



CERTIFIED BUDGET PROPOSAL FISCAL YEAR 2020-21

PRESENTED FOR APPROVAL TO THE BOARD OF EDUCATION APRIL 6, 2020

NEVADA COMMUNITY SCHOOL DISTRICT
Certified Budget Proposal 2020-21

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SCHOOL FUNDING 101:

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

GENERAL FUND TOTAL REVENUE: \$18.1 MILLION



State Income Taxes (state aid) \$10.4 million



Property Taxes \$5.4 million



Grants and Miscellaneous Income \$2.3 million



- BOOKS AND MATERIALS
- OTHER OPERATING EXPENSES

CAPITAL PROJECTS TOTAL: \$2.1 MILLION



Property Taxes \$503,000



One-cent Local Option Sales Tax \$1.5 million



- FACILITIES IMPROVEMENTS
- BOND PAYMENTS
- EQUIPMENT PURCHASES

OTHER FUNDS



MANAGEMENT FUND
 Property Taxes \$378,000

- PROPERTY INSURANCE
- EARLY RETIREMENT BENEFITS



NUTRITION FUND
 Cafeteria Revenue Subsidies and Sales \$877,000



- BREAKFAST AND LUNCH



STUDENT ACTIVITY FUND
 Fundraising and Activity Admissions \$456,000



- ACTIVITIES NOT COVERED

AMOUNTS ARE FISCAL YEAR 2018-19 RESULTS

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Navigating public school funding is complicated. The budget is a maze of funding sources that, for the Nevada Community School District (the “District”), total \$24 million for the current 2019-20 Fiscal Year (FY).

The previous chart and the following Q&A outline the routes that funds take coming from taxpayers, going to classrooms, playing fields, and cafeterias.

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 four 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 1,489 students enrolled in the District on October 1, 2019, will determine the majority of the 2020-21 *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 2020-21, the District’s per student cost is \$7,048.

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 2019-20, *Supplemental State Aid* was 2.06%. For FY 2020-21, *Supplemental State Aid* is 2.3%.

In years prior to 2010, the Legislature has always set the *Supplemental State Aid* rate early in the

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legislative session, to be applied to the school year 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. Three 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 in the school districts 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 79.5% 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 restricted funds 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 decreased by \$57,128 to \$5,186,652 as of June 30, 2019.

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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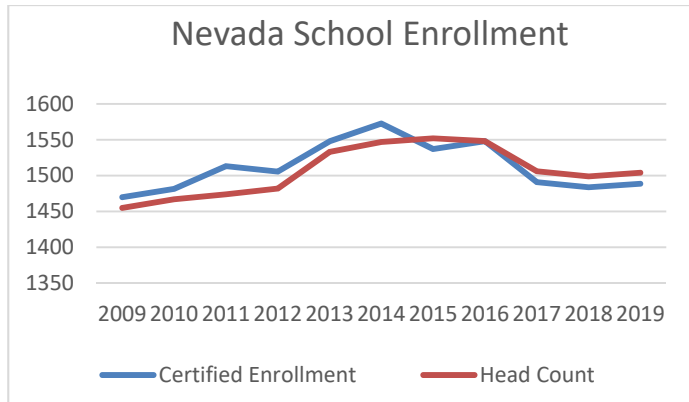
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ENROLLMENT

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. Starting in 2015, the head count of students is exceeding or matching the certified enrollment (more open enrolled in than out).

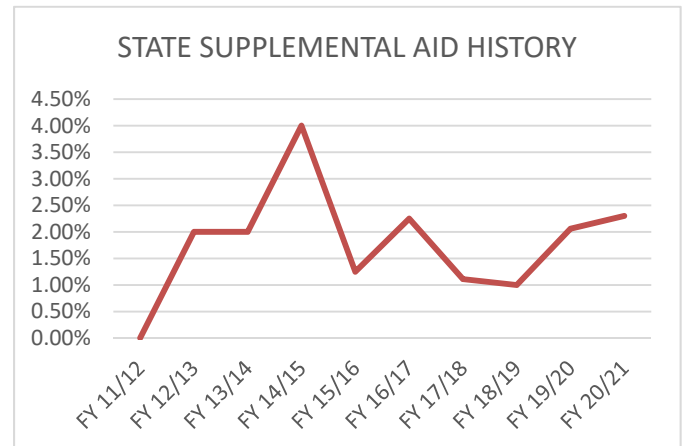


STATE SUPPLEMENTAL AID

(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. 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 six 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-
2020-21	2.3%	\$ 249,027	\$ 45,107

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 2019-20 and 2020-21 amounts are District estimates.

