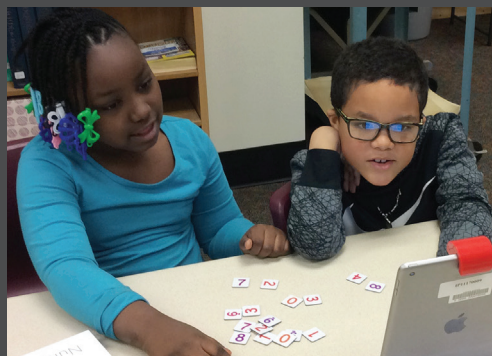




# CERTIFIED BUDGET PROPOSAL

FISCAL YEAR 2018-19

PRESENTED FOR APPROVAL TO THE BOARD OF EDUCATION APRIL 9, 2018



## A MESSAGE FROM THE SUPERINTENDENT

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

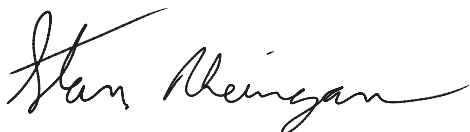
On the pages that follow, you can learn about school financing, the Iowa Code that governs it, and the current financial position of the Dubuque Community Schools.

As you read this document, there are a few important things to know about the district's work to maintain a strong financial footing:

- In recent years, the district has reduced expenditures by approximately \$5 million in an attempt to counter low state funding.
- Looking ahead, our previous reductions and proactive steps to ensure financial health will allow us to weather the one percent increase in funding the legislature has approved for the 2018-2019 school year.
- With the state in a difficult budget position brought on by a reduction of state revenue through tax receipts, we understand that funding increases are minimal this year. In times like this, other school finance issues such can positively impact our district and many across the state. Namely, these critical issues are:
  - to address funding and transportation cost inequities among districts in the state,
  - and extend the Secure an Advanced Vision for Education (SAVE) sales tax, most commonly referred to as the One-Cent Sales Tax.
- WE ENCOURAGE YOU TO CONTACT YOUR LEGISLATORS TO ADVOCATE FOR BOTH OF THESE ISSUES .

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. It is a role we take very seriously and 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: \$129.9 MILLION

	State Income Taxes (state aid) (AEA)	\$72.7 million
	Property Taxes	\$45.3 million
	Grants and Miscellaneous Income	\$11.9 million



- SALARIES
- BOOKS AND MATERIALS
- OTHER OPERATING EXPENSES


**CAPITAL PROJECTS** TOTAL: \$13.9 MILLION

	Property Taxes	\$3.8 million
	One-cent Local Option Sales Tax	\$10.1 million




- FACILITIES IMPROVEMENTS
- BOND PAYMENTS
- EQUIPMENT PURCHASES

**OTHER FUNDS**

	MANAGEMENT FUND Property Taxes	\$2.0 million
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- PROPERTY INSURANCE
- EARLY RETIREMENT BENEFITS

	NUTRITION FUND Cafeteria Revenue Subsidies and Sales	\$5.6 million
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- BREAKFAST AND LUNCH

	STUDENT ACTIVITY FUND Fundraising and Activity Admissions	\$1.9 million
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- ACTIVITIES NOT COVERED BY STUDENT FEES

AMOUNTS ARE FISCAL YEAR 2016-17 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 \$174 million for the current 2017-18 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 10,507 students enrolled in the District on October 1, 2017, determined the majority of the 2018-19 *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 2018-19 the District’s per student cost is \$6,738\*.

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.

\* Assumes State Supplemental Aid at 1.0%

## 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 2017-18, *Supplemental State Aid* was 1.11 percent. For FY 2018-19, *Supplemental State Aid* is 1.0 percent\*.

