

**FOREST CITY COMMUNITY SCHOOL DISTRICT  
ANNUAL FINANCIAL HEALTH REPORT  
2020-2021**



[www.forestcity.k12.ia.us](http://www.forestcity.k12.ia.us)

**Prepared By  
Sara Meinders**  
*Board Secretary/Business Manager*  
10/18/2021

## TABLE OF CONTENTS

Description of Financial Indicator Ratios-----	3-4
Executive Summary-----	5
Ten Point Financial Condition Test-----	6
Balance Sheet Comparisons-----	7
Revenue and Expenditures Comparison-----	8
Creditor's Equity Ratio-----	9
Contribution Ratio-----	10
Current Ratio-----	11
Day's Net Cash Ratio-----	12
Employee Cost Ratio-----	13
Foundation Aid Ratio-----	14
Financial Solvency Ratio-----	15
Investment Income Ratio-----	16
Receivables & Inventory Ratio-----	17
Student Transportation Ratio-----	18
Unspent Balance Ratio-----	19
Annual Unspent Balance Ratio-----	20
Unspent Balance Component-----	21
Certified Enrollment Trend-----	22
Open Enrollment Trend-----	23
Total Enrollment Trend-----	24
General Fund Per Pupil Cost-----	25
Total Tax Rate History by Fund-----	26
Change In Enrollment vs Change In Teacher FTE-----	27
Levies-----	28

## Description of Financial Indicator Ratios

The nine ratios selected for inclusion in this report were identified as being the most efficacious predictors of financial health for Iowa K-12 public schools as supported by formal quantitative research.

An operational definition has been constructed for each ratio used in this report. There is not one single standard under which all ratios have a consistent definition. For the purpose of this report the most commonly identified methods were used to construct the ratio definition. Where a common computational method was not identified, a logical “best guess” candidate was used and applied consistent with Iowa school business practice. Benchmarks have been included that are also consistent with prior research reviews. Where no ratio benchmark was drawn from literature, none was included with the working definition. The source of the data for most of the ratios used is the Certified Annual Report (CAR) required by the Iowa Department of Education each year. Data for the unspent balance is available from the Iowa Department of Management's website.

### **Creditors Equity Ratio (CER):**

The Creditors Equity Ratio is designed to measure the amount of the current assets that are provided by creditors. The amount of short-term borrowing would be symptomatic of how dependent the school is on credit to cash flow business operations. One would expect to see an inverse relationship of this indicator to that of the Day's Net Cash Ratio. Logic would suggest that as a school increases available cash to service operations, the less dependent on short-term debt it would become. The operational equation is:  $[\text{creditor's equity ratio} = \text{Iowa Schools Cash Management Program restricted assets} / \text{current assets}]$ . Ideally the minimum ratio would be zero. This indicates a condition where no short-term borrowing is required.

### **Current Ratio (CR):**

The Current Ratio is one of the most widely used measures of short-term liquidity for both public and private sector organizations. It is used to predict the schools ability to meet its current obligations from current assets from continuing operations. If this were a private business it would in essence measure working capital. The operational equation is:  $[\text{current ratio} = \text{current assets} / \text{current liabilities}]$ . The minimum target range for this indicator is 1.0. An indicator of less than 1.0 would indicate a condition where the district has more current liabilities than assets.

### **Day's Net Cash Ratio (DCR):**

The Day's Net Cash Ratio is typically calculated at the end of a fiscal period and gives a good indication of how long a district can operate without the additional infusion of revenue. One of the limitations of this indicator is that district expenditures are most generally made in large amounts on only a few days each month. An example would be monthly or bi-monthly payroll and board approved vendor payments once or twice per month. At the same time, most schools receive revenue in large amounts only a few times per month. An example would be state aid distributions, which are received once per month, or property tax distributions that are received twice per year. The timing of these receipts and expenditures is important to maintaining effective business operations. For this reason the Day's Net Cash Ratio is important. Inadequate cash on hand to service expenditure obligations requires the school to borrow funds creating added debt expense not directly tied to student instruction. An over abundance of cash, however, is also irresponsible management. Excessive accumulations of cash from community taxpayers' does not fit well within the purpose of most K-12 school operations. The operational equation is:  $[\text{day's net cash ratio} = (\text{cash} + \text{investments}) / (\text{total general fund expenditures} / 365)]$ . The target range for this indicator is 90 to 120 days. In Iowa, it is especially important to note that state foundation aid to schools ends each fiscal year in mid-June. The first payment of state aid for the new fiscal year does not begin again until mid-September, a full 90 day gap. In addition to this gap, districts typically secure new fiscal year supplies during the summer months so expenditures increase during a time when revenue is not received.

### **Employee Cost Ratio (ECR):**

This ratio was not a part of the original study conducted on financial health measures in 2005. Because education is a service based industry, staffing costs represent the single largest category of General Fund expenditures for schools. This ratio has been added because it illustrates important trend changes in staff costs as a percent of total General Fund expenditures. Historically budget data show districts spending from 75 to 85 percent of their General Fund on staff related costs. The operational equation is:  $[\text{wages plus benefits} / \text{general fund expenditures}]$ . The suggested target range for Iowa schools is less than 80%. Districts exceeding this percentage over time typically exhibit General Fund financial stress.

## Description of Financial Indicator Ratios - Continued

### **Foundation Aid Ratio (FAR):**

The Foundation Aid Ratio measures the amount of total General Fund revenue coming directly in the form of state aid. Since state aid is pupil driven under the Iowa funding formula, assumptions are this ratio would fluctuate in direct relationship to enrollment trends. While this is technically true, the Iowa funding formula does provide schools with a type of safety net when experiencing enrollment decline. This “scale down” provision has the effect of softening or delaying the revenue declines caused by the loss of students. State aid is the largest single source of school revenue. The operational equation is:  $[\text{foundation aid ratio} = \text{state aid revenues} / \text{general fund revenue}]$ . No suggested target range for Iowa schools can be determined for the indicator at this time.

### **Financial Solvency Ratio(FSR):**

The Financial Solvency Ratio is a snapshot, point-in-time measure of the percentage of revenue remaining, assuming the district closed its doors on June 30 of the fiscal year, after gathering all the year's revenues and paying all the year's obligations. A district can only impact its solvency ratio by either increasing revenues or by reducing expenditures (or a combination of both). Although a recommended range of solvency ratios has typically been somewhere between 5 and 15 percent, the lower range considered “good” and the higher range considered “excellent”, school boards should consider local reasons and comfort levels based on acceptable levels of risk that could justify a deviation from the recommended range. An important caution: solvency ratio only relates to the relative fund balance of a district, so is not indicative of the spending authority position of the district. Many districts have experienced a negative solvency ratio for a number of years without any sanction from the Iowa Department of Education or State Board of Education.

### **Receivables and Inventory Ratio (RIR):**

The Receivables and Inventory Ratio provides a measure of total current assets tied up in accounts receivable and inventory. Accounts receivable and inventory items are not truly available as working capital and are not available for the district to pay bills with. It is possible that when a greater proportion of the current assets are in receivables and inventory, the district balance sheet would look healthy but the district does not have the ability to meet immediate expenditure needs. This ratio may also provide insight on the timeliness of state aid payments and other intergovernmental obligations owed to the district. The ratio also gives an indication of how well the district is managing accounts receivable and if inventory stockpiling is occurring. The operational equation is:  $[\text{receivables and inventory ratio} = (\text{receivables} + \text{inventories}) / \text{current assets}]$ . The target for this ratio should be as close to zero as possible.

### **Student Transportation Ratio (STR):**

The Student Transportation Expenditure Ratio measures the amount of the school budget spent on transportation costs. Examples would include operating and maintaining bus routes, driver costs, equipment purchases, and fuel. A high ratio may suggest to management that a disproportionate amount of resources are being spent in this area. The operational equation is:  $[\text{student transportation ratio} = \text{transportation expenditures} / \text{general fund expenditures}]$ . No suggested target range for Iowa schools can be determined for the indicator at this time.

### **Unspent Balance Ratio (UBR):**

The Unspent Balance Ratio measures the amount of cumulative district spending authority not spent at the end of each fiscal year. This ratio is unique to Iowa schools. Iowa schools are funded according to a state formula, which is different than any other in the country. Because spending authority is vitally important to the financial health of any Iowa district, it must be included as an indicator in any test group of ratios designed to assess fiscal health. The data for this indicator are provided by the Iowa Department of Management on the report titled Unspent Balance Calculations. The operational equation is:  $[\text{unspent balance ratio} = \text{unspent cumulative spending authority} / \text{maximum budget authority}]$ . The target range for this indicator logically is roughly equal to that of fund balance. This is because fund balance is the closest approximation of this indicator defined in previous research done in other states. The suggested minimum target for this indicator should be 5%.

