



Truth-in-Taxation

Monday, December 7, 2020
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Executive Director of Finance



ROBBINSDALE
Area Schools

Individual focus. Infinite potential.

Fiscal Year 2021 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 2021 Financial Structure



General Fund

The General Fund is used to account for K-12 educational activities, instruction and student support programs.

Administrative, operational, building cleaning, maintenance and utilities, transportation, capital expenditures (excluding building construction and Long-Term Facilities Maintenance) and expenditures not required by State law to be accounted for in any other fund are also recorded within the General Fund.

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 and service must be recorded in the Child Nutrition Fund. Eligible expenditures include application processing, Food Service management and staff tech support, food preparation, and meal service.

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.

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.

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 the two Debt Service Funds.

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 in the trust. Retiree medical claims and direct reimbursement of Medicare supplement premiums as required by one union labor contract, net of any retiree premiums paid, are also included.

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 2021 Overview and Assumptions



General Fund Overview

(Fund 01)

General Fund Revenues of \$177.0 Million are expected to be down \$2.5 Million over last year, primarily due to enrollment declines, somewhat offset by the increase in the basic state aid formula by 2% and declining enrollment aid and increase in Special Education funding.

General Fund Revenue Assumptions (Fund 01/03/05)

State General Education Aid

- State Basic General Education Aid is budgeted at \$84,696,350. Under current law the basic formula amount is derived from estimated adjusted pupil units served times \$6,567. The basic formula is increased \$129 per pupil unit or 2.00% from the 2019-20 school year amount of \$6,438. The basic general education aid serves as the district's primary funding source, accounting for 47.83% of the general operating fund revenue.

- Per-Pupil-Unit Allocation

Basic General Education:

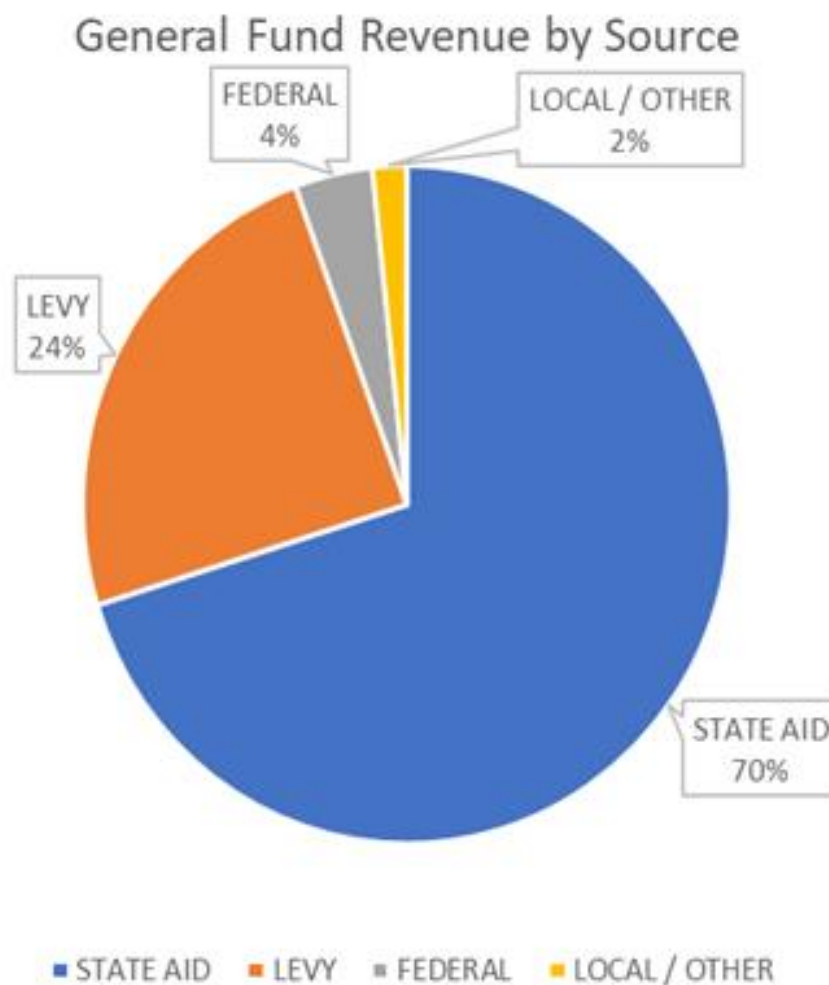
School Year	Basic Formula	Formula Change
2017-18	\$6,188	2.0%
2018-19	\$6,312	2.0%
2019-20	\$6,438	2.0%
2020-21	\$6,567	2.0%

