

2016-17 Preliminary Budget

South Washington County Schools
Independent School District 833



THE SCIENCE OF ENGINEERING - DESIGNING AND BUILDING BRIDGES

TEAM MEMBERS	BRIDGE STYLE	SPAN	HEIGHT	WEIGHT
Ben + Boston	Truss	50"	147"	
abel + Grace	Truss	50"	147"	
Brandon + Emmett	Truss	50"	147"	
Shelby + Connor	Truss	50"	147"	
Tessa + Lauren	Truss	50"	147"	
Olivia + Hannah	Truss	50"	147"	
Cami + Reagan	Truss	50"	147"	
McKenna + Grace	Truss	50"	147"	
Maddi + Abby	Truss	50"	147"	
Myles + Jake	Truss	50"	147"	
Trevor + Lewis	Truss	50"	147"	

School Board Approved on June 23, 2016

South Washington County Schools

2016-17 Preliminary Budget

DISTRICT ADMINISTRATION

Superintendent of Schools.....	Keith Jacobus
Assistant Superintendent for Academic Excellence and Accountability .	Mike Johnson
Assistant Superintendent for Academic Excellence and Accountability .	Julie Nielsen
Assistant to the Superintendent for Operations	Mike Vogel
Director of Communications.....	Barbara Brown
Director of Community Education.....	Bob Lawrence
Director of Finance	Dan Pyan
Director of Human Resources	Denise Griffith
Director of Nutrition Services	Wendy Tracy
Director of Professional Development and Accountability	Brian Boothe
Director of Special Services.....	Kevin Witherspoon
Director of Teaching and Learning Services.....	Matt Dorschner
Director of Technology	Bob Berkowitz
Director of Transportation	Ron Meyer

BUILDING ADMINISTRATION

East Ridge High School Principal	Jim Smokrovich
Park High School Principal	Ginger Garski
Woodbury High School Principal	Sarah Sorenson-Wagner
South Washington Alternative High School Principal	Mike Mahaffey
Cottage Grove Middle School Principal	Elise Block
Lake Middle School Principal	Molly Roeske
Oltman Middle School Principal	Rebecca Schroeder
Woodbury Middle School Principal	Kari Lopez
Armstrong Elementary School Principal.....	Andrew Cafilisch
Bailey Elementary School Principal	Candace Hofstad
Cottage Grove Elementary School Principal.....	Theresa Blume
Crestview Elementary School Principal	Jodi Husting
Grey Cloud Elementary School Principal	Laura Loshek
Hillside Elementary School Principal	Erin Shadick
Liberty Ridge Elementary School Principal	Michael Moore
Middleton Elementary School Principal.....	Sara Palodichuk
Newport Elementary School Principal.....	Rich Romano
Nuevas Fronteras Spanish Immersion School	Jodi Husting
Pine Hill Elementary School Principal	Jolaine Mast
Pullman Elementary School Principal.....	Ed Ross
Red Rock Elementary School Principal.....	Jennifer Holt
Royal Oaks Elementary School Principal	Susan Risius
Valley Crossing Elementary School Principal.....	Lela Olson
Woodbury Elementary School Principal.....	Connha Classon

South Washington County Schools 2016-17 Preliminary Budget

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South Washington County Schools 2016-17 Preliminary Budget

I. Budget Process

Compiling the annual budget is a process that takes several months and collects input from several different sources. When reading this budget document, it is important to have a general understanding of how and when data is gathered, how projects are prioritized, and how the general fiscal cycle works. Below is a brief timeline of the budget process.

- November 2015 - discussion of budget projections and changes needed
- December 2015 – Formation of Budget Committees to discuss changes
- December 2015 – Committees begin reduction process
- January 2016 – School Board is presented with recommended changes
- January 2016 – Staff is presented with changes
- February 2016 – Public presentations of budget adjustments
- February 2016 – School Board approves budget Adjustments
- March 2016 – Staffing workshops and allocations completed. Non-renewed staff is notified
- March 2016 – Debt Service, Construction, Trust Fund and Alternative Facilities budgets approved
- April 2016 – 2015-16 Revised Budget calculated and approved
- May 2016 – Calculation and compilation of budgets for all revenue and expenditure amounts for General, School Nutrition, Community Services, Agency, Student Activities, and Internal Service Funds
- May 2016 – School Nutrition budget is approved
- June 2016 – Approval of 2016-17 Preliminary General Fund Budget and Community Services budgets
- July – September 2016 - prepare for annual audit
- November 2016 - annual audit results for 2015-2016 presented by auditing firm and accepted by the School Board

II. General Fund

The general Fund of all school districts in the State of Minnesota is used to account for an array of initiatives including regular K-12 instruction, special education, transportation, district administration, capital, maintenance, staff development, media centers, athletics, and the majority of all school district functions. Examples of items that are NOT included in the general fund include:

- School Nutrition
- Community Education
- Building construction projects that are funded through selling bonds or capital loans
- Debt service
- Agency transactions
- Internal Services and debt service transactions

Transactions that are accounted for outside of the general fund will be discussed in other sections of this document.

Within the general fund are several requirements to reserve funds for a particular purpose. These reserve requirements are put in place by the State Legislature and compliance is required of all school districts. Examples of required reserves within the general fund include:

- Health & safety
- Operating capital
- Deferred maintenance
- Staff development
- Safe schools
- Basic skills
- Learning & development
- Vocational education
- Gifted and talented
- Learning centers

These reserves are accounted for separately on the District's books, as required. However, because several of the reserves have expenditures that surpass by far the revenue required to be reserved for them, and no reserve fund balance exists at the end of any given fiscal year for these reserves, they are included in the undesignated/unreserved portion of the general fund budget presentation. Specifically, this includes basic skills, learning and development, gifted and talented, learning center, and vocational education. This point should be kept in mind while reading the general fund budget pages.

A. Enrollment

Student Enrollment is extremely important as it not only drives staffing decisions, but is also the key factor of the general education revenue funding formula. For this reason student enrollment projections in and of themselves require many hours of analysis before they are relied upon for making decisions.

