

South St. Paul
Public Schools



2019-2020 Budgets

First Reading: June 10, 2019
Final Approval: June 24, 2019

South St Paul Public Schools

Special School District No. 6

104 5th Ave S

South St Paul, MN 55075

www.sspps.org

651-457-9400

School Sites

Kaposia Education Center

1225 First Avenue South

Grades: PreK-5

South St Paul Secondary

700 Second Street North

Grades 6-12

Lincoln Center Elementary

357 9th Avenue North

Grades: PreK-5

Community Learning Center

151 Sixth Street East

Grades 9-12

Family Education Center

104 Fifth Avenue South

Early Childhood Family Education
(ECFE)

School Board

Chris Walker

Jeff McClellan

Wendy Felton

Patricia Bjorklund

Bill Arend

Linda Diaz

Nikki Laliberte

Chair

Vice Chair

Clerk

Treasurer

Inspector

Inspector

Inspector

Administration

Dr. Dave Webb

Aaron Bushberger

Superintendent

Finance Director

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

District Financial Timeline

South St Paul Public Schools, along with all other Minnesota school districts, operates on a fiscal year from July 1 – June 30. The budget is presented to the School Board for approval each June. Management of the school district’s budget is a process that includes important steps that occur throughout the year. The life cycle of the 2019-20 budget began last fall and will conclude with the final audit scheduled for November 2020.

September 2018	The school board reviewed and approved the preliminary property tax levy for fiscal year 2019-20.
December 2018	The school board reviewed and approved the final property tax levy for fiscal year 2019-20.
January 2019	<p>The school board began the 2019-20 budget planning process by reviewing the 2019-20 budget assumptions and budget projections.</p> <p>The school board reviewed and approved the 2019-20 Budget Guiding Change Document.</p>
March 2019	The school board reviewed and approved the proposed budget adjustments for 2019-20.
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June 2019	The school board will review and approve the 2019-20 budgets.
December 2019	The school board reviews and approves the first budget revision for the 2019-20 fiscal year.
March 2020	The school board reviews and approves the second budget revision for the 2019-20 fiscal year (if necessary).
June 2020	The district administration closes the district’s financial year and begins the audit process.
November 2020	The school board is scheduled to review and approve the final 2019-20 audit.

District Financial Overview

Minnesota school districts are required by law to prepare financial reports and annual budgets. For school districts, these financial reports include the detailed tracking of revenues and expenditures within a structure known as the Uniform Financial Accounting and Reporting Standards (UFARS). The Minnesota Legislature mandated that school districts use the UFARS reporting system. This system allows school districts to meet legislative requirements, establish greater accuracy in reporting, and provide financial accountability of public funds.

A school district's operating budget is comprised of different revenue and expenditure categories called 'funds'. These funds are established within UFARS in accordance with statutory requirements and Generally Accepted Accounting Principles (GAAP). Each fund maintains its own separate revenues, expenditures and fund balances. South St Paul Public Schools currently uses seven funds:

Fund #	Fund Title	Common Purpose
01	General	Used to account for the general operating costs, such as educational activities, district instructional and student support programs, student support services, operations and maintenance costs and building and district administration.
02	Food Service	Record financial activities of a school district's food service program. Food service includes activities for the purpose of preparation and service of meals, snacks and milk in connection with school and community service activities.
04	Community Service	Used to record all financial activities of the Community Service program, including Early Childhood Family Education (ECFE), School Readiness, and Adult Basic Education (ABE)
07/47	Debt Service	Account for revenues and expenditures for a school district's outstanding bonded indebtedness.
08	Trust	The Trust Fund is used to record revenues and expenditures for the district's flexible benefit plan. (No annual budget required)
20	Internal Service	The Internal Service Fund is used for two purposes: <ol style="list-style-type: none"> 1. Record revenues and expenditures for the district's dental and medical self-insurance programs. (No annual budget required) 2. Record financial activity related to assets held in a revocable trust to finance the district's OPEB liabilities.

SPECIAL SCHOOL DISTRICT NO. 6

ALL FUNDS

Proposed 2019-2020 Budget

	<u>General Fund</u>	<u>Food Service Fund</u>	<u>Comm Serv Fund</u>	<u>Debt Service Fund</u>	<u>TOTAL</u>
Revenue					
Local sources					
Property taxes	\$6,559,216	\$0	\$417,575	\$3,085,294	\$10,062,085
Investment earnings	200,000	5,000	10,000	0	215,000
Other	847,832	502,300	935,000	0	2,285,132
State sources	36,340,553	141,619	877,769	0	37,359,941
Federal sources	1,318,000	1,476,754	12,000	0	2,806,754
Total revenue	<u>45,265,601</u>	<u>2,125,673</u>	<u>2,252,344</u>	<u>3,085,294</u>	<u>52,728,912</u>
Expenditures					
Current					
Salaries	27,305,635	642,431	1,499,232	0	29,447,298
Employee benefits	10,791,111	246,721	514,362	0	11,552,194
Purchased services	5,020,132	191,595	258,871	0	5,470,598
Supplies and materials	1,319,664	941,314	83,600	0	2,344,578
Capital expenditures	1,812,518	0	0	0	1,812,518
Other expenditures	123,620	158,325	2,000	0	283,945
Debt service	0	0	0	3,102,538	3,102,538
Capital outlay	0	117,000	11,700	0	128,700
Total expenditures	<u>46,372,680</u>	<u>2,297,386</u>	<u>2,369,765</u>	<u>3,102,538</u>	<u>54,142,369</u>
Net change in fund balances	-1,107,079	-171,713	-117,421	-17,244	-1,413,457
Fund balances					
Beginning of year	<u>7,633,975</u>	<u>909,217</u>	<u>253,425</u>	<u>697,872</u>	<u>9,494,489</u>
End of year	<u>\$6,526,896</u>	<u>\$737,504</u>	<u>\$136,004</u>	<u>\$680,628</u>	<u>\$8,081,032</u>