## Executive Summary

- The District's overall financial condition continued its steady growth pattern during the Fiscal year of 2021. Overall, the District's financial position is excellent. Most metrics remained stable and many improved from FY2020 to FY2021. There are no significant areas of concern with regard to district finances.
- The District's unassigned General Fund balance increased from \$2,799,023 in FY2020 to \$3,621,234 in FY2021, an increase of \$822,211.
- The financial solvency ratio increased from 22.06% in FY2020 to 26.31% in FY2021. This ratio exceeds the target of 10% recommended for the key financial ratio. Bond rating agencies put great weight on this indicator when analyzing the District's credit rating. Remaining with this recommended target range will position the District well if/when sales tax or general obligation bonds need to be issued.
- The FY2021 unspent authorized budget is estimated to be \$5,592,315 and will be carried forward to the FY2022 budget. This was a increase from the prior year carryover balance of \$4,051,312, an increase of \$1,541,003.
- The budget reductions due to early retirement offerings from fiscal year 2018 and fiscal year 2019 along with controlled staffing and reallocated curriculum resources have enabled the district to maintain strong financial solvency throughout the years. Future state funding and enrollment remain questionable due to the COVID impact; however significant federal Emergency and Secondday School Emergency Relief (ESSER) funding have offset much of the financial downside of the COVID pandemic. The District will continue to keep a close eye on staffing needs as certified enrollment continues to decline more rapidly than previously projected.
- The certified enrollment of 1045.91 was taken October 1, 2020. This count represents a decrease of 22.32 students from the prior year. A declining trend line for future years is also predicted.
- Open enrollment continues to be a significant factor in our total enrollment. We experienced an increase in the net open enrollment numbers, from 14.1 in 2020 to 24.8 in 2021. This is a true indicator that parents and students value what is being offered at Forest City Community School District.
- The District ended the FY2020 with a total General Fund balance of \$9,206,536. For FY2021 this balance increased to 10,280,632. This increase is primarily due to decrease in expenditures from staff changes and employee benefits changes.
- On September 12, 2017, the District voter's approved the implementation of a Voter Approved Physical Plant and Equipment Levy (PPEL). This levy will be in effect for 10 years for the main purpose of ensuring our District facilities and equipment are maintained while focusing on energy efficiency to reduce general fund costs. This levy was implemented in FY19 at a rate of 1.06589 but was offset by the Debt Service Levy elimination at the same time resulting in a total tax rate levy decrease of 0.9272 even with the addition of the PPEL levy.
- The Special Education program fund balance ended FY2021 with a deficit balance of \$-501,477 compared to FY2020 with a deficit balance of \$-697,332. This decrease of \$195,855 is attributed to the District implementing submissions of medicaid reimbursement for applicable services.
- The District's taxable valuation continues to grow. In January 2021 (budget year 2022) the valuation was computed to be \$533,905,350 compared to \$516,604,053 in January 2020 (budget year 2021), an increase of \$17,301,297 or 3.35%.
- The Day's Net Cash Ratio shows the District's cash flow capacity has increased in FY21. On June 30, 2021 the District had a combination of cash and investments on hand totaling \$4,997,926. This amount when divided by FY2021 average daily expenditures yields 135 days of operating cash flow. The District does not receive State Foundation Aid for the period of June 15 through September 15. FY2021 cash flow was sufficient to cover expenses during that 90 day period as our days net cash ratio continues to remain above 90 at 117 days.

## Nine Point Financial Condition Test Ratio Indicators

Assessment	Benchmark				
Indicator Ratio	Best Trend Direction	Recommended Target Value	District Value 2019	District Value 2020	District Value 2021
Creditor Equity Ratio	Stagnant	0.0%	0.0%	0.0%	0.0%
Current Ratio	Higher	100% or above	151.7%	153.6%	166.1%
Day's Net Cash Ratio	Higher	90-120 Days	111.77	117.62	135.77
Employee Cost Ratio	Slightly Lower	75-85%	82.6%	81.8%	81.7%
Foundation Aid Ratio	Slightly Lower	Range (see ratio definition)	36.6%	37.3%	35.5%
Financial Solvency Ratio	Higher	15-20% (Recommended not to exceed 25%)	21.3%	22.1%	26.3%
Receivables & Inventory Ratio	Slightly Higher	0.0%	11.4%	11.1%	11.6%
Student Transportation Ratio	Stagnant	NA	4.2%	3.9%	3.9%
Unspent Balance Ratio	Lower	10-15% (Recommended not to exceed 25%)	16.8%	21.1%	19.0%

### Color Key:

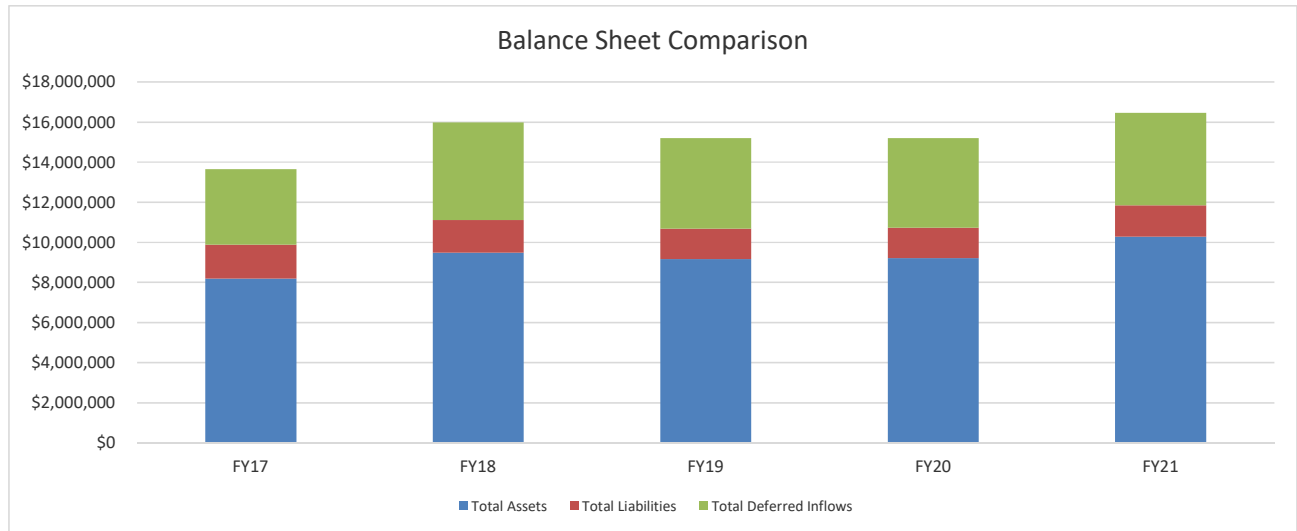
Green - indicator is within target range or at target trending in the right direction.

Yellow - indicator is in target range but may be trending in the wrong direction.

Red - indicator is below or above the target amount .

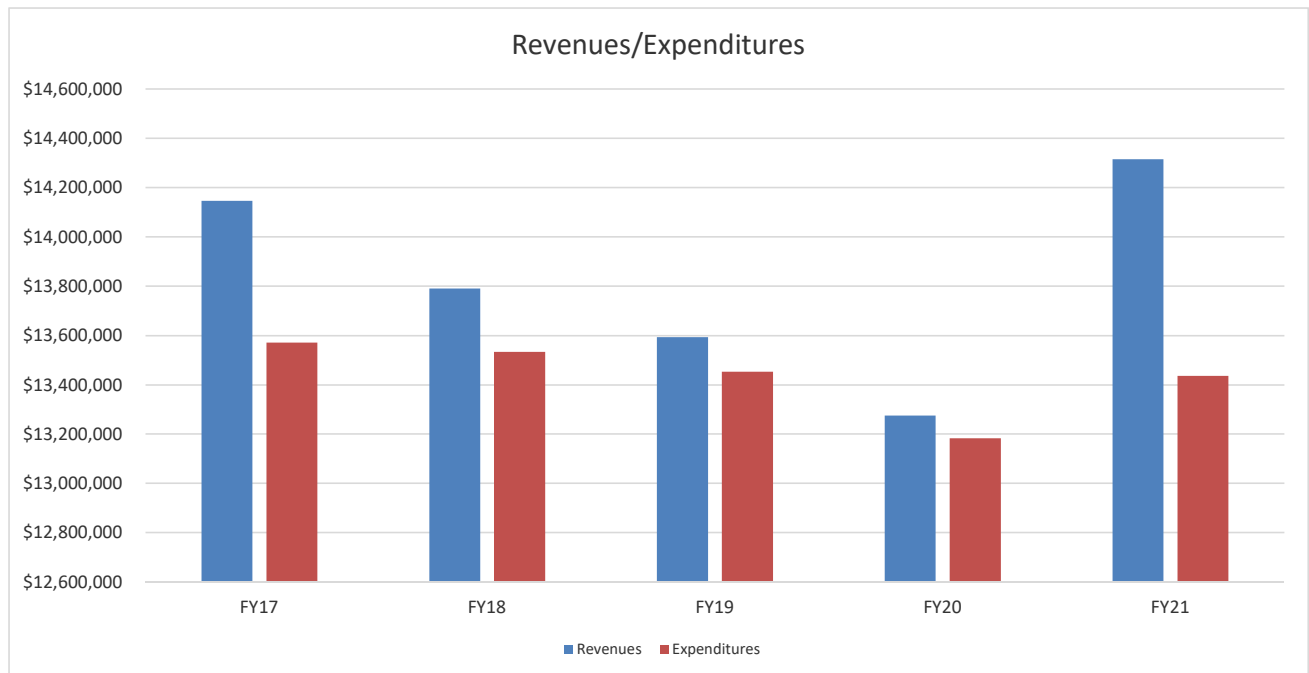
**Simple Balance Sheet Comparisons**  
**General Fund Only**

	FY17	FY18	FY19	FY20	FY21	\$ Change	% Change
<b>Assets:</b>							
Cash & Investments	\$3,841,751	\$4,074,057	\$4,119,427	\$4,248,254	\$4,997,926	\$749,673	18.2%
Receivables	\$4,352,162	\$5,409,650	\$5,040,485	\$4,958,283	\$5,282,706	\$324,423	6.4%
Inventories	\$0	\$0	\$0	\$0	\$0	\$0	#DIV/0!
Other Assets	\$0	\$0	\$0	\$0	\$0	\$0	#DIV/0!
<b>Total Assets</b>	<b>\$8,193,913</b>	<b>\$9,483,706</b>	<b>\$9,159,912</b>	<b>\$9,206,536</b>	<b>\$10,280,632</b>	<b>\$1,074,095</b>	<b>11.7%</b>
<b>Liabilities:</b>							
Payables	\$226,933	\$190,801	\$136,827	\$125,223	\$156,315	\$31,092	22.7%
Accrued Payroll	\$1,465,682	\$1,436,087	\$1,389,593	\$1,400,382	\$1,411,201	\$10,819	0.8%
Deductions & Withholdings	\$0	\$0	\$29	\$4,841	\$2,093	(\$2,748)	-9616.7%
Other Liabilities	\$0	\$0	\$0	\$0	\$0	\$0	#DIV/0!
<b>Total Liabilities</b>	<b>\$1,692,615</b>	<b>\$1,626,889</b>	<b>\$1,526,449</b>	<b>\$1,530,446</b>	<b>\$1,569,609</b>	<b>\$39,162</b>	<b>2.6%</b>
<b>Deferred Inflows:</b>							
Property Tax Receivable	\$3,247,084	\$4,340,593	\$3,970,174	\$3,902,761	\$4,048,216	\$145,455	3.7%
Income Surtax Receivable	\$528,909	\$534,660	\$541,017	\$559,314	\$569,852	\$10,538	1.9%
Miscellaneous Receivable	\$26	\$0	\$0	\$0	\$0	\$0	#DIV/0!
<b>Total Deferred Inflows</b>	<b>\$3,776,019</b>	<b>\$4,875,253</b>	<b>\$4,511,191</b>	<b>\$4,462,075</b>	<b>\$4,618,068</b>	<b>\$155,993</b>	<b>3.5%</b>
<b>Fund Balance:</b>							
Restricted	\$369,505	\$317,965	\$343,606	\$402,683	\$467,097	\$64,414	18.7%
Assigned	\$2,228	\$14,025	\$11,917	\$12,309	\$4,624	(\$7,685)	-64.5%
Unassigned	\$2,353,546	\$2,649,575	\$2,766,750	\$2,799,023	\$3,621,234	\$822,211	29.7%
<b>Total Fund Balance</b>	<b>\$8,193,913</b>	<b>\$9,483,706</b>	<b>\$9,159,912</b>	<b>\$9,206,536</b>	<b>\$10,280,632</b>	<b>\$1,074,095</b>	<b>11.7%</b>
<b>Total Liabilities, Inflows, and Fund B</b>	<b>\$13,662,547</b>	<b>\$15,985,848</b>	<b>\$15,197,552</b>	<b>\$15,199,058</b>	<b>\$16,468,308</b>	<b>\$1,269,251</b>	<b>8.4%</b>



