



Truth in Taxation

Monday, December 2, 2019

Greg Hein
Executive Director of Finance



ROBBINSDALE
Area Schools

Individual focus. Infinite potential.

See All. Serve All. Support All.



Fiscal Year 2020 Budget Overview

BUDGET OVERVIEW

The Robbinsdale Area School District's fiscal year commences July 1 of each year, which is consistent with most school districts (and is law) in Minnesota. The School Board, by law, must have a budget adopted for the upcoming fiscal year prior to July 1.

The budget sets forth the financial plan for the forthcoming fiscal year. It is based on the projected financial needs of the District and serves to allocate limited resources in the best possible way to provide educational opportunities to students.

Fiscal Year 2020 Financial Structure

GENERAL FUND

The General Fund is used to account for K-12 educational activities, instruction and student support programs. Administrative, operational, building maintenance and legal expenditures not specifically designated to be accounted for in any other fund are also recorded within the General Fund.

Transportation Services

The General Fund is also used to show all financial activities of the District's pupil transportation program. Chargebacks will be made against other operating funds when appropriate.

Fiscal Year 2020 Financial Structure

Capital Expenditures

Revenue for total operating capital, and the capital lease levy, must be recorded in the reserve for operating capital in the General Fund. Revenue for Health and Safety through Long Term Facilities Maintenance (LTFM) funding must be recorded in the LTFM reserve in the General Fund. Revenue and expenses from the Technology Levy are also recorded in the appropriate reserve in the general fund.

Proceeds from the sale or exchange of school buildings or real property must be used according to the requirements of M.S. 123.36, Subd. 13. This statute permits deposit of the proceeds in the Reserve for Operating Capital in the General Fund.

Fiscal Year 2020 Financial Structure

CHILD NUTRITION FUND

The Child Nutrition Fund is used to record financial activities of the school district's food service program. Food service includes preparation and service of milk, meals and snacks in connection with school and community service activities.

All expenditures relating to meal preparation must be recorded in the Child Nutrition Fund. Eligible expenditures include application processing, meal accountability, food preparation, and meal service.

Fiscal Year 2020 Financial Structure

COMMUNITY SERVICE FUND

The Community Service Fund is used to record all financial activities of the Community Service program.

The focus of Community Education is to provide enrichment programs for any age level that are not part of the K-12 education program. Community Education programming may also include K-12 summer school enrichment activities which, although educational in nature, are not for credit and are not required for graduation.

A district may spend up to 10 percent of its community education revenue (levy, aids and fees) to purchase or lease computers and related items as well as equipment for instructional programs and library books used exclusively for community education.

Fiscal Year 2020 Financial Structure

BUILDING CONSTRUCTION FUND

The Building Construction Fund is used to record all operations of a district's building construction program that are funded by the sale of bonds or by capital loans. Revenues and expenses relating to the District's state approved Long Term Facility Maintenance (LTFM) Program are recorded in this fund when bonds have been issued for project costs, or if a single project cost is \$2,000,000 or greater using pay-as-you-go LTFM levy.

Construction costs for buildings and additions consist of the following: expenditures for general construction, advertisement for contracts, payments on contracts for construction, installations of plumbing, heating, lighting, ventilation and electrical systems, expenditures for lockers, elevators, and other equipment, architectural and engineering services, paint and decorating expenses, and any other related costs.

Fiscal Year 2020 Financial Structure

DEBT SERVICE FUND AND OPEB DEBT SERVICE FUND

The Debt Service Fund and the OPEB Debt Service Fund are used to record revenue and expenditures for a school district's outstanding bonded indebtedness, whether for building construction, capital or OPEB liabilities, and whether for initial or refunding bonds.

When a bond issue is sold, the school board must levy a direct general tax upon the property of the District for the payment of principal and interest. The revenue from such a tax and related state aid must be separately accounted for in a Debt Service Fund.

Fiscal Year 2020 Financial Structure

OPEB TRUST FUND

The OPEB Trust Fund is used to record revenue and expenditures for the school district's earnings on investments of OPEB Assets as well as direct and medical implicit rate subsidies for severance benefits.

Fiscal Year 2020 Financial Structure

INTERNAL SERVICE FUNDS

The district's medical and dental self-insured funds record premium revenues, claims and fixed costs associated with the medical and dental plans for employees and retirees.

