



CERTIFIED BUDGET PROPOSAL

FISCAL YEAR 2013-14

PRESENTED FOR APPROVAL TO THE BOARD OF EDUCATION APRIL 8, 2013



A MESSAGE FROM THE SUPERINTENDENT

School financing is a complicated topic and the Dubuque Community School District works hard to provide the community with a broad, understandable overview of how the district's funds are determined and allocated.

In an effort to transparently share our financial information with you, we are pleased to share this Certified Budget Proposal. 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 School District. As this report highlights, solid fiscal leadership by the Board of Education and district administration has put us in a positive budget situation for the 2013-14 fiscal year.

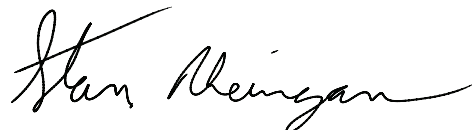
But, challenges exist now and will continue into the future.

The Iowa Legislature has not yet set the allowable growth rate for next year (the increase in spending the district is allowed). Because of this, budgeting for the upcoming year has been very difficult. The amount of increase passed by the legislature will determine the additional financial burden that will be placed on the district. With the two previous years having historically low changes in allowable growth, the percentage of increase in upcoming years will be critical to the district's financial health and that of districts across the state.

We are fortunate that our strong fiscal planning has prepared us to remain steady during funding shortfalls, but if state funding does not meet or exceed natural increases in expenditures, we will be forced to make difficult financial decisions in the future.

Overall, we want you to feel confident that we always keep a keen eye on our financial strength. In fact, fiscal stability and resource allocation are key components of the strategic plan that guides our district. And, more importantly, know that we are focused on being good stewards of these funds in order 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: \$117.2 MILLION*



	State Income Taxes (state aid) (AEA)	\$61.1 million
	Property Taxes	\$43.2 million
	Grants and Miscellaneous Income	\$12.9 million



- SALARIES
- BOOKS AND MATERIALS
- OTHER OPERATING EXPENSES

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

CAPITAL PROJECTS TOTAL: \$14.5 MILLION

	Property Taxes	\$3.1 million
	One-cent Local Option Sales Tax	\$11.4 million




- FACILITIES IMPROVEMENTS
- BOND PAYMENTS
- EQUIPMENT PURCHASES

OTHER FUNDS


	Property Taxes	\$1.7 million
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- PROPERTY INSURANCE
- EARLY RETIREMENT BENEFITS

	Cafeteria Revenue Subsidies and Sales	\$5.0 million
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- BREAKFAST AND LUNCH

	Fundraising Donations	\$1.5 million
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- ACTIVITIES NOT COVERED BY STUDENT FEES

AMOUNTS ARE FISCAL YEAR 2011-12 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 \$165 million for the **2012-13** 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 districts, the funding concepts described here are generally the same for all 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 eight 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 10,470 students enrolled in the District on October 1, 2011, determined the majority of the 2012-13 *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 2012-13 the District’s per student cost is \$6,008.

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 *allowable growth* and is a percentage based on the previous year. For FY 2012-13, *allowable growth* was 2 percent. For FY 2013-14, it has yet to be determined.

In years prior to 2010, the legislature has always set the *allowable growth* 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. The legislature has recently been setting the *allowable growth* rate in the spring before the July 1 fiscal year. **This makes District planning for the next school year extremely difficult.**

Authorized budget is the mechanism used by the legislature to control school district spending. *Allowable growth* 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 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 *allowable growth*.

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 continues to make efforts to maintain a healthy positive *unspent balance*.

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.

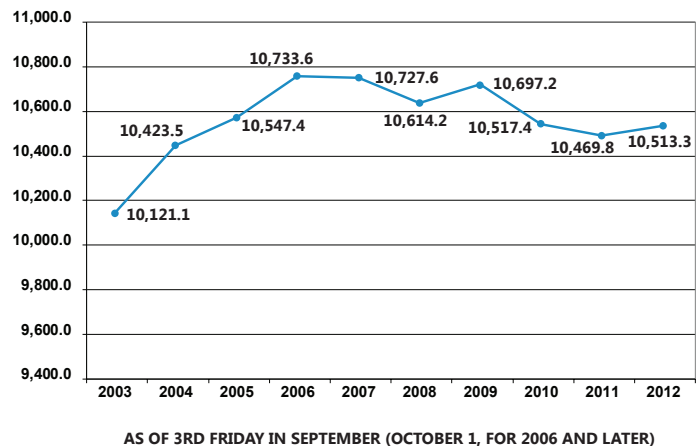
ENROLLMENT

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 *allowable growth*. For FY 2012-13 *allowable growth* is two percent (\$118 per pupil) and for FY 2013-14 is yet to be determined.

