

# WAYZATA PUBLIC SCHOOLS

Independent School District 284  
Wayzata, Minnesota

## **BOARD OF EDUCATION**

Special Meeting - June 17, 2013 - 4:10 PM  
District Administration Building  
210 County Rd. 101, N, Plymouth, MN

### **AGENDA**

1.	CALL TO ORDER/ROLL CALL	3
2.	ADMINISTRATIVE	
3.	TEACHING AND LEARNING	
	A. Annual Q-Comp Report - B. Anderson - <i>20 minutes</i>	4
4.	HUMAN RESOURCES	
5.	FINANCIAL	
	A. Financial Implications of 2013 Legislative Session - J. Westrum - <i>10 minutes</i>	17
	B. 2013 - 2014 Budget - J. Westrum - <i>20 minutes</i>	27
	C. All Day Kindergarten - 2014 - 2015 School Year - J. Westrum - <i>20 minutes</i>	67
	D. Alternative Funding Mechanisms for Capital Projects - J. Westrum - <i>10 minutes</i>	73
6.	BOARD REPORTS	
7.	SCHOOL BOARD	
	A. NSBA Conference Report - C. Peterson, C. Polzin - <i>15 minutes</i>	100
	B. Tentative Board Agenda for July 8, 2013 - <i>5 minutes</i>	101
8.	ADJOURN	102

# WAYZATA PUBLIC SCHOOLS

Independent School District 284

Wayzata, Minnesota

## MISSION

### **Our Core Purpose:**

The mission of Wayzata Public Schools is to ensure a world-class education that prepares each and every student to thrive today and excel tomorrow in an ever-changing global society.

## VISION

### **What We Intend to Create and Experience:**

The vision of Wayzata Public Schools is to be a model of excellence where all students discover their unique talents, develop a love and tenacity for learning and demonstrate confidence and capacity for success through:

### **Exceptional Student Learning, Experiences and Relationships:**

- High achievement by each and every student—no exceptions, no excuses;
- Content-rich, rigorous and personalized education;
- Meaningful relationships with teachers, staff, mentors and peers in a welcoming, nurturing and safe environment where all are valued for who they are and the contributions they make.

### **Community Trust, Confidence and Partnership:**

- Comprehensive learning opportunities meeting diverse learner needs and community aspirations;
- Committed to being the first choice for students and families;
- Maintaining the highest levels of satisfaction and pride by staff, parents and community.

### **Operational Excellence:**

- Attraction, development and retention of exemplary, creative and engaged employees;
- Accountability by all staff for individual and collective performance;
- Effective and efficient use of time and human, financial and physical resources;
- Culture of continuous improvement and responsive innovation;
- High performing district governance, management and partnerships.

**WAYZATA PUBLIC SCHOOLS**  
Independent School District 284  
Wayzata, Minnesota

**BOARD OF EDUCATION**

**Special Work Session – June 17, 2013**

**AGENDA ITEM:** 1. CALL TO ORDER/ROLL CALL

**COMMENTS BY:** Board Chair Droegemueller

	<u>PRESENT</u>	<u>ABSENT</u>
Ms. Linda A. Cohen	_____	_____
Ms. Susan J. Droegemueller	_____	_____
Ms. Susan Gaither	_____	_____
Mr. Jay A. Hesby	_____	_____
Mr. John A. Moroz	_____	_____
Ms. Carter G. Peterson	_____	_____
Ms. Cheryl Polzin	_____	_____
Dr. Chace B. Anderson, Ex Officio	_____	_____

# Alternative Compensation

**6-17-2013**

**School Board Work Session**



**Excellence. For each and every student.**

# Vision

Wayzata's primary goal is to increase student learning by providing each teacher with the support and tools to maximize his or her effectiveness as a teacher and encourage professional growth throughout the teacher's career.



**Excellence. For each and every student.**

# Program Components

- **Peer Coaches - Coaching and Evaluating Teachers**
- **Identified Site Goal and Focused Action Plan**
- **Academy for Wayzata Educators (AWE)**
  - **Professional Development**



**Excellence. For each and every student.**

# Peer Coach Survey Results

- **The peer coaching program supports teacher effectiveness.** -  
**90% Agree or Strongly Agree**
- **Working with my peer coach has allowed me to meet my students' learning needs in a more effective manner.** -  
**84% Agree or Strongly Agree**
- **My peer coach provides data/evidence that helps me reflect on my teaching practices.**  
**-89% Agree or Strongly Agree**



**Excellence. For each and every student.**

# Successful Coaching

**“I value my time with my peer coach as a time to reflect on my teaching. Without it, it is too easy to get caught up in day to day work that I forget the importance of reflection. It also helps me think critically about my teaching and how I can improve.” - Wayzata Teacher**



**Excellence. For each and every student.**

# Successful Coaching

**“It takes each teacher where they are at and moves them forward. Teachers are safe to experiment, reflect and change their instructional practices.” -Wayzata Teacher**



**Excellence. For each and every student.**

# Site Goals 2012 -13

**Birchview - Math**

**Sunset Hill - Reading**

**Gleason Lake - Math**

**CMS - Math**

**Greenwood - Math**

**EMS - Math**

**Kimberly Lane - Math**

**WMS - Reading**

**Oakwood - Math**

**WHS - Math**

**Plymouth Creek - Math**

**ECSE - Get It Got It Go**



**Excellence. For each and every student.**

# Academy Evaluation Results

- 99.3 percent of study group and course participants, agreed or strongly agreed to “I have learned concepts that will increase my effectiveness as a teacher” (2 non-teacher participants selected “not applicable”)



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# Academy Evaluation Results

- **98.4 percent of study group and course participants agreed or strongly agreed to “I have taken information learned and applied it in my work.” (3 non-teacher participants selected “not applicable”)**



**Excellence. For each and every student.**

# Successful Professional Development (AWE)

- “I created an iBook and have already used it to Flip my classroom. It was very effective, and I couldn't have done it without the help of the instructors of this class. They instructed on how to create, with examples and tutorials, as well as ideas about effective applications for the iBook.”



**Excellence. For each and every student.**

# Successful Professional Development (AWE)

- “It was immediately applicable to my classroom. I have used multiple apps that I learned about in this class on my iPads. I have also used the project of flow maps that Kate and I created.”



**Excellence. For each and every student.**

# Program Review

- **Strengths**
  - **Teacher/Peer Coach Relationships**
  - **Structure and Time for Teacher Reflection**
  - **Designed Opportunities for Meaningful Conversations Focused Around Student Learning**
  - **Focus on Personalized Professional Development**



**Excellence. For each and every student.**

# Future Considerations

- How can we keep it fresh?
- Teacher Evaluation 2014



**Excellence. For each and every student.**

## 2013 LEGISLATIVE SESSION SUMMARY

Updated May 20, 2013

Overall, the final agreement on the Education Finance bill appropriates \$485 million more over the FY14-15 biennium. This is \$65 million less than the House bill of \$550 million. It is close to the original Senate bill of \$486 million (of which \$150,000 million of that was property tax relief).

In addition, the Tax bill includes several significant education finance provisions. They are noted as such in the summary.

### FUNDING PROVISIONS

**Basic formula increase:** Increases formula allowance by 1.5% per year – \$78 per pupil in FY14 and \$80 in FY15. (\$234 million for the biennium)

**Aid payment shift:** Creates a onetime mechanism to use any surplus that accumulates prior to June 30, 2013, to repay the school aid payment shifts – much like current law.

**All-day kindergarten:** Funds all-day kindergarten, beginning in FY15, by increasing the kindergarten pupil unit 1.0 for each full-time kindergarten pupil. To qualify for the higher all-day every day kindergarten weight, a pupil must be enrolled in a free all-day every day kindergarten program that is available to all kindergarten students at the pupil's school.

Allows school districts to use general education revenue to meet the needs of three- and four-year olds in the district as long as the district does not have a fee-based all-day kindergarten program.

**Pupil weighting simplification:** Changes pupil weighting for students in grades 1-6 to 1.0 and for pupils in grades 7-12 to 1.2.

**Declining enrollment revenue:** Establishes a new component of general education revenue called "declining enrollment revenue," which replaces funding marginal cost pupil units. Eliminates marginal cost pupil units.

**Student achievement levy (known formally as the general education levy):** Establishes a new general education levy imposed on adjusted net tax capacity. Proportionately reduces all districts' general education aid. If the district levies less than the maximum permitted rate, its general education aid is reduced proportionally.

**Achievement and integration revenue:** Establishes achievement and integration revenue. Revenue is equal to the sum of (1) \$350 x the district's pupil units for that year x the ratio of the district's enrollment of protected students for the previous school year to total enrollment for the previous school year, and (2) the greater of zero or 66% of the difference between the district's integration revenue for FY13 and the district's integration revenue for FY14.

Directs the commissioner to review a district's plan results at the end of the third year of implementation and determine if the district met its plan goals. If not, allows the Commissioner to use up to 20% of a district's revenue to implement the improvement plan.

Reinstatement of the integration levy is included in the Tax bill.

**Special education:** Modifies the special education program annual growth factor. Defines "nonfederal special education expenditures" as all necessary and essential direct expenditures on special education programming excluding: (1) expenditures reimbursed with federal funds; (2) expenditures reimbursed with other state aid; (3) general education costs of serving the student; (4) facilities costs; (5) pupil transportation costs; and (6) postemployment benefit costs.

Defines "old formula special education expenditures" as the expenditures that were counted under the prior law.

Creates a new category of special education aid called cross-subsidy reduction aid.

Appropriates \$40 million in new aid.

**Referendum program changes (included in Tax bill):** Makes the first \$300 of referendum revenue approved by the school board, rather than by voters. Equalization is enhanced substantially for the first \$300 and is increased for the additional levels of referendum revenue.

**Location equity index (included in Tax bill):** Replace \$400 per pupil of referendum revenue with \$400 of board approved levy authority for metropolitan school districts and \$200 per pupil for regional centers.

**Operating Referendum Freeze (included in Tax bill):** Districts are prohibited from going out for a referendum in FY15 only. School districts are exempt from this provision if they had a failed referendum in 2012 or the board passes a resolution to renew their referendum before June 30.

**Pension adjustment elimination:** Eliminates the pension subtraction and establishes a new component of general education revenue for districts with a below average reduction for changes in employer pension contributions for FY14.

**Compensatory revenue:** Adjusts the compensatory revenue formula, for FY15 and later, to neutralize the impact of the change in pupil unit weights.

**Safe schools:** Increases the safe schools levy by \$4 per pupil unit for taxes payable in 2014 and later. Expands the uses of the levy to include facility security enhancements, efforts to improve the school climate, and costs associated with mental health services.

**Career and technical funding:** Creates an aid and levy formula and increases funding by \$10million.

**School lunch:** Increases state aid for each school lunch served from \$12 to \$.125 cents beginning July 1, 2013.

**Early learning scholarships:** Provides funding for early learning scholarships for families at or below 185% of the federal poverty level. Families can use scholarships in a school-based early learning program, Head Start program or licensed childcare setting. (Appropriates \$44 million in FY14-15; \$44 million in FY16-17)

**Adult Basic Education:** Increases the growth factor for adult basic education aid from 1.02 to 1.025 for FY2015.

## POLICY PROVISIONS

**Compulsory attendance:** Extends the compulsory attendance law from age 16 to age 17. States that a pupil age 16 years or older, who is eligible for the graduation incentives program, may be assigned to an area learning center.

**World's best workforce:** Defines the "world's best workforce" as striving to meet school readiness goals, achieve third grade literacy for all students, close the academic achievement gap among racial, ethnic, and economic categories of students, attain career and college readiness, and have all students graduate from high school.

Directs a school board to adopt a comprehensive long-term plan to support teaching and learning that is aligned with the world's best workforce.

Directs the commissioner to assist districts and sites throughout Minnesota in implementing these effective strategies, practices, and use of resources.

Directs the Commissioner to identify those districts in any consecutive three-year period not making sufficient progress toward improving teaching and learning and striving for the world's best workforce.

Allows the commissioner, in consultation with the affected district, to require the district to use up to 2% of its basic general education revenue per fiscal year during the proximate three school years to implement commissioner-specified strategies and practices to improve and accelerate its progress in realizing its education goals.

**Educational expectations and graduation requirements for Minnesota's students:** Makes satisfactorily completing state credit requirements and demonstrating understanding of academic standards on a nationally normed college entrance exam among the state graduation requirements.

**Planning for students' successful transition to postsecondary education and employment:** Requires school districts, beginning in the 2013-2014 school year, to assist all students by no later than grade 9 to explore college and career interest and aspirations and develop a transition plan to postsecondary education or employment.

**Basic skills test for teachers:** Changes to the MTLE and teacher licensure system. Teachers who are otherwise qualified but have not passed the MTLE may be granted a one-year license no more than two times. A task force will be appointed to make comprehensive recommendations to the legislature about how to reform the licensure system and requirements

**Teacher evaluation:** Amends teacher evaluation requirements by basing 35% of teacher evaluation results on data from valid and reliable assessments aligned to state and local standards and on state and local measures of student growth that may include value-added models or student learning goals.

**Basic skills revenue:** Allows districts to use basic skills revenue for programs designed to prepare children for entry into school including early education programs, parent-training programs, school readiness programs, early kindergarten programs for four-year olds, and voluntary home visits and other outreach efforts.

**Operating capital:** Updates the allowable uses of operating capital revenue to include computer hardware, software, and annual licensing fees.

**Fund transfers:** Authorizes a school district, upon approval of the commissioner, to transfer money from any fund or account to any other fund or account unless that transfer would have an impact on state aids or local levies. Prohibits transfers from the community service fund, food service fund, or the reserved account for staff development revenue. Effective FY14 and FY15 only.

**Adult diploma:** Directs the education commissioner to adopt rules for providing a standard adult high school diploma to adults who are not eligible for K-12 services, do not have a high school diploma, and successfully complete a commissioner approved adult basic education program of instruction needed to earn an adult high school diploma. Establishes an adult diploma task to recommend programmatic requirements for adult basic education programs leading to a standard adult high school diploma.

**Nonrenewal of coaches:** Prohibits a school board from declining to renew a coach's contract based solely on the existence of parent complaints.

**Restrictive procedures:** Updates the law on the use of seclusion and restraints in the schools is moving forward in both the House and Senate. This legislation further clarifies the definition of emergency, expands the role of the local review committee, strengthens state oversight, clarifies when IEP teams meet and extends the use of prone restraints in emergencies for two more years.

**Special education caseload task force:** Establishes a task force to develop recommendations for the appropriate numbers of students with disabilities assigned to a classroom teacher with and without paraprofessional support and for cost effective and efficient strategies and structures for improving student outcomes.



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**To:** Dr. Chace Anderson  
**From:** Jim Westrum  
**Date:** June 5, 2013  
**Re:** 2013-2014 Financial Impact of Legislative Session 2013

---

The purpose of this memo is share the financial impact of the Legislative Session 2013 on the Wayzata Public Schools. It is important to note that the Minnesota Department of Education serves as the primary source for some of the estimates and the District's business office will need to rely on MDE estimates as we currently do not have enough information to validate certain revenue calculations.

2013-2014 Revenues

The District based its projected revenue on a 1.0% formula increase and the reduction of \$1 million in Pilot Project Compensatory Aid. While the District did not receive the \$1 million in Pilot Project Compensatory Aid, the District did receive a 1.5% formula increase. The following table summarizes the revenues received above current law and the additional \$619,180 applied to the 2013-2014 general fund revenue budget:

General Education Formula increase 1.5%	\$980,355
Compensatory and other linked formulas	\$15,395
Special Education State Reimbursements	\$156,623
Career and Technical Reimbursements	66,707
Total Additional Revenue to Wayzata ISD 284	\$1,219,180
Less: General Education Formula increase of 1% (amount used in original budget projection)	(\$600,000)
Total Improvements to 2013-2014 Revenues	\$619,180

It is important to note that Integration Revenue was eliminated and a new Achievement and Integration Revenue formula was introduced for 2013-2014 and future years. The District will receive \$1,622,069 or \$66,707 less than it received in the past through Integration Revenue formulas.

The attached spreadsheet shows the MDE detail related to the 2013 Session for 2013-14 and 2014-15.



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2013-2014 Revenue Improvements

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Career and Technical Reimbursements	66,707
<b>Total Additional Revenue to Wayzata ISD 284</b>	<b>\$1,219,080</b>

2013-2014 Budget Impact

The District based its 2013-2014 revenue budget on the assumption that it would receive a 1% formula increase of \$600,000 in new revenue. This amount was already included in the District’s budget assumptions, which left a \$1.6 million deficit. The \$619,180 of revenue improvements left the District with a \$980,000 budget gap. The administration made \$400,000 in expenditure cuts and proposes to bridge the remaining \$580,000 difference with the one-time capital transfer reserve made in 2008. It is also important to note that Integration Revenue was eliminated and a new Achievement and Integration Revenue formula was introduced for 2013-2014 and future years. The District will receive \$1,622,069 or \$66,707 less than it

received in the past through Integration Revenue formulas. Integration revenue funded activities will be adjusted to stay within the resources available through this program.

