



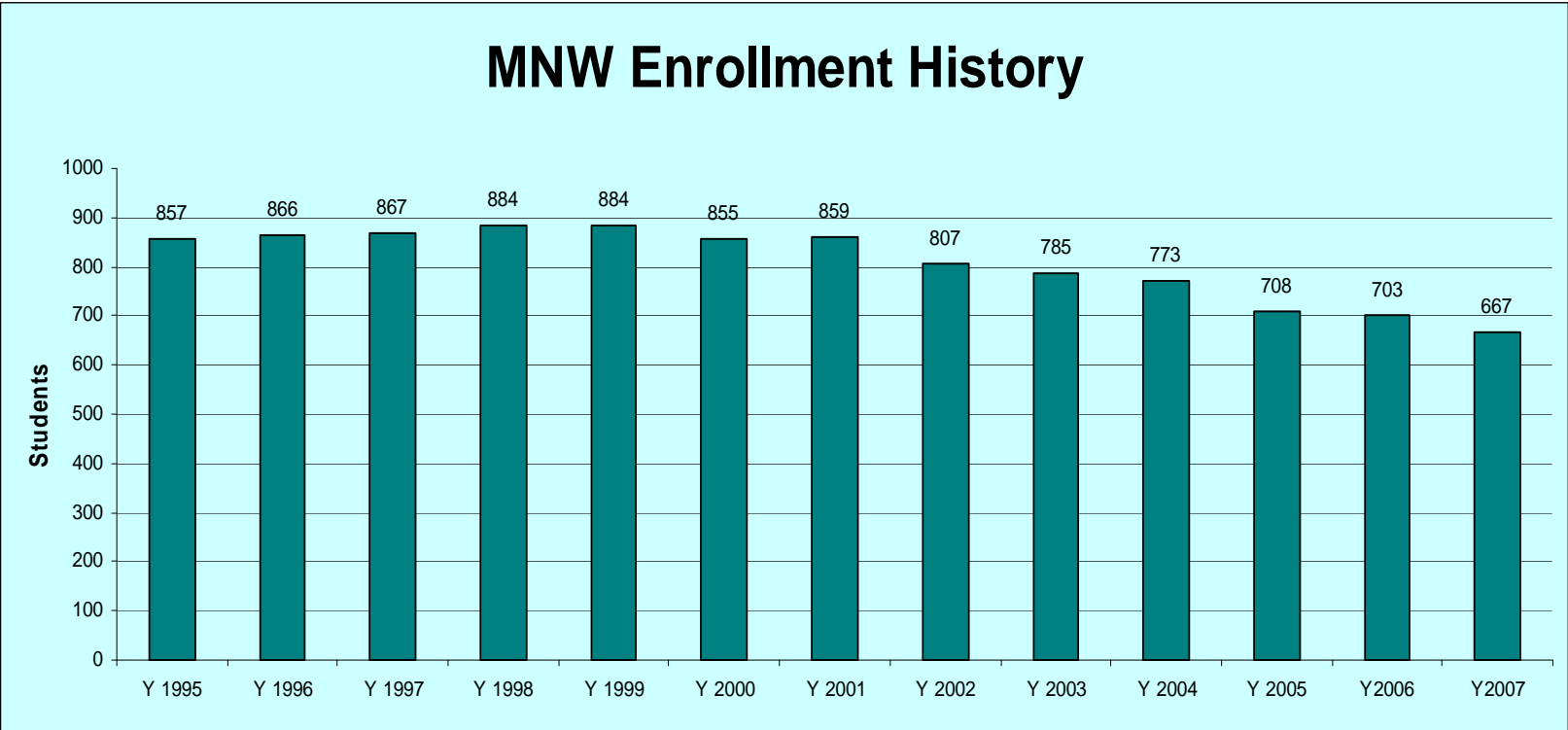
MANSON NORTHWEST WEBSTER

FINANCIAL REPORT

October 2008

Mark Egli, Superintendent

ENROLLMENT HISTORY

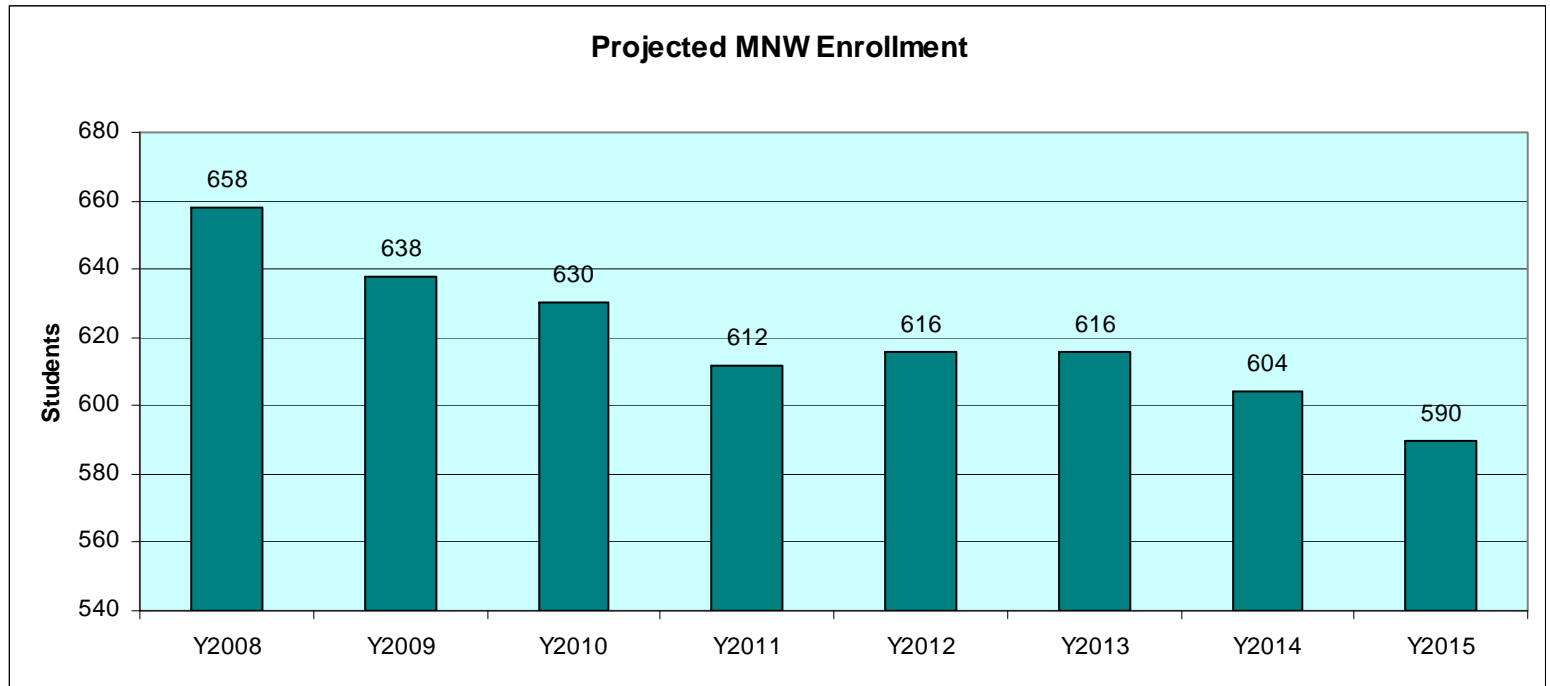




Loss of Students = \$\$\$

- The loss of 217 students between 1999 and 2007 amounts to $217 \times \$5,606 = \$1,216,502$ lost from the current General Fund budget authority in the current year alone.
- Even though nearly \$1,000,000 in personnel costs have been cut over that time, it is impossible to carry on “business as usual” with such an erosion of the Operating Fund.