Fiscal Year 2020 Overview and Assumptions

GENERAL FUND OVERVIEW (Funds 01/03/05)

General Fund Revenues of \$178.6 Million are expected to be up \$4.7 Million over last year, primarily due to the addition of the new operating referendum, increases in the basic state aid formula by 2%, an increase in Special Education funding and some one-time funding for safe schools.

This increase is somewhat offset by revenue reductions for federal programs and basic skills (Compensatory and English Learners – primarily due to reduced free and reduced lunch count students).

Fiscal Year 2020 Overview and Assumptions

GENERAL FUND REVENUE ASSUMPTIONS (Fund 01/03/05)

State General Education Aid:

State Basic General Education Aid is budgeted at \$84,807,001. Under current law the basic formula amount is derived from (estimated adjusted pupil units served times \$6,438). The basic formula is increased \$126 per pupil unit or 2.00% from the 2018-19 school year amount of \$6,312. The basic general education aid serves as the district's primary funding source, accounting for 52.07% of the general operating fund revenue.

Per-Pupil-Unit Allocation-Basic General Education:

School Year	Basic Formula	Formula Change
2017-18	\$6,088	2.0%
2018-19	\$6,312	2.0%
2019-20	\$6,438	2.0%

Fiscal Year 2020 Overview and Assumptions

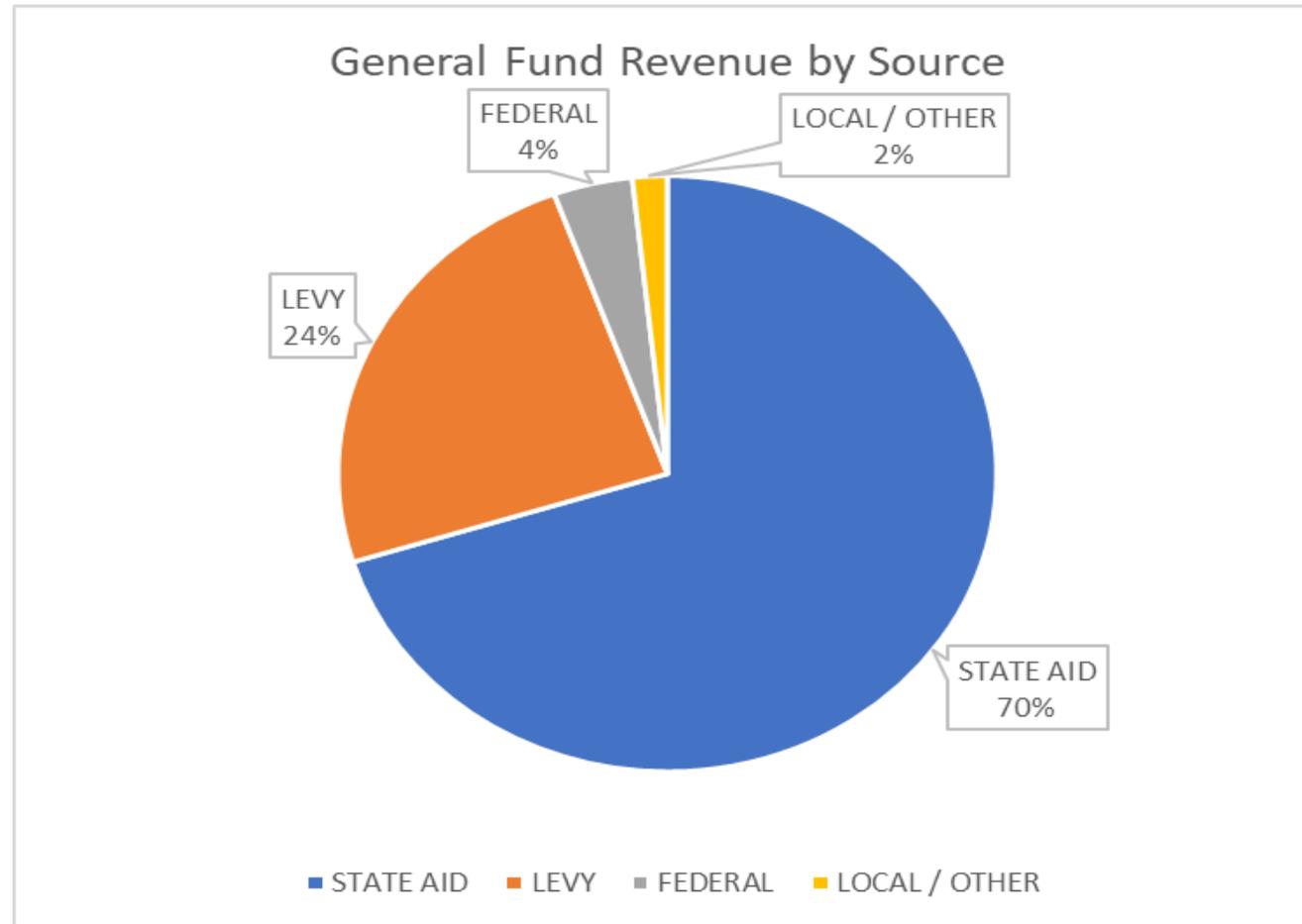
Other components of General Education Aid amount to \$17,448,337. Other components of General Education Aid are listed below:

Other General Education Aid 2019-20

Pension Adjustment	\$339,984
Gifted and Talented	\$171,247
Extended Time	\$842,258
Compensatory Revenue	\$13,250,262
Limited English Program	\$948,445
Declining Enrollment	444,225
Referendum Aid	\$1,451,916
TOTAL	\$17,448,337

Fiscal Year 2020 Overview and Assumptions

Revenues by Source



Fiscal Year 2020 Overview and Assumptions

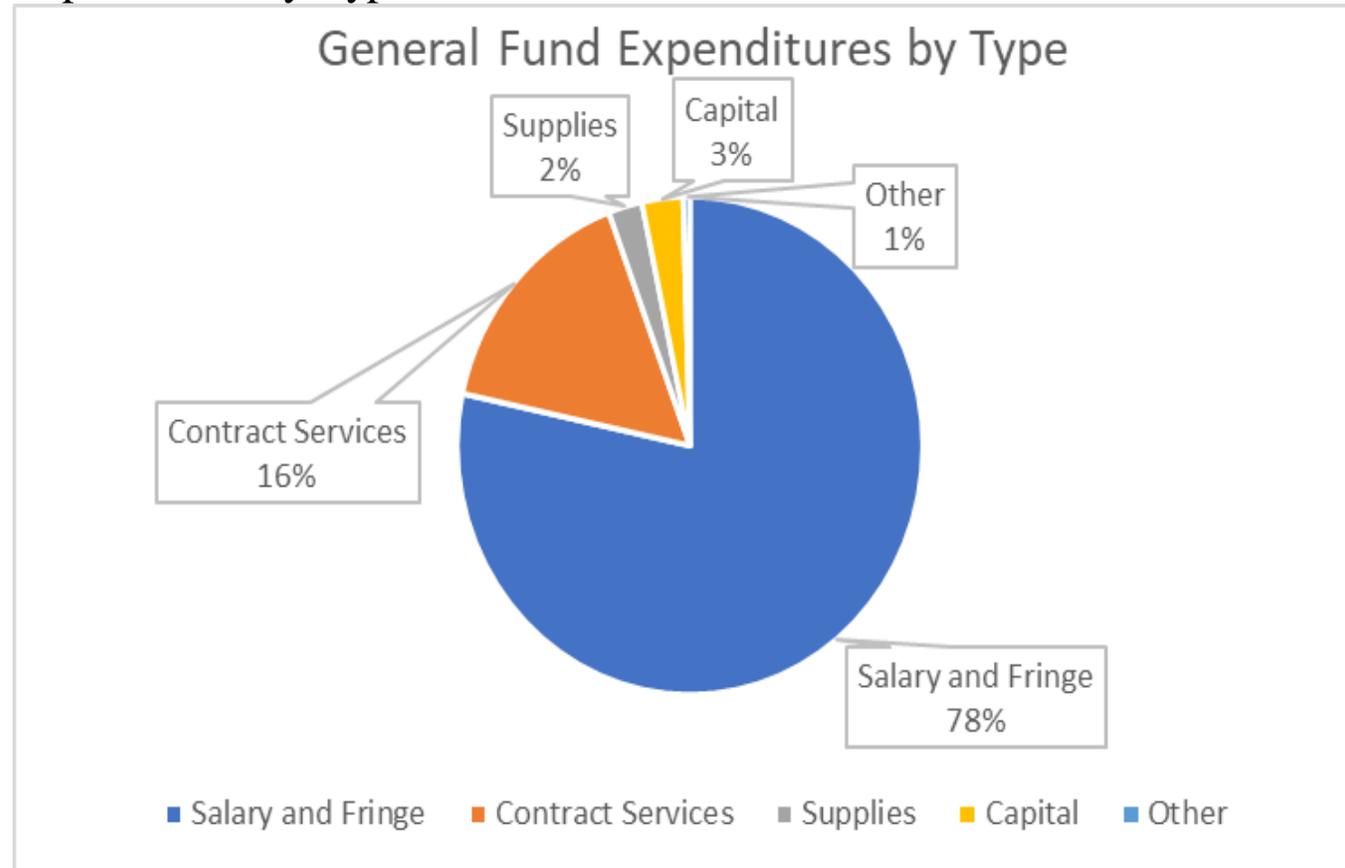
EXPENDITURE OVERVIEW

General Fund Expenditures are expected to be flat relative to last year.

