



2014-2015 Stakeholders Report

Rapid City Area School District

Board of Education

A stakeholder is a person, group or entity that has direct or indirect stake in another organization



Learning Tool

Throughout this report, look for this sign labeled “Learning Tool” regarding facts, figures and points of interest worth knowing about the Rapid City Area Schools District (RCAS).



Learning Tool
“By the numbers”

RCAS is a school district with:

- **13,846 Enrolled Students**
- **1,757 Employees which equates to 1,657 full time employees (FTE)**
- **30 buildings with over 2.0 million sq ft to maintain**
- **448 square miles**
- **Nearly 700 Acres of land**
- **More than 200 Play Areas**
- **Audited revenue of \$156,444,007**



Dr. Timothy Mitchell
Superintendent, Rapid City Area
Schools

To all Stakeholders,

I invite you to review the 2014-2015 Rapid City Area Schools Stakeholder's Report. We hope this report is user friendly and easier to understand than the other formula documents produced by the School District. The following pages contain important information about school funding and are designed to provide you with the information you need. The fiscal year for all school funds is July 1 – June 30. This report summarizes the information for the 2014-2015 fiscal year. If you need more information please feel free to contact the Public Information Manager at (605)394-4091. It is our hope that the information provided is clear and creates transparency as to the fiscal operations of the Rapid City Area Schools.

The Board of Education is charged with adopting an annual budget. The budget determines the level of services to be offered within each instructional and support services area. It is the financial outlines for the District's educational program and it is the legal basis for the establishment of tax rates. The decisions required of the Board are complex. They are committed to performing their due diligence on how to best spend the available resources. The annual budget reflects a focus on all students learning at high levels.

Our mission is to build a community of life-long learners, one student at a time. Our vision is that all students will achieve to their full potential. We believe that the development of a professional learning community is the most powerful structure and process for enhancing educator effectiveness and increasing student learning. We also know the schools that have common goals create an understanding of what needs to be accomplished. For the 2015-2016 year we have established specific goals and strategies to guide our work.

For more information please check out our Rapid City Area School District Dashboard at www.RCAS.org.

Learning Tool - Mill Levy

A “MILL LEVY” is a means to explain the tax rate on property in South Dakota. The rate is expressed by “ONE MILL” being equal to \$1.00 of taxes per \$1,000 of assessed value. The tax is levied by the State on the *Dollars per Thousand* basis.

The following is an example:

Payable 2014-2015 School District Mill Levy Tax Rates

Property Type	Farm/Ranch	Home Owner	Businesses
Mill Levy	6.560	9.03	13.88

Example: \$100,000 Home Assessed Value
 2015 Mill Levy: 9.03
 School Taxes Due: \$903 [$\$100,000/1000 \times 9.03 = \931 that is due annually]



“Under the Hood”

THE PARTS BUDGET

A brief explanation of the breakdown of funding

South Dakota law requires the preparation and approval of a proposed budget not later than the regular May meeting. The process begins with a proposed budget that eventually becomes the final budget due no later than October 1st of that same year.

The need to fund education is detailed in an overall BUDGET labeled by year. The 2014/2015 budget is divided into seven distinct budgets that are called individual FUNDS.

9 Distinct Funds..... Explained

General Fund: Used for general operations of the K-12 program, the largest portion used for payroll and related costs (like taxes and health care). This is the largest fund in the overall budget.

Capital Outlay: Used for construction, maintenance, curriculum, debt service, and technology purchases in the K-12 system. Capital Outlay funds MAY NOT fund salaries by state law.

Special Education: Used to supplement the services provided to K-12 special needs students.

Food Service: Used for the operations of the K-12 food service program. This is commonly called an “Enterprise Fund” because it is mostly self-funding (i.e., students pay for lunches).

Pension: Used for pension expenses for employees of the district, namely South Dakota Retirement System.

Health Insurance: Used to pay health insurance claims for employees within the district. This fund is prepaid through the collection of premiums from employees and the employer (RCAS). RCAS utilizes a “self-insurance” format with contingency insurance for high cost procedures.

Capital Outlay Certificates - Debt Service Fund: Used for the sinking fund requirements of capital outlay certificate issues.

Preschool Enterprise: Used for the operations of the integrated pre-school program

Unemployment Insurance: Used for the payment of unemployment insurance claims made against RCAS.

