FY2024-25 Preliminary Budget Presentation

June 24, 2024
Special School Board Meeting

Agenda

WAYZATA PUBLIC SCHOOLS

- Background information along with Assumptions & Components that go into the creation of the budgets
- Overview information of the Preliminary FY2024-25 Budgets
- Review of following budgets:
  - Fund 01 (General Fund)
  - Fund 06 (Construction Fund)
  - Fund 07 (Debt Service)
- Questions

FY2024-25 Preliminary General Fund Budget

OVERVIEW & BACKGROUND INFORMATION

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Government Fund Structure

General Fund
Used to account for the general operations of the school district. This fund includes salaries and benefits for teachers, principals, custodians, secretaries, paraprofessionals, and administrators; cost of supplies, textbooks, transportation contracts, utilities, repairs, and equipment. This fund is also used for long-term facility maintenance projects of less than $2,000,000 and for the capital projects (technology) levy.

Food Service Fund
Used for all expenditures related to operating Wayzata Cafés, including food, salaries, benefits, supplies, and equipment. Food Service revenues typically come primarily from the sale of meals to students and adults. This year, the Minnesota Legislature enacted free meals for all students. State aid now provides a greater portion of revenue.

Community Services Fund
Used for expenditures related to community education programs such as Early Childhood Family Education, Adult Basic Education, Wayzata Kids (afterschool and summer childcare programs), youth classes and Community Ed programs.

Community Services revenue primarily comes from fees charged for the programs and property tax revenue dedicated to community services.

Building Construction Fund
Used for expenditures of major building projects. Proceeds from the sale of bonds authorized in an election are placed in this fund. This fund is also used for long-term facility maintenance projects exceeding $2,000,000.

Debt Service Fund
Used to accumulate and account for resources that fund principal and interest payments on bonds sold to finance construction. These are akin to a homeowner's payments on a mortgage.

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= Budgets that are being presented today, Monday, June 24, 2024

Refresher on Fund Balance Categories

Restricted – legally enforceable constraints

- Operating Capital
- Capital Projects Levy
- Long Term Facility Maintenance (LTFM)
  - ***Levy adjusted***

Non-spendable – not in spendable form or legal requirement

- Prepaid items
- Inventories

Committed – used for specific purpose by formal board action

Assigned – district's intent for specific purpose

- Separation/retirement
- Q-comp
- Site carryover

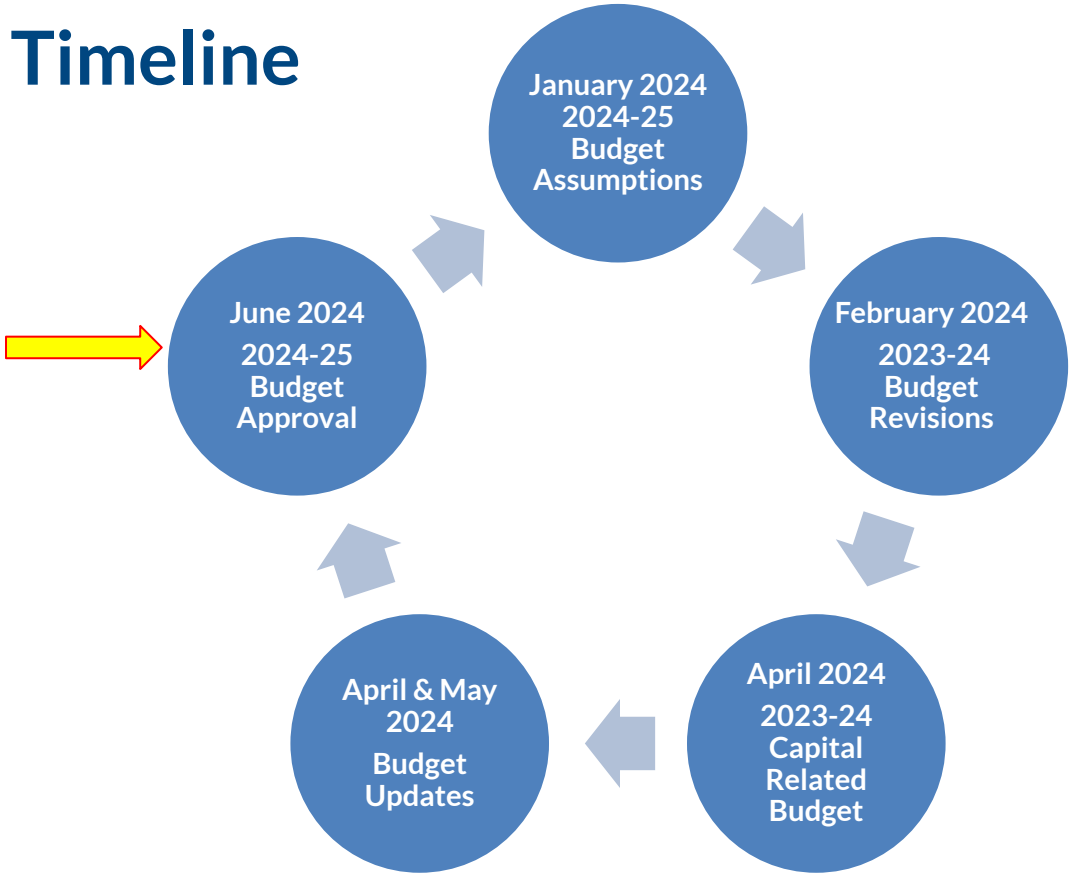
Unassigned – for all other purposes not described by other categories

- Used to calculate Statutory Operating Debt (SOD)
- The fund balance mostly widely referred to by individuals

*** Assigned and Unassigned are components of the Unrestricted Fund Balance***

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Budget Timeline



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Formula Allowance

History, current & for FY2024-25 Prelim Budget

Formula Allowance for FY2024-25:

- The dollar amount per pupil unit used to calculate each district's basic general education revenue.
- The district received 4% on the formula in FY2023-24 but ***will now see that drop back to 2% for FY2024-25.***

Fiscal Year	Formula Increase	Formula Amount	Formula Increase Amount
FY24	4.0%	$7,138	$275
FY25	2.0%	$7,281	$143
FY26	2.0% Estimated - Subject to Floor	$7,427	$146
FY27	2.17% Estimated	$7,589	$162

Table 6: General Education Formula Increases 1989 to 2025

($ per Pupil Unit)

