

Rin Pettipiece – RHS

2022-23 Final Budget

Fiscal Year Ending June 30, 2023

INDEPENDENT SCHOOL DISTRICT 196

Rosemount-Apple Valley-Eagan Public Schools
Dakota County • Rosemount, Minnesota 55068

www.district196.org



Pierce Rogne - EVHS

*Educating
our students
to reach their
full potential*

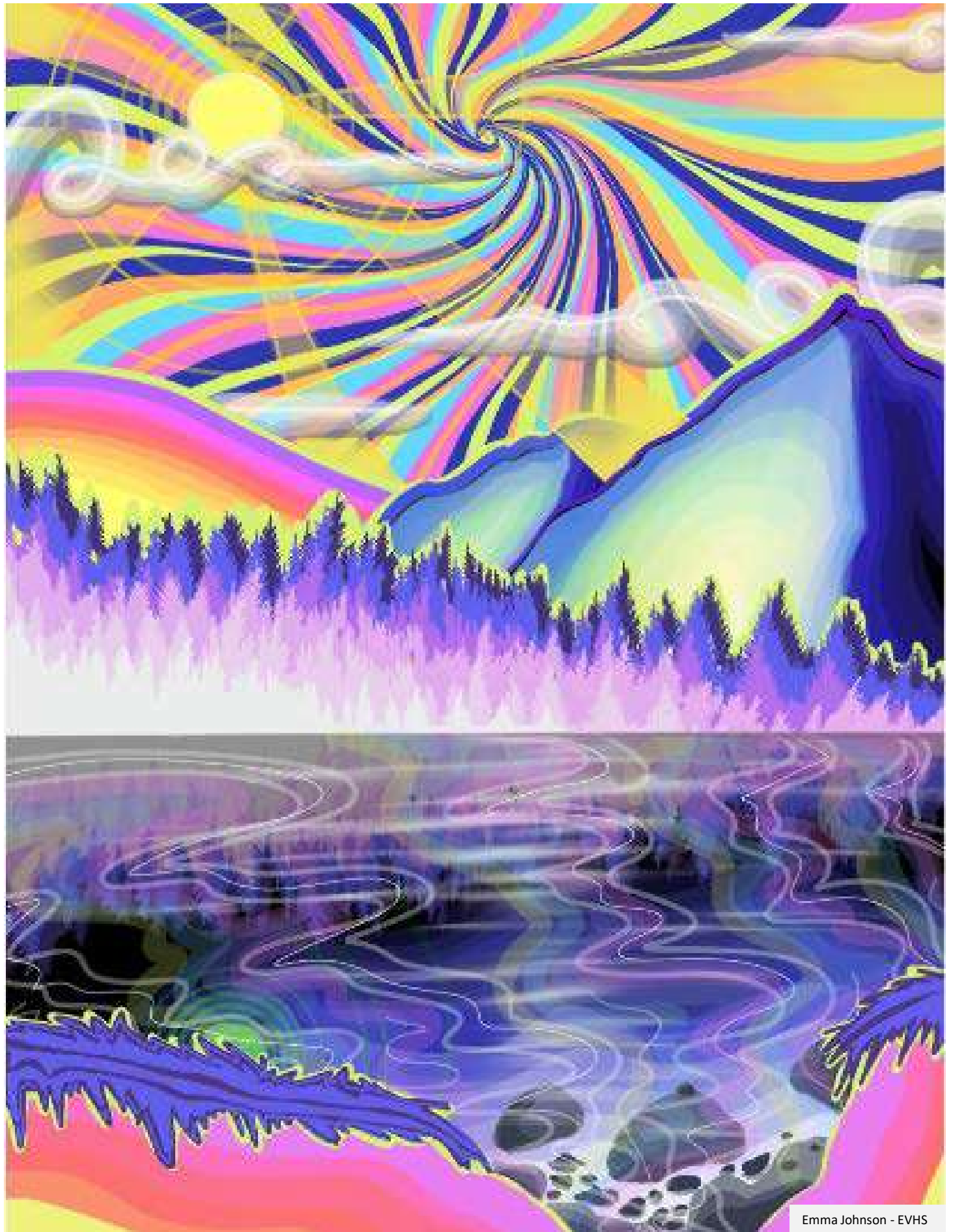


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January 9, 2023

To: School Board of Independent School District 196
From: Mark Stotts, Director of Finance and Operations
Christopher Onyango-Robshaw, Coordinator of Finance
Danny DuChene, Manager of Financial Systems, Reporting and Compliance

INTRODUCTION

To comply with Minnesota Statute 123B.77, the School Board approved the district's 2022-23 Preliminary Budget at the regular school board meeting on Monday, June 27, 2022. The 2022-23 Final Budget included in this report reflects changes in budget items due to updated student enrollment and staffing data, contract settlements and other factors unavailable or unknown at the time of the preliminary budget approval.

REPORT FORMAT

The 2022-23 Final Budget is presented in the three sections outlined below:

- **Community Budget Guide** – provides an executive summary of the remaining two sections described below
- **Financial Section** – provides an overview and analysis of each of the district's funds
- **Informational Section** – provides selected financial, student demographic, and economic data on a multi-year comparative basis

REPORTING ENTITY AND ITS SERVICES

District 196, located on the southeastern edge of the Minneapolis/St. Paul metropolitan area, was incorporated in 1950 and serves a portion of nine suburban communities within Dakota County. The district provides a full range of public and community education services appropriate to grade levels ranging from pre-kindergarten through grade 12, as well as transitional and adult programs.

FINANCIAL AND BUDGETARY CONTROL

District leadership is responsible for establishing and maintaining internal controls designed to ensure the assets and resources of the district are protected from theft, misuse or loss. The internal control system is designed to provide reasonable, but not absolute, assurance that these objectives are met. The concept of reasonable assurance recognizes that: 1) the cost of a control should not exceed the benefits likely to be derived, and 2) the valuation of the costs and benefits requires estimates and judgments by district leaders.

The district's budget process is based, first, on development of a budget projection model that attempts to project resources and expenses over a multiple-year period. The budget projection is used by the School Board and the administration to determine budget parameters and staffing guidelines. This budget has been prepared in accordance with the budget parameters and staffing guidelines approved by the School Board at the February 2022 meeting. Legal budgetary control is at the fund level; however, directors, principals, coordinators and other budget managers are responsible for monitoring their budget centers within each of the funds. All appropriations lapse at year-end.

BUDGET PROCESS AND ASSUMPTIONS

The district operates in a decentralized or site-based environment. Annually, schools receive staffing, instructional and capital expenditure allocations from the district office to support their operations. Other programs, such as curriculum materials, major maintenance projects, special education program, and facilities and grounds maintenance are centrally managed. A majority of the allocations to the schools are driven by student enrollment and per student allocations reviewed and approved by the School Board, as previously mentioned. In addition to the board approved staffing guidelines, the District utilizes enrollment counts as of October 1 of the current academic year to prepare the final allocations and budget.

Staffing Allocation

- Staff is allocated to each site based on the staffing guidelines and ratios developed by the administration and approved by the School Board. School principals and department administrators are responsible for staffing their building or department according to their allocations.
- The finance department, based on School Board-approved contracts and verified by school principals and other budget administrators, initially calculates employee salaries used in the budget. Salaries for employee groups that do not have approved contracts are estimated based on specific budget parameters determined by the School Board.
- Employee benefits are estimated using a variety of techniques. Retirement benefits, social security and workers' compensation premium budgets are calculated as specified percentages of salaries. Budgets for health, dental, life insurance and a tax-sheltered annuity match are estimated based on the projected number of employees reported by school principals and other budget administrators, premium information provided by the insurance carriers and current employee contracts. For groups that have no contract, but for which there is a limit on the district's contribution, increase in the maximum district contribution is based on budget parameters reviewed by the School Board in March 2022.

