



Lake of the Woods Public School District #390

2010-11 Adopted Budget Report

Recommended for Adoption, June 28, 2010

Steve Wymore

A large, decorative graphic at the bottom of the page consists of several overlapping, semi-transparent geometric shapes in shades of blue and grey, creating a modern, abstract design. The shapes are arranged in a way that they appear to be layered and connected.

FY11





LAKE OF THE WOODS PUBLIC SCHOOLS
2010-11 ADOPTED BUDGET

INTRODUCTORY SECTION

This budget of Independent School District No. 390, Lake of the Woods, is for the fiscal year beginning July 1, 2010 and ending June 30, 2011 (fiscal year 2010-2011). Comparative data for fiscal year 2009-2010 is budgeted data. All previous fiscal years' data are audited year-end actual amounts.

The district has been functioning without deficit spending in the general fund for the past two years as a result of:

- Flat funding in state aid for the past year
- Slight increase in student enrollment
- Cost containment for fuel, utilities, transportation, salaries, and benefits

Under the guidance of the Lake of the Woods School Board, a Financial Projection Model developed by PMA Financial Network, Inc. is used to project future years' fiscal conditions. An assumption, based on the past five year actual revenue from Consolidated Conservation disbursement, remains a concern due to the economic impact of the recession on the lumber industry. The 2010 legislative session yielded new legislation that affected previous assumptions. The model contained an assumption of a 0% increase for fiscal year (FY10) 2009-10 minus the previously approved transfer of \$51 per pupil unit from capital reserve to the general fund undesignated/unreserved fund. The \$30 per pupil unit by elimination of the trust fund subtraction in state funding in 2008-2009 was a onetime benefit that was not realized in 2009-10. A 0% increase in state funding is projected for the next four years. At the end of FY14 (fiscal year 2013-2014), a 2% increase in state funding is projected for the succeeding years. Any additional actual revenue resulting from the 2010 legislative session will be included in a future budget update. On the expenditure side, \$243,900 of cost containment was implemented across the district in 2009-10. Following budget adoption, a Kindergarten teaching position was created to accommodate the large class, two overloads were added in the High School and Sandpiper Design was retained to assist with website maintenance and upgrades. The staff development fund balance was used to offset FY10 teacher salaries for staff development activities.

Implementation of the Sparsely Populated Agricultural Education (SPAЕ) Program in the 2009-10 school year increased expenditures by an estimated \$12,850. This will become part of the regular budget and will not be reflected as an expenditure increase in 2011.

The impact of the American Recovery and Reinvestment Act of 2009 (e.g. The Federal Stimulus Bill) will have a short term impact on revenue. There is approximately \$821.4M available to the state of Minnesota and the governor must allocate 81.8% of the state's allocation for the support of "elementary, secondary and post secondary education and, as applicable, early childhood education programs and services." In addition, the



governor must use the funds to restore in FY 2009, 2010 and 2011 the level of state support to K-12 education to the greater of FY 2008 or FY 2009.

The IDEA Part B additional revenue will be expended over a two year (FY10 and FY11) period and will be divided equally for each year. 50% of the expenditure for FY11 will be applied to reduce the local funds Maintenance of Effort (MOE) requirement for Special Education. The remaining 50% of FY11 IDEA Part B revenue will be used to pay for Special Education paraprofessional salaries and benefits currently financed with State Special Education Aid. The anticipated net effect of this utilization of the additional Federal Stimulus Act revenue is to supplant general fund expenditures by \$56,376.

The State of Minnesota delayed state aid payments to Lake of the Woods School – on top of the 73% shift from 90% already implemented. This delay was based on a little-known statute that has existed since 1986 but had never been implemented. The 2008 section 127A.46 statute as amended in 2010 is below.

This statute allowed the State of Minnesota to delay school aid payments because the State realized their own cash flow shortfall. The maximum amount of payments that were delayed for each district was determined by a formula that takes into account the fund balances and cash balances in the district's operating funds at the end of the previous fiscal year. If a district's total operating fund balance was less than \$350 per pupil unit, the State was not permitted to delay a district's aid payments under this statute. If a district's fund balance exceeded that threshold, the delayed payments were substantial.

The Minnesota Department of Education released a revised spreadsheet "Estimated Aid Payment Delay Under MS 127A.46" on January 25, 2010. This spreadsheet indicated that aid payment delays for the Lake of the Woods School District would total \$604,305. The details of the delays revealed that the March 15th aid payment was to be reduced \$198,670. The March 30th aid payment was to be reduced \$246,700 and the April 15th payment reduced \$158,936.

On Tuesday, March 2, 2010, the February Economic Forecast was released by the Minnesota Management and Budget office. The forecast showed an expected \$994 million deficit for the remainder of the current 2010-11 biennium. This is a \$209 million improvement from what was forecasted in November, 2009 which was a \$1.203 billion deficit. Based on updated economic assumptions and current spending required by law, the FY 2012-13 budget shortfall is now projected to be \$5.789 billion.

Minnesota Management and Budget Commissioner Tom Hanson noted that while revenues are slightly better than expected, the forecast doesn't significantly change the budget challenges faced by the state.

Shortly before midnight May 16, 2010, legislative leaders and Governor Pawlenty announced that they had reached a budget deal and that a special session would begin at 12:01am. This would give all of the parties' time to study the details of the budget



balancing bill to ensure that there were no errors. Originally, they had hoped to adjourn the special session by 6:00 am, but ultimately they decided to reconvene around 8:00 am May 17, 2010. A couple hours later the budget bill (HF 1 2010 special session) was sent to Governor Pawlenty and the legislature adjourned the special session. The budget deal balanced the budget without any new taxes or surcharges (a surcharge on hospitals and health plans had been included in the budget bill passed by the Legislature early Sunday morning). Here are the key pieces of the budget deal:

- Codifies a K-12 shift at 73/27 for the current fiscal year
- Increases the K-12 shift to 70/30 next fiscal year, but restores the payment level to 90/10 for fiscal years 2012-13 and beyond
- Ratifies the Governor's unallotments from June, 2009
- Reduces Health & Human Services by an additional \$114 million (as did the omnibus HHS bill that was vetoed.)
- Makes no other cuts to K-12 except for a reduction in the MDE operating budget
- Authorizes the Governor to decide whether the state should opt in to Medicaid coverage for low-income Minnesotans. The authority sunsets on January 15, 2011, meaning that the next governor would briefly have the authority to make that decision.

In Article 2 CASH FLOW of House File 0001 of the 2010 Special Session

Section 1. Minnesota Statutes 2008, section 127A.46, is amended to read:

127A.46 CHANGE IN PAYMENT OF AIDS AND CREDITS.

If the commissioner of management and budget determines that modifications in the payment schedule would reduce the need for state short-term borrowing, the commissioner ~~shall~~ may modify payments to districts according to this section. The modifications must begin no sooner than September 1 of each fiscal year, and must remain in effect until no later than May 30 of that same fiscal year. In calculating the payment to a district pursuant to section 127A.45, subdivision 3, the commissioner may subtract the sum specified in that subdivision, plus an additional amount no greater than the following:

(1) the net cash balance in each of the district's operating funds on June 30 of the preceding fiscal year; minus

(2) the product of ~~\$150~~ \$700 times the number of resident pupil units in the preceding fiscal year; minus

(3) the amount of payments made by the county treasurer during the preceding fiscal year, pursuant to section 276.11, which is considered revenue for the current school year. However, no additional amount shall be subtracted if the total of the net unappropriated fund balances in the district's four operating funds on June 30 of the preceding fiscal year, is less than the product of ~~\$350~~ \$700 times the number of resident pupil units in the preceding fiscal year. The net cash balance must include all cash and investments, less certificates of indebtedness outstanding, and orders not paid for want of funds.



A district may appeal the payment schedule established by this section according to the procedures established in section 127A.45, subdivision 4.

On Monday, April 12, 2010 the Legislative Planning Commission reviewed information on the state's cash flow situation for next year. Beginning early next September, 2010 the state will enter another period of negative cash flow through January, 2011.

However, starting mid January, 2011 the state goes into negative cash flow again until the end of the fiscal year on June 30, 2011.

Even with this amendment to MS 127A.46 and assuming a June 30, 2010 undesignated/unreserved fund balance of \$1,346,343, Lake of the Woods School fund balance per resident pupil unit would be greater than \$2,164. Assuming a cash and investment balance of \$1,676,008 and 622 pupil units, the Lake of the Woods School could potentially have \$896,116 of state aid payments withheld to assist the State of Minnesota with their cash flow problems. This could potentially be long-term debt that would exceed the 45 day limit on the current line of credit the district maintains under MS123B.12 INSUFFICIENT FUNDS TO PAY ORDERS.

The Lake of the Woods School District should be prepared to issue Aid Anticipation Certificates through the Credit Enhancement Program. These certificates can be issued anytime during the fiscal year.

A school district may issue certificates of indebtedness. These certificates are intended to provide cash needed in the short-term by borrowing against either property taxes or state aids receivable. (Minnesota Statutes, sections 126C.50 to 126C.56)

Aid Anticipation Certificates are issued in the fiscal year (July 1 to June 30) in which the aids are receivable. They must mature not later than 13 months after issuance, but in no event later than three months after the end of the school year (June 30). The Minnesota Department of Education (MDE) supplies a certificate of aids receivable through June 30th. The value of the certificates issued is limited to 75% of aids that are receivable in the fiscal year issued.

These certificates can be in the Credit Enhancement Program which was established to allow Minnesota school districts (with levy authority) to borrow funds at a lower interest rate by extending the state's credit rating to the districts.

The Lake of the Woods School Board adopted a resolution for maintaining a positive fund balance. An excerpt of the February 20, 2003 school board minutes follows:

“Motion by Mr. Nesmith, seconded by Ms. Miller, to pass a resolution to establish the goal of establishing and maintaining a fund #1 balance equal to three (3) months of general operating expenses.”



Since there are 12 months in the fiscal year, a 25% fund balance in fund #1 is the established goal of the district.

The table below reflects data from the Minnesota Department of Education UFARS Compliance Reports and demonstrates the last six year Undesignated/Unreserved Fund Balance and Statutory Operating Debt (SOD) calculation for fund balance percentage. (**Note** SOD calculation formula is based on the Undesignated/Unreserved Fund Balance divided by *qualified* Fund #1 expenditures.)