Fiscal Year	General Ed Formula Allowance	Statutory Dollar Increase in Formula	Formula Increase Adjusted for Roll-ins and Roll-outs & pupil weight changes	% Increase for Adjusted Formulas	Biennial Adjusted Formula Increases Over Previous Biennium
2025	$7,281	$143	$143	2.0%	6%
2024	$7,138	$275	$275	4.0%	—
2023	$6,863	$135	$135	2.0%	4.45%
2022	$6,728	$161	$161	2.45%	—
2021	$6,567	$129	$129	2.0%	4%
2020	$6,438	$126	$126	2.0%	—
2019	$6,312	$124	$124	2.0%	4%
2018	$6,188	$121	$121	2.0%	—
2017	$6,067	$119	$119	2.0%	4%
2016	$5,948	$117	$117	2.0%	—
2015	$5,831	$529	$105	2.0%	3.5%
2014	$5,302	$78	$78	1.5%	—
2013	$5,224	$50	$50	1.0%	2.0%
2012	$5,174	$50	$50	1.0%	—
2011	$5,124	$0	$0	0.0%	0.0%
2010	$5,124	$0	$0	0.0%	—
2009	$5,124	$50	$50	1.0%	3.0%
2008	$5,074	$100	$100	2.0%	—
2007	$4,974	$181	$191	4.0%	8.1%
2006	$4,783	$182	$182	4.0%	—
2005	$4,601	$0	$0	0.0%	0.0%
2004	$4,601	$0	$0	0.0%	—
2003	$4,601	$533	$104	2.6%	5.3%
2002	$4,068	$104	$104	2.6%	—
2001	$3,964	$224	$157	4.2%	9.2%
2000	$3,740	$210	$167	4.7%	—

FY26 and FY27, and beyond: actual increase equal to Consumer Price Index Urban (CPI-U) with a floor of 2.00% and cap of 3.00%. CPI-U determined based upon prior two fourth quarter totals. Language including inflationary increases does not prevent future legislatures from additional increases in the formula.

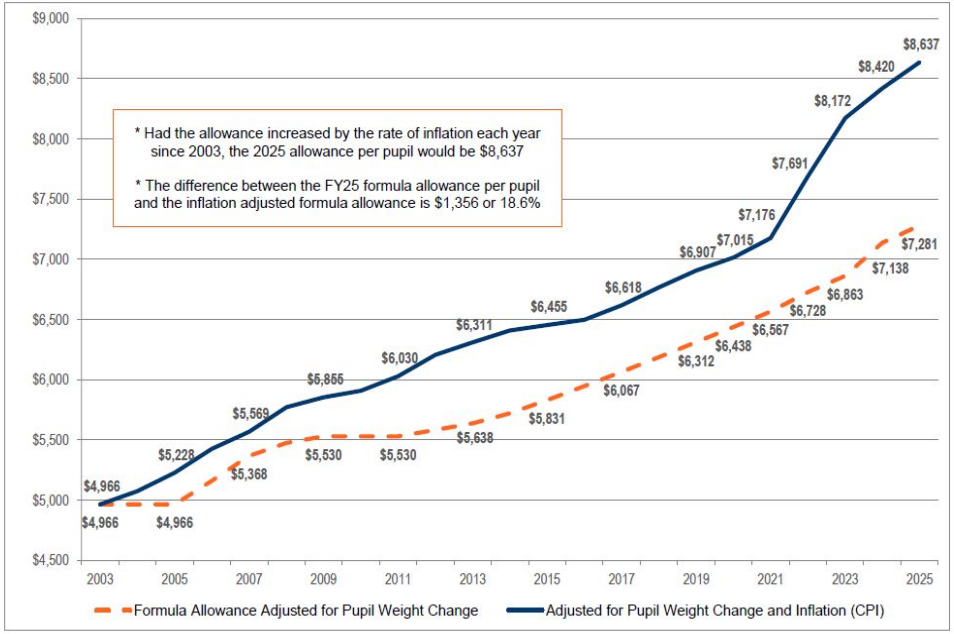
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Impact of the Gen Ed Formula not keeping pace with the rate of inflation

General Education Formula Allowance, 2003-2025

Adjusted for Pupil Weight Change and Inflation (CPI)

GenEd Formula Allowance if adjust by inflation since 2003:	$8,637.00
FY2024-25 Actual GenEd Formula Allowance:	$7,281.00
Difference per pupil:	**$1,356.00**
FY2024-25 Estimated Enrollment Projection:	12,684.00
FY2024-25 Actual GenEd Formula Allowance:	$7,281.00
Estimated Gen Ed Aid Formula Allowance:	**$92,352,204.00**
FY2024-25 Estimated Enrollment Projection:	12,684.00
GenEd Formula Allowance if adjust by inflation since 2003:	$8,637.00
Estimated Gen Ed Aid (if kept pace with inflation):	**$109,551,708.00**
Estimated Gen Ed Aid (if kept pace with inflation):	$109,551,708.00
Estimated Gen Ed Aid Formula Allowance:	$92,352,204.00
Estimated additional $ for WPS in FY2024-25:	**$17,199,504.00**



Source: MDE June 2023 Inflation Estimates and Minnesota Laws 2023

EHLERS
PUBLIC FINANCE ADVISORS

Levy Revenue Reminder

Tax Levy: **The total dollar amount the district will collect.**

Tax Base: **The total value of all properties.**

As **NEW properties** are added, the **tax impact** per property decreases.

Example: The tax impact for an $800 tax levy would be $200 per property.



Example: The tax impact for the $800 tax levy would be $100 per property.



Example above is a simplified example for understanding the concept. Not all properties have the same estimated market value.

If new house are being built and more expansion continues, does that mean more money for the district?
The simple answer is always that increases in property valuations do not result in a corresponding increase in revenue to school districts, which is unlike other municipalities that may have fixed tax rate levies and revenues grows as valuations grow. The majority of a school districts revenue including property tax revenue is calculated using formulas that are driven by enrollment. Enrollment goes up revenue increases and enrollment goes down revenue decreases. The one exception is the district's capital project levy that does increase or decrease based on changes in the district's Net Tax Capacity (NTC).

FY2024-25 Preliminary General Fund Budget

Key Budget Assumption(s)

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FY2024-25 Revenue Projection information

Enrollment Increases for FY2024-25

- Using enrollment of 12,684 for FY2024-25 which is up from 12,408 used for the FY2023-24 Revised Budget
- This is an increase of 276 students

Formula Allowance (roughly 60% of Revenue Budget)

- Back to 2% in FY2024-25 from 4% in FY2023-24
- $7,138 PPU to $7,281 PPU for FY2024-25 ($143 increase)

Levy Dollars (roughly 30% of Revenue Budget)

- Roughly 3% increase with adjustments for FY2024-25

Special Education Cross Subsidy & Federal to pay tuition bills

- Special Education cross-subsidy continues at roughly 75% reimbursement (25% still not covered)
    - Despite the additional cross-subsidy aid, costs continue to rise resulting in impacting the unassigned general fund dollars
- Utilizing $1.5M of Federal dollars to pay Special Education tuition bills

Federal allocations & COVID related dollars

- Forecasting similar revenues to current year for non-COVID related dollars
- Will see final COVID related dollars come to an end in FY2024-25 (9/30/24)

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Key Budget Assumption
Formula Allowance

Fiscal Year	Formula Increase	Formula Amount	Formula Increase Amount
FY24	4.0%	$7,138	$275
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FY26	2.0% Estimated - Subject to Floor	$7,427	$146
FY27	2.17% Estimated	$7,589	$162

Formula Allowance for FY2024-25:

- The dollar amount per pupil unit used to calculate each district's basic general education revenue.
- The district received 4% on the formula in FY2023-24 but now back down to 2%
- **For the FY2024-25 we are using 2% which is an increase of $143 from the PY at $7,281**
- Going forward there is a floor of 2% and a cap of 3%. Far below the increasing expenditure costs which will continue to allow expenditures to outpace revenues.

