

CEDAR FALLS COMMUNITY SCHOOL DISTRICT

Annual District Financial Report
February 22, 2016



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

Fund Accounting – CFCSD Funds

- General Fund
 - ▣ Includes Instructional Support Levy
- Management Fund
- Secure a Vision for Education (Formally LOT)
- 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 K-12 and AEA's

Four Key Factors 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

Four Key Factors

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. 1 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 (enroll. increase, 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

Unspent Authorized Budget Worksheet

(Line 32 = Legal Limit on General Fund Spending)

Authority	Data Source		Actual FY13	Actual FY14	Actual FY15
1 Formula	AidLevy 4.3/5.1	Regular Program District Cost	28,726,651	29,796,787	30,967,044
2 Formula	AidLevy 4.8/5.2	Regular Program Budget Adjustment	0	0	0
3 Formula	AidLevy 4.11/5.3	Supplementary Weighting District Cost	306,672	357,875	439,278
4 Formula	AidLevy 4.14/5.4	Special Ed District Cost	3,528,498	3,650,817	3,659,185
5 Formula	AidLevy 4.22/5.5	Teacher Salary Supplement District Cost	2,418,958	2,510,214	2,611,037
6 Formula	AidLevy 4.30/5.6	Professional Development Suppl District Cost	288,844	299,427	310,837
7 Formula	AidLevy 4.38/5.7	Early Intervention Supplement District Cost	285,163	296,217	308,650
8 Formula	AidLevy 4.46/5.8	Teacher Leadership Supplement District Cost	0	0	0
9 Formula	AidLevy 4.49/5.9	AEA Special Ed Support	1,434,409	1,487,076	1,538,702
10 Formula	AidLevy 4.54/5.10	AEA Special Ed Support Adjustment	0	0	0
11 Formula	AidLevy 4.60/5.11	AEA Media Services	250,459	259,760	270,542
12 Formula	AidLevy 4.63/5.12	AEA Educational Services	280,012	290,330	302,249
13 Formula	AidLevy 4.66/5.13	AEA Sharing District Cost	0	0	0
14 Formula	AidLevy 4.74/5.14	AEA Teacher Salary Suppl District Cost	185,274	191,309	196,413
15 Formula	AidLevy 4.82/5.15	AEA Professional Dev Suppl District Cost	21,260	21,942	22,548
16 Board/SBRC	AidLevy 5.17	SBRC Modified Suppl Amt Dropout Prev	663,332	663,421	744,414
17 Board/SBRC	SBRC	SBRC Modified Supplemental Amt Other #1	0	0	80,675
18 Board/SBRC	SBRC	SBRC Modified Supplemental Amt Other #2	489,292	132,022	314,189
19 SBRC	SBRC/DE	Special Ed Deficit Modified Suppl Amt	656,990	0	675,685
20 SBRC	SBRC/DE	Special Ed Positive Balance Reduction	0	0	0
21 Board/SBRC	SBRC/DE	AEA Special Ed Positive Balance	0	0	0
22 Board/SBRC	SBRC	Allowance for Construction Projects	0	0	0
23 SBRC	SBRC	Unspent Allowance for Construction	0	0	0
24 Auditor	AidLevy 5.18	Enrollment Audit Adjustment	0	0	0
25 Calculated	AidLevy 5.16	AEA Prorata Reduction	242,012	198,163	198,163
26 Calculated	Calculated	Maximum District Cost	39,293,802	39,759,034	42,243,285
27 Board/Vote	AidLevy 7.35	Total Preschool Foundation Aid	138,023	192,812	388,324
28 Board/Vote	AidLevy 10.27	Instructional Support Authority	2,234,359	2,373,016	2,399,326
29 Board	AidLevy 11.3	Ed Improvement Authority	0	0	0
30 Board	See Note 1	Other Miscellaneous Income	8,821,889	9,965,205	7,446,734
31 Calculated	Calculated	Unspent Auth Budget - Previous Year	7,888,478	8,888,612	9,191,056
32 Calculated	Calculated	Maximum Authorized Budget	58,376,551	61,178,679	61,668,725
33 Board	See Note 2	Expenditures	49,487,939	51,987,623	53,037,735
34 Calculated	Calculated	Unspent Authorized Budget (UAB)	8,888,612	9,191,056	8,630,990

Four Key Factors

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

Other District Funds

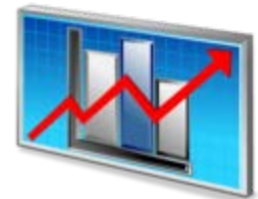
- Are All Restricted (specific purpose)
 - **Cannot** be used to support the General Fund
 - Management
 - Physical Plant & Equipment Levy
 - Secure A Vision for Education (SAVE) (formally LOT)
 - Activity
 - Nutrition
 - Debt
 - Agency & Trust

Purpose

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

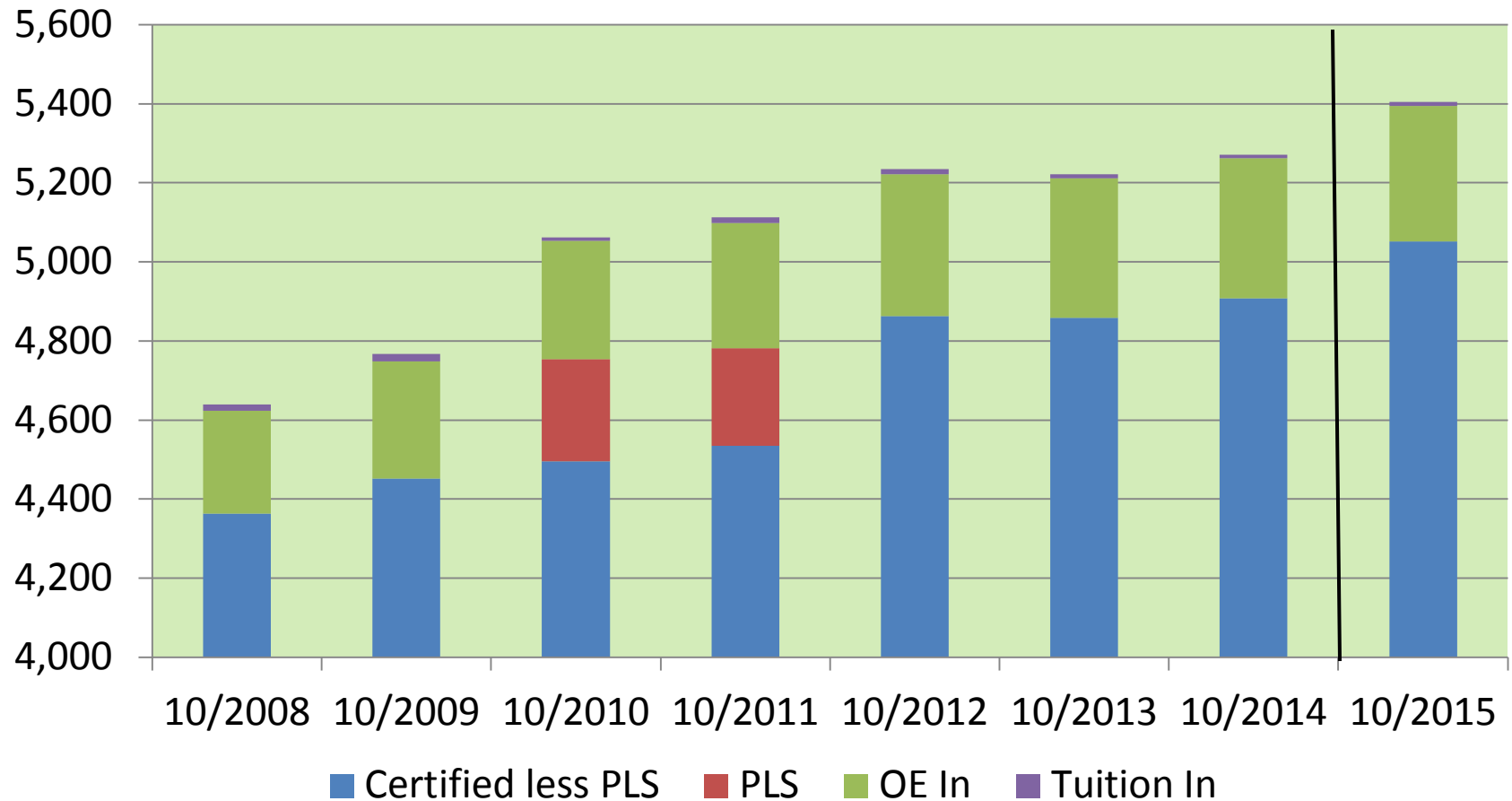
Key Financial Indicators (General Fund)

- 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



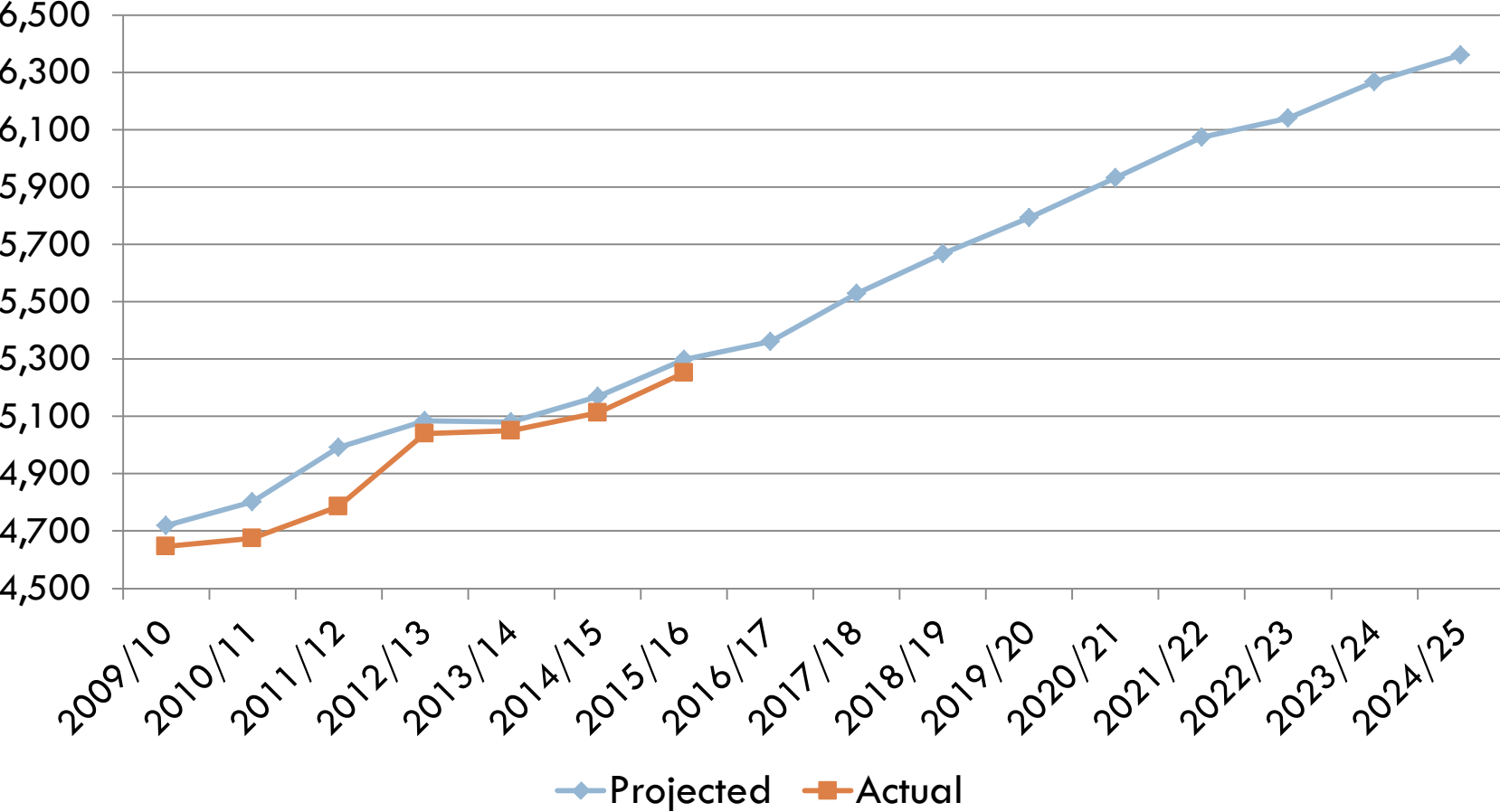
Certified Enrollment History

Key Trend Dashboard Indicator #1



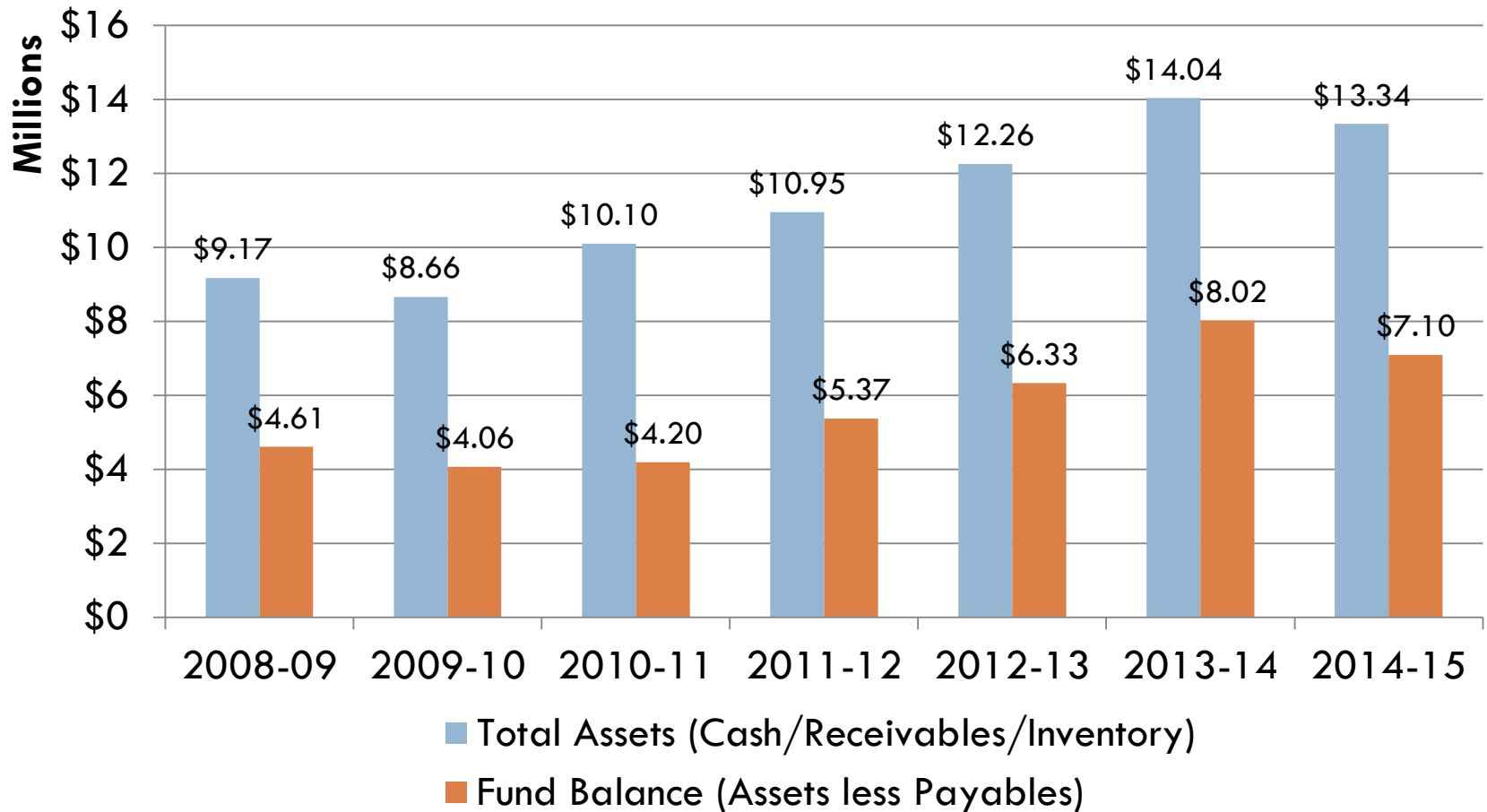
Increase of 15.8% over the last 8 years.
4 year old pre-school students not included.

