

# CEDAR FALLS COMMUNITY SCHOOL DISTRICT



2021-22  
Budget Presentation



## OVERRIDING PURPOSE



**Every topic, every slide,  
although not stated as  
topics revolve around:**

- Meeting the needs of the 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

# OVERVIEW

- School Funding Formula & How it Works
- Key Factors & Comparison Data
- Levy Rates
- Projected Residential Property Tax
- Wrap up

## Cedar Falls CSD – Fund Accounting

### Governmental Fund

#### **General Fund**

Includes:  
Special Education  
Consortium Prog.  
Tchr. Salary Supplement  
Prof. 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

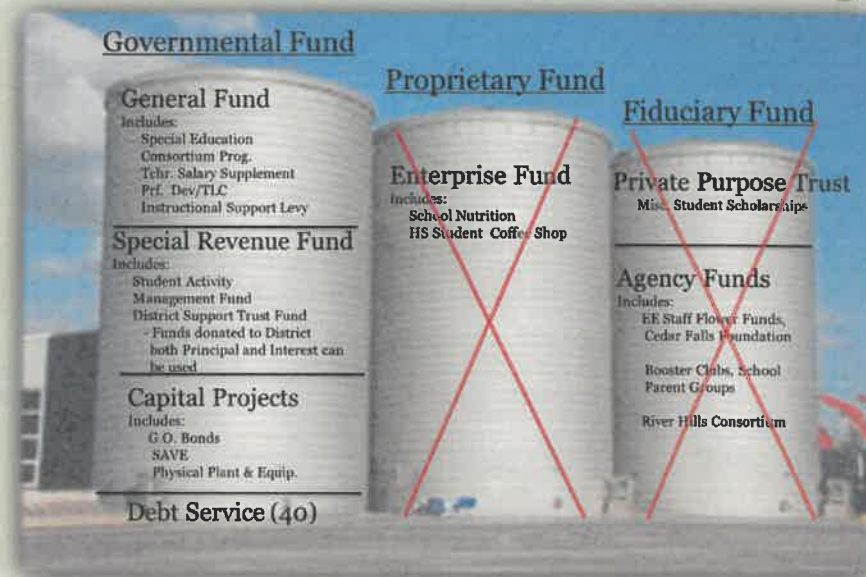
#### **Private Purpose Trust**

Misc. Student Scholarships

#### **Agency Funds**

Includes:  
EE Staff Flower Funds,  
Cedar Falls Foundation  
Booster Clubs, School  
Parent Groups  
River Hills Consortium

## Cedar Falls CSD – Fund Accounting



## GOALS & PRINCIPLES 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

## GENERAL FUND BUDGET DETERMINATION

### ■ Aid & Levy Budget Worksheet

- Implements the school foundation aid formula
- Calculates the amount of spending authority, state aid and property taxes for a school district
- Formula first determines the total maximum spending authority
- Determines state aid vs. property taxes

## FOUR KEY FACTORS IOWA PUBLIC SCHOOL FOUNDATION FORMULA

- Enrollment
- Equalization
- Supplemental State Aid Growth (SSA)
- Balance



# ENROLLMENT

Enrollment determines the majority of funding received by a school district, based on a count performed on **October 1**.

$$\text{Enrollment} \times \text{Cost per Student} = 75\% \text{ of Total General Fund Resources/Spending Authority}$$

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

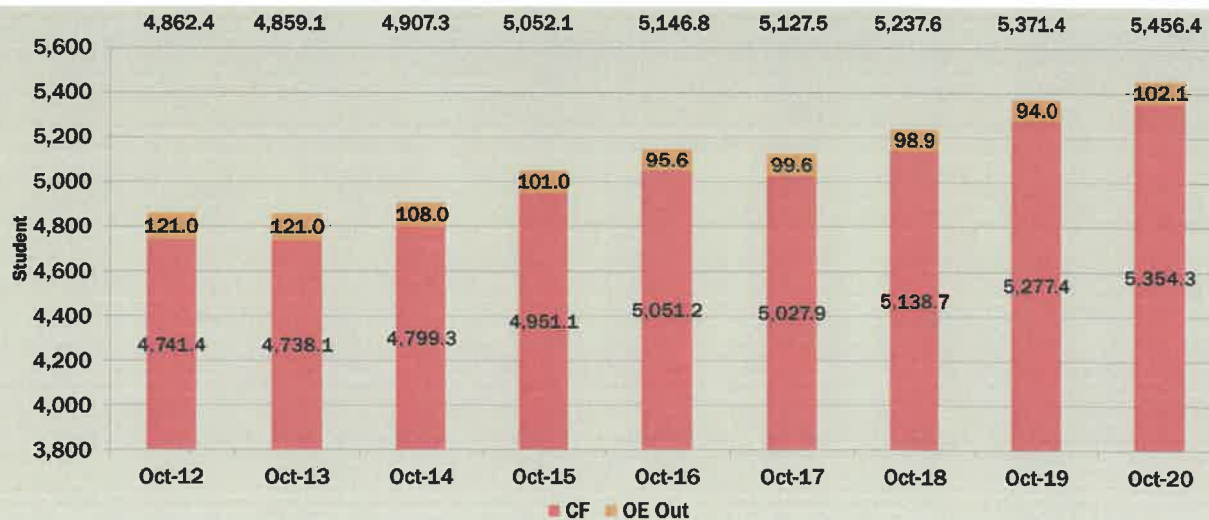


**Certified Enrollment**  
Students living in your district



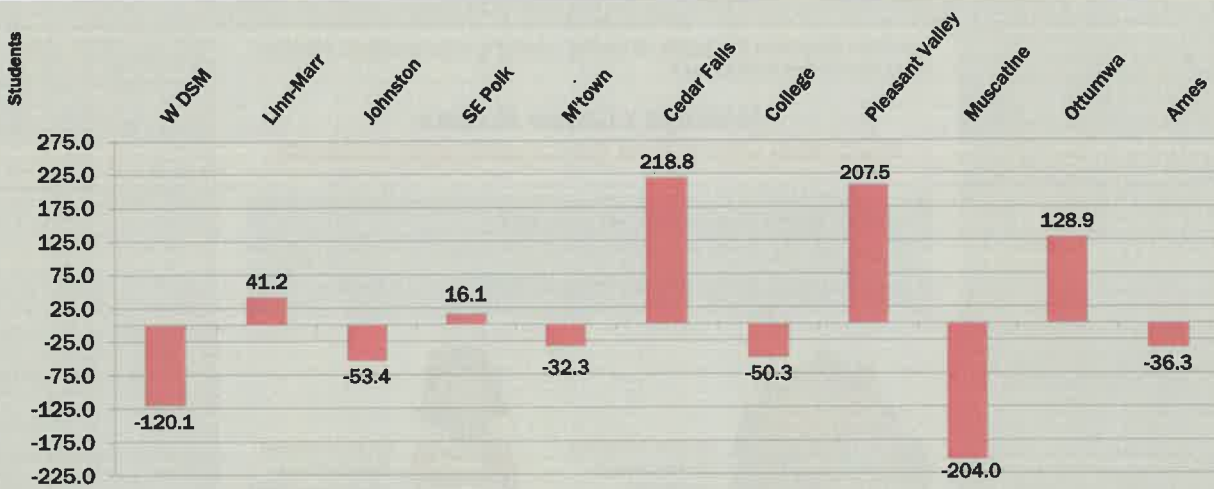
**Served Enrollment**  
Students going to school in your district

## CERTIFIED ENROLLMENT



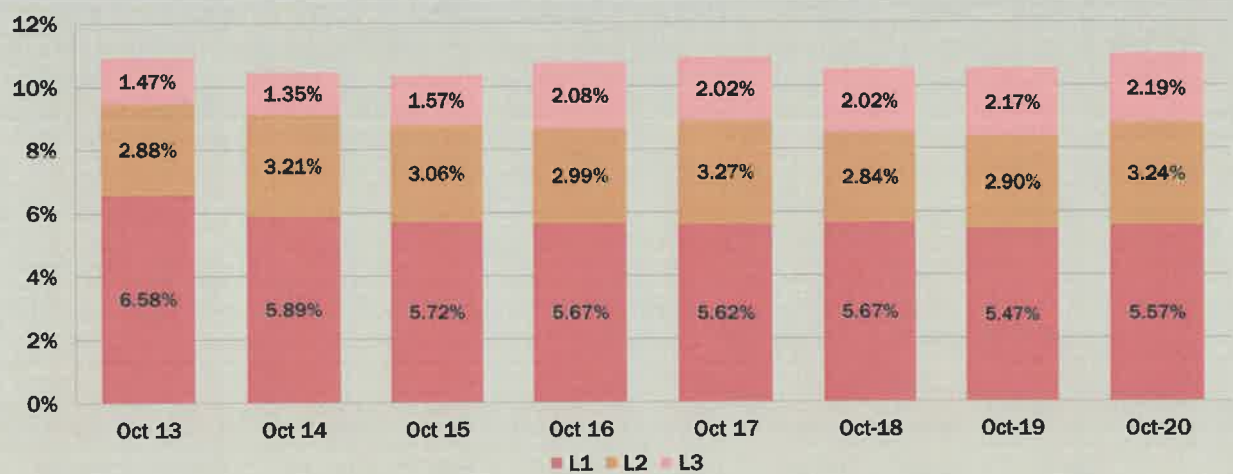


## SIMILAR SIZED SCHOOLS THREE YEAR CUMULATIVE CHANGE CERTIFIED ENROLLMENT



Oct. 2018, 2019 & 2020 certified enrollment count

## SPECIAL ED ENROLLMENT BY PERCENTAGE

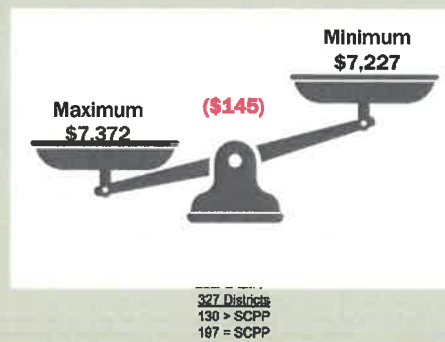


## EQUALIZATION

- 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

FY2022 State Cost Per Pupil (SCPP)

\$7,227



## EQUALIZATION

FY2021 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: FY2022 at \$145

## SUPPLEMENTAL STATE AID (SSA)

- Legislature & Governor control the annual increase in dollars available per student

