

CEDAR FALLS COMMUNITY SCHOOL DISTRICT



Annual District Financial Report
January 27, 2020

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

Includes:

- EE Staff Flower Funds, Cedar Falls Foundation

- Booster Clubs, School Parent Groups

- River Hills Consortium

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) \$6,880



327 Districts
150 > SCPP
177 = SCPP

4 Key Factors

Iowa Public School Foundation Formula

- 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
 - Example:
$$\begin{aligned} \$6,880 \times 0.00\% \times 5371.4 &= \$36,955,232 \\ \$6,880 \times 1.01\% \times 5371.4 &= \$37,324,784 \\ \$6,880 \times 1.02\% \times 5371.4 &= \$37,694,336 \end{aligned}$$
- 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 17	FY 18	FY 19
	Regular Program District Cost	\$33,333,756	\$34,334,303	\$34,549,095
+	Regular Program Budget Adjustment	\$0	\$0	\$128,551
+	Supplemental Weighting District Cost	\$506,291	\$494,028	\$553,715
+	Special Education District Cost	\$4,043,914	\$4,601,723	\$4,673,746
+	Teacher Salary Supplement District Cost	\$2,812,555	\$2,897,700	\$2,916,266
+	Professional Development Supplement Dist. Cost	\$334,297	\$344,218	\$346,260
+	Early Intervention Supplement District Cost	\$332,984	\$343,240	\$345,594
+	Teacher Leadership Supplemental District Cost		\$1,663,806	\$1,674,129
+	AEA Special Education Support	\$1,660,185	\$1,729,212	\$1,741,685
+	AEA Media Services	\$291,378	\$298,659	\$301,267
+	AEA Educational Services	\$325,389	\$333,465	\$336,301
+	AEA Teacher Salary Supplement District Cost	\$210,511	\$218,815	\$219,981
+	AEA Professional Development Suppl. Dist. Cost	\$24,190	\$25,156	\$25,322
+	Dropout Allowable Growth	\$773,047	\$828,149	\$855,139
+	SBRC Allowable Growth Other #1	\$100,596	\$98,079	\$88,686
+	SBRC Allowable Growth Other #2	\$634,990	\$136,969	\$758,160
+	Special Education Deficit Allowable Growth	\$972,951	\$467,283	\$691,194
+	Allowance for Construction Projects	\$0	\$0	\$574,592
+	AEA Prorata Reduction	-\$231,049	-\$198,163	-\$66,618
=	Maximum District Cost	\$46,108,175	\$48,616,642	\$50,713,065
+	Preschool Foundation Aid	\$425,120	\$476,476	\$468,152
+	Instructional Support Authority	\$2,549,366	\$2,660,565	\$2,809,889
+	Other Miscellaneous Income	\$7,673,278	\$5,942,894	\$5,847,731
+	Unspent Authority Budget - Previous Year	\$8,609,170	\$8,533,648	\$7,695,672
=	Maximum Authorized Budget	\$65,365,109	\$66,230,225	\$67,534,510
-	Expenditures	\$56,831,461	\$58,534,553	\$60,165,365
=	Unspent Balance Total	\$8,533,648	\$7,695,672	\$7,369,145

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 91.6% 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 2018/19 Cost per Pupil = \$6,738

12.82%	\$ 864 per Student	Additional Levy Combined District Cost – Foundation Dollar Level
62.08%	\$4,183 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
25.10%	\$1,691 per Student	Uniform Levy = \$5.40 per \$1,000 assessed valuation x school district assessed valuation

Cedar Falls CSD – RESTRICTED Funds

Governmental Fund

General Fund

Includes:

School Education
Community Development
Technical Education
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

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Booster Clubs, School
Parent Groups

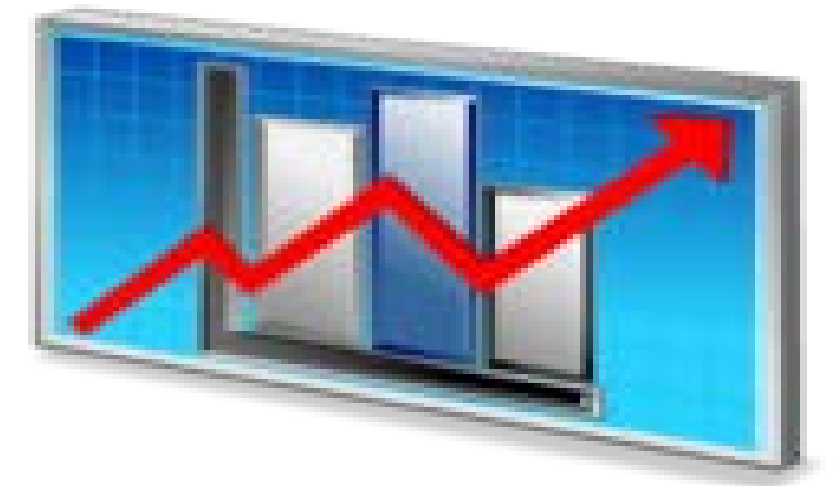
River Hills Consortium

Purpose

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

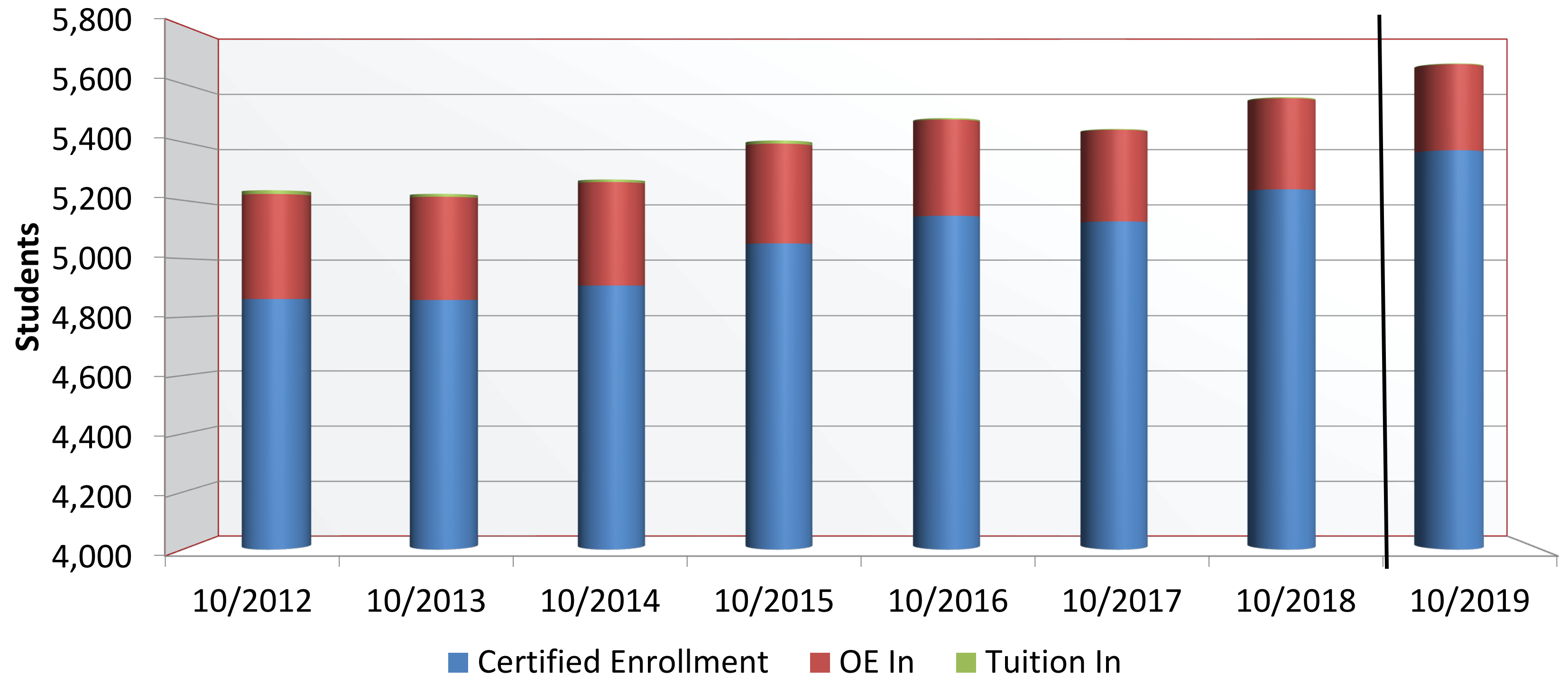
General Fund Key Financial Indicators

- 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.

Certified Enrollment - Comparability

Select District Here	Rank of Oct. 2018 Enr.	Oct. 2010	Oct. 2011	Oct. 2012	Oct. 2013	Oct. 2014	Oct. 2015	Oct. 2016	Oct. 2017	Oct. 2018
Ames	21	4,279.5	4,224.3	4,228.7	4,246.6	4,171.4	4,181.2	4,188.0	4,299.8	4,387.4
Ottumwa	20	4,529.6	4,485.9	4,531.2	4,577.4	4,597.9	4,622.9	4,643.2	4,612.2	4,655.1
Muscatine	19	5,292.8	5,304.6	5,299.5	5,344.4	5,328.4	5,170.0	5,084.2	4,935.8	4,894.0
Pleasant Valley	18	3,784.2	3,959.9	4,230.0	4,288.6	4,386.1	4,531.8	4,745.5	4,922.4	5,036.7
College Community	17	4,382.3	4,507.9	4,568.0	4,685.3	4,800.9	4,947.4	5,086.6	5,162.7	5,139.6
Cedar Falls	16	4,754.7	4,781.4	4,862.4	4,859.1	4,907.3	5,052.1	5,146.8	5,127.5	5,237.6
Marshalltown	15	5,200.4	5,319.3	5,308.2	5,388.5	5,385.0	5,321.1	5,435.2	5,458.4	5,364.6
Southeast Polk	14	6,084.5	6,214.0	6,399.7	6,616.9	6,634.4	6,801.5	6,797.2	6,843.1	6,894.4
Johnston	13	6,094.3	6,147.7	6,269.0	6,409.0	6,617.1	6,756.1	6,894.2	7,074.1	7,057.6
Linn-Mar	12	6,644.1	6,729.7	6,879.9	6,943.0	7,145.2	7,197.9	7,312.5	7,436.2	7,556.7
West Des Moines	11	8,993.3	9,050.4	9,102.9	9,054.4	9,146.1	9,012.5	8,968.9	8,918.0	8,940.2