**Simple Revenue & Expenditures Comparison**  
**General Fund Only**

	FY17	FY18	FY19	FY20	FY21	\$ Change	% Change
<b>Revenues:</b>							
Local sources	\$6,442,410	\$6,476,764	\$6,190,233	\$5,827,726	\$6,003,748	\$176,022	2.8%
State sources	\$7,453,829	\$7,052,043	\$7,102,165	\$7,087,692	\$7,229,075	\$141,383	2.0%
Federal sources	\$251,012	\$244,918	\$269,391	\$339,957	\$1,057,736	\$717,780	266.4%
Other sources	\$0	\$16,709	\$32,035	\$19,343	\$24,727	\$5,384	16.8%
Total revenues	\$14,147,251	\$13,790,434	\$13,593,825	\$13,274,718	\$14,315,286	\$1,040,569	7.7%
<b>Expenditures:</b>							
Instruction	\$9,027,591	\$9,192,535	\$9,057,304	\$8,909,665	\$9,039,810	\$130,145	1.4%
Support services	\$2,503,425	\$2,088,519	\$2,086,948	\$2,061,616	\$2,176,055	\$114,439	5.5%
Non-instructional	\$1,401,021	\$1,724,665	\$1,780,448	\$1,683,065	\$1,688,811	\$5,746	0.3%
AEA Flowthrough	\$512,684	\$528,430	\$528,415	\$528,629	\$531,670	\$3,041	0.6%
Other expenditures	\$125,958	\$0	\$0	\$0	\$0	\$0	0.0%
Total expenditures	\$13,570,680	\$13,534,149	\$13,453,115	\$13,182,975	\$13,436,346	\$253,371	1.9%
<b>Changes of Rev over Exp</b>	\$576,571	\$256,285	\$140,710	\$91,743	\$878,940	\$787,197	559.4%





# Creditor's Equity Ratio

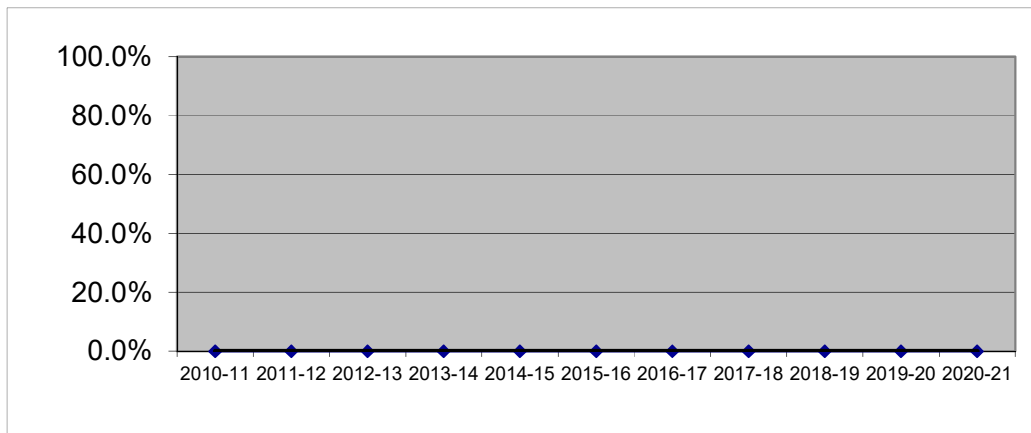
**Formula:**

Current Restricted Assets: ISCAP Investments  
Total Current Assets

**Financial Information and Computation:**

Year	ISCAP	Total Assets	Ratio
CAR reference	BalSheet C1L8	BalSheet C1L11	
2010-11	\$0	\$ 6,826,009.00	0.0%
2011-12	\$0	\$ 7,326,256.00	0.0%
2012-13	\$0	\$ 6,907,898.00	0.0%
2013-14	\$0	\$ 8,160,980.00	0.0%
2014-15	\$0	\$ 8,564,509.00	0.0%
2015-16	\$0	\$ 7,452,078.08	0.0%
2016-17	\$0	\$ 8,193,913.24	0.0%
2017-18	\$0	\$ 9,483,706.39	0.0%
2018-19	\$0	\$ 9,159,911.97	0.0%
2019-20	\$0	\$ 9,206,536.47	0.0%
2020-21	\$0	\$ 10,280,631.90	0.0%

Ratio explanation: Short-term borrowing represents xx.x% of total current assets



**Purpose:**

Measures how much of the district's current General Fund equity is funded with borrowed money.

**Trend:**

Stable.

**Target:**

Ideally the ratio would be zero. This would indicate a condition where no short-term borrowing is required.

**Explanation:**

This indicator is at the desired level at this time.

**Corrective Action:**

None needed at this time.

# Contribution Ratio

**Formula:** 
$$\frac{\text{Line Source Revenue}}{\text{Total Revenue}}$$

## Financial Information and Computation:

	FY 2020			FY 2021	
Line	Amount	Ratio	Line	Amount	Ratio
Source			Source		
Local	\$5,827,726	43.9%	Local	\$6,003,748	41.9%
State	\$7,087,692	53.4%	State	\$7,229,075	50.5%
Federal	\$339,957	2.6%	Federal	\$1,057,736	7.4%
Other	\$19,343	0.1%	Other	\$24,727	0.2%
Total	\$13,274,718	100.0%	Total	\$14,315,286	100.0%

Year	Local	State	Federal	Other
FY 2009	38.3%	59.7%	2.0%	0.0%
FY 2010	37.9%	53.6%	8.5%	0.0%
FY 2011	40.8%	53.2%	6.0%	0.0%
FY 2012	43.5%	54.0%	2.3%	0.2%
FY 2013	45.7%	50.2%	1.9%	2.2%
FY 2014	44.0%	54.2%	1.8%	0.0%
FY 2015	42.8%	54.2%	2.0%	1.0%
FY 2016	44.9%	53.1%	1.9%	0.0%
FY 2017	45.5%	52.7%	1.8%	0.0%
FY 2018	47.0%	51.1%	1.8%	0.1%
FY 2019	45.5%	52.2%	2.0%	0.2%
FY 2020	43.9%	53.4%	2.6%	0.1%
FY 2021	41.9%	50.5%	7.4%	0.2%

**Purpose:** Measures local taxation effort.

**Trend:** N/A.

**Target:** N/A.

**Explanation:** As a District's property tax wealth grows the school aid formula shifts financial responsibility from the state to the local district. This can be seen in the table above.

**Corrective Action:** N/A.

# Current Ratio

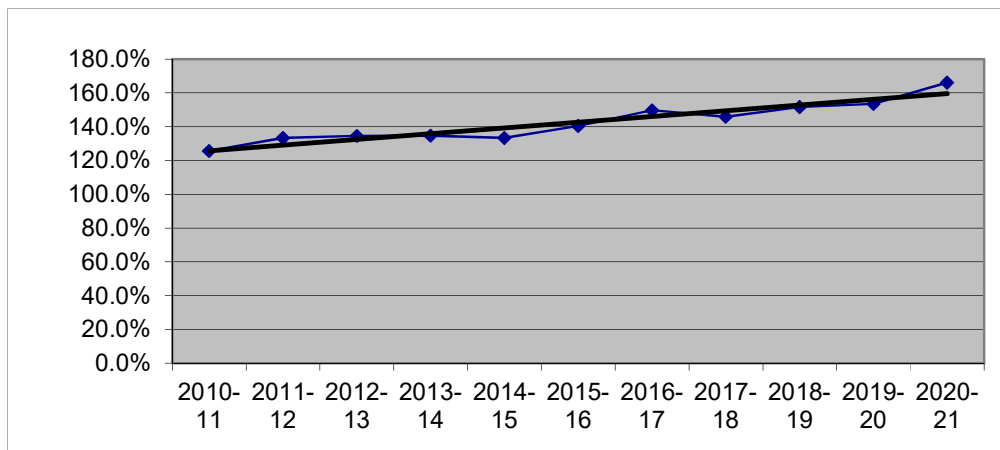
**Formula:**

$$\frac{\text{Total Current Assets}}{\text{Total Current Liabilities}}$$

**Financial Information and Computation:**

Year	Assets	Liabilities	Ratio
CAR reference	BalSheet C1L15	BalSheet C1L29+L34	
2010-11	\$6,826,009	\$5,430,282	125.7%
2011-12	\$7,326,256	\$5,495,281	133.3%
2012-13	\$6,907,898	\$5,129,162	134.7%
2013-14	\$8,160,980	\$6,055,412	134.8%
2014-15	\$8,564,509	\$6,424,635	133.3%
2015-16	\$7,452,078	\$5,303,370	140.5%
2016-17	\$8,193,913	\$5,468,534	149.8%
2017-18	\$9,483,706	\$6,502,142	145.9%
2018-19	\$9,159,912	\$6,039,640	151.7%
2019-20	\$9,206,536	\$5,992,521	153.6%
2020-21	\$10,280,632	\$6,187,677	166.1%

Ratio explanation: Short-term solvency represents xx.x% of assets to liabilities



**Purpose:**

Measures the district's short-term solvency position .