Other components of General Education Aid amount to \$15,767,969. Other components of General Education Aid are listed below:

Other General Education Aid

Pension Adjustment	\$331,239
Gifted and Talented	\$167,664
Extended Time	\$842,258
Compensatory Revenue	\$11,758,670
Limited English Program	\$997,975
Declining Enrollment	\$511,653
Referendum Aid	\$1,158,510
TOTAL	\$15,767,969

Revenues by Source

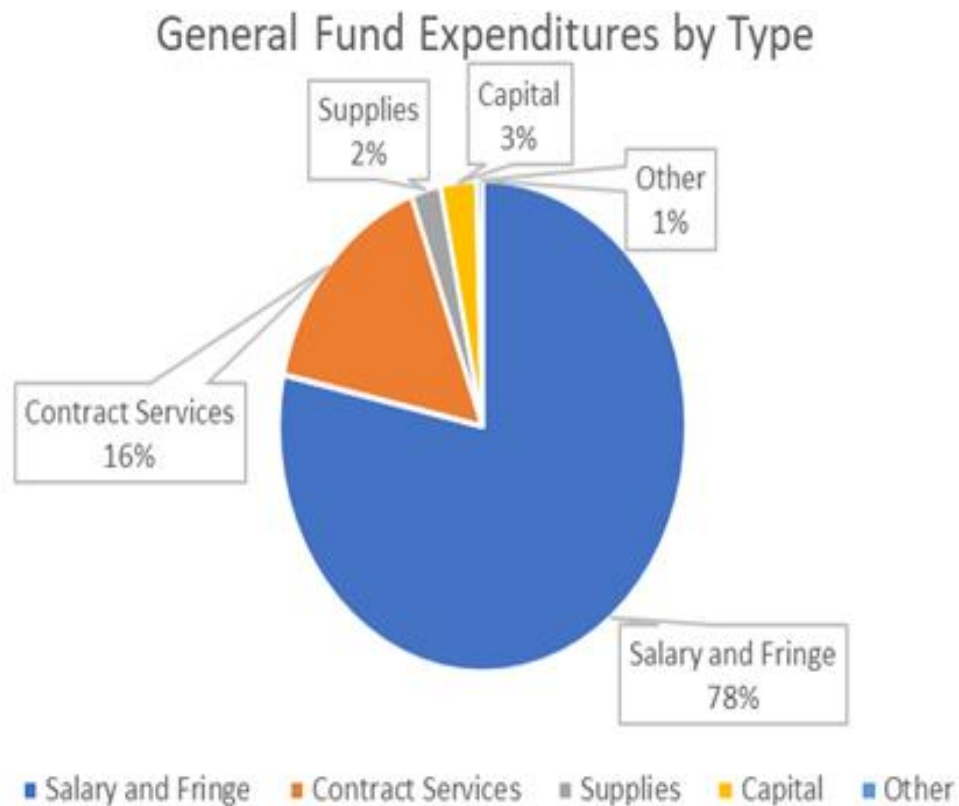


Expenditure Overview

General Fund Expenditures are expected to be down from last year.