Non-Salary Allocations for Schools

- Instructional Allocations – instructional allocations were increased by 2.0 percent as part of the budget increases for the 2022-23 school year
- Staff Development – In addition to the instructional allocations, schools receive \$8 per pupil for staff development activities.
- Co-curricular staffing and supplies – Secondary schools receive co-curricular staffing and supply allocations to support their co-curricular programs. Co-curricular staffing and supply allocations for 2022-23 school year increased by 2.0 percent (supplies) and 2.0 percent for staffing fixed costs, respectively. The staffing increases include new parameters approved by the School Board and an increase in statutory benefits, such as TRA and PERA contributions.
- Compensatory Education Allocations – 2022-23 allocations are based on estimates prepared by the Minnesota Department of Education. These estimates are based on the district's actual enrollment and actual free and reduced-price lunch counts on October 1, 2022. The compensatory allocation was supplemented by federal COVID-19 funding to bring schools back to the 2020-21 allocation.
- Targeted assistance (basic skills) per pupil allocations for grades K-8 remain at the 2012-13 level: \$40.50 per pupil unit for non-Title I elementary and middle schools and \$20.25 for Title I elementary schools.
- Learning and Development Program – School districts are required to reserve a portion of the general education formula revenue to reduce and maintain class size in elementary grades, with first priority on kindergarten, first-, and second-grade class sizes. The allocations for each school were based on actual October 1, 2022 enrollment counts.
- Administrative and support department non-salary budgets were determined by each department head based on parameters established by the School Board, and then reviewed and approved by the superintendent or the Director of Finance and Operations. For 2022-23, the inflationary adjustment for non-salary budgets is 2 percent except for budget items, such as heating fuel and electricity, which are based on recent trends and industry direction.

Revenues

- Estimates are prepared by the finance department based on state statutes, using the actual October 1, 2022 enrollment. The district receives a \$6,863 per pupil allowance during the 2022-23 school year, which reflects a 2.0-percent increase over 2021-22 p.p.u. allowance (\$6,728). The amount set aside for pupil transportation for the current school year is \$319.79, or 4.66 percent of the formula allowance.

DESCRIPTION OF FUNDS

The Minnesota Department of Education has established the existence of the various district funds. Each fund is accounted for as an independent entity. Descriptions of the funds included in this report are as follows:

Governmental Funds

- **General Fund** – Used to account for all financial resources except those required to be accounted for in another fund. The district maintains five sub-accounts within the general fund: Operating, Transportation, Capital, Quality Compensation, and Special Education. Beginning with the 2019-20 school year, student activity accounts are reported in a restricted area of the general fund, as required by MDE and the GASB #84 statement.
- **Building Construction Fund** - Used to account for financial resources used for the acquisition or construction of major capital facilities authorized by bond issue or capital project levies.
- **Debt Service Fund** – Used to account for the accumulation of resources for, and payment of, general obligation long-term debt principal, interest and related costs. The district maintains a separate Other Post-Employment Benefits (OPEB) account within the debt service fund to account for OPEB-related debt activity. All other debt service is recorded in the general debt service account.
- **Food Service Special Revenue Fund** – Used to account for the district's child nutrition program.
- **Community Service Special Revenue Fund** – Used to account for services provided to residents in the areas of recreation, civic activities, nonpublic pupils, adult or early childhood programs, or other similar services.

Proprietary Funds

- **Internal Service Funds** – Internal service funds account for the financing of goods or services provided by one department to other departments or agencies of the government, or to other governments, on a cost-reimbursement basis. The district has established three internal service funds: severance benefits, self-insured dental, and self-insured health. Beginning in 2018-19, the district has transitioned to an Irrevocable OPEB Trust, which will be housed in the fiduciary funds below.

Fiduciary Funds

- **Trust Funds** – The district maintains an employee benefit trust fund used to administer resources received and held by the district as the trustee for employees participating in the district's flexible benefit plan (Internal Revenue Code § 125 Cafeteria Plan). The district also will maintain an OPEB Irrevocable Trust fund as mentioned above.

FISCAL SUMMARY

The following is a summary listing of the budget for each of the fund groups contained in the 2022-23 Final Budget:

Fund	Fund Balance			Projected	
	7/1/2022	Revenues	Expenditures	Fund Balance Transfer	Fund Balance 6/30/2022
General Fund	94,094,798	451,841,531	473,246,153	(164,746)	72,854,922
Special Revenue Funds	11,482,015	22,794,881	22,543,494	164,746	11,898,148
Building Construction Fund	298,599	3,600	30,000	-	272,199
Debt Service Funds	4,543,913	17,809,700	16,930,000	-	5,423,613
Internal Service Funds	16,715,600	65,154,500	65,164,999	-	16,705,101
Fiduciary Funds	54,513,180	1,600,000	4,500,000	-	51,613,180
Totals	181,648,104	559,368,958	582,249,900	-	158,767,162

The following table is a fund balance summary of the categories within the general fund for the 2022-23 Final Budget:

Fund	Projected			Projected	
	Fund Balance 7/1/2022	Revenues	Expenditures	Fund Balance Transfer	Fund Balance 6/30/2023
General Fund					
Unrestricted - Unassigned	59,534,596	419,287,245	434,210,034	(164,746)	44,776,553
Operating Capital	4,878,323	12,501,513	15,397,357	-	1,982,479
Capital Projects Levy	6,640,465	6,986,813	10,499,328	-	3,127,950
LTFM	2,761,334	11,926,526	12,000,000	-	2,687,860
Medical Assistance	2,258,963	1,111,034	1,111,034	-	2,258,963
Student Activity Accounts	344,575	28,400	28,400	-	344,575
Site Carry-over	9,083,165	-	-	-	9,083,165
Negative Budget Assigned FB	4,661,000	-	-	-	4,661,000
Non-Spendable	3,932,377	-	-	-	3,932,377
Total General Fund	94,094,798	451,841,531	473,246,153	(164,746)	72,854,922

ACKNOWLEDGEMENTS

This budget document, in conjunction with the preliminary budget document, requires many hours of preparation, deliberation and review by the School Board, Budget Advisory Council members, Superintendent, budget managers and members of the finance department. Many thanks go to all involved for their efforts in preparing these important budget documents.

Respectfully,



Mark Stotts
Director of Finance and Operations

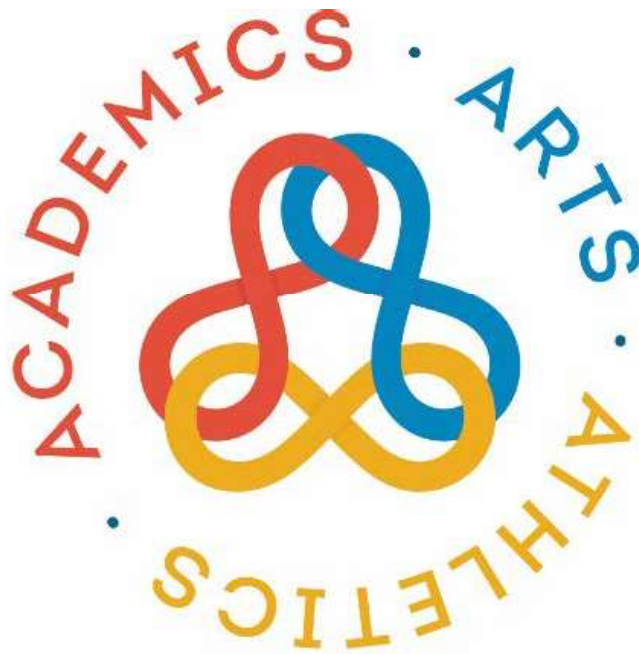


Christopher Onyango-Robshaw
Coordinator of Finance



Danny DuChene
Manager of Financial Systems, Reporting,
Compliance, & Student Information Systems

Community Budget Guide



INDEPENDENT SCHOOL DISTRICT 196
Rosemount-Apple Valley-Eagan Public Schools

Educating our students to reach their full potential



Lillian Johnson - EVHS



Trinadee Sayarath - RHS

District 196 by the Numbers

88.5%

Graduation Rate
After 4 years of High School

39

Students
In the Class of 2022 enlisted in the U.S.
Armed Forces

21.5

Avg. ACT Score in 2022
0.5 points higher than the Minnesota
average, 1.7 points higher than the
national average

226

School Buses in District Fleet
used to transport more than 22,000
students over 2.5 million miles annually

42

**Students received National Merit
recognition in 2022**
Including 13 semifinalists and 29
commendations

625

**Students named
AP Scholars**
Earning a score of 3
or higher on three or more AP exams

20

Years in a Row
District 196 has earned the Certificate of
Excellence in Financial Reporting from
the Association of School Business
Officials (ASBO)

52

Students
Named All-State Musicians for the 2022-
23 school year

#4

District 196 was named the fourth best
employer in the State of Minnesota by
Forbes Magazine