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 2012.

CERTIFIED ENROLLMENT

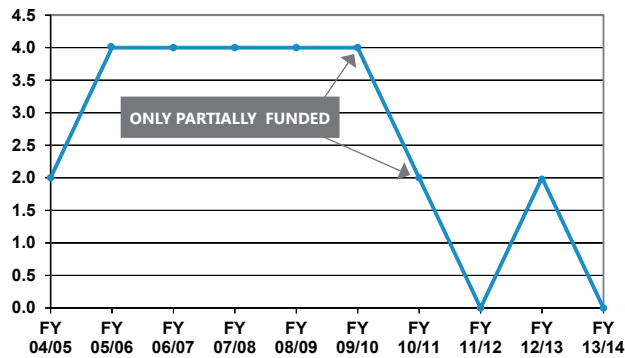


ALLOWABLE GROWTH
(PERCENTAGE)

The Iowa Legislature sets the *allowable growth* 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 (*allowable growth* and enrollment) greatly affect district budgets. However, for districts with moderate increases in enrollment, the *allowable growth* percentage has the greater budget impact. The *allowable growth* 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 *allowable growth* was funded. The last ten years’ *allowable growth* history is shown in the following chart:

ALLOWABLE GROWTH HISTORY



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

ALLOWABLE GROWTH \$*

FISCAL YEAR	ALLOWABLE GROWTH %	FROM ALLOWABLE GROWTH %	FROM INCREASE IN PUPILS
2009-10 **	4%	\$1,726,642	\$ 0
2010-11 ***	2%	\$1,708,914	\$488,281
2011-12	0%	\$ 0	\$ 0
2012-13	2%	\$1,235,436	\$ 0
2013-14 ****	?	?	?

* Regular program costs only
** Not all of the FY 2009-10 allowable growth was funded.
*** The FY 2010-11 per-pupil district cost is under funded by approximately \$284 per weighted enrollment.
**** Undetermined at this time.

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 2012-13 and 2013-14 amounts shown are District estimates.

AUTHORIZED BUDGET ("BUDGET")

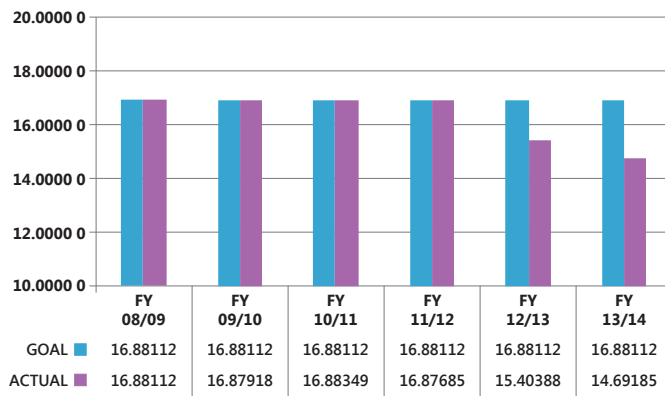
	Actual FY 2011-12	Re-estimated FY 2012-13	Budget FY 2013-14 **
Budget Enrollment	10,517.4	10,469.8	10,513.3
Regular Program District Cost	\$ 61,947,486	\$ 62,902,558	\$ 64,425,502
Regular Program Budget Adjustment (Budget Guarantee)	1,688,492	0	0
State Categorical Funding	6,981,784	6,964,721	7,128,122
Supplementary Weighting District Cost	460,091	499,739	560,020
Special Education District Cost	12,206,848	12,385,612	12,265,498
AEA Flow- through (net) *	4,496,822	4,515,012	5,067,098
Enrollment Adjustment	(17,670)	(15,903)	(7,810)
Drop-out Prevention	3,097,374	3,145,128	3,158,195
Other SBRC Allowable Growth *	399,001	606,546	645,000
Special Education Deficit *	495,061	750,000	900,000
Instructional Support *	4,733,881	4,691,273	5,123,116
Preschool Foundation Aid *	1,891,385	2,187,423	2,286,194
Other Miscellaneous Income *	12,933,475	11,697,970	11,230,100
Total	\$111,314,030	\$110,330,079	\$112,781,035
Expenditures *	\$107,668,182	\$118,017,897	\$120,665,769
Increase <Decrease>			
Unspent Budget	\$ 3,645,848	\$ (7,687,818)	\$ (7,884,734)
Year-end Unspent Balance	\$ 15,572,552	\$ 7,884,734	\$ 0

