



# Financial Update

## 2022-23 Preliminary Budget

DAN PYAN, DIRECTOR OF FINANCE AND OPERATIONS  
June 2, 2022



# Agenda



- Budget Notes and terms
- Where does the money come from?
- What is the money spent on?
- Budget Highlights
- District Challenges
- Future Schedule



# South Washington County Schools Budget



- The budget is over 21,000 lines
- It takes over 350 hours to compile
- Many revenues and expenses are speculated
- We calculate salary and benefit expenses for each employee out of caution
- It is a guide to keep us on track to remain solvent
- It is great at taking blame



# Budget Terms

- Fund Balance = Unassigned Balance
- Unassigned funds are used for operations:
  - Instruction
  - Instructional Support
  - Transportation
  - Maintenance
  - Activities
  - District Administration
- Percentage is the balance/expenditures
  - Savings Account
  - Board Goal is 16% by 2027
- Does not include funds reserve by statute



# Budget Terms

- Reserve Funds include:
  - School Nutrition
  - Community Services
  - Debt Services
  - Other Post-Employment Benefits
  - Long-term Facility Maintenance
  - Construction
  - Operating Capital
  - Capital Projects Levy
  - Safe Schools
  - Student Activity Accounts
  - Staff Development
  - Alternative Teacher Professional Pay System



# Budget Note



- Reducing or increasing spending in reserved funds will not affect the unassigned fund balance
- Spending in reserve funds is limited by the targeted revenues of the fund



# Tuition Agreements

- For those students living outside the state, the tuition is **\$ 9,970.23** for secondary students and **\$8,325.19** for elementary students based on the latest state aid projections.
- Special Education students from other districts who attend SoWashCo schools create tuition and those dollars are added to special education revenue.
- Special Education students from SoWashCo schools who go elsewhere are billed through a state process in which dollars owed are subtracted from special education revenue.



# Education Funding in Minnesota



SOURCE		%
State Aid – Income and Sales Tax, Fees	\$ 197,018,981	70.54%
Local Levies – Property Taxes	\$ 71,487,944	25.60%
Federal Aid – Income Taxes	\$ 7,644,817	2.74%
Other Fees – Local Participation Fees	\$ 3,158,168	1.19%
<b>GENERAL FUND TOTAL</b>	<b>\$ 279,319,910</b>	<b>100 %</b>