FY26 and FY27, and beyond: actual increase equal to Consumer Price Index Urban (CPI-U) with a floor of 2.00% and cap of 3.00%. CPI-U determined based upon prior two fourth quarter totals. Language including inflationary increases does not prevent future legislatures from additional increases in the formula.

Key Budget Assumption(s)

FY2024-25 Enrollment Projection

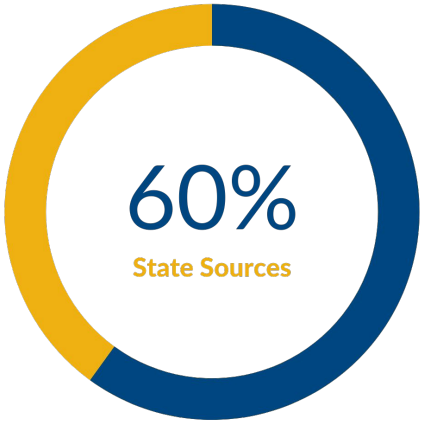
- Enrollment is one of the key driver for projecting revenue (Pupil driven revenue system)
- Projections were based on most recent Demographic Study presented in the Fall of 2022.
  - Original Assumptions: High Migration / Low Kindergarten
  - Updated Assumptions based on enrollment we are experiencing
  - Reminder: FY23-24 increased from 12,296 to 12,408
    - 112 increase from the FY2023-24 preliminary budget to revised budget
  - **For the FY24-25 Preliminary Budget, the district is using an estimate of 12,684**
    - This is a 276 increase over PY revised estimate
- Growing enrollment is a key factor that generates additional revenue that can create a cushion against the General Education Formula Allowance not keeping pace with inflation & expenditures. It can also allow districts to avoid cuts and offer such things as smaller class sizes and new programs that without the growth would not be possible or very challenging. WPS experienced this first hand at the onset of the pandemic when we not only didn't see the estimated 250 new students, but lost 200 students. This had a crippling effect on our finances for years to come.

FY2024-25 Actual GenEd Formula Allowance:	$7,281.00
Increased student projection for FY2024-25 Prelim Budget:	276
Estimated Revenue from increased projected enrollment:	**$2,009,556.00**

Estimated Revenue Generated Per Pupil (factoring in Formula Allowance & Levy)	$10,000.00
Increased student projection for FY2024-25 Prelim Budget:	276
Estimated Revenue from increased projected enrollment:	**$2,760,000.00**

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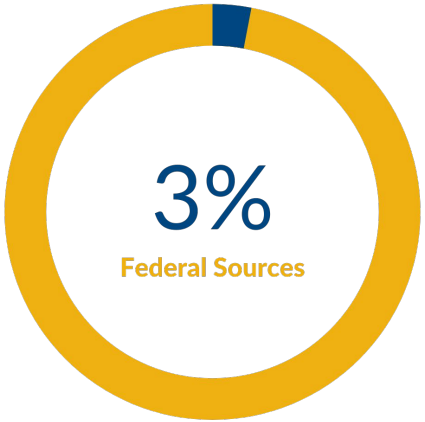
General Fund – Source of Revenue 2024-25 *(estimated)*



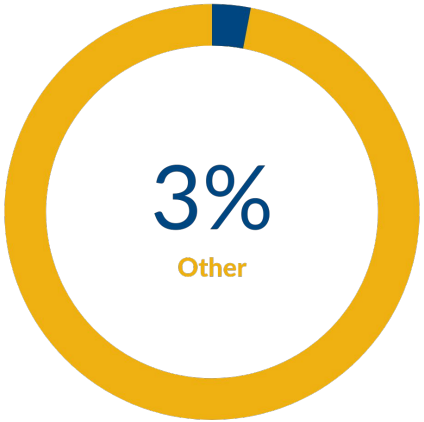
2% increase



3.8% increase
(before adjustments)



0% increase



2% increase

Quick Recap: Budget Assumptions - Revenue

Category	FY 2023-24	FY 2024-25
State Aid	4.00%	2.00%
Levy (General Fund)	4.12%	*3.80%
Other	2.00%	2.00%
Federal	0.00%	0.00%

**Not including Levy Adjustments*

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FY2024-25 Expenditure Projection Information

Salaries & Benefits:

- Salaries: Per Settled Contract or Board Parameters
  - Currently negotiating with multiple groups that will impact the FY2024-25 Budget
    - Budget built within board parameters
- 7% increase in Health Insurance Costs

Transportation:

- Budgeted an increase of roughly 6% from FY2023-24

Utilities:

- Budgeted an overall increase of roughly 5% from FY2023-24
  - Electric 4%; Heat 2%; and Water 6% (10 years of history)

LTFM:

- Projecting similar expenditures as current year (planning for roughly $13M)
- ***Budgeted/Factored in LTFM adjustment of over $5M in the FY2024-25 Preliminary Budget***

Special Education:

- Budgeted an increase of more than 10% due to higher projected needs and increases expected into the future along with shifting $1.5M of costs from Federal to State Special Education
  - This costs are mainly captured inside the Salaries & Benefits portion of the budget.

Technology:

- Increase in Expenditures but offset with increased Revenues

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General Fund – Expenditures 2024-25 *(estimated)*



Quick Recap: Budget Assumptions - Expenditures

Category	FY 2023-24	FY 2024-25
Salaries	Per Contract or Board Parameters	Per Contract or Board Parameters
Health Insurance	5.00%	7.00%
TRA Rate (July 1)	8.55%	8.75% *(increased 0.2% from LY)*
PERA Rate (July 1)	7.50%	7.50% *(remains same as LY)*
Supplies	3.0-4.0%	3.00%
Fuel/Utilities	6.00%	est. 5.00%
Transportation	15.00%	est. 6.00%

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The Pandemic & Cost Containment

The continued impacts of the Pandemic & the crucial importance Cost Containment played

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The lasting impacts of the Pandemic & the importance of Cost Containment for WPS