#### Future Budgeting Implications

The legislature made some significant changes in its formula driven revenues for Fiscal Year 2014-15 and beyond. The administration believes that the 2013-2014 budget submitted for board approval is prudent in light of the fact that the state has indicated the District could receive approximately \$3.1 million of revenue when the changes are implemented in 2014-2015. This would ensure that the District has a balanced budget in 2014-2015 and would allow the District to give careful consideration to its programming and seek additional operational efficiencies. As always, the administration will continue to closely monitor any changes that occur as the state clarifies the impact of the new formulas on individual school districts, specifically Wayzata.

The attached spreadsheet shows the MDE detail related to the 2013 Session for 2013-14 and 2014-15.

Wayzata Public Schools  
33964403.xlsx 2 Year Dollar Comparison

Description	Revenue		2014 Revenue		(from old law)		2015 Revenue		(from 2014)	
	Old Law		New Law		\$ Change	% Change	New Law		\$ Change	% Change
Basic	\$ 65,356,994		\$ 66,337,349		\$ 980,355	1.50%	\$ 66,869,675		\$ 532,326	0.80%
All Day Kindergarten	-		-		-		1,792,081		1,792,081	
Pension Adjustment	(307,541)		(307,541)		-	0.00%	92,359		399,900	-130.03%
Compensatory	946,363		961,713		15,350	1.62%	979,200		17,487	1.82%
Referendum	19,373,132		19,373,132		-	0.00%	14,358,908		(5,014,224)	
Location Equity Index	-		-		-		5,014,224		5,014,224	
Referendum change	-		-		-		1,473,268		1,473,268	
Gifted & Talented	150,131		150,131		-	0.00%	153,738		3,607	2.40%
Q Comp	2,761,720		2,761,720		-	0.00%	2,766,920		5,200	0.19%
Equity	935,986		935,986		-	0.00%	915,099		(20,887)	-2.23%
Extended Time	299,525		299,525		-	0.00%	301,020		1,495	0.50%
Extended Time Adjustment	-		-		-		(2,684)		(2,684)	
Operating Capital	2,576,288		2,576,288		-	0.00%	2,647,690		71,402	2.77%
Transportation Sparsity	3,023		3,068		45	1.49%	-		(3,068)	-100.00%
Transition	14,012		14,012		-	0.00%	14,019		7	0.05%
LEP Total	121,021		121,021		-	0.00%	121,676		655	0.54%
Special Education	8,175,660		8,332,282		156,623	1.92%	8,848,231		515,948	6.19%
Achievement & Integration *	1,670,000		1,622,069		(47,931)	-2.87%	1,589,130		(32,939)	-2.03%
Safe Schools	375,328		375,328		-	0.00%	375,513		185	0.05%
Literacy Incentive	712,970		712,970		-	0.00%	734,452		21,482	3.01%
Lease	-		-		-		-		-	
Career Tech	195,066		261,773		66,707	34.20%	422,611		160,838	61.44%
Alt Fac Def Maint	401,363		401,363		-	0.00%	405,764		4,401	1.10%
Misc Levies	3,024,391		3,024,391		-	0.00%	3,024,391		-	0.00%
Telecomm	35,501		35,501		-	0.00%	35,501		-	0.00%
Total Revenue	\$ 106,820,932		\$ 107,992,081		\$ 1,171,149	1.10%	\$ 112,932,786		\$ 4,940,706	4.58%
Adjustments for Wayzata ISD 284										
Compensatory Pilot Project Aid			\$ (1,000,000)		\$ (1,000,000)					
Amount Dedicated for All Day K							\$ (1,792,081)		\$ (1,792,081)	
Net for Wayzata ISD 284	\$ 106,820,932		\$ 106,992,081		\$ 171,149	0.16%	\$ 111,140,705		\$ 3,148,625	2.94%

IMPACT OF 2013 LEGISLATION ON FY 2014 AND FY 2015 REVENUE  
 WAYZATA #284

	Category	2013-2014 Revenue Change	2014-2015 Revenue Change
1 Adjusted ADM			
2 Basic	1 Basic + Full-Day+Pension	\$ 932,354.91	\$ 547,938.00
All Day K	All Day K		\$ 1,792,081.00
4 Pension Adjustment	1 Basic + Full-Day+Pension	\$ -	\$ 399,900.15
5 Compensatory	2 Compensatory	\$ 15,350.00	\$ 31,149.00
6 Compensatory Pilot	2 Compensatory	\$ (1,100,000.00)	
7 Referendum	3 Referendum + Location	\$ -	\$ (5,014,224.00)
Referendum Increase			\$ 934,411.00
9 Location	3 Referendum + Location	\$ -	\$ 5,014,224.00
10 Gifted & Talented	4 Other General Revenue	\$ -	\$ 3,533.00
12 Equity	4 Other General Revenue	\$ -	\$ (5,338.25)
13 Extended Time	4 Other General Revenue	\$ -	\$ 1,495.00
14 Extended Time Adjustment	4 Other General Revenue	\$ -	\$ 9,755.50
15 Operating Capital	4 Other General Revenue	\$ -	\$ 70,125.00
16 Transportation Sparsity	4 Other General Revenue	\$ 45.00	\$ (3,024.00)
22 LEP Total	4 Other General Revenue	\$ -	\$ 660.00
23 Special Education	5 Special Ed	\$ 156,622.59	\$ 221,940.38
24 Achievement & Integration *	6 Achieve & Integration *	\$ (47,931.14)	\$ (32,938.00)
25 Safe Schools	7 Other Funding	\$ 48,000.00	.
26 Literacy Incentive	7 Other Funding	\$ -	\$ (21,472.16)
28 Career Tech	7 Other Funding	\$ 66,707.26	
		\$ 71,148.62	\$ 3,950,215.62
	Less All Day K		\$ 1,792,081.00
			\$ 2,158,134.62



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**To:** Dr. Chace Anderson  
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**Date:** June 5, 2013  
**Re:** 2014-2015 Financial Impact of Legislative Session 2013

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The purpose of this memo is share the financial impact of the Legislative Session 2013 on the Wayzata Public Schools. It is important to note that the Minnesota Department of Education serves as the primary source for some of the estimates and the District’s business office will need to rely on MDE estimates as we currently do not have enough information to validate certain revenue calculations.

2014-2015 Revenues

The 2013 Legislature did a major conversion of certain funding formulas effective with the 2014-2015 fiscal year. In addition to an attempt to simplify revenue formulas, another major initiative effective with the 2014-2015 fiscal year is optional, state funded kindergarten. In summary, the Wayzata Public Schools is projected to receive approximately \$1.8 million in state general education aid if it offers all-day kindergarten and another \$3.1million, or 2.94% in general fund revenues based upon estimates provided by the Minnesota Department of Education as follows:

General Education Formula/ Pension Adjustment	\$932,226
Operating Referendum	\$1,473,268
Special Education State Reimbursements	\$515,948
Career and Technical Reimbursements	\$160,838
Achievement and Integration	(\$32,939)
Other General Education Revenues (net of adjustments)	\$99,284
Total Improvements (excluding All Day K)	\$3,148,625
All Day Kindergarten Potential Funding (if offered)	\$1,792,081

It is important to note that these estimates are subject to change as the MDE and business office continue to review the impact the major conversion of certain funding formulas have specifically on the District.

The attached spreadsheet shows the MDE detail related to the 2013 Session for 2013-14 and 2014-15.

**Wayzata School District**  
**Preliminary Budget**  
**July 1, 2013 through June 30, 2014**

**June 24, 2013**

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**Preliminary Budget  
For the Fiscal Year July 1, 2013 through June 30, 2014**

**DISTRICT OFFICIALS**

**SCHOOL BOARD:**

Susan J. Droegemueller	Chairperson
Jay Hesby	Vice Chair
Susan Gaither	Treasurer
John A. Moroz	Clerk
Linda A. Cohen	Director
Carter G. Peterson	Director
Cheryl Polzin	Director
Dr. Chace B. Anderson	Ex-Officio

**ADMINISTRATIVE STAFF:**

Dr. Chace B. Anderson	Superintendent of Schools
James Westrum	Exec. Director of Finance and Business Services
Annie Doughty	Executive Director of Human Resources
Dr. Jill Johnson	Exec. Director of Teaching and Learning
Lori Fildes	Director of Special Services
Jill Schwint	Controller
James A. Scheuer	Senior Accountant
Beth Meester	Accountant
Amy Parnell	Director of Communications

## **Vision**

*The Vision of Wayzata Public Schools is to be a model of excellence where all students discover their unique talents, develop a love and tenacity for learning and demonstrate confidence and capacity for success.*

## **Mission Statement**

The mission of the Wayzata School District is to ensure a world-class education that prepares each and every student to thrive today and excel tomorrow in an ever-changing global society.

## **The School District**

The first school in the Wayzata area was established about 1855. It began with a one-room log school built near what is now the second green of the Wayzata Country Club. By 1903, Wayzata had established a four-year high school and in 1906 graduated its first class of three students. The Wayzata Public Schools community area lies approximately ten miles west of Minneapolis. The district extends north and east from Wayzata Bay on Lake Minnetonka and serves all or portions of Corcoran, Maple Grove, Medicine Lake, Medina, Minnetonka, Orono, Plymouth and Wayzata. The Wayzata Public Schools system operates seven elementary schools which serve kindergarten through grade five, three middle schools which serve grades 6, 7, and 8, and one senior high school which serves grades 9, 10, 11, and 12. Wayzata West Middle School is located in Wayzata; all other schools are in Plymouth.

### **◆ Elementary Schools**

Birchview, Gleason Lake, Greenwood, Kimberly Lane, Oakwood,  
Plymouth Creek, Sunset Hill

### **◆ Middle Schools**

Central, East and West

### **◆ Senior High School**

# EXECUTIVE SUMMARY

**INDEPENDENT SCHOOL DISTRICT 284  
WAYZATA, MINNESOTA**

**Table I**

**2013-2014 Preliminary Budget**

**Revenue**

General Fund	\$122,802,421
Food Service	5,288,266
Community Service	8,534,970
Construction	7,244,991
Debt Service	<u>11,240,078</u>
All Funds Combined	\$155,110,726
All Funds Excluding Construction	\$147,865,735

**Expenditures**

General Fund	\$123,740,926
Food Service	5,551,447
Community Service	8,786,835
Construction	16,131,372
Debt Service	<u>10,972,051</u>
All Funds Combined	\$165,182,631
All Funds Excluding Construction	\$149,051,259

Note: Construction Fund Revenue and Expenditures included in General Fund also; excluded from totals for a more accurate measure of total revenue and expenditures

## Budget at a Glance

### General

- ◆ This budget year commences July 1, 2013 and ends June 30, 2014. It is for the 2013-14 school year and is also referred to as “Fiscal Year 2014”, abbreviated “FY14”.
- ◆ Student enrollment is projected to increase to 10,673, compared with 10,498 in the prior year.
- ◆ The general fund unassigned fund balance at June 30, 2014 is estimated to be \$12.1 million, or 10.9% of the expenditures. This represents 5 weeks of operations and is deemed to be adequate at year end.
- ◆ This budget includes a \$78 increase in the formula allowance enacted by the 2013 Legislature.

### Revenues

- ◆ Total general fund revenues are estimated to be \$122,802,421, an increase of \$2.8 million, or 2.3% from FY12 to FY13.
- ◆ Revenue includes the referendum levy of \$1,604.43 per pupil unit.
- ◆ State special education aid and excess cost aid will still be prorated at 85% and 66%, respectively.
- ◆ Revenue also includes a technology levy of \$5,520,323.
- ◆ Investment earnings in the general fund are expected to be minimal due primarily to reduced rates of return in the marketplace.
- ◆ Alternative Facilities revenue of \$1,724,668 and \$1,410,910 of operating capital revenue are included in the budget for capital improvements and repair.
- ◆ Federal Title I revenue of \$440,319 is included. The district began receiving this revenue in FY 2009. The District has accounted for the required reduction in revenue attributed to sequestration.

### Expenditures

- ◆ General fund expenditures are estimated to be \$123,740,926, an increase of \$227,158.
- ◆ Budget includes \$5.6 million for technology through the capital projects levy.
- ◆ Budget includes \$2.6 million for the alternative compensation plan.
- ◆ Salaries are budgeted to increase 2.5%, including step advancement, lane changes, and scheduled improvements for settled bargaining units as well as estimates for non-settled groups.
- ◆ Health insurance premiums increased 2.5%. Budget capacity was increased to account for additional employees electing to participate in the district’s insurance plans.
- ◆ Dental insurance premiums did not increase from the prior year.
- ◆ Public Employee Retirement Association (P.E.R.A.) employer contribution rates for non-licensed employees increased to 7.25% on January 1, 2012 and are projected forward.
- ◆ Teacher Retirement Association (T.R.A.) employer contribution rates for licensed employees increased to 7.0% on July 1, 2013 and are projected forward.

## **Budget at a Glance** **(Continued)**

- ◆ The budget for the textbook replacement cycle is \$400,000. An additional \$50,000 is budgeted for textbooks for enrollment changes at particular grade levels.
- ◆ Budget includes a reserve of 6 teacher FTE's to address hot spots.
- ◆ Schools' allocations per pupil for supplies remain constant at current rates.
- ◆ 2013-2014 is the second year that Wayzata will participate in the Alternative Facilities program to perform deferred maintenance projects. \$16 million in Alternative Facilities Bonds were sold in FY 2012. The District will use approximately \$8 million of these proceeds in the 2013-2014 fiscal year.

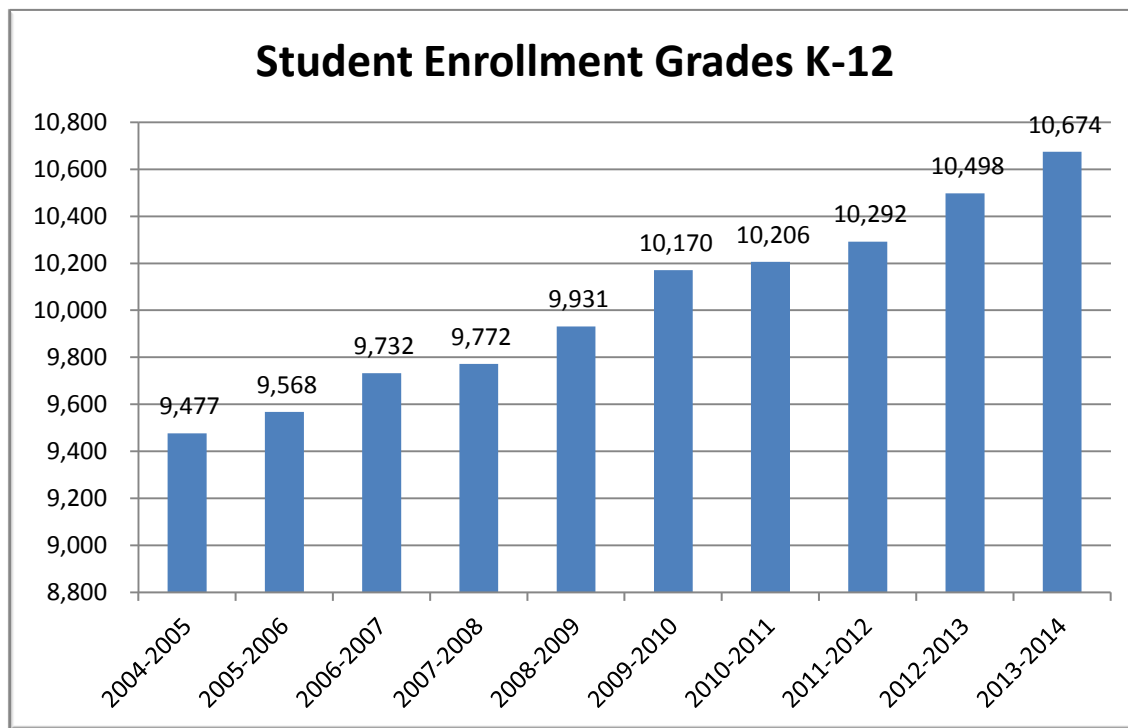
## ◆ Enrollments

The state of Minnesota had 340 school districts with a statewide public school enrollment of 826,924 for 2012-2013. Slightly more than one percent of Minnesota's public school students are educated in Wayzata Public Schools. In 2013-2014, enrollment at Wayzata Public Schools will grow slightly to 10,674. Of these students 10,504 are served in the district's facilities, while 170 students are served through tuition agreements by other districts.

While resident student enrollment continues to grow, the district's total enrollment is expected to remain stable over the next ten years. In some areas of the district new homes are under development. In general, however, this new development is expected to be offset by slight enrollment declines in mature parts of the district and the aging out of non-resident students attending the district through open enrollment. The district has closed open enrollment in substantially all grade levels to accommodate the projected increases in its resident student population.

