

**ANNUAL OPERATING PLAN
FISCAL YEAR 2016-2017**

**INDEPENDENT SCHOOL DISTRICT 624
WHITE BEAR LAKE AREA SCHOOLS**



White Bear Lake Area Schools Preliminary 2016-2017 Budget

SCHOOL BOARD

	Term Expiration
Janet Newberg, Chairperson.....	2018
George Kimball, Vice Chairperson	2018
Ellen Fahey, Clerk.....	2020
Kim Chapman, Treasurer	2018
Donald Mullen, Director	2018
Margaret Newmaster, Director	2020
Scott Wilson, Director.....	2020

DISTRICT ADMINISTRATION

Superintendent.....	Dr. Michael J. Lovett
Assistant Superintendent for Finance & Operations.....	Dr. Wayne A. Kazmierczak
Assistant Superintendent for Teaching & Learning	Sara T. Paul
Director of Communications & Community Relations	Marisa Vette
Director of Community Services and Recreation.....	Vacant
Director of Human Resources	Linda Goers
Director of Student Support Services.....	Kathleen Daniels
Director of Technology & Innovation	Mark Garrison

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Budget Process

November/December – Audit report for FY16 presented to School Board

December-February – Revised FY17 budget presented for School Board action, projected FY18 & FY19 budgets reviewed

January-April 2016 – Staffing plan and enrollment projections refined

February-May 2016 – Budget planning and refinement

April/May – Recommendations for budget adjustments that have staffing ramifications

May – Preliminary FY18 budget reviewed with School Board

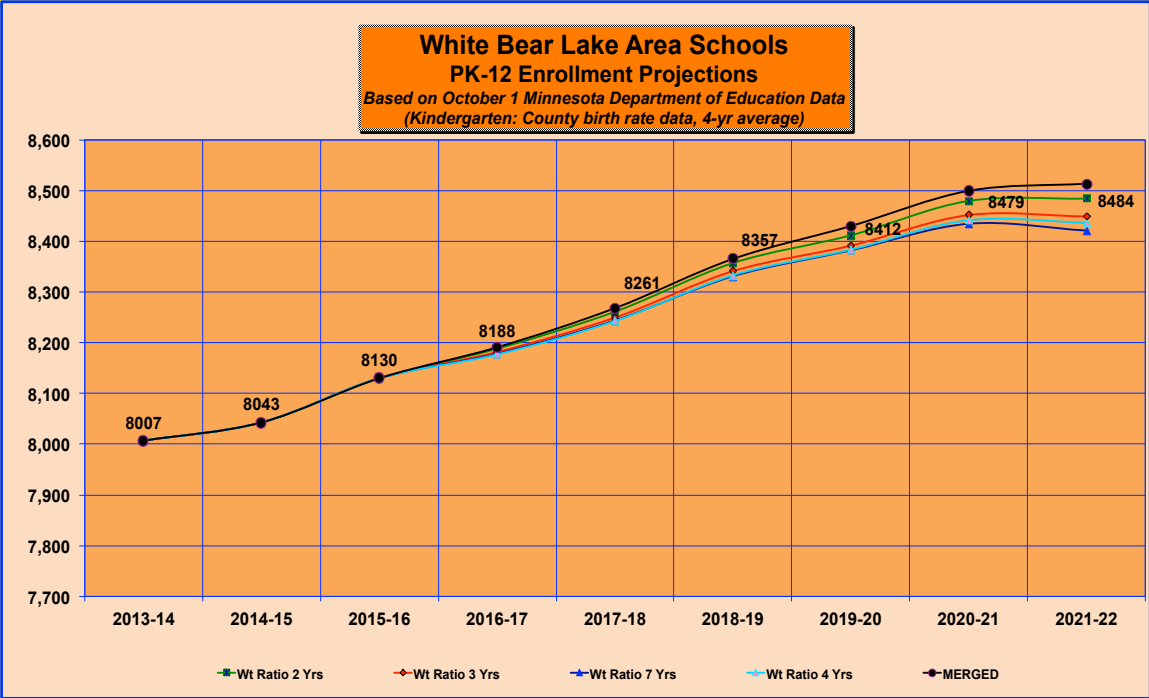
June – Preliminary FY18 budget presented for School Board action

Enrollment

Enrollment is a key variable in calculating school district revenue. The table on this page provides actual October 1st pre-kindergarten through grade 12 enrollment data from 2003 through 2016.