History & going forward

- **(*Reminder)* Underfunding for decades as explained and shown on previous slides:**
  - Reminder of the earlier slide on the lack and compounding impact of underfunding for decades
  - Estimated $17.2M additional revenue dollars in FY2024-25 if the Gen Ed Formula Allowance had kept pace with inflation
    - It's important to note the $17.2M is just a one year example and doesn't factor in what our enrollment would have been without the pandemic impact *(doesn't consider the prior years or compounding impact)*
- **Continued Pandemic impact to WPS:**
  - Not all schools in MN were impacted the same by the pandemic for a variety of reasons and unique characteristics but the response from the Federal & State governments were to take a "one size fits all" approach. They didn't look at how each school was impacted differently and continued not to even into the 2023 Legislative session.
  - WPS is still navigating through the profound financial implications caused by the pandemic, starting with lost revenue of close to $4M plus in the 2020-21 school year due to:
    - About 200 students choosing other education options and the pause of a decade-long pattern of enrollment growth in the district of about 200-250 students further deepened the impact of the pandemic. Enrollment growth had previously shielded the district from budget cuts and allowed for expanded program offerings and lower class sizes.
    - The lost revenues for more than 400 to 450 students, coupled with staffing plans already in place for the higher projected number of students, significantly decreased the district's fund balance resulting in a need to enter into multiple years of cost-containment.
    - Enrollment would have been close to 13,000 student by FY2023-24. It could be argued that the district went without a minimum of $11M in funding (up to $22M) based on if the pandemic hadn't happened and the trends the district had been experiencing continued.

The lasting impacts of the Pandemic & the importance of Cost Containment for WPS

History & going forward

- Loyal to our Staff and Students -
  - **Decision based on the best information available at the time:**
    - Stayed loyal to our staff when the pandemic hit due to a variety of reasons that included the timing of the pandemic, uncertainty of the length of the shutdown, and suggestions by our state leaders to keep all our staff employed.
    - Moved forward with hiring for the next school year due to the timing mentioned above and based the hiring on the continued growth the district had been experiencing.
    - District stayed true to our Strategic Roadmap: Exceptional Student Learning, Experience and Relationships; Community Trust Confidence and Partnership; and Operational Excellence.
      - **Knew we needed our exceptional staff to provide services to our incredible students during that time with all of the uncertainty & needed to be ready for the to serve students.**
    - This came at a **huge cost to the district that would impact us for years to come but was the right decision.**
  - Never made whole by the state or federal governments for keeping our exceptional staff employed during the initial stages of the pandemic to be ready for our students.
    - In hindsight, the district would have been better off financially to disregard suggestions by laying staff off as the **federal government stepped in for those schools that did by forgiving a big portion of their unemployment costs**. The district made the right decision to stay committed to keeping our excellent staff to be ready to serve our incredible students and community.

The lasting impacts of the Pandemic & the crucial impact Cost Containment played

History & going forward

- **2023 Legislative Changes:**
  - New funding from 2023 Session was helpful with the 4% on the formula and the additional Special Education Cross-Subsidy Aid but not all areas were considered & addressed
    - Each district was impacted differently and uniquely by the pandemic
      - The legislation never made districts whole for the impacts they experienced that were out of their control that caused our financial crisis due to the pandemic
  - Unfunded mandates continue to create challenges for districts
    - i.e. Summer Unemployment: True impacts are still unknown for the long term
  - Increased Special Education needs still impacting the general fund

- **Moving forward to return to financial fitness and long-term financial sustainability for the district:**

  - Planning with the Long-Term in mind and knowing things can change quickly will be important:
    - We have to plan with the long-term in mind as our revenues as starting the FY2024-25 School Year we are back to 2% on the GenEd formula (3% max after FY2024-25) and our Expenditures will continue to rise at a higher percentage and outpace our revenues causing a decrease to the Unassigned Fund Balance over the upcoming years.
    - This is also be expedited if enrollment growth slows, stops, and doesn't meet future projections. This decrease will continue at an increasing rate so it's crucial that the district keeps the long-term in mind as we plan for now and into the future. This is the reason for the importance of the Cost Containment plan and following through with the plan.

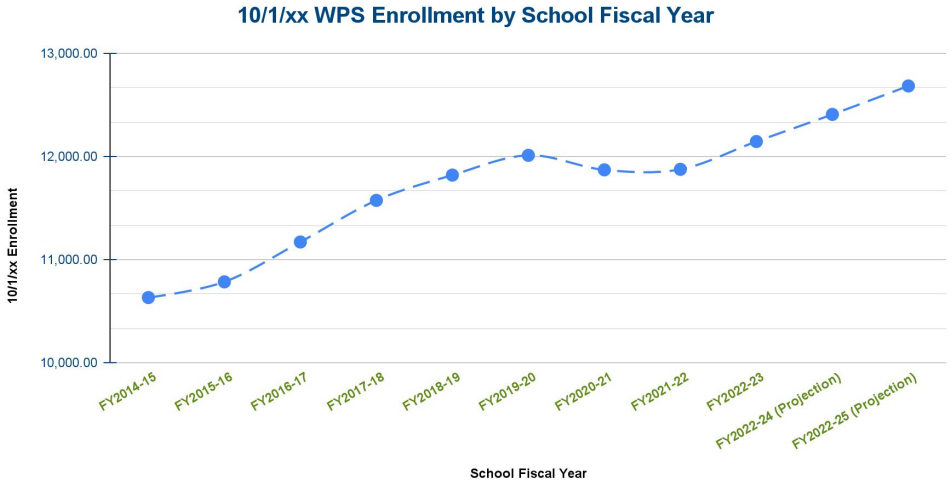
The lasting impacts of the Pandemic & the crucial impact Cost Containment played

History & going forward

- **Moving forward to return to financial fitness and long-term financial sustainability for the district:**
  - Enrollment Growth considerations:
    - The district is experiencing student growth again that is similar to pre-pandemic levels.
    - Enrollment growth along with the Cost Containment efforts have allowed the district to continue to move forward in getting back in a sustainable financial position to deal with the continued underfunding.
    - We are a pupil driven revenue system in MN so the student growth helped the district avoid cuts, keep class sizes smaller and add programs prior to the pandemic. The pandemic showed us the budgetary impact of what happens when that growth disappears.
    - Student growth basically acts as a funding stream that allows districts that are experiencing growth to stay financially sound whereas district with stable or declining enrollment are looking at cuts continually due to the lack of funding of schools in MN.
    - We can't continually depend on growing enrollment as at some point that will slow and stop when the district grows out.
    - The district also needs to plan for any fluctuations in enrollment projections as it can have a profound impact on our finances.

