

CEDAR FALLS COMMUNITY SCHOOL DISTRICT



Annual District Financial Report

December 14, 2020

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

Agency Funds (Also Known as Custodial Funds)

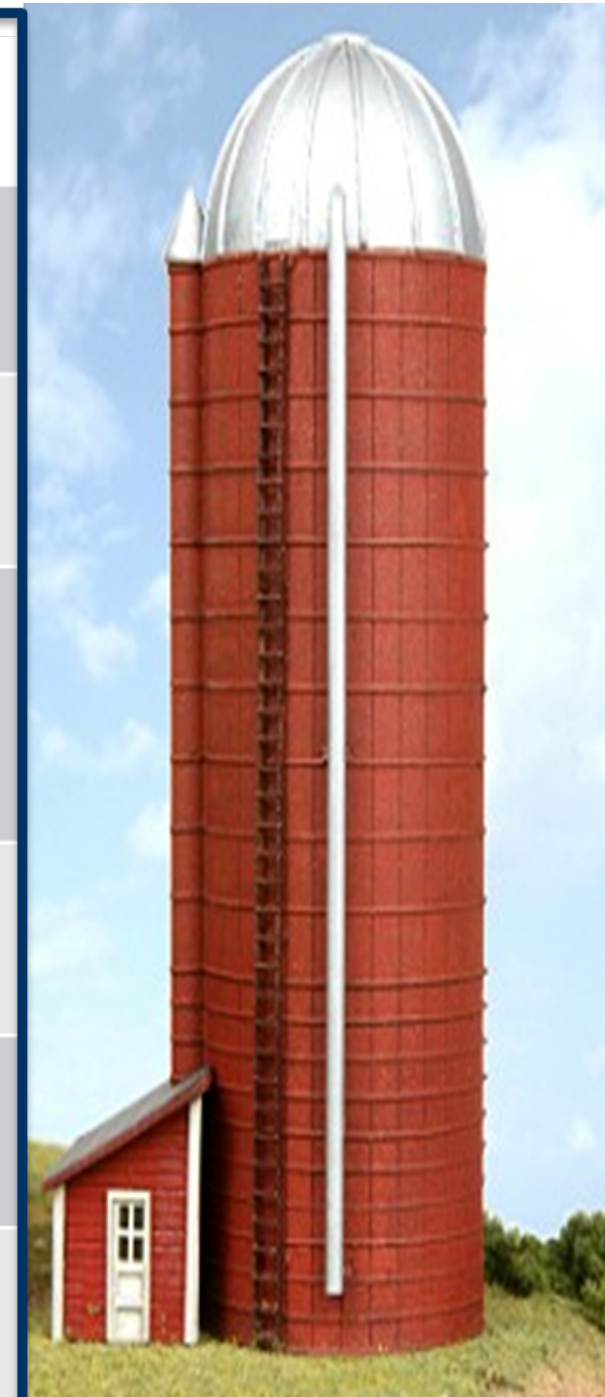
Includes:

- 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

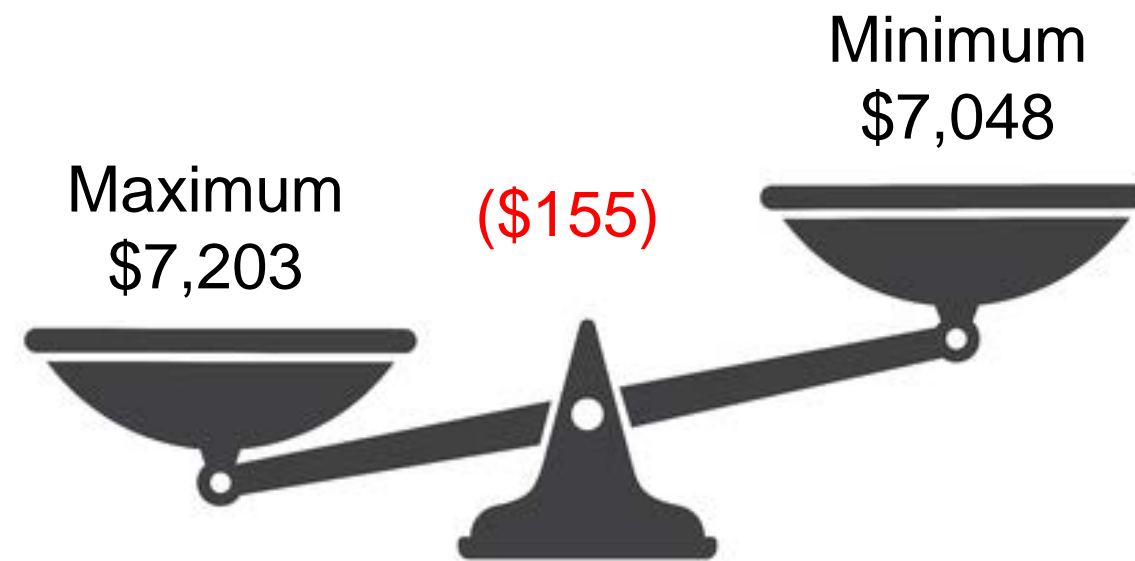
4 Key Factors

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) \$7,048



327 Districts
130 > SCPP
197 = SCPP

4 Key Factors

Iowa Public School Foundation Formula

District Cost Per Pupil Category	# of Districts	% of Districts	Top of Category over SCPP
\$7,048	197	60.2%	\$0
\$7,049 to \$7,078	49	15.0%	\$30
\$7,079 to \$7,109	35	10.7%	\$61
\$7,110 to \$7,140	21	6.4%	\$92
\$7,141 to \$7,171	13	4.0%	\$123
\$7,172 to \$7,202	7	2.1%	\$154
\$7,203	5	1.5%	\$155

Legislature working *slowly* to close the gap: now at \$155

4 Key Factors

Iowa Public School Foundation Formula

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

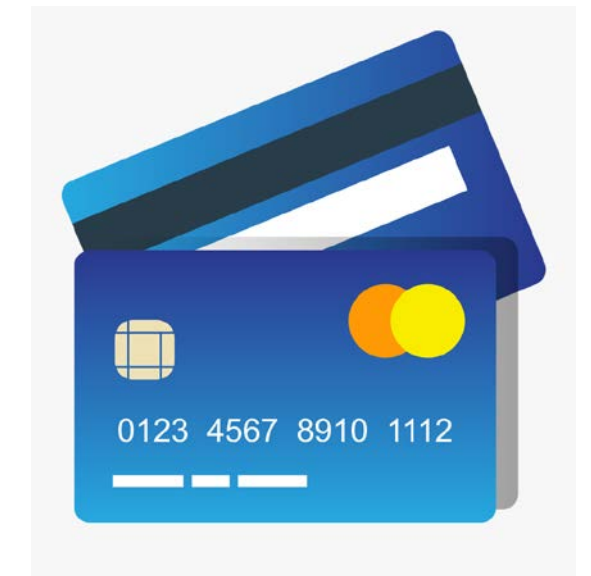
Calculation-State Cost Per Pupil (SCPP)		
FY 2020 State Cost Per Pupil (SCPP)		\$6,880
FY 2021 State Rate of Growth	X	2.30%
Increase in FY 2020 SCPP	=	\$158
FY 2021 SCPP Amount	=	\$7,038
Equity Legislation Additional To SCPP	=	\$10
New FY 2021 SCPP	=	\$7,048

Example:	FY 2020 DCPP	Dollar Value Rate of Growth	FY 2021 DCPP
District A	\$6,880	\$158 + \$10	\$7,048
District B	\$6,950	\$158	\$7,108

- 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 4 yr. old preschool 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

	Actual	Actual	Actual
	FY 18	FY 19	FY 20
Regular Program District Cost	\$34,334,303	\$34,549,095	\$36,034,688
Regular Program Budget Adjustment	\$0	\$128,551	\$0
Supplemental Weighting District Cost	\$494,028	\$553,715	\$627,208
Special Education District Cost	\$4,601,723	\$4,673,746	\$4,705,714
Teacher Salary Supplement District Cost	\$2,897,700	\$2,916,266	\$3,041,474
Professional Development Supplement Dist. Cost	\$344,218	\$346,260	\$360,766
Early Intervention Supplement District Cost	\$343,240	\$345,594	\$360,714
Teacher Leadership Supplemental District Cost	\$1,663,806	\$1,674,129	\$1,745,325
AEA Special Education Support	\$1,729,212	\$1,741,685	\$1,807,796
AEA Special Education Support Adjustment	\$0	\$0	\$0
AEA Media Services	\$298,659	\$301,267	\$312,499
AEA Educational Services	\$333,465	\$336,301	\$348,714
TAG Allowable Growth	\$0	\$0	\$0
AEA Sharing District Cost	\$0	\$0	\$0
AEA Teacher Salary Supplement District Cost	\$218,815	\$219,981	\$227,507
AEA Professional Development Suppl. Dist. Cost	\$25,156	\$25,322	\$26,173
Dropout Allowable Growth	\$828,149	\$855,139	\$882,274
SBRC Allowable Growth Other #1	\$98,079	\$88,686	\$47,416
SBRC Allowable Growth Other #2	\$136,969	\$758,160	\$944,761
Special Education Deficit Allowable Growth	\$467,283	\$691,195	\$1,275,389
Special Education Positive Balance Reduction	\$0	\$0	\$0
AEA Special Education Positive Balance	\$0	\$0	\$0
Allowance for Construction Projects	\$0	\$574,592	\$0
Unspent Allowance for Construction	\$0	\$0	
Enrollment Audit Adjustment	\$0	-\$5,870	\$0
AEA Prorata Reduction	-\$198,163	-\$198,163	-\$198,163
Maximum District Cost	\$48,616,642	\$50,575,651	\$52,550,255
Advance for Increased Enrollment	\$0		\$0
Preschool Foundation Aid	\$476,476	\$468,152	\$567,600
Instructional Support Authority	\$2,660,565	\$2,681,623	\$2,780,076
Ed Improvment Authority	\$0	\$0	\$0
Asbestos Authority	\$0	\$0	\$0
Enrichment Authority / GAAP Adjustment Comp.	\$0	\$0	\$0
Other Miscellaneous Income	\$5,942,894	\$5,847,731	\$5,439,003
Unspent Authority Budget - Previous Year	\$8,533,648	\$7,695,672	\$7,103,465
Maximum Authorized Budget	\$66,230,225	\$67,268,830	\$68,440,398
Expenditures	\$58,534,553	\$60,165,365	\$60,784,628
Unspent Balance Total	\$7,695,672	\$7,103,465	\$7,655,770

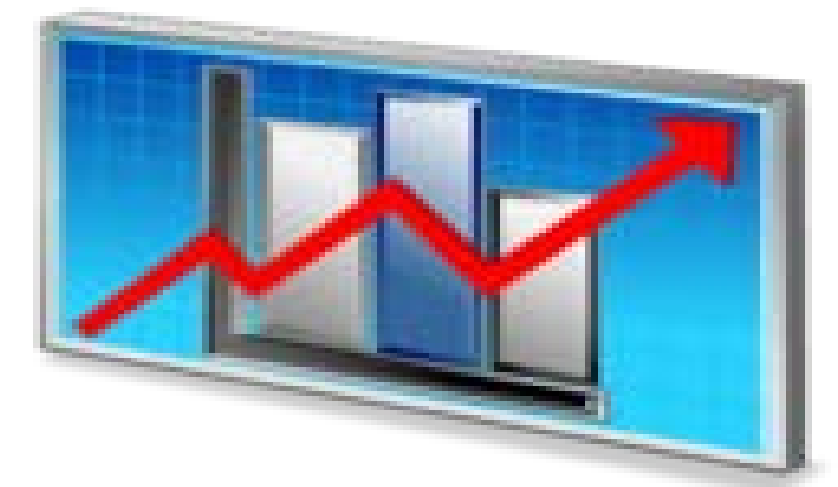
4 Key Factors

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 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

