

2019-20

Preliminary Budget



Dan Pyan, Director of Finance & Operations

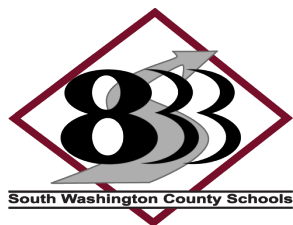
June 6, 2019

2019-20 Budget

Preliminary Budget

Variance
from 18-19 RB

2020 Projected Revenues	\$ 249,240,739	3.43%
<u>2020 Projected Expenses</u>	<u>\$ 250,388,426</u>	<u>4.24%</u>
Projected (Deficit)	(\$ 1,147,687)	



Notes about this Budget

- **Tuition Agreements** – There are no agreements with other school districts planned for next year. Special Education students from District 833 who go elsewhere are billed through a state process in which dollars owed are subtracted from Special Education aid. Special Education students from other districts who attend District 833 create tuition and those dollars are added to Special Education revenue. For those students living outside the state, tuition is **\$10,973** for Secondary Students and **\$9,144** for Elementary students based on the latest state aid projections.
- **TRA** – The pension bill passed in the 2018 Minnesota State Legislative Session requires employers to increase their contributions to TRA by **.21%**. That increase will continue each year for the next five years. Increased State aid will cover the cost for the employers.



Accounting Notes about this Budget

- GASB 84
- Student activity accounts must now fall under School Board control.
- The student activity accounts will now run through the general fund. This budget reflects an increase of \$1 million in revenues and expenses.
- Excess funds in student activity accounts will be restricted.



Education Funding in Minnesota

Minnesota School Districts are funded by a combination of:

	<u>2019-20 General Fund</u>	
State Aid – Income Taxes, Sales Taxes	\$ 180,650,375	72.8%
Local Levies – Property Taxes	\$ 58,302,844	23.5%
Federal Aid – Income Taxes	\$ 4,299,828	1.7%
Fees – Local Participation and Service Charges	\$ 4,987,702	2.0%
	TOTAL \$ 248,240,739	



Revenues – State Aid

Basic Formula: \$6,438 per adjusted pupil unit in 2019-20
(increase of \$126 – 2%)

Compensatory: driven by number of students eligible for free/reduced
\$ 3,180,057

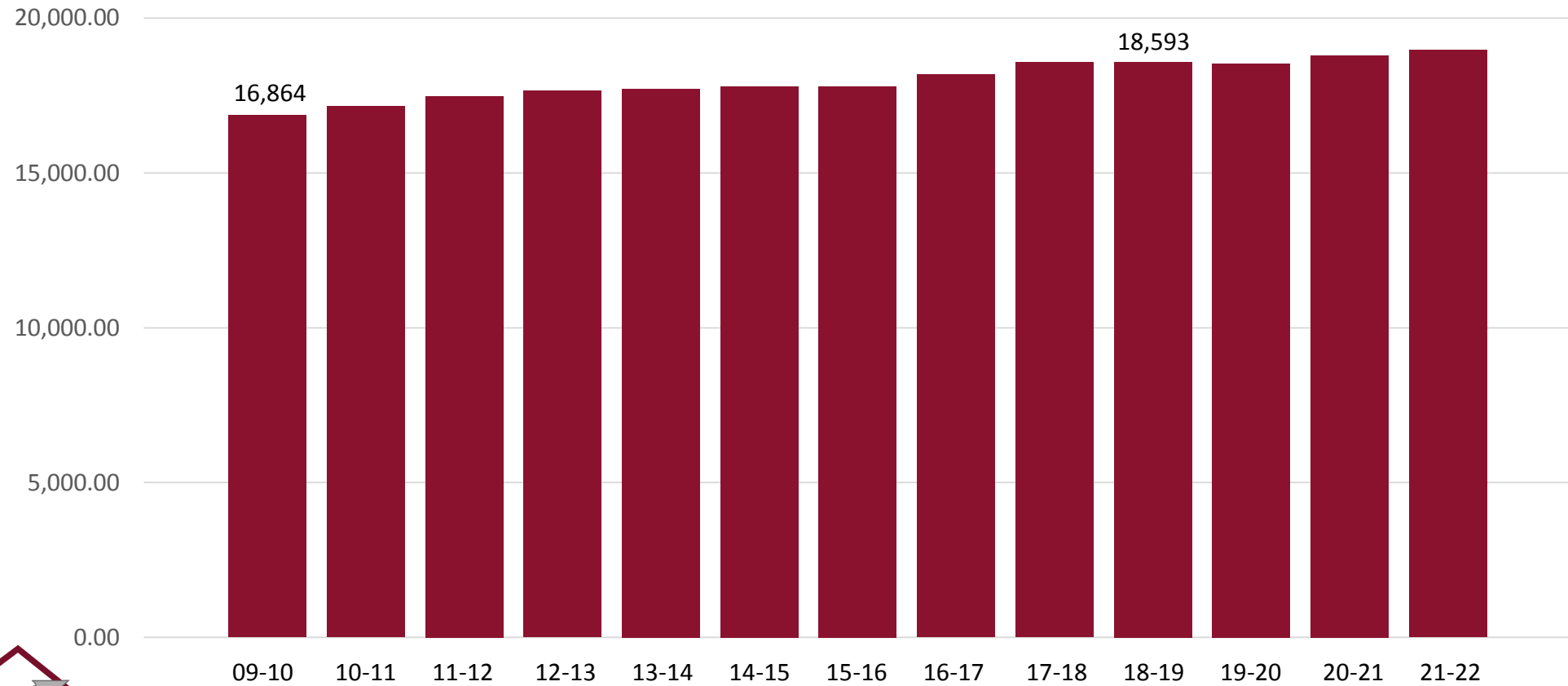
Referendum (Voter approved): aid designed to equalize tax burden
\$ 4,125,905