Expected increases in salary and fringe benefits and inflation (primarily in transportation and utilities) are more than offset by strategic budgetary realignment items (as discussed at the Spring 2020 School Board work sessions).

Expenditures by Type



General Fund Reserves

Note: FY21 begin balances are unaudited and estimates at this time

Category	FY 21 Begin	Rev	Exp	FY21 End
Inventory	\$ 232,567	\$ -	\$ -	\$ 232,567
Prepaid	\$ 31,980	\$ -	\$ -	\$ 31,980
Tech Levy	\$ 1,547,227	\$ 4,826,922	\$ 4,826,922	\$ 1,547,227
Op Cap	\$ 1,804,336	\$ 5,334,701	\$ 5,334,701	\$ 1,804,336
Basic Skills	\$ -	\$ 12,756,645	\$ 12,756,645	\$ -
MA	\$ 58,913	\$ 360,000	\$ 220,000	\$ 198,913
Bldg Carryover	\$ 364,716	\$ -	\$ -	\$ 364,716
Q-Comp	\$ 500,089	\$ 3,280,553	\$ 3,280,553	\$ 500,089
LCTS	\$ 54,920	\$ 165,000	\$ 165,000	\$ 54,920
H&S / LTFM	\$ -	\$ 1,083,617	\$ 1,083,617	\$ -
Safe Schools	\$ 34,727	\$ 622,224	\$ 675,000	\$ (18,049)
Unassigned	\$ 635,392	\$ 148,642,086	\$ 147,542,086	\$ 1,735,392
TOTAL	\$ 5,264,867	\$ 177,071,748	\$ 175,884,524	\$ 6,452,091

General Fund Unassigned Detail