In years prior to 2010, the legislature had always set the *Supplemental State Aid* rate early in the session, to be applied to the school year beginning the July 1 a year and a half after the session. From 2010 through 2017, the legislature failed to meet the law and set *Supplemental State Aid* timely in seven of eight years. Because of these actions, in 2017, the legislature changed the law and implemented new language that the *Supplemental State Aid* rate will be set within 30 days of the release of the Governor's budget proposal. In 2018, one year after creating this new law, they failed to meet the deadline again. **This makes any type of budgeting very difficult and especially creates barriers to do long-term financial planning.**

*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 83 percent of the District's *General Fund* expenses. Therefore, significant reductions of costs can only be achieved by cutting salaries and benefits.

\* Assumes State Supplemental Aid at 1.0%

## 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 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 \$1.2 million to \$11.8 million as of June 30, 2017.

## 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. 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.

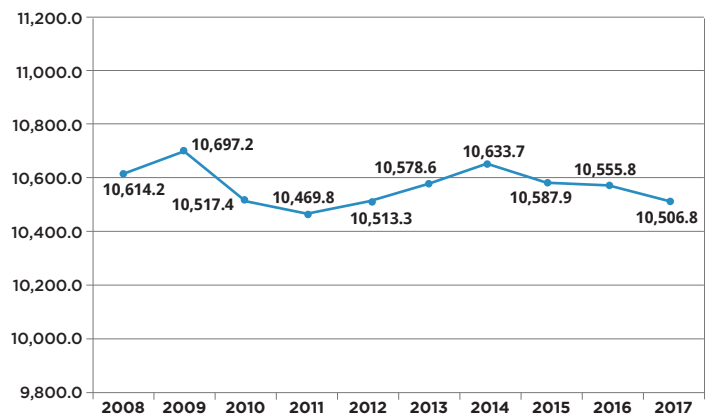
## ENROLLMENT

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 the first day in 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 2017.

## CERTIFIED ENROLLMENT

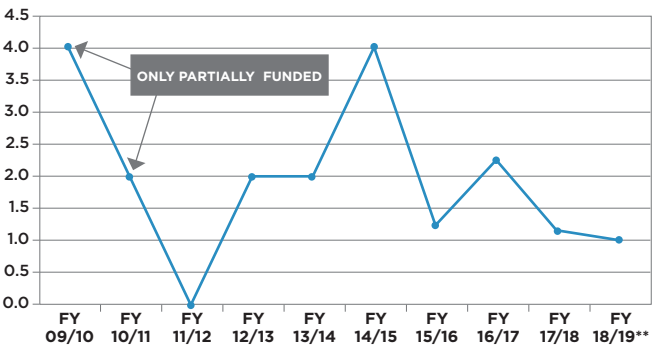


STATE SUPPLEMENTAL AID  
(formerly known as allowable growth)

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



\*\* Assumes State Supplemental Aid at 1.0%

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
2014-15	4%	\$ 2,575,759	\$ 416,157
2015-16	1.25%	\$ 846,288	\$ 355,560
2016-17	2.25%	\$ 1,239,698	\$ 0
2017-18	1.11%	\$ 698,590	\$ 0
2018-19**	1.00%	\$ 564,365	\$ 0

\* Regular program costs only  
\*\* Assumes State Supplemental Aid at 1.0%

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 2017-18 and 2018-19 amounts shown are District estimates.