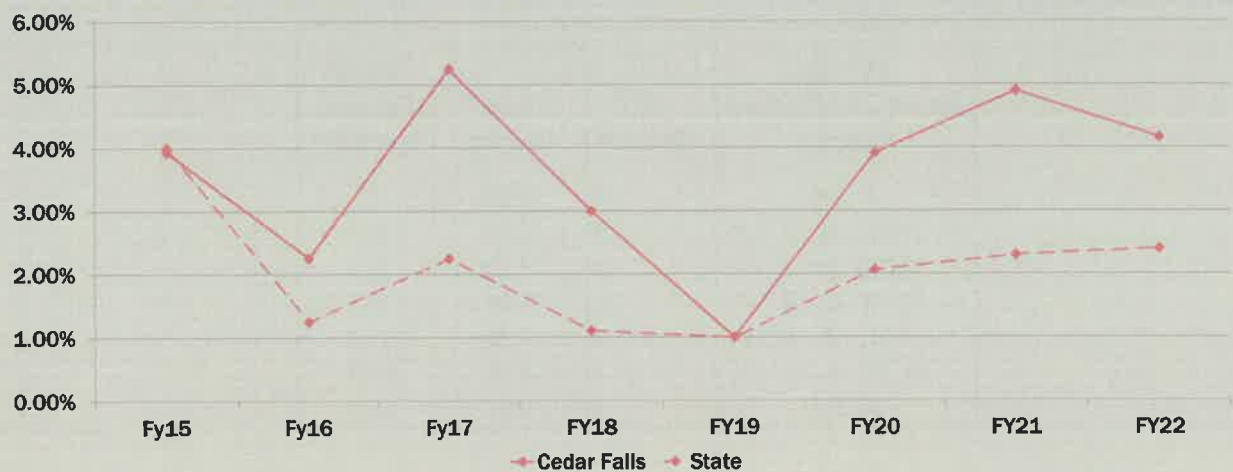
### Calculation -State Cost Per Pupil (SCPP)

FY2021 State Cost Per Pupil (SCPP)	\$7,048
FY2022 State Rate of Growth	x 2.40%
Increase in FY 2021 SCPP	= \$169
FY2022 SCPP Amount	= \$7,217
Equity Legislation Additional To SCPP	= \$10
New FY 2022 SCPP	= \$7,227

Example:	FY21 DCP	Dollar Value Rate of Growth	FY22 DCP
District A	\$7,048	\$169 + \$10	\$7,227
District B	\$7,108	\$169	\$7,277

- 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.

## HISTORY OF SUPPLEMENTAL STATE AID IN PERCENTAGE



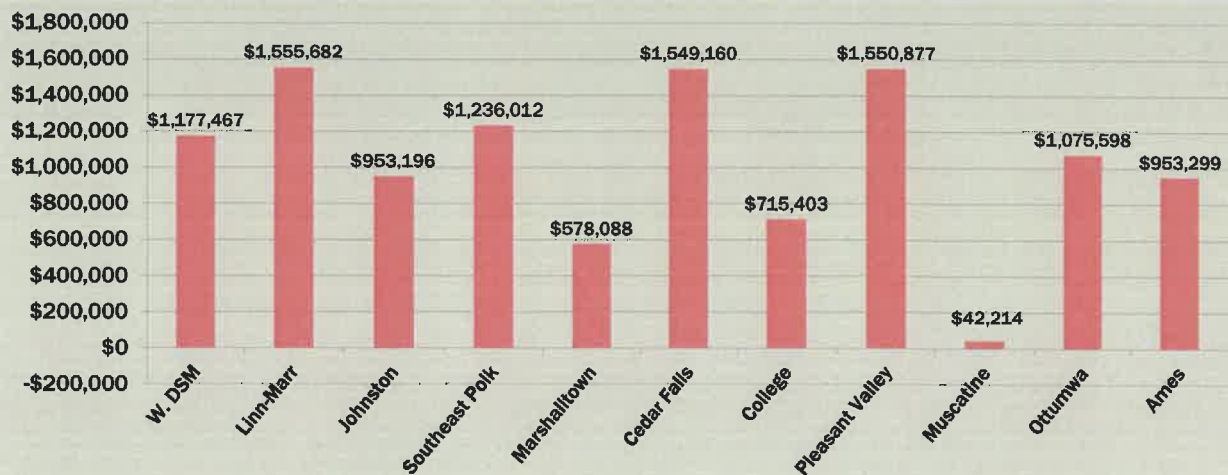


## SSA COMPARISON - SIMILAR SIZED SCHOOLS

State Rank	School District	2020/21 RPDC	2020/21 RPDC/P	10/1/20 Count	2021/22 RPDC	Dollar Growth	% Growth	Per Pupil Growth	Enrollment Increase
11	W Des Moines*	\$63,265,286	\$7,048	8,820.1	\$63,988,729	\$633,552	1.00%	\$71.83	(169.0)
12	Linn-Mar	\$54,020,169	\$7,048	7,597.9	\$54,834,044	\$737,120	1.36%	\$97.02	(77.6)
13	Johnston*	\$50,009,917	\$7,048	7,004.2	\$50,581,784	\$500,810	1.00%	\$71.50	(101.5)
14	Southeast Polk	\$49,211,104	\$7,048	6,910.5	\$49,873,079	\$592,053	1.20%	\$85.67	(81.7)
15	Marshalltown*	\$38,315,394	\$7,069	5,332.3	\$38,698,548	\$383,154	1.00%	\$71.86	(87.9)
16	Cedar Falls	\$37,803,913	\$7,048	5,456.4	\$39,378,839	\$1,521,212	4.02%	\$278.79	85.0
17	College*	\$36,556,076	\$7,048	5,089.3	\$36,974,097	\$366,080	1.00%	\$71.93	(104.8)
18	Pleasant Valley	\$36,724,472	\$7,161	5,244.2	\$38,439,986	\$1,715,514	4.67%	\$327.13	115.8
19	Muscatine*	\$34,007,427	\$7,048	4,690.0	\$34,252,702	\$339,136	1.00%	\$72.31	(121.8)
20	Ottumwa	\$33,519,179	\$7,048	4,784.0	\$34,526,128	\$959,323	2.86%	\$200.53	21.4
21	Ames*	\$31,870,133	\$7,118	4,351.1	\$32,188,834	\$318,701	1.00%	\$73.25	(126.3)

\* = Indicates budget guarantee for FY21

## SIMILAR SIZED SCHOOLS THREE YEAR AVERAGE INCREASE SUPPLEMENTAL STATE AID

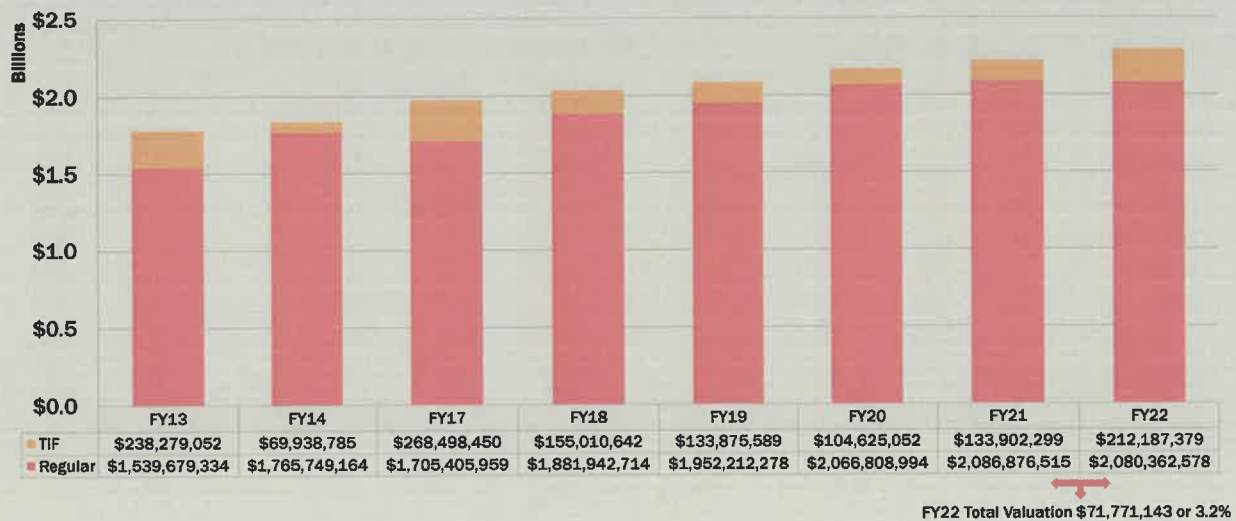


Included any budget guarantee funds received

## 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

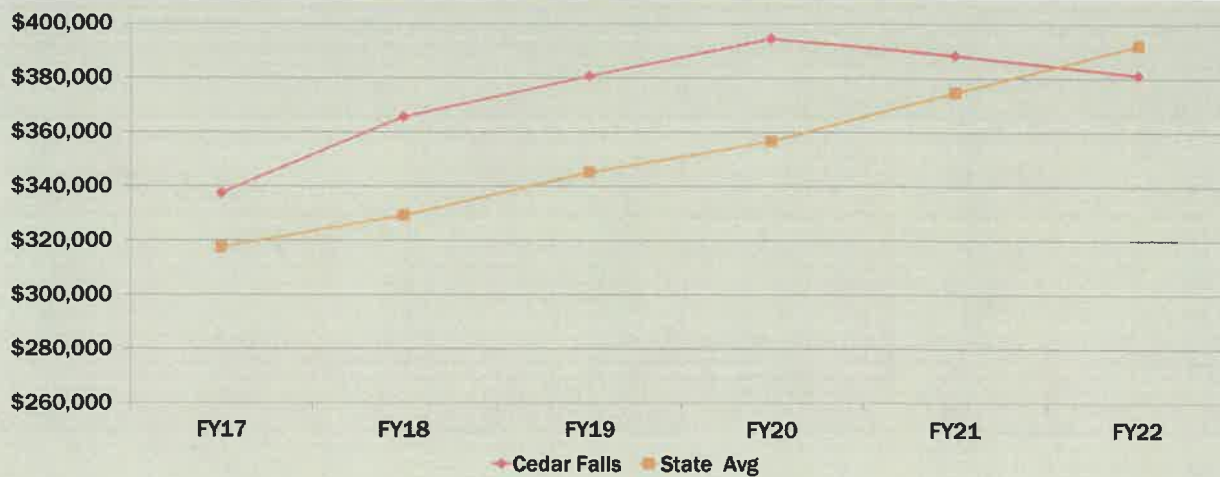
## CEDAR FALLS CSD HISTORY OF ASSESSED VALUATION SECTION 6