* Changed from prior year report to reflect actual amounts.

** Assumed 2% allowable growth

INSTRUCTIONAL SUPPORT LEVY (ISL)

On February 3, 2009, District voters approved a ten percent Instructional Support levy by a margin of 63 percent to 37 percent. This levy replaced a five percent levy and is effective beginning for FY 2009-10 and lasts until June 30, 2019. The effect of this referendum's approval is to double the *authorized budget* for instructional support from approximately \$2.4 million per year to approximately \$4.7 million per year. Campaign materials used for the ISL effort referenced the District's intention to "cap" its total tax levy rate at the FY 2008-09 level for five years. FY 2013-14 will be the end of the five years and the District is extremely pleased to have achieved that goal as shown in the following graph:



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:

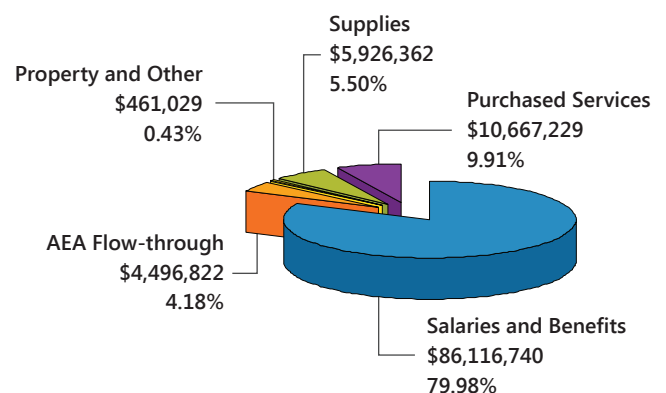
MISCELLANEOUS INCOME

	Actual FY 2011-12	Re-estimated FY 2012-13	Budget FY 2013-14
Federal Sources	\$ 7,729,416	\$ 6,400,614	\$ 6,083,600
State Sources	956,210	994,752	958,000
Local Sources	4,247,849	4,302,604	4,188,500
Totals	<u>\$12,933,475</u>	<u>\$11,697,970</u>	<u>\$11,230,100</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 2011-12



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, 2012 PER-PUPIL BALANCES

District	Cash and Investment Balance	Unspent Balance	Un-assigned Fund Balance	Solvency Ratio
Dubuque	3,390	1,481	2,562	24.0%
Iowa City	2,174	855	1,252	13.0%
Des Moines	2,677	2,242	1,419	12.6%
Council Bluffs	2,254	2,058	1,212	11.2%
Sioux City	2,401	1,752	977	9.8%
Davenport	2,297	559	962	9.3%
Cedar Rapids	1,412	1,182	397	3.8%
Waterloo	1,803	1,156	7	0.1%