Enrollment projections are determined using a variety of methods. Kindergarten projections are based on birth rate data received from Ramsey County. The birth rates are then modified based on historical trends in capture rates in the district to project the number of kindergarteners expected to enroll.



I. General Fund

The General Fund of all school districts in the State of Minnesota is used to account for educational activities, instructional and student support programs, district administration, operations and maintenance, transportation and capital expenditures. Examples of items that are NOT included in the General Fund include:

- Nutrition Services
- Community Education
- Building construction projects that are funded through selling bonds or capital loans
- Debt service
- Agency transactions
- Internal Services

Transactions that are accounted for outside of the General Fund will be discussed in other sections of this document.

A. Where Does the Money Come From?

The General Fund receives its revenue from three very broad sources: local sources, state aids and federal aids. More information on each of these revenue sources can be found below. Much of this information has been obtained from the 2015-16 edition of “Financing Education in Minnesota”, a document provided by the Minnesota House of Representatives Fiscal Analysis Department.

Revenues					
Actual 2013	Actual 2014	Actual 2015	Actual 2016 (Audit due fall 2016)	Revised 2016 Budget	Preliminary 2017 Budget
Local Sources					
Property Taxes	21,280,073	12,956,296	23,587,670	23,772,000	23,893,163
Investment Earnings	21,332	20,131	49,506	50,000	80,000
Other	1,198,099	1,601,805	1,309,465	3,291,845	1,700,000
State Sources	52,560,756	63,533,412	55,592,733	60,118,609	61,937,761
Special Education	8,585,319	9,066,468	10,437,669	11,055,000	11,501,622
Federal Sources	2,798,778	2,844,272	2,725,971	2,698,078	2,784,791
Total					
Revenue	86,444,357	90,022,384	94,063,014	100,985,532	101,897,337

1. State Aids

a) General Education Aid –

General Education Aid is the largest funding source of the school district. This aid is comprised of several components, each with its own formulas to calculate the amount the district can expect to receive from the Department of Education in a given fiscal year.

- **Basic Formula** – This portion of general education aid is calculated by taking the formula allowance (determined by the State Legislature each year) times the adjusted pupil unit (APU) (as shown above in enrollment).

Amount per APU	Formula Allowance				
	2013	2014	2015	2016	2017
	\$5,224	\$5,302	\$5,831	\$5,948	\$6,067

b) Special Education Aid

This aid is provided to Districts to help fund the additional costs associated with providing required services to students with disabilities. White Bear Lake Area Schools serves approximately 1,200 students with disabilities

2. Property Taxes

The second largest source of revenue for the District is generated from the property tax levy. Much like general education aid, there are several components and calculations related to these funds.

3. Federal Aids

The next contributor to revenues is from the Federal government to help provide special education to children from birth to age twenty one. It also provides funds to meet the needs of educationally disadvantaged students in low income areas. Funds are also available for improvements of teaching skills.

B. Where Does the Money Get Spent?

There are six types of expenditure categories. The largest expense for any school district is salaries with the associated benefits. For White Bear Lake Area Schools, salaries and benefits make up 83.14% of the 2016-2017 general fund budget. The remaining expenditure categories are: purchased services, supplies and materials, capital expenditures, and other. Examples of each of the categories are listed below:

- **Salaries** – Expenditures in this category include salary payments to board members, administrators, teachers, paraprofessionals, clerical support, maintenance employees, bus drivers or any individual who is deemed to be an employee of the school district (rather than an independent contractor).
- **Benefits** – Benefit expenditures include employer portions of Federal payroll taxes, retirement contributions, employer paid insurance premiums, and all benefits agreed to within negotiated union contracts and labor policies.
- **Purchased Services** – Expenditures in this category include a wide variety of costs. This category includes payments to individuals or organizations for professional services such as auditors, attorneys, contracted service providers, or consultants. This category also includes postage, communication services, utilities, travel and training costs, operating leases, tuition payments, chargebacks and transportation contracts.
- **Supplies and Materials** – This category includes supplies purchased for both instructional and non- instructional purposes. This includes everything from toner in the district offices to textbooks used by students. This category also includes items such as standardized tests, media resources, electronic replacements of instructional resources (such as applications for electronic devices), and food.
- **Capital Expenditures** – Expenditures in this category would include the purchase of land, improvements made to buildings, vehicles, machinery, equipment and all other assets that are used in operations that have lives extending beyond a single reporting period.
- **Other** – The Minnesota Department of Education provides for a miscellaneous category of expenditure for those items that do not fit neatly within the other categories. Examples of this type of expenditure are dues, memberships, licenses, debt service, transfers and other miscellaneous expenditures.

Expenditures per Student 2014-2015	
District Level Administration	\$343
School Level Administration	\$489
Regular Instruction	\$4,921
Career & Technical Instruction	\$116
Special Education	\$2,280
Student Activities and Athletics	\$152
Instructional Support Services	\$548
Pupil Support Services	\$473
Operation, Maintenance & Other	\$911
Student Transportation	\$606
Subtotal: General Fund Operating Expenses	\$10,839
Equipment	\$598
Land & Buildings	\$65
Subtotal: Capital Expenditures	\$663
Total PK-12 General Fund Expenditures	\$11,503
Food Service	\$516
Community Service	\$548
Building Construction	\$431
Debt Service	\$670
Total-All Funds	\$13,668

1. Administration

This program area includes the costs of the School Board, the Superintendent's office, the Assistant Superintendent of Teaching and Learning, and the principal's office in each of the schools.

		Revised	Preliminary
	Actual 2015	2016 Budget	2017 Budget
Salaries	3,082,025	3,168,159	3,231,522
Employee Benefits	1,014,640	1,124,797	1,150,159
Purchased Services	178,745	200,438	271,278
Supplies and Materials	35,654	42,500	42,500
Other Expenditures	57,012	66,210	67,534
Total Administration	4,368,076	4,602,104	4,762,993

2. District Support Services

The district support services program category includes Business Office, Finance Department, Human Resources, Communications, Technology, and Legal . In addition worker's compensation insurance for the entire district is recorded in this program area.

		Revised	Preliminary
	Actual 2015	2016 Budget	2017 Budget
Salaries	821,313	882,686	956,340
Employee Benefits	294,012	339,550	373,138
Purchased Services	489,417	571,068	491,068
Supplies and Materials	45,423	62,000	87,000
Capital Expenditures	0	0	0
Other Expenditures	12,680	24,830	25,327
Total Support Services	1,662,845	1,880,134	1,932,873

3. Elementary and Secondary Regular Instruction

This program category includes kindergarten, elementary, and secondary regular instruction which includes Title I, Title II, and Title III. In addition, all athletics and activities are reported in this program area.

		Revised	Preliminary
	Actual 2015	2016 Budget	2017 Budget
Salaries	29,354,377	30,765,429	31,872,211
Employee Benefits	10,232,305	10,909,045	11,217,720
Purchased Services	1,172,408	1,332,734	1,269,952
Supplies and Materials	834,607	1,760,246	1,527,085
Capital Expenditures	188,815	510,681	231,178
Other Expenditures	176,208	565,497	185,197
Total Elementary and Secondary Regular Instruction	41,958,720	45,843,632	46,303,343

4. Vocational Education Instruction

Vocational and educational instruction includes the cost of providing classes (primarily at the secondary level) involving health sciences, business, or anything aiming to teach students about specific career options available to them after completing high school. In addition, this program area has a component for special needs students' participation in vocational activities during the school day.