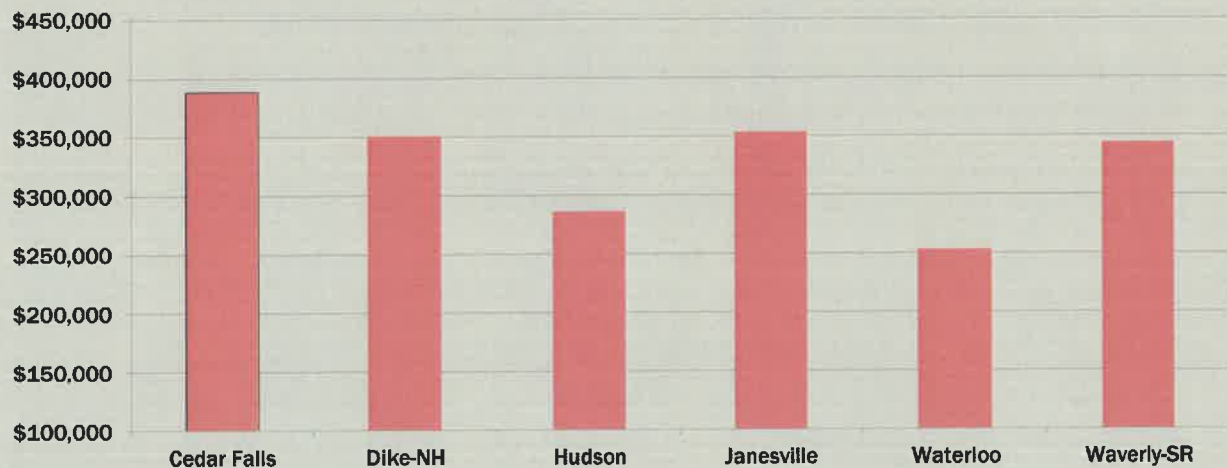
## TAX INCREMENT FINANCING BASICS

- Used by cities/counties/community colleges since 1958
- City/county adopt urban renewal plans
  - Cedar Falls downtown street revitalization
  - Community Colleges job training projects
- City/county adopts an ordinance to initiate Tax Increment Financing
- Establishes a base valuation at the prior years' taxable valuation level
- Increased value of TIF area is incremental valuation
- Revenue on base valuation goes to all taxing authorities
- Revenue on incremental valuation goes to TIF project with some exceptions

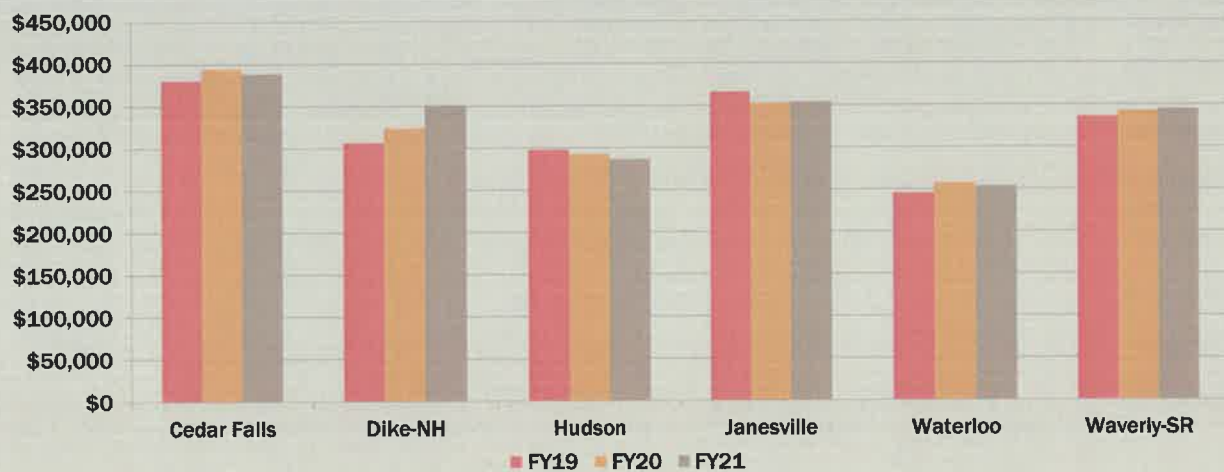
## ASSESSED VALUATION PER STUDENT



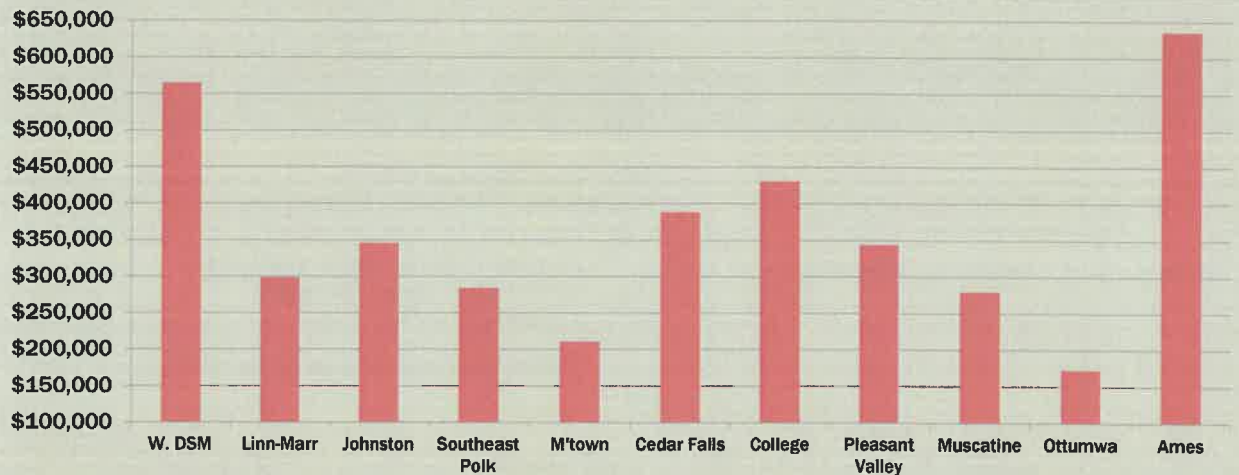
## 2020/21 VALUATION PER STUDENT – AREA SCHOOL COMPARISON



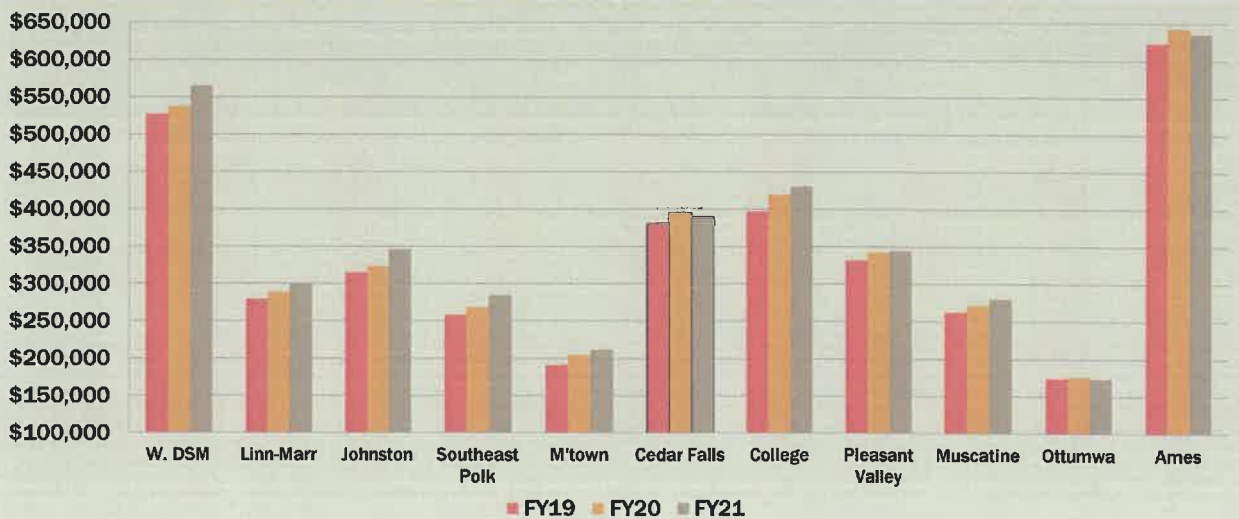
## VALUATION PER STUDENT AREA SCHOOL 3 YR. COMPARISON



## 2020/21 VALUATION PER STUDENT SIMILAR SIZE SCHOOL COMPARISON



## VALUATION PER STUDENT SIMILAR SIZE SCHOOL 3 YR. COMPARISON

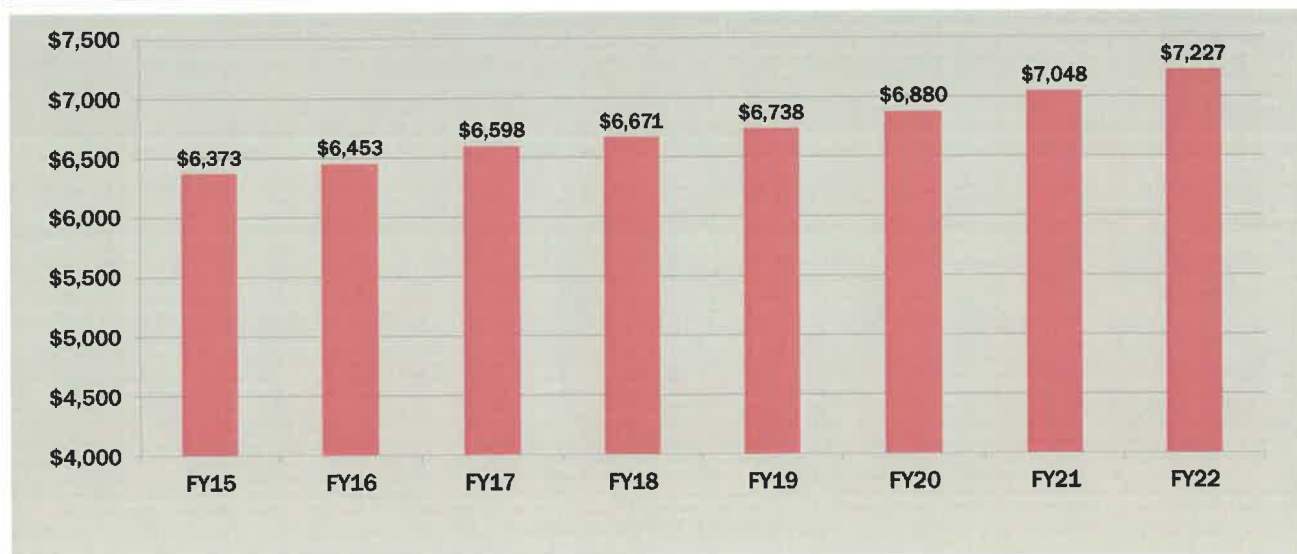




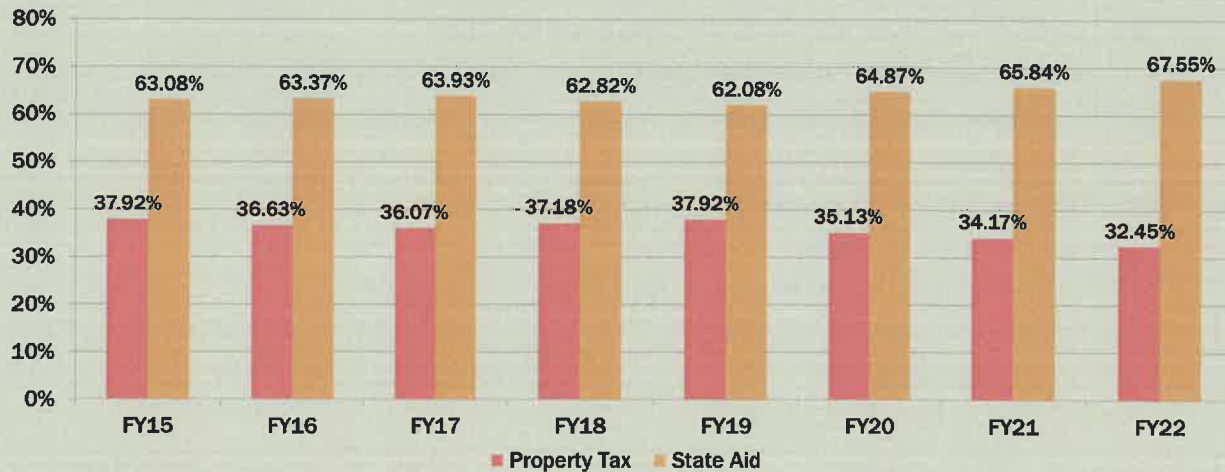
## 2021/22 COMBINED DISTRICT COST - \$7,227 PER STUDENT