**Trend:**

Up

**Target:**

A minimum target would be 100%. An indicator less than 100% would indicate a condition where the district has more liabilities than assets.

**Explanation:**

Indicator is within acceptable range.

**Corrective Action:**

None at this time.

# Day's Net Cash Ratio

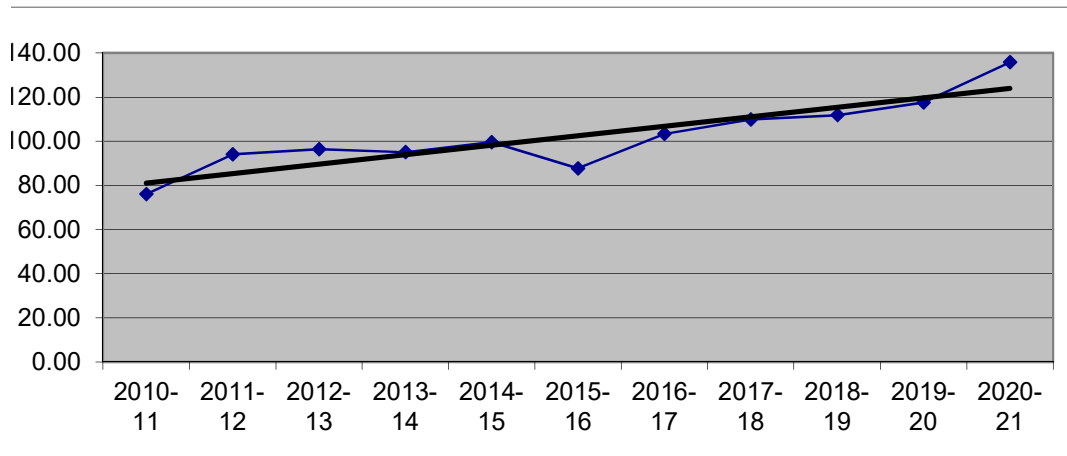
**Formula:**

$$\frac{\text{Cash \& Investments}}{\text{Average Daily Cash Expenditures}}$$

**Financial Information and Computation:**

Year	Cash & Investments	Total Expenditures	Daily (365) Expenditures	Ratio In Days
CAR reference	BalSheet C1L1	ExpGF C8L42		
2010-11	\$2,952,277	\$14,168,896	\$38,819	76.05
2011-12	\$3,552,796	\$13,778,609	\$37,750	94.11
2012-13	\$3,740,290	\$14,163,089	\$38,803	96.39
2013-14	\$3,520,726	\$13,523,681	\$37,051	95.02
2014-15	\$3,622,578	\$13,287,483	\$36,404	99.51
2015-16	\$3,285,611	\$13,662,829	\$37,432	87.77
2016-17	\$3,841,751	\$13,570,680	\$37,180	103.33
2017-18	\$4,074,057	\$13,534,149	\$37,080	109.87
2018-19	\$4,119,427	\$13,453,117	\$36,858	111.77
2019-20	\$4,248,254	\$13,182,975	\$36,118	117.62
2020-21	\$4,997,926	\$13,436,346	\$36,812	135.77

Ratio explanation: Number of days the district can carry expenditures without cash infusion



**Purpose:** Measures short-term solvency and the ability to cash flow expenditures without receiving additional revenue.

**Trend:** Up.

**Target:** 90 to 120 days (3 to 4 months).

**Explanation:** This indicator has reached a maximum target. The District will work to spend down cash reserves.

**Corrective Action:** Consider levying less cash in the future.

# Employee Cost Ratio

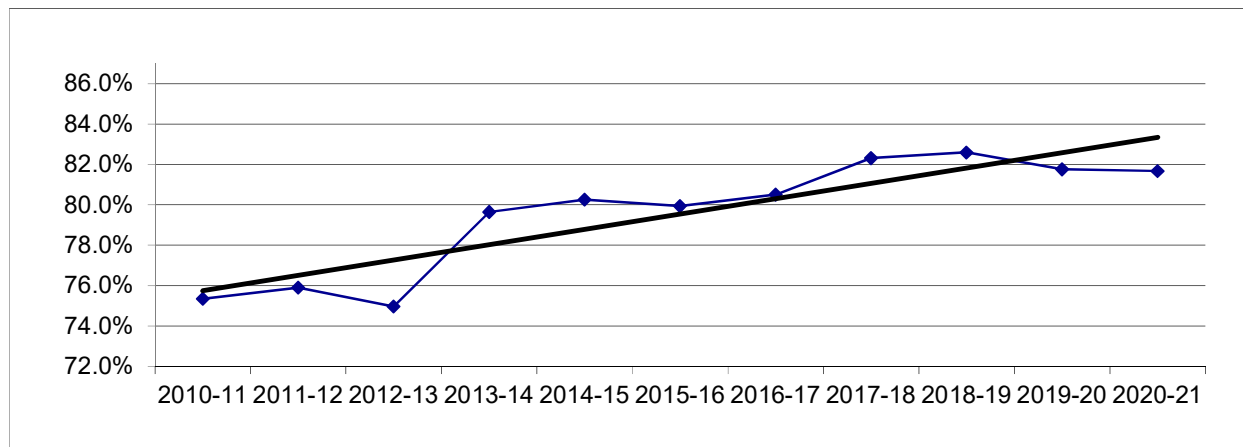
**Formula:**

$$\frac{\text{Wages and Benefit Costs}}{\text{Total General Fund Expenditures}}$$

**Financial Information and Computation:**

Year	Wages and Benefits	Total GF Expenditures	Ratio
CAR reference	ExpGF C1L42 +C2L42	ExpGF C8L42	
2010-11	\$10,677,460	\$14,168,896	75.4%
2011-12	\$10,457,935	\$13,778,609	75.9%
2012-13	\$10,617,903	\$14,163,089	75.0%
2013-14	\$10,772,384	\$13,523,681	79.7%
2014-15	\$10,666,082	\$13,287,483	80.3%
2015-16	\$10,922,971	\$13,662,829	79.9%
2016-17	\$10,926,389	\$13,570,680	80.5%
2017-18	\$11,142,163	\$13,534,149	82.3%
2018-19	\$11,112,634	\$13,453,117	82.6%
2019-20	\$10,779,848	\$13,182,975	81.8%
2020-21	\$10,974,001	\$13,436,346	81.7%

Ratio explanation: What xx.xx% of total GF expenditures does staffing costs represent?



**Purpose:** Measures the percent dedicated to staffing costs which is the single largest category of expenditures in the General Fund budget.

**Trend:** Slight decline, -0.1%.

**Target:** Between 75% and 85%.

**Explanation:** Indicator is within target range, yet at the high end of the target range.

**Corrective Action:** Continue to monitor staffing costs as a percentage of total expenditures.

# Foundation Aid Ratio

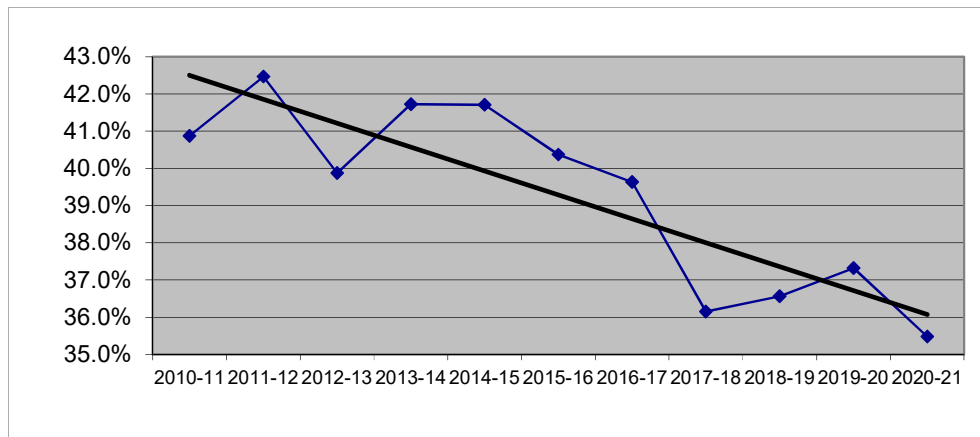
**Formula:**

$$\frac{\text{Direct State Aid}}{\text{Total General Fund Revenue}}$$

**Financial Information and Computation:**

Year	State Aid	Total Revenue	Ratio
CAR reference	Rev. C1L23	Rev. C1L58	
2010-11	\$5,353,827	\$13,098,491	40.9%
2011-12	\$5,415,413	\$12,753,298	42.5%
2012-13	\$5,110,805	\$12,817,304	39.9%
2013-14	\$5,589,389	\$13,396,970	41.7%
2014-15	\$5,556,652	\$13,321,789	41.7%
2015-16	\$5,519,218	\$13,671,663	40.4%
2016-17	\$5,418,363	\$13,671,663	39.6%
2017-18	\$4,985,258	\$13,790,434	36.2%
2018-19	\$4,969,831	\$13,593,825	36.6%
2019-20	\$4,954,251	\$13,274,718	37.3%
2020-21	\$5,078,831	\$14,315,286	35.5%

Ratio explanation: What xx.x% of total revenue does foundation aid represent.



**Purpose:** Measures resource contribution.

**Trend:** Slightly Down.

**Target:** No target is established for this ratio. A rule of thumb is that as a district's property wealth grows a smaller percentage of the total revenue is contributed from the foundation aid formula.

**Explanation:** Total revenues increased significantly due to property tax valuations increasing. State Aid decreased do to loss in enrollment affecting per pupil allocations from the state.