		Revised	Preliminary
	Actual 2015	2016 Budget	2017 Budget
Salaries	367,893	392,669	408,701
Employee Benefits	151,726	161,925	165,271
Purchased Services	393,557	409,900	359,900
Supplies and Materials	38,573	39,646	25,178
Capital Expenditures	0	0	0
Other Expenditures	0	0	0
Total Vocational Education Instruction	951,749	1,004,140	959,050

5. Special Education Instruction

This program category captures the costs involved with providing services to special education students. However, the cost of providing special transportation to these students is not included in this category.

		Revised	Preliminary
	Actual 2015	2016 Budget	2017 Budget
Salaries	12,948,975	13,530,404	13,858,678
Employee Benefits	5,126,142	5,601,742	5,752,966
Purchased Services	491,506	509,969	503,029
Supplies and Materials	176,980	165,278	159,500
Capital Expenditures	28,020	35,000	40,000
Other Expenditures	31,000	30,500	31,070
Total Special Education Instruction	18,802,623	19,872,893	20,345,243

6. Instructional Support Services

The instructional support services category includes costs associated with assistant principals, curriculum office, textbooks, media centers, and staff development.

		Revised	Preliminary
	Actual 2015	2016 Budget	2017 Budget
Salaries	3,738,896	3,833,872	3,969,949
Employee Benefits	1,271,418	1,393,310	1,450,892
Purchased Services	255,599	398,540	319,740
Supplies and Materials	65,697	82,452	69,697
Capital Expenditures	2,452,663	1,437,420	939,465
Other Expenditures	0	520,200	530,604
Total Instructional Support Services	7,784,273	7,665,794	7,280,347

7. Pupil Support Services

This program category captures the cost associated with counseling offices, health services, and psychologists serving regular education students, social workers, and transportation of regular and special needs students.

		Revised	Preliminary
	Actual 2015	2016 Budget	2017 Budget
Salaries	2,572,490	2,817,482	2,821,356
Employee Benefits	957,646	1,026,093	1,052,467
Purchased Services	77,348	198,406	242,853
Supplies and Materials	40,013	40,167	29,610
Capital Expenditures	0	0	0
Other Expenditures	244,410	79,675	109,511
Total Pupil Support Services	3,891,907	4,161,823	4,255,797

8. Pupil Support Services - Transportation

This program area includes the costs associated with the District's student transportation department.

		Revised	Preliminary
	Actual 2015	2016 Budget	2017 Budget
Salaries	1,198,716	1,547,750	1,578,705
Employee Benefits	342,090	415,951	424,271
Purchased Services	3,048,663	2,615,351	2,871,908
Supplies and Materials	398,489	510,000	510,200
Capital Expenditures	0	310,000	110,200
Other Expenditures	0	1,000	1,020
Total Transportation	4,987,958	5,400,052	5,506,304

9. Sites and Buildings

This program area includes the costs of maintaining the district's buildings and facilities. The salaries and benefits of the buildings and grounds director and clerical support as well as all custodial and maintenance employees are recorded here. In addition, this program category includes expenditures such as electricity, water, sewer, gas, trash removal, snow removal, health & safety projects, and a large portion of the district's capital projects.

		Revised	Preliminary
	Actual 2015	2016 Budget	2017 Budget
Salaries	2,921,098	2,961,230	3,020,452
Employee Benefits	1,101,109	1,199,775	1,237,728
Purchased Services	2,881,480	2,978,984	2,869,544
Supplies and Materials	941,062	929,900	929,900
Capital Expenditures	1,273,510	1,322,795	875,200
Other Expenditures	10,998	13,400	13,668
Total Sites and Buildings	9,129,257	9,406,084	8,946,492

II. School Nutrition Fund

The School Nutrition Fund is used to account for the activities related to providing nutrition services to the K-12 academic program as well as catering services provided by the district. The fund operates on the principle of revenues exceeding expenditures on day-to-day operations so that the excess can be used to systematically replace and upgrade kitchen equipment around the district. By operating in this manner, the goal of the School Nutrition program is to be self-sustained and not to pull resources from direct K-12 instructional funds. School Nutrition pays the general fund for certain overhead costs such as payroll, accounts payable, and technology support. A summary of this fund's budget is listed below.