Local Optional (Board Approved): aid designed to equalize tax burden
\$ 587,600

Operating Capital: Per pupil and Age of Buildings
\$ 3,310,959

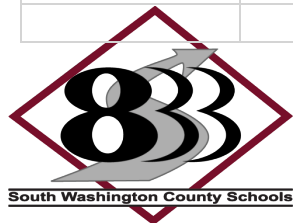


Budget Enrollment



Enrollment Drives the Budget

South Washington County Schools												
Enrollment Projections for budget purposes (as of 6/1/19)												
	Actual	Actual	Actual	Actual	Actual	Actual	Projected	Projected	Projected	Projected	Projected	Projected
	12-13	13-14	14-15	15-16	16-17	17-18	18-19	19-20	20-21	21-22	22-23	23-24
Pre-K	195.18	204.02	236.24	237.00	251.59	250.04	327.04	307.00	307.00	307.00	307.00	307.00
K	1,105.52	1,121.46	1,229.00	1,240.59	1,296.18	1,341.24	1,329.4	1,370.00	1,346.89	1,348.78	1,355.22	1,350.30
PK/SR						17.27	36.00	36.00	28.00	28.00	28.00	28.00
1	1,391.75	1,290.72	1,289.28	1,278.83	1,308.13	1,340.77	1,353.56	1,334.00	1,509.91	1,484.44	1,486.52	1,493.62
2	1,329.75	1,380.15	1,321.05	1,326.57	1,365.73	1,359.71	1,368.11	1,358.00	1,358.40	1,537.53	1,511.60	1,513.71
3	1,353.75	1,364.35	1,402.09	1,354.96	1,416.41	1,412.42	1,387.11	1,367.00	1,388.62	1,389.03	1,572.20	1,545.68
4	1,376.80	1,376.39	1,376.53	1,437.63	1,400.92	1,466.37	1,398.78	1,388.00	1,390.26	1,412.25	1,412.67	1,598.95
5	1,347.79	1,412.21	1,377.19	1,385.75	1,498.43	1,444.56	1,462.89	1,399.00	1,409.23	1,411.52	1,433.85	1,434.27
6	1,356.13	1,330.61	1,395.93	1,323.52	1,384.27	1,486.80	1,398.78	1,469.00	1,372.83	1,382.87	1,385.12	1,407.03
7	1,324.73	1,376.66	1,324.39	1,393.66	1,347.75	1,425.70	1,459.11	1,400.00	1,477.86	1,381.12	1,391.22	1,393.48
8	1,332.55	1,316.94	1,383.32	1,333.71	1,407.43	1,398.11	1,415.33	1,462.00	1,410.05	1,488.47	1,391.03	1,401.20
9	1,405.84	1,384.28	1,359.33	1,409.08	1,415.00	1,463.24	1,438.11	1,462.00	1,514.54	1,460.73	1,541.97	1,441.02
10	1,408.75	1,388.90	1,378.35	1,365.02	1,416.32	1,413.75	1,452.44	1,413.00	1,465.41	1,518.07	1,464.13	1,545.56
11	1,371.40	1,363.63	1,352.37	1,332.64	1,339.06	1,376.09	1,362.00	1,432.00	1,373.44	1,424.38	1,475.57	1,423.14
12	1,349.46	1,406.92	1,372.74	1,375.34	1,330.25	1,371.31	1,404.33	1,340.00	1,448.69	1,389.44	1,440.98	1,492.77
	17,649.40	17,717.24	17,797.81	17,794.30	18,177.47	18,567.38	18,593.04	18,537.00	18,801.14	18,963.64	19,197.07	19,375.74
	0.99%	0.38%	0.45%	-0.02%	2.15%	2.15%	0.14%	-0.30%	1.42%	0.86%	1.23%	0.93%
WADM	20,465.32	19,359.31	19,425.81	19,436.19	19,828.63	20,257.02	20,299.31	20,238.80	20,539.14	20,696.09	20,938.05	21,115.18
						10-year		9.38%	10.74%	11.16%	9.92%	9.63%



