



CERTIFIED BUDGET PROPOSAL FISCAL YEAR 2019-20

PRESENTED FOR APPROVAL TO THE BOARD OF EDUCATION APRIL 8, 2019

NEVADA COMMUNITY SCHOOL DISTRICT
Certified Budget Proposal 2019-20

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SCHOOL FUNDING 101:

the basics on where the money comes from and where it goes

GENERAL FUND TOTAL REVENUE: \$18.5 MILLION



State Income Taxes (state aid) \$10.8 million



Property Taxes \$5.1 million



Grants and Miscellaneous Income \$2.6 million



- BOOKS AND MATERIALS
- OTHER OPERATING EXPENSES

CAPITAL PROJECTS TOTAL: \$1.9 MILLION



Property Taxes \$491,000



One-cent Local Option Sales Tax \$1.4 million



- FACILITIES IMPROVEMENTS
- BOND PAYMENTS
- EQUIPMENT PURCHASES

OTHER FUNDS



MANAGEMENT FUND
 Property Taxes \$513,000

- PROPERTY INSURANCE
- EARLY RETIREMENT BENEFITS



NUTRITION FUND
 Cafeteria Revenue Subsidies and Sales \$855,000



- BREAKFAST AND LUNCH



STUDENT ACTIVITY FUND
 Fundraising and Activity Admissions \$461,000



- ACTIVITIES NOT COVERED BY STUDENT FEES

AMOUNTS ARE FISCAL YEAR 2017-18 RESULTS

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Navigating the labyrinth of public school funding is complicated. The budget is a maze of funding sources that, for the Nevada Community School District (the “District”), total \$22 million for the current 2018-19 fiscal year.

The previous chart and the following questions and answers outline the routes that funds take coming from taxpayers, going to classrooms, playing fields, cafeterias, and libraries.

Although the dollar amounts differ between school districts, the funding concepts described here are generally the same for all school districts in Iowa.

WHERE DOES FUNDING COME FROM?

Like most states, Iowa pays for schools through of income taxes (also called state aid), local property taxes, and sales taxes. Less than three percent comes from federal funding. The *General Fund*, the District’s largest fund, pays for teachers and supports instructional programs. The *General Fund* is separate from other funds such as the *Capital Projects Fund*, which can be used only for buildings, property, and equipment.

In Iowa, the ratio of property tax to the state aid supporting a district’s General Fund budget varies based on a statewide foundation formula. This formula is designed to ensure that all districts spend approximately the same dollar amount per student.

The formula calculates district revenues based on a “uniform” property tax rate, plus a mix of state aid and an “additional” property tax rate. The current “uniform” tax rate is \$5.40 per \$1,000 of taxable valuation. The “additional” property tax rates are adjusted based on the size of the districts’ tax base. Property-rich districts (on a per-student basis) receive less state aid than property-poor districts because they can generate more revenue from the property tax levy.

The primary revenue sources for the other District funds is shown on the chart on the previous page.

HOW MUCH FUNDING DOES THE DISTRICT GET?

Most General Fund revenue for Iowa schools is

based on the number of students enrolled. The number of students enrolled on October 1 determines a school district’s budget for the following (not the current) fiscal year. Even if more students enroll after this date, the District’s operating budget is set. For example, the 1,482 students enrolled in the District on October 1, 2018, determined the majority of the 2019-20 General Fund budget.

The funding formula uses certified enrollment multiplied by a cost per student. This cost is established by the state and represents the amount of revenue the district can spend per student. For 2019-20 the District’s per student cost is \$6,880.

Additional weightings are added to certified enrollment and these generate additional District revenue. Special education students and English language learners, for example, are among the students counted with additional weightings. The amount of District funding based on weighted enrollment (certified plus additional), plus some other amounts, is called *combined district cost*.

Additional General Fund revenue also comes from miscellaneous income. Miscellaneous income includes grants and fees. The amounts and sources of revenue for funds other than the *General Fund* are shown on the graph on the previous page.

HOW DOES THE DISTRICT PAY FOR COST INCREASES IN EDUCATIONAL PROGRAMS, SALARIES, AND UTILITIES?

Each year, the Iowa Legislature determines the *Regular-Program District Cost per Pupil*. This amount, multiplied by the district’s certified enrollment on October 1 of the previous year, determines the total amount of foundation formula funds available for the District to spend on regular education. The increase in *District Cost per Pupil* is called *Supplemental State Aid* and is a percentage based on the previous year. For FY 2018-19, *Supplemental State Aid* was 1 percent. For FY 2019-20, *Supplemental State Aid* is 2.06 percent.

