

# Budget for Fiscal Year 2025

## School Budget Process – FY 2025:

HF 718 ([Iowa Acts Chapter 17](#)) passed during the 2023 legislative session made significant changes to the budgeting process for school districts. The new budget timeline appears below:

Budget form released by the Department of Management	February 1
Hold budget workshop and put together preliminary budget for School Board	February – Early March
Complete the <b>Proposed Property Tax Notice</b> for the first public hearing: <ul style="list-style-type: none"> <li>• Maximum DOLLARS to be levied are determined</li> <li>• Board adopts hearing date for the first public hearing</li> </ul>	Recommended by March 5 (Due March 15)
Mailing of Proposed Property Tax Hearing Statements is completed by the County Auditor	No later than March 20
Publish the first public hearing for the proposed property tax not less than 10 and no more than 20 days prior to the date of the first public hearing <ul style="list-style-type: none"> <li>• On the date of publication in the newspaper, post the Proposed Property Tax Notice to the school website and a link to it on social media accounts</li> </ul>	No later than March 25
Hold the first hearing on the Proposed Property Tax <ul style="list-style-type: none"> <li>• Must be a unique and separate meeting and be the only item on the agenda</li> <li>• Receive Public comment</li> <li>• Business not related to the proposed property tax amounts and information not in the statements shall not be conducted at the public hearing</li> <li>• No formal action is required by the Board</li> </ul>	March 25 – Mid April
Board sets a public hearing and publishes the notice for full budget adoption	March 25 – Mid April
Hold public hearing on the Budget Adoption	April
Submit budget in the online system and to the County Auditor. Provide both proofs of publication for both public hearings to the County Auditor	April 30

**Levy Rates:**

The history of our property tax levy rate appears in the table below:

FY 2012	FY 2013	FY 2014	FY 2015	FY 2016	FY 2017	FY 2018
\$16.38	\$16.39	\$16.12	\$16.14	\$16.00	\$16.07	\$16.08
FY 2019	FY 2020	FY 2021	FY 2022	FY 2023	FY 2024	FY 2025
\$15.89	\$15.88	\$15.72	\$12.93	\$11.80	\$10.93	TBD

For many years, the Belmond-Klemme levy rate was slightly higher than average, due to below average property values and bond indebtedness for Jacobson Elementary. In recent years, the levy rate has dropped. It is now lower than average and less than most of our neighboring school districts.

Current state levy statistics for Fiscal Year 2024 (current) are as follows:

\$8.07	Lowest in Iowa	Spirit Lake	#1
\$19.25	Highest in Iowa	Ballard	#331
\$13.11	State Mean (average)	Logan-Magnolia	#179
\$12.95	State Median (middle)	West Liberty	#166

The current rates of some area schools are as follows:

\$11.37	CAL	\$13.28	Eagle Grove	\$14.75	Hampton-Dumont
\$13.50	Clarion-G-D	\$10.99	Forest City	\$11.49	West Fork
\$10.39	Clear Lake	\$11.00	Garner-H-V	\$10.00	West Hancock

**Background:**

Preliminary budget decisions for the Proposed Property Tax Notice are needed at this time. Once the Proposed Property Tax Notice is submitted, total dollars levied can be adjusted down. Individual levies can be adjusted as long as the total property tax dollars are not increased.

**As of Tuesday, February 13, the Iowa Legislature has not set Supplemental State Aid (SSA) for the 2025 fiscal year.** The figures below represent one possible budget based on the Governor’s proposal of 2.5% allowable growth and how we budgeted for the current year.

The Proposed Property Tax Notice will be updated using actual SSA and input from the board at this meeting. The following page has items for consideration listed. Final decisions can wait until the Board meets in March.

The final budget will be adopted in April.

		Current Budget		Budget Projections	
		FY 2024		FY 2025	
Allowable Growth*	%	3.00%		2.50%	
Cost per Pupil		\$	7,635	\$	7,826
Budget Enrollment	x	740.1		x	747.1
Reg. Program Cost	=	\$	5,650,664	=	\$ 5,846,805
Dropout Prevention		\$	219,454	\$	228,164
Instructional Support		\$	322,023	\$	325,222
Cash Reserve -- SBRC		\$	70,395	\$	200,000
<b>Total General Fund Levy</b>		<b>\$</b>	<b>3,214,100</b>	<b>\$</b>	<b>3,404,637</b>
Management Fund		\$	200,000	\$	225,000
Board (Regular) PPEL		\$	116,930	\$	120,829
Publicly Voted PPEL		\$	237,404	\$	245,320
Debt Service Fund		\$	-	\$	-
General Fund Levy		\$	9.34	\$	9.62
Management Levy		\$	0.58	\$	0.64
PPEL Levy		\$	1.00	\$	1.00
Debt Service Levy		\$	-	\$	-
<b>TOTAL LEVY</b>		<b>\$</b>	<b>10.92</b>	<b>\$</b>	<b>11.26</b>

**Options and/or Alternatives:**

We recommend that four major issues be the primary focus of the Board for the purposes of this discussion:

- A. The Income Surtax has been maintained at 3% for many years now. Raising the income surtax by one percentage point reduces the property tax levy by \$0.11, or \$40,764.

Surtax Percentage	3%	4%	5%	6%
Property Levy Rate	\$11.26	\$11.15	\$11.04	\$10.93

The current rates of some area schools are as follows:

11% CAL	1% Eagle Grove	3% Hampton-Dumont
8% Clarion-G-D	8% Forest City	1% West Fork
4% Clear Lake	2% Garner-H-V	2% West Hancock

- B. The Management Levy for last year was \$200,000 for a rate of \$0.58. We have been under-funding this levy for many years due to an unnecessarily large balance.

For the coming year, we are proposing raising the levied amount to \$225,000 (less than what we expect to spend during the 2025 fiscal year), for a rate of 64¢ as we continue to spend down our surplus, only more gradually.

- C. The total Cash Reserve Levy for this year was \$70,395, or a rate of \$0.21. We have spent down some of our cash reserves, leading to a maximum levy of \$432,402.

We are proposing levying \$200,000, or a rate of \$0.57 for FY2025. This level of funding will provide cash flow to support our Special Education and English Learner Programs.

- D. The Board-voted PPEL last year was \$0.33 and generated approximately \$116,930. We are proposing leaving this levy at \$0.33 which will generate \$120,829 to our PPEL fund.

We also have a publicly-voted PPEL of \$0.67 which will generate \$245,320. But of course, this is a voter decision and not a school board decision.

Our projected revenue from the Secure an Advanced Vision for Education (SAVE), the one-cent sales tax, will be \$912,819 this year.

**NOTE 1:** *Every \$10,000 worth of revenue from property tax changes the local levy by approximately 2.8¢. Therefore, a levy of \$100,000 will cost taxpayers 28¢ per \$1,000 of assessed valuation against their levy.*

**Recommended Action:** I recommend the Board approve the Proposed Property Tax Notice