








Winner School District 59-2 General Fund Five Year Plan 2010-2015



Winner School District 59-2
Board of Education
Spring 2010

Winner School District 59-2 Five Year Plan Preface:

“Empowering students to succeed in a changing society” is our district’s mission statement. The Winner School District Board of Education is pleased to present to the community of Winner a five year forecast for the general fund operating budget. Guiding the overall development and implementation of this plan to meet the diverse educational needs of our students each and every day is our sincere belief that all children deserve the best opportunities to succeed through a strong and meaningful public education. The board of education identified the following benefits this type of planning document offers patrons of the Winner School system.

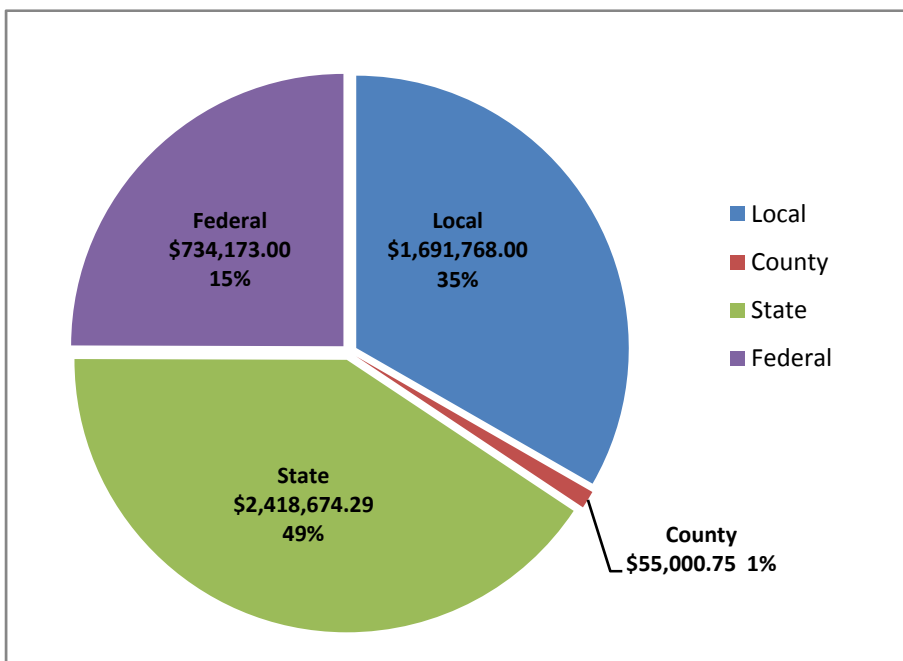
-  Positive leadership and governance tool for board of education
-  Focused on student needs and achievement
-  Promotes fiscal vision of the district
-  Supports transparency of fiscal vision to district stakeholders
-  Provides macro picture of district fiscal positions
-  Serves as a guide for future decision making
-  Articulates recommendations to address general fund budget shortfalls

Strategic fiscal planning is used to project the long-term fiscal health of an organization and promote reflective decision making based on projected data trends. This forecast is based on many factors and assumptions that may change over time. For example, items such as salaries and benefits are negotiated annually with district employees. Additionally, school district funding may be impacted yearly through legislative action. Due to unforeseen changes, the plans presented herein may become less accurate as the years progress. Opportunities to update data in the general fund plan will occur as new information becomes available.

Winner School District 59-2: General Fund Description

The Winner School Board utilizes general fund dollars in its daily operations to provide and promote a meaningful learning environment and experience for students. This fund makes up one of the five funds utilized to operate the district—Capital, Special Education, Pension, and School Lunch. District expenditures from this funding source play a vital role in the academic development of our students. Resources from this fund are used to support employee salaries, benefits, and professional development opportunities. Additional expenditures include utilities, transportation, school supplies, assessment materials and professional and technical services. These and many other categories not listed play a vital role in the delivery of the strong, student centered educational program we wish to offer our community.

Revenue for this fund is generated from multiple sources. The pie chart below shows the different types of general fund revenue sources available to the district as well as the percentage amount each category contributes to the general fund. This chart uses data from the projected 2009-2010 academic year*.



Federal sources include: Impact Aid, Title I, II, IV, and stimulus funds from the American Recovery and Reinvestment Act (ARRA). The local effort is generated by property taxes based on levies set by the state and valuations set by the Tripp County Auditor. If local taxes do not cover the district need, state aid is applied to fill in the gap. County apportionments are generated through local fines in Tripp County.