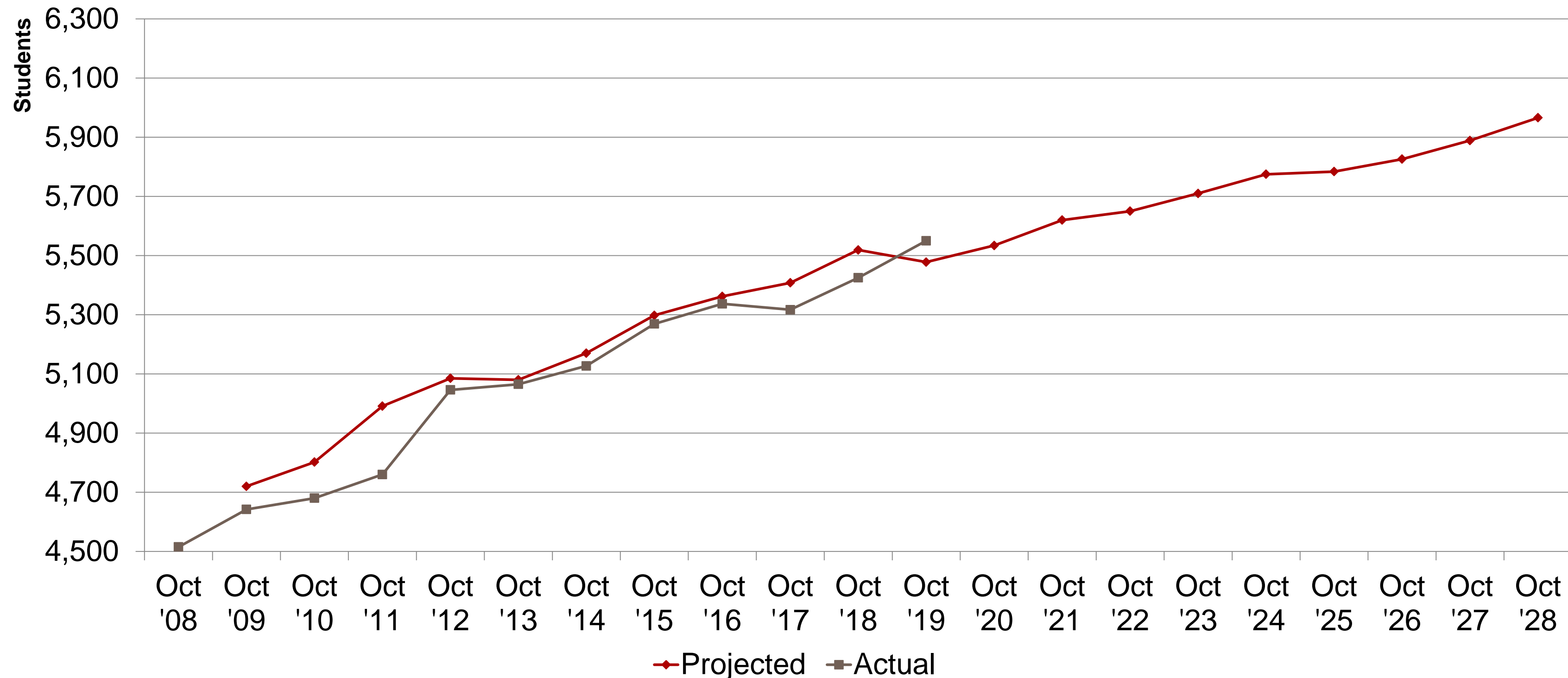
Oct. 1, 2010 – Oct. 1, 2019

Student Enrollment

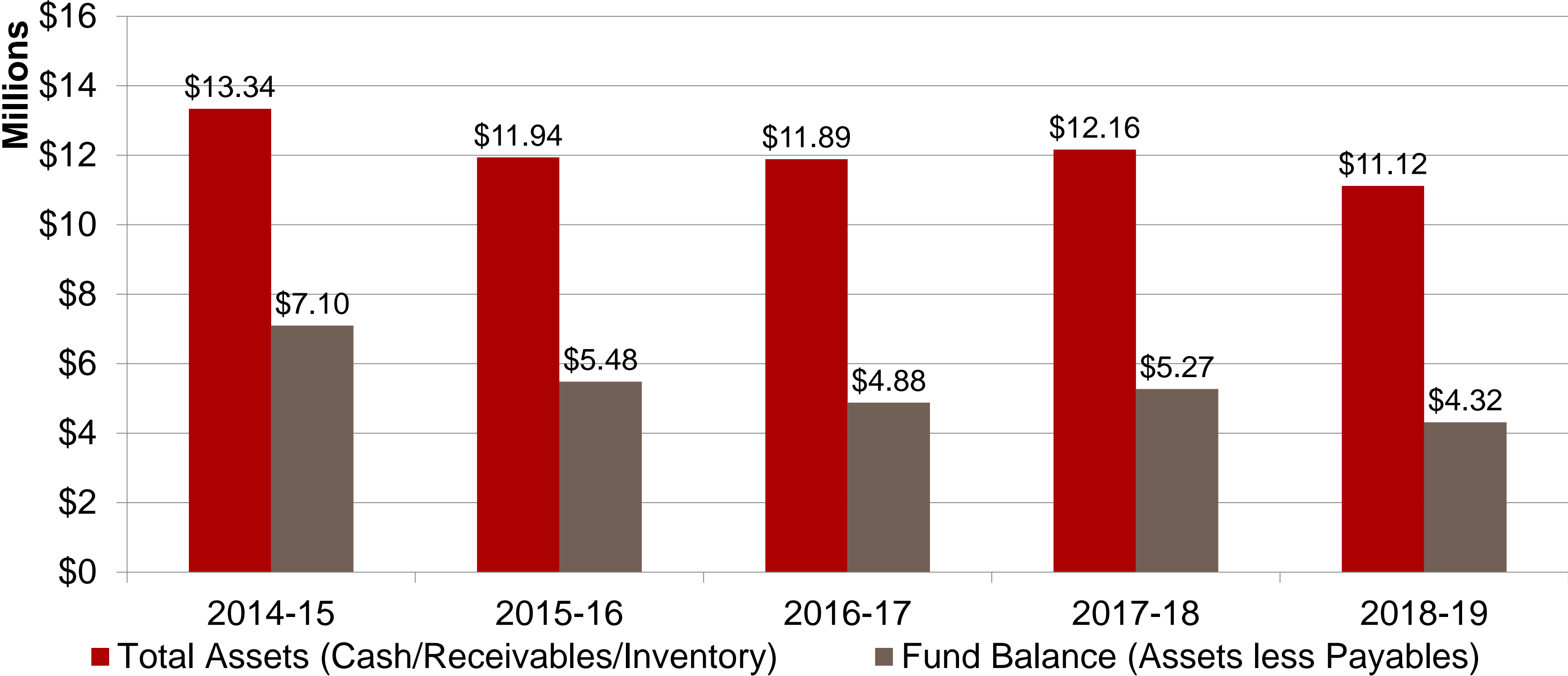
Increase

616.72 or 12.9%

CFCSD Enrollment Projections



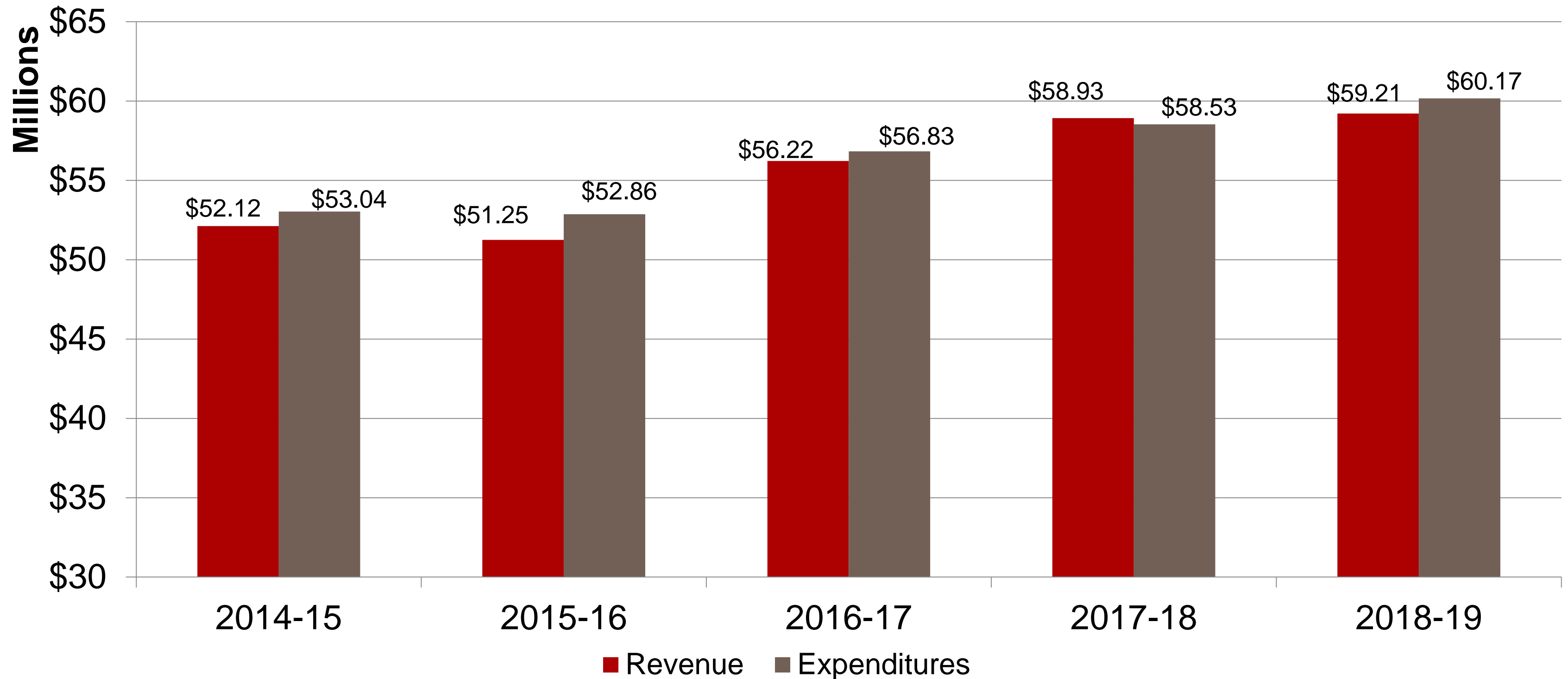
CAR General Fund Balance



\$1,046,381 decrease in cash on hand and \$954,850 decrease in fund balance.

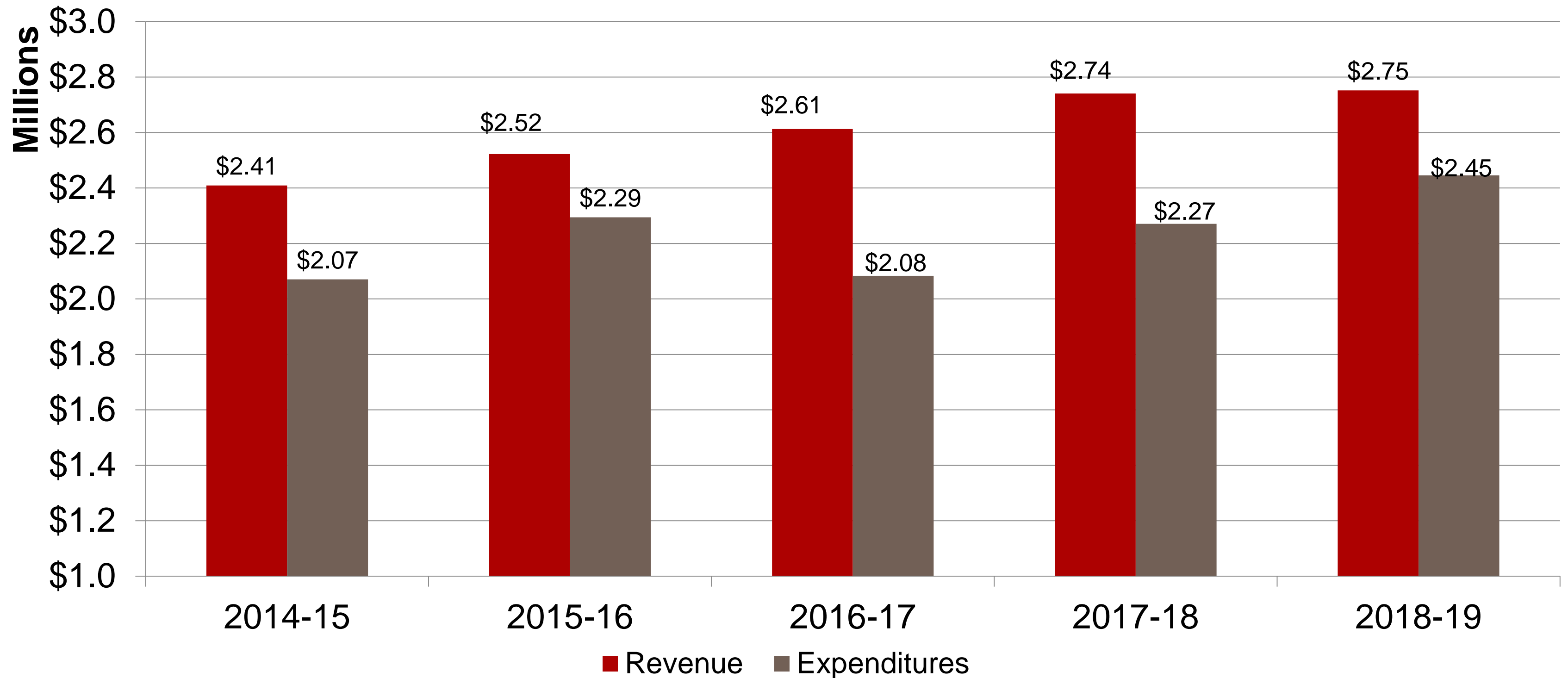
General Fund Revenue/Expenditure History

Includes Instructional Support Fund

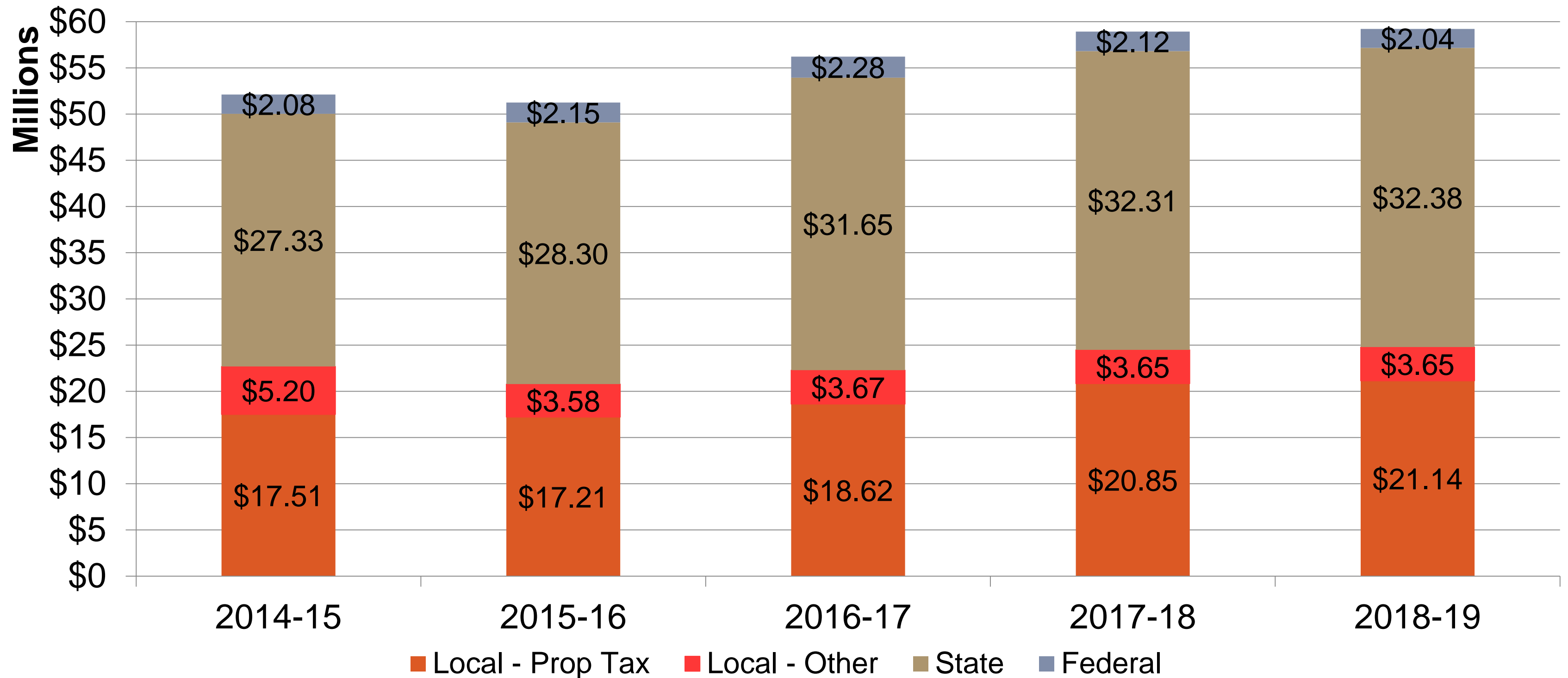


Revenue increased by \$282,785 and expenditures increased by \$1,630,812 from 2017-18 to 2018-19.

