



# CERTIFIED FISCAL YEAR 2015-16 BUDGET PROPOSAL

PRESENTED FOR APPROVAL TO THE BOARD OF EDUCATION APRIL 13, 2015



## A MESSAGE FROM THE SUPERINTENDENT

School funding is a complicated topic – one filled with intricacies of categorical (restricted) funds, varied revenue streams and unpredictable annual state funding.

We hope this year's Certified Budget Proposal serves as a broad, understandable overview of how the district's funds are determined and allocated. Think of it as School Finance 101.

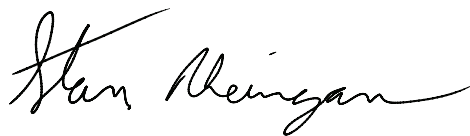
On the pages that follow, you can learn about school financing, the Iowa Code that governs it, and the current financial position of the Dubuque Community Schools.

But within the complicated numbers, there are a number of very simple points that we hope you take away from this report:

- The district's Board of Education and administrative team are constantly and proactively monitoring both the fiscal health of the district and responsible stewardship of taxpayer funds. We take this role very seriously.
- Our levy rate remains stable for the 2015-16. That being said, low state funding increases in recent years will cause us to make difficult budget decisions moving forward. This year, assuming reasonable state aid, we believe we can achieve budget relief through staff attrition.
- State funding in the future will be critical to the financial stability of the district (and district's across the state). Next year, if state funding does not meet or exceed natural increases in expenditures (with an average increase of 3 to 4 percent), we will be forced to look at programming reductions that will directly impact students and staff. (LEARN MORE ABOUT THE LEGISLATIVE STATUS OF SCHOOL FUNDING AND HOW YOU CAN HELP AT [www.dbqschools.org/funding](http://www.dbqschools.org/funding).)

Overall, we want you to feel confident that we always keep a keen eye on our financial strength and are proactively working to maintain this financial health. We know that having a financially healthy district allows us to provide the students of the Dubuque Community School District with a first-rate educational experience that will prepare them for future success.

Sincerely,



Stan Rheingans  
Superintendent of Schools




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# SCHOOL FUNDING 101:

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

**GENERAL FUND TOTAL REVENUE: \$113.0 MILLION\***



	State Income Taxes (state aid) (AEA)	\$63.2 million
	Property Taxes	\$35.8 million
	Grants and Miscellaneous Income	\$14.0 million



- SALARIES
- BOOKS AND MATERIALS
- OTHER OPERATING EXPENSES

\*Not all of this revenue is currently available due to “authorized budget” limitations


**CAPITAL PROJECTS TOTAL: \$12.4 MILLION**

	Property Taxes	\$3.4 million
	One-cent Local Option Sales Tax	\$9.0 million




- FACILITIES IMPROVEMENTS
- BOND PAYMENTS
- EQUIPMENT PURCHASES

**OTHER FUNDS**


	MANAGEMENT FUND Property Taxes	\$6.0 million
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- PROPERTY INSURANCE
- EARLY RETIREMENT BENEFITS

	NUTRITION FUND Cafeteria Revenue Subsidies and Sales	\$5.1 million
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- BREAKFAST AND LUNCH

	STUDENT ACTIVITY FUND Fundraising Donations	\$1.7 million
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- ACTIVITIES NOT COVERED BY STUDENT FEES

AMOUNTS ARE FISCAL YEAR 2013-14 RESULTS

Navigating the labyrinth of public school funding is complicated. The budget is a maze of funding sources that, for the Dubuque Community School District (the “District”), total \$159 million for the **2014-15** fiscal year.

The previous graph 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 a mix of income taxes (also called state aid), local property taxes, and sales taxes. Less than six 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 district’s 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 graph 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 10,633 students enrolled in the District on October 1, 2014, determined the majority of the 2015-16 *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 2014-15 the District’s per student cost is \$6,373.

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 2014-15, *Supplemental State Aid* was 4.0 percent. For FY 2015-16, the legislature has yet to determine the 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 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. Since then, the legislature has not consistently followed the law and set the rate timely. **This makes District planning for the next school year extremely difficult. Unfortunately, this is the situation again this year. The legislature is legally required to have set the Supplemental State Aid by February 2014. As of February 2015, they have yet to set the FY 2015-16 rate.**

*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 80 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, for example, is 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 *Sales Tax Revenue* fund. The use of these funds is generally limited to facilities improvements.