District Enrollment Projections



RSP & Associates projections.

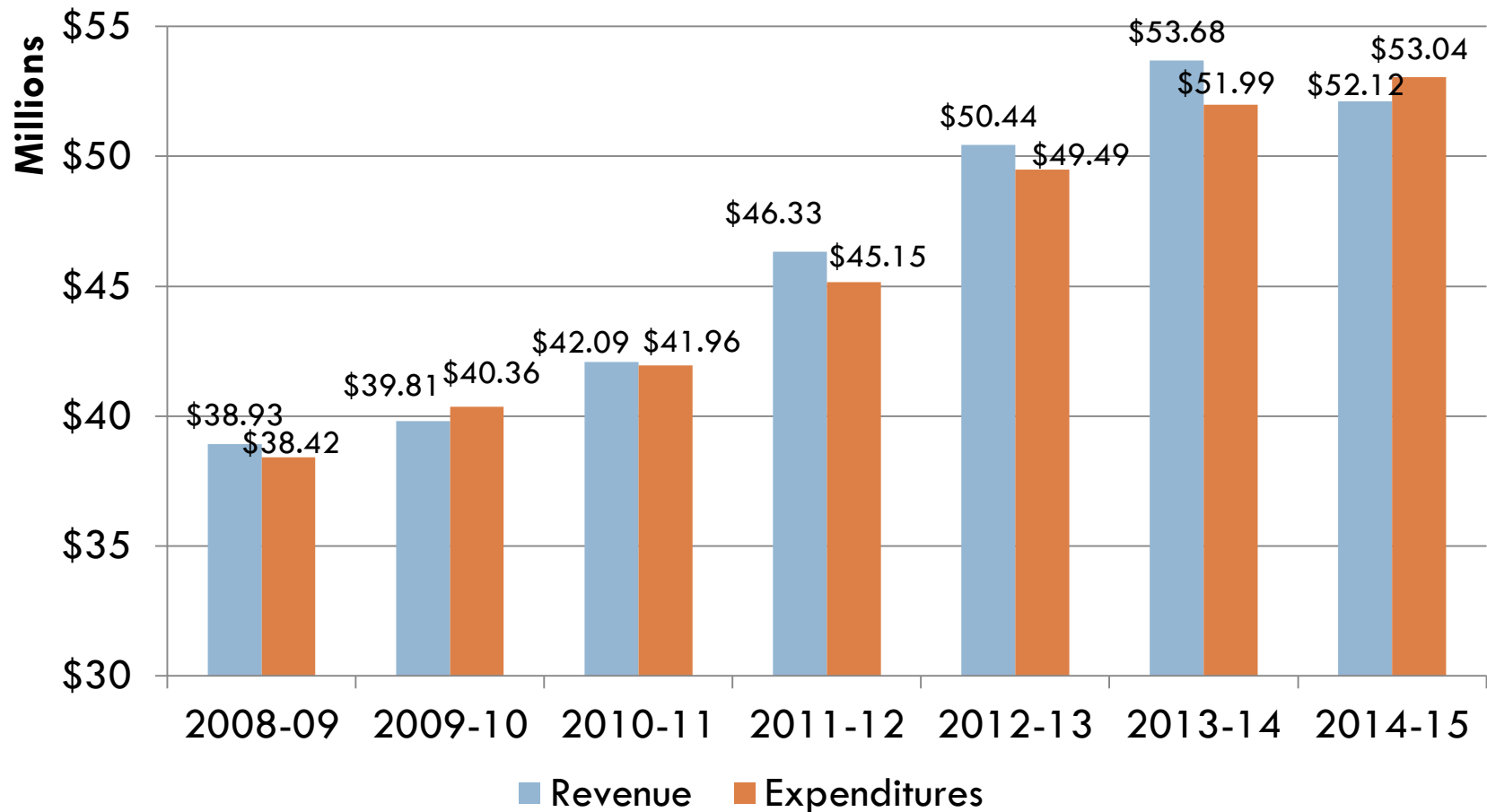
CAR General Fund Balance



\$704,492 decrease in cash on hand and \$922,300 decrease in fund balance.

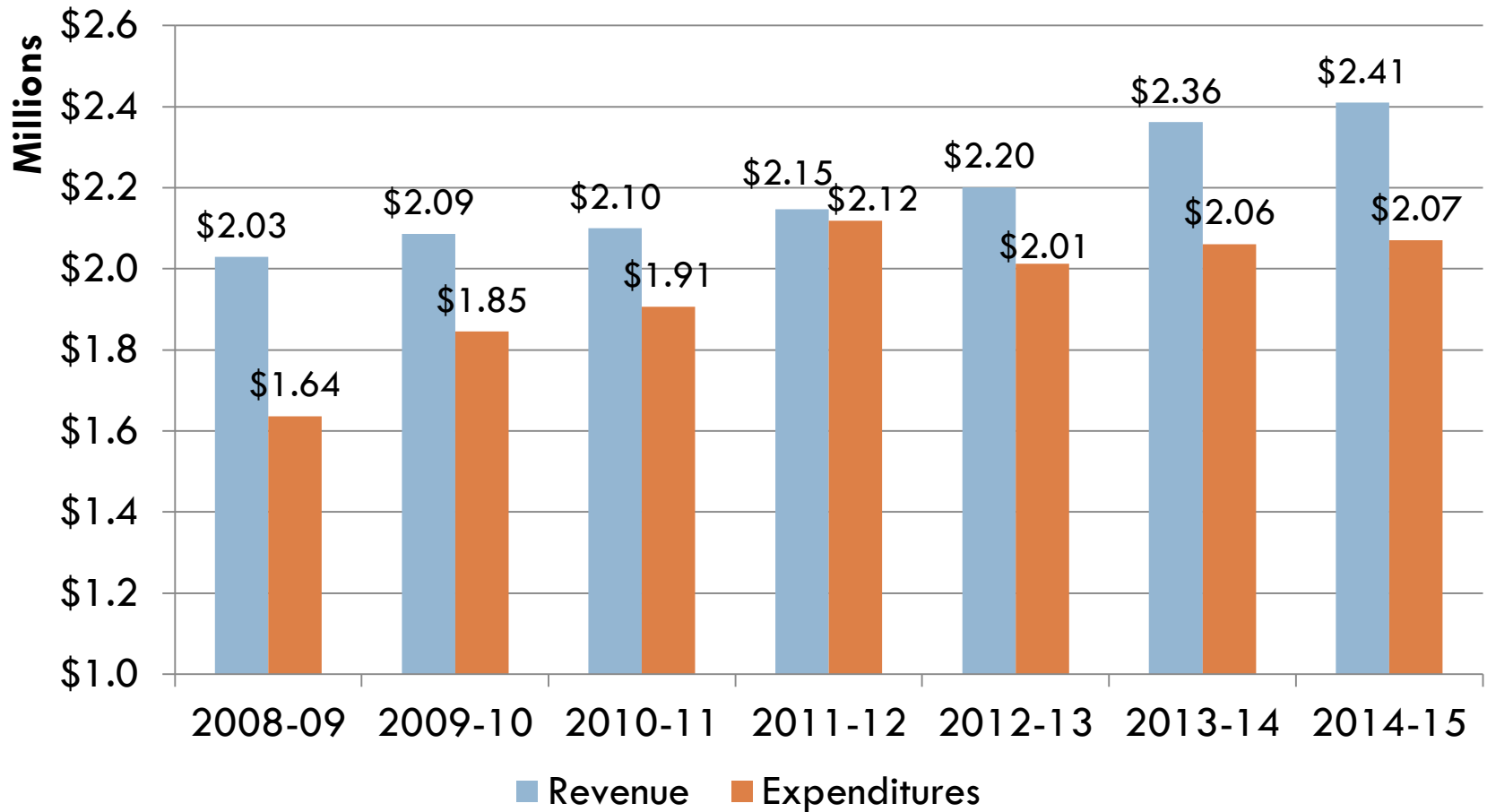
General Fund Revenue/Expenditure History

Includes Instructional Support Fund

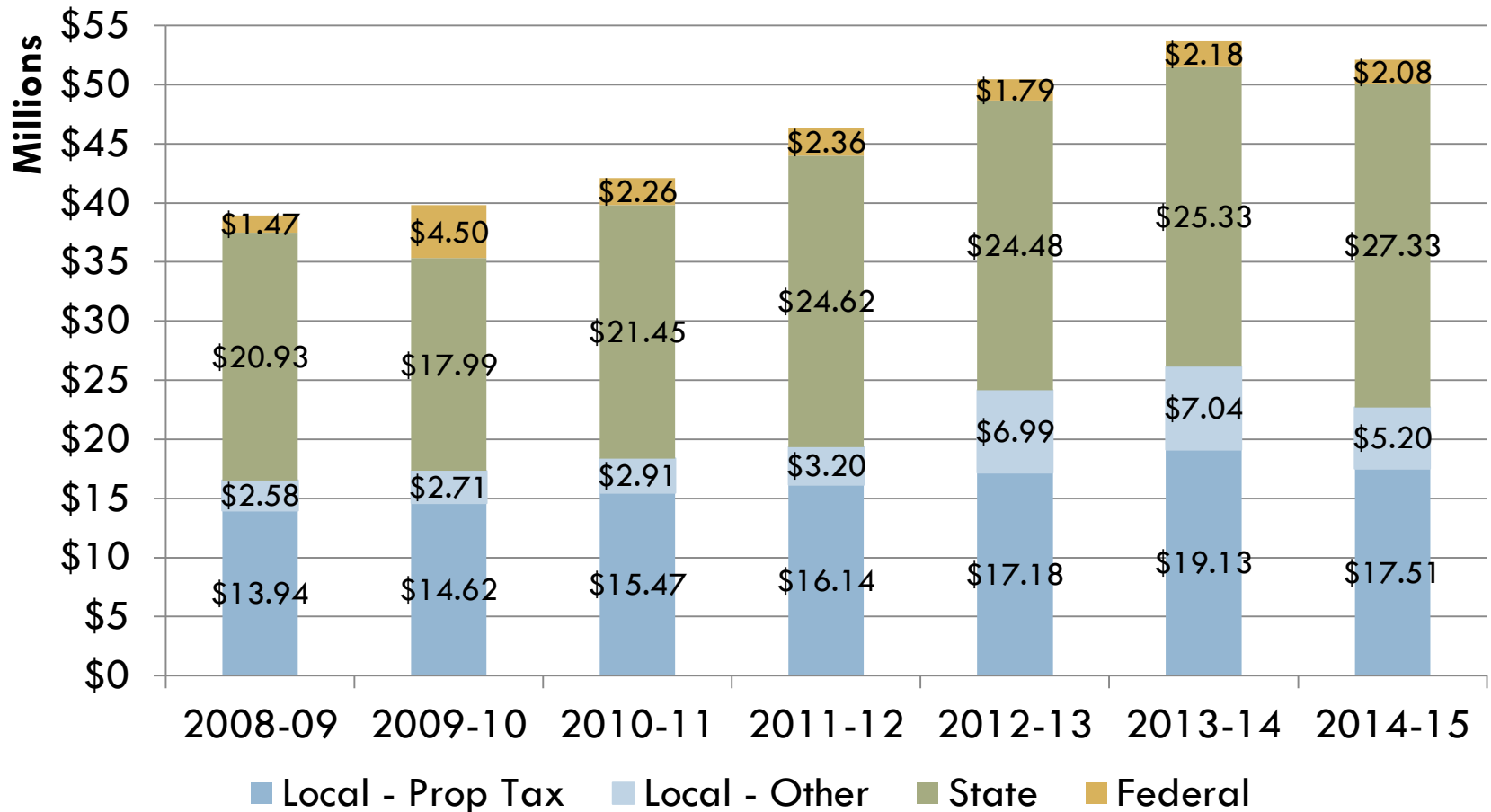


Revenue decreased by \$1,564,548 and expenditures increase by \$1,050,112 from 2013-14 to 2014-15.

