

CEDAR FALLS COMMUNITY SCHOOL DISTRICT



Annual District Financial Report
February 12, 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)

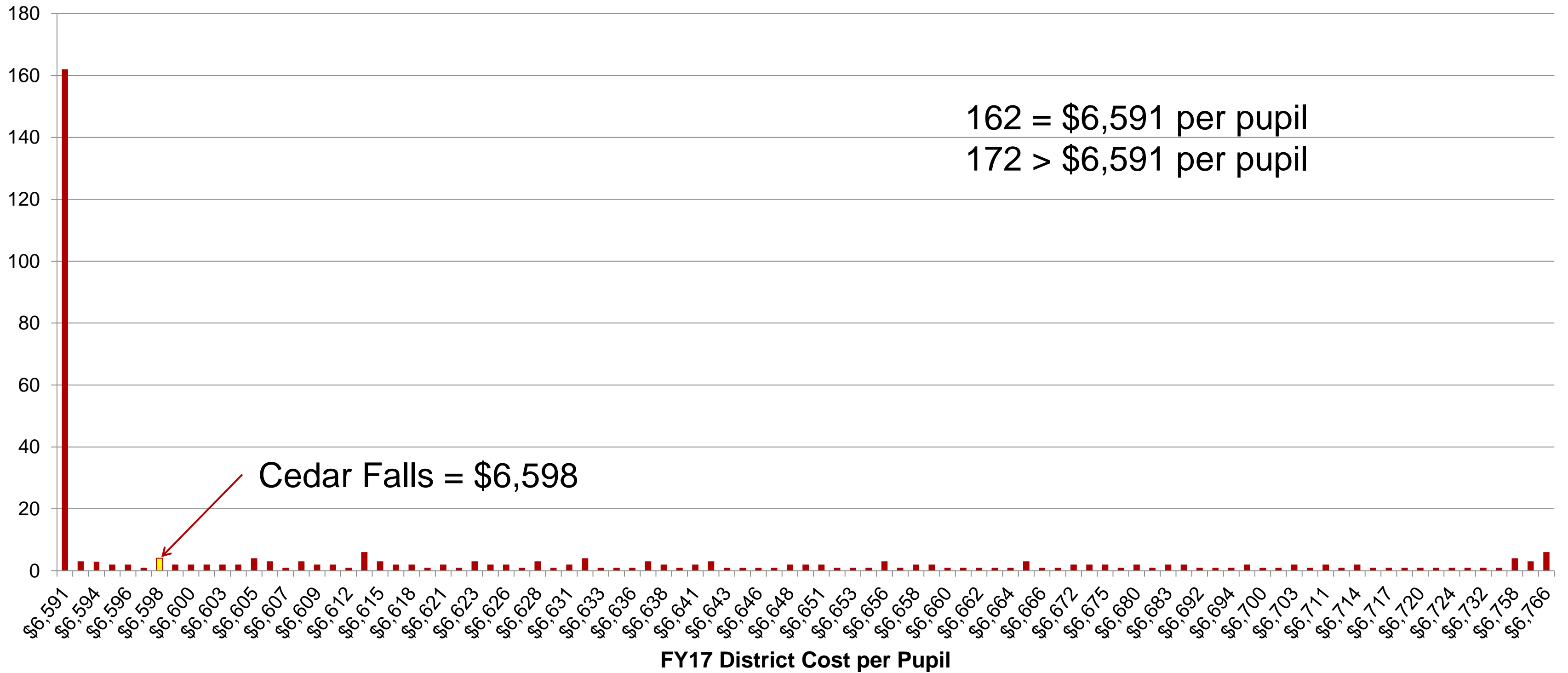
- Equity in expenditures
- Property tax relief
- Equalization of method of taxation
- Uniform state aid allocation formula
- Predictable
- Pupil-driven
- Provide for local discretion and incentives
- **ESTABLISHES
MAXIMUM SPENDING
CONTROL**
- Same formula for all Iowa K-12 public schools and AEA's

Four Key Factors

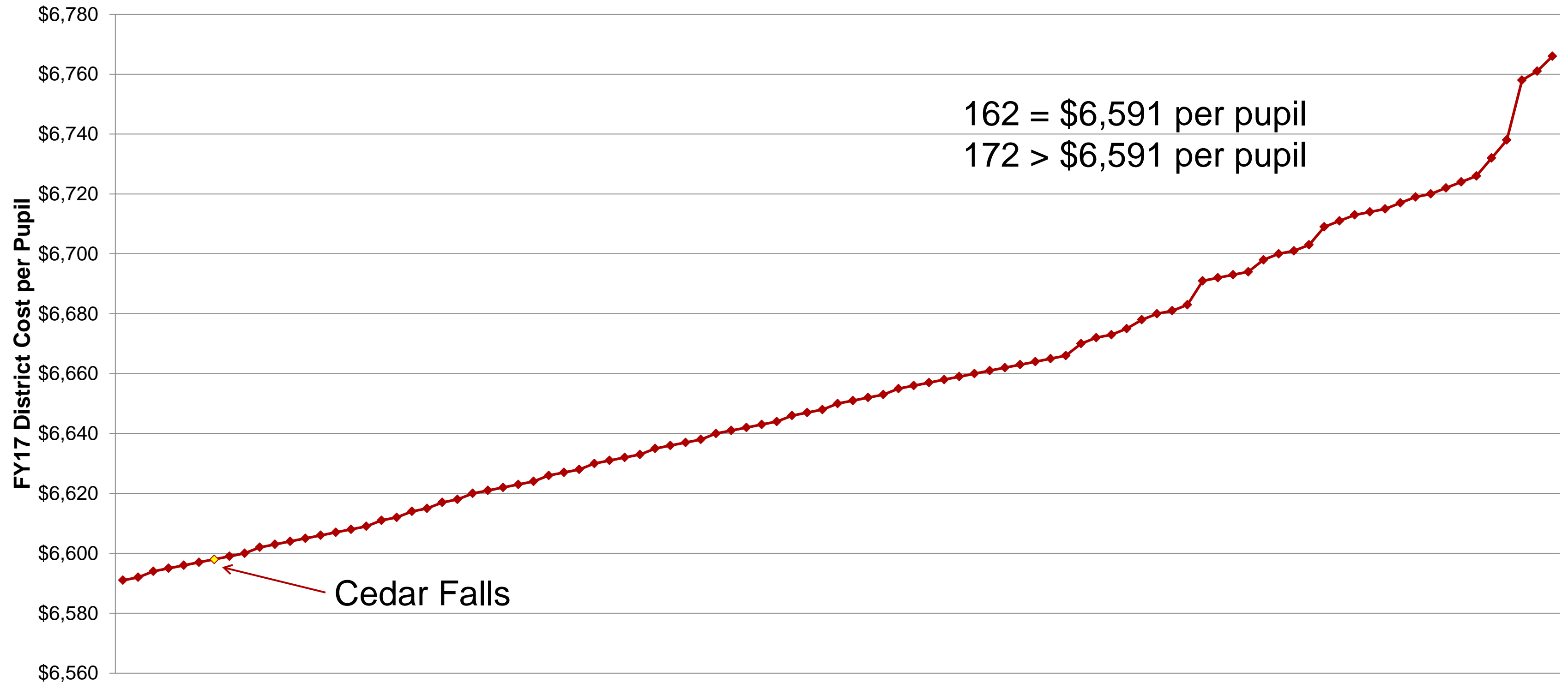
Iowa Public School Foundation Formula

- 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

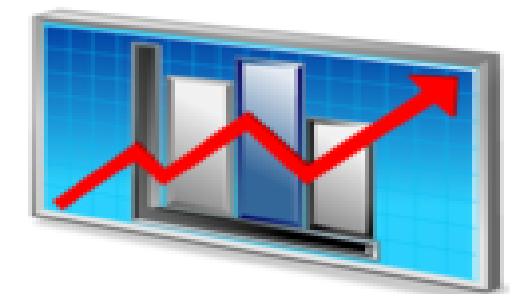
- All other District funds are **restricted** (specific purpose)
 - **Cannot** be used to support the General Fund
 - Management
 - Capital Projects (New for FY17)
 - Secure A Vision for Education (SAVE) (Statewide 1¢ sales tax)
 - Physical Plant & Equipment Levy
 - Activity
 - Nutrition
 - Debt
 - Agency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

Purpose

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

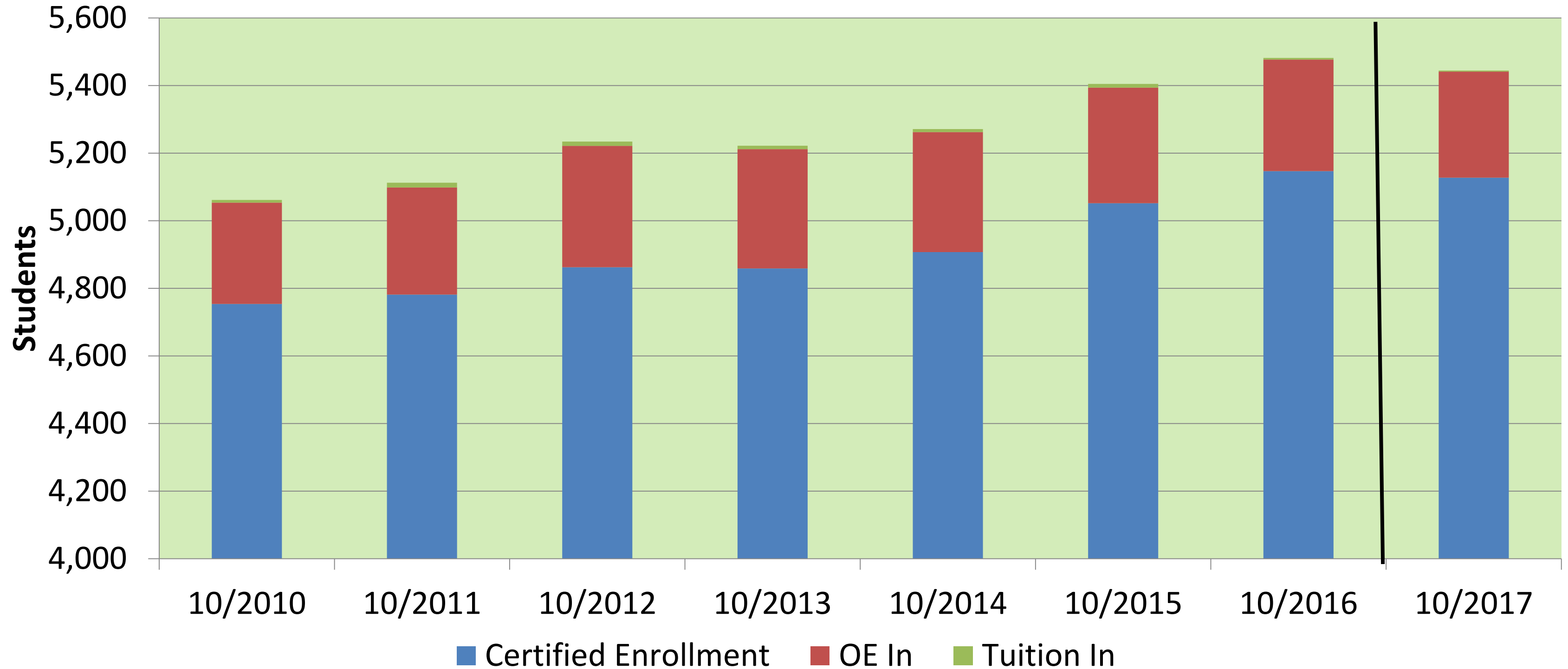
General Fund Key Financial Indicators

- 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



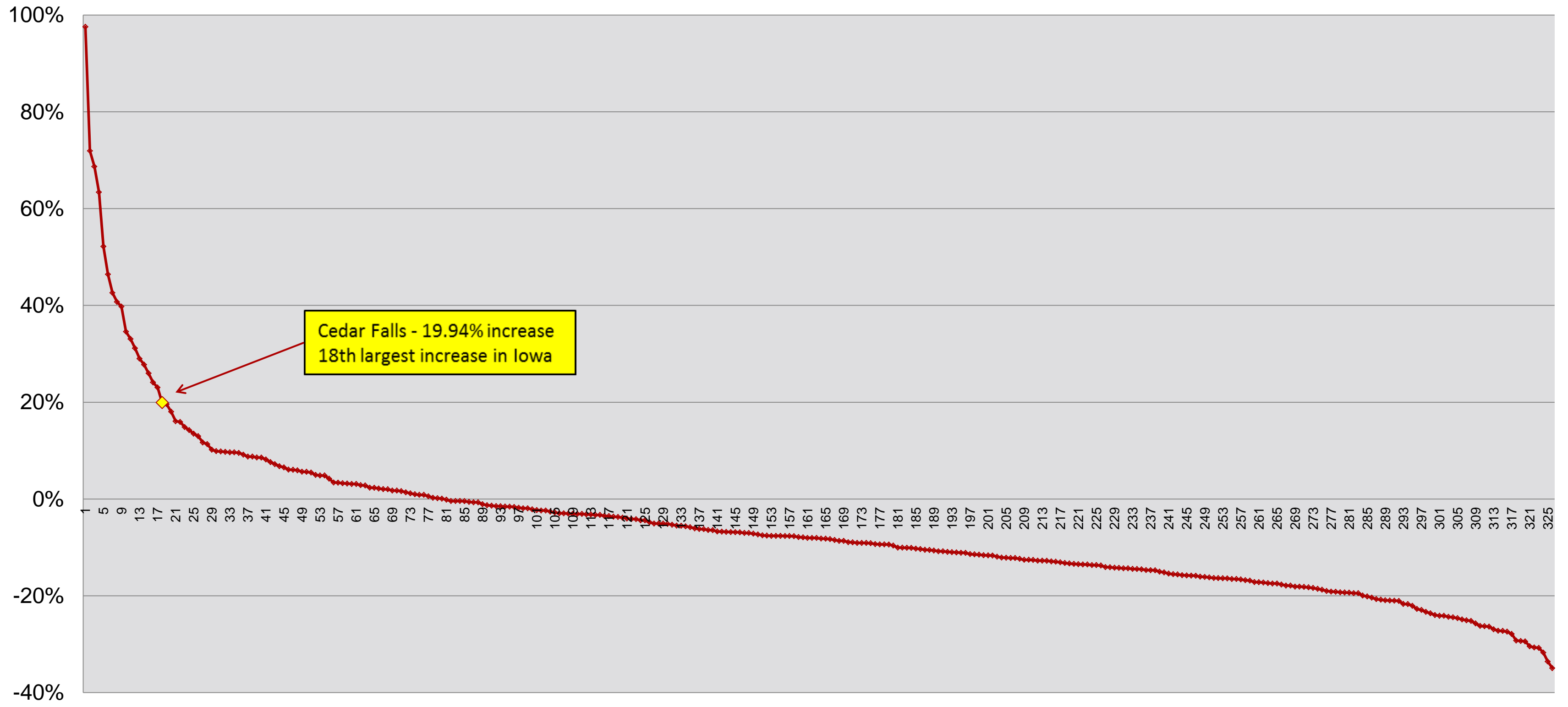
Enrollment History

Key Trend Dashboard Indicator #1

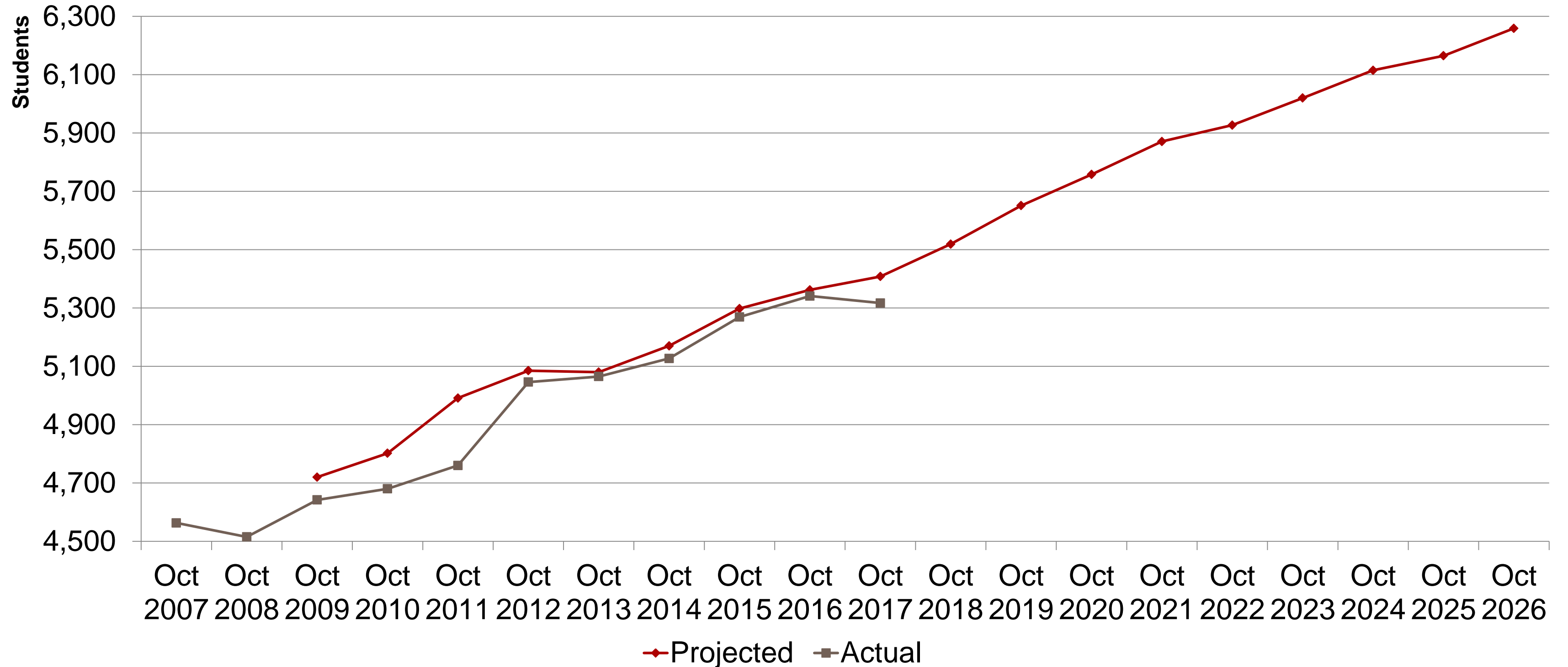


Increase of 14.1% over the last 8 years. 4 year old pre-school students not included.