Additional information regarding state aid to education and the South Dakota school funding formula may be found at <http://doe.sd.gov/stateaid/index.asp>

*Projected figures shown in chart. Used for illustrative purposes only.

Winner School District 59-2: Fiscal Projection Process

Generating five year fiscal plans requires estimating future school district revenue and expenditure figures based on past financial trend data. Once the trend analysis is complete, reflective decision making occurs that promotes sound financial problem solving based on projected financial events rather than crisis management based on unforeseen or un-forecasted events.

To develop research based financial assumptions, the Winner School District Board of Education reviewed past trend data from multiple sources. Examples of data utilized in the development are noted below. The goal in the process was to develop a variety of meaningful data sets that would enhance the accuracy of the models being projected. No model can predict future trends with 100% accuracy. Utilizing the data sets below enhances the projection process and produces models appropriate for use as planning tools.

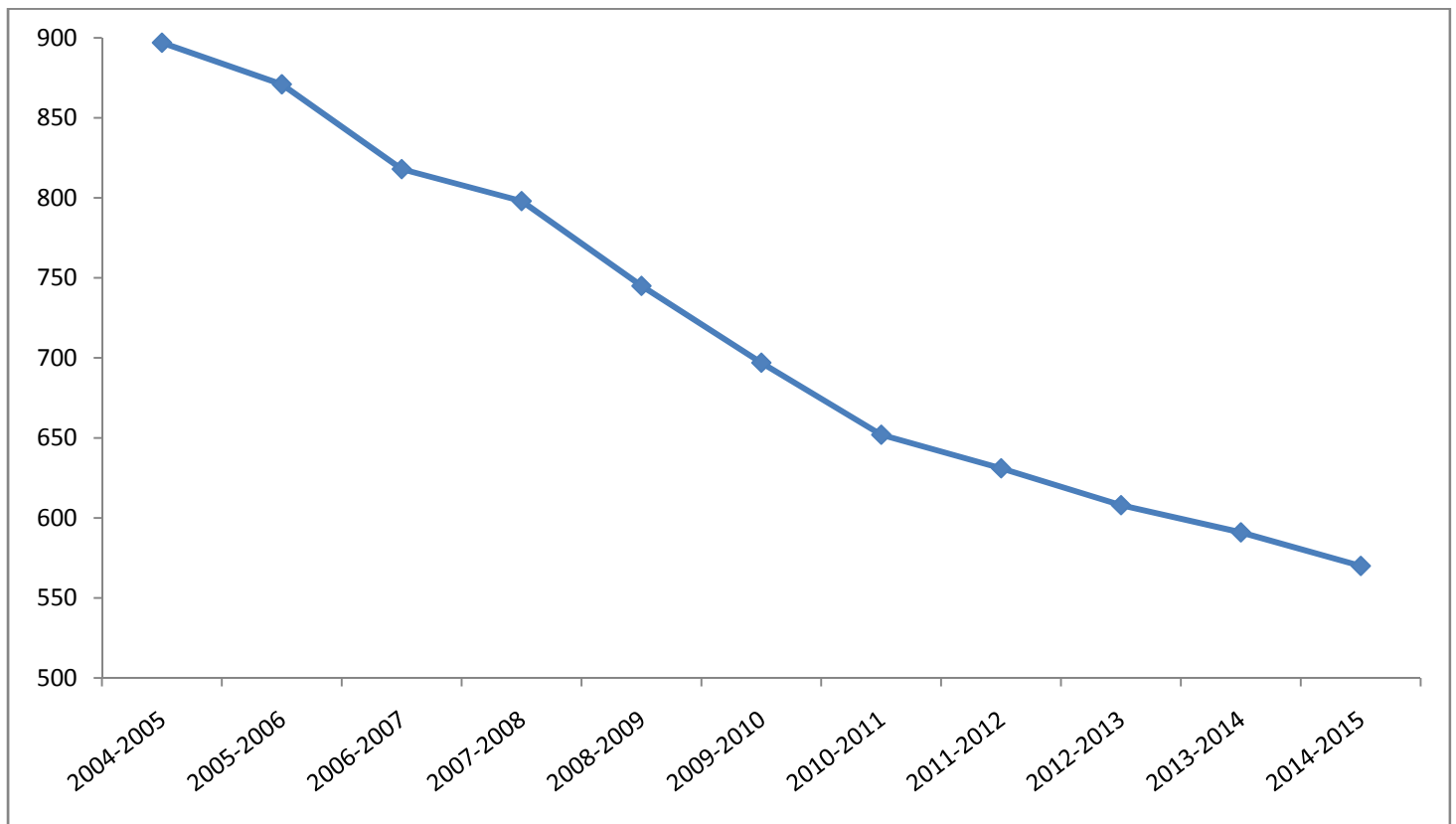
General Fund Data Sources

Winner School District Student Enrollment Trends
Tripp County Population Trends: U.S. Census Bureau
Local, State, and Federal Revenue Trends
Winner School District General Fund Expenditures
State of South Dakota School Funding Formula Trends
Winner School District Position Structure: Building Level Full Time Employment (FTE's)
Historical General Fund Levy and Valuations
Faculty Contract Negotiations History
Winner School District Activity and Athletic Programs
Meetings with state government officials, legislators, local government officials, professional organizations
Community member focus group meetings/Faculty meetings

Winner School District 59-2: Student Enrollment Trends

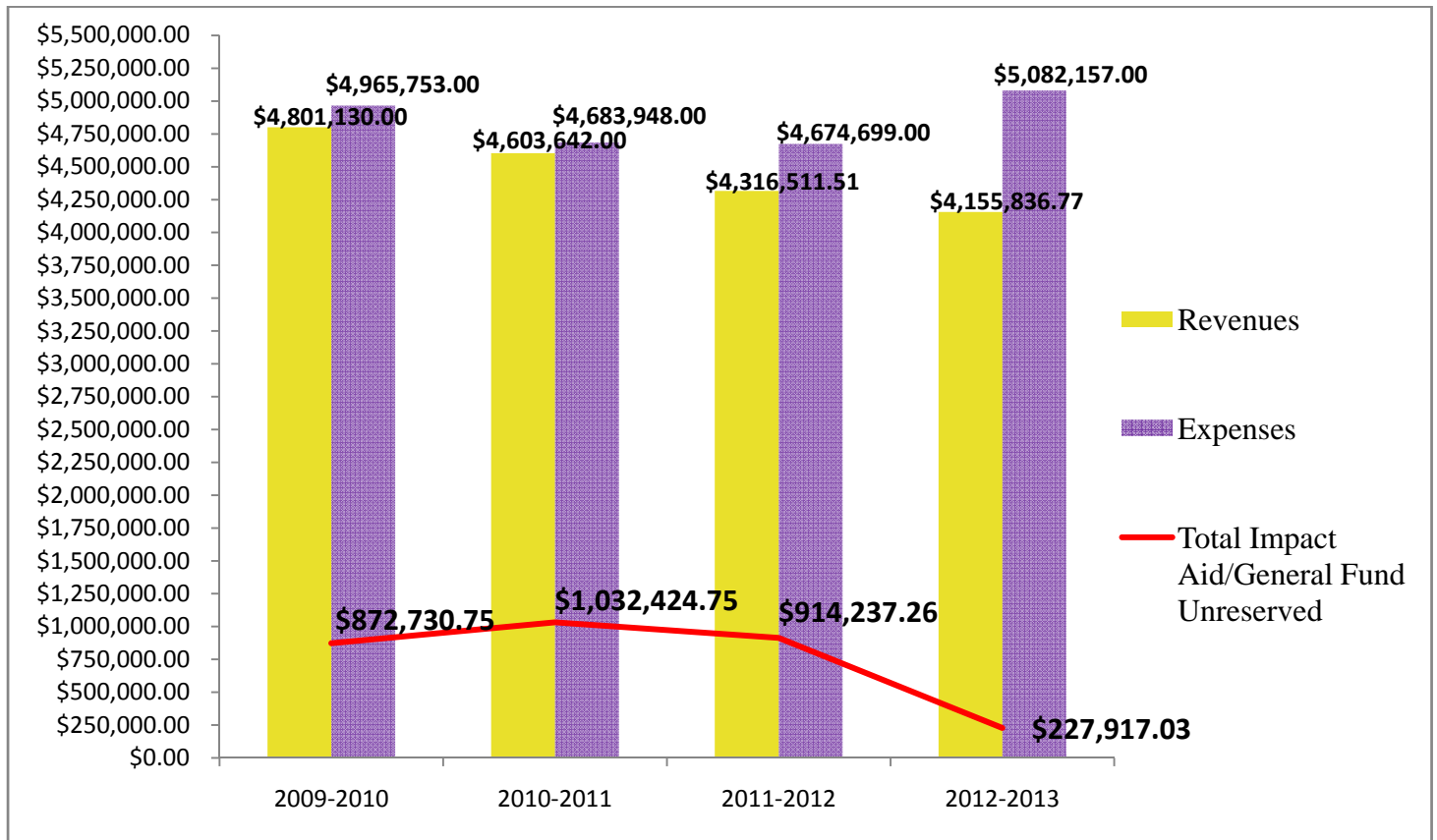
Student enrollment is the most influential factor in the determination of state aid to school districts. The graph below provides the reader with the historical and projected Winner School District enrollment.

