

Enrollment

I am optimistic about our enrollment numbers for this year. One, it appears we are the only Washington County School that is showing an increase in our certified enrollment. We are showing an increase of 32.95 students to 1778.05. Second, the increase is a good sign before our largest classes begin to leave us. But we are certainly positioned much better to withstand the expected enrollment drop in the next 3 years. The Board has proactively planned and we should be able to handle this without making cuts to programming.

There are many funding streams that the Washington Community School District utilizes to fund education. The total budget for the District is nearly \$20 million, but that includes all funds available to us. I think it is important to communicate to our staff and patrons the different funds and their allowable uses as we monitor our enrollment(revenue) and expenses.

General Fund

The basic principles of the General Fund are: It is a student-driven amount per student set by Legislature. Second, schools are budget limited, not rate limited, that means if property values decrease, the rate to support schools will increase and if property valuations rise, the rate will decrease.* And lastly, the district can only spend funds on allowable purposes. This is the

most important fund to the district, and we use the General Fund for teachers, curriculum, supplies, and utilities.

The total funding amount for each student is generated from 3 primary places, State Aid makes up 46.3%, property taxes make up 32.8%, and 20.9% is miscellaneous income.* The most important issue for the general fund is a concept called spending authority. Spending authority controls the maximum amount of district spending. This concept attempts to provide equity for every student in Iowa, that no matter where you live, should receive the same amount of funding. Without authority, you can't spend. Regardless of the amount of cash on hand, the limit on spending is the amount of Spending Authority, not the cash balance. It is illegal for a school district to exceed its total spending authority.

Now that our audit is complete, the Unspent Balance at Washington will increase nearly \$2 million. This is our legal authority to spend and we will be over \$4.4 million in legal authority. Our cash balance also will increase by nearly \$2 million to a balance of over \$6 million. However, we can't spend all of that because our legal authority is only \$4.4 million. The growth is primarily from over \$1 million in early retirement savings, increase of misc income from Operational Sharing of Superintendent, Operations Director, Transportation Director, and next year Business Manager. We also increased our miscellaneous income from cost-sharing of the above-mentioned positions as well as the rental of our buildings to various groups, the most notable CityPoint Church, paying the district in excess of \$40,000.

*Larry Sigel, Iowa School Finance Information Services

Physical, Plant, Equipment Levy(PPEL)

This is a fund designed for buildings, buses, and other equipment over the \$500 threshold. Nearly every district has what we refer to as a standard PPEL levy of \$.33 per thousand. In addition, districts are able to have a Voted PPEL (VPPEL) up to \$1.34, that would allow a district to levy a total of \$1.67 (\$.33 standard + \$1.34 voted). The voters of Washington have approved a \$1.00 VPPEL through 2021. This fund provides resources for purchasing transportation (bus, car, or other equipment) that is over the \$500 threshold. Three years ago, the Legislature also approved allowing districts to pay for repairs on buses when the repair is over \$2,500 on any one vehicle. This was a common sense move since we paid for a bus out of PPEL, but in the past, we would then fix that same asset with General fund dollars. As an example, if we had to replace an engine, that can run from \$12,000-15,000, we would have to use General Fund money to pay for the repair. Now we are able to pay for repairs over \$2,500 out of PPEL. This fund can't be used for staffing or supplies, that is why we refer to it as a restricted fund.

State Penny for School Infrastructure (SAVE or SILO)

This tax on retail sales started as a local option sales tax in the early 1990's but by 2004 all counties had passed it. In 2008, it was converted to State Penny for School Infrastructure and leveled the playing field. Since 2008, the state has distributed these dollars on a per-pupil basis, based on statewide retail sales, rather than local retail sales. What this means is when we shop in Iowa City, we know that some of that sales tax collected will make its way back to the local district. This fund has similar uses of PPEL. However, the SAVE fund is also student-driven, approximately \$910 per student. If enrollment rises, the revenue also increases, conversely, if enrollment decreases, revenue will as well.

Because the SILO revenue is guaranteed by Iowa Code until 2029, the district was able to bond against future receipts to build the high school. The high school bonds will be paid off in 2028. There are discussions to extend this revenue source in order to keep providing property tax relief to people across Iowa. You might ask, why would you want to extend it now? With the revenue stream set to expire in 2029, many districts are unable to bond against future receipts like Washington did, and thus many are lobbying for an extension for bonding capacity in order to meet building needs without taxing for it. As time passes, all buildings begin to require more and more care and maintenance, and at some point, it becomes cost prohibitive to keep maintaining because, with the same amount of investment, you could have a new building.

Please reach out to our Legislatures in support of the State Penny extension, this has a direct correlation to keeping property taxes low.

One of my goals this year is to create a 10-year facility plan. I am looking for stakeholders to join on this committee. If you are interested, please contact Central Office at 319-653-6543. We will be looking at all of our existing buildings, creating a needs vs wants list, and then prioritize the list.

Management Fund

This fund is another restricted fund. Things that we are able to pay for include property, liability insurance, workers' compensation, early retirement benefits, judgments against the district, and our break/fix insurance, that covers all of our electronic devices. Our revenue for the management fund is set during the budget season. This is a fund that we have leveraged two years ago when we offered early retirement to over 24 staff, made up of administrators, teaching staff, and support staff.

Two years ago, we had a goal of reducing expenses by \$1.1 million. On the surface, it appears we are paying someone more to leave than we realize in savings, but because of the "restricted" nature of this fund, it frees up general fund dollars immediately. The other thing to realize is that the savings are compounded each and every year until the replacement teacher reaches the number of years experience that the retired teacher had. This can amount to thousands upon thousands of dollars in savings per teacher over time. So, the first year savings of \$1.1 million may equate to \$6 - 7 million over the next 10 years. Moving forward, realizing early retirement to this magnitude will not happen again because it will be sometime before we have a group as large as the group 2 years ago.

I want to thank the communities for their continued support of the Washington Community Schools, if you have questions don't hesitate to contact me.