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AUTHORIZED BUDGET

	Actual FY 2018-19	Re-estimated FY 2019-20	Recommended FY 2020-21
Budget Enrollment	1,491.0	1,482.3	1,488.7
Regular Program District Cost	\$ 10,043,376	\$ 10,198,224	\$ 10,492,358
Regular Program Budget Adjustment (Budget Guarantee)	376,327	-0-	-0-
State Categorical Funding	1,612,408	1,591,056	1,634,400
Supplementary Weighting District Cost	338,383	260,876	262,665
Special Ed District Cost	1,143,840	1,279,542	1,234,457
AEA Flow-Through	645,590	647,602	704,197
Enrollment Adjustment	-0-	2,075	(6,880)
Dropout Prevention	251,734	497,253	512,113
Other SBRC Allowable Growth	240,275	213,913	420,428
Special Ed Deficit	78,786	206,515	200,000
Instructional Support	705,205	735,598	796,655
Preschool Foundation Aid	279,544	337,120	303,064
Other Miscellaneous Income	2,287,349	2,418,773	2,313,159
	<u>\$ 18,002,817</u>	<u>\$ 18,388,547</u>	<u>\$ 18,866,616</u>
Expenditures	18,059,945	18,012,498	18,913,122
Increase (Decrease) Unspent Balance	<u>(57,128)</u>	<u>376,049</u>	<u>(46,506)</u>
Year-End Unspent Balance	<u><u>\$ 5,186,652</u></u>	<u><u>\$ 5,562,701</u></u>	<u><u>\$ 5,516,195</u></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:

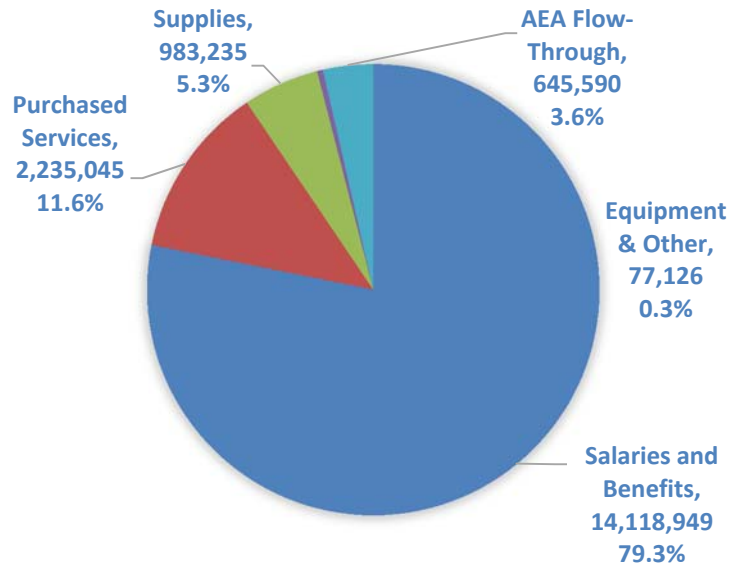
MISCELLANEOUS INCOME

	Actual FY18-19	Re-estimated FY19-20	Recommended FY20-21
Federal Sources	\$ 611,801	\$ 624,453	\$ 609,600
State Sources	26,567	-0-	97,983
Local Sources	1,648,982	1,763,775	1,320,289
Total	\$2,287,350	\$2,388,228	\$2,027,872

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 2018-19



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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
- Unassigned 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, 2019 PER PUPIL BALANCES

District	Unspent Balance	Cash & Investment Balance	Unassigned Fund Balance	Solvency Ratio
Gilbert*	\$ 2,181	\$ 2,285	\$ 1,144	14.9%
South Tama*	2,304	3,472	2,201	20.5%
Benton Community	1,991	3,323	1,681	22.5%
Vinton-Shellsburg	2,895	2,903	1,298	14.1%
Nevada	3,484	2,777	1,667	17.8%
MOC-Floyd Valley	3,696	3,702	2,532	25.5%
Central DeWitt	534	2,065	1,158	10.6%
Creston*	2,469	1,547	13	3.3%
Clarke*	3,121	2,424	1,046	13.4%