## 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* had been declining for many years, through June 30, 2009, but increased to \$15.5 million as of June 30, 2012, due to the budget reduction plan enacted for the FY 2010-11 school year and other factors as well. The District's unspent balance decreased by \$2.4 million to \$13.2 million as of June 30, 2014.

## TAXABLE VALUATION PER PUPIL

District funding received under the Iowa School Finance Formula is affected not only by the growth in pupils but also by growth or decline in the district's taxable value per pupil. This number 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. The Iowa Legislature is addressing perceived inequities caused by the uniform levy rate. It is unlikely that a change in the uniform levy rate will have a substantial impact on the district's funding or its levy rates.

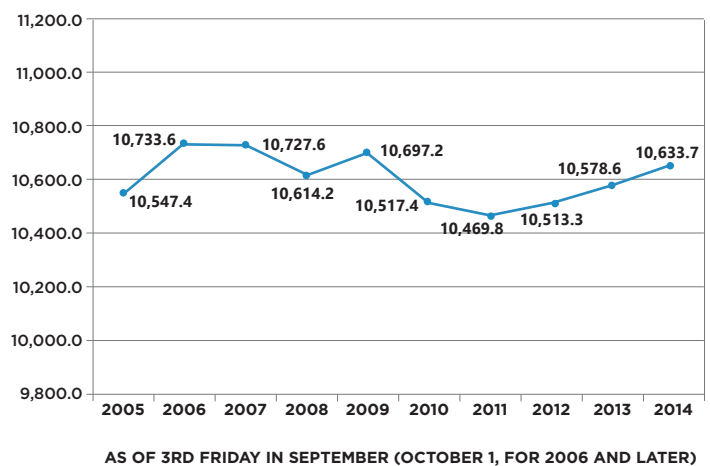
## ENROLLMENT

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 a specific day in September or October as determined by state law. That enrollment is used as the basis for funding for the 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 Dubuque's certified enrollment for the ten years ending October 2014.

## CERTIFIED ENROLLMENT

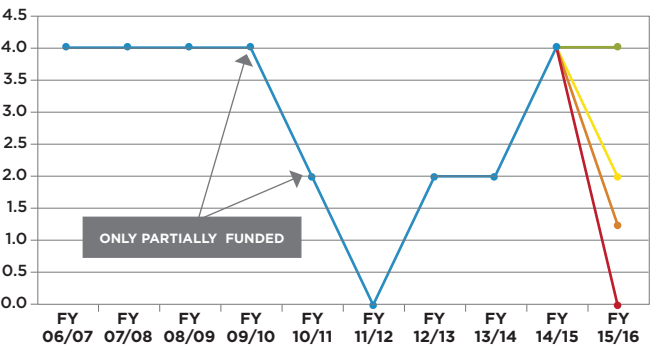


STATE SUPPLEMENTAL AID  
(formerly known as allowable growth)

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 the greater budget impact. 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 2009-10, the Governor ordered a 10% across-the-board budget cut and for FY 2010-11, only a portion of the two percent *State Supplemental Aid* was funded. The last ten years’ *State Supplemental Aid* history is shown in the following chart:

STATE SUPPLEMENTAL AID HISTORY



THE CHART INCLUDES FOUR DIFFERENT PERCENTAGES FOR FY 2015-16.

- 0.0% required by law because the legislature has yet to approve the rate.
- 1.25% suggested by the Iowa House of Representatives and the Governor’s office.
- 2.0% rate used in the remaining charts and graphs as a reasonable estimate of the final rate set by the legislature.
- 4.0% suggested by the Iowa Senate.

The following table illustrates the past five years’ growth in Dubuque’s regular program budget resulting from the *State Supplemental Aid* percentage and the portion resulting from the increase in pupil enrollments:

STATE SUPPLEMENTAL AID \$\*

FISCAL YEAR	STATE SUPPLEMENTAL AID %	FROM STATE SUPPLEMENTAL AID %	FROM INCREASE IN PUPILS
2011-12	0%	\$ 0	\$ 0
2012-13	2%	\$1,235,436	\$ 0
2013-14	2%	\$1,256,376	\$266,568
2014-15	4%	\$2,575,759	\$416,157
2015-16 **	2%	\$1,343,482	\$358,150

\* Regular program costs only  
\*\* Assumes 2.0% State Supplemental Aid

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 2014-15 and 2015-16 amounts shown are District estimates.