In years prior to 2010, the Legislature has always set the *Supplemental State Aid* rate early in the legislative session, to be applied to the school year

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beginning the July 1 a year and a half after the session. The legislature did not take this action in 2010 due to uncertainties about revenues caused by the nationwide recession. Two years ago, the Legislature changed the law. Now they are required to set the *Supplemental State Aid* percentage within 30 days of the release of the Governor's budget. This is a full year less than the previous requirement which makes planning a challenge.

Authorized Budget is the mechanism used by the Legislature to control school district spending. *Supplemental State Aid* is the principal driver of *Authorized Budget*. Since Iowa law mandates that schools stay within their *Authorized Budget*, their only options for coping with reduced funding are to increase other revenues, where possible, and to cut costs by reducing programs, staff, or both.

Schools are people-intensive establishments and salaries and benefits consume approximately 81 percent of the District's *General Fund* expenses. Therefore, significant reductions of costs can only be achieved by cutting salaries and benefits.

HOW CAN SCHOOL DISTRICTS AFFORD TO BUILD AND REMODEL BUILDINGS WHEN THEY'RE CUTTING TEACHERS?

Iowa law requires school districts to maintain separate funds (restricted) for specific uses. Property insurance and early retirement benefits, for example, are paid from the Management Fund. These restricted funds have designated purposes and cannot be used for other types of expenses. Other examples of these restricted funds are the *Physical Plant and Equipment Levy Fund* and the *Secured an Advanced Vision for Education (SAVE) Fund*. The use of these funds is generally limited to facilities improvements, bond payments, and equipment purchases.

WHO IS ACCOUNTABLE FOR SCHOOL DISTRICT BUDGET DECISIONS?

The Iowa Legislature annually establishes the per-pupil amounts that districts may spend. These amounts are determined by Supplemental State Aid.

Iowa school boards, made up of elected citizens, are accountable to their communities for making

decisions about spending school funds, and educators (superintendents and other administrators) are accountable to school boards for managing these funds.

The state limits the amount of money each district can generate and spend for General Fund educational programs. The revenue determined by the district funding formula, miscellaneous income and its unspent balance authority from the prior year makes up the district's spending authority.

WHAT HAPPENS IF A SCHOOL DISTRICT SPENDS LESS THAN ITS SPENDING AUTHORITY?

The unspent authority carries over to the next year as unspent budget authority (sometimes called unspent balance) and can be used to pay for future *General Fund* expenses.

WHAT HAPPENS IF A SCHOOL DISTRICT SPENDS MORE THAN ITS SPENDING AUTHORITY?

Iowa Code states that if a district exceeds its spending authority for two or more consecutive years, the Iowa Department of Education can conduct a fiscal review and take over management of the district.

HOW DOES THE DISTRICT FARE IN TERMS OF SPENDING AUTHORITY?

Each year the District's General Fund expenses are subtracted from spending authority. The resulting number is termed *unspent balance*. State law requires that *unspent balance* be more than zero. The District's unspent balance increased by \$674,971 to \$5,918,751 as of June 30, 2018.

TAXABLE VALUATION PER PUPIL

The taxable valuation per pupil is determined by dividing the District's taxable valuation by certified enrollment. In general (with all other factors being equal), districts with higher taxable valuations per pupil have relatively lower real estate tax levy rates than districts with lower taxable valuations per pupil. The correlation of low taxable valuations per pupil with high *General Fund* levy rates is primarily a function of a concept called the uniform levy rate.

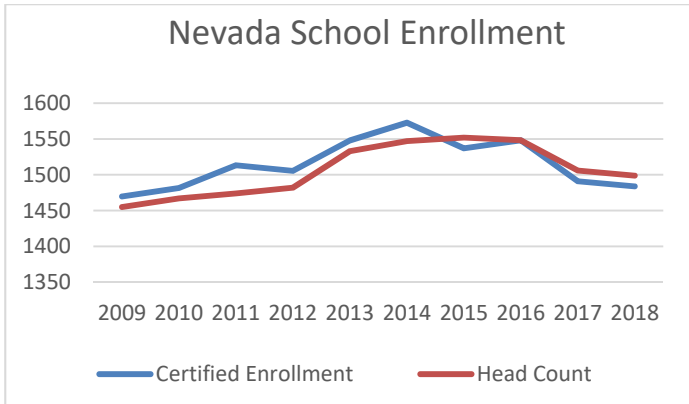
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ENROLLMENT

Iowa school district budgets are closely related to enrollment. In districts with increasing enrollments, there is a direct correlation between regular program budget and enrollment. That is, each additional pupil will generate a set additional amount of district funding. This is appropriate because additional district costs are incurred for each additional pupil. The amount of additional per pupil funding is set by the Iowa Legislature and is called *State Supplemental Aid*.

The term certified enrollment has specific meaning in Iowa school finance. Certified enrollment is defined as student count as of the first day in October as determined by state law. That enrollment is used as the basis for funding for fiscal year beginning the following July 1. It is clear from this description, that although students are already “in their seats” on count day, districts do not receive funding for these students until one full year later.