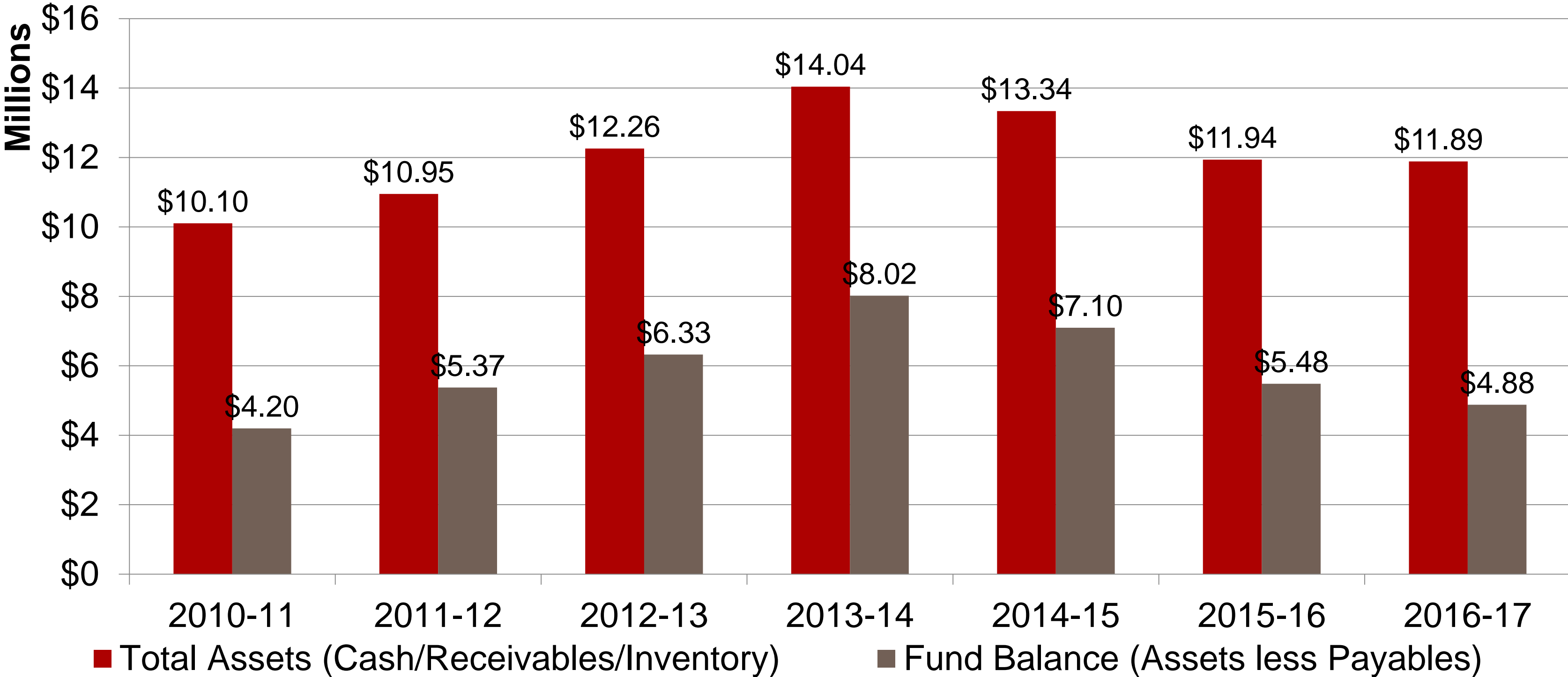
Iowa Schools Certified Enrollment Percentage Change 2006/17 to 2016/17



District Enrollment Projections



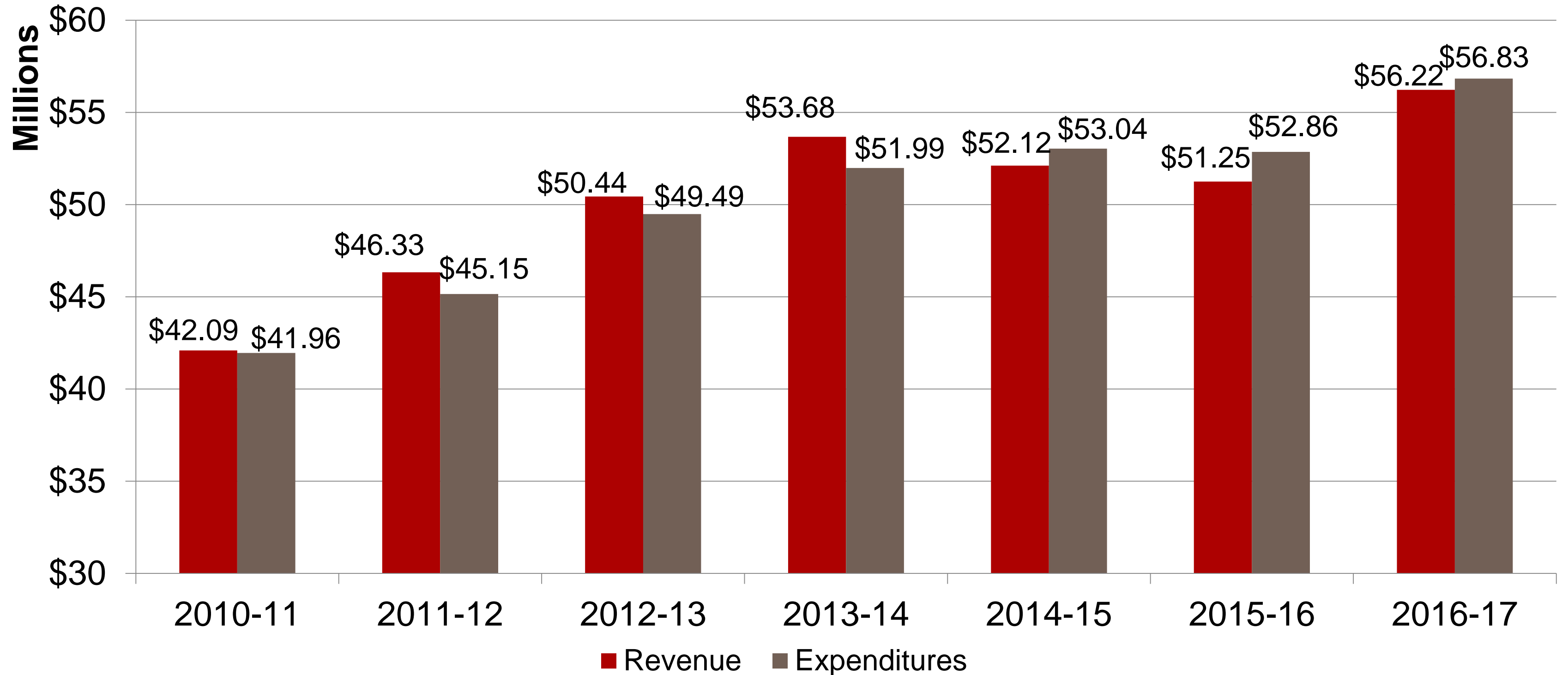
CAR General Fund Balance



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

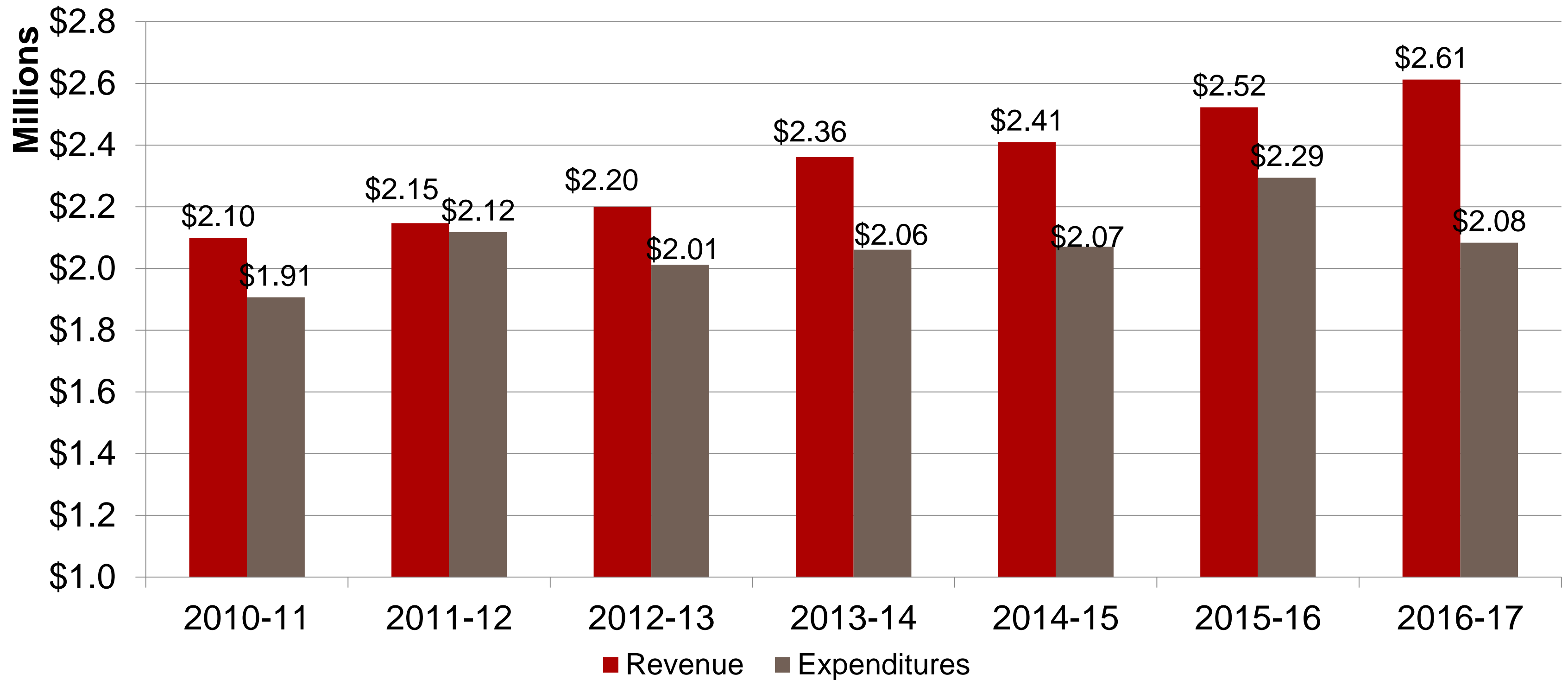
General Fund Revenue/Expenditure History

Includes Instructional Support Fund

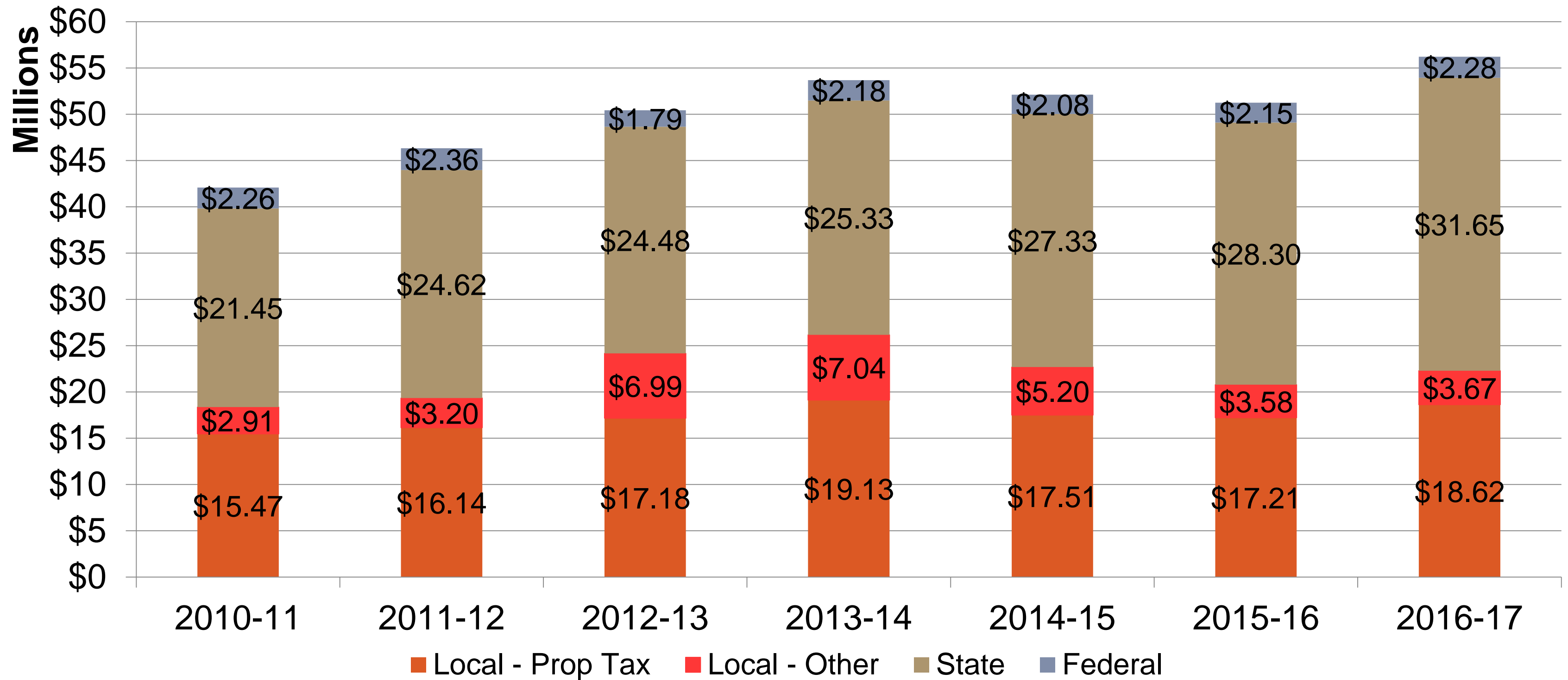


Revenue increased by \$4,973,166 and expenditures increased by \$3,966,674 from 2015-16 to 2016-17.