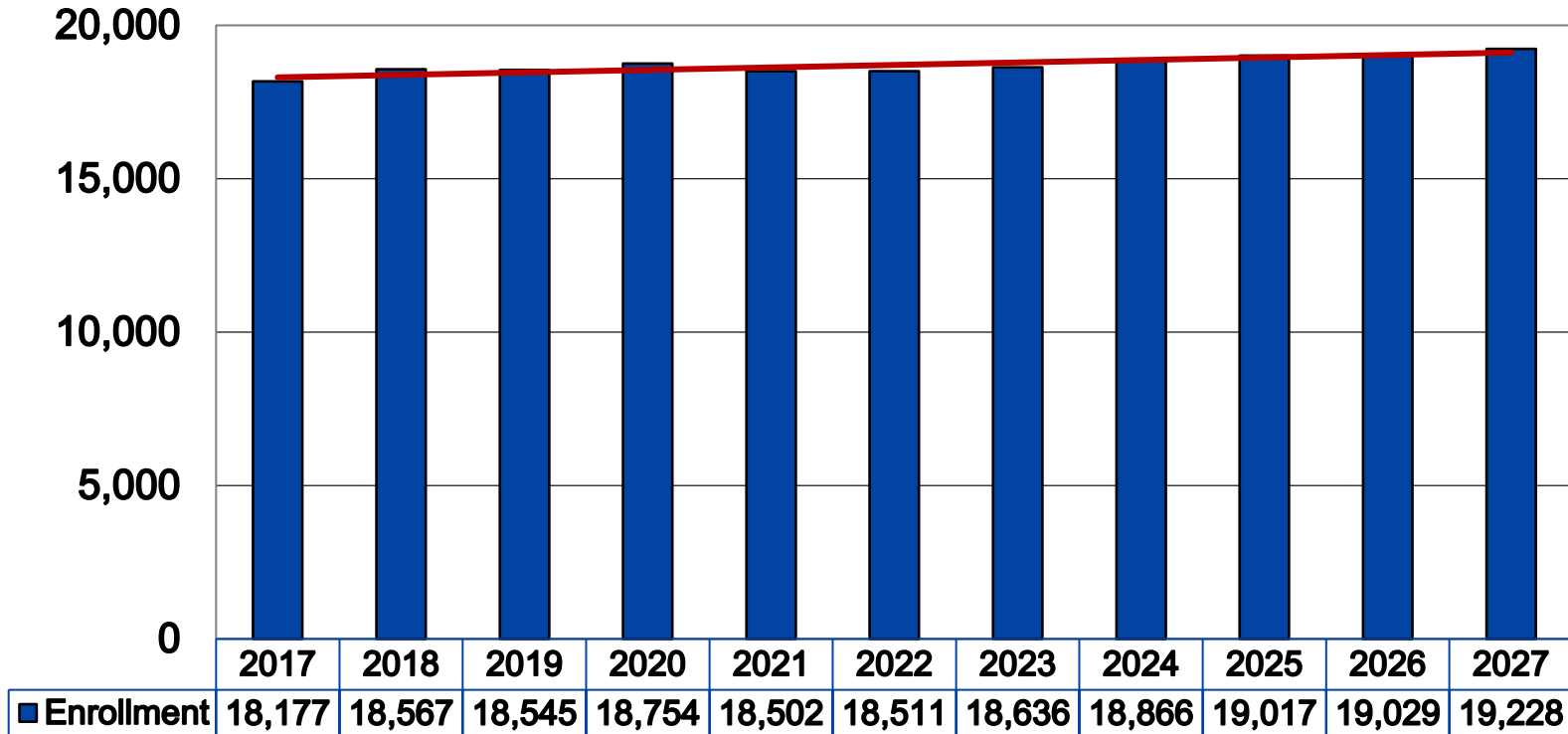


# Revenues



	2021 Actual	2022 Revised	2023 Preliminary	% Change
State Aids	186,783,810	191,390,560	197,018,981	2.94%
Local Levies	63,074,915	65,155,444	71,497,944	9.73%
Federal Aids	10,494,911	9,970,946	7,644,817	-23.33%
Other Revenues	3,380,764	2,964,806	3,158,168	6.52%
<b>Total Revenues</b>	<b>263,734,400</b>	<b>269,481,756</b>	<b>279,319,910</b>	<b>3.65%</b>

# Enrollment Drives the Budget



# Revenues

## Other Notes

- Enrollment increase of 125 students
- Basic Formula increased 2.00% to \$6,863
- Special Education aid is a major source of state aid (\$36.8 million)
- Cross Subsidy Reduction Aid – meant to reduce the burden of general revenue
- Federal Government lags behind promises of 40% of subsidy
- May be aid from special session
- Operating levy approved in 2021
- Provides \$2,260 per student



# 2022-23 Preliminary Budget Summary

	2022-23	2021-22		2020-21
	Original Budget	Revised Budget		FY Activity
State Aid	\$ 197,018,981	\$ 191,390,560	2.94%	\$ 186,783,810
Local Levies	\$ 71,497,944	\$ 65,155,444	9.73%	\$ 63,074,915
Federal	\$ 7,644,817	\$ 9,970,946	-23.33%	\$ 10,494,911
Other	\$ 3,158,168	\$ 2,964,806	6.52%	\$ 3,380,764
	\$ 279,319,910	\$ 269,481,756	3.65%	\$ 263,734,400
Salaries	\$ 157,671,084	\$ 149,080,156	5.76%	\$ 149,127,055
Benefits	\$ 64,347,047	\$ 61,324,661	4.93%	\$ 59,220,298
Services	\$ 38,661,083	\$ 37,553,568	2.95%	\$ 30,873,004
Supplies	\$ 8,152,152	\$ 10,380,578	-21.47%	\$ 11,433,270
Capital	\$ 7,383,019	\$ 8,943,920	-17.45%	\$ 9,081,215
Other	\$ 1,748,004	\$ 1,394,075	25.39%	\$ 2,147,778
	\$ 277,962,389	\$ 268,676,958	3.46%	\$ 261,882,619
Net	\$ 1,357,521	\$ 804,798	68.68%	\$ 1,851,781