	2003-2004	2004-2005	2005-2006	2006-2007	2007-2008	2008-09
Fund Balance	1,424,418	1,195,650	1,050,739	1,062,275	1,216,066	1,346,343
Expenditures	4,883,064	5,516,515	5,174,930	5,595,734	4,889,475	5,115,338
Percentage	29.17 %	21.67 %	20.30 %	18.98 %	24.87 %	26.32%

The following funds are a part of the Lake of the Woods Public School budget:

- **General Fund**-Used to account for educational activities, student support programs, expenditures for the superintendent, district administration, normal operations and maintenance, transportation and other school district expenditures not specifically designated to be accounted for in any other fund.
 - Unappropriated-Available for general fund use
 - Designated for Tax Shift-Funds set aside for payback of an accounting revenue recognition shift implemented through state legislation
 - Reserved for Severance-State mandated reserve of funds for certain future severance obligations
 - School Operated Transportation-All school operated transportation costs for thirteen regular routes, extra-curricular and co-curricular activities
 - Facilities/Equipment-Available for any capital expenditure use
 - Health & Safety-Funds set aside to be used for specific state approved projects
 - Facilities-Used to account for the revenues and expenditures associated with school facilities rentals administered through the Community Education Department
- **Food Service Fund**-Used to record financial activities of the school district’s food service program including activities for the purpose of preparation and service of milk, meals and snacks in connections with school and community service activities
- **Community Service Fund**-Used to record all financial activities of the Community Service program. The Community Service Fund is comprised of five components, each with its own fund balance. The five components and fund balance for each are: Community Service; Community Education; Early Childhood Family Education (ECFE); School Readiness; and Adult Basic Education (ABE).
 - Regular Community Education-Available for activities of community education specifically authorized in Minnesota Statute 124D.19 which includes enrichment programs for any age level that are not part of the K-12 education program or that are not required for graduation



- Early Childhood Family Education-Available for activities specifically authorized in Minnesota Statue 124D.15 which focus on improving parenting skills and providing learning experiences for parents and children
- School Readiness (Just For Fours & Just For Fives)-Available for activities specifically authorized in Minnesota Statue 124D.15 which focus on needs of children, identified through a screening process
- Adult Basic Education (ABE)-Available for activities specifically authorized in Minnesota Statute 124D.52 a day or evening program offered by a district that is for people over 16 years of age who do not attend an elementary or secondary school. The program offers academic instruction necessary to earn a high school diploma or equivalency certificate.
- **Construction Fund**-Used to record all operations of a district's building construction program that are funded by the sale of bonds, capital loans, or the Alternative Bonding Program (including levies).
 - Construction costs for buildings and additions consist of the following: expenditures for general construction; advertisement for contracts; payments on contracts of construction; installations of plumbing, heating, lighting, ventilating and electrical systems; expenditures for lockers, elevators, and other equipment; architectural and engineering services; travel expenses; paint and decorating expenses; and any other related costs.
 - Revenue from One Day Bond Sales is accounted for in this fund.
- **Debt Service Fund**
 - Undesignated-Used to account for levy revenues and for principal and interest payments for voter-approved bond issues.

The Student Activity Fund is NOT part of the Lake of the Woods School District budget but is under the management of the School Board.

- **Student Activity Fund**
 - Student activity funds are used to account for dollars raised by the students for the students. A student activity fund contain dollars which are owned, operated, and managed by organizations, clubs, or associations (groups) within the student body under the guidance and direction of faculty or staff members for educational, recreational, or cultural purposes. Examples of student activities are: Yearbook, a Class account, Choral and Band Group, Class Projects, Student Clubs, Student Council, and Student sponsored bookstores.



REVENUE ASSUMPTIONS

GENERAL OPERATING FUND REVENUE ASSUMPTIONS (Fund 01)

General Operating Fund revenue is projected to decrease by \$ (20,599) in 2010-2011.

1. State General Education Aid

State general education aid is budgeted to increase \$132,151 (3.21 %) over 2009-2010. Utilizing the Financial Planning Program of PMA Financial Network, Inc. presented to the Lake of the Woods School Board on February 22, 2010. Basic revenue for 2009-2010 was \$4,122,566. The projected Basic revenue for 2010-2011 is \$4,254,707. The difference between these two numbers generates the increase and percentage. General education aid serves as the district’s primary basic funding source. It makes up the majority of the general operating fund revenue. This funding source is affected by the per-pupil-unit allocation from the state and the total district pupil units as described below. The decline between years is due to the formula allowance and enrollment decline.

- o Per-Pupil-Unit Allocation – The per-pupil-unit allocation is \$5,124 for the 2010-2011 school year as of the printing of this budget document. The list below outlines historical per-pupil-unit funding.

1997-98	\$3,581	Increase of \$76 per pupil unit (2%).
1998-99	\$3,530	Increase of \$79 per pupil unit, roll out of \$130 for training & experience.
1999-00	\$3,740	Of the \$210 increase for 1999-00, \$43 is from the roll-in of graduation standards implementation revenue. Real increase of \$167.
2000-01	\$3,964	Of the \$224 increase, \$67 is from the roll-in of cooperative levy and \$39 is reserved for the increase in staff development from 1% to 2% of basic revenue for a real increase of \$118.
2001-02	\$4,068	Increase of \$104 per pupil unit (2.6%).
2002-03	\$4,601	Increase of the \$533, \$415 is from the roll-in of referendum levy, \$14 is the roll-in of Assurance Of Mastery (AOM) and \$104 is the true increase (2.6%)
2003-04	\$4,601	No increase in funding formula.
2004-05	\$4,601	No increase in funding formula.
2005-06	\$4,783	Increase of \$182
2006-07	\$4,974	Increase of \$211
2007-08	\$5,074	Increase of \$100 representing a 2% increase from the previous year.
2008-09	\$5,175	Increase of \$101 representing a 2% increase from the previous year which includes a onetime appropriation of \$51 per pupil unit.
2009-10	\$5,124	Decrease due to previous year onetime money allocation in state aid.
2010-11	\$5,124	No increase in funding formula.

- o Pupil Units – The district has budgeted annual Adjusted Marginal Cost Pupil Units (AMCPU) for PreK-12 enrollment to be 612 for the 2010-2011 budget year. This represents a 31 AMCPU decline from the 2009-2010 budget assumption of 643. The Adjusted Marginal Cost Pupil Unit is based upon enrollment and is the basis for the basic state aid calculation.



- The Adjusted Marginal Cost Pupil Units is the greater of the total of weighted average daily membership (WADM) served by the school district multiplied times 0.77 plus the total of the weighted average daily membership served by the school district for the prior school year multiplied times 0.23, or the actual current weighted average daily membership (WADM) served by the district (whichever is greater).

2. Property Taxes

Property tax revenue is budgeted to increase from the 2009-10 levels by a total of \$211,877 (10.08 %) including revenue for debt service, community service and discretionary levy authority. In large part, this is due to a \$132,020 in the General Levy and a \$78,791 increase in the Debt Service Levy. (2008 Pay 2009 amount was \$2,101,541.03 and 2009 Pay 2010 amount is \$2,313,418.51)

3. State Sources

State Supported Programs including Special Education Base Revenue, Excess Cost Aid, Home Based Travel Aid, and Special Pupil Aid are projected to decrease slightly from \$388,376 for 2009-10 to 368,364 for 2010-2011. The difference of \$20,012 represents a 5.15% decrease in revenue.

4. Federal Sources

Federal revenue is budgeted to decrease in the Minnesota Department of Education (MDE) No Child Left Behind (NCLB) Consolidated Programs Allocation for Title I, II, III and IV from \$104,721.46 to \$98,796.82. Federal revenue in the General Operating Fund includes the following programs:

1. Title I: Academically Disadvantaged, Title IIA: Teacher Quality and Class Size Reduction, Title IID: Enhancing Education Through Technology, Title IVA: Safe and Drug Free Schools.

5. Local Tuition, Fees, Admissions, and Miscellaneous Revenue

This category of revenue is budgeted to decline from \$522,750 in 2009-10 to \$472,750 2010-11. Included in this category of revenue are Medical Assistance, Investment Income, Rental of Facilities, Gifts & Bequests, and Consolidated Conservation (Con Con) payments.

FOOD SERVICE FUND REVENUE ASSUMPTIONS (Fund 02)

Revenue in the food service fund is budgeted to remain flat from 2009-10 in alignment with actual revenues over the past five years. Projected revenue for 2010-11 is \$341,800.

Audited Food Service Fund Revenue:

6/30/05	6/30/06	6/30/07	6/30/08	6/30/09	Average
308,639	305,806	307,793	294,925	322,752	307,983

Increases were made to lunch prices in July, 2008, however the greatest impact may be observed in the Food Service Fund Balance.



1. Revenue calculations assume charging \$1.75 for elementary, \$2.00 for secondary, \$3.50 for adult lunches, \$0.25 for milk, \$1.00 for elementary/secondary breakfast and \$1.50 for adult breakfast.
2. Revenues assume Federal and State Aid in the amount of \$2.80 for free, \$2.40 for reduced, and \$0.37 for regular lunches.
3. Estimates were based on the following daily totals: 451 average daily lunches served (215 paid, 175 free and 61 reduced price meals)

COMMUNITY SERVICE FUND REVENUE ASSUMPTIONS (Fund 04)

The community service fund includes the community education (including the swimming pool), family education programs and Adult Basic Education (ABE). Total revenue for this fund is budgeted to decrease \$2,960 (1.04%) from \$286,055 in 2009-10 to \$283,095 in 2010-11.

Audited Community Service Fund Revenue:

6/30/05	6/30/06	6/30/07	6/30/08	6/30/09	Average
124,811	100,666	122,181	132,026	124,395	120,815

**Please note that a transfer from Fund 1 to Fund 4 is made equal to the swimming pool levy for 2009 Pay 2010.

BUILDING CONSTRUCTION FUND REVENUE ASSUMPTIONS (Fund 06)

Building construction fund revenue will be derived from the sale of One-Day Bonds. The \$90,000 budgeted amount for 2010-11 will increase \$55,000 (61.12%) over the 2009-10 amount of \$35,000. This increase is primarily attributed to an increase in the Adjusted Net Tax Capacity (ANTC) in the district and the Maximum Effort Levy that must be assessed by the district to comply with the Capital Loan provisions for the school facility. The Audited numbers do not reflect the One Day Bond Sales proceeds as revenue. Under the General Accounting Standards Bulletin Number 34 (GASB 34), the audit reflects One-Day Bond Sale proceeds as "OTHER FINANCING SOURCES." (Refer to pages 15 and 36 of the FY 2009 audit report.)