General Fund – Fund 01

Budget Assumptions

Revenue

1. Property Taxes – Property taxes are budgeted based on the 2018 Payable 2019 Levy that was approved by the Board of Education on December 10, 2018.
2. Other – The primary source of revenue in this area is participation and admission fees. There are no proposed fee changes from the 2018-19 fiscal year. Other sources include the district’s student activities accounts and third party billing revenue.
3. State Sources – The following primary state funding sources have been budgeted:
 - a. General Education Revenue – the budget is based on \$6,438 per pupil unit, which is a 2% increase over the 2018-19 level of \$6,312.
 - b. Compensatory Revenue – the budget is based on the MDE’s entitlement report, which is based on the October 1, 2018 Free/Reduced student count.
 - c. Special Education Revenue – the budget is based on the special education formula and projected operating expenditures.
 - d. Other State Funding – 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 a similar level as 2018-19.
5. Enrollment – The table below shows the actual Average Daily Membership (ADM) for 2017-18, the budgeted ADM for 2018-19 and the projected ADM for 2019-20.

Grade	2017-18 Actual	2018-19 Budget	2019-20 Projected
ECSE (1)	49	40	40
VPK (2)	72	102	102
K	236	236	235
1-3	756	718	688
4-6	803	795	783
7-12	1,571	1,548	1,543
Total	3,487	3,439	3,391

(1) ECSE = Early Childhood Special Education

(2) VPK = Voluntary Pre-Kindergarten

Expenditures

1. General Expenditures – The school board approved budget adjustments at their March 25, 2019 meeting. These adjustments included increases and decreases in different areas of the budget.
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 remain unchanged from the 2018-19 school year. Staffing is based on the following class size norms:

Grade	2018-19 Norms	2018-19 Norms
K	20-24	20-24
1	21-25	21-25
2	22-26	22-26
3	23-27	23-27
4	24-28	24-28
5	25-29	25-29
6-8	27-31	27-31
9-12	29-33	29-33

4. Other Budgets – Most other budgets were held constant. Some budgets were increased for inflation – around a 2% increase from the 2018-19 budget.

SPECIAL SCHOOL DISTRICT NO. 6
General Fund
2019-2020

	2017-2018 <u>Actual</u>	2018-2019 <u>Budget</u>	2019-2020 <u>Proposed</u>
Revenue			
Local sources			
Property taxes	\$5,177,387	\$6,594,398	\$6,559,216
Investment earnings	109,799	150,000	200,000
Other	1,029,309	841,032	847,832
State sources	35,710,305	36,200,401	36,340,553
Federal sources	1,333,323	1,375,000	1,318,000
Total revenue	<u>43,360,123</u>	<u>45,160,831</u>	<u>45,265,601</u>
Expenditures			
Current			
Administration	1,127,343	1,147,805	1,173,181
District support services	1,764,843	2,092,174	2,239,155
Regular instruction	20,746,253	21,605,567	21,831,731
Vocational education instruction	180,445	0	0
Special education instruction	7,737,139	8,095,910	8,713,623
Instructional support services	3,677,803	3,974,257	4,231,341
Pupil support services	2,663,758	3,141,152	2,915,518
Sites and buildings	5,565,648	5,286,335	5,344,742
Fiscal and other fixed cost programs	182,420	197,339	-76,611
Debt service	0	0	0
Total expenditures	<u>43,645,652</u>	<u>45,540,539</u>	<u>46,372,680</u>
Other financing sources (uses)			
Sale of capital assets	6,903	0	0
Total other financing sources (uses)	<u>6,903</u>	<u>0</u>	<u>0</u>
Net change in fund balances	-278,626	-379,708	-1,107,079
Fund balances			
Beginning of year	<u>8,292,309</u>	<u>8,013,683</u>	<u>7,633,975</u>
End of year	<u><u>\$8,013,683</u></u>	<u><u>\$7,633,975</u></u>	<u><u>\$6,526,896</u></u>
Fund Balance Components			
Restricted	1,751,549	1,508,851	976,425
Unrestricted	<u>6,262,134</u>	<u>6,125,124</u>	<u>5,550,471</u>
Total	<u><u>\$8,013,683</u></u>	<u><u>\$7,633,975</u></u>	<u><u>\$6,526,896</u></u>