### AUTHORIZED BUDGET ("BUDGET")

	Actual FY 2016-17	Re-estimated FY 2017-18	Budget FY 2018-19**
Budget Enrollment	10,587.9	10,555.8	10,506.8
Regular Program District Cost	\$ 69,858,964	\$ 70,417,742	\$ 70,794,818
Regular Program Budget Adjustment (Budget Guarantee)	0	139,812	327,101
State Categorical Funding	11,093,684	11,179,753	11,236,393
Supplementary Weighting District Cost	750,734	798,746	820,830
Special Education District Cost	12,625,471	13,605,304	12,760,357
AEA Flow- through (net) *	5,014,640	5,191,338	5,541,789
Enrollment Adjustment *	(17,165)	6,598	0
Drop-out Prevention	3,416,186	3,482,358	3,504,543
Other SBRC Allowable Growth *	440,002	630,368	650,000
Special Education Deficit *	4,722,971	4,125,000	5,300,000
Instructional Support *	5,228,245	5,255,832	5,344,101
Preschool Foundation Aid *	2,277,336	2,362,388	2,352,485
Other Miscellaneous Income *	11,900,679	11,300,000	11,350,000
Total	\$ 127,311,747	\$ 128,495,239	\$ 129,982,417
Expenditures *	\$ 126,084,257	\$ 128,150,000	\$ 131,500,000
Increase <Decrease> Unspent Balance	\$ 1,227,490	\$ 345,239	\$ (1,517,583)
Year-end Unspent Balance	\$ 11,855,431	\$ 12,200,670	\$ 10,683,087

\* Changed from prior year report to reflect actual amounts

\*\* Assumes State Supplemental Aid at 1.0%

## 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:

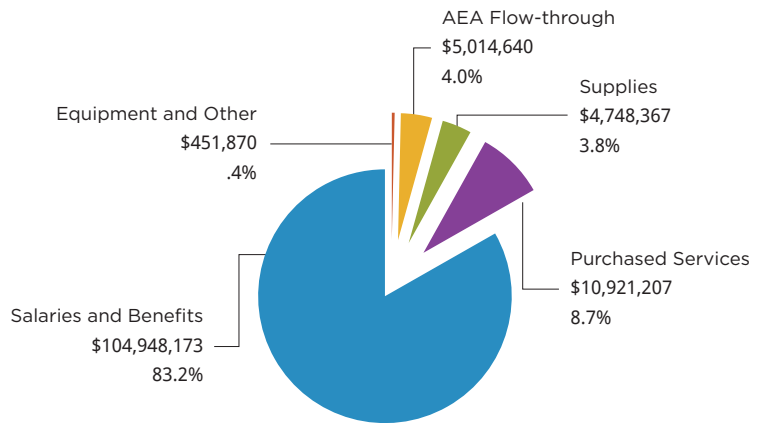
### MISCELLANEOUS INCOME

	Actual FY 2016-17	Re-estimated FY 2017-18	Budget FY 2018-19
Federal Sources	\$ 6,150,615	\$ 6,403,393	\$ 6,408,800
State Sources	1,318,766	898,629	895,000
Local Sources	4,431,298	3,997,978	4,046,200
Totals	<u>\$ 11,900,679</u>	<u>\$ 11,300,000</u>	<u>\$ 11,350,000</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 2016-17



## 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 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, 2017 PER-PUPIL BALANCES

District	Unspent Balance	Cash and Investment Balance	Un-assigned Fund Balance	Solvency Ratio
Waterloo	1,766	2,882	1,527	14.4%
Sioux City	1,460	3,514	1,687	15.5%
Council Bluffs	1,252	2,118	1,083	9.1%
<b>Dubuque</b>	<b>1,128</b>	<b>2,597</b>	<b>1,424</b>	<b>12.0%</b>
Des Moines	882	3,362	1,369	11.5%
Iowa City	770	2,604	1,307	12.3%
Cedar Rapids	651	2,626	1,593	14.0%
Davenport	(270)	2,811	879	7.5%