Figures are for June 30, 2018

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 2019-20	FY 2020-21
Regular Weighting (certified enrollment)	1,482.3	1,488.7
Supplementary Weighting	37.218	37.268
Special Education Weighting (additional)	185.98	175.15
Total Weighted Enrollment	1,705.498	1,701.118
District Cost per Pupil (set by State)	\$ 6,880	\$ 7,048
District Cost	\$ 11,733,826	\$ 11,989,480
State Categorical Funds	1,591,056	1,634,400
Budget Guarantee	-	-
AEA Flow Through (net of prorata reduction)	693,430	704,197
Dropout Prevention	497,253	512,113
Instructional Support	735,394	796,655
Preschool Foundation Aid	337,120	303,064
Miscellaneous Income	2,782,740	2,027,872
Budget Authority - <u>Before SBRC Additions</u>	<u>\$ 18,370,819</u>	<u>\$ 17,967,781</u>

FINANCING BUDGET AUTHORITY	FY 2019-20	FY 2020-21
State Aid	\$ 10,183,884	\$ 10,402,909
Property Taxes <i>Levied</i> (includes utility replacement)	5,816,028	5,294,425
Miscellaneous Income	2,782,740	2,313,159
Commercial & Industrial Valuation State Aid	89,710	115,113
General Fund Revenues (excluding cash reserve)	<u>\$ 18,872,362</u>	<u>\$ 18,125,606</u>
Taxable Valuation without TIF	\$ 479,699,490	\$ 488,110,469
General Fund Levy Rate (excluding cash reserve)	9.5454	9.4945
General Fund before ISL	\$ 4,578,924	\$ 5,054,773
Taxable Valuation with TIF	\$ 515,526,253	\$ 521,732,550
Instructional Support Levy Rate	0.4964	0.45934
Instructional Support Levy	\$ 255,907	\$ 239,652
Combined General Fund Levy Rate	10.0418	10.81514
Combined General Fund	\$ 4,834,831	\$ 5,294,425

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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 2018-19	Re-estimated FY 2019-20	Requested FY 2020-21
General/Liability Insurance	\$ 83,765	\$ 88,655	\$ 97,521
Transportation Insurance	25,942	25,558	26,000
Work Comp & Unemployment	77,840	111,437	126,479
Early Retirement	170,777	167,364	29,308
Total	\$ 358,324	\$ 393,014	\$ 279,308

There were no early retirements for 2020-21 – the amount reflected in 2020-21 is for previously retired staff.

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 thru 2019-20 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 2020-21 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 2020-21:

Levy Components	FY 2018-19	FY 2019-20	Recommended FY 2020-21
Combined District Cost	\$ 9.16572	\$ 9.54541	\$ 9.49447
Instructional Support	0.49701	0.49637	0.45934
For Cash Flow:			
-Enrollment/LEP	0.37217	0.32007	0.43825
-Special Ed Deficit	0.86871	0.00000	0.42308
-Budget Guarantee	0.94530	0.00000	0.00000
-Solvency Ratio Purposes	0.35996	1.72539	0.00000
Subtotal	\$12.20887	\$12.08724	\$10.81514
Management Fund	0.91584	1.03190	0.20487
Regular PPEL	0.33000	0.33000	0.33000
Voted PPEL	0.67000	0.67000	0.67000
Debt Service	2.69007	2.69165	2.69655
Total	\$16.81478	\$16.81079	\$14.71656

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. For FY 2020-21, there will be a Cash Reserve levy due to the cash reduction caused by the FY 2019-20 LEP deficit and FY 2019-20 increased open enrollment out.

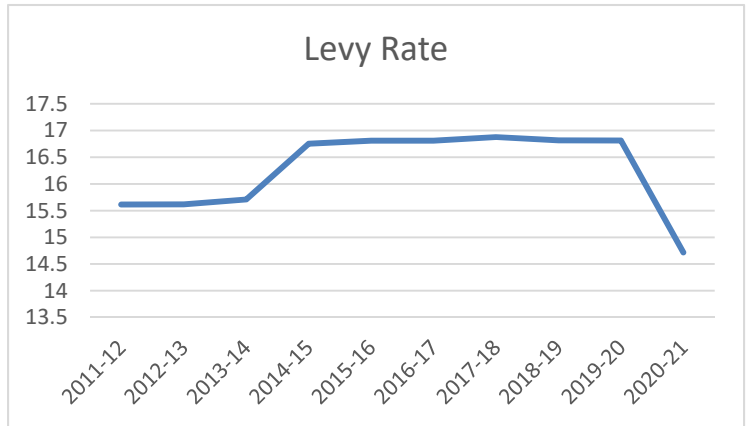
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The graph to the right shows a ten-year history of the District's total levy rate and the proposed total levy rate for FY2020-21.