Food Service Fund – Fund 02

Budget Assumptions

Revenue

1. Other – Primarily Meal Sales – There is a proposed increase to 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	2018-19 Prices	2019-20 Prices
Elem Lunch	\$1.90	\$2.00
Sec Lunch	\$2.10	\$2.20

2. State Sources – State reimbursements are budgeted to increase slightly from the 2018-19 levels.
3. Federal Sources – Federal reimbursements are budgeted to increase slightly from 2018-19 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
2019-2020

	2017-2018 <u>Actual</u>	2018-2019 <u>Budget</u>	2019-2020 <u>Proposed</u>
Revenue			
Local sources			
Investment earnings	\$9,996	\$5,000	\$5,000
Other - primarily meal sales	577,093	531,095	502,300
State sources	140,673	149,496	141,619
Federal sources	<u>1,299,925</u>	<u>1,478,778</u>	<u>1,476,754</u>
Total revenue	2,027,687	2,164,369	2,125,673
Expenditures			
Current			
Salaries	560,818	628,371	642,431
Employee benefits	202,176	247,536	246,721
Purchased services	157,542	212,630	191,595
Supplies and materials	891,521	970,349	941,314
Other expenditures	140,151	150,500	158,325
Capital outlay	<u>40,046</u>	<u>30,000</u>	<u>117,000</u>
Total expenditures	1,992,254	2,239,386	2,297,386
Net change in fund balances	35,433	-75,017	-171,713
Fund balances			
Beginning of year	<u>948,801</u>	<u>984,234</u>	<u>909,217</u>
End of year	<u><u>\$984,234</u></u>	<u><u>\$909,217</u></u>	<u><u>\$737,504</u></u>

Community Service Fund – Fund 04

Budget Assumptions

Revenue

1. Property Taxes – Property taxes are budgeted based on the 2018 Payable 2019 Levy that was approved by the Board of Education on December 10, 2018. 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 is a planned increase in School Age Care fees, which was previously approved by the Board.
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
2019-2020

	2017-2018 <u>Actual</u>	2018-2019 <u>Budget</u>	2019-2020 <u>Proposed</u>
Revenue			
Local sources			
Property taxes	\$514,605	\$431,971	\$417,575
Investment earnings	9,812	10,000	10,000
Other - primarily tuition and fees	929,002	880,179	935,000
State sources	845,975	825,811	877,769
Federal sources	13,905	12,000	12,000
Total revenue	<u>2,313,299</u>	<u>2,159,961</u>	<u>2,252,344</u>
Expenditures			
Current			
Salaries	1,447,661	1,418,917	1,499,232
Employee benefits	471,373	458,447	514,362
Purchased services	385,660	223,050	258,871
Supplies and materials	122,467	96,637	83,600
Other expenditures	4,901	2,000	2,000
Capital outlay	6,390	11,700	11,700
Total expenditures	<u>2,438,452</u>	<u>2,210,751</u>	<u>2,369,765</u>
Net change in fund balances	-125,153	-50,790	-117,421
Fund balances			
Beginning of year	<u>429,368</u>	<u>304,215</u>	<u>253,425</u>
End of year	<u><u>\$304,215</u></u>	<u><u>\$253,425</u></u>	<u><u>\$136,004</u></u>
Fund Balance Components			
Nonspendable	\$2,329	\$0	\$0
Community Education Programs	113,214	104,983	27,451
Early Childhood Family Education	37,504	25,931	14,646
School Readiness	97,575	100,038	86,377
Adult Basic Education	53,593	22,473	7,530
Total	<u><u>\$304,215</u></u>	<u><u>\$253,425</u></u>	<u><u>\$136,004</u></u>

Debt Service Fund – Fund 07 and 47

Budget Assumptions

Revenue

1. Property Taxes – Property taxes are budgeted based on the 2018 Payable 2019 Levy that was approved by the Board of Education on December 10, 2018. 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
2019-2020

	2017-2018 <u>Actual</u>	2018-2019 <u>Budget</u>	2019-2020 <u>Proposed</u>
Revenue			
Local sources			
Property taxes	\$3,268,795	\$3,114,346	\$3,085,294
Investment earnings	<u>23,466</u>	<u>0</u>	<u>0</u>
Total revenue	3,292,261	3,114,346	3,085,294
Expenditures			
Debt Service			
Principal	1,865,000	1,935,000	1,995,000
Interest	1,251,761	1,153,548	1,100,938
Fiscal charges and other	<u>45,436</u>	<u>6,600</u>	<u>6,600</u>
Total expenditures	3,162,197	3,095,148	3,102,538
Other financing sources (uses)			
Refunding debt issued	1,995,000	0	0
Premium on debt issued	6,760	0	0
Payments to refunded bond escrow agent	<u>-1,960,000</u>	<u>0</u>	<u>0</u>
Total other financing sources (uses)	41,760	0	0
Net change in fund balances	171,824	19,198	-17,244
Fund balances			
Beginning of year	<u>506,850</u>	<u>678,674</u>	<u>697,872</u>
End of year	<u><u>\$678,674</u></u>	<u><u>\$697,872</u></u>	<u><u>\$680,628</u></u>