The lasting impacts of the Pandemic & the crucial impact Cost Containment played

Student Enrollment - Tracking Change (MARSS12 Report)		
School Fiscal Year	10/1/xx Enrollment	Change from PY
FY2014-15	10,631.00	
FY2015-16	10,783.00	152.00
FY2016-17	11,170.00	387.00
FY2017-18	11,574.00	404.00
FY2018-19	11,819.00	245.00
FY2019-20	12,011.00	192.00
FY2020-21	11,870.00	(141.00)
FY2021-22	11,875.00	5.00
FY2022-23	12,145.00	270.00
FY2022-24 (Projection)	12,408.00	263.00
FY2022-25 (Projection)	12,684.00	276.00



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The lasting impacts of the Pandemic & the crucial impact Cost Containment played

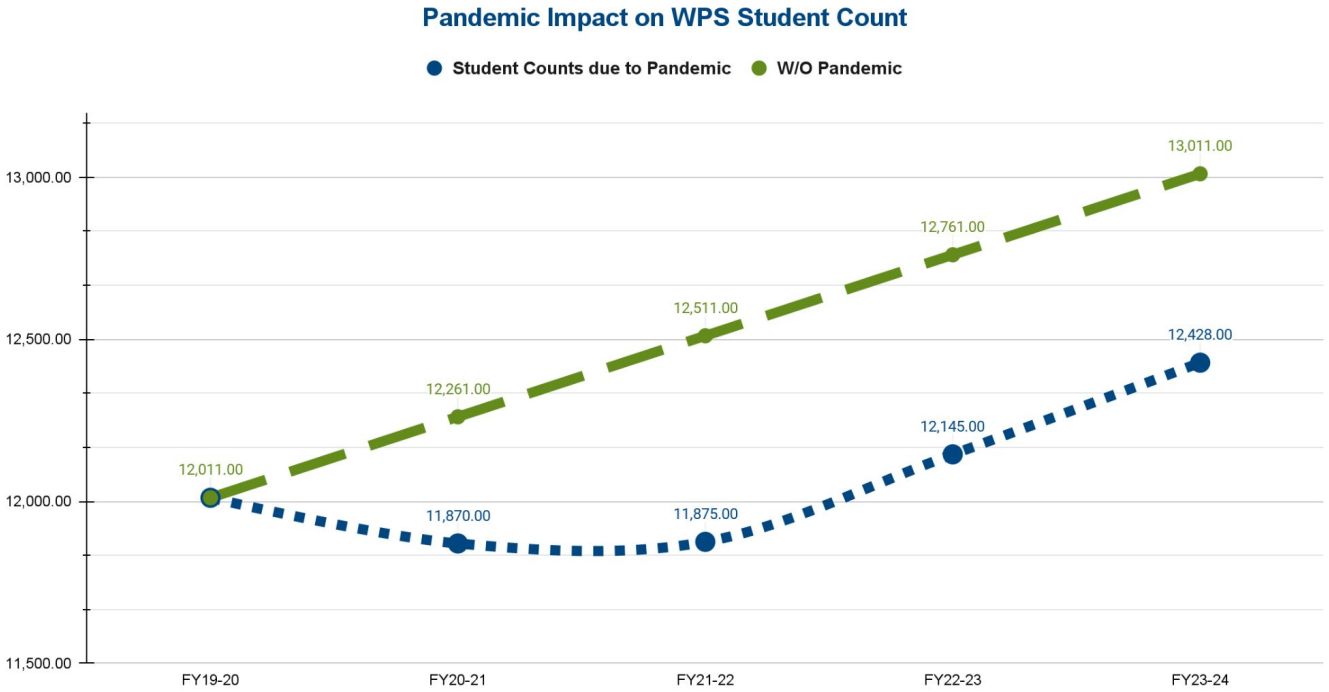
Showing the unique impact(s) of Pandemic on Enrollment & Revenue at WPS						
	FY19-20	FY20-21	FY21-22	FY22-23	FY23-24	
MARSS 10/1/xx enrollments:	**12,011.00**	11,870.00	11,875.00	12,145.00	12,428.00	
Estimated annual enrollment increase:		**250**	**250**	**250**	**250**	
Estimate of where we could have been w/out pandemic:		**12,261.00**	**12,511.00**	**12,761.00**	**13,011.00**	
= difference of what enrollment would have been versus what actually was:		**391.00**	**636.00**	**616.00**	**583.00**	
= Revenues district would have had if not for the pandemic:		**$2,500,000**	**$2,500,000**	**$2,500,000**	**$2,500,000**	
= Revenues lost due to decline in enrollment:		$1,410,000				**Estimated Total(s)**
Scenario #1 - Estimate: 250 Students each year @$10K (Aid & Levy):		**$3,910,000**	**$2,500,000**	**$2,500,000**	**$2,500,000**	**$11,410,000**
Scenario #2 - Estimate: Revenue WPS would have had w/Aid & Levy (compounding):		**$3,910,000**	**$6,360,000**	**$6,160,000**	**$5,830,000**	**$22,260,000**

Used an estimated $10K per student (GenEd Formula & Levy)

Note: Estimating 12,684 students for FY2024-25

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The lasting impacts of the Pandemic & the crucial impact Cost Containment played



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The lasting impacts of the Pandemic & the crucial impact Cost Containment played

Wayzata Public Schools - Cost Containment	
Data from district website	
School Fiscal Year	**Estimated Cost Containment Amount**
FY2022-23	$5,241,020.00
FY2023-24	$3,152,848.00
FY 2024-25	$2,610,796.00
Estimated Cost Containment Effort:	**$11,004,664.00**

As a reminder that the amounts above were target/estimated amounts that will obviously vary for a variety of reasons
District website: *https://www.wayzataschools.org/district/finance-operations/cost-containment*

- The Cost Containment planning, implementation, and follow through has allowed the district to slowly get back on its feet after the devastating financial impact the pandemic had on Wayzata Public Schools as shown in previous slides.
- The district has returned to experiencing student growth at pre-pandemic levels which has helped rebound from the financial devastation caused by the enrollment fluctuation from the pandemic.
- Although unpopular and very difficult, by the district and board addressing the financial impact of the pandemic early on, it has put the district in a position to recover and prevented the cuts from being larger.

LTFM Information & Adjustment for FY2024-25

- **Background of LTFM (PayGo)**
  - What does PayGo or being an Alternative Facilities district mean?
    - Annually Wayzata Public Schools reviews and revises an approved 10 year long-term facilities maintenance plan which allows the district to levy for future Fiscal Year LTFM expenditures. These expenditures are for replacement and maintenance costs (like for like).
  - Amount the district typically spends on LTFM annually
    - Ranges from $7.5M to $16.5M Annually
  - Challenges faced due to pandemic
    - At the same time, Covid-related shutdowns rapidly rotated consumer demand towards goods and away from in-person services. This collision of pandemic-induced supply shocks and strong demand for goods generated inflationary pressure across the global economy. As suppliers were unable to meet elevated demand, the true cost of highly-efficient, but fragile global supply chains became clear.
      Article:"https://www.whitehouse.gov/cea/written-materials/2023/11/30/issue-brief-supply-chain-resilience/"
  - Challenges of fiscal year ending June 30th
- Adjustment Amount factored into this budget
  - $-5,430,026.00 due to a 2021-2022 Fiscal Year Adjustment
  - 2 year lag on the adjustment
  - Sits in a Restricted Fund Balance that is then taken back on the levy
    - Long Term Facilities Maintenance Fund Balance was $12,141,697 as of June 30th, 2023.
    - Essentially just a cash flow impact but not a bottom line impact