23

Individual State Titles
Won by District 196 students in debate,
BPA, swim & dive, wrestling, speech, golf,
and track & field

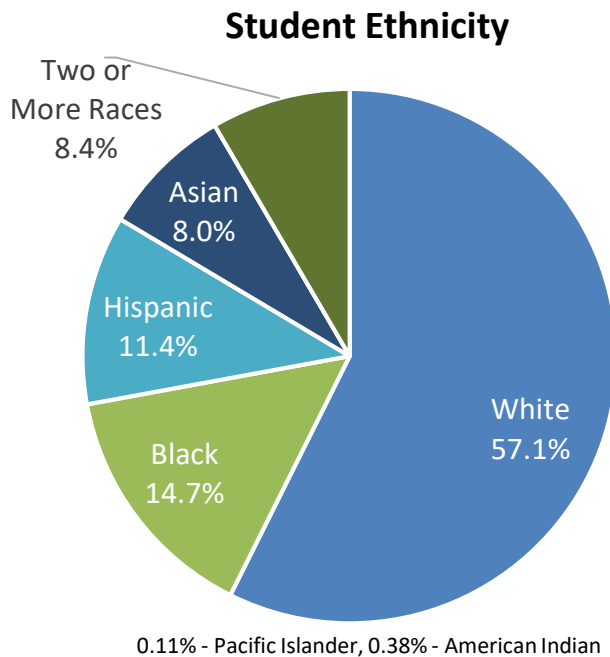
6

State Championships
Won by District 196 teams and
performing groups in adapted floor
hockey, dance, adapted softball, track &
field and Destination Imagination

8

Years in a Row
District 196 has earned the Meritorious
Budget Award from the Association of
School Business Officials (ASBO)

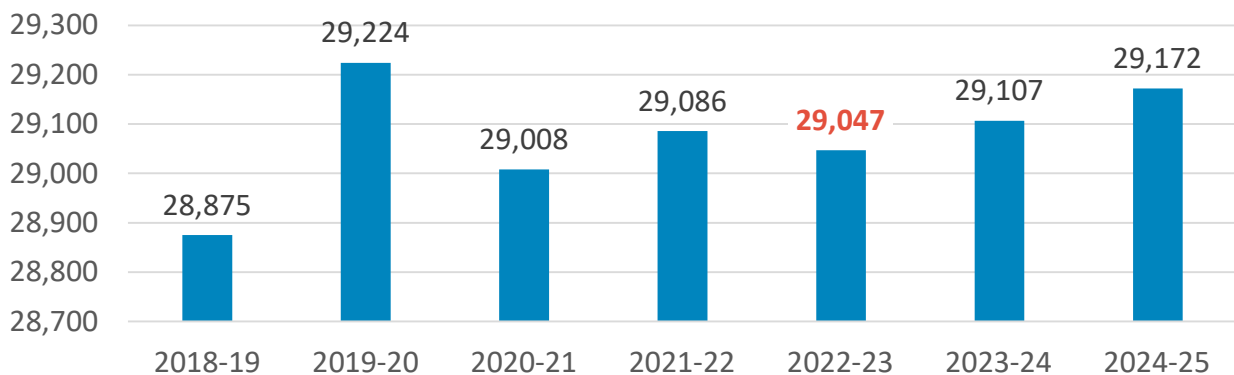
Student Enrollment & Demographics



Total Students: **29,047**

- 4th largest public school district in Minnesota
- Grades K-5: 11,865 (40.8%)
- Grades 6-8: 6,318 (21.8%)
- Grades 9-12: 9,124 (31.4%)
- Center-based Special Education: 1,214 (4.2%)
- Early Childhood Special Education: 480 (1.7%)
- Adult Basic Education: 46 (0.2%)

Enrollment History & Projections



District 196 experienced consistent enrollment growth from 2016-17 to 2019-20. The district has experienced a slight decrease in enrollment during the COVID-19 pandemic. The district anticipates a relatively stable enrollment trend over the next couple of years, following the decline experienced during the pandemic.

2,158

English Learners (EL)

- 7.45% of all students
- Nearly 90 languages spoken by District 196 families

4,608

Special Education

- 15.8% of all students qualified for special education services in 2021-22

17.2%

Free/Reduced Lunch

- Students who qualified for free/reduced lunch in 2021-22

1,908

Gifted & Talented

- Students who are participating in the Gifted & Talented Program as of October 1, 2022

8

District 196 Schools

- Receive Federal Title I Funds to improve the educational achievement of disadvantaged students

Achievement

District 196 students have a tradition of outstanding achievement both in and out of the classroom. Our students win a large number of state and national awards in a variety of curricular and co-curricular competitions, earn scholarships to colleges and universities throughout the country, and receive appointments to United States military academies.

District 196 students consistently score well above average on state and national assessments and graduate at a high rate (*see bottom table*). The Minnesota Comprehensive Assessments (MCAs) and Minnesota Test of Academic Skills (MTAS) are given annually to all students statewide in grades 3-8 (reading and math), grade 10 (reading), grade 11 (math), and in science grades 5, 8 and once in high school. The MCAs and MTAS are designed to measure district and student progress on teaching and learning the Minnesota Academic Standards, which are required for graduation. Students who meet or exceed the standards are considered to be proficient in the subject areas.

2021-22 Math - Percentage of Students Proficient							
Grade	3	4	5	6	7	8	11
District 196	65.0%	66.1%	54.4%	44.7%	45.6%	46.5%	59.5%
Statewide	59.8%	57.1%	43.7%	39.9%	38.1%	40.7%	44.6%
Difference	5.2%	9.0%	10.7%	4.8%	7.5%	5.8%	14.9%

2021-22 Reading - Percentage of Students Proficient							
Grade	3	4	5	6	7	8	10
District 196	53.50%	55.90%	64.80%	59.50%	51.70%	54.60%	59.10%
Statewide	48.10%	49.60%	59.40%	54.40%	45.50%	46.40%	55.20%
Difference	5.40%	6.30%	5.40%	5.10%	6.20%	8.20%	3.90%

2021-22 Science - Percentage of Students Proficient			
Grade	5	8	HS
District 196	55.50%	41.10%	56.20%
Statewide	50.00%	29.20%	45.60%
Difference	5.50%	11.90%	10.60%

District 196 high school students scored well above state and national composite scores on the American College Test (ACT) entrance exam during the 2021-22 school year. The ACT average composite score for the 2021-22 school year was 21.5. The district average was 0.5 points higher than the Minnesota average of 21.0, which was the highest in the nation among states where more than 60% of all students took the test. The national average for the 2021-22 school year was 19.8.

ACT Average Composite Scores			
Year	District 196	Minnesota	National
2022	21.5	21.0	19.8
2021	22.9	21.6	20.3
2020	22.7	21.3	20.6
2019	23	21.4	20.7
2018	23.1	21.3	20.8
2017	23.1	21.5	21
2016	23	22.1	20.8
2015	24.4	22.7	21
2014	24.1	22.9	21
2013	24.0	23	20.9

4-Year High School Graduation Rates									
	2012-13	2013-14	2014-15	2015-16	2016-17	2017-18	2018-19	2019-20	2020-21
District 196	92.20%	91.90%	89.80%	91.80%	89.90%	90.50%	91.20%	88.80%	88.50%
Minnesota	80.00%	81.20%	81.90%	82.20%	82.70%	83.20%	83.70%	83.80%	83.30%

School Board & District Administration

The School Board is the governing body of the district, responsible for developing policy to ensure the proper care, management and control of district affairs, and supporting the mission of *educating our students to reach their full potential*. The board approves staff hiring, sets the annual local school levy, approves expenditures and educational programs (curriculum), and otherwise ensures that proper facilities and equipment are available to support teaching and learning in the district. The seven School Board members are elected to at-large positions in odd-numbered years and serve four-year terms. The board typically holds regular meetings on the second and fourth Monday of each month, as well as workshops, committee meetings and public hearings, as needed. The public is invited to attend board meetings and may address items on the agenda and during special communication portions of the meeting. The Superintendent is appointed by and responsible to the School Board, and is the sole official representative and spokesperson of the district.