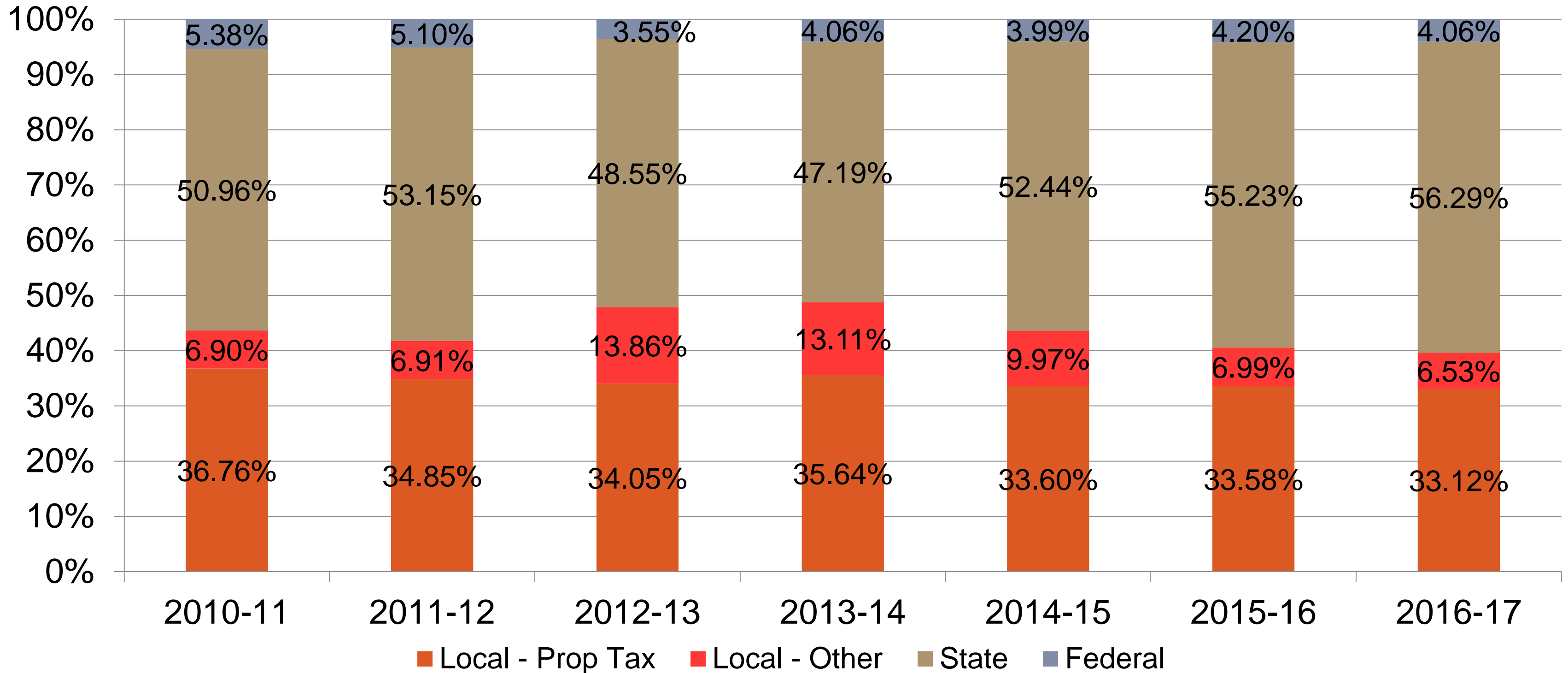
ISL (only) Revenue/Expenditure Detail



History of General Fund Revenue



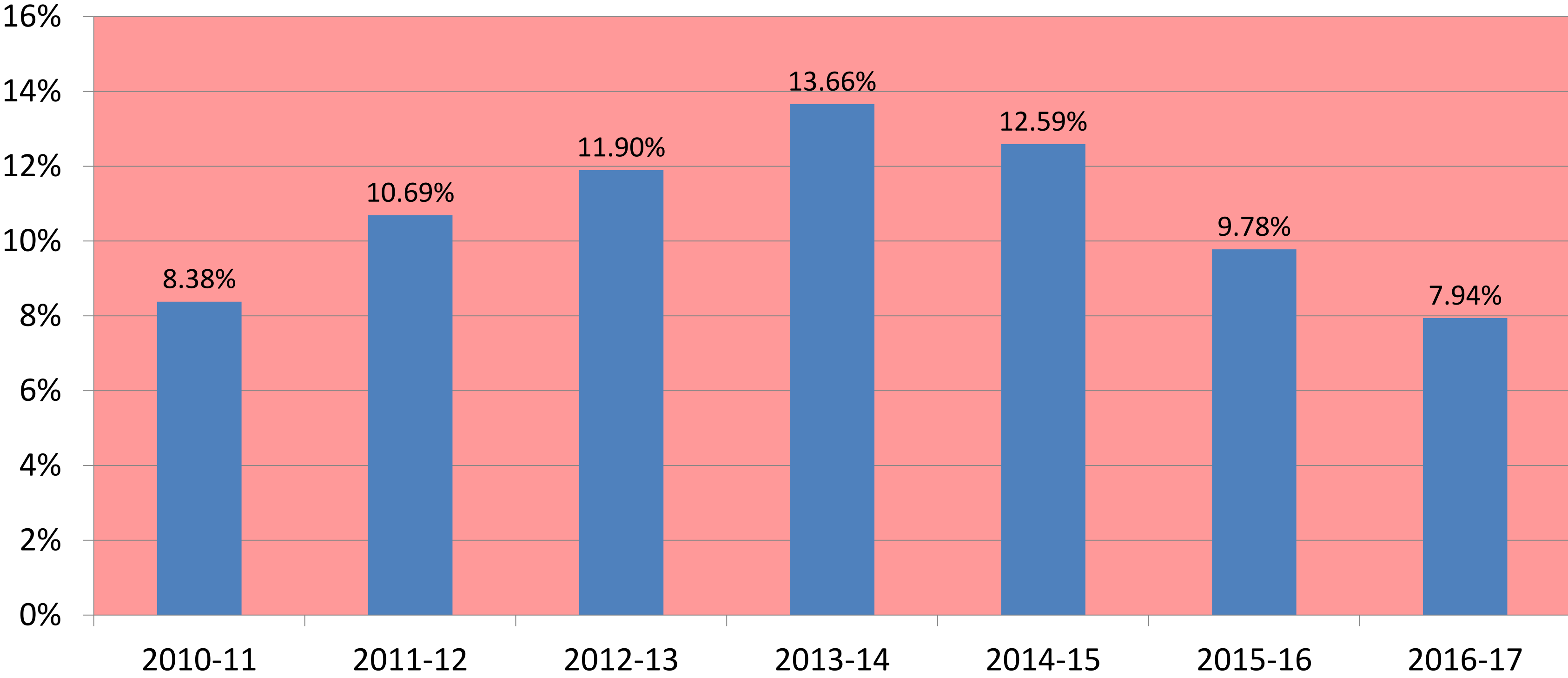
History of General Fund Revenue



Due to rounding percentages may not total 100.0%

Financial Solvency Ratio

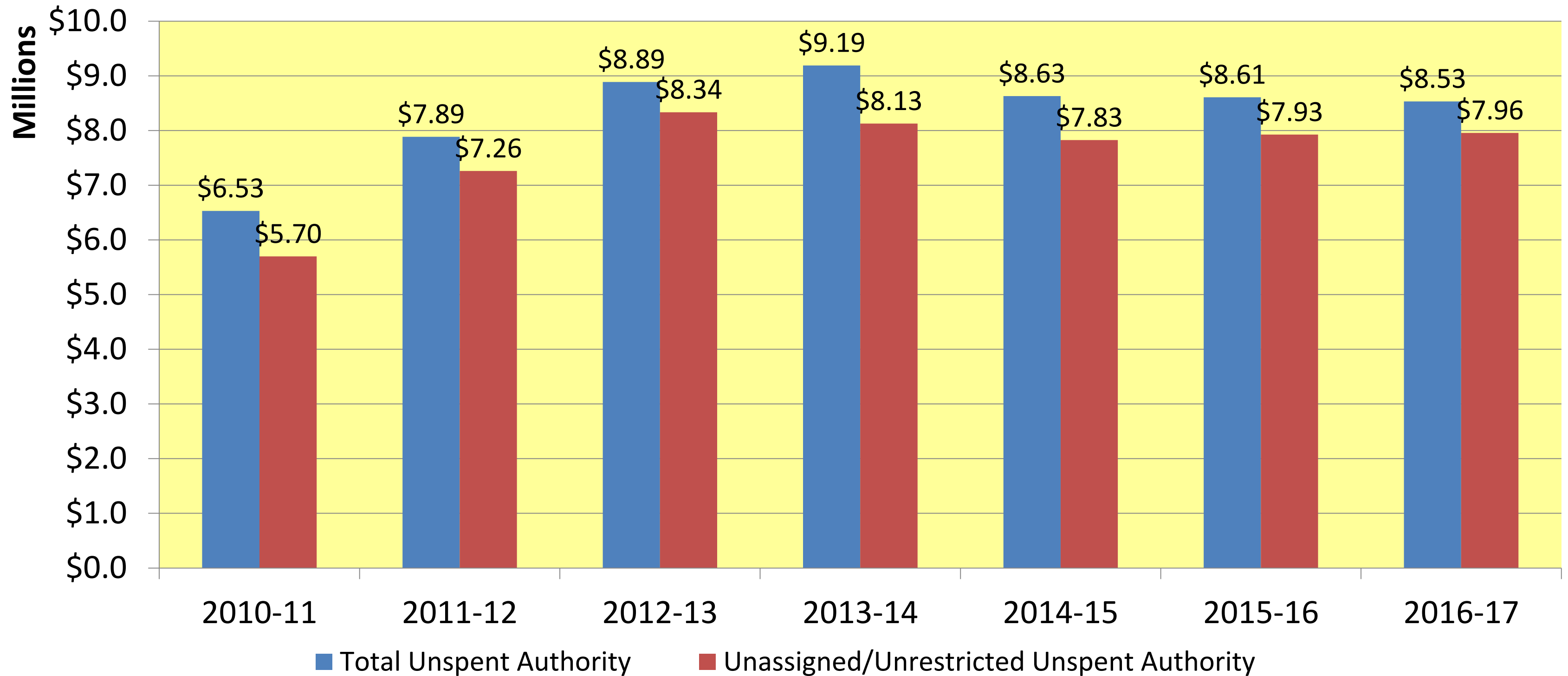
Key Trend Dashboard Indicator #2



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

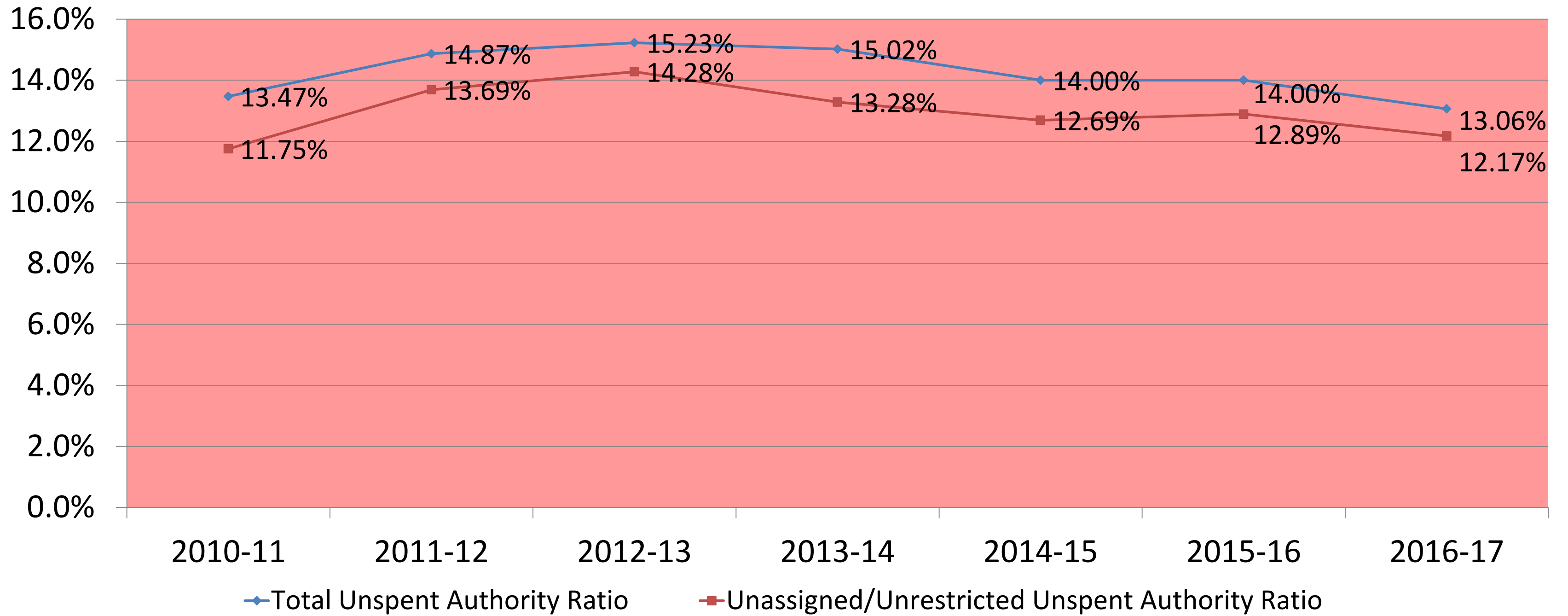
History of Unspent Budget Authority (In Dollars)