		Revised	Preliminary
Revenue	Actual 2015	2016 Budget	2017 Budget
Local Sources			
Investment Earnings	65	100	100
Other - primarily meal sales	2,270,735	2,548,650	2,405,675
State Sources	203,990	156,000	265,835
Federal Sources	1,733,770	1,719,882	1,762,656
Total Revenue	4,208,560	4,424,632	4,434,266

		Revised	Preliminary
Expenditures	Actual 2015	2016 Budget	2017 Budget
Salaries	1,333,924	1,497,822	1,545,689
Employee Benefits	378,813	446,825	444,337
Purchased Services	424,737	325,361	358,975
Supplies and Materials	2,046,457	1,940,157	1,988,281
Other Expenditures	9,297	7,137	11,300
Capital Outlay	52,277	121,726	77,300
Total Expenditures	4,245,505	4,339,028	4,425,682

III. Community Education Fund

The Community Education Fund accounts for the activities related to providing education services for Pre-Kindergarten and Post-Grade 12 students. The fund operates on a principle of breaking even on a year-to-year basis and maintaining a healthy fund balance which protects future programming. Community Education pays the general fund for space used in the district according to formulas outlined in the Uniform Financial Accounting and Reporting Standards (UFARS) Manual. Community Education pays the general fund for certain overhead costs such as payroll, accounts payable, and technology support. The estimated amount of these overhead costs is \$600,000 for fiscal year 2016. A summary of the complete Community Education budget is listed below. Within Community Education are several Fund Balance requirements which will be discussed in greater detail on the following pages.

		Revised	Preliminary
Revenue	Actual 2015	2016 Budget	2017 Budget
Local Sources			
Property taxes	1,080,555	1,050,963	1,050,963
Investment Earnings	275	0	0
Other - Primarily Tuition & Fees	3,194,068	3,340,800	3,415,800
State Sources	497,177	529,550	529,550
Total Revenue	4,772,075	4,921,313	4,996,313

		Revised	Preliminary
Expenditures	Actual 2015	2016 Budget	2016 Budget
Salaries	2,689,589	2,892,750	3,233,702
Employee Benefits	749,090	841,412	995,636
Purchased Services	759,371	803,604	822,820
Supplies and Materials	295,339	314,089	259,200
Other Expenditures	6,103	14,860	6,650
Capital Outlay	16,308	18,500	24,000
Total Expenditures	4,515,800	4,975,515	5,342,008

IV. Debt Service Fund

The Debt Service Fund exists to record the principal and interest payments on long-term debt issued by the district. Annual levies will provide revenue at a rate of 105% of pending debt service payments for a given fiscal year. This rate is specified in statute to ensure that principal and interest payments can be made as scheduled even if there are late property tax payments or delinquencies that may arise. The Debt Service Fund is also monitored by the Minnesota Department of Education for accumulation of excess fund balance. If the debt service fund balance is deemed to be at a level in excess of what is needed to make debt payments, a levy adjustment is made to reduce revenue and bring the fund balance down to a feasible amount.

		Revised	Preliminary
Revenue	Actual 2015	2016 Budget	2017 Budget
Local Sources			
Property Taxes	5,598,706	5,168,321	4,815,800
Investment Earnings	293		
State Sources	477		
Total Revenue	5,599,476	5,168,321	4,815,800

		Revised	Preliminary
Expenditures	Actual 2015	2016 Budget	2017 Budget
Debt Service			
Principal	3,360,000	3,520,000	3,300,000
Interest	2,003,575	1,828,746	1,754,666
Fiscal Charges and other	0	5,000	5,000
Total Expenditures	5,363,575	5,353,746	5,059,666