# AUTHORIZED BUDGET (“BUDGET”)

	Actual FY 2013-14	Re-estimated FY 2014-15	Budget FY 2015-16 **
Budget Enrollment	10,513.3	10,578.6	10,633.7
Regular Program District Cost	\$ 64,425,502	\$ 67,417,418	\$ 69,119,050
Regular Program Budget Adjustment (Budget Guarantee)	0	0	0
State Categorical Funding	7,128,122	7,448,392	10,980,997
Supplementary Weighting District Cost	560,020	585,787	749,106
Special Education District Cost	12,265,498	12,399,627	11,933,935
AEA Flow- through (net) *	4,723,656	4,928,817	5,364,099
Enrollment Adjustment *	(8,129)	(18,384)	(38,238)
Drop-out Prevention	3,158,195	3,370,903	3,388,747
Other SBRC Allowable Growth *	546,329	696,018	700,000
Special Education Deficit *	3,402,370	3,500,000	3,750,000
Instructional Support *	4,794,546	5,038,104	5,446,705
Preschool Foundation Aid *	2,286,194	2,345,993	2,282,353
Other Misc.Income *	14,037,973	15,300,000	11,303,073
Total	\$117,320,276	\$123,012,675	\$124,979,827
Expenditures *	\$119,847,756	\$126,000,000	\$126,000,000
Increase <Decrease>			
Unspent Budget	\$ (2,527,480)	\$ (2,987,325)	\$ (1,020,173)
Year-end Unspent Balance	\$ 13,136,658	\$ 10,149,333	\$ 9,129,160

\* Changed from prior year report to reflect actual amounts.

\*\* Assumes 2.0% State Supplemental Aid

## 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 Dubuque'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:

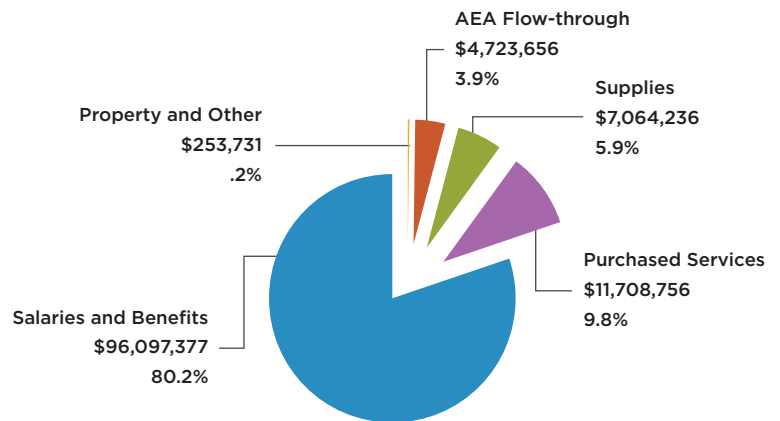
### MISCELLANEOUS INCOME

	Actual FY 2013-14	Re-estimated FY 2014-15	Budget FY 2015-16
Federal Sources	\$ 6,323,012	\$ 6,634,937	\$ 6,360,581
State Sources	2,670,157	4,964,426	1,031,250
Local Sources	5,044,804	3,700,637	3,911,242
Totals	<u>\$14,037,973</u>	<u>\$15,300,000</u>	<u>\$11,303,073</u>

## 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 2013-14**



## FINANCIAL CONDITION

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

- Cash Balance
- Unassigned Fund Balance
- Unspent 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 Schools Cash Anticipation Program (ISCAP) has published acceptable and unacceptable ranges for the *solvency ratio*. ISCAP is a financial program sponsored by the Iowa Association of School Boards and is designed to assist districts with short-term borrowings to cover cash flow deficiencies.

### ISCAP SOLVENCY RATIO RANGES

A *solvency ratio* of 5 percent to 10 percent is ISCAP'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. ISCAP will not normally allow a district to participate in its cash-anticipation loan program if the district's *solvency ratio* is under -3 percent, unless a financial workout plan is in effect.