Expected increases in salary and fringe benefits, increased operating capital spending (primarily on equipment, curricular resources and the non-LTFM portion of the Cooper Auditorium project) and inflation (primarily in transportation and utilities) are offset by strategic budgetary realignment items (as discussed in May 2019 and June 2019 Board work sessions).

Fiscal Year 2020 Overview and Assumptions

Expenditures by Type



Fiscal Year 2020 Overview and Assumptions

Fund Balance Detail

Category	FY19 End	Rev	Exp	Net	FY20 End
GF RESERVES					
Inventory	\$ 232,567	\$ -		\$ -	\$ 232,567
Prepaid	\$ 253,530	\$ -		\$ -	\$ 253,530
Tech Levy	\$ 202,861	\$ 5,080,600	\$ 4,927,787	\$ 152,813	\$ 355,674
Op Cap	\$ 5,805,537	\$ 6,080,216	\$ 7,261,515	\$ (1,181,299)	\$ 4,624,238
MA	\$ 707,422	\$ 600,000	\$ 75,000	\$ 525,000	\$ 1,232,422
Bldg Carryover	\$ 896,511	\$ -		\$ -	\$ 896,511
Q-Comp	\$ 173,130	\$ 3,222,918	\$ 3,336,810	\$ (113,892)	\$ 59,238
LCTS	\$ 90,739	\$ 110,000	\$ 110,000	\$ -	\$ 90,739
H&S	\$ (616,656)	\$ 1,400,000	\$ 850,000	\$ 550,000	\$ (66,656)
Safe Schools	\$ (348,735)	\$ 900,000	\$ 700,000	\$ 200,000	\$ (148,735)
Unassigned	\$ (5,839,161)	\$ 161,182,321	\$ 160,082,321	\$ 1,100,000	\$ (4,739,161)
TOTAL	\$ 1,557,745	\$ 178,576,055	\$ 177,343,433	\$ 1,232,622	\$ 2,790,366

Fiscal Year 2020 Overview and Assumptions

Unassigned Fund Balance Detail

Unassigned Detail:	Beginning	Revenue	Expense	End
Unassigned		\$ 115,909,353	\$ 92,143,097	
ALC		\$ 1,790,861	\$ 4,653,639	\$ (2,862,778)
EXT TIME COMP		\$ 446,259	\$ 446,259	\$ -
A&I		\$ 2,806,581	\$ 2,806,581	\$ -
STAFF D		\$ 1,696,140	\$ 1,696,140	\$ -
BASIC SKILLS		\$ 13,752,448	\$ 16,166,253	\$ (2,413,805)
A&I INCENTIVE		\$ 55,988	\$ 55,988	\$ -
INDIAN ED		\$ 82,000	\$ 82,000	\$ -
L&D		\$ 2,616,689	\$ 2,616,689	\$ -
G&T		\$ 171,247	\$ 618,000	\$ (446,753)
TITLE I		\$ 3,213,482	\$ 3,213,482	\$ -
TITLE II		\$ 655,644	\$ 655,644	\$ -
TITLE III		\$ 149,603	\$ 149,603	\$ -
FED SPED		\$ 2,097,224	\$ 2,097,224	\$ -
SPED PRESCHOOL		\$ 65,000	\$ 65,000	\$ -
SPED BIRTH TO 2		\$ 80,000	\$ 80,000	\$ -
VOLUNTARY CEIS		\$ 65,000	\$ 65,000	\$ -
MANDATORY CEIS		\$ 325,000	\$ 325,000	\$ -
TITLE III IMMIGRANT		\$ 16,000	\$ 16,000	\$ -
MISC FEDERAL		\$ -	\$ -	\$ -
INDIAN ED		\$ 45,000	\$ 45,000	\$ -
JOHNSON O MALLEY		\$ -	\$ -	\$ -
PERKINS		\$ 53,000	\$ 53,000	\$ -
PERKINS C&T		\$ 5,000	\$ 5,000	\$ -
TRANSPORT INTEGRATION		\$ 1,200,000	\$ 1,200,000	\$ -
STATE SPED		\$ 13,534,802	\$ 29,399,291	\$ (15,864,489)
CTE		\$ 310,000	\$ 1,388,431	\$ (1,078,431)
TITLE VIII		\$ 40,000	\$ 40,000	\$ -
TOTALS	\$ (5,839,161)	\$ 161,182,321	\$ 160,082,321	\$ (4,739,161)