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 2012-13	FY 2013-14 *
Regular Weighting (certified enrollment)	10,469,800	10,513,300
Supplemental Weighting	83,179	91,387
Special Education Weighting (additional)	2,061,520	2,001,550
Total Weighted Enrollment	12,614,499	12,606,237
District Cost per Pupil (set by State)	\$ 6,008	\$ 6,008
District Cost	75,787,909	75,738,272
State Categorical Funds	6,964,721	6,993,657
Enrollment Adjustment	(15,903)	(7,810)
Budget Guarantee	0	367,678
AEA Flow Through (net of prorata reduction)	4,515,012	4,973,457
Drop-out Prevention	3,145,128	3,158,195
Instructional Support	4,691,273	5,052,032
Preschool Foundation Aid	2,187,423	2,241,374
Miscellaneous Income	11,697,970	11,230,100
Budget Authority - <u>Before</u> SBRC Additions	<u>\$108,973,533</u>	<u>\$109,746,955</u>
FINANCING BUDGET AUTHORITY	FY 2012-13	FY 2013-14 *
State Aid	\$ 62,097,621	\$ 62,397,847
Property Taxes Levied (includes utility replacement)	35,218,585	36,114,079
Miscellaneous Income	11,697,970	11,230,100
General Fund Revenues (excluding cash reserve)	<u>\$109,014,176</u>	<u>\$109,742,026</u>
Property Tax (from above)	35,218,585	36,114,079
Cash Reserve Levy-SBRC	399,001	0
Cash Reserve Levy-Cash Flow	1,817,324	0
Total Levy Dollars (includes utility replacement dollars)	<u>37,434,910</u>	<u>36,114,079</u>
Taxable Valuation	2,946,074,459	
General Fund Levy Rate	<u>\$12.70671</u>	
** Taxable Valuation without TIF		\$3,039,268,786
General Fund Levy Rate		10.32726
General Fund before ISL		31,387,329
Taxable Valuation with TIF		\$3,399,492,439
ISL Levy Rate		1.39043
ISL		4,726,750
Combined General Fund Levy Rate		11.71769
Combined General Fund		36,114,079

* Used 0% for Allowable Growth since legislature/governor has yet to determine FY 2013-14 rate.

** 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.

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 2011-12 Actual	FY 2012-13 Re-estimated	FY 2013-14 Requested
General and Liability Insurance	\$ 289,480	\$ 326,050	\$ 343,000
Transportation Equipment Insurance	31,422	35,051	37,000
Workers' Comp. Insurance & Unemployment	630,817	723,000	766,000
Early Retirement Programs	1,823,202	810,899	637,000
Total	<u>\$2,774,921</u>	<u>\$1,895,000</u>	<u>\$1,783,000</u>

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 2013-14:

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

Levy Components	FY 2011-12	FY 2012-13	Recommended FY 2013-14
Combined District Cost	\$11.08397	\$10.36203	10.32726
Instructional Support	1.67049	1.59238	1.39043
Cash Reserve:			
Special Education	0.19253	0.00000	0.00000
Cash Flow:			
Increased Enrollment/LEP	0.13682	0.13544	0.00000
Solvency Ratio Purposes	2.17550	0.61686	0.00000
Sub-total	15.25931	12.70671	11.71769
Management Fund	0.61754	1.69717	1.97416
Regular PPEL	0.33000	0.33000	0.33000
Voted PPEL	0.67000	0.67000	0.67000
Total	<u>\$16.87685</u>	<u>\$15.40388</u>	<u>\$14.69185</u>
% Increase	<u>0%</u>		

The FY 2013-14 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. Therefore, for FY 2013-14 there will not be a Cash Reserve levy.

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 2011-12	FY 2012-13	FY 2013-14
Levy Amount	\$ 7,098	\$2,216	\$ 0
Legal Maximum	\$19,009	\$4,027	\$ 0

The following table compares the District's proposed FY 2013-14 levy rate to the other UEN schools' current rates.

**UEN SCHOOLS' FY 2012-13
TOTAL PROPERTY TAX RATES
COMPARED TO DUBUQUE'S
RECOMMENDED 2013-14 RATE**

(INCLUDES INCOME SURTAX LEVY EQUIVALENTS
FOR APPLICABLE DISTRICTS)

District	FY 2012-13
Sioux City	18.81361
Des Moines	18.34845
Council Bluffs	17.15764
Davenport	17.04996
Cedar Rapids	16.72458
Waterloo	15.80265
Iowa City	15.26745
Dubuque	14.69185*

* Recommended for FY 2013-14

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
2013-14 AND BEYOND**

The 2012-13 fiscal year had two percent *allowable growth*. FY 2013-14 has yet to be determined by the State 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 2013-14.

The zero percent *allowable growth* will affect cash balances and fund balances which should decline for the year but remain at acceptable 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

Department of Management - Form S-PB-6

NOTICE OF PUBLIC HEARING
PROPOSED DUBUQUE SCHOOL BUDGET SUMMARY
FISCAL YEAR 2013-2014

Location of Public Hearing: 2300 Chaney Road, Dubuque, IA 52001 Date of Hearing: 04/08/13 Time of Hearing: 5:30 P.M.