Key Trend Dashboard Indicator #3



History of Unspent Budget Authority Ratio

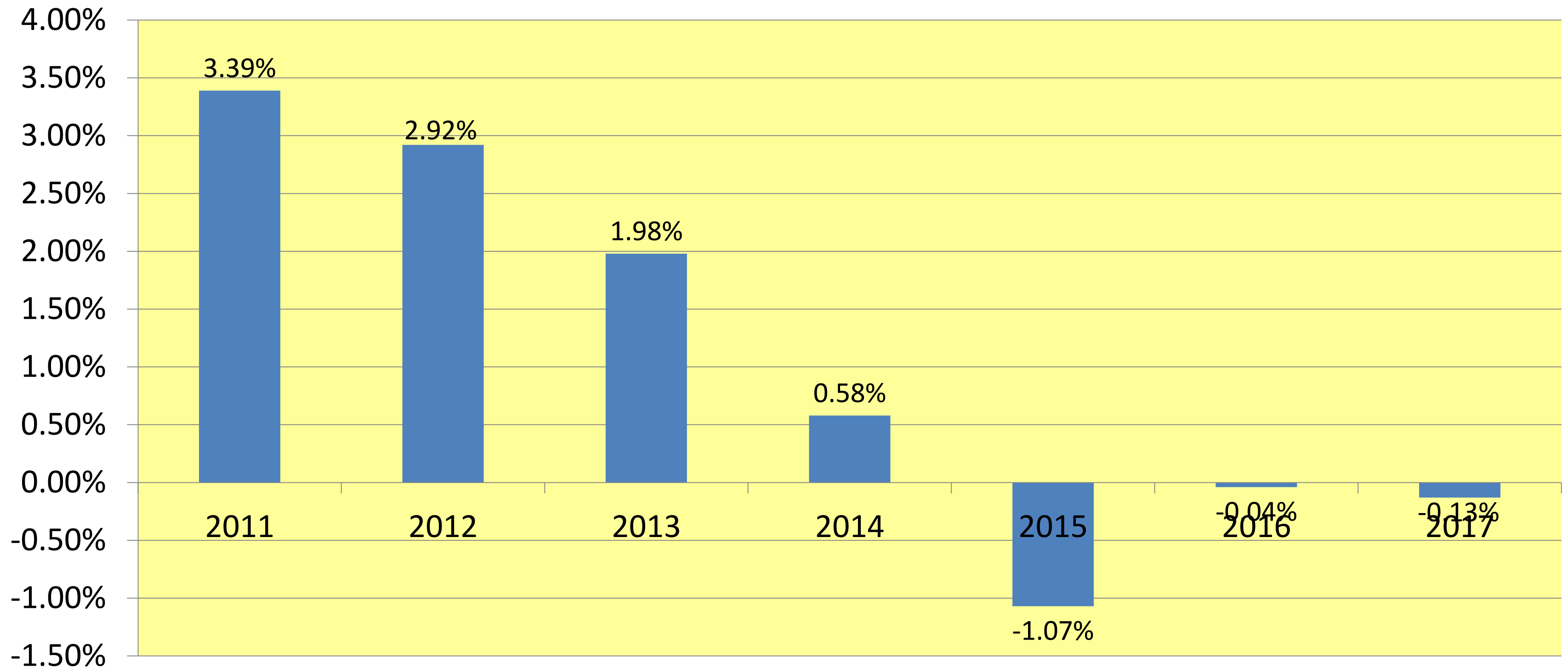
Key Trend Dashboard Indicator #3A



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

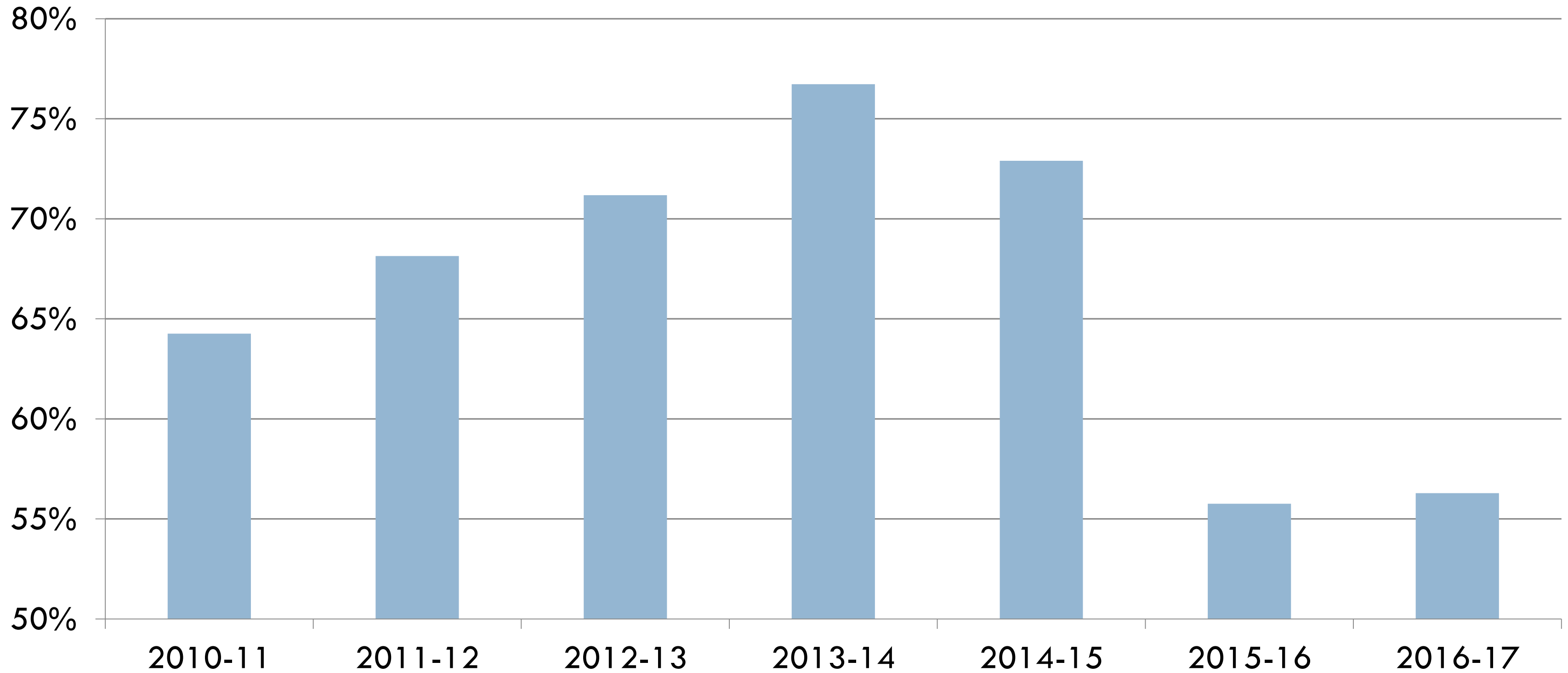
Key Trend Dashboard Indicator #4



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

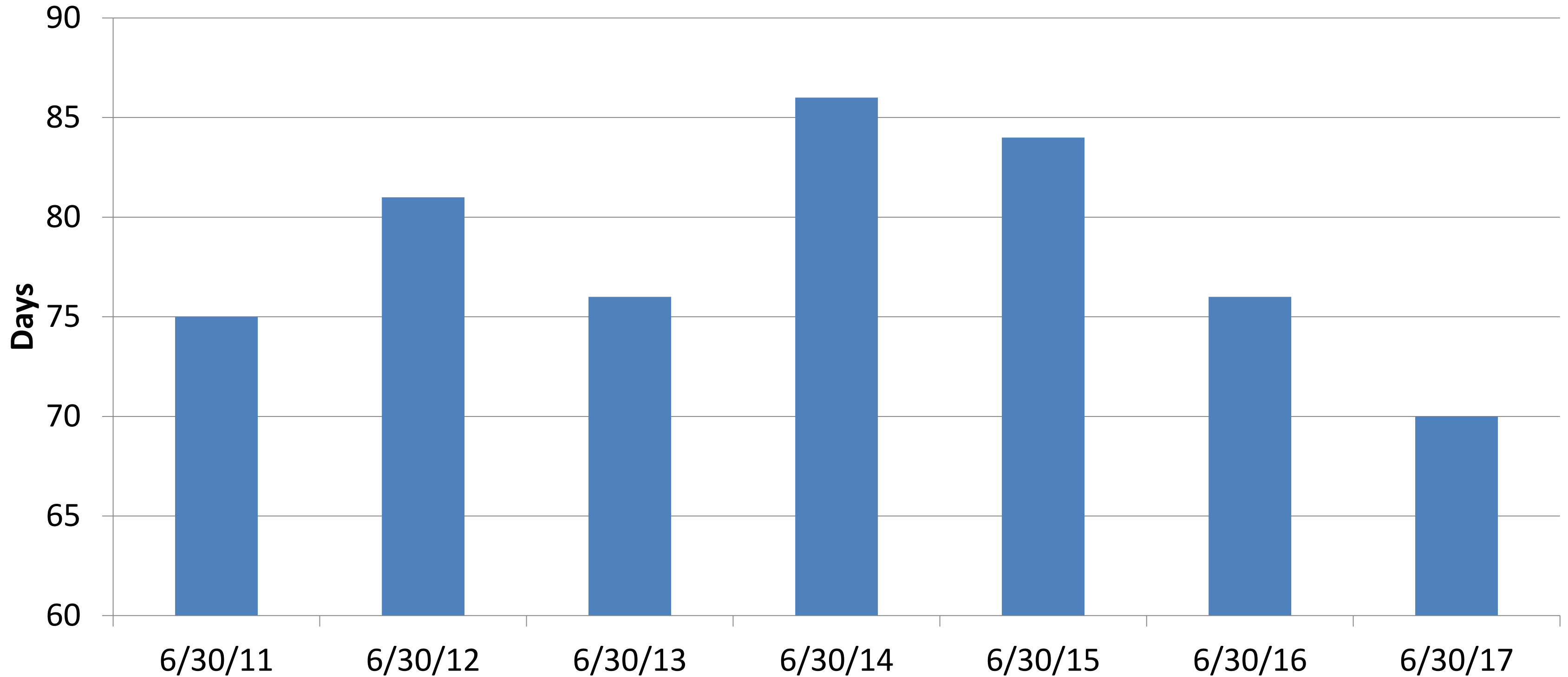
Net Fund Balance

As a Percentage of Unspent Authority



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

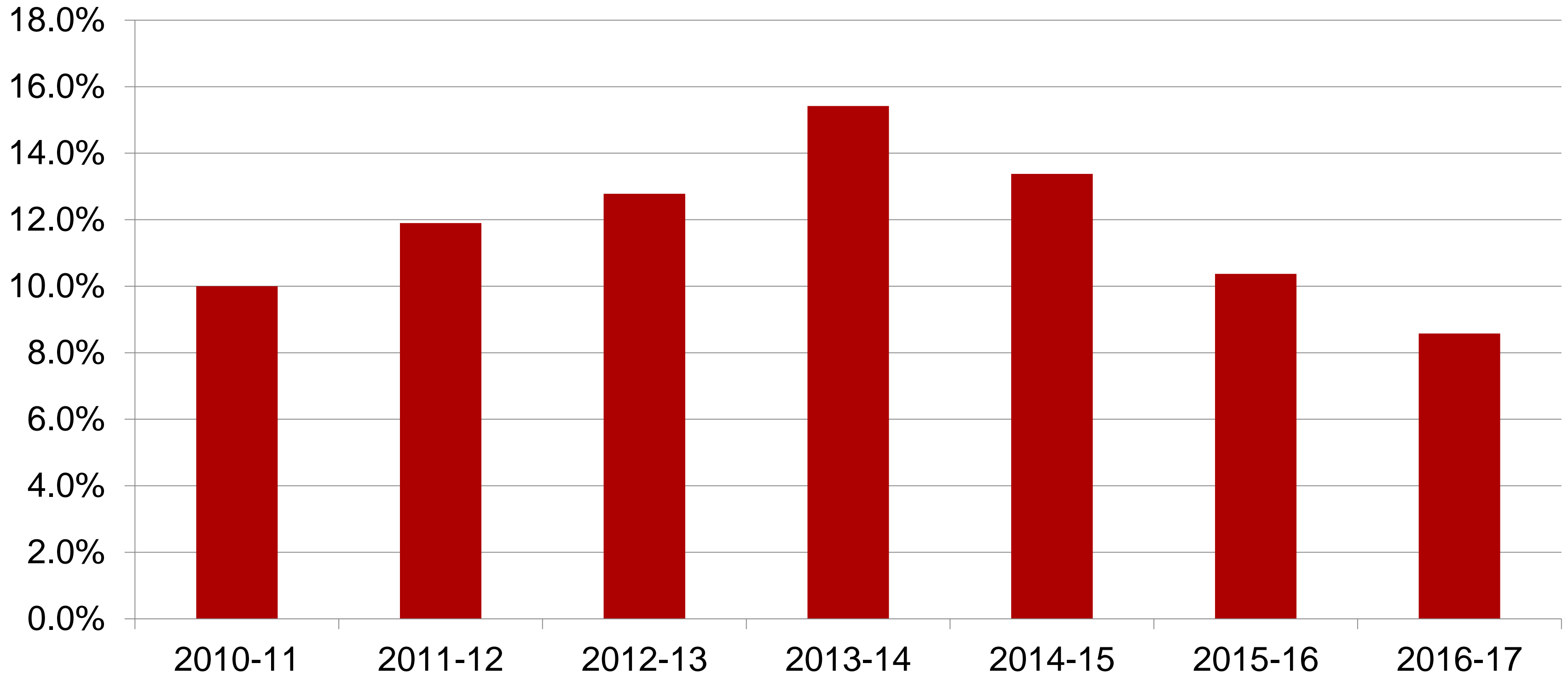
General Fund - Days Net Cash Ratio



Cash & investments/Avg. daily cash expenditures.

A goal of 90 days is desired.

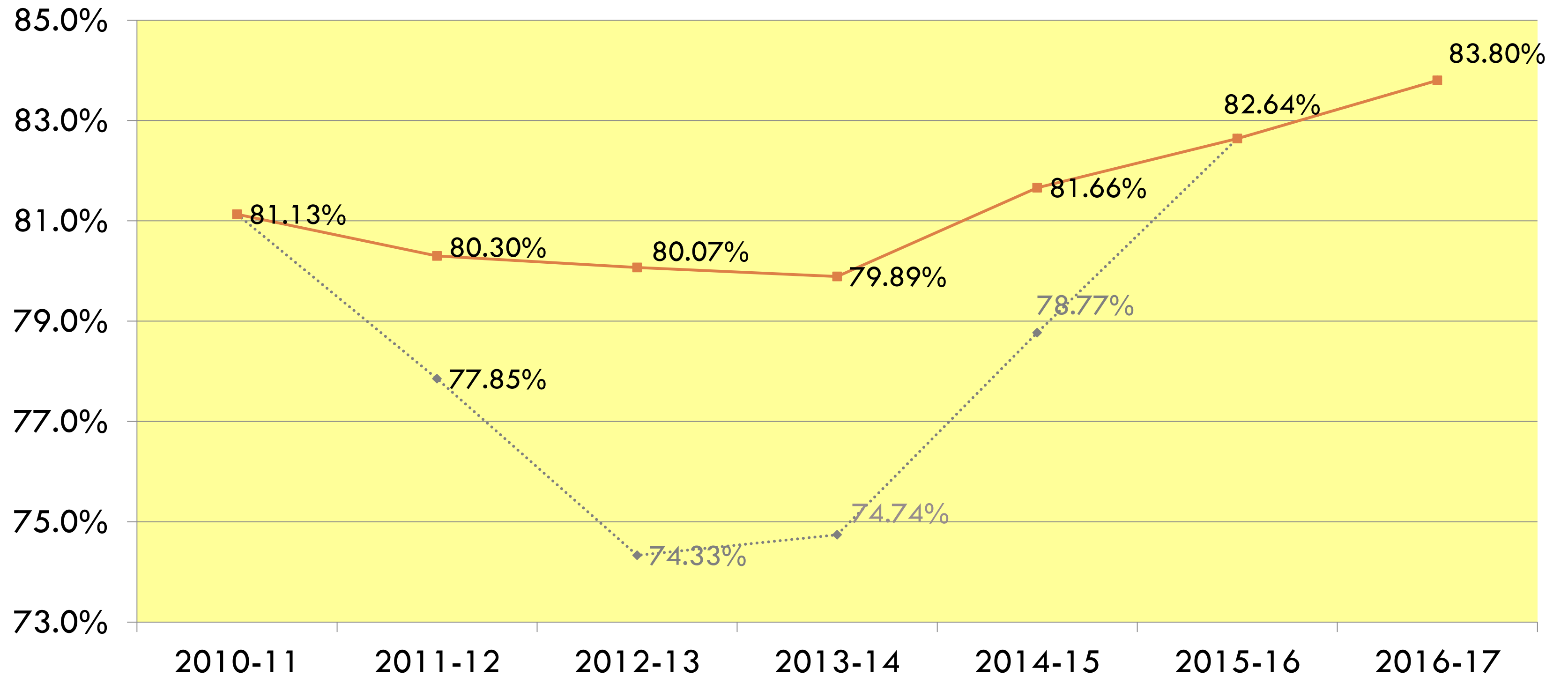
Net Fund Balance As a Percentage of Expenditures