Jackie Magnuson
Chairperson



Cory Johnson
Vice Chairperson



Sachin Isaacs
Clerk



Art Coulson
Treasurer



Sakawdin Mohamed
Director



Joel Albright
Director



Bianca Virnig
Director



Mary Kreger
Superintendent

The superintendent's administrative cabinet provides leadership to facilitate the successful operations of district programs, activities and services within the parameters of School Board policy.



Michael Bolsoni
Director of Secondary
Education



Khia Bruse
Director of
Community Education



Jill Coyle
General Counsel



Janet Fimmen
Director of Special
Education



Virgil Jones
Director of Equity and
Inclusion



Tom Pederstuen
Director of Human
Resources



Sally Soliday
Director of Elementary
Education



Mark Stotts
Director of Finance
and Operations



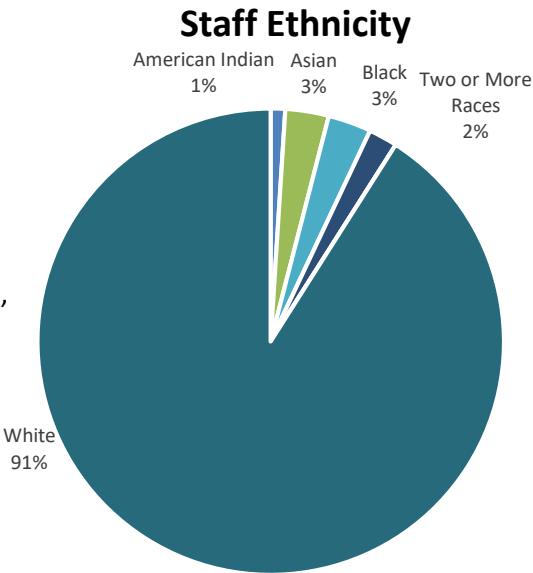
Tony Taschner
Director of
Communications



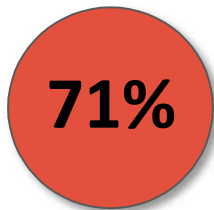
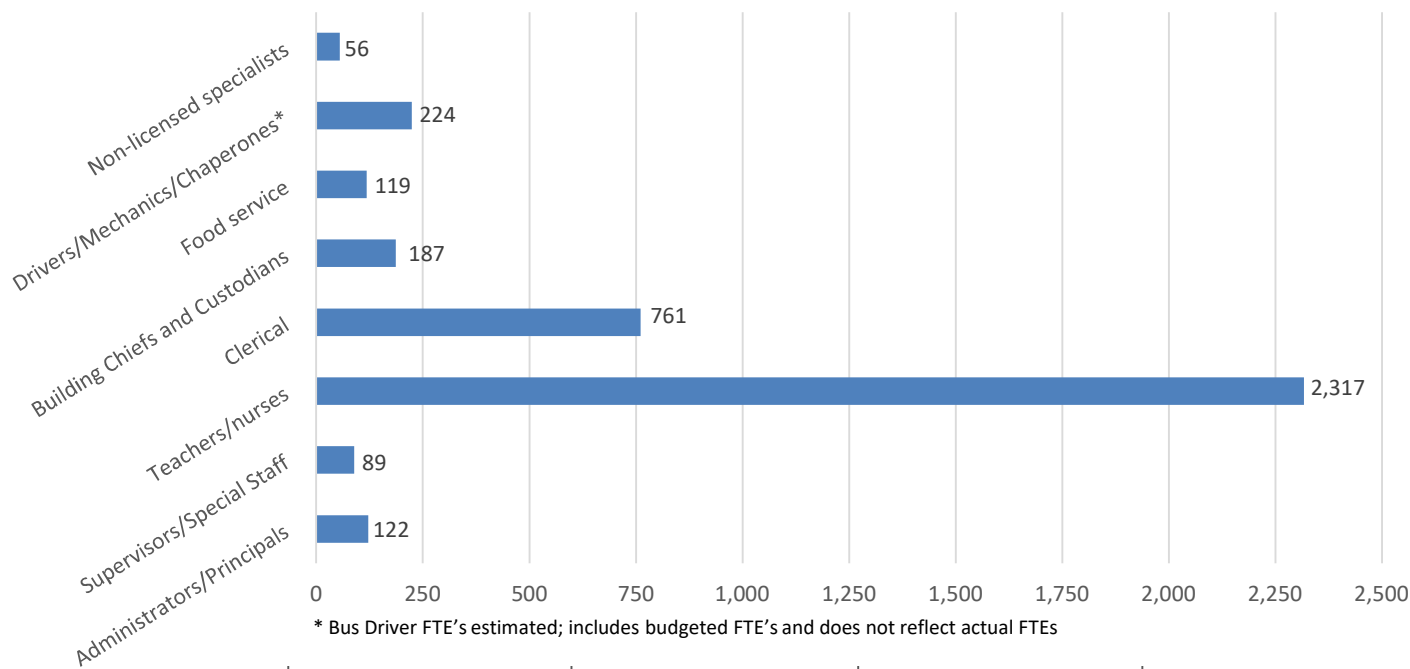
Steve Troen
Director of Teaching
and Learning

District Employees

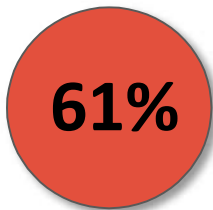
The district employs approximately 4,000 staff filling over 3,800 full-time equivalent (FTE) positions, a majority of which are teachers and classified staff who provide instructional support in the classroom. The pie chart to the right shows the percentage of FTE staff employed by the district, by category. Almost all district employees are organized under one of the ten collective bargaining agreements (CBAs) in effect between the groups and the district. The ten CBAs currently in effect are: teachers, principals, secretarial and clerical, building chiefs, custodial, cultural family advocates, food service, bus drivers, cultural liaisons, and vehicle technicians. The remaining employees, primarily district office directors, coordinators and administrators, work under special staff contracts, which are not collectively bargained.



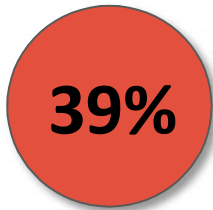
2022-23 Final Budget Full-Time Equivalent (FTE) Employees



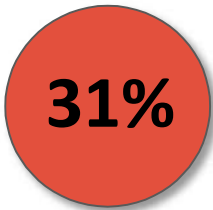
Regular Employees
Employed by District
196 for at least **3**
years



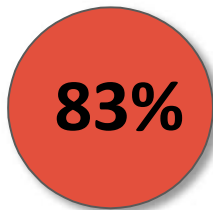
Regular Employees
Employed by District
196 for at least **5**
years



Regular Employees
Employed by District
196 for at least **10**
years



Regular Employees
Employed by District
196 for at least **15**
years



Licensed Teachers
have earned an
advanced degree
(Masters or higher)

** Staffing demographics, ethnicity and tenure data provided by the District 196 Human Resources Department

District Strategies & Goals

The district's beliefs and strategies were developed by a 60-member task force of parents, staff, School Board members and leaders from local business, civic and faith communities. Task force members first attended informational meetings to establish a shared base of knowledge about the district, then facilitator-led planning meetings to develop the belief statements and strategies and goals that were approved by the School Board.

BELIEF STATEMENTS

We believe...