Revenues – State Aid

- **Special Education Aid:** Reimbursement system, new system “no harm”
Estimating to be \$27,500,000
- **Alternative Attendance:** Help Districts with transportation of charter school students
- **Gifted and Talented:** \$13 per pupil
- **Limited English Proficiency:** \$704 per LEP ADM
- **Extended Time:** \$5,017 per pupil between 1.0 and 1.2 ADM (Summer School and Extended Day)
- **Literacy Incentive Aid:** Progress from 3 to 4 grade
- **Permanent School Fund:** Land Trust Fund



Revenues – Federal Aids

The federal government provides some aid to school districts for specific programs;

- **Federal Special Education:** Intended to offset costs not covered by state funding sources \$3,500,000
- **Title I:** Support students who are performing below grade level in reading and/or math \$429,566
- **Title II:** Professional Development \$207,734
- **Title III:** English Language Acquisition \$116,937



Revenues – Local Revenue

- Property Tax Levy – 2nd largest source in General Fund
- Operating Referendum Revenue \$1,836 per ADM (\$188 under cap)
- Operating Capital
- LTFM
- Safe Schools
- Gifted and Talented
- Third Party Billing
- Rentals
- Participation Fees
- Interest



Expenditures – General Fund

Main Categories		PY Variance
Salaries	\$ 144,121,532	2.95%
Benefits	\$ 57,150,839	5.32%
Services	\$ 29,595,639	18.59%
Supplies	\$ 9,068,601	-4.80%
Capital	\$ 9,124,874	6.92%
Other	\$ 1,326,941	-32.89%
Total	\$ 250,388,426	4.66%