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

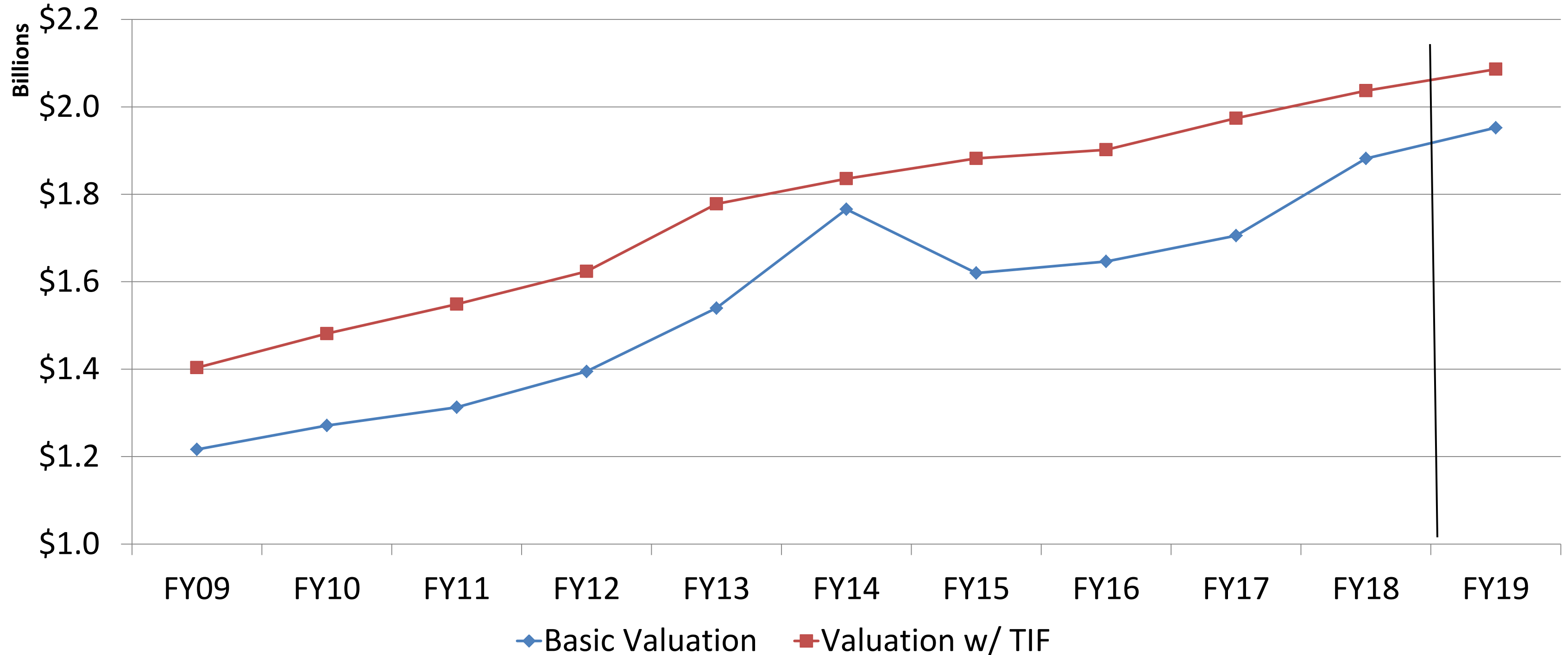
Salaries & Benefits to Total Expenditures Ratio

Key Trend Dashboard Indicator #5



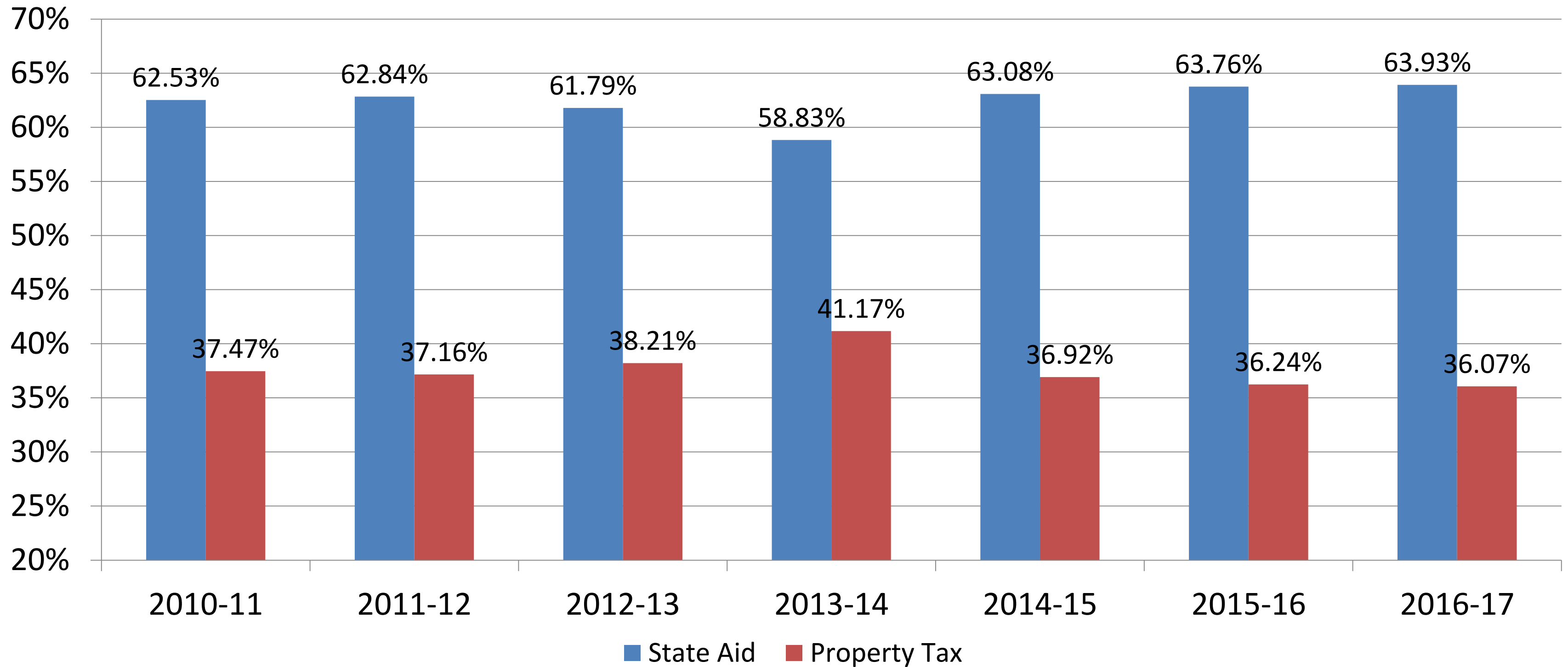
Measures the percent of the District's budget dedicated to labor costs.

History of Assessed Valuation



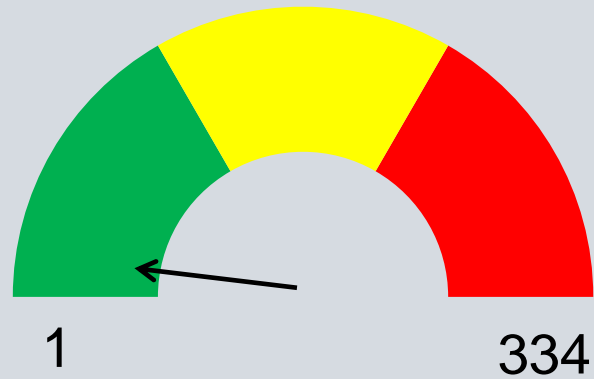
Basic Valuation increased 10.35% from FY17 to FY18 & 54.70% over the past 10 years.
Valuation w/ TIF increased 3.19% from FY17 to FY18 & 45.13% over the past 10 years.

General Fund Combined District Cost Property Tax/State Aid History



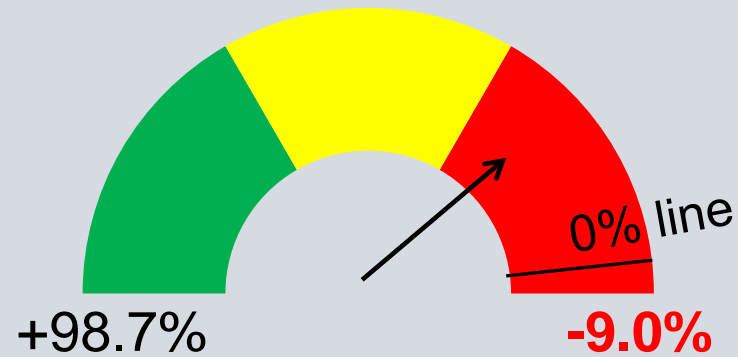
Financial Dashboard – All Iowa Schools

Oct. 1, 2016 Certified Enrollment



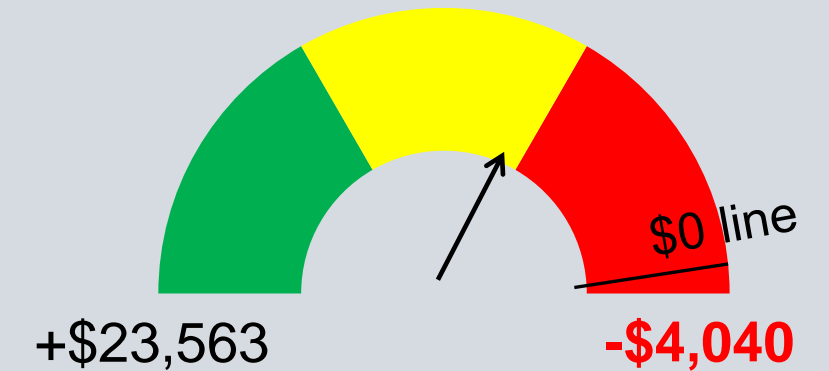
Rank = 16th Largest
 CF = 5,146.8 (10/1/16) 5,127.5 (10/1/17)

FY16 Solvency Ratio



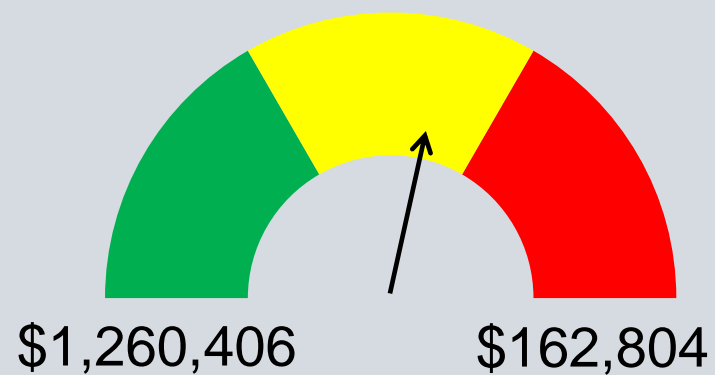
Rank = 256 out of 336
 State Avg. = 17.10%
 CF = 9.78% Fy16 7.94% Fy17

FY16 UBA Per Pupil



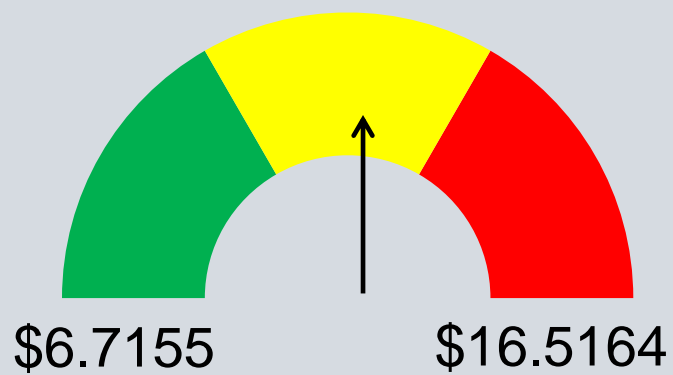
Rank = 214 out of 336
 State Avg. = \$2,641
 CF = \$1,704 Fy16 \$1,658 Fy17

FY17 Valuation per Pupil



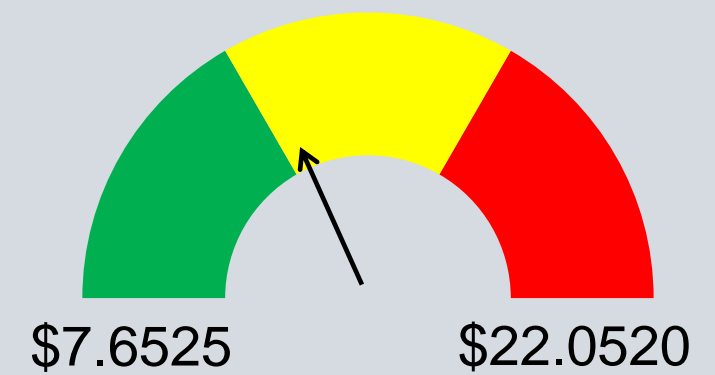
Rank = 187 out of 334
 State Avg. = \$390,874
 CF = \$337,564 Fy17 \$365,653 Fy18

FY17 General Fund Tax Rate



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

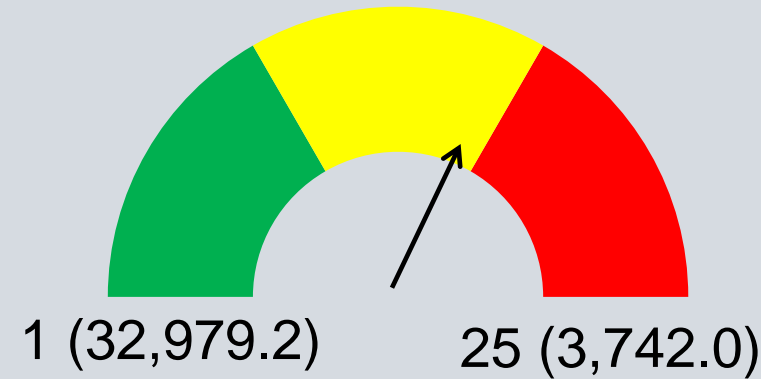
FY17 Total Tax Rate



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

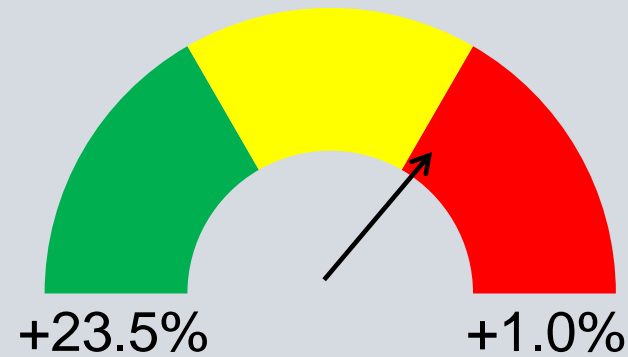
Financial Dashboard – 25 Largest Iowa Schools

Oct. 1, 2016 Certified Enrollment



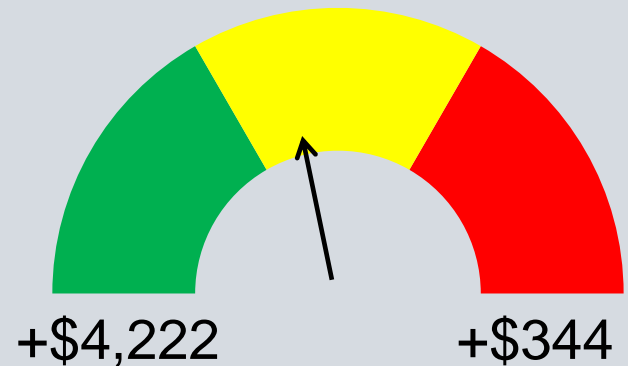
Rank = 16th Largest
 CF = 5,146.8 (10/1/16) 5,127.5 (10/1/17)

FY16 Solvency Ratio



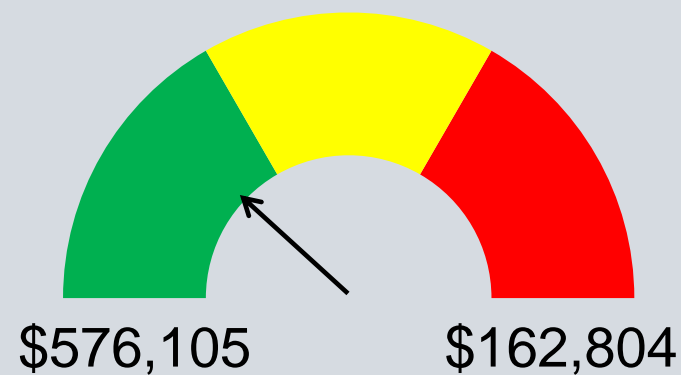
Rank = 17 out of 25
 Average = 11.79%
 CF = 9.78% Fy16 7.94% Fy17

FY16 UBA Per Pupil



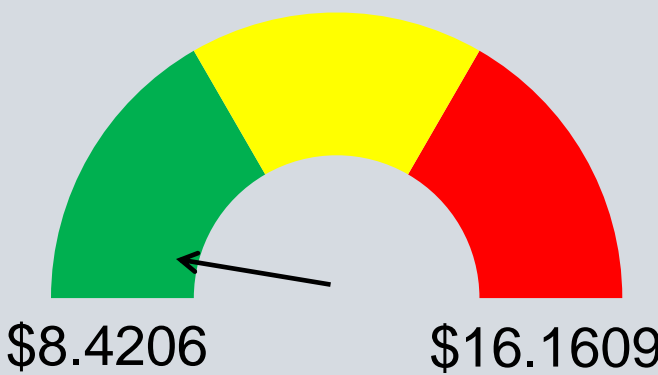
Rank = 11 out of 25
 Average = \$1,812
 CF = \$1,759 Fy15 \$1,704 Fy16

