

**South St. Paul**  
*Public Schools*



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# 2022-2023 Budgets

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First Reading: June 13, 2022  
Final Approval: June 27, 2022

# South St Paul Public Schools

Special School District No. 6

104 5th Ave S

South St Paul, MN 55075

[www.sspps.org](http://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 9<sup>th</sup> Avenue North

Grades: PreK-5

### **Community Learning Center**

710 19<sup>th</sup> Avenue North

Grades 9-12

### **Family Education Center**

104 Fifth Avenue South

Early Childhood Family Education  
(ECFE)

## School Board

Linda Diaz

John Raasch

Nikki Laliberte

Chris Walker

Bill Arend

Wendy Felton

Monica Weber

Chair

Vice Chair

Clerk

Treasurer

Inspector

Inspector

Inspector

## Administration

Dr. Brian Zambreno

Brady Hoffman

Superintendent

Finance Director

## 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 2022-23 budget began last fall and will conclude with the final audit scheduled for November 2023.

|                       |  |
|-----------------------|--|
| <b>September 2021</b> | The school board reviewed and approved the preliminary property tax levy for fiscal year 2022-23.  |
| <b>December 2021</b>  | The school board reviewed and approved the final property tax levy for fiscal year 2022-23.  |
| <b>January 2022</b>   | The school board began the 2022-23 budget planning process by reviewing the 2022-23 budget assumptions and budget projections.<br><br>The school board reviewed and approved the 2022-23 Budget Guiding Change Document. |
| <b>Mar-Apr 2022</b>   | The school board reviewed and approved the proposed budget adjustments for 2022-23.  |
| <hr/>                 |  |
| <b>June 2022</b>      | The school board will review and approve the 2022-23 budgets.  |
| <b>December 2022</b>  | The school board reviews and approves the first budget revision for the 2022-23 fiscal year.   |
| <b>March 2023</b>     | The school board reviews and approves the second budget revision for the 2022-23 fiscal year (if necessary).   |
| <b>June 2023</b>      | The district administration closes the district’s financial year and begins the audit process.   |
| <b>November 2023</b>  | The school board is scheduled to review and approve the final 2022-23 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     | Debt Service      | Account for revenues and expenditures for a school district's outstanding bonded indebtedness.   |
| 20     | Internal Service  | The Internal Service Fund is used for two purposes: <ol style="list-style-type: none"> <li>1. Record revenues and expenditures for the district’s dental and medical self-insurance programs. (No annual budget required)</li> <li>2. Record financial activity related to assets held in a revocable trust to finance the district’s OPEB liabilities.</li> </ol> |

# General Fund – Fund 01

|                           |
|---------------------------|
| <b>Budget Assumptions</b> |
|---------------------------|

## Revenue

1. Property Taxes – Property taxes are budgeted based on the 2021 Payable 2022 Levy that was approved by the Board of Education on December 13, 2021.
2. Other – The primary source of revenue in this area is participation and admission fees. Revenue is based on the fees approved by the Board of Education. 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 \$6,863 per pupil unit, which is a 2% increase over the 2021-22 level of \$6,728.
  - b. Compensatory Revenue – the budget is based on the MDE’s entitlement report, which is based on the October 1, 2021 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 2021-22. In addition, the district has budgeted for additional federal programs for the 2022-23 school year.
5. Enrollment – The table below shows the actual Average Daily Membership (ADM) for 2020-21, the budgeted ADM for 2021-22 and the projected ADM for 2022-23.

| Grade        | 2020-21<br>Actual | 2021-22<br>Budget | 2022-23<br>Projected |
|--------------|-------------------|-------------------|----------------------|
| ECSE (1)     | 33                | 34                | 32                   |
| VPK (2)      | 68                | 77                | 76                   |
| K-5          | 1,282             | 1,222             | 1,195                |
| 6-8          | 729               | 716               | 650                  |
| 9-12         | 990               | 983               | 980                  |
| <b>Total</b> | <b>3,102</b>      | <b>3,032</b>      | <b>2,932</b>         |

- (1) ECSE = Early Childhood Special Education
- (2) VPK = Voluntary Pre-Kindergarten

## Expenditures

1. General Expenditures – The school board approved budget adjustments at their March 28, 2022 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 2021-22 school year. Staffing is based on the following class size norms:

| Grade | 2020-21 Norms | 2021-22 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 or decreased based on known market changes.