These projections are based upon demographic studies commissioned by the District in early 2013 that are frequently updated and monitored for capacity purposes.

**Table II**  
**Enrollment History**



Enrollment numbers above exclude 170 F.A.I.R. School and IDDS students and resident students served by Intermediate District #287 under tuition agreements.

# General Fund

## Purpose

The General Fund contains all revenue and expense for the general, day-to-day operations of the school district. This includes salaries and benefits for teachers, administrators, custodians, secretaries, and paraprofessionals; instructional supplies, technology, transportation, textbooks, and money spent to operate and repair district buildings.

In some ways, it is clearer to express the general fund in terms of what it does not cover. The general fund does not cover Culinary Express; Community Education (including Home Base latchkey programs); debt service payments on bonds issued by the District; and the cost of major construction projects financed through the issuance of bonds.

The general fund does include expenditures funded with the Health and Safety levy. It is important to note that Health and Safety expenditures can fluctuate considerably from year to year and can impact the overall view of the district's funding picture.

The preliminary budget for 2013-14 contains moderate changes in staffing and programs from the previous year. The 2013 Legislature determined funding for the 2013-2014 school year, and all changes have been included in the budget included herein.

## **Fund Balance Policy**

The level of spending is set with a number of considerations in mind, but one of the chief considerations is to maintain an adequate level of reserves for unanticipated events. The district has a formal policy calling for an unassigned fund balance in the general fund equal to at least 5% to 7% of one year's expenditures. This balance could be considered to be the District's "savings account". Maintaining a prudent fund balance is important for the stability of the district, and is a key measure that bond rating agencies examine when assigning a credit rating to a district's bond sale.

The projected unassigned general fund balance as of June 30, 2013 is \$12,147,531. This is 10.9% of the expenditure budget, or five weeks of operations.

Unanticipated events that could occur that would require the District to dip into its undesignated fund balance include:

- Property tax delinquencies and abatements
- Enrollment fluctuations
- Unanticipated price increases for essential purchases, e.g. fuel for heating and transportation
- State revenue reductions or "aid pro-rations"
- Severe weather
- Federal Sequestration

## General Fund Revenue

Wayzata Public Schools receives revenues from two primary sources: local property taxes and state funding. A relatively small amount of revenue is also received from the federal government; fees and charges; non-resident tuition; and interest income. A detailed explanation of general fund revenue begins on page 12. Highlights for 2013-2014 include:

Wayzata Public Schools will receive approximately \$122.8 million to support the general operations of the district. This is an increase of \$2.8 million from the preceding year. Most of this increase is attributed to a \$78 improvement in the formula allowance, combined with resident student enrollment growth.

State aid estimates are primarily based on session laws 2013. Special Education aid is expected to increase slightly and will continue to be prorated at 85% for general aid and 66% for excess cost aid.

Some of the major features of the general fund revenue for Wayzata Public Schools for FY13 are:

- State revenues are the single largest source of general fund revenue (66.9%) for Wayzata Public Schools.
- Revenue for the Alternative Compensation Plan remains stable at \$2.6 million.
- The technology levy is decreased slightly from \$5,582,408 to \$5,520,323. An extensive technology plan was developed during fiscal year 2010 that continues to be implemented in 2013-2014 school year.
- Alternative Facilities revenue of \$1,724,668 is in the budget. This revenue is designated for building repairs.
- Compensatory revenue, which is state aid allocated on the basis of students eligible for free and reduced-price lunches, decreased slightly from \$1,031,722 to \$946,363. This is principally due to the fact that the number of students eligible for free and reduced-price lunches has decreased slightly.
- Also included in revenue is \$1,600,000 in state integration aid and the local integration levy, as well as \$1,100,000 for integration-related transportation aid.

## **Property Taxes**

Property taxes became a far less significant source of revenue for Wayzata Public Schools due to major legislative changes enacted in the 2001 Session. Two large property tax components of the school levy were eliminated or reduced, and replaced with an equivalent amount of state aid. As a result Wayzata's certified property tax levy declined by more than half, from \$55.4 million in the levy for FY 2002 to \$26.5 million in the levy for FY 2004.

In November 2009, the voters of the District approved a referendum levy that includes an allowance for future inflation. The referendum levy for 2013-14 is \$1,604.43 per resident pupil unit. Total referendum revenue is approximately \$19.0 million for this year.

The District's property tax base remains strong. The District's referendum market value remains at approximately \$10 billion in 2012 and increased 2.49% from the previous year.

For FY14, local property taxes will provide \$35.8 million in revenue for the general fund. This source of revenue will also provide \$1.5 million for the community services fund and \$11.2 million for debt redemption fund. The total property tax levy for FY14 for all funds is \$48.6 million.

## **Federal Aid**

Federal funding is generally provided to supplement the costs of providing instructional services in specific vocational, adult, and special education programs for educationally or economically disadvantaged students. Federal funds are a relatively modest revenue source for the general fund, but significant for target population groups. In FY14, Wayzata Public Schools will receive approximately \$3.0 million in federal funding, which is 2.5% of the general fund budget.

About 58% of federal aid is designated for special education programs. In FY 2014, the district estimates that it will receive \$440,319 in Title I revenue and \$463,213 in Carl Perkins Revenue.

## **Other Revenue**

About \$2.2 million in miscellaneous revenues from various sources is projected to be available in FY 2014. This includes interest earnings, tuition paid from other districts, donations, and fees.

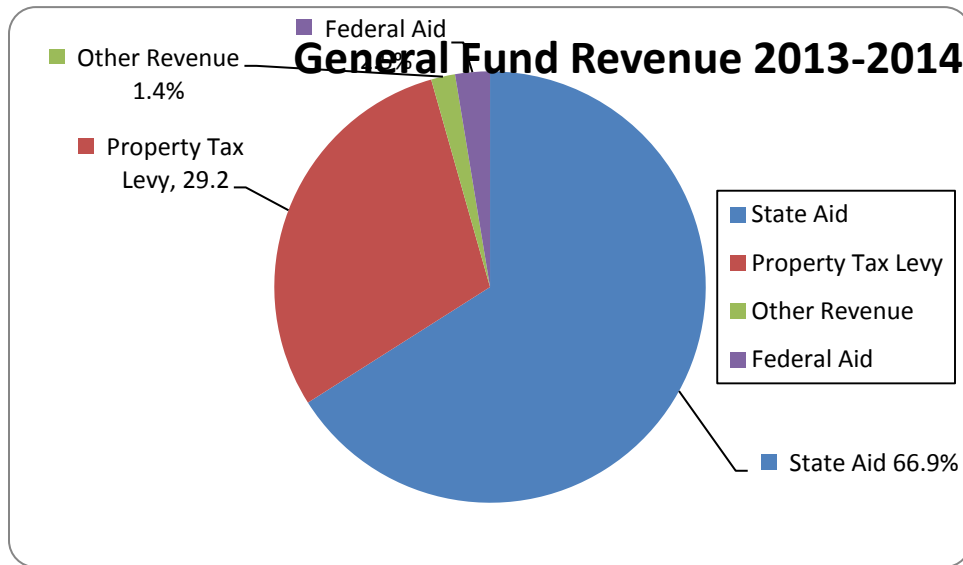
## General Fund Revenue—Detailed Explanation

Most attention during this budget process is focused on the General Fund. This is the source of most expenditures having to do with general operations of Wayzata Schools for the primary mission of the District - - educating children.

The District has budgeted revenue of \$122,802,421 in its general fund for 2013-2014. Other funds will bring in additional revenue, but this money is not available to pay the general operating expenses of the District.

### *Where Does the Money Come From?*

As the pie chart below shows, most general fund revenue for Wayzata Schools is state aid - - 66.9%. The second largest portion, 29.2%, comes from property taxes assessed on property within the District. Another 1.4% comes from local revenues, fees, admission charges, earnings on investments, and tuition payments from other school districts or from individuals. Finally, federal aid provides 2.5% of general fund revenue. Both state aid and local property tax revenues are strictly controlled by the state.



State Aid	\$82,110,670	66.9%
Property Tax Levy	\$35,851,058	29.2%
Other Revenue	\$ 1,806,901	1.4%
Federal Aid	<u>\$ 3,033,792</u>	<u>2.5%</u>
<b>Total</b>	<b><u>\$122,802,421</u></b>	<b>100%</b>

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## State Aid in the General Fund

State Aid falls into three major categories:

<b>▪</b>	<b>General Education Aid</b>	\$66,509,295
<b>▪</b>	<b>State “Categorical” Aid</b>	\$12,980,841
<b>▪</b>	<b>Other General Education Aid</b>	<u>\$ 2,620,534</u>
	<b>Total</b>	<b>\$82,110,670</b>

### General Education Aid - Basic Formula

The principal component of **General Education Aid** is the “general education basic formula”. For 2013-14, this formula will provide the District with \$5,302 in state aid for each “pupil unit.” (A “pupil unit” is essentially one child enrolled for the entire school year, but each child is counted as more or less than 1 pupil unit, depending on grade level.) Currently pupils are weighted as “pupil units” according to the following:

<u>Grade Level</u>	<u>“Pupil Unit” Weight</u>
Kindergarten	0.612
Grades 1 – 3	1.115
Grades 4 – 6	1.06
Grades 7 – 12	1.3

For example, since each high school student counts as 1.3 pupil units, the school district receives 1.3 X \$5,302 in general education basic revenue for each high school student, or \$6,893.

The general education basic aid formula is the single largest source of revenue for Wayzata Public Schools, providing an estimated \$66,509,295 in 2013-2014. This comprises 54% of the District’s total general fund revenue for the year.

### Other General Education Aid Components

The remaining components of general education aid for Wayzata total \$2,620,534. This includes the following:

Compensatory Revenue	\$946,363
L.E.P. Revenue	120,987
Referendum Tax Base Reduction Aid	29,736
Transportation Sparsity Revenue	3,011
Gifted and Talented Aid	150,530
Alternative Compensation Aid	1,677,448
Pension Subtraction	<u>(307,541)</u>
	<b>\$2,620,534</b>

## Other General Education Aid Components- Continued

- **Operating Capital Aid** is designated for capital expenditures for buildings and equipment. It is based on the number of students enrolled and the age of the District's buildings. Beginning in FY05, much of this revenue comes from a property tax levy; previously it was all state aid.
- **Compensatory Revenue** is based on the number and percentage of students eligible for free or reduced-price lunch. This revenue goes to the school where the low-income students are enrolled, and must be used to serve students needing extra assistance.
- **Limited English Proficiency (L.E.P.) Revenue** is based upon the number and percentage of students whose native language is not English.
- **Referendum Tax Base Reduction Aid** is money paid to districts because the Legislature reduced the referendum property tax base in 2001 by exempting certain types of property (farmland and cabins) from school operating referendum taxes. The referendum levy of the District is reduced by the amount of the aid.
- **Extended Time Revenue** is aid for "extended time" pupil units, that is, students who attend school for an extended day or extended year (e.g. summer school). The program must be affiliated with an Area Learning Center (ALC). The extended time cannot exceed 20% of the regular school day/school year.
- **Transportation Sparsity Revenue** is based on the student population, and area of the district in square miles. It is a small amount for Wayzata, but a significant revenue source for rural school districts.
- **Gifted and Talented Revenue** is equal to \$12 per pupil unit, and is to be used to enhance programs for gifted and talented students.
- **Alternative Compensation Revenue** is a program established by the 2005 Legislature to encourage school districts to implement merit-based compensation plans for teachers. The total revenue is \$260 per pupil. Part of this revenue comes from a property tax levy.
- **Pension Subtraction** is a reduction in aid to the District. In 1997 the Legislature reduced employer pension contribution rates on behalf of teachers, but reduced school district aid so that the reduced expenditures would not accrue to the benefit of school districts. The reduction was modified for 2007-08 to offset the effects of an increase in the employer's share of teacher retirement costs.
- **Endowment Fund** is revenue from a statewide trust fund for education, established at the time Minnesota attained statehood. Revenue from the trust fund is distributed to all school districts in proportion to enrollment. Prior to FY 2010-2011, the revenue amount was subtracted from general education aid, so there was no net gain to the District. As the subtraction no longer occurs, this change results in approximately \$292,000 of additional revenue to the district.

## State “Categorical” Aid

State categorical aid is calculated on the basis of expenditures for a particular program or “category.” The District’s largest categorical aid is special education aid, which is based on a formula that considers the District’s expenditures on salaries of special education personnel, special education transportation costs, and other factors. Categorical aid amounts for 2013-2014 for Wayzata Public Schools are as follows:

Special Education Aid	\$6,600,000
Special Education Excess Cost Aid	1,100,000
Integration Aid	1,035,000
Alternative Attendance Aid	91,260
Nonpublic Pupil Transportation Aid	434,909
Integration Transportation Aid	1,291,719
Advanced Placement Testing Aid	98,162
Other/One time Aids	<u>2,329,791</u>
<b>Total State Categorical Aid</b>	<b>\$12,980,841</b>

**Special Education Aid** is paid to offset the additional expense associated with serving students with special needs. This aid formula provides approximately 68 percent of salary of special education teachers and aides. It also contains factors for special education transportation costs, supplies and equipment, and contracted special education services. The state appropriation for this aid was increased substantially in 2007. Still, the appropriation does not cover the full cost, so the aid is still pro-rated. For FY14, school districts can expect to receive only 85% of the revenue that the formula would provide if fully funded.

**Special Education Excess Cost Aid** is paid via an aid formula that is triggered when a district’s expenditures for special education exceed certain thresholds. This aid is volatile, and is very difficult to predict. The state appropriation for this aid is expected to be insufficient to fund more than about 66% of the aid that the formula would provide if fully funded.

**School to Work Special Education Aid**, formerly a separate aid category, is now included in the regular special education aid formula.

**Integration Aid** is revenue of \$129 per pupil unit to provide services relating to voluntary integration programs. There is a tax levy component to this also.

**Alternative Attendance Aid** is aid of \$351 per pupil unit for students who reside in Minneapolis and attend school in Wayzata under integration programs.

**Nonpublic Pupil Transportation Aid** is aid to offset the cost of providing transportation to District residents who attend nonpublic schools.

**Integration Transportation Aid** is paid to reimburse the District for the cost of transporting students who come to Wayzata under a voluntary integration program (“Choice is Yours.”) This aid also covers the cost to transport Wayzata students to two integration magnet schools: Fine Arts interdisciplinary Resource (F.A.I.R.) School in Robbinsdale, and the Interdistrict Downtown School in Minneapolis.

**Advanced Placement Testing Aid** is aid paid to offset the cost of advanced placement tests for high school students.

## Property Tax Levy

The District's property tax levy is limited by state law. The property tax components in the general fund for 2013-2014 are as follows:

Referendum Levy	\$19,037,652
Technology levy	5,520,323
Integration Levy	474,080
Building Lease Levy	2,316,905
Ice Arena Operating Levy	275,059
Safe Schools Levy	500,437
Operating Capital Levy	2,204,015
Alternative Facilities Levy	1,724,668
Equity Levy	930,343
Transition Levy	14,012
Secondary Vocational Levy	194,835
Alternative Compensation Levy	978,192
Reemployment Levy	57,100
Abatements Prior Year Adjustments	877,204
Health and Safety	796,233
Adjustment for Estimated Tax Delinquency	(50,000)
<b>Total Property Tax Revenue</b>	<b>\$ 35,851,058</b>

### **Referendum Levy**

This levy requires voter approval. In 2009 Wayzata voters approved an increase in the levy to \$1,609.08 per pupil unit, which is above the maximum that state law allows for Wayzata. The district levied the maximum allowed--\$1,604.43 per pupil unit. Inflation in future years will eventually raise the state maximum to reach or exceed the full amount approved by the voters. (Some districts are grandfathered in at higher amounts, and rural districts are exempt from the state maximum limits.)

### **Technology Levy (also known as Capital Projects Levy)**

This is a voter-approved levy. This money can be spent only on technology and telecommunications (including staffing).

### **Integration Levy**

This levy is used to support integration and diversity education programs.

### **Building Lease Levy**

This levy is for payment of costs to rent space for instructional purposes or storage. The largest single lease is the lease/purchase agreement for the athletic bubble at Central Middle School. Also included in this levy is the District's share of leased space for District 287 special education programs. Also included are short-term athletic facility leases, such as ice time for hockey teams.

### **Ice Arena Operating Levy**

This levy is for the net operating costs of the District ice arena.

### **Safe Schools Levy**

This levy is \$36 per pupil unit for 2013-2014. The money can be spent for a variety of security items, ranging from personnel to technology.

### **Operating Capital Levy**

Operating capital revenue in previous years was all state aid; now districts must levy for much or all of the revenue. This revenue is for equipment, building construction projects, and textbooks.

### **Alternative Facilities Levy**

New in 2012-13, this is to pay the costs of major building maintenance projects as approved by the School Board in its 2 year and 10 year facility plans.

### **Equity Levy**

Is additional money for districts whose revenue from other sources is low compared to the highest revenue districts in the region.

