



SOUTH ST. PAUL PUBLIC SCHOOLS

School Board Agenda Item

Meeting Date: Monday, June 13, 2016

Place on Agenda: Committee of the Whole

Action Requested: N/A

Attachment: 2016-2017 Budget Summary

Topic: Proposed 2016-2017 Budgets
Presenter(s): Aaron Bushberger, Finance Director
Background: Attached are the proposed 2016-2017 Budgets. The Board of Education must approve these budgets prior to June 30, 2016. There are two documents included with this Board report: <u>2016-2017 Budget Summary.</u> This includes a Description of Fund, Budget Assumptions and Proposed 2016-2017 Budget for each of the following funds: General Fund, Food Service Fund, Community Service Fund and Debt Service Fund. <u>Budget Projection Model.</u> This budget projection model includes the proposed 2016-2017 general fund budget. After reviewing these budgets, we will bring them to the Board for approval at the June 27, 2016 meeting.
Recommendation: N/A
Alternatives: N/A

South St. Paul
Public Schools



2016-2017 Budgets

First Reading: June 13, 2016
Final Approval: June 27, 2016

Strategic Plan

South St Paul Public Schools has recently created a Strategic Plan, ***Passionate Learners, Positively Changing Our World***, as our Strategic Roadmap through 2020. The Mission of the Strategic Roadmap is to ***“Ignite a passion in every learner to inquire, continuously improve and engage in positively changing our world.”*** As a part of this Strategic Plan, the district has identified two key Priority Actions as our guide.

District administration, the Board of Education and the stakeholders in the South St Paul Community will continue to work to align future resources and budgets with these Priority Actions.

Priority Actions...to prepare each and every student for their next step

Our goal is to ensure success for all students at each grade level to prepare them for the career or college path of their choice. To achieve this, we will...

- Integrate International Baccalaureate (IB) experiences into all aspects of the learning day
- Improve systemic student support services by creating dedicated teacher collaborative planning and training time during the school day
- Expand Science, Technology, Engineering, Arts and Math (STEAM) experiences for students at all levels, which includes implementation of the Project Lead the Way (PLTW) curriculum
- Increase access to digital learning resources district-wide
- Expand research-based strategies and curriculum to prepare all students for career and college success through Advancement Via Individual Determination (AVID)
- Secure funding to expand time and opportunities for student and staff learning
- Strengthen our co-curricular programming district-wide

Kindergarten readiness is the foundation for all future success. To help our children be ready for kindergarten, we will...

- Secure funding to provide preschool for qualifying families
- Provide developmental literacy coaches to conduct home visits to offer support, resources and training for families with young children
- Collaborate with Dakota County and other partners to strengthen early childhood services and literacy resources
- Create additional spaces for more early learning opportunities

SPECIAL SCHOOL DISTRICT NO. 6

ALL FUNDS

Proposed 2016-2017 Budget

	<u>General Fund</u>	<u>Food Service Fund</u>	<u>Comm Serv Fund</u>	<u>Debt Service Fund</u>	<u>TOTAL</u>	<u>2015-2016 Budget</u>
Revenue						
Local sources						
Property taxes	\$5,358,323	\$0	\$499,299	\$3,176,276	\$9,033,898	\$8,564,117
Investment earnings	10,000	300	0	0	10,300	4,300
Other	657,832	636,963	1,228,323	0	2,523,118	2,448,259
State sources	34,208,470	83,992	823,864	0	35,116,326	33,511,832
Federal sources	1,257,864	1,265,916	12,000	0	2,535,780	2,400,213
Total revenue	<u>41,492,489</u>	<u>1,987,171</u>	<u>2,563,486</u>	<u>3,176,276</u>	<u>49,219,422</u>	<u>46,928,721</u>
Expenditures						
Current						
Salaries	25,374,567	725,446	1,533,829	0	27,633,842	27,078,390
Employee benefits	9,266,090	255,185	496,179	0	10,017,454	9,614,811
Purchased services	5,094,253	172,917	281,808	0	5,548,978	4,922,893
Supplies and materials	1,270,360	934,441	135,347	0	2,340,148	2,307,221
Capital expenditures	1,312,894	0	0	0	1,312,894	1,248,909
Other expenditures	178,980	240	12,850	0	192,070	327,911
Debt service	0	0	0	3,121,123	3,121,123	3,145,551
Capital outlay	0	15,000	4,775	0	19,775	178,150
Total expenditures	<u>42,497,144</u>	<u>2,103,229</u>	<u>2,464,788</u>	<u>3,121,123</u>	<u>50,186,284</u>	<u>48,823,836</u>
Net change in fund balances	-1,004,655	-116,058	98,698	55,153	-966,862	-1,895,115
Fund balances						
Beginning of year	<u>7,139,070</u>	<u>765,955</u>	<u>59,535</u>	<u>460,589</u>	<u>8,425,149</u>	
End of year	<u>\$6,134,415</u>	<u>\$649,897</u>	<u>\$158,233</u>	<u>\$515,742</u>	<u>\$7,458,287</u>	
Fund Balance %	<u>14%</u>	<u>31%</u>	<u>6%</u>			