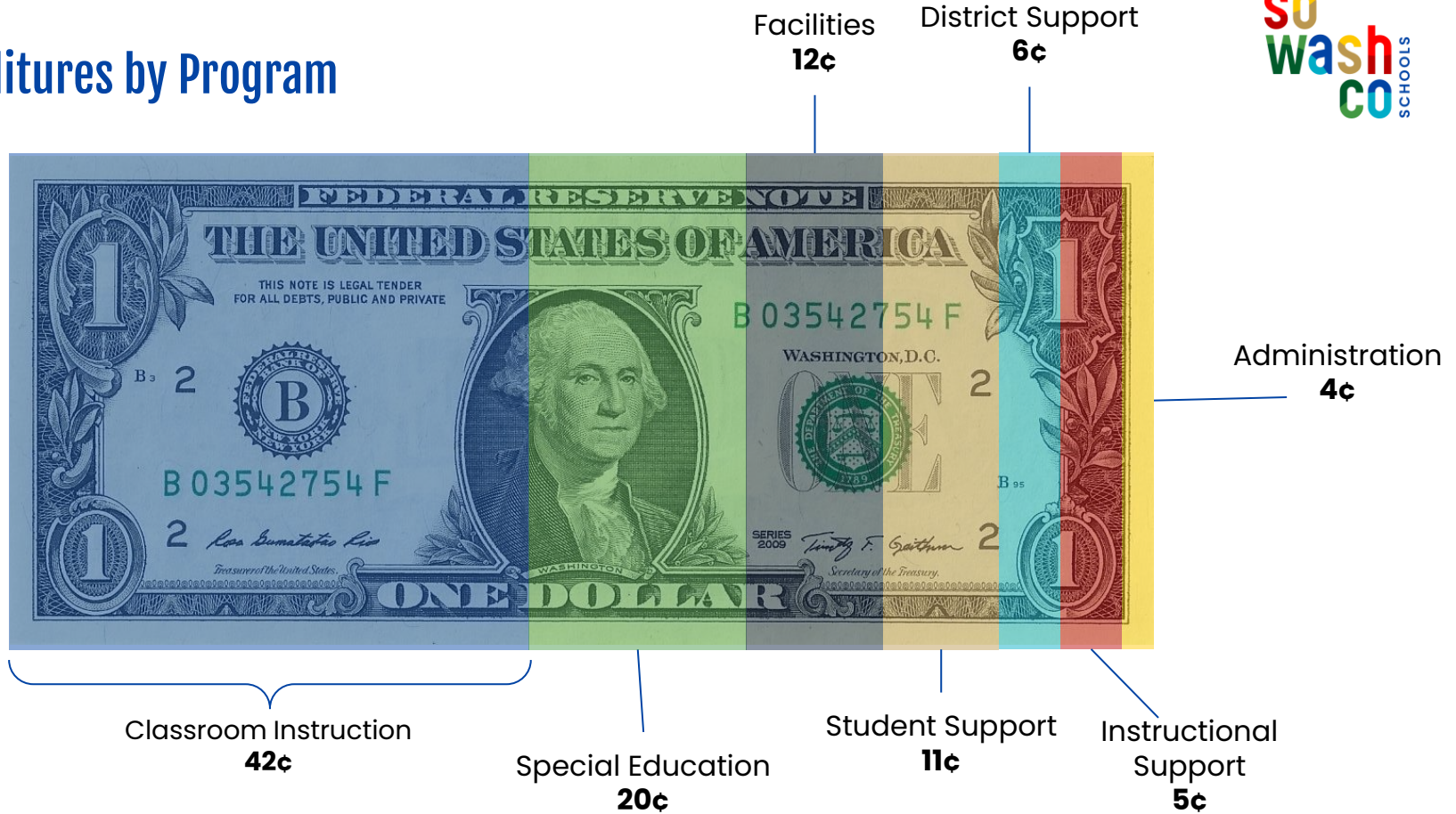
# Budget Highlights

- Revenues increases by 3.65%
- Expenditures increased by 3.46%
- Net addition to fund balance of \$1.4 million
- Special Education increase in expenses of 9.25%
- Regular Instruction increase in expenses of 3.85%
- Administration, District Support, and Facilities have expense increases of less than 2%
- Debt Service, Construction will be approved at next meeting