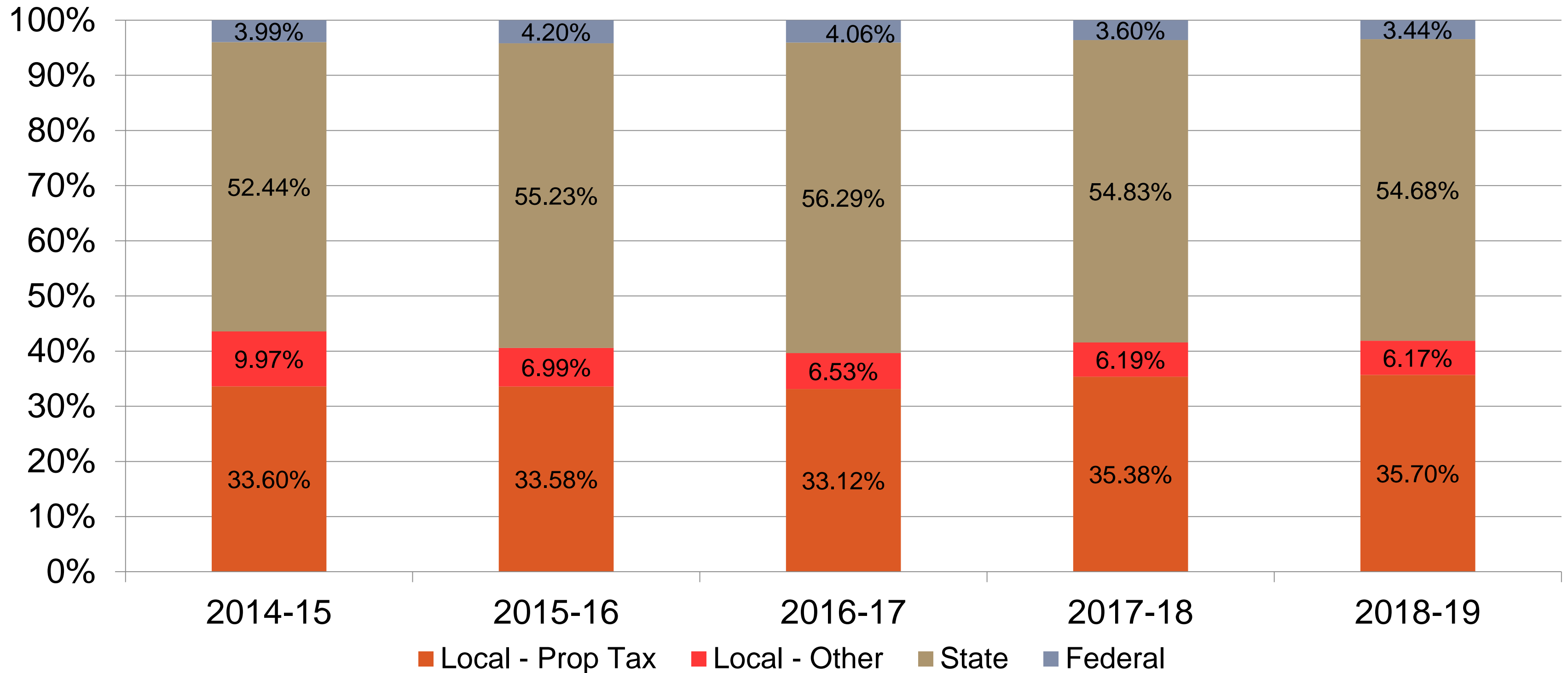
ISL (only) Revenue/Expenditure Detail



History of General Fund Revenue



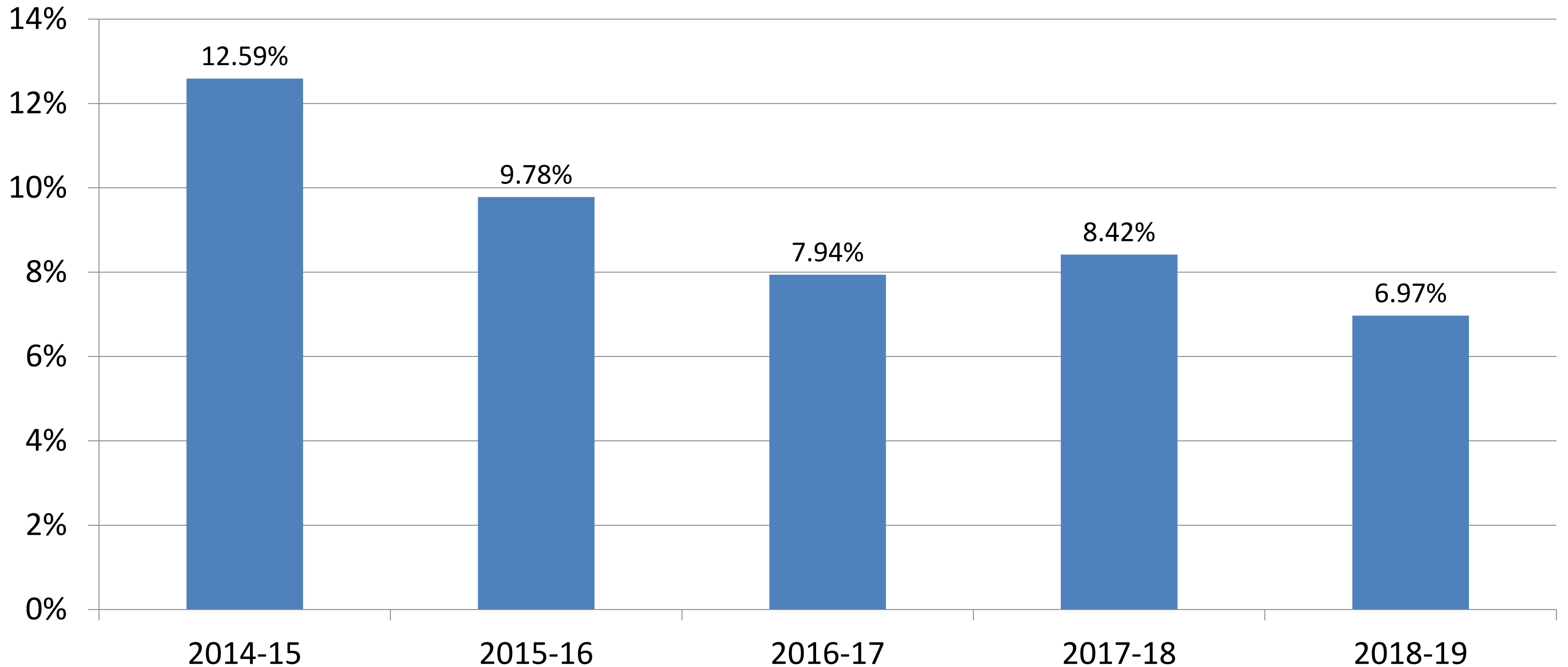
History of General Fund Revenue



Due to rounding percentages may not total 100.0%

Financial Solvency Ratio

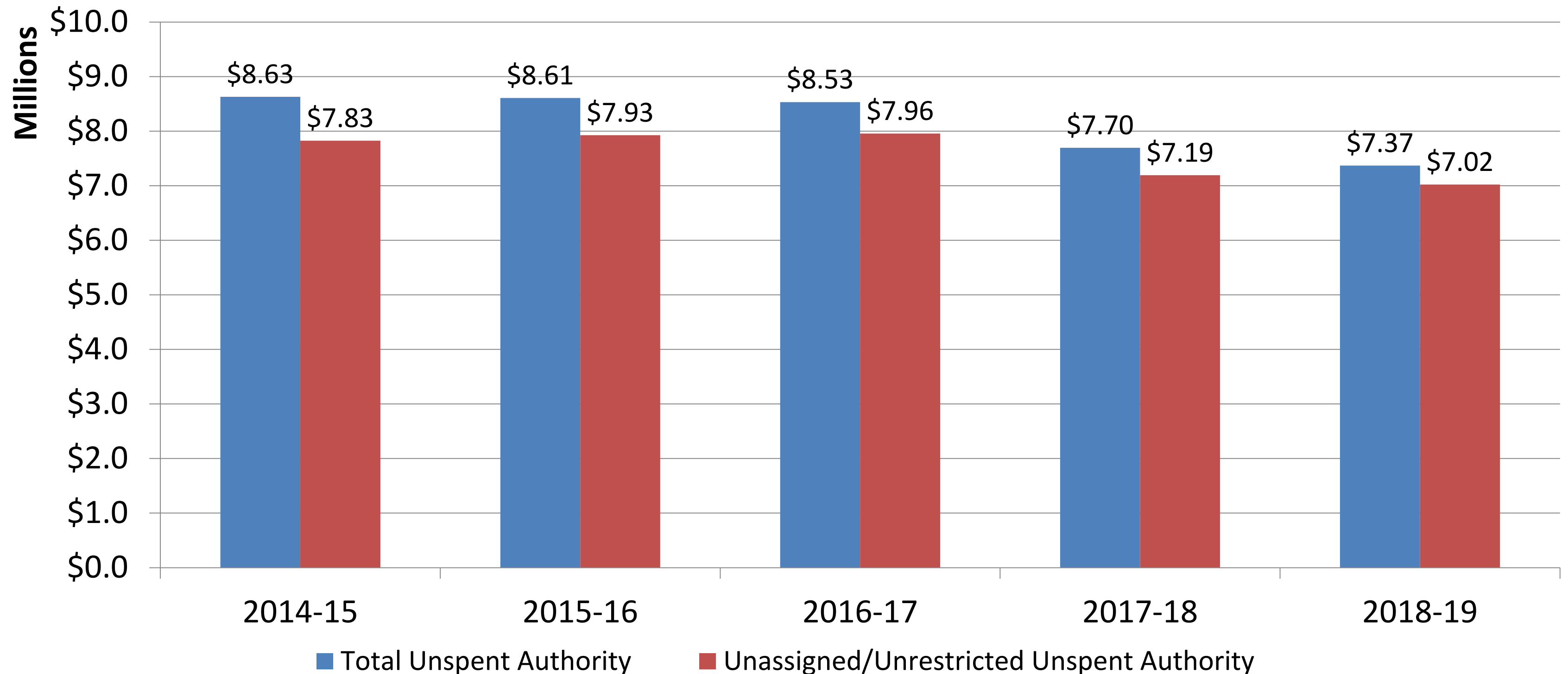
Key Trend Dashboard Indicator #2



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

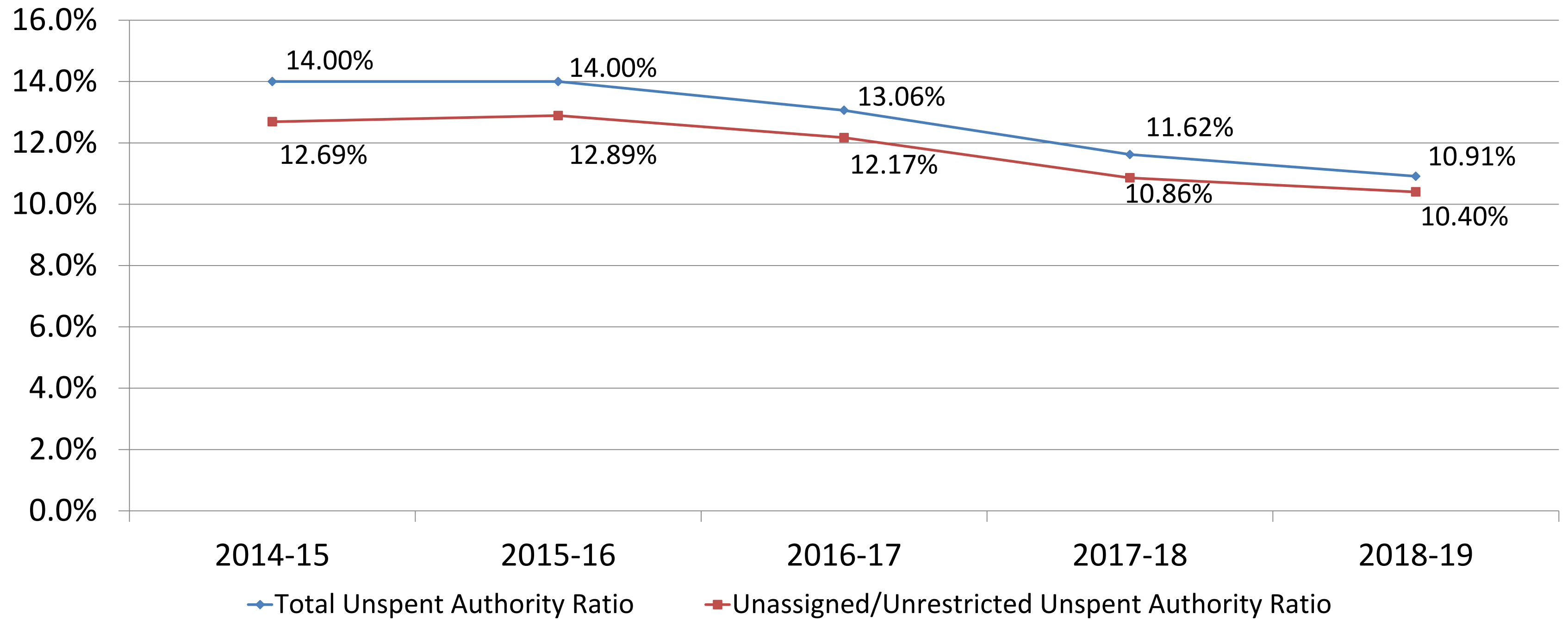
History of Unspent Budget Authority (In Dollars)

Key Trend Dashboard Indicator #3



History of Unspent Budget Authority Ratio

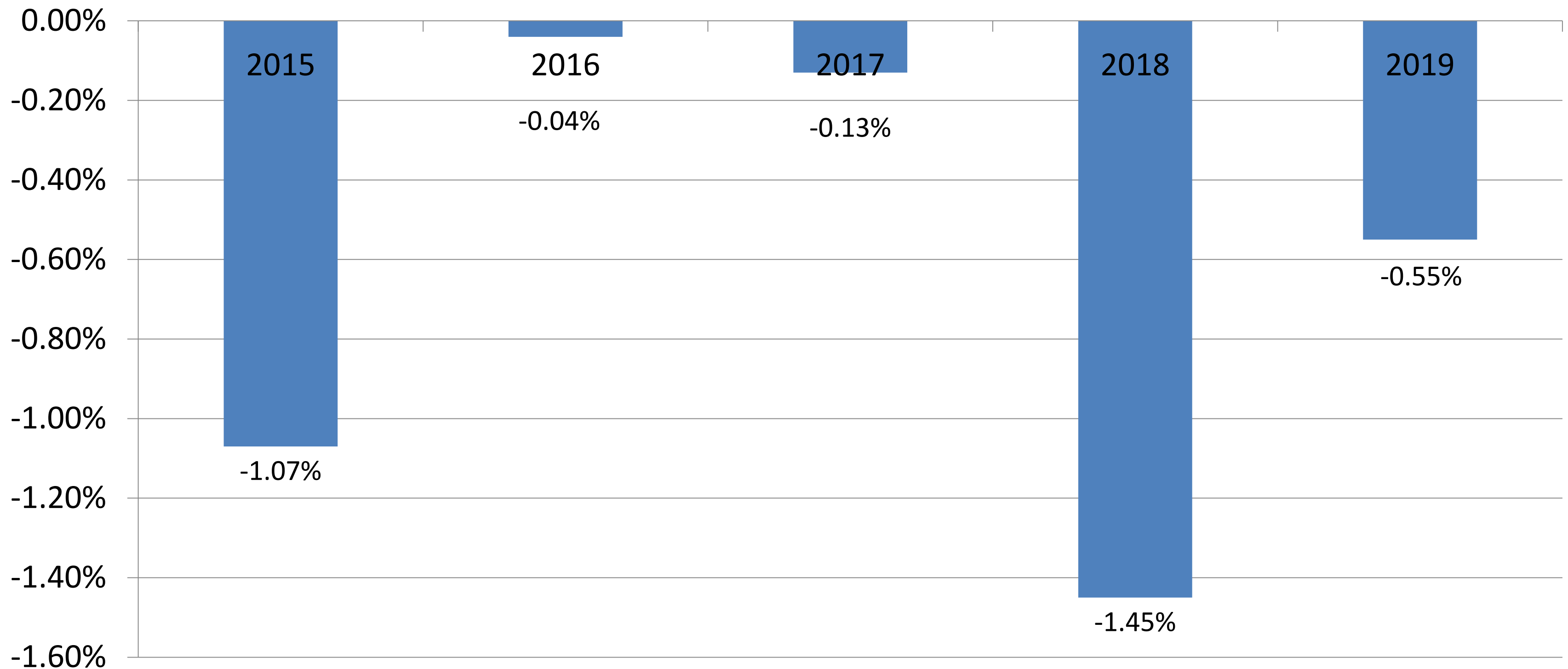
Key Trend Dashboard Indicator #3A



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

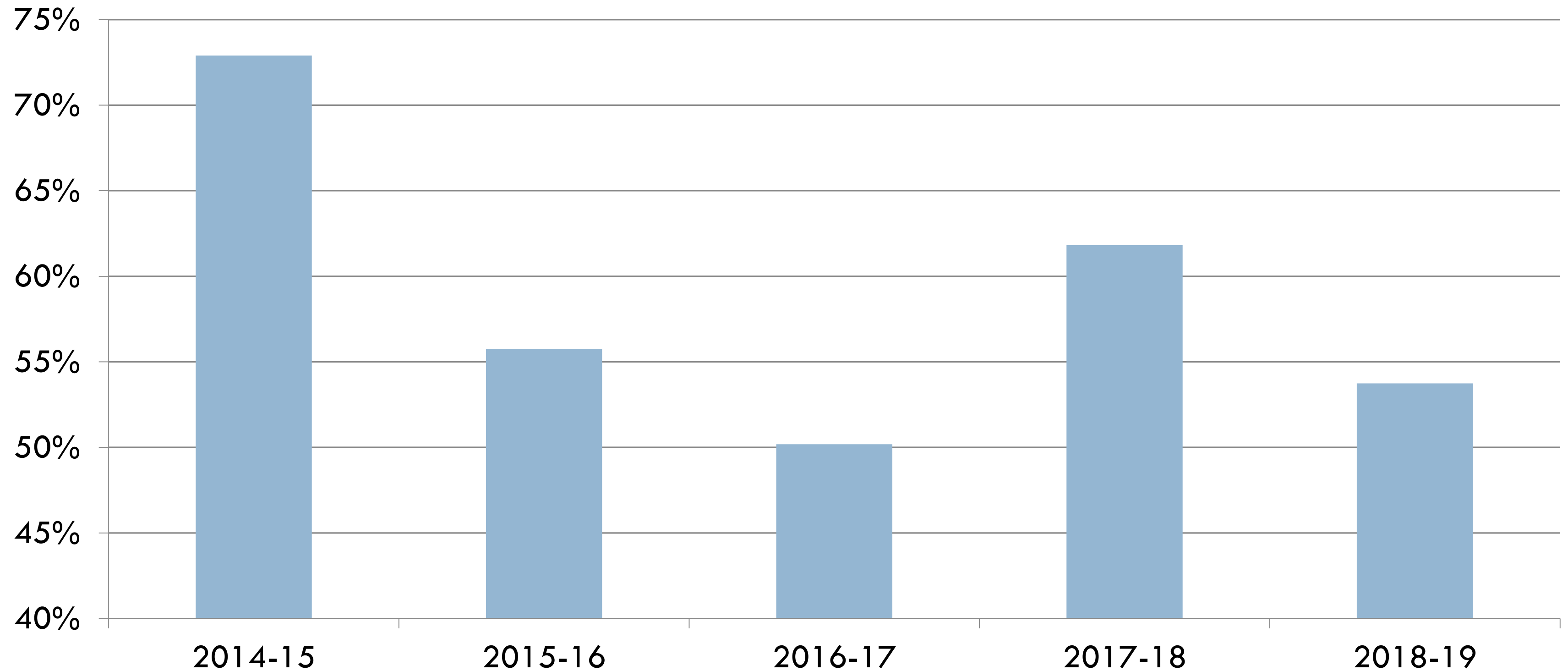


Measures the annual amount in UAB as a percentage of expenditures each year.