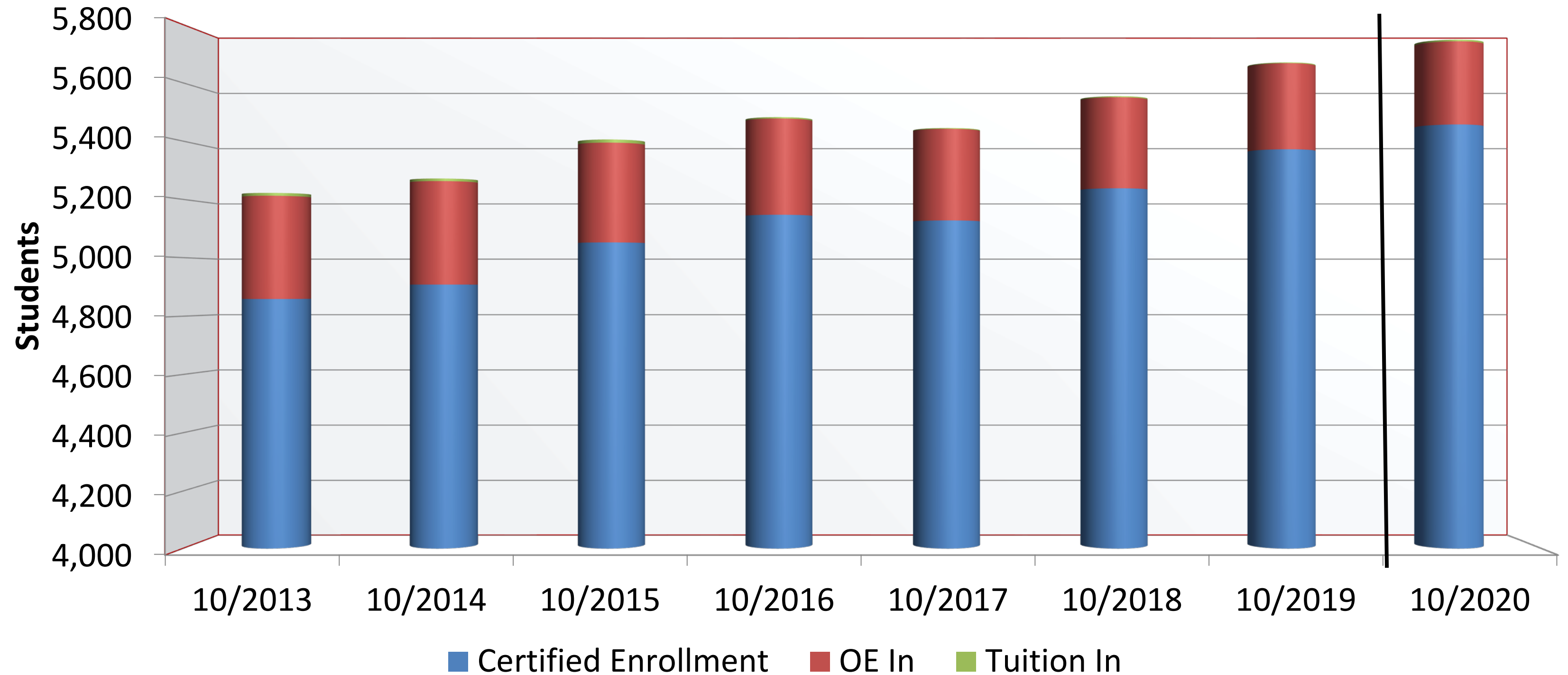
General Fund Key Financial Indicators

- 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



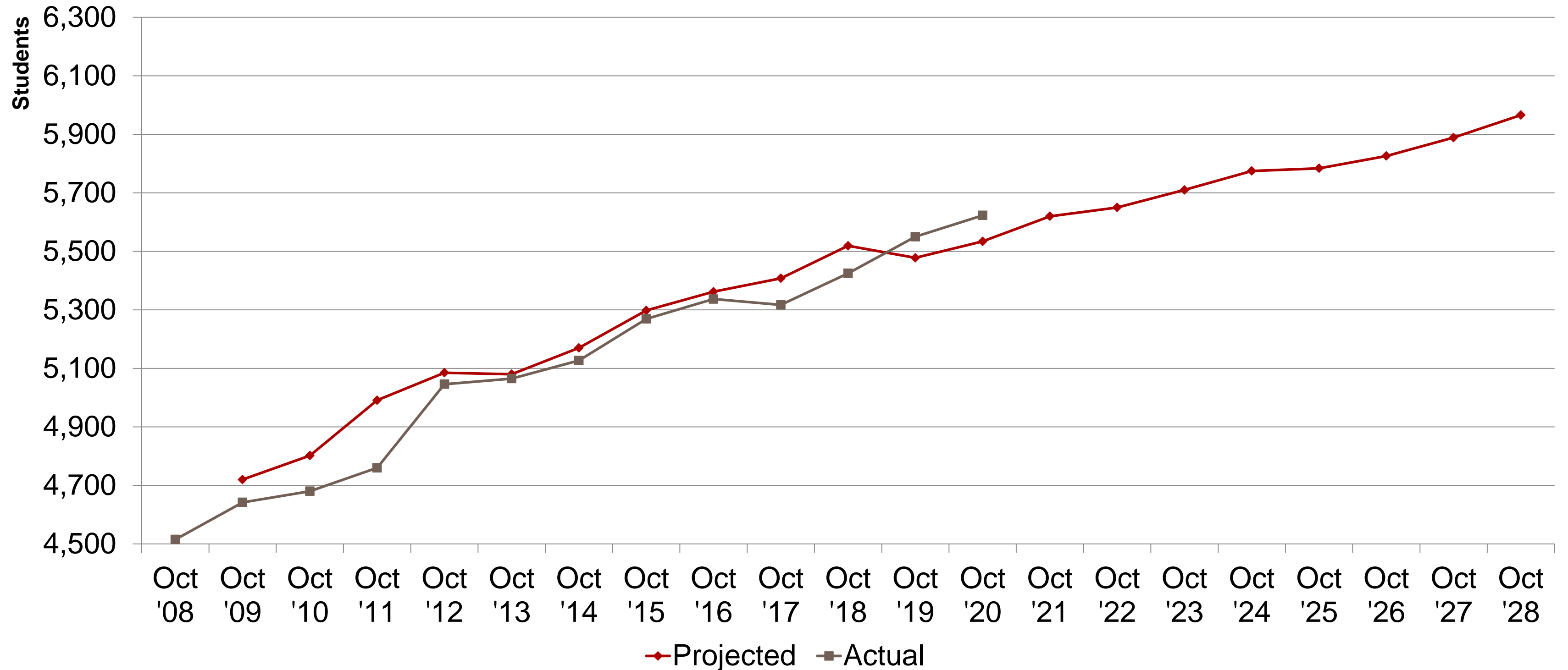
Enrollment History

Key Trend Dashboard Indicator #1



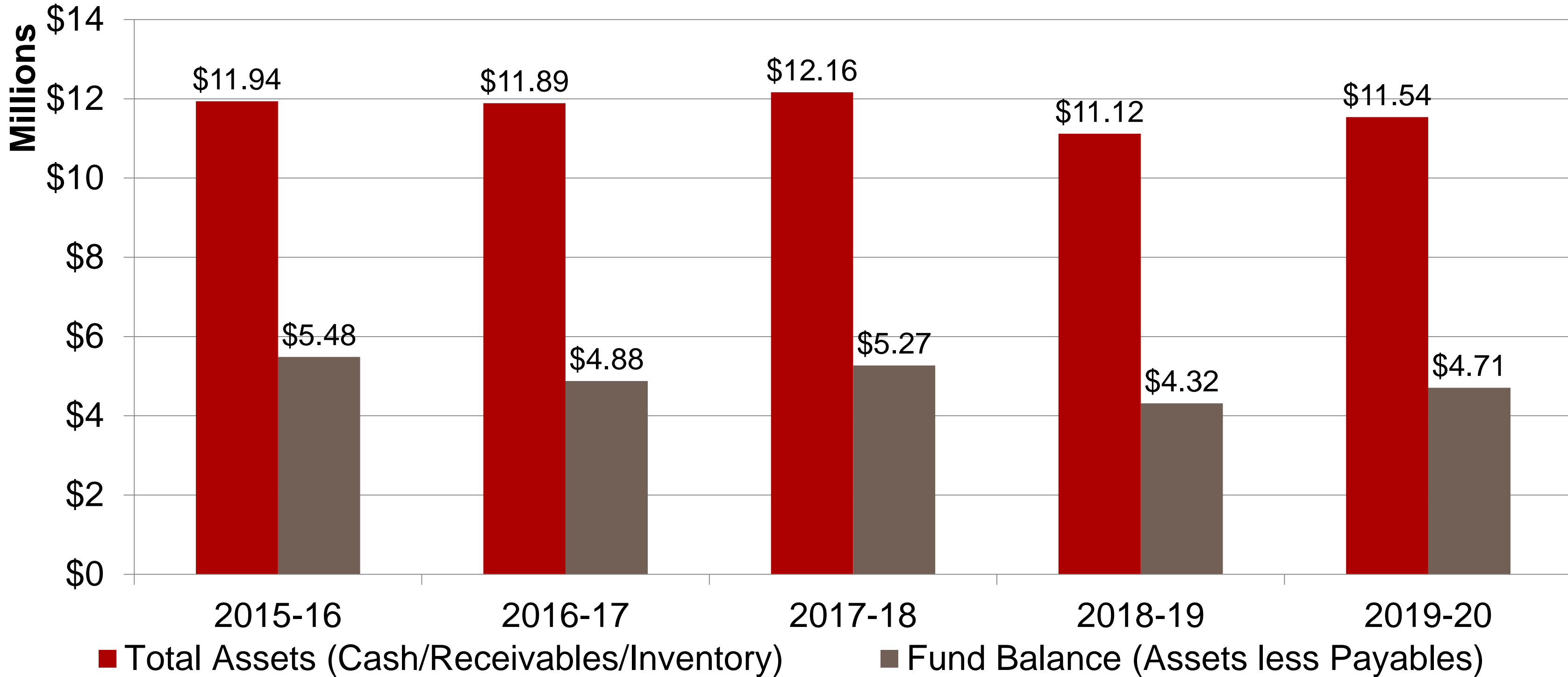
4 year old pre-school students not included.

CFCSD Enrollment Projections



RSP & Associates projections – Updated Jan. 2019

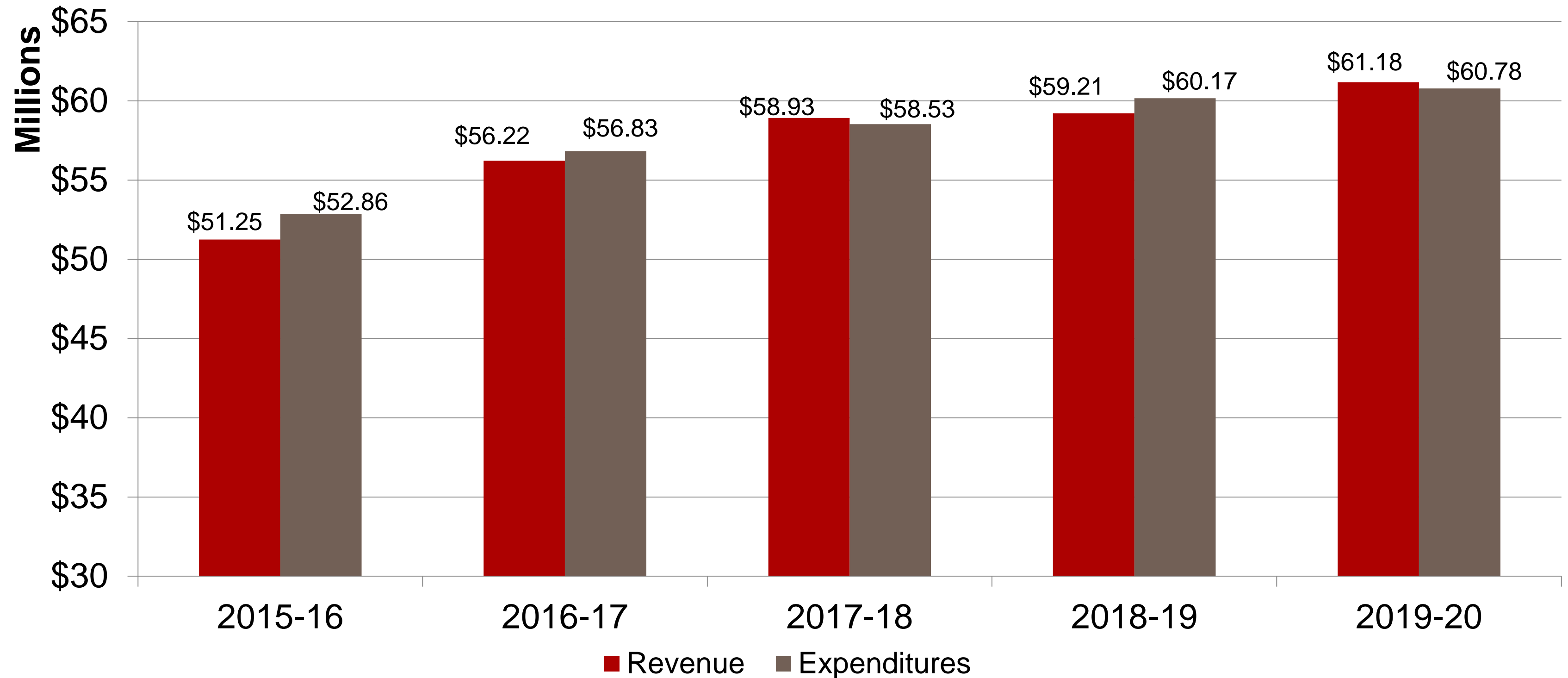
CAR General Fund Balance



\$420,400 increase in cash on hand and \$391,886 increase in fund balance.