**SPECIAL SCHOOL DISTRICT NO. 6**  
**General Fund**  
**2022-2023**

|                             | 2020-21<br><u>Actual</u> | 2021-22<br><u>Budget</u> | 2022-23<br><u>Proposed</u> |
|-----------------------------|--------------------------|--------------------------|----------------------------|
| Revenue                     |                          |                          |                            |
| Local sources               |                          |                          |                            |
| Property taxes              | \$ 7,284,367             | \$ 7,489,545             | \$ 7,713,579               |
| Investment earnings         | 24,579                   | -                        | -                          |
| Other                       | 863,481                  | 720,332                  | 720,332                    |
| State sources               | 34,077,773               | 33,243,080               | 33,475,754                 |
| Federal sources             | 2,171,606                | 3,685,330                | 3,806,112                  |
| Total revenue               | <u>44,421,806</u>        | <u>45,138,287</u>        | <u>45,715,777</u>          |
| Expenditures                |                          |                          |                            |
| Current                     |                          |                          |                            |
| Salaries                    | 25,062,187               | 25,954,633               | 26,140,043                 |
| Employee benefits           | 10,674,302               | 10,683,170               | 10,741,667                 |
| Purchased services          | 4,852,721                | 6,386,649                | 6,647,498                  |
| Supplies and materials      | 1,265,729                | 1,260,472                | 1,049,855                  |
| Other expenditures          | 227,721                  | 64,370                   | 61,670                     |
| Capital outlay              | 2,176,456                | 970,630                  | 956,734                    |
| Total expenditures          | <u>44,259,116</u>        | <u>45,319,924</u>        | <u>45,597,467</u>          |
| Net change in fund balances | 162,690                  | (181,637)                | 118,310                    |
| Fund balances               |                          |                          |                            |
| Beginning of year           | <u>5,977,732</u>         | <u>6,140,422</u>         | <u>5,958,785</u>           |
| End of year                 | <u>\$ 6,140,422</u>      | <u>\$ 5,958,785</u>      | <u>\$ 6,077,095</u>        |
| Fund Balance %              |                          |                          |                            |
| Restricted                  | 2.0%                     | 2.1%                     | 2.0%                       |
| Unrestricted                | <u>11.9%</u>             | <u>11.0%</u>             | <u>11.3%</u>               |
| Total                       | <u>13.9%</u>             | <u>13.1%</u>             | <u>13.3%</u>               |

## Food Service Fund – Fund 02

### Budget Assumptions

#### Revenue

The Seamless Summer Option (SSO) program through the USDA that provided free meals to all students ended on June 30, 2022. As a result, the district will operate under the national school lunch program for the 2022-23 school year, the same program that was in place prior to the COVID-19 pandemic.

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      | 2020-21<br>Prices | 2021-22<br>Prices | 2022-23<br>Prices |
|------------|-------------------|-------------------|-------------------|
| Elem Lunch | \$2.10            | FREE              | \$2.40            |
| Sec Lunch  | \$2.30            | FREE              | \$2.60            |

2. State Sources – State reimbursements are budgeted to increase slightly from the 2020-2021 levels. There was no state aid for the 2021-22 school year as all meals were free and funded by the federal Seamless Summer Option (SSO) program through the USDA.
3. Federal Sources – Federal reimbursements are budgeted to decrease due to the expiration of the Seamless Summer Option (SSO) program.

#### 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**  
**2022-2023**

|                              | 2020-21<br><u>Actual</u> | 2021-22<br><u>Budget</u> | 2022-23<br><u>Proposed</u> |
|------------------------------|--------------------------|--------------------------|----------------------------|
| Revenue                      |                          |                          |                            |
| Local sources                |                          |                          |                            |
| Investment earnings          | \$ 1,424                 | \$ -                     | \$ -                       |
| Other - primarily meal sales | 33,524                   | 33,347                   | 435,734                    |
| State sources                | 1,294                    | -                        | 117,320                    |
| Federal sources              | <u>1,327,193</u>         | <u>2,060,753</u>         | <u>1,293,942</u>           |
| Total revenue                | <u>1,363,435</u>         | <u>2,094,100</u>         | <u>1,846,996</u>           |
| Expenditures                 |                          |                          |                            |
| Current                      |                          |                          |                            |
| Salaries                     | 490,882                  | 482,915                  | 492,538                    |
| Employee benefits            | 195,142                  | 175,467                  | 178,972                    |
| Purchased services           | 151,562                  | 184,761                  | 187,741                    |
| Supplies and materials       | 616,359                  | 978,373                  | 828,151                    |
| Other expenditures           | 2,275                    | 142,130                  | 142,130                    |
| Capital outlay               | <u>41,052</u>            | <u>25,000</u>            | <u>25,000</u>              |
| Total expenditures           | <u>1,497,272</u>         | <u>1,988,646</u>         | <u>1,854,532</u>           |
| Net change in fund balances  | (133,837)                | 105,454                  | (7,536)                    |
| Fund balances                |                          |                          |                            |
| Beginning of year            | <u>657,172</u>           | <u>523,335</u>           | <u>628,789</u>             |
| End of year                  | <u>\$ 523,335</u>        | <u>\$ 628,789</u>        | <u>\$ 621,253</u>          |
| Fund Balance %               | <u>35.0%</u>             | <u>31.6%</u>             | <u>33.5%</u>               |