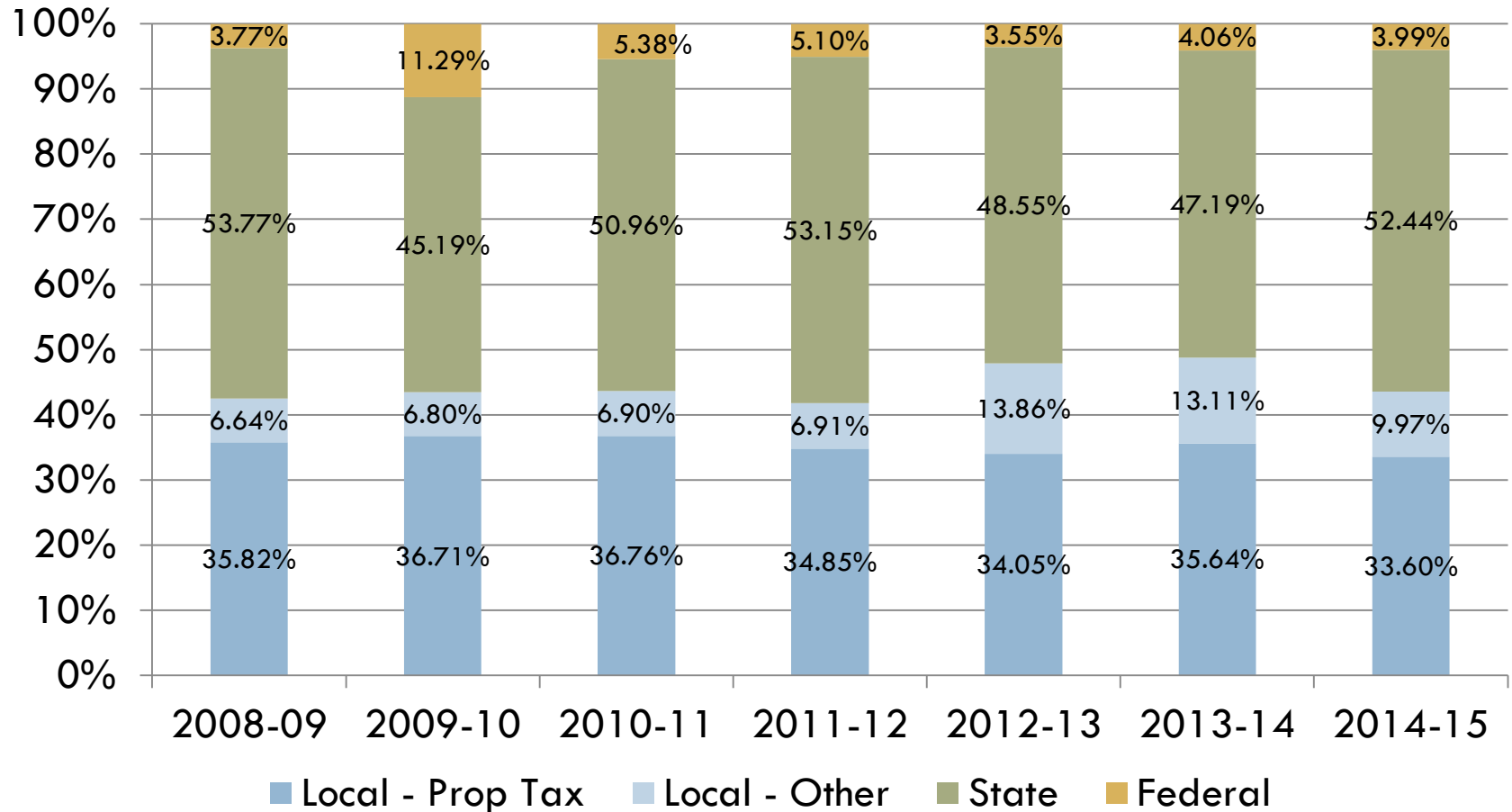
ISL (only) Revenue/Expenditure Detail



History of General Fund Revenue

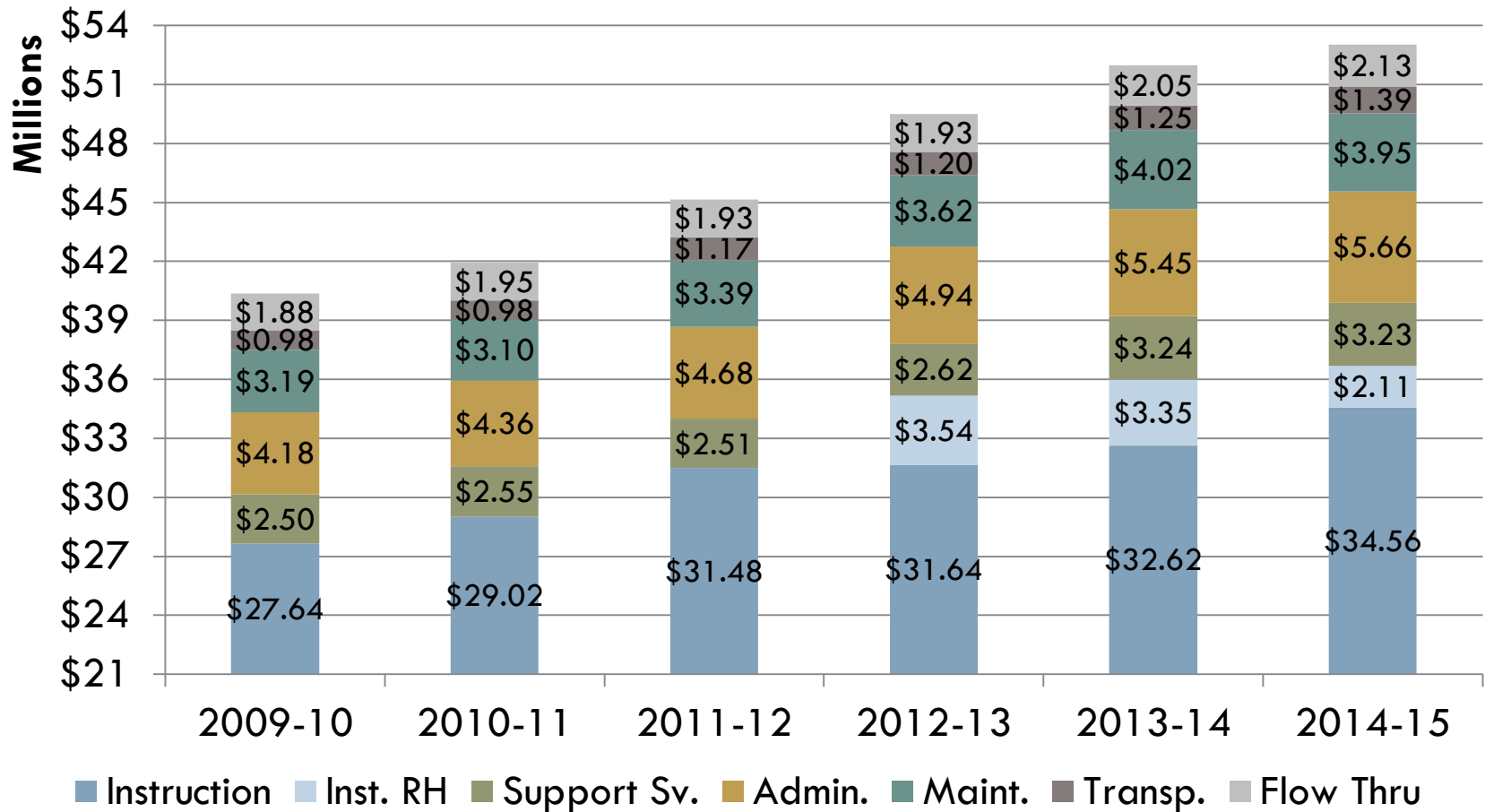


History of General Fund Revenue



Due to rounding percentages may not total 100.0%

History of General Fund Expenditures

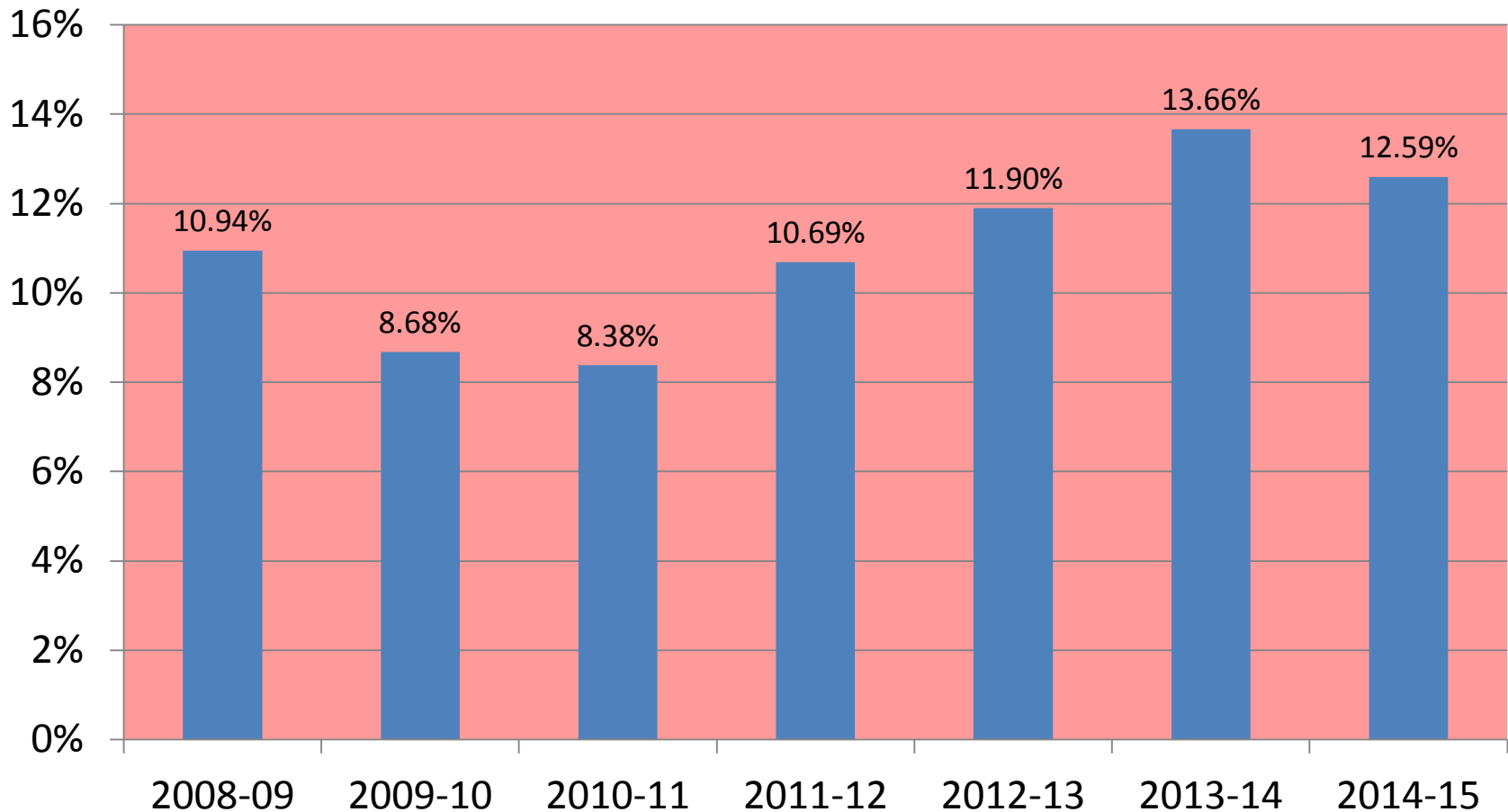


Support Sv. = Guidance, health, media and technology services.

Admin. = BOE, district & building administration, business, personal, printing & purchasing services.

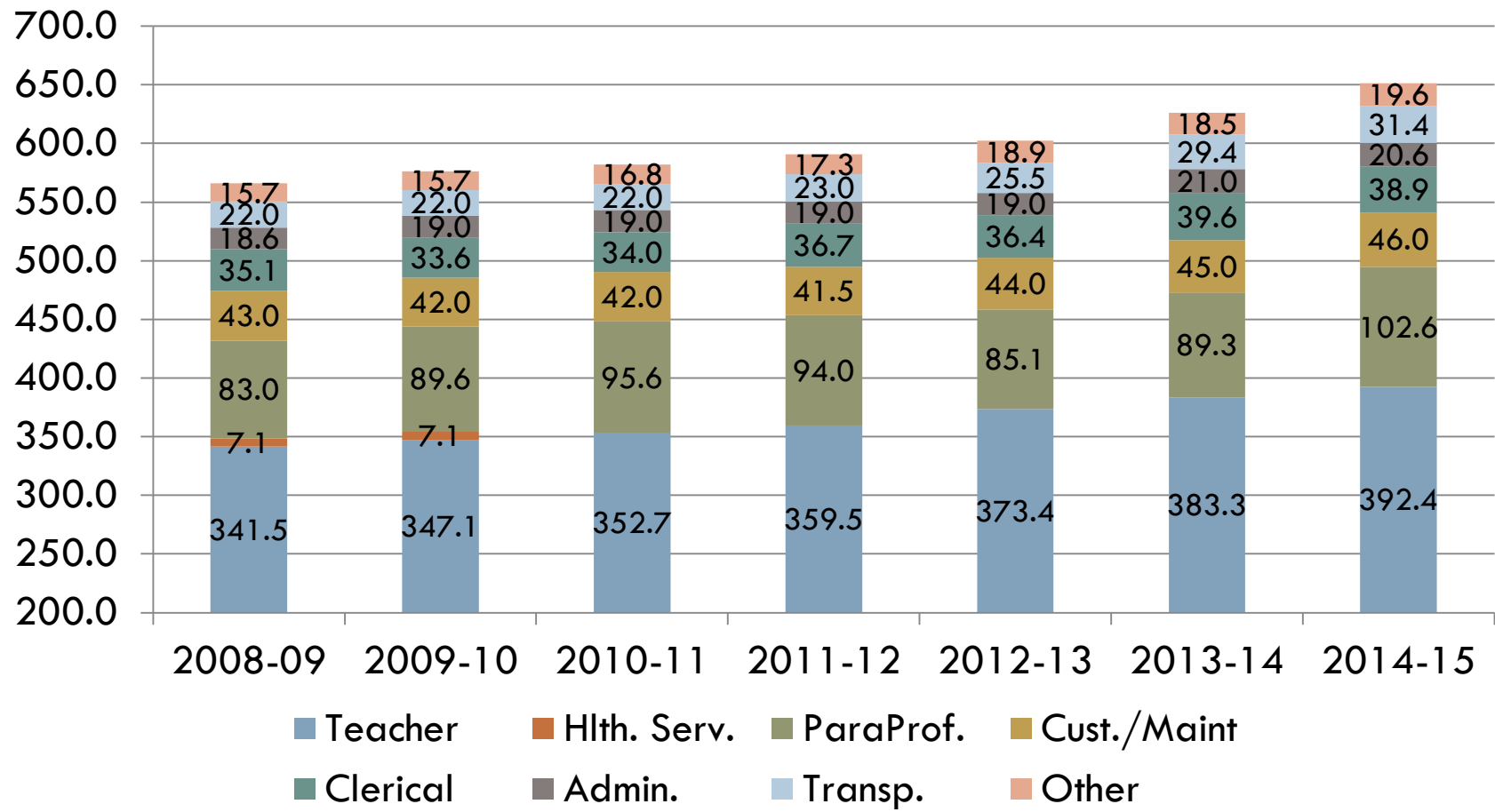
Financial Solvency Ratio

Key Trend Dashboard Indicator #2



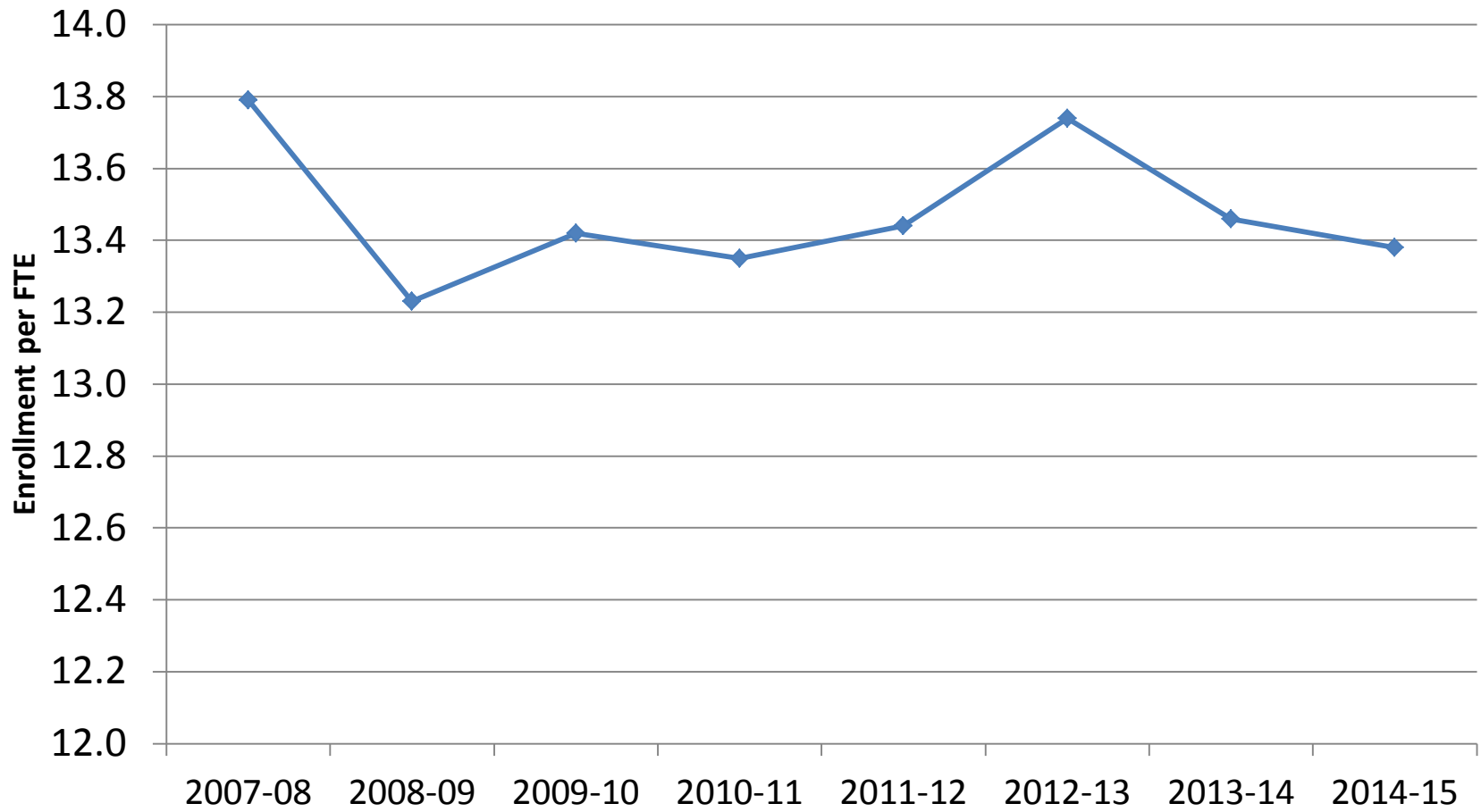
Assigned & unassigned fund balance/General fund revenue less AEA flow thru.
Measures the District's fund equity position. IASB recommended minimum 5%. Goal 10%

Staffing History (in FTE)



Food Service staff is not included.

