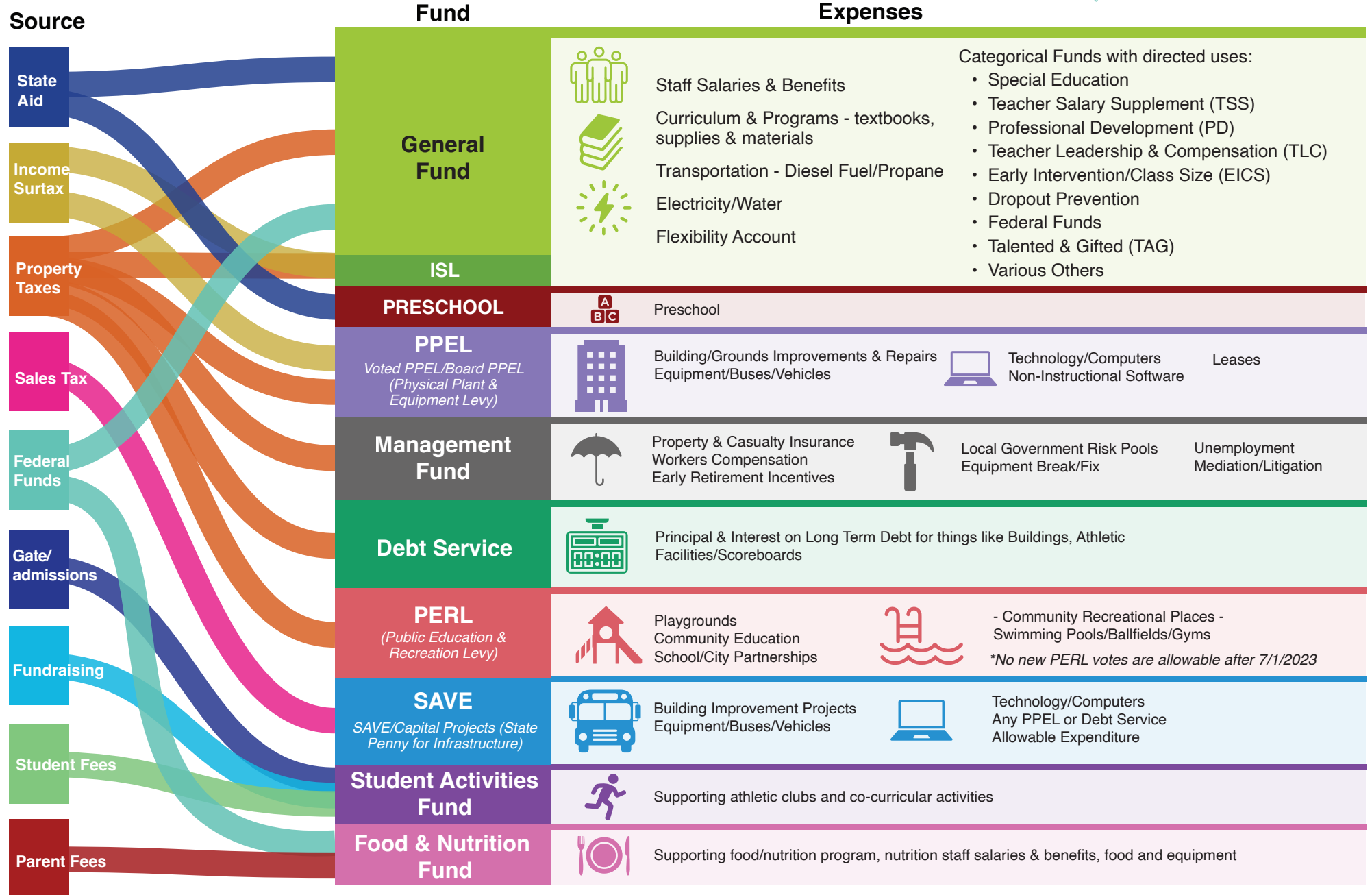





Revenue Sources and Allowable Expenditures



- Categorical Funds with directed uses:
- Special Education
 - Teacher Salary Supplement (TSS)
 - Professional Development (PD)
 - Teacher Leadership & Compensation (TLC)
 - Early Intervention/Class Size (EICS)
 - Dropout Prevention
 - Federal Funds
 - Talented & Gifted (TAG)
 - Various Others

- | | |
|--|-----------------------------------|
|  Technology/Computers
Non-Instructional Software | Leases |
|  Local Government Risk Pools
Equipment Break/Fix | Unemployment Mediation/Litigation |

 - Community Recreational Places - Swimming Pools/Ballfields/Gyms
**No new PERL votes are allowable after 7/1/2023*


