

Fairfield Community School District Budget Projection

By: Evan Marten
School Business Official

Who am I?

- Husband to Carly Marten
- Father to Emmitt Marten (2 years old)
- Master Mason
- Former Marine
- Outdoor Enthusiast



Disclaimers

1. This report is merely an update and not a recommendation.
2. All information is considered to be accurate as of August 7, 2023 and is subject to change throughout the year based on most current and relevant information.
3. The finance office is willing to commit to quarterly detailed updates on where the current financial health of the district is heading.
4. Monthly Bills and expenses will continue to be presented to the board for approval in accordance to law and board policy.
5. Throughout the year the district may bring recommendations to the board for approval that will assist the district in maintaining financial health.

6 Common Financial Indicators

1. Enrollment Trends
2. Solvency Ratio
3. Unspent Balance
4. Balanced Budget Spending
5. Staff Costs
6. Negotiated Settlements vs. New Money

School Finance Glossary

Breakeven Spending	The amount of spending that produces no change in Unspent Authorized Budget, can be expressed in dollars or percent.
Budget Guarantee	Provision of spending authority triggered by an enrollment decline. For the Regular Program Budget Adjustment the amount is automatically included in property taxes and requires a board resolution annually.
Headcount Enrollment	The October 1 headcount of resident students. The enrollment count is used in the upcoming fiscal year for determining funding.
Income Surtax	Can be used to lower property tax rates for the ISL and the voted PPEL. The income surtax is calculated as a percent of Iowa individual income tax liability
Maximum District Cost	Current year spending authority plus Unspent Authorized Budget from the prior year. This is the maximum legal General Fund spending authority of the district.
Miscellaneous Income	Any General Fund income which is not taxes or state aid and is actually received.
Operational Sharing	Specific type of Supplementary Weighting for sharing certain positions. Different amounts are generated by the position shared (e.g., Superintendent, 8 students).
Regular Program District Cost	The spending authority created by the 1.0 headcount.
Solvency Ratio	Assigned + Unassigned General Fund Balance divided by Total General Fund Revenues less AEA Flowthrough. This measures the surplus fund balance on a percentage basis.

School Finance Glossary Continued

Special Education Deficit	The excess cost of the Special Education program beyond the revenues generated by the weighting.
State Supplementary Assistance Rate	The rate set by the legislature for the growth in the State cost per pupil. The rate is usually expressed as a percentage.
Supplementary Weighting	Additional student count for specific activities including Community College Concurrent Enrollment, At-Risk, and various types of sharing.
Unspent Authorized Budget	The remaining spending authority at the conclusion of the fiscal year.
Weighted Enrollment	Total enrollment multiplied by a cost per pupil to determine the funding for different programs. Example, Special Education.