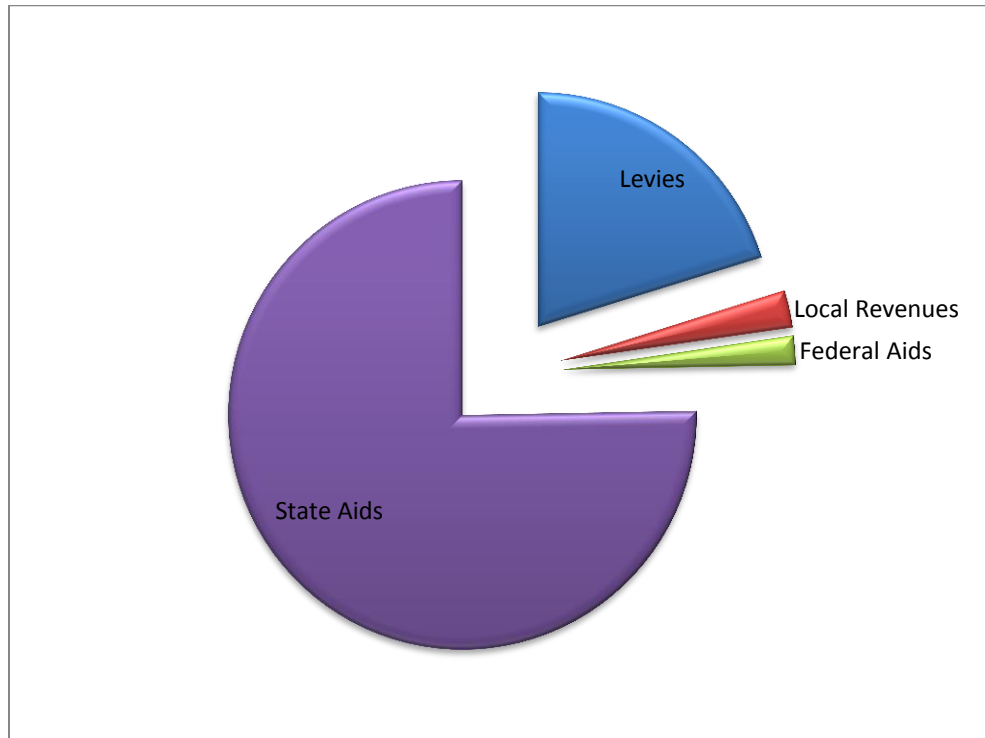
Enrollment projections are determined using separate methods depending on the grade level being projected. Kindergarten projections are based on birth rate data received from Washington County. The birth rates are then modified based on historical trends in capture rates in the district to project the number of kindergarteners expected to enroll. Projections for the remaining grade levels are determined using a historical 10-year cycle process.

The table on the following page provides actual enrollment data from the 2014-2015 school year as well as projected enrollment data for the 2015-2016 and 2016-2017 school years. (Final enrollment data for the 2015-2016 school year will not be available until the fall of 2016.) These enrollment projections were used to calculate the expected general education aid which is discussed later in this document.

Grades	Average Daily Membership		
	2014-2015 Actual	2015-2016 Projection	2016-2017 Projection
Early Childhood	204.02	220.00	220.00
H Kindergarten	63.13	161.00	170.00
Kindergarten	1058.33	1081.80	1117.00
Grades 1 – 3	4,035.22	3973.30	4145.08
Grades 4 – 6	4,119.21	4152.60	4283.14
Grades 7 - 12	8237.33	8363.90	8253.92
Total	17,717.24	17,952.60	18,189.14

B. Where Does the Money Come From?

The general fund receives its revenue from three very broad sources: state aids, federal aids, and local revenue. More information on each of these revenue sources can be found below. Much of this information has been obtained from the 2015-16 edition of “Financing Education in Minnesota”, a document provided by the Minnesota House of Representatives Fiscal Analysis Department.



1. State Aids

a) *General Education Aid - \$136,361,573*

General Education Aid is the largest funding source of the school district. This aid is comprised of several components, each with its own formulas to calculate the amount the district can expect to receive from the Department of Education in a given fiscal year.

- **Basic Formula** – This portion of general education aid is calculated by taking the formula allowance (determined by the State Legislature) times the adjusted pupil unit (APU). For the 2016-2017 fiscal year, the formula allowance was estimated at \$6,067 per pupil unit. The resulting revenue projection related to the basic formula is \$120,106,073 for the 2016-2017 fiscal year.
- **Compensatory** – This portion of general education aid is driven by the number of students eligible to receive either free or reduced lunches based on the financial circumstances of the family. Based on the current funding levels, the district receives approximately \$870 for each pupil eligible for free or reduced lunch. This revenue is required to be used to help students coming from less privilege achieve learning success. The revenue projection for compensatory revenue is \$3,230,486 for the 2016-2017 fiscal year.

- **Referendum** – A portion of general education aid is connected to the voter approved operating referendum. This revenue source is designed to equalize the tax burden for tax payers between districts. For example, if two districts have equal voter approved operating referendums but one of the districts has a much higher tax base over which the tax burden is spread, the tax payers in the less wealthy district will have a higher individual tax burden. This revenue source helps pay a portion of the voter approved levy with dollars from the state in the less wealthy district in this example. For South Washington County Schools, the State will pay about 13% or \$3,871,658 for the 2016-2017 school year.
- **Local Optional Revenue** – Another benefit to the taxpayers added by the State Legislature is the LOR, which allowed School Board to move \$424 per pupil unit of voter-approved referendum revenue to LOR. This allows SWCS to receive an additional \$915,824 in state aid offsetting local taxpayer contributions.
- **Operating Capital** – Recognizing the need for school districts to maintain their facilities, the Legislature includes a component in the general education aid to help address these needs. The formula for operating capital includes a per-pupil amount as well as an amount based on the age of the district's buildings. The projected operating capital aid for the 2016-2017 fiscal year is \$2,738,440.
- **Alternative Attendance Adjustment** – South Washington County Schools provides transportation to public, charter, and non-public students alike. However, general education aid is received only for those students who actually attend SWC Schools. The alternative attendance adjustment is the method used to help fund the cost of transporting charter school students who do not attend SWCS. In the current year, the allowance is \$379.61 per pupil unit. The total amount anticipated for the 2016-2017 fiscal year is \$224,552.
- **Gifted and Talented** – South Washington County Schools will receive \$13 per adjusted pupil unit to be used to identify gifted and talented students and provide programming for those students. In addition, the funds can be used to provide staff development to those serving the district's gifted and talented population. The projected gifted and talented aid for 2016-2017 is \$257,919.
- **English Learner** – A portion of the general education aid is generated based on the number of students which are not proficient in English. Whether or not a student is considered proficient in English is determined by testing standards set by the Minnesota Department of Education. The Legislature has provided for \$704 per reported English learning student be allocated to school districts to assist in the costs associated with serving the needs of these students. The projected EL revenue for 2016-2017 is \$341,450.
- **Extended Time** – The extended time allowance for 2015-2016 is \$5,017 per adjusted pupil unit for students with an average daily membership exceeding 1.0 (up to a limit of 1.2). This revenue is generated on students attending summer school or who attend an extended day program. The anticipated revenue for 2016-2017 is \$307,020.

b) ***Literacy Incentive Aid - \$1,046,560 (Estimated)***

Literacy Incentive Aid is awarded to districts based on two factors:

- Reading levels of the district's current third graders
- Progress made in reading levels between the third and fourth grade

Each component of this aid is calculated by multiplying \$530 times the average percentage of students meeting proficiency and growth requirements on the reading portion of the Minnesota Comprehensive Assessment (MCA) and then multiplying that by the number of students in the tested grade level.

