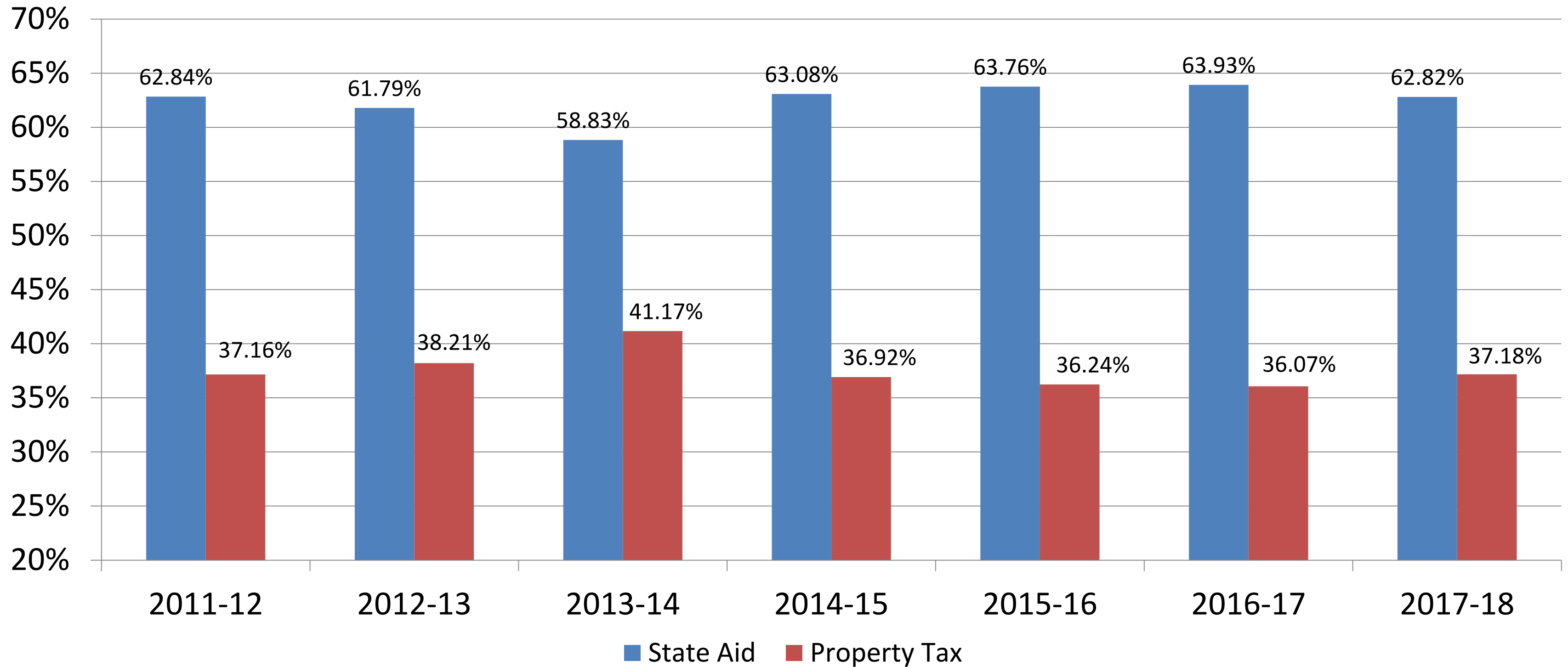
Measures the percent of the District's budget dedicated to labor costs.

History of Assessed Valuation



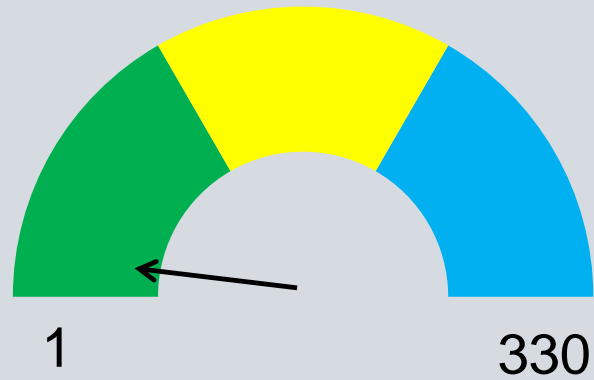
Basic Valuation increased 10.35% from FY17 to FY18 & 54.70% over the past 10 years.
Valuation w/ TIF increased 3.19% from FY17 to FY18 & 45.13% over the past 10 years.

General Fund Combined District Cost Property Tax/State Aid History



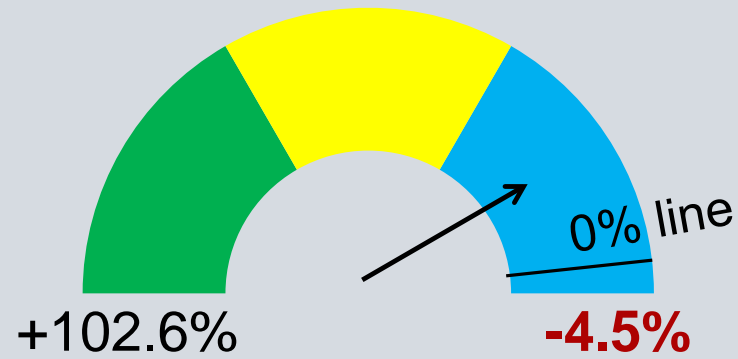
Financial Dashboard – All Iowa Schools

Oct. 1, 2017 Certified Enrollment



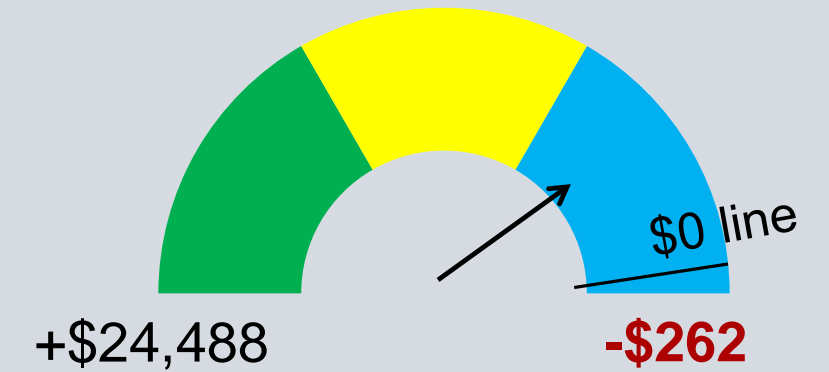
Rank = 17th Largest
 CF = 5,127.5 (10/1/17) 5,237.6 (10/1/18)

FY17 Solvency Ratio



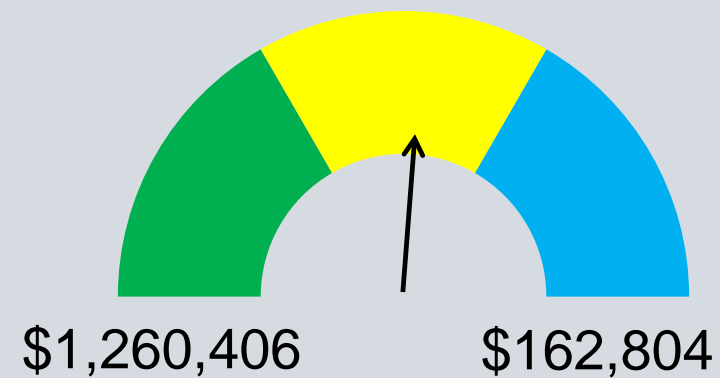
Rank = 288 out of 330
 State Avg. = 17.83%
 CF = 7.94% Fy17 8.42% Fy18

FY17 UBA Per Pupil



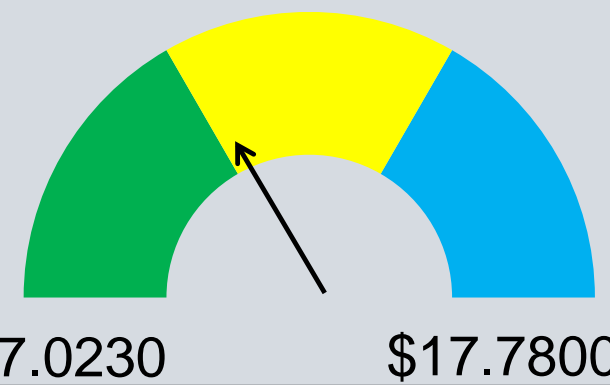
Rank = 264 out of 330
 State Avg. = \$3,178
 CF = \$1,658 Fy17 \$1,501 Fy18