FY17 Valuation per Pupil



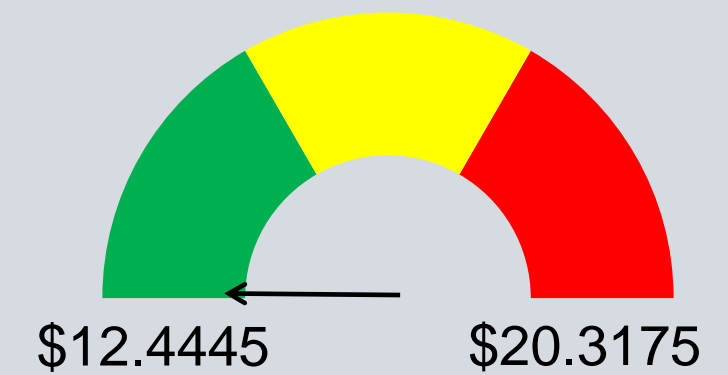
Rank = 5 out of 25
 Average = \$289,708
 CF = \$337,564 Fy17 \$365,653 Fy18

FY17 General Fund Tax Rate



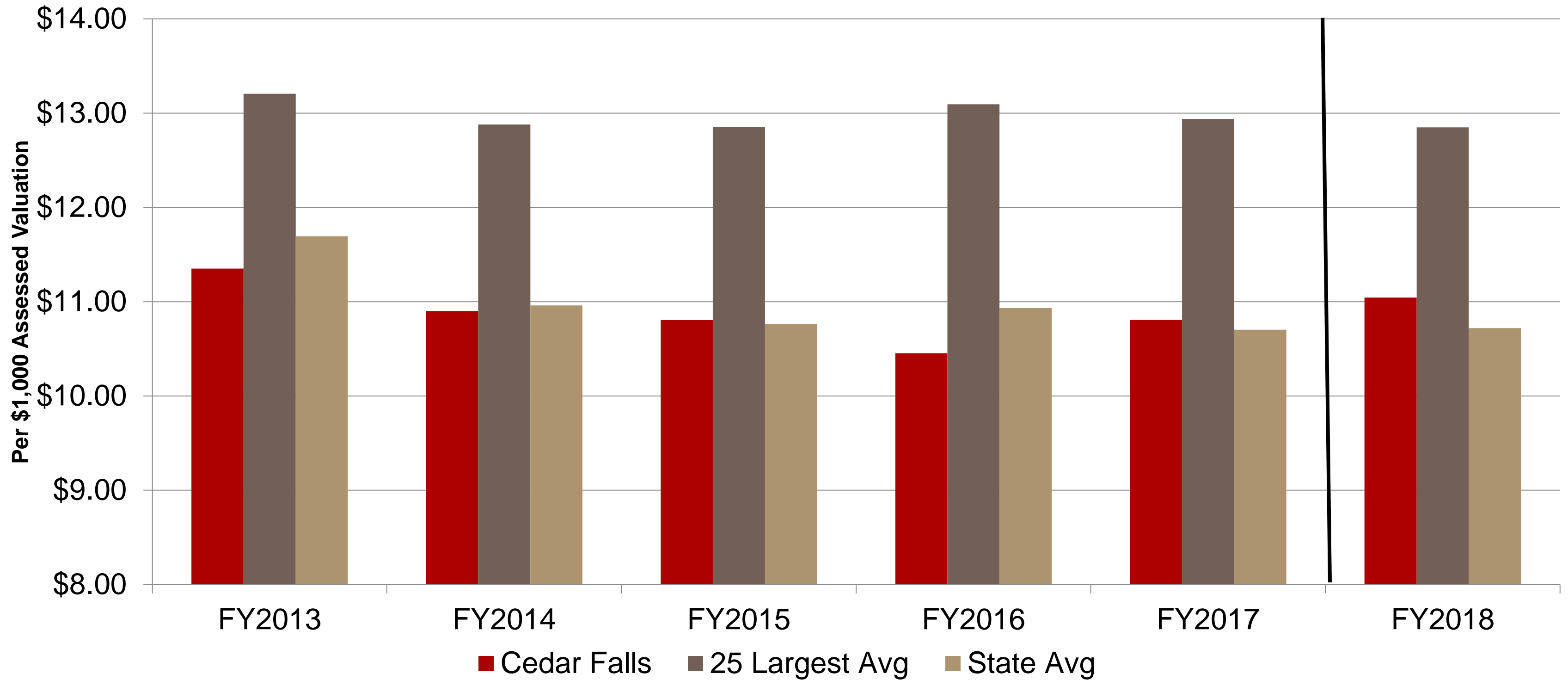
Rank = 2 out of 25
 Average = \$12.9391
 CF = \$10.8065 Fy17 \$11.0437 Fy18

FY17 Total Tax Rate

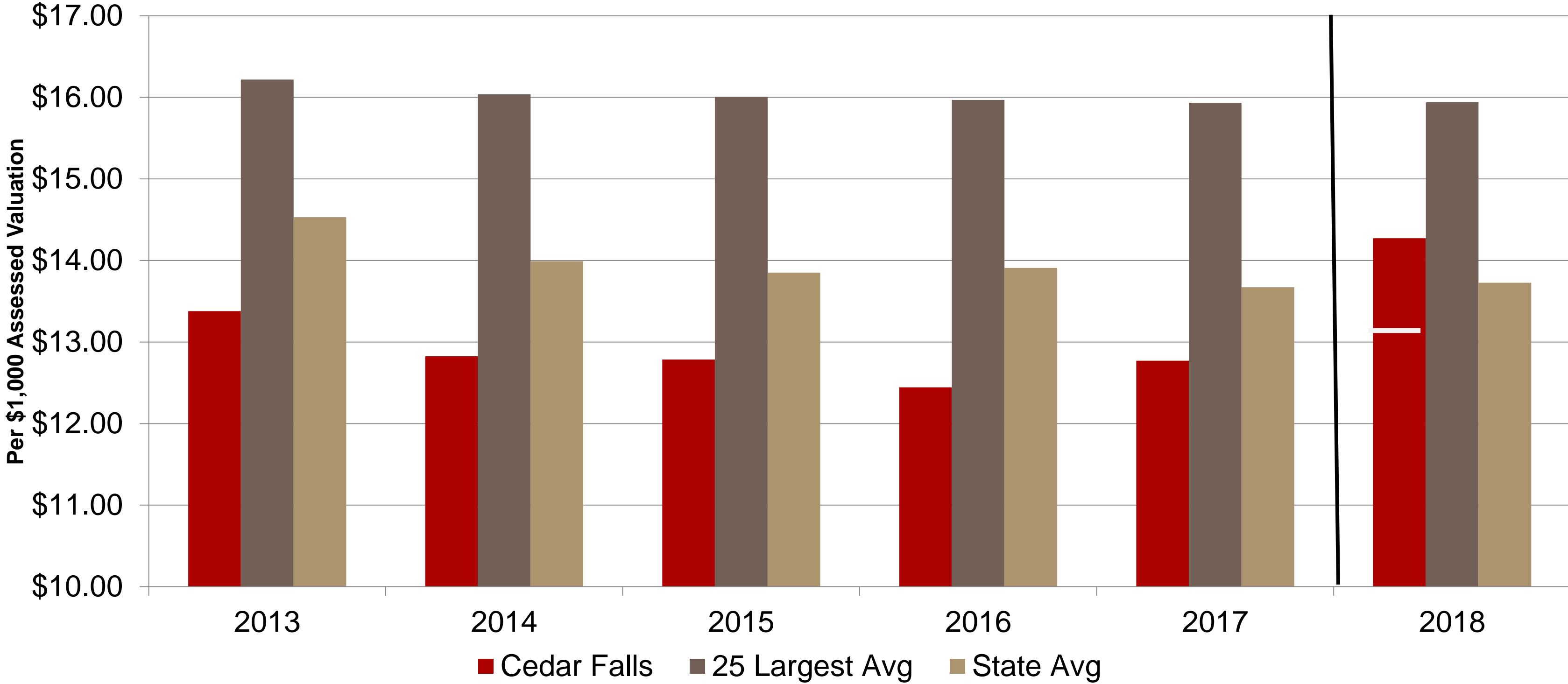


Rank = 1 out of 25
 Average = \$15.9328
 CF = \$12.7697 Fy17 \$14.2727 Fy18

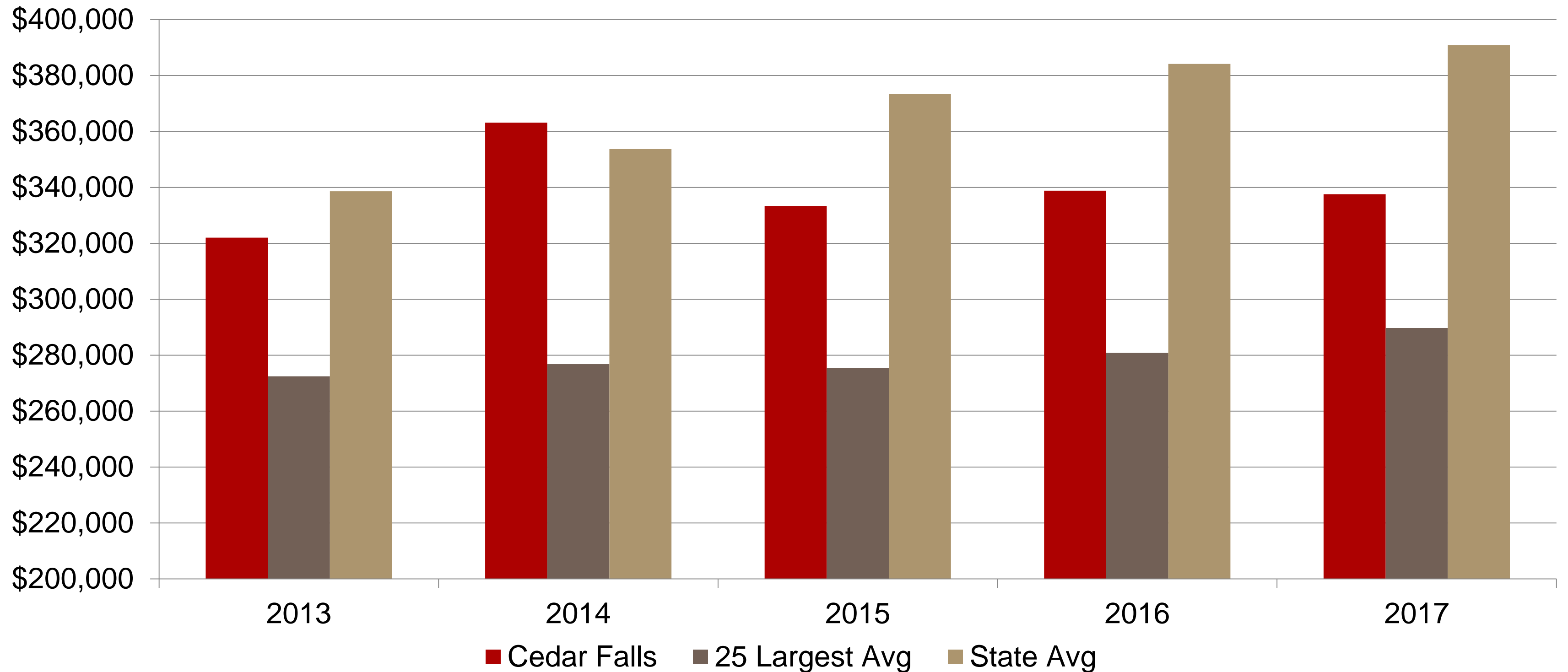
General Fund Tax Rate



Total Tax Rate

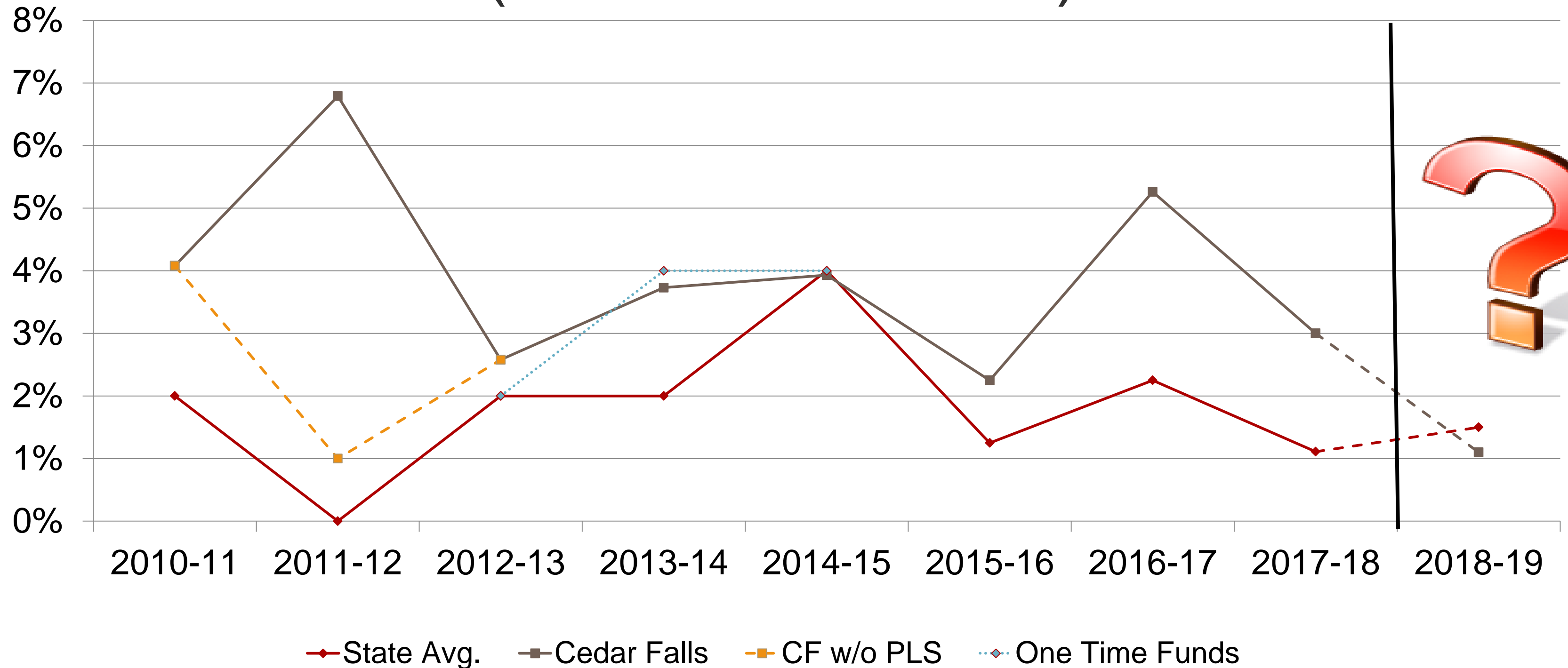


Net Assessed Value per Student



TIF Valuation Not Included

History of Supplemental State Aid (Allowable Growth)



Other District Funds (Restricted)