c) ***Permanent School Fund - \$493,705***

In the mid-1800's, lands were granted to the State by the Federal government and were placed in a trust fund called the Permanent School Fund. The State constitution requires that any revenue generated (from timber, mining, or sale of land) be held in this trust and that any interest earnings of the trust be distributed to school districts based on the number of students served. In 2016-2017 the endowment per pupil unit is \$27.73.

d) ***Special Education Aid - \$18,500,000***

Special Education Aid is provided to districts to help fund the additional costs associated with providing required services to students with disabilities. South Washington County Schools serves approximately 2,600 students with disabilities. Special Education Aid is made up of the following components:

- **Initial Aid** – Special Education Initial Aid is awarded to districts based on a percentage of the actual costs of providing special education services.
- **Excess Cost Aid** – Excess cost Aid is generated by a district when the total special education cost per pupil unit that is not reimbursed by Special Education Initial Aid is greater than 4.36% of the general education revenue per pupil unit. If this circumstance exists, the district will receive Excess Cost Aid in the amount of 75% of the unreimbursed special education costs (less 4.36% of the general education aid which is expected to contribute to these costs).

e) ***Non-Public Pupil Transportation Aid - \$691,000***

Just as the Alternative Attendance Adjustment within General Education Aid provides the district with revenue for transporting charter school students, the Non-Public Pupil Transportation Aid provides for the costs associated with transporting non-public students. The formula for calculating this revenue is based on the cost per pupil transported in the base year. (The base year for purposes of calculating the 2016-2017 revenue is 2014-2015.) This cost per student in the base year is then multiplied times the number of non-public students transported in the current year and adjusted for any change in the general education funding allowance.

2. Federal Aids

a) ***Federal Special Education - \$2,900,000***

These funds are available to offset the costs of providing special education services to students, ages 3 – 21, which are not covered by State funding sources. The district uses these funds to pay for a special education director and clerical support as well as benefits paid to special education staff. (These are all expenditures that are not eligible for reimbursement under the State special education formula.)

b) ***Federal Early Childhood - \$135,000***

Federal early childhood funds are available to provide services to children between the ages of three and five. The district uses these funds to pay for a school nurse as well as benefits for other special education staff serving this age group.

c) ***Federal IEIC Revenue - \$53,000***

These funds are available to serve the needs of children between birth and the age of two.

d) ***Title I - \$638,000***

Title I funds are used to serve students who are struggling academically and live in low income areas. SWCS uses these funds to provide additional teachers at identified schools.

e) ***Title II - \$210,000***

Title II funds can be used for professional development purposes or class size reduction. The district uses these funds to provide a reading specialist and reduce class size. A portion of these funds are required to be allocated to the non-public schools for approved non-religious professional development of their staff.

f) ***Title III - \$145,000***

Title III funds can be used for professional development or other initiatives that are deemed to help ensure that students whose primary language is not English are able to attain proficiency in English.

3. Local Revenue

a) ***Property Tax Levy - \$42,770,363***

The second largest source of revenue for the district is revenue generated from the property tax levy. Much like general education aid, there are several components and calculations related to these funds. The details of these calculations can be found in the 15PAY16 Levy Limitation and Certification report. Property Tax Levy revenue is required to be reserved for several specific purposes as follows:

- Operating Capital - \$1,604,283
- Health & Safety – (\$13,875) *adjustment from prior years*
- Achievement and Integration - \$731,692
- Long Term Facilities Maintenance - \$988,718
- Alternative Teacher Professional Pay System - \$600,000
- Safe Schools - \$987,300
- Career and Technical Education - \$265,680
- Unreserved General Fund - \$27,596,567

b) ***Third Party Billing - \$695,000***

The district provides certain services to special education students that are deemed to be medical in nature. When the proper paperwork is in place, the district is able to request payment from Medical Assistance or insurance companies to offset the costs of providing these services.

c) ***E-Rate Funding - \$225,000***

The district receives reimbursement for its eligible telecommunication and internet costs at a rate dependent on the total state appropriation. The amount received is reduced by any Federal E-Rate funding received. This funding source directly offsets expenditures.

d) ***Athletic and Activity Participation Fees - \$651,000***

Students are charged a fee to participate in athletics and activities. These fees are intended to help offset the costs associated with providing coaching staff for the given sport or activity. For families who are eligible for free or reduced lunches, participation fees are also lowered.

e) ***Admission and Student Recovery - \$212,760***

The district charges admission fees to many activities and also when allowable, for parking permits, lost library books, lost textbooks, class fees, and copies of transcripts.

f) ***Interest Earnings - \$35,000***

Given the current market, the General Fund does not earn a significant amount of interest. When possible, funds are invested in six to 12 month allowable investments such as certificates of deposit. As market conditions fluctuate, the district monitors the best financial instrument to use for any excess cash balance maintained in the general fund.

g) ***Tuition Billed to Other Districts - \$1,651,096***

The district charges tuition to the resident district for non-resident students attending Valley Crossing.

h) ***Other Local Revenue - \$2,146,138***

The district collects revenue from several local sources in the form of grants, fees for services, athletic cooperative charges, charter school sponsorships fees, and advertising sales.

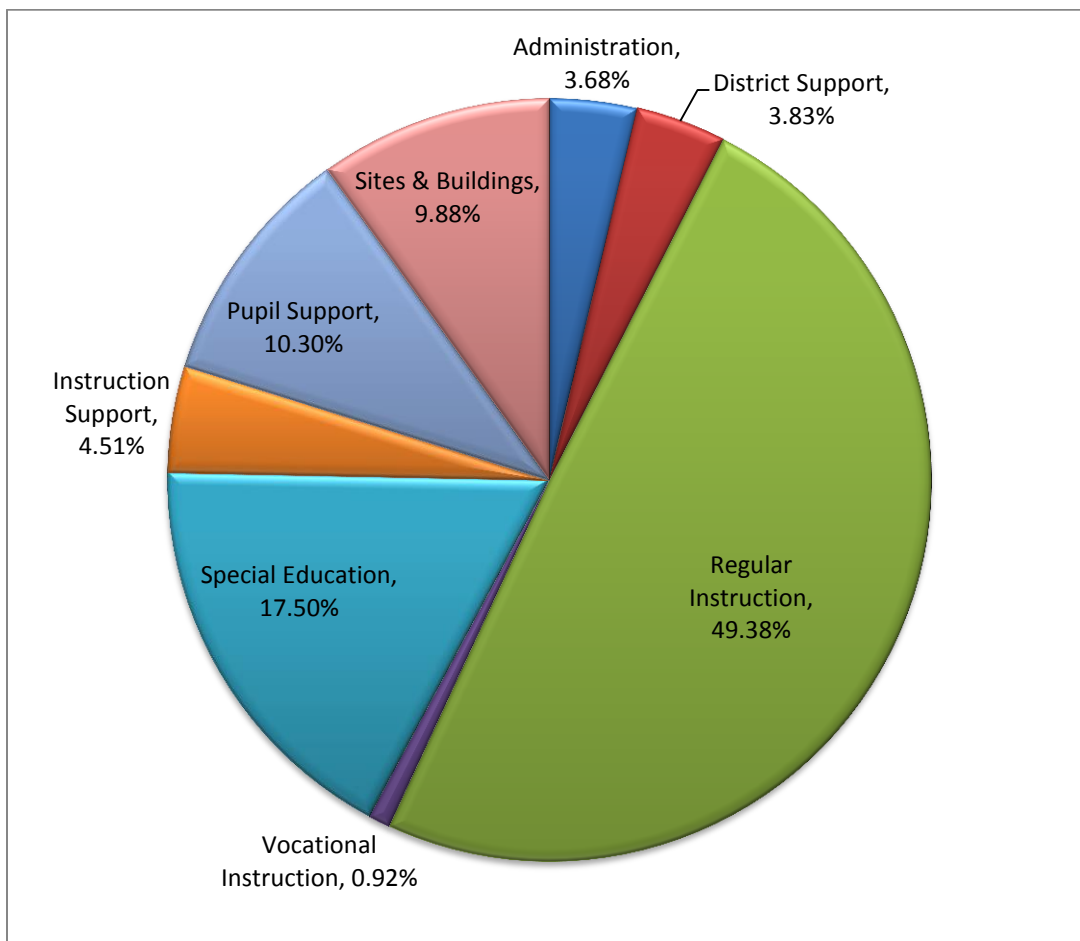
C. Where Does the Money Get Spent?