FY18 Valuation per Pupil



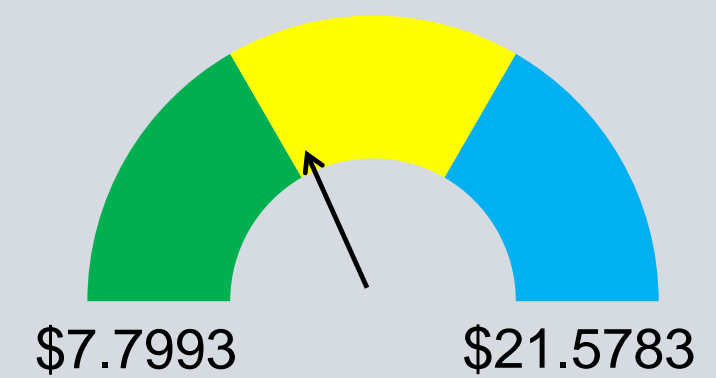
Rank = 176 out of 330
 State Avg. = \$407,725
 CF = \$365,653 Fy18 \$380,734 Fy19

FY18 General Fund Tax Rate



Rank = 130 out of 330
 State Avg. = \$10.7290
 CF = \$11.0437 Fy18 \$10.8045 Fy19

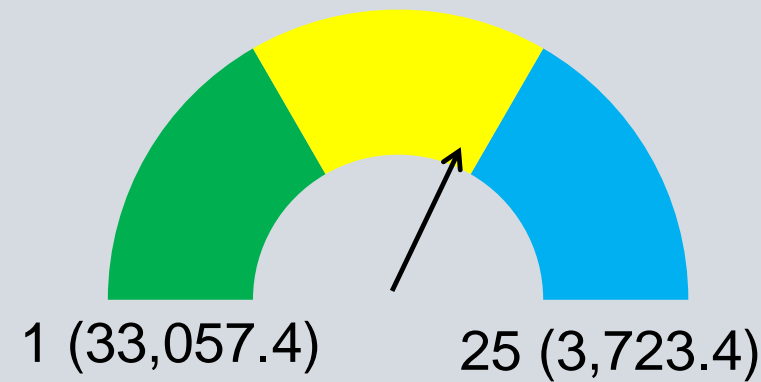
FY18 Total Tax Rate



Rank = 127 out of 330
 State Avg. = \$13.7444
 CF = \$14.2727 Fy18 \$13.9469 Fy19

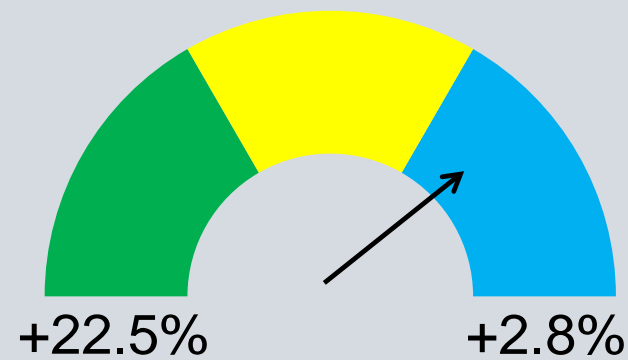
Financial Dashboard – 25 Largest Iowa Schools

Oct. 1, 2017 Certified Enrollment



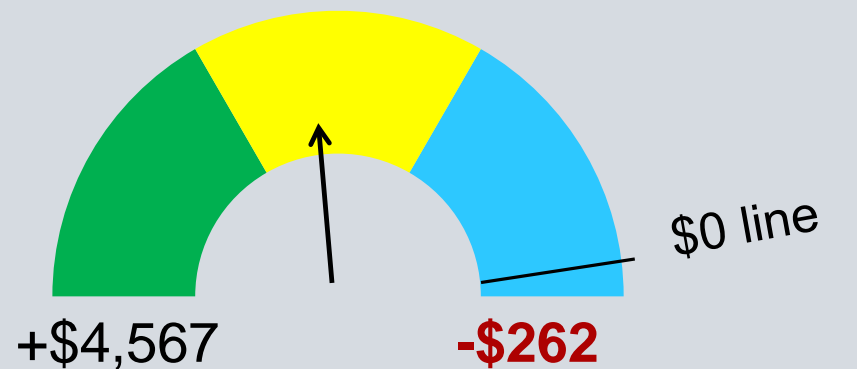
Rank = 17th Largest
 CF = 5,127.5 (10/1/17) 5,237.6 (10/1/18)

FY17 Solvency Ratio



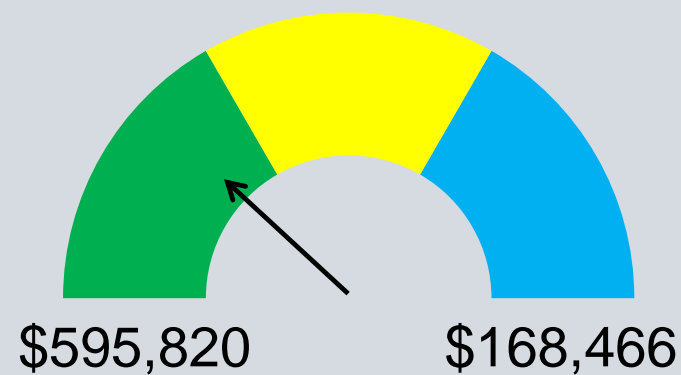
Rank = 21 out of 25
 Average = 13.09%
 CF = 7.94% Fy17 8.42% Fy18

FY17 UBA Per Pupil



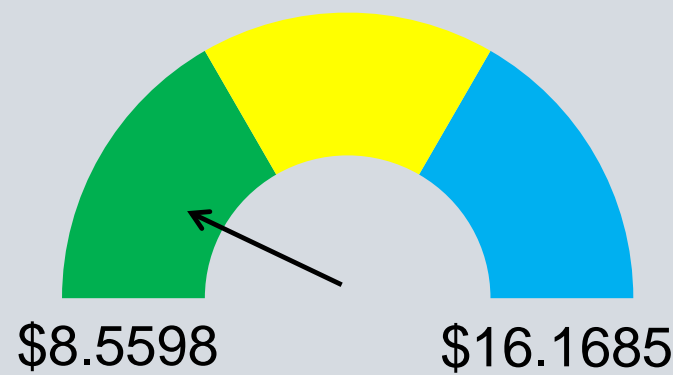
Rank = 12 out of 25
 Average = \$1,960
 CF = \$1,658 Fy17 \$1,501 Fy18

FY18 Valuation per Pupil



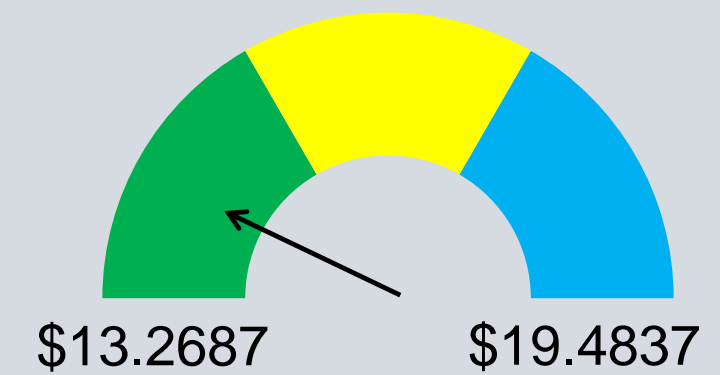
Rank = 5 out of 25
 Average = \$298,955
 CF = \$365,653 Fy18 \$380,734 Fy19

FY18 General Fund Tax Rate



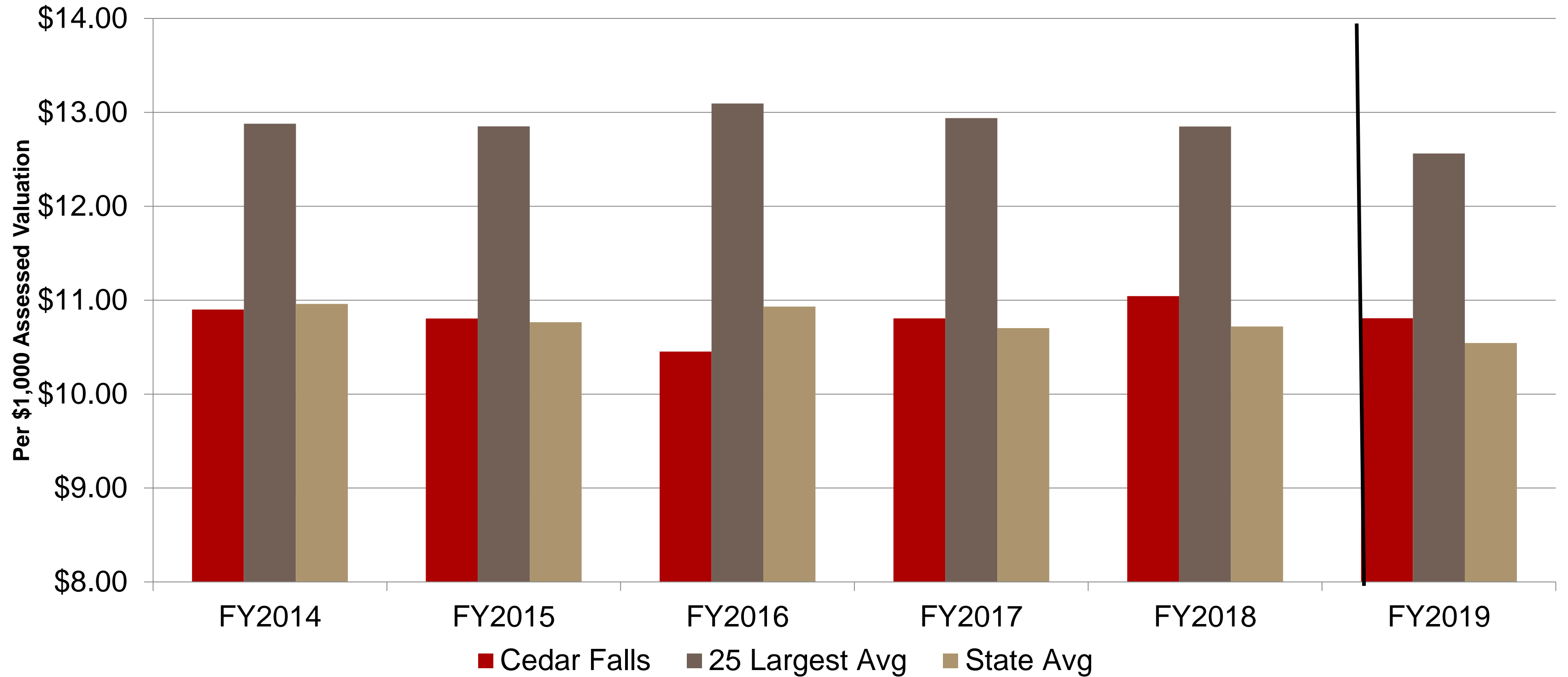
Rank = 4 out of 25
 Average = \$12.8352
 CF = \$11.0437 Fy18 \$10.8045 Fy19