PROJECTED ENROLLMENT

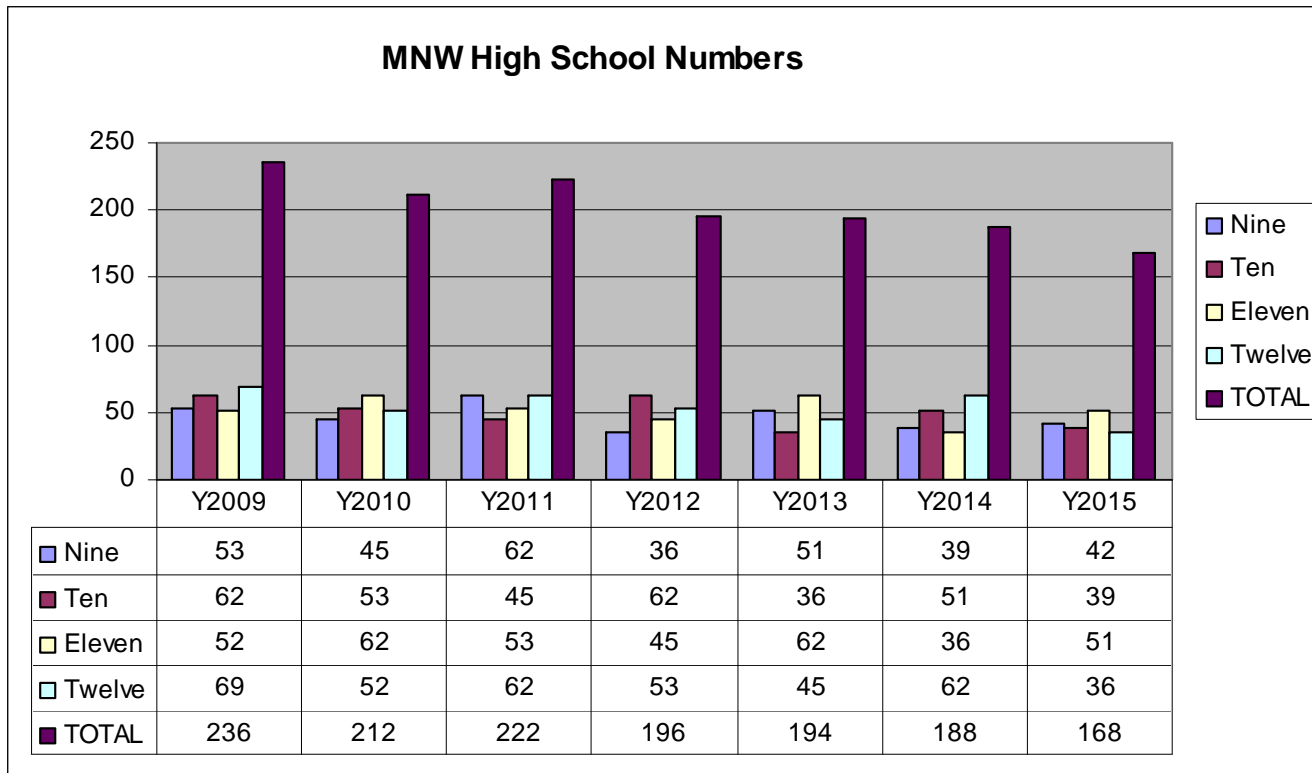




Decline Projected to Continue

- Using 50 as the number of incoming kindergarten students each year, which is higher than the average class enrollment grades K-4 (42), MNW's projected enrollment continues to decline to less than 600 students in 2015.
- Allowing for an annual increase of 4% in student cost, that will amount to in excess of \$500,000 lost from the MNW General Fund.
- The State's census data projects the District will decline to 554 students by 2012.