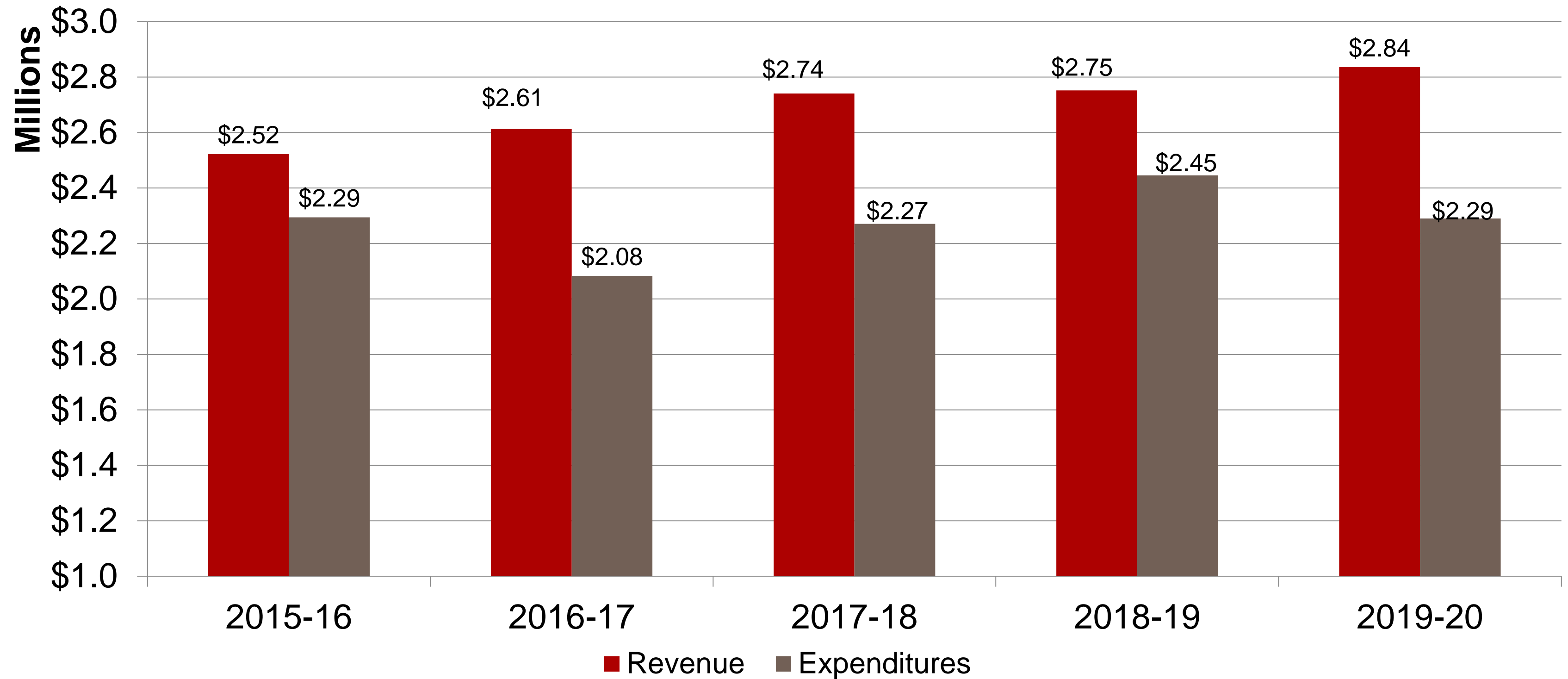
General Fund Revenue/Expenditure History

Includes Instructional Support Fund

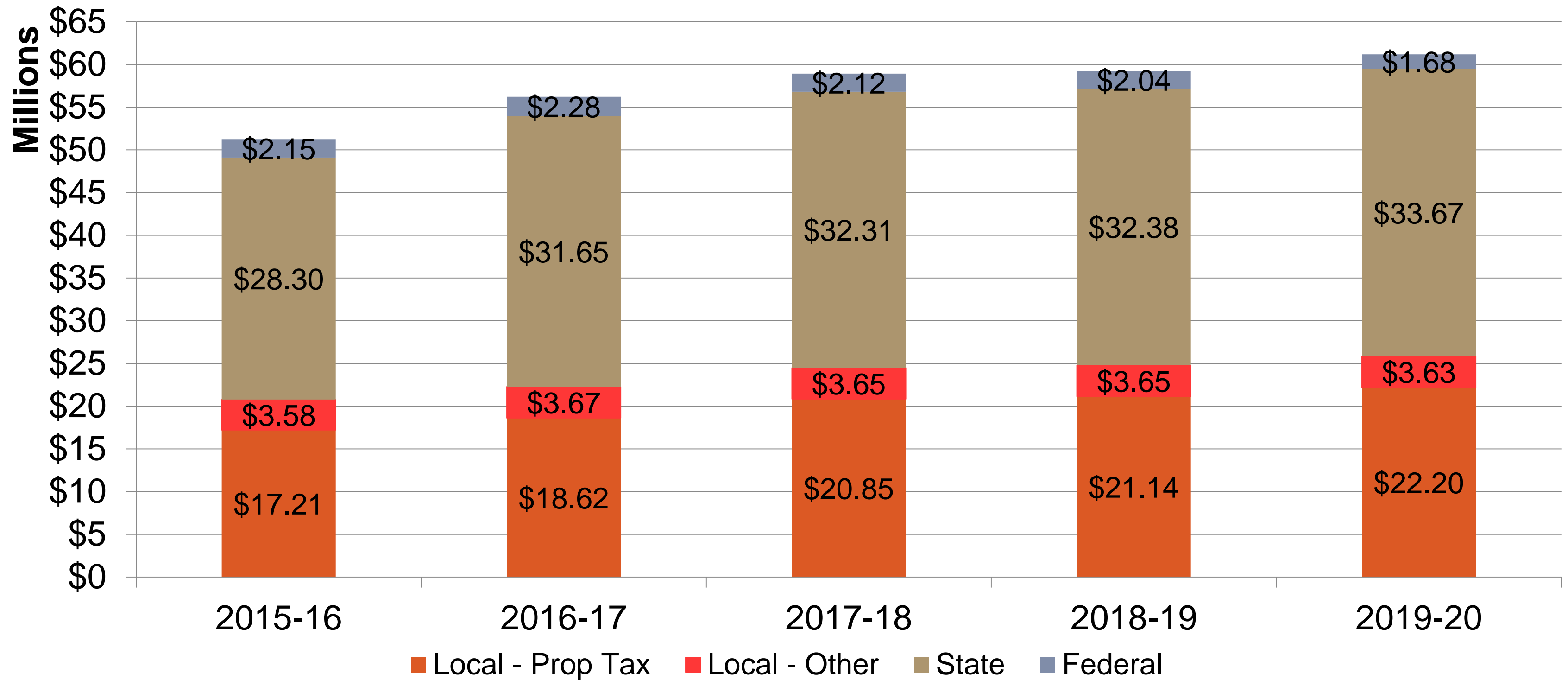


Revenue increased by \$1,965,999 and expenditures increased by \$619,263 from 2018-19 to 2019-20.

ISL (only) Revenue/Expenditure Detail

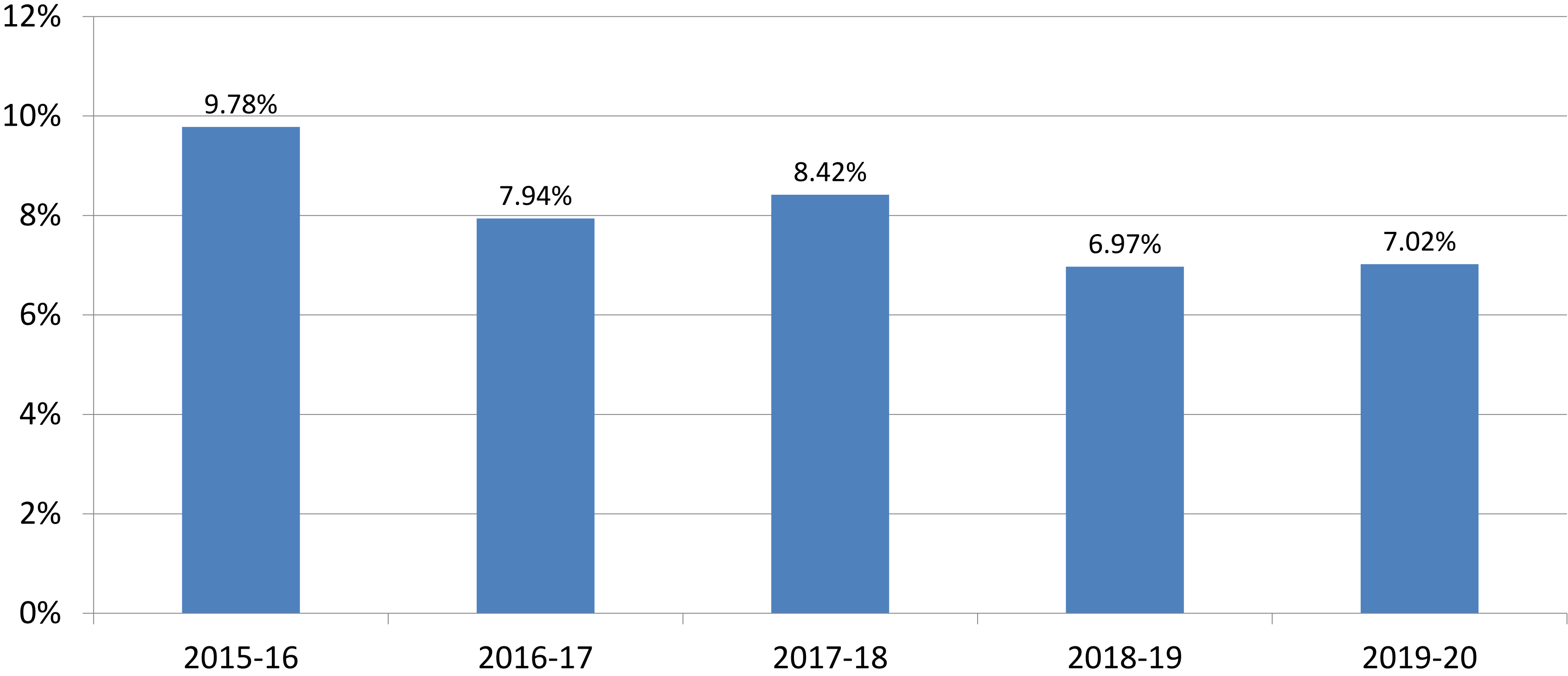


History of General Fund Revenue



Financial Solvency Ratio

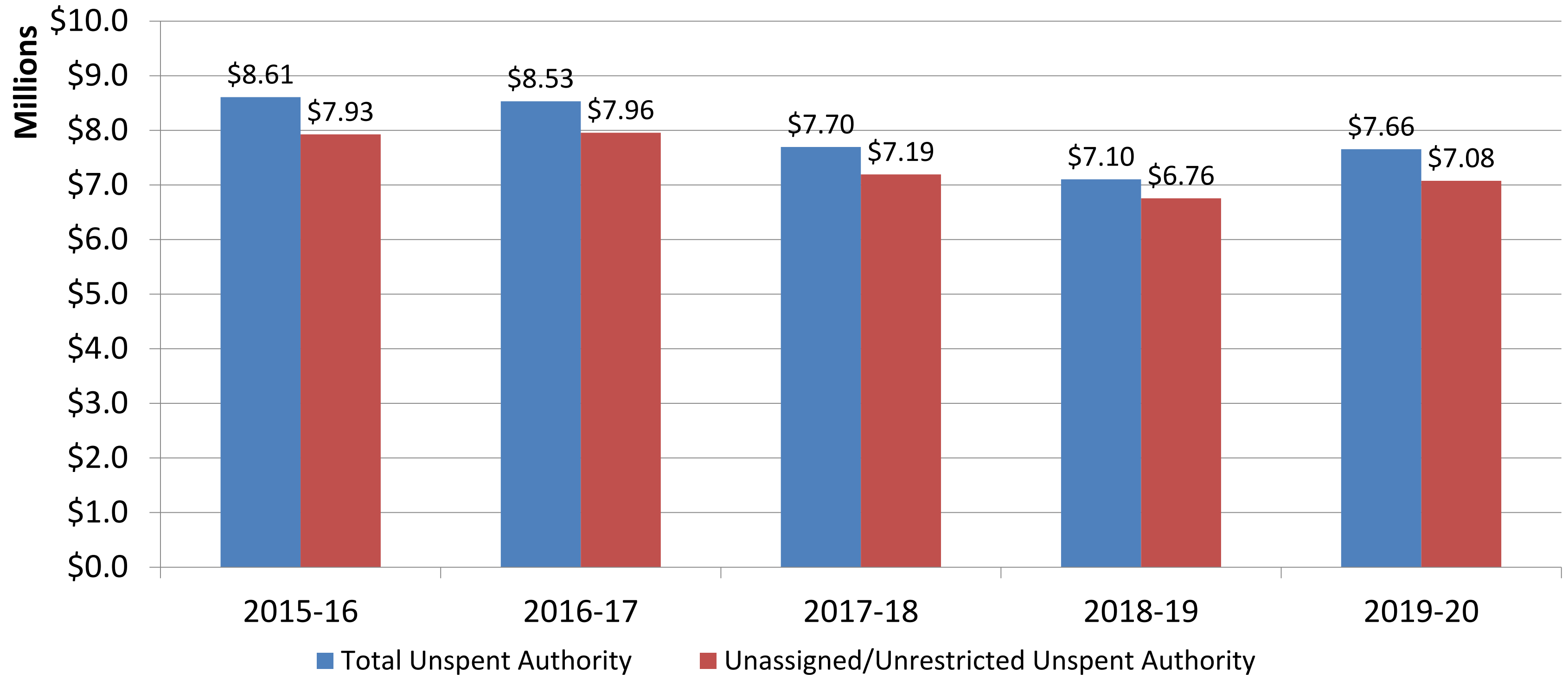
Key Trend Dashboard Indicator #2



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

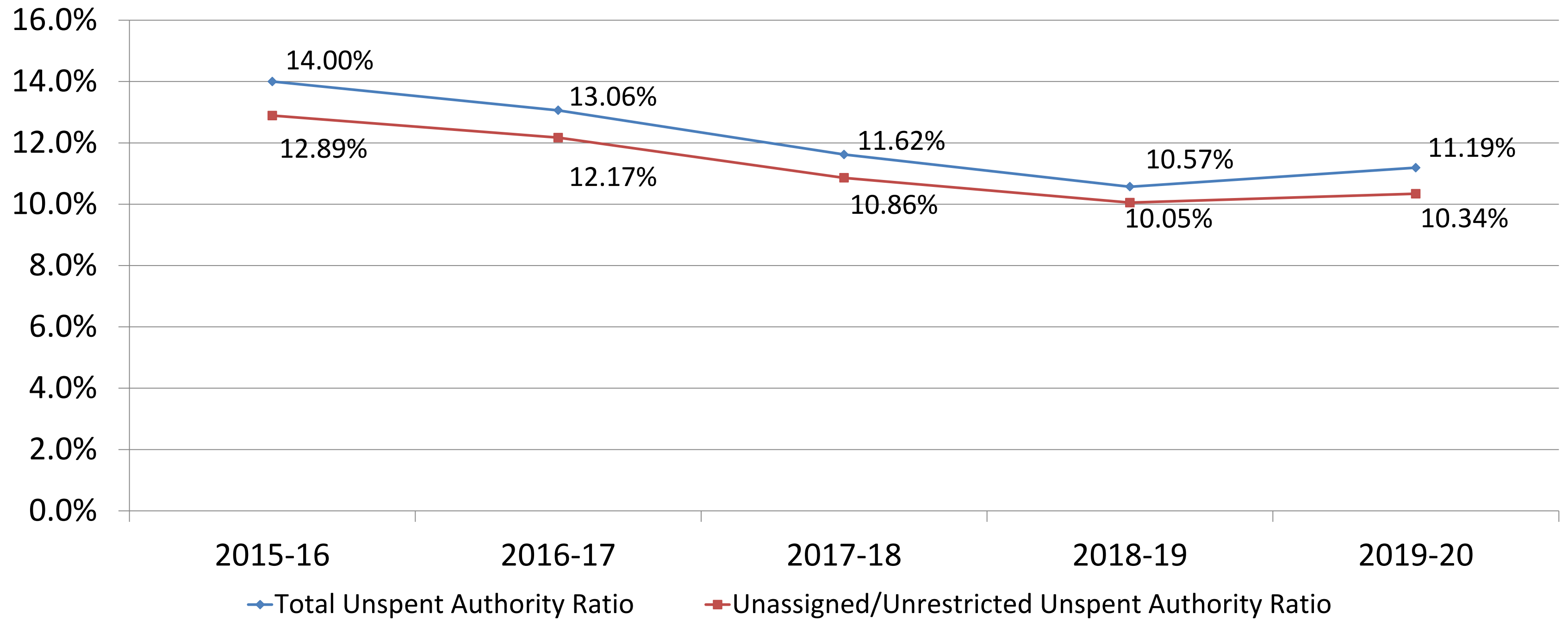
History of Unspent Budget Authority (In Dollars)

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 (\$6.84 million) is desired. District is at 10.34 % for 2019-20.

