

2016-17 Final Budget

Fiscal Year Ending June 30, 2017

INDEPENDENT SCHOOL DISTRICT 196

Rosemount-Apple Valley-Eagan Public Schools

Dakota County • Rosemount, Minnesota

www.district196.org



Rika, Westview Elementary

*Educating
our students
to reach
their full
potential*

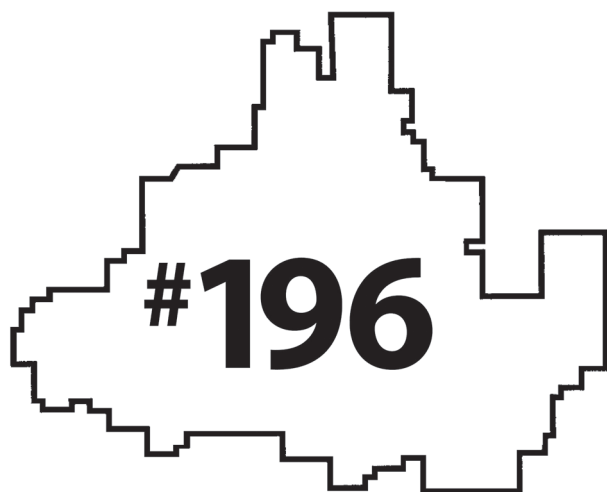
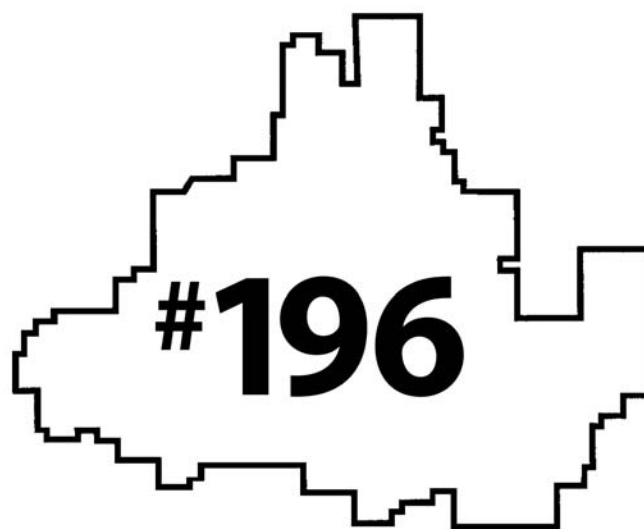


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January 9, 2017

To the School Board of Independent School District 196

INTRODUCTION

To comply with Minnesota Statute 123B.77, the School Board approved the district's 2016-17 preliminary budget at the June 27, 2016 regular School Board meeting. The final budget presented in this report reflects changes in estimates due to actual enrollment and staffing data, contract settlements and other factors that were available or known when the preliminary budget was approved.

REPORT FORMAT

This budget document is presented in three sections. They are listed 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, demographic, and economic data on a multi-year comparative basis

REPORTING ENTITY AND ITS SERVICES

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

FINANCIAL AND BUDGETARY CONTROL

The management of the district is responsible for establishing and maintaining internal controls designed to ensure that the assets and resources of the district are protected from theft, misuse or losses.

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 management.

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 on February 8, 2016.

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 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 by the School Board.

Staffing Allocation

Staff is allocated to each site based on the staffing guidelines and ratios developed by the administration and reviewed by the School Board. The 2016-17 final budget staffing allocations are based on guidelines approved by the School Board at its February 8, 2016 regular meeting, using actual October 3, 2016 enrollment counts. School principals and department administrators are responsible for staffing their building or department according to their allocations.

Employee salaries used in the budget are initially calculated by the finance department based on School Board-approved contracts and verified by school principals and other budget administrators. 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 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 February 2016.

Non-Salary Allocations for Schools

- Instructional Allocations – Consistent with the School Board-approved budget-planning parameters, the 2016-17 instructional allocations to the schools have been increased by 2 percent to reflect a 2 percent inflationary adjustment.
- Staff Development – In addition to the instructional allocations schools receive \$8 per pupil for staff development activities.
- Cocurricular staffing and supplies – Middle and high schools receive cocurricular staffing and supplies allocations to support their cocurricular programs. Cocurricular staffing allocations for 2016-17 school year have been increased by 2.0 percent to reflect contract. Cocurricular supplies allocations for 2016-17 school year have also been increased to reflect a 2 percent inflationary adjustment.
- Compensatory Education Allocations – 2016-17 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, 2015
- 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-, second-, and third-grade class sizes. The allocations for each school were based on actual October 3, 2016 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 2016-17, 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 directions.

Revenues

Estimates are prepared by the Finance Department based on state statutes, using the actual October 3, 2016. The per pupil unit allowance for the 2016-17 school year is \$6,067. The per pupil unit formula allowance for the 2015-16 school year was \$5,948. The amount set aside for pupil transportation for the current school year is \$282.72, or 4.66 percent of the formula allowance. The projected adjusted pupil units for the 2016-17 school year is 30,442.14.

DESCRIPTION OF FUNDS

The existence of the various district funds has been established by the Minnesota Department of Education. 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.
- **Capital Projects – 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** – The food service special revenue fund is primarily used to account for the district's child nutrition program.
- **Community Service Special Revenue Fund** – The community service special revenue fund is 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 four internal service funds: Severance Benefits, Other Post-Employment Benefits, Self-Insured Dental, and Self-Insured Health.

Fiduciary Funds

- **Employee Benefit Trust Fund** – 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).
- **Scholarship Private-Purpose Trust Fund** – The scholarship private-purpose trust fund is used to account for resources held in trust to be used by various other third parties to award scholarships to students.
- **Agency Funds** – Agency funds are established to account for cash and other assets held by the district as the agent for others. The district maintains two agency funds used to account for a Graduate Credit Program (a continuing education program organized for the benefit of district certified staff) and Local Collaborative Time Study (LCTS) grant funds.

FISCAL SUMMARY

The following is a summary listing of the budget for each of the fund groups contained in the 2016-17 Final Budget:

	Fund balance July 1, 2016	Revenues	Expenditures	Other Financing sources (uses)	Projected Fund balance June 30, 2016
General Fund	31,052,210	344,354,472	351,278,184	97,263	24,225,761
Special Revenue Funds	3,224,754	20,795,445	21,162,128	-	2,858,071
Building Construction Funds	127,956,510	700,000	42,763,523	(97,263)	85,795,724
Debt Service Funds	7,362,951	17,332,906	19,637,353	-	5,058,504
Internal Service Funds	32,568,183	46,531,400	45,735,646	-	33,363,937
Fiduciary Funds	623,589	121,218	186,792	-	558,015
Totals	202,788,197	429,835,441	480,763,626	-	151,860,012

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 this important budget document.

Respectfully



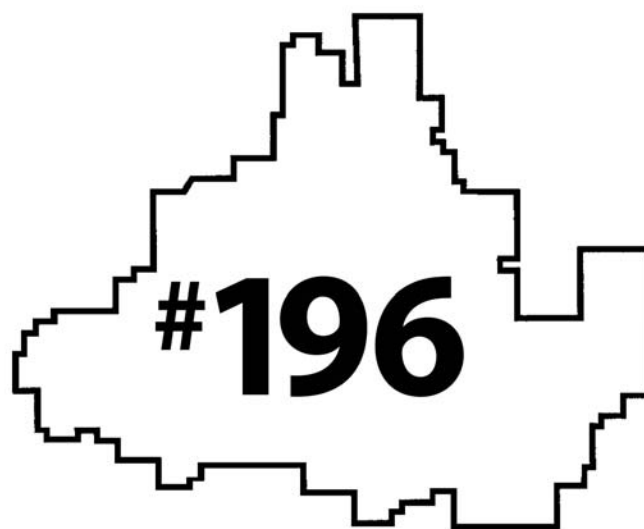
Jeffrey M. Solomon
Director of Finance and Operations



Stella Y. Johnson
Coordinator of Finance



Joseph M. Bertram, CPA
Controller



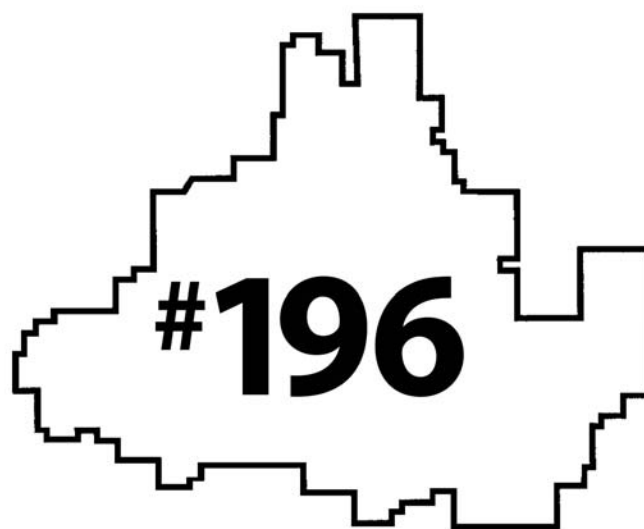
A Budget Guide For Our Community

2016-17



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

Educating our students to reach their full potential

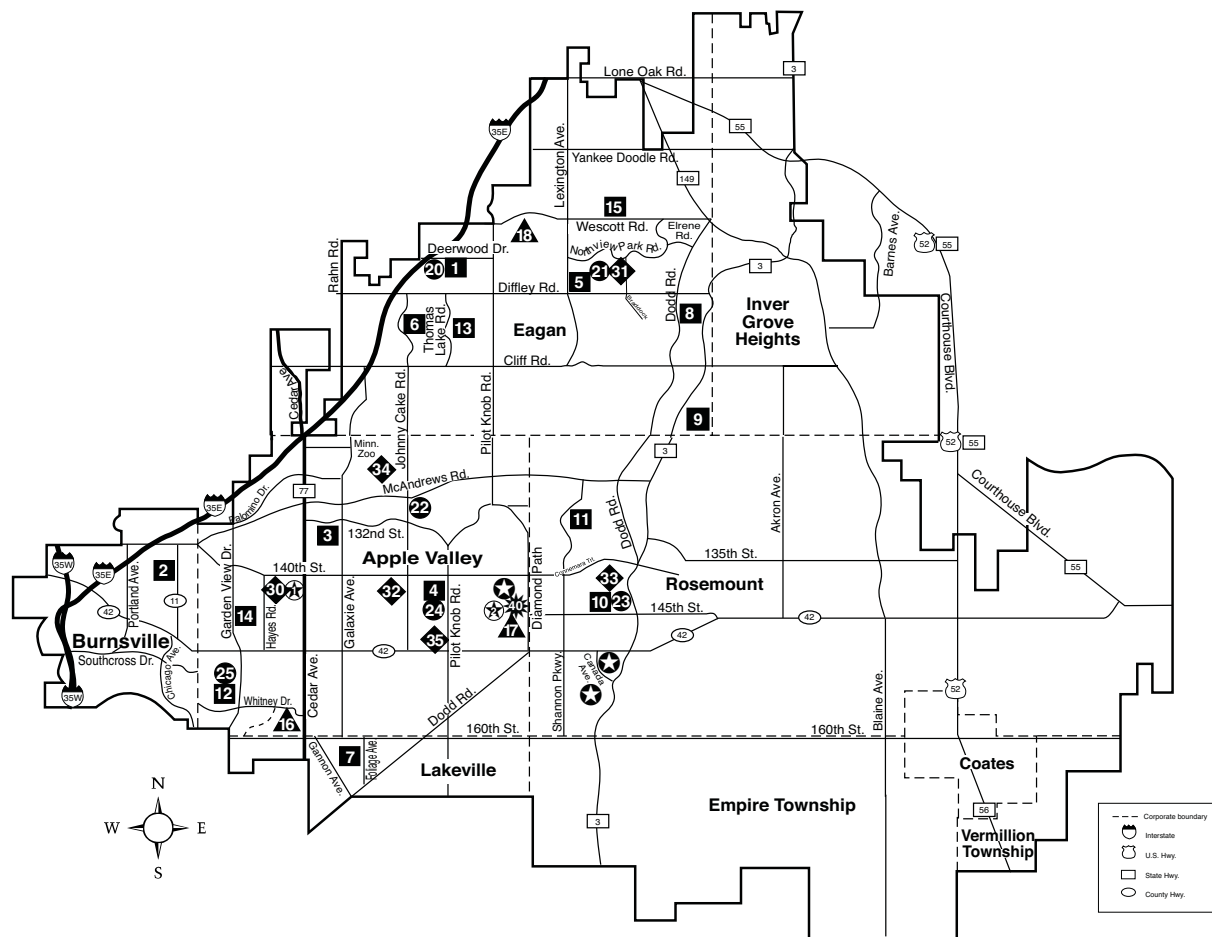


Our District



District 196 is a public school district in Dakota County, Minnesota serving approximately 28,200 students in early childhood programs through grade 12. The mostly suburban district covers 110 square miles in Dakota County and serves all or parts of the cities of Rosemount, Apple Valley, Eagan, Burnsville, Coates, Inver Grove Heights and Lakeville, and Empire and Vermillion townships. Total district population is approximately 153,000.

District 196 operates its programs in 34 facilities, including an Early Childhood Learning Center, 18 elementary schools, 6 middle schools, 4 comprehensive high schools, an optional high school for grades 11-12, an alternative high school, a school for students with special needs and two Adult Basic Education learning centers. The district also has three facilities for support staff.



■ Elementary Schools

- | | |
|-------------|-----------------|
| 1 Deerwood | 9 Red Pine |
| 2 Echo Park | 10 Rosemount |
| 3 Greenleaf | 11 Shannon Park |
| 4 Highland | 12 Southview |
| 5 Northview | 13 Thomas Lake |
| 6 Oak Ridge | 14 Westview |
| 7 Parkview | 15 Woodland |
| 8 Pinewood | |

▲ Elementary Magnet Schools

- 16 Cedar Park Science, Technology, Engineering and Math (STEM) School
- 17 Diamond Path School of International Studies
- 18 Glacier Hills School of Arts and Science

● Middle Schools

- 20 Black Hawk
- 21 Dakota Hills
- 22 Falcon Ridge
- 23 Rosemount
- 24 Scott Highlands
- 25 Valley Middle - School of STEM

★ Special Education Schools

- 35 Transition Plus/Pathway
- 40 Dakota Ridge

◆ High Schools

- 30 Apple Valley
- 31 Eagan
- 32 Eastview
- 33 Rosemount
- 34 School of Environmental Studies
- 35 Area Learning Center

★ District Offices

- ★ Cedar Valley Learning Center
- ★ Dakota Valley Learning Center

District 196 By the Numbers



For **14 years** in a row, District 196 has been selected to receive the Certificate of Excellence in Financial Reporting from the Association of School Business Officials (ASBO) International for excellence in the preparation and issuance of the district's Comprehensive Annual Financial Reports. The Certificate of Excellence is the highest recognition of school district financial operations given by ASBO.

District 196 has a **general fund budget of \$351 million** for the 2016-17 school year. On a per pupil basis, District 196 is slightly above average in spending compared to the average of the 48 school districts in the Twin Cities metro area. Historically, District 196 allocates a higher percentage of expenditures for regular classroom instruction and a lower percentage for district administration and support services compared to the state and metro-area averages.

In November 2015, **District 196 voters approved a \$180 million referendum** question to provide funding for safety and security improvements at all district schools; additional space for learning, including construction of nineteenth elementary school, and increased access to technology for all students.

Newsweek's 2016 ranking of **America's Top High Schools** included all four, four-year high schools in District 196 based on a review of student achievement and college-readiness data.

District 196 high school students in 2016 earned an **average composite score of 23.0 on the ACT college entrance exam**, more than two points higher than the national average of 20.8 and nearly two points higher than the Minnesota average of 21.1, which was highest in the nation among the 18 states that offer the ACT to all students.

Each year, approximately **90 percent of District 196 graduates** indicate plans to continue their education in college or vocational school. District 196 students consistently earn scholarships to colleges and universities throughout the country, as well as appointments to the United States military academies.

District 196 has exceeded **\$3 million in energy savings** during the first nine years participating in an energy-reduction program which the district now administers. The program focuses on low- and no-cost behavior changes that save energy and energy costs.

District 196 students won **35 of the 104 total medals awarded** at the 2016 Minnesota Speech Tournament, including four state titles in the 13 categories of competition.

During the 2015-16 school year, **District 196 high school students earned 6,182 college credits** valued at more than \$2.9 million participating in the College in the Schools program offered in cooperation with the University of Minnesota. Students earn these transferable U of M credits while taking advanced courses at their high school that are taught by their high school teachers.

During the 2015-16 school year, **734 District 196 high school students were named Advanced Placement (AP) scholars** by The College Board for their performance on AP course exams. Thirty students received the highest honor of National AP Scholar, which recognizes students who received an average score of 4 (on a scale of 1 to 5) on all AP exams taken.

Of the more than 54,000 households in District 196, approximately **40 percent have preschool and/or school-aged children** and nearly one-fourth of the district's 153,000 residents are under age 18.

Nearly nine of 10 school-aged children who live in District 196 attend District 196 schools. The district's **87 percent "capture rate"** of school-aged children living within the district is considered among the highest in the state.