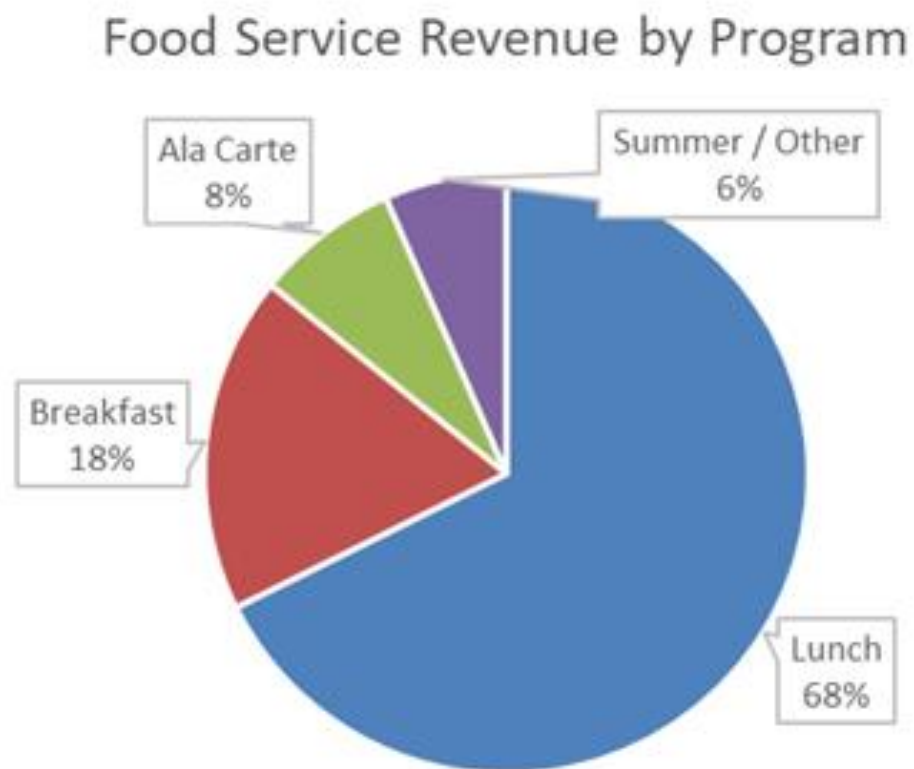
Unassigned Detail:	Revenue	Expense	+ / -
Unassigned	\$ 115,738,307	\$ 92,936,479	22,801,828
STAFF D	\$ 1,693,918	\$ 1,693,918	-
ALC	\$ -	\$ 3,312,222	(3,312,222)
A&I	\$ 2,832,706	\$ 2,832,706	-
A&I INCENTIVE	\$ 65,000	\$ 65,000	-
INDIAN ED	\$ 82,000	\$ 82,000	-
L&D	\$ 2,534,591	\$ 2,534,591	-
G&T	\$ 167,664	\$ 695,128	(527,464)
TITLE I	\$ 2,389,818	\$ 2,389,818	-
TITLE II	\$ 506,064	\$ 506,064	-
TITLE III	\$ 168,953	\$ 168,953	-
FED SPED	\$ 2,064,230	\$ 2,064,230	-
SPED PRESCHOOL	\$ 49,932	\$ 49,932	-
SPED BIRTH TO 2	\$ 75,826	\$ 75,826	-
VOLUNTARY CEIS	\$ 55,773	\$ 55,773	-
MANDATORY CEIS	\$ 317,124	\$ 317,124	-
TITLE III IMMIGRANT	\$ 1,429	\$ 1,429	-
INDIAN ED	\$ 45,000	\$ 45,000	-
PERKINS	\$ 50,000	\$ 50,000	-
TRANSPORT INTEGRATION	\$ 2,000,000	\$ 2,000,000	-
Foster Trans	\$ 200,000	\$ 1,415,000	(1,215,000)
Title 8	\$ 40,000	\$ 40,000	-
REGULAR TRANSPORT	\$ 315,000	\$ 315,000	-
STATE SPED	\$ 16,976,827	\$ 33,118,967	(16,142,140)
CTE	\$ 271,924	\$ 776,926	(505,002)
TOTALS	\$ 148,642,086	\$ 147,542,086	\$ 1,100,000