The Board of Directors will conduct a public hearing on the proposed 2013/14 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.

		Budget 2014	Re-estimated 2013	Actual 2012	Avg % 12-14
Taxes Levied on Property	1	44,313,223	44,351,669	46,699,266	-2.6%
Utility Replacement Excise Tax	2	1,200,349	1,275,928	1,335,306	-5.2%
Income Surtaxes	3	0	0	0	
Tuition/Transportation Received	4	2,375,000	2,323,900	2,303,419	
Earnings on Investments	5	94,650	260,200	462,008	
Nutrition Program Sales	6	2,552,800	2,400,000	2,471,135	
Student Activities and Sales	7	626,600	622,000	632,527	
Other Revenues from Local Sources	8	12,052,888	14,625,599	13,649,064	
Revenue from Intermediary Sources	9	0	0	0	
State Foundation Aid	10	62,072,565	62,021,131	61,081,822	
Instructional Support State Aid	11	325,282	0	0	
Other State Sources	12	999,700	1,037,168	999,124	
ARRA Fiscal Stabilization (in formula)	13	0	0	0	
Title I Grants	14	1,455,600	1,712,575	1,613,871	
Other Federal Sources	15	7,707,000	7,621,039	8,592,955	
Total Revenues	16	135,775,657	138,251,209	139,840,497	
General Long-Term Debt Proceeds	17	21,475,000	10,000,000	10,050,344	
Transfers In	18	5,355,000	8,604,529	9,268,173	
Proceeds of Fixed Asset Dispositions	19	112,700	105,258	146,553	
Total Revenues & Other Sources	20	162,718,357	156,960,996	159,305,567	
Beginning Fund Balance	21	45,779,922	54,442,610	37,051,112	
Total Resources	22	208,498,279	211,403,606	196,356,679	
*Instruction	23	82,539,000	82,082,678	76,101,088	4.1%
Student Support Services	24	5,856,200	5,812,004	5,252,793	
Instructional Staff Support Services	25	5,075,000	5,022,706	3,984,984	
General Administration	26	1,860,000	1,883,607	1,583,484	
Building Administration	27	6,156,000	6,167,364	5,865,322	
Business Administration	28	6,997,000	5,163,720	4,998,808	
Plant Operation and Maintenance	29	9,468,000	9,599,090	8,710,514	
Student Transportation	30	5,072,000	4,997,237	4,120,582	
This row is intentionally left blank	31	0	0	0	
*Total Support Services (lines 24-31)	31A	40,484,200	38,645,728	34,516,487	8.3%
*Noninstructional Programs	32	5,447,631	5,237,922	4,851,054	6.0%
Facilities Acquisition and Construction	33	25,094,045	18,320,929	4,919,944	
Debt Service	34	5,200,000	7,962,325	7,756,031	
AEA Support - Direct to AEA	35	4,973,457	4,743,973	4,496,822	
*Total Other Expenditures (lines 33-35)	35A	35,267,502	31,027,227	17,172,797	43.3%
Total Expenditures	36	163,738,333	156,993,555	132,641,426	
Other Financing Uses: Transfers Out	37	5,397,100	8,630,129	9,272,643	
Total Expenditures & Other Uses	38	169,135,433	165,623,684	141,914,069	
Ending Fund Balance	39	39,362,846	45,779,922	54,442,610	
Total Requirements	40	208,498,279	211,403,606	196,356,679	
Proposed Property Tax Rate (per \$1,000 taxable valuation)		14.69185			

LEVY IMPACT ON RESIDENTIAL PROPERTY – CITY OF DUBUQUE

	Budget Year 2013-14 *	Budget Year 2012-13	\$ 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 *	0.528166	0.507518	0.02065	4.07%
Taxable Value *	\$ 68,855	\$ 66,164	\$ 2,691.82	- 4.07%
School Tax Rate	\$ 14.69185	\$ 15.40388	\$ (0.71203)	- 4.62%
School Tax	\$ 1,011.61	\$ 1,019.18	\$ (7.57)	- 0.74%

* The above information is produced from the City of Dubuque's Fiscal Year 2014 Recommended Budget document, page 162.