FY18 Total Tax Rate

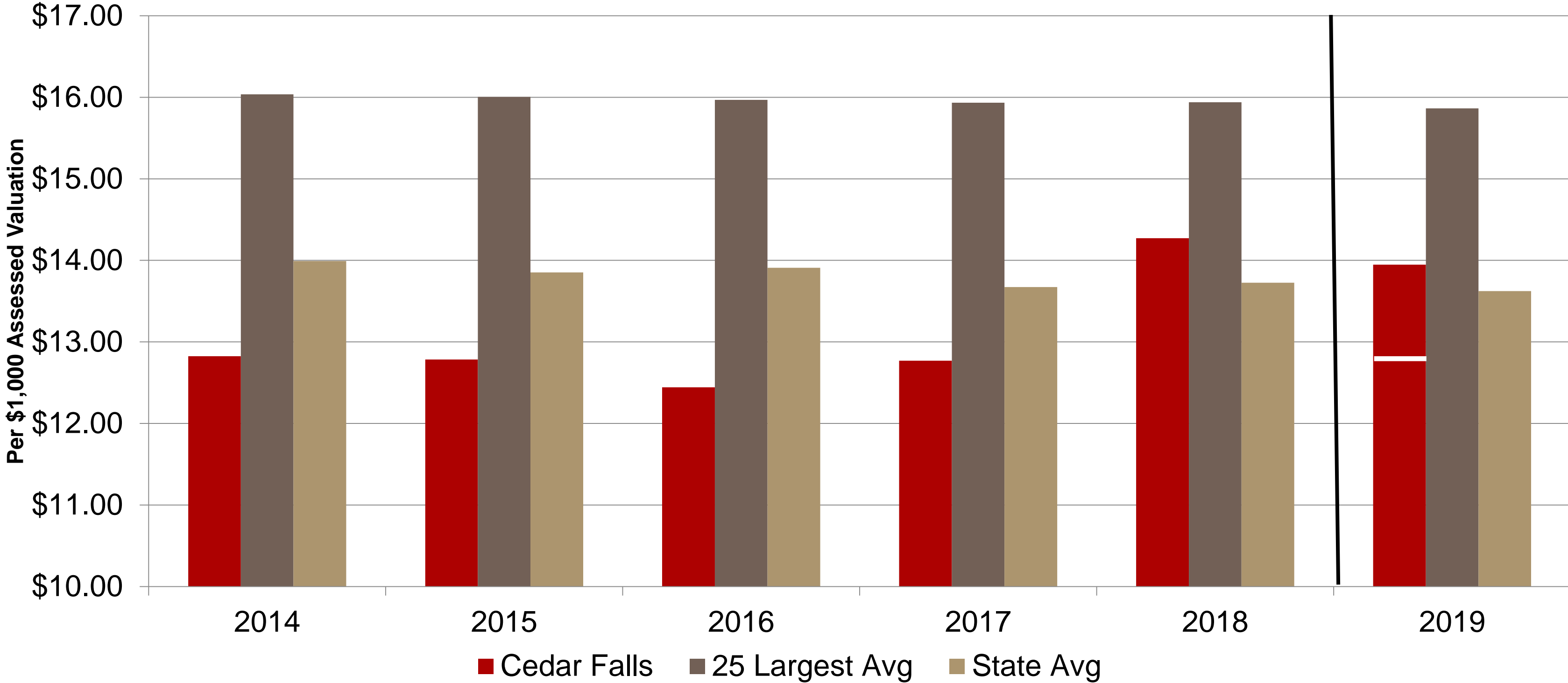


Rank = 4 out of 25
 Average = \$16.0402
 CF = \$14.2727 Fy18 \$13.9469 Fy19

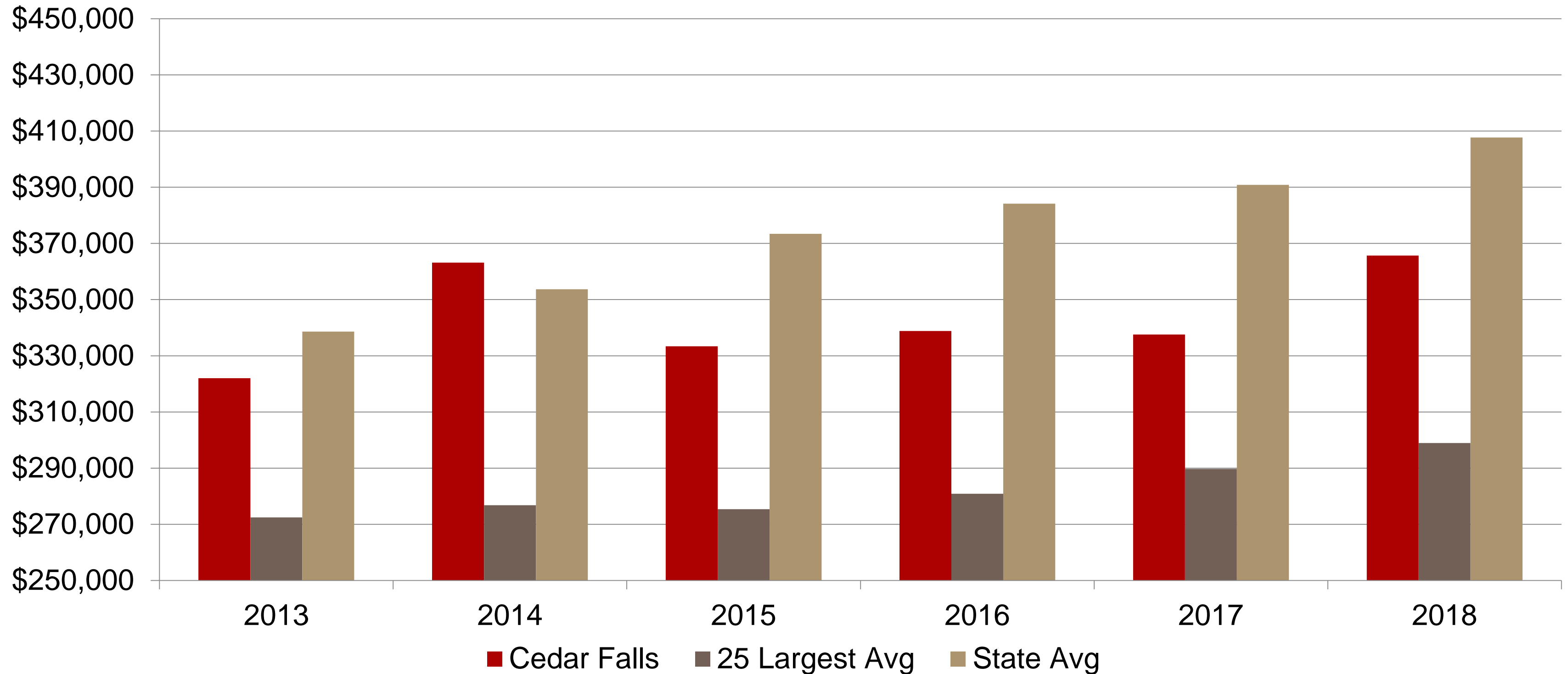
General Fund Tax Rate



Total Tax Rate

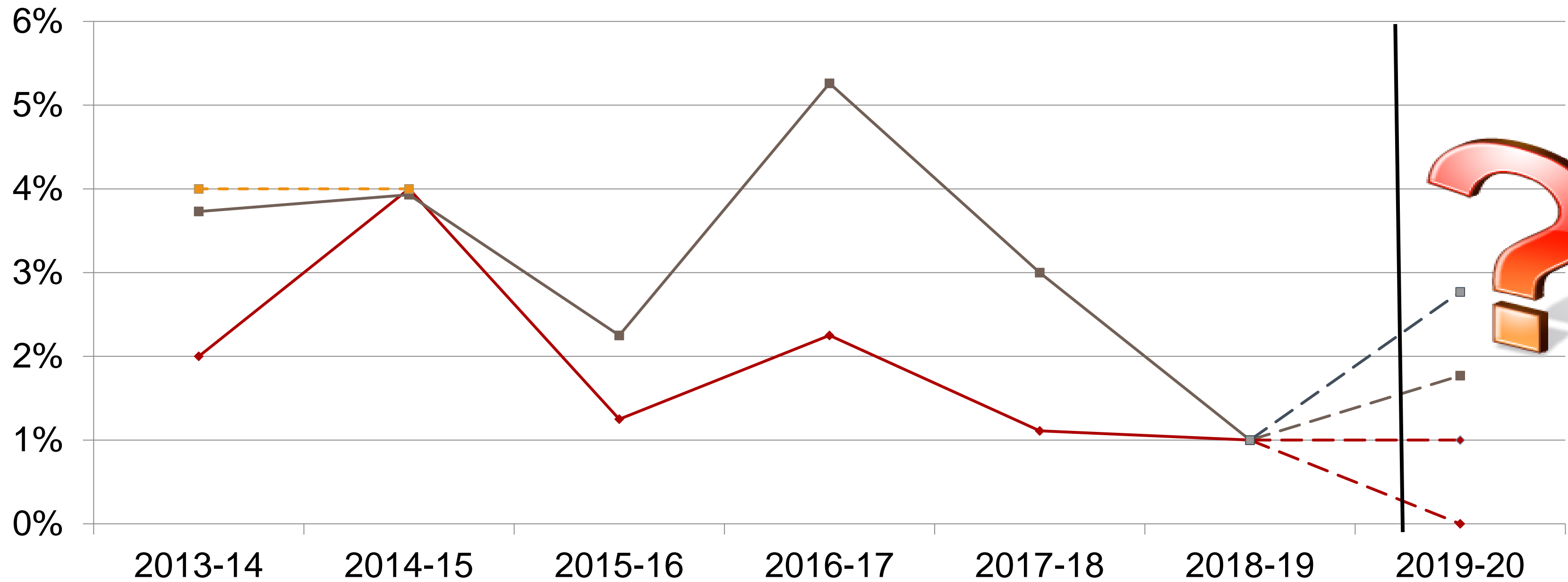


Net Assessed Value per Student



TIF Valuation Not Included

History of Supplemental State Aid (Allowable Growth)



◆ State Avg. ■ Cedar Falls ■ One Time Funds

Other District Funds (Restricted)

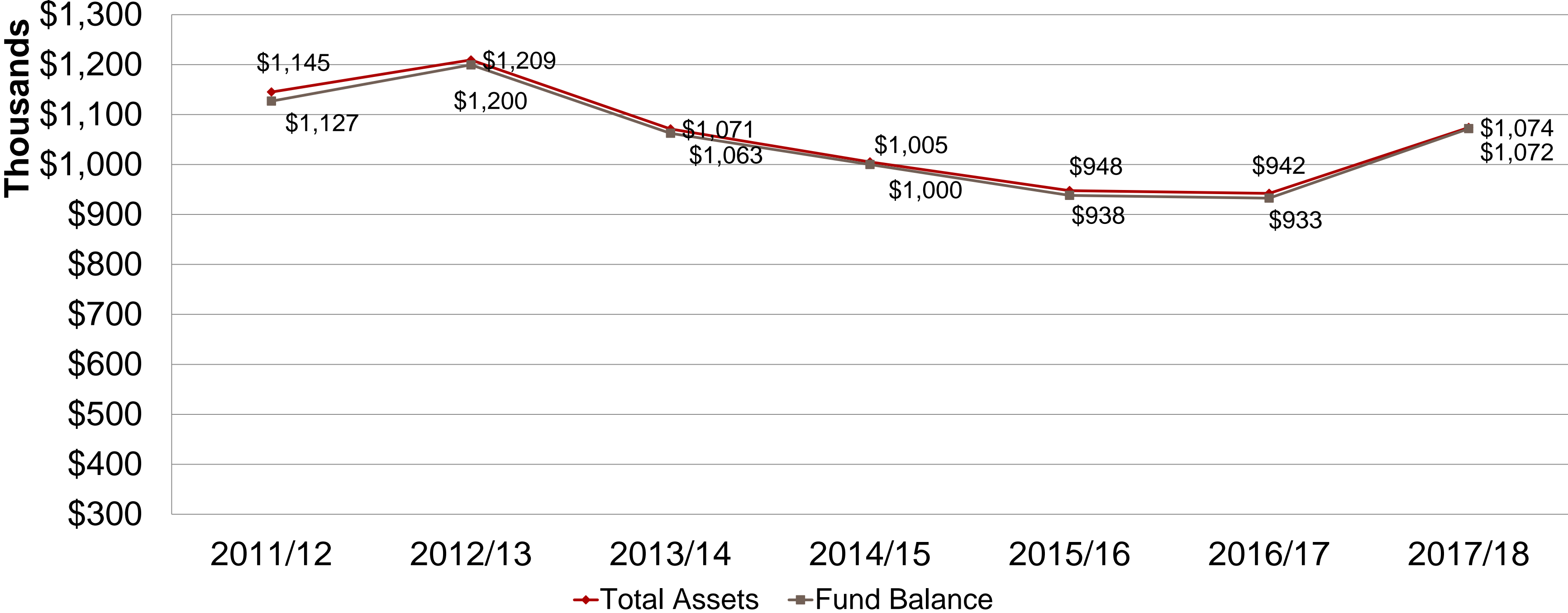


- Other District funds:
 - Management
 - Capital Projects Fund
 - Secure A Vision for Education (SAVE) (Statewide 1¢ sales tax)
 - Physical Plant & Equipment Levy (PPEL)
 - Debt
 - Activity
 - Nutrition