Students of color represent 34 percent of enrollment in District 196 schools, nearly double the percentage of 10 years ago.

Twenty-three percent of District 196 students receive free or reduced-price school meals based on National School Lunch Program qualification criteria. That is more than double what the percentage was 10 years ago. Each year, the district's Food and Nutrition Services Department serves more than 3 million meals.

District 196 owns and operates approximately **200 school buses**, making it the largest district-owned bus fleet in Minnesota. The district provides bus transportation to more than 20,000 of its 28,000 students based on service distances. Each year, district bus drivers and chaperones travel more than 2.7 million miles transporting students safely to and from school.

In 2016, **16 District 196 seniors were National Merit Scholarship finalists** (top 1 percent of seniors nationwide) and another 23 were named National Merit commended students (top 5 percent) based on their scores on the Preliminary Scholastic Aptitude Test/National Merit Scholarship Qualifying Test, which they took as juniors. Students named finalists competed for more than \$32 million in college scholarships.

Our Students



District 196 has an increasingly diverse population of students with a variety of needs. It is the district's mission to *educate our students to reach their full potential*. Numbers below are based on the district's *October 3, 2016 Official Enrollment Report*.

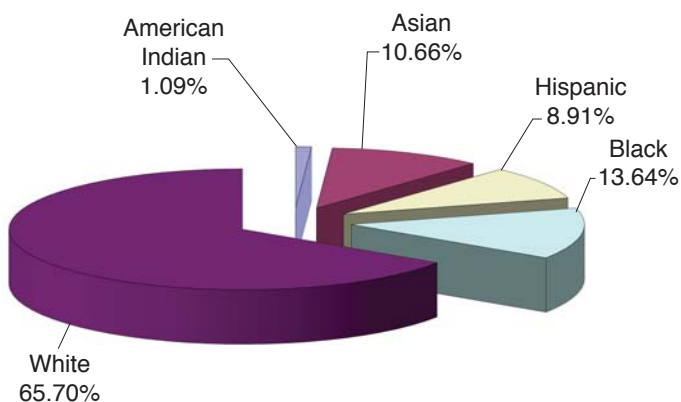
Total Students: 28,182 (10-3-16)

- Fourth largest public school district in Minnesota
- Early Childhood Special Education: 486 (1.72% of students)
- Center-Based Special Education: 842 (2.98%)
- Grades K - 5: 12,172 (43.19% of students)
- Grades 6 - 8: 6,296 (22.34% of students)
- Grades 9 - 12: 8,386 (29.77% of students)

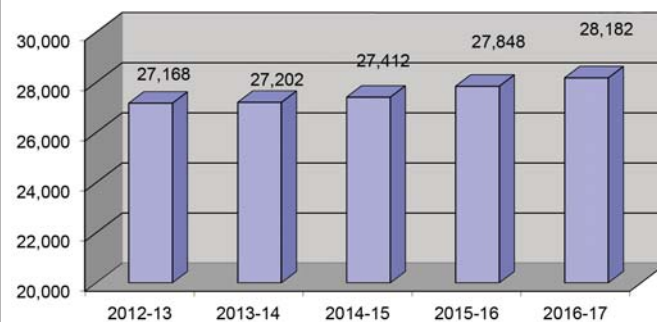
Free or Reduced-Price School Meals

- 23.15% of District 196 students qualify to receive free or reduced-price school meals compared to 38.1% of students statewide in 2015-16

Student Ethnicity



5-Year Enrollment History



District 196 enrollment has been growing since 2012-13 school year, 2016-17 enrollment of 28,182 is 1.20% higher than the previous school year.

English Learners (EL): 1,780

- 6.33% of all students, compared to a 2015-16 Minnesota average of 8.3%
- More than 87 languages spoken by families living in the district

Special Education: 4,110

- 14.61% of all students qualify to receive special education services, compared to a 2015-16 Minnesota average of 15.1%

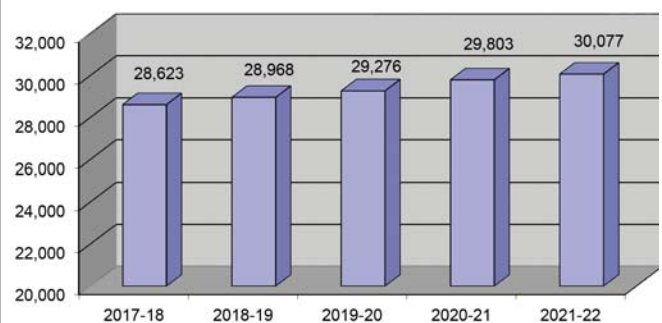
Gifted and Talented: 2,910

- 10.34% of all students qualify to participate in the district's Gifted and Talented Program

Federal Title I Program

- Nine District 196 elementary schools receive federal Title I funds to improve the achievement of educationally disadvantaged students

5-Year Enrollment Projections



District 196 enrollment is projected to increase over the next five years, the average annual increase for the next 5 years is 1.30%.

Achievement



District 196 students have a tradition of outstanding achievement both in and out of the classroom. They win a large number of state and national awards in a variety of curricular and cocurricular competitions, and earn scholarships to colleges and universities throughout the country, as well as 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.

2015-16 Reading - Percentage of Students Proficient

Grade	3	4	5	6	7	8	10
District 196	58.9	64.5	72.8	65.5	65.4	66.2	73.5
Statewide	57.5	58.4	67.7	62.3	56.7	57.3	59.1
Difference	+1.4	+6.1	+5.1	+3.2	+8.7	+8.9	+14.4

2015-16 Math - Percentage of Students Proficient

Grade	3	4	5	6	7	8	11
District 196	73.5	72.9	65.3	65.8	63.0	66.2	64.4
Statewide	69.6	68.8	58.8	56.1	56.2	58.2	47.2
Difference	+3.9	+4.1	+6.5	+9.7	+6.8	+8.0	+17.2

2015-16 Science - Percentage of Students Proficient

Grade	5	8	High School
District 196	69.9	62.8	69.5
Statewide	61.6	47.5	56.3
Difference	+8.3	+15.3	+13.2

District 196 high school students in the class of 2016 scored well above state and national composite scores on the American College Test (ACT) entrance exam. The ACT average composite score for the district's class of 2016 was 23.0. The district average was 1.9 point higher than the Minnesota average of 21.1, which was highest in the nation among states where more than half of all graduates took the test.

ACT Average Composite Scores, 2010-2016

School Year Ending	District 196	State	National
2016	23.0	21.1	20.8
2015	24.4	22.7	21.0
2014	24.1	22.9	21.0
2013	24.0	23.0	20.9
2012	24.1	22.8	21.1
2011	24.0	22.9	21.1
2010	24.0	22.9	21.0

High School Graduation Rates

	2007-08	2008-09	2009-10	2010-11*	2011-12	2012-13	2013-14	2014-15
District 196	95.3%	95.3%	96.7%	88.2%	90.7%	92.2%	91.9%	89.8
Minnesota	91.7%	91.8%	92.8%	76.9%	77.55%	80.0%	81.2%	81.9

* Effective with the 2010-11 school year, the methods used to calculate cohort-adjusted graduation rates were changed to comply with requirements set by the US Department of Education.



Our School Board and Staff

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 at large 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 the open forum and special communication portions of the meeting.



Joel Albright



Art Coulson



Gary Huusko



Sachin Isaacs



Jackie Magnuson



Mike Roseen

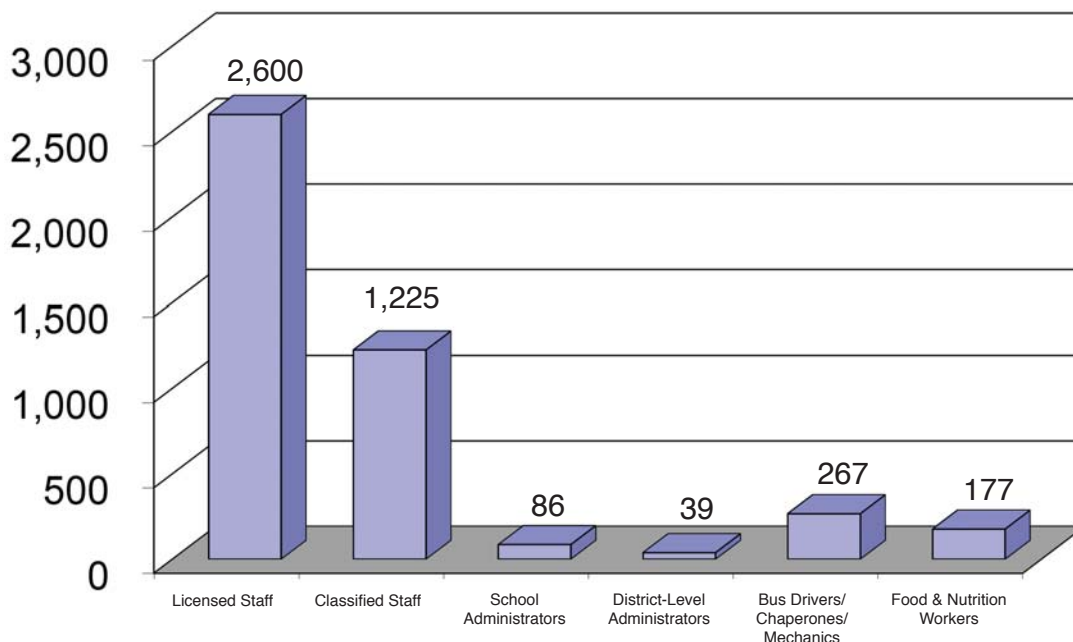


Bob Schutte



Jane K. Berenz,
Superintendent

Total Employees by Classification



The graph shows the number of staff employed by the school district. The majority of the district's 4,394 employees are teachers (licensed staff) and classified (non-licensed) staff who provide support to the classroom.

Our Strategies and Goals



In spring 2011, Superintendent Jane K. Berenz established the District 196 Strategic Planning Task Force and charged the group to develop a vision for education that would guide district goals. The 60-member task force included parents, staff, School Board members and leaders from the 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 in December 2011 as outlined below.

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

Strategy One: TEACHING AND 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

Strategy Two: 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

Strategy Three: 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 cocurricular 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)

Strategy Four: PARTNERSHIPS

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

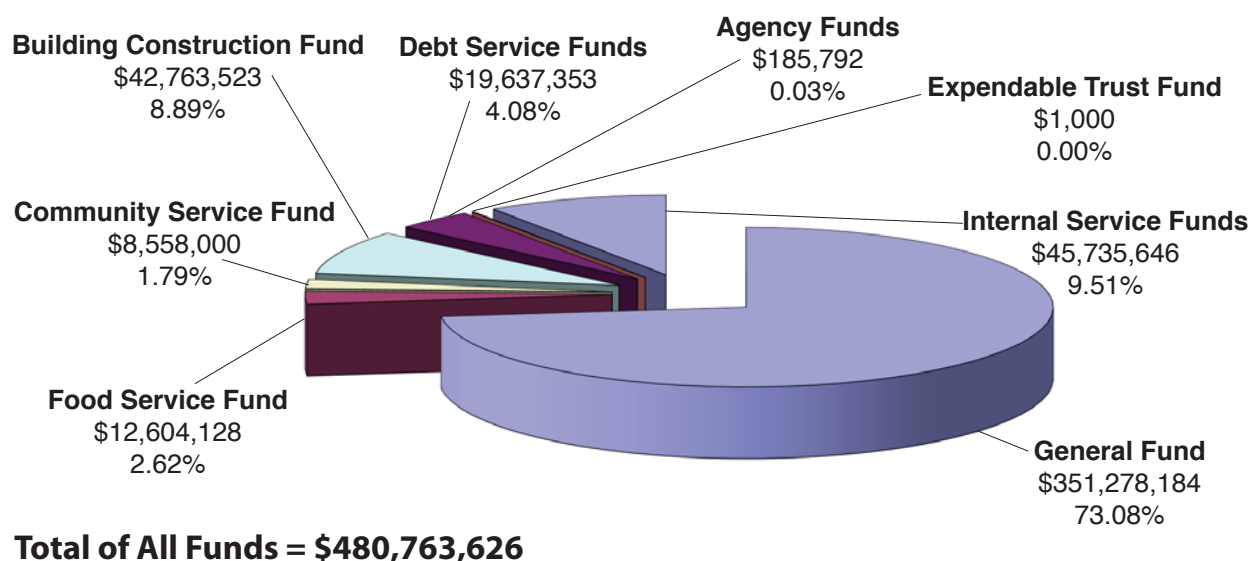
- Establish a structure that will support new and existing partnerships
- Increase partnerships by enhancing relationships among schools and between schools and the community



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 each year. 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 June 30 each year.

2016-17 Expenditure Budget - All Funds



School district budgeting is a continuous five-step process

The school district budget cycle is a continuous five-step process that is mandated by state law. 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 budget process begins with submission of estimated property tax levy information to the Minnesota Department of Education (MDE) by mid July. The MDE sets the maximum amount each district may levy based on current legislation. The School Board certifies the levy before the end of the calendar year.
- 2) Preliminary Budget** – The School Board must approve a preliminary budget before the start of the school year on July 1. This process includes completion of enrollment projections and five-year budget forecast, development of staffing guidelines and determination of revenue and expenditure assumptions.
- 3) Final Budget** – Each fall, the Finance Department prepares a final budget that includes actual October 1 enrollment and any changes in law that affect education finance. The School Board approves the final budget in December or January.
- 4) Budget Adjustments** – Each spring, the School Board approves 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 next fiscal year.
- 5) Annual Financial Report and Audit** – The final step in the budgeting process is closing the books and preparing financial statements for the year. During this step the district undergoes an independent audit as required by law. The School Board typically reviews the audited financial report in October or November.

Budget Funds



General Fund

2016-17 budgeted amount: \$351,278,184 (73.08%)

The general fund is divided into five separate accounts. They are:

General Account

2016-17 budgeted amount: \$248,562,303 (70.76%)

This is the district's main operating budget. This account pays for the 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

2016-17 budgeted amount: \$66,672,091 (18.98%)

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

Quality Compensation Account

2016-17 budgeted amount: \$7,224,126 (2.05%)

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

2016-17 budgeted amount: \$18,078,544 (5.15%)

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

2016-17 budgeted amount: \$10,741,120 (3.06%)

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.

Food Service Fund

2016-17 budgeted amount: \$12,604,128 (2.62%)

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

2016-17 budgeted amount: \$8,558,000 (1.79%)

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.

Building Construction Fund

2016-17 budgeted amount: \$42,763,523 (8.89%)

When voters approve a building construction or facilities renovation bond, the district sells bonds in order to pay for the work. This is the fund that 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

2016-17 budgeted amount: \$19,637,353 (4.08%)

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

2016-17 budgeted amount: \$1,000 (0.00%)

This fund is used to record revenues and expenditures for trust agreements where the School Board has accepted the responsibility to serve as trustee. The property in the trust agreement typically comes to the district by gift. For example, a community member may create a scholarship trust to be awarded to an outstanding student every year.

Agency Funds

2016-17 budgeted amount: \$185,792 (0.03%)

Agency funds are used to account for assets where the district has a formal agency agreement with other governmental units, employees, students or others. The district maintains two agency funds to account for activities related to a continuing education program (District Graduate Credit Program) for district licensed staff and receipts and disbursements related to the Local Collaborative Time Study (LCTS) managed by the district's community education department. The agency fund budget reflects activities related to LCTS; the district does not budget for the District Graduate Credit Program.

Internal Service Funds

2016-17 budgeted amount: \$45,735,646 (9.51%)

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 four internal service funds to report activities related to other post-employment benefits, 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 is the fund over which our School Board has the most discretion.

The 2016-17 general fund budget was developed to support the district's mission to *educate our students to reach their full potential and beliefs* (see p.6).

- **Student Instruction: \$253,613,174** (72.20%)

All costs associated with the teaching of students, the interaction between teachers and students in the classroom and cocurricular 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: \$52,342,198** (14.91%)

This 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: \$31,634,394** (9.00%)

This 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 and maintenance specialists, and utilities.

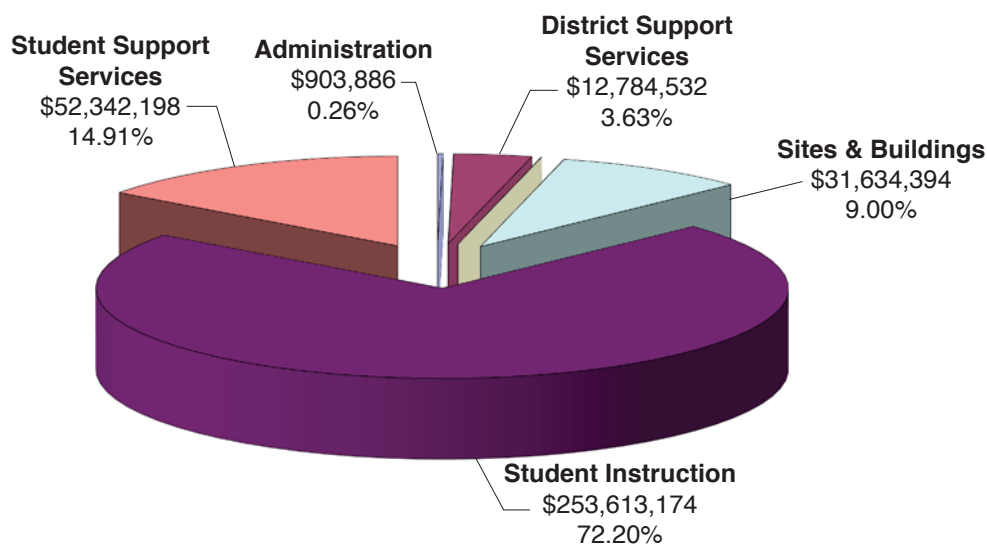
- **District Support Services: \$12,784,532** (3.63%)

This includes expenses for services provided centrally by the district, such as human resources, business services, communication, purchasing, mail processing, technology support and legal services.