**Corrective Action:** None needed at this time.

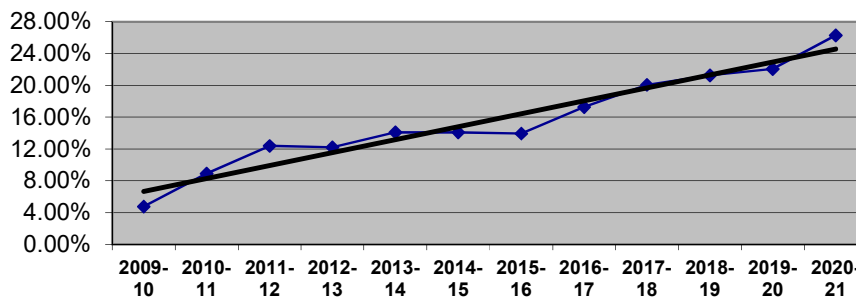
# Financial Solvency Ratio

**Formula:** 
$$\frac{\text{Unreserved Undesignated Fund Balance (UUFB)}}{\text{Total GF Revenue - AEA Flowthrough}}$$

## Financial Information and Computation:

Year		AFB +	Revenue -	Ratio
		UFB	AEA Flowthrough	
CAR reference		Balsheet C1L39+C1L40	Rev. C1L58 - Exp. C8L36	
2009-10		\$582,111	\$12,215,478	4.77%
2010-11		\$1,119,146	\$12,566,679	8.91%
2011-12		\$1,464,897	\$11,811,747	12.40%
2012-13		\$1,509,865	\$12,360,449	12.22%
2013-14		\$1,813,997	\$12,878,452	14.09%
2014-15		\$1,803,409	\$12,800,375	14.09%
2015-16		\$1,836,046	\$13,148,808	13.96%
2016-17		\$2,355,775	\$13,634,567	17.28%
2017-18		\$2,663,600	\$13,262,004	20.08%
2018-19		\$2,778,666	\$13,065,410	21.27%
2019-20		\$2,811,332	\$12,746,089	22.06%
2020-21		\$3,625,859	\$13,783,616	26.31%

Ratio explanation: What xx.x% of total revenue does fund equity represent.



**Purpose:** Measures the District's Fund Equity position and shows the ability to manage short and long term unexpected demands on cash.

**Trend:** Up.

**Target:** Long-term 5-20% (Recommended not to exceed 25%).

**Explanation:** Solvency ratio currently above the recommended range.

**Corrective Action:** Levying less cash in the future.

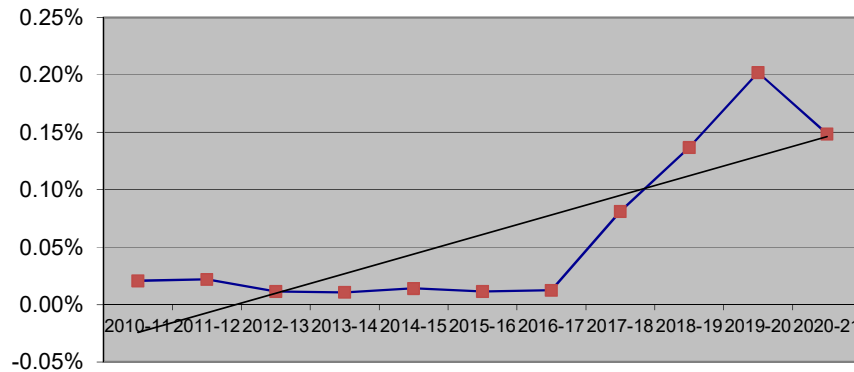
# Investment Income Ratio

**Formula:** 
$$\frac{\text{Interest Income}}{\text{Total General Fund Revenue}}$$

## Financial Information and Computation:

Year	Interest	Total Revenue	Ratio
CAR reference	Rev. C1L8	Rev. C1L56	
2010-11	\$2,713	\$13,098,491	0.02%
2011-12	\$2,799	\$12,753,298	0.02%
2012-13	\$1,472	\$12,817,304	0.01%
2013-14	\$1,433	\$13,396,970	0.01%
2014-15	\$1,877	\$13,321,789	0.01%
2015-16	\$1,576	\$13,671,663	0.01%
2016-17	\$1,752	\$14,147,251	0.01%
2017-18	\$11,183	\$13,790,434	0.08%
2018-19	\$18,599	\$13,593,825	0.14%
2019-20	\$26,828	\$13,274,718	0.20%
2020-21	\$21,271	\$14,315,286	0.15%

Ratio explanation: What xx.xx% of total revenue does interest in idle funds represent.



**Purpose:** Measures operating results.

**Trend:** Significantly Up.

**Target:** Stable to upward trends are desirable for this indicator.

**Explanation:** Significant increase due to improved market conditions. Increase is contributed to the overall interest increase as spurred by economic growth nationwide. Interest rates hit an all time low back in 2009-2015 with little to no movement until mid-year 2017. This overall increase in investment rates has directly impacted our interest income with little to no changes made internally. District management began to capitalize on interest earned by investing cash on hand in a certificate of deposit to increase miscellaneous income in 2019-20 and will continue this practice when cash on hand exceeds current needs.

**Corrective Action:** Monitor idle funds closely and to take advantage of any improving market conditions.



# Receivables & Inventory Ratio

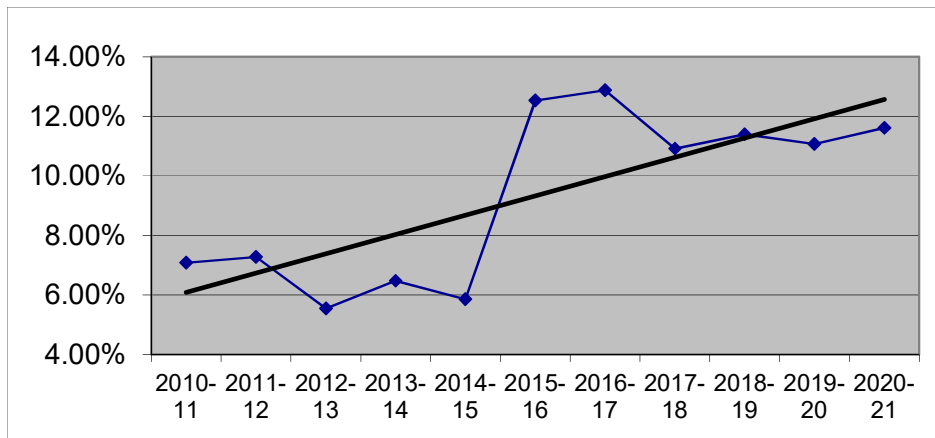
**Formula:**

$$\frac{\text{Receivables and Inventory}}{\text{Total Current Assets}}$$

**Financial Information and Computation:**

Year	Receivables & Inventory	Total Assets	Ratio
CAR reference	BalSheet C1L3-7	BalSheet C1L11	
2010-11	\$580,548	\$8,200,717	7.08%
2011-12	\$627,325	\$8,624,931	7.27%
2012-13	\$482,379	\$8,700,562	5.54%
2013-14	\$528,099	\$8,160,980	6.47%
2014-15	\$501,054	\$8,564,509	5.85%
2015-16	\$933,269	\$7,452,078	12.52%
2016-17	\$1,054,881	\$8,193,913	12.87%
2017-18	\$1,035,195	\$9,483,706	10.92%
2018-19	\$1,043,496	\$9,159,912	11.39%
2019-20	\$1,019,227	\$9,206,536	11.07%
2020-21	\$1,193,348	\$10,280,632	11.61%

Ratio explanation: What xx.xx% of total revenue does rec. / inv. represent.



**Purpose:**

Measures movement and distribution of current assets.

**Trend:**

Slightly Up.

**Target:**

Stable to lower is desirable for this indicator.

**Explanation:**

Funds are a major factor contributing to the fluctuation of this indicator.

**Corrective Action:**

Awareness of the funds yet to be received by the district is always valuable information, however some receivables such as income surtax and special education tuition billings are not generally within management's control to influence.

# Student Transportation Ratio

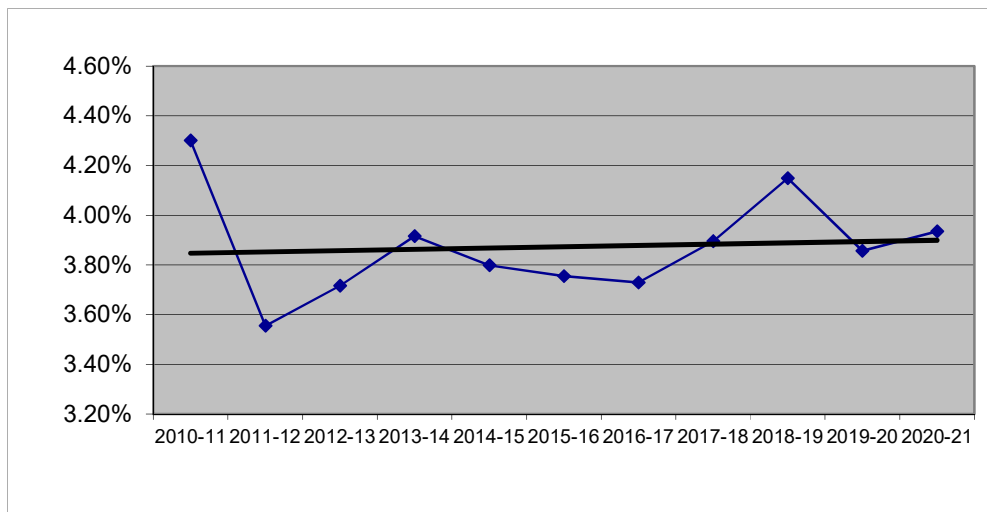
**Formula:**

$$\frac{\text{Student Transportation Expense}}{\text{Total General Fund Expenditures}}$$

**Financial Information and Computation:**

Year	Transportation	Total Expenditures	Ratio
CAR reference	ExpGF C8L29	ExpGF C8L42	
2010-11	\$609,341	\$14,168,896	4.30%
2011-12	\$489,745	\$13,778,609	3.55%
2012-13	\$526,250	\$14,163,089	3.72%
2013-14	\$529,444	\$13,523,681	3.91%
2014-15	\$504,737	\$13,287,483	3.80%
2015-16	\$513,010	\$13,662,829	3.75%
2016-17	\$506,101	\$13,570,680	3.73%
2017-18	\$527,199	\$13,534,149	3.90%
2018-19	\$558,126	\$13,453,117	4.15%
2019-20	\$508,383	\$13,182,975	3.86%
2020-21	\$528,763	\$13,436,346	3.94%

Ratio explanation: What xx.xx% of total expenditures does std. transportation represent.