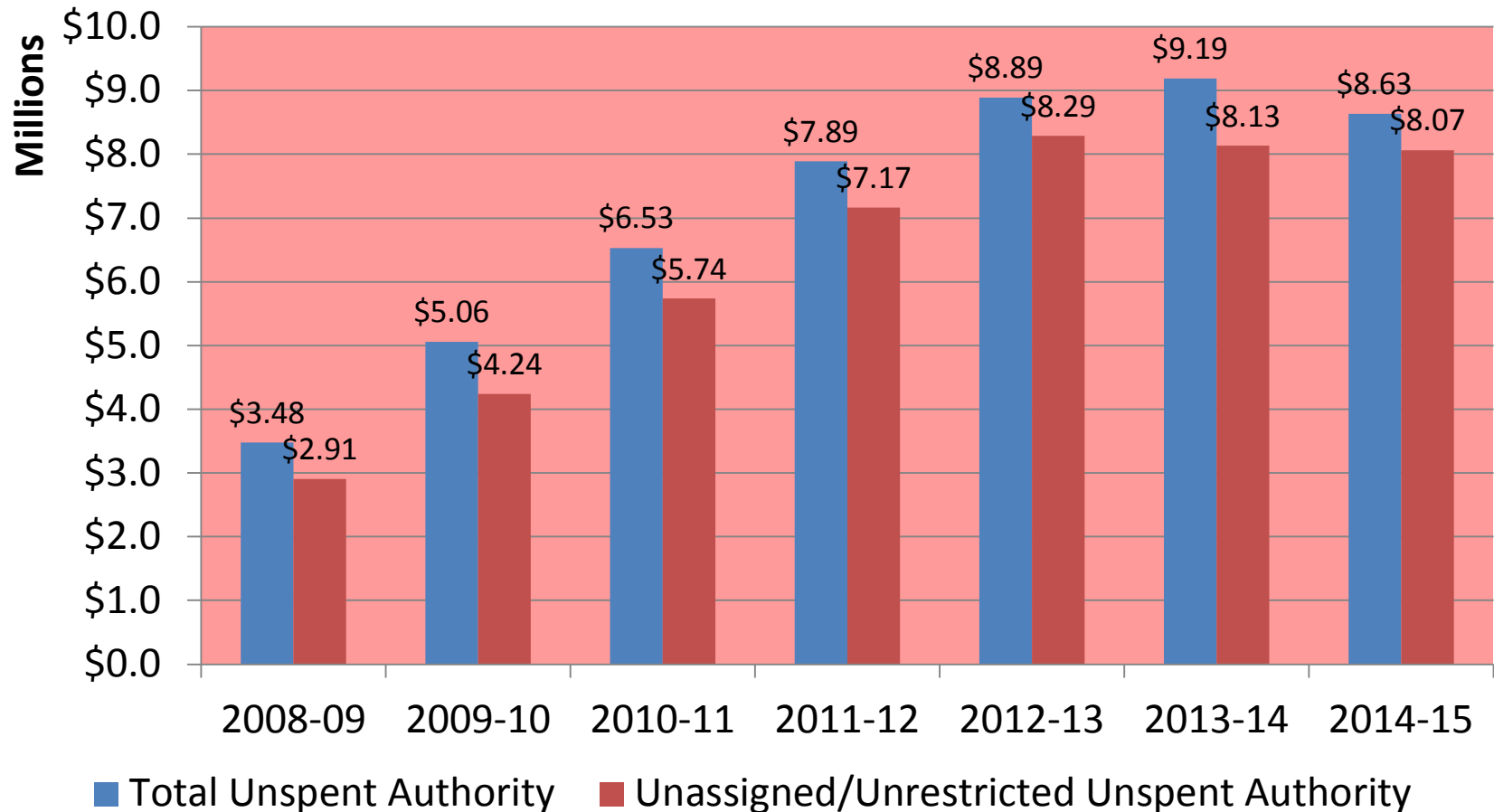
Student Teacher Ratio History



Students served (Resident/OE In/Tuition In & Dual Enroll/PT Students) / Teacher FTE (Reg./Sp. Ed./ Guidance/Media) as of October 1. Pre-School students & staff are not included.

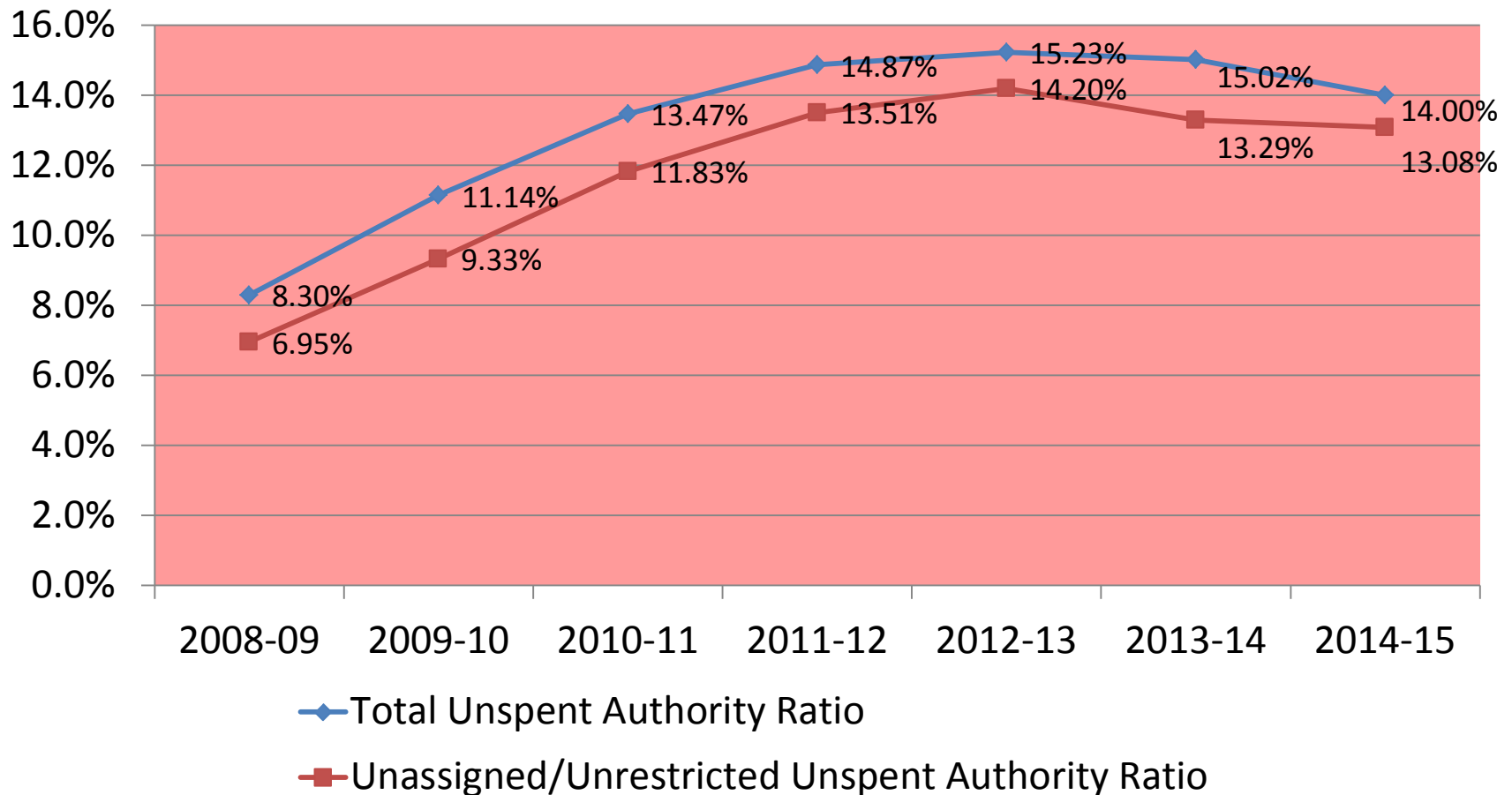
History of Unspent Budget Authority (In Dollars)

Key Trend Dashboard Indicator #3



History of Unspent Budget Authority Ratio

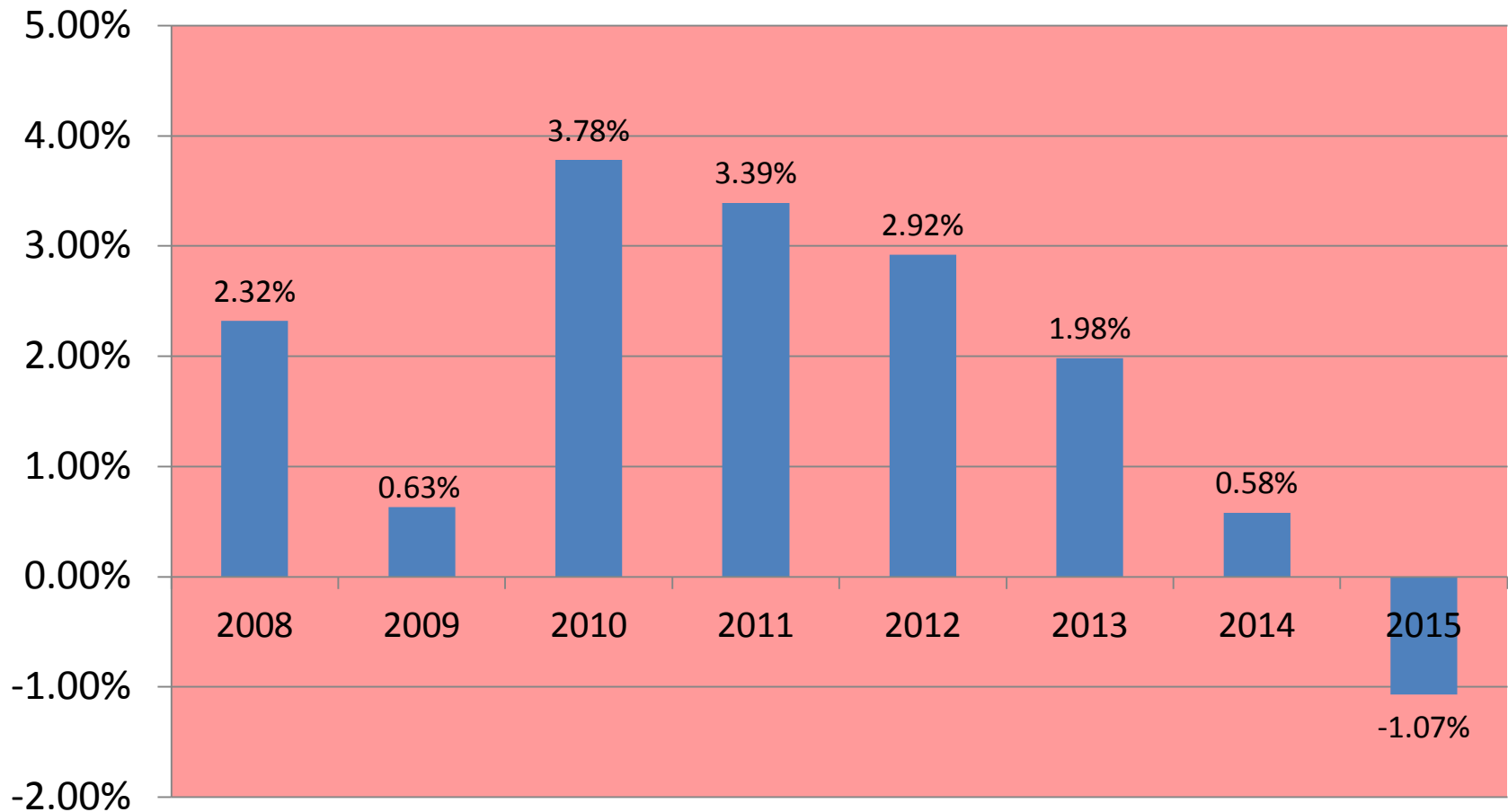
Key Trend Dashboard Indicator #3A



A goal of 10% unassigned/unrestricted unspent authority over expenditures (\$5.30 million) is desired. District is at 13.08% for 2014-15.

Annual Unspent Budget Authority Ratio

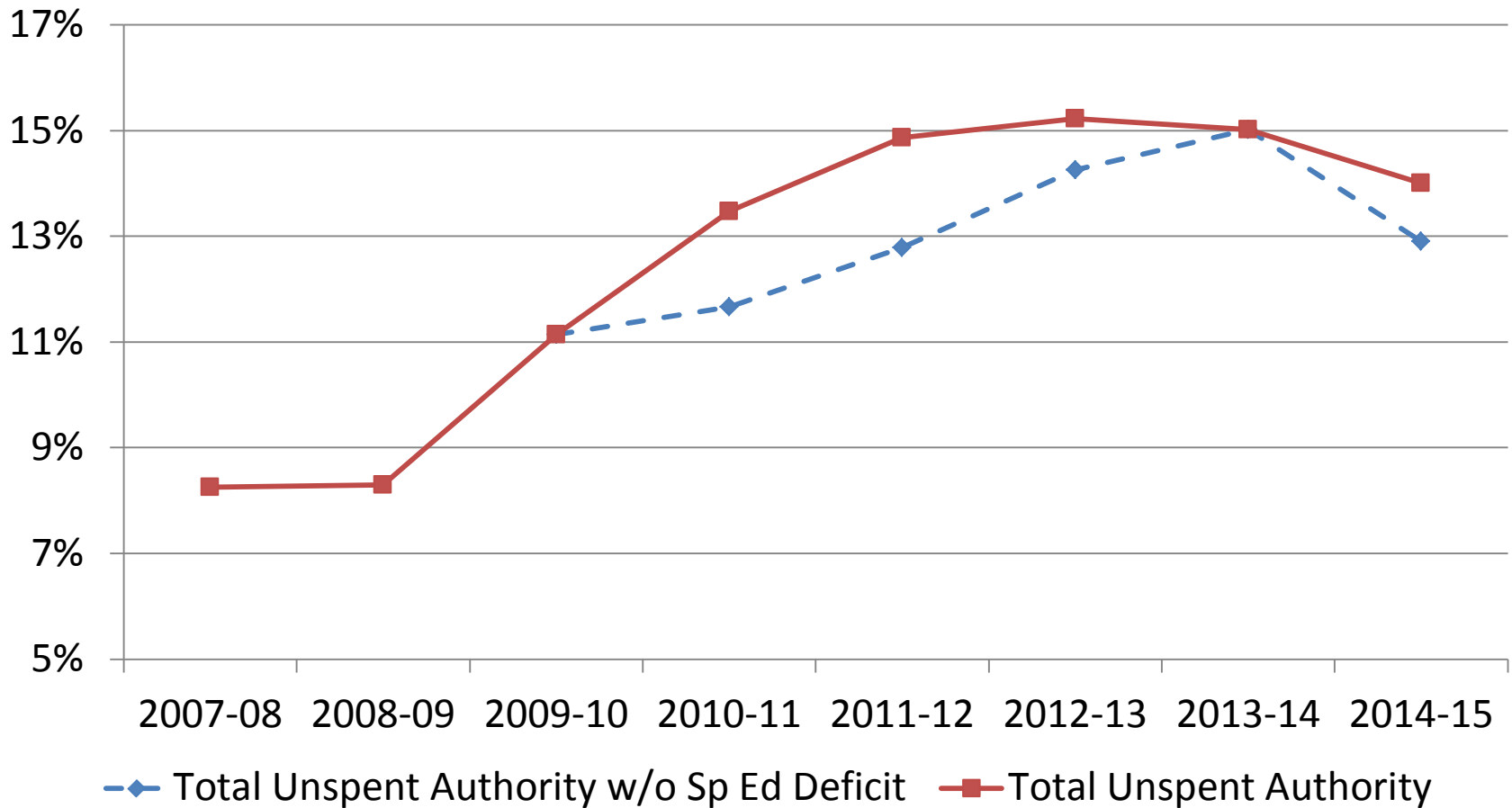
Key Trend Dashboard Indicator #4



Measures the annual amount in UAB as a percentage of expenditures each year. Ratio would have been 0.62% if not for the addition of River Hills Consortium.