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Federal Funding Review & Update



Budget Team for Federal Programs

Federal Budgets Planning:

- Finance: Jen Welk/Scott LeSage
- Covid Programs: Dana Miller, Executive Director of T&L
- ESEA Programs: Austin Tollerson, Director of T&L
- Special Education: Ginny Nyhus, Director of Student Support Services

How the team budgets:

- Collaboration between departments
- Review of all the programs and understanding of how the costs are tracked and how they generate revenue

Overview of COVID Relief Funding

- Various funding under ESSER, GEER, CRRSA and ARP started in FY2021
- Funding was targeted for specific areas & very little was available to supplant/cover existing expenditures. Instead, the intent was to add new positions and costs but with no plan past the funds running out to cover these new costs.
- Remaining funds expire on 9/30/24
  - Summer programming - staffing & Transportation
  - Professional Development Activities and/or curriculum (Literacy)
  - Supplies for students experiencing homelessness

Total Funding Received since inception	$11,831,384.64
Expenses to Date (All Years)	$11,161,872.74
Anticipated Additional FY24 Expenses	$157,360.60
Remaining funds to be spent FY25	$512,151.30

As a reminder, a very small amount of these dollars could be used to supplant or cover deficits caused by the pandemic.

Cross-Subsidy Reduction Aid

- This Cross-Subsidy Reduction Aid component began in SFY 2020, and was created to limit the difference between the amount districts spend on special education and the revenue provided to districts specifically for special education purposes.
- The amount of *general education dollars used to cover this difference* is referred to as the "cross-subsidy."
- The initial cross-subsidy is the total special education expenditures (including transportation), minus the total special education aid (with the tuition billing adjustment), minus the general education revenue generated by students receiving special education services if receiving more than 60 percent of their special education services outside of a regular classroom (i.e., a federal instructional setting greater than two).
- The cross-subsidy reduction aid is calculated by first determining a district's initial cross-subsidy from the previous fiscal year; then applying 6.43 percent.
    - This percent increased for SFYs 2024 through 2026 to 44 percent, and 50 percent starting in SFY 2027 and later.

Federal Special Education Funds

- From FY23 (2022-23) to FY24 (2023-24) we saw an overall 9.2% increase for ALL Federal Special Education Programs. For FY2024-25, with Covid funds going away along with $1.5M used to pay Tuition Bills, the district is seeing the federal funds go from $5.6M to just over $2.7M.
- In FY24, the district moved $1.5 million of the federal allocation to State Special Education to pay for special education tuition invoices. This will reduce cross subsidy impact covered by general education revenue.
- All expenses are reported through SEDRA (Special Ed Data Reporting App) on regular basis.

All Federal programs FY24 (2023-24)	All Federal programs FY23 (2022-23)
$1,094,931.00	$2,376,044.00

**The decrease is due to the transfer of funds to State Special Education*

2024-25 Preliminary Budget (Federal)			
	2023-24 Revised Budget	Change	2024-25 Preliminary Budget
Revenue			
Federal Aid	$5,651,010	-$2,936,311	$2,714,699
Total Revenues	**$5,651,010**	**-$2,936,311**	**$2,714,699**
Expenditures			
Salaries and Benefits	$4,125,906	-$2,687,298	$1,438,608
Purchased Services	$353,762	-$71,649	$282,113
Supplies and Materials	$1,159,702	-$178,374	$981,328
Capital	$9,265	-$2,265	$7,000
Misc./Other	$2,375	$3,275	$5,650
Total Expenditures	**$5,651,010**	**-$2,936,311**	**$2,714,699**
Revenue over Expenditures:	**$0**	**$0**	**$0**

WAYZATA PUBLIC SCHOOLS

Preliminary FY2024-25 General Fund Budget



FY2024-25 General Fund Budget (Fund 01)

All areas included (*LTFM Adjustment*)

General Fund Information:
The General Fund contains all revenue and expenses for the general, day-to-day operations of the school district. This includes salaries and benefits for teachers, administrators, custodians, administrative professionals, and para-professionals; instructional supplies, technology, transportation, textbooks, and money spent to operate and repair district buildings. In some ways, it is clearer to express the General Fund in terms of what it does not cover. The General Fund does not cover Wayzata Cafés; Community Services; debt service payments on bonds issued by the District; and the cost of major construction projects financed through the issuance of bonds.

The General Fund includes expenses associated with the capital projects (technology) levy. The focus of this program is curriculum and classroom technology, particularly expansion of classroom tools: projection and sound systems, smartboards, and software. The General Fund also includes expenses funded with the Long-Term Facility Maintenance (LTFM) levy for projects less than $2.0 million. Projects over $2 million are recorded in the Building Construction Funds. It is important to note that LTFM expenditures can fluctuate considerably from year to year and can impact the overall view of the District's funding picture.
The level of spending is set with a number of considerations in mind, but one of the primary considerations is to maintain an adequate level of reserves for unanticipated events. The District has a formal policy calling for an unassigned fund balance in the General Fund equal to at least 5% to 7% of one year's expenditures. This balance could be considered to be the District's "savings account."

Maintaining a prudent fund balance is important for the stability of the district, and is a key measure that bond rating agencies examine when assigning a credit rating to a district's debt issuances. The projected unassigned General Fund balance as of June 30, 2024 is projected to be about $16M. This is roughly 7.7% of the FY24 expenditure budget, or about four weeks of operations. Unanticipated events that could occur that would require the District to dip into its unassigned fund balance include:

- Property tax delinquencies and abatements
- Enrollment fluctuations
- Unanticipated price increases for essential purchases, e.g. fuel for heating, other utilities, transportation
- State aid revenue reductions
- COVID-19 pandemic
- Federal sequestration
- Unforeseen public health emergencies or severe weather/natural disaster

2024-25 Preliminary Budget (LFTM included)

	2023-24 Revised Budget	Change ($)	Change (%)	2024-25 Preliminary Budget
Revenue				
Local Property Taxes	$69,973,663	$1,956,020	2.80%	$71,929,683
State Aid	$128,359,088	$8,046,369	6.27%	$136,405,457
Federal Aid	$5,651,010	-$2,936,311	-51.96%	$2,714,699
Other Local Revenues	$6,702,130	-$337,806	-5.04%	$6,364,324
Total Revenues	**$210,685,891**	**$6,728,272**	**3.19%**	**$217,414,163**
Expenditures				
Salaries and Benefits	$148,971,506	$10,566,448	7.09%	$159,537,954
Purchased Services	$32,952,095	$719,194	2.18%	$33,671,289
Supplies and Materials	$7,091,634	$154,109	2.17%	$7,245,743
Capital	$18,430,349	-$409,611	-2.22%	$18,020,738
Misc./Other	$1,036,534	$765,442	73.85%	$1,801,976
Transfers to Other Funds	$0	$0		$0
Total Expenditures	**$208,482,118**	**$11,795,582**	**5.66%**	**$220,277,700**
Revenue over Expenditures:	**$2,203,773**	**-$5,067,310**		**-$2,863,537**

** The projected expenditure over revenue amount includes a negative LTFM adjustment of $5,430,026. This doesn't accurately portray a true picture of the district operations. The next slide provides a more accurate picture of the operations.