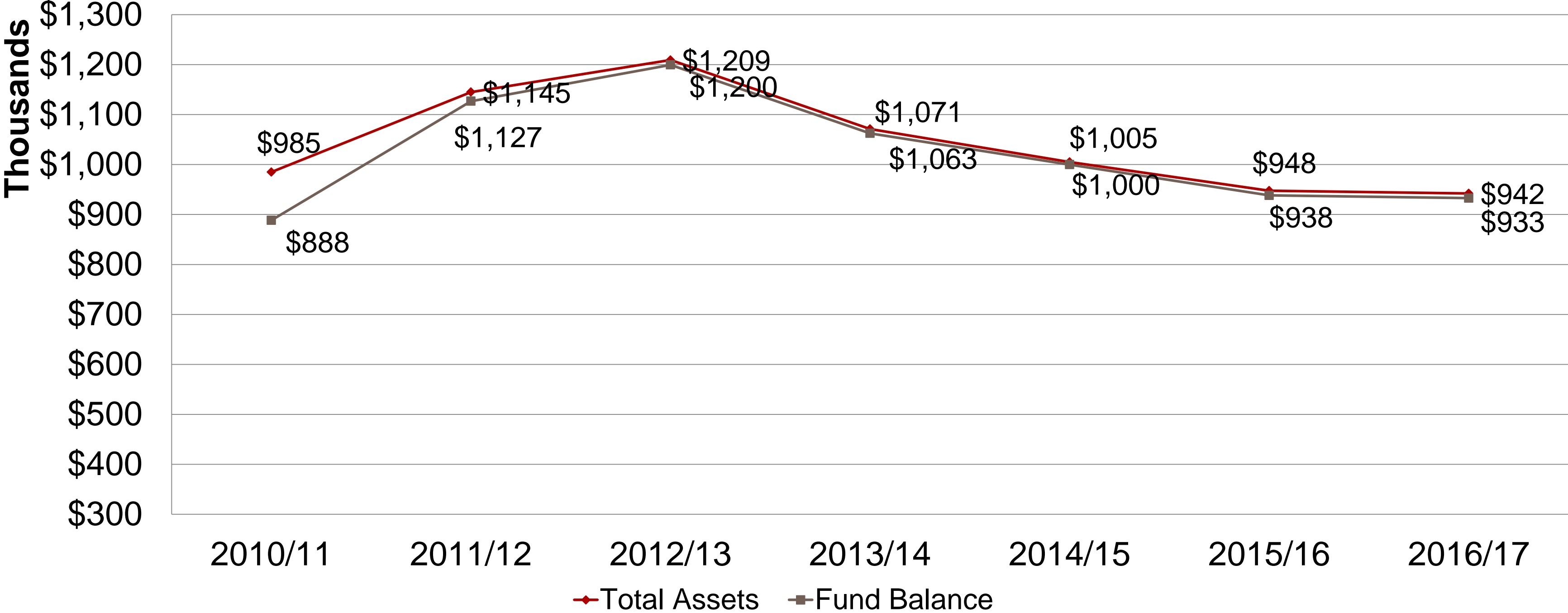


- Other District funds:
 - Management
 - Capital Projects Fund
 - Secure A Vision for Education (SAVE) (Statewide 1¢ sales tax)
 - Physical Plant & Equipment Levy (PPEL)
 - Debt
 - Activity
 - Nutrition
- These are restricted use funds that are subject to laws and regulations established by the Code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

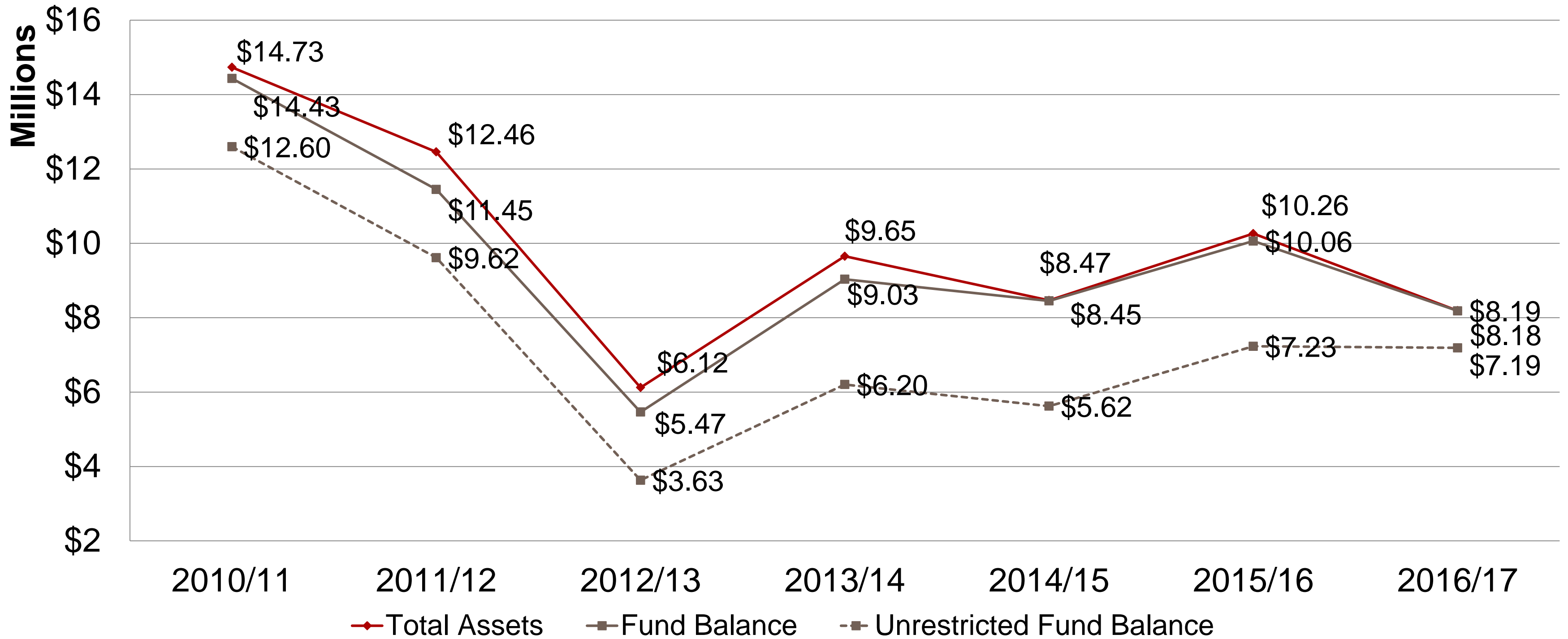
- Restricted fund
 - Construction, remodeling, repairing and furnishing of new or existing buildings
 - Purchase or improve school grounds
 - Procure or open roads to buildings
 - Emergency repairs
 - Payment of principle and interest or retirement of general obligation bonds

SAVE - Revenue/Expense History

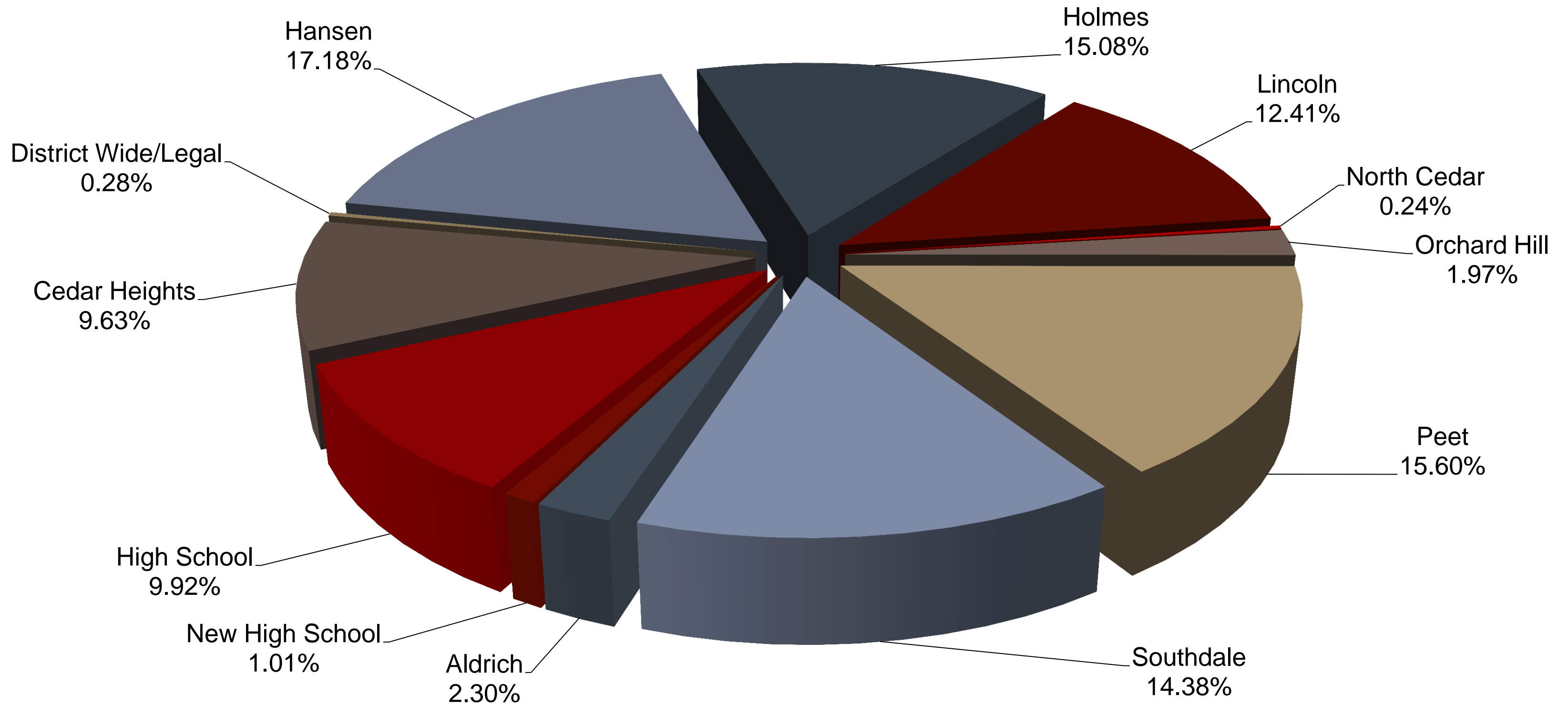
Fiscal Year	Beginning Balance	Sales Tax Revenue	Interest	Sale of BAN's/ Bonds	Other Revenue	Total Available	Project Expense	BAN/Bond Payment (P & I)	EOY Balance	Less Req. Bond Reserve	Net Available
2000	\$3,398	\$2,389,728	\$63,619	\$5,000,000	\$0	\$7,456,745	\$656,624	\$0	\$6,800,121		
2001	\$6,800,121	\$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
Totals		\$70,667,369	\$2,953,511	\$50,561,784	\$1,864,763		\$77,582,584	\$40,283,528			

Secure A Vision for Education (SAVE)

Formally Local Option One Cent Sales Tax

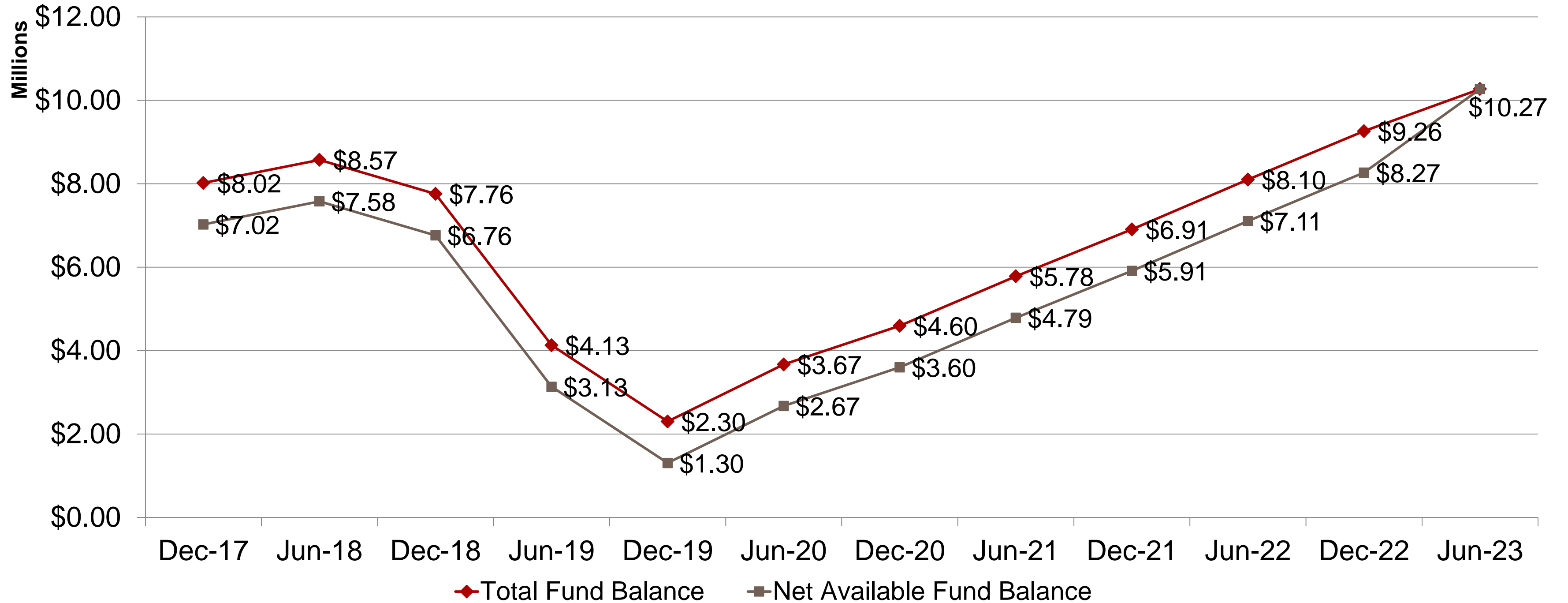


History of SAVE Fund Expense



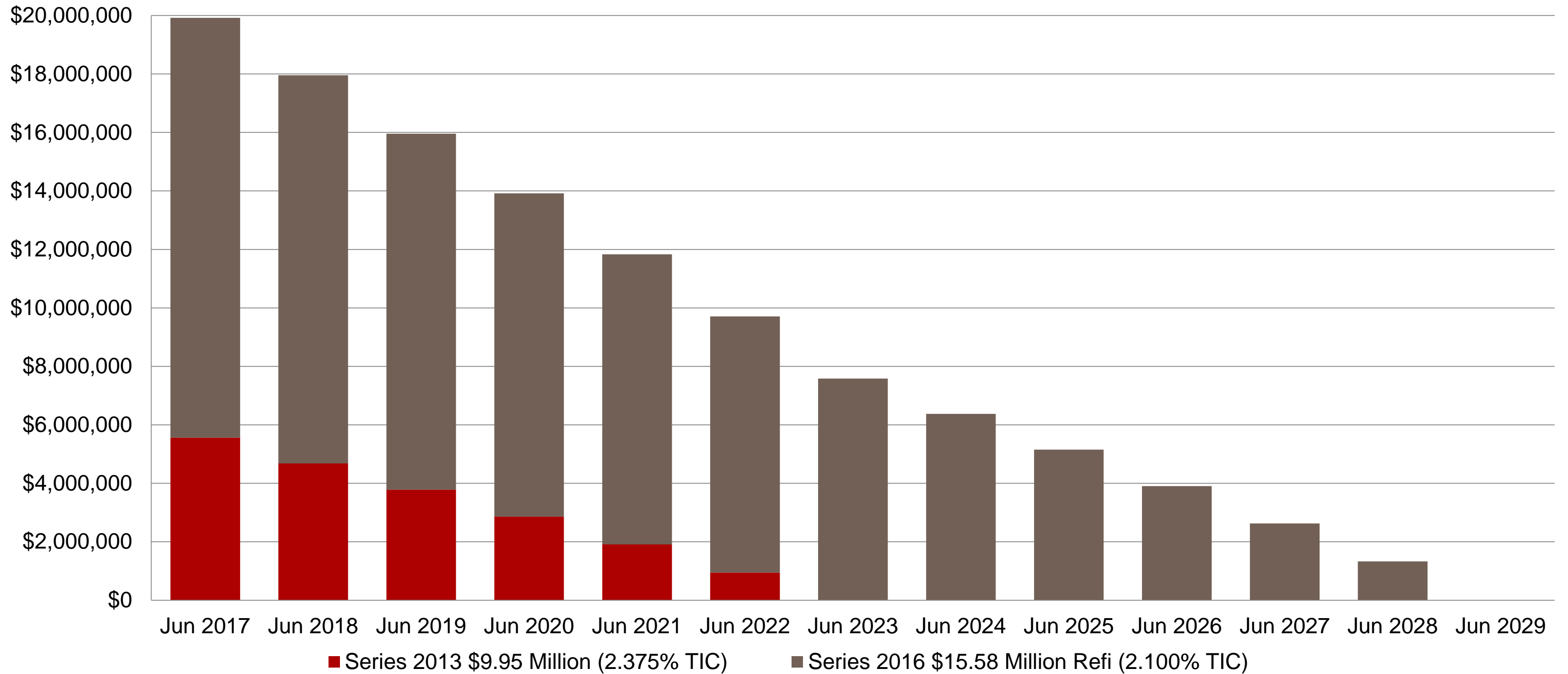
Statewide Sch. Infrastructure Sales & Service Tax