The following chart shows Nevada’s certified enrollment for the ten years ending October 2018.

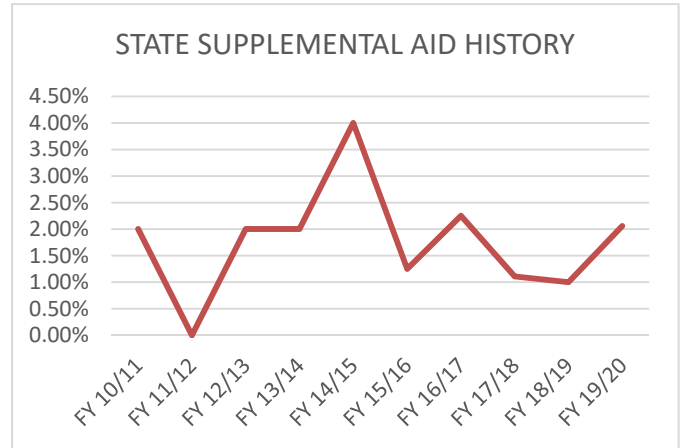


STATE SUPPLEMENTAL AID

(formerly known as allowable growth)

The Iowa Legislature sets the *State Supplemental Aid* percentage. This percentage is applied to the prior year’s state cost per pupil. The cost per pupil is multiplied by certified enrollment to yield the District’s regular program district cost.

Both factors (*State Supplemental Aid* and enrollment) greatly affect district budgets. However, for districts with moderate increases in enrollment, the *State Supplemental Aid* percentage has been highly variable over the past 30 years, ranging from a low of zero percent in 2011 to a high of 14.5 percent in 1981. Note for FY 2010-11, only a portion of the 2% State Supplemental Aid was funded. The last ten years’ State Supplemental Aid history is shown in the following chart.



The table at the top of the next column on the next page illustrates the past five years’ growth in Nevada’s regular program budget resulting from the *State Supplemental Aid* percentage and the portion resulting from the increase in pupil enrollments.

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STATE SUPPLEMENTAL AID \$
(Regular program costs only)

FISCAL YEAR	STATE SUPPLEMENTAL AID %	FROM STATE SUPPLEMENTAL AID %	FROM INCREASE IN PUPILS
2015-16	1.25%	\$ 123,173	\$ 159,836
2016-17	2.25%	-0-	-0-
2017-18	1.11%	\$ 4,450	\$ 73,970
2018-19	1%	-0-	-0-
2019-20	2.06%	(\$ 221,479)	-0-

UNSPENT AUTHORIZED BUDGET

Unspent Authorized Budget (also called *Unspent Balance*) is the amount of accumulated unspent spending authority. This is a statutory concept that limits school district budgets. In general, a decline in year-end *Unspent Authorized Budget* indicates a deteriorating financial position and an increase indicates an improving financial position. The State of Iowa monitors *Unspent Balance* by accumulating and reporting the following information. Certain FY 2018-19 and 2019-20 amounts are District estimates.

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AUTHORIZED BUDGET (“BUDGET”)

	Actual FY 2017-18	Re-estimated FY 2018-19	Recommended FY 2019-20
Budget Enrollment	1,548.1	1,491.0	1,482.3
Regular Program District Cost	\$ 10,316,538	\$ 10,043,376	\$ 10,198,224
Regular Program Budget Adjustment (Budget Guarantee)	-0-	376,327	-0-
State Categorical Funding	1,612,408	1,612,408	1,591,056
Supplementary Weighting District Cost	308,770	338,383	256,060
Special Ed District Cost	1,277,289	1,143,840	1,279,542
AEA Flow-Through	650,598	691,418	693,430
Enrollment Adjustment	(7,250)	-0-	-0-
Dropout Prevention	177,032	251,734	497,253
Other SBRC Allowable Growth	238,043	152,991	150,000
Special Ed Deficit	-0-	200,000	200,000
Instructional Support	691,208	705,205	781,187
Preschool Foundation Aid	299,880	279,544	337,120
Other Miscellaneous Income	2,727,909	2,755,188	2,782,740
	<u>\$ 18,292,425</u>	<u>\$ 18,550,414</u>	<u>\$ 18,766,612</u>
Expenditures	18,249,387	17,826,726	18,291,613
Increase (Decrease) Unspent Balance	43,038	723,688	444,999
Year-End Unspent Balance	<u>\$ 5,243,780</u>	<u>\$ 5,967,468</u>	<u>\$ 6,442,467</u>

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REVENUES

District *General Fund* revenues consist primarily of state foundation aid and property taxes. Both amounts result from application of the Iowa School Finance Formula to Nevada’s specific enrollment and tax data. The application of the formula is shown in the *General Fund* levy table included in this document.