**Purpose:**

Measurers resource distribution results.

**Trend:**

Slightly Down.

**Target:**

Stable to lower trends are desirable for this indicator.

**Explanation:**

Continue to be efficient in route efficiency and cost controls.

**Corrective Action:**

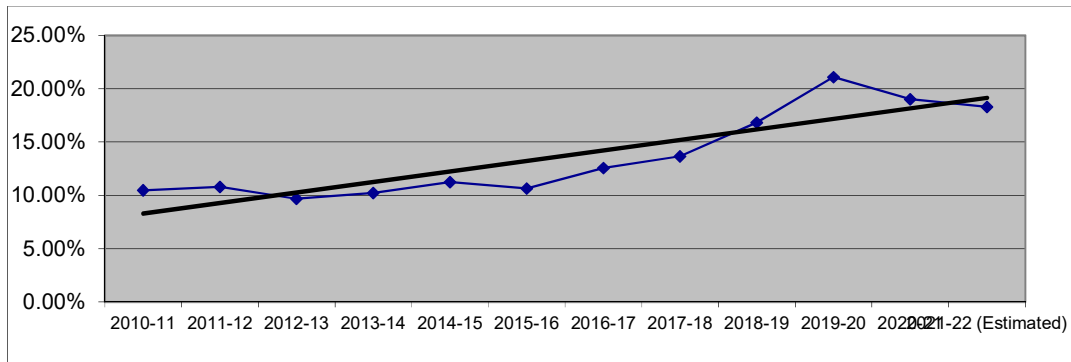
The District will continue to monitor transportation costs to ensure they are within the needs and means of the District.

# Unspent Balance Ratio

**Formula:** 
$$\frac{\text{Unspent Spending Authority}}{\text{Maximum Budget Authority}}$$

## Financial Information and Computation:

Year	Maximum Authorized	Regular Unspent Bal.	Unreserved Unspent Bal.	Regular UB Ratio	Unreserv. UB Ratio
2010-11	\$16,200,401	\$2,031,506	\$1,695,672	12.54%	10.47%
2011-12	\$15,797,274	\$2,018,665	\$1,706,631	12.78%	10.80%
2012-13	\$15,993,513	\$1,830,424	\$1,547,237	11.44%	9.67%
2013-14	\$15,390,643	\$1,866,962	\$1,575,391	12.13%	10.24%
2014-15	\$15,348,305	\$2,060,822	\$1,724,356	13.43%	11.23%
2015-16	\$15,643,216	\$1,980,387	\$1,667,725	12.66%	10.66%
2016-17	\$15,947,448	\$2,376,768	\$2,005,035	14.90%	12.57%
2017-18	\$16,128,110	\$2,593,960	\$2,204,124	16.08%	13.67%
2018-19	\$16,602,094	\$3,148,977	\$2,793,454	18.97%	16.83%
2019-20	\$17,234,286	\$4,051,312	\$3,636,319	23.51%	21.10%
2020-21	\$19,028,661	\$5,592,315	\$3,621,234	29.39%	19.03%
2021-22 (Estimated)	\$19,670,216	\$5,897,961	\$3,600,000	29.98%	18.30%



**Purpose:** Measures the District's unbudgeted spending reserves.

Up for FY21 with predictions to begin to decline in FY21. Early retirement savings as well as changes to employee benefit plans has significantly impacted expenditures the past two years. Additional funding from COVID relief was also an impact to our unspent balance ratio.

**Trend:**

**Target:** Unreserved unspent for short-term at 5-10 percent.  
Long-term 5 percent above accrued payroll liabilities.

**Explanation:** An adequate level of budget reserves are important so the District can respond to emergencies and student growth. Conventional wisdom suggests a minimum of 5% to 10% contingency expenditures. For growing districts high balances are recommended.

**Corrective Action:** None at this time, above target.

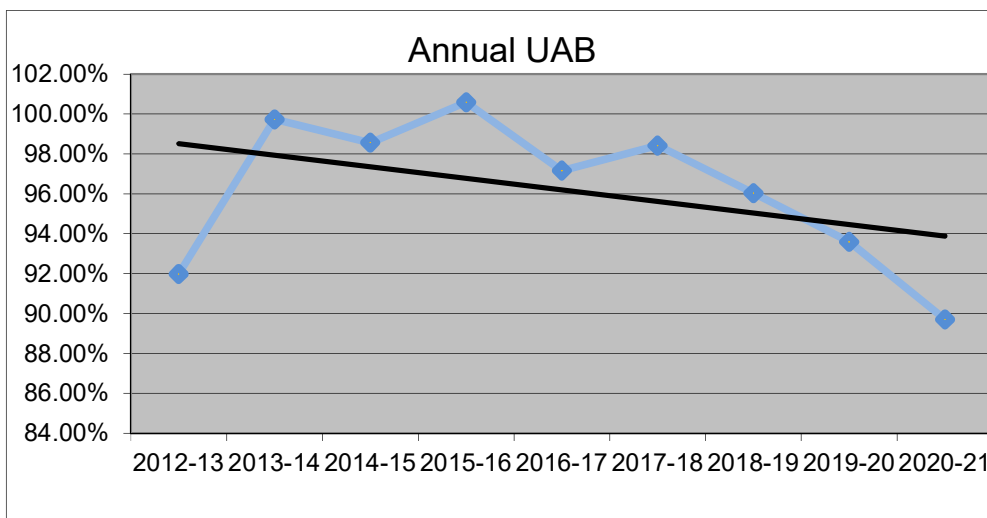
# Annual Unspent Balance Ratio

**Formula:**

$$\frac{\text{Total GF Expenditures}}{\text{Maximum Budget Authority - Prior Year UAB (Breakeven Authority)}}$$

**Financial Information and Computation:**

Year	Total Expenditures	Max Bud. Auth. - Prior Year UAB	Annual UAB Ratio
2012-13	\$12,854,869	\$13,974,848	91.99%
2013-14	\$13,523,681	\$13,560,219	99.73%
2014-15	\$13,287,483	\$13,481,343	98.56%
2015-16	\$13,662,829	\$13,582,394	100.59%
2016-17	\$13,570,680	\$13,967,061	97.16%
2017-18	\$13,534,149	\$13,751,342	98.42%
2018-19	\$13,453,117	\$14,008,133	96.04%
2019-20	\$13,182,975	\$14,085,306	93.59%
2020-21	\$13,436,346	\$14,977,351	89.71%



**Purpose:** Measures the amount of annual spending authority used.

**Trend:** Decline.

**Target:** Goal would to be to spend approx. 100% of annual authority once desired UAB Ratio is achieved.

**Explanation:** Changes to employee benefit plans in 2019 along with early retirement offerings and staff movement have significantly lowered district expenditures more quickly than anticipated.

**Corrective Action:** None at this time.

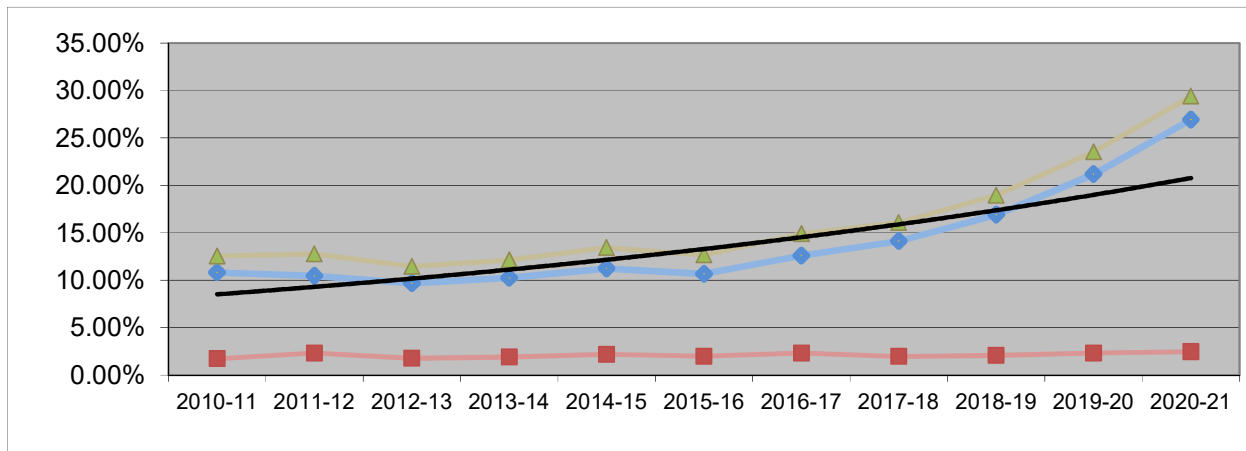
# Unspent Balance Component

**Formula:**

$$\frac{\text{Total GF Expenditures}}{\text{Maximum Budget Authority - Prior Year UAB}}$$

**Financial Information and Computation:**

Year	Max. Auth. Budget	Regular Program UAB	%	Categorical UAB	%	Total UAB	%
2010-11	\$16,200,401	\$1,752,409	10.82%	\$279,097	1.72%	\$2,031,506	12.54%
2011-12	\$15,797,274	\$1,649,885	10.44%	\$368,780	2.33%	\$2,018,665	12.78%
2012-13	\$15,993,513	\$1,547,237	9.67%	\$283,187	1.77%	\$1,830,424	11.44%
2013-14	\$15,390,643	\$1,575,391	10.24%	\$291,571	1.89%	\$1,866,962	12.13%
2014-15	\$15,348,305	\$1,724,356	11.23%	\$336,466	2.19%	\$2,060,822	13.43%
2015-16	\$15,643,216	\$1,667,725	10.66%	\$312,662	2.00%	\$1,980,387	12.66%
2016-17	\$15,947,448	\$2,007,263	12.59%	\$369,505	2.32%	\$2,376,768	14.90%
2017-18	\$16,128,110	\$2,275,996	14.11%	\$317,965	1.97%	\$2,593,961	16.08%
2018-19	\$16,602,094	\$2,805,372	16.90%	\$343,607	2.07%	\$3,148,979	18.97%
2019-20	\$17,234,285	\$3,648,629	21.17%	\$402,683	2.34%	\$4,051,312	23.51%
2020-21	\$19,028,661	\$5,125,218	26.93%	\$467,097	2.45%	\$5,592,315	29.39%



**Purpose:**

Illustrates the portion of total unspent balance represented by regular program and categorical fund balances.