Unspent Budget Authority

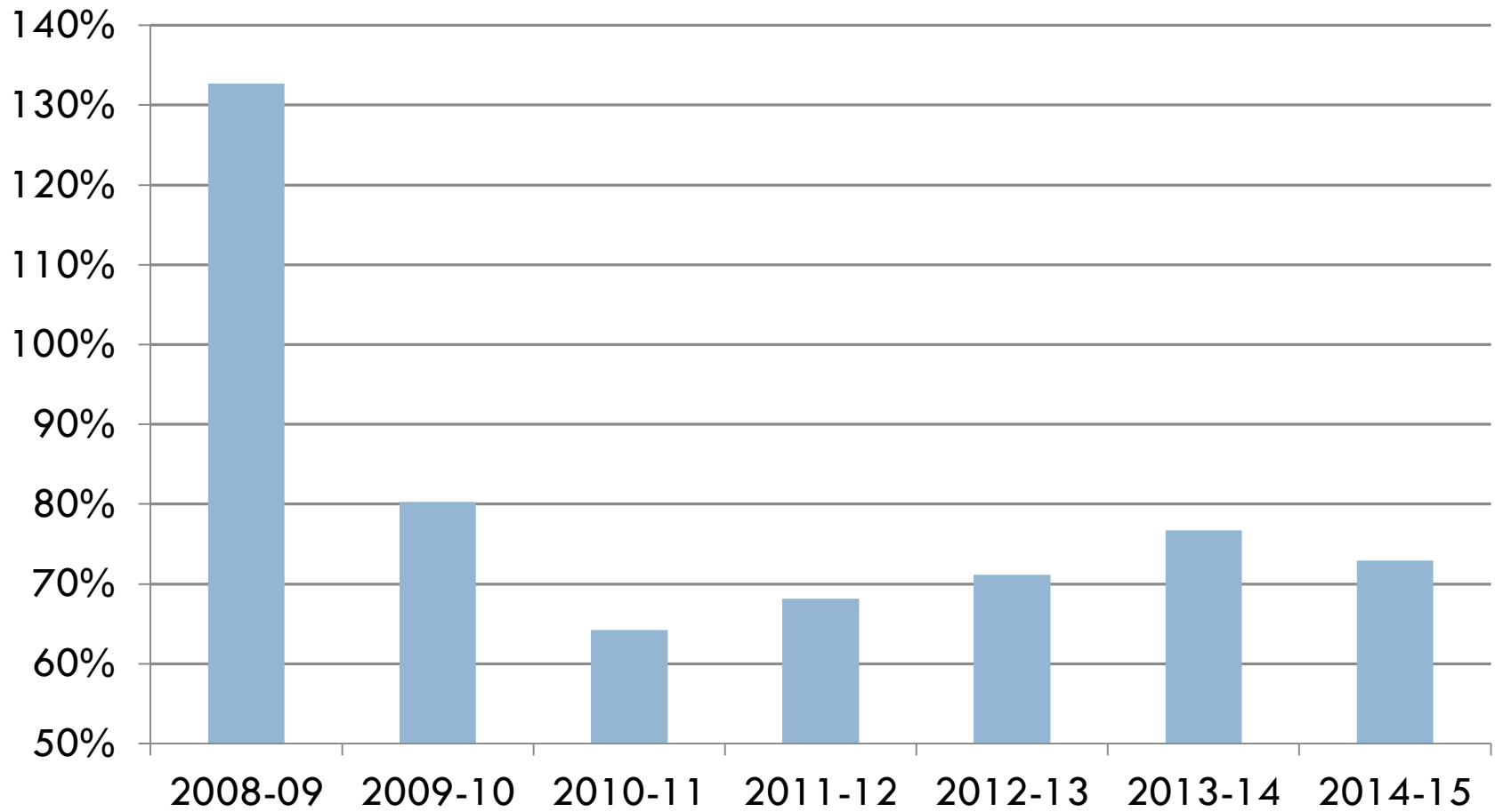
As Percentage of Maximum Budget Authority



Measures the percent of District's budget authority at the end of each year.

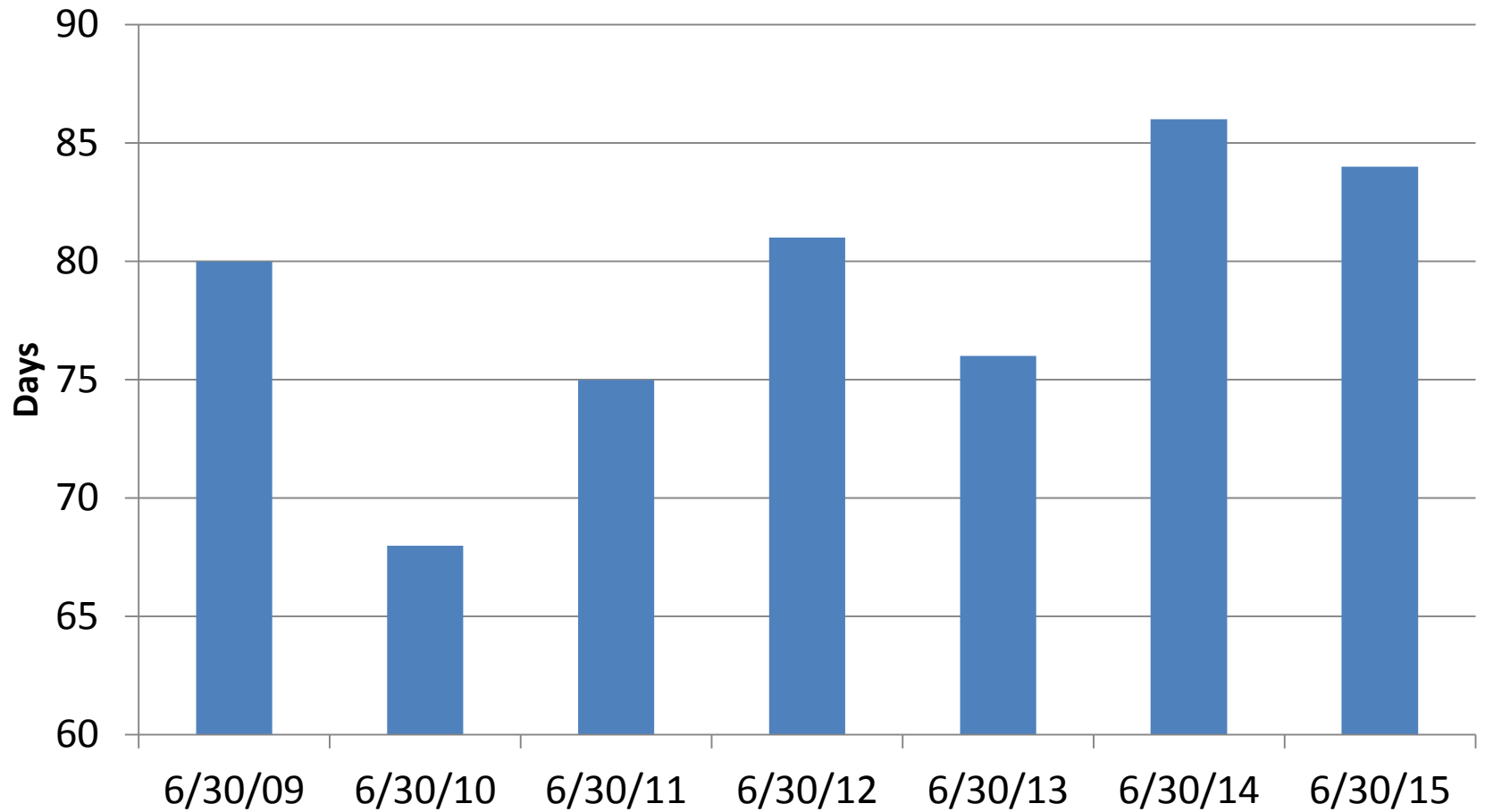
Net Fund Balance

As a Percentage of Unspent Authority



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

Days Net Cash Ratio

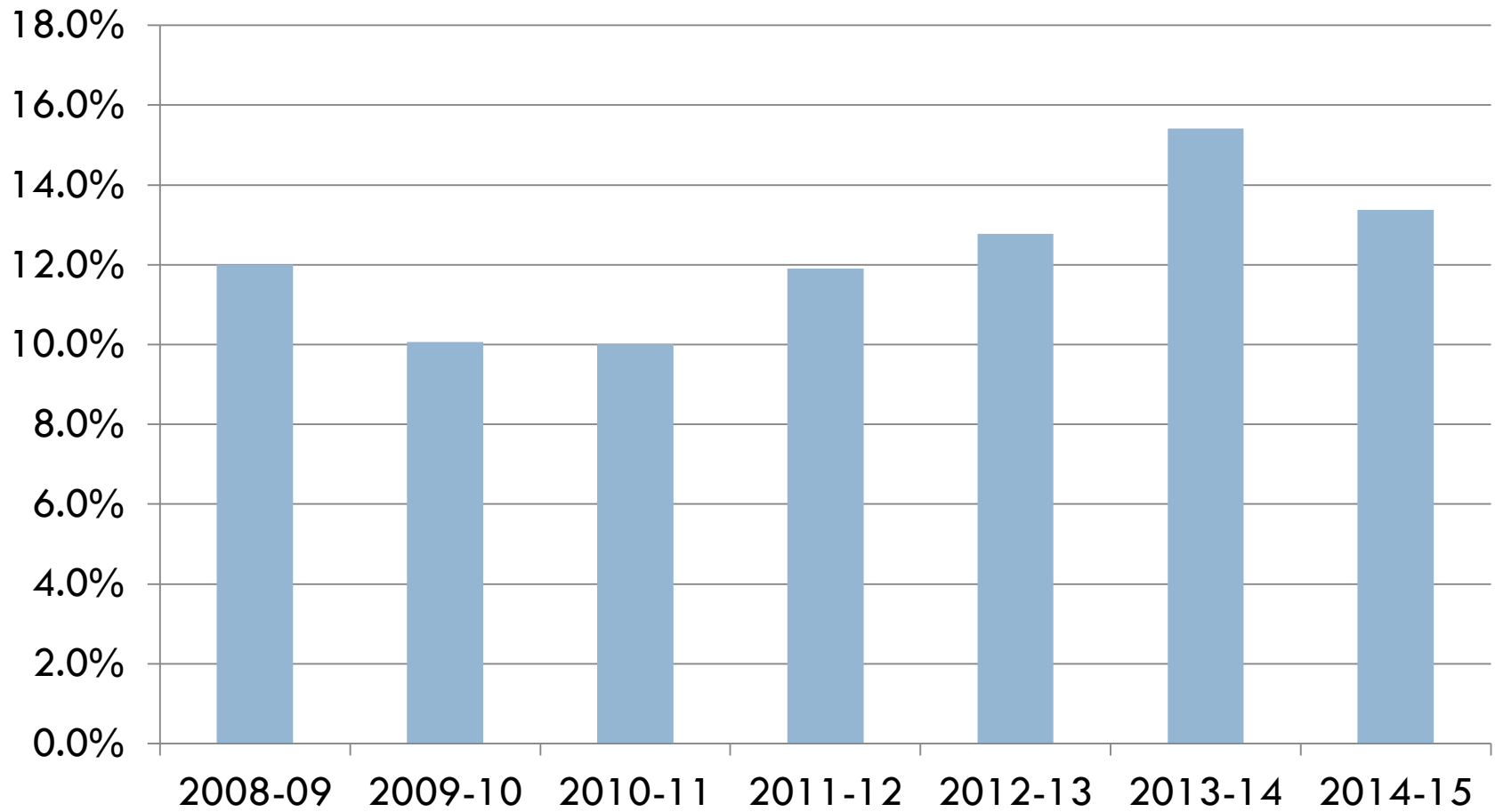


Cash & investments/Avg. daily cash expenditures.

A goal of 90 days is desired.