### HOW DO WE COMPARE TO OTHER UEN SCHOOLS?

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 all UEN districts based on the current year's reported budget enrollments:

### JUNE 30, 2014 PER-PUPIL BALANCES

District	Cash and Investment Balance	Unspent Balance	Un-assigned Fund Balance	Solvency Ratio
Des Moines	3,457	2,014	1,410	14.9%
Davenport	3,064	492	1,597	15.1%
<b>Dubuque</b>	<b>2,838</b>	<b>1,235</b>	<b>1,886</b>	<b>18.6%</b>
Sioux City	2,463	1,142	1,246	12.4%
Council Bluffs	2,369	1,633	1,327	12.3%
Iowa City	1,823	332	609	7.0%
Waterloo	1,241	939	115	3.9%
Cedar Rapids	1,177	290	190	1.8%

## 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 three components: the *General Fund* levy, the *Management Fund* levy and the PPEL 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.

## GENERAL FUND LEVY

BUDGET AUTHORITY	FY 2014-15	FY 2015-16 **
Regular Weighting (certified enrollment)	10,578.6	10,633.7
Supplemental Weighting	91.917	115.247
Special Education Weighting (additional)	1,945.650	1,835.99
Total Weighted Enrollment	12,616.167	12,584.937
District Cost per Pupil (set by State)	\$ 6,373	\$ 6,500
District Cost	\$ 80,402,832	\$ 81,802,091
State Categorical Funds	7,448,392	10,980,997
Enrollment Adjustment	(18,384)	(38,238)
Budget Guarantee		
AEA Flow Through (net of prorata reduction)	4,928,817	5,364,099
Drop-out Prevention	3,370,903	3,388,747
Instructional Support	5,038,104	5,446,705
Preschool Foundation Aid	2,345,993	2,282,353
Miscellaneous Income	15,300,000	11,303,073
Budget Authority - <u>Before</u> SBRC Additions	<u>\$118,816,657</u>	<u>\$120,529,827</u>
FINANCING BUDGET AUTHORITY	FY 2014-15	FY 2015-16 **
State Aid	\$ 66,261,960	\$ 70,827,877
Property Taxes <b>Levied</b> (includes utility replacement)	36,692,202	37,013,311
Miscellaneous Income	15,300,000	11,303,073
Commercial and Industrial Valuation State Aid	562,495	1,127,307
General Fund Revenues (excluding cash reserve)	<u>\$118,816,657</u>	<u>\$120,271,568</u>
Taxable Valuation without TIF *	\$3,142,361,324	\$3,185,188,987
General Fund Levy Rate (excluding cash reserve)	10.07335	10.00465
General Fund before ISL	\$ 31,654,105	\$ 31,866,707
Taxable Valuation with TIF	\$3,569,718,086	\$3,591,457,125
ISL Levy Rate	1.41135	1.43301
ISL	\$ 5,038,122	\$ 5,146,604
Combined General Fund Levy Rate	11.48470	11.43766
Combined General Fund	\$ 36,692,227	\$ 37,013,311

\* Beginning in FY 2013-14, the Instructional Support levy is calculated with the TIF valuation included while the remaining General Fund levy rate is calculated without the TIF valuation.

\*\* Assumes 2.0% State Supplemental Aid

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:

#### MANAGEMENT FUND LEVY

	FY 2013-14 Actual	FY 2014-15 Re-estimated	FY 2015-16 Requested
General and Liability Insurance	\$ 364,315	\$ 395,537	\$ 415,000
Transportation Equipment Insurance	39,704	46,888	49,000
Equipment Maintenance Insurance	0	594,102	594,000
Workers' Comp. Insurance & Unemployment	824,544	813,828	855,000
Early Retirement Programs	647,536	2,372,445	664,000
<b>Total</b>	<b>\$1,876,099</b>	<b>\$4,222,800</b>	<b>\$2,577,000</b>

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.

The following table shows the current and prior years' levy rates and compares them with the recommendation for FY 2015-16:

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

Levy Components	FY 2013-14	FY 2014-15	Recommended FY 2015-16 *
Combined District Cost	\$10.21828	\$10.07335	\$10.00465
Instructional Support	1.41037	1.41135	1.43301
Cash Flow:			
Increased Enrollment/LEP	0.00000	0.00000	0.16061
Special Education Deficit	0.00000	0.00000	1.06818
Solvency Ratio Purposes	0.00000	0.00000	0.00000
Sub-total	\$11.62865	\$11.48470	\$12.66645
Management Fund	1.97416	1.51160	0.47093
Regular PPEL	0.33000	0.33000	0.33000
Voted PPEL	0.67000	0.67000	0.67000
<b>Total</b>	<b>\$14.60281</b>	<b>\$13.99630</b>	<b>\$14.13738</b>
% Increase (Decrease)	(5.2%)	(4.2%)	1.0%