Audited Building Construction Fund Revenue:

6/30/05	6/30/06	6/30/07	6/30/08	6/30/09	Average
0	0	0	7,000	1,000	1,600

DEBT SERVICE FUND REVENUE ASSUMPTIONS (Fund 07)

Debt service fund revenue will decrease from \$1,349,512 in 2009-10 to 1,281,866 in 2010-11 which is a difference of \$67,646 (5.02%). This is due to an over estimation of budgeted revenue in 2009-10. Differences in audited actual revenue amounts are from delinquent tax collections and other adjustments not stated in the 2009 Pay 2010 Levy Certification.

Audited Debt Service Fund Revenue:

6/30/05	6/30/06	6/30/07	6/30/08	6/30/09	Average
1,232,768	1,243,464	1,268,169	1,216,230	1,216,496	1,235,425



EXPENDITURE ASSUMPTIONS

GENERAL FUND EXPENDITURE ASSUMPTIONS (Fund 01)

The General Fund expenditure budget increased by \$35,842 (0.5 %) as a result of staff additions in the Elementary School. The expenditure budget consists of the following:

The salaries & wages and employee benefits budget includes salary and benefit changes for all employee groups due to program changes (additional staff beyond retirement offsets) as outlined in previous school board working sessions. The budget also allows for the increased salary costs for longevity, education, pay rates and other items included in bargaining agreements. It also includes the increased costs for statutory benefits (TRA, PERA, FICA, unemployment, workers compensation). As of the date of this budget printing, the status of the employee agreements for the 2010-11 school year is as follows:

Unit	Current Agreement	Status
Teachers (LOWEM)	2007/08 through 2008/09	Open for 2009/10 through 2010/11 with Tentative Agreement as of 6/9/10
MSEA	2008/09 through 2009/10	Open for 2010/11 through 2011/12
Business Manager	2008/09 through 2009/10	Open for 2010/11 through 2011/12
Adm. Asst./AP/AR	2008/09 through 2009/10	Open for 2010/11 through 2011/12
Superintendent	2010/11 through 2011/12	Settled-will reopen for 2012/13
High School Principal	2007/08 through 2008/09	Open for 2009/10 through 2010/11
Elementary Prin./Adm. Asst.	2007/08 through 2008/09	Open for 2009/10 through 2010/11
LakeWood Nursing Service	2010/2011	Settled-will reopen for 2011/12
Custodians	2008/09 through 2009/10	Open for 2010/11 through 2011/12
Technology Coordinator	2008/09 through 2009/10	Open for 2010/11 through 2011/12
Pool Manager	2008/09 through 2009/10	Open for 2010/11 through 2011/12
Trans./Facilities Supervisor	2008/09 through 2009/10	Open for 2010/11 through 2011/12
Comm. Ed. Coord./D. O. Clerk	2008/09 through 2009/10	Open for 2010/11 through 2011/12
Head Cook	2008/09 through 2009/10	Open for 2010/11 through 2011/12

FOOD SERVICE FUND EXPENDITURE ASSUMPTIONS (Fund 02)

The expenditure budget will increase by \$13,603 (8.4%) in 2010-11 in alignment with actual expenditures over the past five years. Food Service costs are budgeted to reach \$354,784 for 2010-11. As food costs and delivery costs continue to rise, the majority of the expenditure cost containments have been accomplished through staffing hour reductions made through reorganization of department responsibilities.

Audited Food Service Expenditures

6/30/05	6/30/06	6/30/07	6/30/08	6/30/09	Average
324,261	311,385	315,028	323,149	316,255	318,055



COMMUNITY SERVICE FUND EXPENDITURE ASSUMPTIONS (Fund 04)

Expenditures have averaged \$184,034 over the past five years according to audited actual expenditures. In 2008-09 \$141,021 of pool expenditures were shifted to the Community Service fund. The 2009 Pay 2010 Levy included \$136,954 for the Swimming Pool Levy. The Community Service Fund expenditures including the Swimming Pool costs are budgeted to increase by \$8,631 (3.08%) to \$288,892. The majority of this increase results from an increase in expenses for the School Readiness Program.

Audited Community Service Expenditures

6/30/05	6/30/06	6/30/07	6/30/08	6/30/09	Average
126,325	109,283	116,169	288,578	279,819	184,034

CONSTRUCTION FUND EXPENDITURE ASSUMPTIONS (Fund 06)

The construction fund expenditure budget reflects an ongoing construction fund schedule related to voter-approved construction and remodeling activities. The 2010-11 budget of \$100,000 increases fund expenditures by \$65,000 (185%) due to the anticipated increase in One-Day Bond sales revenue and existing fund balance. It includes the scheduled lease payments for bus purchase and other projects as outlined in the Capital Outlay Plan.

Audited Construction Fund Expenditures

6/30/05	6/30/06	6/30/07	6/30/08	6/30/09	Average
0	0	43,750	1,248,197	112,973	280,984

DEBT SERVICE FUND EXPENDITURE ASSUMPTIONS (Fund 07)

The debt service expenditure budget reflects an ongoing debt service schedule related to voter-approved debt service levies. It includes the scheduled principal and interest payments for bond issues approved for facilities upgrade and maintenance.

Audited Debt Service Expenditures

6/30/05	6/30/06	6/30/07	6/30/08	6/30/09	Average
1,160,388	1,452,883	1,363,687	1,359,414	1,220,395	1,311,353



Independent School District No. 390, also known as Lake of the Woods Public Schools, is an instrumentality of the State of Minnesota established to function as an education institution. The elected school board is responsible for legislative and fiscal control of Lake of the Woods Public Schools. A superintendent is appointed by the board and is responsible for administrative control of the district. There are no other entities for which the district is considered financially accountable.

The following **goals** were established for the 2008-09 school year and are under revision through the Lake of the Woods School Board, Superintendent Mr. Steven Wymore, High School Principal Mr. Mark Nohner, Mr. Jeff Nelson, Lake of the Woods EM Chair Mrs. Colleen Stanton, Minnesota School Employees Association Chief Steward Mrs. M.J. Hanson and University of Minnesota Extension Regional Educator Ms. Jody Horntvedt.



DISTRICT STRATEGIC FRAMEWORK

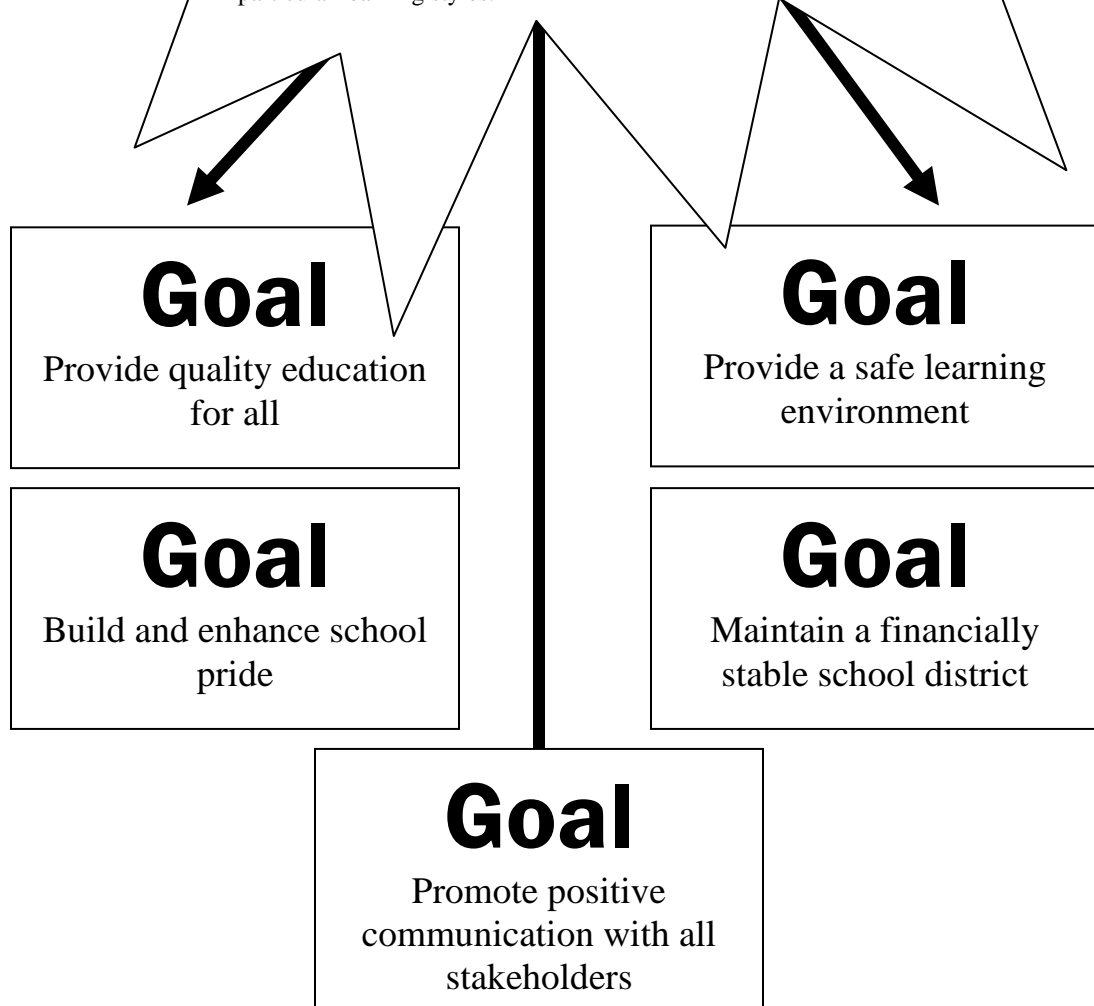
Adopted by the Lake of the Woods School District, ISD 390, **March 23, 2009**

Vision

The Lake of the Woods School District envisions a community where students are supported by a caring partnership among students, family, school and community to reach their greatest potential as human beings so that they can live productive and fulfilling lives in a changing society.