Projected High School Population

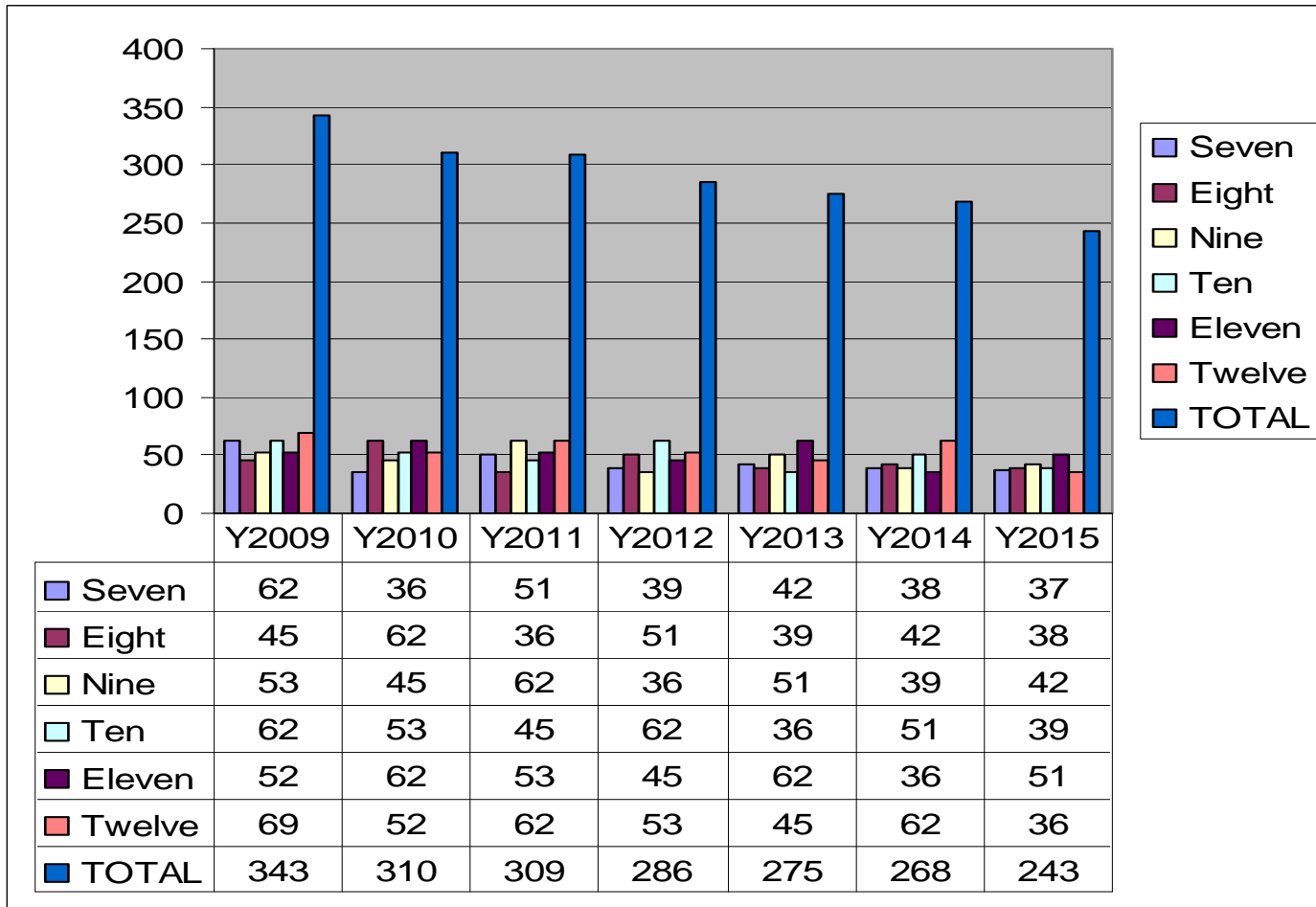




Grades 7-12 Student Population

	GRADES SEVEN THROUGH TWELVE STUDENT NUMBERS						
	Seven	Eight	Nine	Ten	Eleven	Twelve	TOTAL
Y2009	62	45	53	62	52	69	343
Y2010	36	62	45	53	62	52	310
Y2011	51	36	62	45	53	62	309
Y2012	39	51	36	62	45	53	286
Y2013	42	39	51	36	62	45	275
Y2014	38	42	39	51	36	62	268
Y2015	37	38	42	39	51	36	243
Note: The number of 7-12 students projected for FY 09-10 (321) is less							
than the number of students 7-12 housed in the high school building in							
1989 (340), the year prior to whole grade sharing.							

Projected 7-12 Population



Iowa School Funding Formula

■	Regular Program District Cost (student cost x enrollment)	3,897,511
■	+Supplementary Weighting (for shared students/dual enrolled students)	74,008
■	+AEA costs (media, ed services)	93,940
■	+Special Ed District Costs	454,711
■	+SBRC Allowable Growth	10,256
■	+Dropout Prevention	180,498
■	=Maximum District cost	4,710,924
■	+Instructional Support Levy	334,092