- Students come first
- All students can learn
- High expectations inspire students and staff to excel
- Learning is maximized in a safe, respectful and inclusive environment
- A well-rounded education includes opportunities in academics, the arts and athletics
- Learning is a lifelong pursuit
- Effective management of resources is critical
- Partnerships and collaboration enhance educational programming
- A culture of innovation and continuous improvement prepares students to be college or career ready
- An informed and engaged community guides effective decision-making

EDUCATIONAL EQUITY

Implement a systemic process that increases achievement for all students by addressing equitable access to opportunities in our schools and programs

- Increase cultural proficiency across the district
- Increase access and participation for all students in co-curricular activities and learning opportunities
- Ensure access and increase participation in programs that prepare students for college
- Develop a systemic process to recruit and retain diverse and culturally proficient staff to reflect the diversity of the student population
- Distribute resources for schools based on multiple factors including student needs (E-12)

TEACHING & LEARNING

Deliver a high-quality instructional program that anticipates and meets the needs of all learners

- Identify and implement essential learning in all content areas for early childhood through grade 12 (E-12) which will be clearly aligned, viable, relevant, rigorous, and understood by staff, students, and parents
- Identify and implement effective and engaging instructional strategies that are connected to a rigorous curriculum to maximize learning for all students
- Support learning for all students and guide instruction by designing and implementing a balanced assessment program which is both summative and formative
- Develop a systematic process of intervention and enrichment in all schools within a District 196 Response to Intervention framework, ensuring every student receives the time and support needed to master or exceed essential learning
- Continue to ensure high-quality teachers through differentiated professional development, effective evaluation and support that promotes collaboration, continuous learning, research-based instructional practices and growth in student achievement

EARLY LEARNING

Provide a well-aligned continuum of high-quality, culturally responsive, early learning (birth to grade 3) services to meet the needs of all students

- Coordinate and align educational experiences between early childhood services (birth to kindergarten) and elementary schools (kindergarten to grade 3)
- Offer a continuum of high-quality, culturally responsive, early learning services to meet all students' needs
- Investigate and develop strategies for outreach, community engagement and collaboration

PARTNERSHIPS

Develop and implement sustainable strategies to increase collaboration between the district and community partners

- Establish a structure that will support new and existing partnerships
- Increase partnerships by enhancing relationships among schools and between schools and the community
- Distribute resources for schools based on multiple factors including student needs (E-12)

Our Budget

The preliminary budget adopted by the School Board each June is the official authorization for expenditures for the upcoming school year, which begins July 1. This budget plan guides staff in how funds are spent toward instructional programs for students. The budget is developed by the superintendent and administration with input from the district's citizen-led Budget Advisory Council and in accordance with School Board-approved budget and staffing guidelines. The School Board Audit and Finance Committee reviews the proposed budget. If necessary, revisions are incorporated into the proposed budget for School Board review. The School Board is required by state law to adopt the preliminary budget by July 1 each year.

2022-23 Final Budget Expenses by Fund

Fund	Budgeted Expenses	% of Budget
General Fund	473,081,407	81.3%
Internal Service Funds	65,164,999	11.2%
Debt Service Fund	16,930,000	2.9%
Food Service Fund	12,507,485	2.1%
Community Service Fund	10,036,009	1.7%
Expendable Trust Fund	4,500,000	0.8%
Building Construction Fund	30,000	0.0%
Total	582,249,900	100.00%

School district budgeting is a continuous five-step process

Each step outlined below requires school board approval and is open for public inspection and comment. Since the process spans multiple school and calendar years, the district can be in multiple phases of the process at any given time.

- 1) **Property Tax Levy** – The process begins with submission of estimated property tax levy information to the Minnesota Department of Education (MDE) by mid-July. MDE calculates the maximum levy amount based on current legislation. This levy is certified by the School Board prior to the end of the calendar year.
- 2) **Preliminary Budget** – This process includes the completion of long-range enrollment projections, updating the five-year budget forecast, development of staffing guidelines and determination of revenue and expenditure assumptions. Preliminary budgets must be approved by the School Board prior to July 1.
- 3) **Final Budget** – Each fall, the finance department prepares the final budget which incorporates actual October 1 enrollment and changes in school finance law. The School Board approves the final budget in December or January.
- 4) **Budget Adjustments** – In the spring, the School Board may approve budget adjustments to account primarily for grant dollars the district may have received during the year. These adjustments allow for accurate funding for programs and provide the most accurate basis for developing the preliminary budget for the following year.
- 5) **Annual Financial Audit and Comprehensive Annual Financial Report** – The final step in the budgeting process is closing the books and preparing the financial statements for the year. During this period, the district undergoes an independent audit as required by state law. The School Board typically reviews the audited comprehensive annual financial report in October or November.

General Fund

2022-23 budgeted amount: \$473,081,407 (81.3%)

General Account

2022-23 budgeted amount: \$318,849,318

This is the district's main operating budget. This account pays for instructional programs, daily operations of schools, general functions of the district and long-term facility maintenance expenditures. More in-depth information on this account is provided in the following pages of this publication.

Special Education Account

2022-23 budgeted amount: \$93,308,499

This account is used to record all financial activities associated with providing special education services to students with special needs.

Quality Compensation Account

2022-23 budgeted amount: \$7,888,912

The Quality Compensation for Teachers (Q Comp) Program was approved by the Minnesota Legislature in 2005. This program is designed to advance the teaching profession by providing structured professional development and evaluation, and an alternative pay schedule that compensates teachers based on performance, not just seniority. The district was first approved to participate in this program in 2007-08. The district uses this account to track revenues and expenditures associated with providing additional compensation to licensed teachers and nurses.

Pupil Transportation Account

2022-23 budgeted amount: \$25,608,921

This account is used to record and report all pupil transportation activities including transportation of students with special needs and students who attend non-public schools.

Capital Expenditure Account

2022-23 budgeted amount: \$27,397,357

This account is used to record all financial activities related to major building maintenance projects, capital equipment and technology equipment purchases, instructional facilities lease payments, curriculum and media resource materials.

Student Activities Account

2022-23 budgeted amount: \$28,400

The student activity account is used to track all activity for school extra-curricular student activities. The 2019-20 fiscal year is the first fiscal year in which MDE required student activity accounts to operate under school board control.

Food Service Fund

2022-23 budgeted amount: \$12,507,485 (2.1%)

This fund is used to record financial activities of the district's food service program. Food service includes activities for the purpose of preparation and service of milk, meals and snacks in connection with school and community service activities.

Community Service Fund

2022-23 budgeted amount: \$10,036,009 (1.7%)

This fund is comprised of five components, each with its own fund balance. The five components are community service, community education, early childhood family education, school readiness, and adult basic education. The Community Service department serves community stakeholders prior to entering regular schools in kindergarten and after exiting the in the twelfth grade.

Building Construction Fund

2022-23 budgeted amount: \$30,000 (~0.0%)

When voters approve a building construction or facilities renovation bond, the district sells bonds in order to pay for the work. This fund receives the money from the sale of the bonds and pays for the land purchases, construction of new schools, renovations of existing schools and other costs directly associated with the voter-approved bond.

Debt Service Funds

2022-23 budgeted amount: \$16,930,000 (2.9%)

When the district sells bonds to finance voter-approved construction of new facilities or major renovation of existing facilities and funding for other post employment benefits, the district also receives authority to levy a direct general tax upon the property of the district for the repayment of principal and interest on the bonds as due.

Expendable Trust Fund

2022-23 budgeted amount: \$4,500,000 (0.8%)

This fund is used to record revenues and expenditures for trust agreements where the School Board has accepted the responsibility to serve as trustee, including the irrevocable OPEB trust. The property in the trust agreement typically comes to the district by gift.

Internal Service Funds

2022-23 budgeted amount: \$65,164,999

Internal service funds are used to account for the financing of goods or services provided by one department to another within the school district. The district maintains three internal service funds to report severance, self-insured health plan and self-insured dental plan.

General Fund

The majority of general fund expenditures are for student instruction and support services. The general fund is the district’s main operating budget and the fund for which the School Board has the most discretion.

The 2022-23 general fund budget was developed to support the district mission to *educate our students to reach their full potential*.