Key Terms for This Presentation

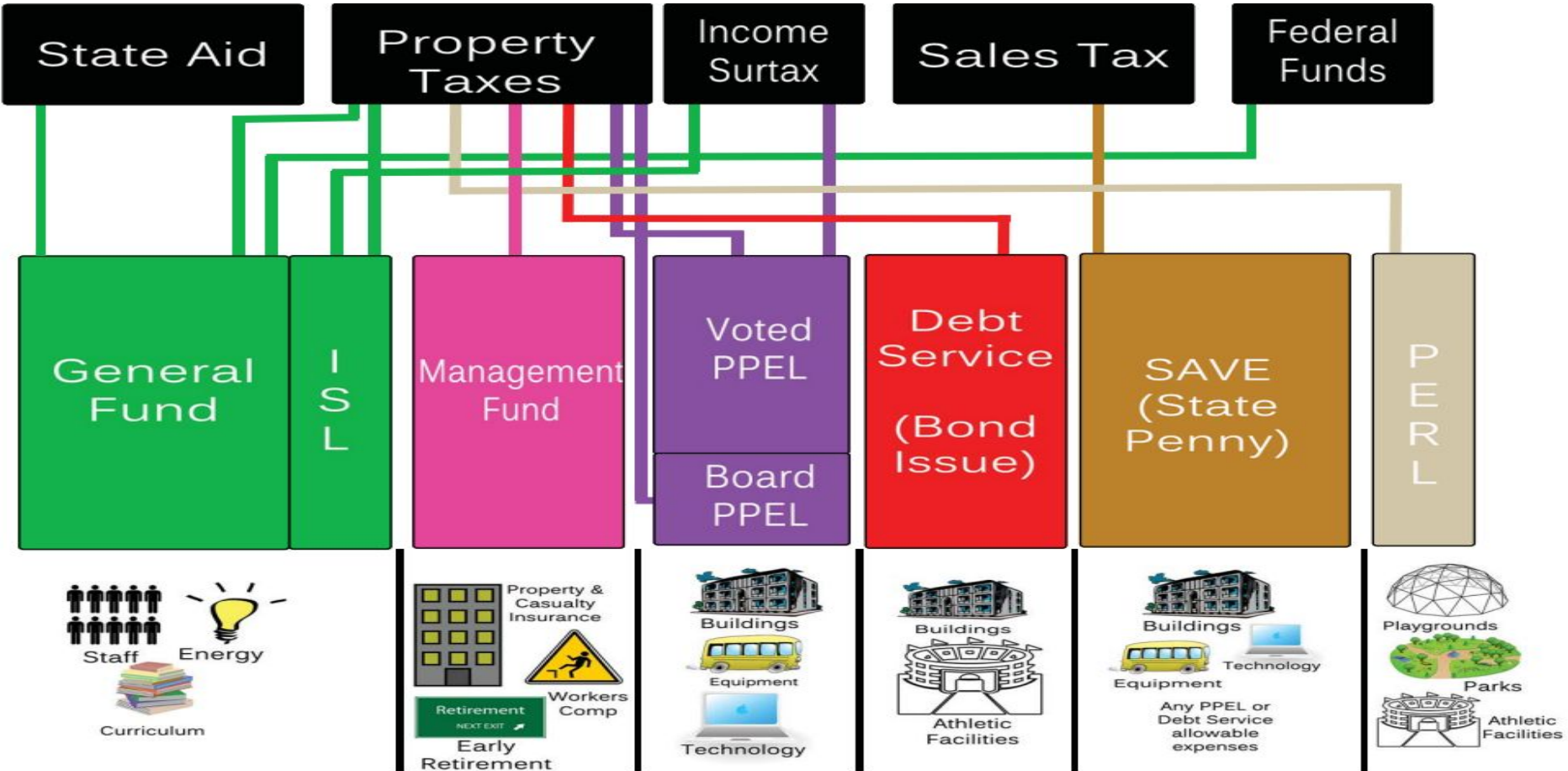
Solvency Ratio: At the end of the year, when all bills that are owed are paid, and all revenues due are received, what would be the district's funds NOT COMMITTED-This is our solvency ratio.

Unspent Authorized Budget: Unspent Authorized Budget is the total amount of spending authority remaining at the end of the year. It is illegal to overspend your Unspent Authorized Budget, if we overspend our authority we will be forced to develop a reduction plan by the School Budget Review Committee (SBRC)

Breakeven Spending: The amount of spending that produces no change in Unspent Authorized Budget.

Ongoing Expenditures: These are expenses that will repeat year after year unless removed from the budget. Examples of ongoing expenditures include staff salaries, staff benefits, subscriptions to services, utility bills, and much more.

Picture of School Finance



OVERVIEW OF FUNDS

FUND:	General Fund	Management Fund	PERL Fund	PPEL Fund	Debt Service Fund	SAVE/Capital Projects	Student Activity Fund	Nutrition Fund	Other Enterprise
REVENUES:	<ul style="list-style-type: none">-Property Taxes-State Aid-Misc. Income	<ul style="list-style-type: none">-Property Taxes	<ul style="list-style-type: none">-Property Taxes	<ul style="list-style-type: none">-Property Taxes	<ul style="list-style-type: none">-Property Taxes-Transfers	<ul style="list-style-type: none">-Sales Tax-Bond Proceeds	<ul style="list-style-type: none">-Admissions-Fundraising-Student Dues	<ul style="list-style-type: none">-Meal Sales-Fed./State Reimburse	<ul style="list-style-type: none">-School Store-Community Pool
EXPENSES:	<ul style="list-style-type: none">-Salaries-Benefits-Materials-Utilities	<ul style="list-style-type: none">-Liability Ins.-Property Ins.-Early Retirement	<ul style="list-style-type: none">-Playgrounds-Rec. Spaces	<ul style="list-style-type: none">-Building Construct.-Vehicles-Equip > \$500	<ul style="list-style-type: none">-Debt Principal & Interest	<ul style="list-style-type: none">-Capital Projects-Technology	<ul style="list-style-type: none">-Support Co-Curricular Activities	<ul style="list-style-type: none">-Food Services	<ul style="list-style-type: none">-Enterprise Costs

State Supplementary Assistance Rates Used

- Every year between January and February the legislators set the new rates for the 6 categories of school funding that receive SSA, and in most recent years they have set one rate for all categories.