■	+Miscellaneous Income (Title programs, fees, tuition, open enrollment)	1,053,207
■	=Generated Budget Authority	6,098,223
■	Combination of Property Tax and State Foundation Aid	
■	+Unspent Budget Authority	1,218,553
■	=Maximum Authorized Budget (Spending Authority)	7,316,776
■	-Expenditures	<u>6,318,871</u>
■	=Unspent Authorized Budget (Unspent Balance)	997,905

- Note that expenditures are in excess of Generated Budget Authority resulting in a reduction in accumulated Unspent Balance of \$220,648.



Budget Authority Limits Spending

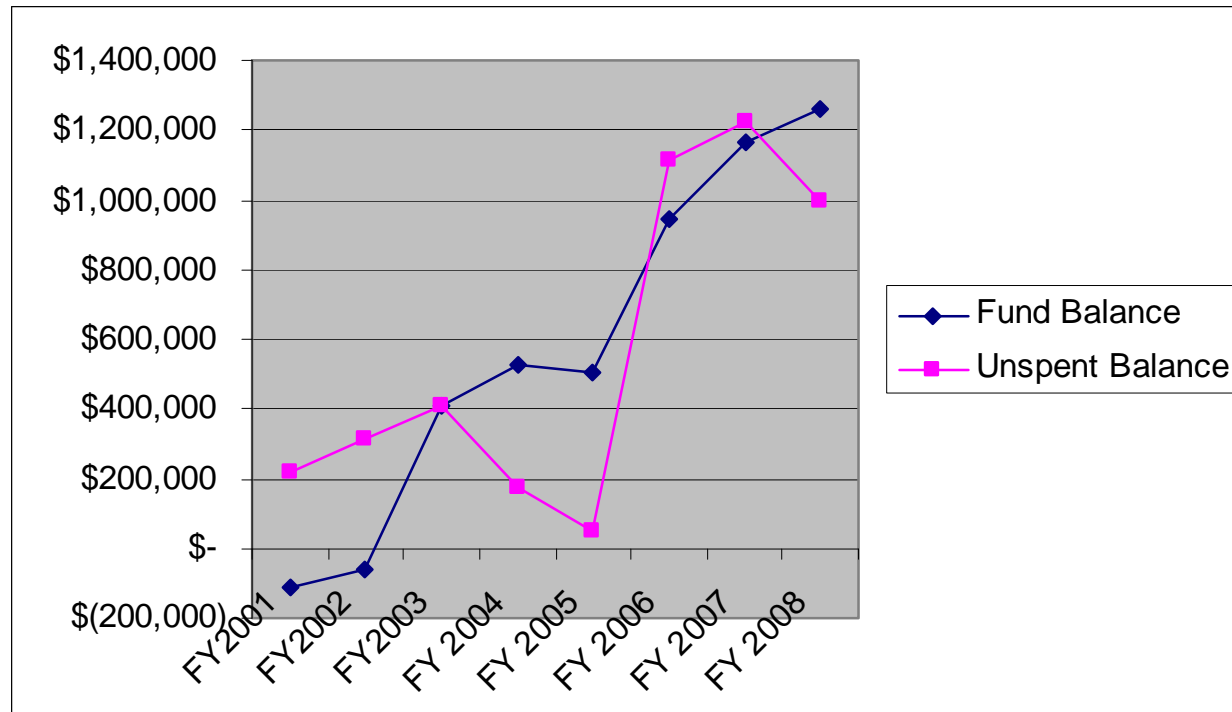
- Although the **General Fund** cash balance can be kept strong using the **Cash Reserve Levy**, the school district is limited by its **Budget Authority** as to what it can actually spend. **Budget Authority** is dependent upon the School Funding Formula, which is based upon student population.
- Declining student population results in less authority to spend, no matter what the Cash Balance might be.
- **Cash Reserve Levy** – Adds cash, not Authority to spend.