8.01%	\$ 579 per Student	Additional Levy Combined District Cost - Foundation Dollar Level
65.84%	\$4,882 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
25.71%	\$1,766 per Student	Uniform Levy = \$5.40 per \$1,000 assessed valuation x school district assessed valuation

## HISTORY OF COST PER PUPIL



## HISTORICAL COMBINED DISTRICT COST MIX



## COMBINED DISTRICT COST FUNDING

- **Aid & Levy budget worksheet**
  - **Uniform Levy (Section 6)**
    - Property Tax Portion = \$11,233,958 (Ln 6.3 - Ln 5.2)
    - Property Tax Rate = \$5.40000
  - **Regular Program Adjustment (101% guarantee)**
    - Property Tax Portion = \$0 (Ln 5.2)
    - Property Tax Rate = \$0
  - **Final State Foundation Aid (Section 9)**
    - Regular Program = \$37,064,642 (Ln 9.12 - Ln 9.11)
      - Includes TSS, PD, TLC, Early Intervention & Property Tax Replacement Payment (PTRP)

## COMBINED DISTRICT COST FUNDING

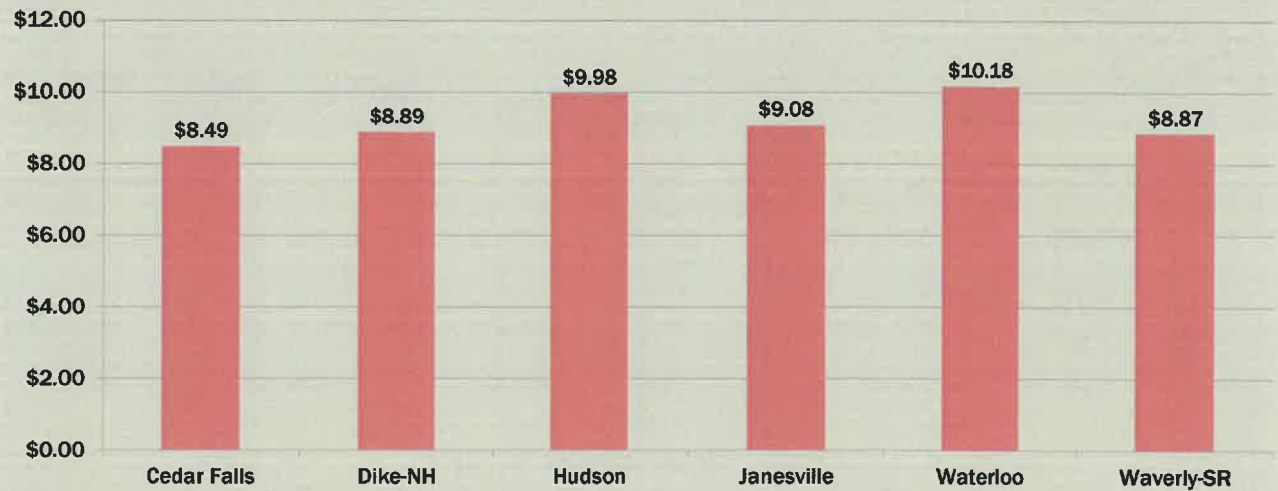
### ■ Additional Levy (Section 8 minus Section 13)

■ Gross Property Tax Additional Levy (Ln 8.4)	\$7,735,828
■ Utility Replacement Adjustment (Ln 8.38)	- 34,889
■ AEA Statewide Reduction (Ln 8.41)	+ 66,618
■ Property Tax Replacement Payment (Ln 8.42)	- 963,971
■ Add. Levy Utility Replacement Adjust (Ln 13.5)	+ 3
■ Add. Levy C & I State Replacement (Ln 13.21)	- 192,546
■ Dropout Prevention Program (Ln 5.17)	- <u>961,418</u>
■ Net Additional Levy	\$5,649,625
■ Property Tax Rate = \$2.71569	

## COMBINED DISTRICT COST SUMMARY

- Uniform and Additional Levy
  - Property Tax Portion = \$16,883,583
  - Property Tax Rate = \$8.11569
- Regular program adjustment (101% guarantee)
  - Property Tax Portion = \$0
  - Property Tax Rate = \$0
- Dropout Prevention (approved by BOE on Jan. 11, 2021)
  - Property Tax Portion = \$961,418
  - Property Tax Rate = \$0.46214
- Totals
  - Property Tax Portion = \$17,845,001
  - Property Tax Rate = \$8.57783

## 2020/21 COMBINED DISTRICT COST – TAX RATE COMPARISON



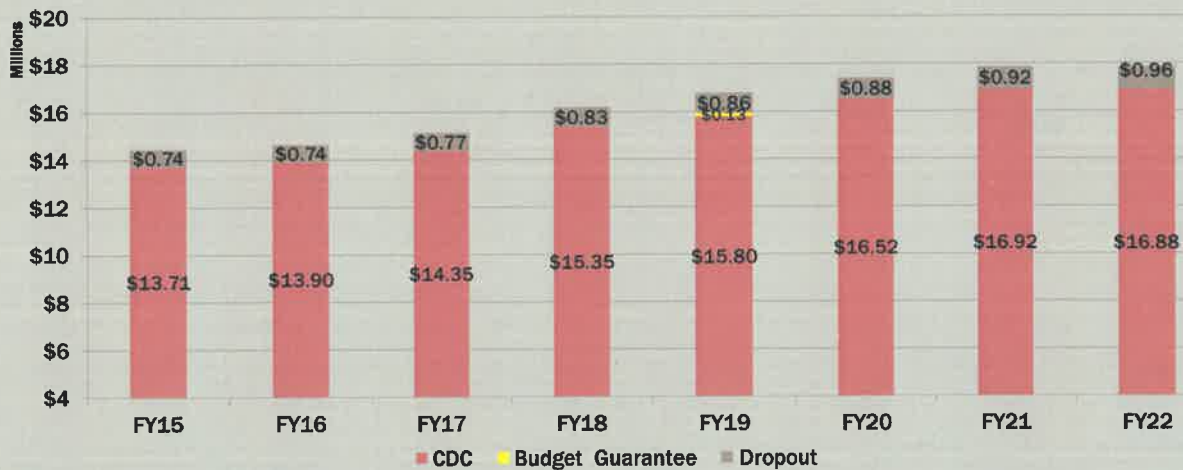
Includes Drop Out Prevention Funding.

## 2020/21 COMBINED DISTRICT COST – SIMILAR SIZE SCHOOL COMPARISON

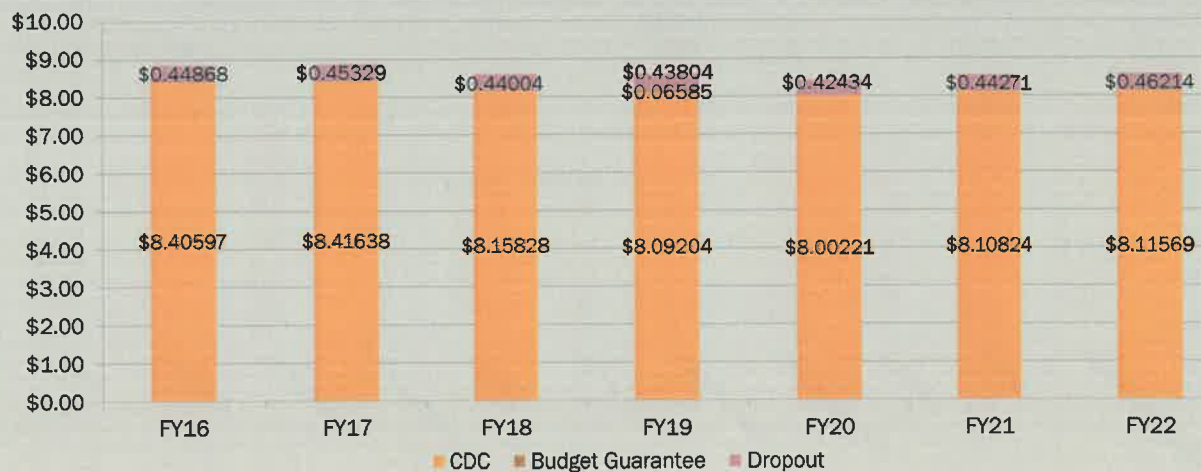


Includes Drop Out Prevention Funding

## HISTORY OF COMBINED DISTRICT COST & DROPOUT PROPERTY TAX REVENUE



## HISTORY OF COMBINED DISTRICT COST & DROPOUT PROPERTY TAX RATES





## INSTRUCTIONAL SUPPORT LEVY

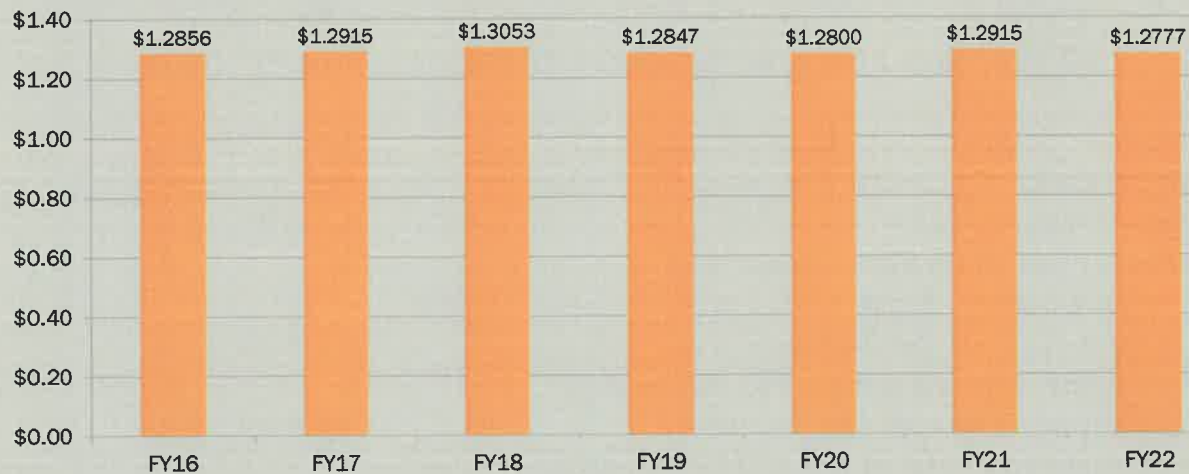
Included with General Fund for reporting to Dept. of Education  
*10 year levy approved by voters of District (Thru FY2022)*