LEVY IMPACT ON COMMERCIAL PROPERTY – CITY OF DUBUQUE

	Budget Year 2013-14 *	Budget Year 2012-13	\$ Change	% Change
Average Property Value *	\$ 357,536	\$ 357,536	\$ 0.00	0.00%
Equalization Order *	1.0000	1.0000	0.00	0.00%
Average Property Value after Equalization Order *	\$ 357,536	\$ 357,536	\$ 0.00	0.00%
Rollback *	1.00000	1.00000	0.00	0.00%
Taxable Value *	\$ 357,536	\$ 357,536	\$ 0.00	0.00%
School Tax Rate	\$14.69185	\$ 15.40388	\$ (0.71203)	- 4.62%
School Tax	\$ 5,252.87	\$ 5,507.44	\$ (254.58)	- 4.62%

* The above information is produced from the City of Dubuque's Fiscal Year 2014 Recommended Budget document, page 163.

LEVY IMPACT ON INDUSTRIAL PROPERTY – CITY OF DUBUQUE

	Budget Year 2013-14 *	Budget Year 2012-13	\$ Change	% Change
Average Property Value *	\$ 599,500	\$ 599,500	\$ 0.00	0.00%
School Rate Tax	\$ 14.69185	\$ 15.40388	\$ (0.71203)	- 4.62%
School Tax	\$ 8,807.76	\$ 9,234.63	\$ (426.86)	- 4.62%

* The above information is produced from the City of Dubuque's Fiscal Year 2014 Recommended Budget document, page 164.

ADOPTION OF BUDGET AND TAXES
JULY 1, 2013-JUNE 30, 2014

Department of Management - Form S-TX
DUBUQUE

District Number 1863

Total Special Program Funding

Instructional Support (A&L line 10.5)	097	6,353,158
Educational Improvement (A&L line 11.3)	099	0
Voted Physical Plant & Equipment (A&L line 19.3)	105	2,277,660

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	31,387,329			
+Educational Improvement Levy (A&L line 15.5)	2	0			
+Cash Reserve Levy - SBRC (A&L line 15.9)	3	0			
+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	31,387,329	10.32726	30,543,565	843,764
+Instructional Support Levy (A&L line 15.13)	7	4,726,750	1.39043	4,613,156	113,594
=Total General Fund Levy (A&L line 15.12)	8	36,114,079	11.71769	35,156,721	957,358
	9				
+Management	10	6,000,000	1.97416	5,838,711	161,289
+Amana Library	11	0	.00000	0	0
Voted Physical Plant & Equipment (Loan Agreement)	12	0			
+Voted Physical Plant & Equipment (Capital Project)	13	2,277,660			
=Subtotal Voted Physical Plant & Equipment	14	2,277,660	.67000	2,222,920	54,740
+Regular Physical Plant & Equipment	15	1,121,833	.33000	1,094,871	26,962
=Total Physical Plant & Equipment	16	3,399,493			
	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
GRAND TOTAL	22	45,513,572	14.69185	44,313,223	1,200,349

1-1-12 Taxable Valuation	WITH Gas & Electric Utilities	3,039,268,786	WITHOUT Gas&Elec	2,957,567,188
1-1-12 Tax Increment Valuation	WITH Gas & Electric Utilities	360,223,653	WITHOUT Gas&Elec	360,223,653
1-1-12 Debt Service, PPEL, ISL Valuation	WITH Gas & Electric Utilities	3,399,492,439	WITHOUT Gas&Elec	3,317,790,841

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, 2013.

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.

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

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

Allowable Growth is also called state percent of growth. This percentage is 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. Allowable growth has ranged between zero percent and four percent during the past five years. Allowable growth is extremely important to districts.

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

- Property tax and state aid (as calculated under the Iowa School Finance Formula)
 - Miscellaneous income (all revenues not included above)
 - Unspent balance from previous years
 - Other amounts granted by School Budget Review Committee ("SBRC")
-

Unspent Balance (also known as **Unspent Authorized Budget**) is the end-of-fiscal-year amount remaining after all expenditures are subtracted from authorized budget.

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

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.