2022-23 General Fund Expenditures

Total = \$473,081,407

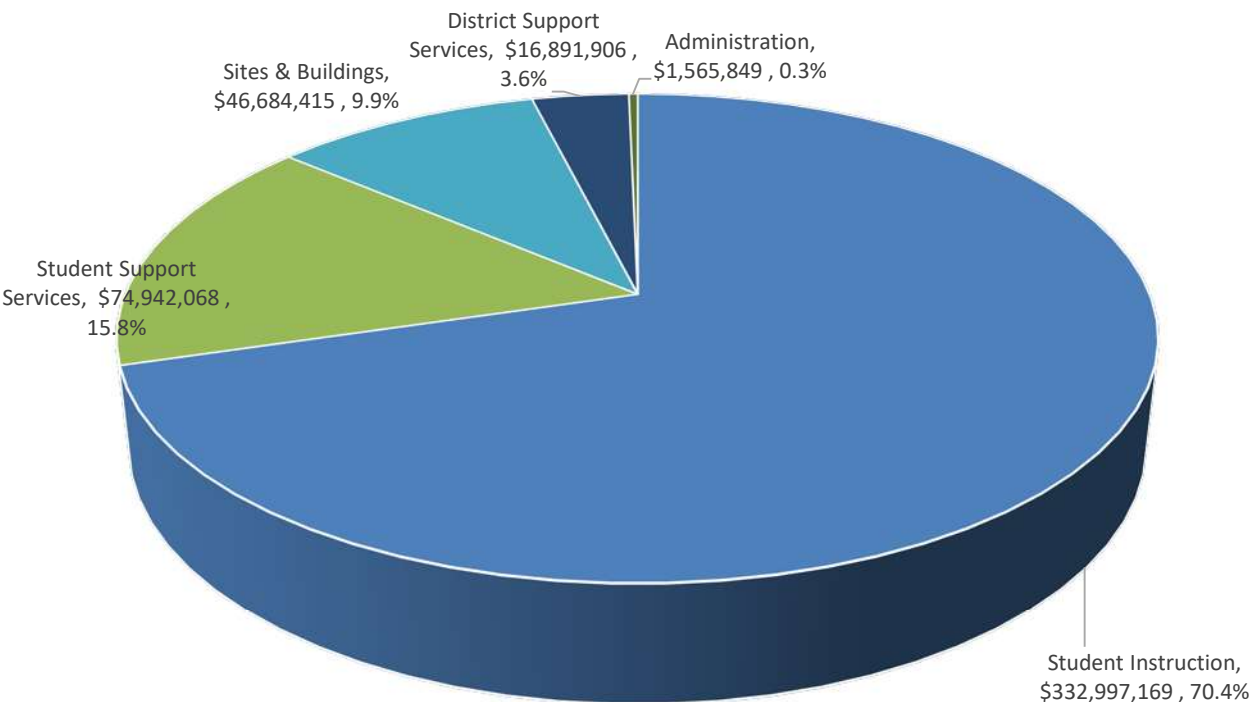
Student Instruction: \$332,997,169 (70.4%)
Includes costs associated with the teaching of students, the interaction between teachers and students in the classroom and co-curricular activities at the kindergarten, elementary and secondary levels. It also includes services for alternative education, special education, English Learner and other compensatory instructional programs.

Student Support Services: \$74,942,068 (15.8%)
Includes all costs associated with operating a school, including student transportation, school office, assessment and testing, guidance, counseling, nursing services and instructional administration. Instructional administration includes the directors of elementary and secondary education, and teaching and learning. It also includes the costs of their immediate offices, including those individuals in direct support of the administrator.

Sites and Buildings: \$45,684,415 (9.9%)
Includes all costs for the acquisition, operation, maintenance, repair and remodeling of all facilities and grounds of the school district. It also includes salary and benefits of the district’s building chiefs, custodial staff, groundskeepers, maintenance specialists, and utilities are included as well.

District Support Services: \$16,891,906 (3.6%)
Includes expenses for services provided centrally by the district, such as human resources, business services, communication, purchasing, mail processing, technology support and legal services, and insurance costs.

Administration: \$1,565,849 (0.3%)
Includes the costs for general district and site administration. General district administration includes the School Board and the Superintendent, in support of school and other district administrators



General Fund Expenditures by Program

Student Instruction \$332,997,169 70.4%	Elementary Instruction	\$ 82,826,133
	Middle and High School Instruction	\$ 118,335,755
	Cocurricular and Extra Curricular Activities	\$ 9,321,478
	Gifted & Talented Program	\$ 2,032,226
	English Language Learners	\$ 9,706,900
	Title Programs	\$ 3,439,055
	Career and Technical Programs	\$ 6,045,209
	Special Education	\$ 93,920,257
	Library/Media Center	\$ 4,109,307
	Instruction-Related Technology	\$ 3,260,849
Student Support Services \$74,942,068 15.8%	Elementary School Administration	\$ 9,535,328
	Middle School Administration	\$ 4,977,792
	High School Administration	\$ 3,324,978
	Instructional Administration	\$ 8,009,354
	Curriculum Development	\$ 4,527,841
	Guidance and Counseling Services	\$ 5,326,208
	Health Services	\$ 4,060,651
	Other Student Support (Attendance & Social Work Services)	\$ 4,966,076
	Staff Development	\$ 4,460,498
	Student Transportation	\$ 25,753,342
Sites & Buildings \$46,684,415 9.9%	Capital Expenditures	\$ 8,556,105
	Long-Term Facilities Maintenance	\$ 12,000,000
	Operations and Maintenance	\$ 24,560,735
	Property and Other Insurance	\$ 1,567,575
District Support Services \$16,891,906 3.6%	Business Services – Finance	\$ 1,606,877
	Business Services - Purchasing and Receiving	\$ 2,277,772
	Human Resources	\$ 4,427,090
	Graphics & Mail Processing	\$ 407,675
	Census/Student Information	\$ 294,102
	Communication	\$ 1,056,863
	Legal Services	\$ 602,292
	Technology Support	\$ 6,219,235
	Retirement of non-bonded Debt	\$ -
Administration \$1,565,849	Office of Superintendent	\$ 985,325
	School Board	\$ 580,524
Total General Fund		\$ 473,081,407

General Fund by Category

The categories of general fund expenditure are salaries, benefits, purchased services, supplies and materials, capital and other expenditures. As shown in the graph below, 83.4% of the general fund budget pays for employees (salaries and benefits), and the majority of employees are teachers and instructional staff who work with students in the classroom.

2022-23 General Fund Expenditures

Total = \$473,081,407

Salaries: \$282,215,182 (59.6%)

Includes salaries for district administrators, principals, teachers, secretarial and clerical employees, building chiefs, custodians, transportation, food service and other staff.

Benefits: \$107,667,162 (22.8%)

Includes the district's contribution for employee retirement (FICA/Medicare, TRA and PERA), health, dental and life insurance premiums, and tax-shelter annuities for eligible employees.

Purchased Services: \$29,096,447 (6.1%)

Includes utilities, legal services, contracted work and other services that must be purchased from outside sources.

Supplies and Materials: \$27,630,698 (5.8%)

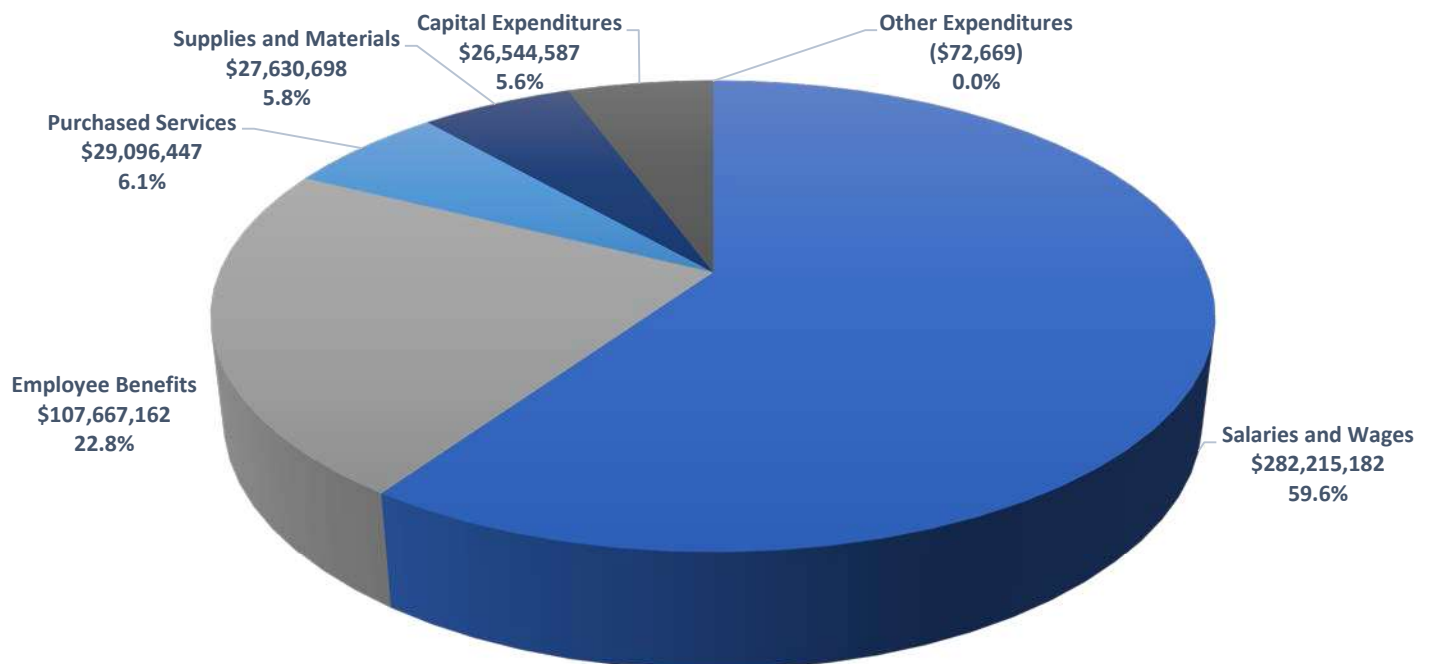
Includes general supplies such as copier paper, instructional supplies for classrooms, textbooks and workbooks, standardized tests and media resources.