Fiscal Year 2020 Overview and Assumptions

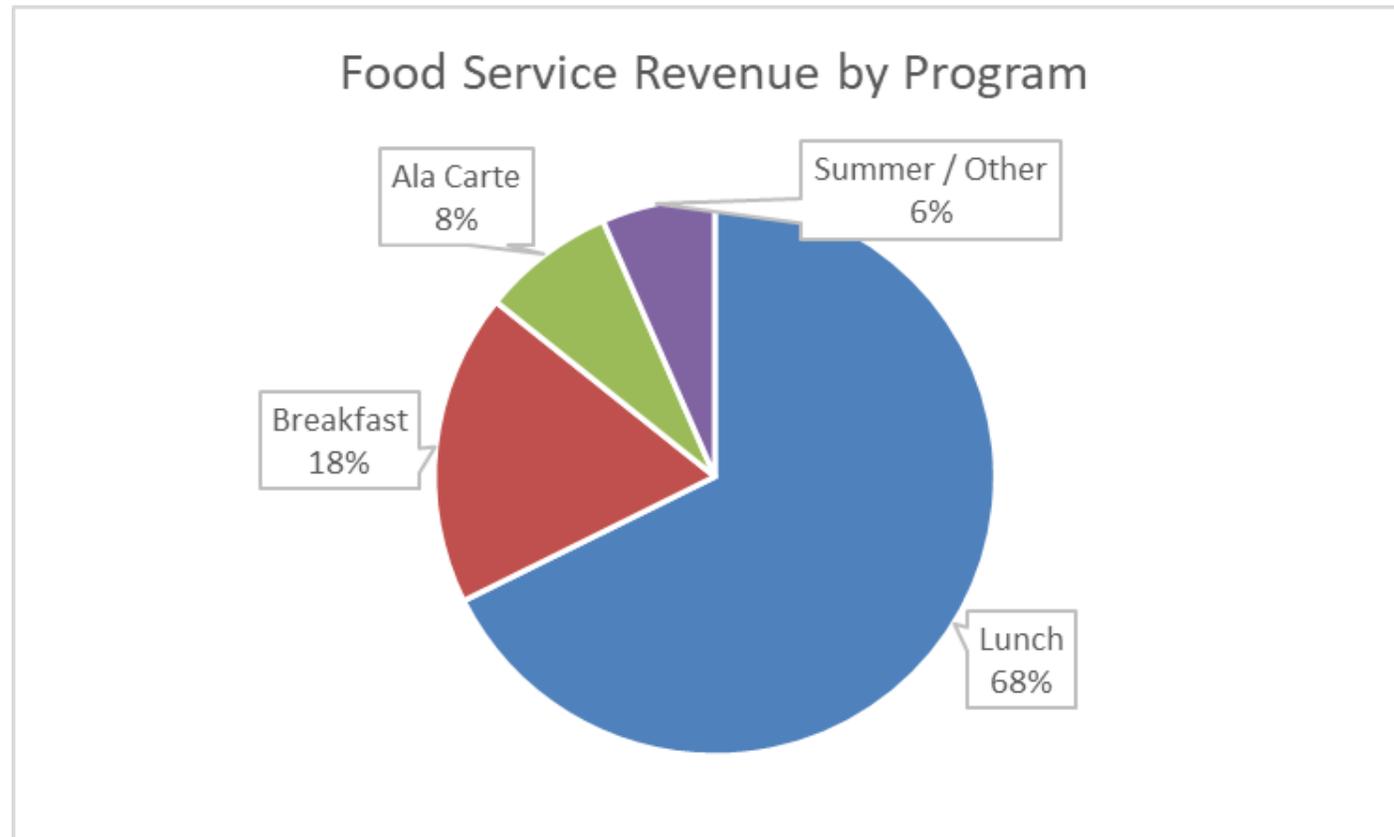
Food Service Fund

Food Service Revenues of \$7.9 Million are expected to be flat with FY19, as increased lunch prices of \$0.10 per meal, slightly increased federal reimbursements and the addition of the CACFP program are offset by reduced meals served due to lower enrollment and also a reduction in commodity revenue.