- **Administration: \$903,886** (0.26%)

This includes the costs for general district administration. General district administration includes the School Board and the superintendent.

2016-17 General Fund Expenditures



Total General Fund = \$351,278,184

General Fund by Program



Student Instruction \$ 253,613,174 72.20%	Elementary Instruction	67,411,660
	Middle and High School Instruction	90,849,047
	Cocurricular and Extra Curricular Activities	6,560,217
	Gifted & Talented Program	2,271,441
	English Language Learners	5,942,541
	Title Programs	2,775,331
	Career and Technical Programs	4,863,200
	Special Education	66,753,792
	Library/Media Center	3,886,749
	Instruction-Related Technology	2,299,196
Student Support Services \$ 52,342,198 14.91%	Elementary School Administration	7,045,921
	Middle School Administration	3,707,202
	High School Administration	2,753,369
	Instructional Administration	6,459,153
	Curriculum Development	3,784,862
	Guidance and Counseling Services	3,130,101
	Health Services	2,351,681
	Other Student Support (Attendance & Social Work Services)	1,622,076
	Staff Development	3,382,205
Sites and Buildings \$ 31,634,394 9.00%	Student Transportation	18,105,628
	Capital Expenditures	3,101,708
	Long-Term Facility Maintenance	7,761,349
	Operations and Maintenance	19,989,566
District Support Services \$12,784,532 3.63%	Property and Other Insurance	781,771
	Business Services - Finance	2,171,283
	Business Services - Purchasing and Receiving	557,726
	Human Resources	3,375,432
	Graphics & Mail Processing	368,603
	Census/Student Information	300,875
	Communication	556,848
	Legal Services	536,027
	Technology Support	4,686,332
Administration \$ 903,886 0.26%	Retirement of Non-Bonded Debt	231,406
	Office of Superintendent	663,917
	School Board	239,969
TOTAL GENERAL FUND		\$ 351,278,184

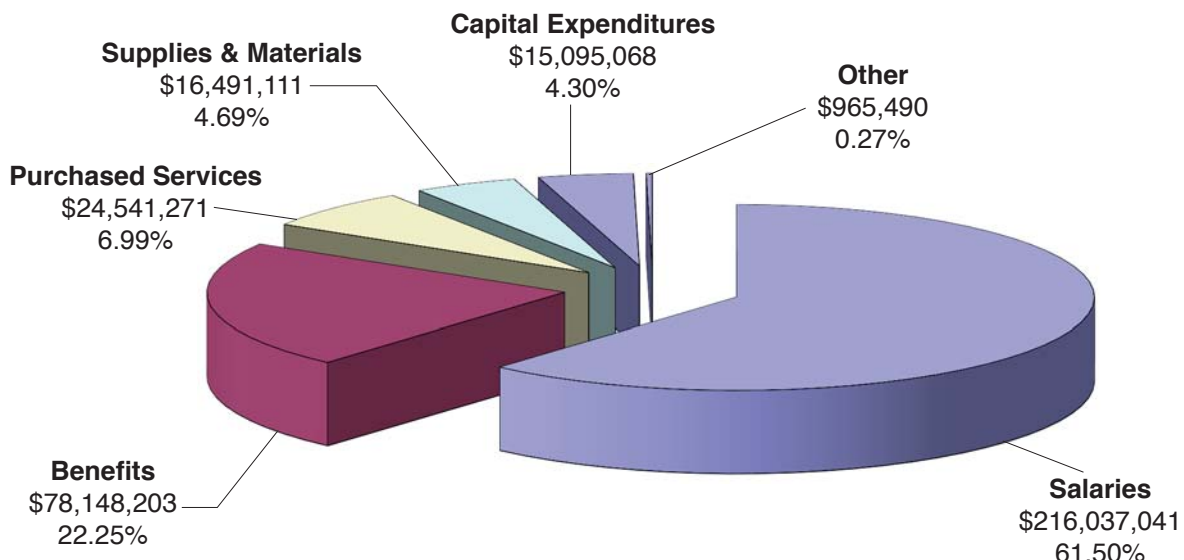
General Fund by Category



The categories of general fund expenditure are salaries, benefits, purchased services, supplies and materials, capital and other expenditures. As shown in the graph below, more than 83% of the general fund budget pays for people (salaries and benefits), and the majority of those people are teachers and instructional staff who work with students in the classroom.

- **Salaries: \$216,037,041 (61.50%)**
Includes salaries for district administrators, principals, teachers, secretarial and clerical employees, building chiefs, custodians, transportation, food service and other staff.
- **Supplies and Materials: \$16,491,111 (4.69%)**
Includes general supplies such as copier paper, instructional supplies for classrooms, textbooks and workbooks, standardized tests and media resources.
- **Benefits: \$78,148,203 (22.25%)**
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.
- **Capital Expenditures: \$15,095,068 (4.30%)**
Includes building repairs and site improvements, technology equipment such as computers for classrooms, printers, copiers, fax machines and school buses.
- **Purchased Services: \$24,541,271 (6.99%)**
Includes utilities, legal services, contracted work and other services that must be purchased from outside sources.
- **Other: \$965,490 (0.27%)**
Includes miscellaneous expenditures that are not categorized elsewhere such as membership dues for professional organizations, taxes, special assessments, permanent transfers to other funds and non-bonded debt service payments.

2016-17 General Fund Expenditures by Category



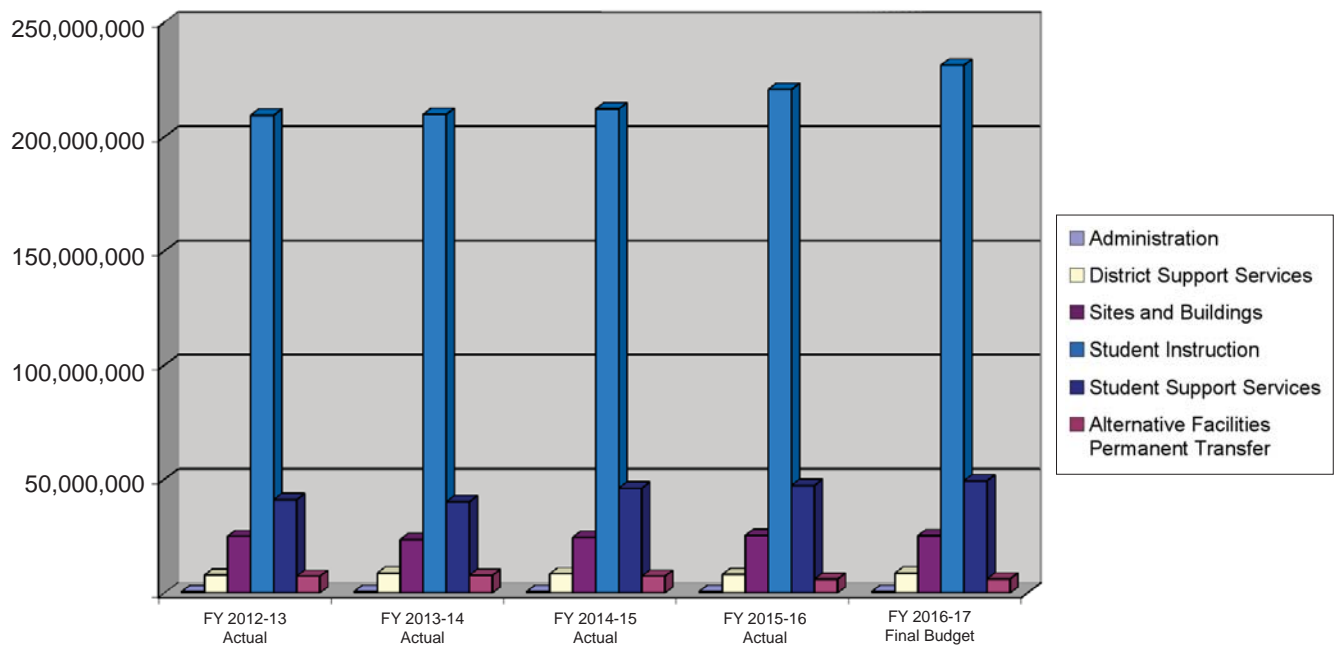
Total General Fund = \$351,278,184

General Fund History



The general fund is the district's main operating fund. The graph below shows that over 85 percent of the district's general fund resources are used for student instruction and student support services. This is consistent with the district's mission to *"educate our students to reach their full potential."* Some of the instructional programs that were added in the past 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 is consistent with the district's goal to focus resources on classroom instruction for students.

Five-Year Overview



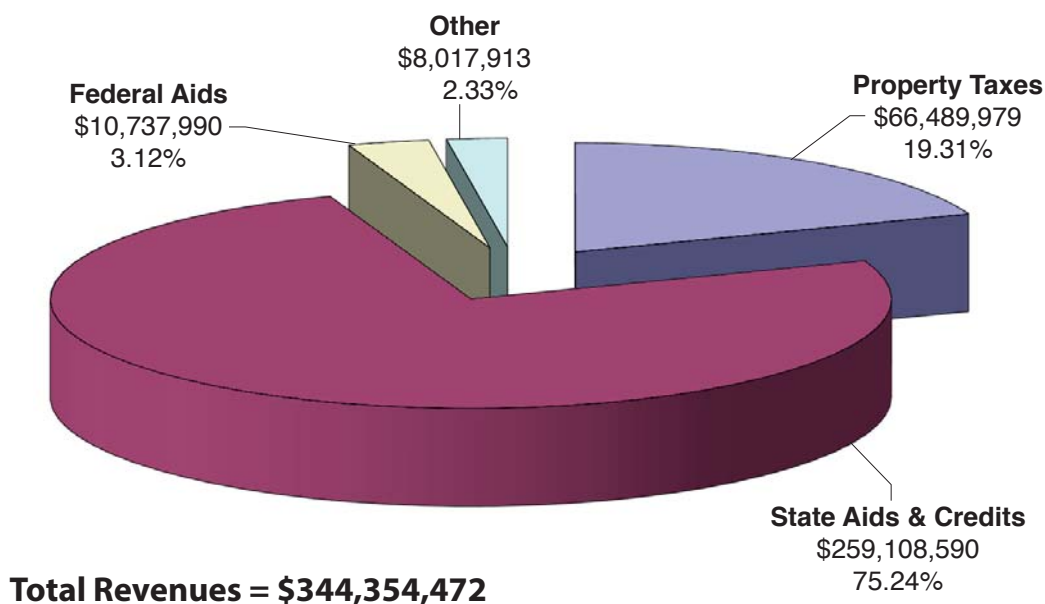
Fiscal Year	Admin.	% of General Fund	District Support Services	% of General Fund	Sites and Buildings	% of General Fund	Student Instruction	% of General Fund	Student Support Services	% of General Fund	Alternative Facilities Permanent Transfer	% of General Fund	Total
2011-12	746,942	0.26%	8,813,609	3.03%	23,485,755	8.08%	209,815,788	72.16%	40,074,827	13.78%	7,813,886	2.69%	290,750,807
2012-13	745,958	0.25%	8,515,239	2.84%	24,480,638	8.17%	212,236,139	70.86%	46,074,398	15.38%	7,456,023	2.49%	299,508,395
2013-14	824,584	0.27%	8,245,963	2.67%	25,327,993	8.21%	220,733,192	71.55%	47,247,279	15.31%	6,128,529	1.99%	308,507,540
2014-15	755,173	0.23%	8,803,178	2.73%	25,162,631	7.82%	231,336,502	71.96%	49,268,129	15.33%	6,220,053	1.93%	321,545,666
2015-16	875,623	0.28%	9,360,366	2.77%	25,460,515	7.54%	240,428,662	71.24%	52,783,277	15.64%	8,554,099	2.53%	337,462,542
2016-17 Budgeted	903,886	0.26%	12,784,532	3.63%	31,634,394	9.00%	253,613,174	72.20%	52,342,198	14.91%	N/A	N/A	351,278,184

Our 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 94% of total district revenues, while federal aids and other sources account for less than 6% of revenues, as shown in the graph below.

2016-17 General Fund Revenue



• State Aids and Credits: \$259,108,590 (75.24%)

These 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. The percentage of revenues received from the state has decreased from 84% in 2003-04 to 75.24% projected for 2016-17.

• Federal Aids: \$10,737,990 (3.12%)

These 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.

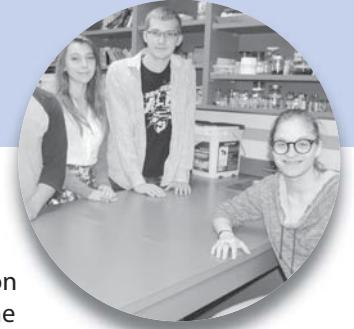
• Property Taxes: \$66,489,979 (19.31%)

These 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 2013, district voters approved a single ballot question to revoke the district's current levy for \$1,111 per pupil and replace it with a new 10-year levy for \$1,486 per pupil, an increase of \$375 per pupil. This will generate an additional \$11 million per year for the district, beginning with the 2014-15 school year. As the percentage of state aid has decreased, the percentage of revenues from local property taxes had increased from 10.9% in 2003-04 to 19.31% projected for 2016-17.

• Other: \$8,017,913 (2.33%)

These revenues include miscellaneous School Board-approved fees for cocurricular 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.

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 then certifies the levy to the county auditor, the county sends out tax statements to individual property owners, collects the taxes and makes 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.

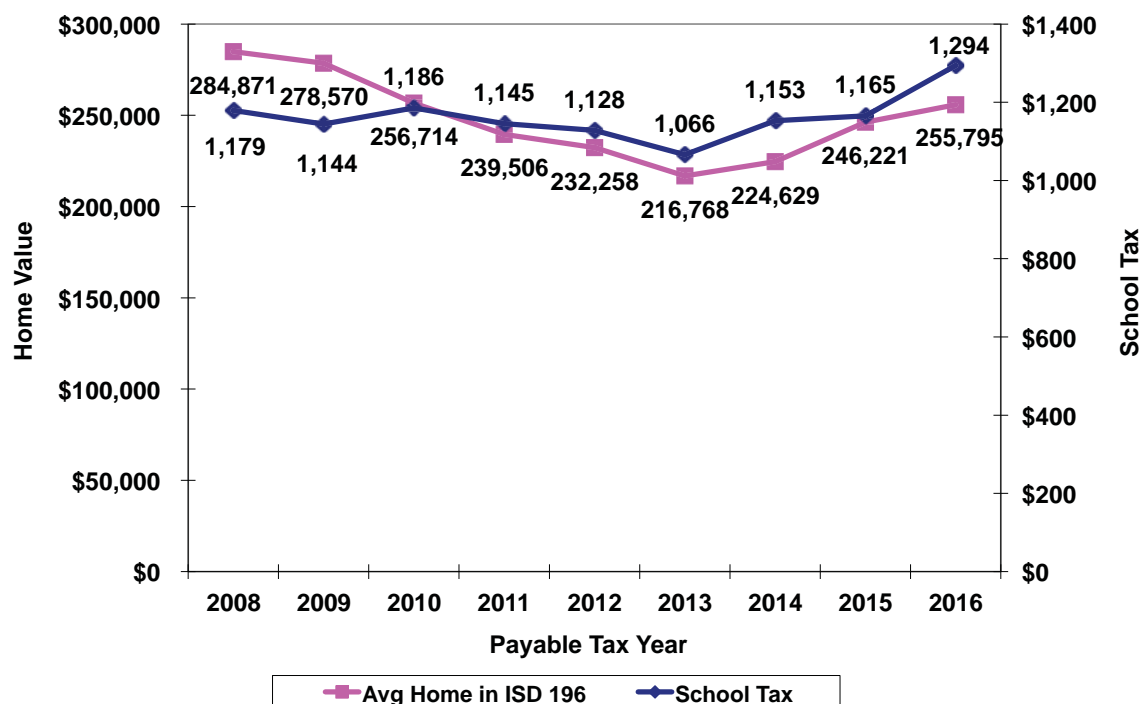
The two types of property tax levies are:

- Voter-approved levies – These include building bond and operating levy referendum votes.
- 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 2016-17, the voter-approved levies for the district's general fund total \$33.59 million before state aids and credits; levies based on School Board decisions total \$32.86 million before state aids and credits.