## 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 *Physical Plant and Equipment 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 2017-18	FY 2018-19**
Regular Weighting (certified enrollment)	10,555.8	10,506.8
Supplemental Weighting	2039.470	1893.790
Special Education Weighting (additional)	119.734	121.821
Total Weighted Enrollment	12,715.004	12,522.411
District Cost per Pupil (set by State)	\$ 6,671	\$ 6,738
District Cost	\$ 84,821,792	\$ 84,376,005
State Categorical Funds	11,179,753	11,236,393
Enrollment Adjustment	6,598	0
Budget Guarantee	139,812	327,101
AEA Flow Through (net of prorata reduction)	5,191,338	5,541,789
Drop-out Prevention	3,482,358	3,504,543
Instructional Support	5,255,832	5,344,101
Preschool Foundation Aid	2,362,388	2,352,485
Miscellaneous Income	11,300,000	11,350,000
Budget Authority - <u>Before</u> SBRC Additions	\$ 123,739,871	\$ 124,032,417
<b>FINANCING BUDGET AUTHORITY</b>	<b>FY 2017-18</b>	<b>FY 2018-19**</b>
State Aid	\$ 72,582,221	\$ 71,463,486
Property Taxes <b>Levied</b> (includes utility replacement)	38,382,106	40,219,637
Miscellaneous Income	11,300,000	11,350,000
Commercial and Industrial Valuation State Aid	1,475,544	999,294
General Fund Revenues (excluding cash reserve)	123,739,871	124,032,417
Taxable Valuation without TIF *	\$ 3,406,197,169	\$ 3,655,132,774
General Fund Levy Rate (excluding cash reserve)	9.72530	9.54152
General Fund before ISL	\$ 33,126,289	\$ 34,875,522
Taxable Valuation with TIF	\$ 3,867,861,856	\$ 4,037,098,544
ISL Levy Rate	1.35885	1.32375
ISL	\$ 5,255,844	\$ 5,344,109
Combined General Fund Levy Rate	11.08415	10.86527
Combined General Fund	\$ 38,382,133	\$ 40,219,632

\* 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 State Supplemental Aid at 1.0%

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

	Actual FY 2016-17	Re-estimated FY 2017-18	Requested FY 2018-19
General and Liability Insurance	\$ 391,828	\$ 411,272	\$ 431,855
Transportation Equipment Insurance	60,459	64,428	67,630
Equipment Maintenance Insurance	763,993	840,000	924,000
Workers' Comp. Insurance & Unemployment	1,148,917	1,158,194	1,276,950
Early Retirement Programs	567,129	928,106	655,565
Total	\$ 2,932,326	\$ 3,402,000	\$ 3,356,000

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 2018-19:

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

Levy Components	FY 2016-17	FY 2017-18	Recommended FY 2018-19
Combined District Cost	\$ 9.78795	\$ 9.68425	\$ 9.45203
Instructional Support	1.38096	1.35885	1.32375
Cash Flow:			
Increased Enrollment/LEP	0.08853	0.10320	0.09038
Special Education Deficit	1.30829	1.46652	1.29215
LEP Deficit	0.09413	0.09909	0.02421
Budget Guarantee	0.00000	0.04105	0.08949
Solvency Ratio Purposes	0.71842	0.32294	0.54718
Sub-total	\$ 13.37828	\$ 13.07590	\$ 12.81919
Management Fund	0.59869	0.88075	0.82076
Regular PPEL	0.33000	0.33000	0.33000
Voted PPEL	0.67000	0.67000	0.67000
Total	\$ 14.97697	\$ 14.95665	\$ 14.63995
% Increase (Decrease)	6.6%	(0.1%)	(2.1%)

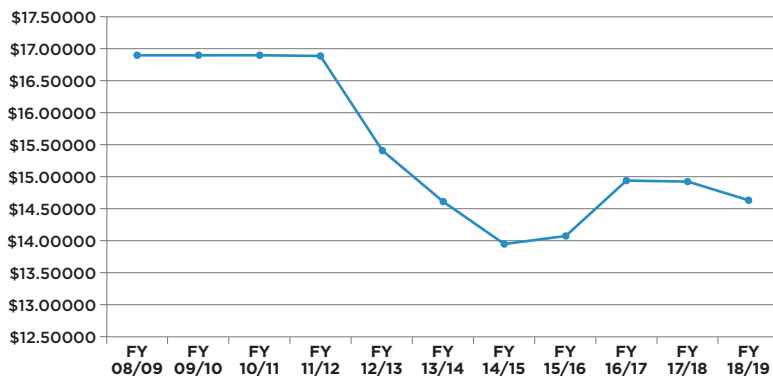
The FY 2018-19 Cash Reserve levy for cash flow generates funds to improve the district's *solvency ratio* and to offset the large cash reduction. Over the past few years, the District's cash reserve has effectively generated an accumulation of cash that allows the District to cash flow during summer months when there are no payments from the State of Iowa. For FY 2018-19, there will be a Cash Reserve levy for cash flow purposes. The breakdown of cash flow needs are listed above.