A third source of revenue is called Miscellaneous Income and includes all other sources of District revenue. The following table summarizes miscellaneous income for the years shown:

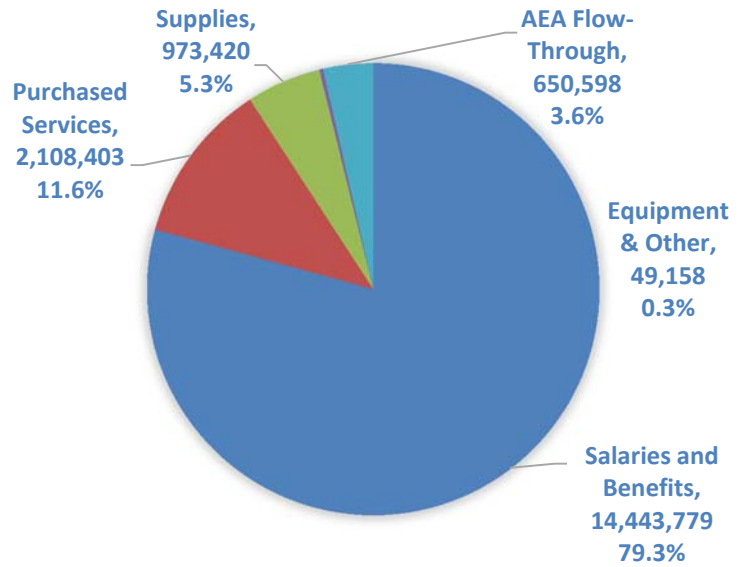
MISCELLANEOUS INCOME

	Actual FY17-18	Re-estimated FY18-19	Recommended FY19-20
Federal Sources	\$ 619,208	\$ 512,300	\$ 637,700
State Sources	28,059	204,128	242,166
Local Sources	2,080,642	2,038,760	1,902,874
Total	\$2,727,909	\$2,755,188	\$2,782,740

EXPENDITURES

Total District expenditures are reported annually to the Iowa Department of Education in a report called the Certified Annual Report (“CAR”). In addition, they are reported to the public in the comprehensive annual financial report. A summary of District expenditures is shown in the following chart:

GENERAL FUND EXPENDITURES FOR FY 2017-18



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FINANCIAL CONDITION

Iowa school districts generally measure financial condition by reference to the following four standards:

- Unspent Balance
- Cash and Investment Balance
- Un-assigned Fund Balance
- Solvency Ratio

The first three standards need to be converted to a per-pupil basis for meaningful comparisons to other districts. The fourth standard is a ratio by definition and therefore readily allows district-to-district comparisons. In addition, the Iowa Association of School Boards (IASB) has published acceptable and unacceptable ranges for the *solvency ratio*.

IASB SOLVENCY RATIO RANGES

A *solvency ratio* of 5 percent to 10 percent is IASB’s target range. Between 0 percent and 5 percent is acceptable. Between -3 percent to 0 percent is the alert range. Anything less than -3 percent is cause for concern.

HOW DO WE COMPARE TO OTHER SCHOOLS WITH SIMILAR ENROLLMENT?

Many factors affect a district’s financial performance and condition. Simple dollar-amount comparisons between districts are generally not meaningful because factors such as student populations, property values, and other financial factors can vary greatly. Certain ratio and per-pupil comparisons can, however, be helpful.

The following table shows the per-pupil financial standards and solvency ratios for districts of similar enrollment based on the current year’s reported budget enrollments:

JUNE 30, 2018 PER PUPIL BALANCES

District	Unspent Balance	Cash & Investment Balance	Unassigned Fund Balance	Solvency Ratio
Vinton-Shellsburg	\$ 2,788	\$ 2,918	\$ 1,342	14.8%
South Tama*	2,285	2,257	1,058	10.8%
Webster City*	1,868	1,380	231	2.0%
Charles City	2,531	2,299	970	12.0%
Nevada	3,517	2,745	1,682	17.1%
Gilbert*	1,699	2,232	735	10.0%
Benton Community*	1,971	3,450	2,084	19.7%
Creston	2,468	1,547	13	3.3%
Central DeWitt	599	2,225	1,174	10.9%

*Figures are for June 30, 2017

TAX LEVY RECOMMENDATION

School district tax levies are intended to provide funds to support District education objectives and to achieve financial-condition goals. The District’s levy has four components: the *General Fund* levy, the *Management Fund* levy, the *Physical Plant and Equipment (PPEL)* levy, and the *Debt Service* levy.

The *General Fund* levy is the largest and most significant component of the total District levy. The following table shows the major components of *General Fund* Budget Authority and how the total Budget Authority is financed.