\* Assumes 2.0% State Supplemental Aid

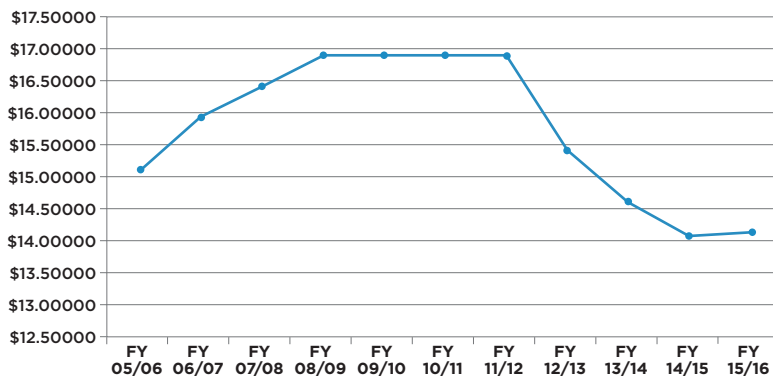
The FY 2015-16 Cash Reserve levy for cash flow generates funds to improve the district's *solvency ratio* and to offset the large cash reduction. Over the past few years, the District's cash reserve has effectively generated an accumulation of cash that allows the District to cash flow during summer months when there are no payments from the State of Iowa. For FY 2015-16, there will be a cash reserve levy due to the cash reduction caused by the FY 2013-14 special education deficit, FY 2013-14 LEP deficit, and FY 2014-15 increased enrollment.

The Cash Reserve levy is the most variable part of the total tax levy and Iowa Code sets a maximum of what it may be. The following table shows recent Cash Reserve levies in comparison to the legally allowed maximum:

#### CASH RESERVE LEVY (IN THOUSANDS)

	FY 2013-14	FY 2014-15	FY 2015-16
Levy Amount	\$ 0	\$ 0	\$ 3,913,934
Legal Maximum	\$ 0	\$ 0	\$ 3,913,934

The following graph shows a ten-year history of the District's total levy rate and the proposed total levy rate for FY 2015-16.



\* Assumes 2.0% State Supplemental Aid

The following table compares the District's proposed FY 2015-16 levy rate to the other UEN schools' current rates.

#### UEN SCHOOLS' FY 2014-15 TOTAL PROPERTY TAX RATES COMPARED TO DUBUQUE'S RECOMMENDED 2015-16 RATE

(INCLUDES INCOME SURTAX LEVY EQUIVALENTS  
FOR APPLICABLE DISTRICTS)

District	Actual FY 2014-15
Sioux City	18.17662
Des Moines	18.14592
Council Bluffs	17.05765
Cedar Rapids	16.96066
Waterloo	15.97526
Davenport	15.83747
Iowa City	14.95572
<b>Dubuque</b>	<b>14.13738*</b>

\* Recommended for FY 2015-16, assumes 2.0% State Supplemental Aid

Dubuque strives to meet its student achievement goals while at the same time maintaining financially efficient delivery of education and support services.

### GENERAL FUND FINANCIAL ISSUES FOR FISCAL YEAR 2015-16 AND BEYOND

The 2014-15 fiscal year had 4.0 percent *State Supplemental Aid*. FY 2015-16 has yet to be determined by the legislature. Because over 80 percent of the District's budget is in salaries and benefits, the District will need to review and monitor its staffing levels for FY 2015-16.

The current percent of *State Supplemental Aid* proposed by the governor will adversely affect cash balances and fund balances which will probably decline for the year but remain at tolerable levels. The clear challenge will be maintaining an acceptable level of *unspent balance*.