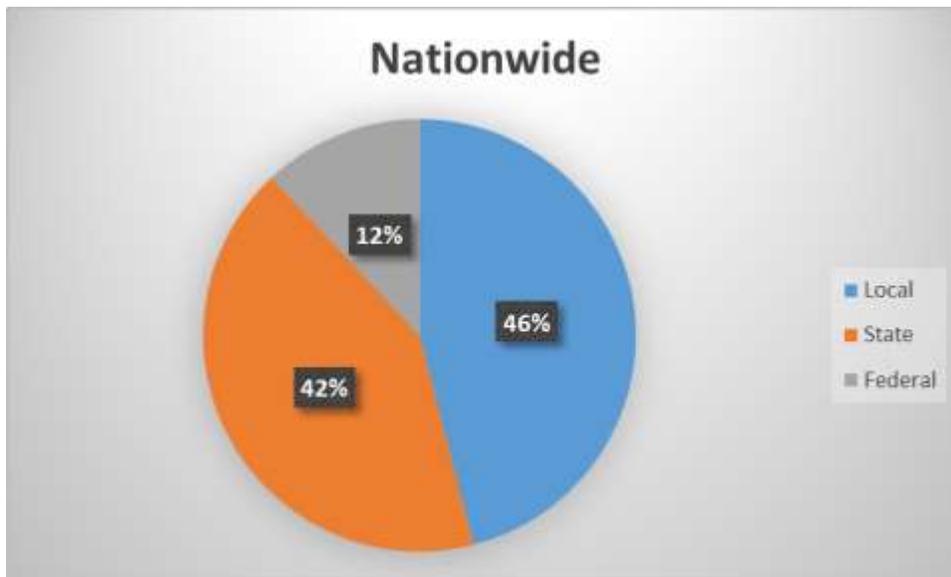


Learning Tool – Comparing Sources of Funds

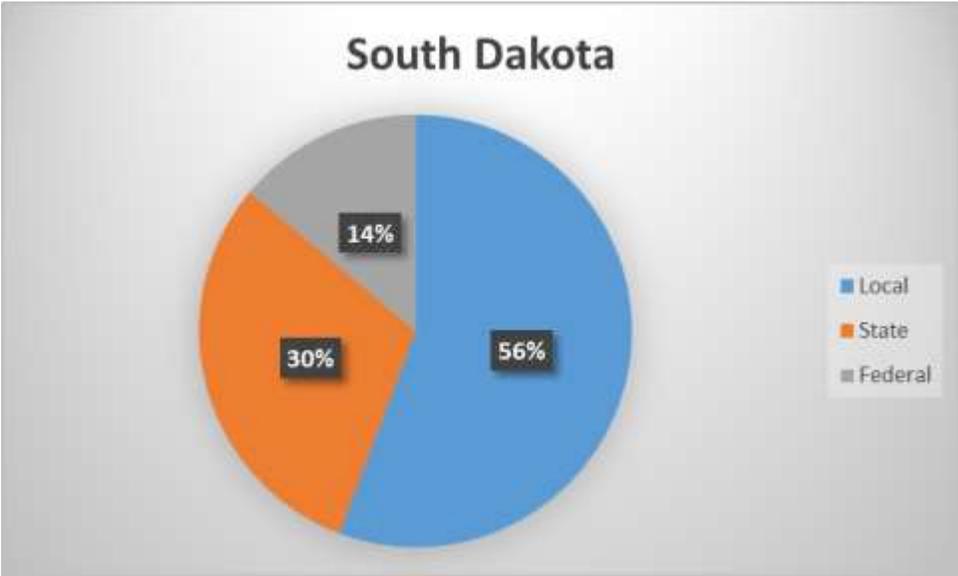
Funding for public education is generated from 3 primary governmental taxing entities:

1. Federal Department of Education
2. State Aid
3. Local Property Taxes

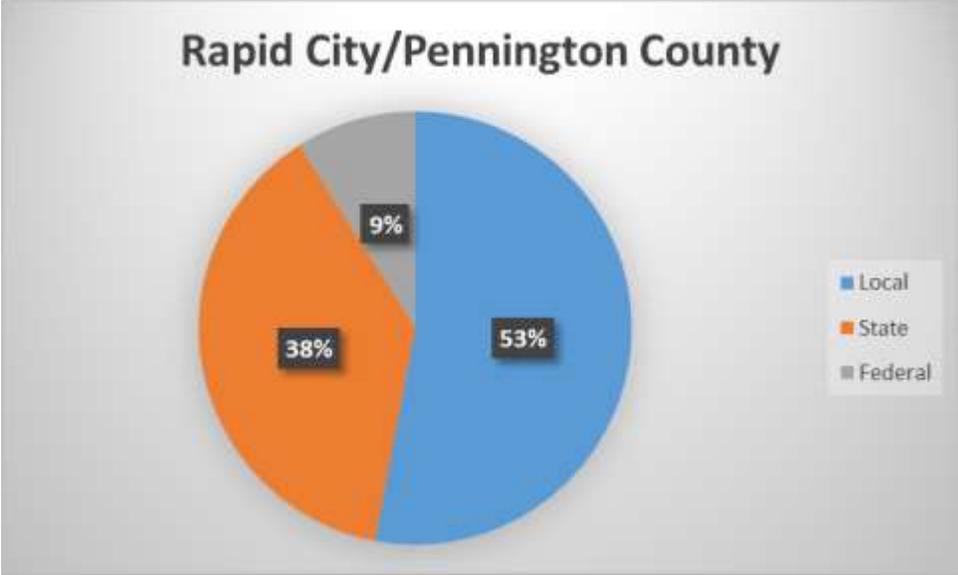
Nationwide



South Dakota



Rapid City/Pennington County



District Simplified Budget

This table summarizes each fund source and provides a total revenue amount. Simply put, this is the money that needs to be managed by the stakeholders of RCAS and how it is collected:

<u>Fund Name</u>	<u>Funding Source</u>	<u>Total Fund Revenue</u> <u>From all three sources</u>
General Fund	Federal } State } Local }	\$79,977,853
Capital Outlay	Local	\$30,140,113
Special Education	Federal } State } Local }	\$18,602,354
Pension	Local	\$2,884,038
Food Service	Federal } Sales Revenue }	\$7,007,380
Health Insurance	Premiums Collected	\$16,991,769
Pre-school Enterprise		\$452,478
Unemployment Insurance		\$13,800
Capital Outlay Certs Debt Service		\$374,222
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Total		\$156,444,007



Learning Tool

Simplified State Aid Formula

$$\begin{array}{rcl} & \text{Per Student Dollar Allocation} & \\ \times & \text{Head Count of individual school district} & \\ \hline = & \text{State Determined Revenue} & \end{array} \left. \vphantom{\begin{array}{r} \\ \\ \\ \end{array}} \right\} \text{WHAT determines need}$$

$$\begin{array}{rcl} & \text{State Determined Revenue} & \\ - & \text{School District Mill Levy} & \\ \hline = & \text{State Aid sent to individual school district} & \end{array} \left. \vphantom{\begin{array}{r} \\ \\ \\ \end{array}} \right\} \text{HOW the funds distributed}$$

State Aid Formula

Funding for Education - Explained



In South Dakota, we generate revenue for schools through taxes on property and sales. Outlined in state law is the formula for funding education, which takes on two parts:

The first part determines **WHAT** the total need is for each school district:

- (1) During the legislative session, The Legislature determines a “Per-Student Allocation.”
- (2) On the 4th Friday of September, each school district counts the number of students in the district. This “head count” is reported to the state.
- (3) Multiplying the per-student allocation and the head count gives a product which is the State Determined Revenue Need.

The second part determines **HOW** much money the State actually distributes to each district:

- (1) Take the State Determined Revenue
 - (2) Subtract the School District Mill Levy taxes that have been assessed to property owners
 - (3) The difference is the amount that the State will send to each school district according to the current funding formula.
- The State recognizes growing and declining districts with a numerical accommodation



Learning Tool

Fund Balance

The “Fund Balance” for School Districts in South Dakota is synonymous with

- **RESERVE FUND**
- **EMERGENCY FUND**
- **RAINY DAY FUND**

Just like your own personal budget, the following happens at regular intervals:

Revenue

Less: Expenses

Positive Number – Fund Balance Increases

OR

Revenue

Less: Expenses

Negative Number – Fund Balance Decreases

Fund Balance Analysis

Some organizations have reserve funds that are typically set aside for unanticipated expenses and are often labeled as “Contingency Fund”.

Likewise, RCAS has a reserve fund called “Fund Balance”. Examples of reasons to use the fund balance include:

- Downturn in taxes collected
- Cash flows between tax collections
- Federal funding expiration
- Unexpected program expenses

In 2014/2015, RCAS had a \$12.72 million General Fund balance. While this may sound like quite a bit of money to give raises or start programs, it really is only 15% of the \$82.5 million General Fund. It has been recommended and subsequently targeted by the District to increase the fund balance to 12%. According to State Law, the maximum Fund Balance a school district is allowed to have is 25%.

Should RCAS spend all of its reserve cash, it may not have the ability to provide the level of education desired by all stakeholders. It remains very important to have a healthy fund balance.

Fund Balance by Year:

<u>Year</u>	<u>Fund Balance (in Millions)</u>	<u>% of General Fund Actual Expenditures</u>
2010/2011	15.65	19.34%
2011/2012	16.71	21.40%
2012/2013	18.33	23.59%
2013/2014	15.25	18.57%
2014/2015	12.72	15.42%

User Friendly Budget for the General Fund

As you know, the general fund is just one of the funds included in the overall budget for RCAS. This is the operating fund that continues to attract the most attention at Board of Education meetings.

Using the information presented in this report, please review the following audited revenue & expenses for 2014-2015

Revenue	79,977,853
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Expenses

Instructional	48,993,742
Support Services	29,537,241
Extra-Curricular	3,975,007

Total Expenses	82,505,990
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Fund Balance	12,722,593
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Expenditures

Percentage of General Fund Expenses

Teacher Salaries	44.42
Admin Salaries	5.06
Other Salaries	16.12
Health Insurance	10.29
Other Benefits	9.35
Utilities	3.27
Other Service	6.29
Supplies	3.92
Contingency	1.27

RCAS Dashboards