Spending Authority (UAB) vs. Cash (SR)

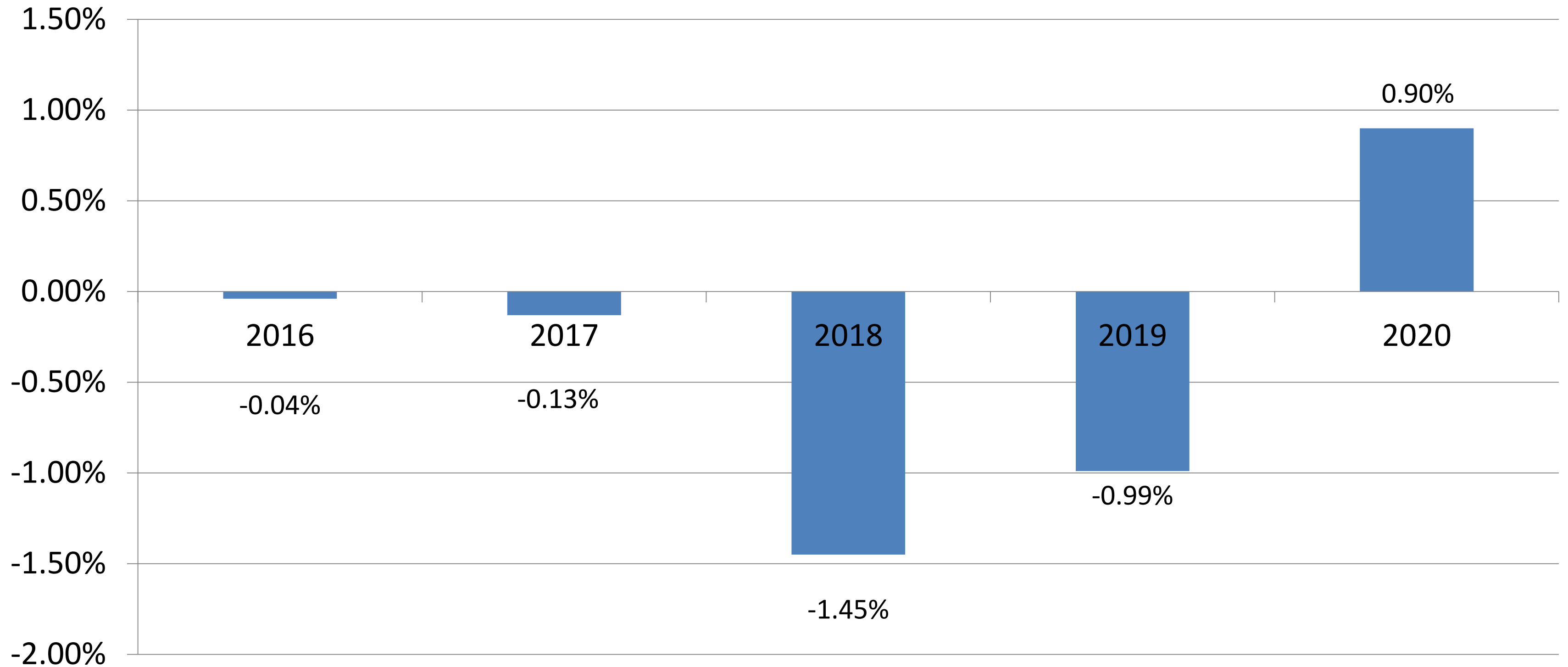
District FY20
UAB
10.34%

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 FY20
Solvency
Ratio
7.02%

Annual Unspent Budget Authority Ratio

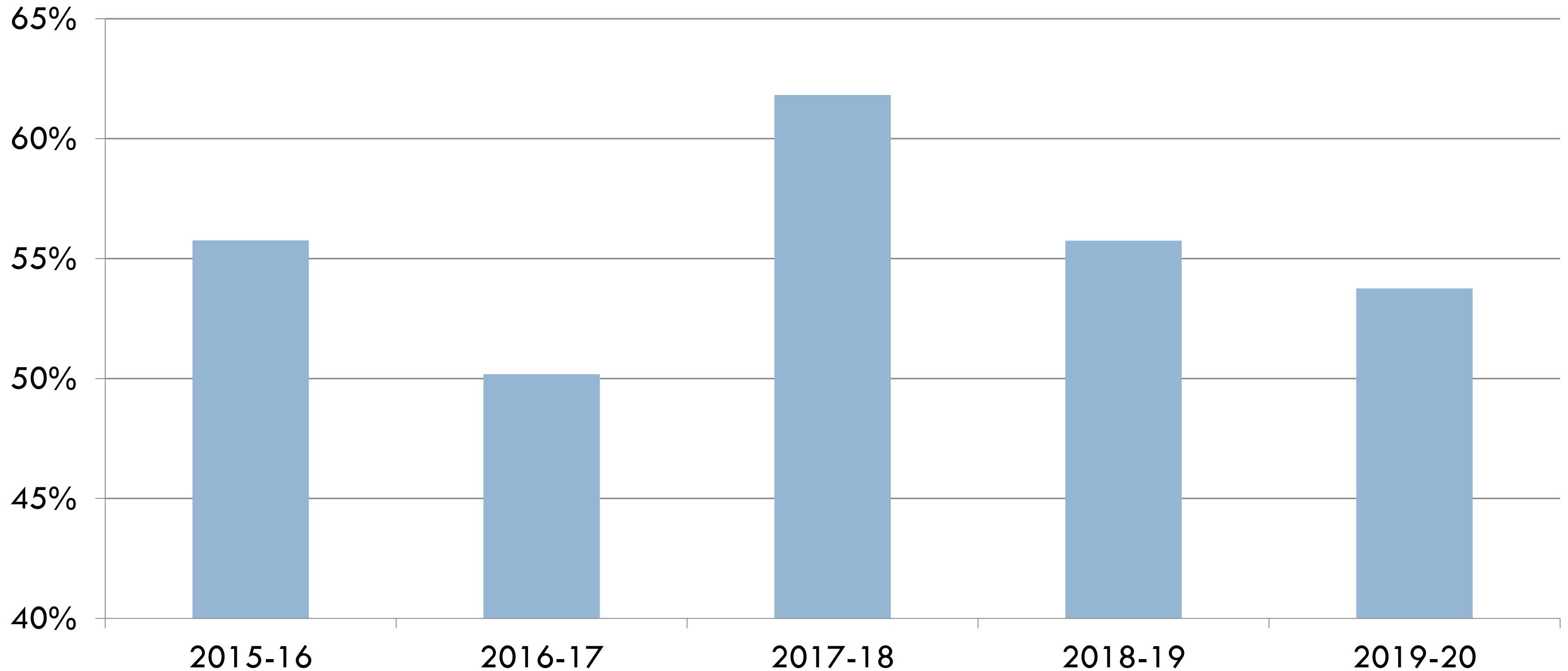
Key Trend Dashboard Indicator #4



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

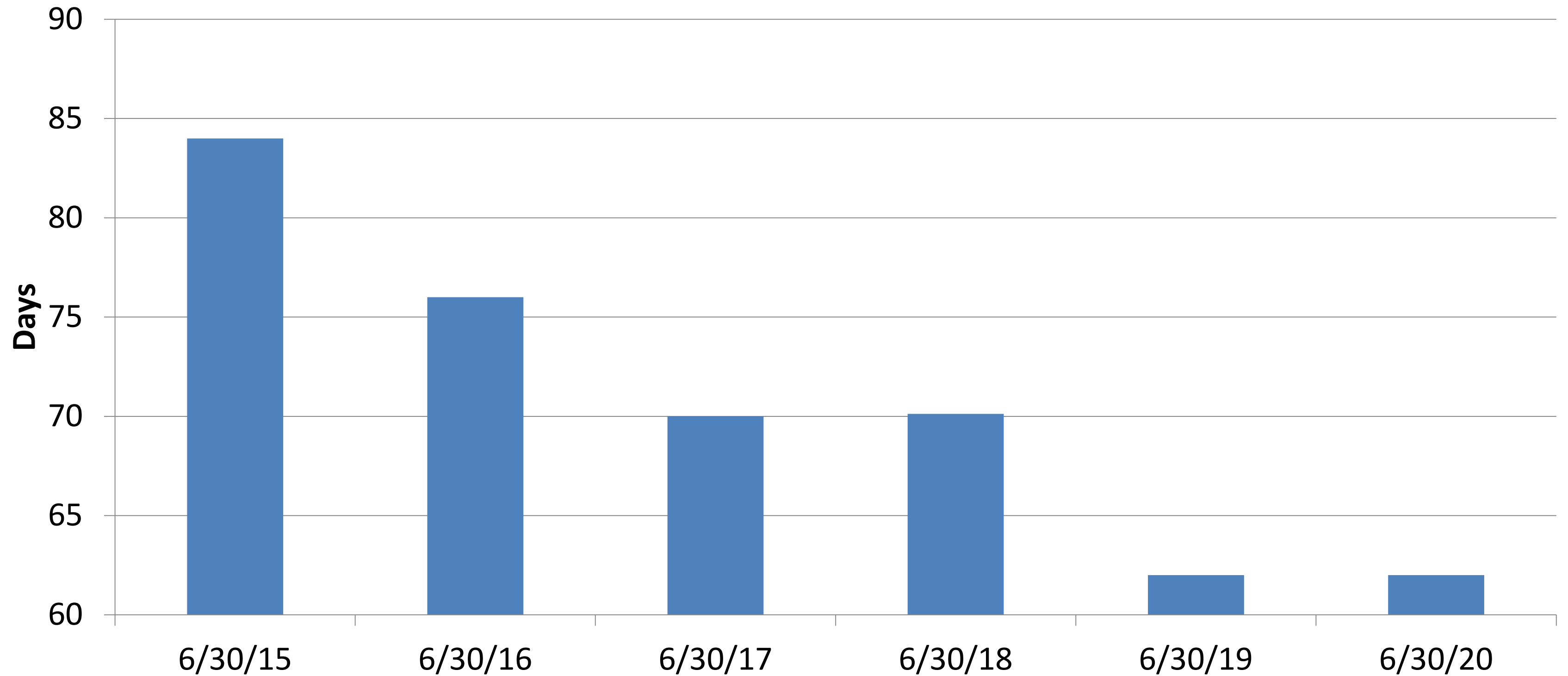
Net Fund Balance

As a Percentage of Unspent Authority



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

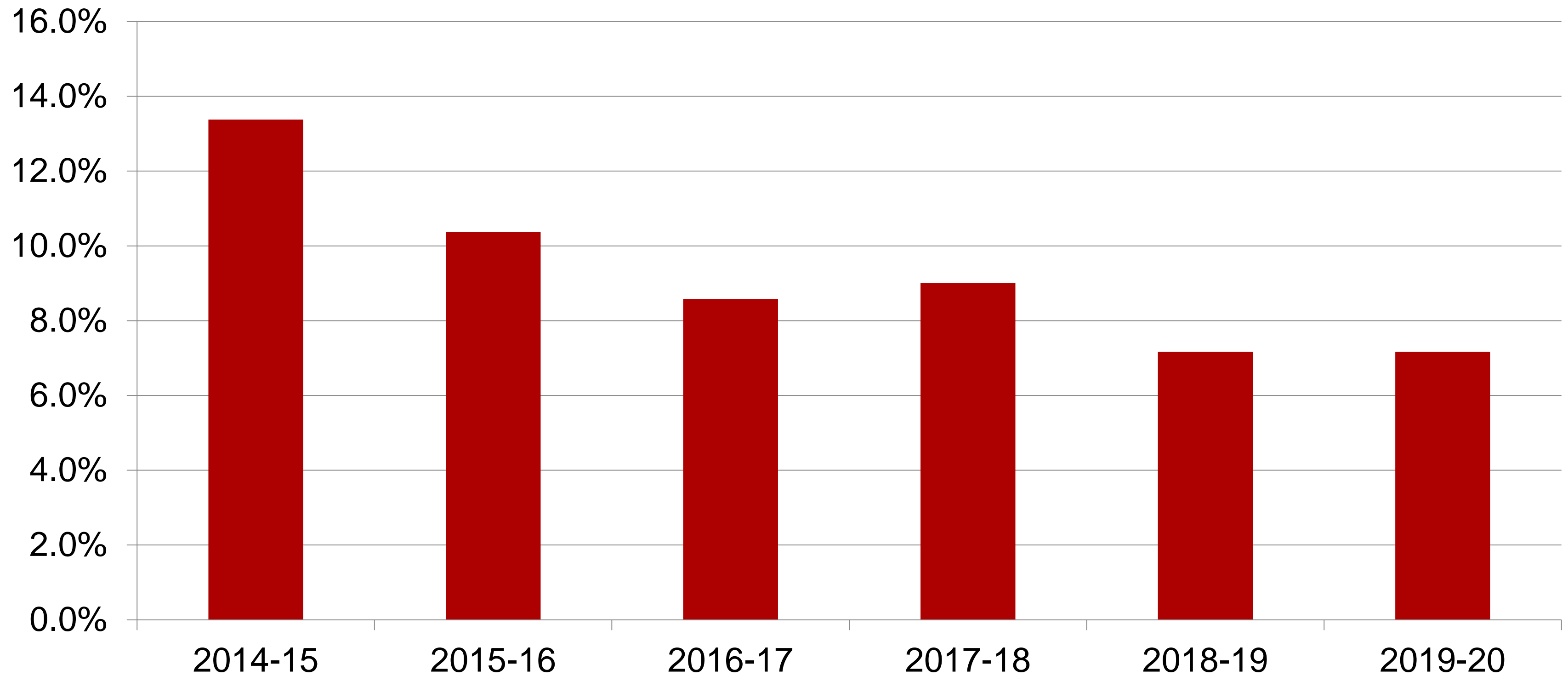
General Fund - Days Net Cash Ratio



Cash & investments/Avg. daily cash expenditures.