Respectfully submitted,

Kevin Kelleher  
Executive Director of Finance and Business Services

Rick Till  
Assistant Director of Business Services



NOTICE OF PUBLIC HEARING  
PROPOSED DUBUQUE SCHOOL BUDGET SUMMARY  
FISCAL YEAR 2015-2016

Department of Management - Form S-PB-8

		Budget 2016	Re-est. 2015	Actual 2014	Avg % 14-16
Taxes Levied on Property	1	44,757,562	43,786,476	43,891,006	1.0%
Utility Replacement Excise Tax	2	1,272,605	1,225,462	1,250,988	0.9%
Income Surtaxes	3	0	0	0	
Tuition/Transportation Received	4	2,489,492	2,280,887	2,127,152	
Earnings on Investments	5	115,350	112,900	141,598	
Nutrition Program Sales	6	2,445,600	2,400,000	2,395,633	
Student Activities and Sales	7	440,500	430,000	522,548	
Other Revenues from Local Sources	8	2,987,050	3,607,705	3,830,933	
Revenue from Intermediary Sources	9	0	0	0	
State Foundation Aid	10	69,120,221	66,261,960	63,229,402	
Instructional Support State Aid	11	295,640	0	0	
Other State Sources	12	10,813,409	15,006,125	11,688,476	
Commercial & Industrial State Replacement	13	1,550,763	129,157	0	
Title I Grants	14	1,923,881	1,923,881	1,597,490	
IDEA and Other Federal Sources	15	7,236,700	7,411,056	7,354,177	
Total Revenues	16	145,448,773	144,575,609	138,029,403	
General Long-Term Debt Proceeds	17	0	15,960,000	13,033,000	
Transfers In	18	3,289,250	4,041,361	3,908,940	
Proceeds of Fixed Asset Dispositions	19	70,000	85,000	158,695	
Total Revenues & Other Sources	20	148,808,023	164,661,970	155,130,038	
Beginning Fund Balance	21	42,778,801	43,974,925	57,505,038	
<b>Total Resources</b>	22	191,586,824	208,636,895	212,635,076	
<b>*Instruction</b>	23	89,403,455	92,107,882	82,939,552	3.8%
Student Support Services	24	6,465,000	6,615,459	6,141,827	
Instructional Staff Support Services	25	6,153,000	5,301,179	6,796,958	
General Administration	26	1,720,000	1,749,766	1,811,269	
School/Building Administration	27	6,164,000	6,608,128	6,342,589	
Business & Central Administration	28	6,197,600	4,678,013	4,693,175	
Plant Operation and Maintenance	29	10,190,000	10,419,732	9,599,256	
Student Transportation	30	4,468,600	4,424,759	5,612,731	
This row is intentionally left blank	31	0	0	0	
<b>*Total Support Services (lines 24-31)</b>	31A	41,358,200	39,797,036	40,997,805	0.4%
<b>*Noninstructional Programs</b>	32	5,309,600	5,205,091	5,018,210	2.9%
Facilities Acquisition and Construction	33	6,326,553	17,673,843	25,750,983	
Debt Service	34	2,713,000	2,104,064	5,321,005	
AEA Support - Direct to AEA	35	5,277,245	4,928,817	4,723,656	
<b>*Total Other Expenditures (lines 33-35)</b>	35A	14,316,798	24,706,724	35,795,644	-36.8%
Total Expenditures	36	150,388,053	161,816,733	164,751,211	
Transfers Out	37	3,289,250	4,041,361	3,908,940	
Total Expenditures & Other Uses	38	153,677,303	165,858,094	168,660,151	
Ending Fund Balance	39	37,909,521	42,778,801	43,974,925	
<b>Total Requirements</b>	40	191,586,824	208,636,895	212,635,076	
Proposed Tax Rate (per \$1,000 taxable valuation)		14.14370			

Location of Public Hearing:

Date of Hearing:

Time of Hearing:

2300 Chaney Road, Dubuque, IA 52001

04/13/15

xx/xx/xx

5:30 pm

The Board of Directors will conduct a public hearing on the proposed 2015/16 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.

## LEVY IMPACT ON RESIDENTIAL PROPERTY - CITY OF DUBUQUE

	Budget Year 2015-16 *	Budget Year 2014-15	\$ Change	% Change
Average Property Value *	\$ 130,367	\$ 130,367	\$ 0.00	0.00%
Equalization Order *	1.0000	1.0000	0.00	0.00%
Average Property Value After Equalization Order *	\$ 130,367	\$ 130,367	\$ 0.00	0.00%
Rollback *	0.557335	0.544002	0.013333	2.45%
Taxable Value *	\$ 72,658	\$ 70,920	\$ 1,738	2.45%
School Tax Rate	\$ 14.13738	\$ 13.99115	\$ 0.14623	1.05%
School Tax	\$ 1,027.19	\$ 992.25	\$ 34.94	3.52%

\* The above information is produced from the City of Dubuque's Fiscal Year 2016 Recommended Budget document, page 146.