Many factors impact student enrollment in a positive or negative manner. Factors include: open enrollment, county birth trends, county population trends, migration patterns, county employment trends, and economic trends. No statistical projection model can project the impact of every factor affecting student enrollment. However, the statistical analysis used to generate the projections below has a strong reliability factor and serves as a valid indicator of where district enrollment may be over the next 5 years.



Winner School District 59-2: General Fund Revenue and Expenditure Projections

The graph below shows projected district revenues and expenditure projections for academic years 2009-2010 through 2012-2013. School Year 2010-2011 serves as the benchmark year of the plan since all future projections are based on the district structure currently in place. Our district structure includes the positions and programs funded to support educational operations at all buildings in the district.



Assumptions used to generate the fiscal analysis represented in the graph:

- ✚ 0% increase in 2009-2010 and 1% per year increase for remaining years in the South Dakota School Funding Formula
- ✚ No change in current South Dakota School Funding Formula law
- ✚ 0% increase in federal dollars
- ✚ 2010-2011 District Structure with all buildings in operation in the years noted above
- ✚ Includes current positions and board of education personnel actions as of March 2010
- ✚ Yearly increases in wages (2%), health insurance (5%), utilities (10%)




Winner School District 59-2: General Fund Projection Analysis

At first glance, our district looks to be in a strong financial position as unreserved general funds may reach over one million dollars projected in SY 2010-2011. However, the long term analysis shows a very different picture as cash reserves are depleted yearly to support general fund operations.

In the model we have projected increasing structural costs such as salaries, benefits, and utilities. These and other structural costs outpace state aid increases to education as well as dollars in the district's unreserved fund. According to the model, the district will deplete the unreserved fund to a dangerously low level of \$227,000 at the end of SY 2012-2013. School years 2013-2014 and 2014-2015 are not represented in the graph as the district will not have adequate financial resources from the unreserved fund to operate under current structural benchmarks.

As student enrollment continues to drop. We may also experience a reduction in federal Impact Aid as those funds are also driven by student enrollments for those who live on federal property within the district boundaries.

In summary, the general fund budget projection shows significant budget challenges lie ahead. Issues influencing future budgets include but are not limited to:

-  Continued Declining Enrollment
-  Projected 0% to 1% State aid to education funding increases
-  Existing District Structure

Several options and recommendations exist that can be implemented to address the anticipated shortfall in general fund dollars.

Winner School District 59-2: Budget Recommendations

After careful review of financial trend data and focus group meetings, the board of education may act on the following recommendations at some point during the plan timeframe:

- ✚ Annually review building capacity/use and determine need for facility closure prior to December 1 of each academic year.
- ✚ Annually review building capacity/use of district owned structures/properties and determine need for facility sale/lease prior to December 1 of each academic year.
- ✚ Opt Out of state tax limitations prior to 2012-2013 academic year. Amount and time frame to be determined at later date.
- ✚ Maintain adequate unreserved fund balance each year.
- ✚ Annual review of district structure to include position and program re-organization and determine need for re-organization prior to April 1 of each academic year.

Winner School District 59-2: Five Year General Fund Plan References and Data Sources

IMS Information Management Systems: Student Enrollment Projection

Kersten, T., (2009) Taking the Mystery Out of Illinois School Finance: 2nd Edition.

South Dakota Department of Education website: <http://doe.sd.gov/>

Winner School District 59-2 Patron Focus Groups: January 26, 2010
January 27, 2010
January 29, 2010

Winner Chamber of Commerce sponsored meeting with Governor M. Michael Rounds: October 29, 2009