The chart below shows the average home value for the district and the corresponding school tax from calendar year 2008 to calendar year 2016. Home values within the district have been increasing the last three years following statewide property value trends.

School Taxes Payable on Average Value Home



Budget FAQs and Contact Info



Below are answers to some commonly asked questions regarding the school district budget and finances.

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.

\$351,278,184	2016-17 general fund budget
(/)	27,855 Divided by average daily membership
<hr/>	
(=)	\$12,611 Equals average spending 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 (75.24% in 2016-17). 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 percent of general fund expenditures for the year.

Does the district consider budget suggestions?

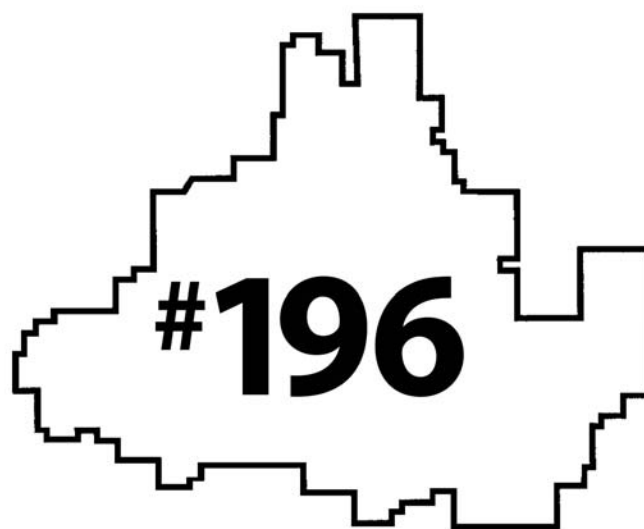
Yes. The district invites residents and employees to submit suggestions on ways to reduce costs and increase revenues in the district's budget. Budget reduction suggestion forms are available at all district schools and offices, at regularly scheduled School Board meetings and at www.district196.org/District/Departments/Finance. 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

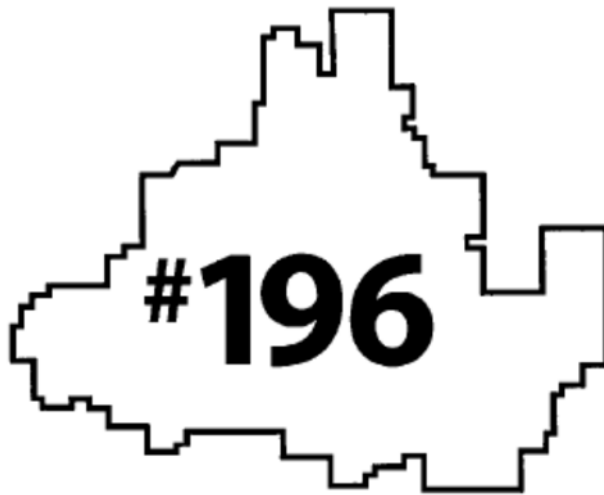
If you have questions about the school district budget, contact:

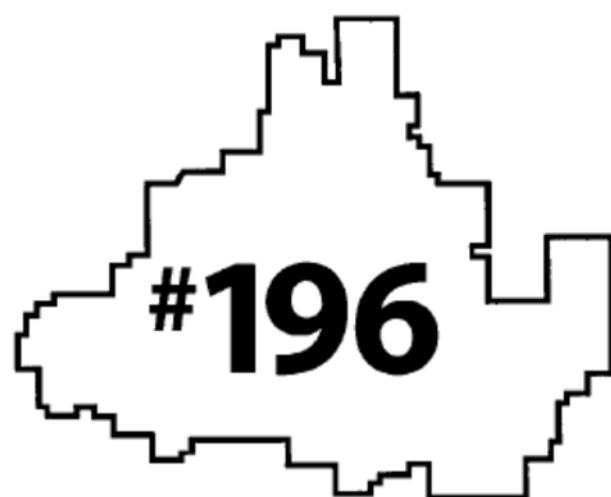
- Director of Finance and Operations **Jeff Solomon** at jeff.solomon@district196.org or 651-423-7713, or
- Coordinator of Finance **Stella Y. Johnson** at stella.johnson@district196.org or 651-423-7748.

Budget information for the current 2016-17 school year and previous nine school years is available on the district website at www.district196.org/District/Departments/Finance. The site includes information about the annual budget process and timelines, an introduction to school finance and printable capital expenditure budgets, preliminary budgets, final budgets and year-end audit reports dating back to the 2007-08 school year.



Financial Section





Summary of Funds All Funds

	Fund balance July 1, 2016	Revenues	Expenditures	Other Financing sources (uses)	Projected Fund balance June 30, 2017
General Fund	31,052,210	344,354,472	351,278,184	97,263	24,225,761
Special Revenue Funds					
Food Service	1,708,248	12,332,682	12,604,128	-	1,436,802
Community Service	1,516,506	8,462,763	8,558,000	-	1,421,269
Total Special Revenue Funds	3,224,754	20,795,445	21,162,128	-	2,858,071
Building Construction Fund	127,956,510	700,000	42,763,523	(97,263)	85,795,724
Debt Service Funds					
Regular	6,331,739	7,331,034	10,042,003	-	3,620,770
OPEB Bonds	1,031,212	10,001,872	9,595,350	-	1,437,734
Total Debt Service Funds	7,362,951	17,332,906	19,637,353	-	5,058,504
Internal Service Funds					
GASB #16	(3,823,062)	475,000	450,000	-	(3,798,062)
OPEB Revocable Trust	26,114,552	1,730,000	880,000	-	26,964,552
Self-Insured Dental	72,128	326,400	372,396	-	26,132
Self-Insured Health	10,204,565	44,000,000	44,033,250	-	10,171,315
Total Internal Service Funds	32,568,183	46,531,400	45,735,646	-	33,363,937
Fiduciary Funds					
Agency	154,782	121,218	185,792	-	90,208
Trust	468,807	-	1,000	-	467,807
Total Fiduciary Funds	623,589	121,218	186,792	-	558,015
Total All Funds	202,788,197	429,835,441	480,763,626	-	151,860,012

Funds Overview – The table above is a summary of all of the district’s governmental funds, internal services funds and fiduciary funds. The governmental funds included are the general fund, special revenue funds which include food service and community service, building construction fund, and the debt service funds which include regular and other post-employment benefits (OPEB) bonds.

This summary provides an overview of the financial information for all of the district funds. Detailed analysis of the individual funds follows this page.

General Fund
All Sub-Accounts

	2013-14	2014-15	2015-16	2016-17	2016-17
	Actual	Actual	Actual	Prelim Budget	Final Budget
Revenues					
State Sources	248,498,786	244,220,251	254,809,741	253,352,024	259,108,590
Property Taxes	30,849,977	58,338,748	62,523,327	66,489,979	66,489,979
Federal Sources	7,811,310	8,318,521	8,655,141	9,284,748	10,737,990
Other	12,576,769	11,459,730	10,566,676	7,524,387	8,017,913
Total revenue	299,736,843	322,337,250	336,554,885	336,651,138	344,354,472
Expenditures					
Salaries and wages	194,127,469	202,126,161	208,886,809	214,928,289	216,037,041
Employee benefits	67,515,737	70,510,734	79,329,154	77,059,743	78,148,203
Purchased services	22,548,716	21,318,182	19,952,716	22,615,101	24,541,271
Supplies and materials	9,724,590	10,474,957	10,298,053	11,378,029	16,491,111
Capital expenditures	6,175,866	7,060,004	7,071,411	17,937,069	15,095,068
Other expenditures	626,792	753,187	632,003	637,673	734,084
Debt service	1,756,409	3,076,604	3,218,297	231,406	231,406
Total expenditures	302,475,579	315,319,828	329,388,442	344,787,310	351,278,184
Revenue over expenditures	(2,738,736)	7,017,422	7,166,443	(8,136,172)	(6,923,712)
Other financing sources (uses)					
Capital lease	96,569	-	480,000	-	-
Certificates of participation	137,506	-	-	-	-
Other Sources	8,143	10,180	27,218	-	-
Transfers in/from alternative facility	105	-	-	-	97,263
Transfers (out)	(6,128,529)	(6,225,838)	(8,554,099)	-	-
Total other financing sources (uses)	(5,886,207)	(6,215,659)	(8,046,880)	-	97,263
Net change in fund balances	(8,624,943)	801,764	(880,438)	(8,136,172)	(6,826,449)
Fund balances					
Beginning of year	39,755,827	31,130,884	31,932,648	32,354,481	31,052,210
End of year	31,130,884	31,932,648	31,052,210	24,218,309	24,225,761

Fund Overview – The general fund is the district’s primary operating fund and accounts for the revenues and expenditures associated with providing a public education to children. The above schedule shows a summary of the general fund activity with revenues reported by the source and expenditures reported by object. The 2016-17 final general fund revenue budget, including other financing sources, is \$344.35 million. This is \$7.70 million, or 2.28 percent, more than the preliminary budget estimate. The primary factors for this increase are:

1. A net increase of \$5.76 million in general education aid and state special education aids;
2. An increase of \$1.45 million in federal aids, and
3. A net increase of \$0.49 million in miscellaneous revenue.

For the 2016-17 school year, state aids represent 75.24 percent of the general fund revenue budget, and 19.31 percent of the general fund revenue will come from property tax. Federal aids and other revenues such as gifts, donations, fees, etc. make up the remaining 5.45 percent of the general fund revenue budget.

The 2016-17 final general fund expenditure budget, including other financing uses, is \$351.28 million. This is \$6.49 million, or 1.88 percent, more than the preliminary budget estimate. The main reasons for the increase are:

1. An increase of \$2.20 million in the budgets for salaries and employee benefits;
2. An increase of \$5.11 million in the budgets for supplies and materials;
3. An increase of \$3.18 million in the budgets for purchased services, and
4. A reduction of \$2.84 million in the capital expenditures budgets.

For the 2016-17 school year, the budgets for salary and employee benefits represent 83.75 percent of the general fund budgets, 6.99 percent of the budget goes to purchase services, and the remaining 9.2 percent of the budget is planned for supplies and materials, capital expenditures and other expenditures not included in the above categories.

General Fund
General Operating Account

	2013-14 Actual	2014-15 Actual	2015-16 Actual	2016-17 Prelim Budget	2016-17 Final Budget
Revenues					
State Sources	195,762,633	187,800,537	196,769,464	196,243,044	198,819,404
Property Taxes	22,005,870	49,700,969	53,488,464	59,117,210	59,117,210
Federal Sources	2,659,385	3,094,549	3,322,883	3,995,825	6,032,058
Other	11,064,555	9,169,864	9,260,459	5,554,387	5,997,913
Total revenue	231,492,443	249,765,919	262,841,270	264,910,466	269,966,585
Expenditures					
Salaries and wages	139,407,733	146,541,533	151,095,438	155,187,535	156,082,948
Employee benefits	47,246,913	49,469,084	57,030,545	54,176,251	55,140,132
Purchased services	15,491,618	15,791,801	14,845,235	17,573,638	19,272,860
Supplies and materials	5,055,935	5,329,996	5,407,254	5,136,798	10,272,074
Capital expenditures	2,004,963	1,712,780	1,553,594	10,833,595	7,186,121
Other expenditures	469,599	557,137	449,515	511,757	608,168
Debt service	72,256	72,756	-	-	-
Total expenditures	209,749,018	219,475,086	230,381,582	243,419,574	248,562,303
Revenue over expenditures	21,743,425	30,290,834	32,459,688	21,490,892	21,404,282
Other financing sources (uses)					
Capital lease	96,569	-	-	-	-
Certificates of participation	-	-	-	-	-
Other Sources	7,239	8,090	27,218	-	-
Transfers in	-	-	-	-	97,263
Transfers (out)	(6,128,529)	(6,225,838)	(8,554,099)	-	-
Total other financing sources (uses)	(6,024,722)	(6,217,749)	(8,526,880)	-	97,263
Net change in fund balances	15,718,703	24,073,085	23,932,808	21,490,892	21,501,545

Revenue – The projected final 2016-17 general account revenue total of \$269.97 million is an increase of \$5.06 million, or 1.31 percent, more than the preliminary budget estimate. There are many factors that have contributed to the net increase. However, the primary reasons are listed below.

- 1) An increase of \$2.04 million in federal aid. Of this increase, \$1.30 million is due to a new federal magnet grant that the district received to support magnet programming at Echo Park and Oak Ridge Elementary Schools. The remaining \$0.67 million are earmarked for the district's Title I, II, and III and Youth Career Connect federal grant. Expenditure budgets for these program have also been increased.
- 2) A \$1.97 million increase in the basic general education aid. This increase is mainly due to an increase of 325.54 adjusted pupil units used to calculate the basic general education aid. The preliminary budget estimate was based on 30,116.60 adjusted pupil units and the final budget estimate is based on 30,442.14 adjusted pupil units.
- 3) An increase of \$0.29 million increase in states aids for gifted and talented and operating capital as a result of the increase of 325.54 adjusted pupil units used to calculate the aids.
- 4) An increase of \$100,046 in compensatory education revenue; this is all due to more students eligible for Limited English Proficiency service.

Expenditure – The projected final 2016-17 general account expenditure budget, including other financing uses, totaled \$248.56 million. This is \$5.14 million more than the district's preliminary budget estimate. The main reasons for the increase are listed below.

- 1) At the end of the 2015-16 school year, schools under spent their allocations by \$2.17 million; consistent with past practice, we have budgeted for the schools to spend these funds during the 2016-17 school year.
- 2) An increase of \$2.04 million in the budgets for the new federal magnet program, Title I, II and III and Youth Career Connect federal grant.
- 3) An increase of \$1.86 million in the budgets for salaries and employee benefits to reflect actual hires and their choice of voluntary benefits, such as health insurance.

The net result of the changes described above is that the budgeted revenues in the 2016-17 general account exceed budgeted expenditures by \$21.50 million.

General Fund
Special Education Account

	2013-14 Actual	2014-15 Actual	2015-16 Actual	2016-17 Prelim Budget	2016-17 Final Budget
Revenues					
State Sources	28,303,711	31,831,268	31,279,406	31,688,278	33,947,070
Property Taxes	-	-	-	-	-
Federal Sources	5,151,925	5,223,972	5,332,258	5,288,923	4,705,932
Other	281,736	995,942	964,610	800,000	850,000
Total revenue	33,737,372	38,051,181	37,576,274	37,777,201	39,503,002
Expenditures					
Salaries and wages	42,049,618	42,722,989	44,135,291	46,521,747	46,712,935
Employee benefits	15,533,730	16,123,636	16,983,607	17,381,942	17,461,974
Purchased services	1,128,806	1,099,740	1,089,083	1,147,643	1,374,387
Supplies and materials	658,085	497,010	709,664	741,186	691,492
Capital expenditures	301,674	496,933	353,560	346,809	310,187
Other expenditures	105,029	108,972	134,134	121,116	121,116
Debt service	-	-	-	-	-
Total expenditures	59,776,942	61,049,280	63,405,340	66,260,443	66,672,091
Revenue over expenditures	(26,039,571)	(22,998,098)	(25,829,066)	(28,483,242)	(27,169,089)
Other financing sources (uses)					
Capital lease	-	-	-	-	-
Certificates of participation	-	-	-	-	-
Other Sources	-	-	-	-	-
Transfers in	-	-	-	-	-
Transfers (out)	-	-	-	-	-
Total other financing sources (uses)	-	-	-	-	-
Net change in fund balances	(26,039,571)	(22,998,098)	(25,829,066)	(28,483,242)	(27,169,089)

Revenue – The projected final 2016-17 special education account revenues totaled \$39.50 million. This is \$1.73 million, or 4.57 percent, more than the preliminary estimate. This increase is chiefly due to the following factors:

- 1) A \$2.26 million increase in state special education aid based on updated expenditure estimates, current funding formula and district growth factor estimate.
- 2) A \$50,000 increase in reimbursements from third party (private insurance companies, Minnesota Department of Health and Human Services, etc.) for services provided by the district special education staff.
- 3) A net decrease of \$0.58 million in federal special education aids. This is chiefly due to the use \$600,000 federal funds for tuition expenditures. Special education tuition expenditures are processed by the Minnesota Department of Education. The department adjusts school districts' aid payment by the amount used for tuition expenditures. School districts are not required to provide budgets for special education tuition revenues and expenditures.

Expenditure – The updated expenditure budget estimate for the special education account is \$66.67 million. This is \$0.41 million, or 0.62 percent, more than the preliminary budget estimate. Over half, or \$271,280, of the increase is due to adjustments made to the salary and employee benefits budgets to reflect actual employees' choice of insurance coverage and the district's contributions toward employees' health insurance premium and tax-sheltered annuities match per School Board approved employment contracts. Most of the remaining increase occurred other contracted services to reflect updated estimates.

The net result of the changes describe above is that budgeted expenditures in the special education account exceed budgeted revenues by \$27.17 million. This is \$1.31 million less than the preliminary estimate of \$28.48 million deficit spending.