**Trend:**

Increase.

**Target:**

Always maintain a positive portion of regular program UAB; 5% - 15% is recommended, not to exceed 25%.

**Explanation:**

Our categorical portion of UAB significantly increase in FY2019 due to the COVID-19 Health Pandemic with school closing in March of 2019. Many extra programs and compensation plans were unable to continue in the online learning environment, most specifically being summer school which is an expenditure from Dropout Prevention. Additional ESSER Funding was also a factor in this increase.

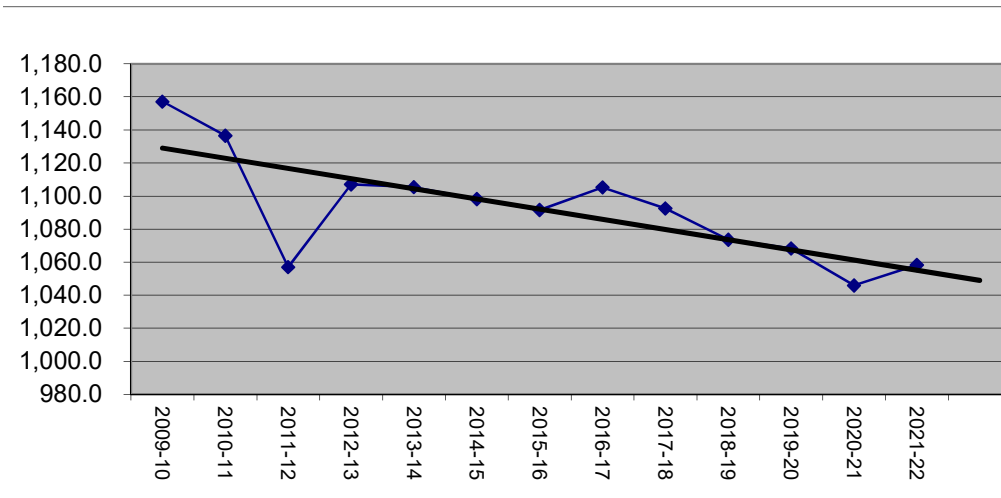
**Corrective Action:**

Maintain Current Position while continuing to spend down categorical UAB.

# Certified Enrollment Trend

## Information and Computation:

Year	Enrollment	# Increase	% Increase
October 1, xxxx			
2009-10	1,157.2	(117.90)	
2010-11	1,136.5	(20.73)	-1.79%
2011-12	1,057.0	(79.47)	-6.99%
2012-13	1,107.0	49.97	4.73%
2013-14	1,105.40	(1.60)	-0.14%
2014-15	1,098.20	(7.20)	-0.65%
2015-16	1,091.60	(6.60)	-0.60%
2016-17	1,105.32	13.72	1.26%
2017-18	1,092.48	(12.84)	-1.16%
2018-19	1,073.50	(18.98)	-1.74%
2019-20	1,068.23	(5.27)	-0.49%
2020-21	1,045.91	(22.32)	-2.09%
2021-22	1,058.29	12.38	1.18%



**Purpose:** Measures enrollment trend for financial forecasting.

**Trend:** Decline.

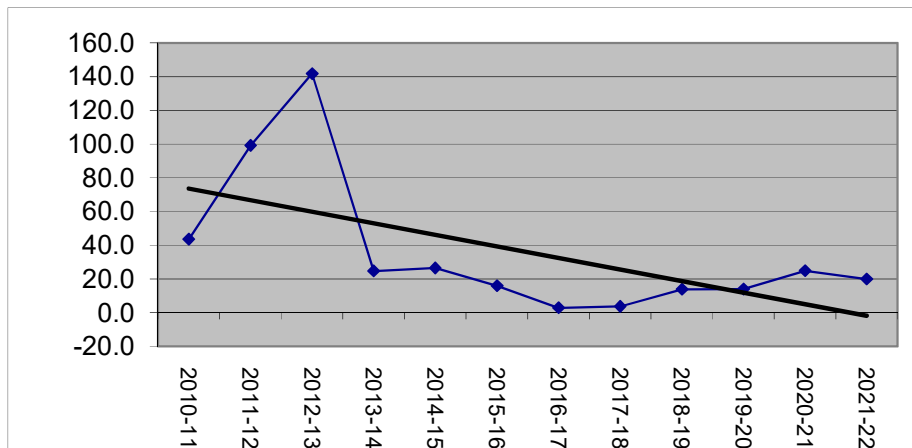
**Target:** Stable to higher is most desirable for this indicator.

**Explanation:** Continue to offer quality programs for the children in the district while living within our financial means.

**Corrective Action:** Accurate enrollment forecasting is essential to proper planning.

## Open Enrollment Trend

Year	Open Enrollment In	Open Enrollment Out	Net Enrollment
2010-11	89.0	45.4	43.6
2011-12	136.0	36.8	99.2
2012-13	173.0	31.2	141.8
2013-14	90.1	65.4	24.7
2014-15	92.1	65.6	26.5
2015-16	83.0	67.1	15.9
2016-17	74.0	71.2	2.8
2017-18	81.0	77.4	3.6
2018-19	91.0	77.1	13.9
2019-20	85.0	70.9	14.1
2020-21	100.1	75.3	24.8
2021-22	97.0	77.1	19.9



**Purpose:** Measures open enrollment trend for financial forecasting.

**Trend:** Increase.

**Target:** N/A.

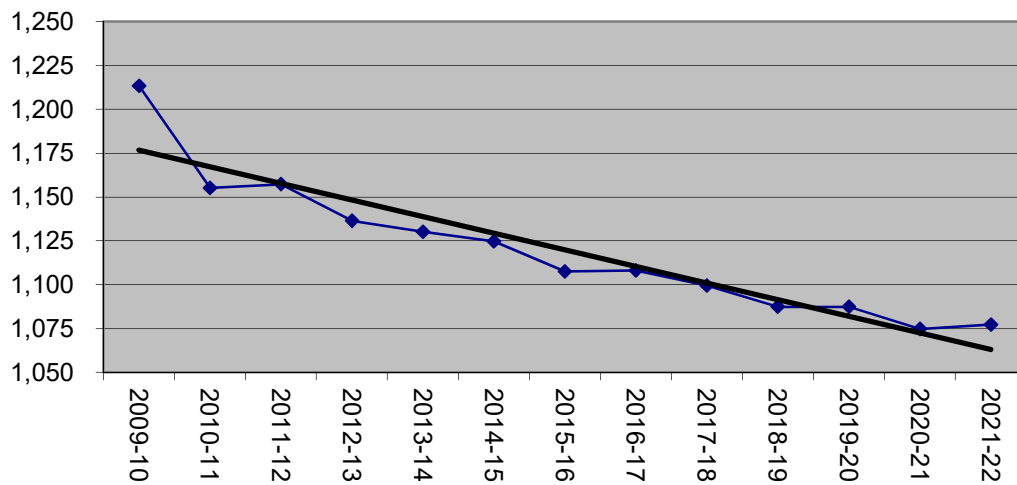
**Explanation:** N/A.

**Corrective Action:** None at this time.

# Total Enrollment Trend

## Information and Computation:

Year	Total Served	# Increase	% Increase
October 1, xxxx			
2009-10	1,213.4	60.6	-2.43%
2010-11	1,155.2	(58.2)	-4.80%
2011-12	1,157.2	2.0	0.17%
2012-13	1,136.5	(20.7)	-1.79%
2013-14	1,130.1	(6.4)	-0.56%
2014-15	1,124.65	(5.4)	-0.48%
2015-16	1,107.53	(17.1)	-1.52%
2016-17	1,108.12	0.6	0.05%
2017-18	1,099.48	(8.6)	-0.78%
2018-19	1,087.40	(12.1)	-1.10%
2019-20	1,087.33	(0.1)	-0.01%
2020-21	1,074.71	(12.6)	-1.16%
2021-22	1,077.19	2.5	0.23%



**Purpose:** Measures enrollment trend for financial forecasting.

**Trend:** Decline.

**Target:** Stable or higher is most desirable for this indicator.

**Explanation:** Continue to offer quality programs for the children in the district.

**Corrective Action:** As student enrollment declines, staffing needs may need to be adjusted.

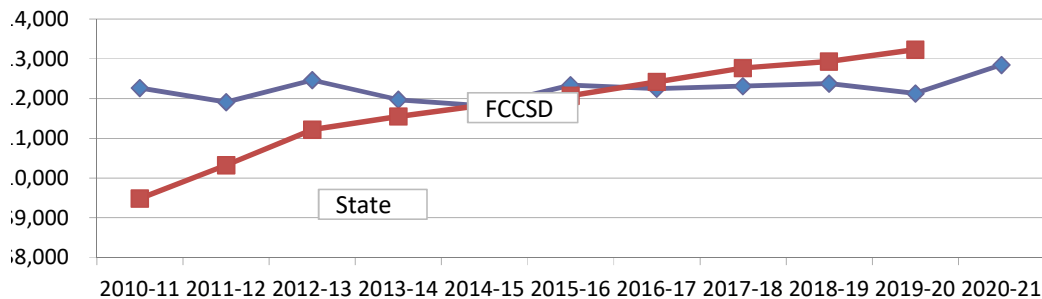


# General Fund Per Pupil Cost

**Formula:** 
$$\frac{\text{Total General Fund Expenditures}}{\text{Certified Enrollment}}$$

## Financial Information and Computation:

Year	Total Expenditures	Total Enrollment	District Cost Per Pupil	State Average Per Pupil Cost
CAR reference	Exp C8L42			IASB Iowa School Districts Cost Per Pupil
2010-11	\$14,168,896	1,155.2	\$12,265	\$9,485
2011-12	\$13,778,609	1,157.2	\$11,907	\$10,328
2012-13	\$14,163,089	1,136.5	\$12,462	\$11,213
2013-14	\$13,523,681	1,130.1	\$11,967	\$11,549
2014-15	\$13,287,483	1,124.7	\$11,815	\$11,837
2015-16	\$13,662,829	1,107.5	\$12,336	\$12,070
2016-17	\$13,570,680	1,108.1	\$12,247	\$12,419
2017-18	\$13,534,149	1,099.5	\$12,310	\$12,767
2018-19	\$13,453,117	1,087.4	\$12,372	\$12,929
2019-20	\$13,182,975	1,087.3	\$12,124	\$13,230
2020-21	\$13,436,346	1,045.9	\$12,847	