### **Transition Levy**

Is a “grandfather” provision. Some aid formula changes regarding Limited English Proficiency and Alternative Learning Center students reduced aid for districts, and this provision allows districts to levy for the lost revenue.

### **Secondary Vocational Levy**

Is a levy to pay for secondary vocational programs.

### **Alternative Compensation Levy**

This levy is to pay the additional costs of a merit-based compensation plan for teachers. There is a state aid component to this as well.

### **Judgment Levy**

Districts can levy for the cost of court-ordered judgments imposed on them. This amount is Wayzata’s share of a judgment against Intermediate District 287, of which Wayzata is a member.

### **Reemployment**

This levy is for costs of reemployment compensation. This is actually a negative adjustment for prior years.

### **Adjustments for Tax Abatements**

Tax abatements are property tax assessment adjustments for prior years. When these occur, the district loses tax revenue, which is recovered through an additional levy amount.

### **Tax Delinquency**

Adjustments are necessary because not all taxes are paid in a timely fashion.

## Federal Aid

Federal aid in the general fund budget for the 2013-2014 school year totals \$3,033,792. Of this amount, most is for special education programs. Most federal programs have restrictions as to how the money can be spent. Even when increases in federal aid are enacted, the money can seldom be used to fund existing positions or programs; instead it must be used to “supplement, not supplant” existing expenditures.

## Other Revenue

This catchall category includes a number of revenue sources, most of which are local in nature (i.e. not state or federal aid).

The major categories are:

Other Local Revenue	\$ 428,476
Tuition	140,000
Investment Income	0
Fees from Patrons	1,087,460
Gate Receipts	123,520
Miscellaneous	<u>27,445</u>
<b>Total</b>	<b>\$1,806,901</b>

### Other Local Revenue

This includes a variety of items. Private music lessons of \$95,000 are included here. There are Local Collaborative Time Study grants of \$124,300. Also included is a federal “e-rate” rebate on telecommunication costs of \$41,000.

### Tuition

Tuition is paid by other school districts, usually for special education services to students who are not residents of Wayzata. (In Minnesota, special education costs are normally the responsibility of the school district where the child’s parents reside.) On occasion, but rarely, tuition is paid by a student’s family, usually when they are residents of another state or country.

### Investment Income

This is interest earned on cash balances held by the District.

### Fees from Patrons

These fees consist of athletics participation fees (\$367,340), parking fees (\$125,000), and advanced placement testing fees (\$36,800), ice arena rentals (\$37,000), and music instrument rental fees (\$13,000). Rental fees of \$265,500 to cover the operating costs of the athletic bubble are included. Also, this category includes \$327,150 in fees for field trips.

### Gate Receipts

Are the admission charges for athletic events.

### County Apportionment

State Law requires that certain fees and fines collected by the county must be allocated to school districts. These fees in turn are subtracted from state aid, so there is no net gain to the district.

## General Fund Expenditures

### Technology Levy

The capital projects levy revenue for technology in FY 2014 is \$5,520,323. This amount is transferred out of the general fund and into the construction fund. The actual expenditure items will be accounted for in the construction fund.

The budgeted amounts for this levy include the following:

Equipment	\$2,078,893
Personnel	1,737,416
Consulting/fees for service	162,000
Repairs/maintenance	332,000
Supplies/materials	915,000
Other	<u>295,014</u>
<b>Sub-total</b>	<b>\$5,520,323</b>

The focus of this program is curriculum and classroom technology, particularly expansion of classroom tools: projection and soundfield systems, smartboards, and software.

- The focus of the Technology Levy for the 2013-2014 school year remains curriculum and classroom technology. All regular grades K-12 have been outfitted with projector and sound fields.
- With the increase of classroom tools, there is a need to upgrade the network storage capacity and backup system. Teachers simply need more space to store their curriculum related data, videos and other classroom files.
- I-pads continue to be leased as part of the My Way individualized learning initiative.

### Transportation Expenditures

The transportation budget is increased by \$186,140 over the 2012-13 budget. This is primarily attributable to an increase in transportation rates for the District's contract with First Student. State transportation aid reimburses the district for most of this increased amount.

### Health and Dental Insurance

The District has a self-insurance plan for employee health insurance with stop-loss coverage for extraordinarily high claims. Premiums in the aggregate have been increased by 2.5% for FY14. The employee/employer share of this increase depends on the employee's bargaining unit contract. Dental premiums remained the same as in the prior year.

### Allocations

Amounts distributed to schools and other offices for supplies and similar expenses remained the same as in the prior year.

**Expenditures by Category  
2013-2014**

<u>Object</u>	<u>Amount</u>
Salaries	\$ 70,710,554
Benefits	20,829,063
Purchased Services	18,296,010
Supplies/Material	3,323,461
Capital	2,769,627
Misc. & Other	567,220
Transfer to Other Funds	<u>7,244,991</u>
<b>Total</b>	<b>\$ 123,740,926</b>

The school district budget consists of the following types of expenditures. About 75 cents of each dollar will be spent for salaries and employee benefits.

**Salaries (\$70.7 million)**

Regular salary related to personnel positions, extra-curricular assignments, overtime, substitute cost.

**Employee Benefits (\$20.8 million)**

Health, Dental, Life, Long-term disability, workers' compensation, retirement plans and recording of post-retirement benefits for current employees. Health insurance costs are of great concern from a budgeting standpoint. The district's rates have been very stable since 2002. The rate increase in the district's self-insured health plan this year was 2.5%.

**Purchased Services (\$18.3 million)**

Includes consultants, postage, insurance, repair and maintenance services, transportation contracts, travel/conferences, payments to other districts and tuition.

**Supplies & materials (\$3.3 million)**

Textbooks, instructional supplies, office and custodial supplies, computer software, and related copier costs. Includes fuel for buildings.

**Capital (\$2.8 million)**

Replacement and additional equipment, facilities repair and maintenance, vehicles, and computer equipment.

**Miscellaneous and Other expenditures (\$0.6 million)**

Includes all expenses that cannot be classified as above.

**Transfer to Other Funds (\$7.2 million)**

Includes transfer of technology levy and Health and Safety levy to Construction Fund; also some transfers from General Fund to Community Services Fund.

## Expenditures by Program

### GENERAL FUND

<b>CHANGE IN EXPENDITURES BY PROGRAM</b> <b>BUDGET 2012-2013 VS. BUDGET 2013-2014</b>
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<u>PROGRAM DESCRIPTION</u>	<u>PROGRAM CODE</u>	<u>BUDGET 2012-2013</u>	<u>BUDGET 2013-2014</u>	<u>CHANGE</u>
Administration	000-099	\$4,163,360	\$3,926,711	\$(236,649)
District Support Services	100-199	4,168,390	4,039,901	(128,489)
Regular Instruction (Elem/Sec)	200-299	56,247,785	56,538,476	290,691
Vocational Instruction	300-399	2,663,904	2,485,310	(178,594)
Special Education Instruction	400-499	15,810,435	15,948,721	138,286
Instructional Support Services	600-699	10,064,782	9,581,728	(483,054)
Pupil Support Services	700-799	11,514,995	11,578,685	63,690
Sites & Buildings	800-899	10,745,462	11,885,086	1,139,624
Fiscal & Other Fixed Program Costs, Transfers to Other Funds	900-999	8,134,655	7,756,308	(378,347)
 <b>GRAND TOTALS-- ALL PROGRAMS</b>		<b>\$123,513,768</b>	<b>\$123,740,926</b>	<b>227,158</b>

**ADMINISTRATION:** Includes all costs for general administration, instructional administration and school site administration. This area covers the school board, superintendent, principals, and directors.

**DISTRICT SUPPORT SERVICES:** Consists of activities related to general administrative support not listed above. This area covers federal programs, human resources, government relations, school elections, and miscellaneous district administration not otherwise classified. Anticipated salary increases and district contingency reserves have temporarily been budgeted here.

**ELEM/SEC REGULAR INSTRUCTION:** Consists of all activities dealing directly with the teaching of pupils, the interaction between teachers and pupils in the classroom and co-curricular activities at the kindergarten, elementary and secondary levels.

## **Expenditures by Program (continued)**

**VOCATIONAL INSTRUCTION:** Courses and activities which develop knowledge, skills, attitudes and behavioral characteristics for students seeking career exploration and employability.

**SPECIAL EDUCATION INSTRUCTION:** Activities providing learning experiences for pupils of any age who, because of certain atypical characteristics or conditions, need, or who would benefit by, educational programs different from those provided pupils in regular or vocational instruction.

**INSTRUCTIONAL SUPPORT SERVICES:** Activities for assisting the instructional staff with the content and process of providing learning experiences for pupils in kindergarten through twelfth grade.

**PUPIL SUPPORT SERVICES:** Includes all services provided to pupils who do not qualify to be classified as instructional services (counseling/guidance, health, psychological, social work, transportation, other)

**SITES & BUILDINGS:** Activities related to the acquisition, operation, maintenance, repair and remodeling of all physical plant, facilities and grounds of the school district.

**FISCAL & OTHER FIXED COSTS:** Fiscal and fixed cost activities that are not recorded elsewhere.

## GENERAL FUND

<b>CHANGE IN EXPENDITURES BY CATEGORY</b> <b>BUDGET 2012-2013 VS. BUDGET 2013-2014</b>
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<u>OBJECT DESCRIPTION</u>	<u>OBJECT CODE</u>	<u>BUDGET 2012-2013</u>	<u>BUDGET 2013-2014</u>	<u>CHANGE</u>
<b>SALARIES</b>	100	\$68,936,712	\$70,710,554	\$1,773,842
<b>BENEFITS</b>				
FICA/Medicare	210/211	4,994,409	5,144,487	150,078
Pension	214/218	4,310,475	4,443,776	133,301
Hlth/Dtl/Life/LTD	220	9,325,074	9,557,038	231,964
TSA & All Other	200	1,840,081	1,683,762	(156,319)
Total 200 Series		20,470,039	20,829,063	359,024
<b>PURCHASED SERVICES</b>				
Prof/Tech Svc	305	5,670,715	6,004,769	334,054
Utilities	330	2,049,745	1,945,245	(104,500)
Property/Liability Ins	340	309,015	333,103	24,088
Transportation	360	7,232,466	7,298,695	66,229
Tuition, Pmts-Other Dists Other	390	2,493,207	2,714,198	220,991
Total 300 Series		17,755,148	18,296,010	540,862
<b>SUPPLIES/MATERIALS</b>				
General Supplies	401-409	4,247,941	1,175,203	(3,072,738)
Instructional Supplies	430/433	1,251,532	1,173,423	(78,109)
Fuel	440/441	61,500	58,000	(3,500)
Textbooks	460	760,730	748,399	(12,331)
Library Books	470	55,305	55,951	646
All Other	400	115,490	112,485	(3,005)
Total 400 Series		6,492,498	3,323,461	(3,169,037)
<b>CAPITAL</b>	500	1,454,483	2,769,627	1,315,144
<b>MISC/OTHER</b>	810 - 899	730,948	492,220	(238,728)
<b>TRANSFERS--OTHER FUNDS</b>	910	7,673,940	7,319,991	(353,949)
 <b>GRAND TOTAL</b>		123,513,768	123,740,926	227,158

## Personnel

Wayzata Public Schools has five collective bargaining units. Principals, teachers, custodial and maintenance employees, food service employees, and clerical employees are organized for bargaining purposes. In addition, some administrative and confidential employees, referred to as “unaffiliated,” are not in a collective bargaining unit.

The number of FTE personnel is increased slightly for 2013-2014 over the preceding year due to increases in enrollment.

- The complement of employees for 2012-2013 and 2013-2014 is as follows:

	<b>2012-2013</b>	<b>2013-2014</b>
Teachers	722.25 FTE	737.15 FTE
Secretaries	46.75 FTE	49.0 FTE
Paraprofessionals	325.00 FTE	325.94 FTE
Custodians and Maintenance	76.00 FTE	74.375 FTE
Principals (includes assistant principals)	19.00 FTE	19.00 FTE
Culinary Express	70 employees	70 employees
Unaffiliated	66 employees	66 employees

\*Para FTE based on 6.5 hours

## Operating Capital Expenditures

Operating capital revenue is allocated by state law based on a formula that considers the number of pupils in the District and the average age of District facilities. For Wayzata Public Schools, the formula will provide an estimated \$204.05 per pupil unit in 2013-14 for a total of \$2,610.910. This money can only be used for capital expenditures as defined in state law.

The District chose to accelerate \$5 million in energy efficiency improvements in 2009. The principal and interest payments are subtracted from operating capital revenue and transferred to service the debt issued to finance these improvements. In addition, session laws 2013 allow the District to utilize operating capital revenue for general operations of the district. Due to the fact that the district is eligible to participate in the alternative facilities program, net revenues remaining for operating capital expenditures is \$1,367,000.

In this budget the District's operating capital revenue is allocated as follows:

Basic facilities repair and maintenance	\$ 50,000
Allocated to buildings for projects	170,000
Special assessments/taxes	25,000
Copier leases	232,000
Tractor lease (3)	24,000
Zamboni lease	21,886
Replacement of classroom furniture & equipment	75,000
Furniture – enrollment changes	25,000
Textbooks	450,000
Special education equipment	10,000
Building and grounds equipment & vehicles	140,000
Administration	10,000
Piano replacement	8,000
Orchestra	20,000
Band	28,000
Phy Ed	25,000
Damage contingency	<u>53,114</u>
<b>Total Capital Revenue/Expense</b>	<b>\$ <u>1,367,000</u></b>

**Independent School District 284  
Wayzata, Minnesota**

**2013-2014 Preliminary Budget  
General Fund  
Revenue and Expenditure Budgets**

<b>REVENUE</b>		
<b>Local Tax</b>		\$ 35,851,058
<b>State General Education Aid</b>		\$ 82,110,670
<b>Other State Aid and Local Revenue</b>		\$ 1,806,901
<b>Federal Aid</b>		\$ 3,033,792
<b>Total Revenue</b>		<b>\$ 122,802,421</b>
<b>EXPENDITURES</b>		
<b>Salaries</b>		\$ 70,710,554
<b>Benefits</b>		\$ 20,829,063
<b>Salaries and Benefits</b>		\$ 91,539,617
<b>Non-Employment</b>		\$ 32,201,309
<b>Total Expenditures</b>		<b>\$ 123,740,926</b>

**Independent School District 284  
Wayzata, Minnesota**

**2013-2014 Preliminary Budget  
General Fund**

**Change In Fund Condition Analysis**

<b><u>FUND CONDITION</u></b>	
<b>Unassigned Balance, July 1, 2012</b>	<b>\$ 12,213,904</b>
<b>Budgeted Revenue 2012-2013</b>	\$ 108,787,364
<b>Budgeted Expenditures 2012-2013</b>	\$ 108,819,698
<b>Net 2012-2013 fund balance change</b>	\$ (32,334)
<b>Estimated Unassigned balance, June 30, 2013</b>	<b>\$ 12,181,570</b>
<b>Preliminary revenue budget 2013-2014</b>	\$ 111,643,240
<b>Preliminary expenditure budget 2013-2014</b>	\$ 111,677,279
<b>Net 2013-2014 fund balance change</b>	\$ (34,039)
<b>Preliminary Unassigned balance, June 30, 2014</b>	<b>\$ 12,147,531</b>

## **Culinary Express Food Service Fund**

Culinary Express is the District department that provides meal services and nutrition education services in Wayzata Schools. Over 7,000 lunches are served each day, and over 1,250,000 meal equivalents are served each year. Lunch prices for FY 2014 remain unchanged from the prior year.

Prices are as follows:

	<u>2012-13</u>	<u>2013-14</u>
Elementary	\$2.50	\$2.50
Secondary	\$2.85	\$2.85
Adult	\$3.65	\$3.65
Milk	.50	.50

All revenues and expenses associated with the program must be accounted for in a separate fund. By law, these revenues can only be spent to provide school lunches and pay certain closely related expenses.

Revenues consist of:

- Lunch sales to student and adults
- A-La-carte sales to students and adults
- Federal aid (generally, commodities)
- State aid provided on each lunch served
- Federal subsidies for food served to students from families with low incomes
- Catering sales to groups using the schools

Expenses consist primarily of food and labor costs.

Revenue, expense, and fund balance information follows. In the preliminary budget, expenditures exceed revenues by \$263,181.

