

NRHEG Public School

Independent School District No. 2168



High School
306 Ash Ave. South
New Richland, MN 56072
(507)465-3205
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Elementary School
600 School St.
Ellendale, MN 56026
(507)684-3181
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Our Mission

Empowering students with knowledge and skills to succeed.

Our Vision

To be the school district of choice, inspiring excellence in academics, arts, and activities.

NRHEG School District Update

Dale Carlson, Superintendent

Fund Balance and Budget Planning

July 2017

Our vision as a school community is to *be the school district of choice, inspiring excellence in academics, arts, and activities*. We strive to do this every day by *empowering students with knowledge and skills to succeed*.

As one of six District Strategic Plan priority focus areas, the Finance focus area commits the district to “preserving its strong financial standing while maintaining programs, services, and facilities at maximum efficiency.” Within the Finance focus area, the Board of Education (BOE) set a goal this past year to establish an unassigned general fund balance percentage target range of the general fund annual operating budget. The Board adopted a range of 22-28% in April.

The purpose of the unassigned portion of the general fund balance is to avoid cash flow borrowing, help maintain the District’s current bond ratings, provide a resource for emergency expenditures or unrealized revenue and/or other purposes including, but not limited to:

- A. Reducing the District’s property tax levy
- B. One-time expenditures such as the start-up cost of a new program or one-time cost of a capital expenditure.
- C. School Aid Payment Percentage Shift

As the BOE approved a revised 2016-2017 budget at the June 19, 2017, School Board meeting, and then adopted a 2017-2018 budget, the impact on the District’s fund balance was examined and considered. The BOE first approved a revised 2016-2017 budget with unaudited projected revenue of \$10,839,267 and expenditures of \$10,808,302, resulting in about a \$30,000 projected surplus. The BOE then adopted a 2017-2018 budget with projected revenue of \$11,088,602 and expenditures of \$11,117,146, resulting in a planned deficit of about \$28,000 which administration and the BOE will continue to monitor throughout the school year and look for increased revenue and/or a decrease in the planned expenditures. A number of variables impact both the projected revenue as well as expenditures beginning with student enrollment.

Dale N. Carlson, Superintendent

David A. Bunn, High School Principal

Douglas A. Anderson, Elementary Principal

You may have been keeping up with the State's budget process specific to public education. Highlights of the Education Bill include:

- Totals for the biennium include \$483 million
- Adds 2% and 2% to the education formula equaling \$274 million in the biennium which amounts to an increase of \$121 per student in FY '18 and \$124 in FY '19
- Continues increases in Long Term Facility Maintenance funding of \$131.3 million
- Creates Ag2School 40% Ag credit for school facility debt taxes amounting to \$35.5 million in FY'19

The Ag2School credit provides a property tax credit on all property classified as agricultural, excluding the house, garage, and surrounding one acre of land of an agricultural homestead, equal to 40% of the tax on the property attributable to school district bonded debt levies. For NRHEG, this means that this credit will apply to the already outstanding alternative facilities and capital facilities bonds. Specifically, about 67.5%, or \$279,000 of the district's projected \$413,000 debt service levy for FY2018 qualifies for the agriculture credit calculation. Of the \$279,000 levy amount, the 40% estimated credit would be about \$111,500.

The BOE is committed to ensuring the school district maintains a strong financial position in order to provide quality programs, services, and facilities for our students, staff, and communities. Thank you for your continued support of the BOE's work in making sure the District continues to be fiscally responsible while at the same time providing a quality education for our children.

A reminder that the School Board conducts its regular monthly meeting on the third Monday of each month. The location of the meeting is rotated monthly between the NRHEG Secondary School Media Center in New Richland and the NRHEG Elementary School Media Center in Ellendale. The July 17, 2017, School Board meeting will be at the Elementary School beginning at 6:30 pm., and the August 21, 2017, School Board meeting will be at the Secondary School beginning at 6:30 pm.

We celebrate together in the accomplishments of our students because we are in this journey together as a school community. Thank you for all you do to support NRHEG Public Schools and our students!