Net Fund Balance

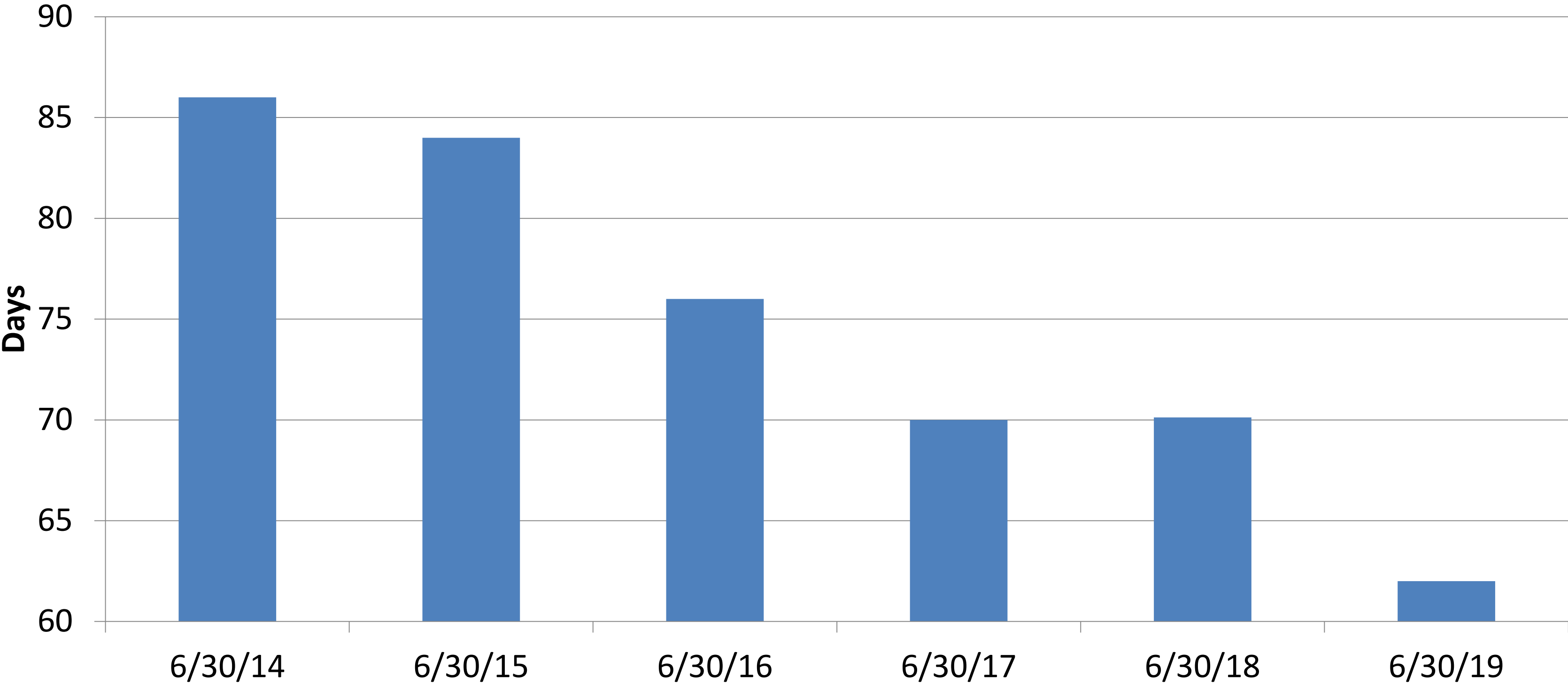
As a Percentage of Unspent Authority



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



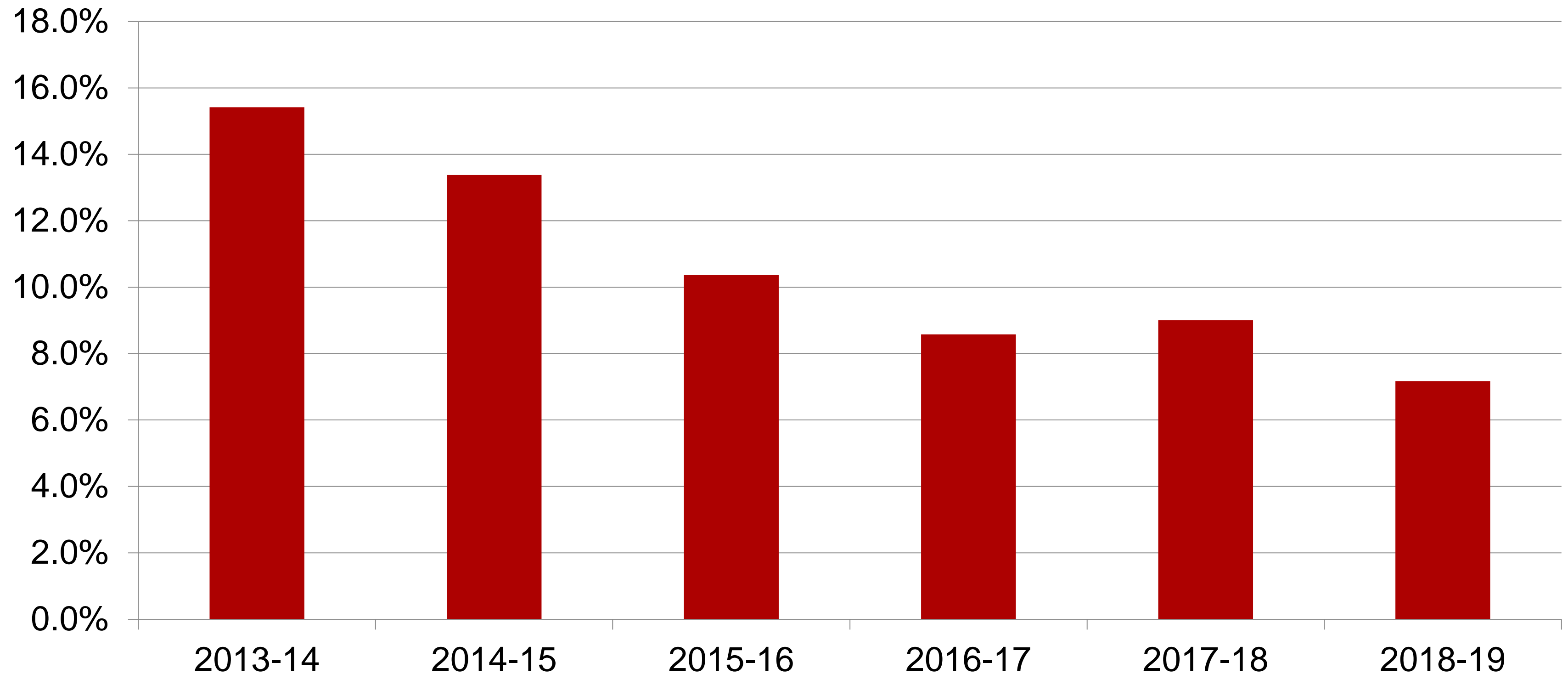
General Fund - Days Net Cash Ratio



Cash & investments/Avg. daily cash expenditures. A goal of 90 days is desired.



Net Fund Balance As a Percentage of Expenditures

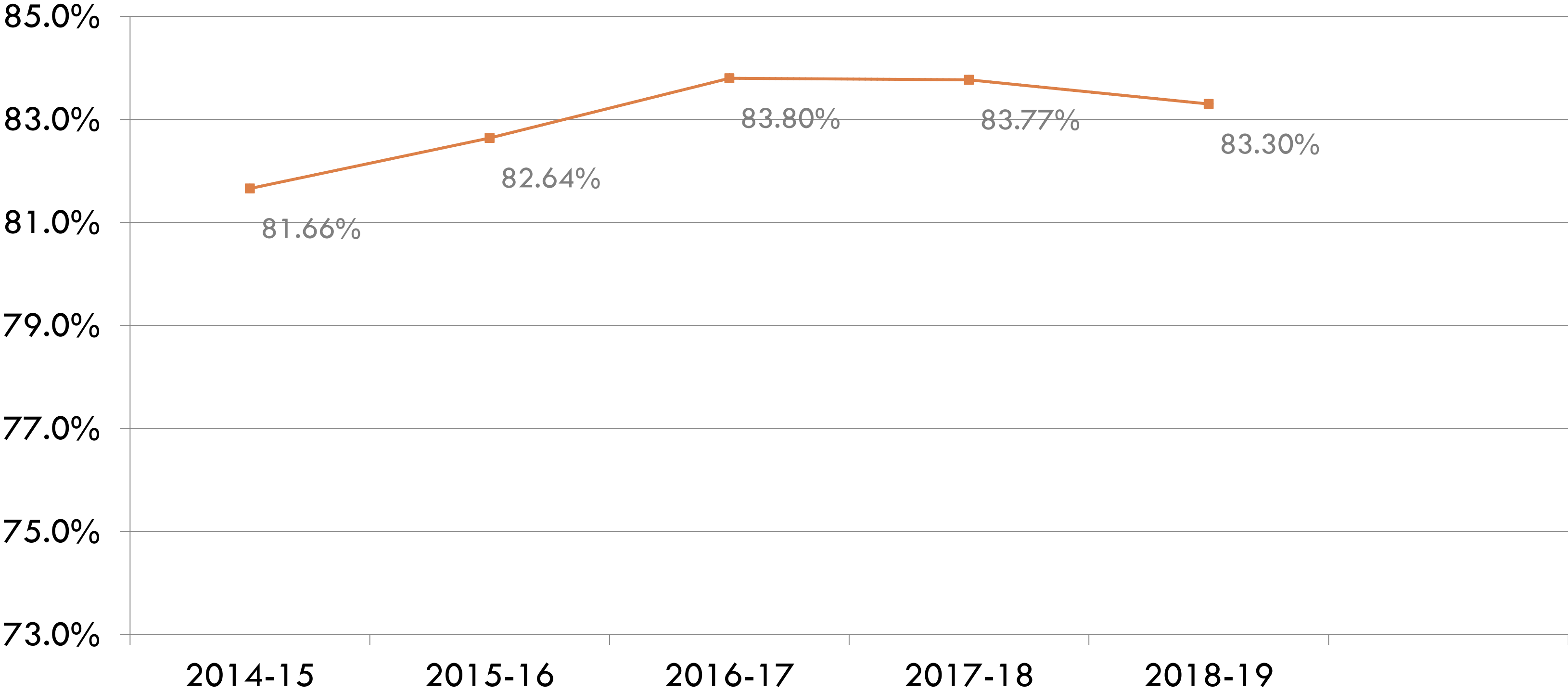


Measures the percent of the District's cash available to cover non-funded months. – Goal 10%