A goal of 90 days is desired.

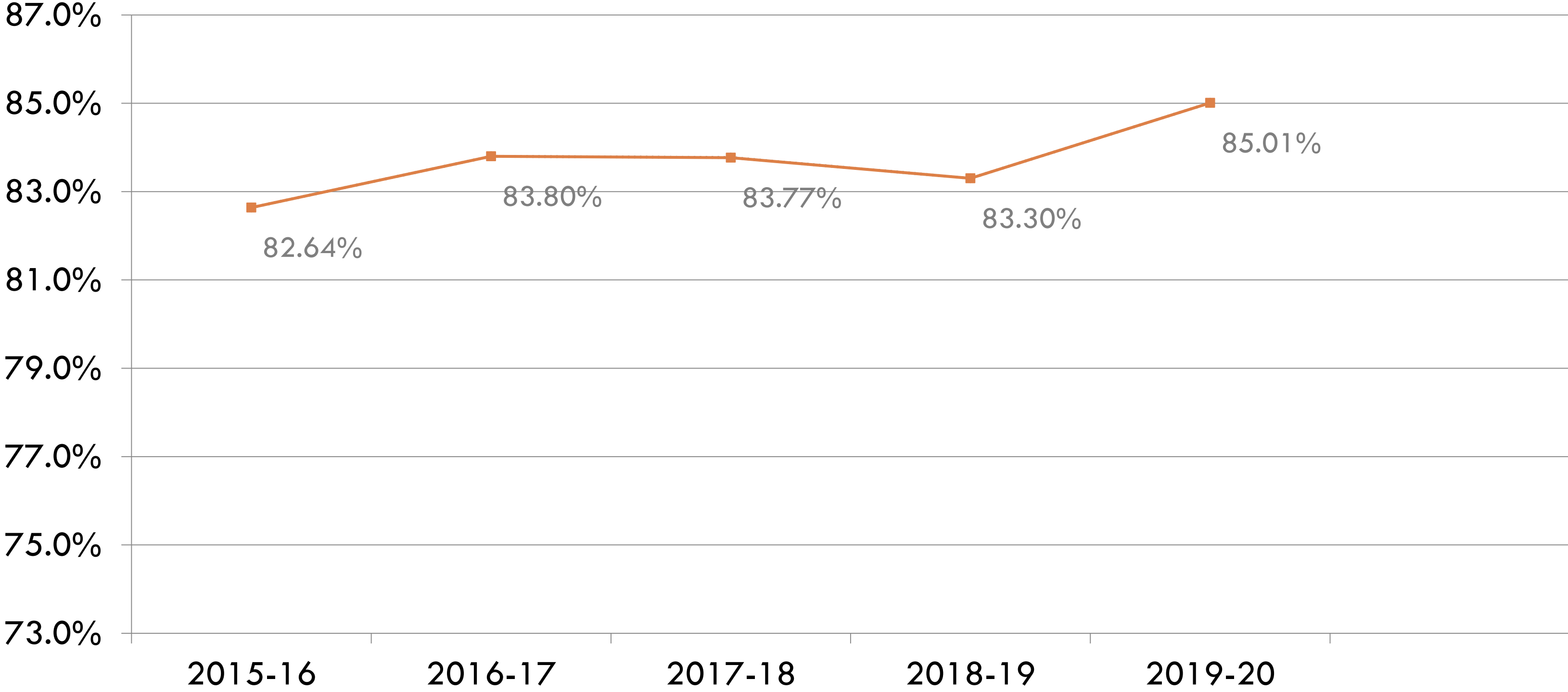
Net Fund Balance As a Percentage of Expenditures



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

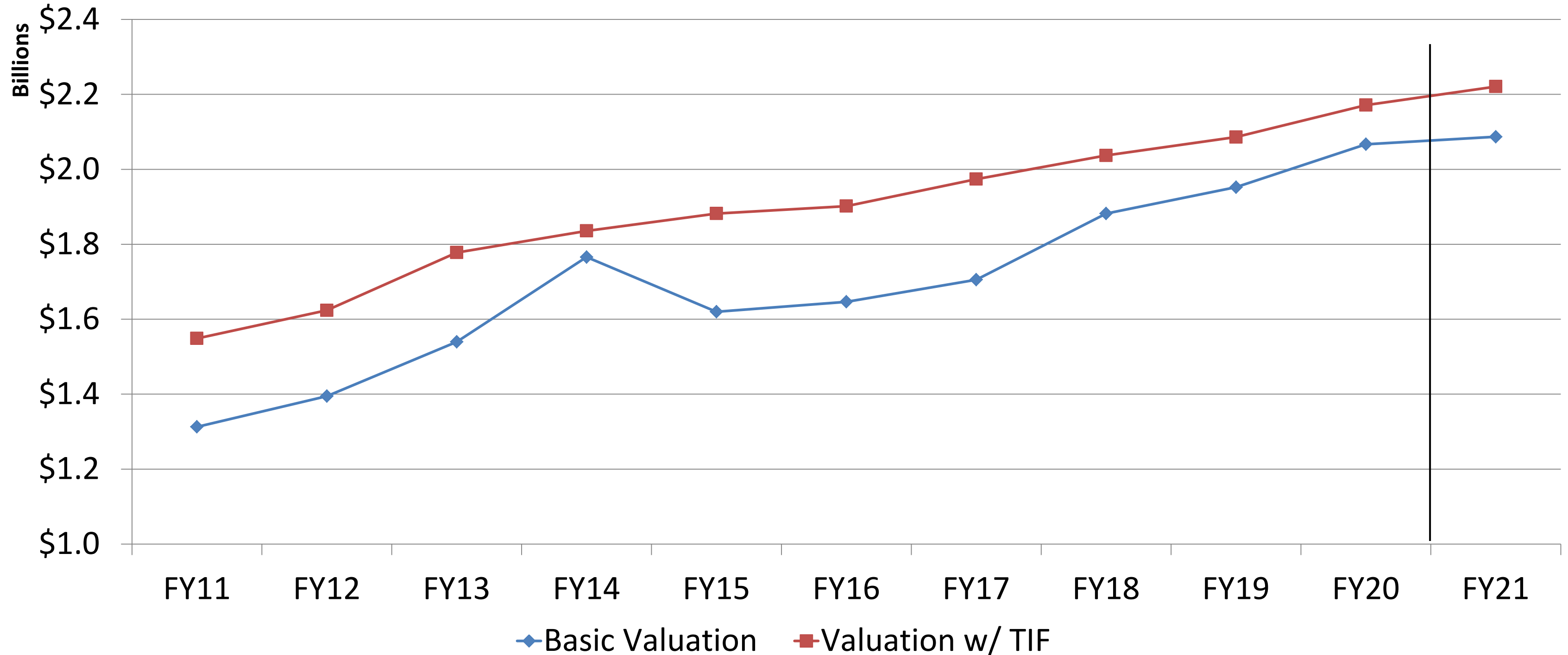
Salaries & Benefits to Total Expenditures Ratio

Key Trend Dashboard Indicator #5



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

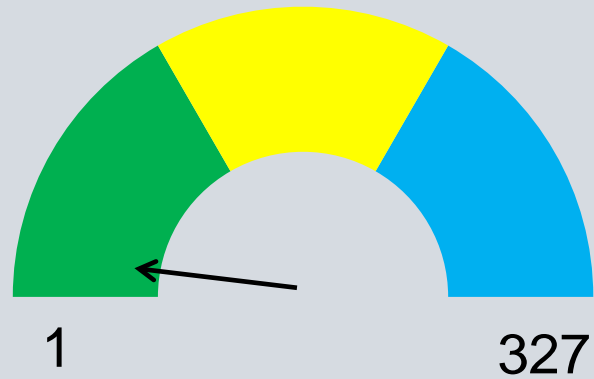
History of Assessed Valuation



Basic Valuation increased 5.87% from FY19 to FY20 & 57.42% over the past 10 years.
Valuation w/ TIF increased 4.09% from FY19 to FY20 & 46.59% over the past 10 years.

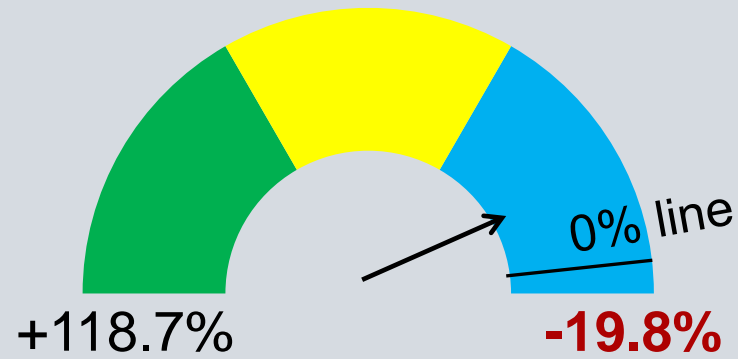
Financial Dashboard – All Iowa Schools

Oct. 1, 2019 Certified Enrollment



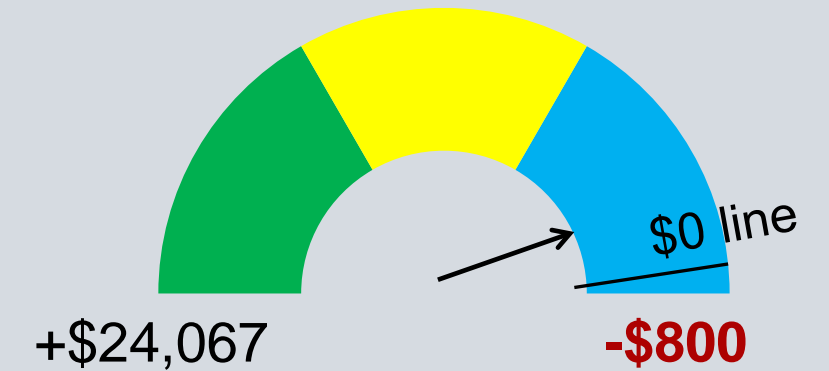
Rank = 16th Largest
 CF = 5,371.4 (10/1/19) 5,456.4 (10/1/20)

FY19 Solvency Ratio



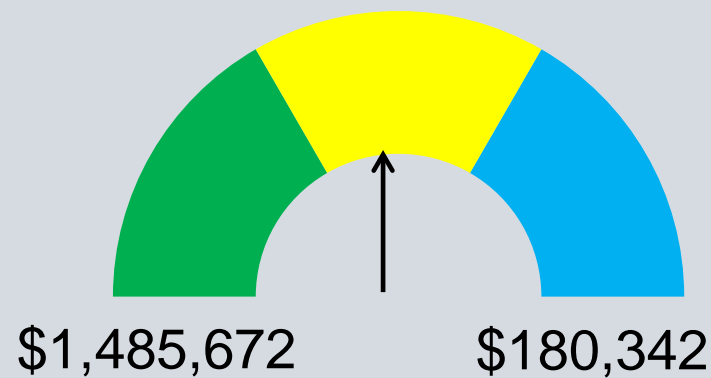
Rank = 296 out of 327
 State Avg. = 19.73%
 CF = 6.97% Fy19 7.02% Fy20

FY19 UBA Per Pupil



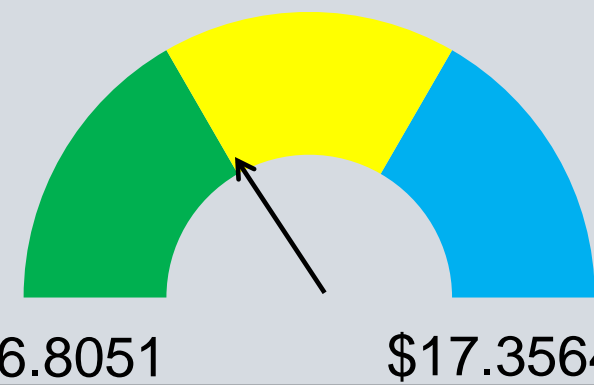
Rank = 303 out of 327
 State Avg. = \$3,841
 CF = \$1,407 Fy19 \$1,356 Fy20

FY20 Valuation per Pupil



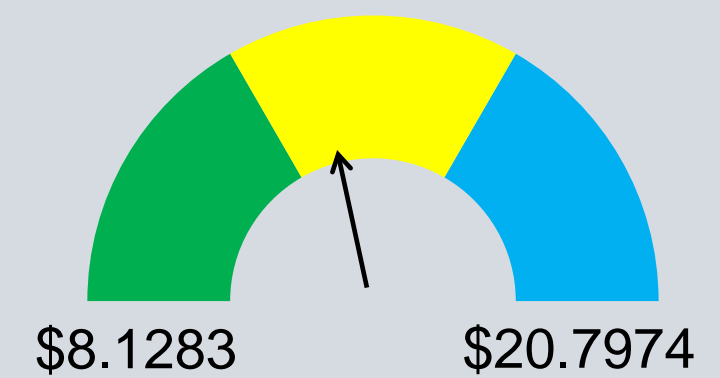
Rank = 167 out of 327
 State Avg. = \$460,603
 CF = \$394,610 Fy20 \$ 414,586 Fy21