Mission

The mission of the Lake of the Woods School District is to create opportunities through caring partnerships for students to think creatively to solve problems and be enabled to succeed in their own particular learning styles.





GOALS AND STRATEGIES

GOAL: **GOAL:** The path forward describing what will guide you toward accomplishment in each part of your plan.

Lake of the Woods School District will maintain a financially stable school district.

STRATEGIES: **STRATEGIES:** The description of “how” you intend to reach your goals which will guide the development your specific action plan.

1.	A balanced budget
2.	Maintain a conservative budget
3.	Maintain or increase enrollment
4.	Attract more students to the district
5.	Increase grant writing / seek grants
6.	
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12.	



GOALS AND STRATEGIES

GOAL: **GOAL:** The path forward describing what will guide you toward accomplishment in each part of your plan.

*Lake of the Woods School District will **promote positive communication with all stakeholders.***

STRATEGIES: **STRATEGIES:** The description of “how” you intend to reach your goals which will guide the development your specific action plan.

1.	Promote communication (internal / external)
2.	Improve communication with community
3.	Maintain and encourage communication with parents/families
4.	Become more politically active
5.	Develop common “platform” with others (community, other districts, etc.)
6.	Continue networking with the community
7.	
8.	
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12.	



GOALS AND STRATEGIES

GOAL: **GOAL:** The path forward describing what will guide you toward accomplishment in each part of your plan.

*Lake of the Woods School District will **provide quality education for all.***

STRATEGIES: **STRATEGIES:** The description of “how” you intend to reach your goals which will guide the development your specific action plan.

1.	Education for all students
2.	Continue to improve/strengthen the curriculum
3.	Online classes
4.	Improved technology infrastructure
5.	Smaller class size
6.	Attention to special needs students
7.	Promote staff development
8.	
9.	
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12.	



GOALS AND STRATEGIES

GOAL: **GOAL:** The path forward describing what will guide you toward accomplishment in each part of your plan.

*Lake of the Woods School District will **provide a safe learning environment.***

STRATEGIES: **STRATEGIES:** The description of “how” you intend to reach your goals which will guide the development your specific action plan.

1.	Fulfill all drill requirements.
2.	Regular Crisis Committee Meetings and Health & Safety Committee Meetings.
3.	Maintain a Security Surveillance System.
4.	Follow Minnesota Department of Health Best Practices.
5.	Maintaining All of Agency Certifications. (Reed and Brenda)
6.	Regular Mock OSHA and Fire Marshall Inspections.
7.	Maintain a Clean Learning Environment
8.	Regularly Test Indoor Air Quality.
9.	Maintain Current Lock Out Tag Out Procedures, MSDS, and OSHA 300 Log.
10.	Maintain Compliance with Bullying and Harassment Policies.
11.	Maintain Shop and Lab Safety Training for Students.
12.	Keep Crisis Prevention and Intervention Training Current.



GOALS AND STRATEGIES

GOAL: **GOAL:** The path forward describing what will guide you toward accomplishment in each part of your plan.

*Lake of the Woods School District will **build and enhance school pride.***

STRATEGIES: **STRATEGIES:** The description of “how” you intend to reach your goals which will guide the development your specific action plan.

1.	Positive staff and student morale
2.	Promoting/advertising the positives of our school
3.	
4.	
5.	
6.	
7.	
8.	
9.	
10.	
11.	
12.	



SCHOOL BOARD

Name	Board District	Term Expiration	Board Position
Ken Horntvedt	District 4	December 31, 2010	Chair
Tim Lyon	District 5	December 31, 2010	Vice-Chair
Boyd Johnson	District 2	December 31, 2010	Director
Karoline Ketchum	District 1	December 31, 2010	Clerk
Sunny Dorow	District 6	December 31, 2010	Director
Phil Miller	District 3	December 31, 2010	Director

FACILITIES

The Lake of the Woods Public Schools is a consolidated school district serving E-12 Students and adults in a single contiguous facility.

Original/Addition	Age (Year)	Square Footage
Original	1992	197,000
Pool/Gym	2000	29,000
Bus Garage	2003	23,553
Total		249,553



The district owns undeveloped property or property developed for formal school operations, extra-curricular and storage use as described below:

MP #	Section	Township	Range	Description
R 60.35.31.050	35	161	031	That part of Gov lot 4 City of Baudette-Taxes= \$8.00
R21.09.11.00E (R 23.14.11.010)	14	161	032	.75 Acre Tract in NE Wabanica TWP-Taxes= \$94.00
R 14.24.22.010	24	163	034	1.25 AC Tract in NW4NW4 20 Rods Lakewood TWP-Taxes=\$12.00
R 23.08.41.000	08	161	032	160 AC Wabanica TWP – Timber-Taxes= \$434.00
R 30.04.12.000	04	160	031	111.76 AC Lot 2; SW4NE4 Spooner TWP
R 30.04.13.000	04	160	031	40 AC SW4SE4 Spooner TWP
R 30.04.21.000	08	161	031	Lot 3 Less RR; SE4NW4 Spooner TWP
R 30.04.24.000	04	160	031	60 AC S2NE4SW4; SE4SW4 Spooner TWP
R 30.15.23.000	15	160	031	40 AC N2SW4NW4; N2SE4NW4 Spooner TWP
R 29.06.44.00E	06 07	160 160	32 32	80 AC Lake of the Woods School Forest near Pitt.
R 29.09.11.00E	09	161	034	65.12 AC Lake of the Woods School Forest near Williams.

Directly south of the Lake of the Woods School site, buildings to house district owned school buses, vans and cars are located.



ENROLLMENT

Districtwide enrollment in the Fall of FY 2010-2011 is expected to decrease over the Spring of FY 2009-2010 by 17 or 3.08%.

K-12 ENROLLMENT

	2006-07	2007-08	2008-09	2009-10	2010-11
Pre-K	8	10	14	13	8
K	26	31	36	52	34
HD-K	0	1	6	8	8
1st	38	27	41	39	60
2nd	41	38	24	44	39
3rd	26	40	35	26	44
4th	31	27	39	38	26
5th	42	28	24	35	38
6th	48	41	29	26	35
7th	58	45	41	33	26
8th	44	57	43	41	33
9th	62	41	52	43	41
10th	57	57	42	54	43
11th	53	53	57	47	54
12th	54	48	49	54	47
Subtotal	588	544	532	553	536
Grand Total	588	544	532	553	536

**ESTABLISHMENT & ADOPTION OF SCHOOL DISTRICT BUDGET
POLICY #701**

MSBA ORIG. 1995

ISBA Revised: 1996 & 2000

1st Reading 2/26/98 2nd Reading 3/26/98 3rd Reading/Adopted 4/30/98

L/W School Revised/Adopted 6/27/05

701 ESTABLISHMENT AND ADOPTION OF SCHOOL DISTRICT BUDGET

[Note: The provisions of this policy substantially reflect the requirements of Minnesota Statutes.]

I. PURPOSE

The purpose of this policy is to establish lines of authority and procedures for the establishment of the school district's revenue and expenditure budgets.

II. GENERAL STATEMENT OF POLICY

It is the policy of this school district to establish its revenue and expenditure budgets in accordance with the applicable provisions of law. Budget planning is an integral part of program planning so that the annual budget will effectively express and implement school board goals and the priorities of the school district.

III. REQUIREMENT

- A. The superintendent or such other school official as designated by the superintendent or the school board shall each year prepare preliminary revenue and expenditure budgets for review by the school board or its designated committee or committees. The preliminary budgets shall be accompanied by such written commentary as may be necessary for them to be clearly understood by the members of the school board and the public. The school board shall review the projected revenues and expenditures for the school district for the next fiscal year and make such adjustments in the expenditure budget as necessary to carry out the education program within the revenues projected.
- B. The school board must initially allocate its general education and referendum revenue to each building in the school district where children who have generated the revenue are served. This initial allocation shall be made in accordance with procedures specified by the Department of Education.
- C. The school board may, by resolution, adjust the initial allocation so as to expend revenue for any purpose.
- D. The school district must maintain separate accounts to identify revenues and expenditures for each building.
- E. Prior to July 1 of each year, the school board shall approve and adopt its initial and reallocated revenue and expenditure budgets for the next school year. The adopted expenditure budget document shall be considered the school board's expenditure authorization for that school year. No funds may be expended for any purpose in any school year prior to the adoption of the budget document which authorizes that expenditure for that year, or prior to the adoption of an

amendment to that budget document by the school board to authorize that expenditure for that year.

- F. The school district shall, prior to October 1 of each year, publish its adopted revenue and expenditure budgets for the current year, the actual revenues, expenditures and fund balances for the prior year, and the projected fund balances for the current year in a qualified newspaper of general circulation in the school district. The publication shall be made in the form prescribed by the Commissioner. A statement shall be included in the publication that the complete budget in detail may be inspected by any resident of the school district upon request to the superintendent. At the same time as this publication, the school district shall publish the other information required by Minn. Stat. § 123B.10.
- G. At the public hearing on the adoption of the school district's proposed property tax levy, the school board shall review its current budget and the proposed property taxes payable in the following calendar year.

IV. IMPLEMENTATION

- A. The school board places the responsibility for administering the adopted budget with the superintendent. The superintendent may delegate duties related thereto to other school officials, but maintains the ultimate responsibility for this function.
- B. The program-oriented budgeting system will be supported by a program-oriented accounting structure organized and operated on a fund basis as provided for in Minnesota statutes through the Uniform Financial Accounting and Reporting Standards for Minnesota School Districts (UFARS).
- C. The superintendent or the superintendent's designee is authorized to make payments of claims or salaries authorized by the adopted or amended budget prior to school board approval.
- D. Supplies and capital equipment can be ordered prior to budget adoption only by authority of the school board. If additional personnel are provided in the proposed budget, actual hiring may not occur until the budget is adopted unless otherwise approved by the school board. Other funds to be expended in a subsequent school year may not be encumbered prior to budget adoption unless specifically approved by the school board.
- E. The school district shall make such reports to the Commissioner as required relating to initial allocations of revenue, reallocations of revenue and expenditures of funds.