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GENERAL FUND LEVY

BUDGET AUTHORITY	FY 2018-19	FY 2019-20
Regular Weighting (certified enrollment)	1,491.0	1,482.3
Supplementary Weighting	50.235	37.218
Special Education Weighting (additional)	169.81	185.98
Total Weighted Enrollment	1,711.045	1,705.498
District Cost per Pupil (set by State)	\$ 6,736	\$ 6,880
District Cost	\$ 11,525,599	\$ 11,733,826
State Categorical Funds	1,612,408	1,591,056
Budget Guarantee	376,327	-
AEA Flow Through (net of prorata reduction)	645,590	693,430
Dropout Prevention	251,734	497,253
Instructional Support	705,205	735,394
Preschool Foundation Aid	279,544	337,120
Miscellaneous Income	2,755,188	2,782,740
Budget Authority - <u>Before SBRC Additions</u>	<u>\$ 18,151,595</u>	<u>\$ 18,370,819</u>
FINANCING BUDGET AUTHORITY	FY 2018-19	FY 2019-20
State Aid	\$ 10,391,970	\$ 10,183,884
Property Taxes <i>Levied</i> (includes utility replacement)	4,911,609	5,816,028
Miscellaneous Income	2,755,188	2,782,740
Commercial & Industrial Valuation State Aid	113,340	89,710
General Fund Revenues (excluding cash reserve)	<u>\$ 18,172,107</u>	<u>\$ 18,872,362</u>
Taxable Valuation without TIF	\$ 398,102,553	\$ 479,699,490
General Fund Levy Rate (excluding cash reserve)	11.3919	9.5454
General Fund before ISL	\$ 4,535,144	\$ 4,578,924
Taxable Valuation with TIF	\$ 501,168,291	\$ 515,526,253
Instructional Support Levy Rate	0.497	0.4964
Instructional Support Levy	\$ 249,081	\$ 255,907
Combined General Fund Levy Rate	11.8889	10.0418
Combined General Fund	\$ 4,784,225	\$ 4,834,831

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MANAGEMENT FUND LEVY

The *Management Fund* levy consists of amounts needed to fund insurance and early retirement programs, the components of which are shown in the following table:

	Actual FY 2017-18	Re-estimated FY 2018-19	Requested FY 2019-20
General/Liability Insurance	\$ 78,619	\$ 83,765	\$ 94,000
Transportation Insurance	21,416	25,942	26,000
Work Comp & Unemployment	90,094	77,775	80,000
Early Retirement	116,154	167,364	194,753
Total	\$ 306,283	\$ 354,846	\$ 394,753

PPEL LEVY

The *PPEL* levy has two components. One part is set by school board action and the balance by public referendum. The *PPEL* levy can only be used for specific purposes – generally facilities improvements. It cannot be used for salaries.

DEBT SERVICE LEVY

For the 2017-18 and 2018-19 budget years, the *Debt Service* levy has been approved by the Board at the \$2.70 per thousand maximum levy. Funds not being used for the current G O debt service are being transferred to an escrow account at Bankers Trust Des Moines for early retirement of the December 2012 Bond Issue for the High School Remodel Project.

The same request is being made of the Board for the 2019-20 budget year. Please see the accompanying report for the schedule of the bonds being called on June 1, 2021 and the savings from calling the G O Bonds early.

DISTRICT LEVY RATES PER \$1,000 OF TAXABLE VALUATION

The following table shows the current and prior years' levy rates and compares them with the recommendations for FY 19-20:

Levy Components	FY 2017-18	FY 2018-19	Recommended FY 2019-20
Combined District Cost	\$ 8.95321	\$ 9.16572	\$ 9.54541
Instructional Support	0.50788	0.49701	0.49637
For Cash Flow:			
-Enrollment/LEP	0.38379	0.37217	0.32007
-Special Ed Deficit	1.44559	0.86871	0.00000
-Budget Guarantee	0.00000	0.94530	0.00000
-Solvency Ratio Purposes	0.51806	0.35996	1.72539
Subtotal	\$11.80853	\$12.20887	\$12.08724
Management Fund	1.30825	0.91584	1.03190
Regular PPEL	0.33000	0.33000	0.33000
Voted PPEL	0.67000	0.67000	0.67000
Debt Service	2.69829	2.69007	2.69165
Total	\$16.81507	\$16.81478	\$16.81079

The FY 2019-20 Cash Reserve levy for cash flow generates funds to improve the District's solvency ratio and to offset a cash reduction. Over the past few years, the District's cash reserve has effectively generated an accumulation of cash that allows the District to cash flow during summer months when there are no payments from the State of Iowa. For FY 2019-20, there will be a Cash Reserve levy due to the cash reduction caused by the FY 2017-18 LEP deficit and FY 2017-18 increased open enrollment out.