FY20 General Fund Tax Rate



Rank = 112 out of 327
 State Avg. = \$10.2595
 CF = \$10.8129 Fy20 \$10.9010 Fy21

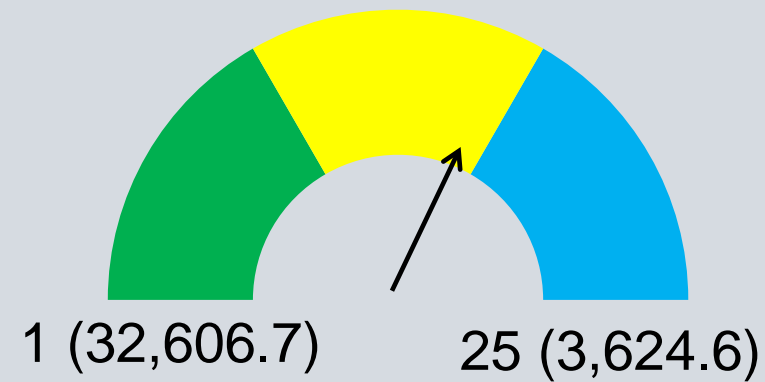
FY20 Total Tax Rate



Rank = 140 out of 327
 State Avg. = \$13.5085
 CF = \$13.8461 Fy20 \$13.8931 Fy21

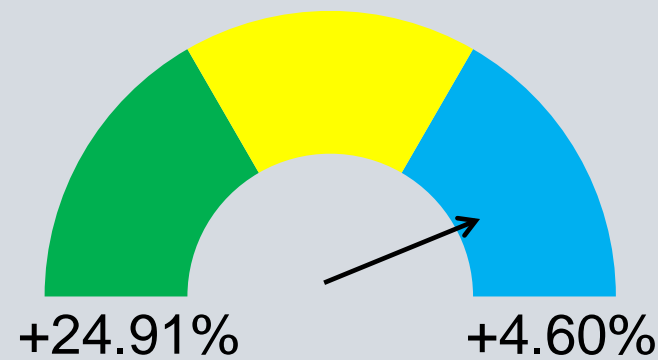
Financial Dashboard – 25 Largest Iowa Schools

Oct. 1, 2019 Certified Enrollment



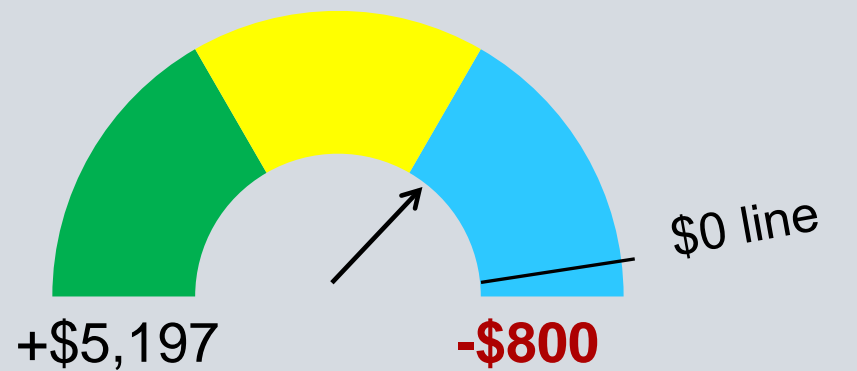
Rank = 16th Largest
 CF = 5,371.4 (10/1/19) 5,456.4 (10/1/20)

FY19 Solvency Ratio



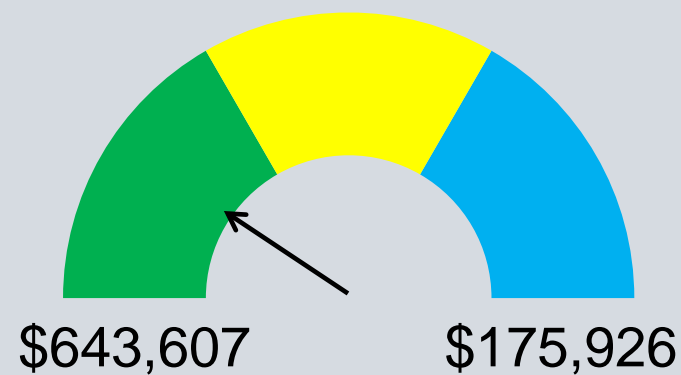
Rank = 22 out of 25
 Average = 14.17%
 CF = 6.97% Fy19 7.02% Fy20

FY19 UBA Per Pupil



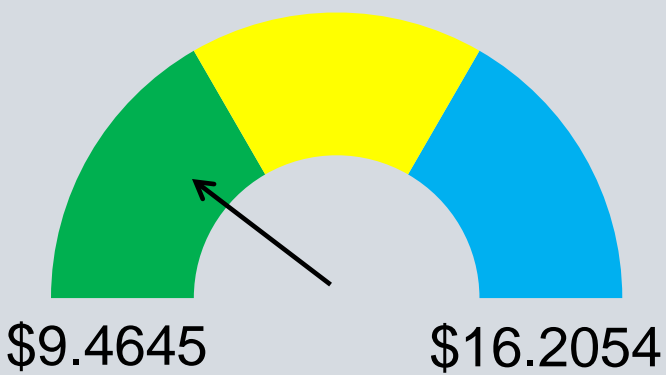
Rank = 18 out of 25
 Average = \$2,101
 CF = \$1,407 Fy19 \$1,356 Fy20

FY20 Valuation per Pupil



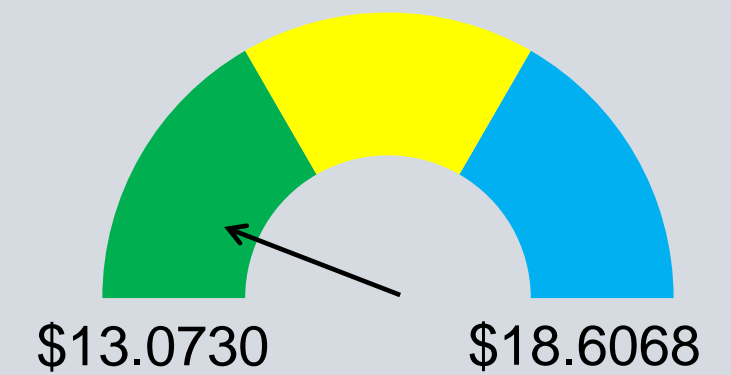
Rank = 5 out of 25
 Average = \$327,449
 CF = \$394,610 Fy20 \$414,586 Fy21

FY20 General Fund Tax Rate



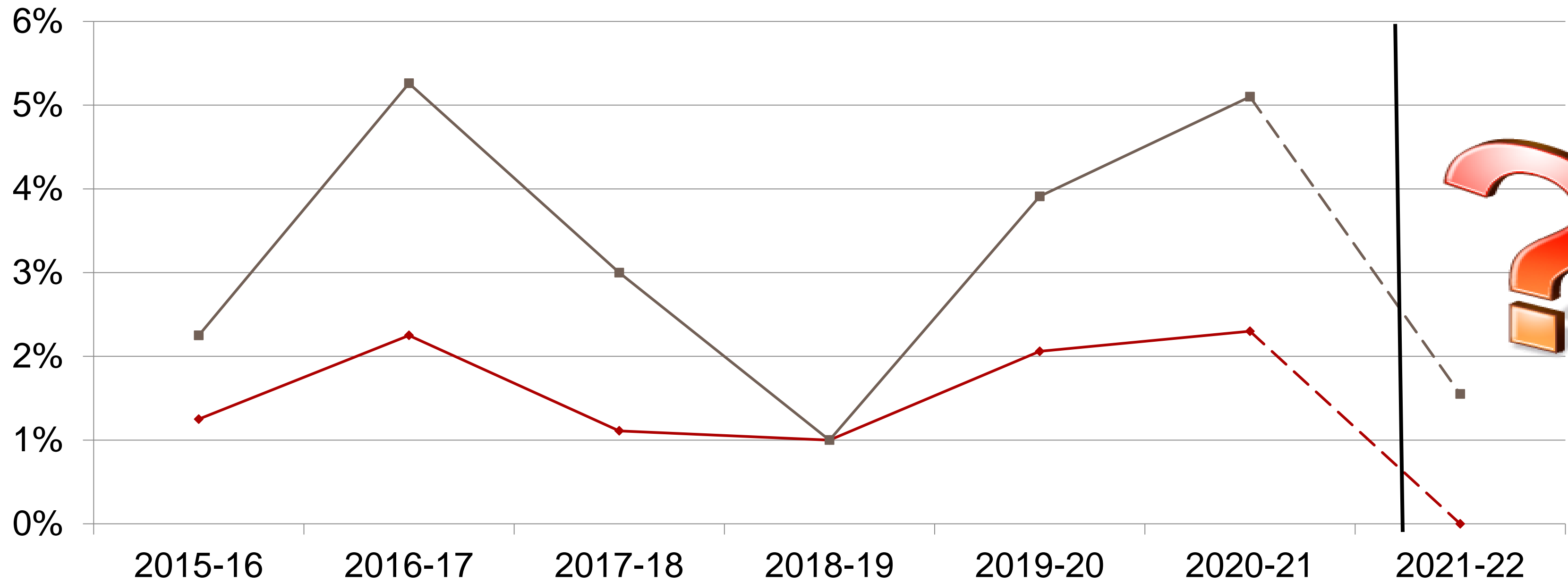
Rank = 6 out of 25
 Average = \$12.1887
 CF = \$10.812 Fy20 \$10.9010 Fy21

FY20 Total Tax Rate



Rank = 6 out of 25
 Average = \$15.5989
 CF = \$13.8461 Fy20 \$13.8931 Fy21

History of Supplemental State Aid (Allowable Growth)



◆ State Avg.

■ Cedar Falls

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

Agency Funds

Includes:

EE Staff Flower Funds,
Cedar Falls Foundation

Booster Clubs, School
Parent Groups

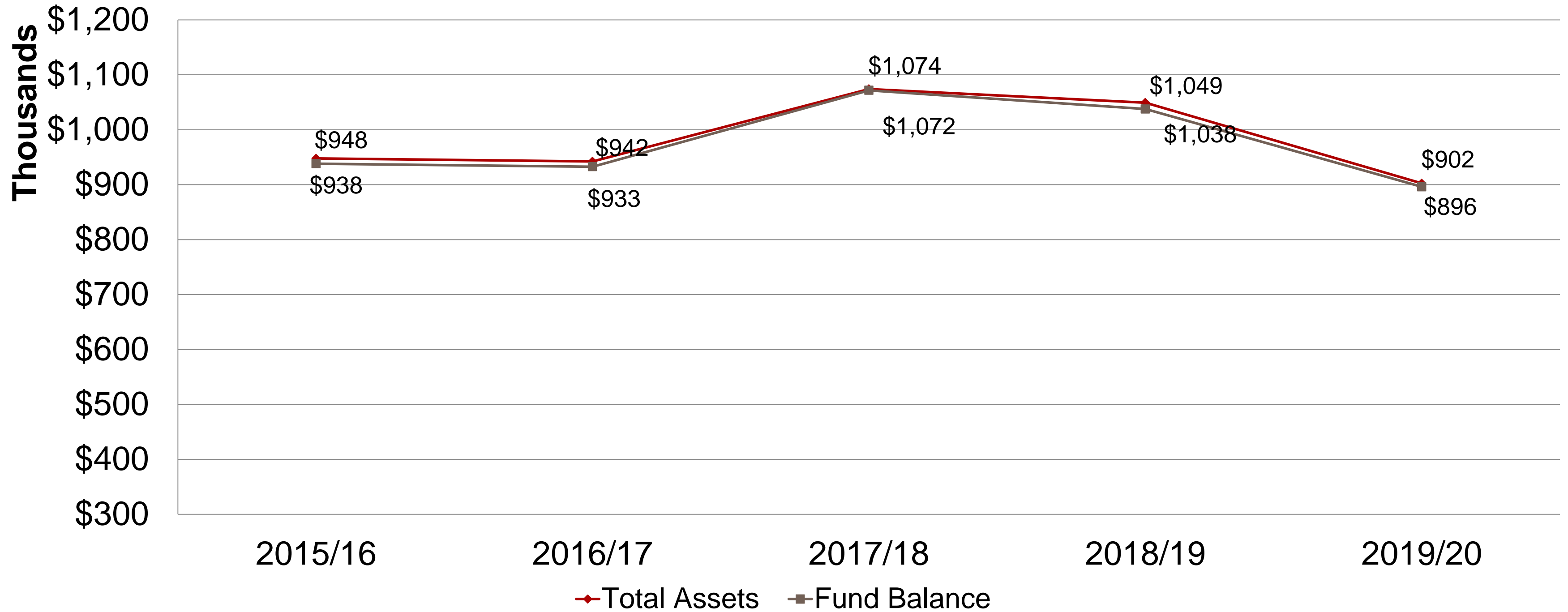
River Hills Consortium

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 (approximately \$950 per pupil)
- Bond Proceeds

RESTRICTED!