Regular Instruction
47.61%

Special Education
18.66%

Sites & Buildings
11.85%

Pupil Support
9.82%

Instruction Support
4.76%

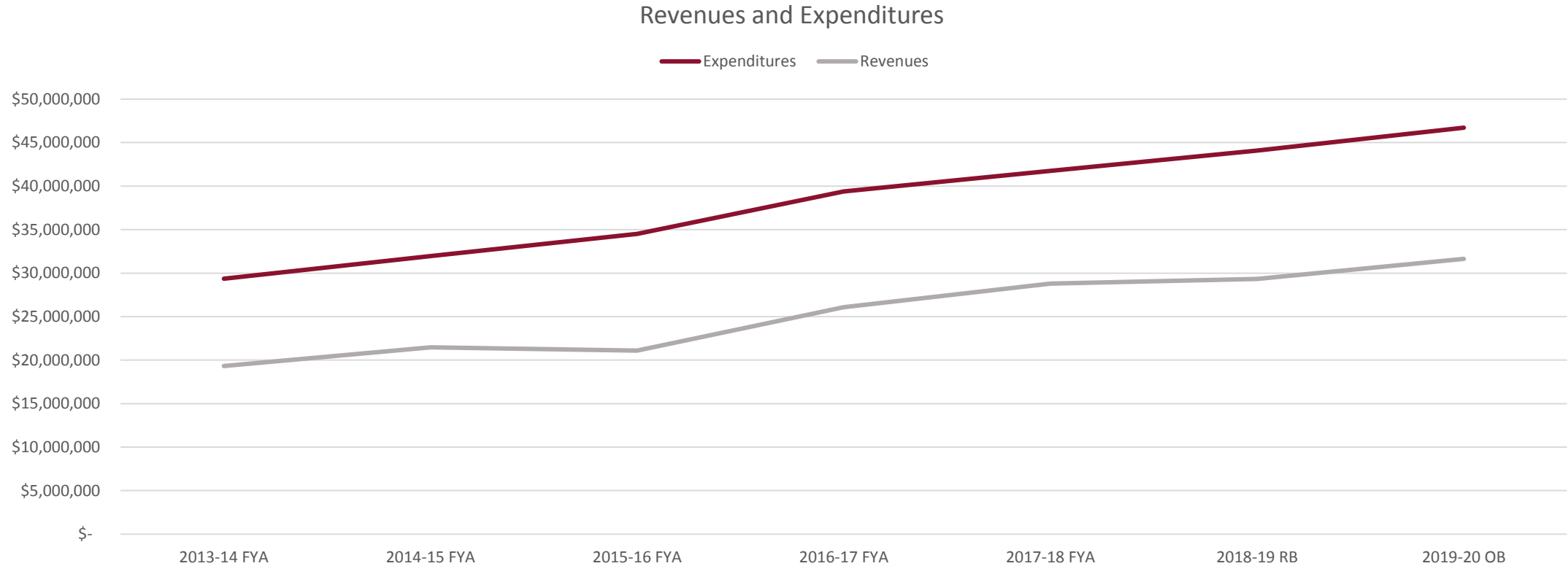


Administration, 3.65%

District Support 3.65%



Special Education Revenues and Expenditures



Expenditures – Salaries

- Class Size – SWCS – ADM per Licensed Staff - 15.75 (source MDE)
 - School Consolidated Financial Reports - <http://w20.education.state.mn.us>
Data Center/School Finance Reports
- Education is a service industry, therefore salaries and wages will be the largest expenditure
- Of a school district's salaries, 73% belong to Licensed Staff
- Contract negotiations are important
- Step and Lane system adds automatic multipliers



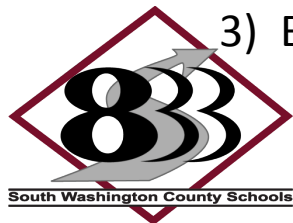
Expenditures – Benefits

Benefits include:

Health Insurance	\$ 24,949,814	10.0%
FICA/Medicare	\$ 11,035,985	4.4%
TRA	\$ 9,217,863	3.7%
TSA	\$ 2,518,894	1.0%
VEBA Contributions	\$ 4,811,436	1.9%
PERA	\$ 2,117,447	0.9%
Others	\$ 2,499,400	4.4%

We are constantly looking at methods to lower the rising cost of Health Insurance :

- 1) Using VEBA's to encourage employees to manage costs
- 2) Self Insurance
- 3) Bidding



Pension Bill – TRA Rates

Effective	Employer Contribution	Employee Deduction
7/1/18	7.71%	7.50%
7/1/19	7.92%	7.50%
7/1/20	8.13%	7.50%
7/1/21	8.34%	7.50%
7/1/22	8.55%	7.50%
7/1/23 and after	8.75%	7.75%



Expenditures – Services

- Tuitions to other Educational Entities for Special Education costs and other services
- LTFM Construction
- Utilities
- Transportation
- Property & Liability Insurance
- Staff Development
- Legal