Net Fund Balance

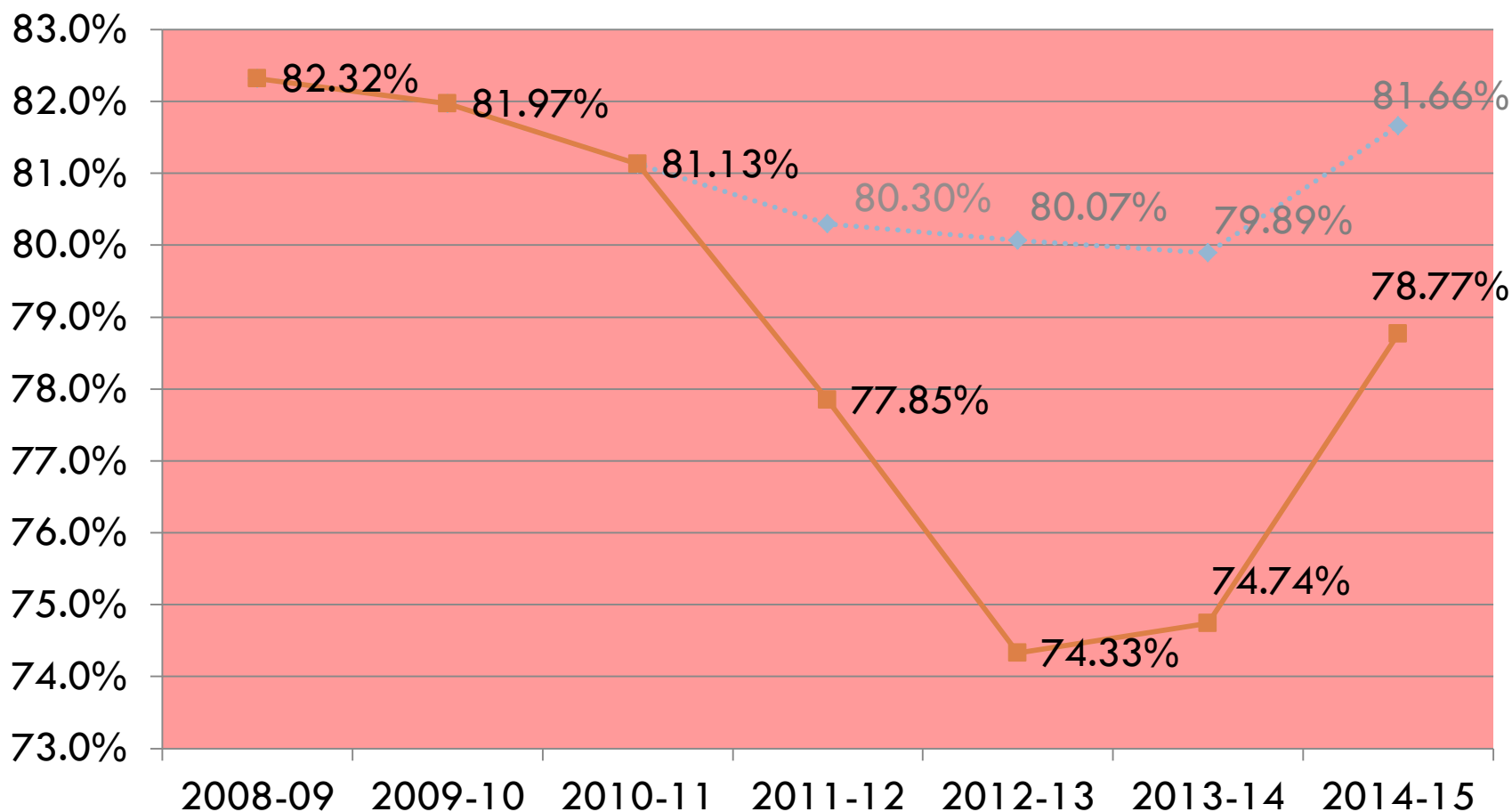
As a Percentage of Expenditures



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

Salaries & Benefits to Total Expenditures Ratio

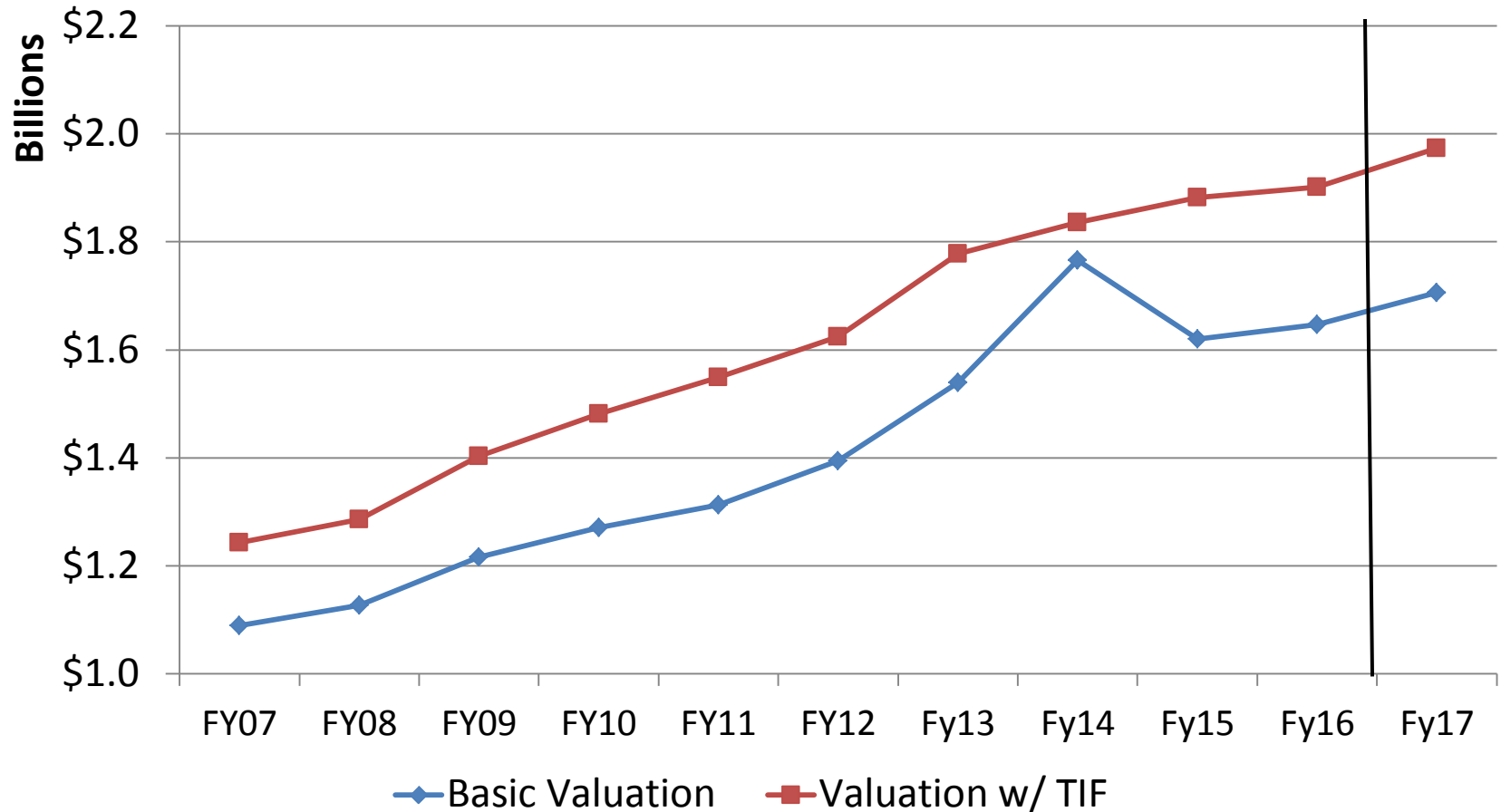
Key Trend Dashboard Indicator #5



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

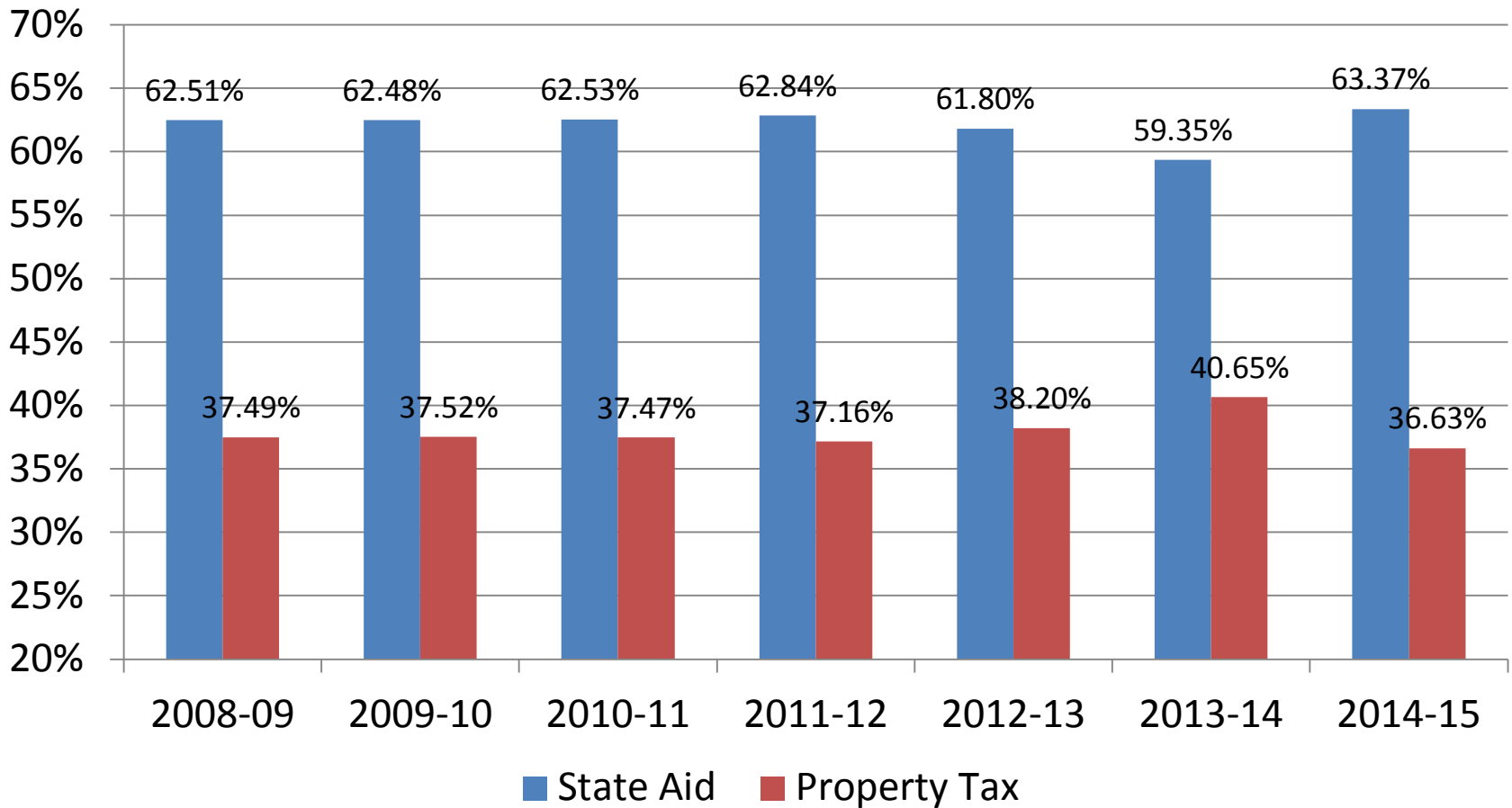
81.66% when tuition out costs are excluded (PLS Fy12, RH Fy13/14/15).

History of Assessed Valuation



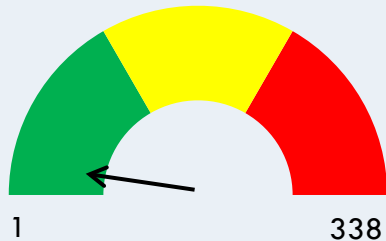
Basic Valuation increase 1.6% from Fy15 to Fy16 & increased 51.1% over the past 10 yrs.
Valuation w/ TIF increased 1.0% from Fy15 to Fy16 & 53.0% over the past 10 years.

Combined District Cost Property Tax/State Aid History



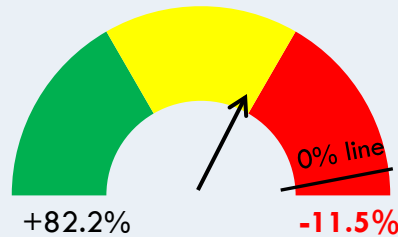
Financial Dashboard – All Iowa Schools

FY15 Certified Enrollment



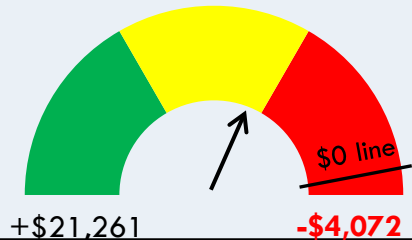
Rank = 17th Largest
CF = 4,907.4 Fy15/5052.1 Fy16

FY14 Solvency Ratio



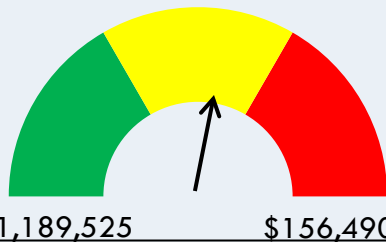
Rank = 204 out of 338
State Avg. = 17.05%
CF = 13.66% Fy14/12.59% Fy15

FY14 UBA Per Pupil



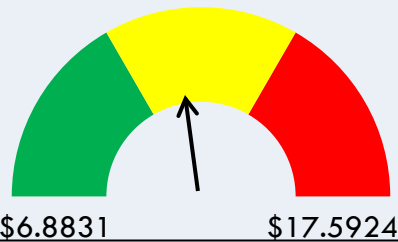
Rank = 206 out of 338
State Avg. = \$2,619
CF = \$1,892 Fy14/\$1,759 Fy15

FY15 Valuation/Pupil



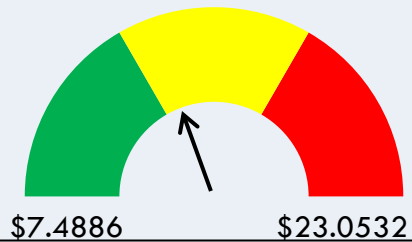
Rank = 167 out of 338
State Avg. = \$373,418
CF = \$333,396 F15/\$338,837 F16

FY15 General Fund Tax Rate



Rank = 155 out of 338
State Avg. = \$10.7651
CF = \$10.8058 F15/\$10.4526 F16

FY15 Total Tax Rate



Rank = 121 out of 338
State Avg. = \$13.8516
CF = \$12.7845 F15/\$12.4445 F16

Financial Dashboard - Iowa 25 Largest Schools

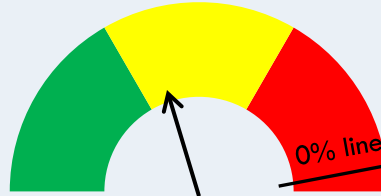
FY15 Certified Enrollment



1 (32,396.1) 25 (3,767.1)

Rank = 17th Largest
CF = 4,907.3 Fy15/5052.1 Fy16

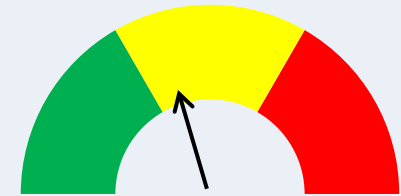
FY14 Solvency Ratio



+27.3% -1.7%

Rank = 10 out of 25
Average = 11.60%
CF = 13.66% Fy13/12.6% Fy14

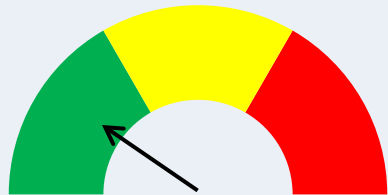
FY14 UBA Per Pupil



+\$3,923 \$290

Rank = 9 out of 25
Average = \$1,685
CF = \$1,892 Fy14/\$1,759 Fy15

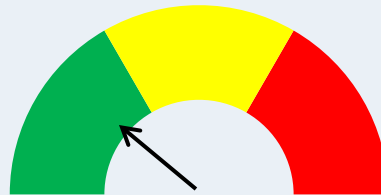
FY15 Valuation/Pupil



\$518,582 \$156,490

Rank = 5 out of 25
Average = \$275,400
CF = \$333,396 F15/\$338,837 F16

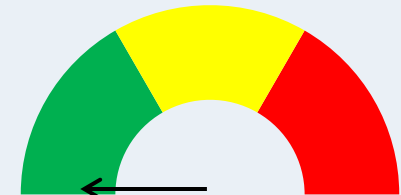
FY15 General Fund Tax Rate



\$8.1660 \$15.7212

Rank = 6 out of 25
Average = \$12.8519
CF = \$10.8058 F15/\$10.4526 F16

FY15 Total Tax Rate



\$12.7845 \$21.6587

Rank = 1 out of 25
Average = \$16.0053
CF = \$12.7845 F14/\$12.4445 F16

Budget Highlights



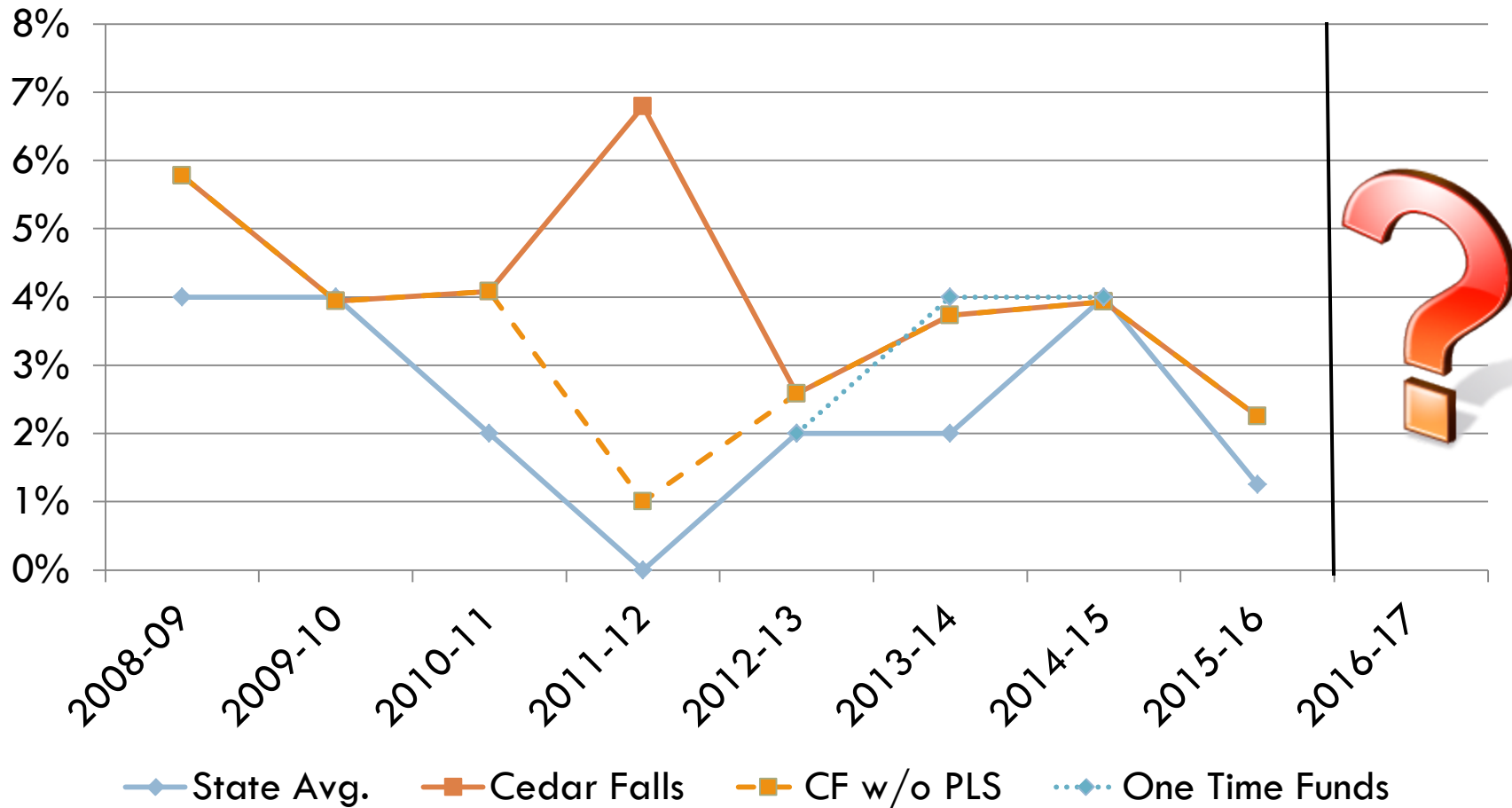
Budget Highlights

- June 2015 - Iowa Legislature and Governor Branstad agree to an increase in supplemental state aid (allowable growth) of 1.25% for the 2015-16 school year. Governor veto's additional one time funds for school.
- October, 2015 – District certified enrollment increases 144.8 students to 5,052.1.
 - ▣ 101.0 students are open enrolled out to other Districts.