## LEVY IMPACT ON COMMERCIAL PROPERTY - CITY OF DUBUQUE

	Budget Year 2015-16 *	Budget Year 2014-15	\$ Change	% Change
Average Property Value *	\$ 386,139	\$ 357,536	\$ 28,603	8.00%
Equalization Order *	1.0000	1.0800	(0.0800)	- 7.41%
Average Property Value after Equalization Order *	\$ 386,139	\$ 386,139	\$ 0.00	0.00%
Rollback *	0.900000	0.950000	(0.050000)	- 5.26%
Taxable Value *	\$ 347,525	\$ 366,832	\$ (19,307)	- 5.26%
School Tax Rate	\$ 14.13738	\$ 13.99115	\$ 0.14623	1.05%
School Tax	\$ 4,913.09	\$ 5,132.40	\$ (219.31)	- 4.27%

\* The above information is produced from the City of Dubuque's Fiscal Year 2016 Recommended Budget document, page 147.

## LEVY IMPACT ON INDUSTRIAL PROPERTY - CITY OF DUBUQUE

	Budget Year 2015-16 *	Budget Year 2014-15	\$ Change	% Change
Average Property Value *	\$ 599,500	\$ 599,500	\$ 0.00	0.00%
Rollback *	0.900000	0.950000	(0.050000)	- 5.26%
Taxable Value *	\$ 539,550	\$ 569,525	\$ (29,975)	- 5.26%
School Tax Rate	\$ 14.13738	\$ 13.99115	\$ 0.14623	1.05%
School Tax	\$ 7,627.82	\$ 7,968.31	\$ (340.49)	- 4.27%

\* The above information is produced from the City of Dubuque's Fiscal Year 2016 Recommended Budget document, page 148.

ADOPTION OF BUDGET AND TAXES  
JULY 1, 2015-JUNE 30, 2016

Department of Management - Form S-TX

**DUBUQUE**

District Number 1863

**Total Special Program Funding**

Instructional Support (A&L line 10.5)	097	6,809,159
Educational Improvement (A&L line 11.3)	099	0
Voted Physical Plant & Equipment (A&L line 19.3)	105	2,406,276

**Special Program Income Surtax Rates**

Instructional Support (A&L line 10.15)	096	0
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	31,954,676			
+Educational Improvement Levy (A&L line 15.5)	2	0			
+Cash Reserve Levy - SBRC (A&L line 15.9)	3	3,913,934			
+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	35,868,610	11.26106	34,855,376	1,013,234
+Instructional Support Levy (A&L line 15.13)	7	5,070,100	1.41171	4,943,076	127,024
=Total General Fund Levy (A&L line 15.12)	8	40,938,710	12.67277	39,798,452	1,140,258
	9				
Management	10	1,500,000	.47093	1,457,629	42,371
Amana Library	11	0	.00000	0	0
Voted Physical Plant & Equipment (Loan Agreement)	12	0			
+Voted Physical Plant & Equipment (Capital Project)	13	2,406,276			
=Subtotal Voted Physical Plant & Equipment	14	2,406,276	.67000	2,345,992	60,284
+Regular Physical Plant & Equipment	15	1,185,181	.33000	1,155,489	29,692
=Total Physical Plant & Equipment	16	3,591,457			
	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	0	.00000	0	0
<b>GRAND TOTAL</b>	22	46,030,167	14.14370	44,757,562	1,272,605

1-1-14 Taxable Valuation	WITH Gas & Electric Utilities	3,185,188,987	WITHOUT Gas&Elec	3,095,212,702
1-1-14 Tax Increment Valuation	WITH Gas & Electric Utilities	406,268,138	WITHOUT Gas&Elec	406,268,138
1-1-14 Debt Service, PPEL, ISL Valuation	WITH Gas & Electric Utilities	3,591,457,125	WITHOUT Gas&Elec	3,501,480,840

**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, 2015.

\_\_\_\_\_  
District Secretary

\_\_\_\_\_  
County Auditor

## 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.

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**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.

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**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.

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**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 zero percent and four percent during the past five years. State Supplemental Aid is extremely important to districts.

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**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.

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**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.

**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.

**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 donations 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.

**Sales Tax Revenue 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 Fund (PPEL)** money comes from special property tax levy and/or income surtax; may be used only for buildings, grounds, and certain equipment.

**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 one-cent local option sales tax.

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