- These are restricted use funds that are subject to laws and regulations established by the Code 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/workers compensation/etc. insurance premiums
 - Property loss (deductible only)
 - Unemployment payments
 - Early severance benefits (not used)

Management Fund



Secure A Vision for Education (SAVE)

Formally Local Option One Cent Sales Tax

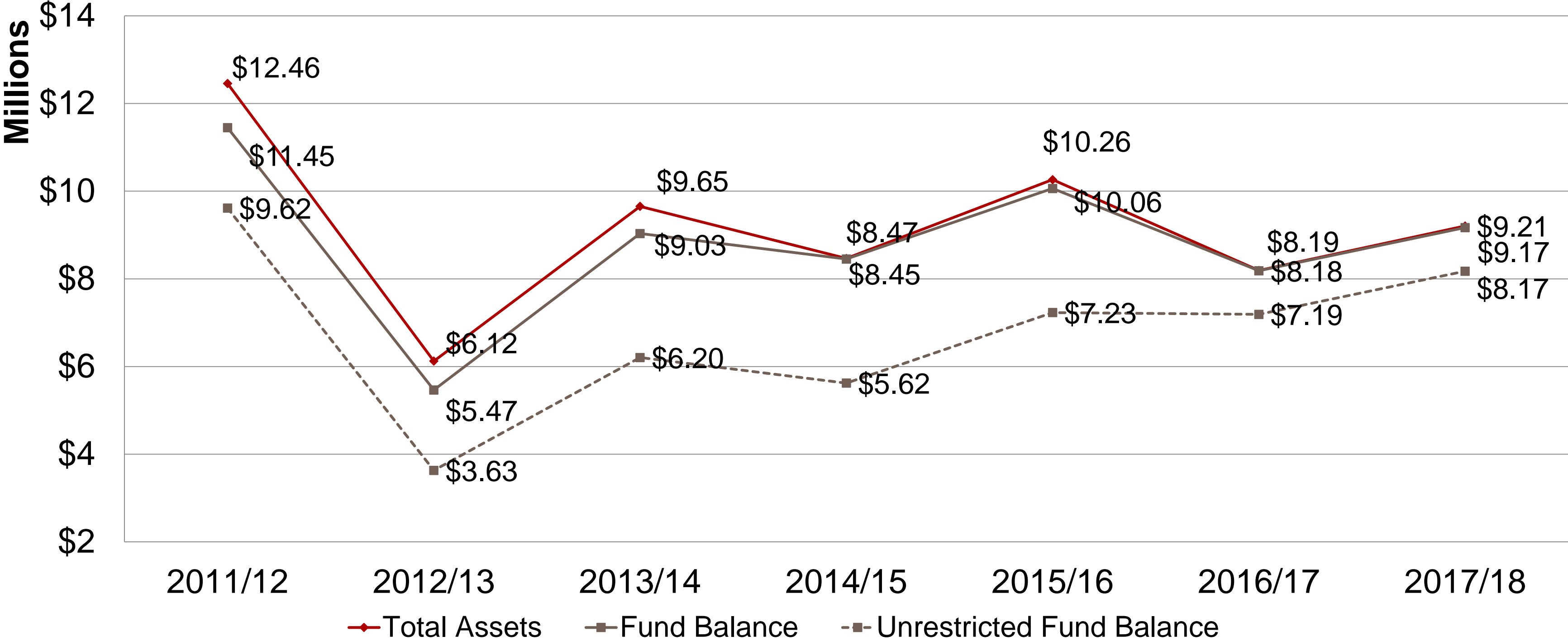
- Restricted fund
 - Construction, remodeling, repairing and furnishing of new or existing buildings
 - Purchase or improve school grounds
 - Procure or open roads to buildings
 - Emergency repairs
 - Payment of principle and interest or retirement of general obligation bonds