There are several types of expenditures made by the school district which can be categorized in six general categories. These categories are specified within the Uniform Financial Accounting and Reporting Standards (UFARS) used by all school districts in the State of Minnesota. The largest expense for any school district is salaries and the associated benefits. For South Washington County Schools, salaries and benefits make up 85% of the 2016-2017 general fund budget. The remaining expenditure categories are: services, supplies, equipment & capital improvements, and other. These category types will be referred to regularly in this document making it important for the reader to have a clear understanding of the types of expenditures which are included in each category. To that end, examples of each of the expenditure categories are listed below:

- **Salaries** – Expenditures in this category include salary payments to administrators, teachers, educational assistants, clerical support, maintenance employees, or any individual who is deemed to be an employee of the school district (rather than an independent contractor).
- **Benefits** – Benefit expenditures include employer portions of Federal payroll taxes, retirement contributions, employer paid insurance premiums, and all benefits agreed to within negotiated union contracts and labor policies.
- **Services** – Expenditures in this category include a wide variety of costs. This category includes payments to individuals or organizations for professional services such as auditors, professional speakers, attorneys, contracted service providers, or consultants. This category also includes utilities, professional development registrations, travel costs, operating leases, tuition payments, and transportation contracts.
- **Supplies** – Supply expenditures include supplies purchased for both instructional and non-instructional purposes. This includes everything from toner in the district offices to textbooks used by students. This category also includes items such as standardized tests, media resources, electronic replacements of instructional resources (such as applications for electronic devices), and food.
- **Equipment and Capital Improvements** – Expenditures in this category would include the purchase of land, improvements made to buildings, equipment, and capital leases (such as the copy machine leases the district has with Xerox and Metro Sales). One thing to keep in mind is that a “capital” improvement does not mean the purchase is necessarily funded with operating capital dollars. Although operating capital can certainly fund this type of expenditure, this is not the only funding source for this type of expenditure.
- **Other** – The UFARS manual provides for a miscellaneous category of expenditure for those items that do not fit neatly within the other categories. Examples of this type of expenditure are dues, memberships, licenses, sales tax, indirect cost allocations, and other miscellaneous expenditures.

General Fund Expenditures per Pupil

<u>Program</u>	<u>Expenditures</u>	
Regular Instruction	\$ 5,735.48	49.38%
Special Education	2,032.40	17.50%
Pupil Support	1,196.29	10.30%
Sites & Buildings	1,147.49	9.88%
Instruction Support	523.69	4.51%
District Support	444.86	3.83%
Administration	427.71	3.68%
Vocational Instruction	106.31	0.92%
	<u>\$ 11,614.23</u>	<u>100.00%</u>



General Fund Expenditures by Program Area

In order to better explain where the school district spends the dollars it has been entrusted with, a discussion of the eight broad program areas will follow. Keep in mind that within each of these program areas, the revenue that is funding the particular initiative may be coming from state, federal, local, or a combination of funding sources. A brief description of each program area along with a summary of budgeted expenditures is listed below. These summaries include expenditures of the entire general fund which includes both reserved and unreserved amounts.

1. Administration

This program area includes the costs of the School Board, the Superintendent's office, and the principal's office in each of the schools.

		<u>2015 Actual</u>	<u>2016 Revised</u>	<u>2017 Proposed</u>	<u>% Change</u>
Salaries	\$	5,152,185	\$ 5,032,037	\$ 5,286,699	5.06%
Benefits		1,979,438	2,049,974	2,099,702	2.43%
Services		244,785	329,821	278,521	-15.55%
Supplies		40,860	37,549	25,815	-31.25%
Equipment & Capital		46,460	19,358	43,600	125.23%
Other		63,430	66,895	45,284	-32.31%
Total	\$	7,527,157	\$ 7,535,634	\$ 7,779,621	3.24%

2. District Support Services

The district support services program category includes Human Resources, Information Systems, and the Business Office. In addition, liability and worker's compensation insurance for the entire district is recorded in this program area.

		<u>2015 Actual</u>	<u>2016 Revised</u>	<u>2017 Proposed</u>	<u>% Change</u>
Salaries	\$	2,205,128	\$ 2,376,373	\$ 2,483,511	4.51%
Benefits		1,014,844	1,047,181	1,130,371	7.94%
Services		80,865	262,700	265,880	1.21%
Supplies		242,526	246,000	214,630	-12.75%
Equipment & Capital		3,060,605	3,994,577	4,071,896	1.94%
Other		107,911	-74,871	-74,671	-0.27%
Total	\$	6,711,879	\$ 7,851,960	\$ 8,091,617	3.05%

3. Elementary and Secondary Regular Instruction

This program category includes kindergarten, elementary, and secondary regular instruction which includes Title I, Title II, and Title III. In addition, all athletics and activities are reported in this program area.

		<u>2015 Actual</u>		<u>2016 Revised</u>		<u>2017 Proposed</u>	<u>% Change</u>
Salaries	\$	64,609,462	\$	63,355,943	\$	74,206,448	17.13%
Benefits		26,441,605		25,364,819		28,128,038	10.89%
Services		4,781,523		4,267,123		2,756,187	-35.41%
Supplies		1,228,880		2,537,327		1,747,624	-31.12%
Equipment & Capital		682,504		924,563		915,717	-0.96%
Other		150,991		130,415		139,481	6.95%
Total	\$	97,894,964	\$	96,580,190	\$	107,893,495	11.71%

4. Vocational Education Instruction

Vocational and educational instruction includes the cost of providing classes (primarily at the secondary level) involving agriculture, health sciences, business, or anything aiming to teach students about specific career options available to them after completing high school. In addition, this program area has a component for special needs students' participation in vocational activities during the school day.