General Fund – Fund 01

Description of Fund

The General Fund is used to account for all revenues and expenditures of the school district not accounted for elsewhere. The General Fund is used to account for educational activities, district instructional and student support programs, expenditures for the superintendent, district administration, normal operations and maintenance, pupil transportation, capital expenditures, and legal school district expenditures not specifically designated to be accounted for in any other fund.

Budget Assumptions

Revenue

1. Property Taxes – Property taxes are budgeted based on the 2015 Payable 2016 Levy that was approved by the Board of Education on December 14, 2015.
2. Other – The primary source of revenue in this area is participation and admission fees. There are no proposed fee changes from the 2015-16 fiscal year. Other sources include the district's student activities accounts and third party billing revenue. There are no proposed changes in these areas.
3. State Sources – The following primary state funding sources have been budgeted:
 - a. General Education Revenue (\$23,398,132) – the budget is based on \$6,067 per pupil unit, which is a 2% increase over the 2015-16 level of \$5,948.
 - b. Compensatory Revenue (\$2,585,403) – the budget is based on the MDE's entitlement report which is based on the October 1, 2014 Free/Reduced student count.
 - c. Special Education Revenue (\$3,500,000) – the budget is based on the special education formula.
 - d. Other State Funding (\$4,724,935) – budgets have been projected based on the approved levy, projected enrollment and MDE estimates.
4. Federal Sources – The district receives funding for Title I, Title II, Title III and Special Education. The district has budgeted for all federal programs at the same level as 2015-16.

5. Enrollment – The table below shows the actual Average Daily Membership (ADM) for 2014-15, the budgeted ADM for 2015-16 and the projected ADM for 2016-17.

Grade	2014-15 Actual	2015-16 Budget	2016-17 Projected
ECSE	35	38	37
K	271	271	264
1-3	848	837	809
4-6	809	846	888
7-12	1,504	1,526	1,557
Total	3,467	3,518	3,555

Expenditures

1. General Expenditures – Approximately \$626,000 in budget adjustments were made from the 2015-16 General Fund budget. These adjustments were approved by the Board of Education at the March 28, 2016 meeting and were made to ensure a 12% fund balance at the end of the 2016-17 fiscal year.
2. Salaries and Employee Benefits – Employee compensation is based on current collective bargaining agreements and estimates are used for any contracts that are currently in negotiations.
3. Class Size Norms – Class size norms did not change from the 2015-16 school year. Staffing is based on the following class size norms:

Grade	2015-16 Norms	2016-17 Norms
K	21-25	21-25
1	22-26	22-26
2	23-27	23-27
3	25-29	25-29
4-8	27-31	27-31
9-12	29-33	29-33

4. Other Budgets – Some budgets were increased for inflation – typically 2.5% from the 2015-16 budget. A 2.5% increase was built in for all budgets, but as a part of the budget adjustment process, the inflationary increase was taken out of some budgets and were held constant from 2015-16.