**Independent School District 284  
Wayzata, Minnesota**

**2012-2013 Budget and 2013-2014 Preliminary Budget**

**Food Service Fund**

**Revenue**

<b>Revenue</b>	<b>2012-2013</b>	<b>2013-2014</b>
Lunch Sales	\$3,996,623	\$4,071,903
Federal aid	\$1,045,750	\$1,080,163
State aid	\$ 131,750	\$ 136,200
Other Local Revenue	-0-	-0-
<b>Total Revenue</b>	<b>\$5,174,123</b>	<b>\$5,288,266</b>

**Expenses**

<b>Expenditures</b>	<b>2012-2013</b>	<b>2013-2014</b>
Salaries/Benefits	\$2,185,060	\$2,268,147
Food	\$2,289,975	\$2,400,000
Other	\$804,150	\$883,300
<b>Total Expenditures</b>	<b>\$5,279,185</b>	<b>\$5,551,447</b>

<b>Surplus/(deficit)</b>	<b>\$ (105,062)</b>	<b>\$ (263,181)</b>
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**Food Service Fund Condition**

<b>Fund Condition</b>	
Balance, July 1, 2012	<b>\$1,336,877</b>
Estimated revenue 2012-2013	\$5,174,123
Estimated expenditures 2012-2013	\$5,279,185

<b>Estimated Balance, June 30, 2013</b>	<b>\$1,231,815</b>
Proposed 2013-2014 revenue budget	\$5,288,266
Proposed 2013-2014 expenditure budget	\$5,551,447
<b>Projected Balance, June 30, 2013</b>	<b>\$ 968,634</b>

## Community Services

Community Education programs provide school district residents with the opportunity to use educational facilities and programs during non-school hours. Community Education programs are also available to K-12 students during the summer. Major programs include Adult Basic Education, Wishes (after-school enrichment program), Home Base (latch-key programs), Wayzata Plus (kindergarten combined with latch-key to provide full-day services), and Peppermint Fence Nursery School and other Early Childhood Family Education programming.

The Community Education Department also schedules the use of the district's facilities outside of school hours, including athletic facilities.

Fiscal Year 2014 revenue is budgeted at \$8,534,970 for an increase of 11.46% when compared to FY 2013. Expenditures are budgeted at \$8,786,835 for an increase of 13.65%.

The increases in revenue and expense are primarily attributable to increased costs in the category of school-aged care and an increase in the number of Wayzata Plus Program for kindergarten offerings after the boundary changes and with 12 additional classrooms. The District is able to offer 16 sections of fee-based all-day kindergarten. School-aged care comprises over 60% of the Community Education budget in Wayzata.

**Independent School District 284  
Wayzata, Minnesota**

**2012-2013 Budget and 2013-2014 Preliminary Budget**

**Community Services**

<b>Revenue</b>	<b>2012-2013</b>	<b>2013-2014</b>
Local Tax	\$ 1,402,000	\$ 1,532,119
Fees and charges	\$ 5,828,698	\$ 6,559,071
State aids and grants	\$ 401,812	\$ 418,780
Interest income	\$ -0-	\$ -0-
Transfers	\$ 25,000	\$ 25,000
<b>Total Revenue</b>	<b>\$ 7,657,510</b>	<b>\$ 8,534,970</b>

<b>Expenditures</b>	<b>2012-2013</b>	<b>2013-2014</b>
Salaries/Benefits	\$ 6,440,220	\$ 7,105,145
Non-Employment	\$ 1,290,982	\$ 1,681,690
<b>Total Expenditures</b>	<b>\$ 7,731,202</b>	<b>\$ 8,786,835</b>

<b>Difference</b>	<b>\$(73,692)</b>	<b>\$(251,865)</b>
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**Community Services Fund Condition**

<b>Fund Condition</b>	
Balance, July 1, 2012	\$ 1,335,929
Estimated revenue 2012-2013	\$ 7,657,510
Estimated expenditures 2012-2013	\$ 7,731,202
<b>Estimated Balance, June 30, 2013</b>	<b>\$ 1,262,237</b>

Proposed 2013-2014 revenue budget	\$ 8,534,970
Proposed 2013-2014 expenditure budget	\$ 8,786,835
<b>Projected Balance, June 30, 2014</b>	<b>\$ 1,010,372</b>

## **Health and Safety Activity**

Wayzata Public Schools continues to budget all activities associated with Health and Safety projects separately. Types of projects within this activity include hazardous substance removal, fire and safety code repair systems, indoor air quality, ADA and OSHA compliance, and asbestos removal.

Any single Health and Safety project may not exceed \$500,000 in cost. Projects that exceed \$500,000 must be financed via a separate provision known as the Alternative Facilities program. The Alternative Facilities program is quite similar to the Health and Safety program in most respects. However, the Minnesota Department of Education requires that expenditures for Alternative Facilities projects be recorded in the Construction Fund. Alternative facilities revenue is initially received in the Health & Safety account, then transferred to the Construction Fund.

In Wayzata, Health and Safety revenue and Alternative Facilities revenue consists entirely of property tax revenue. State approval of each project is required before the district can collect the revenue. This program often runs at a deficit in the school district due to the structure of the financing mechanism for the program, although currently Wayzata carries a positive balance. There is sometimes a long elapsed time period between a project's inception and the collection of the tax levy funding the project, and it is often not feasible or advisable to delay projects until the revenue is in hand.

Health and Safety revenue for FY 2014 is \$696,140, and Alternative Facilities revenue is \$1,724,668 (to be transferred to the construction fund for expenditure). The total expenditure for health & safety will be \$1,005,581. The excess of expenditures over revenues of \$309,441 will utilize a portion of the restricted fund balance for Health and Safety and is primarily attributed to the times of completion of projects over the summer that cross fiscal years.

**Independent School District 284  
Wayzata, Minnesota**

**2013-2014 Preliminary Budget**

**Health & Safety**

<b>Balance, July 1, 2012</b>	<b>\$ 119,616</b>
Estimated Revenue 2012-2013	\$1,070,901
Estimated Expenditures 2012-2013	\$1,190,517
<b>Estimated Balance, June 30, 2013</b>	<b>\$ -0-</b>

Revenue Budget 2013-2014	\$ 696,140
Expenditure Budget 2013-2014	\$1,005,581

<b>Estimated Balance, June 30, 2014</b>	<b>\$(309,441)</b>
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Note: According to State law, the Health and Safety balance may go into deficit at June 30th. As property taxes are received in May and June, but not recognized per UFARS until subsequent July, the District will be fully reimbursed for the \$309,441 deficit projected on June 30, 2014.

## Construction Fund

The construction fund is used for three purposes:

- Expenses of construction projects financed with bond proceeds;
- Expenses of alternative facilities projects; and
- Expenses associated with the capital projects (technology) levy.

The revenue budget is \$7,244,991. This is comprised of \$5,520,323 from the general fund for the capital projects levy, and \$1,724,668 for alternative facilities projects.

The expenditure budget is \$16,131,372. This includes an alternative facilities project as approved by School Board in its 2 year facility plan and technology expenditures of \$5,520,323. Any unused amounts will be carried forward to further years.

### 2012-2013 Budget and 2013-2014 Preliminary Budget

#### Construction Fund

##### Revenue

Revenue	2012-2013	2013-2014
Technology Levy	\$5,582,408	\$5,520,323
Alternative Facilities Levy	\$2,066,532	\$1,724,668
Bond Proceeds	\$ -0-	
<b>Total Revenue</b>	<b>\$7,648,940</b>	<b>\$7,244,991</b>

##### Expenses

Expenditures	2012-2013	2013-2014
Salaries/Benefits	\$1,900,000	\$1,900,000
Equipment	\$4,000,000	\$4,000,000
Capital Improvements	\$5,000,000	\$5,000,000
Other	\$3,231,950	\$5,231,372
<b>Total Expenditures</b>	<b>\$14,131,950</b>	<b>\$16,131,372</b>

<b>Excess Revenue Over Expenditures</b>	<b>\$(6,483,010)</b>	<b>\$(8,886,381)</b>
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<b>Beginning Fund Balance</b>	<b>\$15,433,822</b>	<b>\$8,950,812</b>
<b>Ending Fund Balance</b>	<b>\$8,950,812</b>	<b>\$64,431</b>

## **Debt Service Fund**

The debt service fund is designated to account for revenues and expenditures associated with redemption of bonds issued by the school district. These bonds were issued to finance the acquisition, improvement and equipping of the district's buildings. By state law, debt service revenues and expenditures must be maintained in a separate fund.

Revenue consists of local taxes levied to pay the obligations, plus interest earnings on the balance in the fund. Expenses consist of principal and interest on bonds, plus a small amount for bank fees, service fees, etc.

The district's underlying bond rating by Moody's Investors Service is Aaa and the district's underlying bond rating by Standard & Poor's is AAA. This rating was upgraded and affirmed in April 2012, when the district issued bonds. These ratings are the highest received of any school district in the State of Minnesota.

The debt service fund budget for FY 2014 shows revenue of \$11,240,078 and expense of \$10,972,051. The fund balance is projected to increase to \$2,464,192 by June 30, 2014. The District may have a bond issuance for new projects in FY 2014. However, a mid-year budget amendment will be submitted to the Board for approval at that time.

**Independent School District 284  
Wayzata, Minnesota**

**2012-2013 Budget and 2013-2014 Preliminary Budget**

**Debt Service Fund**

<b>Revenue</b>	<b>2012-2013</b>	<b>2013-2014</b>
Local Tax	\$ 11,042,710	\$ 11,239,478
State Aid	\$ 555	\$ 600
Interest	\$ -0-	\$ -0-
Sale of Bonds	\$ -0-	\$ -0-
Bond Premium	\$ -0-	\$ -0-
Transfer of Funds	\$ -0-	\$ -0-
<b>Total Revenue</b>	<b>\$ 11,043,265</b>	<b>\$ 11,240,078</b>

<b>Expenditures</b>	<b>2012-2013</b>	<b>2013-2014</b>
Bond Principal--Current	\$ 9,065,000	\$ 8,830,000
Bond Principal--Refunding	\$ -0-	\$ -0-
Bond Interest	\$ 2,155,661	\$ 2,136,626
Bank Fees & Others	\$ -0-	\$ 5,425
<b>Total Expenditures</b>	<b>\$ 11,220,661</b>	<b>\$ 10,972,051</b>

<b>Difference</b>	<b>\$ (177,396)</b>	<b>\$ 268,027</b>
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**Debt Service Fund Condition**

<b>Fund Condition</b>	
Unreserved Balance, July 1, 2012	<b>\$ 2,373,561</b>
Estimated revenue 2012-2013	\$ 11,043,265
Estimated expenditures 2012-2013	\$ 11,220,661
<b>Estimated Balance, June 30, 2013</b>	<b>\$ 2,196,165</b>

Proposed 2013-2014 revenue budget	\$11,240,078
Proposed 2013-2014 expenditure budget	\$10,972,051
<b>Projected Balance, June 30, 2014</b>	<b>\$ 2,464,192</b>

## 2012-2013 School Year Highlights

Wayzata Public Schools strives each year to be a “model of excellence among learning communities” and regularly achieves accomplishments that demonstrate the overall quality of the district. The highlights for the 2012-13 school year include the following:

- 432 seniors took 903 Advanced Placement Classes and 703 Advanced Placement Exams
- 22 National Merit Scholarship Finalists
- WHS Math Team won its sixth consecutive state championship and won the Moody’s Mega Math Competition
- State and section champions in girls soccer, girls cross country, girls Nordic skiing, boys tennis and synchronized swimming
- 15 students one first and second place Minnesota Scholastic Art Awards with three students continuing on and winning National Scholastic Art Awards
- Mike Doyle, adapted physical education teacher at WHS named Minnesota Association for Health, Physical Education, Recreation and Dance Teacher of the Year
- Sheila Peterson named 2012-13 Debate Coach of the Year by the Minnesota Debate Teachers Association
- Seven seniors earned perfect scores on the ACT exam
- One senior earned a perfect score on the SAT exam
- Jim Westrum, Executive Director of Finance and Business named 2013 School Business Official of the Year by the Minnesota Association of School Business Officials
- Ninth grade math program received the Star of Innovation Award from the Minnesota Association of Secondary School Principals for its success with increasing math scores and participation
- Multiple teams from elementary through high school earned top places at both state and national Destination ImagiNation competitions

## Basic Fund Structure

To understand this budget document, it is helpful to know that there are a number of legal restrictions on how school districts must spend and account for the public funds that they receive. Because of state requirements, Wayzata Public Schools must separate its money into six major areas. They are as follows:

- **General Fund** – Used for all operating expenses for the general purposes of the school district. This fund includes salaries and benefits for teachers, principals, custodians, secretaries, paraprofessionals, and administrators; cost of supplies, textbooks, transportation contracts, utilities, repairs, equipment, and so on.
- **Health and Safety** – Used for essential improvements to district buildings related to protecting the health and safety of the occupants. Expenditures for asbestos removal, fire safety, indoor air quality, and the like can be made with money in this fund. It is actually a subpart of the general fund, but we account for these funds separately in Wayzata, largely because the amounts spent can fluctuate widely from year to year, distorting the apparent spending patterns. Health and Safety money comes from the property tax levy. State approval of all expenditures is required before the District can collect this tax.
- **Food Service Fund** – Used for all expenses related to operating the Culinary Express Department, including food, salaries, benefits, supplies, and equipment. Food Service revenues come primarily from the sale of meals to students and adults. Some federal and state aid is also provided.
- **Community Services Fund** – Used for expenses related to community education programs such as Early Childhood Family Education, Adult Basic Education, Home Base (after-school and summer child care programs), WISHES (summer enrichment programs), and Community Education Programs. Community Services revenue primarily comes from fees charged for the programs, and property tax revenue dedicated to community services.
- **Building Construction Fund** – Used for expenses of major building projects. Proceeds from sale of bonds authorized in an election are placed in this fund. Under recent changes in law and state policy, this fund now is also used for alternative facilities projects (health and safety projects exceeding \$500,000) and for the capital projects levy (technology levy).
- **Debt Service Fund** – Used to pay the debt service on bonds sold to finance construction. These are akin to a homeowner's payments on a mortgage.

***Why is all of this important?*** - It is important to be aware of the fund structure because, ***with very few exceptions, money cannot be transferred from one fund to another.*** So, for example, raising school lunch prices or Home Base tuition is not a solution to a shortfall in the general fund. Similarly, money in the debt service fund or the construction fund cannot be used to pay teacher salaries.

Table I on page 5 shows the revenue and expenditure budgets by fund for Wayzata Public Schools for 2013-14.



Jim Westrum, Executive Director of Finance & Business Services  
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 763.745.5023 | Fax: 763.745.5091 | [www.wayzata.k12.mn.us](http://www.wayzata.k12.mn.us)

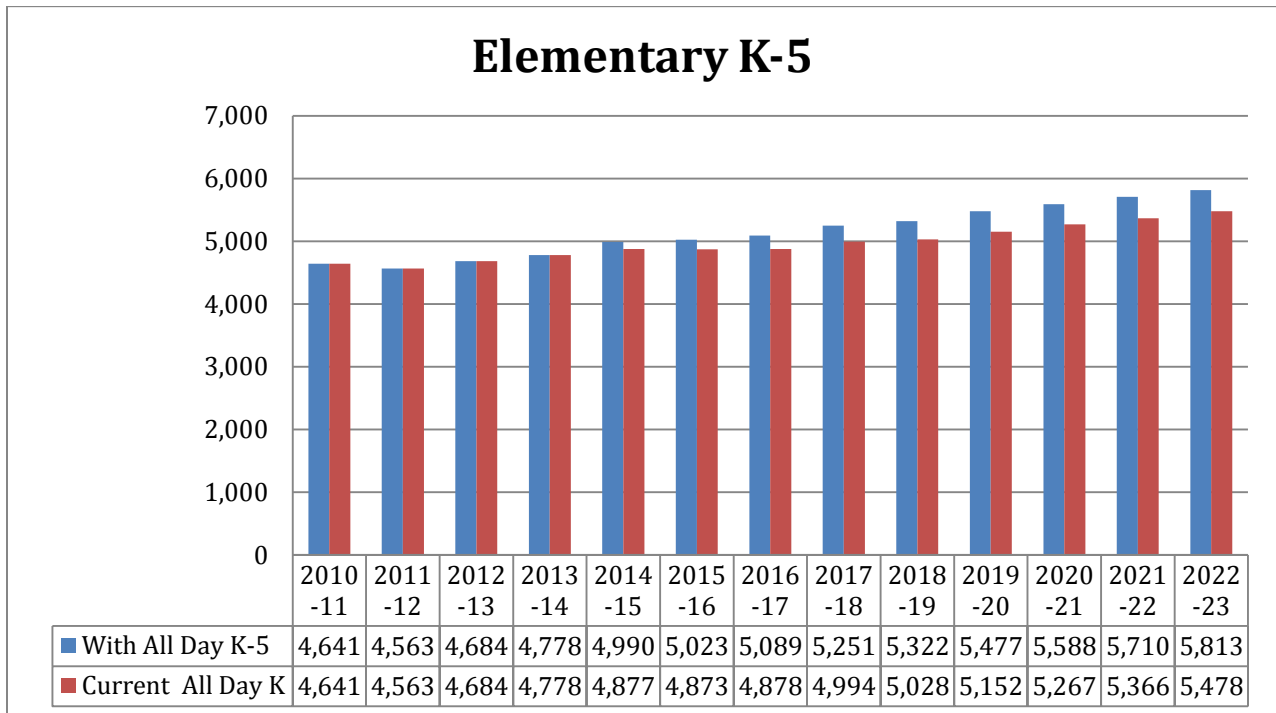
**To:** Dr. Chace Anderson  
**From:** Jim Westrum  
**Date:** May 27, 2013  
**Re:** Enrollment and Facilities Implications of Legislature Funding All Day Kindergarten in 2014-2015

The enrollment and facilities implications of the legislature funding all-day kindergarten programs beginning in fiscal year 2014-2015 are addressed in this memo. We have been in consultation with Hazel Reinhardt, the District’s Welcome Center, and Wold architects, and have quantified the impact on the District’s enrollment and elementary classroom facility needs as follows:

Current Assumption	Revised Assumption	Student Impact	Facility Impact
Families that seek private options for K, but join district in 1 <sup>st</sup> grade	Families that will no longer seek private options for K and instead join District in K	Additional 100 students in Kindergarten only	5 additional Kindergarten classrooms needed in Fall 2014
Families that seek public options for All Day K through open enrollment, and DO NOT join district in 1 <sup>st</sup> grade	Families will no longer need to open enroll outside the District, but instead will join district in Kindergarten and remain throughout academic career	Additional 20 students in Kindergarten with an additive affect as this population progresses through grades 1-12	1 additional K classroom in Fall 2014, 1 additional 1 <sup>st</sup> grade classroom in 2015, 1 additional 2 <sup>nd</sup> grade classroom 2016, 1 additional 3 <sup>rd</sup> grade classroom in 2017, etc...
Families seek non-public or private school Kindergarten	Families continue to seek non-public or private school for K	No impact	No impact
50% of families receive District’s fee-based All-Day K, remaining families receive ½ day K (demand exceeds ability to offer)	100% of current families receive District provided All Day K as fees are no longer charged to families	No increase in K students as students are already served by the District	10 additional classrooms (converts 20 ½ day to 20 full day)
Total additional classrooms needed in 2014-2015 - 16 additional classrooms, plus one additional classroom needed for each of the next 5 years – Grand total of 21 classrooms			

The chart below shows elementary enrollment as currently offered and also with offering all-day kindergarten:

Chart 1




Elementary capacity after the classroom additions of 2013 is expected to be 4,978. The District anticipated that capacity in the elementary buildings would be adequate through 2017-18 when the projected enrollment reached 4,994. However, the impact of offering all-day kindergarten significantly accelerates the time-line to an immediate need in the fall of 2014-15, when projected enrollment reaches 4,990 and capacity decreases to 4,740 due to the need for additional kindergarten classrooms.