FY2024-25 General Fund Budget (Fund 01)

2024-25 Preliminary Budget (Excluding LTFM)

	2023-24 Revised Budget	2024-25 Preliminary Budget
Revenue		
Local Property Taxes	$53,082,119	$63,413,482
State Aid	$128,359,088	$136,405,457
Federal Aid	$5,651,010	$2,714,699
Other Local Revenues	$6,702,130	$6,364,324
Total Revenues	**$193,794,347**	**$208,897,962**
Expenditures		
Salaries and Benefits	$148,901,162	$159,387,147
Purchased Services	$27,546,506	$28,173,289
Supplies and Materials	$6,846,950	$7,209,393
Capital	$7,356,424	$9,626,666
Misc./Other	$1,031,534	$1,796,976
Transfers to Other Funds	$0	$0
Total Expenditures	**$191,682,576**	**$206,193,471**
Revenue over Expenditures:	**$2,111,771**	**$2,704,491**

***** This excludes LTFM (PayGo levy) and LTFM levy adjustment to show a more realistic view of the FY2024-25 Preliminary Budget***

Components of the FY2024-25 Budget:

This accounts for all Fund Balance categories (excludes LTFM)

- Restricted
- Nonspendable
- Assigned
- Unassigned

Key Budget Assumptions & Factors Considered

- Enrollment
  - Projecting enrollment at 12,684.
  - Up 276 students from PFY.
- Revenues
  - Gen Ed Formula back to 2% for FY2024-25 at $7,281.
- Expenditures:
  - Salaries & Benefits
    - Salaries per contract or board parameters
    - Medical Insurance increase of 7%
  - Transportation increase of 6%
  - Utilities increase of 5%
  - LTFM projects based on 10 year plan
  - Special Education cost increases
- COVID Related dollars
  - Ending by 9/30/2024

This includes, but not limited to, new funding from the May 2023 legislative session & other legislative actions:

- Library Aid
- Addt'l English Learner Aid
- READ Act
- Literacy Incentive Aid (Changed statute)
- Increase to Indian Education Aid
- Special Education Cross Subsidy continues
- Student Support Aid

FY2024-25 General Fund Budget (Fund 01)

2024-25 Preliminary Budget (Excluding LTFM)

	2023-24 Revised Budget	2024-25 Preliminary Budget
Revenue		
Local Property Taxes	$53,082,119	$63,413,482
State Aid	$128,359,088	$136,405,457
Federal Aid	$5,651,010	$2,714,699
Other Local Revenues	$6,702,130	$6,364,324
Total Revenues	**$193,794,347**	**$208,897,962**
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Purchased Services	$27,546,506	$28,173,289
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*** This excludes LTFM (PayGo levy) and LTFM levy adjustment to show a more realistic view of the FY2024-25 Preliminary Budget*

The district is expected to increase the Unassigned Fund Balance by $2.7M for FY2024-25. This will be key in continuing to come out of Cost Containment, staying ahead of expenditures outpacing revenues, and creating a sustainable financial situation for the district.

Important items to point out on projected $2.7M Revenue over Expenditures:

- As you recall from an earlier slide, our projected increase of 276 student will bring in a estimated additional $2.76M when factoring in formula aid and levy aid. This is right at what we are projecting for Revenues over Expenditures. If this student projection doesn't come to fruition, this changes the budget projection significantly.
- The $2.6M cost containment for FY2024-25 is instrumental in the whole process to help get us back on solid ground from the devastating financial impact of the pandemic. Although we are showing $2.7M, if we add back additional staffing or use part of the projected amount before we see the students arrive, it will put us back into a perpetual cost containment situation. The costs continue to compound on an annual basis. If we add $1M or $1.5M back, that amount then adds to the expenditures and outpaces the revenues immediately and compounds annually at a higher rate than our revenues. We also are back to 2% for FY2024-25 on the formula and then back to a max of 3% into future years.
- The district will be continually monitoring the enrollment changes and will deploy hotspot teachers as determined by district staff working in collaboration with principals.

Key reasons why the district is rebounding from the devastating impacts due to the Pandemic:

- Cost Containment: Addressed very quickly and ahead of most other districts
- Student growth returning to pre-pandemic levels
- Special Education Cross-Subsidy increase
- One-time GenEd Formula at 4% helped but now back to 2%
- Long-term fiscal/budget planning knowing ***several variables can quickly change the current projections and situation***:
  - Student growth slows or stops
  - Negotiations with staff (Salary & Benefit costs)
  - Special Education cost increases despite new Cross-Subsidy Aid
  - Referendum(s) failing
  - Tech Levy failing
  - Expenditures continuing to outpace Revenues
  - Continued challenges of the GenEd Formula not keeping pace with inflation

Preliminary FY2024-25 Debt Service (Fund 07) & Construction (Fund 06) Budgets

WAYZATA PUBLIC SCHOOLS

FY2024-25 Construction Budget (Fund 06)

The Building Construction Fund is used to record all operations of a district's building construction program that are funded by the sale of bonds, capital loans, or major capital projects costing $2,000,000 or more. Construction for buildings and additions may be comprised of the following: expenditures for general construction; advertisement for contracts; payments on contracts of construction; installations of plumbing, heating, lighting, ventilating and electrical systems; expenditures for lockers, elevators, and other equipment; architectural and engineering services; travel expenses; paint and decorating expenses, technology and technology upgrades; and any other related costs. Include the costs of floating the bond issue in this fund by reclassification from the General Fund. Note: This is a partial list of items.

The remaining funds inside the Construction Fund are related to the Abatement Bonds. These funds are projected to be used in the FY2024-25 budget cycle.

As a reminder, the General Fund includes expenses funded with the Long-Term Facility Maintenance (LTFM) levy for projects less than $2.0 million. However, projects over $2 million are recorded in the Building Construction Fund (Fund 06). As noted earlier, it is important to note that LTFM expenditures can fluctuate considerably from year to year and can impact the overall view of the District's funding picture.