Blue: District Cost Per Pupil  
Red: State Average Per Pupil Cost

**Purpose:** One measure of efficiency within the General Fund.

**Trend:** Stable/Increasing.

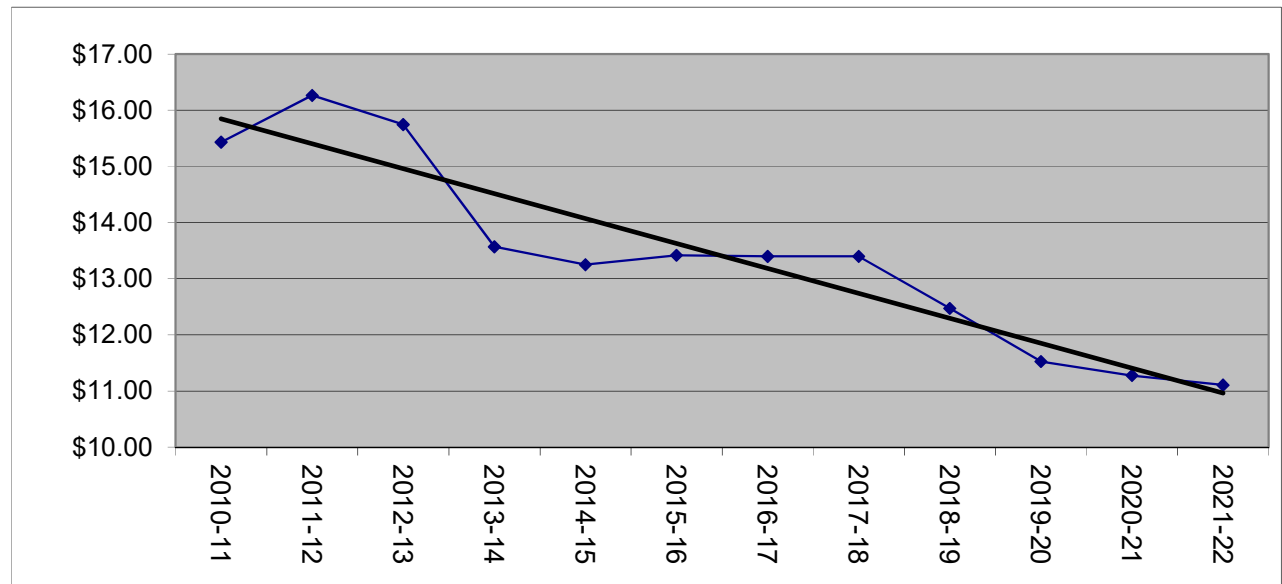
**Target:** Stable is desirable for this indicator.

**Explanation:** Continue to be efficient in all aspects of instruction delivery and support operations.

**Corrective Action:** None at this time.

## Total Tax Rate History by Fund

Year	General	Management	PPEL	Voted PPEL	Debt	Total
2010-11	13.67913	0.83052	0.32976	0.00000	0.59363	15.43304
2011-12	13.85340	0.97164	0.33000	0.00000	1.11081	16.26585
2012-13	13.25353	1.12470	0.33000	0.00000	1.03808	15.74631
2013-14	11.47605	0.86690	0.33000	0.00000	0.89757	13.57052
2014-15	10.71805	1.30223	0.33000	0.00000	0.90240	13.25268
2015-16	11.66238	0.76625	0.33000	0.00000	0.65769	13.41632
2016-17	11.46999	0.74702	0.33000	0.00000	0.85433	13.40134
2017-18	11.25742	0.96763	0.33000	0.00000	0.84590	13.40095
2018-19	10.03647	1.04174	0.33000	1.06589	0.00000	12.47410
2019-20	8.99920	1.13413	0.33000	1.06411	0.00000	11.52744
2020-21	8.70974	1.17223	0.33000	1.06423	0.00000	11.27620
2021-22	8.72244	0.97097	0.33000	1.08349	0.00000	11.10690



**Purpose:** Measures local taxation effort.

**Trend:** Downward.

**Target:** None at this time.

**Explanation:** District was able to successfully pass the addition of a Voted PPEL Levy beginning in the FY2019 fiscal year. This was a neutral addition to taxes as the onset of the Voted PPEL tax was at the conclusion of the Debt Service Levy.

**Corrective Action:** None at this time.

## Change in Enrollment vs. Change in Teacher FTE

Year	Certified Enrollment	Number Decline	District Cost Per Pupil	Aid Reduction	Teacher FTE	Teacher Increase/Decrease	Teacher Pupil Ratio	Teacher Comments
2000	1,440.8				120.26		11.98	
2001	1,420.6	-20.20	4,338	-87,628	119.32	-0.94	11.91	
2002	1,412.2	-8.40	4,512	-37,901	119.04	-0.28	11.86	
2003	1,383.5	-28.70	4,557	-130,786	119.29	0.25	11.60	
2004	1,391.9	8.40	4,648	39,043	115.42	-3.87	12.06	
2005	1,388.6	-3.30	4,741	-15,645	114.92	-0.50	12.08	
2006	1,316.6	-72.00	4,931	-355,032	115.04	0.12	11.44	
2007	1,278.7	-37.90	5,128	-194,351	114.40	-0.64	11.18	
2008	1,260.9	-17.80	5,333	-94,927	112.54	-1.86	11.20	
2009	1,242.9	-18.00	5,546	-99,828	108.50	-4.04	11.46	
2010	1,125.0	-117.90	5,768	-680,047	96.69	-11.81	11.64	
2011	1,099.6	-25.40	5,883	-149,428	95.00	-1.69	11.57	
2012	1,058.0	-41.60	5,883	-244,733	95.50	0.50	11.08	
2013	994.7	-63.30	6,128	-387,902	97.64	2.14	10.19	
2014	1,098.2	103.45	6,373	659,287	98.00	0.36	11.21	
2015-16	1,091.6	-6.52	6,453	-42,074	98.00	0.00	11.14	
2016-17	1,105.3	13.69	6,598	90,327	98.00	0.00	11.28	
2017-18	1,092.5	-12.84	6,671	-85,656	97.00	-1.00	11.26	+2.0 TLC
2018-19	1,073.5	-18.98	6,738	-127,887	96.00	-1.00	11.18	
2019-20	1,068.2	-5.27	6,880	-36,258	97.00	1.00	11.01	
2020-21	1,045.9	-22.32	7,048	-157,311	98.00	1.00	10.67	
2021-22	1,058.3	12.38	7,048	87,254	100.00	2.00	10.58	-2 Sp Ed, +1 3rd Grade, +3 Integretion

**Purpose:** Measures enrollment trends of teacher staff levels and enrollment impact on spending authority (expenses/state aid reductions).

**Trend:** Decline.

**Target:** N/A.

**Explanation:** Continue to monitor enrollment trends and teacher FTE.

**Corrective Action:** The addition of the Teacher Leadership and Compensation (TLC) program added 2.0 FTE teachers to the 2016-17 Teacher FTE. Without this additional program, our teacher decrease would have been - 3.00 FTE. An early retirement benefit was offered at the end of the 2017-18 fiscal year which attributed to the ability to reduce FTE by 1.0. Teachers could opt to retire after the 2017-18 school year or the 2018-19 school year and be eligible for the early retirement benefits.

## Levies

	<u>Approved</u>	<u>Approved By</u>	<u>Current Term Start Date</u>	<u>Term Length</u>	<u>Expiration Date</u>
Management Fund Levy	4/12/2021	Board Approved	7/1/2021	Annually	6/30/2022
Physical Plant and Equipment Levy (Board Approved)	4/12/2020	Board Approved	7/1/2021	Annually	6/30/2022
Physical Plant and Equipment Levy (Voter Approved)	9/12/2017	Public Vote	7/1/2018	10 Years	6/30/2029
Instructional Support Levy	4/19/2017	Board Approved	7/1/2019 (approved early)	5 Years	6/30/2024
Revenue Purpose Statement	2/7/2010	Public Vote	2/5/2013	Until Sunset	12/31/2029

### **Instructional Support Levy (ISL)**

Allows our district to increase our regular program by 10 percent annually. ISL funds are miscellaneous income and may be used for any general fund purpose. ISL is funded by a mix of property taxes and income taxes. Forest City currently uses 15% of income surtax and 85% property tax to fund the ISL.

### **Management Fund**

The board of directors of a school district may certify for levy by April 15 of a school year, a tax on all taxable property in the school district for a District Management Levy. The District Management Levy shall be expended only for the following purposes:

- To pay the cost of unemployment benefits.
- To pay the costs of liability insurance and the costs of a judgement or settlement.
- To pay the costs of insurance agreements.
- To pay the costs of a judgement.
- To pay the cost of early retirement benefits to employees.

### **Physical Plant and Equipment Levy (PPEL) - Voted**

A local levy for renovation, substantial repair, building costs, equipment, and transportation equipment. The voter approved PPEL is a maximum 10 year levy and is adopted via a simple majority vote of the district voters. This levy may be funded either through property tax, income surtax or a combination determined annually via board approval.

### **Physical Plant and Equipment Levy (PPEL) - Board Approved**

A local levy for renovation, substantial repair, building costs, equipment, and transportation equipment. The board approved PPEL is a maximum \$0.33 per thousand property tax levy that may be levied by board action. Boards include the levy as part of their Aid and Levy Worksheet and adopted budget annually.

### **Revenue Purpose Statement (RPS)**

In 2008, the legislature replacea the SILO with a state penny for school infrastructure and property tax relief through 12/31/29. The state penny continues the SILO requirement of voter approval of a Revenue Purpose Statement to authorize expenditures of the sales tax. The Revenue Purpose Statement directs how the revenue for the school district will be spent.