In summary, the impact of the legislature offering all-day kindergarten and providing state aid for the additional costs means that the Wayzata Public Schools may no longer be able to serve its student population in the existing seven elementary schools. While the recent classroom additions would have been able to relieve current and anticipated elementary resident student enrollment growth for the next several years, it would appear that the District will need to give careful consideration to the need to add an 8<sup>th</sup> elementary school.



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**All Day Kindergarten 2014 – 2015**  
 Principal Input  
 June 3, 2013

<b>If we offer All Day K for everyone in 2014-2015</b> 	<b>Question #1:</b> Will class size targets be 21 (19) or something else?	<b>Question 2:</b> Can the current bright start spaces be used for K or other elementary classrooms?	<b>Question 3:</b> Can before and after school care classrooms be used for K and elementary classrooms and the cafeteria and gymnasiums be used for before and after school care?	<b>Question 4:</b> Will there be a need for school aged child care during the day? If so, who would need this?	<b>Question 5:</b> If we add 5 or 6 sections of k at each building, have we just complicated each elementary building's ability to staff specialists?
<b>Sunset</b>	19-21 is optimal	We co-mingled Homebase with a half-day K class six years ago. I wouldn't advise doing it again.	We currently use that classroom, the cafeteria and the gym before and after school. I don't see us giving that space up, as I said in reason #2	No. I am concerned about adding 40-50 students to the lunch rotation and how that would affect the lunch schedule. If Bright Start remained in the building, I would advise that they not participate in the lunch program until we evaluate the flow of the cafeteria with the added number of students.	I guess if we keep the same model that we currently have in EDK, the answer is no. Paras currently provide the prep time for teachers. It certainly warrants a discussion as to whether or not K'ers should now have specialists.
<b>Birchview</b>	If we are currently staffing our K classes at 19:1, why wouldn't we continue with that staffing ratio?	We can use our space for a classroom.	We can continue to be flexible and utilize whatever space is available for our before and after school programs.	We don't see any need at all for school aged care during the day.  *Note: The future and purpose of the Bright Start program would have to be re-evaluated.	Regarding the impact on specialists, it should not be an issue. As to the most efficient set up for Birchview, I am not sure how the current building is going to handle 25 sections of grades 1-5 anticipated in 2014-15. It is something that will be a challenge for Sam and the District and something to get on the radar ASAP.

<b>Gleason Lake</b>	21 seems to work.	Our bright start room is our main home base room so could be used for kindergarten if we would move home base to an off-site location. I think it would be difficult to use our home base room for morning care and then transition to a kindergarten classroom at 9:00.	My school care classroom is my bright start room- we already use the cafeteria and gym	No need for 5 year old care if we go to all day kindergarten	
<b>Plymouth Creek</b>	I believe that 19 is ideal and 21 or 22 is the maximum. I would also consider having 6 hour para support instead of the 4 hours.	I can use the bright start space for K only, it's too small and has a kitchen space.	My school care classroom is my bright start room, and we already use the cafeteria and gym.	No need.	
<b>Oakwood</b>	19-21 is the target.	Bright Start and Homebase share the same space. It is the size of a full classroom.	Before and After school share that room I refer to above in answer 2. They currently use other rooms and space after school. It would be hard to transition back and forth between K classrooms during the day and then day care use.	We would have no need for this during the day. It would be a great service to offer off-site though.	
<b>Kimberly Lane</b>	21 was a size picked to be cost efficient. Seems like an ok size to me.	Bright Start at KL uses the Homebase area which is not functional as a classroom.	KL only uses cafeteria for after school care, not any classrooms.	I would not think so.	Schools will have full time and part-time specialists or, maybe some consideration should be for some type of hybrid specialist time for kindergarten. I would doubt if kindergarteners could make it through art or technology for an hour. Perhaps one person could deliver whatever specialist kdg needs are all day long. If you have five sections of all day kdg you would need the equivalent of 1.0 specialist anyway.

<b>Greenwood</b>	19-21 is the target.	Bright Start and Homebase share the same space. It is the size of a full classroom.	Before and After school share that room I refer to above in answer 2. They currently use other rooms and space after school. It would be hard to transition back and forth between K classrooms during the day and then day care use.	We would have no need for this during the day. It would be a great service to offer off-site though.	I guess if we keep the same model that we currently have in EDK, the answer is no. Paras currently provide the prep time for teachers. It certainly warrants a discussion as to whether or not K'ers should now have specialists.
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**To:** Board of Education  
**From:** Jim Westrum  
**Date:** June 13, 2013  
**Re:** Tools for Financing Capital Projects

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At our last board work session, we discussed the various tools that are available to finance capital improvements. I asked our financial advisors to allow me to share a document that they have prepared and often present on. I think you may find a couple of the options interesting. For instance, in some cases a district will choose to deficit spend and then pay back their construction fund over several years...While I am not recommending it, some districts have taken that approach.

You may find it interesting to note that we have utilized almost every strategy and tool in this publication. This is what I plan to share with CFAC members and the entire school board. Please note that it simply talks about the many options that we have available to us.

- Tool A – Voter approved bonds – used by Wayzata and under consideration to fund Phase III of facilities plan;
- Tool B – Voter approved referendum – used by Wayzata for operating expenses and class size reduction...some districts use this for facilities as well;
- Tool C – Capital projects levy – used by Wayzata for the tech levy – it provides a stream of revenue for a period of years...we could also seek voter approval to use this for other things, say perhaps furniture or something done over a period of time;
- Tool D – Alternative Facilities and Bonding - used by Wayzata for deferred maintenance – this is what we worked so hard to become eligible for;
- Tool E – Wayzata does not and probably will never qualify for;
- Tool F- Capital Facilities Bonds – used by Wayzata to accelerate energy improvements prior to becoming eligible for alt facilities - bonds are non-voter approved and principal and interest payments are paid by general of operating capital fund;
- Tool G- Capital Notes or Certificates of Indebtedness - used by Wayzata to finance snow plows and other large equipment; could be used for furniture;

- Tool H - Lease purchase-- used by Wayzata to finance IPAD leases; payments are made out of the tech levy;
- Tool I - Lease levy – used by Wayzata for finance capital leases related to classrooms at Oakwood, Greenwood, and Sunset Hill as well as the Dome at CMS...could be used for turf fields, etc....Wayzata is at the legal cap allowed by law, but I have attached a request that I have made to the commissioner to this email;
- Tool J – Health and Safety - used by Wayzata for indoor air quality, asbestos abatement etc.;
- Tool K – Deficit spending - not used by Wayzata at this time

I have also included the letter submitted to the commissioner. This would be another item that we should discuss in the near future.

Have a great weekend!

Jim



# **Tools for Financing Capital Projects**

**A Guide for Minnesota School Districts**

**Updated April 2011**

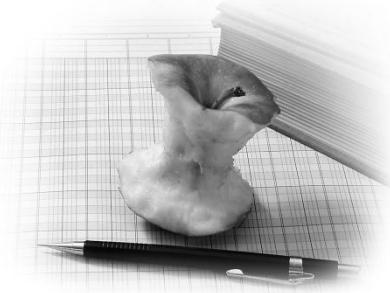


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651.697.8500 or 800.552.1171**

# TOOLS FOR FINANCING CAPITAL PROJECTS

## Ehlers

School districts never seem to have enough money to finance capital projects. The list of needs every year - from roof repairs and other maintenance to new textbooks and computers - always seems to cost many times more than the district's available revenue.



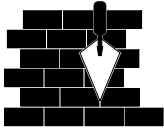
Fortunately, the state and federal governments have created a number of financing options, or “tools,” that districts can use to finance capital expenses. Some of these tools, such as building bonds and operating referendums, are well known and very commonly used. Other tools, such as the capital projects levy and capital facilities bonds, are less well known. Some tools provide districts with additional revenue to pay for capital expenses, while others just provide a way to spread the cost of a large purchase over several years.

The tool that is best for any particular project will depend on a variety of factors and will vary from district to district and from project to project. In some cases, it may make sense to use several different tools to meet a variety of needs.

The attached materials describe 11 different financing tools available to Minnesota school districts. For each tool, we have provided a brief overview, listed the statutory authority, and summarized the approval process, type of debt issued, permitted uses of funds, repayment of the debt, advantages, and disadvantages.

This list of tools is not comprehensive. We have not included materials on some financing options (e.g., maximum effort capital loans, cooperative facility grants, Iron Range Resources funds, and e-rate discounts) which may be useful to a relatively small number of districts. For more information on these other options, or the tools described in this document, contact any of the financial advisors on the Ehlers education team:

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## **Tool A - Building Bonds**

School districts have broad authority, with approval of their voters, to issue general obligation bonds to finance school construction projects. While building bonds are most commonly used for new schools and additions, they may also be used to finance equipment and all types of facility renovations and improvements.

**Statutory Authority.** Minnesota Statutes Chapter 475

### **Approval Process.**

- For construction projects in excess of \$1,400,000, districts must follow the state Review and Comment process (districts that have maximum effort capital loans must follow the state Review and Comment process for construction projects in excess of \$500,000).
- For construction projects in excess of \$500,000, districts must follow the state consultation process.
- The school board must adopt a resolution authorizing the election; the ballot must specify the maximum amount of bonds to be issued and the purposes for which the bond proceeds will be used.
- A simple majority vote at a referendum election is required (60 percent if the district receives an unfavorable Review and Comment).

**Type of Debt Issued.** General obligation bonds. Can be included in the state Credit Enhancement Program.

**Permitted Uses of Funds.** Funds cannot be used for operating expenses, but can be used for any type of capital expense related to both equipment and facilities. Other permitted uses include software purchases, consulting fees related to a capital project, and salaries and benefits for staff involved in planning and implementing the capital projects.

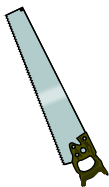
**Repayment of Debt.** Debt may be issued for any period up to 30 years. Principal and interest payments are primarily financed through an additional property tax levy, although some districts will qualify for state debt service equalization aid, which will cover a portion of the principal and interest payments. Tax levies are spread on the basis of net tax capacity.

### **Advantages.**

- General obligation bonds will result in lower interest rates than most other forms of borrowing.
- Districts receive additional revenue - through tax levies and state aid - to make the debt service payments, so there is no drain on the district's general or capital funds.
- Some districts will qualify for debt service equalization aid, so the state may essentially pay a portion of the cost for the improvements.

**Disadvantages.**

- A bond issue will usually cause an increase in property taxes .
- Voter approval is required.



## **Tool B - Operating Referendums**

School districts have primarily used operating referendums to finance traditional operating costs such as salaries, benefits, and supplies. However, state law allows the spending of general education revenue (including referendum revenue) on any purpose that is permitted for operating capital revenue. This means that referendum revenue can be used to finance any type of capital project. For example, referendum revenue could be used as an annual source of funding for new computers, other technology, technology support staff, or deferred maintenance. This may be particularly beneficial for districts that qualify for referendum equalization aid on a new referendum.

Total referendum revenue for most districts is limited by a formula in state law. The maximum revenue per pupil unit is estimated at \$1,554.22 for fiscal year 2012. The maximum referendum allowance is increased each year, based on increases in the general education formula allowance or the Consumer Price Index. Districts which had relatively high referendum revenue in 1993-94 may be “grandfathered” in at a higher limit. For districts which qualify for secondary sparsity revenue, there is no statutory limit on referendum revenue.

Property taxes for new referendum levies are spread on the basis of Referendum Market Value (RMV). Seasonal recreational residential property (i.e., cabins) and agricultural land and buildings will pay no taxes for operating referendums.

The state provides equalization aid for referendum revenue through a two-tier formula. The percentage of revenue paid by local taxes is based on the district’s RMV per pupil unit, divided by state-determined equalizing factors. The first tier of aid is for the first \$700 per pupil unit of revenue and uses an equalizing factor of \$476,000. The second tier of aid is for the remainder of the district’s referendum revenue up to 26% of the formula allowance (\$1,332.24 for fiscal year 2012) and uses an equalizing factor of \$270,000. For districts which receive secondary sparsity revenue, all of the referendum revenue in excess of \$700 per pupil unit qualifies for second tier aid. Many districts qualify for some percentage of aid in the first tier but most districts do not qualify for aid in the second tier.

**Statutory Authority.** Minnesota Statutes Section 126C.17

### **Approval Process.**

- The board must adopt a resolution authorizing an election; the ballot must specify the amount of revenue per pupil unit. Only one election per calendar year may be held, unless the district is in statutory operating debt. Elections must be either on the general election date in November or by mail ballot, unless the district is in statutory operating debt. The ballot may state that the amount per pupil unit shall increase by the rate of inflation.
- The district must prepare and deliver by first class mail a notice to all taxpayers, explaining the referendum and the impact on property taxes.
- A majority of the voters in the election must approve the revenue.

**Type of Debt Issued.** In most cases, no debt is issued. The district uses annual revenue in the general fund to make capital purchases. However, a district could use another financing tool (e.g., capital notes or lease purchase) to access funds for a capital project, and then use the referendum revenue to make annual payments on the debt.

**Permitted Uses of Funds.** Any legal expenditure of the general fund, including legal expenditures of operating capital revenue.

**Repayment of Debt.** In most cases, no debt is issued.

**Advantages.**

- For many districts, the state will provide a portion of the referendum revenue.
- No taxes are paid by agricultural property (except the house, garage, and one acre) or cabins.
- There would be no interest costs or other borrowing costs.
- Provides an additional source of revenue for capital expenses, on top of existing general education and operating capital revenue.

**Disadvantages.**

- An operating referendum will usually cause an increase in property taxes.
- Voter approval is required.
- Districts which already receive the state maximum referendum revenue per pupil unit cannot increase their revenue further.



## Tool C - Capital Projects Levy

State law allows districts, with voter approval, to establish a “capital projects account” funded by an annual tax levy. In some ways, this combines some features of building bonds and operating referendums. As with building bonds, the funds must be used for capital projects. But like an operating referendum, a capital projects levy provides an annual stream of revenue, rather than a large one-time influx of funds.

Many districts use capital projects levies to fund a long-term technology plan, and may even refer to the levy as a “technology levy.” But the levy funds may legally be spent on deferred maintenance, building projects, or any other expense that is permitted for operating capital funds.

If the levy is approved by voters, the proceeds go into a separate account, and may be used as needed to fund any expenditures consistent with the original ballot language. There is no statutory limit on the amount of the levy, but capital projects levies are limited to ten years.