WAYZATA PUBLIC SCHOOLS

2024-25 Preliminary Budget (Construction Fund 06)

	2023-24 Revised Budget	Change	2024-25 Preliminary Budget
Revenue			
Local Property Taxes	$0	$0	$0
Sale of Bonds	$0	$0	$0
State Aids	$0	$0	$0
Other Local Revenues	$291,000	$0	$291,000
Total Revenues	**$291,000**	**$0**	**$291,000**
Expenditures			
Salaries and Benefits	$0	$0	$0
Purchased Services	$0	$750,000	$750,000
Supplies and Materials	$0	$0	$0
Capital	$4,193,482	-$443,482	$3,750,000
Misc./Other	$0	$0	$0
Transfers to Other Funds	$0	$0	$0
Total Expenditures	**$4,193,482**	**$306,518**	**$4,500,000**
Revenue over Expenditures:	**-$3,902,482**	**-$306,518**	**-$4,209,000**

FY2024-25 Debt Service Budget (Fund 07)

The Debt Service Fund is used to record revenues and expenditures for a school district's outstanding bonded indebtedness, whether for building construction or operating capital, and whether for initial or refunding bonds.

2024-25 Preliminary Budget (Debt Service Fund 07)			
	2023-24 Revised Budget	Change	2024-25 Preliminary Budget
Revenue			
Local Property Taxes	$15,968,503	$1,763,851	$17,732,354
Sale of Bonds	$0	$0	$0
State Aids	$9,000	$0	$9,000
Other Local Revenues	$0	$0	$0
Total Revenues	**$15,977,503**	**$1,763,851**	**$17,741,354**
Expenditures			
Bond Principal	$11,045,000	$1,190,000	$12,235,000
Bond Interest	$5,482,275	-$208,775	$5,273,500
Bond Refunding Payments	$0	$0	$0
Bank Fees	$2,900	$0	$2,900
Misc./Other	$0	$0	$0
Transfers to Other Funds	$0	$0	$0
Total Expenditures	**$16,530,175**	**$981,225**	**$17,511,400**
Revenue over Expenditures:	**-$552,672**	**$782,626**	**$229,954**

WAYZATA PUBLIC SCHOOLS

Preliminary FY2024-25 Budgets
All Funds

WAYZATA PUBLIC SCHOOLS

2024-25 Preliminary Budgets (All Funds)

	2023-24 Revised Budget	Change	2024-25 Preliminary Budget
Revenue			
General Fund (Fund 01)	$210,685,891	$6,728,272	$217,414,163
Wayzata Cafes (Fund 02)	$9,652,565	$6,767	$9,659,332
Community Ed (Fund 04)	$13,868,278	$1,294,094	$15,162,372
Construction (Fund 06)	$291,000	$0	$291,000
Debt Service (Fund 07)	$15,977,503	$1,763,851	$17,741,354
Total Revenues	**$250,475,237**	**$9,792,984**	**$260,268,221**
Expenditures			
General Fund (Fund 01)	$208,482,118	$11,795,582	$220,277,700
Wayzata Cafes (Fund 02)	$9,165,558	$411,352	$9,576,910
Community Ed (Fund 04)	$13,527,609	$1,515,956	$15,043,565
Construction (Fund 06)	$4,193,482	$306,518	$4,500,000
Debt Service (Fund 07)	$16,530,175	$981,225	$17,511,400
Total Expenditures	**$251,898,942**	**$15,010,633**	**$266,909,575**
Revenue over Expenditures:	**-$1,423,705**	**-$5,217,649**	**-$6,641,354**

** General Fund (Fund 01) includes negative $5.4M adjustment*

** Construction (Fund 06) is a planned spend down of the Abatement Bonds*

WAYZATA PUBLIC SCHOOLS

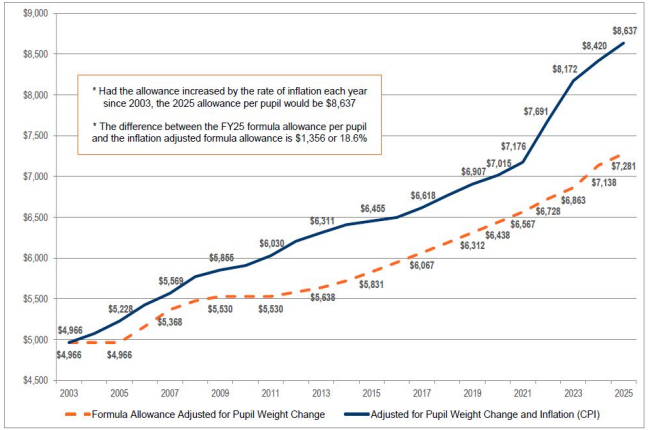
Continued Planning & Monitoring

WAYZATA PUBLIC SCHOOLS

Areas/items/concerns that impact and will continue to impact the long-term fiscal health of the district

Variables/things that could quickly change the current projections & situation:

- Balancing the current needs of the district and community while keeping the long-fiscal sustainability of the district in mind
- Adding back expenditures without consideration and understanding of the long-term fiscal impacts
- Closely monitoring student enrollment and planning/adjusting accordingly
  - Currently in the process of a new study
- Continued challenges of the per pupil Formula Allowance not keeping pace with inflation
  - Expenditures outpacing Revenues
  - GenEd Formula not keeping pace with inflation
  - Continued Unfunded Mandates
    - Still waiting to see the true impacts of the Summer Unemployment
- Current and future staff negotiations
  - We are a service oriented organization so 70+% of our costs are Salaries and Benefits
- Changes in legislation



Source: MDE June 2023 Inflation Estimates and Minnesota Laws 2023

Wayzata Public Schools

Enrollment Projections

Year	K (+ Hdcp)	1st	2nd	3rd	4th	5th	K-5	6th	7th	8th	6-8	9th	10th	11th	12th	9-12	Total	Estimated Change from PY
24-25 Projected	923	938	995	1,029	941	1,031	5,857	1,006	1,017	973	2,996	986	981	903	961	3,831	12,684	
25-26 Projected	919	950	991	1,015	1,049	973	5,897	1,098	1,019	1,009	3,126	979	997	975	892	3,843	12,866	182
26-27 Projected	913	946	1,005	1,011	1,031	1,091	5,997	1,014	1,092	1,038	3,144	1,032	990	991	963	3,976	13,117	251
27-28 Projected	903	940	1,001	1,027	1,029	1,068	5,968	1,138	1,034	1,105	3,277	1,048	1,044	984	979	4,055	13,300	183

12-19-2023

Despite all the challenges the district has faced due to the pandemic and variables outside of its control, it continues to excel comparably!
Go Trojans!



2024 Best School Districts in Minnesota

#1 BEST SCHOOL DISTRICTS IN MINNESOTA

Wayzata Public Schools

Plymouth, MN · School District · ★★★★☆ 91 reviews

Sophomore: Wayzata High School in Minnesota holds a special place in my heart as an incredible institution that goes beyond traditional education. The teachers at Wayzata are not just educators; the ... Read 91 reviews

A+ Overall Niche Grade · Total schools 20 · Students 12,318

Source: https://www.niche.com/k12/search/best-school-districts/s/minnesota/

WAYZATA PUBLIC SCHOOLS

Questions?

WAYZATA PUBLIC SCHOOLS

THANK YOU

Scott LeSage, Executive Director, Finance & Operations
David Draskovich, Director of Finance