Projected Future Fund Balance (Cash Basis)



As of December 31, 2017

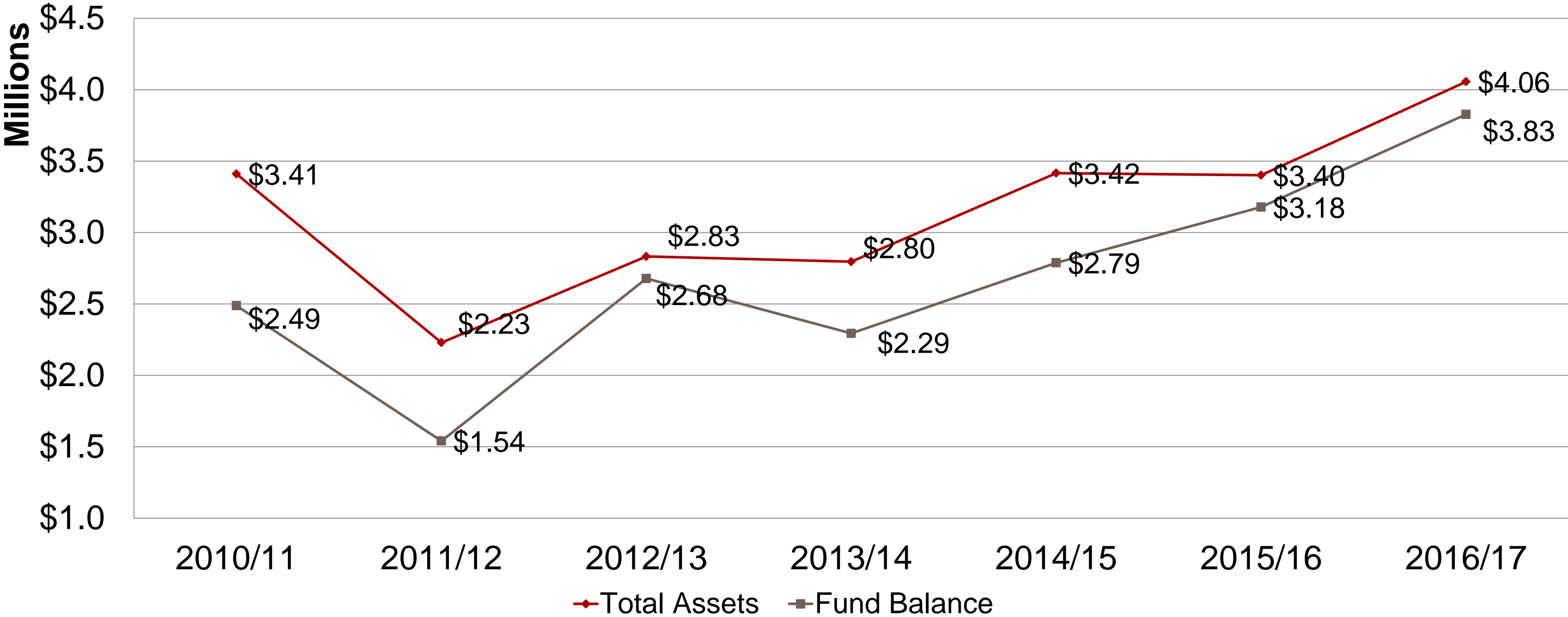
Outstanding Revenue Bond Debt



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

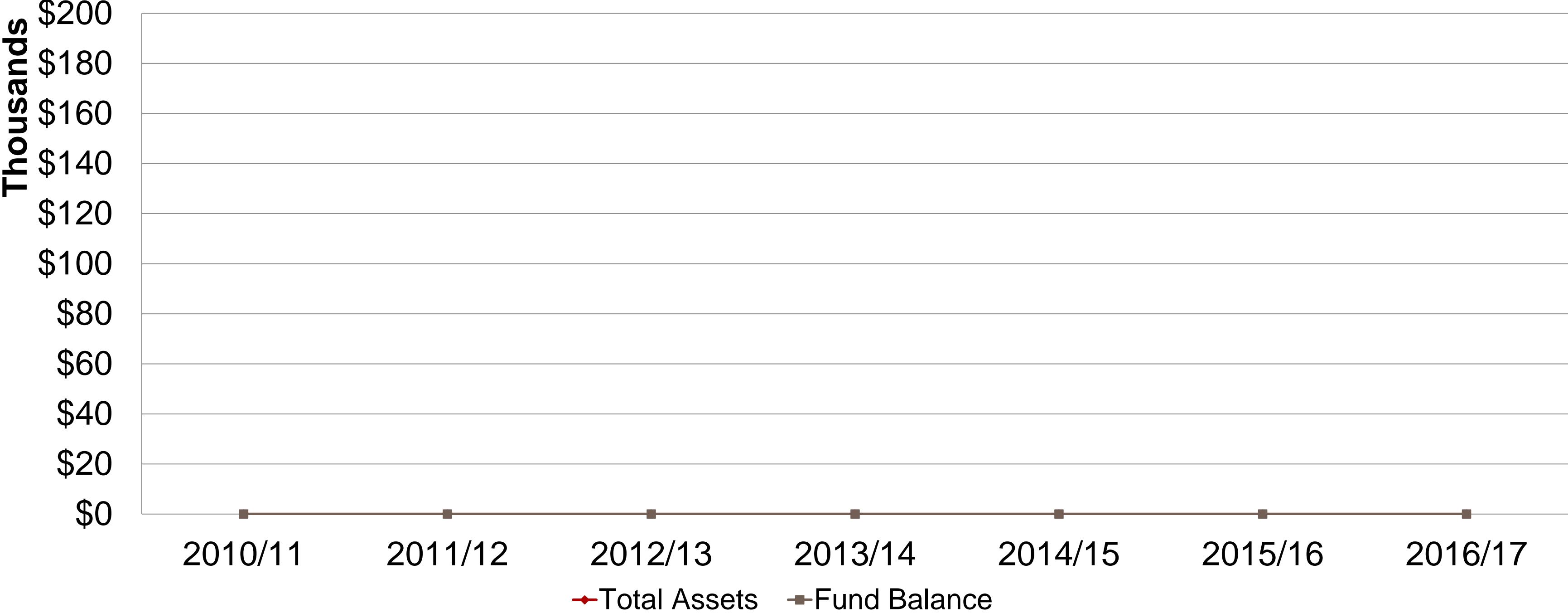
Physical Plant & Equipment Levy (PPEL)



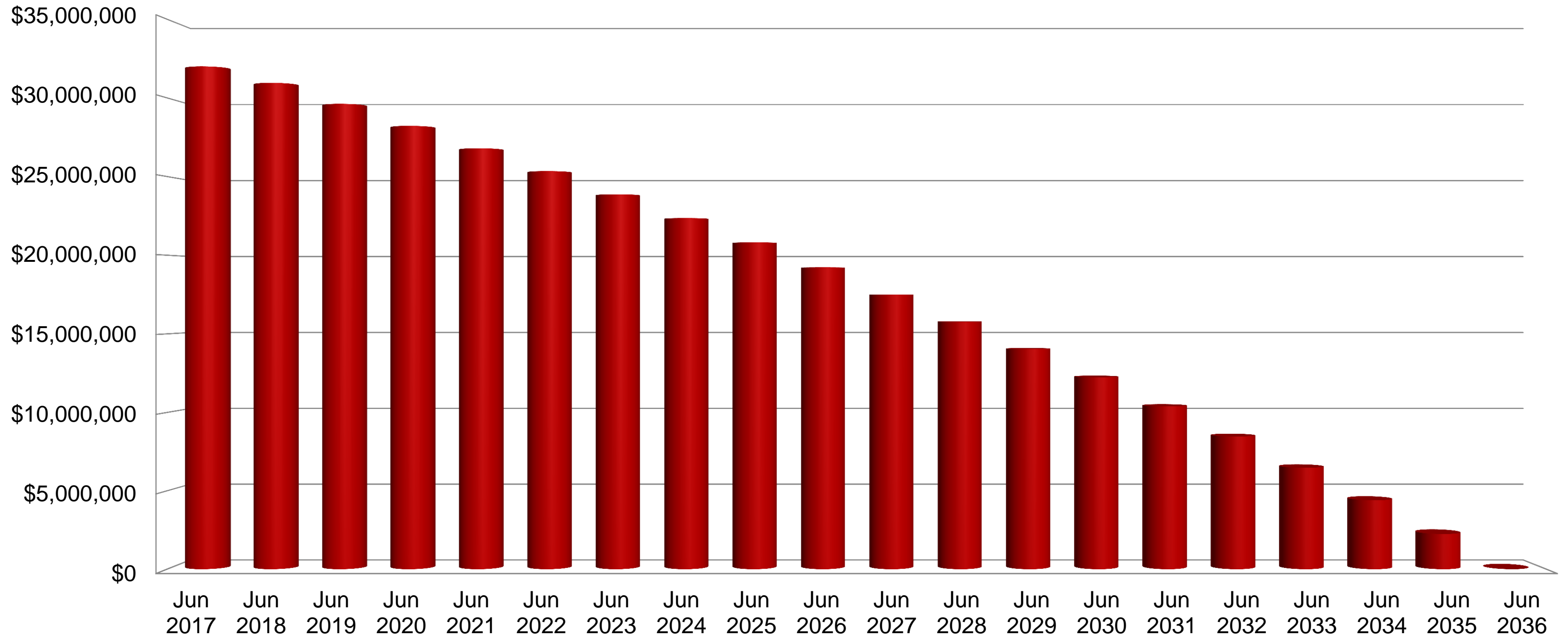
Debt Service Levy

- 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 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



Outstanding General Obligation Bond Debt



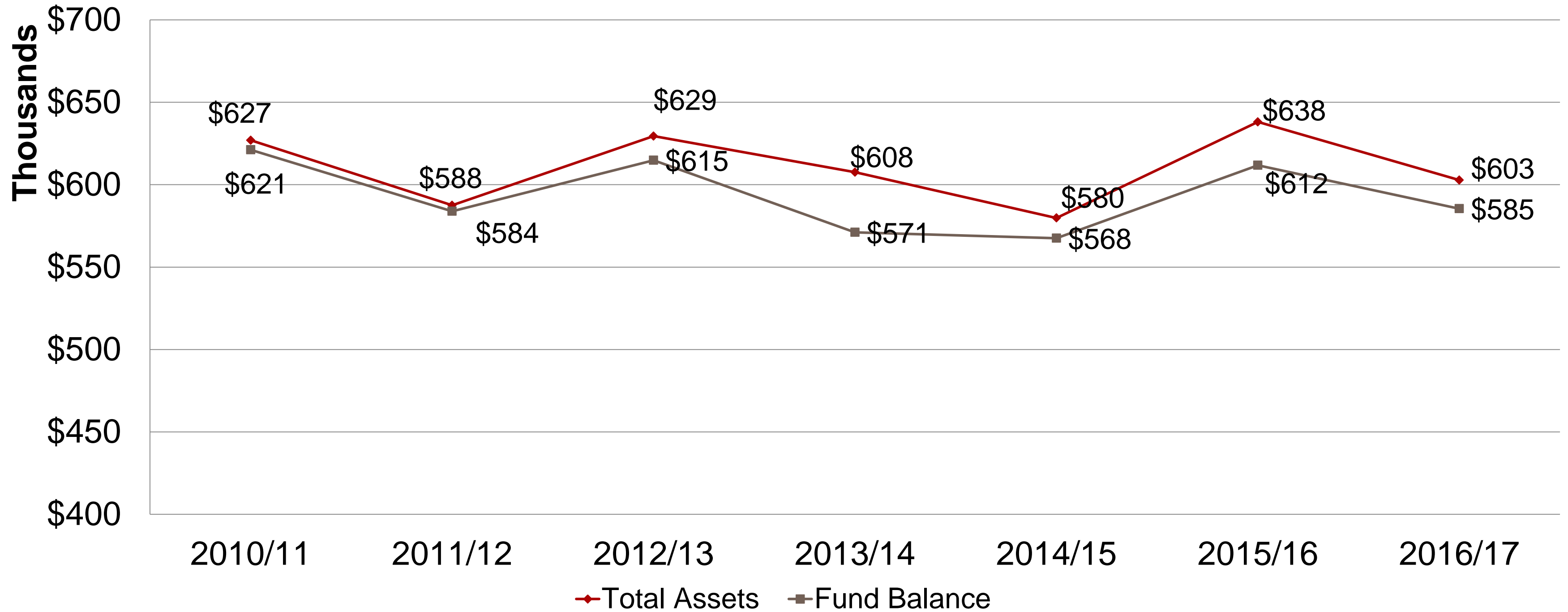
■ Series 2017 \$32.00 Million (3.078% TIC)

20 year bond paid in 19 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

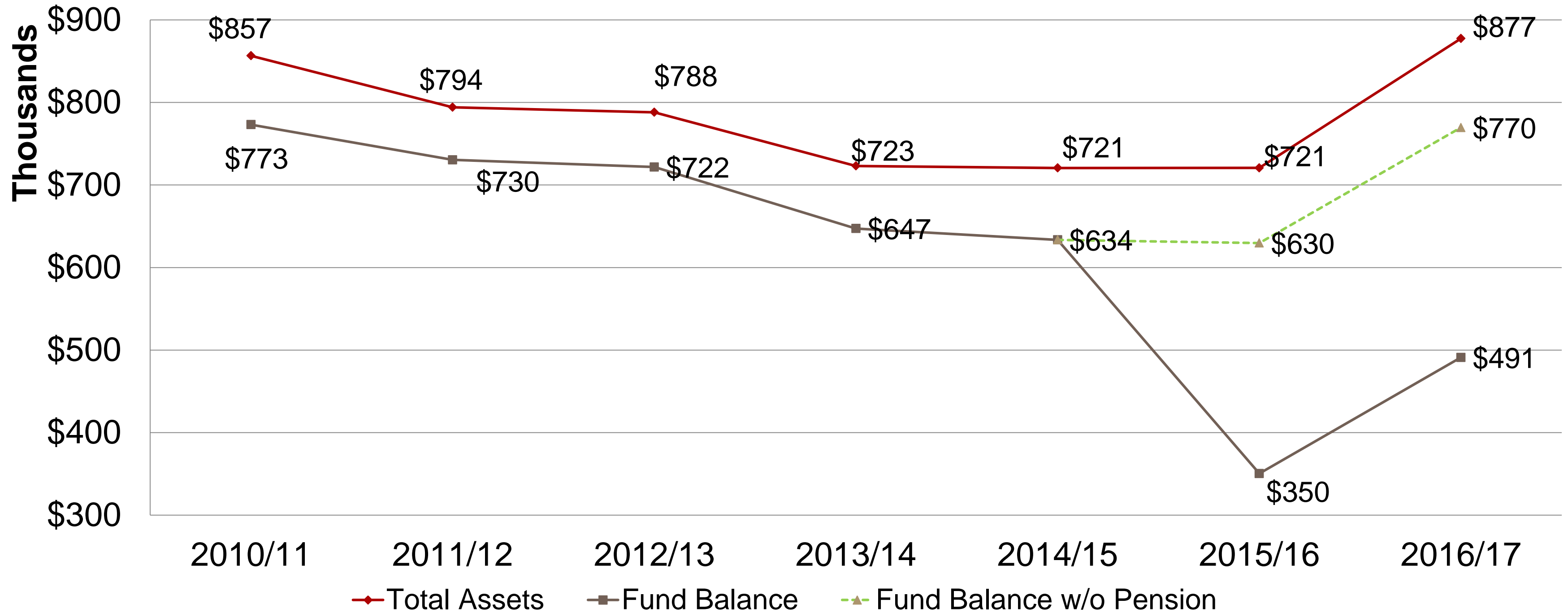
Activity Fund



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, 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?