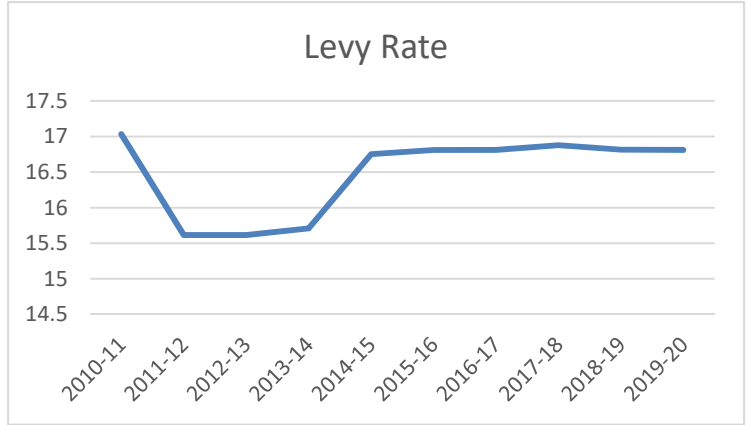
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The graph to the right shows a ten-year history of the District's total levy rate and the proposed total levy rate for FY2019-20.

GENERAL FUND FINANCIAL ISSUES FOR FISCAL 2019-20 AND BEYOND

Please see the **Comprehensive Finance Planning Model** for the District as provided by the Iowa School Finance Information Services and Piper Jaffray. This planning model allows schools to adjust the variables to come up with a report which forecasts five years out.



Respectfully submitted,

Brian Schaeffer, SBO®
Business Manager

Here are the assumptions that I have used in this planning model:

- **State Supplemental Aid for 2019-20 – 2%**
- **State Supplemental Aid for Fiscal Years 2021-24 – 1% each year**
- **Enrollment – past 5 years' average**
- **Property Valuations – past 2 years' average**
- **Increase in Expenditures for 2019-20 – 3.01%**
- **Increase in Expenditures for 2020-21 – 2% each year**

On the **Unspent Authorized Budget** sheet in the planning model using the assumptions above, the solvency ratio is acceptable through Fiscal 2022. In Fiscal 2023, there is a decrease in the ratio (from 17.1% to 11%). This is more severe in Fiscal 2024 where the solvency ratio drops to 2.9% where the spending over breakeven exceeds \$1,000,000.

Due to continued low levels of school funding, the future beyond 2019-20 is a concern. The District will need to monitor future expending levels very closely as future school funding levels are expected to remain low.

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Notice of Public Hearing
Proposed Nevada School Budget Summary
Fiscal Year 2019-2020

Department of Management - Form S-PB-8

		Budget 2020	Re-est. 2019	Actual 2018
Taxes Levied on Property	1	8,049,369	6,972,676	6,844,338
Utility Replacement Excise Tax	2	164,800	152,876	147,062
Income Surtaxes	3	456,118	471,602	455,841
Tuition\Transportation Received	4	1,326,119	1,312,319	1,277,076
Earnings on Investments	5	114,380	136,609	83,916
Nutrition Program Sales	6	800,000	472,500	461,752
Student Activities and Sales	7	350,620	53,761	508,497
Other Revenues from Local Sources	8	1,453,734	2,049,553	605,019
Revenue from Intermediary Sources	9	0	0	0
State Foundation Aid	10	10,183,884	10,232,550	10,748,797
Instructional Support State Aid	11	45,793	0	0
Other State Sources	12	28,052	36,678	1,475,997
Commercial & Industrial State Replacement	13	243,815	164,375	79,834
Title I Grants	14	191,000	177,000	202,311
IDEA and Other Federal Sources	15	446,700	597,768	791,487
Total Revenues	16	23,854,384	22,830,267	23,681,927
General Long-Term Debt Proceeds	17	0	0	1,113,000
Transfers In	18	1,365,373	1,407,009	2,798,682
Proceeds of Fixed Asset Dispositions	19	0	1,000	7,461
Total Revenues & Other Sources	20	25,219,757	24,238,276	27,601,070
Beginning Fund Balance	21	7,459,800	6,390,292	4,540,986
Total Resources	22	32,679,557	30,628,568	32,142,056
*Instruction	23	12,508,641	11,911,354	11,946,217
Student Support Services	24	934,300	891,515	927,018
Instructional Staff Support Services	25	1,629,700	1,518,247	1,528,461
General Administration	26	407,600	388,927	443,050
School/Building Administration	27	1,458,900	1,392,047	1,467,933
Business & Central Administration	28	236,270	225,145	268,950
Plant Operation and Maintenance	29	1,496,851	1,486,573	1,635,833
Student Transportation	30	396,248	381,397	595,065
This row is intentionally left blank	31	0	0	0
*Total Support Services (lines 24-31)	31A	6,559,869	6,283,851	6,866,310
*Noninstructional Programs	32	672,011	721,400	1,018,482
Facilities Acquisition and Construction	33	555,898	565,800	1,140,877
Debt Service	34	1,716,057	1,692,514	1,726,661
AEA Support - Direct to AEA	35	693,430	645,590	650,598
*Total Other Expenditures (lines 33-35)	35A	2,965,385	2,903,904	3,518,136
Total Expenditures	36	22,705,906	21,820,509	23,349,143
Transfers Out	37	1,365,373	1,348,259	2,402,621
Total Expenditures & Other Uses	38	24,071,279	23,168,768	25,751,764
Ending Fund Balance	39	8,608,278	7,459,800	6,390,292
Total Requirements	40	32,679,557	30,628,568	32,142,056