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

	FY 2016-17	FY 2017-18	FY 2018-19
Levy Amount	\$ 7,380,711	\$ 6,784,325	\$ 7,141,819
Legal Maximum	\$ 12,409,463	\$ 14,233,838	\$ 10,255,404

The following graph shows a ten-year history of the District's total levy rate and the proposed total levy rate for FY 2018-19.



The following table compares the District's proposed FY 2018-19 levy rate to the other UEN schools' current rates.

#### UEN SCHOOLS' FY 2017-18 TOTAL PROPERTY TAX RATES COMPARED TO DUBUQUE'S RECOMMENDED 2018-19 RATE

(INCLUDES INCOME SURTAX LEVY EQUIVALENTS  
FOR APPLICABLE DISTRICTS)

District	Actual FY 2017-18
Des Moines	18.56349
Council Bluffs	17.00314
Cedar Rapids	16.78742
Sioux City	16.15390
Davenport	15.90267
Iowa City	15.15698
Waterloo	14.98155
<b>Dubuque</b>	<b>14.63995</b>

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 2018-19 AND BEYOND

The 2017-18 fiscal year had 1.11 percent *State Supplemental Aid*. FY 2018-19 is projected to be 1.0 percent. Due to continued low levels of school funding, the District enacted a \$2,500,000 budget reduction for the last fiscal year. Because of this action, the District is not planning any budget reductions for FY 2018-19. The District will need to monitor future expenditure levels very closely as future school funding levels are expected to remain low.

The current percent of *State Supplemental Aid* expected to be signed by the governor will adversely affect *unspent balance* which will probably decline for the year. 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 2018-2019

Department of Management - Form S-PB-8

		Budget 2019	Re-est. 2018	Actual 2017	Avg %1/- 19
Taxes Levied on Property	1	53,118,849	50,660,720	49,653,899	3.4%
Utility Replacement Excise Tax	2	1,279,706	1,373,576	1,353,546	-2.8%
Income Surtaxes	3	0	0	0	
Tuition\Transportation Received	4	2,177,700	2,117,700	2,197,365	
Earnings on Investments	5	393,000	500,000	389,846	
Nutrition Program Sales	6	2,266,000	2,200,000	2,269,490	
Student Activities and Sales	7	502,000	490,000	507,075	
Other Revenues from Local Sources	8	2,807,500	4,389,154	3,650,987	
Revenue from Intermediary Sources	9	0	0	0	
State Foundation Aid	10	71,463,486	72,598,917	71,224,103	
Instructional Support State Aid	11	291,735	0	0	
Other State Sources	12	11,078,847	10,761,002	11,500,690	
Commercial & Industrial State Replacement	13	1,949,400	224,000	1,703,965	
Title I Grants	14	2,200,000	2,229,654	1,940,671	
IDEA and Other Federal Sources	15	7,607,800	7,473,739	7,464,340	
Total Revenues	16	157,136,023	155,018,462	153,855,977	
General Long-Term Debt Proceeds	17	4,000,000	10,000,000	10,000,000	
Transfers In	18	5,791,252	4,661,778	3,400,806	
Proceeds of Fixed Asset Dispositions	19	55,000	1,595,128	480,596	
Total Revenues & Other Sources	20	166,982,275	171,275,368	167,737,379	
Beginning Fund Balance	21	47,216,465	47,397,109	44,080,951	
<b>Total Resources</b>	22	214,198,740	218,672,477	211,818,330	
<b>*Instruction</b>	23	92,463,211	90,432,445	88,999,084	1.9%
Student Support Services	24	6,821,000	6,702,437	6,140,213	
Instructional Staff Support Services	25	5,076,000	5,156,101	5,447,462	
General Administration	26	1,305,000	1,302,154	1,425,816	
School/Building Administration	27	7,092,000	7,248,601	6,543,145	
Business & Central Administration	28	5,130,300	6,611,175	5,649,051	
Plant Operation and Maintenance	29	12,878,900	12,283,996	11,659,699	
Student Transportation	30	1,870,000	2,157,575	5,140,676	
This row is intentionally left blank	31	0	0	0	
<b>*Total Support Services (lines 24-31)</b>	31A	40,173,200	41,462,039	42,006,062	-2.2%
<b>*Noninstructional Programs</b>	32	8,449,100	8,235,904	5,522,982	23.7%
Facilities Acquisition and Construction	33	16,700,000	17,878,432	16,114,278	
Debt Service	34	4,840,024	3,599,076	3,363,369	
AEA Support - Direct to AEA	35	5,541,789	5,191,338	5,014,640	
<b>*Total Other Expenditures (lines 33-35)</b>	35A	27,081,813	26,668,846	24,492,287	5.2%
Total Expenditures	36	168,167,324	166,799,234	161,020,415	
Transfers Out	37	5,786,252	4,656,778	3,400,806	
Total Expenditures & Other Uses	38	173,953,576	171,456,012	164,421,221	
Ending Fund Balance	39	40,245,164	47,216,465	47,397,109	
<b>Total Requirements</b>	40	214,198,740	218,672,477	211,818,330	
Proposed Tax Rate (per \$1,000 taxable valuation)		14.63995			