Food Service Fund

Food Service Revenues of \$8.1 Million are expected to be up slightly from last year due to a \$0.05 increase per meal for paid students, as well as a slight increase in federal reimbursement per meal, somewhat offset by lower meal counts due to expected enrollment declines.

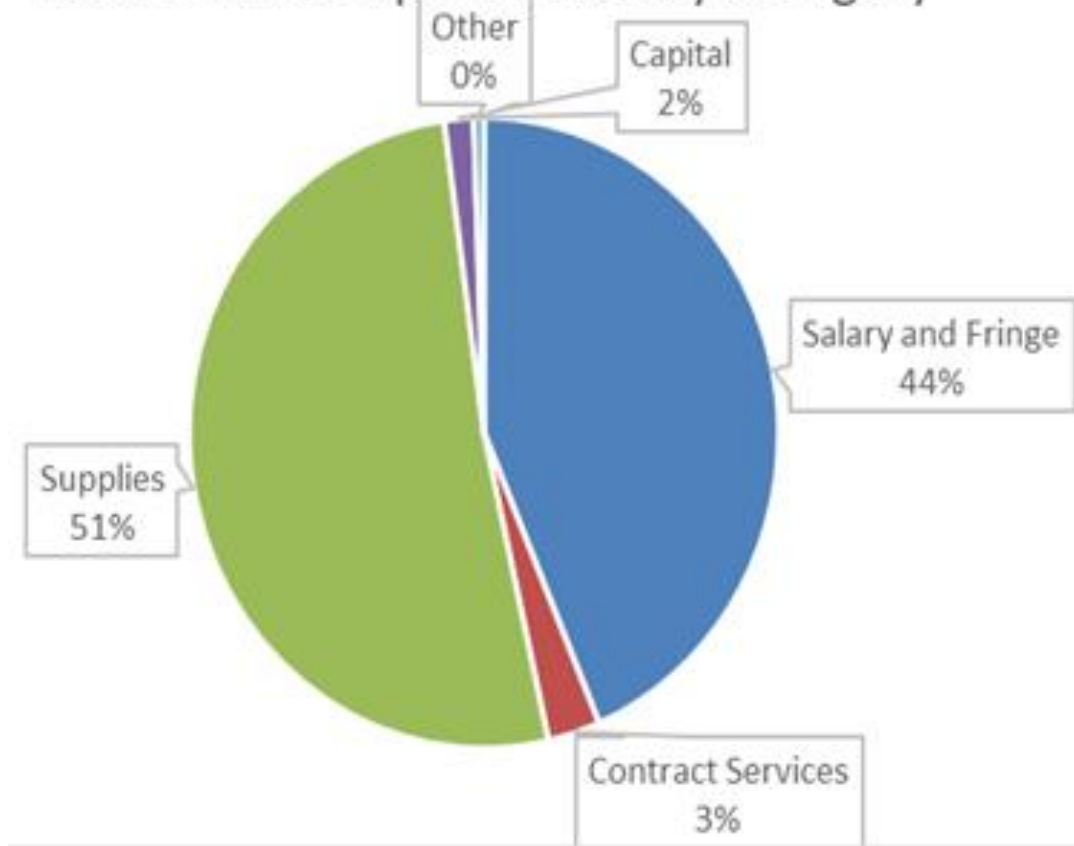
Food Service Expenditures of \$8.1 Million are expected to be up slightly from last year increased labor, benefit and food costs, somewhat offset by lower meal counts due to expected enrollment declines.

Food Service Revenues by Program



Food Service Expenditures by Category

Food Service Expenditures by Category



Food Service Fund Balance

Food Service Fund Balance is expected to be in the positive at the end of FY20 (currently unaudited).

Food Service Fund Balance is expected to be in the positive at the end of FY21 as FY21 budget is breakeven.

Community Education Revenue Assumptions (Fund 04)

Total revenue for the community education fund is budgeted at \$9,965,332. Changes impacting revenue include:

- Early Childhood Family Education (ECFE) revenue will increase according to the increase in the ECFE formula.
- Based on the current situation with COVID-19, it is not certain that Early Adventures (full-day childcare with a preschool component) will be offered during the 2020-21 school year.
- Adult Basic Education state funding for FY21 received an increase of 3%. Based on statewide enrollment, the contact hourly rate is estimated at \$7.15, an increase from \$6.88 the previous year.
- Adult Enrichment programming is adjusting to COVID-19 by continuing to provide programming in a variety of formats, while working to shrink the gap between income and expenses.

Community Education Expenditure Assumptions (Fund 04)

Total expenses for the community education fund is budgeted at \$10,778,900. Changes impacting expenses include:

- Salaries and benefits will reflect bargaining group agreements.
- Community Education programs space lease costs are \$7.01/square foot (1.5% decrease from the prior year) for dedicated office and classroom space.
- Based on the situation with COVID-19, we are unsure of the staffing expenditures for FY21 and are estimating costs on currently known parameters and best assumptions.

Community Education Fund Balance

Community Education Fund Balance is expected to drop and may require a transfer from the General Fund.

Building Construction Fund

Building Construction Fund revenues of \$18,000,000 are from estimated investment earnings and a fall 2020 Bond Issue.

Expenditures of \$18,000,000 are to complete summer 2020 projects and start summer 2021 projects per the 10-year LTFM plan.

Building Construction Fund Balance Summary

Estimated Fund Balance FY20	\$0
Budgeted Revenues FY21	\$18,000,000
Budgeted Expenses FY21	- <u>\$18,000,000</u>
Estimated Fund Balance FY21	\$0

Debt Service Fund Expenditure Assumptions (Fund 07 / Fun 47 OPEB)

Debt service fund expenditures are estimated at \$19,670,992. The expenditures are directly linked to the debt service principal and interest bond payment schedule.