Food Service Expenditures of \$8.0 Million are also expected to increase over prior year as increased salary and benefit costs and the increased General Fund Chargeback will be mostly offset by reductions in contract services

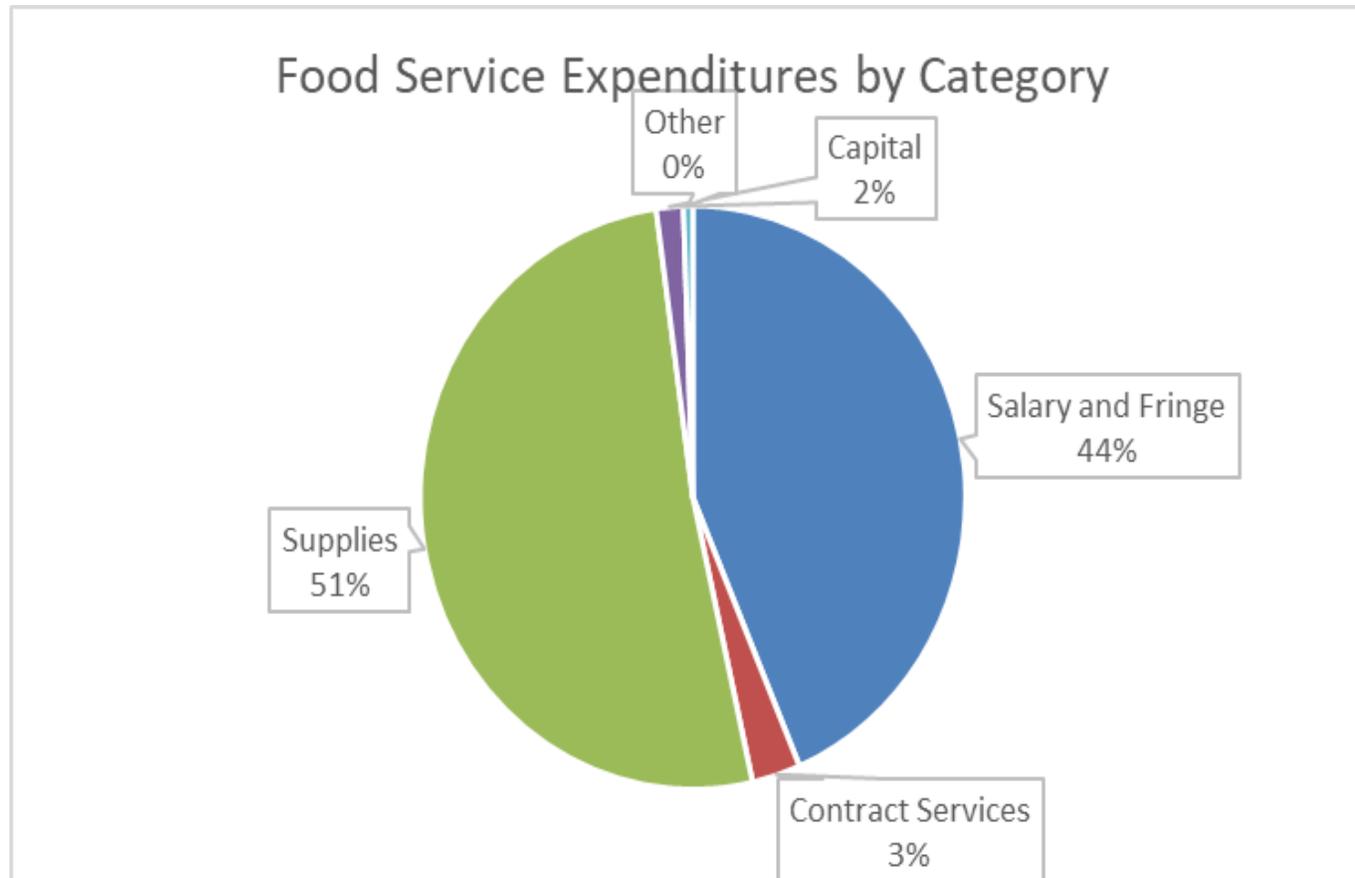
Fiscal Year 2020 Overview and Assumptions