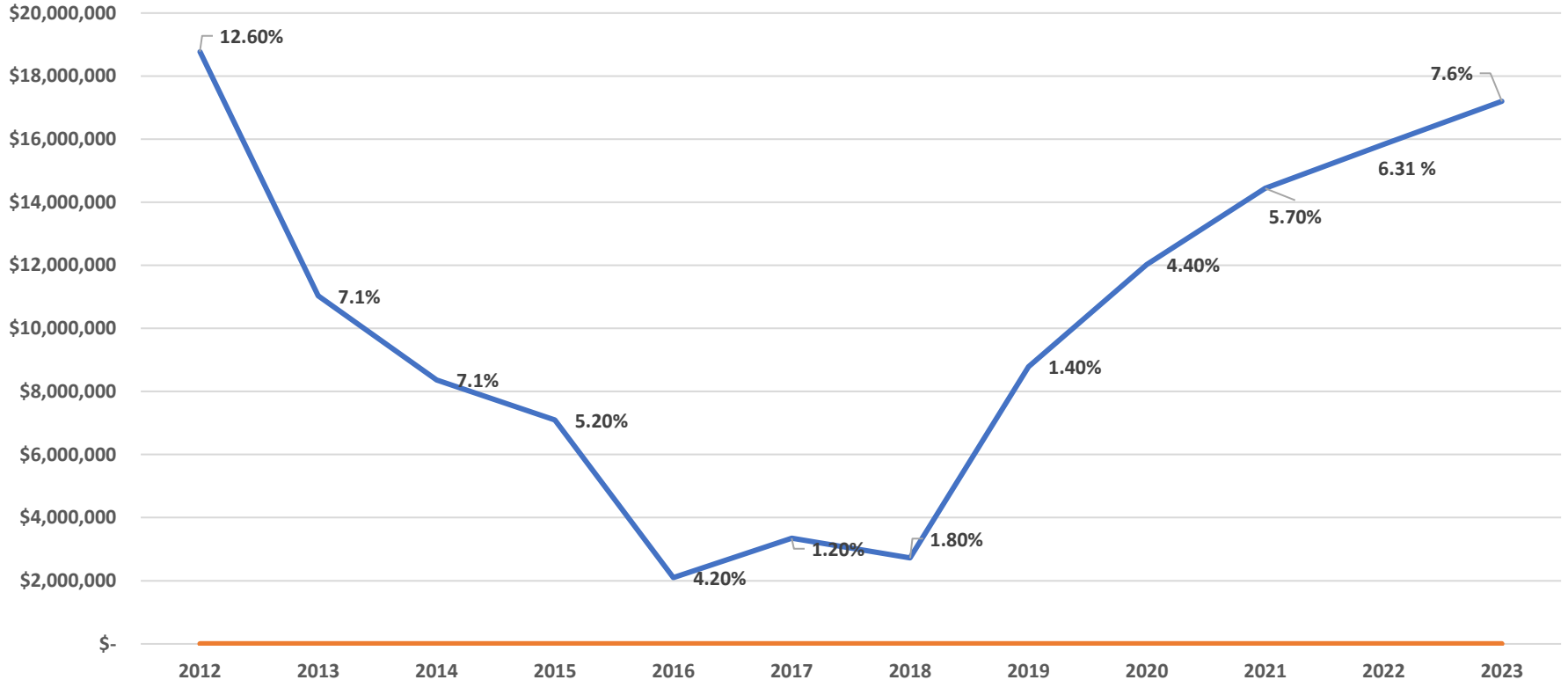
## 2022-23 Expenses by Program

	2022-23	2021-22	
	Original Budget	Revised Budget	
<b>Administration</b>	\$ 9,973,490	\$ 9,828,354	1.48%
<b>District Support</b>	\$ 17,417,182	\$ 20,065,119	-13.20%
<b>Regular Instruction</b>	\$ 114,650,351	\$ 110,404,889	3.85%
<b>Vocational</b>	\$ 2,007,042	\$ 2,321,339	-13.54%
<b>Special Education</b>	\$ 56,610,393	\$ 51,817,045	9.25%
<b>Community Education</b>	\$ 313,746	\$ 231,560	35.49%
<b>Instructional Support</b>	\$ 12,580,743	\$ 12,304,299	2.25%
<b>Pupil Support</b>	\$ 31,226,737	\$ 29,015,120	7.62%
<b>Sites and Facilities</b>	\$ 32,582,205	\$ 32,151,233	1.34%
	\$ 600,500	\$ 538,000	11.62%
	\$ 277,962,389	\$ 268,676,958	3.46%

# Expenditures by Program



# Unassigned Fund Balance Projection





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# Factors

- Legislative Special Session
- Inflation
- Staffing – Substitutes
- Utilities
- Contract Negotiations





## Next Steps

- Board approves 2022-23 preliminary budget on June 16, 2022
- Monitor Enrollment
- Audit of 2021-22 begins
- Levy work starts in September
- School Board approved levies in December
- Audit presented to School Board
- Begin work on 2023-24 budget



A decorative pattern of various colored circles (yellow, red, blue, brown, grey) and hollow circles arranged in a grid-like fashion on the left side of the slide.

# Questions?

Contact: [dpyan0@sowashco.org](mailto:dpyan0@sowashco.org)

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