Other Funds

Self-Insured Medical

Expected ending 20	+ \$305,000
Expected revenue 21	+ \$20,928,000
Expected claims 21	+ \$19,928,000

Expected ending 21	+ \$1,305,000

Self-Insured Dental

Expected ending 20	+ \$1,100,000
Expected revenue 21	+ \$1,200,000
Expected claims 21	+ \$1,200,000

Expected ending 21	+ \$1,105,000

OPEB Trust Fund

Expected ending 20	+ \$14,000,000
Expected revenue 21	+ \$600,000
Expected payouts 21	+ \$850,000

Expected ending 21	+ \$13,750,000
Actuarial Liability	+ \$10,750,000

Actuarial Surplus	+ 3,000,000

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 2021
December 7, 2020



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Overview

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

The Proposed Levy payable in 2021 provides the property tax revenue for the 2021-22 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, continued

Last spring (2020) – Tax assessor values properties in the district for the following year – challenges can be made to the board of equalization

This fall (2020) – Preliminary school levies as well as city and county taxes are used to compute proposed property tax statements and mailed out

This winter (2020) – Final taxes are certified

Next spring (2021) – Property tax statements are mailed out

Property Taxes, continued

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

Levy Certification Calendar

- Sept. 8 Deadline for MDE to certify levy limitations to school districts.
- Sept. 30 Deadline for Districts to submit data changes to MDE.
Deadline for school boards to certify preliminary proposed property tax.
- Dec. 7 ISD 281 scheduled meeting to discuss Pay 2021 final levy.
Districts are required to hold hearing in regularly scheduled meeting between Nov. 24 and Dec. 30.
- Dec. 21 ISD 281 scheduled meeting to certify final Pay 2021 levy.
Deadline for districts to certify final levy is Dec. 30.

Levy Components and Comparison to Pay 2020 Levy (in thousands)

Category	Pay 20	Pay 21	\$ Change	% Change
Referendum	\$ 22,269	\$ 21,869	\$ (400)	-2%
Local Optional	\$ 8,647	\$ 8,756	\$ 109	1%
Equity	\$ 906	\$ 881	\$ (25)	-3%
Transition	\$ 248	\$ 240	\$ (8)	-3%
Adjustments	\$ (2,478)	\$ (367)	\$ 2,111	-85%
Technology	\$ 4,827	\$ 5,274	\$ 447	9%
Operating Capital	\$ 1,202	\$ 1,317	\$ 115	10%
Q Comp	\$ 1,173	\$ 1,167	\$ (6)	-1%
Achievement & Integration	\$ 862	\$ 852	\$ (10)	-1%

Levy Components and Comparison to Pay 2020 Levy (in thousands)

Category	Pay 20	Pay 21	\$ Change	% Change
Unemployment	\$ 75	\$ 150	\$ 75	100%
Safe Schools	\$ 656	\$ 634	\$ (22)	-3%
Career Tech Education	\$ 318	\$ 365	\$ 47	15%
Long-Term Facilities Maintenance	\$ 1,686	\$ 141	\$ (1,545)	-92%
Lease Levy	\$ 2,929	\$ 2,948	\$ 19	1%
Community Education	\$ 2,563	\$ 2,150	\$ (413)	-16%
Debt	\$ 18,251	\$ 16,848	\$ (1,403)	-8%
OPEB	\$ 1,419	\$ 2,595	\$ 1,176	83%
TOTAL	\$ 65,553	\$ 65,820	\$ 267	0.41%

Requested Board Action

- ✓ Board approval of the final tax levy at \$65,819,509.03 for taxes payable in 2021.
- ✓ Final proposed Pay 21 levy projects an increase from the current year levy of \$266,126.20 or 0.41%.



Excellence is Our Standard

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

QUESTIONS?