GENERAL FUND FINANCIAL ISSUES FOR FISCAL 2020-21 AND BEYOND

Please see the **Comprehensive Finance Planning Model** for the District as provided by the Iowa School Finance Information Services and Piper Sandler. 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 2020-21 – 2.25% (Model does not have an option for 2.3%)
- State Supplemental Aid for Fiscal Years 2022-25 – 1.5% each year
- No change in enrollment
- Property Valuations – 1.75% over future budget years
- Increase in Expenditures for each of the years from 2020-21 thru 2024-25 – 2% each year

On the **Unspent Authorized Budget** sheet in the planning model using the assumptions above, the solvency ratio is acceptable through Fiscal 2024. In Fiscal 2025, there is a decrease in the ratio (from 11.49% to 7.78%). In most cases in the District over the years, spending has been adjusted to match the revenue stream at the time.

Due to continued low levels of school funding, the future beyond 2020-21 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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Department of Management - Form S-PB-6					
NOTICE OF PUBLIC HEARING					
Proposed Nevada School Budget Summary					
Fiscal Year 2020-2021					
Location of Public Hearing:		Date of Hearing:		Time of Hearing:	
Board Room, 1035 15th Street, Nevada		4/6/2020		6:30pm	
<p>The Board of Directors will conduct a public hearing on the proposed 2020/21 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 upon request.</p>					
		Budget 2021	Re-est. 2020	Actual 2019	Avg %19-21
Taxes Levied on Property	1	7,171,250	8,050,319	6,986,686	1.3%
Utility Replacement Excise Tax	2	151,787	164,821	148,604	1.1%
Income Surtaxes	3	479,502	491,304	471,602	0.8%
Tuition/Transportation Received	4	1,316,889	1,310,965	1,188,208	
Earnings on Investments	5	80,900	164,693	150,021	
Nutrition Program Sales	6	479,500	463,900	460,711	
Student Activities and Sales	7	446,700	358,534	507,686	
Other Revenues from Local Sources	8	265,270	326,865	278,642	
Revenue from Intermediary Sources	9	0	0	0	
State Foundation Aid	10	10,402,909	10,107,162	10,315,377	
Instructional Support State Aid	11	47,396	0	0	
Other State Sources	12	1,523,800	1,497,211	1,565,183	
Commercial & Industrial State Replacement	13	156,638	212,573	157,952	
Title I Grants	14	189,000	182,541	188,982	
IDEA and Other Federal Sources	15	803,300	762,812	805,562	
Total Revenues	16	23,514,841	24,093,700	23,225,216	
General Long-Term Debt Proceeds	17	8,000,000	0	0	
Transfers In	18	1,368,126	1,374,359	1,377,409	
Proceeds of Fixed Asset Dispositions	19	0	12,055	1,300	
Special Items/Upward Adjustments	20	0	0	17,811	
Total Revenues & Other Sources	21	32,882,967	25,480,114	24,621,736	
Beginning Fund Balance	22	8,376,536	6,404,312	6,390,293	
Total Resources	23	41,259,503	31,884,426	31,012,029	
*Instruction	24	12,879,708	11,839,134	12,027,127	3.5%
Student Support Services	25	964,900	900,450	887,719	
Instructional Staff Support Services	26	1,637,100	1,563,242	1,537,038	
General Administration	27	450,315	410,709	413,020	
School Administration	28	1,511,900	1,553,334	1,389,037	
Business & Central Administration	29	295,300	270,812	277,158	
Plant Operation and Maintenance	30	1,768,425	1,495,142	1,618,376	
Student Transportation	31	545,734	470,650	503,261	
This row is intentionally left blank	32	0	0	0	
*Total Support Services (lines 25-32)	32A	7,173,674	6,664,339	6,625,609	4.1%
*Noninstructional Programs	33	678,800	699,336	871,068	-11.7%
Facilities Acquisition and Construction	34	4,208,412	567,063	1,033,383	
Debt Service (Principal, interest, fiscal charges)	35	1,871,993	1,716,057	1,880,893	
AEA Support - Direct to AEA	36	704,197	647,602	645,590	
*Total Other Expenditures (lines 34-36)	36A	6,784,602	2,930,722	3,559,866	38.1%
Total Expenditures	37	27,516,784	22,133,531	23,083,670	
Transfers Out	38	1,368,126	1,374,359	1,377,409	
Other Uses	39	0	0	146,638	
Total Expenditures, Transfers Out & Other Uses	40	28,884,910	23,507,890	24,607,717	
Ending Fund Balance	41	12,374,593	8,376,536	6,404,312	
Total Requirements	42	41,259,503	31,884,426	31,012,029	
Proposed Property Tax Rate (per \$1,000 taxable valuation)		14.71656			