Unspent Budget Authority (Unspent Balance)

- **Unspent Budget Authority** (Unspent Balance) is authority to spend that has been accumulated in prior years by spending under the district's **Generated Budget Authority** (Maximum District Cost + ISL + Miscellaneous Income).
- As the District's enrollment declines, the funding formula generates less authority to spend. If expenses rise due to salary increases and inflation, without commensurate cuts, **Unspent Balance** will be used up as the District spends above its **Generated Budget Authority**.
- In the 2008 example, Expenditures exceeded **Generated Budget Authority** by \$221,148.
- Spending should not exceed the District's **Generated Budget Authority** except in unusual one-time-only circumstances.

Unspent Balance Reflects Decline

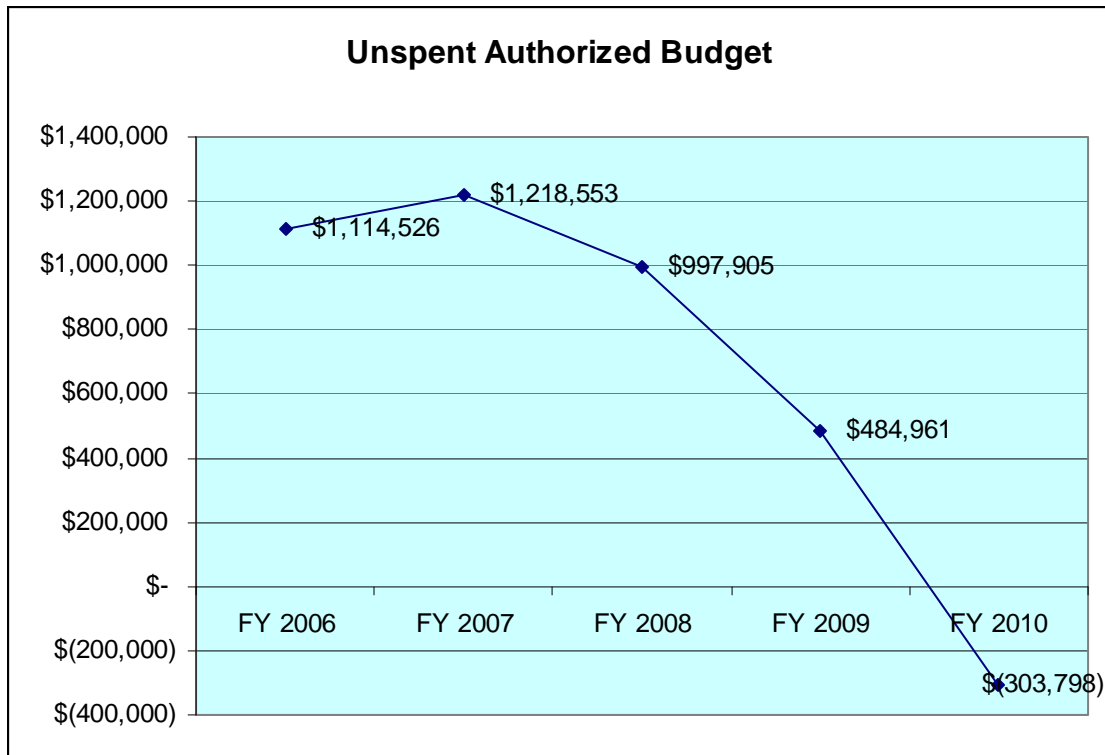




Spending Beyond Budget Authority

- A District that is operating beyond the scope of its **Generated Budget Authority** as determined by the funding formula will have to utilize whatever **Unspent Budget Authority** it has accumulated in previous years.
- Failing to reduce expenses, the problem will increase geometrically as spending increases (such as salaries) are incurred on top of the prior year's increases.
- Spending beyond a district's **Maximum Budget Authority** (incurring a negative **Unspent Balance**) is a breach of state law and must be corrected with a work-out plan before the School Budget Review Committee.