■ 10% of regular district program cost (Ln 10.5)	\$3,943,340
■ Less gross ISL State Aid (Ln 10.14)	-\$1,014,227
■ Net Property Tax	\$2,929,113
■ Instructional Support State Aid	+ \$ 0
■ (0% of Gross State Aid)	
■ Total Adjusted ISL Dollars	= \$2,929,113
■ Less anticipated actual ISL State Aid	- \$ 0
■ Anticipated Actual ISL Dollars	= \$2,929,113
■ Property tax rate of \$1.27767/\$1,000	

## HISTORY OF INSTRUCTIONAL SUPPORT LEVY PROPERTY TAX REVENUE



## HISTORY OF INSTRUCTIONAL SUPPORT LEVY PROPERTY TAX RATES



## CASH RESERVE LEVY – PART ONE

### ■ SBRC Approved Requests

#### ■ Increased enrollment, open enrollment out, LEP excess cost

- \$ 599,080 – Increased Enrollment- approved by BOE on Nov. 23, 2020
- \$ 26,359.52 – ELL beyond 5 years - approved by BOE on Nov. 23, 2020
- \$ 47,416.17 – LEP allowable excess cost - approved by BOE on Oct. 12, 2020

#### ■ Special Education

- \$1,275,388.50 – Special Ed excess cost - approved by BOE on Oct. 12, 2020

#### ■ Total SBRC #1 approved requests - \$1,948,244

## CASH RESERVE LEVY – PART TWO

### ■ Other

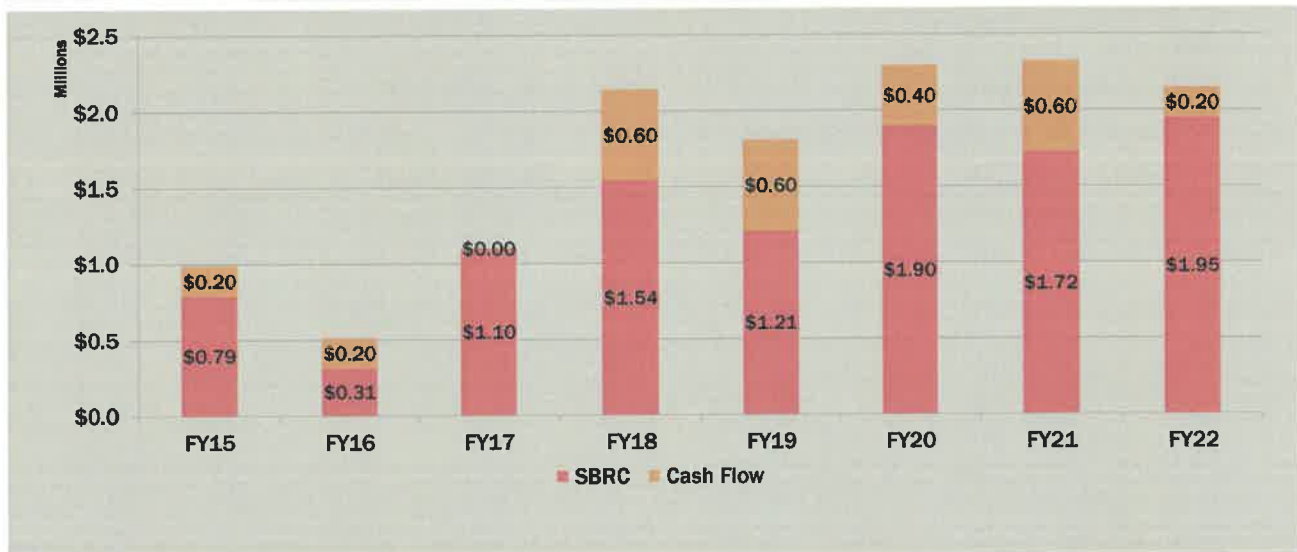
■ Cash flow needs	\$ 200,000
■ Other SBRC approved requests	<u>\$ 0</u>
■ Total request for FY22	\$ 200,000

## CASH RESERVE LEVY – SUMMARY

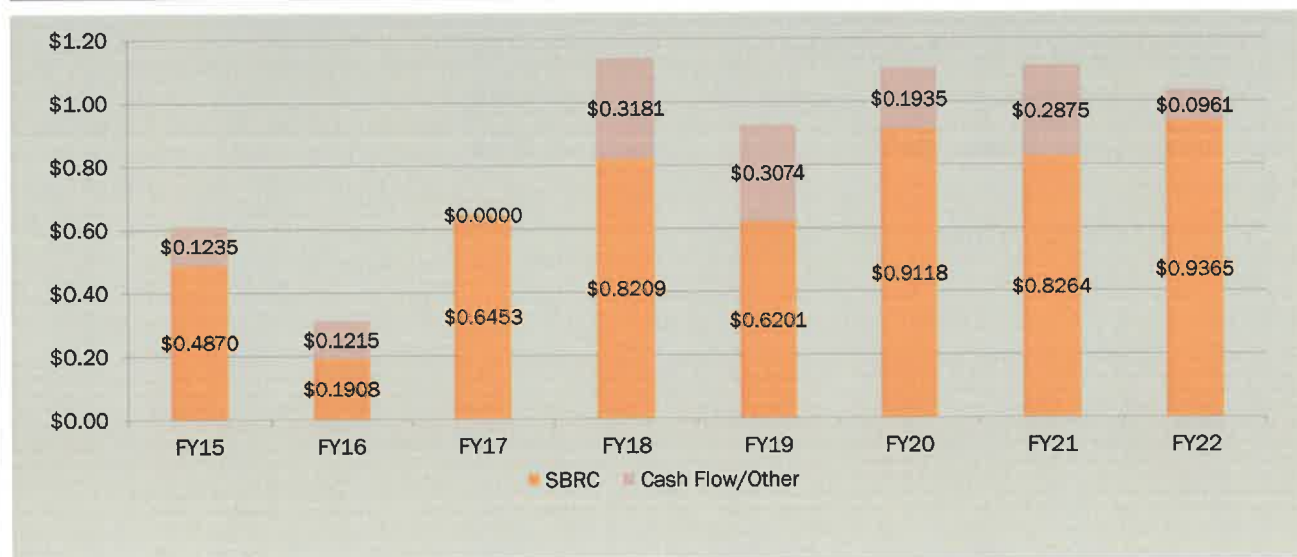
### SECTION 15

■ SBRC Approved/Requested	\$1,948,244
■ Other Requests (Cash Flow)	<u>\$ 200,000</u>
■ Total Cash Reserve Levy	\$2,148,244
■ Property Tax Rate of \$1.03263	

## HISTORY OF SBRC CASH RESERVE LEVY TAX REVENUE



## HISTORY OF CASH RESERVE LEVY TAX RATES

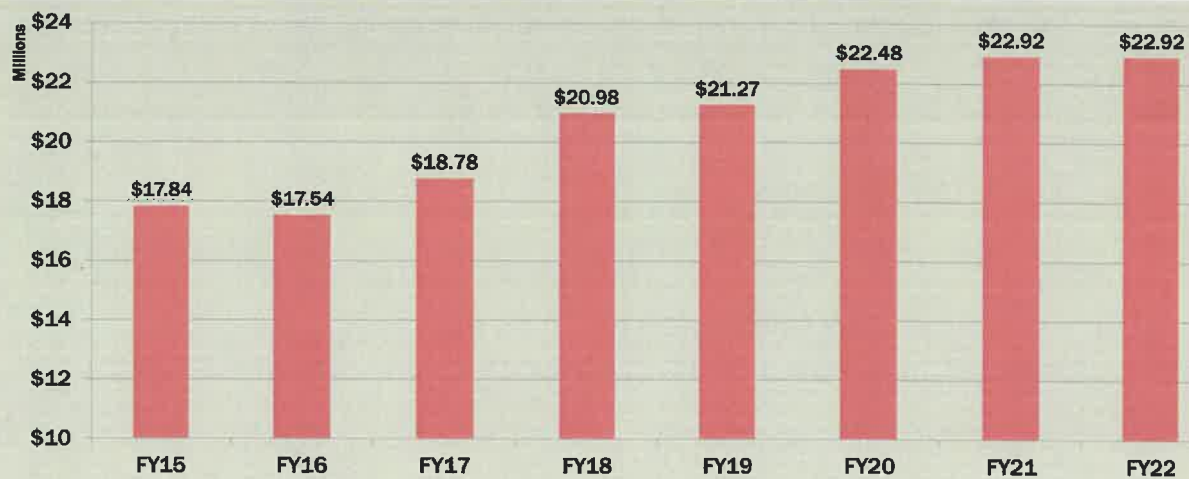


## GENERAL FUND SUMMARY

### ■ Total General Fund Request

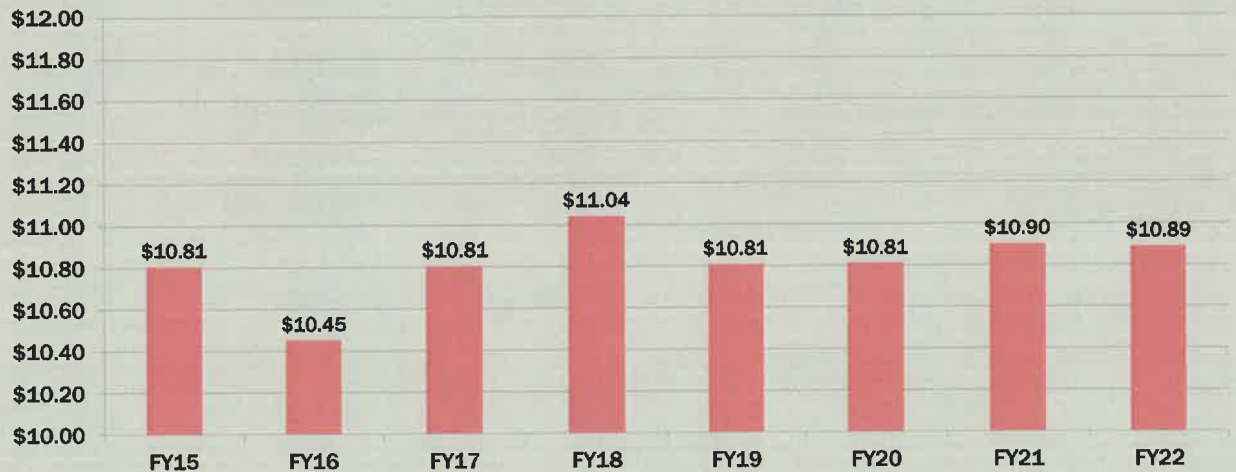
	Dollars	Tax Rate
■ Comb. District Cost	\$ 16,883,583	8.11569
■ Budget Guarantee	\$ 0	0.00000
■ Dropout	\$ 961,418	0.46214
■ Instructional Support	\$ 2,929,113	1.27767
■ Cash Reserve Levy	<u>\$ 2,148,244</u>	<u>1.03263</u>
■ Totals	\$ 22,922,358	10.88813