Proposed Tax Rate (per \$1,000 taxable valuation)

16.81079

Location of Public Hearing:

Date of Hearing:

Time of Hearing:

Board Room, 1035 15th Street, Nevada

04/08/19

6:30 p.m.

mm/dd/yy

The Board of Directors will conduct a public hearing on the proposed 2019/20 school budget at the above-noted location and time. At the hearing, any resident or taxpayer may present objections to, or arguments in favor of, any part of the proposed budget. This notice represents a summary of the supporting detail of revenues and expenditures on file with the district secretary. A copy of the details will be furnished up on request.

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LEVY IMPACT ON RESIDENTIAL PROPERTY - \$100,000 valuation

	BUDGET YEAR 2019-20	BUDGET YEAR 2018-19	\$ CHANGE	% CHANGE
Property Value	\$ 100,000	\$ 100,000		
Rollback	0.569810	0.556209	0.013601	2.45%
Taxable Value	\$ 56,981	\$ 55,621	\$ 1,360	2.45%
School Tax Rate	\$ 16.81079	\$ 16.81478	\$ (0.00399)	-0.02%
School Tax	\$ 957.90	\$ 935.25	\$ 22.65	2.42%

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ADOPTION OF BUDGET AND TAXES
JULY 1, 2019-JUNE 30, 2020

Department of Management - Form S-TX

Nevada

District Number **4617**

Total Special Program Funding

Instructional Support (A&L line 10.27)	097	781,187
Educational Improvement (A&L line 11.3)	099	0
Voted Physical Plant & Equipment (A&L line 19.3)	105	345,403

Special Program Income Surtax Rates

Instructional Support (A&L line 10.15)	096	5
Educational Improvement (A&L line 11.4)	098	0
Voted Physical Plant & Equipment (A&L line 19.4)	104	0

Utility Replacement and Property Taxes Adopted

		Utility Replacement AND Property Tax Dollars	Levy Rate	Property Taxes Levied	Estimated Utility Replacement Dollars
Levy to Fund Combined District Cost (A&L line 15.3)	1	4,578,931			
+Educational Improvement Levy (A&L line 15.5)	2	0			
+Cash Reserve Levy - SBRC (A&L line 15.9)	3	153,537			
+Cash Reserve Levy - Other (A&L line 15.10)	4	827,668			
-Use of Fund Balance to Reduce Levy (A&L line 15.11)	5	0			
=Subtotal General Fund Levy (A&L line 15.14)	6	5,560,136	11.59087	5,446,505	113,631
+Instructional Support Levy (A&L line 15.13)	7	255,892	.49637	251,026	4,866
=Total General Fund Levy (A&L line 15.12)	8	5,816,028	12.08724	5,697,531	118,497
	9				
Management	10	495,000	1.03190	484,886	10,114
Amana Library	11	0	.00000	0	0
Voted Physical Plant & Equipment (Loan Agreement)	12	154,930			
+Voted Physical Plant & Equipment (Capital Project)	13	190,473			
=Subtotal Voted Physical Plant & Equipment	14	345,403	.67000	338,834	6,569
+Regular Physical Plant & Equipment	15	170,124	.33000	166,889	3,235
=Total Physical Plant & Equipment	16	515,527			
	17				
Reorganization Equalization Levy	18	0	.00000	0	0
Emergency Levy (for Disaster Recovery)	19	0	.00000	0	0
Public Education/Recreation (Playground)	20	0	.00000	0	0
Debt Service	21	1,387,614	2.69165	1,361,229	26,385
GRAND TOTAL	22	8,214,169	16.81079	8,049,369	164,800

1-1-18 Taxable Valuation WITH Gas & Electric Utilities	479,699,490	WITHOUT Gas&Elec	469,896,171
1-1-18 Tax Increment Valuation WITH Gas & Electric Utilities	35,826,763	WITHOUT Gas&Elec	35,826,763
1-1-18 Debt Service, PPEL, ISL Valuation WITH Gas & Electric Utilities	515,526,253	WITHOUT Gas&Elec	505,722,934

I certify this budget is in compliance with the following statements:

___ The prescribed Notice of Public Hearing and Proposed Budget Summary (Form S-PB) was lawfully published, with said publication being evidenced by verified and filed proof of publication.