Budget Highlights

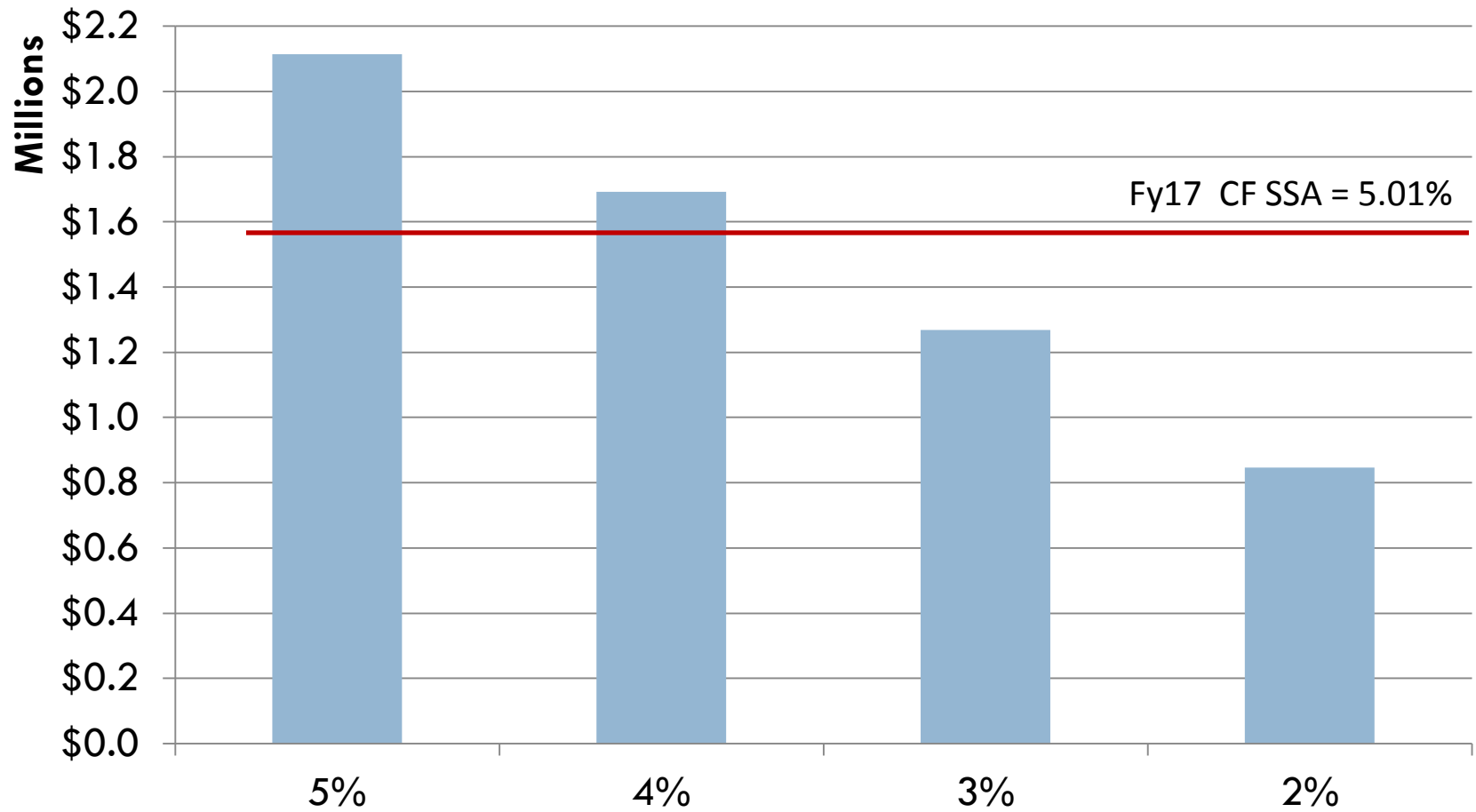
- October, 2015 – Total students served (includes 4 yr. old program) by the District increases 142.3 students to 5,334.3.
 - ▣ 342.0 students are open enrolled in from other Districts.
 - ▣ 64.5 students (weighted) enrolled in 4 yr. old program
 - 129 actual students
- October, 2015 – River Hills consortium enrollment increases slightly from 96.0 to 98.0 students
- Overall District enrollment is projected to continue increasing creating more pressure to keep student-teacher ratios down as the District works with limited resources.
 - ▣ 5 yr. avg. inc. (Fy11 – Fy15) - 90.7 students/yr. (includes OE in)
 - ▣ 10 yr. avg. inc. (Fy06 – Fy15) - 75.7 students/yr. (includes OE in)
 - River Hills students are not included

History of Supplemental State Aid (Allowable Growth)



Projected Settlements vs. Fy17

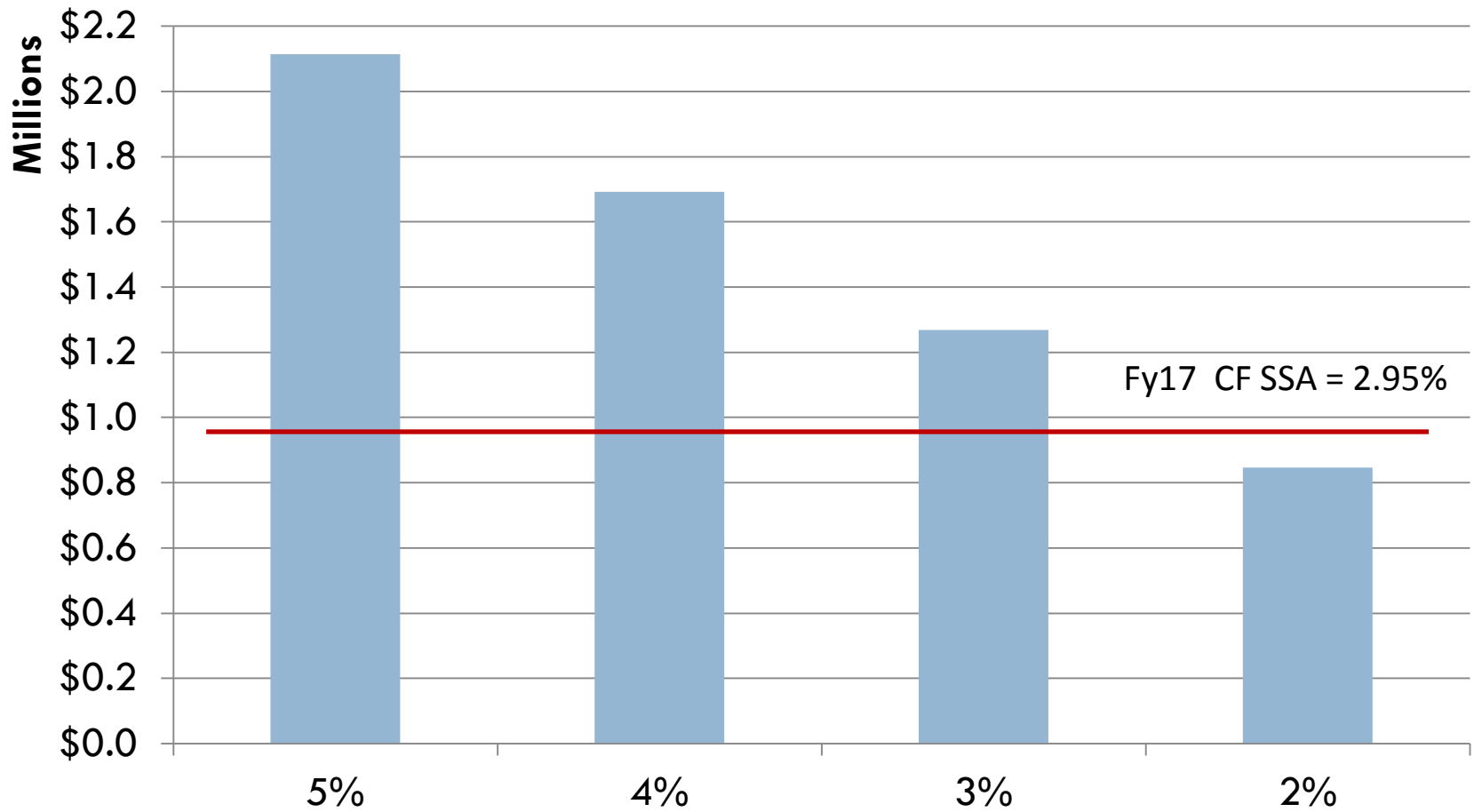
Supplemental State Aid (Assumes 2.0% SSA Increase)



Additional costs resulting from the Patient Protection Affordable Health Care Act (ACA) are NOT included.

Projected Settlements vs. Fy17

Supplemental State Aid (Assumes 0.0% SSA Increase)



Additional costs resulting from the Patient Protection Affordable Health Care Act (ACA) are NOT included.

Other District Funds (Restricted)

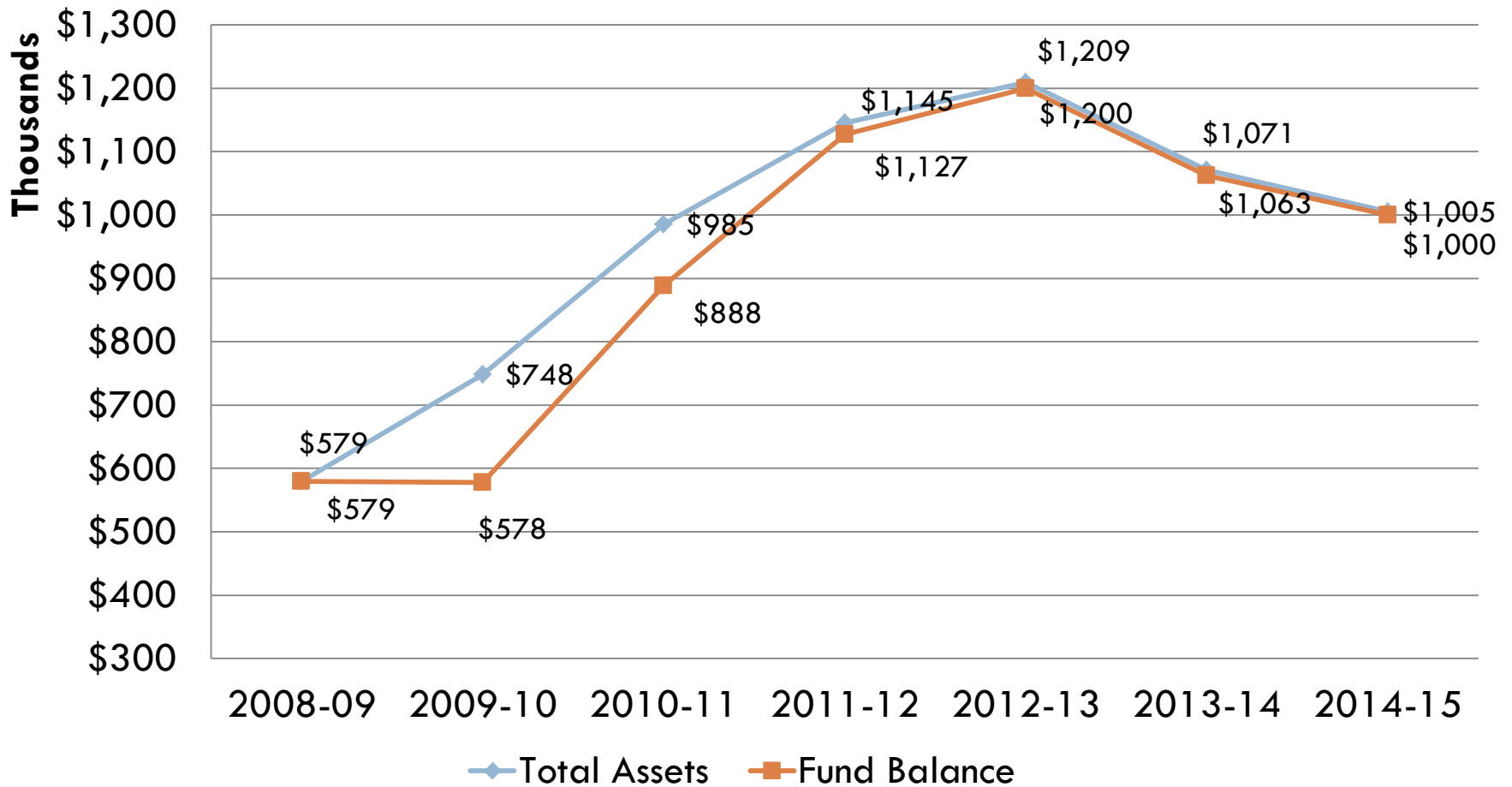
- Other District funds:
 - ▣ Management
 - ▣ Physical Plant & Equipment Levy (PPEL)
 - ▣ Secure A Vision for Education (SAVE) (formally LOT)
 - ▣ Activity
 - ▣ Nutrition
- These are restricted use funds that are subject to laws and regulations established by the Code of Iowa and Iowa Administrative Code.
- 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 not covered by deductibles
 - Early severance benefits