## HISTORY OF OPERATING FUND PROPERTY TAX REVENUE





## HISTORY OF OPERATING FUND PROPERTY TAX RATES



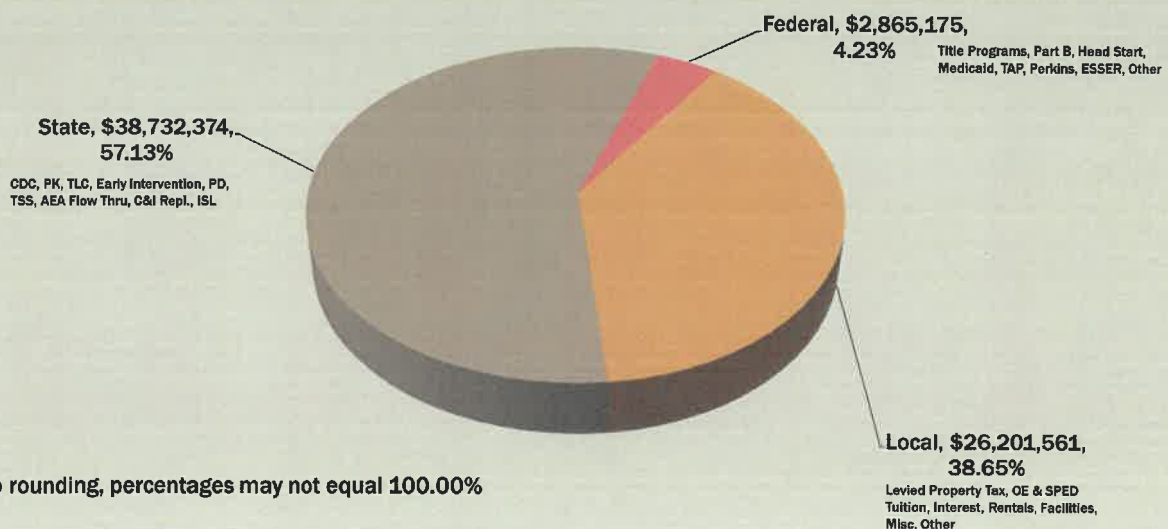
## COMMERCIAL & INDUSTRIAL (C & I) STATE REPLACEMENT ESTIMATE

- Beginning in FY2015, commercial & industrial property valuations are being reduced through rollback. Rollback was 95% in FY2015 and 90% beginning in FY2016. State of Iowa is reimbursing local governments and school districts for the loss of property tax receipts.
- Beginning in FY2018, commercial and industrial replacement payments paid by the State of Iowa becomes limited by the total amount of payments made in FY2017.
- District is estimating a 87% prorated payment from FY2021 amounts.

## CFCSD COMMERCIAL & INDUSTRIAL (C & I) STATE REPLACEMENT ESTIMATE

■ C & I Non-TIF 100% valuation	\$504,360,503
■ C & I Non-TIF taxable valuation	<u>-\$437,876,430</u>
■ Est. Non-TIF valuation reduction (GF/Mgt. Fund)	\$ 66,484,073
■ C & I TIF 100% valuation	\$187,470,888
■ C & I TIF taxable valuation	<u>-\$184,771,827</u>
■ Est. TIF valuation reduction	<u>\$ 2,699,061</u>
■ Est. combined valuation reduction (Debt/PPEL/ISL)	\$ 69,183,134
■ Est. General Fund C & I replacement	
■ \$555,880	
■ Est. Inst. Support Levy C & I replacement	
■ \$76,902	

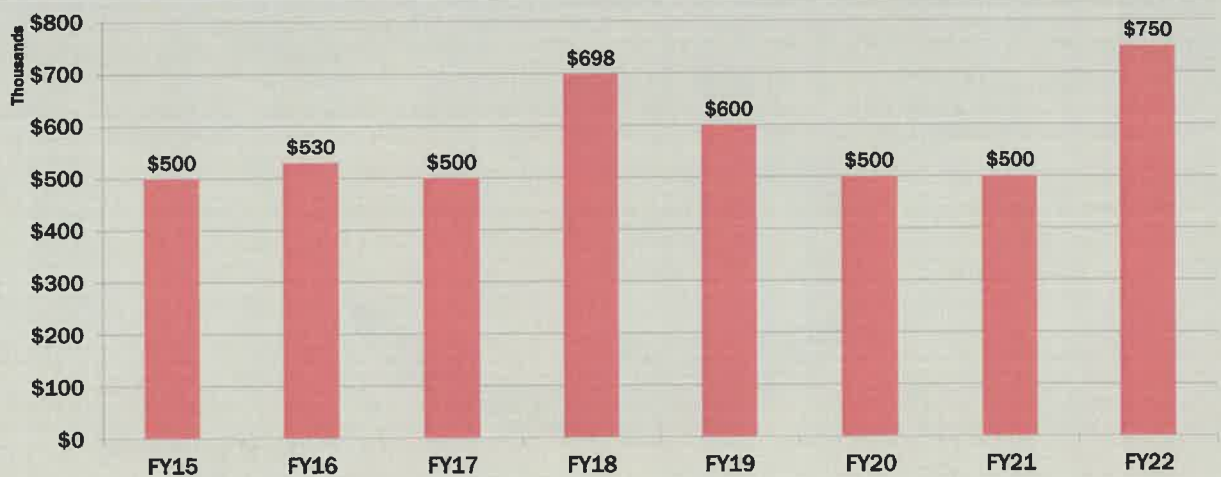
## TOTAL 2021/22 GENERAL FUND REVENUE



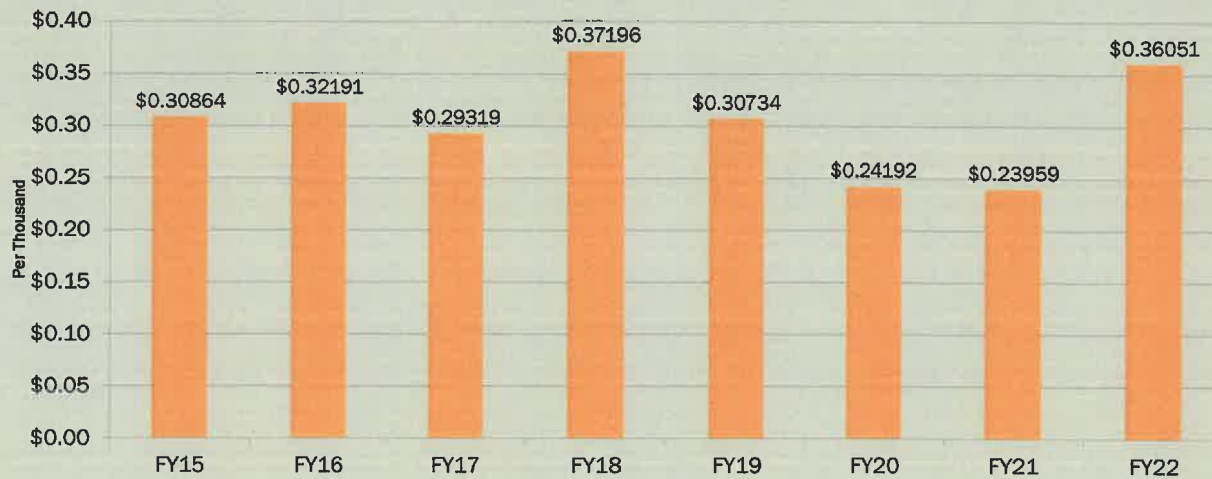
## MANAGEMENT FUND

- **Restricted fund**
  - Board of Education Controlled
  - Uses
    - For property/liability/auto/workman compensation/etc. insurance premiums
    - Property loss deductible
    - Early severance benefits
- **Amount requested for 2021/22**
  - \$750,000
  - Property tax rate of \$0.36051/\$1,000

## HISTORY OF MANAGEMENT FUND PROPERTY TAX REVENUE



## HISTORY OF MANAGEMENT FUND PROPERTY TAX RATE



## PHYSICAL PLANT & EQUIPMENT LEVY (PPEL)

- **Restricted fund with two parts**
  - Board of Education controlled – up to \$0.33/\$1,000 (regular)
  - Voters approved renewal of additional \$1.34/\$1,000 levy for 10 years on December 6, 2016. Levy expires June 30, 2028 (voted).
  - **Uses:**
    - Purchase or improvement of grounds
    - Construction, repairing or remodeling of schoolhouses or roads to schoolhouses
    - Purchase or lease of equipment greater than \$500 per unit
      - Purchasing of “bundled” equipment and technology greater than \$500
    - Purchase or lease of school buses or other vehicles
    - Leasing or renting of facilities

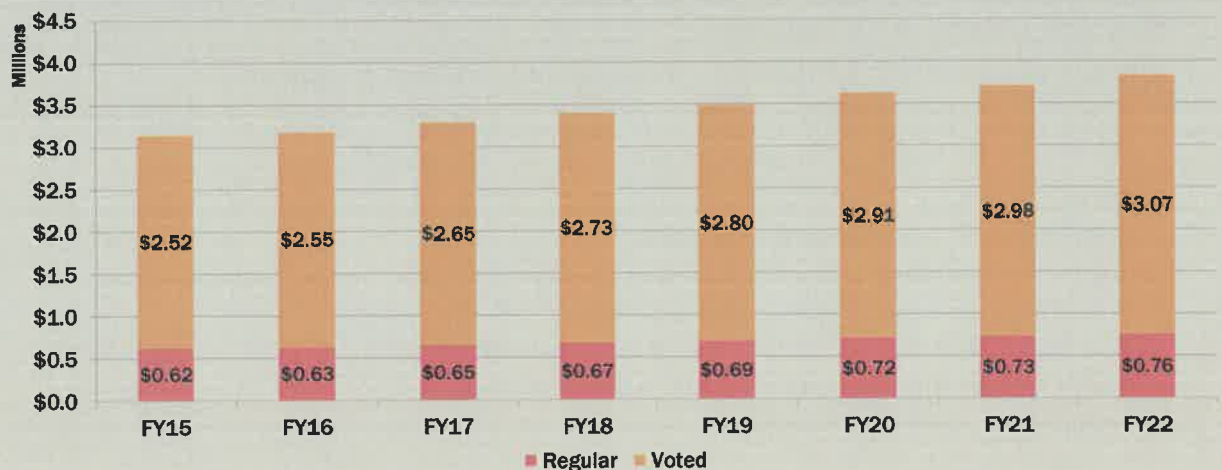
## PHYSICAL PLANT & EQUIPMENT LEVY (PPEL)