SPECIAL SCHOOL DISTRICT NO. 6
General Fund
Proposed 2016-2017 Budget

	2014-2015 <u>Actual</u>	2015-2016 <u>Budget</u>	2016-2017 <u>Proposed</u>
Revenue			
Local sources			
Property taxes	\$5,398,296	\$5,016,631	\$5,358,323
Investment earnings	2,838	4,000	10,000
Other	914,149	629,954	657,832
State sources	32,342,678	32,714,020	34,208,470
Federal sources	1,218,316	1,257,864	1,257,864
Total revenue	<u>39,876,277</u>	<u>39,622,469</u>	<u>41,492,489</u>
Expenditures			
Current			
Administration			
Salaries	748,718	768,347	784,492
Employee benefits	237,715	246,982	254,523
Purchased services	-12,632	15,185	17,345
Supplies and materials	1,928	3,200	2,200
Capital expenditures	0	0	0
Other expenditures	19,606	24,000	27,500
Total administration	<u>995,335</u>	<u>1,057,714</u>	<u>1,086,060</u>
District support services			
Salaries	760,997	893,414	940,373
Employee benefits	267,908	301,707	358,520
Purchased services	245,753	384,077	360,977
Supplies and materials	74,788	84,700	74,700
Capital expenditures	3,598	400	400
Other expenditures	2,149	1,500	1,500
Total district support services	<u>1,355,193</u>	<u>1,665,798</u>	<u>1,736,470</u>
Regular instruction			
Salaries	12,748,167	13,519,216	13,722,880
Employee benefits	4,749,839	4,826,859	4,996,087
Purchased services	594,122	658,694	787,873
Supplies and materials	813,213	780,531	786,648
Capital expenditures	84,799	147,305	87,410
Other expenditures	11,654	16,915	14,720
Total regular instruction	<u>19,001,794</u>	<u>19,949,520</u>	<u>20,395,618</u>

	2014-2015 <u>Actual</u>	2015-2016 <u>Budget</u>	2016-2017 <u>Proposed</u>
Vocational education instruction			
Salaries	173,184	158,180	165,200
Employee benefits	62,623	56,571	56,850
Purchased services	3,854	5,000	5,000
Supplies and materials	4,299	5,000	5,000
Capital expenditures	0	0	0
Other expenditures	80	0	0
Total vocational education instruction	<u>244,040</u>	<u>224,751</u>	<u>232,050</u>
Special education instruction			
Salaries	4,953,104	5,288,725	5,378,825
Employee benefits	1,941,415	2,072,703	2,174,281
Purchased services	334,903	259,046	310,300
Supplies and materials	49,484	63,380	63,280
Capital expenditures	0	1,170	0
Other expenditures	0	2,000	2,000
Total special education instruction	<u>7,278,906</u>	<u>7,687,024</u>	<u>7,928,686</u>
Instructional support services			
Salaries	2,145,326	2,104,669	2,157,918
Employee benefits	707,093	715,561	673,216
Purchased services	527,397	645,500	631,895
Supplies and materials	172,393	62,425	59,232
Capital expenditures	37,138	0	40,000
Other expenditures	7,610	219,201	75,260
Total instructional support services	<u>3,596,957</u>	<u>3,747,356</u>	<u>3,637,521</u>
Pupil support services			
Salaries	559,504	691,207	735,745
Employee benefits	232,026	275,592	325,478
Purchased services	1,296,969	1,173,785	1,451,350
Supplies and materials	4,578	17,550	16,100
Capital expenditures	0	0	0
Other expenditures	0	0	0
Total pupil support services	<u>2,093,077</u>	<u>2,158,134</u>	<u>2,528,673</u>
Sites and buildings			
Salaries	1,435,563	1,551,495	1,489,134
Employee benefits	452,845	440,515	427,135
Purchased services	1,201,842	1,264,087	1,393,909
Supplies and materials	294,586	263,200	263,200
Capital expenditures	2,651,245	1,100,034	1,185,084
Other expenditures	70,976	58,000	58,000
Total sites and buildings	<u>6,107,057</u>	<u>4,677,331</u>	<u>4,816,462</u>

	2014-2015 <u>Actual</u>	2015-2016 <u>Budget</u>	2016-2017 <u>Proposed</u>
Fiscal and other fixed cost programs			
Purchased services	139,313	74,116	135,604
Debt service			
Principal	123,638	43,569	0
Interest and fiscal charges	4,199	959	0
Total debt service	<u>127,837</u>	<u>44,528</u>	<u>0</u>
Total expenditures	40,939,509	41,286,272	42,497,144
Other financing sources (uses)			
Capital lease issued	188,972	0	0
Sale of capital assets	43,984	0	0
Transfers (out)	-150,000	-145,000	0
Total other financing sources (uses)	<u>82,956</u>	<u>-145,000</u>	<u>0</u>
Net change in fund balances	-980,276	-1,808,803	-1,004,655
Fund balances			
Beginning of year	<u>9,928,149</u>	<u>8,947,873</u>	<u>7,139,070</u>
End of year	<u><u>\$8,947,873</u></u>	<u><u>\$7,139,070</u></u>	<u><u>\$6,134,415</u></u>

Food Service Fund – Fund 02

Description of Fund

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

Budget Assumptions

Revenue

1. Other – Primarily Meal Sales – There are no proposed change in student meal prices. In addition, all students who qualify for Free and Reduced Price meals will receive free meals. The proposed prices are as follows:

Grade	2015-16 Prices	2016-17 Prices
Elem Lunch	\$1.70	\$1.70
Elem Break.	\$1.00	\$1.00
Sec Lunch	\$1.90	\$1.90
Sec Break.	\$1.35	\$1.35
Milk	\$0.35	\$0.35

2. State Sources – State reimbursements are budgeted at no change from the 2015-16 levels.
3. Federal Sources – Federal reimbursements are budgeted to increase slightly from 2015-16 levels.