Legal References: Minn. Stat. § 123B.77 (Accounting, Budgeting and Reporting Requirements)
Minn. Stat. § 123B.10 (Publication of Financial Information)
Minn. Stat. § 126C.23 (Allocation of General Education Revenue)
Minn. Stat. § 275.065 (Truth in Taxation; Proposed Property Taxes; Notice)

Cross References: MSBA/MASA Model Policy 701.1 (Modification of School District Budget)
MSBA/MASA Model Policy 702 (Accounting)
MSBA Service Manual, Chapter 7, Education Funding



Five Year Financial Projections Lake of the Woods ISD 390

Revenue Assumptions

- Total revenues in the General Fund (not including Fund 5 reserves) are projected to decrease on average by -1.13% after FY 10. This decline in revenue is tied to the projected drop in the District's future enrollment.
- A key assumption with regard to the District's future revenues relates to the General Ed Formula Allowance. Currently, the District is assuming that the State will not increase "the Formula" until FY 15. So for the next four years, the FPP is showing no change in the \$5,124 that the District receives in General Ed Aid per ADM. After that, it is assumed that the formula will increase by 2% in FY 15. Any deviance from this assumption will materially affect the District's projected fund balance. (It should be noted that, although it would be unprecedented, an actual decrease in the Formula Allowance is possible.)
- The District's \$700/pupil levy provides over \$400K per year in local funding of the District's programs. Without this support, the District's future general fund balances would be significantly worse than the current projection.
- Although the District has been steadily losing students over the past five years, enrollment in the current school year actually appears to have increased by 32 ADM's over the prior year. It is believed that this is an anomaly, though, and the District's projected enrollment is showing a drop in total students in four of the next five years. The change in revenue due to changing enrollment is being accounted for in the projections.
- The current budget total for the District's Consolidated Conservation (aka, "Con Con") revenue is \$250,000, but the District is estimating FY 11 to drop down to \$200,000 and then to receive only \$135,000 in FY 12. The projections are currently showing Con Con revenue in FY 13-15 to hold at this \$135,000/year figure.
- After a large negative adjustment to the Health & Safety Levy in FY 10 (related to FY 09), the District's Capital and Health & Safety (i.e., the old "Fund 5") revenue will go back to normal in FY 11 and is projected to remain fairly level from there forward.
- The Food Service (Fund 2) and Community Service (Fund 4) revenues were not analyzed in the FPP this fiscal year.



Five Year Financial Projections Lake of the Woods ISD 390

Summary of Main Assumptions

	BUDGET FY 2010	FY 2011	FY 2012	FY 2013	FY 2014	FY 2015
INCREASE IN GEN. ED. FORMULA ALLOWANCE	0.00%	0.00%	0.00%	0.00%	0.00%	2.00%
CHANGE IN ADJUSTED ADMs (ENROLLMENT)	32	-41	9	-20	-13	-14
CHANGE IN FTEs (DUE TO ENROLL/CLASS)	FIXED	-1.5	0.5	-1.5	-0.5	-0.5
CHANGE IN FTEs (OTHER)	FIXED	0.0	0.0	0.0	0.0	0.0
NUMBER OF RETIREES	2	2	2	2	2	2
CHANGE IN BUILDINGS/PROGRAMS	FIXED	0	0	0	0	0
% INCREASE IN HEALTH CARE COSTS	0% FIXED	0.00%	5.00%	5.00%	5.00%	5.00%
REFERENDUM PER PUPIL	\$700.00	\$700.00	\$700.00	\$700.00	\$700.00	\$700.00
OTHER SPECIAL ASSUMPTIONS						
Consolidated Conservation revenue estimates	\$250,000	\$200,000	\$135,000	\$135,000	\$135,000	\$135,000
One Time Federal ARRA Title I-A Stimulus	\$43,181					



Five Year Financial Projections Lake of the Woods ISD 390

Enrollment Assumptions

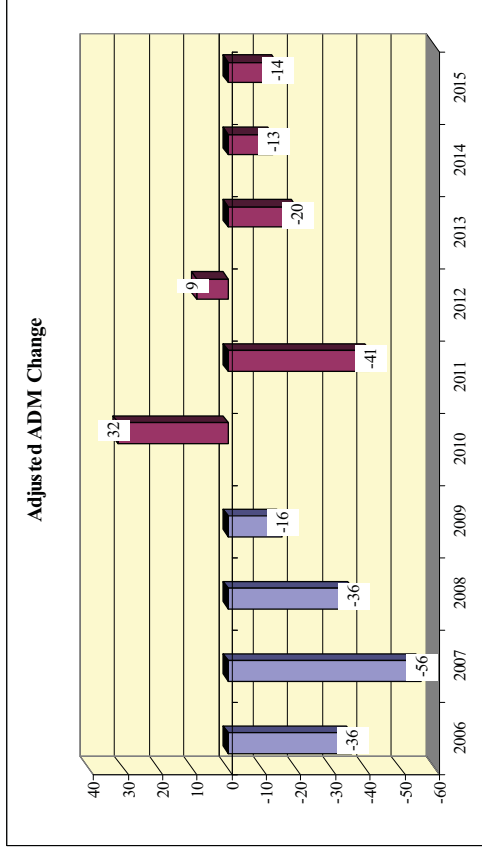
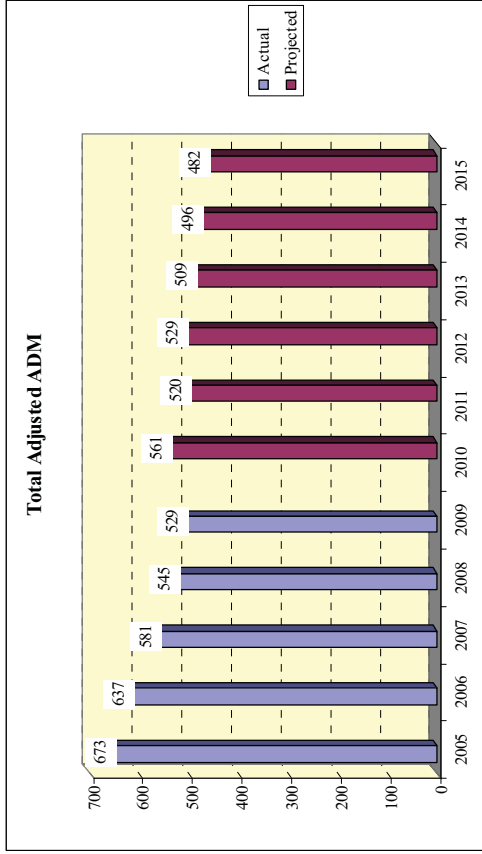
	ACTUAL ENROLLMENT					ADJUSTED ADM					PROJECTED ENROLLMENT						
	2005	2006	2007	2008	2009	2010	2011	2012	2013	2014	2015	2010	2011	2012	2013	2014	2015
PRE-K	7	7	4	7	6	13	10	10	10	10	10	10	10	10	10	10	10
HCP-K	3	3	3	1	6	0	0	0	0	0	0	0	0	0	0	0	0
REG-K	37	36	22	31	37	59	35	51	33	31	28	31	33	31	31	31	28
1:	31	42	39	27	40	39	59	35	51	33	31	33	31	33	31	31	31
2:	32	28	42	38	26	46	35	59	35	51	33	33	33	33	33	33	33
3:	46	30	25	41	34	27	43	35	59	35	51	35	59	35	35	35	51
4:	46	45	31	27	39	39	23	43	35	35	35	35	35	35	35	35	35
5:	55	47	43	28	24	37	37	23	43	35	35	35	35	35	35	35	35
6:	44	56	48	41	29	26	37	37	23	43	35	37	23	43	43	43	35
7:	61	44	56	46	41	36	25	37	23	43	35	37	23	43	23	23	43
8:	58	61	44	57	43	42	35	25	37	23	23	37	37	37	37	37	23
9:	56	59	62	40	53	44	42	35	25	25	25	25	25	25	25	25	25
10:	62	53	57	58	42	53	44	42	35	35	37	42	35	35	25	25	37
11:	71	56	53	54	58	44	53	44	42	35	25	44	42	35	35	35	25
11P	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0
12	64	70	54	49	51	56	42	53	44	42	42	53	44	42	42	42	35
12P	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0

TOTAL ADM:	673	637	581	545	529	561	520	529	509	496	482	561	520	529	509	496	482
ANNUAL CHANGE:		(36)	(56)	(36)	(16)	32	(41)	9	(20)	(13)	(14)	32	(41)	9	(20)	(13)	(14)
% CHANGE:		-5.30%	-8.77%	-6.20%	-2.87%	5.98%	-7.31%	1.73%	-3.78%	-2.55%	-2.82%	5.98%	-7.31%	1.73%	-3.78%	-2.55%	-2.82%

Pupil Unit Calc:	790	746	689	644	620	643	603	604	587	568	555	643	603	604	587	568	555
ANNUAL CHANGE:		(44)	(57)	(45)	(24)	23	(40)	1	(16)	(19)	(13)	23	(40)	1	(16)	(19)	(13)
% CHANGE:		-5.60%	-7.64%	-6.53%	-3.72%	3.67%	-6.23%	0.12%	-2.67%	-3.29%	-2.37%	3.67%	-6.23%	0.12%	-2.67%	-3.29%	-2.37%



Five Year Financial Projections Lake of the Woods ISD 390



CLASS PROGRESSION RATIOS

	ACTUAL					PROJECTED				
	2006	2007	2008	2009	2010	2011	2012	2013	2014	2015
REG-K - 1:	0.957	0.943	0.976	1.202	0.806	1.000	1.000	1.000	1.000	1.000
1 - 2:	0.915	0.995	0.982	0.948	1.139	0.897	1.000	1.000	1.000	1.000
2 - 3:	0.933	0.883	0.976	0.910	1.051	0.935	1.000	1.000	1.000	1.000
3 - 4:	0.972	1.033	1.072	0.967	1.132	0.852	1.000	1.000	1.000	1.000
4 - 5:	1.032	0.954	0.902	0.912	0.938	0.949	1.000	1.000	1.000	1.000
5 - 6:	1.021	1.006	0.950	1.017	1.069	1.000	1.000	1.000	1.000	1.000
6 - 7:	1.008	0.995	0.972	1.012	1.255	0.962	1.000	1.000	1.000	1.000
7 - 8:	0.999	1.000	1.023	0.930	1.022	0.972	1.000	1.000	1.000	1.000
8 - 9:	1.009	1.005	0.917	0.928	1.020	1.000	1.000	1.000	1.000	1.000
9 - 10:	0.951	0.978	0.947	1.041	1.002	1.000	1.000	1.000	1.000	1.000
10 - 11:	0.908	0.997	0.937	1.000	1.048	1.000	1.000	1.000	1.000	1.000
11 - 12:	0.983	0.954	0.928	0.941	0.960	0.955	1.000	1.000	1.000	1.000