		<u>2015 Actual</u>		<u>2016 Revised</u>		<u>2017 Proposed</u>	<u>% Change</u>
Salaries	\$	881,168	\$	767,083	\$	798,563	4.10%
Benefits		335,822		313,968		363,962	15.92%
Services		925,408		832,000		701,100	-15.73%
Supplies		73,868		78,497		70,100	-10.70%
Equipment & Capital		3,636		0		0	0.00%
Other		70		0		0	0.00%
Total	\$	2,219,972	\$	1,991,548	\$	1,933,725	-2.90%

5. Special Education Instruction

This program category captures the costs involved with providing services to special education students. However, the cost of providing special transportation to these students is not included in this category.

		<u>2015 Actual</u>		<u>2016 Revised</u>		<u>2017 Proposed</u>	<u>% Change</u>
Salaries	\$	21,138,280	\$	20,066,765	\$	25,602,492	27.59%
Benefits		8,243,807		8,567,754		10,214,106	19.22%
Services		2,006,633		1,308,719		1,301,550	-0.55%
Supplies		261,187		366,886		311,747	-15.03%
Equipment & Capital		111,874		86,225		19,820	-77.01%
Other		556,730		490,245		568,791	16.02%
Total	\$	32,318,511	\$	30,886,594	\$	38,018,506	23.09%

6. Instructional Support Services

The instructional support services category includes costs associated with assistant principals, curriculum office, textbooks, media centers, and staff development.

		<u>2015 Actual</u>		<u>2016 Revised</u>		<u>2017 Proposed</u>	<u>% Change</u>
Salaries	\$	7,035,372	\$	6,473,119	\$	6,737,176	4.08%
Benefits		2,086,419		2,122,885		2,216,783	4.42%
Services		130,764		187,005		180,125	-3.68%
Supplies		227,709		297,395		218,775	-26.44%
Equipment & Capital		112,929		237,478		156,000	-34.31%
Other		31,386		35,724		16,600	-53.53%
Total	\$	9,624,580	\$	9,353,606	\$	9,525,459	1.84%

7. Pupil Support Services

This program category captures the cost associated with counseling offices, health services, and psychologists serving regular education students, social workers, and transportation of regular and special needs students.

		<u>2015 Actual</u>		<u>2016 Revised</u>		<u>2017 Proposed</u>	<u>% Change</u>
Salaries	\$	9,185,393	\$	10,081,367	\$	10,749,797	6.63%
Benefits		4,830,002		4,985,976		5,253,254	5.36%
Services		4,187,634		3,672,960		4,212,957	14.70%
Supplies		1,267,177		1,362,077		1,300,005	-4.56%
Equipment & Capital		527,870		19,800		235,192	1087.84%
Other		483		8,170		8,210	0.49%
Total	\$	19,998,559	\$	20,130,350	\$	21,759,415	8.09%

8. Sites and Buildings

This program area includes the costs of maintaining the district's buildings and facilities. The salaries and benefits of the buildings and grounds director and clerical support as well as all custodial and maintenance employees are recorded here. In addition, this program category includes expenditures such as electricity, water, sewer, gas, trash removal, snow removal, health & safety projects, and a large portion of the district's capital projects.

		<u>2015 Actual</u>		<u>2016 Revised</u>		<u>2017 Proposed</u>	<u>% Change</u>
Salaries	\$	4,386,757	\$	4,569,712	\$	5,695,259	24.63%
Benefits		2,042,320		2,247,718		2,347,934	4.46%
Services		7,358,975		7,045,639		7,571,852	7.47%
Supplies		1,127,071		1,250,525		1,302,653	4.17%
Equipment & Capital		2,930,594		4,280,127		3,807,223	-11.05%
Other		159,409		146,000		146,945	0.65%
Total	\$	18,005,125	\$	19,539,721	\$	20,871,865	6.82%

General Fund Budget Summary (Reserved and Unreserved)

	<u>2015 Actual</u>	<u>2016 Revised</u>	<u>2017 Proposed</u>	<u>% Change</u>
Revenues				
Local Revenues	\$ 32,810,424	\$ 32,201,487	\$ 48,161,357	49.56%
State Aids	154,261,615	159,056,630	159,293,525	0.15%
Federal Aids	4,060,644	4,138,190	4,124,640	-0.33%
Other Revenues	4,000,000	0	0	0.00%
Total Revenues	\$ 195,132,682	\$ 195,396,307	\$ 211,579,522	8.28%
Expenditures				
Salaries	\$ 114,593,745	\$ 112,722,399	\$ 131,559,945	16.71%
Benefits	46,974,256	46,700,275	51,754,150	10.82%
Services	19,716,587	17,905,967	17,268,172	-3.56%
Supplies	4,469,278	6,176,256	5,191,349	-15.95%
Equipment & Capital	7,476,471	9,562,128	9,249,448	-3.27%
Other	1,070,410	802,578	850,640	5.99%
Total Expenditures	\$ 194,300,747	\$ 193,869,603	\$ 215,873,703	11.35%
Fund Balance Projection				
Beginning	\$ 9,485,552	\$ 10,317,487	\$ 11,844,191	14.80%
Revenues	195,132,682	195,396,307	211,579,522	8.28%
Expenditures	-194,300,747	-193,869,603	-215,873,703	11.35%
Projected Fund Balance	\$ 10,317,487	\$ 11,844,191	\$ 7,550,010	-36.26%
Percent of Expenditures	5.31%	6.11%	3.50%	

III. School Nutrition Fund

The School Nutrition Fund is used to account for the activities related to providing nutrition services to the K-12 academic program as well as catering services provided by the district. The fund operates on the principle of revenues exceeding expenditures on day-to-day operations so that the excess can be used to systematically replace and upgrade kitchen equipment around the district. By operating in this manner, the goal of the School Nutrition program is to be self-sustained and not to pull resources from direct K-12 instructional funds. School Nutrition pays the general fund for certain overhead costs such as payroll, accounts payable, and technology support. A summary of this fund's budget is listed below.