- Uses

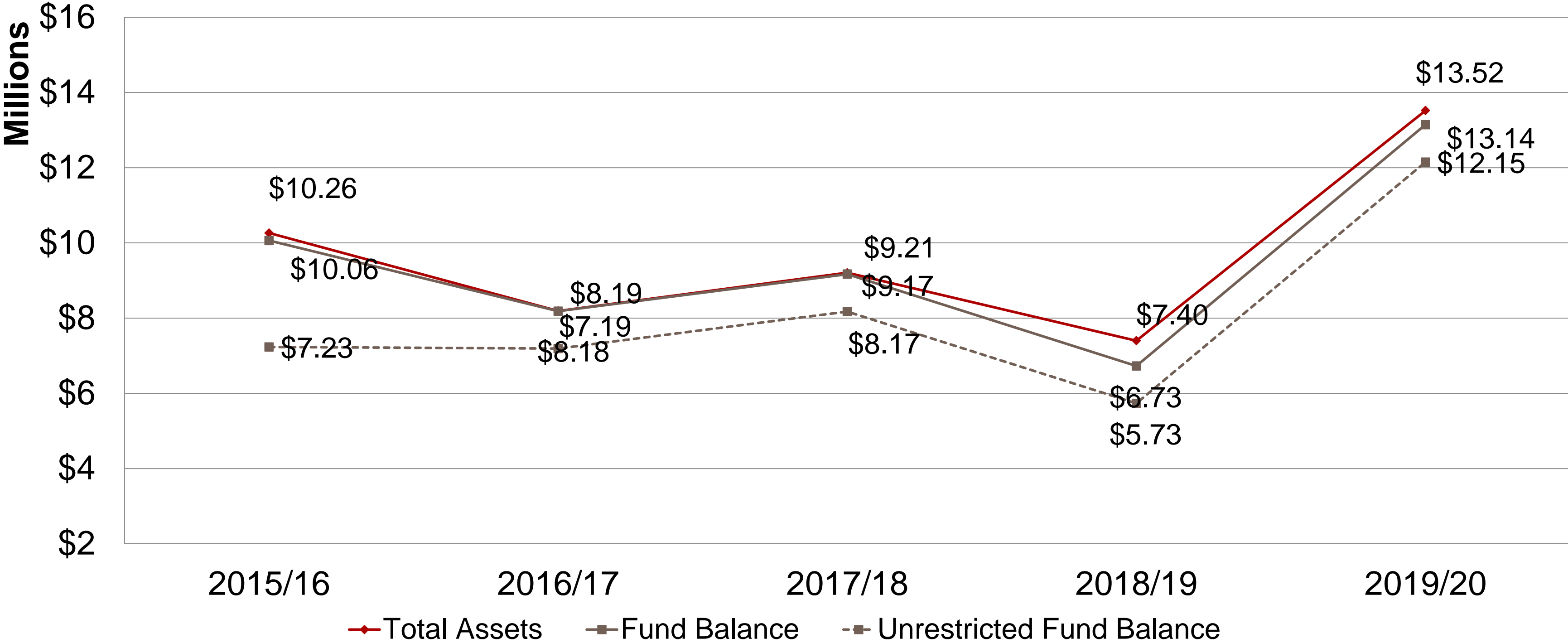
- Construction, remodeling, repairing and furnishing of new or existing buildings
- Purchase or improve school grounds
- Emergency repairs
- Payment of principle and interest or retirement of general obligation bonds

SAVE - Revenue/Expense History

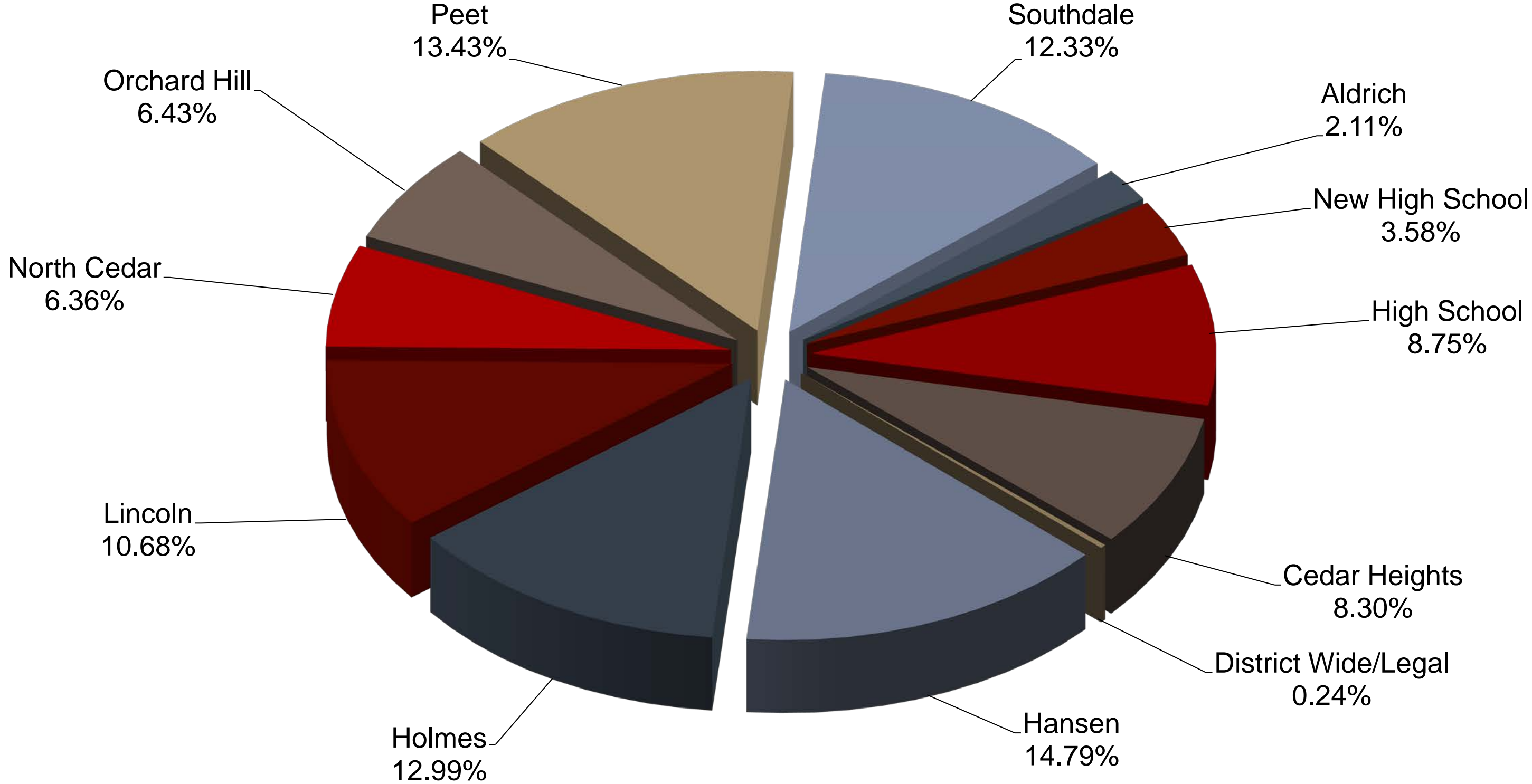
Fiscal Year	Beginning Balance	Sales Tax Revenue	Interest	Sale of BAN's/ Bonds	Other Revenue	Total Available	Project Expense	BAN/Bond Payment (P & I)	EOY Balance	Less Req. Bond Reserve	Net Available
2000	\$3,398	\$2,389,728	\$63,619	\$5,000,000	\$0	\$7,456,745	\$656,624	\$0	\$6,800,121		
2001	\$6,800,121	\$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
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
Totals		\$86,142,604	\$3,401,842	\$60,561,784	\$4,186,255		\$91,492,980	\$49,660,638			

Secure A Vision for Education (SAVE)

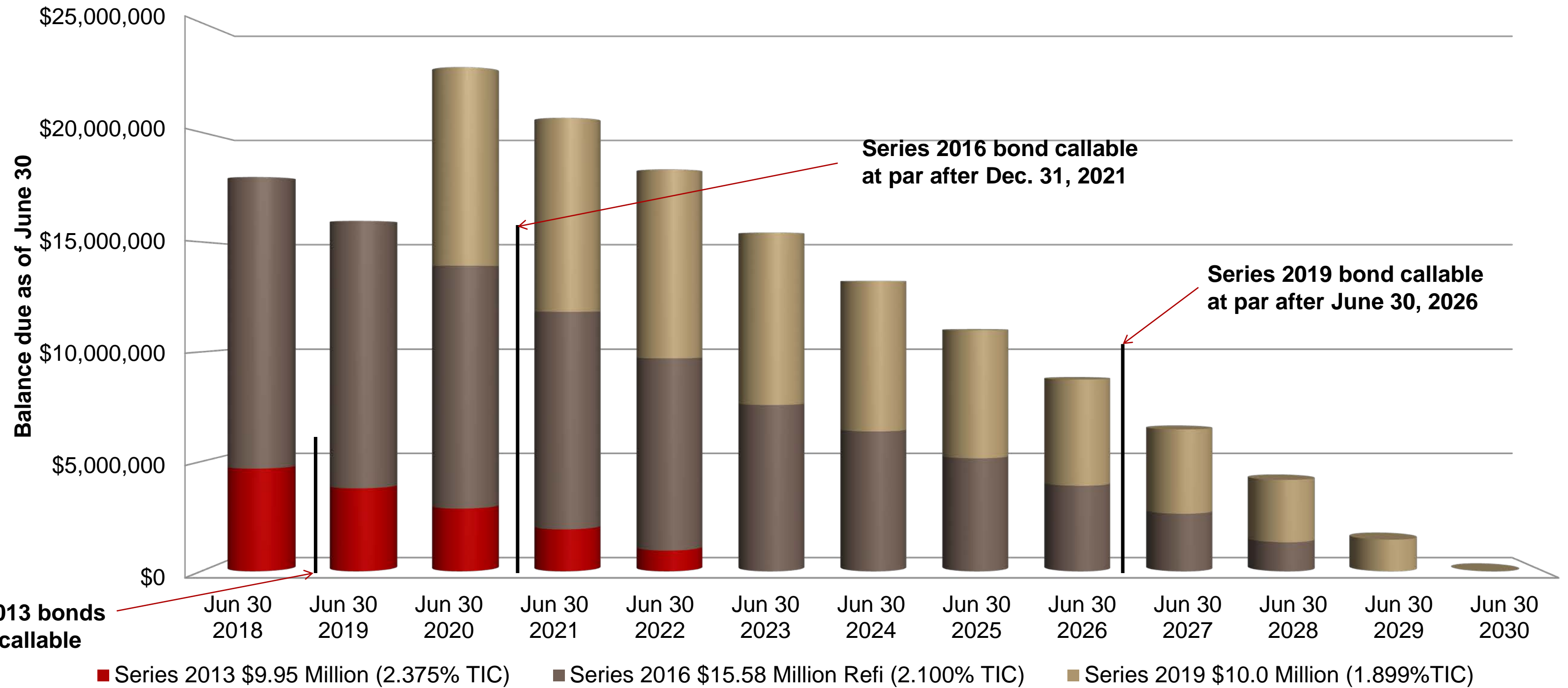
Formally Local Option One Cent Sales Tax



History of SAVE Fund Expense (2000 to 2020)



Outstanding Revenue Bond Debt

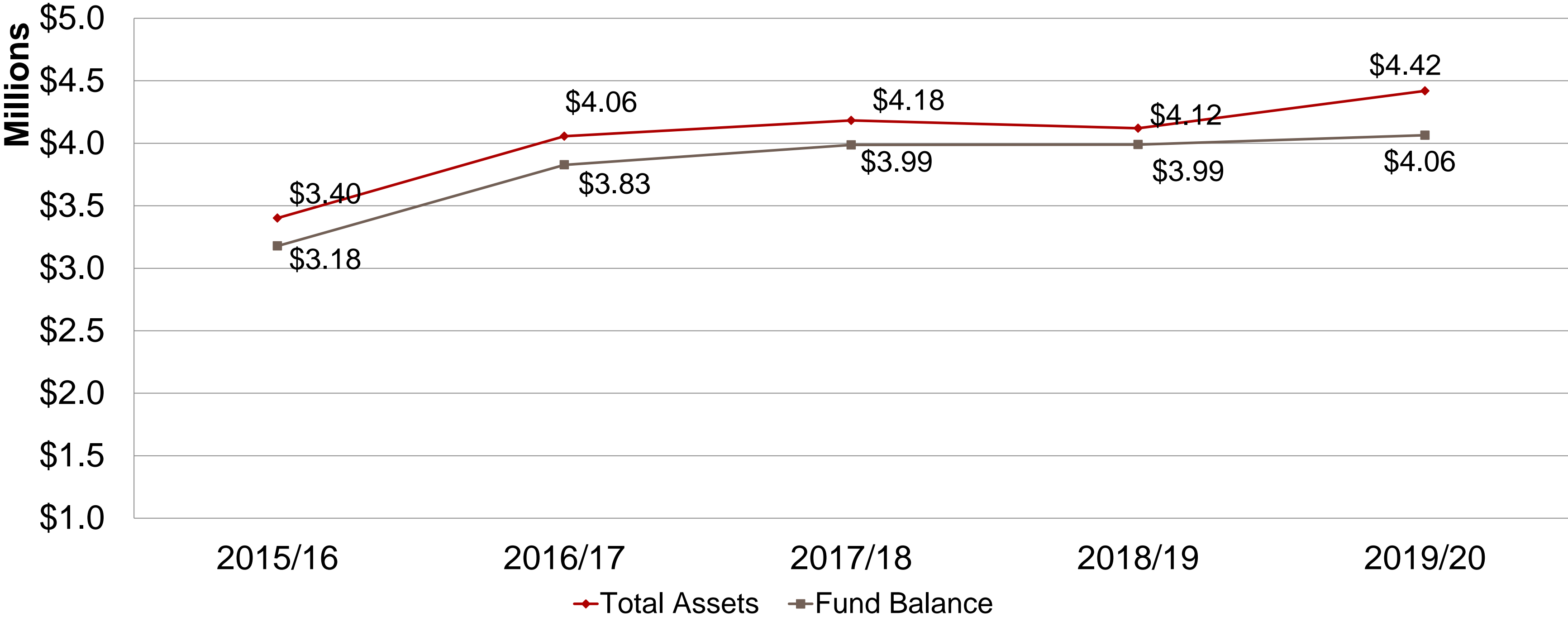


Physical Plant & Equipment Levy (PPEL)