2006 - 2009		
Two Year Average	Three Year Average	All Year Average
1.089	1.040	1.020
0.965	0.975	0.960
0.943	0.923	0.925
1.019	1.024	1.011
0.907	0.923	0.950
0.983	0.991	0.998
0.992	0.993	0.997
0.976	0.984	0.988
0.923	0.950	0.965
0.994	0.989	0.979
0.968	0.978	0.961
0.935	0.941	0.951



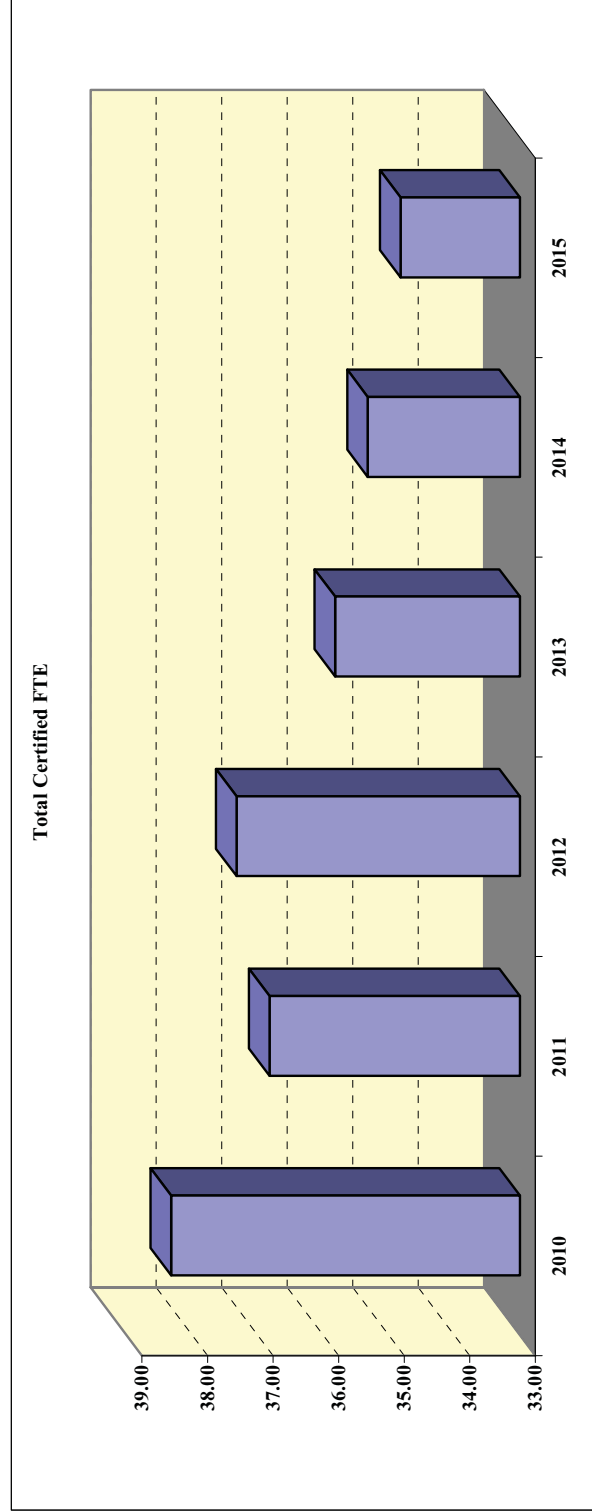
Five Year Financial Projections Lake of the Woods ISD 390

Certified Staff Assumptions

	TOTAL FTE					
	BUDGET 2010	2011	2012	2013	2014	2015
K	3.00	2.00	2.50	1.50	1.50	1.50
1-6	9.00	10.00	10.00	10.50	11.00	10.50
7-12	12.00	10.50	10.50	9.50	8.50	8.50
SpEd	7.00	7.00	7.00	7.00	7.00	7.00
Other	7.32	7.32	7.32	7.32	7.32	7.32

TOTAL FTE	38.32	36.82	37.32	35.82	35.32	34.82
ANNUAL CHANGE:		-1.50	0.50	-1.50	-0.50	-0.50
% CHANGE:		-3.91%	1.36%	-4.02%	-1.40%	-1.42%

Retirees:	2.00	2.00	2.00	2.00	2.00	2.00
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Five Year Financial Projections Lake of the Woods ISD 390

Expenditure Assumptions

- Total expenditures in the General Fund (not including Fund 5 reserves) are projected to increase on average by only 0.28% after FY 10. This reflects the projected reduction in staff due to enrollment and the fact that Licensed Teacher Salaries are not projected to increase in the FPP until FY 15.
- The District's health insurance costs are assumed to remain level in FY 11, but are expected to grow at an annual rate of 5% thereafter through FY 15. The weight of this category on the overall expenditures of most school districts is considerable and growing every year.
- Expenditures tied to the District's "Fund 5" Reserve accounts (including Capital, H&S, Deferred Maintenance, and Disabled Accessibility) are projected to grow in total at an average rate of 1.94% over the next five years.
- Tied to declining enrollment, the FPP is projecting that the District will need to reduce the total number of Licensed FTE's in the future to maintain current class sizes. By fiscal/school year, the total number of classroom FTE's is expected to decrease by 3.5 by FY 15. With an estimated 2 retirees leaving the District each year, it is likely that the reductions in staff can be done through attrition (without putting any active teachers out of work).
- The Food Service (Fund 2) and Community Service (Fund 4) expenditures were not analyzed in the FPP this fiscal year.



Five Year Financial Projections Lake of the Woods ISD 390

CONCLUSIONS

The Lake of the Woods ISD 390 Board of Education and administration are to be commended for taking proactive steps towards developing a process to forecast the school district's financial future. The time and effort put forth during the process should enable school district officials to take a short-term, intermediate-term and long-term view of the financial condition of the organization.

In reviewing the contents of this report at the macro level, the following highlights provide a summary of the financial issues that confront the Board of Education and administration for the near and foreseeable future:

- In the past five years, the District has been able to maintain an Unreserved General Fund Balance of over \$1 million. The District's Board and Administration should be applauded for this achievement. Being fiscally responsible allows the District to maintain a good credit rating, persevere through reduced levels of State funding and cash flow shifting, and earn a reputation of being good stewards of public funds.
- The community's taxpayers should also be praised for supporting their schools with the existing \$700/pupil levy. The only effective means that the District has to increase revenues on its own is through raising property taxes. Districts without local levy support often struggle to maintain current programs and lack the ability to counter the discrepancy between future revenue and expenditure growth.
- Given the current economy and the State of Minnesota's budget problems, no increase to school funding is being assumed over the next few years. In this situation, all school districts will be forced to "do with less." Unfortunately, expenses are assumed to increase each year with inflation, so there is a natural imbalance with revenues that causes the projected fund balance to deteriorate precipitously. Should this play out in the coming years, future reductions in the District's expenditure budget may be necessary.
- With personnel costs making up about 77% of the District's General Fund operating budget, oftentimes budget reductions mean cuts to teaching FTE's. A reduction in teaching FTE's will likely result in an increase in class sizes.
- It should be noted that this analysis does not include any potential changes to programs in the future. With future enrollment expected to decrease, there may be a need to reduce costs by consolidating or cutting some underused programs.

MINNESOTA DEPARTMENT OF EDUCATION
NO CHILD LEFT BEHIND CONSOLIDATED PROGRAMS
1500 HIGHWAY 36 WEST
ROSEVILLE, MINNESOTA 55113-4266

04/29/10
ESEA0003900111

STEVE WYMORE
ISD # 390, LAKE OF THE WOODS SCHOOL DISTRICT
BOX 310
BAUDETTE MN 56623-0310

Preliminary 10-11 Allocation for Title I, II and III

These amounts are your district allocations based on distribution formulas developed specifically for each program. The computations use enrollment data for public and nonpublic schools, number of pupils from low income families and other categories where appropriate. The enrollments are those reported by this school district in Fall, 2009.

Enrollment in public schools (Fall MARSS)	543
Enrollment in nonpublic schools (ED-00027)	0
Total enrollment Fall 2009	543
Census formula children	76
Foster formula children	1
Neglected formula children	0
Federal number of low income students	77
Federal low income percent of enrollment *	14.73
Finance Code 401: Title I - Part A Allocation	65,924.12
Finance Code 414: Title II - Part A Improving Teacher Quality Allocation	32,872.70
Finance Code 417: Title III Federal Limited English Proficiency Allocation	0.00

These allocations do not include any unobligated or carry over funds.

* This percent is a federally derived number and will be different from the percent calculated from the MARSS enrollment.

Questions can be directed to NCLB programs at 651-582-8579.