Expenditures

1. Salaries and Employee Benefits – Employee compensation is based on current collective bargaining agreements and estimates are used for any contracts that are currently in negotiations.
2. Other Costs – Other costs are based on projected supplies, materials and food related costs.
3. Capital outlay – Capital outlay is budgeted based on expected costs related to equipment replacements in the kitchens.

SPECIAL SCHOOL DISTRICT NO. 6
Food Service Fund
Proposed 2016-2017 Budget

	<u>2014-2015</u> Actual	<u>2015-2016</u> Budget	<u>2016-2017</u> Proposed
Revenue			
Local sources			
Investment earnings	\$277	\$300	\$300
Other - primarily meal sales	632,634	606,613	636,963
State sources	109,458	79,310	83,992
Federal sources	<u>1,165,680</u>	<u>1,130,349</u>	<u>1,265,916</u>
Total revenue	1,908,049	1,816,572	1,987,171
Expenditures			
Current			
Salaries	561,748	610,176	725,446
Employee benefits	211,113	205,458	255,185
Purchased services	150,264	153,230	172,917
Supplies and materials	842,381	935,641	934,441
Other expenditures	140	270	240
Capital outlay	<u>23,746</u>	<u>165,000</u>	<u>15,000</u>
Total expenditures	1,789,392	2,069,775	2,103,229
Net change in fund balances	118,657	-253,203	-116,058
Fund balances			
Beginning of year	<u>900,501</u>	<u>1,019,158</u>	<u>765,955</u>
End of year	<u><u>\$1,019,158</u></u>	<u><u>\$765,955</u></u>	<u><u>\$649,897</u></u>

Community Service Fund – Fund 04

Description of Fund

The Community Service Fund is used to record all financial activities of the Community Service program. The Community Service Fund is comprised of four components, each with its own fund balance:

- Community Education
- Early Childhood Family Education (ECFE)
- School Readiness
- Adult Basic Education (ABE)

Budget Assumptions

Revenue

1. Property Taxes – Property taxes are budgeted based on the 2015 Payable 2016 Levy that was approved by the Board of Education on December 14, 2015. The district levies for General Community Education, Early Childhood Family Education (ECFE), Youth Services, Home Visiting and School Age Care – Disabled.
2. Other Sources – Primarily Tuition and Fees – The district collects participation fees in the following areas: Camps and Clinics, Preschool, School Age Care, Youth Development, After School Youth, Community Theatre (summer), Senior Citizen Programming and Early Childhood Family Education (ECFE). There will be no changes in fees from the 2015-16 fee schedules.
3. State Sources – State funding for General Community Education, ECFE and School Readiness are based on Minnesota Department of Education (MDE) projections. State funding for Adult Basic Education (ABE), Childhood Screening and Non-Public Pupil Aid are based on district estimates.

Expenditures

1. Salaries and Employee Benefits – Employee compensation is based on current collective bargaining agreements and estimates are used for any contracts that are currently in negotiations.
2. Other Costs – Other costs are based on projected supplies, materials and other related costs.

SPECIAL SCHOOL DISTRICT NO. 6
Community Service Fund
Proposed 2016-2017 Budget

	2014-2015 <u>Actual</u>	2015-2016 <u>Budget</u>	2016-2017 <u>Proposed</u>
Revenue			
Local sources			
Property taxes	\$314,551	\$446,127	\$499,299
Investment earnings	47	0	0
Other - primarily tuition and fees	1,323,548	1,211,692	1,228,323
State sources	716,511	718,502	823,864
Federal sources	102,153	12,000	12,000
Total revenue	<u>2,456,810</u>	<u>2,388,321</u>	<u>2,563,486</u>
Expenditures			
Current			
Salaries	1,614,307	1,492,961	1,533,829
Employee benefits	487,711	472,863	496,179
Purchased services	331,057	290,173	281,808
Supplies and materials	92,715	91,594	135,347
Other expenditures	1,753	6,025	12,850
Capital outlay	42,607	13,150	4,775
Total expenditures	<u>2,570,150</u>	<u>2,366,766</u>	<u>2,464,788</u>
Other financing sources (uses)			
Transfers in	150,000	0	0
Net change in fund balances	36,660	21,555	98,698
Fund balances			
Beginning of year	<u>1,320</u>	<u>37,980</u>	<u>59,535</u>
End of year	<u><u>\$37,980</u></u>	<u><u>\$59,535</u></u>	<u><u>\$158,233</u></u>
Fund Balance Components			
Community Education Programs	-\$120,024	-\$111,268	-\$100,235
Early Childhood Family Education	112,492	93,106	117,029
Adult Basic Education	45,512	44,342	48,110
School Readiness	0	33,355	93,329
Total	<u><u>\$37,980</u></u>	<u><u>\$59,535</u></u>	<u><u>\$158,233</u></u>

