

**Independent School District 196**  
Rosemount-Apple Valley-Eagan Public Schools  
*Educating our students to reach their full potential*

**Budget Advisory Council Minutes**

6:30 p.m., January 11, 2017

District Office

**Present:** Budget Advisory Council members Kathy Cason, Karen Harrold, Gary Krueger, Jeff Little, Chas McCready, Andrew Schornack, Tom Snyder and John Wollersheim ; Director of Finance and Operations Jeff Solomon, Coordinator of Finance Stella Johnson and new Coordinator of Finance Christopher Onyango-Robshaw.

**Absent:** Budget Advisory Council members Chad LaBahn, Grace Keliher, Chris Knight and Chris Wong.

**Guest:** Don St. Ores

Co-chair Jeff Little called the meeting to order at 6:30 p.m.

**Public Input**

Don St. Ores introduced himself and indicated he was interested in hearing an update on levy funding and project schedules.

**Review Agenda**

The agenda was reviewed and the November 9, 2016 minutes were approved.

**Introduction of New Coordinator of Finance**

Christopher Onyango-Robshaw, who joined District 196 on January 10, was introduced to the BAC. Christopher most recently has been at Robbinsdale and Eden Prairie School Districts. He is looking forward to getting to know the staff at District 196 and supporting the work of the district. Stella Johnson and Christopher will work together for the next six weeks to help make a smooth transition.

Mr. Solomon thanked Stella Johnson for her work at District 196 and said she would be missed by those in the district.

All BAC members shared a bit about themselves to help Christopher get to know us.

**Review of Financial Documents**

• **2016-17 Final Budget**

The Final Budget was approved by the School Board at its January 9, 2017 meeting. A copy of the budget document was distributed and can also be found on the district's website. The 2016-17 final general fund revenue budget, including other financing sources, is \$344.35 million. This is \$7.70 million more than the preliminary budget. The primary factors for this increase are a net increase of \$5.76 million in general education and state special education aids, increase of \$1.45 million in federal aids and a net increase of \$0.49 million in miscellaneous revenue. The 2016-17 final general fund expenditures, including other funding uses is \$351.28 million. This is \$6.49 million more than the preliminary budget. The main reasons for the increase are an increase of \$2.20 million in salaries and benefits, and increase of \$5.11 million for supplies and materials, an increase of \$3.18 million for purchased services and a reduction of \$2.84 million in capital expenditures.

Detailed information for all the funds can be found on pages 17-30 of the final budget book.

• **Final Levy Certification-Payable 2017**

On December 12, 2016, the School Board approved total levy for taxes payable in 2017 of \$88,942,680.20. This is an increase of \$3,360,985.63 or 3.93% compared to the 2016 certified levy. Two factors that affected the levy amount were the increase in the average home value in District 196 and the erosion of equalization aid.

The BAC members were provided a copy of the School Board exhibit and PowerPoint presentation from the December 12 meeting.

### **Five-Year Plan Scenerio Review**

Mr. Solomon shared a handout that included expenditure projections for 2016-17, the budget and economic forecast for the state, history of general fund actual to budget performance, base plan assumptions for 2016-17 that were discussed at the November BAC meeting and eight financial plan scenarios. He discussed the district's performance over the last few years to give the BAC some background as they review the financial plan scenarios and narrow them down to three or four that can be recommended to the School Board for their January 23 planning session.

As a place to start the discussion, the eight scenarios show an increase to the basic funding formula of 0%, 1%, 1.5% and 2%, with estimated savings from budget of \$5 million and either a more conservative or a less conservative increase in salaries and benefits. Mr. Solomon pointed out these scenarios do not reflect the saving that will be realized if the second transportation hub is built. After much discussion, the members recommended that Mr. Solomon share four scenarios with the School Board. They felt most confident about the 1% or 1.5% increase to the basic funding formula. These scenario ranges will allow the School Board to decide if they should be more or less conservative regarding salaries and benefits.

### **Legislative Event-February 7, 2017**

A handout with the District's 2017 legislative priorities was shared and the Budget Advisory Council was invited to join members of the Legislative Advisory Council and District 196 administrators at the State Capitol for a legislative event on February 7. Opportunities will be available to meet with local legislators and share the districts legislative priorities.

### **OPEB-Other Post-Employment Benefits**

The Budget Advisory Council was provided with an update of the fund. As of November 30, 2016, the total account value was \$48,890,795.79.

### **Bond Sales/Bond Budget/Bond Investments**

Mr. Solomon shared the 30-year trend in municipal bond indices which showed that the interest rate the district received in February 2016 when selling the \$130 million in bonds was one of the best interest rate periods in 30 years. This saved the taxpayers \$17 million due to a lower interest rate than anticipated.

Mr. Solomon reported that all Phase I bond projects have begun and we are now in the design phase for all Phase II projects. Currently the bond budget is slightly over \$2 million under budget, the most savings coming from East Lake Elementary. There are no anticipated budget issues and all projects are on time at this time. The overall master referendum budget and cash flow analysis were shared with the BAC.

### **Next Meeting**

The next BAC meeting is scheduled for March 8, 2017 at 6:30 p.m.

**Adjournment.** The meeting adjourned at 8:25 p.m.