SAVE - Revenue/Expense History

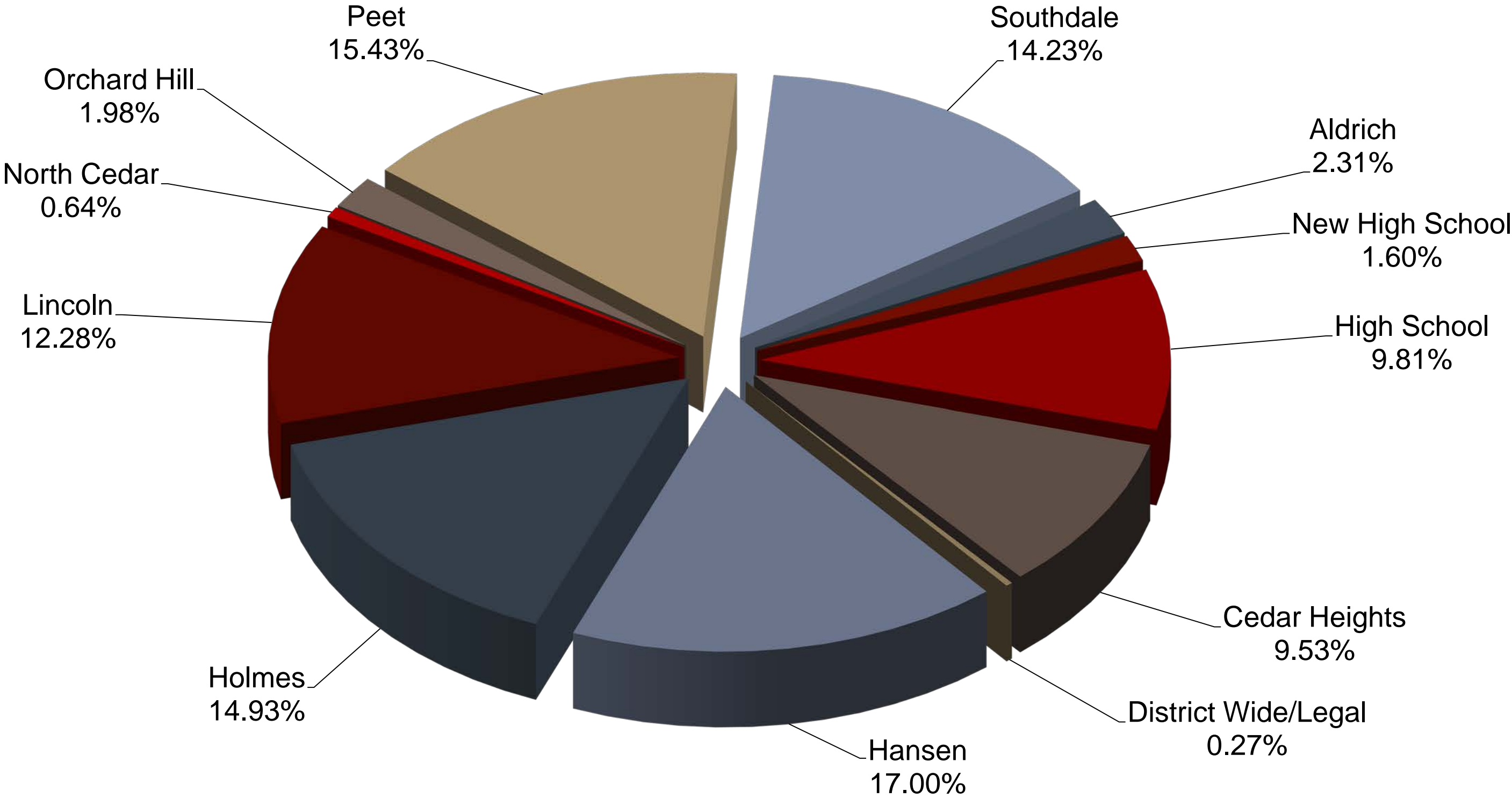
Fiscal Year Ending June 30	Beginning Balance	Sales Tax Revenue	Interest	Sale of BAN's/ Bonds	Other Revenue	Total Available	Project Expense	BAN/Bond Payment (P & I)	EOY Balance	Less Req. Bond Reserve	Net Available
2000	\$3,398	\$2,389,728	\$63,619	\$5,000,000	\$0	\$7,456,745	\$656,624	\$0	\$6,800,121		
2001	\$6,800,121	\$3,139,300	\$515,092		\$680,967	\$11,135,480	\$2,804,086	\$250,300	\$8,081,094		
2002	\$8,081,094	\$3,289,359	\$445,141		\$357,970	\$12,173,564	\$5,800,954	\$250,300	\$6,122,310		
2003	\$6,122,310	\$3,415,544	\$356,005		\$331,387	\$10,225,246	\$3,224,358	\$5,250,300	\$1,750,588		
2004	\$1,750,588	\$3,575,011	\$22,946		\$118,184	\$5,466,729	\$1,250,748	\$0	\$4,215,981		
2005	\$4,215,981	\$3,418,807	\$85,233		\$235,256	\$7,955,277	\$3,983,234	\$0	\$3,972,043		
2006	\$3,972,043	\$4,090,224	\$217,071	\$5,046,303	\$3,300	\$13,328,941	\$8,263,024	\$147,594	\$4,918,323		
2007	\$4,918,323	\$3,839,801	\$260,884		\$0	\$9,019,008	\$2,256,054	\$175,400	\$6,587,554		
2008	\$6,587,554	\$4,376,493	\$272,527		\$0	\$11,236,574	\$2,265,992	\$5,175,400	\$3,795,182		
2009	\$3,795,182	\$4,516,507	\$170,853	\$10,016,194	\$17,500	\$18,516,236	\$3,547,264	\$240,564	\$14,728,408		
2010	\$14,728,408	\$4,514,284	\$186,794		\$56,616	\$19,486,102	\$13,258,036	\$265,682	\$5,962,384		
2011	\$5,962,384	\$3,607,002	\$44,403	\$20,500,000	\$1,365	\$30,115,154	\$5,119,637	\$10,563,845	\$14,431,672	\$1,834,533	\$12,597,139
2012	\$14,431,672	\$3,672,221	\$85,127		\$20,900	\$18,209,920	\$4,925,138	\$1,835,232	\$11,449,550	\$1,834,533	\$9,615,017
2013	\$11,449,550	\$4,468,108	\$48,818		\$0	\$15,966,476	\$8,731,307	\$1,770,141	\$5,465,028	\$1,834,533	\$3,630,495
2014	\$5,465,028	\$4,227,019	\$49,678	\$9,999,287	\$39,920	\$19,780,932	\$7,415,222	\$3,331,454	\$9,034,256	\$2,829,533	\$6,204,723
2015	\$9,034,256	\$4,613,875	\$35,647		\$0	\$13,683,778	\$1,958,675	\$3,272,592	\$8,452,511	\$2,829,533	\$5,622,978
2016	\$8,452,511	\$4,682,586	\$41,635		\$1,398	\$13,178,130	\$341,056	\$2,775,355	\$10,061,719	\$2,829,533	\$7,232,186
2017	\$10,061,719	\$4,831,500	\$52,038		\$0	\$14,945,257	\$1,781,175	\$4,979,369	\$8,184,713	\$995,000	\$7,189,713
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
Totals		\$75,458,939	\$3,067,112	\$50,561,784	\$3,315,082		\$79,395,169	\$43,841,329			

Secure A Vision for Education (SAVE)