	<u>2015 Actual</u>	<u>2016 Revised</u>	<u>2017 Proposed</u>	<u>% Change</u>
Revenues				
Local Revenues	\$ 5,369,065	\$ 5,963,635	\$ 6,481,773	8.69%
State Aids	422,631	433,360	441,099	1.79%
Federal Aids	2,511,786	2,669,114	2,832,600	6.13%
Total Revenues	\$ 8,303,482	\$ 9,066,109	\$ 9,755,472	7.60%
Expenditures				
Salaries	\$ 3,210,934	\$ 3,131,633	\$ 3,278,366	4.69%
Benefits	1,114,330	1,125,300	1,203,516	6.95%
Services	526,651	592,860	641,858	8.26%
Supplies	3,867,449	4,072,738	4,359,784	7.05%
Equipment & Capital	449,992	125,000	155,000	24.00%
Other	14,599	15,000	13,000	-13.33%
Total Expenditures	\$ 9,183,955	\$ 9,062,531	\$ 9,651,524	6.50%
Fund Balance Projection				
Beginning	\$ 959,153	\$ 78,680	\$ 82,258	4.55%
Revenues	8,303,482	9,066,109	9,755,472	7.60%
Expenditures	-9,183,955	-9,062,531	-9,651,524	6.50%
Projected Fund Balance	\$ 78,680	\$ 82,258	\$ 186,206	126.37%
Percent of Expenditures	0.86%	0.91%	1.93%	

IV. Community Education Fund

The Community Education Fund accounts for the activities related to providing education services for Pre-Kindergarten and Post-Grade 12 students. The fund operates on a principle of breaking even on a year-to-year basis and maintaining a healthy fund balance which protects future programming. Community Education pays the general fund for space used in the district according to formulas outlined in the Uniform Financial Accounting and Reporting Standards (UFARS) Manual. Community Education pays the general fund for certain overhead costs such as payroll, accounts payable, and technology support. The estimated amount of these overhead costs is \$600,000 for fiscal year 2017. A summary of the complete Community Education budget is listed below. Within Community Education are several Fund Balance requirements which will be discussed in greater detail on the following pages.

	<u>2015 Actual</u>	<u>2016 Revised</u>	<u>2017 Proposed</u>	<u>% Change</u>
Revenues				
Local Revenues	\$ 10,321,064	\$ 11,261,186	\$ 11,906,034	5.73%
State Aids	1,617,374	1,941,849	2,061,340	6.15%
Federal Aids	12,083	11,303	12,083	6.90%
Total Revenues	\$ 11,950,521	\$ 13,214,338	\$ 13,979,457	5.79%
Expenditures				
Salaries	\$ 7,926,072	\$ 8,507,172	\$ 8,894,820	4.56%
Benefits	2,175,812	2,395,209	2,525,020	5.42%
Services	1,339,992	1,236,264	1,472,886	19.14%
Supplies	750,445	731,567	714,436	-2.34%
Equipment & Capital	187,885	153,226	243,729	59.07%
Other	6,953	83,240	59,625	-28.37%
Total Expenditures	\$ 12,387,157	\$ 13,106,678	\$ 13,910,516	6.13%
Fund Balance Projection				
Beginning	\$ 1,184,391	\$ 747,755	\$ 855,415	14.40%
Revenues	11,950,521	13,214,338	13,979,457	5.79%
Expenditures	-12,387,157	-13,106,678	-13,910,516	6.13%
Projected Fund Balance	\$ 747,755	\$ 855,415	\$ 924,356	8.06%
Percent of Expenditures	6.04%	6.53%	6.65%	

A. School Readiness Fund Balance

The School Readiness Fund Balance is used to accumulate all revenues and expenditures related to the district's early childhood education program. This program is provided to assess children's cognitive skills, teach educational programming that will strengthen children's cognitive skills and development, and generally prepare children for entry into kindergarten. In addition, this program provides support in the Community kids preschool and to provide scholarships to students who are not eligible for the early learning scholarships.

	<u>2015 Actual</u>	<u>2016 Revised</u>	<u>2017 Proposed</u>	<u>% Change</u>
Revenues				
Local Revenues	\$ 1,233,140	\$ 1,413,897	\$ 1,772,375	25.35%
State Aids	205,569	484,778	587,378	21.16%
Total Revenues	\$ 1,438,709	\$ 1,898,675	\$ 2,359,753	24.28%
Expenditures				
Salaries	\$ 1,339,351	\$ 1,510,807	\$ 1,828,406	21.02%
Benefits	452,617	509,348	567,248	11.37%
Services	-206,125	-258,922	-208,741	-19.38%
Supplies	9,899	33,000	23,500	-28.79%
Equipment & Capital	6,034	10,800	5,800	-46.30%
Other	75	75	75	0.00%
Total Expenditures	\$ 1,601,852	\$ 1,805,108	\$ 2,216,288	22.78%
Fund Balance Projection				
Beginning	\$ -626,918	\$ -790,060	\$ -696,493	-11.84%
Revenues	1,438,709	1,898,675	2,359,753	24.28%
Expenditures	-1,601,852	-1,805,108	-2,216,288	22.78%
Projected Fund Balance	\$ -790,060	\$ -696,493	\$ -553,028	-20.60%
Percent of Expenditures	-49.32%	-38.58%	-24.95%	

B. Early Childhood Family Education Fund Balance

Programming provided for children aged birth to kindergarten and their caretakers are operated under the Early Childhood Family Education Fund Balance. This program provides classes and resources to expectant parents and caretakers of young children which may help them understand a child's learning and development and as a result be able to help children grow. This program also provides parenthood education in secondary schools and outreach work in the community.

	<u>2015 Actual</u>	<u>2016 Revised</u>	<u>2017 Proposed</u>	<u>% Change</u>
Revenues				
Local Revenues	\$ 466,900	\$ 470,484	\$ 477,485	1.49%
State Aids	738,454	755,139	770,566	2.04%
Total Revenues	\$ 1,205,354	\$ 1,225,623	\$ 1,248,051	1.83%
Expenditures				
Salaries	\$ 772,389	\$ 797,853	\$ 844,735	5.88%
Benefits	223,750	246,559	269,162	9.17%
Services	81,893	83,318	82,680	-0.77%
Supplies	21,078	22,675	26,175	15.44%
Equipment & Capital	16,223	12,750	12,750	0.00%
Other	285	250	250	0.00%
Total Expenditures	\$ 1,115,617	\$ 1,163,405	\$ 1,235,752	6.22%
Fund Balance Projection				
Beginning	\$ 336,714	\$ 426,451	\$ 488,669	14.59%
Revenues	1,205,354	1,225,623	1,248,051	1.83%
Expenditures	-1,115,617	-1,163,405	-1,235,752	6.22%
Projected Fund Balance	\$ 426,451	\$ 488,669	\$ 500,968	2.52%
Percent of Expenditures	38.23%	42.00%	40.54%	

C. Adult Basic Education Fund Balance

The Adult Basic Education Fund Balance is used to accumulate the revenues and expenditures related to providing basic skills learning opportunities for individuals 17 years of age or older who are not enrolled in an elementary or secondary school. Funding for this program is dependent upon the number of student contact hours. This program provides K-12 level basic skills to allow participants to achieve their individual academic goals up to the level of high school completion. Adult Basic Education also serves adult immigrants with English language classes in order to improve their English skills, including: speaking, reading, writing, and listening. The ultimate goal of the program is to help the functionally illiterate become more employable and productive citizens.