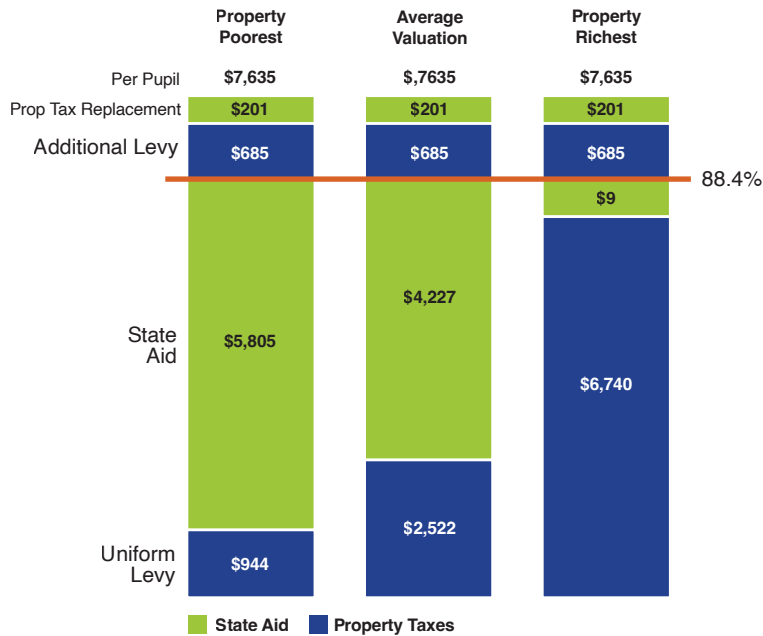
 Technology/Computers
 Any PPEL or Debt Service Allowable Expenditure

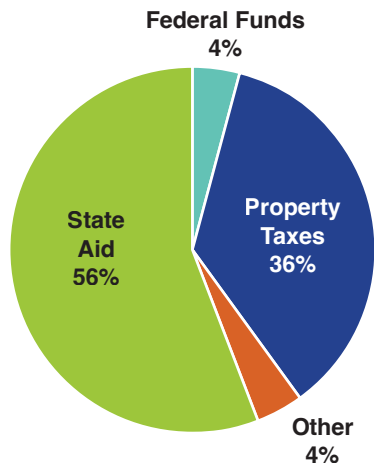
Chart scale does not reflect size of funds.

Financing the General Fund



This FY24 illustration shows the variance of state and local funds in the formula based on the variance of property value per pupil.

Funding Sources



The above represents a typical (pre-COVID) statewide distribution of revenue sources. Local districts may vary considerably.

Key Finance Basics

- **Enrollment is Key** – the General Fund enrollment-based formula generates funding per student. Districts are prohibited from levying additional local funds beyond a few specific levies.
- **Local Property Taxes** – the district’s tax rate is primarily set by the formula. The school board has limited ability to increase or decrease the local property tax rate.
- **Funds Have Restrictions** – levies have limited purposes. The General Fund (GF) is for funding the educational program. State/federal law/rules dictate allowable expenditures, even within the GF. A school may have money to buy a scoreboard or pave a parking lot but not enough for more teachers (or vice versa).
- **Schools are Labor-Intensive** – about 80% of Iowa districts’ General Funds typically pay for staff salaries/benefits.
- **General Fund Focus** – pays for education programs for students and is the largest expenditure fund.
- **Focus on Spending Authority more than Fund Balance** – negative Spending Authority can result in closure. Negative Fund Balance can be more easily resolved through local action.

Key Finance Terms

Spending Authority – legal limit on GF spending for districts (not amount of cash on hand). All other funds allow spending if cash is available. Spending Authority is akin to a district’s credit card limit.

Fund Balance – district’s accounting position. Fund Balance is what is left over after taking in all amounts owed to the district and subtracting all amounts owed by the district at the end of the fiscal year. Certified Budget, Monthly Financials, Checkbook/Cash Balance, Certified Annual Report, and Independent Auditor’s Report all relate to Fund Balance.

Unspent Authorized Budget (UAB) – district’s spending authority position. UAB is what is left over after taking in all spending authority available to the district less all spending used by the district at the end of the fiscal year. School Budget Review Committee and Regular Program New Authority relate to Spending Authority.

State Supplementary Assistance (SSA) – schools receive an amount per student for the next fiscal year, set by the Iowa Legislature, based on the Oct. 1 enrollment headcount. The increase per student multiplied by the enrollment headcount is known as New Money or New Authority.

Regular Program District Cost (RPDC) – calculated by taking the district’s enrollment multiplied by the state-authorized spending amount per student.

Budget Guarantee – mechanism to postpone the budget impact of enrollment decline to the district by one year. If this year’s RPDC is less than 101% of last year’s RPDC, the district receives spending authority needed to get the district to 1% growth (funded entirely with property taxes). The calculation is for one year only and resets the following year.

On-Time Funding – since enrollment calculations are a year behind, this allows Spending Authority for new pupils that were not in last year’s count.

Cash Reserve Levy – “Regular Cash Reserve Levy” provides cash to operate the district. “School Budget Review Committee Cash Reserve Levy” funds spending authority granted by the SBRC (primarily special education deficits/on-time funding). Does not create Spending Authority, only the funds to spend.