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

	BUDGET YEAR 2020-21	BUDGET YEAR 2019-20	\$ CHANGE	% CHANGE
Property Value	\$ 100,000	\$ 100,000		
Rollback	0.550743	0.569810	(0.019067)	-3.35%
Taxable Value	\$ 55,074	\$ 56,981	\$ (1,907)	-3.35%
School Tax Rate	\$ 14.71656	\$ 16.81079	\$ (2.09423)	-12.46%
School Tax	\$ 810.50	\$ 957.90	\$ (147.40)	-15.39%

NEVADA COMMUNITY SCHOOL DISTRICT
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ADOPTION OF BUDGET AND TAXES
JULY 1, 2020-JUNE 30, 2021

Department of Management - Form S-TX

Nevada

District Number **4617**

Total Special Program Funding

Instructional Support (A&L line 10.27)	796,655
Educational Improvement (A&L line 11.3)	0
Voted Physical Plant & Equipment (A&L line 19.3)	349,561

Special Program Income Surtax Rates

Instructional Support (A&L line 10.15)	5
Educational Improvement (A&L line 11.4)	0
Voted Physical Plant & Equipment (A&L line 19.4)	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	4,634,345			
+Educational Improvement Levy (A&L line 15.5)	2	0			
+Cash Reserve Levy - SBRC (A&L line 15.9)	3	420,428			
+Cash Reserve Levy - Other (A&L line 15.10)	4	0			
-Use of Fund Balance to Reduce Levy (A&L line 15.11)	5	0			
=Subtotal General Fund Levy (A&L line 15.14)	6	5,054,773	10.35580	4,947,965	106,808
+Instructional Support Levy (A&L line 15.13)	7	239,652	.45934	234,915	4,737
=Total General Fund Levy (A&L line 15.12)	8	5,294,425	10.81514	5,182,880	111,545
	9				
Management	10	100,000	.20487	97,886	2,114
Amana Library	11	0	.00000	0	0
Voted Physical Plant & Equipment (Loan Agreement)	12	150,730			
+Voted Physical Plant & Equipment (Capital Project)	13	198,831			
=Subtotal Voted Physical Plant & Equipment	14	349,561	.67000	342,650	6,911
+Regular Physical Plant & Equipment	15	172,172	.33000	168,768	3,404
=Total Physical Plant & Equipment	16	521,733			
	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	1,406,879	2.69655	1,379,066	27,813
GRAND TOTAL	22	7,323,037	14.71656	7,171,250	151,787

1-1-19 Taxable Valuation WITH Gas & Electric Utilities	488,110,469	WITHOUT Gas&Elec	477,796,497
1-1-19 Tax Increment Valuation WITH Gas & Electric Utilities	33,622,081	WITHOUT Gas&Elec	33,622,081
1-1-19 Debt Service, PPEL, ISL Valuation WITH Gas & Electric Utilities	521,732,550	WITHOUT Gas&Elec	511,418,578

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.
- The budget hearing notice was published not less than 10 days, nor more than 20 days, prior to the budget hearing.
- Adopted property taxes do not exceed published amounts.
- Adopted expenditures do not exceed published amounts for any of the four individual expenditure categories, or in total.
- Adopted property taxes meet the debt service and loan agreement needs identified on Form 703. Debt service levy for GO bond payments only.
- This budget was certified on or before April 15, 2020.

Date Budget Adopted: _____

District Secretary

NEVADA COMMUNITY SCHOOL DISTRICT

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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, 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 1.0 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")
-

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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