Formally Local Option One Cent Sales Tax

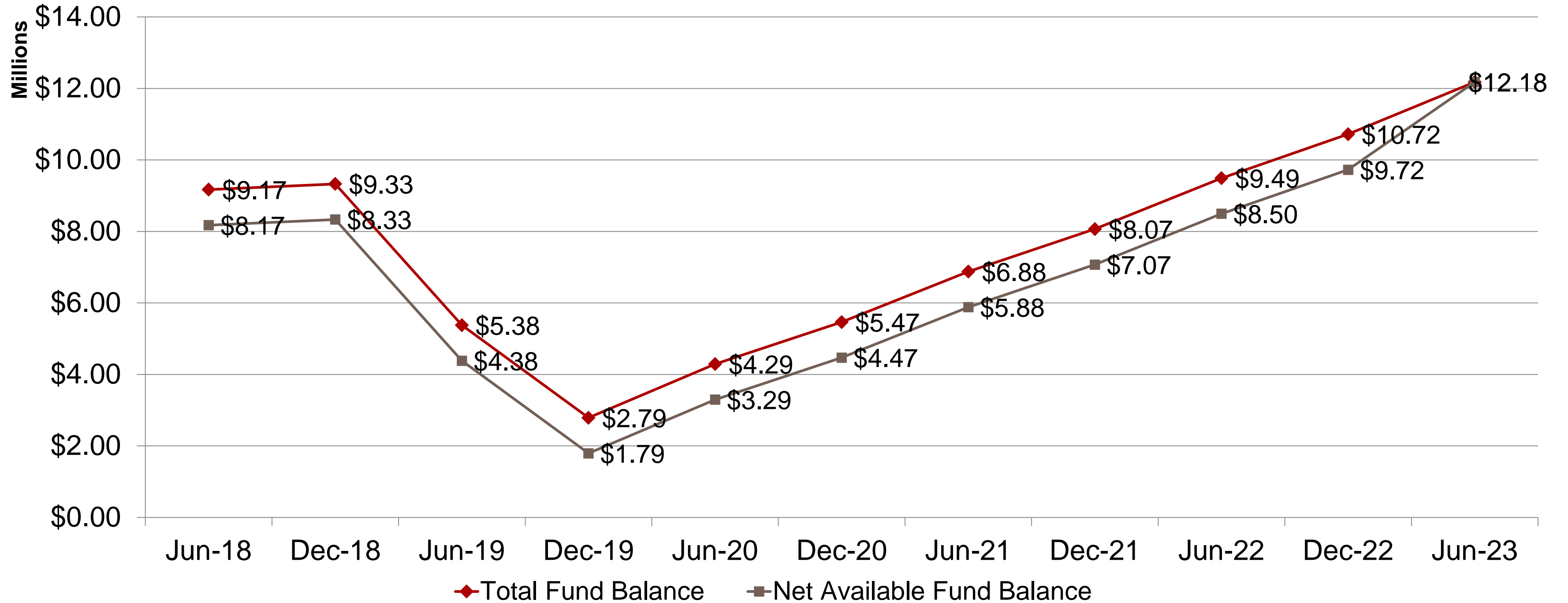


History of SAVE Fund Expense (2000 to 2018)



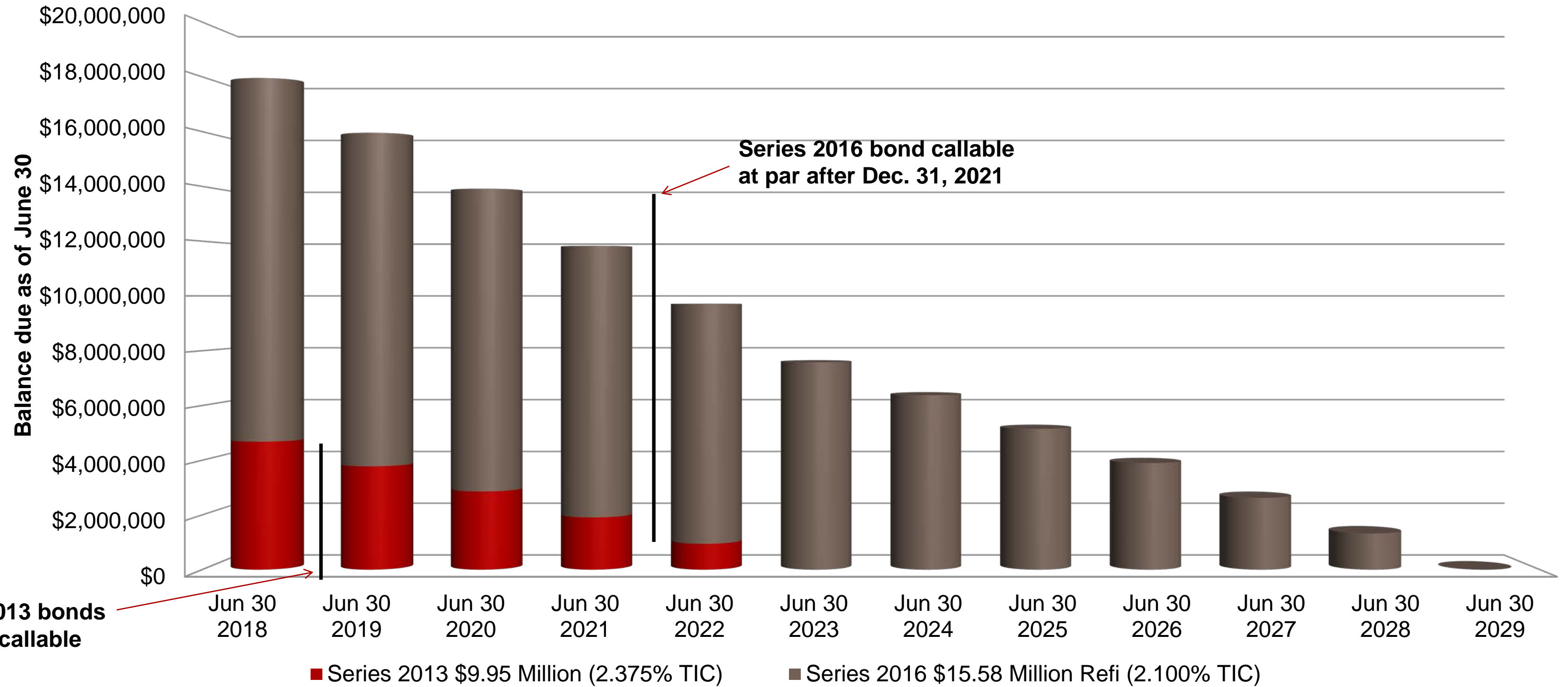
Statewide School Infrastructure Sales & Service Tax

Projected Future Fund Balance (Cash Basis)



As of November 2018. Projections do not include future projects.

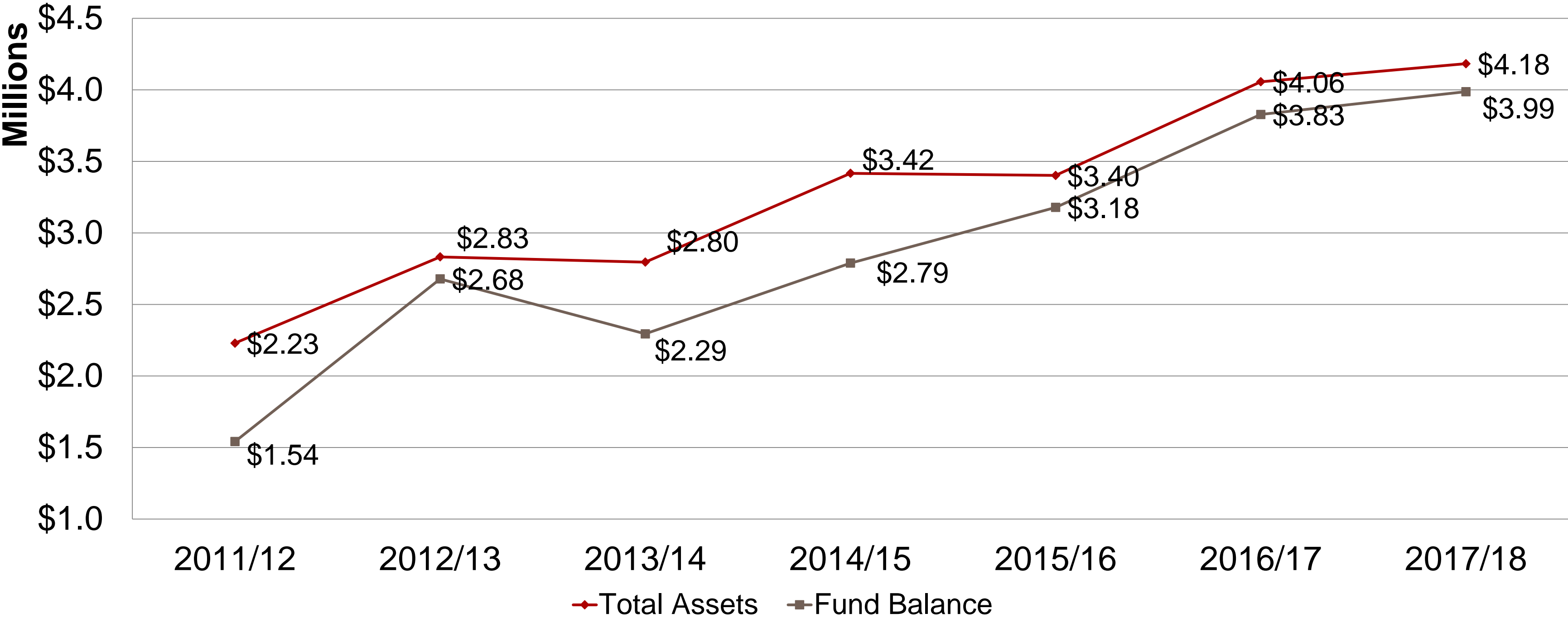
Outstanding Revenue Bond Debt



Physical Plant & Equipment Levy (PPEL)