General Fund
Quality Compensation Account

	2013-14 Actual	2014-15 Actual	2015-16 Actual	2016-17 Prelim Budget	2016-17 Final Budget
Revenues					
State Sources	5,084,095	4,599,842	5,500,013	4,853,386	4,857,473
Property Taxes	2,071,319	1,994,804	2,151,799	2,363,544	2,363,544
Federal Sources	-	-	-	-	-
Other	-	-	-	-	-
Total revenue	7,155,414	6,594,646	7,651,812	7,216,930	7,221,017
Expenditures					
Salaries and wages	5,831,920	6,064,815	5,988,653	5,907,260	5,935,824
Employee benefits	1,242,858	1,246,812	1,332,696	1,227,607	1,248,702
Purchased services	46,831	60,713	79,822	27,200	27,200
Supplies and materials	13,474	12,354	15,138	7,600	3,100
Capital expenditures	-	-	8	-	9,000
Other expenditures	235	-	-	300	300
Debt service	-	-	-	-	-
Total expenditures	7,135,318	7,384,694	7,416,317	7,169,967	7,224,126
Revenue over expenditures	20,095	(790,048)	235,495	46,963	(3,109)
Other financing sources (uses)					
Capital lease	-	-	-	-	-
Certificates of participation	-	-	-	-	-
Other Sources	-	-	-	-	-
Transfers in	-	-	-	-	-
Transfers (out)	-	-	-	-	-
Total other financing sources (uses)	-	-	-	-	-
Net change in fund balances	20,095	(790,048)	235,495	46,963	(3,109)

Fiscal year 2016-17 is the tenth year that the district will be participating in Minnesota's Quality Compensation (Q Comp) program. The approved Q comp funding will be used to support the following initiatives:

- 1) Additional compensation to those teachers who have elected to participate in the program and have successfully completed all of the requirements;
- 2) Stipends for site team members – members will review participating teachers' individual growth plans to check alignment with school and district goals, plan professional development in the building and conduct Q Comp orientation;
- 3) Costs of 20.25 FTE of peer leaders to support probationary teachers; assist with performance appraisal; observe teachers three times a year, etc.;
- 4) Cost of 0.75 FTE of teacher on special assignment to support math professional development activities, and
- 5) Q Comp program implementation and administration costs and professional development activities for participants.

Revenue – The final Q Comp revenue estimate is \$7.22 million. This is \$4,087 more than the preliminary estimate to reflected Minnesota Department of Education updated Q Comp aid calculation.

Expenditure – The preliminary Q comp expenditure budget estimate was \$7.17 million; the final budget estimate is \$7.22 million. The \$54,159 increase in the expenditure budget is mainly due to adjustments made to reflect updated information for actual number of participants, salaries and actual health insurance costs.

The net result of the changes described above is that the final budgeted expenditures exceed budgeted revenues by \$3,109. This is \$50,072 more than the preliminary projection.

General Fund
Pupil Transportation Account

	2013-14 Actual	2014-15 Actual	2015-16 Actual	2016-17 Prelim Budget	2016-17 Final Budget
Revenues					
State Sources	15,955,824	15,599,204	16,961,700	16,508,271	17,171,621
Property Taxes	-	-	-	-	-
Federal Sources	-	-	-	-	-
Other	1,198,346	1,239,697	271,894	1,170,000	1,170,000
Total revenue	17,154,170	16,838,900	17,233,594	17,678,271	18,341,621
Expenditures					
Salaries and wages	6,731,557	6,651,243	7,403,179	7,111,946	7,105,533
Employee benefits	3,447,526	3,614,908	3,871,916	4,228,853	4,252,305
Purchased services	2,709,006	2,312,318	1,774,756	2,795,296	2,795,500
Supplies and materials	2,004,729	2,038,437	1,740,185	2,174,400	2,206,400
Capital expenditures	1,641,782	1,555,205	1,530,355	1,721,204	1,714,306
Other expenditures	39,830	62,483	4,312	4,500	4,500
Debt service	-	-	-	-	-
Total expenditures	16,574,430	16,234,595	16,324,703	18,036,199	18,078,544
Revenue over expenditures	579,741	604,305	908,891	(357,928)	263,077
Other financing sources (uses)					
Capital lease	-	-	-	-	-
Certificates of participation	-	-	-	-	-
Other Sources	904	2,090	-	-	-
Transfers in	-	-	-	-	-
Transfers (out)	-	-	-	-	-
Total other financing sources (uses)	904	2,090	-	-	-
Net change in fund balances	580,644	606,395	908,891	(357,928)	263,077

For the 2016-17 school year, the district set aside \$282.72 (4.66 percent of \$6,067) per adjusted pupil unit from the per pupil unit general education formula allowance for pupil transportation. The district also receives additional categorical funding for transporting students with disabilities and non-public students. The disabled transportation funding has been incorporated with special education funding formula since 1998-99 school year. To maintain funding integrity, the district continues to report disabled transportation aid in the pupil transportation account.

Revenue – The final pupil transportation revenue budget is \$0.66 million more than the preliminary estimate. The projected net increase is mainly due to the following factors:

- 1) An increase of \$92,037 in general education aid for pupil transportation. This increase is due to an increase 325.54 additional adjusted pupil units used to calculate the general education aid for pupil transportation.
- 2) A projected increase of \$534,517 in state aid for transportation students with disabilities based on updated expenditure estimates, current funding formula and district growth factor.

Expenditures – The final expenditure budget for the pupil transportation account totaled \$18.08 million, an increase of \$42,345. This increase is mainly due to adjustments made to the salary and employee benefits budgets to reflect the administration's updated estimates and employees' choice of health plan and the addition of \$32,000 for software license fees.

As a result of these adjustments, the final budget pupil transportation revenues exceed final budgeted expenditures by \$0.26 million. This is \$0.62 million better than the preliminary estimate.

General Fund
Capital Expenditure Account

	2013-14 Actual	2014-15 Actual	2015-16 Actual	2016-17 Prelim Budget	2016-17 Final Budget
Revenues					
State Sources	3,392,524	4,389,400	4,299,158	4,059,045	4,313,022
Property Taxes	6,772,788	6,642,975	6,883,064	5,009,225	5,009,225
Federal Sources	-	-	-	-	-
Other	32,132	54,228	69,713	-	-
Total revenue	10,197,444	11,086,603	11,251,935	9,068,270	9,322,247
Expenditures					
Salaries and wages	106,640	145,581	264,247	199,801	199,801
Employee benefits	44,710	56,294	110,390	45,090	45,090
Purchased services	3,172,455	2,053,610	2,163,819	1,071,324	1,071,324
Supplies and materials	1,992,367	2,597,160	2,425,811	3,318,045	3,318,045
Capital expenditures	2,227,447	3,295,085	3,633,894	5,035,461	5,875,454
Other expenditures	12,099	24,594	44,043	-	-
Debt service	1,684,153	3,003,848	3,218,297	231,406	231,406
Total expenditures	9,239,871	11,176,173	11,860,501	9,901,127	10,741,120
Revenue over expenditures	957,574	(89,570)	(608,566)	(832,857)	(1,418,873)
Other financing sources (uses)					
Capital lease	-	-	480,000	-	-
Certificates of participation	137,506	-	-	-	-
Other Sources	-	-	-	-	-
Transfers in	105	-	-	-	-
Transfers (out)	-	-	-	-	-
Total other financing sources (uses)	137,611	-	480,000	-	-
Net change in fund balances	1,095,185	(89,570)	(128,566)	(832,857)	(1,418,873)

The School Board approved the preliminary 2016-17 capital expenditure on April 18, 2016. Since that time, a few adjustments have been made to reflect updated estimates.

Revenue – The final capital expenditure revenue budget is \$253,977 higher than the preliminary budget, this is mainly due to an increase of 325.54 adjusted pupil units used to calculate operating capital state aid and increase in operating capital equalization aid to reflect the latest update provided by the Minnesota Department of Education.

Expenditure – The final expenditure budget shows an increase of \$839,993 over the preliminary estimate. This is mainly due to an increase of \$839,993 in schools' budget. Schools that did not spend their full budget in 2015-16 are allowed to carry over the unspent allocations and add them to the 2016-17 budget. As in the past, we have budgeted for the schools to spend these funds during the 2016-17 school year.

With these adjustments, the projected June 30, 2017 restricted/reserved for operating capital is \$755,683.

Food Service Fund
Special Revenue Fund

	2013-14 Actual	2014-15 Actual	2015-16 Actual	2016-17 Prelim Budget	2016-17 Final Budget
Revenues					
Other	6,521,967	6,381,914	6,404,952	6,360,524	6,571,877
Federal sources	4,215,285	4,406,814	4,992,952	4,989,649	5,115,269
State Sources	405,390	581,450	604,210	613,626	645,536
Total revenue	11,142,642	11,370,177	12,002,114	11,963,799	12,332,682
Expenditures					
Salaries and wages	4,041,569	4,104,946	4,241,785	4,191,950	4,346,402
Employee benefits	1,228,400	1,260,302	1,272,803	1,429,662	1,370,340
Purchased services	450,249	555,959	524,560	618,035	567,335
Supplies and materials	5,520,898	5,577,771	5,703,052	6,006,797	6,107,051
Capital expenditures	153,687	278,059	494,735	350,000	197,000
Other expenditures	12,240	10,985	15,451	14,000	16,000
Total expenditures	11,407,043	11,788,021	12,252,385	12,610,444	12,604,128
Revenue over expenditures	(264,402)	(417,844)	(250,271)	(646,645)	(271,446)
Other financing sources (uses)					
Other Sources	2,154	-	-	-	-
Net change in fund balances	(262,248)	(417,844)	(250,271)	(646,645)	(271,446)
Fund balances					
Beginning of year	2,638,611	2,376,363	1,958,519	1,613,522	1,708,248
End of year	2,376,363	1,958,519	1,708,248	966,877	1,436,802

Fund Overview – The food service special revenue fund is used to account for all financial activities of the district's food and nutrition program. The food service special revenue fund is self-sustaining. All costs of the food and nutrition programs are covered by receipts from sales to students and adults, and reimbursements from federal and state governments.

In May 2016, the School Board approved \$0.10 breakfast and school lunch price increase for the 2016-17 school year. Elementary lunches are priced at \$2.50 per lunch, middle school students will pay \$2.55 per lunch, the per lunch price for high school students is \$2.65 and adult lunches are priced at \$3.70. Elementary breakfast is priced at \$1.55, middle school students will pay \$1.60 per breakfast, the per breakfast price for high school students is \$1.60 and adult breakfast is \$2.05.

Revenue – The final food service revenue projection is \$368,883 more than our preliminary estimate. The projected increase is chiefly due to the \$0.10 price increase approved by the School Board and projected increase of \$211,353 in sales to students and adults. The district is also projecting an increase of \$157,530 in federal and state aids. This increase is mainly due to federal and state reimbursement rates increases for the 2016-17 school year.

Expenditure – The revised food service expenditure budget is \$6,316 less than the preliminary estimate. This decrease is mainly due to a combination of the following factors:

- 1) The final budget estimate for salary and employee benefits budgets is \$95,130 more than the preliminary estimate. The adjustments are made to reflect updated salary estimate for cafeteria workers, corresponding statutory benefits (FICA, PERA and workers' compensation premium). The budgets for tax sheltered annuities match and health insurance premium have also been adjusted to reflect employees' plan selection.
- 2) A net increase of \$49,554 in the budgets for purchased services and supplies and materials to reflect updated estimates.
- 3) A decrease of \$153,000 in the budget for cafeteria/kitchen improvement.

As a result of these adjustments, food service fund expenditures are projected to exceed revenues by \$271,446. We anticipate that the June 30, 2017 food service fund balance will be \$1.44 million.

Community Service Fund
Special Revenue Fund

	2013-14 Actual	2014-15 Actual	2015-16 Actual	2016-17 Prelim Budget	2016-17 Final Budget
Revenues					
Other	5,840,424	3,484,755	3,415,956	3,533,532	3,635,339
State sources	3,036,599	2,465,568	2,782,384	3,152,939	3,157,264
Property taxes	856,143	1,683,323	1,666,669	1,659,951	1,617,427
Federal sources	96,715	95,578	52,227	52,227	52,733
Total revenue	9,829,881	7,729,224	7,917,236	8,398,649	8,462,763
Expenditures					
Salaries and wages	4,704,016	4,717,303	4,768,102	5,110,897	5,177,873
Employee benefits	1,385,962	1,413,606	1,525,020	1,532,817	1,547,859
Purchased services	3,260,104	1,063,367	1,060,243	1,224,208	1,250,386
Supplies and materials	379,202	378,107	419,060	434,255	506,731
Capital expenditures	17,676	145,510	39,770	50,700	63,750
Other expenditures	4,898	3,687	8,452	4,901	11,401
Total expenditures	9,751,859	7,721,580	7,820,647	8,357,778	8,558,000
Revenue over expenditures	78,022	7,644	96,589	40,871	(95,237)
Other financing sources (uses)					
Transfers in	107,854	5,785	18,862	-	-
Net change in fund balances	185,877	13,429	115,451	40,871	(95,237)
Fund balances					
Beginning of year	1,201,749	1,387,626	1,401,055	1,429,834	1,516,506
End of year	1,387,626	1,401,055	1,516,506	1,470,705	1,421,269

Fund Overview – The community service fund is used to record all financial activities of the community service program. The community service fund is comprised of five components, each with its own fund balance. The five components are: 1) Community Education – general, 2) Community Education – early childhood screening and aids to non-public students, 3) Early Childhood Family Education, 4) School Readiness, and 5) Adult Basic Education.

Revenue – Several adjustments were made to the revenue budget that resulted in a net increase of \$64,114 when compared to the preliminary estimate. This net increase is mainly due to the following factors:

- 1) An increase of \$171,450 in the budgets for tuition for the district's School Readiness Program, Pathway I and Pathway II Early Learning Programs.
- 2) A net decrease of \$42,524 in the budgets for property tax revenue.
- 3) A net reduction of \$69,235 in the budgets for fees, admissions, facilities rental and other fees based on updated estimates.

Expenditure – The revised expenditure budget is \$200,222 more than the original estimate. Many adjustments were made to expenditure items to reflect the district's latest estimates. The major adjustments are summarized below.

- 1) The budgets for salary and employee benefits show a net increase of \$82,018. This is chiefly due to the addition of staffing supported by a new Pathway I Early Learning Program grant.
- 2) The budgets for purchased services and supplies and materials show a net increase of \$98,654. A majority of the increase is in the budgets for textbooks, instruction supplies, and instructional technology devices to support the program offerings planned for the school year.
- 3) An increase of \$19,550 in the budgets for capital equipment and scholarships.

As a result of these budget adjustments, the updated 2016-17 expenditures for the community service fund are projected to exceed revenues by \$95,237. The projected fund balance on June 30, 2017 is \$1.42 million. Of this amount, \$520,489 is restricted/reserved for Adult Basic Education, \$274,273 is restricted/reserved for Early Childhood Family Education, \$383,487 is restricted/reserved for School Readiness and \$16,907 for early childhood screening and non-public pupils. The remaining \$226,113 is restricted/reserved for general community education which includes after-school youth enrichment and youth development programs, disabled adults programs, and adult and youth enrichment programs.

Capital Project Fund
Building Construction Fund

	2013-14 Actual	2014-15 Actual	2015-16 Actual	2016-17 Prelim Budget	2016-17 Final Budget
Revenues					
Other	73,045	28,338	894,573	641,173	700,000
Expenditures					
Salaries and wages	81,776	83,120	84,655	-	-
Employee benefits	37,655	38,737	39,856	-	-
Purchased services	2,005,487	1,440,089	2,975,687	2,045,000	2,045,000
Supplies and materials	2,386	12,137	1,696	-	-
Capital expenditures	11,089,446	17,030,707	8,004,366	40,718,523	40,718,523
Other expenditures	125	125	426,055	-	-
Total expenditures	13,216,876	18,604,915	11,532,316	42,763,523	42,763,523
Revenue over expenditures	(13,143,831)	(18,576,577)	(10,637,743)	(42,122,350)	(42,063,523)
Other financing sources (uses)					
Capital lease	-	4,200,000	-	-	-
Certificates of participation	13,758,019	-	-	-	-
Other Sources	-	-	130,062,804	-	-
Transfers in	6,020,675	6,220,053	8,535,237	-	-
Transfers (out)	(105)	-	-	-	(97,263)
Total other financing sources (uses)	19,778,589	10,420,053	138,598,041	-	(97,263)
Net change in fund balances	6,634,758	(8,156,524)	127,960,298	(42,122,350)	(42,160,786)
Fund balances					
Beginning of year	1,517,978	8,152,736	(3,788)	128,559,516	127,956,510
End of year	8,152,736	(3,788)	127,956,510	86,437,166	85,795,724

Fund Overview – Up until the 2015-16 school year, the capital projects building construction fund is used to account for financial resources used for the acquisition or construction of major capital facilities authorized by bond issue and state-approved alternative facility projects supported by property tax levy. Effective July 1, 2016, alternative facility projects are funded by a newly created long-term facilities maintenance (LTFM) program. The revenues and expenditures for LTFM projects must be reported in the general fund if they are funded by local property taxes. LTFM projects must be reported in the capital projects building construction fund if they are funded by bond proceeds. For the 2016-17 school year, this fund is used to report the activities of all the projects supported by the proceeds from the sale of the Series 2016A General Obligation Building Construction Bonds in February 2016.