Salaries & Benefits to Total Expenditures Ratio

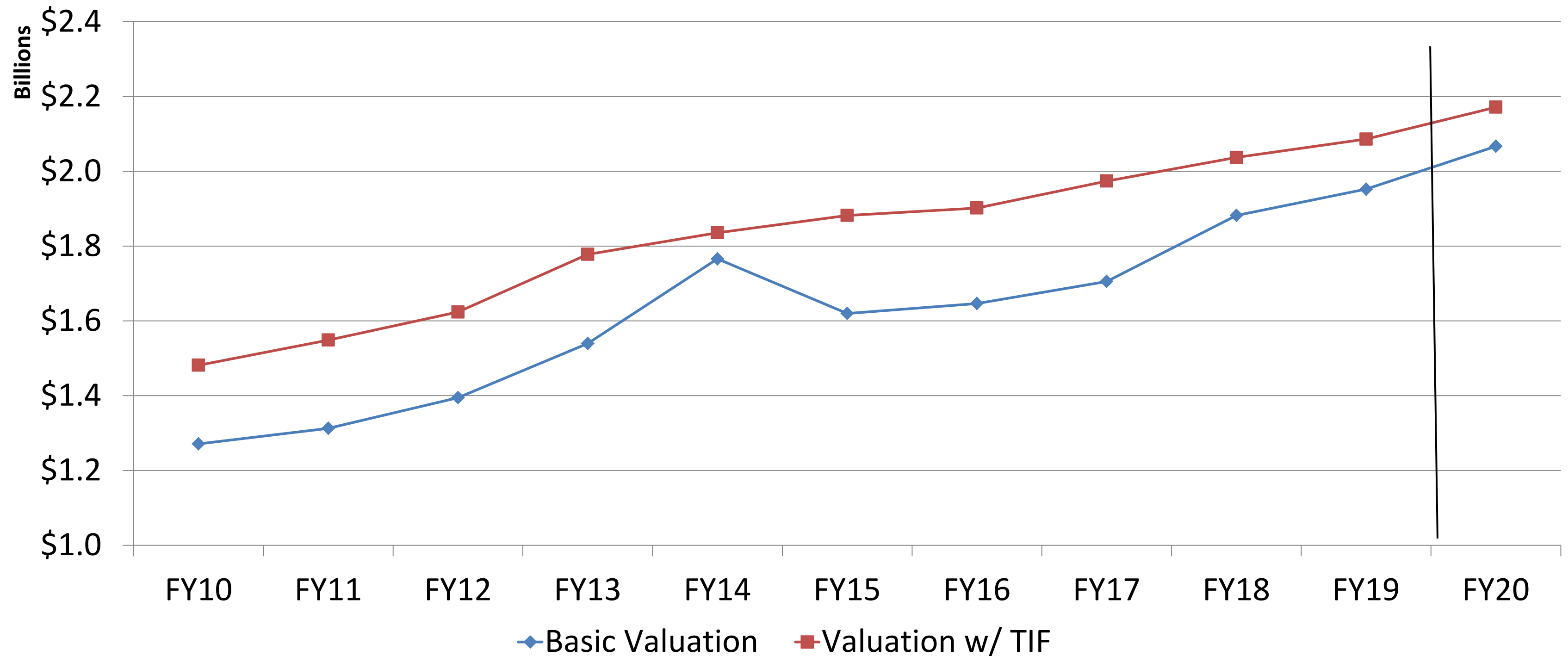
Key Trend Dashboard Indicator #5



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



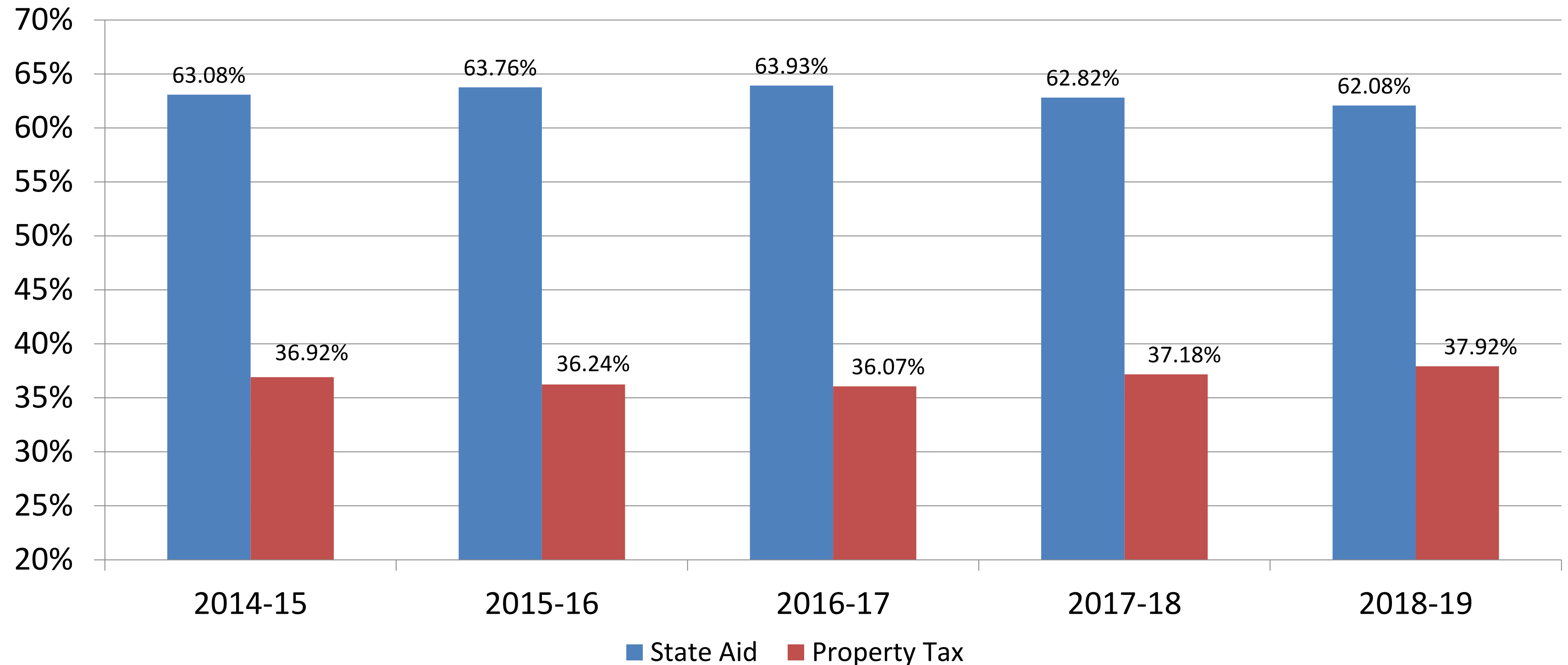
History of Assessed Valuation



Basic Valuation increased 3.73% from FY18 to FY19 & 53.57% over the past 10 years.
Valuation w/ TIF increased 2.41% from FY18 to FY19 & 40.83% over the past 10 years.

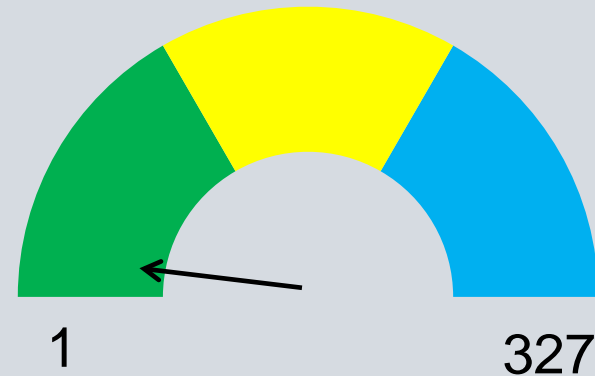


General Fund Combined District Cost Property Tax/State Aid History



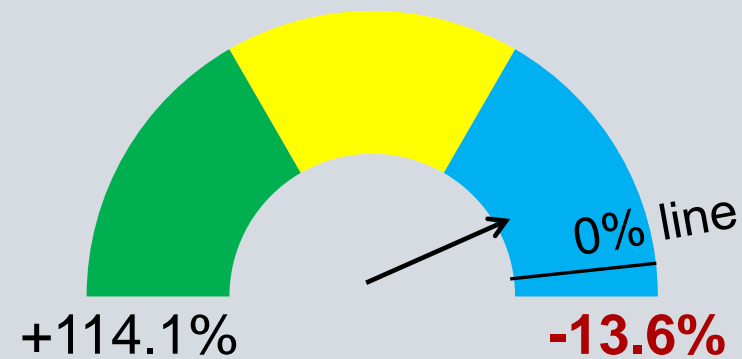
Financial Dashboard – All Iowa Schools

Oct. 1, 2018 Certified Enrollment



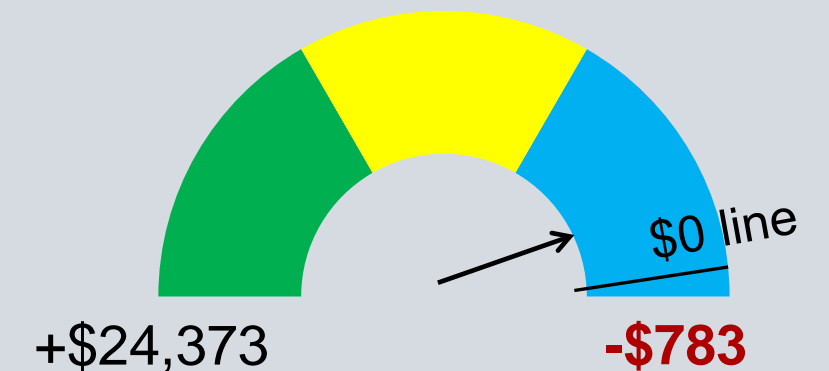
Rank = 16th Largest
CF = 5,237.6 (10/1/18) 5,371.4 (10/1/19)

FY18 Solvency Ratio



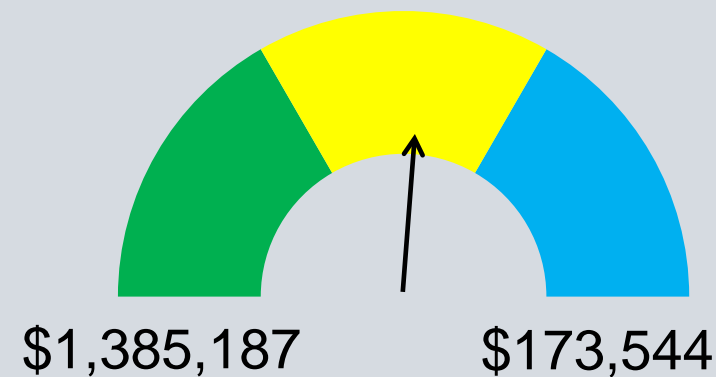
Rank = 288 out of 327
State Avg. = 18.9%
CF = 8.4% Fy18 6.58% Fy19

FY18 UBA Per Pupil



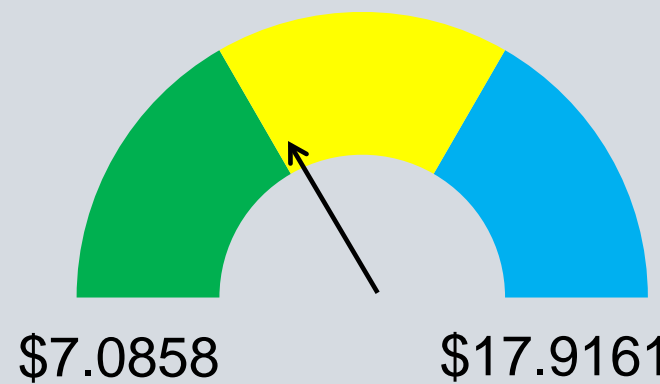
Rank = 287 out of 327
State Avg. = \$3,517
CF = \$1,501 Fy18 \$1,407 Fy19

FY19 Valuation per Pupil



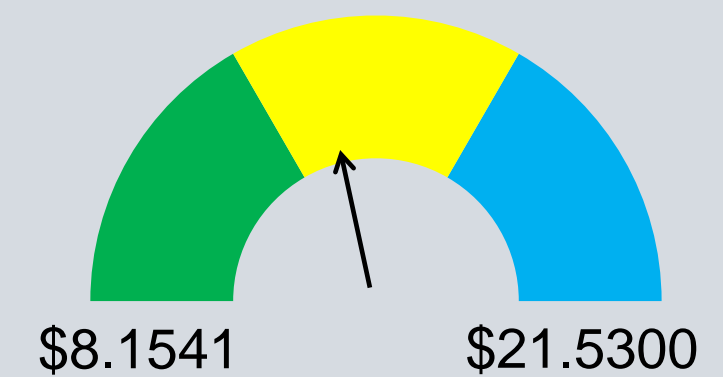
Rank = 169 out of 327
State Avg. = \$427,382
CF = \$380,734 Fy19 \$ 394,610 Fy20

FY19 General Fund Tax Rate



Rank = 127 out of 327
State Avg. = \$10.5574
CF = \$10.8045 Fy19 \$10.8129 Fy20

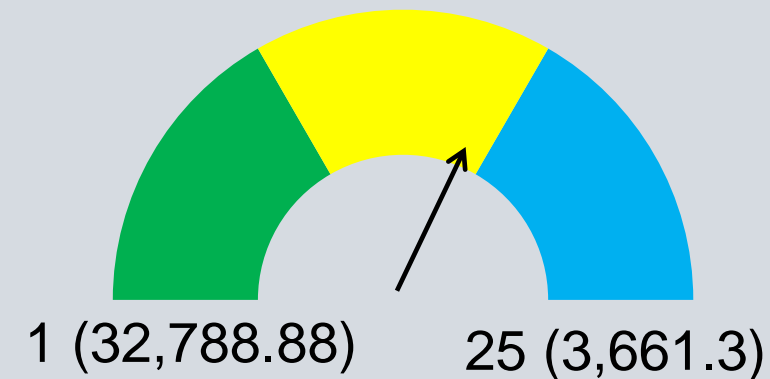
FY19 Total Tax Rate



Rank = 147 out of 327
State Avg. = \$13.6452
CF = \$13.9469 Fy19 \$13.8461 Fy20

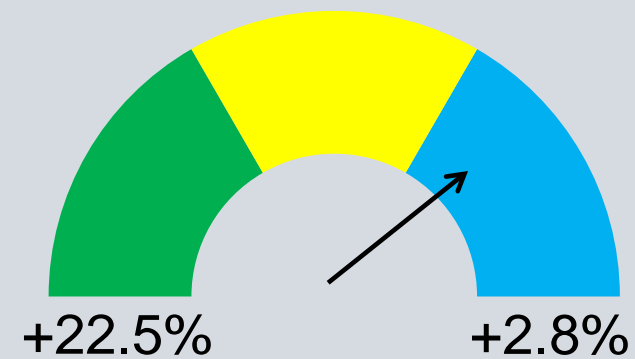
Financial Dashboard – 25 Largest Iowa Schools

Oct. 1, 2018 Certified Enrollment



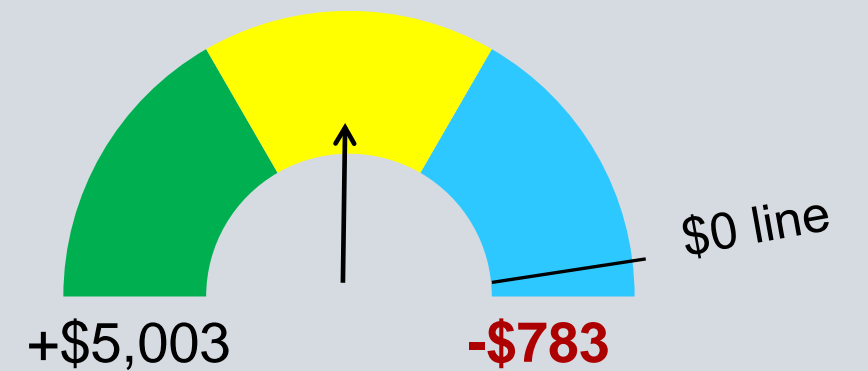
Rank = 16th Largest
CF = 5,237.6 (10/1/18) 5,371.4 (10/1/19)

FY18 Solvency Ratio



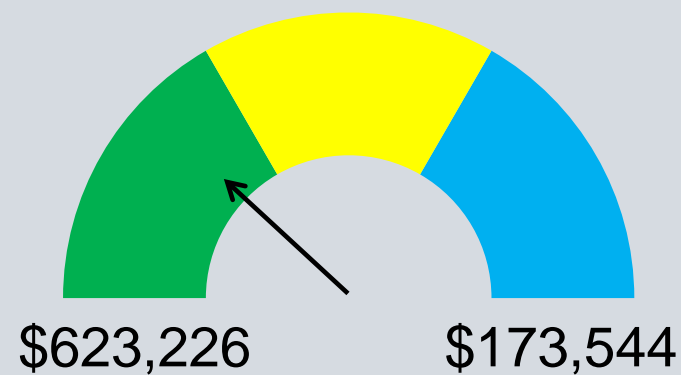
Rank = 21 out of 25
Average = 13.67%
CF = 8.40% FY18 6.58% FY19

FY18 UBA Per Pupil



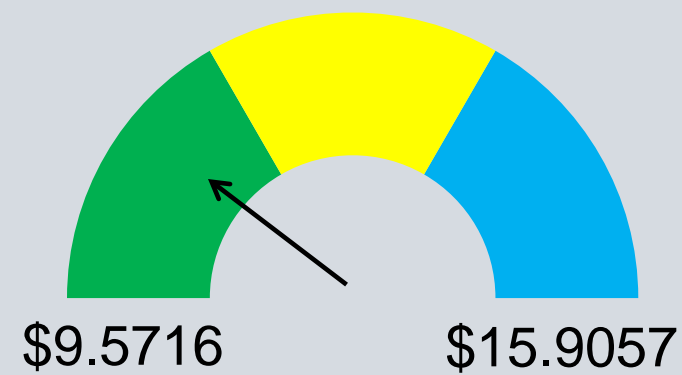
Rank = 16 out of 25
Average = \$1,984
CF = \$1,501 FY18 \$1,407 FY19