**School Nutrition Programs
2009-10 Reimbursement Rates in Dollars**

Program / Meal Types	Federal Rates	State Rates ¹	Total Federal/State
National School Lunch Program – Fewer than 60% F/R Meals			
School food authorities that served fewer than 60% lunches free or at reduced-price in 2007-08			
Paid Lunch	0.25	0.12	0.37
Reduced-Price Lunch	2.28 *	0.12	2.40
Free Lunch	2.68 **	0.12	2.80
	* Reduced-price lunch reimbursement = paid rate of .25 + reduced-price rate of 2.03 ** Free lunch reimbursement = paid rate of .25 + free rate of 2.43		
National School Lunch Program – 60% or More F/R Meals			
School food authorities that served at least 60% lunches free or at reduced-price in 2007-08			
Paid Lunch	0.27	0.12	0.39
Reduced-Price Lunch	2.30 *	0.12	2.42
Free Lunch	2.70 *	0.12	2.82
	* Reduced-price lunch reimbursement = paid rate of .27 + reduced-price rate of 2.03 ** Free lunch reimbursement = paid rate of .27 + free rate of 2.43		
Food Distribution Program ²	.195		
Commodity Entitlement Value per Lunch			
School Breakfast Program – Non-Severe Need			
Sites that served fewer than 40% lunches free or at reduced-price in 2007-08			
Paid Breakfast	0.26	0.55	0.81
Reduced-Price Breakfast	1.16	0.30	1.46
Free Breakfast	1.46		
School Breakfast Program – Severe Need			
Sites that served at least 40% lunches free or at reduced-price in 2007-08			
Paid Breakfast	0.26	0.55	0.81
Reduced-Price Breakfast	1.44	0.30	1.74
Free Breakfast	1.74		
Afterschool Care Snack Program – Area Eligible			
50% or more eligible for free/reduced-price meal benefits			
All snacks	.74		
Afterschool Care Snack Program – Not Area Eligible			
Less than 50% eligible for free/reduced-price meal benefits			
Paid Snack	0.06		
Reduced-Price Snack	0.37		
Free Snack	0.74		
Special Milk Program	0.16		
Minnesota Kindergarten Milk Program		0.20	

¹ State aids are paid 100 percent in the current year at these rates, subject to availability of funds.

² The \$.195 value of commodities per lunch is in addition to the “total federal/state reimbursements” shown for the National School Lunch Program. A school food authority’s commodity entitlement for school year 2009-10 is initially based on final 2007-08 lunch counts and then adjusted in October 2009 based on final 2008-09 lunch counts.

INDEPENDENT SCHOOL DISTRICT NO. 390
BAUDETTE, MINNESOTA
STATEMENT OF REVENUES, EXPENDITURES, AND CHANGES IN FUND BALANCES -
GOVERNMENTAL FUNDS
For the Year Ended June 30, 2009

	General Fund	Debt Service Fund	Other Governmental Funds	Total Governmental Funds
REVENUES				
Local Property Tax Levies	\$ 1,186,112	\$ 1,052,596	\$ 35,755	\$ 2,274,463
Other Local & County Revenues	229,393	2,700	132,638	364,731
Revenue From State Sources	4,721,761	161,200	43,382	4,926,343
Revenue From Federal Sources	134,226		134,357	268,583
Sale/Other Conversion of Asset			102,015	102,015
TOTAL REVENUES	6,271,492	1,216,496	448,147	7,936,135
EXPENDITURES				
Current				
Administration	364,970			364,970
District Support Services	238,485			238,485
Elementary & Secondary				
Regular Instruction	2,735,552			2,735,552
Vocational Educational Instruction	27,854			27,854
Special Education Instruction	733,938			733,938
Community Education and Services			259,082	259,082
Instructional Support Services	265,845			265,845
Pupil Support Services	538,146		316,255	854,401
Sites and Buildings	916,962			916,962
Fixed Costs	27,368			27,368
Debt Service				
Principal	14,921	704,000	36,574	755,495
Interest	1,799	516,395		518,194
Capital Outlay	310,027		97,136	407,163
TOTAL EXPENDITURES	6,175,867	1,220,395	709,047	8,105,309
Excess (Deficiency) of Revenues Over Expenditures	95,625	(3,899)	(260,900)	(169,174)
OTHER FINANCING SOURCES (USES)				
Bonds Issued			44,000	44,000
Capital Leases	168,650			168,650
Sale of Capital Assets	6,572			6,572
Transfers In			170,257	170,257
Transfers Out	(170,257)			(170,257)
TOTAL OTHER FINANCING SOURCES (USES)	4,965		214,257	219,222
Net Change in Fund Balances	100,590	(3,899)	(46,643)	50,048
Fund Balances - Beginning	1,701,075	120,015	229,302	2,050,392
Fund Balances - Ending	<u>\$ 1,801,665</u>	<u>\$ 116,116</u>	<u>\$ 182,659</u>	<u>\$ 2,100,440</u>

The notes to basic financial statements are an integral part of this statement.

**INDEPENDENT SCHOOL DISTRICT NO. 390
BAUDETTE, MINNESOTA
COMBINING STATEMENT OF REVENUES, EXPENDITURES, AND CHANGES IN FUND BALANCES -
NONMAJOR GOVERNMENTAL FUNDS
For the Year Ended June 30, 2009**

	Special Revenue		Capital Project	Total
	Food Service Fund	Community Service Fund	Building Construction Fund	Nonmajor Governmental Funds
REVENUES				
Local Property Tax Levies	\$	\$ 35,755	\$	\$ 35,755
Other Local & County Revenues	71,166	60,472	1,000	132,638
Revenue From State Sources	15,214	28,168		43,382
Revenue From Federal Sources	134,357			134,357
Sale/Other Conversion of Asset	102,015			102,015
TOTAL REVENUES	<u>322,752</u>	<u>124,395</u>	<u>1,000</u>	<u>448,147</u>
EXPENDITURES				
Current				
Community Education and Services		259,082		259,082
Pupil Support Services	316,255			316,255
Debt Service				
Principal			36,574	36,574
Capital Outlay		20,737	76,399	97,136
TOTAL EXPENDITURES	<u>316,255</u>	<u>279,819</u>	<u>112,973</u>	<u>709,047</u>
Excess (Deficiency) of Revenues Over Expenditures	6,497	(155,424)	(111,973)	(260,900)
*OTHER FINANCING SOURCES				
<u>Bonds Issued</u>			44,000	44,000
Transfer In	5,673	164,584		170,257
TOTAL OTHER FINANCING SOURCES	<u>5,673</u>	<u>164,584</u>	<u>44,000</u>	<u>214,257</u>
Net Change in Fund Balances	12,170	9,160	(67,973)	(46,643)
Fund Balances - Beginning	(12,170)	(9,160)	250,632	229,302
Fund Balances - Ending	\$ <u><u> </u></u>	\$ <u><u> </u></u>	\$ <u><u>182,659</u></u>	\$ <u><u>182,659</u></u>

DISTRICT: 0390-01 LAKE OF THE WOODS SCHOOL DISTRICT06/30/07

01 GENERAL FUND

TOTAL REVENUE	6,368,184
TOTAL EXPENDITURES	6,376,985
RESERVED:	
403 STAFF DEVELOPMENT	62,076
406 HEALTH & SAFETY	54,676-
407 CAPITAL PROJECTS LEVY	
408 COOPERATIVE REVENUE	
409 DEFERRED MAINTENANCE	
410 UNEMPLOYMENT COMPENSATION	
411 SEVERANCE PAY	
412 BUS PURCHASES	
414 OPERATING DEBT	
416 LEVY REDUCTION	
419 ENCUMBRANCES	
423 CERTAIN TEACHER PROGRAMS	
424 OPERATING CAPITAL	274,237
426 \$25 TACONITE	
427 DISABLED ACCESSIBILITY	4,731-
428 LEARNING & DEVELOPMENT	32,082
433 STUDENT TRANSPORT SAFETY	
434 AREA LEARNING CENTER	
435 CONTRACTED ALT. PROGRAMS	
436 ST. APPROVED ALT. PROGRAM	
438 GIFTED & TALENT	
439 GRAD STANDARDS	
441 BASIC SKILLS PROGRAMS	1,222
442 CLASS SIZE RED;ALL-DAY KGN	
443 TELECOMMUNICATION ACCESS	
445 CAREER & TECH PROGRAMS	
446 FIRST GRADE PREPAREDNESS	
449 SAFE SCHOOLS LEVY	8,331-
450 PREKINDERGARTEN	
UNRESERVED:	
418 DESIG. SEVERANCE-INS. PREM.	
422 UNRESERVED/UNDESIGNATED	1,062,275

02 FOOD SERVICE

TOTAL REVENUE	307,793
TOTAL EXPENDITURES	315,028
RESERVED:	
411 SEVERANCE PAY	
419 ENCUMBRANCES	
UNRESERVED:	
418 DESIG. SEVERANCE-INS. PREM.	
422 UNRESERVED/UNDESIGNATED	16,054

04 COMMUNITY SERVICE

TOTAL REVENUE	122,181
TOTAL EXPENDITURES	116,169

04 COMMUNITY SERVICE (CONT.)

RESERVED:	
410 UNEMPLOYMENT COMPENSATION	
411 SEVERANCE PAY	
419 ENCUMBRANCES	
426 \$25 TACONITE	
431 COMMUNITY EDUCATION	2,367
432 E.C.F.E	876
444 SCHOOL READINESS	72
447 ADULT BASIC EDUCATION	
UNRESERVED:	
418 DESIG. SEVERANCE-INS. PREM.	
422 UNRESERVED/UNDESIGNATED	3,055

06 BUILDING CONSTRUCTION

TOTAL REVENUE	
TOTAL EXPENDITURES	43,751
RESERVED:	
407 CAPITAL PROJECTS LEVY	
409 ALTERNATIVE FAC. PROGRAM	
419 ENCUMBRANCES	
UNRESERVED:	
422 UNRESERVED/UNDESIGNATED	1,296,829

07 DEBT SERVICE

TOTAL REVENUE	1,268,169
TOTAL EXPENDITURES	1,363,686
RESERVED:	
425 BOND REFUNDINGS	
UNRESERVED:	
422 UNRESERVED/UNDESIGNATED	263,199