### ■ PPEL Fund

#### ■ Amount requested for 2021/22

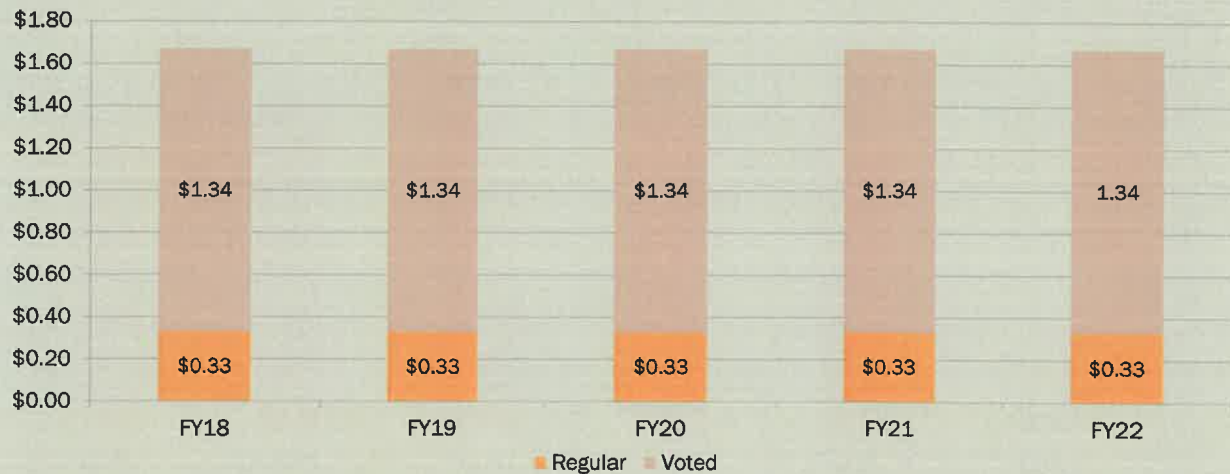
- \$756,541 (regular) & \$3,072,017 (voted) = \$3,828,558
- Property tax rate of \$1.67/\$1,000

## HISTORY OF PHYSICAL PLANT & EQUIPMENT LEVY (PPEL) PROPERTY TAX REVENUE





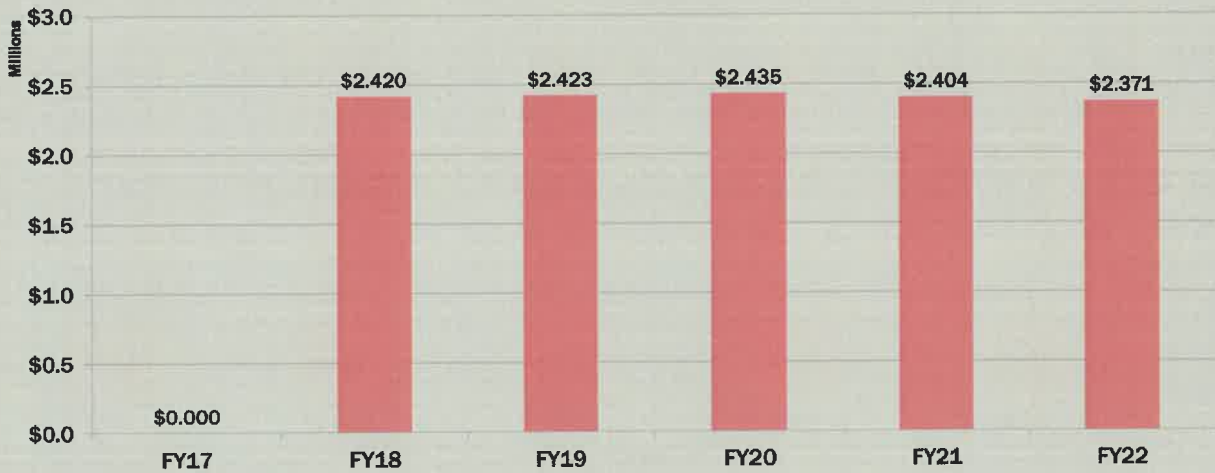
## HISTORY OF PHYSICAL PLANT & EQUIPMENT LEVY (PPEL) PROPERTY TAX RATES



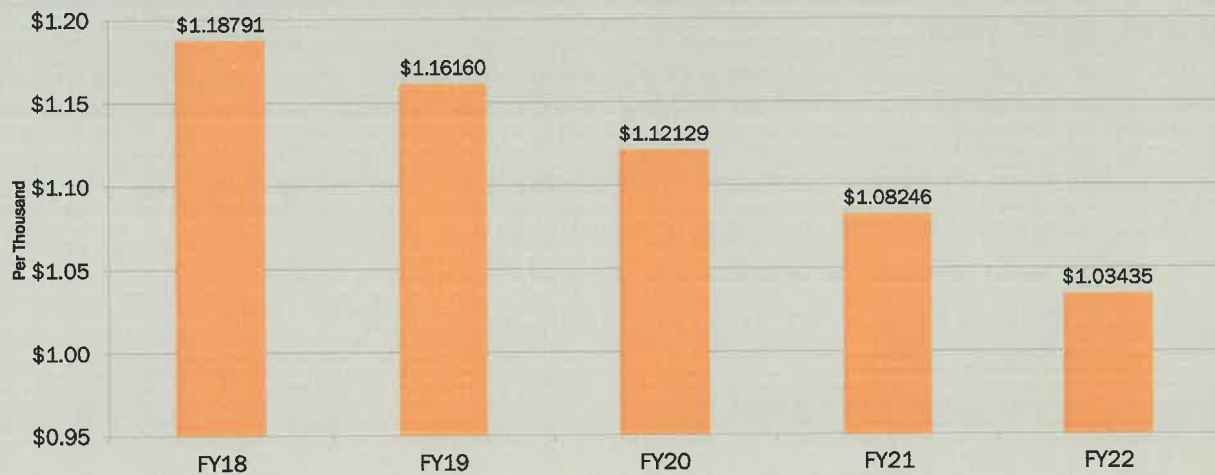
## DEBT SERVICE LEVY

- **Restricted fund**
  - Used to pay interest as it becomes due and the amount necessary to pay the principal when due on bonds or other authorized indebtedness issued by the district, and to make payments required under a loan, lease-purchase agreement, or other evidence of indebtedness authorized by this code. (298A.10)
- **\$32 million bond – Voter approved on April 5, 2016**
  - Bonds sold February 7, 2017 – 19 years at 3.0785%
- **\$69.9 million bond – Voter approved on June 2019**
  - Anticipated FY2023
- **Amount requested for 2021/22**
  - \$2,371,300
  - Property tax rate of \$1.03435/\$1,000

## HISTORY OF DEBT SERVICE LEVY PROPERTY TAX REVENUE



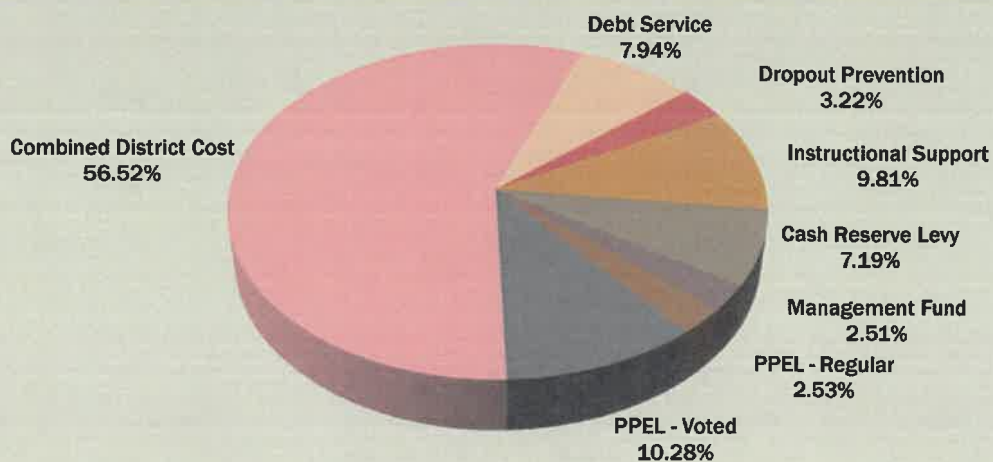
## HISTORY OF DEBT SERVICE LEVY PROPERTY TAX RATE



## SUMMARY

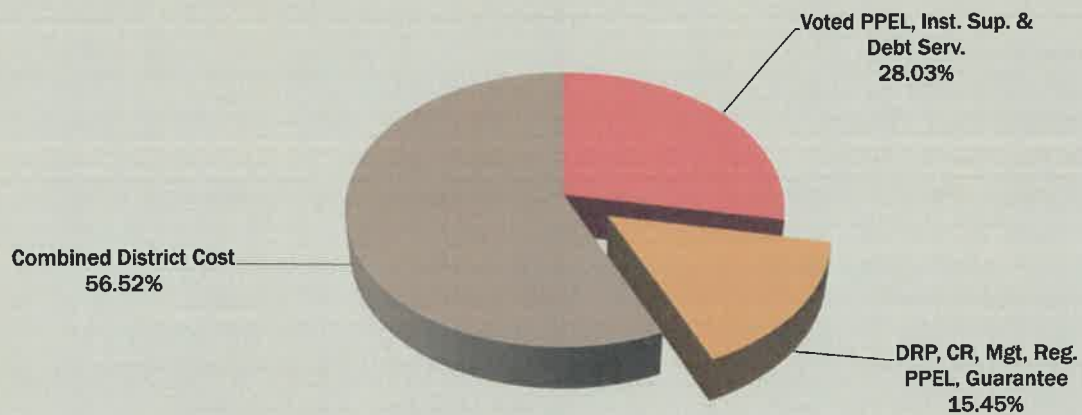
■ Combined District Cost	\$16,883,583	
■ Budget Guarantee	\$ 0	
■ Dropout Prevention	\$ 961,418	
■ Cash Res. Levy - SBRC	\$ 1,948,244	
■ Cash Res. Levy - Other	<u>\$ 200,000</u>	
■ Sub-Total - General Fund	\$19,993,245	\$ 9.61046
■ Instructional Support Levy	\$ 2,929,113	\$ 1.27767
■ Management Fund	\$ 750,000	\$ 0.36051
■ Voted PPEL Levy	\$ 3,072,017	\$ 1.34000
■ Regular PPEL Levy	\$ 756,541	\$ 0.33000
■ Debt Service Levy	<u>\$ 2,371,300</u>	<u>\$ 1.03435</u>
■ Total	\$29,872,216	\$13.95299