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

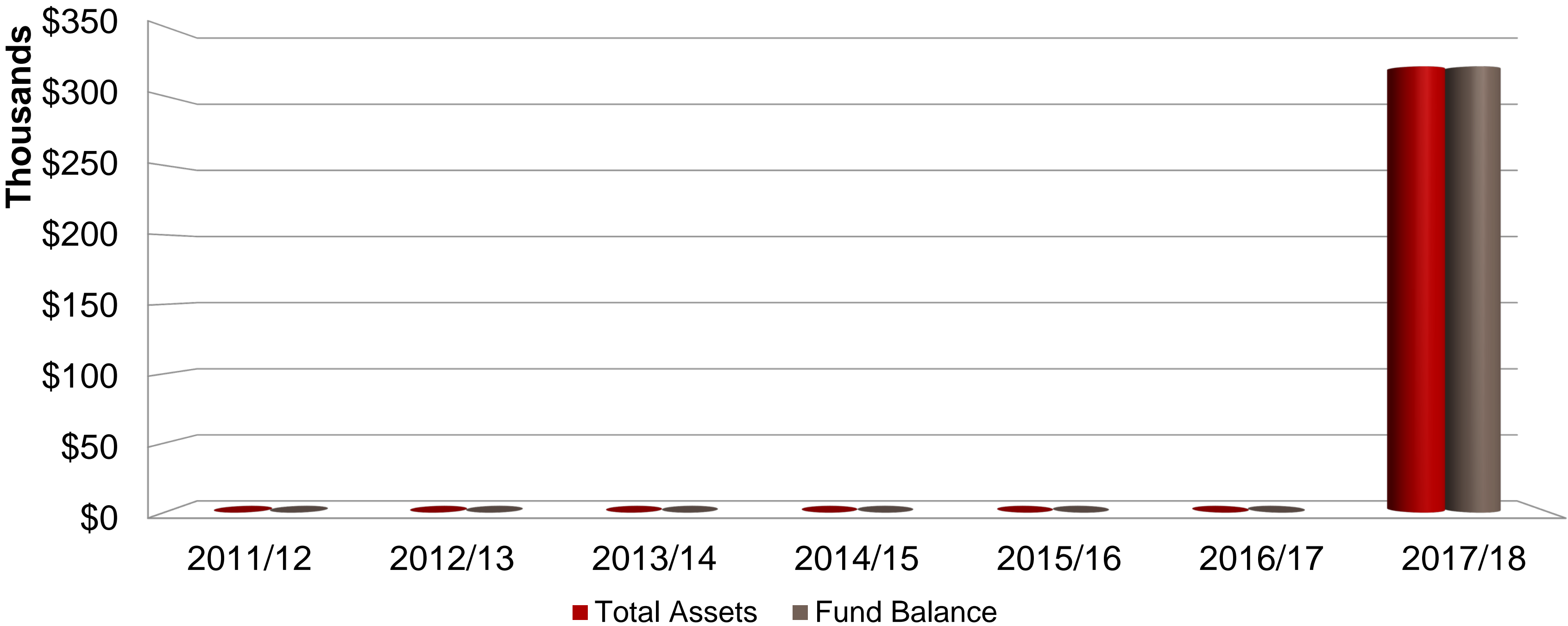
Physical Plant & Equipment Levy (PPEL)



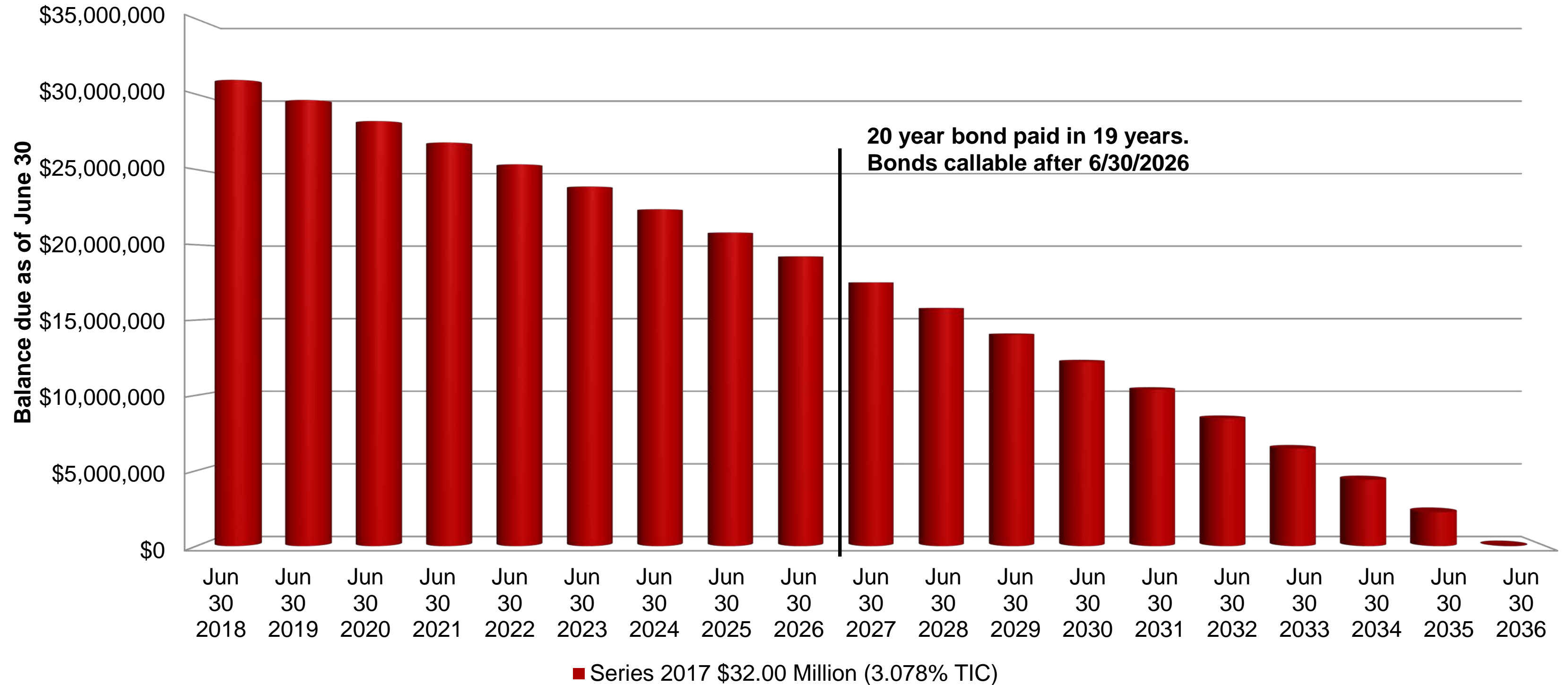
Debt Service Levy

- Voters of a school district may approve bonded indebtedness for a period of up to 20 years
- Proceeds from the sale of General Obligation Bonds are deposited in the Capital Project Fund (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