**Statutory Authority.** Minnesota Statutes Section 123B.63

### Approval Process.

- Districts must follow the state Review and Comment process, based on the estimated total levy amount over the life of the capital projects levy.
- The school board must adopt a resolution authorizing the election. The ballot must specify the maximum tax rate to be levied (as a percentage of net tax capacity), the estimated dollar amount of the levy for the first year, the maximum number of years, and the uses of the funds.
- A simple majority vote at a referendum election is required. (60% approval if Review and Comment is unfavorable).

**Type of Debt Issued.** In most cases, no debt is issued. The district purchases capital items from the separate fund into which the levy proceeds are placed. However, a district could use another financing tool (e.g., lease purchase) to access funds for a capital project, and then use the capital project levy to make payments on the debt.

**Permitted Uses of Funds.** Once the levy has begun, the District creates a capital projects account. Proceeds are placed in this account and spent on items that are consistent with the ballot language and the Review and Comment. Funds can be spent on any purpose for which operating capital revenue can be spent.

**Repayment of Debt.** In most cases, no debt is issued.

### Advantages.

- No limit on dollar amount.
- If the district’s net tax capacity increases, the levy authority will increase.

- In most cases, there are no interest costs or other borrowing costs.
- When used to purchase technology, it avoids the problem of using long-term bonds to pay for equipment that will be obsolete long before the bonds are paid off.

**Disadvantages.**

- A capital projects levy will usually cause an increase in property taxes.
- Capital projects levies do not qualify for any form of state aid.
- Voter approval is required.



## Tool D - Alternative Facilities Bond and Levy

The alternative facilities program is a very flexible tool for financing certain types of facility maintenance and improvement projects. There are two programs under which a district may qualify: the full program or the limited program.

The **full program** is available to relatively few school districts. To be eligible, a district must have either: a) at least 1,850,000 square feet of space with an average building age of 15 years or more, or b) at least 1,500,000 square feet of space with an average building age of 35 years or more. Approximately 22 districts currently qualify. To participate, these districts must be able to demonstrate that the funds available through health and safety revenue and operating capital revenue would be insufficient to pay for needed repairs and improvements. The district must complete and regularly update a ten year facility plan describing the projects to be completed.

All other districts qualify for the **limited program**. If these districts have projects that would otherwise qualify for health and safety revenue (Tool J) but will cost more than \$500,000 per site, those projects will no longer qualify for health and safety revenue. Instead, the district will be able to finance the projects through limited participation in the alternative facilities program. These districts will need to complete a five year facility plan.

Both groups of districts can finance approved projects by: a) issuing bonds (with approval of the commissioner, but without seeking voter approval), b) making an annual tax levy to cover each year's planned expenses, or c) a combination of both methods. The annual tax levies (either to repay debt or to directly pay for improvements) are an additional source of revenue to the district. A few of the districts in the full program receive alternative facilities state aid to offset all or a portion of the levies. The levies are also included in calculation of debt service equalization aid, but are limited to "first tier aid," which provides no aid for most districts.

**Statutory Authority.** Minnesota Statutes Section 123B.59

### **Approval Process.**

- A multi-year facility plan must be prepared. Districts in the full program must prepare a ten year plan, which must be submitted to and approved by the Commissioner of Education. Districts in the limited program must prepare a five year plan, but need not submit it to the State.
- Districts must follow the state Review and Comment process (see Tool A), but are not required to publish the review and comment.
- The Commissioner must also approve issuance of bonds.
- The district must publish notice of their intent to either issue bonds or make an annual tax levy.

**Type of Debt Issued.** If bonds are issued they are general obligation bonds and can be included in the credit enhancement program.

**Permitted Uses of Funds.** For the districts eligible for the full alternative facilities program, funds may be used for: 1) projects normally financed by health and safety revenue; 2) disabled access improvements;

and 3) “deferred capital expenditures and maintenance projects necessary to prevent further erosion of facilities.” For other districts, funds may be used only for health and safety projects that will cost more than \$500,000 at a single site.

**Repayment of Debt.** Debt must mature within 30 years of issuance. Principal and interest payments are financed through additional debt service levy and, for some districts, alternative facilities aid or debt service equalization aid.

**Advantages.**

- General obligation bonds will result in lower interest rates than most other forms of borrowing.
- No election required.
- District receives additional revenue, so there is no drain on the general or capital fund.
- A few districts receive state alternative facilities aid to offset a portion of the tax levies.
- A few districts may also qualify for debt equalization aid to offset a portion of the tax levies.

**Disadvantages.**

- Either funding option (bonds or annual levy) will require a property tax levy.



## Tool E - Qualified Zone Academy Bonds (QZABs)

QZABs are a unique type of bond, initially authorized in 1997 by federal law. Purchasers of QZABs receive an annual credit on their federal income taxes for each year they hold the bonds, in lieu of all or a portion of the interest they would receive on other bonds. A school district selling the bonds will pay no interest or a very low interest rate, depending on the structure of the bonds and on market conditions. In order to qualify for QZABs, a district must meet three criteria:

- Schools must either: be located in federally designated “empowerment zones” or “enterprise communities” or have at least 35 percent of their students eligible for free or reduced price lunches (eligibility is by school, not by school district).
- The school must enter into a partnership with private businesses or individuals which must contribute at least 10 percent of the project cost, either in cash or with donations of equipment or services.
- The school must have an education plan that is approved by the district and in which students are subject to the same standards and assessments as other students in the district.

Congress designates a maximum annual allocation of QZABs for each state, and the Department of Education must approve the issuance of QZABs by any Minnesota school district. The total allocation for Minnesota for 1998 through 2008 was approximately \$49,000,000. As part of the American Recovery and Reinvestment Act of 2009 (ARRA), the allocations for QZABs for all states were increased substantially for 2009 and 2010. The Minnesota allocation was just under \$16.9 million for both 2009 and 2010. The allocation for 2011 is \$4,986,000.

In addition to meeting all three of the federal requirements listed above, QZABs must be issued using a debt instrument authorized under state law. For example, a district which held a referendum for issuance of building bonds (See Tool A) could issue all of a portion of the voter-approved authority as QZABs. Districts could also, in some circumstances, issue Capital Facility Bonds (Tool F), Capital Notes (Tool G), or Alternative Facilities Bonds (Tool D) as QZABs. In some cases, districts have negotiated a lease-purchase (Tool H) in the form of a QZAB.

**Statutory Authority.** Originally authorized in Public Law 105-34

### **Approval Process.**

- For construction projects in excess of \$1,400,000, districts must follow the state Review and Comment process (districts that have maximum effort capital loan districts must follow the state Review and Comment process for construction projects in excess of \$500,000).
- The public-private partnership described above must be established through written agreement prior to issuance of the bonds.
- Requires approval by the Commissioner of Education.
- Other approval steps will vary based on the state law used as the basis for issuance of debt. For example, to issue building bonds as QZABs, the district would need to follow all of the approval steps listed under Tool A.

**Type of Debt Issued.** Qualified Zone Academy Bonds, with no or very low effective interest rates.

**Permitted Uses of Funds.** May be used only for rehabilitating, renovating or repairing a facility or providing equipment for a qualifying school. Only two percent of the bond proceeds can be used for costs of issuance.

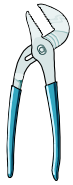
**Repayment of Debt.** The maximum maturity for QZABs is determined by a formula in federal regulations, and is revised periodically. The current limit is 15 years (as of April 8, 2011). This would appear to preclude qualification for debt equalization aid, which requires either a 20 year maturity schedule or an average maturity of 12.5 years. However, if QZABs are used in combination with conventional tax exempt bonds to finance a voter-approved project, and if the combined financing plan has a maturity of 20 years or more, then the payments on all of the bonds may qualify for equalization aid.

**Advantages.**

- Bonds carry very low effective interest rates.
- The public-private partnership may have political, financial and educational benefits to the district.

**Disadvantages.**

- Only available to some schools and for limited purposes.
- If the district issues building bonds as QZABs, the bond payments might not qualify for debt service equalization aid.
- Costs of issuance will likely be higher than with other forms of borrowing, especially because of the limited market for this type of bond.
- The procedures for setting up and administering the required public-private partnership can be very cumbersome.
- Issuance of QZABs will subject the district to additional federal regulations and oversight that don't exist with other forms of bonds.



## **Tool F - Capital Facilities Bonds**

Districts may issue general obligation bonds without voter approval to finance certain types of facility improvements and repairs. The district does not, however, receive additional levy authority or state aid to make the principal and interest payments. The payments must be made from the district's existing operating capital or other general education revenue.

**Statutory Authority.** Minnesota Statutes Section 123B.62

### **Approval Process.**

- Requires approval by the Commissioner of Education.
- For construction projects in excess of \$1,400,000, districts must follow the state Review and Comment process (districts that have maximum effort capital loan districts must follow the state Review and Comment process for construction projects in excess of \$500,000).
- For construction projects in excess of \$500,000, districts must follow the state consultation process.
- District must publish notice of intent to sell bonds.
- If 15 percent of registered voters submit a petition, bonds cannot be sold without first holding a referendum.

**Type of Debt Issued.** General obligation bonds. Can be included in credit enhancement program.

**Permitted Uses of Funds.** May be used for improvements and repairs to buildings and sites; equipping and reequipping buildings with permanent attached fixtures; disabled access improvements; fire, life, and safety code compliance; asbestos removal or encapsulation and related repairs; cleanup of PCBs; cleanup relating to fuel storage; and energy modifications.

**Repayment of Debt.** Debt must mature within 15 years of issuance. If two or more districts have combined within the past five years, the new district can issue bonds that mature within 20 years of issuance. Size of borrowing is limited in the following way: the total of the annual tax levies for the sum of all capital facilities bonds and all capital notes (Tool G) cannot exceed the district's operating capital revenue for the preceding year. The district is required to increase its debt service levy to cover the payments, but must decrease its general fund levy by the same amount.

### **Advantages.**

- General obligation bonds will result in lower interest rates than most other forms of borrowing.
- No election required unless 15 percent of registered voters submit a petition.
- Excess debt service funds may be used to pay initial interest costs.

**Disadvantages.**

- No additional levy authority, so payment of debt service could result in a strain on the operating capital and/or general fund budget.
- Costs of issuance may be higher than with some other forms of borrowing (e.g., a lease purchase).
- Procedures for approval (including publishing notice, approval by Commissioner, and 30 day waiting period) are more complex and time-consuming than with some other forms of borrowing.



## Tool G - Capital Notes or Certificates of Indebtedness

Districts may issue general obligation notes, without voter approval, to finance purchases of equipment. This tool is very similar to Tool F (Capital Facilities Bonds) except for the uses of the funds (equipment instead of facility improvements) and the maximum permitted term (10 years instead of 15 years). The term of the bonds is also limited to the expected useful life of the equipment being financed. In addition, capital notes or certificates of indebtedness can be issued to prepay special assessments, with a maximum permitted term of 20 years. As with Capital Facilities Bonds, repayment of the debt must be made from the district's existing general education or operating capital revenue.

**Statutory Authority.** Minnesota Statutes Section 123B.61

### Approval Process.

- Certificates or notes are issued by resolution of the Board

**Type of Debt Issued.** General obligation bonds. Can be included in credit enhancement program.

**Permitted Uses of Funds.** Proceeds may be used to purchase vehicles, computers, telephone systems, cable equipment, photocopy and office equipment, technological equipment for instruction, and other capital equipment having an expected useful life at least as long as the term of the certificates or notes. In addition, proceeds can be used to prepay special assessments.

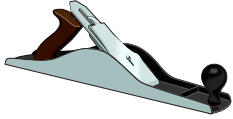
**Repayment of Debt.** Certificates or notes must mature within the lesser of ten years of issuance or the estimated useful life of the equipment being financed. Notes issued to prepay special assessments must mature within 20 years of issuance. Size of borrowing is limited in the following way: the total of the annual tax levies for all capital notes and all capital facilities bonds (Tool F) cannot exceed the district's operating capital revenue for the preceding year. The district is allowed to increase its debt service levy to cover the payments, but must decrease its general fund levy by the same amount.

### Advantages.

- General obligation bonds will result in lower interest rates than with most other forms of borrowing.
- No election is required.
- Excess debt service funds may be used to pay initial interest costs.

### Disadvantages.

- No additional levy authority, so payment of annual debt service could result in a strain on the operating capital or general fund budget.
- Costs of issuance may be higher than with some other forms of borrowing (e.g., a lease purchase).



## Tool H - Lease-Purchase

School districts have broad authority to enter into installment purchase contracts or lease-purchase agreements. Unlike some of the other financing tools (e.g. building bonds, capital projects levy), a lease-purchase agreement does not normally result in additional revenue to a district. It simply allows the district to spread the cost of a major purchase over a period of years. (See Tool I, Lease Levy, for a discussion of one method by which a district could raise additional revenue to cover lease purchase payments.)

There are many ways in which lease-purchase agreements can be set up. Many equipment vendors will offer their own lease-purchase option for equipment such as photocopy equipment and computers. Districts may also obtain their own financing directly from a bank or financing company. In most cases, seeking quotes from banks and financing companies will result in lower rates than simply accepting a lease-purchase option offered by an equipment vendor. If the district is acquiring real property, it can enter into a lease agreement with a Housing and Redevelopment Authority (HRA) or Economic Development Authority (EDA), which could issue lease revenue bonds to finance the property acquisition and/or construction. Districts can also issue “Certificates of Participation” (COPs) in a lease purchase agreement; this allows multiple investors to participate in the financing.

During the term of the agreement, the asset being financed is technically owned by a “lessor” (usually either the entity that provides the financing or a trustee). The district has the right to purchase the asset at the end of the term for a nominal fee. Lease purchase agreements must include an “annual appropriation” clause, which allows the district to terminate the agreement at no cost if the board does not appropriate the funds.

**Statutory Authority.** Minnesota Statutes Section 465.71

### **Approval Process.**

- Simple resolution of Board to approve agreement.
- For construction projects in excess of \$1,400,000, districts must follow the state Review and Comment process (districts that have maximum effort capital loan districts must follow the state Review and Comment process for construction projects in excess of \$500,000).
- For construction projects in excess of \$500,000, districts must follow the state consultation process.

**Type of Debt Issued.** Can be issued in several forms:

- a fixed-rate “loan” provided by a bank, financing company or equipment vendor,
- lease revenue bonds issued by an HRA, EDA, or Port Authority, or
- Certificates of Participation.

Repayment term is generally three to twenty years, and usually less than the useful life of the assets being purchased. Can be issued as tax-exempt debt.

**Permitted Uses of Funds.** May be used for any real or personal property - including new buildings, additions, building improvements, land or any type of equipment.

**Repayment of Debt.** The term of the lease can be negotiated with the lessor, but is normally limited to no more than the useful life of the asset being financed. Payments are made from existing general fund or operating capital revenue.

**Advantages.**

- For lease-purchases negotiated with a bank or financing company, procedures are simple and can be completed in a relatively short time.
- For lease-purchases negotiated with a bank or financing company, costs of issuance are relatively low.
- No election is required.

**Disadvantages.**

- Lease payments are subject to annual appropriation by the school board.
- Generally higher interest rates than with bonds.
- In most cases, annual payments must be made from existing resources (operating capital or other general education revenue).



## Tool I - Lease Levy

Districts may, under limited circumstances and with permission from the Commissioner of Education, increase their tax levies each year to cover up to 100% of the cost of leasing buildings or land for instructional purposes, school storage or furniture repair. The law contains a number of criteria for approval, including the reasonableness of the price and the “appropriateness of the space to the proposed activity.”

The Department of Education has generally interpreted the term “instructional purposes” fairly broadly. They have approved levies for leased space used for regular elementary-secondary instruction, special education, cocurricular programs, early childhood programs and adult basic education. However, the law specifically prohibits the lease levy for: a) new buildings “used primarily for regular kindergarten, elementary, or secondary instruction;” b) building additions that are used for the above purposes and contain more than 20 percent of the square footage of the existing building; c) district-owned buildings that are leased or rented to another program in the same district; and d) stadiums. The levy is intended to cover only the “capital” portion of the lease costs, and may not be used to pay for custodial or maintenance services. Each district’s annual levy is also limited to no more than \$150 per resident pupil unit.

Districts that are members of an Intermediate School District may levy an additional amount, up to \$43 per pupil unit, to finance lease payments to the Intermediate District.

Many districts have used this levy to pay for leasing of existing space (e.g., vacant commercial space). However, districts have also used it to finance payments on a lease or lease-purchase of space that is newly constructed specifically for the district.

**Statutory Authority.** Minnesota Statutes Section 126C.40, subdivision 1

### **Approval Process.**

- Must receive annual approval from Commissioner of Education. Must submit information including financial justification, terms and conditions of the lease, and a description of the space and its proposed use.

**Type of Debt Issued.** In many cases, no debt is issued. However, the lease levy can, under some circumstances, be used to finance payments on a lease purchase (see Tool H).

**Permitted Uses of Funds.** Lease payments for buildings and land that meet the criteria and limitations described above.

**Repayment of Debt.** Not applicable.

**Advantages.**

- District receives additional revenue, so there is no drain on the general or capital fund.
- Voter approval is not required.