## 2021/22 PROPERTY TAX BREAKDOWN



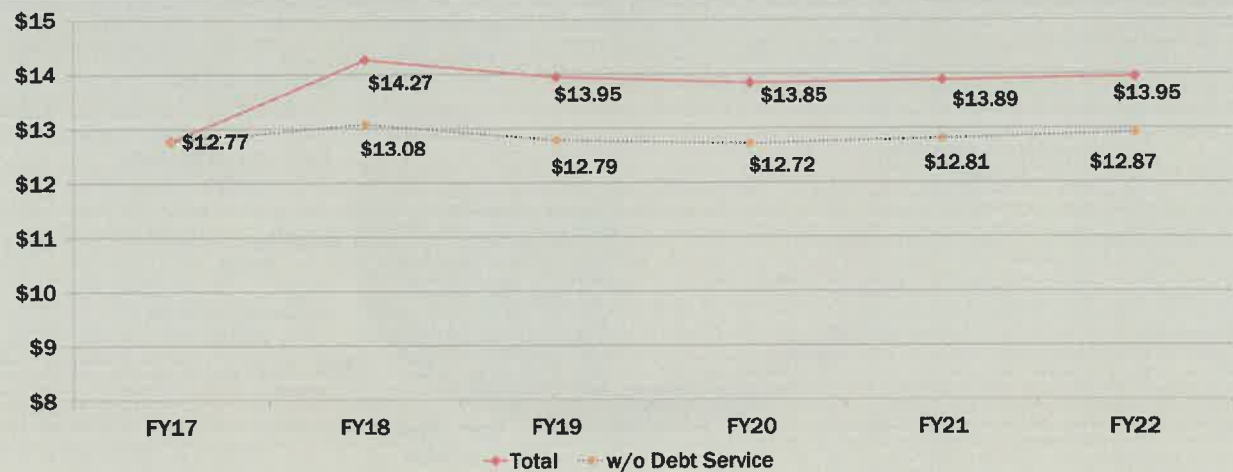
Due to rounding, percentages may not equal 100.00%

## 2021/22 PROPERTY TAX BREAKDOWN

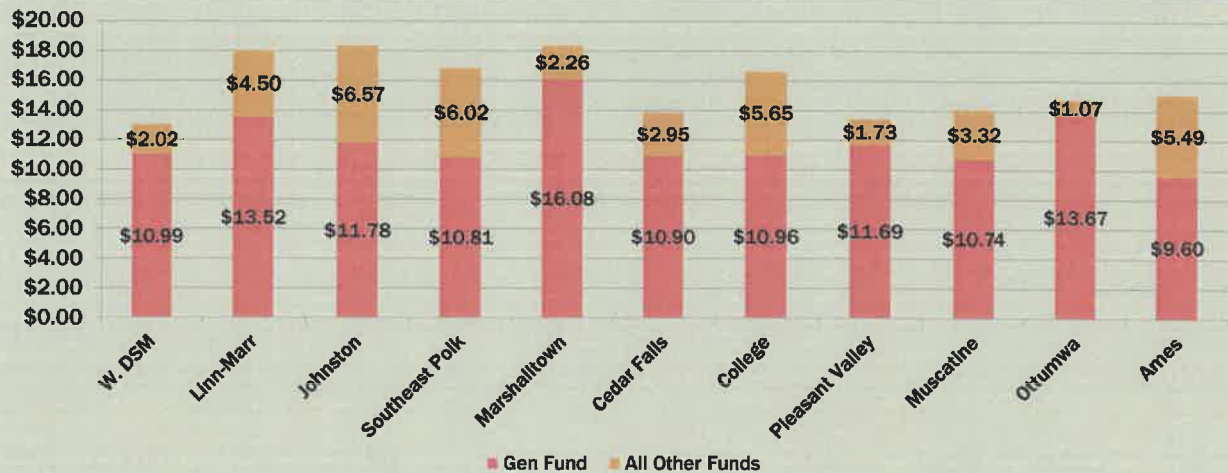


Due to rounding, percentages may not equal 100.00%

## TOTAL PROPERTY TAX RATE HISTORY



## 2020/21 TOTAL TAX RATE SIMILAR SIZE SCHOOL COMPARISON

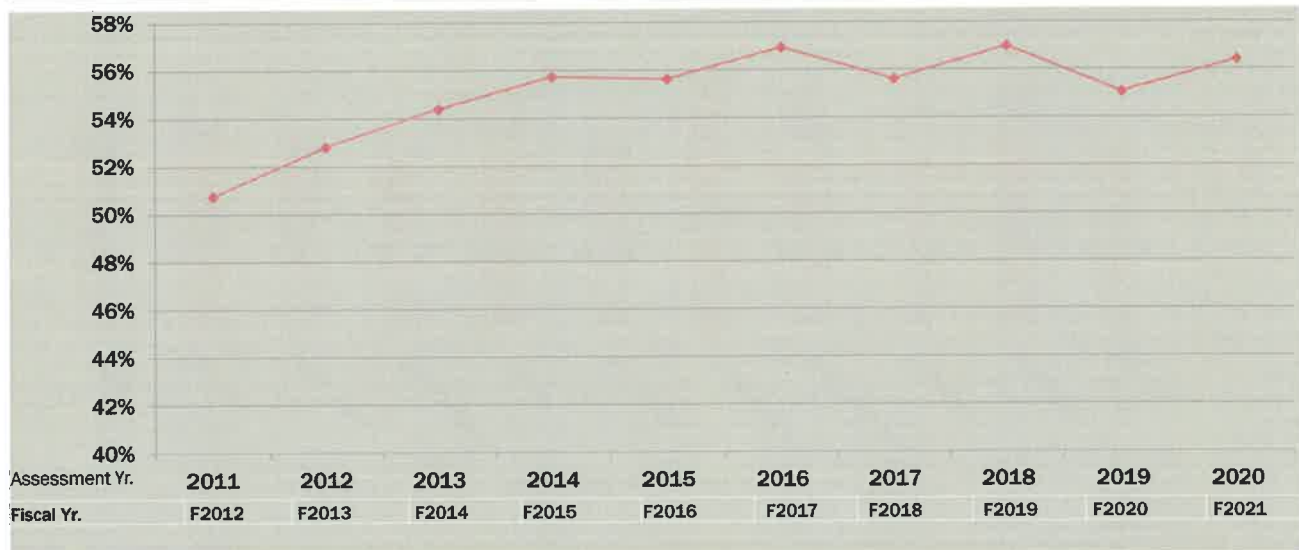


## ASSESSMENT & VALUATION OF PROPERTY ASSESSMENT LIMITATIONS ORDER (ROLLBACK)

### ■ Iowa Code 441.21

- Adjustments in value to comply with state law that allows no more than a 4% increase in taxable value from year to year for all classes of property, except utility property which has a maximum increase of 8% per year.
- Rate adjustment determined by Iowa Department of Revenue.
- Rate adjustment is the same for all counties in Iowa.

## RESIDENTIAL ROLLBACK HISTORY



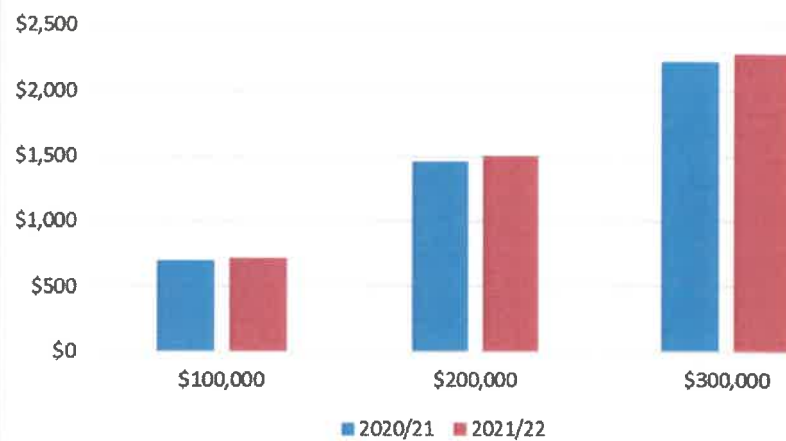
## PROJECTED RESIDENTIAL PROPERTY TAX

		2020/21	2021/22
■ Prop. Value		\$100,000	\$100,000
■ Rollback	x	0.550743	0.564094
■ Tax Rate	x	<u>0.01389297</u>	<u>0.01395299</u>
■ Gross Tax	=	\$ 765.15	\$ 787.08
■ Est. Homestead	-	<u>\$ 66.19</u>	<u>\$ 66.19</u>
■ Net Tax	=	\$ 698.96	\$ 720.89
■ Total Change		\$ 21.93	



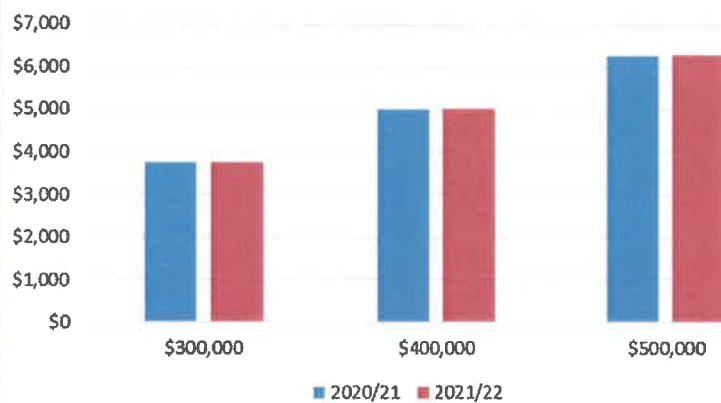
## PROJECTED PROPERTY TAX

Residential Property Tax



## PROJECTED PROPERTY TAX

Commercial Property Tax



## PROJECTED PROPERTY TAX



## 2021/22 BUDGET TIMELINES

- March 8, 2021- Establish Proposed Budget
- March 23, 2021 - Publish Proposed Budget
- April 12, 2021 - Public Hearing & Adoption of Budget
- April 15, 2021 - File Budget with County Auditor

## 2020/21 SCHOOL BUDGET AMENDMENT

### ■ Iowa Code Section 24.9

- Budget estimates adopted and certified in accordance with this chapter may be amended and increased as the need arises ..... to permit appropriation and expenditure during the fiscal year covered by the budget of amounts of cash anticipated to be available during the year **from sources other than taxation** and which had not been estimated and appropriated for expenditure during the fiscal year of the budget sought to be amended.

### ■ Iowa Code Section 257.7(2)

- If actual miscellaneous income for a budget year exceeds the anticipated miscellaneous income in the certified budget for that year ..... a school district may amend its certified budget.

## 2020/21 SCHOOL BUDGET AMENDMENT

### ■ Amendment to 2020/21 Budget

- Instruction
  - Amend expenditures from \$47,332,451 to \$48,186,421
    - COVID-19 mitigation and curriculum
- Total Support Services
  - Amend expenditures from \$20,373,203 to \$21,322,456
    - COVID-19 mitigation
- Non-instructional Programs
  - No amendment
- Other Expenditures
  - Amend expenditures from \$17,745,756 to \$23,688,266
    - Construction new high school

### ■ Public hearing required

## 2020/21 BUDGET AMENDMENT TIMELINES

- March 8, 2021– Establish Proposed Budget Amendment
- March 23, 2021 – Publish Proposed Budget Amendment
- April 12, 2021 – Public Hearing & Adoption of Budget Amendment
- April 15, 2021 – File Budget Amendment with County Auditor