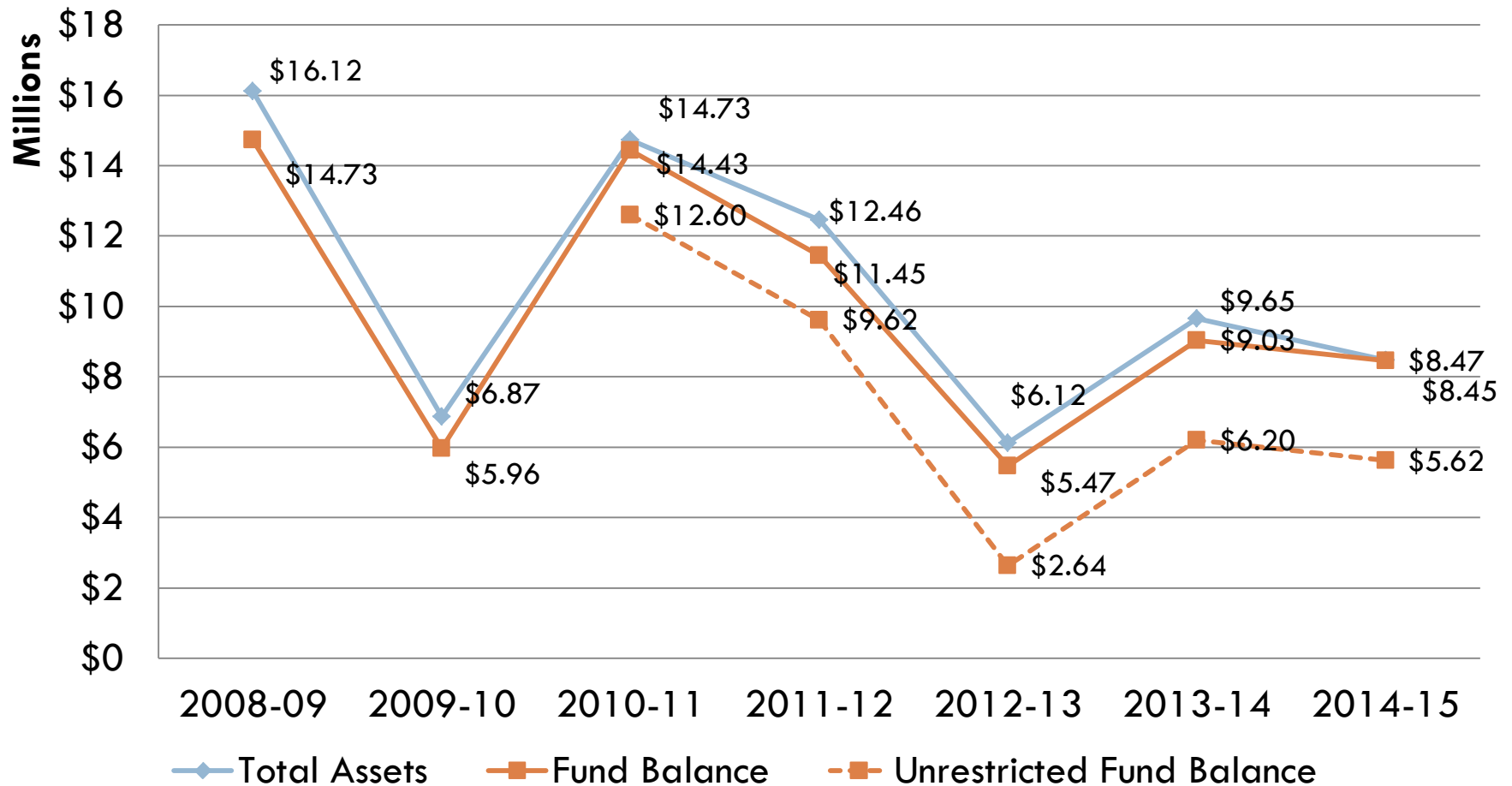
Management Fund



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

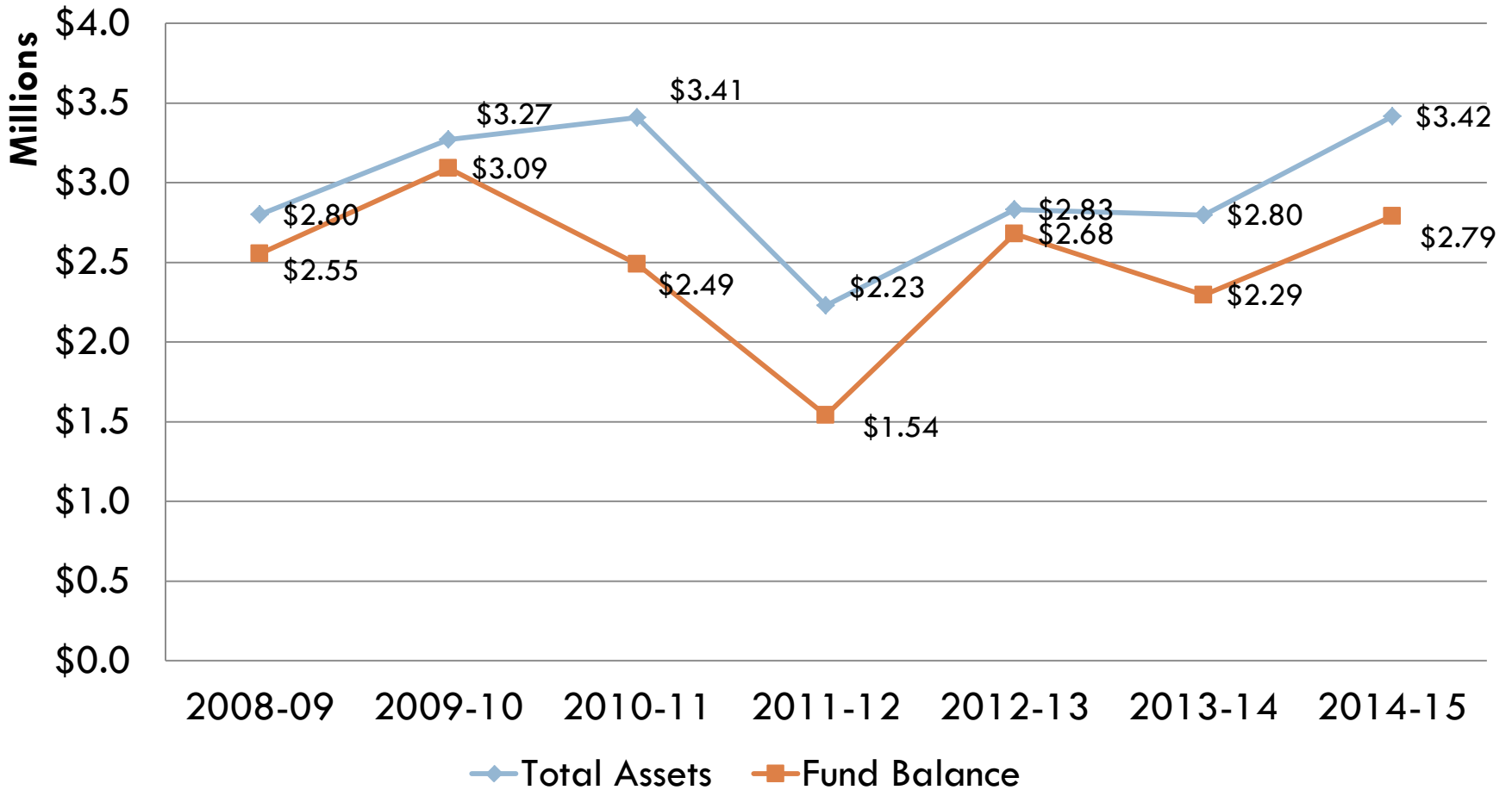
Secure A Vision for Education (SAVE) – Formally Local Option One Cent Sales Tax



Physical Plant & Equipment Levy

- Restricted fund with two parts
 - ▣ Board of Education Controlled – up to \$0.33/\$1,000 (regular)
 - ▣ Voters approved additional \$1.34/\$1,000 levy
 - Expires at the end of the 2017-18 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

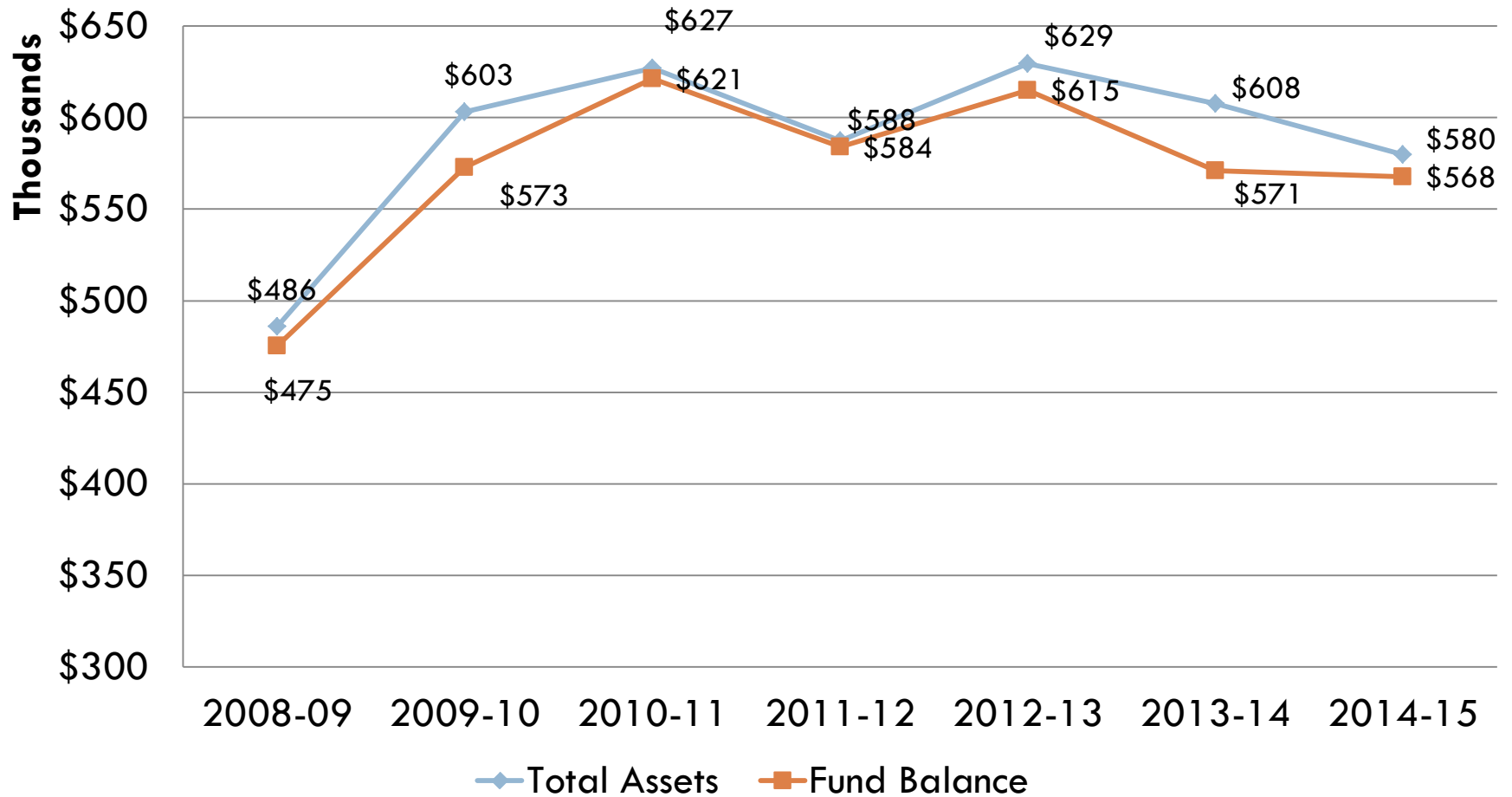
Physical Plant & Equipment Levy



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

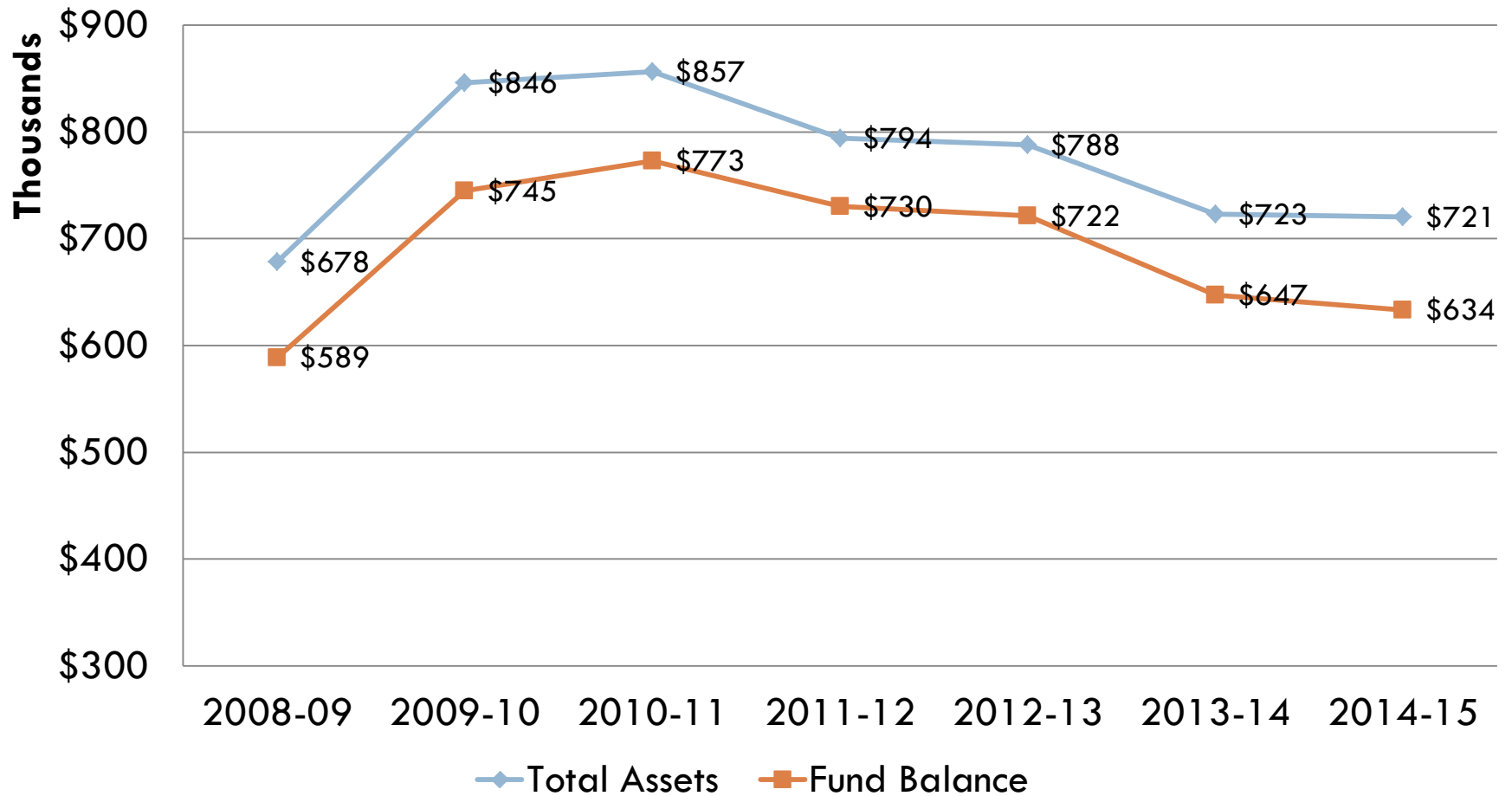
Activity Fund



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



Fy15 balance includes HS Student Coffee Shop

Summary

- As of June 30, 2015
 - District's financial condition:
 - District General Fund cash balance
 - Decrease of \$175,519 from June 30, 2014
 - Days Net Cash Ratio 86/Fy14 84/Fy15
 - Unspent budget authority (UBA) decreased by \$560,066
 - First decrease in UBA since Fy2006
 - UBA Ratio 15.02% Fy14 14.00% Fy15
 - 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 teaching staff

Summary

□ Special Education

- District continues to meet the needs of students
- Medicaid funding helped reduce special education expenses
 - Net Fy15 receipts = \$731,483
 - Required minimum hours per year has increased special education labor costs
- Fy15 deficit = **\$675,685**
 - Projected Fy16 deficit = **\$690,848**

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

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- Special thank you to Denelle Gonnerman, Carrie DeBerg and the District Business Office staff for their assistance.

 - Questions?