Revenue – The final 2016-17 revenue budget for this fund is substantially the same as the preliminary estimate with a small adjustment to interest income from the investments of the bond proceeds.

Expenditure – The final 2016-17 expenditure for this fund is the same as the preliminary estimate. The district is not proposing any changes to this expenditure budget.

To comply with state reporting requirement, the district is required to transfer the \$97,263 June 30, 2016 alternative facility fund balance to the general fund. The 2016-17 expenditures, including the required transfer of \$97,263 to the general fund, is projected to exceed revenue by \$42.16 million. The projected June 30, 2017 fund balance is \$85.80 million.

Regular Debt Service Fund
Debt Service Fund

	2013-14 Actual	2014-15 Actual	2015-16 Actual	2016-17 Prelim Budget	2016-17 Final Budget
Revenues					
State Sources	2,714	3,082	1,277	1,300	1,723
Property Taxes	16,098,739	16,692,852	4,613,043	7,319,311	7,319,311
Other	68,409	25,286	10,328	10,000	10,000
Total revenue	16,169,862	16,721,220	4,624,648	7,330,611	7,331,034
Expenditures					
Principal	14,250,000	14,745,000	2,935,000	4,130,000	4,130,000
Interest	2,806,320	2,142,286	1,517,563	5,494,816	5,902,003
Fiscal charges and other	45,811	6,875	5,150	10,000	10,000
Total expenditures	17,102,131	16,894,161	4,457,713	9,634,816	10,042,003
Revenue over expenditures	(932,269)	(172,942)	166,935	(2,304,205)	(2,710,969)
Other financing sources (uses)					
Debt issuances	2,370,408	-	2,442,434	-	-
Debt refunding payments	(26,850,000)	(2,325,000)	(12,125,000)	-	-
Total other financing sources (uses)	(24,479,592)	(2,325,000)	(9,682,566)	-	-
Net change in fund balances	(25,411,860)	(2,497,942)	(9,515,631)	(2,304,205)	(2,710,969)
Fund balances					
Beginning of year	43,757,172	18,345,312	15,847,370	16,286,187	6,331,739
End of year	18,345,312	15,847,370	6,331,739	13,981,982	3,620,770

Fund Overview – The regular debt service fund is used to account for the accumulation of resources for, and payment of, general obligation of long-term debt principal, interest and related costs.

Revenue – Revenues for the regular debt service fund are directly tied to the district's bond principal and interest payment needs. Close to 100 percent of the projected revenue come from property tax levy; only a very small percentage comes from the state in the form of homestead and agricultural market value credits. Our final estimate for this fund is \$423 more than our preliminary estimate. The increase is due to an increase in the amount of homestead and agricultural market value credits that the district will receive from the state.

Expenditure – The updated expenditure budget for this fund is \$407,187 more than the preliminary projection to reflect updated interest payments estimate.

The projected June 30, 2017 fund balance for this fund is \$3.62 million.

Other Post-Employment Benefits (OPEB) Debt Service Fund
Debt Service Fund

	2013-14 Actual	2014-15 Actual	2015-16 Actual	2016-17 Prelim Budget	2016-17 Final Budget
Revenues					
State Sources	423	471	2,815	2,818	2,354
Property Taxes	2,507,817	2,547,390	10,025,045	9,998,518	9,998,518
Other	701	611	2,039	1,000	1,000
Total revenue	2,508,940	2,548,471	10,029,899	10,002,336	10,001,872
Expenditures					
Principal	830,000	860,000	7,935,000	8,330,000	8,330,000
Interest	1,669,188	1,635,988	1,601,588	1,264,350	1,264,350
Fiscal charges and other	450	450	450	1,000	1,000
Total expenditures	2,499,638	2,496,438	9,537,038	9,595,350	9,595,350
Net change in fund balances	9,303	52,034	492,862	406,986	406,522
Fund balances					
Beginning of year	477,014	486,317	538,351	968,546	1,031,212
End of year	486,317	538,351	1,031,212	1,375,532	1,437,734

Fund Overview – The OPEB debt service fund is used to account for the accumulation of resources for, and payment of, long-term debt principal, interest and other costs for OPEB-related debt activity.

Revenue – Similar to the regular debt service fund, revenues for OPEB debt service fund are directly tied to the district's OPEB bond principal and interest payments. Close to 100 percent of the revenue for this fund comes from property taxes and a very small percentage comes from the state in the form of homestead and agricultural market value credit. Our final estimate is \$464 less than the preliminary projection. This decrease is a result of a reduction in the amount of homestead and agricultural market value credits that the district will receive from the state.

Expenditure – The updated expenditure budget for this fund is the same as the preliminary projection. The district is not proposing any changes to this expenditure budget.

The projected June 30, 2017 fund balance for this fund is \$1.44 million.

Internal Service Funds

Proprietary Funds

	2013-14 Actual	2014-15 Actual	2015-16 Actual	2016-17 Prelim Budget	2016-17 Final Budget
Revenues					
Other					
GASB #16	988,038	1,477,202	1,071,400	475,000	475,000
OPEB Revocable Trust	8,741,750	2,121,068	2,582,833	1,730,000	1,730,000
Self-Insured Dental Plan	283,743	293,560	382,223	326,400	326,400
Self-Insured Health Plan	40,847,947	42,131,820	43,636,081	44,000,000	44,000,000
Total revenue	50,861,477	46,023,650	47,672,538	46,531,400	46,531,400
Expenditures					
Salaries and wages					
GASB #16	951,132	711,440	1,638,295	450,000	450,000
Employee Benefits					
OPEB Revocable Trust	5,462,592	5,688,650	5,710,165	880,000	880,000
Self-Insured Dental Plan	313,130	326,845	356,359	372,396	372,396
Self-Insured Health Plan	36,241,201	41,746,751	42,950,422	44,033,250	44,033,250
Total expenditures	42,968,054	48,473,686	50,655,241	45,735,646	45,735,646
Revenue over expenditures	7,893,423	(2,450,036)	(2,982,703)	795,754	795,754
Other financing sources (uses)					
Transfers in					
Self-Insured Health Plan	-	-	-	-	-
Net change in fund balances	7,893,423	(2,450,036)	(2,982,703)	795,754	795,754
Fund balances					
Beginning of year	30,107,499	38,000,922	35,550,886	40,170,886	32,568,183
End of year	38,000,922	35,550,886	32,568,183	40,966,640	33,363,937

Fund Overview – An internal service fund is used to account for the financing of goods or services by one department to another department within the district or to other governmental units on a cost-reimbursement basis. School districts are not required to use internal service funds. The most common use of an internal service fund by school district is for self-insurance programs.

The district maintains four internal service funds to report activities related to other post-employment benefits, severance, self-insured health and self-insured dental.

The following schedule shows the actual and projected fund balances for the district's four internal service funds.

	2013-14 Actual	2014-15 Actual	2015-16 Actual	2016-17 Prelim Budget	2016-17 Final Budget
Fund balance					
GASB #16	(4,021,929)	(3,256,167)	(3,823,062)	(3,798,062)	(3,798,062)
OPEB Revocable Trust	32,809,467	29,241,883	26,114,552	26,964,552	26,964,552
Self-Insured Dental Plan	79,548	46,263	72,128	26,132	26,132
Self-Insured Health Plan	9,133,836	9,518,907	10,204,565	10,171,315	10,171,315
Total Fund Balance	38,000,922	35,550,886	32,568,183	33,363,937	33,363,937

Agency Funds
Fiduciary Funds

	2013-14 Actual	2014-15 Actual	2015-16 Actual	2016-17 Prelim Budget	2016-17 Final Budget
Revenues					
Other	83,772	64,862	108,735	121,218	121,218
Expenditures					
Salaries and wages	30,644	22,045	16,198	38,395	38,395
Employee benefits	4,588	3,468	2,546	9,897	7,304
Purchased services	60,558	88,284	26,489	87,500	140,093
Supplies and materials	-	-	-	-	-
Total expenditures	95,790	113,797	45,232	135,792	185,792
Net change in fund balances	(12,018)	(48,936)	63,503	(14,574)	(64,574)
Fund balances					
Beginning of year	152,233	140,215	91,279	71,178	154,782
End of year	140,215	91,279	154,782	56,604	90,208

Fund Overview – Agency funds are established to account for cash and other assets held by the district as the agent for others. The district maintains two agency funds to account for the activities related to: 1) a continuing education program (District Graduate Credit), organized for the benefit of district licensed staff, and 2) Local Collaborative Time Study (LCTS) funds received from Dakota County.

The district does not budget for the District Graduate Credit Program. The LCTS agency fund is managed by a committee comprising representatives from various local agencies and school districts within Dakota County. Both funds are self-supporting with the district acting as their fiscal agent.

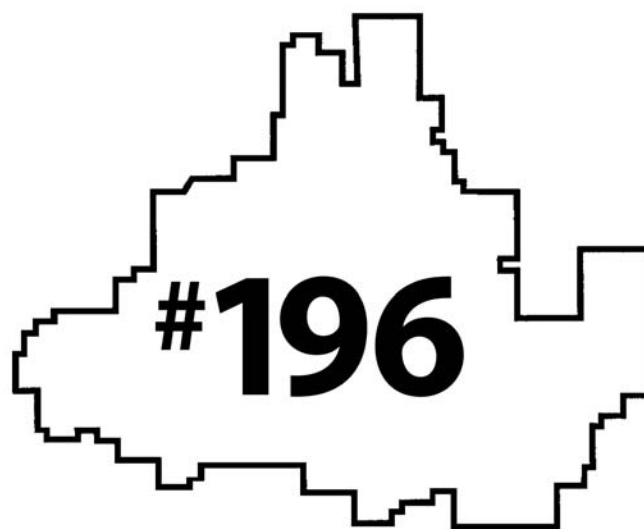
Trust Funds
Fiduciary Funds

	2013-14 Actual	2014-15 Actual	2015-16 Actual	2016-17 Prelim Budget	2016-17 Final Budget
Revenues					
Other	1,504,185	1,547,985	1,351,522	-	-
Expenditures					
Other expenditures	1,421,979	1,500,210	1,370,253	1,000	1,000
Total expenditures	1,421,979	1,500,210	1,370,253	1,000	1,000
Net change in fund balances	82,206	47,775	(18,730)	(1,000)	(1,000)
Fund balances					
Beginning of year	357,557	439,763	487,537	486,537	468,807
End of year	439,763	487,537	468,807	485,537	467,807

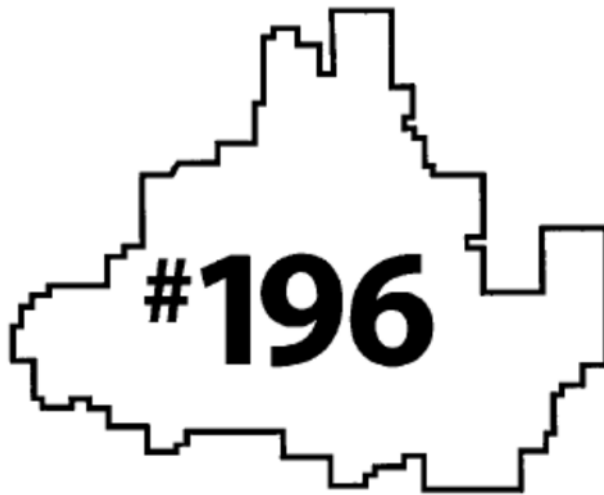
Fund Overview – Trust funds are used to account for assets held in trust by the district for the benefit of individuals or other entities. The district maintains two trust funds: 1) an employee benefit trust fund used to report resources received and held by the district as the trustee for employees participating in the district’s flexible benefit plan, and 2) a scholarship trust fund.

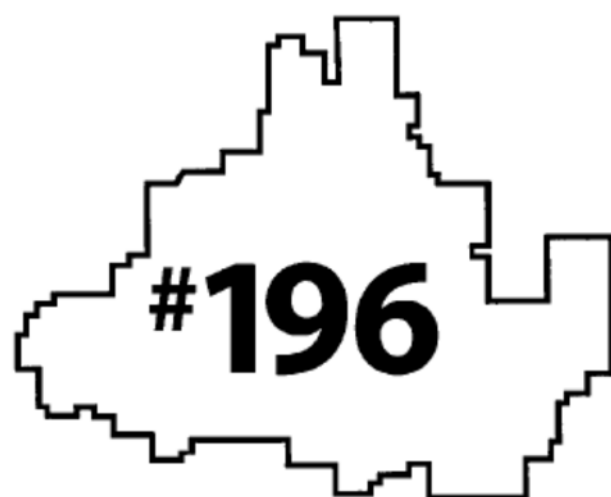
The employee benefits trust fund is used to report activities related to the district’s employee flexible benefit plan. This flexible benefit plan is an Internal Revenue Code §125 Cafeteria Plan and is self-supporting. The district does not prepare a budget for this fund.

The scholarship trust fund was established to account for gifts and scholarship contributions. The main source of income for this fund is interest revenue. The annual interest revenue will be awarded to recipients selected by the appropriate committees.



Informational Section





Budget Calendar:

Completion Date	Persons Responsible	Activities
Week of September 12, 2016	Coordinator of Finance	Notification to schools of carryovers/deficits and final budget timelines
Week of September 12, 2016	Coordinator of Finance	Notification to district office budget administrator of final budget timelines
October 3, 2016	Principals, Student Information Supervisor, Directors of Elementary and Secondary Education	Verify schools' actual October 3 enrollment
October 3 - 6, 2016	Coordinator of Finance	Update schools' instructional and staffing allocations in MyBudgetFile to reflect actual October 3 enrollment
October 7, 2016	Coordinator of Finance	MyBudgetFile available for final budget revisions
Week of October 10, 2016	Elementary Principals, Middle School Principals, High School Principals, Program Administrators/Coordinators	MyBudgetFile refresher and work sessions
October 21, 2016	Elementary Principals, District-level Administrators, Middle School Principals, High School Principals	Complete and submit final budget for superintendent's and/or directors' review and approval
October 24 - 27, 2016	Superintendent's Cabinet	Review and approve budgets submitted by their direct reports; inform coordinator of finance when ready for processing
November 28, 2016	Director of Finance and Operations, Coordinator of Finance, Mngr. of Fin. Sys Superintendent, Superintendent's Cabinet	Prepare draft copy of final budget for review with superintendent and superintendent's Cabinet
December 12, 2016	Audit/Finance Committee	Review draft copy of the proposed final budget
December 12, 2015	Director of Finance and Operations, Coordinator of Finance	First presentation of the proposed final budget to the School Board
January 9, 2017	Director of Finance and Operations, Coordinator of Finance	Final presentation and approval of the proposed final budget to the School Board

Enrollment by Year:

as of October 1,	Early Childhood	Kindergarten	Elementary	Secondary	Center-Based Special Education	Total	Annual Increase (Decrease)
2007	417	1,785	11,537	13,320	814	27,873	-0.60%
2008	445	1,879	11,484	13,035	840	27,683	-0.68%
2009	440	1,818	11,555	12,792	842	27,447	-0.85%
2010	406	1,891	11,531	12,786	840	27,454	0.03%
2011	427	1,902	11,608	12,649	817	27,403	-0.19%
2012	469	1,873	11,622	12,433	771	27,168	-0.86%
2013	475	1,782	11,781	12,430	734	27,202	0.13%
2014	509	1,920	11,910	12,302	771	27,412	0.77%
2015	505	1,910	12,065	12,498	813	27,791	1.38%
2016	486	1,944	12,331	12,579	842	28,182	1.41%

Enrollment by Site:

School	As of October 1									
	2007	2008	2009	2010	2011	2012	2013	2014	2015	2016
Elementary Schools										
Cedar Park	534	576	590	629	671	689	705	708	697	731
Deerwood	482	508	523	529	539	583	564	605	643	625
Diamond Path	610	651	690	721	743	754	750	755	805	832
Echo Park	759	731	720	709	705	666	641	683	665	641
Glacier Hills	470	560	578	561	611	601	685	721	758	759
Greenleaf	859	877	860	903	897	907	910	927	949	961
Highland	608	592	621	620	622	642	717	650	676	695
Northview	524	487	434	418	386	402	400	387	381	396
Oak Ridge	599	624	617	601	621	619	622	616	550	537
Parkview	681	698	763	780	796	785	737	848	890	943
Pinewood	723	729	662	623	586	572	604	577	609	615
Red Pine	892	890	886	942	946	945	934	873	823	797
Rosemount	618	619	650	645	645	616	641	670	704	745
Shannon Park	772	745	762	769	775	812	817	824	812	800
Southview	721	697	689	673	638	660	634	626	636	640
Thomas Lake	426	435	427	426	372	356	374	406	427	473
Westview	554	524	482	443	442	437	419	398	385	395
Woodland	464	452	456	473	482	495	525	525	545	587
Total	11,296	11,395	11,410	11,465	11,477	11,541	11,679	11,799	11,955	12,172
Middle Schools										
Black Hawk	994	942	873	861	853	800	798	847	868	865
Dakota Hills	1,277	1,206	1,195	1,166	1,121	1,127	1,151	1,102	1,041	1,100
Falcon Ridge	1,130	1,108	1,114	1,102	1,121	1,129	1,089	1,032	1,038	1,064
Rosemount	1,165	1,116	1,122	1,144	1,165	1,168	1,163	1,199	1,220	1,275
Scott Highlands	803	815	777	792	805	867	910	936	951	1,010
Valley	970	972	963	889	915	825	884	839	922	982
Total	6,339	6,159	6,044	5,954	5,980	5,916	5,995	5,955	6,040	6,296
High Schools										
Apple Valley	2,053	1,902	1,837	1,790	1,728	1,634	1,633	1,665	1,594	1,572
Eagan	2,225	2,228	2,212	2,181	2,184	2,107	2,023	2,031	2,001	1,945
Eastview	2,140	2,099	2,062	2,136	2,072	2,085	2,069	2,089	2,175	2,152
Rosemount	2,014	2,003	2,016	2,085	2,103	2,042	2,036	2,026	2,078	2,124
Environmental Studies	375	402	394	367	411	423	378	388	434	416
Area Learning Center	156	170	151	182	156	114	116	136	134	100
Total	8,963	8,804	8,672	8,741	8,654	8,405	8,255	8,335	8,416	8,309
Other										
Adult Basic Education	44	40	35	48	47	66	64	43	62	77
Special Education										
Center-Based	814	840	842	840	817	771	734	771	813	842
Early Childhood	417	445	440	406	427	469	475	509	505	486
Total	1,275	1,325	1,317	1,294	1,291	1,306	1,273	1,323	1,380	1,405
Grant Total	27,873	27,683	27,443	27,454	27,402	27,168	27,202	27,412	27,791	28,182

Enrollment by Grade – October 3, 2016:

School	K	1	2	3	4	5	6	7	8	9	10	11	12
Elementary Schools													
Cedar Park	108	114	127	129	122	131	-	-	-	-	-	-	-
Deerwood	101	117	105	96	100	106	-	-	-	-	-	-	-
Diamond Path	137	143	143	131	139	139	-	-	-	-	-	-	-
Echo Park	104	113	119	103	105	97	-	-	-	-	-	-	-
Glacier Hills	99	119	138	132	137	134	-	-	-	-	-	-	-
Greenleaf	143	132	184	162	164	176	-	-	-	-	-	-	-
Highland	112	115	111	118	140	99	-	-	-	-	-	-	-
Northview	74	68	59	50	72	73	-	-	-	-	-	-	-
Oak Ridge	91	87	89	89	87	94	-	-	-	-	-	-	-
Parkview	182	161	155	164	142	139	-	-	-	-	-	-	-
Pinewood	97	103	82	103	115	115	-	-	-	-	-	-	-
Red Pine	102	122	128	121	156	168	-	-	-	-	-	-	-
Rosemount	125	127	117	119	121	136	-	-	-	-	-	-	-
Shannon Park	116	125	141	136	119	163	-	-	-	-	-	-	-
Southview	106	104	97	115	96	122	-	-	-	-	-	-	-
Thomas Lake	83	78	92	77	70	73	-	-	-	-	-	-	-
Westview	56	67	66	75	74	57	-	-	-	-	-	-	-
Woodland	108	92	94	92	104	97	-	-	-	-	-	-	-
Total	1,944	1,987	2,047	2,012	2,063	2,119	-	-	-	-	-	-	-
Middle Schools													
Black Hawk	-	-	-	-	-	-	286	293	286	-	-	-	-
Dakota Hills	-	-	-	-	-	-	375	330	395	-	-	-	-
Falcon Ridge	-	-	-	-	-	-	341	381	342	-	-	-	-
Rosemount	-	-	-	-	-	-	419	418	438	-	-	-	-
Scott Highlands	-	-	-	-	-	-	333	333	344	-	-	-	-
Valley	-	-	-	-	-	-	349	306	327	-	-	-	-
Total	-	-	-	-	-	-	2,103	2,061	2,132	-	-	-	-
High Schools													
Apple Valley	-	-	-	-	-	-	-	-	-	401	408	394	369
Eagan	-	-	-	-	-	-	-	-	-	496	539	482	428
Eastview	-	-	-	-	-	-	-	-	-	549	611	510	482
Rosemount	-	-	-	-	-	-	-	-	-	549	604	518	453
Environmental Studies	-	-	-	-	-	-	-	-	-	-	-	210	206
Area Learning Center	-	-	-	-	-	-	-	-	-	-	4	24	72
Total	-	-	-	-	-	-	-	-	-	1,995	2,166	2,138	2,010
Other													
Adult Basic Education	-	-	-	-	-	-	-	-	-	-	-	1	76
Special Education	-	-	-	-	-	-	-	-	-	-	-	-	-
Center-Based	53	60	70	47	62	53	50	47	52	52	51	53	192
Early Childhood	486	-	-	-	-	-	-	-	-	-	-	-	-
Total	539	60	70	47	62	53	50	47	52	52	51	54	268
Grant Total	2,483	2,047	2,117	2,059	2,125	2,172	2,153	2,108	2,184	2,047	2,217	2,192	2,278

Average Daily Membership by Year:

Year Ended June 30	Early Childhood	Kindergarten	Elementary	Secondary	Total ADMs	Total Pupil Units	Annual P.U. Increase (Decrease)
2007	230.68	1,775.45	12,029.91	13,657.96	27,694.00	32,160.23	-0.87%
2008	223.37	1,728.47	11,899.66	13,643.32	27,494.82	32,062.56	-0.30%
2009	232.44	1,851.28	11,842.79	13,405.61	27,332.12	31,781.05	-0.88%
2010	235.58	1,495.18	11,927.94	13,304.89	26,963.59	31,686.88	-0.30%
2011	222.54	1,798.59	11,839.43	13,238.22	27,098.78	31,510.72	-0.56%
2012	159.30	1,850.24	11,948.37	13,012.52	26,970.43	31,406.83	-0.33%
2013	240.34	1,845.80	11,926.58	12,780.09	26,792.81	31,079.22	-1.04%
2014	243.55	1,757.83	12,116.23	12,800.68	26,918.29	31,261.97	0.59%
2015	263.27	1,987.77	12,235.89	12,718.96	27,205.89	29,748.93	-4.84%
2016	261.75	1,969.63	12,423.99	12,871.35	27,526.72	30,100.98	1.18%
2017 Estimate	272.79	1,930.72	12,714.47	12,936.80	27,854.78	30,442.14	1.13%

Note 1: Enrollment numbers are estimated for the most recent fiscal year.

Note 2: ADM is weighted as follows in computing pupil units:

	Early Childhood and Kindergarten-Handicapped	Kindergarten		Elementary		Secondary
		Part-Time	Day	1-3	4-6	
Fiscal 2006 through 2007	Various	0.557	0.557	1.115	1.060	1.300
Fiscal 2008 through 2014	Various	0.612	0.612	1.115	1.060	1.300
Fiscal 2005 and beyond	Various	0.550	1.000	1.000	1.000	1.200

Employees by Classification:

	2007	2008	2009	2010	2011	2012	2013	2014	2015	2016
Administrators/principals (1)	99	103	112	106	86	106	109	104	104	125
Supervisors	60	64	69	60	56	56	58	59	59	71
Teachers/nurses	2,351	3,002	3,013	2,724	2,419	2,386	2,542	2,537	2,537	2,600
Clerical	1,052	1,165	1,112	1,003	893	875	928	950	950	890
Building chiefs and custodians	228	261	255	227	204	207	204	203	203	204
Food service	209	248	248	189	185	188	189	181	181	177
Truck drivers/mechanics/bus driver	270	297	322	273	266	258	266	255	255	267
Non-licensed specialists	42	45	56	42	51	44	46	52	52	60
Total	4,311	5,185	5,187	4,624	4,160	4,120	4,342	4,341	4,341	4,394

Site Staffing Allocations:

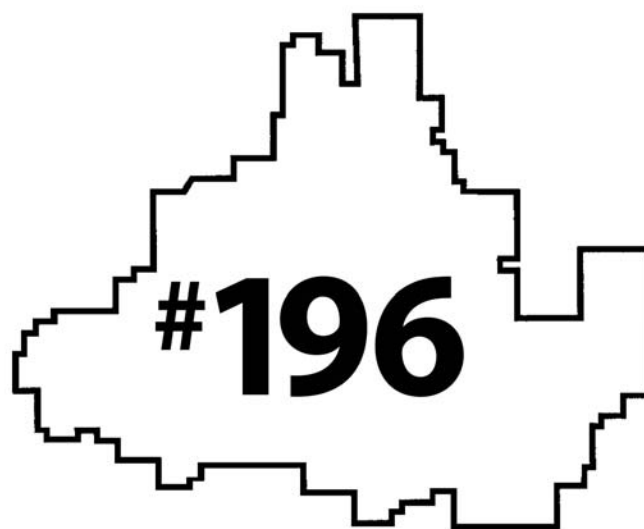
	October 3 Enrollment	Administrator/Principal	Assistant Administrator	Counselor/Dean	Classroom Teachers	Specialists	Gifted and Talented	Technology Assistant	Nurse	12-Month Secretary	10-Month Secretary	10-Month Clerk	Campus Security	Totals
Elementary Schools														
Cedar Park	731	1000	0.558	-	28.817	5.184	0.550	-	0.938	1000	0.987	4.392	-	43.426
Deerwood	625	1000	0.729	-	24.829	4.638	0.550	-	0.938	1000	0.900	3.755	-	38.339
Diamond Path	832	1000	0.663	-	32.998	5.901	0.800	-	0.938	1000	1.124	4.999	-	49.423
Echo Park	641	1000	0.679	-	25.502	4.652	0.550	-	0.938	1000	0.900	3.851	-	39.072
Glacier Hills	759	1000	0.725	-	29.871	5.475	0.550	-	0.938	1000	1.043	4.560	-	45.162
Greenleaf	961	1000	0.745	-	37.885	6.816	0.800	-	0.938	1000	1.298	5.774	-	56.256
Highland	695	1000	0.836	-	27.446	5.177	0.550	-	0.938	1000	0.986	4.175	-	42.108
Northview	396	1000	0.641	-	15.703	3.600	0.300	-	0.938	1000	0.900	3.450	-	27.532
Oak Ridge	537	1000	0.565	-	21.252	3.957	0.300	-	0.938	1000	0.900	3.450	-	33.362
Parkview	943	1000	0.745	-	37.545	6.688	0.800	-	0.938	1000	1.274	5.665	-	55.655
Pinewood	615	1000	0.620	-	24.154	4.482	0.300	-	0.938	1000	0.900	3.695	-	37.089
Red Pine	797	1000	0.656	-	31.197	5.695	0.800	-	0.938	1000	1.085	4.788	-	47.159
Rosemount	745	1000	0.704	-	29.472	5.404	0.550	-	0.938	1000	1.029	4.476	-	44.573
Shannon Park	800	1000	0.875	-	31.537	5.879	0.800	-	0.938	1000	1.120	4.806	-	47.955
Southview	640	1000	0.681	-	25.241	4.716	0.550	-	0.938	1000	0.900	3.845	-	38.871
Thomas Lake	473	1000	0.564	-	18.857	3.600	0.300	-	0.938	1000	0.900	3.450	-	30.609
Westview	395	1000	0.599	-	15.575	3.600	0.300	-	0.938	1000	0.900	3.450	-	27.362
Woodland	587	1000	0.688	-	23.247	4.355	0.300	-	0.938	1000	0.900	3.527	-	35.955
Totals	12,172	18,000	12.273	-	481.128	89.819	9.650	-	16.875	18,000	18.046	76.108	-	739.899
Middle Schools														
Black Hawk	865	2.070	-	2.000	31.948	2.700	0.900	0.450	0.938	2.000	0.650	3.307	-	46.963
Dakota Hills	1,100	2.083	-	2.000	40.628	3.500	0.900	0.450	0.938	2.000	0.688	4.206	-	57.393
Falcon Ridge	1,064	2.084	-	2.000	39.298	3.400	0.900	0.450	0.938	2.000	0.665	4.068	-	55.803
Rosemount	1,275	2.100	-	2.000	47.091	4.040	0.900	0.450	0.938	2.000	0.797	4.875	-	65.191
Scott Highlands	1,010	2.078	-	2.000	37.304	3.900	0.900	0.450	0.938	2.000	0.650	3.862	-	54.082
Valley Middle	982	2.076	-	2.000	36.270	2.700	0.900	0.450	0.938	2.000	0.650	3.754	-	51.738
Totals	6,296	12.491	-	12.000	232.539	20.240	5.400	2.700	5.628	12.000	4.100	24.072	-	331.170
High Schools														
Apple Valley	1,572	4.095	-	3.533	59.886	4.286	-	0.450	1000	4.000	2.044	3.761	2.000	87.584
Eagan	1,945	4.096	-	4.371	74.095	4.651	-	0.450	1000	4.000	2.529	4.653	2.000	101.845
Eastview	2,152	4.202	-	4.826	81.981	4.850	-	0.450	1000	4.000	2.798	5.148	2.000	111.255
Rosemount	2,124	4.183	-	4.773	80.914	4.814	-	0.450	1000	4.000	2.762	5.081	2.000	109.977
SES	418	1.000	-	0.935	15.848	0.450	-	0.225	0.813	1.000	1.350	-	-	21.621
ALC	100	0.500	-	-	4.211	-	-	-	0.250	1.000	0.900	0.675	1.000	8.536
Totals	8,311	18.076	-	18.438	316.935	19.051	-	2.025	5.063	18.000	12.383	19.318	9.000	440.818
Grand Totals	26,779	48.567	12.273	30.438	1,030.602	129.110	15.050	4.725	27.566	48.000	34.529	119.498	9.000	1,511.887

Fund Balances Governmental Funds:

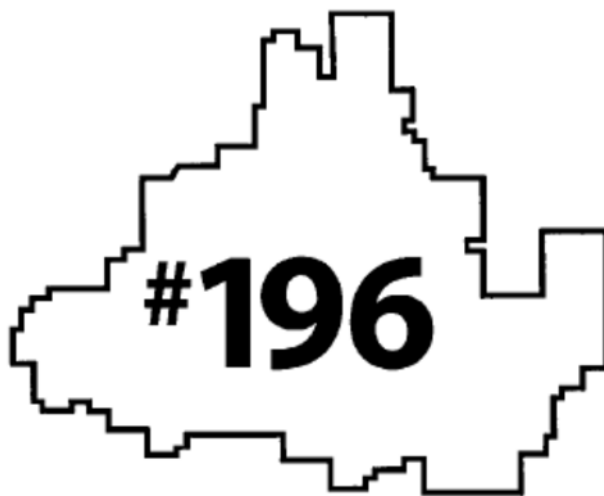
	Fiscal Year				
	2012	2013	2014	2015	2016
General Fund					
Reserved	-	-	-	-	-
Unreserved	-	-	-	-	-
Nonspendable	843,827	854,963	940,209	924,736	967,324
Restricted	1,195,907	1,714,690	3,010,821	3,296,572	2,454,724
Assigned	9,487,053	20,341,273	8,451,360	6,636,835	10,790,390
Unassigned	29,847,225	16,844,900	18,728,496	21,074,506	16,839,773
Total General Fund	<u>41,374,012</u>	<u>39,755,826</u>	<u>31,130,886</u>	<u>31,932,649</u>	<u>31,052,211</u>
All other governmental funds					
Reserved	-	-	-	-	-
Unreserved, reported in					
Special revenue funds	-	-	-	-	-
Capital Projects – Building Construction Fun	-	-	-	-	-
Debt Service Fund	-	-	-	-	-
Nonspendable	196,015	249,138	172,385	132,289	136,641
Restricted	36,826,306	49,345,541	30,575,969	19,609,217	138,407,574
Unassigned, reported in					
Capital Projects – Building Construction Fun	-	-	-	-	-
Total all other governmental funds	<u>37,022,321</u>	<u>49,594,679</u>	<u>30,748,354</u>	<u>19,741,506</u>	<u>138,544,215</u>

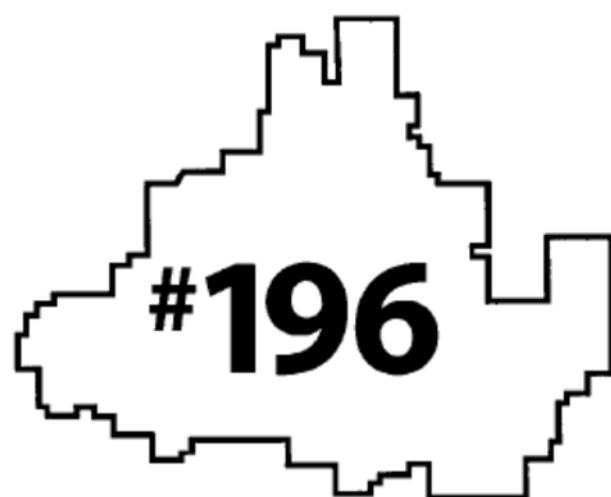
Changes in Fund Balances of Governmental Funds:

	Fiscal Year				
	2012	2013	2014	2015	2016
Revenues					
Local sources					
Taxes	75,872,335	75,534,830	50,312,679	79,262,313	78,828,084
Investment earnings	62,715	183,896	254,245	197,264	990,686
Other	24,616,940	24,762,575	24,827,075	21,183,365	20,303,840
State sources	218,969,312	224,715,822	251,943,911	247,270,824	258,200,427
Federal sources	17,281,296	12,289,808	12,123,310	12,820,914	13,700,319
Total revenues	336,802,598	337,486,931	339,461,220	360,734,680	372,023,356
Expenditures					
Current					
Administration	10,884,027	11,685,219	12,662,675	13,188,527	14,846,637
District support services	8,390,674	8,303,655	8,245,964	8,802,535	9,360,367
Elementary and secondary instruction	146,550,850	146,884,786	151,453,547	160,442,599	165,181,027
Vocational education instruction	3,820,177	3,860,595	3,899,432	4,161,539	5,198,949
Special education instruction	55,821,234	57,700,284	60,749,987	62,011,436	65,226,216
Instructional support services	13,446,242	16,120,814	16,734,739	18,361,748	19,695,766
Pupil support services	20,036,358	22,686,884	23,318,080	22,991,342	23,694,661
Sites and buildings	26,073,195	22,380,519	22,906,580	21,468,077	21,979,790
Fiscal and other fixed cost programs	539,813	598,093	697,917	651,864	650,603
Food service	11,130,758	10,707,855	11,253,357	11,509,963	11,757,651
Community service	9,230,564	9,772,281	9,784,435	7,739,627	8,044,250
Capital outlay	8,609,979	6,200,964	13,388,239	19,028,484	11,640,890
Debt service					
Principal	17,203,854	16,871,223	16,460,404	17,880,544	13,326,884
Interest and fiscal charges	5,470,324	5,368,621	4,897,774	4,586,660	4,384,850
Total expenditures	337,208,049	339,141,793	356,453,130	372,824,945	374,988,541
Revenues over (under) expenditures	(405,451)	(1,654,862)	(16,991,910)	(12,090,265)	(2,965,185)
Other financing sources (uses)					
Transfers in	7,813,886	6,749,505	6,128,424	6,225,838	8,554,099
Transfers out	(7,813,886)	(7,456,023)	(6,128,424)	(6,225,838)	(8,554,099)
Refunding debt issued	34,800,000	12,100,000	2,230,000	-	-
Debt issued	-	-	13,710,000	-	112,150,000
Premium on debt issued	4,406,816	811,026	325,933	-	20,355,238
Discount on debt issued	-	-	-	-	-
Bond refunding payments	(11,185,000)	-	(26,850,000)	(2,325,000)	(12,125,000)
Capital leases and other loans	5,478,812	-	96,569	4,200,000	480,000
Sale of capital assets	180,821	404,526	8,143	10,180	27,218
Total other financing sources (uses)	33,681,449	12,609,034	(10,479,355)	1,885,180	120,887,456
Net change in fund balances	33,275,998	10,954,172	(27,471,265)	(10,205,085)	117,922,271
Fund balances					
Beginning of year	45,120,334	78,396,332	89,350,504	61,879,239	51,674,154
End of year	78,396,332	89,350,504	61,879,239	51,674,154	169,596,425



Glossary





Glossary of Terms:**A**

Accounting Procedure: The policy and systematic arrangement of methods and operations for recording accounting information to provide internal control and produce accurate and complete records and reports.

Accounting System: The total set of records and procedures which are used to record, classify and report information on the financial status and operations of an entity.

Accrual Basis of Accounting: The method of accounting under which revenues are recorded when they are earned (whether or not cash is received at that time) and expenditures are recorded when goods and services are received (whether cash disbursements are made at that time or not).

Adjusted Marginal Cost Pupil Units: The current pupil units or sum of 77 percent of the adjusted pupil units computed using current year data, plus 23 percent of the adjusted pupil units computed using prior year data, whichever is greater.

Adjusted Net Tax Capacity (ANTC): The net tax capacity of a school district as adjusted by the sales ratio (Net Tax Capacity divided by the sales ratio). The purpose of the adjustment is to neutralize the effect of different assessment practices among the taxing jurisdiction of the state.

Adjusted Pupil Units: The sum of pupil units served plus pupil units whom the district pays tuition under an agreement with another district, minus pupil units for whom the district receives tuition under an agreement with another district.

Apportionment: (1) The act of apportioning; (2) An item of receipts resulting from the act of apportioning, such as state apportionment (see *allotment*).

Assessed Valuation: A valuation set upon real estate or other property by a government as a basis for levying taxes.

Assessment: (1) The process of making the official valuation of property for the purpose of taxation, and (2) The valuation placed upon property as a result of this process. **Note:** *Assessment* is sometimes used to denote the amount of taxes levied but such usage is not recommended since it fails to distinguish between the valuing process and the tax levying process. The term is also used erroneously as a synonym for *special assessment*.

Assets: Economic resources that are owned or controlled by an entity.

Audit: The result of an independent accountant's review of the statements and footnotes to ensure compliance with generally accepted accounting principles and to render an opinion on the fairness of the financial statements.

Audit Report: A report issued by an independent certified public accountant that expresses an opinion about whether the financial statements fairly present an organization's financial position, operating results and cash flows in accordance with generally accepted accounting principles.

Average Daily Attendance (ADA): The aggregate attendance of students in a school during a reporting period (normally a school year) divided by the number of days that school is in session during this period.

Average Daily Membership (ADM): The aggregate membership of students in a school during a reporting period (normally a school year) divided by the number of days that school is in session during this period.

B

Balance Sheet: A formal statement of assets, liabilities and equity as of a specific date.

Bond: A written promise to pay a specified sum of money, called the face value or principal amount, at a specified date in the future (the maturity date), together with periodic interest at a specified rate.

Bond Discount: The difference between the face value and the sales price when bonds are sold below their face value.

Bond Maturity Date: The date at which a bond principal or face amount becomes payable.

Bond Premium: The difference between the face value and the sales price when bonds are sold above their face value.

Bond Rating: Ratings for bonds to be issued that primarily reflect the ability of the issuer to repay the bonds. Better bond ratings result in lower interest rates for the bonds issued.

Bond Referendum: Funding for a proposed public building or major remodeling project submitted for local voter approval.

Budget: A plan of financial operation expressing the estimates of proposed expenditures for a fiscal year and the proposed means of financing them (revenue estimates).

Budgeting: Pertains to budget planning, formulation, administration, analysis and evaluation.

Budget Calendar: Schedule of key dates which the School Board and administrators follow in preparation, adoption and administration of the budget.

C

Capital Lease: A leasing transaction that is recorded as a purchase by the lessee; ownership is transferred to the lessee at the conclusion of the leasing agreement.

Capital Outlay: An expenditure that is generally greater than \$5,000 and results in ownership, control or possession of assets intended for continued use over relatively long periods of time.

Cash Basis: Gross income is recognized when cash is received.

Cash Basis Accounting: A system of accounting in which transactions are recorded and in which revenues and expenses are recognized only when cash is received or paid.

Chart of Accounts: A list of all accounts generally used in an individual accounting system. In addition to account title, the chart includes an account number that has been assigned to each account. Accounts in the chart are arranged with accounts of a similar nature, for example, assets and liabilities.

Compensatory Revenue: A portion of general education revenue based on the number of students in a school district that qualify for free or reduced-price school meals.

Contracted Services: Service rendered by personnel who are not on the payroll of the school district, including all related expenses covered by the contract.

Credit: An entry on the right side of the account.

D

Debt: Money owed by one party (the debtor) to a second party (creditor), generally subject to contractual terms regarding the amount and timing of repayments of principal and interest.

Debt Service: Expenditures for the retirement of principal and payment of interest on debt.

Debt Limit: The maximum amount of bonded debt for which a governmental unit (school district) may legally obligate itself.

Debit: An entry on the left side of an account.

Delinquent Taxes: Taxes remaining unpaid on and after the date on which they become delinquent by statute.

Double Entry Accounting: A system of recording transactions in a way that maintains the equality of the accounting equation. Every entry made to the debit side of an account or accounts will have a corresponding amount or amounts made to the credit side.

E

Elementary School: A school classified as elementary by state and local practice and composed of any span of grades not above grade eight. Preschool or kindergarten is included under this heading only if it is an integral part of an elementary school or a regularly established school system.

Employee Benefits: Compensation, in addition to regular salary, provided to an employee. This may include such benefits as health insurance, life insurance, annual leave, sick leave, retirement and Social Security.

Enrollment: The total number of students registered in a given school unit at a given time, generally in the fall. (October 1 in Minnesota)

Entry: The record of a financial transaction in its appropriate book of accounts. Also, the act of recording a transaction in the books of accounts.

Equalization: The process of (1) reducing the tax rate or tax base disparities among different taxing jurisdictions, or (2) reducing net tax disparities among different properties within the same class in a given taxing jurisdiction.

Expenditures: Charges incurred, whether paid or unpaid, which are presumed to benefit the current fiscal year. For elementary/secondary schools, these include all charges for current outlays plus capital outlays and interest on school debt.

Expenditures Per Pupil: Charges incurred for a particular period of time divided by a student unit of measure, such as enrollment, average daily attendance, or average daily membership.

Expenses: Costs incurred in the normal course of operations.

F

Fiscal Year: The twelve-month period of time to which the annual budget applies. All Minnesota school districts, by law, must observe a fiscal year that runs July 1 through June 30.

Free School Meals: In order to qualify for free school meals, a household must submit an application. The federal government, comparing the household's size to its income, sets guidelines.

Full-Time Equivalency (FTE): The result of a computation that divides the amount of time for a less than full-time activity by the amount of time normally required in a corresponding full-time activity.

Fund: A sum of money or other resources segregated for the purpose of carrying on specific activities or attaining certain objectives in accordance with special regulations, restrictions or limitations, and constituting an independent fiscal and accounting entity.

Fund Balance (equity): Mathematical excess of assets over liabilities.

Federal Sources: Revenues received from federal government appropriations.

Fiduciary Funds: Account for assets held in a trustee capacity or as an agent for individuals, organizations or other governmental units and/or funds.

Formula Allowance: Minnesota's basic general education formula allowance provided school districts with a majority of their revenue.

G

General Fund: Typically the largest fund in the budget. It is comprised of money not in other funds. Most of this fund is not earmarked for specific purposes.

Generally Accepted Accounting Principles (GAAP): Standard framework of guidelines for financial accounting used in any given jurisdiction; generally known as accounting standards or standard accounting practice. These include the standards, conventions and rules that accountants follow in recording and summarizing financial transactions and in the preparation of financial statements.

General Obligation Bonds (GO Bonds): Bonds that the state stands behind with its taxing powers.

Grant: A contribution of assets (usually cash) by one governmental unit or other organization to another. Typically these contributions are made to local governments (school districts) from state and federal governments and are usually made for specified purposes.

H

High School: A secondary school offering the final years of high school work necessary for graduation, usually including grades 9-12.

I

Interest: The payment (cost) for the use of money.

Internal Service Funds: Funds internal to the operation of a unit that provide a variety of services to that unit, such as a printing activity. The funds must recover the full costs of services provided through billing back.

J

No entries

K

Kindergarten: This category of students includes transitional kindergarten, kindergarten and pre-first-grade students, and is traditionally found in elementary schools.

Kindergarten Handicapped (or disabled): This is a special category within kindergarten that provides for increased weighting of these kindergarten students that provides more revenue to a district.

L

Lease: A contract that specifies the terms under which the owner of an asset (the lessor) agrees to transfer the right to use the asset to another party (the lessee).

Lessee: The party that is granted the right to use property under the terms of a lease.

Lessor: The owner of property that is rented (leased) to another party.

Levy: A tax imposed on property, which a school board may levy, and is limited by statute.

Liabilities: Obligations measurable in monetary terms that represent amounts owed to creditors, governments, employees and other parties.

Local Education Agency (LEA): See *school district*.

Long-Term Liabilities: Debts or other obligations that will not be paid within one year.

M

Mandates: Requirements imposed by one level of government on another.

Marginal Cost Pupil Unit: Used to indicate pupil count. It is a calculation whereby 77 percent of the current year pupil count is added to 23 percent of the prior year pupil count.

Market Value: The value assigned to property by an assessor. The market value is intended to reflect the sales value of the property.

Middle School: A secondary school following elementary school and preceding high school, usually including grades 6-8.

Minnesota Automated Reporting Student System (MARSS): A system of pupil accounting which maintains essential data elements for each public school student attending school in Minnesota and reported by school districts to the state.

Minnesota Department of Education (MDE): The formal agency within the executive branch of government in Minnesota that oversees the operations of education, K-12 education in particular.

Modified Accrual Basis of Accounting: The basis of accounting under which expenditures, other than accrued interest on general long-term debt, are recorded at the time liabilities are incurred and revenues are recorded when received in cash, except for material and/or available revenues, which should be accrued to reflect property taxes levied and revenue earned.

N

Net Tax Capacity (NTC): This value is derived by multiplying the estimated market value of each parcel by the appropriate class (use) rate for that parcel.

Net Tax Liability: The amount of tax computed by subtracting tax credits from the gross tax liability.

Non-Resident Student: A student whose legal residence is outside the geographical area served by the district.

O

Operating Lease: A simple rental agreement where ownership is retained by the lessor at the conclusion of the leasing agreement.

P

Principal (face value or maturity value): The amount that will be paid on a bond at its maturity date.

Public Employees Retirement Association (PERA): This group administers pension plans that cover local, county and school district non-teaching employees.

Pupil Units: A count of resident pupils students in average daily membership. See *weighted pupil units*.

Q

No entries

R

Review and Comment: A process by which the commissioner of Minnesota Department of Education reviews and comments on the feasibility and practicality of proposed school district building projects.

Refunding Bonds: Bonds issued to pay off bonds already outstanding.

Reserve: An amount set aside for some specified purpose.

Resident Student: A student whose legal residence is within the geographic area served by the district.

Revenues: Money received by a unit from external sources net of refunds and other correcting transactions, other than from the issuance of debt, liquidation of investments, and as agency and probate trust transactions.

S

School Board: Elected or appointed body which has been created according to state law and vested with responsibilities for educational activities in the school district.

School District: A unit for administration of a public-school system often comprising several cities within a state.

Social Security (FICA) Taxes: Federal Insurance Contributions Act taxes imposed on employees and employers; used mainly to provide retirement benefits.

Staff Automated Reporting System (STAR): The system by which staff data elements are recorded and transmitted to the Minnesota Department of Education.

Stated Rate of Interest: The rate of interest printed on the bond.

Statute: A written law passed by a legislative body.

T

Tax Base: The value of commercial, industrial, residential, agricultural and other properties in a school district, city, municipality and county.

Tax Capacity: The value of property that school districts and other units tax.

Tax Credit: A state-allowed reduction on local property taxes.

Teachers Retirement Association (TRA): A statewide public pension fund for public school teachers throughout Minnesota, except for teachers in the first class cities, and some teachers in community colleges, state universities and technical colleges.

Transfer: The movement of money between funds; transfer must be consistent with legislative intent.

Trial Balance: A listing of all account balances; provides a means of testing whether total debits equal total credits for all accounts.

Trust Fund: A fund consisting of resources received and held by the district as trustee to be expended or invested in accordance with the conditions of the trust.

U

Uniform Financial Accounting and Reporting Standards (UFARS): Minnesota's legally prescribed set of accounting standards for all school districts.

Useful Life: The term used to describe the life over which an asset is expected to be useful to the company; cost is assigned to the periods benefited from using the asset.

V

No entries

W

Weighted Pupil Units: A varied weighting of pupils by grade. For example, a student in grades 1-6 may be counted as a 1.06 pupil unit, whereas a student in grades 7-12 may be counted as a 1.3 pupil unit.

X

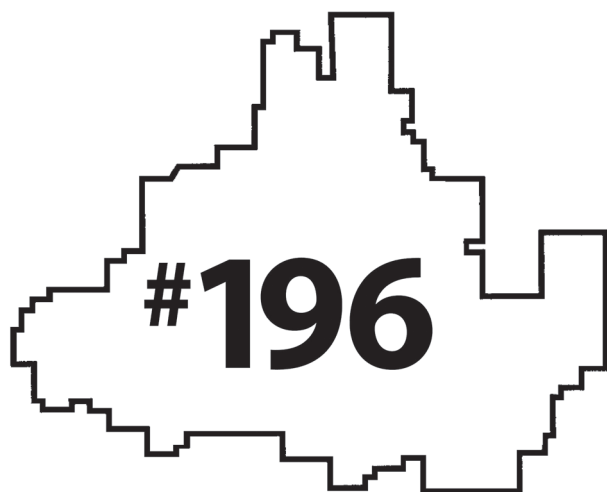
No entries

Y

No entries

Z

No entries





Alex, Oak Ridge Elementary



Xitlali Kix, Oak Ridge Elementary



Emma, Westview Elementary



Jaden, Oak Ridge Elementary



Cassidy, Oak Ridge Elementary



Educating our students to reach their full potential

Serving all or part of Rosemount, Apple Valley, Eagan, Burnsville, Coates, Inver Grove Heights, Lakeville, and Empire and Vermillion Townships