Depletion of Unspent Balance





Unspent Balance Falls Rapidly

- Using a multiplier of 4% inflationary increase, General Fund expenditures rise as Unspent Balance falls.
- The combined effect on Unspent Balance will cause it to plummet rapidly as can be seen in both the graph and the table (before and following this slide).
- Accumulated Unspent Balance will be exhausted in another two years, creating a negative USB in 2010.
- A negative Unspent Balance is a breach of state law and requires a workout plan to be presented to the School Budget Review Committee (SBRC)

Unspent Authorized Budget

(Unspent Balance)

MANSON NORTHWEST WEBSTER PROJECTED UNSPENT AUTHORIZED BUDGET K50					
	Actual FY 06	Actual FY 07	Estimated FY 08	Estimated FY 09	Estimated FY 10
Regular Program District Cost	3,859,540	3,671,548	3,793,388	3,743,204	3,840,088
Regular Program Budget Adjustment	85,909	226,587	104,123	101,978	42,144
Total District Cost	3,945,449	3,898,135	3,897,511	3,845,182	3,882,232
Supplementary Weighting District Cost	87,203	83,610	74,008	75,000	75,000
Special Ed District Cost	292,572	274,964	263,933	270,000	270,000
AEA Special Ed Support	188,671	179,107	183,721	180,000	180,000
AEA Special Ed Support Adjustment	2,107	11,671	7,057	6,500	6,500
AEA Media Services	34,799	32,917	34,004	33,000	33,000
AEA Educational Services	39,296	37,142	38,333	38,000	38,000
TAG Allowable Growth	0	0	0	0	0
Dropout Prevention Allowable Growth	156,153	157,007	180,498	182,000	182,000
SBRC Allowable Growth Other #2	56,892	49,310	10,256	25,000	25,000
Special Ed Deficit Allowable Growth	0	44,752	0	0	0
Special Ed Positive Balance Reduction	0	0	0	0	0
AEA Special Ed Positive Balance	0	0	0	0	0
Allowance for Construction Projects	0	0	0	0	0
Unspent Allowance for Construction	0	0	0	0	0
Enrollment Audit Adjustment	0	0	0	0	0
AEA Prorata Reduction	32,452	26,230	21,603	20,000	20,000
Maximum District Cost	4,770,690	4,742,385	4,710,924	4,674,682	4,711,732
Instructional Support Authority	335,918	335,286	334,092	334,000	334,000
Ed Improvement Authority	0	0	0	0	0
Other Miscellaneous Income	1,234,435	1,054,177	1,053,207	1,050,000	1,000,000
Generated Budget Authority	6,341,043	6,131,848	6,098,223	6,058,682	6,045,732
Unspent Auth Budget - Previous Year	47,570	1,114,526	1,218,553	997,905	484,961
GAAP Conversion Hold Harmless	49,621	0	0	0	0
SBRC Allowable Growth	530,257				
Maximum Authorized Budget	6,968,491	7,246,374	7,316,776	7,056,587	6,530,693
Expenditures	5,853,965	6,027,821	6,318,871	6,571,626	6,834,491
Unspent Authorized Budget	1,114,526	1,218,553	997,905	484,961	-303,798
	granted by SBRC	Likely building closing			
Percent Expenditure Increase	-0.0185	0.029699	0.048284	0.04	0.04

Budget Projection Calculator

Student Number X Student Cost

Budget Projection and Budget Guarantee Calculator

Select School District:
MANSON-NORTHWEST WEBSTER ▼

Set the assumed allowable growth rate:
4% ▼ (Range: 0% to +7%)

Set the percent change in annual enrollment:
0% ▼ (Range: -10% to +20%)

Blue Areas are Actual/Known

Yellow Areas are Projections

Budget Guarantee: 2 Calculations

	Enrollment	Cost Per Pupil	Regular Program Cost	Budget Guarantee	Regular Program Cost w/Guarantee	Scale Down Amount	101% Amount	Budget Guarantee (> of Scale Down or 101%)	Regular Program Cost w/Guarantee	Change in Reg. Program Compared to Prior Year	Pct. Change in Reg. Program	
FY04	807.5	\$ 4,708	\$ 3,801,710	\$ 165,216	\$ 3,966,926							
FY05	785.1	\$ 4,801	\$ 3,769,265	\$ 177,895	\$ 3,947,160	←-----See Actual Info to Left					\$ (19,766)	-0.5%
FY06	773.3	\$ 4,991	\$ 3,859,540	\$ 85,909	\$ 3,945,449					\$ (1,711)	0.0%	
FY07	707.7	\$ 5,188	\$ 3,671,548	\$ 226,588	\$ 3,898,135					\$ (47,314)	-1.2%	
FY08	703.0	\$ 5,396	\$ 3,793,388			\$ 104,123	\$ -	\$ 104,123	\$ 3,897,511	\$ (625)	0.0%	
FY09	667.0	\$ 5,606	\$ 3,739,202			\$ 103,979	\$ 37,934	\$ 103,979	\$ 3,843,181	\$ (54,330)	-1.4%	
FY10	658.0	\$ 5,830	\$ 3,836,140			\$ 43,724	\$ -	\$ 43,724	\$ 3,879,864	\$ 36,683	1.0%	
FY11	638.0	\$ 6,063	\$ 3,868,194	See Projected Information to Right----->		\$ 8,982	\$ 38,361	\$ 38,361	\$ 3,906,555	\$ 26,692	0.7%	
FY12	630.0	\$ 6,306	\$ 3,972,780			\$ -	\$ -	\$ -	\$ 3,972,780	\$ 66,225	1.7%	
FY13	612.0	\$ 6,558	\$ 4,013,496			\$ -	\$ -	\$ -	\$ 4,013,496	\$ 40,716	1.0%	
FY14	612.0	\$ 6,820	\$ 4,173,840			\$ -	\$ -	\$ -	\$ 4,173,840	\$ 160,344	4.0%	

You May Override the Enrollment Assumptions in the table below.