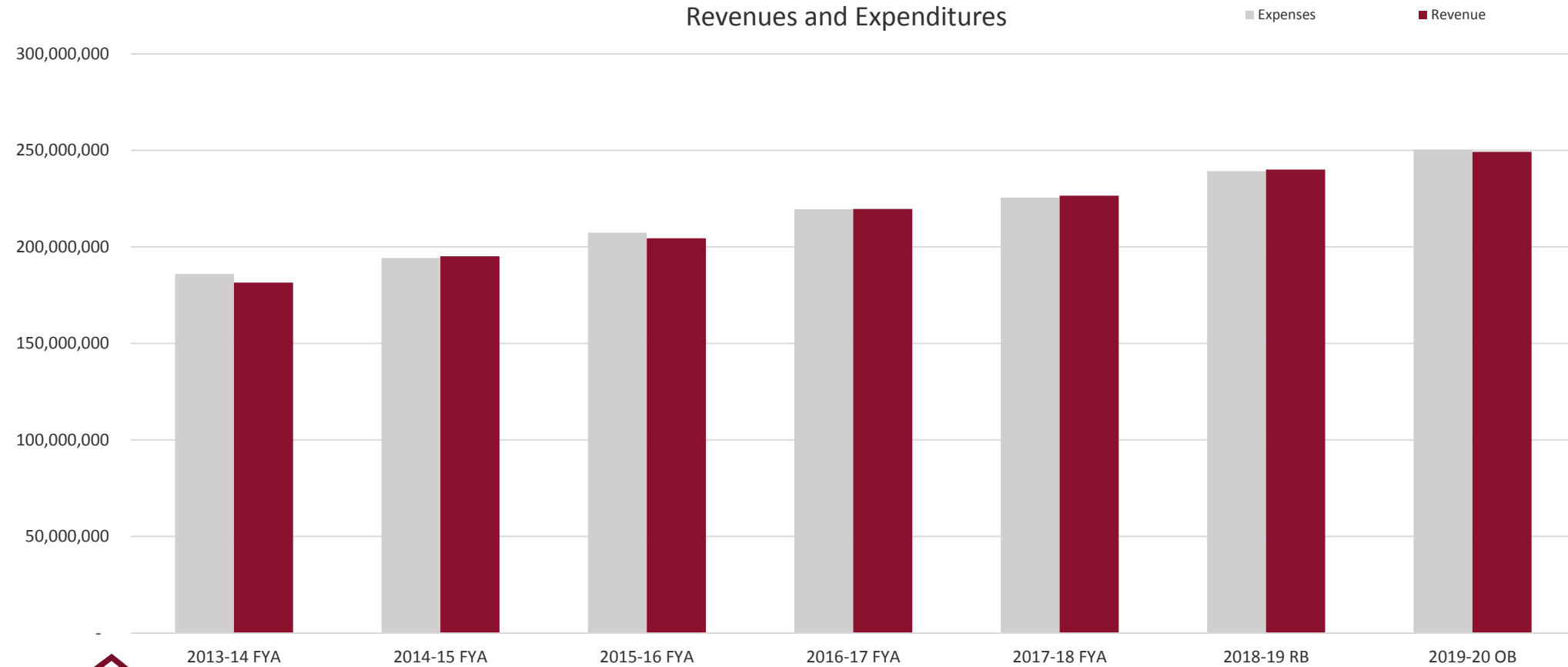


Expenditures – Types of Supplies

Classroom	\$ 894,125
General	\$ 2,312,150
Textbooks	\$ 1,210,800
Fuel	\$ 754,000
Technology	\$ 1,226,918



South Washington County Schools General Fund



General Fund Balance

Fiscal Year	Fund Balance \$	Fund Balance %
June 30, 2014 Actual	\$9,485,552	6.8%
June 30, 2015 Actual	\$10,317,486	5.3%
June 30, 2016 Actual	\$7,303,067	3.4%
June 30, 2017 Actual	\$7,417,697	3.3%
June 30, 2018 Actual	\$8,412,249	3.3%
June 30, 2019 Projected	\$9,159,764	3.8%
June 30, 2020 Projected	\$8,012,077	3.2%

NOTE: Board policy calls for the fund balance to be between 5 and 9 percent each year. Statutory operating debt is -2.5%.



Other Factors Influencing Future Fund Balances

- Next Legislative session is not a funding year
- Enrollment – Demographic Study
- Special Education Funding – Cross Subsidy
- Weather – Utilities & Maintenance
- Unfunded Mandates
- Economy
- Contract Negotiations



Other Funds

School Nutrition:

2019 Fund Balance	\$ 1,381,136
Revenues	\$ 9,733,540
Expenses	\$ 9,837,139
2020 Fund Balance (Projected)	\$ 1,277,357

Community Services

2019 Fund Balance	\$ 251,843
Revenues	\$ 15,954,470
Expenses	\$ 15,599,328
2020 Fund Balance (Projected)	\$ 606,985

Construction Fund

2019 Fund Balance	\$ 17,075,382
Revenues	\$ 180,000
Expenses	\$ 14,249,000
2020 Fund Balance (Projected)	\$ 3,006,382



Next Steps

- Approve Preliminary 2019-20 Budget at next meeting
- Auditors arrive in Summer and Fall
- Board approves tax levies in September and December
- Truth in Taxation Hearing
- Audit – Board approves in November or December
- Insert audited fund balances into Revised 2019-20 Budget
- Project fund balances for next five years
- Revise 2019-20 Budget
- Prepare 2020-21 Budget



Many Thanks

- Kris Blackburn, Controller
- Finance Staff: Sue Pojanowski, Diana Moreno, Manuela Brown, Nikki Kasel, Patti Marks
- School Nutrition Staff: Wendy Tracy, Director
- Community Services Staff: Bob Lawrence, Director
- Human Resources: Kevin Witherspoon, Director; Staffing Specialists Kim Bain and Andrea Helgeson
- Payroll: Sue Kean, Lynn Schmidt, Carrie Reagan, Kalie Newton
- Administrators: Asst. Superintendents, Principals and Directors
- Communications Staff



Questions?