	<u>2015 Actual</u>	<u>2016 Revised</u>	<u>2017 Proposed</u>	<u>% Change</u>
Revenues				
Local Revenues	\$ 10,990	\$ 6,656	\$ 6,000	-9.86%
State Aids	343,833	330,039	342,322	3.72%
Federal Aids	12,083	11,303	12,083	6.90%
Total Revenues	\$ 366,907	\$ 347,998	\$ 360,405	3.57%
Expenditures				
Salaries	\$ 225,363	\$ 182,555	\$ 185,166	1.43%
Benefits	98,266	107,836	102,934	-4.55%
Services	39,989	44,191	36,433	-17.56%
Supplies	15,173	2,500	5,521	120.84%
Equipment & Capital	909	776	500	-35.57%
Other	287	240	250	4.17%
Total Expenditures	\$ 379,985	\$ 338,098	\$ 330,804	-2.16%
Fund Balance Projection				
Beginning	\$ 53,757	\$ 40,679	\$ 50,579	24.34%
Revenues	366,907	347,998	360,405	3.57%
Expenditures	-379,985	-338,098	-330,804	-2.16%
Projected Fund Balance	\$ 40,679	\$ 50,579	\$ 80,180	58.52%
Percent of Expenditures	10.71%	14.96%	24.24%	

V. Construction Fund

The Construction Fund accounts for the costs of school construction, addition, and renovation projects which are funded through bonds or certificates of participation (or other specific funding sources). When bonds (or certificates of participation) are issued in connection with a building project, the bond proceeds are recorded as revenue in the Construction Fund. The funds are then drawn down as payments are made for work completed on the project(s). The proceeds of bonds can only be used for the purpose for which they were issued.

	<u>2015 Actual</u>	<u>2016 Revised</u>	<u>2017 Proposed</u>	<u>% Change</u>
Revenues				
Local Revenues	\$ 434,612	\$ 2,089,952	\$ 988,718	-52.69%
State Aids	0	95,775,210	0	-100.00%
Total Revenues	\$ 434,612	\$ 97,865,162	\$ 988,718	-98.99%
Expenditures				
Services	5,200	51,451	51,451	0.00%
Equipment & Capital	11,146,133	12,921,388	37,646,388	191.35%
Total Expenditures	\$ 11,151,333	\$ 12,972,839	\$ 37,697,839	190.59%
Fund Balance Projection				
Beginning	\$ 21,745,222	\$ 11,028,501	\$ 95,920,824	769.75%
Revenues	434,612	97,865,162	988,718	-98.99%
Expenditures	-11,151,333	-12,972,839	-37,697,839	190.59%
Projected Fund Balance	\$ 11,028,501	\$ 95,920,824	\$ 59,211,703	-38.27%
 Percent of Expenditures	 98.90%	 739.40%	 157.07%	

VI. Debt Service Fund

The Debt Service Fund exists to record the principal and interest payments on long-term debt issued by the district. Annual levies will provide revenue at a rate of 105% of pending debt service payments for a given fiscal year. This rate is specified in statute to ensure that principal and interest payments can be made as scheduled even if there are late property tax payments or delinquencies that may arise. The Debt Service Fund is also monitored by the Minnesota Department of Education for accumulation of excess fund balance. If the debt service fund balance is deemed to be at a level in excess of what is needed to make debt payments, a levy adjustment is made to reduce revenue and bring the fund balance down to a feasible amount.

	<u>2015 Actual</u>	<u>2016 Revised</u>	<u>2017 Proposed</u>	<u>% Change</u>
Revenues				
Local Revenues	\$ 26,083,838	\$ 26,926,237	\$ 28,744,196	6.75%
State Aids	631,095	42,989	0	-100.00%
Federal Aids	1,108,303	1,109,498	0	-100.00%
Other Revenues	36,696,004	0	0	0.00%
Total Revenues	\$ 64,519,240	\$ 28,078,724	\$ 28,744,196	2.37%
Expenditures				
Services	\$ 1,387,275	\$ 576,532	\$ 576,532	0.00%
Equipment & Capital	29,239,545	27,608,915	27,608,915	0.00%
Total Expenditures	\$ 30,626,820	\$ 28,185,447	\$ 28,185,447	0.00%
Fund Balance Projection				
Beginning	\$ 6,464,953	\$ 40,357,373	\$ 40,250,650	-0.26%
Revenues	64,519,240	28,078,724	28,744,196	2.37%
Expenditures	-30,626,820	-28,185,447	-28,185,447	0.00%
Projected Fund Balance	\$ 40,357,373	\$ 40,250,650	\$ 40,809,399	1.39%
Percent of Expenditures	131.77%	142.81%	144.79%	

VII. Scholarship Private-Purpose Trust Fund

The Scholarship Private-Purpose Trust Fund is used to account for resources held in trust to be used by various other third parties for donor-directed purposes, such as to award scholarships to former students. The trust fund is used to record the revenues and expenditures for trust agreements where the school board has accepted the responsibility to serve as trustee.

	<u>2015 Actual</u>	<u>2016 Revised</u>	<u>2017 Proposed</u>	<u>% Change</u>
Revenues				
Local Revenues	\$ 32,300	\$ 36,300	\$ 36,300	0.00%
Total Revenues	\$ 32,300	\$ 36,300	\$ 36,300	0.00%
Expenditures				
Other	\$ 38,562	\$ 36,300	\$ 36,300	0.00%
Total Expenditures	\$ 38,562	\$ 36,300	\$ 36,300	0.00%
Fund Balance Projection				
Beginning	\$ 54,770	\$ 48,508	\$ 48,508	0.00%
Revenues	32,300	36,300	36,300	0.00%
Expenditures	-38,562	-36,300	-36,300	0.00%
Projected Fund Balance	\$ 48,508	\$ 48,508	\$ 48,508	0.00%
 Percent of Expenditures	 125.79%	 133.63%	 133.63%	

VIII. Internal Service Fund

An internal service fund has been established at South Washington County Schools from excess General Fund assets held over the last 12 years. These funds are used to offset the accrued liability related to post-employment benefits such as severance and health care benefits. Both in fiscal 2015 and 2016, \$4,000,000 was transferred from the Internal Service Fund to the General Fund to help offset health insurance costs.