FY08	703.0
FY09	667.0
FY10	658.0
FY11	638.0
FY12	630.0
FY13	612.0
FY14	612.0

New or Negative Resources Compared to Prior Year

Regular Program Cost w/Guarantee

Blue Areas are Actual/Known

Yellow Areas are Projections

Budget Projection at 707



Budget Projection and Budget Guarantee Calculator

Select School District: **MANSON-NORTHWEST WEBSTER** | Set the assumed allowable growth rate: **4%** (Range: 0% to +7%) | Set the percent change in annual enrollment: **0%** (Range: -10% to +20%)

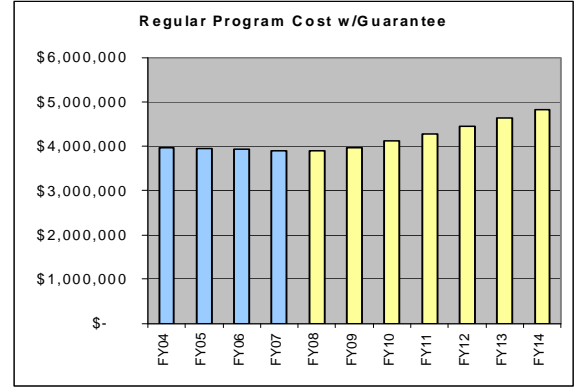
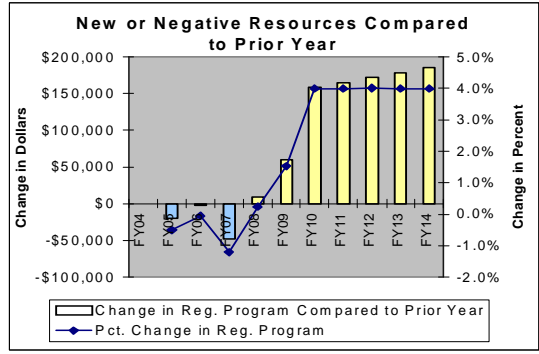
Blue Areas are Actual/Known
Yellow Areas are Projections

	Enrollment	Cost Per Pupil	Regular Program Cost	Budget Guarantee	Regular Program Cost w/Guarantee	Budget Guarantee: 2 Calculations		Budget Guarantee (> of Scale Down or 101%)	Regular Program Cost w/Guarantee	Change in Reg. Program Compared to Prior Year	Pct. Change in Reg. Program
						Scale Down Amount	101% Amount				
FY04	807.5	\$ 4,708	\$ 3,801,710	\$ 165,216	\$ 3,966,926						
FY05	785.1	\$ 4,801	\$ 3,769,265	\$ 177,895	\$ 3,947,160	-----See Actual Info to Left			\$ (19,766)	-0.5%	
FY06	773.3	\$ 4,991	\$ 3,859,640	\$ 85,909	\$ 3,945,449				\$ (1,711)	0.0%	
FY07	707.7	\$ 5,188	\$ 3,671,548	\$ 226,588	\$ 3,898,135				\$ (47,314)	-1.2%	
FY08	707.7	\$ 5,396	\$ 3,818,749			\$ 88,906	\$ -	\$ 88,906	\$ 9,520	0.2%	
FY09	707.7	\$ 5,606	\$ 3,967,366			\$ -	\$ -	\$ -	\$ 59,711	1.5%	
FY10	707.7	\$ 5,830	\$ 4,125,891	See Projected Information to Right----->		\$ -	\$ -	\$ -	\$ 4,125,891	\$ 158,525	4.0%
FY11	707.7	\$ 6,063	\$ 4,290,785			\$ -	\$ -	\$ -	\$ 4,290,785	\$ 164,894	4.0%
FY12	707.7	\$ 6,306	\$ 4,462,756			\$ -	\$ -	\$ -	\$ 4,462,756	\$ 171,971	4.0%
FY13	707.7	\$ 6,558	\$ 4,641,097			\$ -	\$ -	\$ -	\$ 4,641,097	\$ 178,340	4.0%
FY14	707.7	\$ 6,820	\$ 4,826,514			\$ -	\$ -	\$ -	\$ 4,826,514	\$ 185,417	4.0%

You May Override the Enrollment Assumptions in the table below.

FY08	707.7
FY09	707.7
FY10	707.7
FY11	707.7
FY12	707.7
FY13	707.7
FY14	707.7

Blue Areas are Actual/Known
Yellow Areas are Projections



This chart shows Regular Program Cost if the District had stabilized at 707 students. It would be \$246,027 higher in 09/10 than our projected RPC, \$652,674 higher in 2014.

