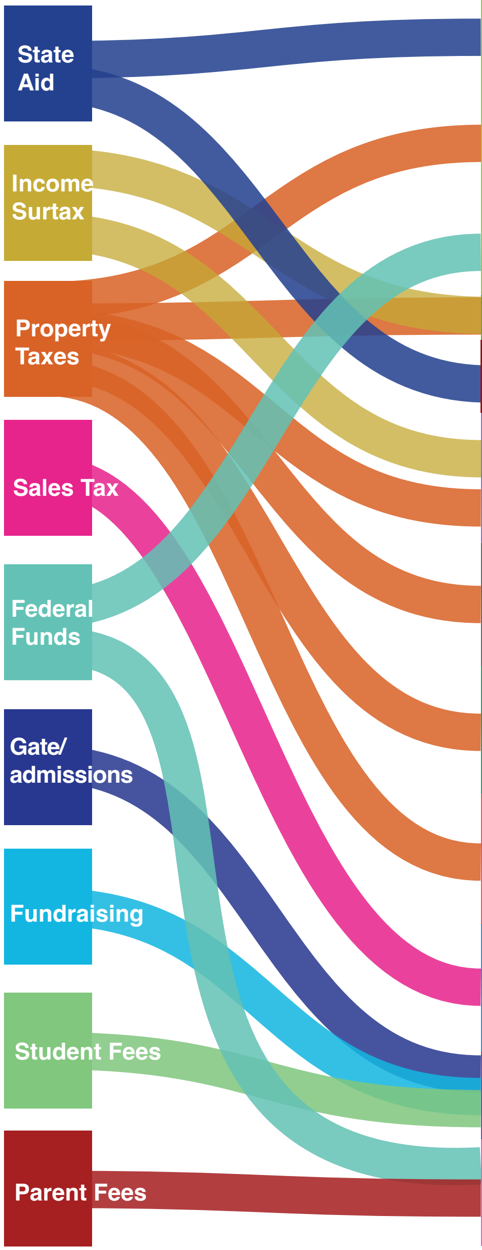
Revenue Sources and Allowable Expenditures

ISFIS, Inc.
Iowa School Finance Information Services

Source | **Fund** | **Expenses**



Fund	Expenses	
General Fund / **ISL**	Staff Salaries & Benefits Curriculum & Programs - textbooks, supplies & materials Transportation - Diesel Fuel/Propane Electricity/Water Flexibility Account	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
PRESCHOOL	Preschool *For FY 28 and beyond, all 4-year-olds and young 5-year-olds (as of Mar. 1 of the year PK starts) are eligible for the 0.5 funding.*	
PPEL *Voted PPEL/Board PPEL (Physical Plant & Equipment Levy)*	Building/Grounds Improvements & Repairs Equipment/Buses/Vehicles	Technology/Computers Non-Instructional Software Leases
Management Fund	Property & Casualty Insurance Workers Compensation Early Retirement Incentives	Local Government Risk Pools Equipment Break/Fix Unemployment Mediation/Litigation
Debt Service	Principal & Interest on Long Term Debt for things like Buildings, Athletic Facilities/-Scoreboards	
PERL *(Public Education & Recreation Levy)*	Playgrounds Community Education School/City Partnerships	- Community Recreational Places - Swimming Pools/Ballfields/Gyms **No new PERL votes are allowable after 7/1/2023*
SAVE *SAVE/Capital Projects (State Penny for Infrastructure)*	Building Improvement Projects Equipment/Buses/Vehicles	Technology/Computers Any PPEL or Debt Service Allowable Expenditure
Student Activities Fund	Supporting athletic clubs and co-curricular activities	
Food & Nutrition Fund	Supporting food/nutrition program, nutrition staff salaries & benefits, food and equipment	

Chart scale does not reflect size of funds.

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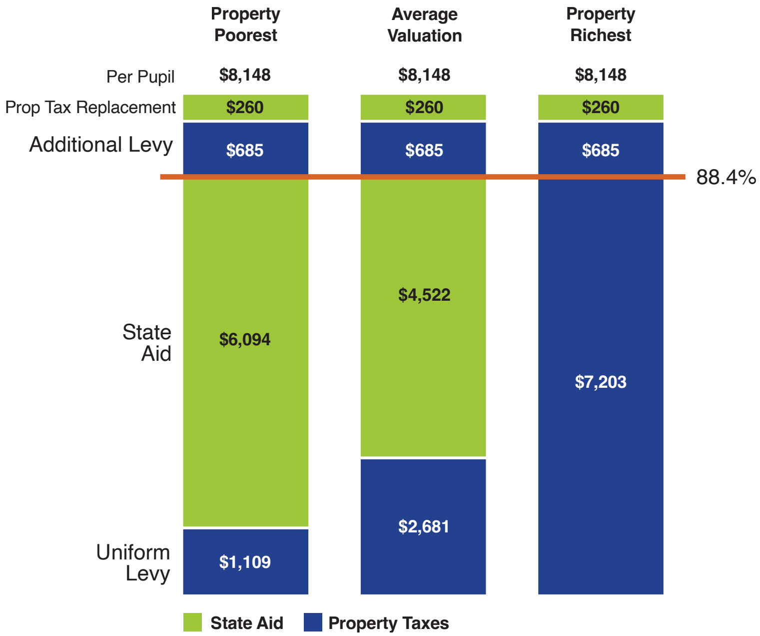
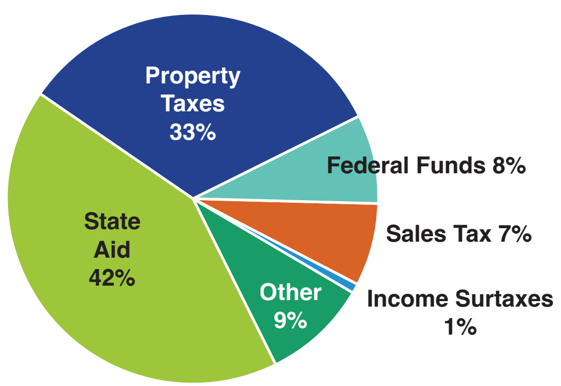
Financing the General Fund



This FY27 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 statewide distribution of revenue sources. Local districts may vary considerably.

Key Finance Basics

- **Enrollment is Key** – the General Fund (GF) 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 state 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 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 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 General Fund spending (not amount of cash on hand). All other funds allow spending if cash is available. Includes current year authority plus unused authority from prior years.

Fund Balance – district's accounting position. Fund Balance is what is left 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, Cash Balance, Certified Annual Report, and your Audit all relate to Fund Balance.

Unspent Authorized Budget (UAB) – district's spending authority position. UAB is what is left after taking in all spending authority available to the district, less all spending used by the district at the end of the fiscal year. However, UAB that exceeds 35% of the prior year's budget will be eliminated. 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 and Jan. 15 enrollment headcount. The increase per student multiplied by this enrollment 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 – Postpones 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 to get 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 (but does not require) the SBRC to grant Spending Authority for new pupils not counted in last year.

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). Does not create Spending Authority, only the funds to spend. The Cash Reserve Levy is 100% property taxes. When cash exceeds 20% of revenues, districts are prohibited from levying additional cash reserve.

Solvency Ratio – a district's cash position. Solvency ratio measures the relationship of ending fund balance to all revenues as a percentage for the fiscal year.