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GLOSSARY

Comprehending Iowa school finance concepts assumes an understanding of certain unique technical terms and phrases whose meanings have evolved over the past decades. Some of these terms and phrases are defined in Iowa statutes. Others are simply used by finance practitioners who have developed a common understanding of their meanings. Some of these terms and phrases are defined below.

Regular-Program District Cost per Pupil (cost per pupil), also called **district cost per pupil**, was originally established by dividing the school district's expenditures by the number of pupils in the district. Iowa Code 257.10(1). Each school district had its own district cost per pupil. In FY 1990-91, each district's cost per pupil was recalculated by the state and subsequent changes were only made by statute.

Regular-Program State Cost per Pupil (state cost per pupil) was originally calculated by dividing a statewide expenditure figure by the total number of pupils. Since the original calculation, the value has been modified to meet changing state policy. Iowa Code 257.9(1). The state cost per pupil is the basis for calculating state aid. However, the amount of state aid a school district receives consists of only a portion of the state cost per pupil multiplied by a school district's weighted enrollment. This portion of the state cost per pupil is called the state regular program and special education foundation cost per pupil and is currently set at 87.5 percent.

Supplemental State Aid (formerly known as Allowable Growth) is also called state percent of growth. This percentage is legally required to be established annually by the legislature and is used (along with other factors) to calculate a district's authorized budget, real estate tax levy and state aid. Supplemental State Aid has ranged between 1.25 percent and 4.0 percent during the past five years. State Supplemental Aid is extremely important to districts.

Authorized Budget, sometimes called spending authority, is the sum of:

- Property tax and state aid (as calculated under the Iowa School Finance Formula)
 - Miscellaneous income (all revenues not included above)
 - Unspent balance from previous years
 - Other amounts granted by School Budget Review Committee ("SBRC")
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Unspent Balance (also known as **Unspent Authorized Budget**) is the end-of-fiscal-year amount remaining after all expenditures are subtracted from authorized budget.

Special Education Deficits occur when current-year special education expenditures exceed current-year special education receipts. Receipts come from various sources including taxes, state program dollars, nonresident tuition, Federal IDEA Part B program dollars, and the Medicaid program. Expenditures include general program expenses, special program expenses, and tuition paid to other districts for resident students served elsewhere. A special education deficit is not part of the Iowa School Finance Formula and therefore funding is not automatically provided. However, upon district application, the SBRC retroactively grants authorized budget for the year in which the deficit occurred. A district may then use the cash reserve levy to subsequently collect taxes to cover this deficit.

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Solvency Ratio is a percentage determined by dividing the (assigned plus unassigned fund balance) by (total general fund revenue – AEA support).

School Budget Review Committee (“SBRC”) is established in Section 257.30, Code of Iowa. One of its enumerated duties is to grant supplemental aid to school districts for unusual or extraordinary circumstances.

Assigned Fund Balances are those amounts that are set aside by the governing body itself, by another body (budget or finance committee), or by an official who has been delegated the authority to assign those amounts for a specific purpose by the governing body.

Unassigned Fund Balances are those amounts in the general fund that have not been classified as nonspendable, restricted, committed, or assigned.

Capital Projects Fund money comes from bond proceeds, PPEL property taxes, and the one-cent local option sales tax; used for purchase and construction of major capital projects, such as new schools.

Secure an Advanced Vision for Education (SAVE) Fund money comes from the one-cent local option sales tax and bond proceeds; may be used only for buildings, grounds, and certain equipment.

Physical Plant and Equipment Levy (PPEL) Fund money comes from special property tax levy and/or income surtax; may be used only for buildings, grounds, and certain equipment.

Cash Reserves money comes from General Fund dollars not used in prior year; kept as savings and may be used for any General Fund operating expenses.

General Fund money primarily comes from property taxes, state aid, state and federal grants, and student fees; used for salaries, supplies and other operational costs, and specific activities and materials funded by the student fees.

Student Activity Fund money comes from fundraising and activity admissions only, not taxes; used to augment district-sponsored and supervised student activities such as athletics, band, speech, and student council.

Management Levy Fund money comes from special property tax levy; used for liability insurance, unemployment benefits, early retirement incentives, and legal judgments.

Debt Service Fund money comes from a separate property tax levy approved by voters and/or local option sales tax revenue; used to pay principal and interest on long-term debt such as bonds. Money is also transferred here from the SAVE fund.

Nutrition Fund is a separate fund used to manage the revenue and expenses for the district’s food service program.

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