Capital Expenditures: \$26,554,587 (5.6%)

Includes building repairs and site improvements, technology equipment such as computers for classrooms, printers, copiers, fax machines and school buses.

Other: \$72,669 (0.0%)

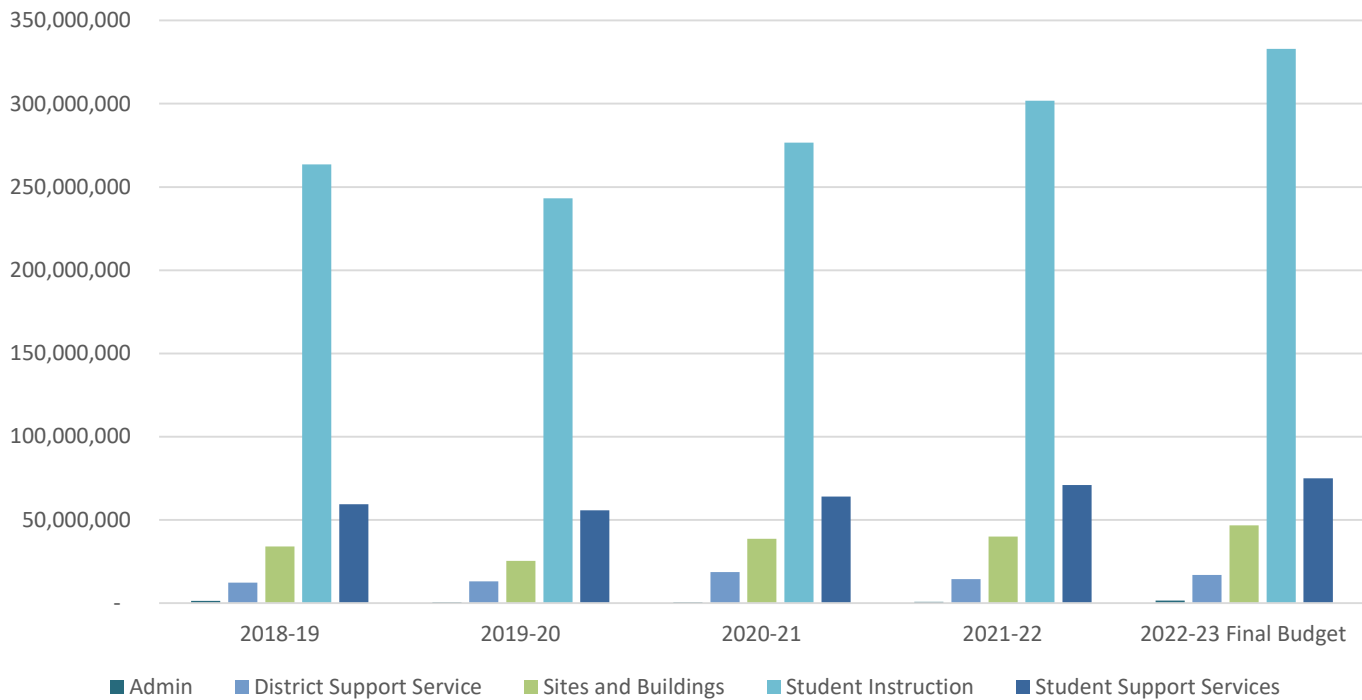
Includes miscellaneous expenditures that are not categorized elsewhere such as membership dues for professional organizations, taxes, special assessments, debt services, permanent transfers to other funds, non-bonded debt service payments and indirect chargebacks



General Fund History

The general fund is the district's main operating fund. The graph below shows that more than 85% of the district's general fund resources are used for student instruction and student support services. This percentage is consistent with the district mission to *educate our students to reach their full potential*. Some of the instructional programs added in recent years to help close the achievement gap include integration programs, elementary magnet schools, striving readers, Advancement Via Individual Determination (AVID) and Response to Intervention. Actual expenditures for district support services and administration for the past four school years remain relatively stable. This spending is consistent with the district's goal to focus resources on classroom instruction for students.

General Fund Five-Year Overview

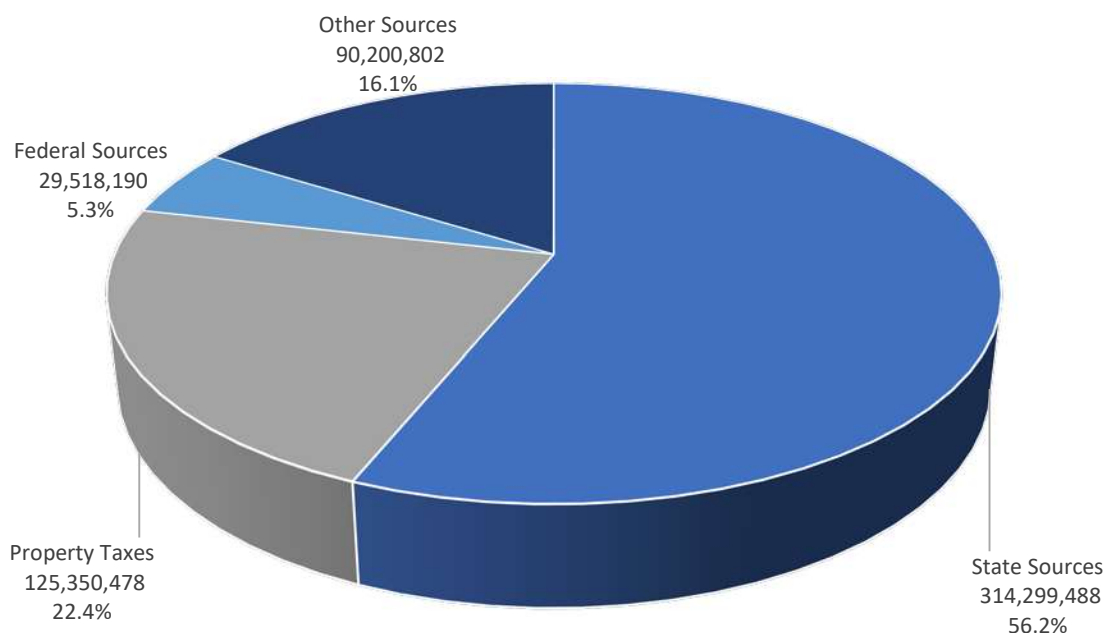


Fiscal Year	Admin	% of General Fund	District Support Service	% of General Fund	Sites and Buildings	% of General Fund	Student Instruction	% of General Fund	Student Support Services	% of General Fund	Total
2018-19	1,368,882	0.37%	12,316,635	3.32%	34,018,669	9.18%	263,529,317	71.10%	59,404,356	16.03%	370,637,859
2019-20	650,152	0.19%	13,092,865	3.87%	25,325,436	7.49%	243,270,016	71.94%	55,808,644	16.50%	338,147,113
2020-21	683,088	0.17%	18,614,147	4.67%	38,718,384	9.71%	276,577,150	0.69%	64,112,504	16.08%	398,705,273
2021-22	842,615	0.20%	14,413,966	3.37%	39,912,460	9.33%	301,860,279	70.53%	70,964,941	16.58%	427,994,261
2022-23 Final Budget	1,565,849	0.33%	16,891,906	3.57%	46,684,415	9.87%	332,997,169	70.39%	74,942,068	15.84%	473,081,407

Revenue Sources

The district receives revenue on a per-pupil basis from state aids and credits, property taxes, federal aids and other sources. State aids and property taxes make up more than 80% of total district revenues, while federal aids and other sources account for the remaining 20% of revenues.