Location of Public Hearing:

**2300 Chaney Road, Dubuque, IA 52001**

Date of Hearing:

04/09/18

mm/dd/yy

Time of Hearing:

5:30 PM

The Board of Directors will conduct a public hearing on the proposed 2018/19 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 2018-19 *	BUDGET YEAR 2017-18	\$ CHANGE	% CHANGE
Average Property Value *	\$ 139,493	\$ 130,367	\$ 9,126	7.00%
Equalization Order *	1.0000	1.0000	0.00	0.00%
Average Property Value after Equalization Order *	\$ 139,493	\$ 130,367	\$ 9,126	7.00%
Rollback *	0.556209	0.569391	(0.01318)	-2.32%
Taxable Value *	\$ 77,587	\$ 74,230	\$ 3,357	4.52%
School Tax Rate	\$ 14.63995	\$ 14.95555	\$ (0.31560)	-2.11%
School Tax	\$ 1,135.87	\$ 1,110.15	\$ 25.72	2.32%

\* The above information is produced from the City of Dubuque's Fiscal Year 2019 Recommended Budget document, page 169.

## LEVY IMPACT ON COMMERCIAL PROPERTY - CITY OF DUBUQUE

	BUDGET YEAR 2018-19 *	BUDGET YEAR 2017-18	\$ CHANGE	% CHANGE
Average Property Value *	\$ 432,475	\$ 432,475	\$ 0.00	0.00%
Equalization Order *	1.0000	1.0000	0.00	0.00%
Average Property Value after Equalization Order *	\$ 432,475	\$ 432,475	\$ 0.00	0.00%
Rollback *	0.900000	0.900000	0.00	0.00%
Taxable Value *	\$ 389,228	\$ 389,228	\$ 0.00	0.00%
School Tax Rate	\$ 14.63995	\$ 14.95555	\$ (0.31560)	-2.11%
School Tax	\$ 5,698.28	\$ 5,821.12	\$ (122.84)	-2.11%

\* The above information is produced from the City of Dubuque's Fiscal Year 2019 Recommended Budget document, page 170.