	<u>2015 Actual</u>	<u>2016 Revised</u>	<u>2017 Proposed</u>	<u>% Change</u>
Revenues				
Local Revenues	\$ 1,009,654	\$ 2,129,372	\$ 1,250,000	-41.30%
Total Revenues	\$ 1,009,654	\$ 2,129,372	\$ 1,250,000	-41.30%
Expenditures				
Services	\$ 120,474	\$ 150,000	\$ 150,000	0.00%
	2,437,304	2,500,000	2,500,000	0.00%
Equipment & Capital	4,000,000	0	0	0.00%
Total Expenditures	\$ 6,557,778	\$ 2,650,000	\$ 2,650,000	0.00%
Fund Balance Projection				
Beginning	\$ 16,838,951	\$ 11,290,827	\$ 10,770,199	-4.61%
Revenues	1,009,654	2,129,372	1,250,000	-41.30%
Expenditures	-6,557,778	-2,650,000	-2,650,000	0.00%
Projected Fund Balance	\$ 11,290,827	\$ 10,770,199	\$ 9,370,199	-13.00%
 Percent of Expenditures	 172.17%	 406.42%	 353.59%	

IX. 2017 District Budget and Fund Balance Projection Summary

For School Board Approval June 23, 2016

South Washington County Schools							
Independent School District 833							
For the Period Ended June 30, 2017							
	Projected Balance June 30, 2016	Revenues	Preliminary Budget Expenditures	Net Impact	Adjustments	Projected Balance June 30, 2017	Percent of Expenditures
General Fund							
Unrestricted							
Unassigned, Assigned & Committed	5,349,986	187,606,635	189,698,397	(2,091,762)	(3,359,448)	(101,224)	
Restricted	-	-	-	-	-	-	
Health and safety	-	-	329,425	(329,425)	329,425	-	
Operating capital	1,442,474	6,971,407	6,401,016	570,391	-	2,012,865	
Learning and development	113,024	4,235,431	4,244,951	(9,520)	-	103,504	
State-approved alternative programs	576,584	437,283	338,425	98,858	-	675,442	
Safe schools levy	1,382,125	987,300	490,000	497,300	-	1,879,425	
Community arts center	30,683	-	-	-	-	30,683	
Other	-	11,341,467	14,371,490	(3,030,023)	3,030,023	-	
Nonspendable	2,949,314	-	-	-	-	2,949,314	
Total General Fund	11,844,190	211,579,522	215,873,703	(4,294,181)	-	7,550,009	3.5%
Food Service Fund							
Restricted	(101,185)	9,755,472	9,651,524	103,948	-	2,763	
Nonspendable	183,443	-	-	-	-	183,443	
Total Food Service Fund	82,258	9,755,472	9,651,524	103,948	-	186,206	1.9%
Community Education Fund							
Restricted							
Community education	1,608,907	8,847,145	8,661,526	185,619	-	1,794,526	
Early childhood family education	488,669	1,248,051	1,235,752	12,299	-	500,968	
School readiness	(696,493)	2,359,753	2,216,288	143,465	-	(553,028)	
Adult basic education	50,579	360,405	330,804	29,601	-	80,180	
Community service	(710,045)	1,164,103	1,466,146	(302,043)	-	(1,012,088)	
Nonspendable	113,798	-	-	-	-	113,798	
Total Community Education Fund	855,415	13,979,457	13,910,516	68,941	-	924,356	6.6%
Building Construction Fund							
Restricted							
Alternative facilities program	142,365	988,718	12,921,388	(11,932,670)	-	(11,790,305)	
Building construction	95,778,458	-	24,776,451	(24,776,451)	-	71,002,007	
Total Building Construction Fund	95,920,823	988,718	37,697,839	(36,709,121)	-	59,211,702	
Debt Service Fund							
	40,250,650	28,744,196	28,185,447	558,749	-	40,809,399	
Internal Service Fund							
Severance benefits	(150,000)	-	150,000	(150,000)	-	(300,000)	
Pension benefits	3,562,740	-	500,000	(500,000)	-	3,062,740	
Other post-employment benefits	7,357,459	1,250,000	2,000,000	(750,000)	-	6,607,459	
Total Internal Service Fund	10,770,199	1,250,000	2,650,000	(1,400,000)	-	9,370,199	
Agency Fund							
	48,508	36,300	36,300	-	-	48,508	
Total All Funds	159,772,043	266,333,665	308,005,329	(41,671,664)	-	118,100,379	

X. 2016 District Budget and Fund Balance Projection Summary

For School Board Approval June 23, 2016

South Washington County Schools									
Independent School District 833									
For the Period Ended June 30, 2016									
	Audited Balance June 30, 2015	Revenues	Revised Budget Expenditures	Net Impact	Adjustments	Projected Balance June 30, 2016	Percent of Expenditures		
General Fund									
Unrestricted									
Unassigned, Assigned & Committed	4,117,791	173,735,031	168,229,419	5,505,612	(4,273,417)	5,349,986			
Restricted									
Health and safety	468,969	-	737,945	(737,945)	268,976	-			
Operating capital	1,574,365	5,910,909	6,042,800	(131,891)		1,442,474			
Learning and development	-	4,050,857	3,937,833	113,024		113,024			
State-approved alternative programs	319,861	437,283	180,560	256,723		576,584			
Safe schools levy	856,503	965,622	440,000	525,622		1,382,125			
Community arts center	30,683	-	-	-		30,683			
Other	-	10,296,605	14,301,046	(4,004,441)	4,004,441	-			
Nonspendable	2,949,314	-	-	-		2,949,314			
Total General Fund	10,317,486	195,396,307	193,869,603	1,526,704	-	11,844,190	6.1%		
Food Service Fund									
Restricted	(104,763)	9,066,109	9,062,531	3,578	-	(101,185)			
Nonspendable	183,443	-	-	-	-	183,443			
Total Food Service Fund	78,680	9,066,109	9,062,531	3,578	-	82,258	0.9%		
Community Education Fund									
Restricted									
Community education	1,388,464	8,590,037	8,369,594	220,443	-	1,608,907			
Early childhood family education	426,451	1,225,623	1,163,405	62,218	-	488,669			
School readiness	(790,060)	1,898,675	1,805,108	93,567	-	(696,493)			
Adult basic education	40,679	347,998	338,098	9,900	-	50,579			
Community service	(431,577)	1,152,005	1,430,473	(278,468)	-	(710,045)			
Nonspendable	113,798	-	-	-	-	113,798			
Total Community Education Fund	747,755	13,214,338	13,106,678	107,660	-	855,415	6.5%		
Building Construction Fund									
Restricted									
Alternative facilities program	10,973,801	2,089,952	12,921,388	(10,831,436)	-	142,365			
Building construction	54,699	95,775,210	51,451	95,723,759	-	95,778,458			
Total Building Construction Fund	11,028,500	97,865,162	12,972,839	84,892,323	-	95,920,823			
Debt Service Fund									
	40,357,373	28,078,724	28,185,447	(106,723)	-	40,250,650			
Internal Service Fund									
Severance benefits	-	-	150,000	(150,000)	-	(150,000)			
Pension benefits	4,062,740	-	500,000	(500,000)	-	3,562,740			
Other post-employment benefits	7,228,087	2,129,372	2,000,000	129,372	-	7,357,459			
Total Internal Service Fund	11,290,827	2,129,372	2,650,000	(520,628)	-	10,770,199			
Agency Fund									
	48,508	36,300	36,300	-	-	48,508			
Total All Funds	73,869,129	345,786,312	259,883,398	85,902,914	-	159,772,043			