Historical SSA Rates					
FY 2018	FY 2019	FY 2020	FY 2021	FY 2022	FY 2023
1.11%	1.00%	2.06%	2.30%	2.40%	2.50%

SSA Rates Used in Projection					
	FY 2024	FY 2025	FY 2026	FY 2027	FY 2028
Overall Growth Rate	3.00%	2.00%	2.00%	2.00%	2.00%
Regular Program	3.00%	2.00%	2.00%	2.00%	2.00%
Teacher Salary Supplement	3.00%	2.00%	2.00%	2.00%	2.00%
Professional Development	3.00%	2.00%	2.00%	2.00%	2.00%
Early Intervention	3.00%	2.00%	2.00%	2.00%	2.00%
Teacher Leadership Comp	3.00%	2.00%	2.00%	2.00%	2.00%

FY 2023 per Pupil
\$ 7,635.00
\$ 652.44
\$ 68.76
\$ 75.41
\$ 357.80

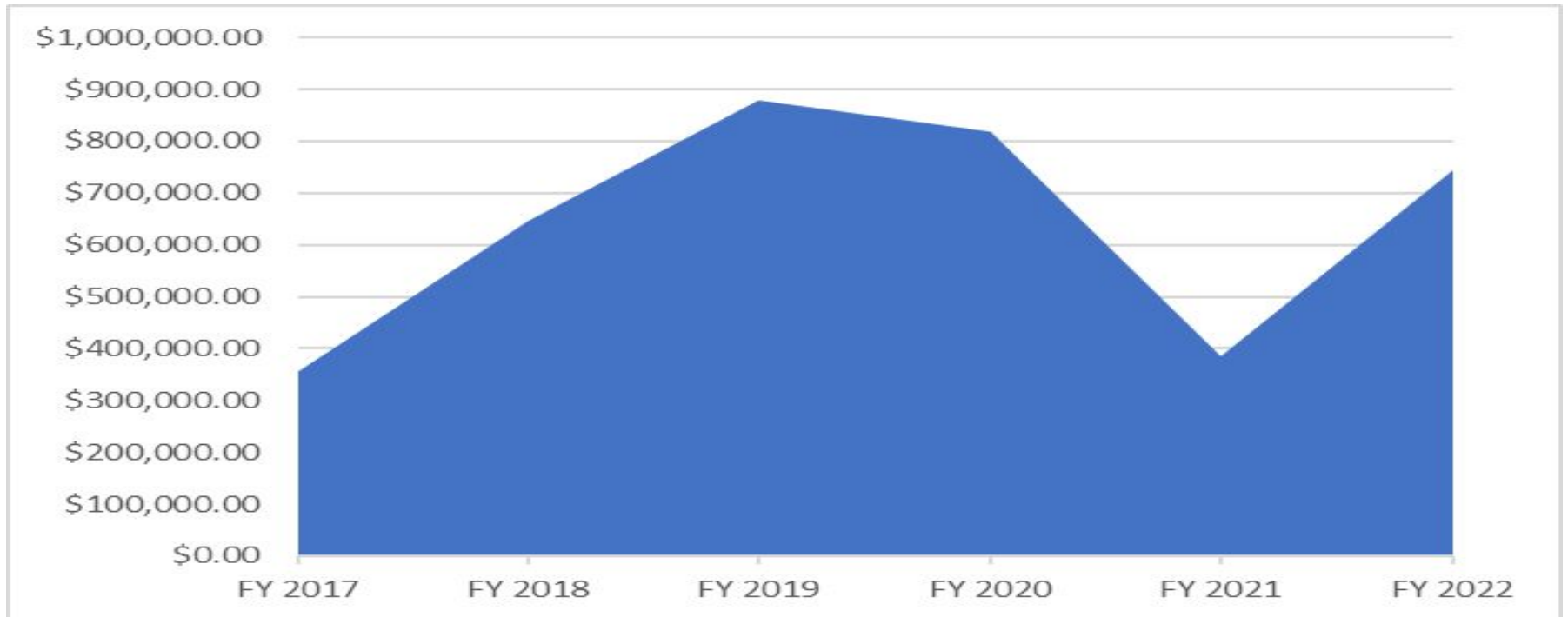
Enrollment Projections

- Schools are financed through a per pupil formula, so our enrollment trends affect our other financial indicators.
- Certified Budget Enrollment is based on a weighting formula for resident students. Total enrollment is actual students in seats.
- Certified Budget Enrollment for FY 2024 is projected to be 1,568.3 students. This is a decrease of 39.1 students or 2.4% compared to the FY23 School Year which was 1,607.4. This number will be finalized on October 15, 2023.
- **In 2017 the district had a total Certified Budget Enrollment of 1,670.2 which shows a loss of roughly 101.9 students over the last 6 years.**
- Total Enrollment served for FY 2024 is projected to be 1,489.7 students. This is a decrease of 46.6 students or 3.0%
- **In 2017 the district had a total served enrollment of 1,705.40 which shows a loss of roughly 215 students over that last 6 years.**