## LEVY IMPACT ON INDUSTRIAL PROPERTY - CITY OF DUBUQUE

	BUDGET YEAR 2018-19 *	BUDGET YEAR 2017-18	\$ CHANGE	% CHANGE
Average Property Value *	\$ 599,500	\$ 599,500	\$ 0.00	0.00%
Rollback *	0.900000	0.900000	0.00	0.00%
Taxable Value *	\$ 539,550	\$ 539,550	\$ 0.00	0.00%
School Tax Rate	\$ 14.63995	\$ 14.95555	\$ (0.31560)	-2.11%
School Tax	\$ 7,898.99	\$ 8,069.27	\$ (170.28)	-2.11%

\* The above information is produced from the City of Dubuque's Fiscal Year 2019 Recommended Budget document, page 171.

## LEVY IMPACT ON MULTI-RESIDENTIAL PROPERTY - CITY OF DUBUQUE

	BUDGET YEAR 2018-19 *	BUDGET YEAR 2017-18	\$ CHANGE	% CHANGE
Average Property Value *	\$ 224,289	\$ 224,289	\$ 0.00	0.00%
Equalization Order *	1.0000	1.0000	0.00	0.00%
Average Property Value after Equalization Order *	\$ 224,289	\$ 224,289	\$ 0.00	0.00%
Rollback *	0.787500	0.825000	(0.03750)	-4.55%
Taxable Value *	\$ 176,628	\$ 185,038	\$ (8,410)	-4.55%
School Tax Rate	\$ 14.63995	\$ 14.95555	\$ (0.31560)	-2.11%
School Tax	\$ 2,585.83	\$ 2,767.35	\$ (181.52)	-6.56%

\* The above information is produced from the City of Dubuque's Fiscal Year 2019 Recommended Budget document, page 172.

**ADOPTION OF BUDGET AND TAXES  
JULY 1, 2018-JUNE 30, 2019**

Department of Management - Form S-TX

**Dubuque**

District Number **1863**

**Total Special Program Funding**

Instructional Support (A&L line 10.27)	097	5,635,836
Educational Improvement (A&L line 11.3)	099	0
Voted Physical Plant & Equipment (A&L line 19.3)	105	2,704,856

**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	34,875,536			
+Educational Improvement Levy (A&L line 15.5)	2	0			
+Cash Reserve Levy - SBRC (A&L line 15.9)	3	5,141,819			
+Cash Reserve Levy - Other (A&L line 15.10)	4	2,000,000			
-Use of Fund Balance to Reduce Levy (A&L line 15.11)	5	0			
=Subtotal General Fund Levy (A&L line 15.14)	6	42,017,355	11.49544	41,012,521	1,004,834
+Instructional Support Levy (A&L line 15.13)	7	5,344,101	1.32375	5,228,398	115,703
=Total General Fund Levy (A&L line 15.12)	8	47,361,456	12.81919	46,240,919	1,120,537
	9				
Management	10	3,000,000	.82076	2,928,243	71,757
Amana Library	11	0	.00000	0	0
Voted Physical Plant & Equipment (Loan Agreement)	12	0			
+Voted Physical Plant & Equipment (Capital Project)	13	2,704,856			
=Subtotal Voted Physical Plant & Equipment	14	2,704,856	.67000	2,646,290	58,566
+Regular Physical Plant & Equipment	15	1,332,243	.33000	1,303,397	28,846
=Total Physical Plant & Equipment	16	4,037,099			
	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	54,398,555	14.63995	53,118,849	1,279,706

1-1-17 Taxable Valuation	WITH Gas & Electric Util	3,655,132,774	WITHOUT Gas&Elec	3,567,720,866
1-1-17 Tax Increment Valuation	WITH Gas & Electric Utiliti	381,965,770	WITHOUT Gas&Elec	381,965,770
1-1-17 Debt Service, PPEL, ISL Valuation	WITH Gas & Electric Utilities	4,037,098,544	WITHOUT Gas&Elec	3,949,686,636

**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 16, 2018.

Date Budget Adopted: \_\_\_\_\_

\_\_\_\_\_ 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 1.11 percent and 4.0 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.

**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.