FY19 Valuation per Pupil



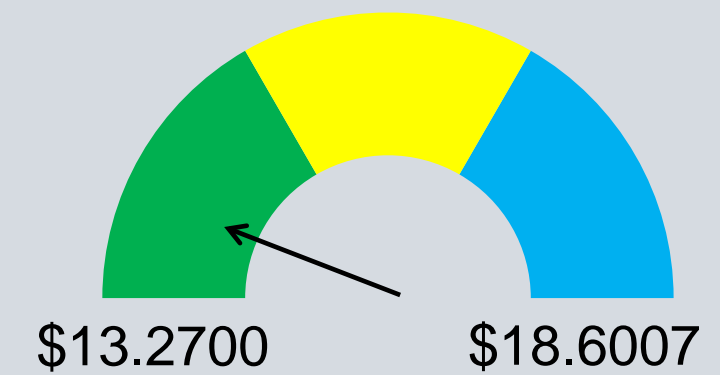
Rank = 5 out of 25
Average = \$310,329
CF = \$380,734 FY19 \$394,610 FY20

FY19 General Fund Tax Rate



Rank = 5 out of 25
Average = \$12.5623
CF = \$10.8045 FY19 \$10.8129 FY20

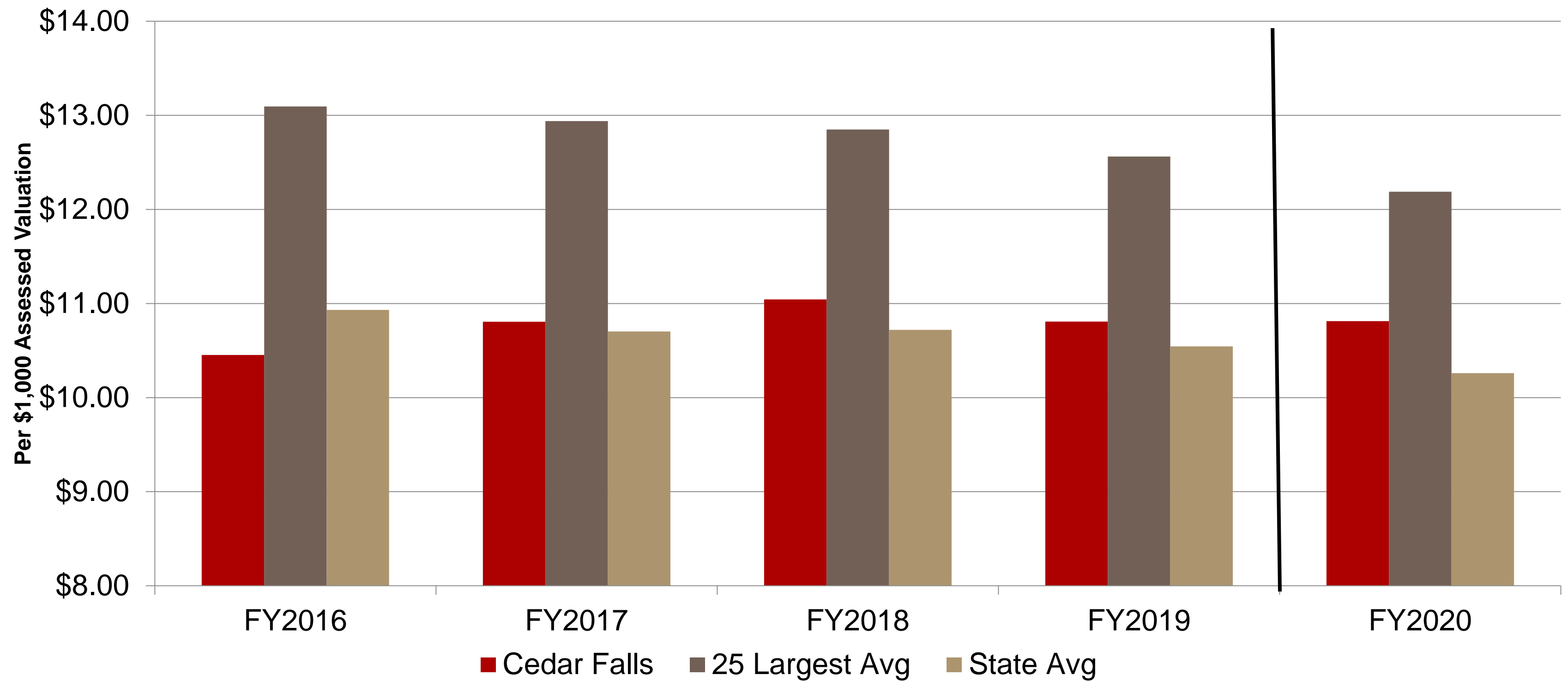
FY19 Total Tax Rate



Rank = 3 out of 25
Average = \$15.8643
CF = \$13.9469 FY19 \$13.8461 FY20

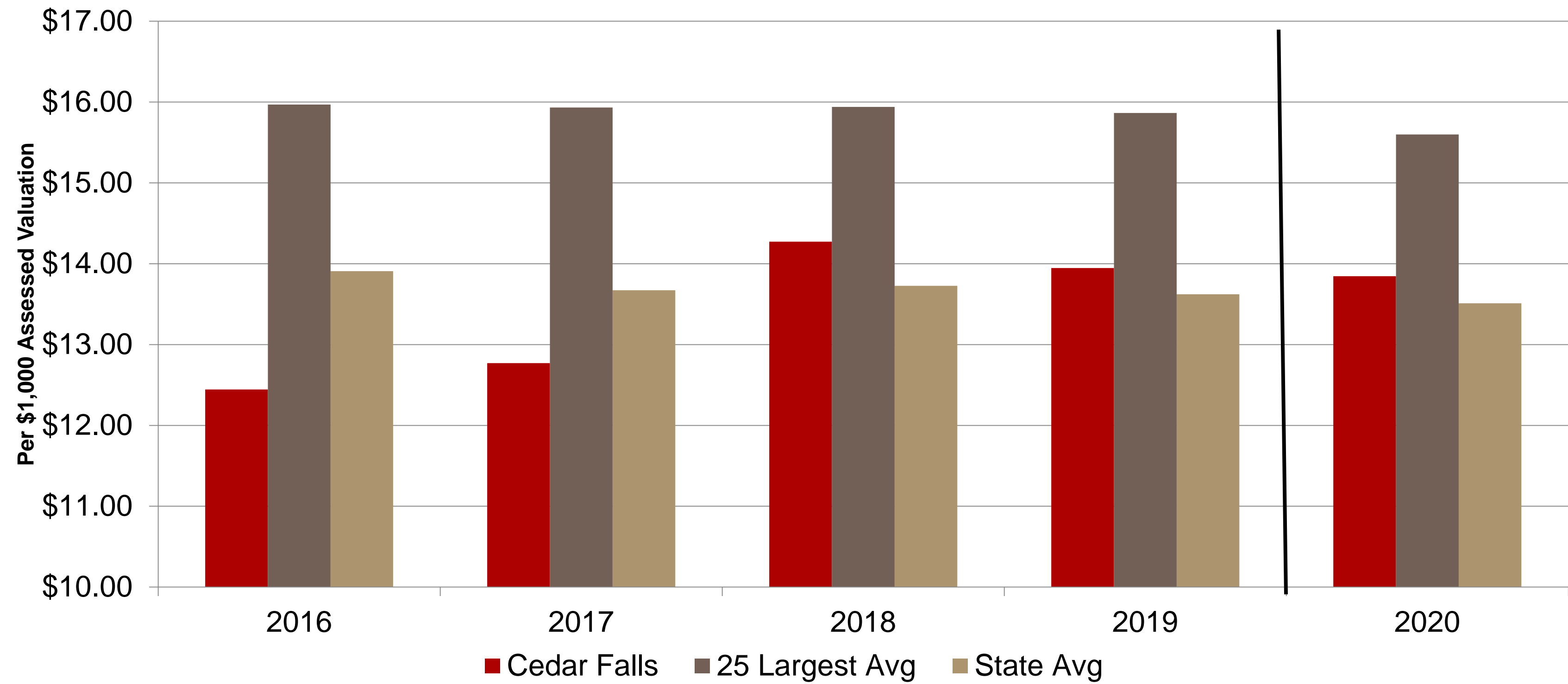


General Fund Tax Rate

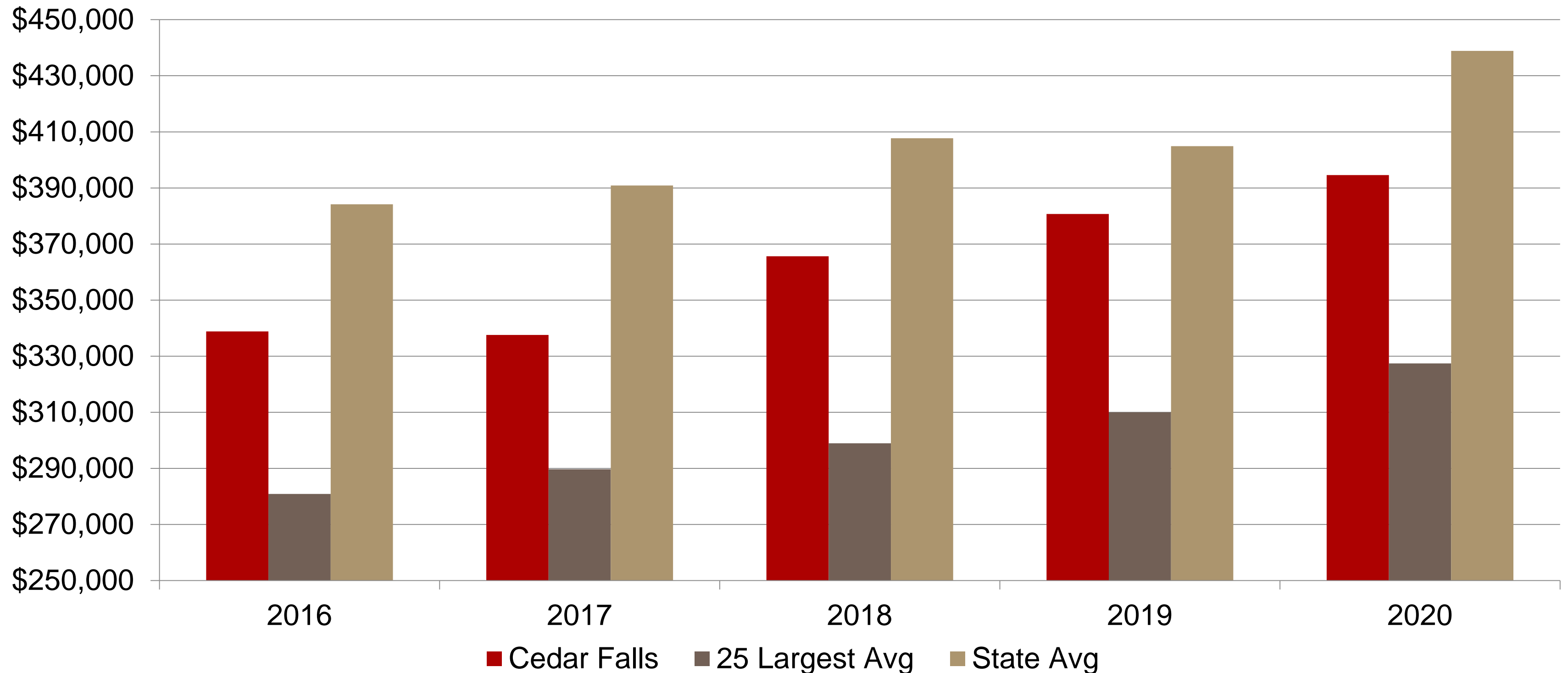




Total Tax Rate

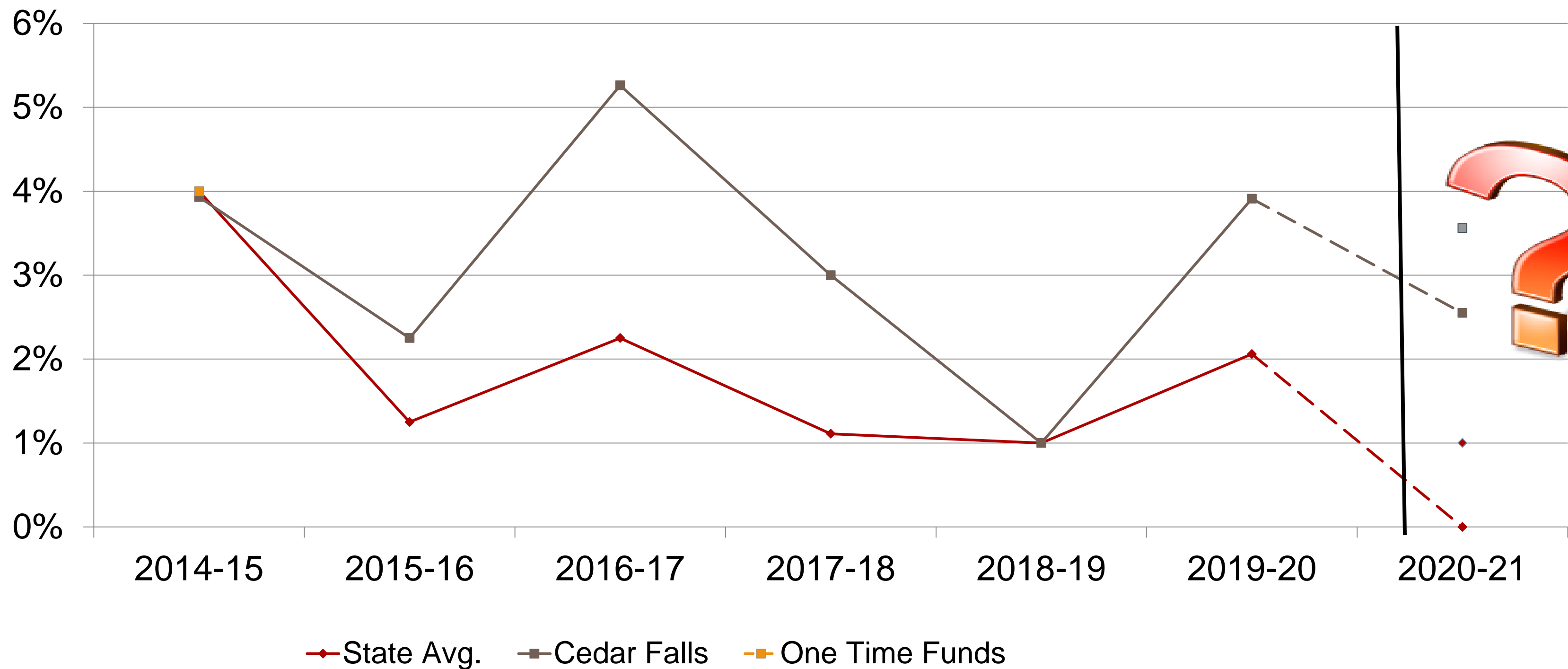


Net Assessed Value per Student



TIF Valuation Not Included

History of Supplemental State Aid (Allowable Growth)



Cedar Falls CSD – RESTRICTED Funds

Governmental Fund

~~General Fund~~

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

Special Revenue Fund

Includes:

Student Activity
Management Fund
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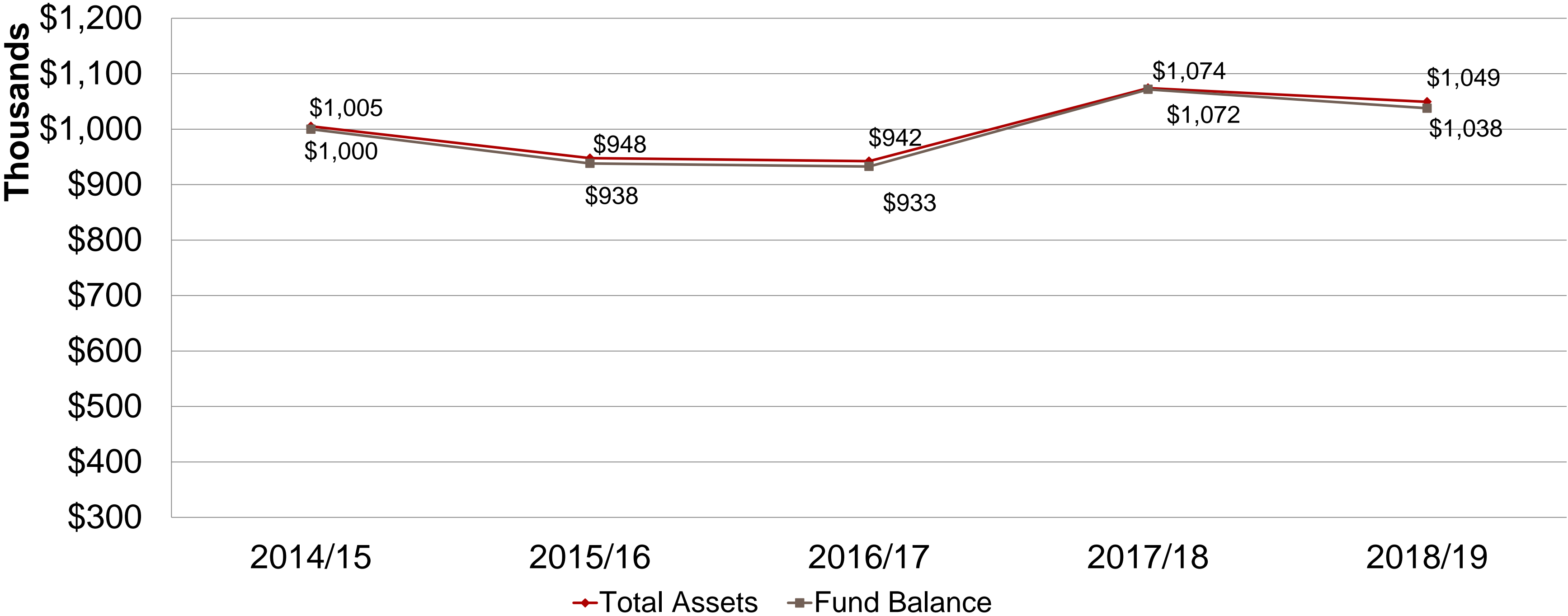
Management Fund

- 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)

RESTRICTED!



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

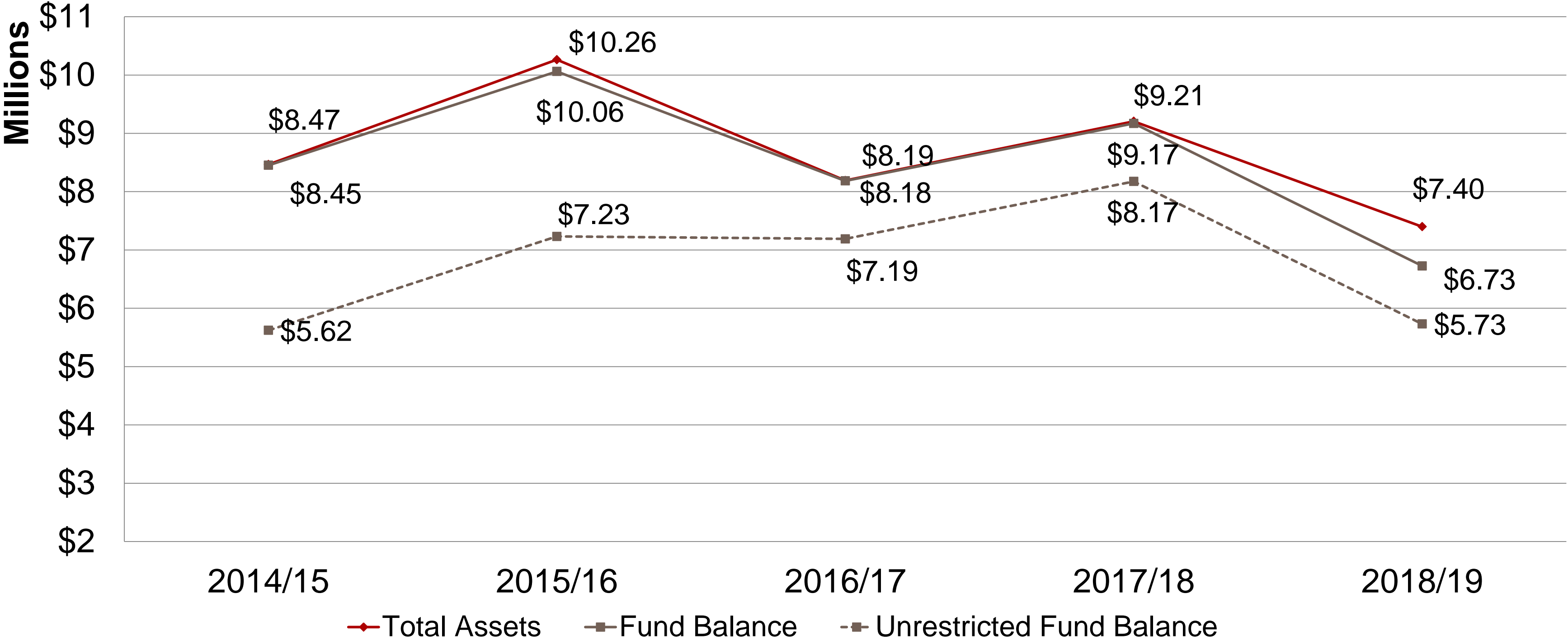
RESTRICTED!

SAVE - Revenue/Expense History

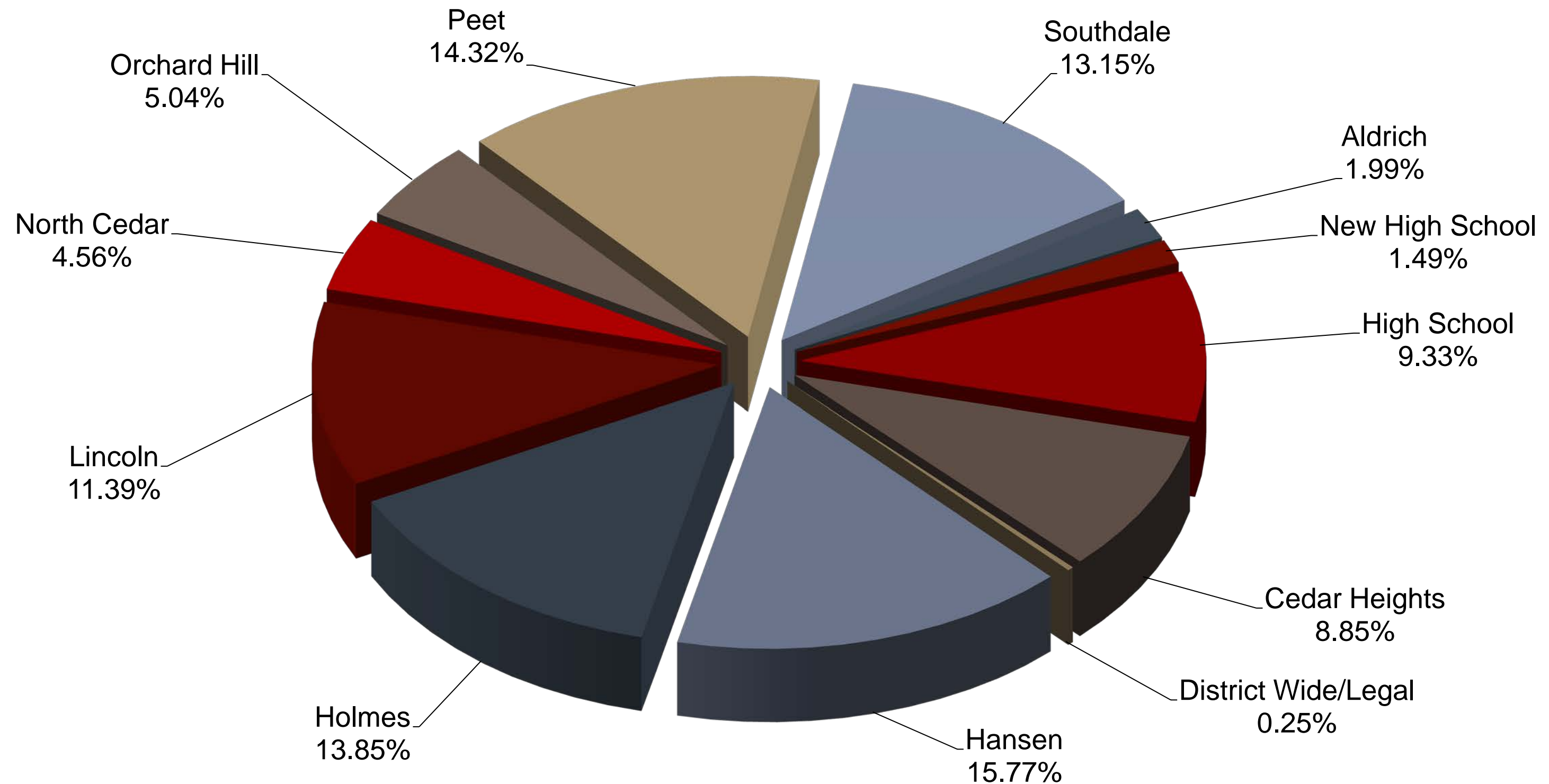
Fiscal Year	Beginning	Sales Tax		Sale of	Other	Total	Project	BAN/Bond		Less Req.	Net
Ending June 30	Balance	Revenue	Interest	BAN's/ Bonds	Revenue	Available	Expense	Payment (P & I)	EOY Balance	Bond Reserve	Available
2000	\$3,398	\$2,389,728	\$63,619	\$5,000,000	\$0	\$7,456,745	\$656,624	\$0	\$6,800,121		
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
 tals		\$80,718,404	\$3,245,786	\$50,561,784	\$4,150,325		\$85,769,024	\$46,184,159			

Secure A Vision for Education (SAVE)

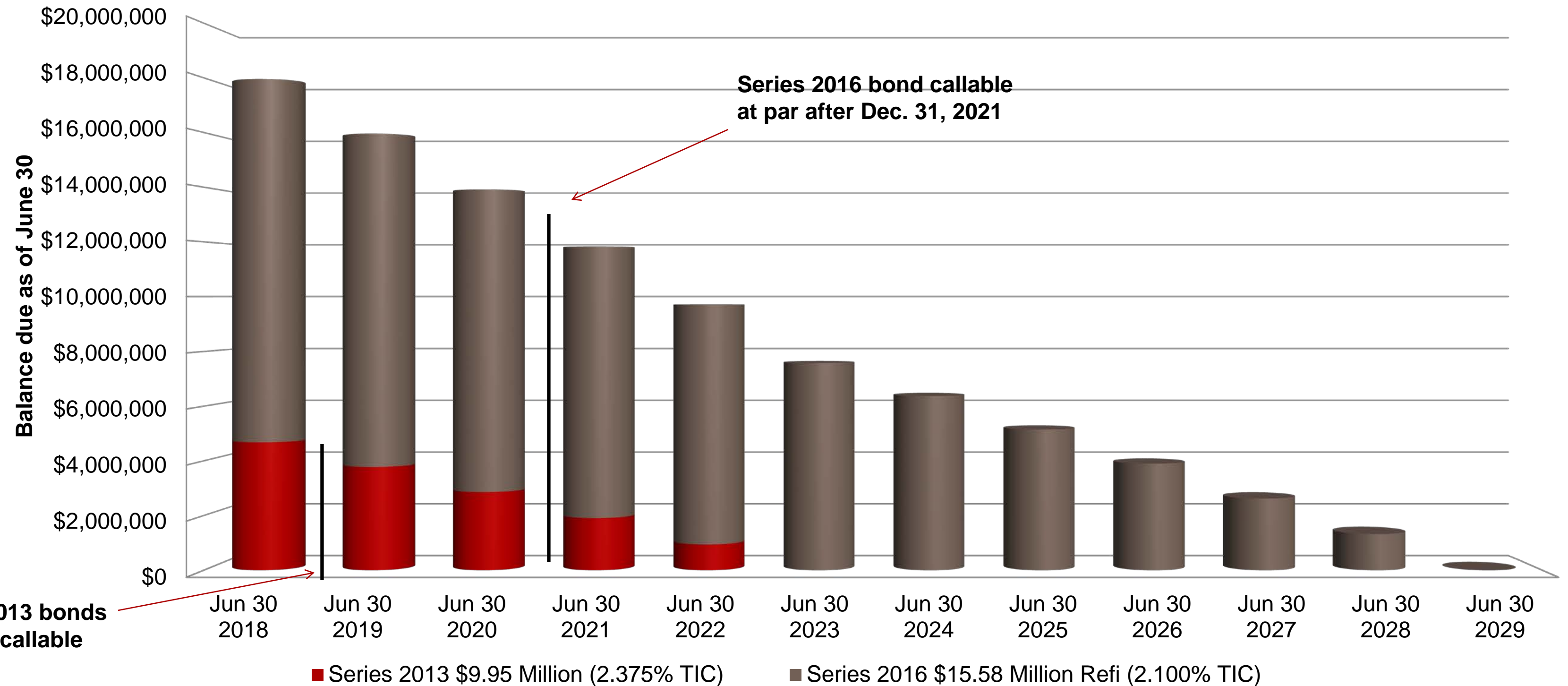
Formally Local Option One Cent Sales Tax



History of SAVE Fund Expense (2000 to 2019)



Outstanding Revenue Bond Debt



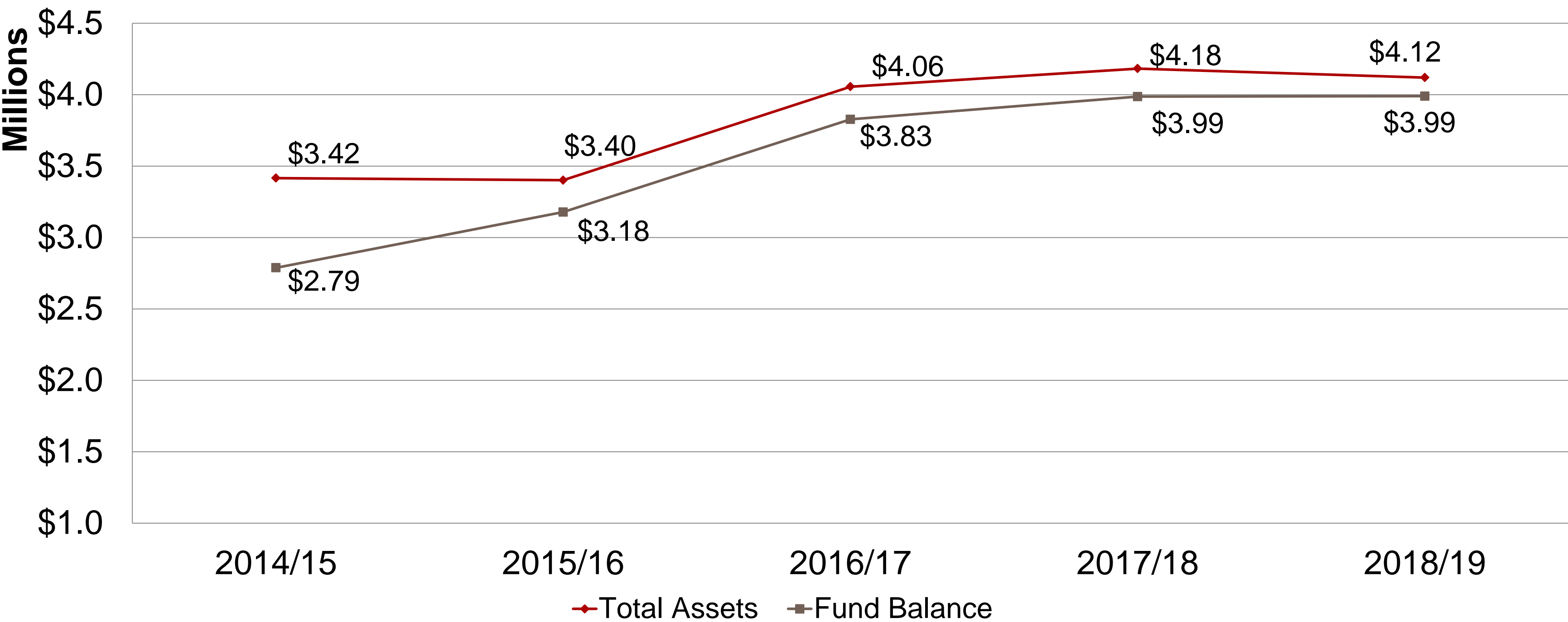
Physical Plant & Equipment Levy (PPEL)

- 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

RESTRICTED!