2022-23 Final Budget Revenue – All Funds \$559,368,958



State Aids and Credits: \$314,299,488 (56.2%)

These funds include per-pupil basic general education aid, special education regular and excess cost aid, Basic Skills aid, including compensatory education aid, English Learners aid and Literacy Incentive aid; operating capital state aid for equipment and facilities maintenance, and aid for gifted and talented education. The Minnesota Legislature determines the level of funding provided by the state.

Federal Aids: \$29,518,190 (5.3%)

These funds include federal grants for Title programs such as Title I, which focuses on improving the achievement of educationally disadvantaged students, and aids to support special education services for students with special needs. Federal Aids for the 2021-22 school year also includes various programs targeted toward Coronavirus relief efforts.

Property Taxes: \$125,350,478 (22.4%)

These funds are local taxes the district collects from property owners. The Minnesota Legislature determines the maximum amount the district can levy each year. The district also has authority to seek additional property taxes (up to a maximum amount per pupil established by the Legislature) to support special programs or basic operations through a voter-approved levy referendum. In November 2019, district voters approved a single-ballot question to revoke the district's current levy and replace it with a new 10-year levy for \$1,567 per pupil, an increase of \$627 per pupil. As the percentage of state aid has decreased, the percentage of revenues from local property taxes had increased from 18.49% in 2007-08 to 22.4% projected for 2022-23.

Other/Bond Proceeds (COP): \$90,200,802 (16.1%)

These revenues include miscellaneous School Board-approved fees for co-curricular activities, student parking and admission to athletic and fine arts performances. It also includes interest income from the district's short-term investments, gifts to the district and permanent transfers from other funds. These funds also include the district's debt service for renovation and construction of turf fields at the four comprehensive high schools.

Property Taxes

School district property tax levies are limited by state law. The Minnesota Department of Education computes the levy limitation for each school district based on current legislation and formulas. The school district certifies the levy to the county auditor, and the county distributes tax statements to individual property owners, collects tax revenues and submits payments to the school district.

Property taxes are determined by the taxable market value of the property (determined by the county assessor), class rate percentages set in law for each category of property (such as residential homestead, residential non-homestead, apartments, etc.) and state-paid property tax aids and credits. These state-paid property tax aids and credits reduce the actual amount of tax paid by property owners.

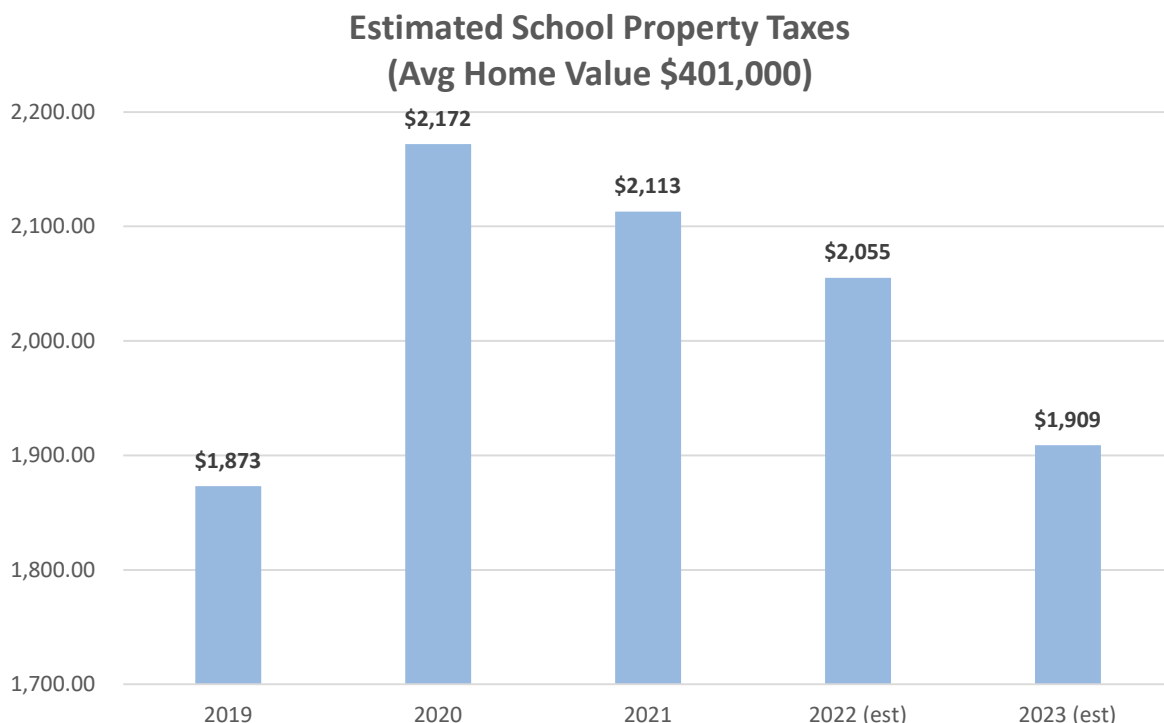
The two types of property tax levies are:

- **Voter-approved levies** – These include building bond and operating levy referendum questions approved by voters.
- **Levies resulting from School Board decisions** – Levy limitations are calculated by the Minnesota Department of Education based on current legislation and formulas. The School Board can approve levy amounts up to but not exceeding the limits established by the state. Examples include the safe schools levy, alternative facilities levy, health and safety levy, etc.

For 2022-23, the voter-approved levies for the district's general fund total \$59.1 million before state aids and credits; levies based on School Board decisions total \$46.0 million before state aids and credits.

The chart below shows the average home value within the district and the corresponding school tax from 2019 to 2023 (est). Home values within the district have been increasing the last three years, consistent with statewide property value trends.

School Taxes Payable on Average Value Home



Budget FAQs and Contact Information

What is the district’s average spending per student for instruction and how is it calculated?

While there is no universally agreed upon definition of what should be included in “instructional” spending, a reasonable approach is to divide the total general fund (operating) budget by the average daily membership in the district, which is close to, but not the same as, the total number of students in the district.

\$473,081,407	General Fund Expense Budget
/ 28,602	Divided by Est.ADM
<hr/>	
\$16,540	Avg. spend per student

What is an ending fund balance?

An ending fund balance is money remaining at the end of the school year. There are three main factors that impact the ending fund balance positively and negatively:

1. Schools and departments underspend their budgets.

According to district practice, budgeted funds that are underspent by a school are carried over to that school’s budget for next year, while budgeted funds that are underspent by a department are not carried over to that department’s budget for next year.

2. Aid payments from the state may be less than anticipated based on economic conditions. The majority of district revenues come from the state (62.9% in 2021-22). If the state experiences a revenue shortfall during the year, funding to school districts may be prorated, which results in a loss of revenues to the districts.

3. Budget assumptions may have changed. Two of the biggest assumptions used to build the school district’s budget are the amount of state funding the district will receive and total student enrollment, as districts are funded based on the number of students enrolled. The district’s preliminary budget must be developed by the administration and approved by the School Board before July 1 each year. Official enrollment for the year is not determined until October 1 each year, and in funding years (every other year) the state does not determine education funding levels until the legislative session concludes in the spring.

Why does the district need a fund balance reserve and what is it used for?

The fund balance is similar to a savings account, a rainy day reserve that can be used to cover unforeseen costs that could not be planned for when the budget was developed. Examples include proration or delay of state aid to the district, a major equipment failure or significant increase in energy or fuel prices. School Board policy requires the district to maintain a minimum fund balance equivalent to at least 5% of general fund expenditures for the year.

Does the district consider budget suggestions?

Yes. The district invites residents and employees to submit suggestions on ways to reduce costs and increase revenues in the district’s budget. Budget reduction suggestion forms are available at all district schools and offices, at regularly scheduled School Board meetings and at www.district196.org/services/finance-and-operations. Suggestions should be addressed to the Director of Finance and Operations, District Office, 3455 153rd Street West, Rosemount, MN 55068. All submitted suggestions are reviewed by members of the district’s citizen-led Budget Advisory Council.

More Information

For questions about the school district budget, contact:

Mark Stotts - Director of Finance and Operations
Mark.Stotts@district196.org or 651-423-7713

Christopher Onyango-Robshaw - Coordinator of Finance
Christopher.Onyango-Robshaw@district196.org or 651-423-7748

Historical budget and finance information can be found at www.district196.org/services/finance-and-operations. The page includes information on the entire budget process and timelines, an introduction to school finance, and printable budgets for the last nine years.