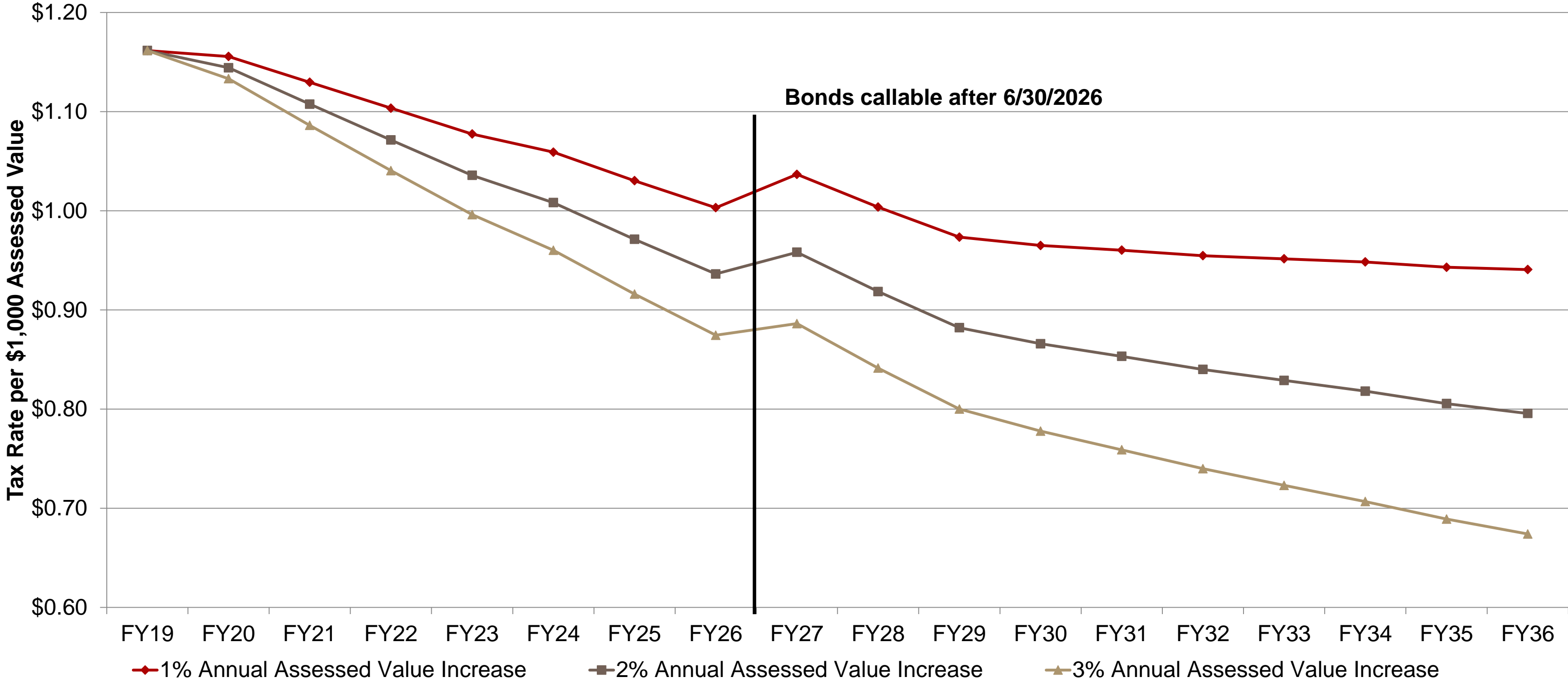
Debt Service Levy



Outstanding General Obligation Bond Debt



Projected Current Debt Service Tax Rate

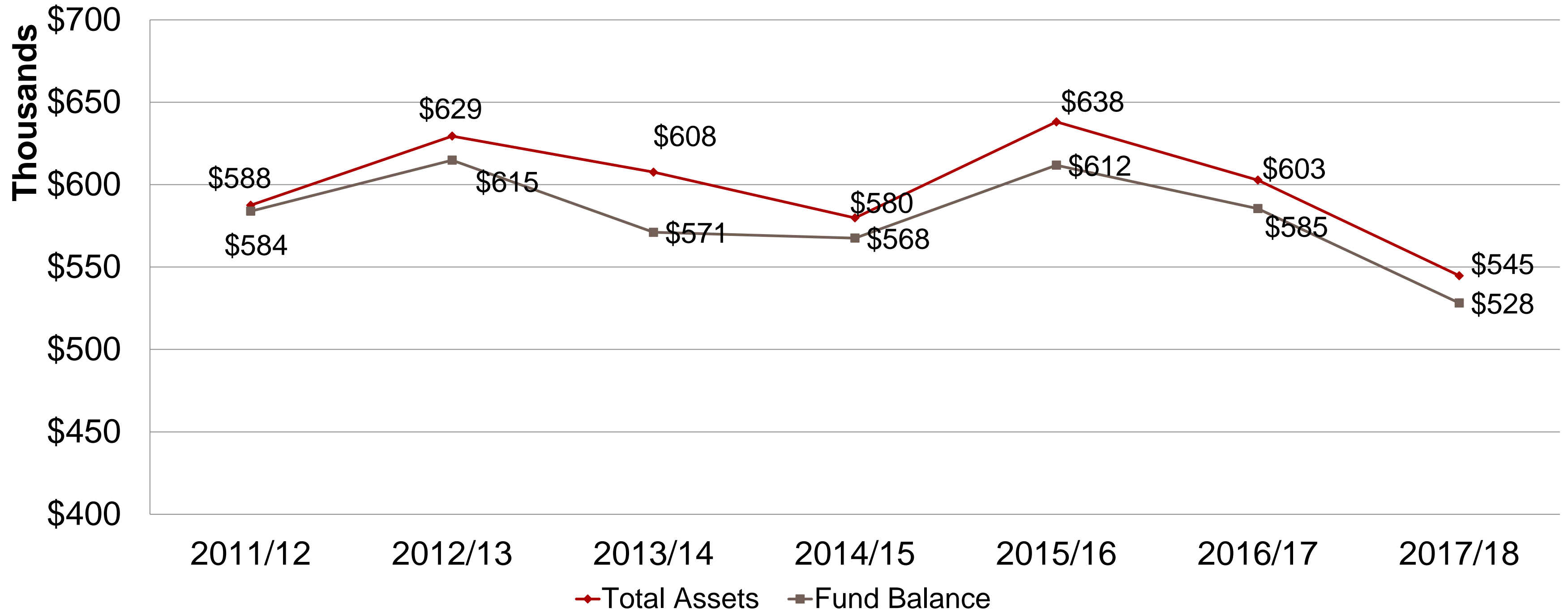


Total District assessed valuation has increased an average of 2.17% over the last 5 years, 4.08% over the last 10 years.

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

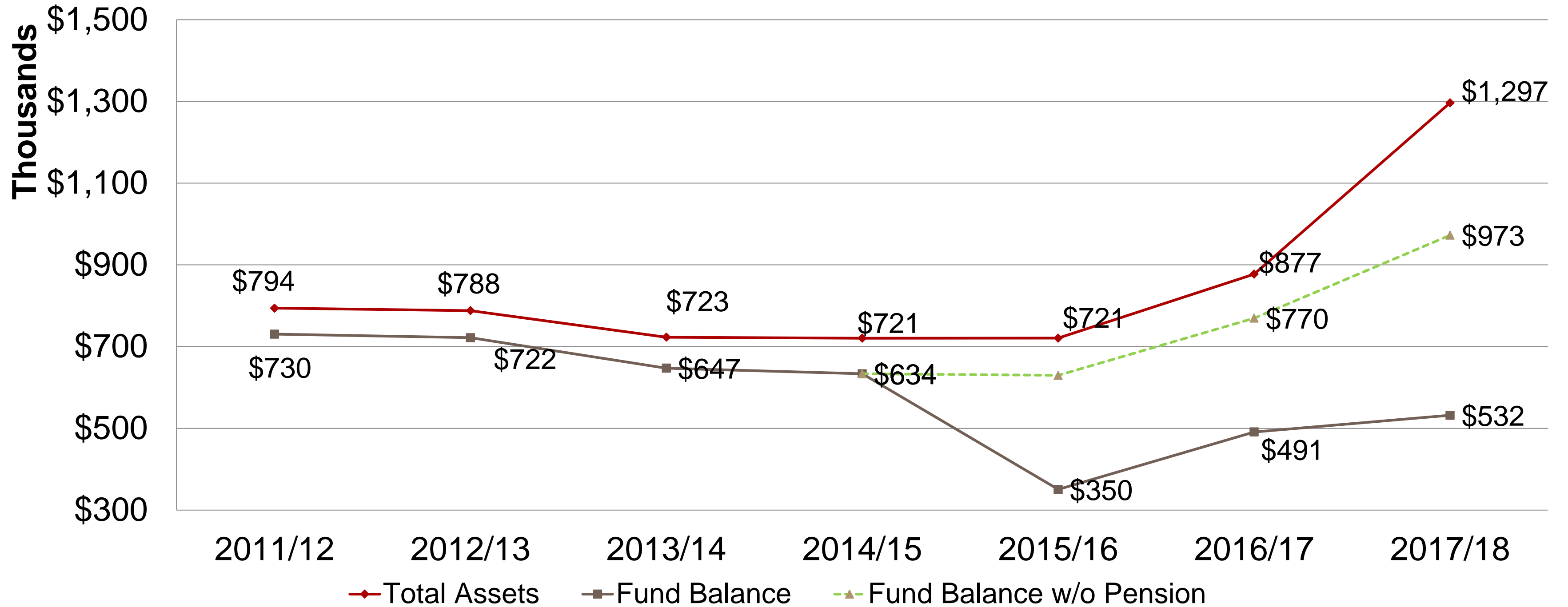
Activity Fund



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, 2018
 - District's financial condition:
 - District General Fund cash balance
 - Increase of \$275,115 from June 30, 2017
 - Days Net Cash Ratio 70 – unchanged from 6/30/17
 - Unspent budget authority (UBA) decreased by \$837,976
 - UBA Ratio 13.06% FY17 11.62% FY18
 - UBA will decrease in FY19 & FY20 with the opening of Aldrich Elementary
 - District applied 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 FY18 receipts = \$1,109,034
 - FY18 deficit = **\$467,283**
 - Projected FY19 deficit = **\$520,448**

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:
 - Denelle Gonnerman
 - Jana Speck
 - Lisa Voves
 - Michelle Weber
 - Lori Wiley
 - and Carrie DeBerg
- Administration
- Board of Education

- Questions?