- 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)

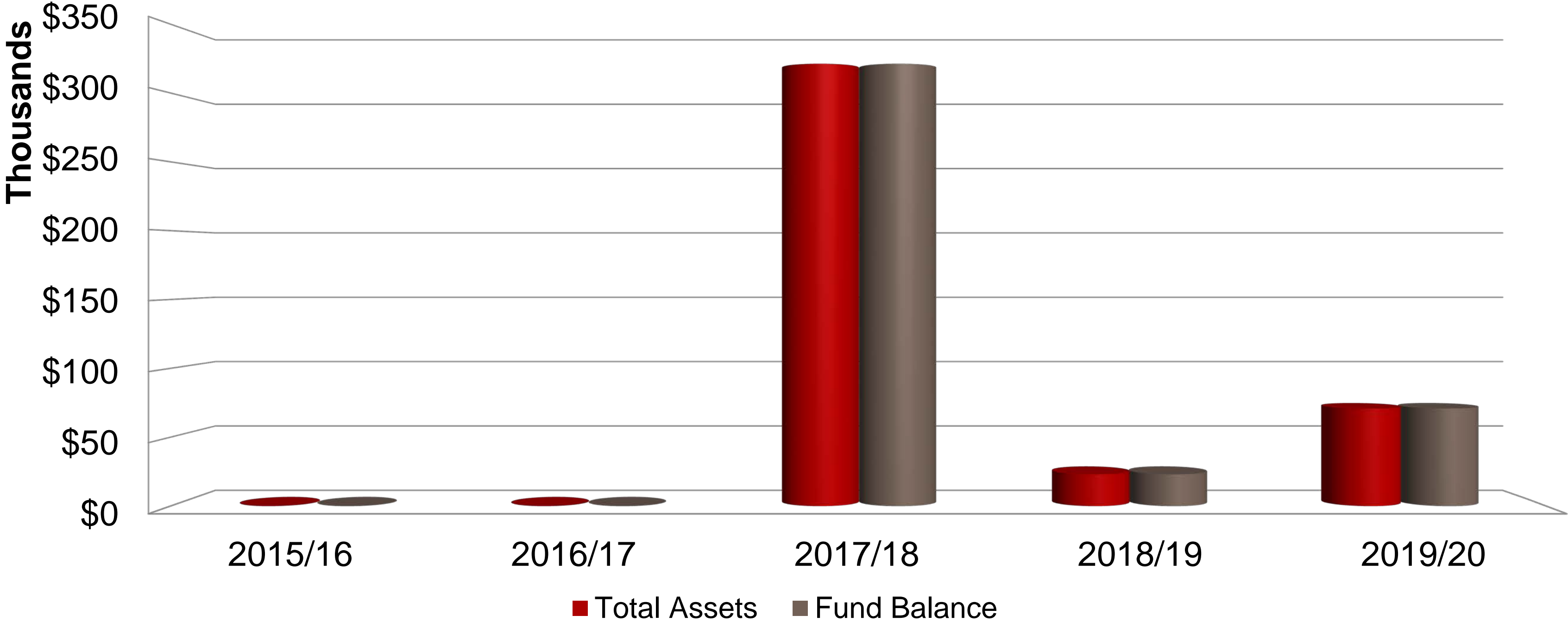


Debt Service Levy

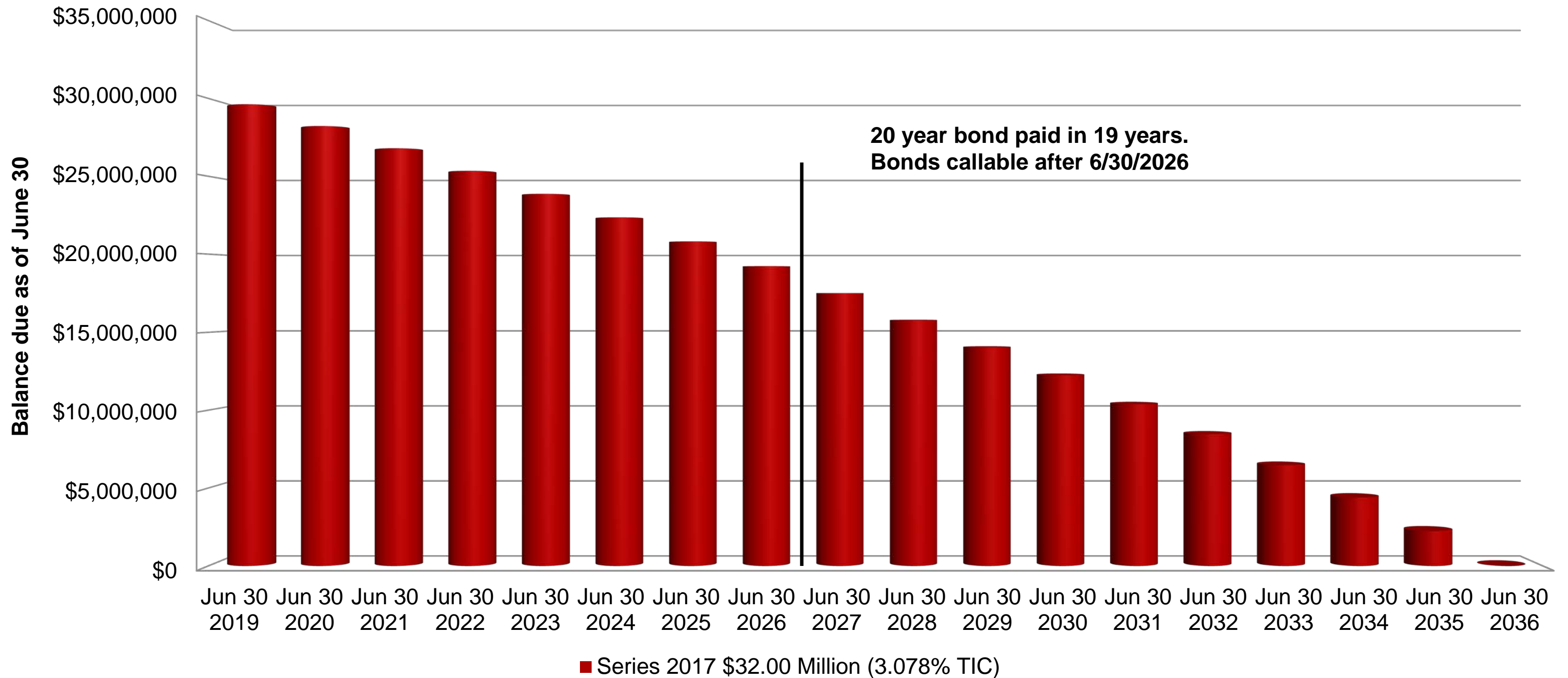
- Voters of a school district may approve bonded indebtedness for a period of up to 20 years
- Proceeds from the sale of General Obligation Bonds are deposited in the Capital Project Fund (31) to be used for the cost of the approved project
- Revenue from the Debt Service Levy (40) are deposited in the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

RESTRICTED!

Debt Service Levy



Outstanding General Obligation Bond Debt

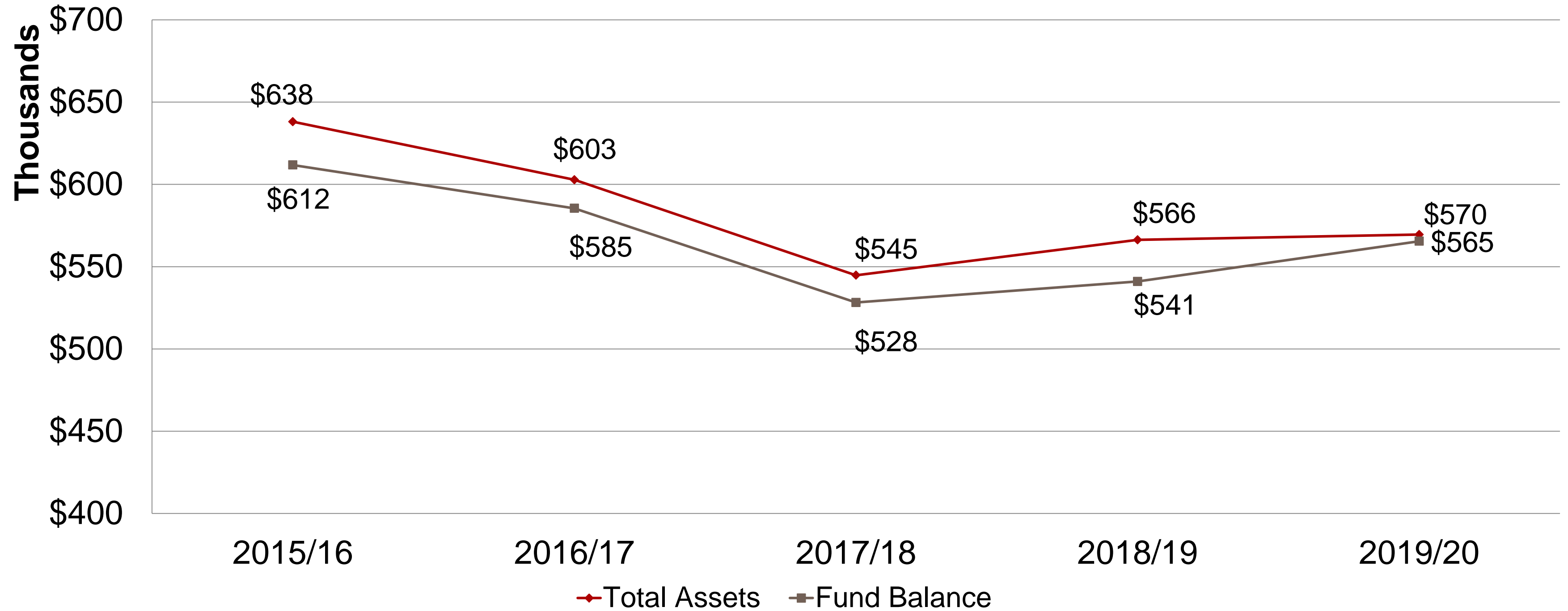


Activity Fund

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

RESTRICTED!

Activity Fund

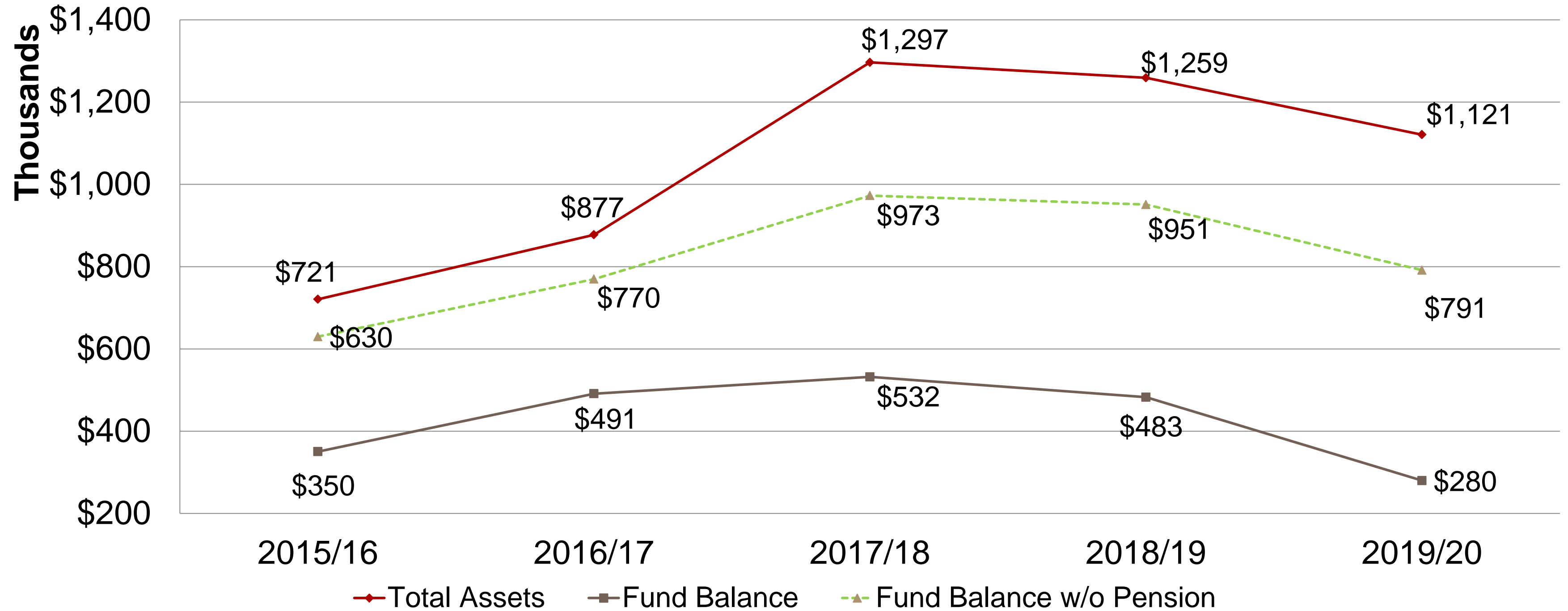


Nutrition Fund

- 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, 2020
 - District's financial condition:
 - District General Fund cash balance
 - Increase from June 30, 2019
 - Days Net Cash Ratio 63 – increase/Solvency Ratio
 - Unspent budget authority (UBA) increased by \$552,305
 - UBA Ratio 10.57% FY19 11.19% FY20
 - 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 FY20 receipts = \$593,629 – expected to reduce in FY21
 - FY20 deficit = \$1,275,388
 - Projected FY21 deficit = \$1,369,279
- Pandemic
 - Loss in Federal/State revenues and increase in expenditures
 - Potential impact on UAB
 - Amend FY21 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
 - Valarie Gibson
 - Carrie DeBerg
- Administration
- Board of Education