Food Service Revenues by Program



Fiscal Year 2020 Overview and Assumptions

Food Service Expenditures by Category



Fiscal Year 2020 Overview and Assumptions

Food Service Fund Balance Summary

Estimated Fund Balance FY19 - \$ 908,000

Budgeted Revenues FY20 - \$7,925,000

Budgeted Expenses FY20 - \$8,025,000

Estimated Fund Balance FY20 - \$808,000 (10%)

Fiscal Year 2020 Overview and Assumptions

Community Service Fund

COMMUNITY EDUCATION REVENUE ASSUMPTIONS (Fund 04)

Total revenue for the community education fund is budgeted at \$10,685,475. Changes impacting revenue include:

- Early Childhood Family Education (ECFE) revenue will increase according to the ECFE formula allowance.
- Adventure Club fees will increase during the 2019-20 school year.
- Early Adventures (full-day child care with a preschool component) will continue to offer care at both Neill Elementary and FAIR School Pilgrim Lane during the 2019-20 school year.
- Adventure Club Special Needs levy will include a positive adjustment of \$308,167 to cover expenditures booked during FY2017. The student enrollment is at 276 during the 2018-19 school year.
- Adult Basic Education state reimbursement for 2019-20 is estimated at \$6.88 per contact hour. Adult Academic Program enrollment decreased over the 2018-19 school year as a result of the positive economic trends and availability of non-skilled jobs.
- Adult Enrichment programming is closing the gap.
- As has been done historically, fees for community use of school spaces will be adjusted upwards if the fees are below the average of surrounding communities.

Fiscal Year 2020 Overview and Assumptions

COMMUNITY EDUCATION EXPENDITURE ASSUMPTIONS (Fund 04)

- Salaries and benefits will reflect bargaining group agreements. If contracts are not in place, modest salary/benefits increases are budgeted.
- Community Education programs space lease costs are \$6.91/square foot (3% increase from the prior year) for dedicated office and classroom space.
- Each Community Education program area shares the cost of 1 FTE for technology services.
- Community Education administrative costs are reduced by \$36,208 for Fund 04 and \$12,069 for Fund 01 with the reduction of one full-time, 45 week FTE. This Program Assistant position was previously dedicated to the Legislative Action Coalition (LAC) and the Seven Dreams Education Foundation (SDEF). All LAC duties are handled by currently employed staff, led by Kristine Wehrkamp. Staffing costs for the SDEF are transitioning to the 501c3.

Fiscal Year 2020 Overview and Assumptions

Community Education Fund Balance Summary

Community Education Fund Balance Summary

Estimated Fund Balance FY19 -	\$ 1,561,617
Budgeted Revenues FY20	- \$ 10,685,475
Budgeted Expenses FY20	- \$ 10,540,864

Estimated Fund Balance FY20 -	\$ 1,736,228 (16%)

Fiscal Year 2020 Overview and Assumptions

Building Construction Fund

Building Construction Fund revenues of \$18,000,000 are from estimated investment earnings and a spring 2020 Bond Issue. Expenditures of \$9,000,000 are to complete summer 2019 projects and start summer 2020 projects per the 10-year LTFM plan.

Building Construction Fund Balance Summary

Estimated Fund Balance FY19 -	\$ 6,000,000
Budgeted Revenues FY20	- \$ 18,000,000
Budgeted Expenses FY20	- \$ 9,000,000

Estimated Fund Balance FY20 -	\$ 15,000,000

Fiscal Year 2020 Overview and Assumptions

Debt Service Fund

Debt Service Fund revenues of \$23,000,000 from levy and state aid will be used to pay principal and interest on existing debt. A spring LTFM bond issue of \$18,000,000 is expected, but payments on the new issue will not begin until FY 2021

Self Insured Medical Fund

Budgeted revenues from premiums of \$17.9 Million are not expected to cover budgeted claims and fixed costs of \$19.1 Million.

Estimated Fund Balance FY19 -	\$	(1,772,000)
Budgeted Revenues FY20	- \$	17,900,000
Budgeted Expenses FY20	- \$	19,100,000

Estimated Fund Balance FY20 -	\$	(\$2,992,000)

Fiscal Year 2020 Overview and Assumptions

Self Insured Dental Fund

Budgeted revenues from premiums of \$1.3 Million are expected to mostly cover budgeted claims and fixed costs of \$1.35 Million.