**Disadvantages.**

- Annual approval required from Commissioner of Education.
- Unlike payments on building bonds, the lease levy does not qualify for state equalization aid.



## Tool J - Health and Safety Aid and Levy

Districts may receive additional revenue, primarily through property tax levies, for various types of health and safety expenditures (see Permitted Uses below). The district must first submit to the Commissioner of Education an application for their health and safety program, showing estimated expenditures, by project, by building, and by fiscal year. The district will essentially receive revenue equal to the cost of all projects approved by the state. The next year's revenue is recalculated each year based on the difference between: a) the actual and projected costs of all approved projects from 1985 through the next year, and b) the revenue received by the district to date.

Health and Safety projects with an estimated cost of \$500,000 or more per site are not eligible for health and safety revenue. These projects can be funded through limited participation in the alternative facilities bond and levy program. (See Tool D)

Traditionally, health and safety revenue has been provided through an equalized aid and levy program. The local levy proportion of each district's revenue is equal to the lesser of 100% or the district's ANTC per pupil unit divided by the statewide equalizing factor of \$2,935. Very few districts currently qualify for health and safety aid.

**Statutory Authority.** Minnesota Statutes Section 123B.57

**Approval Process.** Must submit the application described above.

**Type of Debt Issued.** No debt is issued.

**Permitted Uses of Funds.** Approved projects under the general categories of hazardous substance removal; fire and life safety code repairs; regulated facility and equipment violations; indoor air quality; and health, safety and environmental management.

**Repayment of Debt.** Not applicable.

### **Advantages.**

- District receives additional revenue, so there is no drain on the general or capital fund.
- Voter approval is not required.

### **Disadvantages.**

- Annual approval required from Commissioner of Education.
- Requires a property tax levy.
- Permitted uses are fairly limited.
- Very few districts qualify for state aid.
- A single large project (or an expensive group of projects in one year) can cause a large increase in the district's tax levy.



## Tool K - Deficit Spending with Tax or Aid Anticipation Financing

Districts often face a particularly large one-time expenditure - from either the operating capital account or the health and safety account - that they could afford to pay for over several years, but not all at once. In some circumstances, it may make sense for the district to simply make the expenditure, incur a deficit balance in the affected account, and eliminate the deficit over the next few years. The procedures and restrictions are somewhat different, depending on which account is involved.

- If the expenditure is from the operating capital account, districts are only allowed to incur a deficit in this account for up to three years, with approval of the Commissioner of Education. In order to obtain approval, the district must provide the commissioner with a description of the project that will create the deficit and a financial plan to erase the deficit. The district must use either operating capital revenue or other general education revenue to eliminate the deficit over the next three years, but would receive no additional revenue because of this expenditure.
- If the expenditure is from the health and safety account, there are no legal restrictions on deficit balances in this account. Rather than levying for the full cost of the project in one year (and possibly causing a large tax increase), the district could spread the tax levy over several years, gradually eliminating the deficit.

If the district already qualifies for cash flow borrowing (either tax or aid anticipation financing), creating a deficit in either account will increase the amount the district can borrow. If the district has sufficient cash reserves, it may be able to support such a plan without any borrowing; in this case, the district would lose some investment earnings. For some districts, such a plan may force the district into the need for cash flow borrowing.

**Statutory Authority.** Minnesota Statutes Section 123B.78

### **Approval Process.**

- If the expenditure creates a deficit in the district's operating capital account, the district must have approval from Commissioner of Education,

**Type of Debt Issued.** For some districts, tax anticipation or aid anticipation certificates. For other districts, no debt would be issued.

**Permitted Uses of Funds.** Any authorized expenditure of operating capital revenue or health and safety revenue.

**Repayment of Debt.** Each issue of tax anticipation or aid anticipation certificates must be repaid within no more than 13 months.

**Advantages.**

- Allows project to be accomplished without long-term financing.
- Interest rates on anticipation certificates are lower than for most other types of debt.

**Disadvantages.**

- District would either pay additional interest costs or lose potential investment earnings.
- Creating a deficit in either account would reduce the reserved portion of the district's general fund balance, which may be awkward or difficult to explain to district citizens or other interested parties.
- A deficit in the operating capital account would limit the district's flexibility in responding to future capital needs. If unexpected needs occur, the district could become "trapped" in a cycle of negative fund balances and repetitive cash flow borrowing.



Jim Westrum, Executive Director of Finance & Business Services  
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763.745.5023 | Fax: 763.745.5091 | [www.wayzata.k12.mn.us](http://www.wayzata.k12.mn.us)

June 5, 2013

Dr. Brenda Cassellius, Commissioner  
Minnesota Department of Education  
1500 Highway 36 West  
Roseville, Minnesota 55113-4266

Re: Independent School District #284  
Petition to the Commissioner – Lease Levy Limit Exception

Dear Commissioner Cassellius:

In accordance with M.S. 126C.40, subd(g), Wayzata Public Schools, Independent School District 284, is submitting this petition to the Commissioner of Education to exceed the lease levy limit in M.S.126C.40, Subd. (e). Your approval of this temporary exception will allow the Wayzata Public Schools to offer All Day Kindergarten in Fall 2014. The District has an immediate need to determine how best to accommodate approximately 506 additional kindergarten students who will be eligible for all day kindergarten programming. Total district-wide kindergarten enrollment is projected to be 800 students in the Fall of 2014.

Without your approval, the Wayzata Public Schools will be unable to offer All Day Kindergarten until a new elementary school is constructed. The District is currently giving consideration to seeking voter approval to increase capacity in its facilities; with additions at the secondary level and a new building at the elementary level. It is important to note that the earliest that an elementary school could open would be in the Fall of 2016. It is not considered prudent to construct additional classrooms to existing elementary facilities, and thus, the District respectfully submits this request.

As the requested authorization M.S. 126C.40, Subd (g) states:

*“The commissioner of education may authorize a school district to exceed the limit in paragraph (e) if the school district petitions the commissioner for approval. The commissioner shall grant approval to a school district to exceed the limit in paragraph (e) for not more than five years if the district meets the following criteria:*

- (1) the school district has been experiencing pupil enrollment growth in the preceding five years – **the District’s resident enrollment has grown to over 10,000 resident pupils from 9,300 resident pupils in 2005-06 and the District’s resident enrollment is expected to increase another 1,000 resident pupils over the next ten years;***
- (2) the purpose of the increased levy is in the long-term public interest—**the District is currently carefully studying its short and long-term enrollment projections to prevent over-construction at its existing elementary facilities***
- (3) the purpose of the increased levy promotes colocation of government services; **the District seeks to keep kindergarten students in a school setting; and***

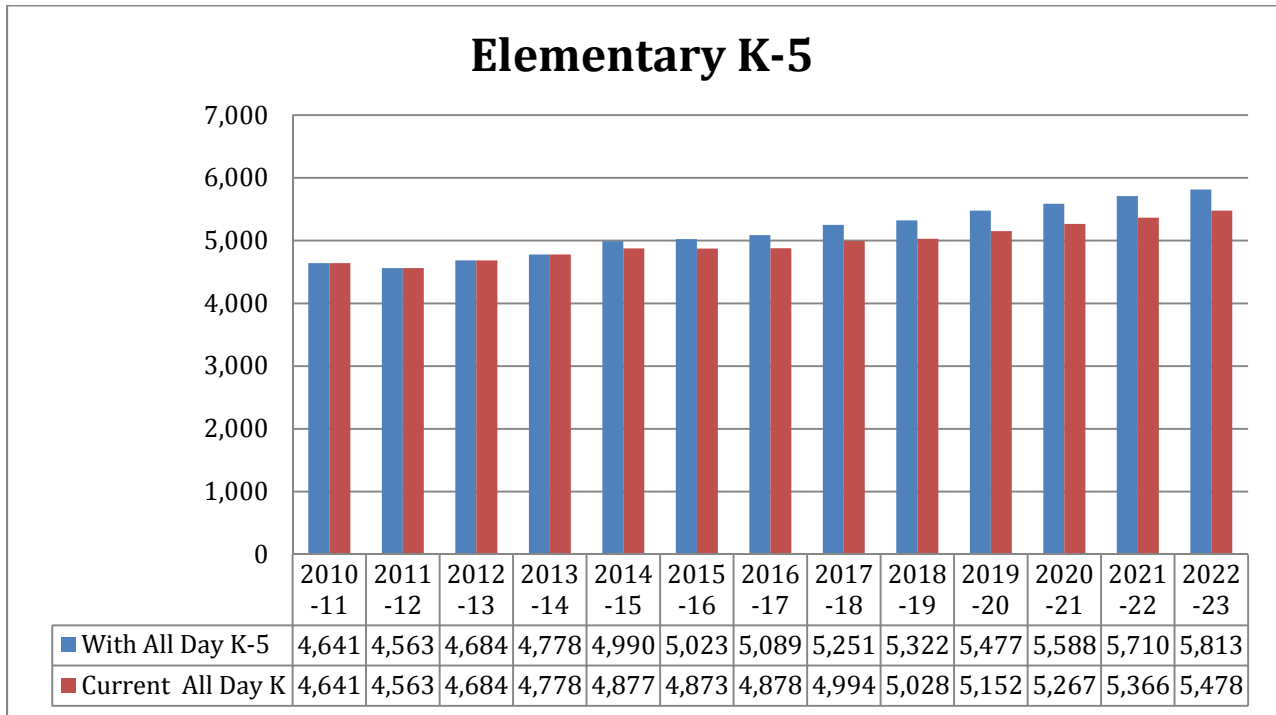
*(4) the purpose of the increased levy is in the long-term interest of the district by avoiding over construction of school facilities.*

The enrollment and facilities implications of the legislature funding all-day kindergarten programs beginning in fiscal year 2014-2015 have been determined. The District has been in consultation with our independent demographer and with our architects and engineers, and have quantified the impact on the District’s enrollment and elementary classroom facility needs as follows:

Current Assumption	Revised Assumption	Student Impact	Facility Impact
Families that seek private options for K, but join district in 1 <sup>st</sup> grade	Families that will no longer seek private options for K and instead join District in K	Additional 100 students in Kindergarten only	5 additional Kindergarten classrooms needed in Fall 2014
Families that seek public options for All Day K through open enrollment, and DO NOT join district in 1 <sup>st</sup> grade	Families will no longer need to open enroll outside the District, but instead will join district in Kindergarten and remain throughout academic career	Additional 20 students in Kindergarten with an additive affect as this population progresses through grades 1-12	1 additional K classroom in Fall 2014, 1 additional 1 <sup>st</sup> grade classroom in 2015, 1 additional 2 <sup>nd</sup> grade classroom 2016, 1 additional 3 <sup>rd</sup> grade classroom in 2017, etc...
Families seek non-public or private school Kindergarten	Families continue to seek non-public or private school for K	No impact	No impact
50% of families receive District’s fee-based All-Day K, remaining families receive ½ day K (demand exceeds ability to offer)	100% of current families receive District provided All Day K as fees are no longer charged to families	No increase in K students as students are already served by the District	10 additional classrooms (converts 20 ½ day to 20 full day)
Total additional classrooms needed in 2014-2015 - 16 additional classrooms, plus one additional classroom needed for each of the next 5 years – Grand total of 21 classrooms			

The chart below shows elementary enrollment as currently offered and also with offering all-day kindergarten:

Chart 1



Elementary capacity after the classroom additions of 2013 is expected to be 4,978. The District anticipated that capacity in the elementary buildings would be adequate through 2017-18 when the projected enrollment reached 4,994. However, the impact of offering all-day kindergarten significantly accelerates the time-line to an immediate need in the fall of 2014-15, when projected enrollment reaches 4,990 and capacity decreases to 4,740 due to the need for additional kindergarten classrooms.

In summary, the impact of the legislature offering all-day kindergarten means that it is highly likely that the Wayzata Public Schools may no longer be able to serve its student population in the existing seven elementary schools.

Please grant the approval requested.

Sincerely

Jim Westrum



## WAYZATA PUBLIC SCHOOLS

Independent School District 284  
Wayzata, Minnesota

### National School Board Association 2013 Conference

April 13 – 15, 2013, San Diego, CA

#### RECOMMENDATIONS:

1. Attend this conference next year
2. Monthly updates on our Strategic Plan
3. Site visits both in state and out of state: Examples:
  - a. Local: Farmington:  
<http://www.rschooldtoday.com/se3bin/clientschool.cgi?schoolname=school589>
  - b. Elsewhere: Klein ISD, TX:  
<http://www.kleinisd.net>
4. Spend more time on the phone asking questions of those that have had a technology initiative for at least 5 years to ask them what are they doing with their Media Centers and why. One idea is Klein ISD in Texas (see above) which has had a technology initiative for 10 years.
5. Student Surveys - many districts use these surveys to receive accurate feedback
6. Websites to check out:
  - c. Success for All Foundation: <http://www.successforall.org>
  - d. The Center for Public Education:  
<http://www.centerforpubliceducation.org>
  - e. National Student Clearing House:  
<http://www.studentclearinghouse.org>
  - f. Data First:  
<http://www.data-first.org>
  - g. Education Leader 21”  
Members were able to take the international PISA test- Fairfax, VA received a 150 page report on their test results. Their superintendent was very impressed with the quality of this report (Minnetonka has just joined)  
<http://www.edleader21.com>
  - f. Facilities: Fielding Nair architects:  
<http://www.fieldingnair.com>
  - h. 3D Printer:  
[http://cubify.com/cube/index.aspx?gclid=CMGqzIG\\_17YCFYU-Mgod6CkAkA](http://cubify.com/cube/index.aspx?gclid=CMGqzIG_17YCFYU-Mgod6CkAkA)

Notes by: Carter Peterson, Board Director

Conference attended by: Carter Peterson, Cheryl Polzin – Board Directors

# WAYZATA PUBLIC SCHOOLS

Independent School District 284  
Wayzata, Minnesota

## **BOARD OF EDUCATION**

Regular Meeting - July 8, 2013 - 7:00 PM  
Wayzata City Hall  
600 Rice Street, Wayzata

### **AGENDA**

1. CALL TO ORDER/ROLL CALL
2. APPROVAL OF AGENDA AND CONSENT AGENDA ITEMS  
Consent Agenda items are considered to be routine in nature and will be enacted by one motion. There will be no separate discussion of these items unless a Board member or citizen so requests, in which event the item will be removed as a Consent Agenda item and addressed. Consent Agenda Items are as follows:
  - A. Approval of Minutes
    1. Regular Meeting - June 10, 2013
    2. Special Meeting - June 17, 2013
  - B. Waive Statutory Requirement for Weekly Pledge of Allegiance
  - C. Authorize Holding a Regular Board Meeting on Columbus Day, October 14, 2013
  - D. Authorize a Date Change for the November 2013 Regular Board Meeting
  - E. District/Professional Memberships for 2013-2014
  - F. Finance and Business Recommendations
  - G. Human Resource Recommendations
3. STUDENT CURRICULUM PRESENTATION
4. RECOGNITIONS
5. REPORTS FROM ORGANIZATIONS  
This section of the agenda provides the opportunity for parent, teacher, and/or student associations/organizations to provide the School Board with reports/updates.
6. SUPERINTENDENT'S REPORTS AND RECOMMENDATIONS
  - A. Superintendent
    1. Board Policy and Regulations 212 and 212-R - "Public Participation in School Board Meetings" - Second Reading
  - B. Teaching and Learning
  - C. Finance and Business Services
    1. Monthly Financial Reports
  - D. Human Resource Services
7. OTHER BOARD ACTION
  - A. Approval of Designated Bulletin Board for Legal Public Announcements for the 2013 - 2014 School Year
  - B. Approval of Designated Radio Station for Legal Public Announcements for the 2013 - 2014 School Year
  - C. Approval of Designated Newspaper for Legal Public Announcements for the 2013 - 2014 School Year
  - D. Approval of the Wayzata School District Contract with the City of Wayzata - Community Room and Equipment
  - E. RESOLUTION ESTABLISHING DATES FOR FILING AFFIDAVIT OF CANDADACY FOR SCHOOL BOARD ELECTION
8. AUDIENCE OPPORTUNITY TO ADDRESS SCHOOL BOARD  
This section of the agenda provides an opportunity for those who have called and placed their names on the list and for members of the audience to address the School Board.
9. BOARD REPORTS
10. ADJOURN

**WAYZATA PUBLIC SCHOOLS**

Independent School District 284  
Wayzata, Minnesota

**BOARD OF EDUCATION**

**Special Work Session – June 17, 2013**

**AGENDA SECTION:** \_\_\_\_\_

**ITEM:** \_\_\_\_\_

**COMMENTS BY:** Board Chair Droegemueller

**8. Adjourn**

If there is no additional business before the School Board, the Chair will adjourn the meeting.

Motion by: \_\_\_\_\_ Yes \_\_\_\_\_ Passed \_\_\_\_\_

Second by: \_\_\_\_\_ No \_\_\_\_\_ Failed \_\_\_\_\_

Abstentions \_\_\_\_\_