08 TRUST

TOTAL REVENUE	
TOTAL EXPENDITURES	
RESERVED:	
419 ENCUMBRANCES	
UNRESERVED:	
422 UNRESERVED/UNDESIGNATED	

09 AGENCY

UNRESERVED:	
422 UNRESERVED/UNDESIGNATED	

20 INTERNAL SERVICE

TOTAL REVENUE	
TOTAL EXPENDITURES	
RESERVED:	
419 ENCUMBRANCES	
UNRESERVED:	
422 UNRESERVED/UNDESIGNATED	

=====		
1) FUND BALANCE		1,062,275
2) EXPENDITURES		5,595,734
3) SOD CALCULATION (1 / 2)		18.98 %

DISTRICT: 0390-01 LAKE OF THE WOODS SCHOOL DISTRICT06/30/08

01 GENERAL FUND

TOTAL REVENUE 6,205,672
TOTAL EXPENDITURES 5,727,730
RESERVED:
403 STAFF DEVELOPMENT 18,323
405 DEFERRED MAINTENANCE 16,056
406 HEALTH & SAFETY 11,749-
407 CAPITAL PROJECTS LEVY
408 COOPERATIVE REVENUE
411 SEVERANCE PAY 247,000
414 OPERATING DEBT
416 LEVY REDUCTION
419 ENCUMBRANCES
423 CERTAIN TEACHER PROGRAMS
424 OPERATING CAPITAL 293,435
426 \$25 TACONITE
427 DISABLED ACCESSIBILITY 46,165-
428 LEARNING & DEVELOPMENT
434 AREA LEARNING CENTER
435 CONTRACTED ALT. PROGRAMS
436 ST. APPROVED ALT. PROGRAM
438 GIFTED & TALENT
441 BASIC SKILLS PROGRAMS
445 CAREER & TECH PROGRAMS
446 FIRST GRADE PREPAREDNESS
449 SAFE SCHOOLS LEVY 31,893-
450 PREKINDERGARTEN
451 QZAB PAYMENTS
UNRESERVED:
418 DESIG. SEVERANCE-INS. PREM.
422 UNRESERVED/UNDESIGNATED 1,216,066

02 FOOD SERVICE

TOTAL REVENUE 294,925
TOTAL EXPENDITURES 323,149
RESERVED:
411 SEVERANCE PAY
419 ENCUMBRANCES
UNRESERVED:
418 DESIG. SEVERANCE-INS. PREM.
422 UNRESERVED/UNDESIGNATED 12,170-

04 COMMUNITY SERVICE

TOTAL REVENUE 132,027
TOTAL EXPENDITURES 288,578
RESERVED:
410 UNEMPLOYMENT COMPENSATION
411 SEVERANCE PAY
419 ENCUMBRANCES
426 \$25 TACONITE
431 COMMUNITY EDUCATION 4,433-
432 E.C.F.E 5,926-
444 SCHOOL READINESS 585-
447 ADULT BASIC EDUCATION
UNRESERVED:
418 DESIG. SEVERANCE-INS. PREM.
422 UNRESERVED/UNDESIGNATED 1,784

06 BUILDING CONSTRUCTION

TOTAL REVENUE 7,000
TOTAL EXPENDITURES 1,248,197
RESERVED:
407 CAPITAL PROJECTS LEVY
409 ALTERNATIVE FAC. PROGRAM
419 ENCUMBRANCES
UNRESERVED:
422 UNRESERVED/UNDESIGNATED 250,632

07 DEBT SERVICE

TOTAL REVENUE 1,216,230
TOTAL EXPENDITURES 1,359,414
RESERVED:
425 BOND REFUNDINGS
451 QZAB PAYMENTS
UNRESERVED:
422 UNRESERVED/UNDESIGNATED 120,015

08 TRUST

TOTAL REVENUE
TOTAL EXPENDITURES
RESERVED:
419 ENCUMBRANCES
UNRESERVED:
422 UNRESERVED/UNDESIGNATED

09 AGENCY

UNRESERVED:
422 UNRESERVED/UNDESIGNATED

20 INTERNAL SERVICE

TOTAL REVENUE
TOTAL EXPENDITURES
RESERVED:
419 ENCUMBRANCES
UNRESERVED:
422 UNRESERVED/UNDESIGNATED

25 OPEB REVOCABLE TRUST FUND

TOTAL REVENUE
TOTAL EXPENDITURES
UNRESERVED:
422 UNRESERVED/UNDESIGNATED

45 OPEB IRREVOCABLE TRUST FUND

TOTAL REVENUE
TOTAL EXPENDITURES
UNRESERVED:
422 UNRESERVED/UNDESIGNATED

47 OPEB DEBT SERVICE FUND

TOTAL REVENUE
TOTAL EXPENDITURES
RESERVED:
425 BOND REFUNDINGS
UNRESERVED:
422 UNRESERVED/UNDESIGNATED

=====

1) FUND BALANCE	1,216,066
2) EXPENDITURES	4,889,475
3) SOD CALCULATION (1 / 2)	24.87 %

DISTRICT: 0390-01 LAKE OF THE WOODS SCHOOL DISTRICT06/30/09

01 GENERAL FUND

TOTAL REVENUE 6,271,492
TOTAL EXPENDITURES 6,175,867
RESERVED:
403 STAFF DEVELOPMENT 14,987
405 DEFERRED MAINTENANCE 12,757
406 HEALTH & SAFETY 53,366
407 CAPITAL PROJECTS LEVY
408 COOPERATIVE REVENUE
411 SEVERANCE PAY 209,000
414 OPERATING DEBT
416 LEVY REDUCTION
417 TACONITE BUILDING MAINT
419 ENCUMBRANCES
423 CERTAIN TEACHER PROGRAMS
424 OPERATING CAPITAL 329,325
426 \$25 TACONITE
427 DISABLED ACCESSIBILITY 144,529-
428 LEARNING & DEVELOPMENT
434 AREA LEARNING CENTER
435 CONTRACTED ALT. PROGRAMS
436 ST. APPROVED ALT. PROGRAM
438 GIFTED & TALENT
441 BASIC SKILLS PROGRAMS
445 CAREER & TECH PROGRAMS
446 FIRST GRADE PREPAREDNESS
449 SAFE SCHOOLS LEVY 19,585-
450 PREKINDERGARTEN
451 QZAB PAYMENTS
452 OPEB LIAB NOT IN TRUST
453 UNFNDED SEV & RETIREMT LEVY
UNRESERVED:
418 DESIG. SEVERANCE-INS. PREM.
422 UNRESERVED/UNDESIGNATED 1,346,343

02 FOOD SERVICE

TOTAL REVENUE 322,752
TOTAL EXPENDITURES 316,255
RESERVED:
411 SEVERANCE PAY
419 ENCUMBRANCES
452 OPEB LIAB NOT IN TRUST
UNRESERVED:
418 DESIG. SEVERANCE-INS. PREM.
422 UNRESERVED/UNDESIGNATED

04 COMMUNITY SERVICE

TOTAL REVENUE 124,396
TOTAL EXPENDITURES 279,820
RESERVED:
411 SEVERANCE PAY
419 ENCUMBRANCES
426 \$25 TACONITE
431 COMMUNITY EDUCATION
432 E.C.F.E
444 SCHOOL READINESS
447 ADULT BASIC EDUCATION
452 OPEB LIAB NOT IN TRUST
UNRESERVED:
418 DESIG. SEVERANCE-INS. PREM.
422 UNRESERVED/UNDESIGNATED

06 BUILDING CONSTRUCTION

TOTAL REVENUE 1,000
TOTAL EXPENDITURES 112,973
RESERVED:
407 CAPITAL PROJECTS LEVY
409 ALTERNATIVE FAC. PROGRAM
413 PROJECTS FUNDED BY COP
419 ENCUMBRANCES
UNRESERVED:
422 UNRESERVED/UNDESIGNATED 182,659

07 DEBT SERVICE

TOTAL REVENUE 1,216,496
TOTAL EXPENDITURES 1,220,395
RESERVED:
425 BOND REFUNDINGS
451 QZAB PAYMENTS
UNRESERVED:
422 UNRESERVED/UNDESIGNATED 116,117

08 TRUST

TOTAL REVENUE
TOTAL EXPENDITURES
RESERVED:
419 ENCUMBRANCES
UNRESERVED:
422 UNRESERVED/UNDESIGNATED

20 INTERNAL SERVICE

TOTAL REVENUE
TOTAL EXPENDITURES
RESERVED:
419 ENCUMBRANCES
UNRESERVED:
422 UNRESERVED/UNDESIGNATED

25 OPEB REVOCABLE TRUST FUND

TOTAL REVENUE
TOTAL EXPENDITURES
RESERVED:
419 ENCUMBRANCES
UNRESERVED:
422 UNRESERVED/UNDESIGNATED

45 OPEB IRREVOCABLE TRUST FUND

TOTAL REVENUE
TOTAL EXPENDITURES
RESERVED:
419 ENCUMBRANCES
UNRESERVED:
422 UNRESERVED/UNDESIGNATED

47 OPEB DEBT SERVICE FUND

TOTAL REVENUE
TOTAL EXPENDITURES
RESERVED:
425 BOND REFUNDINGS
UNRESERVED:
422 UNRESERVED/UNDESIGNATED

=====

1) FUND BALANCE	1,346,343
2) EXPENDITURES	5,115,388
3) SOD CALCULATION (1 / 2)	26.32 %

General Summary Worksheet 2010-2011						
Fund No.			Revenues	Expenditures		
01 - General Fund			6,109,626.00	6,292,430.00		-182,804.00
02 - Food Service			341,800.00	354,784.00		-12,984.00
04 - Community Service			283,095.00	288,892.00		-5,797.00
06 - Construction			90,000.00	100,000.00		-10,000.00
07 - Debt Service			1,281,866.00	1,227,825.00		54,041.00
			8,106,387.00	8,263,931.00		-157,544.00

General Summary Comparison Worksheet 2009 - 2010

Fund No.	Revenue		Expenses	
	2010	2011	2010	2011
	01 - General Fund	5,969,604.00	6,109,626.00	6,156,588.00
02 - Food Service	341,800.00	341,800.00	341,181.00	354,784.00
04 - Community Service	286,055.00	283,095.00	280,261.00	288,892.00
06 - Construction	191,000.00	90,000.00	180,000.00	100,000.00
07 - Debt Service	1,286,456.00	1,281,866.00	1,225,196.00	1,227,825.00

General Summary Comparison Worksheet 2009 - 2010

Fund No.		Adopted	Revised	Adopted	Revised
		Revenues	Revenues	Expenditures	Expenditures
01 - General Fund		6,056,334.82	5,969,604.00	6,256,588.26	6,156,588.00
02 - Food Service		341,800.00	341,800.00	341,181.00	341,181.00
04 - Community Service		286,055.00	286,055.00	280,261.00	280,261.00
06 - Construction		35,000.00	191,000.00	35,000.00	180,000.00
07 - Debt Service		1,349,512.12	1,286,456.00	1,218,294.00	1,225,196.00
			8,074,915.00		8,183,226.00