Estimated Fund Balance FY19 -	\$	1,150,000
Budgeted Revenues FY20	- \$	1,300,000
Budgeted Expenses FY20	- \$	1,350 000

 Estimated Fund Balance FY20 - \$ \$1,100,000

OPEB TRUST FUND

Budgeted revenues are \$0.6 Million from investment earnings and budgeted expenditures for implicit medical rate subsidy and direct severance payments are \$1.1 Million

Estimated Fund Balance FY19 -	\$	17,500,000
Budgeted Revenues FY20	- \$	600,000
Budgeted Expenses FY20	- \$	1,100,000

 Estimated Fund Balance FY20 - \$ \$17,000,000

Note: An analysis is currently underway to determine the sufficiency of trust fund draws from FY 2008 through FY 2017. This could materially affect the above stated estimated balances. Such adjustment will be recorded in FY 2019 as a prior period audit adjustment

Fiscal Year 2020 Overview and Assumptions

OPEB DEBT SERVICE FUND

Budgeted revenues are \$1.8 Million from levy and state equalization and match expected interest and principal payments on outstanding OPEB bonds.

Note: OPEB bonds were recently refunded, saving significant interest over the remaining life on the bonds

Robbinsdale Area Schools Preliminary Proposed Levy

Taxes Payable 2020 December 2, 2019

Overview

Financing of public education in MN comes from a combination of state aid, federal allocations, locally generated revenue and *property taxes*.

The Proposed Levy payable in 2020 provides the property tax revenue for the 2020-21 school year.

Property Taxes

Made up of voter approved levies:

Operating Referendum, Capital Projects and Building Bond Issues

or

Legislative Levies:

School districts are authorized to levy for specific costs such as safe schools and deferred maintenance

Property Taxes, con't.

Last Spring – Tax assessor values properties in the district for the following year – challenges can be made to the board of equalization

This Fall – preliminary school levies as well as city and county taxes are used to compute proposed property tax statements and mailed out

This winter – final taxes are certified

Next spring – Property tax statements are mailed out

Property Taxes, con't.

School property taxes can change based on:

- Property tax value changes – collectively and individually
- State aid appropriation changes
- Adjustments to actual data versus estimates from prior levies
- Enrollment cost

Levy Certification Calendar

- Sep 8 Deadline for MDE to certify levy limitations to school districts.
- Sep 30 Deadline for Districts to submit data changes to MDE.
Deadline for school boards to certify preliminary proposed property tax.
- Dec 2 ISD 281 scheduled meeting to discuss Pay 2020 final levy.
Districts are required to hold hearing in regularly scheduled meeting
between Nov. 24 and Dec. 30.
- Dec 16 ISD 281 scheduled meeting to certify final Pay 2019 levy.
Deadline for districts to certify final levy is Dec. 30.

Levy Components and comparison to Pay 2019 levy (in thousands)

Category	Pay 19	Pay 20	\$ Change	% Change
Referendum	\$ 24,469	\$ 22,269	\$ (2,200)	-9%
Local Optional	\$ 5,582	\$ 8,647	\$ 3,065	55%
Equity	\$ 931	\$ 906	\$ (25)	-3%
Transition	\$ 254	\$ 248	\$ (6)	-2%
Adjustments	\$ (478)	\$ (2,479)	\$ (2,001)	419%
Technology	\$ 4,515	\$ 4,827	\$ 312	7%
Operating Capital	\$ 1,182	\$ 1,202	\$ 20	2%
Q Comp	\$ 1,153	\$ 1,173	\$ 20	2%
Achievement & Integration	\$ 847	\$ 862	\$ 15	2%

Levy Components and comparison to Pay 2019 levy (in thousands)

Category	Pay 19	Pay 20	\$ Change	% Change
Unemployment	\$ 125	\$ 75	\$ (50)	-40%
Safe Schools	\$ 671	\$ 656	\$ (15)	-2%
Career Tech Education	\$ 310	\$ 318	\$ 8	3%
Long-Term Facilities Maintenance	\$ 1,686	\$ 1,684	\$ (2)	0%
Lease Levy	\$ 2,905	\$ 2,929	\$ 24	1%
Community Education	\$ 2,400	\$ 2,563	\$ 163	7%
Debt	\$ 18,197	\$ 18,253	\$ 56	0%
OPEB	\$ 231	\$ 1,420	\$ 1,189	515%
TOTAL	\$ 64,980	\$ 65,553	\$ 573	0.88%

Requested Board Action

- Board approval of the final tax levy at the maximum allowable for taxes payable in 2020.
- Final proposed Pay 20 levy projects an increase from the current year levy of \$573,000 or 0.88%



Excellence is Our Standard

At Robbinsdale Area Schools, we are dedicated to
Academic Excellence for *ALL* Students!

QUESTIONS?