Special Education Deficit

- This is the excess cost of the Special Education program beyond the revenues generated by the weighting. ***This is covered by tax dollars via the cash reserve levy which directly impacts a district's financial solvency ratio**
- The district annually after board approval has to take the deficit before the School Budget Review Committee to request additional Spending Authority to cover these expenditures.
- FY 2021 the district showed a decrease in Special Education Deficit as this was the COVID year where expenditures dropped as a result of the shutdown.

Special Education Continued



Historical Information	FY 2017	FY 2018	FY 2019	FY 2020	FY 2021	FY 2022
Deficit	\$ 356,012	\$ 647,708	\$ 877,654	\$ 818,141	\$ 385,801	\$ 743,499
Property Tax Rate if Cash Reserved All	\$ 0.49	\$ 0.86	\$ 1.14	\$ 0.98	\$ 0.45	\$ 0.85
Surplus	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -

Notable General Fund Expenditures

For year ending June 30, 2023

1. Electricity: \$ 437,654.42
2. Gas: \$ 69,081.18
3. Water: \$59,924.34
4. Waste: \$32,810.66

General Fund Key Indicators/Financial Health

Note: Board Policy states the districts goal is to maintain 8%-15% in financial solvency ratio, and 15%-20% in Unspent Authorized Budget (UAB)

<i>Key Indicators</i>	FY 2022	FY 2023	FY 2024	FY 2025	FY 2026	FY 2027	FY 2028
Unspent Authorized Budget	\$ 5,555,382	\$ 4,148,040	\$ 3,085,215	\$ 593,555	\$ (2,117,516)	\$ (5,140,866)	\$ (8,554,107)
Property Tax Rate	\$ 11.8210	\$ 11.5399	\$ 10.5866	\$ 10.4622	\$ 10.3885	\$ 10.3798	\$ 10.2664
UAB % of CY Authority	23.3%	18.7%	13.3%	2.7%	-9.4%	-22.6%	-37.3%
Solvency Ratio	16.0%	9.9%	2.2%	-12.3%	-27.6%	-44.2%	-62.4%

<i>Key Indicators for Expenses</i>	FY 2022	FY 2023	FY 2024	FY 2025	FY 2026	FY 2027	FY 2028
Estimated Expenses	\$ 22,313,004	\$ 23,640,881	\$ 24,325,775	\$ 24,812,290	\$ 25,308,536	\$ 25,814,707	\$ 26,331,001
Breakeven Spending	\$ 23,804,418	\$ 22,233,539	\$ 23,262,950	\$ 22,320,630	\$ 22,597,465	\$ 22,791,357	\$ 22,917,760
% of Spend to Current Author	93.735%	106.330%	104.569%	111.163%	111.997%	113.265%	114.893%
% Change from Prior Year	6.705%	5.951%	2.897%	2.000%	2.000%	2.000%	2.000%
\$ Change from Prior Year	\$ 1,402,157	\$ 1,327,877	\$ 684,894	\$ 486,515	\$ 496,246	\$ 506,171	\$ 516,294
Change in UAB	\$ 1,491,413	\$ (1,407,342)	\$ (1,062,825)	\$ (2,491,660)	\$ (2,711,071)	\$ (3,023,350)	\$ (3,413,241)
Change in Fund Balance	\$ 842,607	\$ (1,452,004)	\$ (1,651,962)	\$ (3,058,273)	\$ (3,277,830)	\$ (3,590,259)	\$ (3,980,305)

	FY 2021	FY 2022	FY 2023	FY 2024	FY 2025	FY 2026	FY 2027	FY 2028
Salaries	\$ 313,402	\$ 661,014	\$ 536,211	\$ 563,144				
Employee Benefits	\$ (167,710)	\$ 217,472	\$ 47,459	\$ 121,750				
Purchased Services	\$ 227,881	\$ 581,828	\$ 166,847					
Supplies	\$ 82,432	\$ (90,928)	\$ (73,973)					
Property	\$ 45,934	\$ 77,458	\$ (91,617)					
Miscellaneous Objects	\$ 867	\$ 107	\$ (1,120)					
Other Items	\$ 104,419	\$ (44,794)	\$ 744,070	\$ -	\$ -			
Change in Ongoing Expenses	\$ 607,225	\$ 1,402,158	\$ 1,327,877	\$ 684,894	\$ -	\$ -	\$ -	\$ -

Questions?