Physical Plant & Equipment Levy (PPEL)



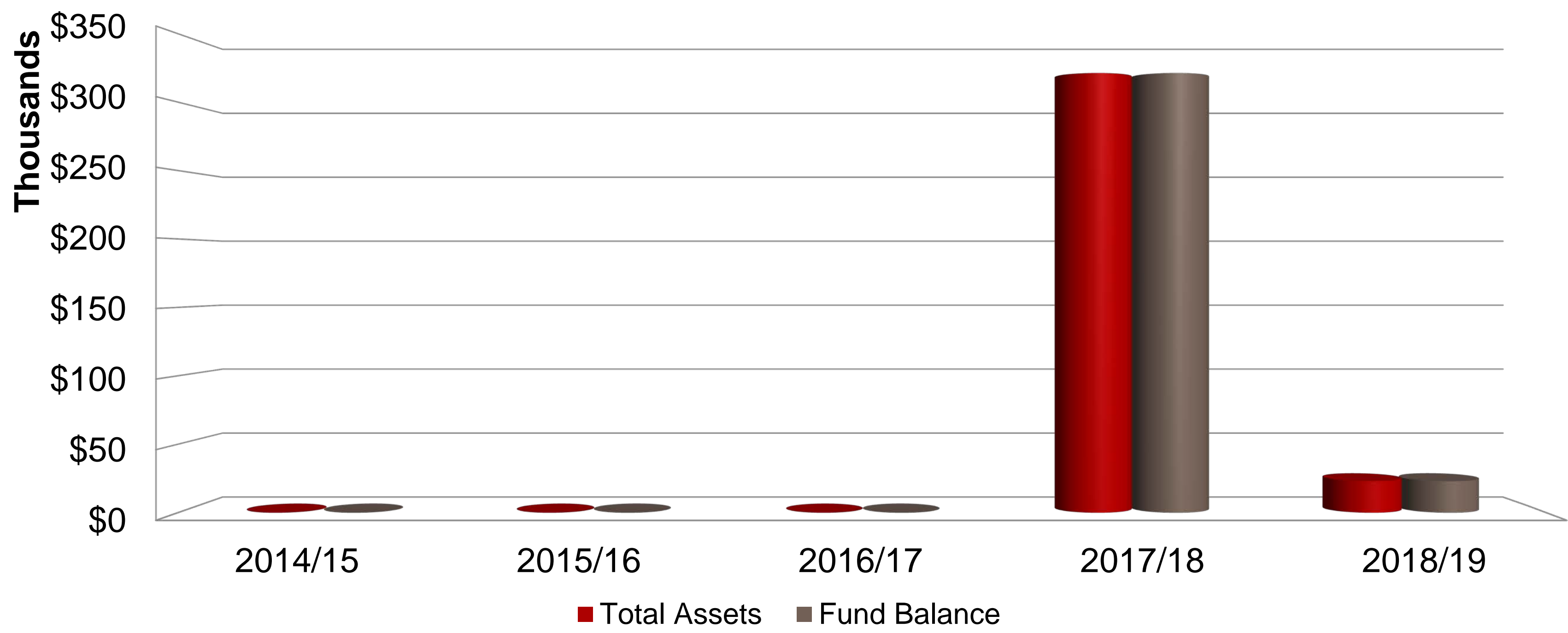
Debt Service Levy

- 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!

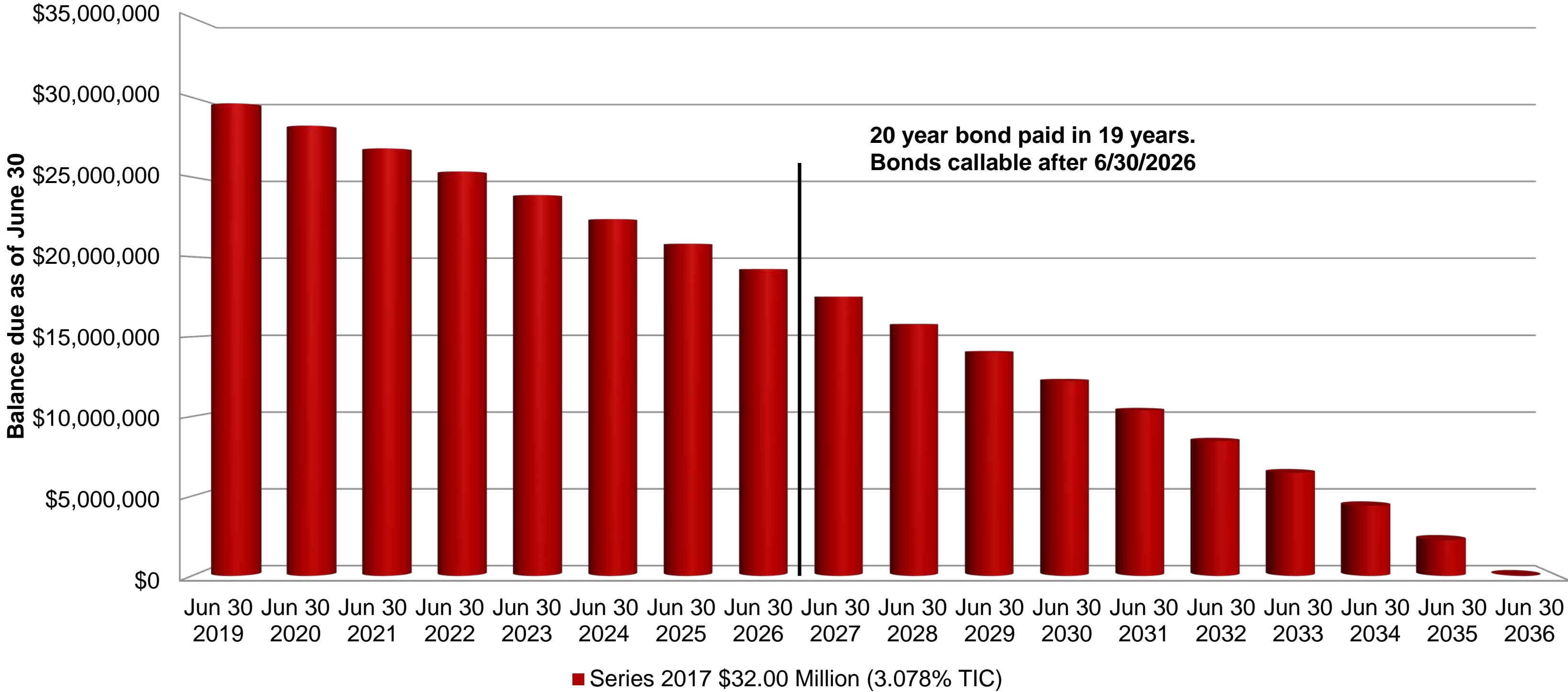


Debt Service Levy





Outstanding General Obligation Bond Debt



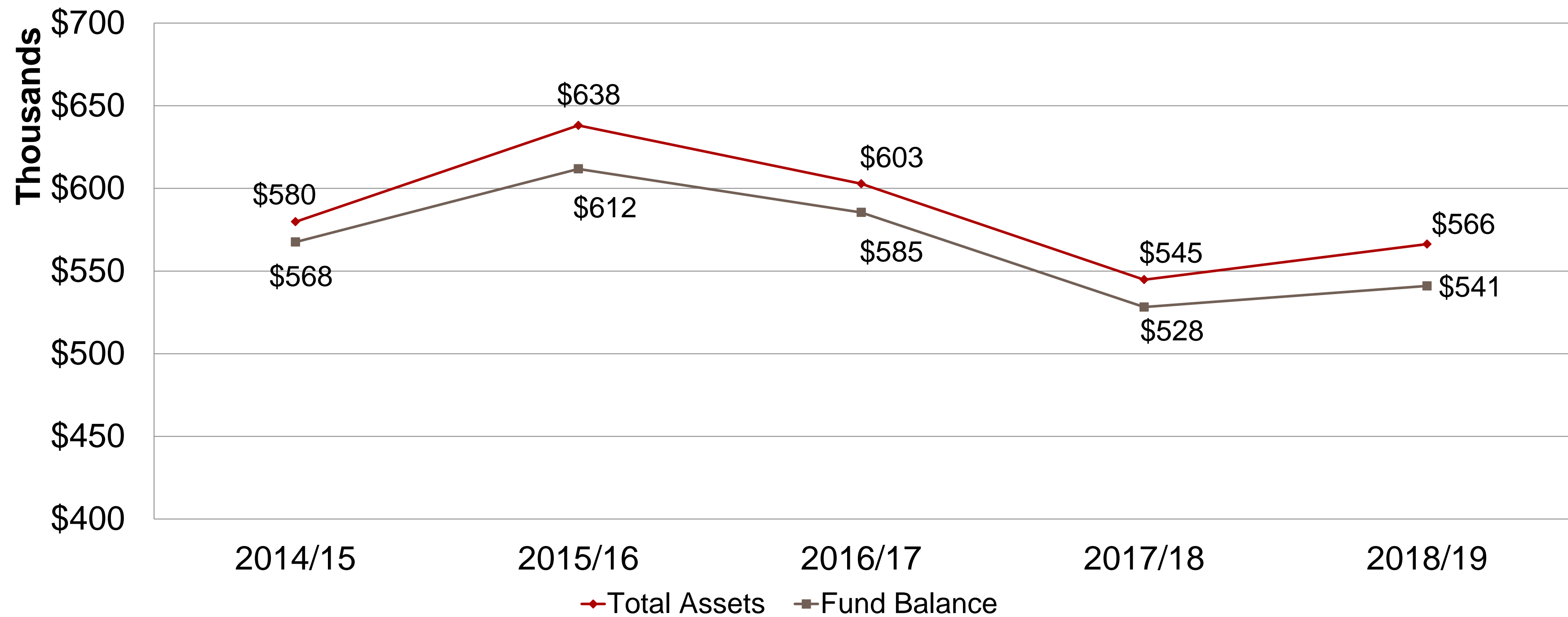
Activity Fund

- Restricted fund
 - Account for student-related activities
 - Admissions
 - Activity Fees
 - Student Dues
 - Student Fund Raising Events
 - Student related co-curricular or extra-curricular activities

RESTRICTED!



Activity Fund



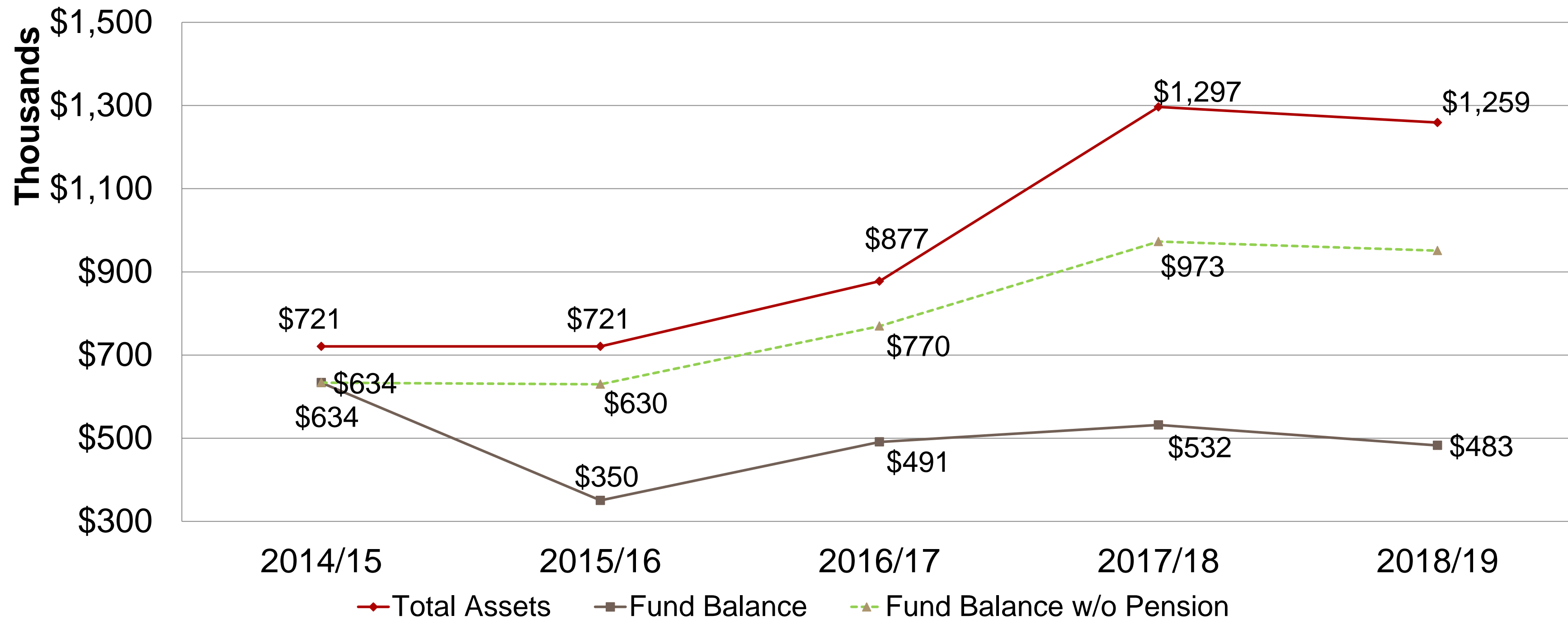
Nutrition Fund

- 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

RESTRICTED!



Nutrition Fund



Summary

- As of June 30, 2019
 - District's financial condition:
 - District General Fund cash balance
 - Decrease from June 30, 2018
 - Days Net Cash Ratio 62 – slightly down from 6/30/18
 - Unspent budget authority (UBA) decreased by \$326,527
 - UBA Ratio 11.62% FY18 10.91% FY19
 - Reminder - UBA decreased in FY19 with the opening of Aldrich Elementary and will again in 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 FY19 receipts = \$976,921
 - FY19 deficit = **\$691,194**
 - Projected FY20 deficit = **\$835,625**

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
 - and Carrie DeBerg
- Administration
- Board of Education