Expenditure History

	EXPENDITURES	\$ INCREASE	% INCREASE	IF 3% ANNUAL INCREASE
FY 00	\$5,536,332			
FY 01	\$5,642,390	\$106,058	1.92%	\$5,702,422
FY 02	\$5,577,632	(\$64,758)	-1.15%	\$5,873,495
FY 03	\$5,816,880	\$239,248	4.29%	\$6,049,699
FY 04	\$5,903,790	\$86,910	1.49%	\$6,231,190
FY 05	\$5,964,444	\$60,654	1.03%	\$6,418,126
FY 06	\$5,853,965	(\$110,479)	-1.85%	\$6,610,670
FY 07	\$6,027,821	\$173,856	2.97%	\$6,808,990
FY 08	\$6,318,871	\$291,050	4.83%	\$7,013,260

To avoid further reduction in Unspent Balance, expenditures must be reduced to FY 07 levels, slightly over \$6,000,000.

Building Closure Savings

MANSON NORTHWEST WEBSTER							
BUILDING CLOSURE SAVINGS							
COSTS 07/08						Custodian Sal.	
	Repairs	Supplies	Heat	Electricity	Misc. Exp	& Benefits	TOTAL
MIDDLE SCHOOL	\$ 13,529	\$ 13,237	\$ 67,120	\$ 31,861	\$ 7,771	\$ 82,113	\$ 215,631
ELEMENTARY	\$ 20,847	\$ 6,574	\$ 47,927	\$ 22,165	\$ 9,277	\$ 62,526	\$ 169,316
LESS SHUTTLE COST	5 BUSES DRIVER COST		13.67 per trip				\$ 24,469
	PROJECTED FUEL						\$ 10,000
							\$ 134,847
Personnel Savings Target							\$ 250,000
Efficiencies Savings							?????
TOTAL SAVINGS							
MIDDLE SCHOOL							\$ 465,631
ELEMENTARY							\$ 384,847
Revenue							
Preschool Revenue	5800 X 40 X .6						\$ 140,000

Student Demographics

	A	B	C	D	E	F	G	H	I
4	HIGH SCHOOL								
5	Town	Residents	Open Enrolled In	Rabiner Students	Foreign Exchange	Total		EAST SIDE	%
6	Badger		1			1			
7	Krierim	1				1			
8	Somers	2				2			
9	Morland	1				1			
10	Humboldt	2	1			3			
11	Clare	29	3			32			
12	Barnum	20				20	60		
13	Fort Dodge	27	8	6		41	41	101	
14	Manson	122			1	122	122		
15	Palmer	4	5			9	9		
16	Pomeroy	1				1	1		
17	Rockwell City*	1	3			4	4		
18	Rdfe		2			2	2		
19	Sox Rapids**		1			1	1		
20	TOTALS					240	240	101	42.08%

Student Demographics

	A	B	C	D	E	F	G	H	I
27	MIDDLE SCHOOL								
28	Town	Residents	Open Enrolled In	Rabiner Students	Foreign Exchange	Total		EAST SIDE	%
29	Badger					0			
30	Krierim	2				2			
31	Somers	1				1			
32	Morland		5			5			
33	Humboldt	1				1	1		
34	Clare	19				19			
35	Barnum	22				22	49		
36	Fort Dodge	16	10	4		30	30	80	
37	Manson	109	1			110	110		
38	Palmer	1	3			4	4		
39	Pomeroy	1				1	1		
40	Rockwell City*		3			3	3		
41	Oto		1			1	1		
42	Rdfe		2			2	2		
43	Sioux Rapids**					0	0		
44	TOTAL SMS					201	201	80	39.80%

Student Demographics

	A	B	C	D	E	F	G	H	I
47	ELEMENTARY								
48	Town	Residents	Open Enrolled In	Rabiner Students	Foreign Exchange	Total		EAST SIDE	%
49	Badger		0			0			
50	Krierim	3	2			5			
51	Somers	2	1			3			
52	Mborland					0			
53	Humboldt					0	1		
54	Clare	15				15			
55	Barnum	24				24	47		
56	Fort Dodge	12	5			17	18	66	
57	Manson	138	2			140	139		
58	Palmer	1	4			5	5		
59	Pomeroy					0	0		
60	Rockwell City*	2	2			4	3		
61	Otho					0	0		
62	Rdfe					0	0		
63	Sioux Rapids**					0	0		
64									
65	TOTALS ELEM					<u>213</u>	213	66	30.99%
66	DISTRICT TOTALS					654	654	247	37.77%



Building Closing Considerations

- Review of demographic studies
- Age and current physical condition of buildings
- Adequacy of site, location, access
- Reassignment of students
- Transportation factors
- Alternate uses of buildings
- Cost savings: Personnel, Operation and Maintenance, Capital Investment needed
- Continuity of instructional and community programs
- Opportunity for future growth of the area