Debt Service Fund – Fund 07

Description of Fund

The Debt Service Fund is used to record revenues and expenditures for a school district's outstanding bonded indebtedness, whether for building construction or operating capital, 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 on such bonds as due.

Budget Assumptions

Revenue

1. Property Taxes – Property taxes are budgeted based on the 2015 Payable 2016 Levy that was approved by the Board of Education on December 14, 2015. The district is required to levy 105% of the scheduled bond principal and interest payments.

Expenditures

1. Principal and Interest – The district makes payments based on the scheduled bond principal and interest payments.
2. Fiscal Charges and Other – The district incurs trustee costs related to the payments on the bonds.

SPECIAL SCHOOL DISTRICT NO. 6
Debt Service Fund
Proposed 2016-2017 Budget

	2014-2015 <u>Actual</u>	2015-2016 <u>Budget</u>	2016-2017 <u>Proposed</u>
Revenue			
Local sources			
Property taxes	\$2,921,050	\$3,101,359	\$3,176,276
Investment earnings	320	0	0
State sources	<u>0</u>	<u>0</u>	<u>0</u>
Total revenue	2,921,370	3,101,359	3,176,276
Expenditures			
Debt Service			
Principal	1,655,000	1,770,000	1,810,000
Interest	1,369,444	1,325,023	1,304,673
Fiscal charges and other	46,842	6,000	6,450
Total expenditures	<u>3,071,286</u>	<u>3,101,023</u>	<u>3,121,123</u>
Other financing sources (uses)			
Transfer in	0	145,000	0
Building bonds issued	5,229	0	0
Premium on bonds issued	35,703	0	0
Payments to refunded bond escrow agent	<u>0</u>	<u>0</u>	<u>0</u>
Total other financing sources	40,932	145,000	0
Net change in fund balances	-108,984	145,336	55,153
Fund balances			
Beginning of year	<u>424,237</u>	<u>315,253</u>	<u>460,589</u>
End of year	<u>\$315,253</u>	<u>\$460,589</u>	<u>\$515,742</u>

**South St Paul Public Schools
Budget Projection Model**

Proposed 2016-2017 Budget

	3,518	3,555	3,582	3,586	
		2.00%	2.00%	2.00%	
		2.50%	2.50%	2.50%	
	2014-2015 Audit	2015-2016 Budget	2016-2017 Projected	2017-2018 Projected	2018-2019 Projected
Revenue					
State Sources	32,342,677	32,726,142	34,208,470	35,015,956	35,741,901
Local Levy	5,398,296	5,016,631	5,358,323	5,262,760	5,262,760
Federal Sources	1,218,316	1,282,864	1,257,864	1,257,864	1,257,864
Other	960,972	596,832	667,832	667,832	667,832
Total Revenue	39,920,261	39,622,469	41,492,489	42,204,412	42,930,357
Expenditures					
Salaries and Benefits	32,176,027	34,131,102	34,640,657	35,609,540	36,536,002
Other Costs	8,574,510	7,300,170	7,856,487	8,052,899	8,254,222
Transfers	150,000	0	0	0	0
Total Expenditures	40,900,537	41,431,272	42,497,144	43,662,439	44,790,224
NET	-980,276	-1,808,803	-1,004,655	-1,458,027	-1,859,867
Ending Fund Balance					
Restricted	1,444,214	930,406	930,406	930,406	930,406
Assigned	3,026,532	2,331,797	2,785,169	3,187,009	3,187,009
Unassigned	4,477,127	3,876,867	2,418,840	558,972	-1,300,895
TOTAL	8,947,873	7,139,070	6,134,415	4,676,388	2,816,520
Fund Balance %					
Total	22%	18%	14%	11%	6%
Unrestricted	18%	15%	12%	9%	4%
Unassigned	11%	10%	6%	1%	-3%