## Community Service Fund – Fund 04

### Budget Assumptions

#### Revenue

1. Property Taxes – Property taxes are budgeted based on the 2021 Payable 2022 Levy that was approved by the Board of Education on December 13, 2021. 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).
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**  
**2022-2023**

|                                    | 2020-21<br><u>Actual</u> | 2021-22<br><u>Budget</u> | 2022-23<br><u>Proposed</u> |
|------------------------------------|--------------------------|--------------------------|----------------------------|
| Revenue                            |                          |                          |                            |
| Local sources                      |                          |                          |                            |
| Property taxes                     | \$ 549,024               | \$ 386,465               | \$ 513,150                 |
| Investment earnings                | 1,603                    | -                        | -                          |
| Other - primarily tuition and fees | 254,439                  | 707,108                  | 646,316                    |
| State sources                      | 899,075                  | 900,791                  | 929,648                    |
| Federal sources                    | 191,833                  | 12,000                   | 17,300                     |
| Total revenue                      | <u>1,895,974</u>         | <u>2,006,364</u>         | <u>2,106,414</u>           |
| Expenditures                       |                          |                          |                            |
| Current                            |                          |                          |                            |
| Salaries                           | 1,023,343                | 1,260,883                | 1,239,864                  |
| Employee benefits                  | 387,162                  | 468,797                  | 460,711                    |
| Purchased services                 | 235,472                  | 126,778                  | 136,194                    |
| Supplies and materials             | 57,133                   | 111,347                  | 57,850                     |
| Other expenditures                 | 1,260                    | -                        | 1,270                      |
| Capital outlay                     | 3,824                    | -                        | 1,125                      |
| Total expenditures                 | <u>1,708,194</u>         | <u>1,967,805</u>         | <u>1,897,014</u>           |
| Net change in fund balances        | 187,780                  | 38,559                   | 209,400                    |
| Fund balances                      |                          |                          |                            |
| Beginning of year                  | <u>134,009</u>           | <u>321,789</u>           | <u>360,348</u>             |
| End of year                        | <u>\$ 321,789</u>        | <u>\$ 360,348</u>        | <u>\$ 569,748</u>          |
| Fund Balance Components            |                          |                          |                            |
| Community Education Programs       | \$ 180,463               | \$ 221,738               | \$ 366,892                 |
| Early Childhood Family Education   | 11,039                   | 17,593                   | 34,616                     |
| School Readiness                   | 90,669                   | 89,146                   | 116,877                    |
| Adult Basic Education              | 39,618                   | 31,871                   | 51,363                     |
| Total                              | <u>\$ 321,789</u>        | <u>\$ 360,348</u>        | <u>\$ 569,748</u>          |

## Debt Service Fund – Fund 07

|                           |
|---------------------------|
| <b>Budget Assumptions</b> |
|---------------------------|

### Revenue

1. Property Taxes – Property taxes are budgeted based on the 2021 Payable 2022 Levy that was approved by the Board of Education on December 134, 2021. 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**  
**2022-2023**

|                                      | 2020-21<br><u>Actual</u> | 2021-22<br><u>Budget</u> | 2022-23<br><u>Proposed</u> |
|--------------------------------------|--------------------------|--------------------------|----------------------------|
| Revenue                              |                          |                          |                            |
| Local sources                        |                          |                          |                            |
| Property taxes                       | \$ 2,177,072             | \$ 2,985,491             | \$ 3,012,550               |
| Investment earnings                  | 5,155                    | -                        | -                          |
| Other sources                        | 163,514                  | -                        | -                          |
| Total revenue                        | <u>2,345,741</u>         | <u>2,985,491</u>         | <u>3,012,550</u>           |
| Expenditures                         |                          |                          |                            |
| Debt Service                         |                          |                          |                            |
| Principal                            | 1,365,000                | 1,975,000                | 1,855,000                  |
| Interest                             | 1,042,637                | 1,010,338                | 1,115,532                  |
| Fiscal charges and other             | 5,363                    | 107,886                  | 6,000                      |
| Total expenditures                   | <u>2,413,000</u>         | <u>3,093,224</u>         | <u>2,976,532</u>           |
| Other financing sources (uses)       |                          |                          |                            |
| Bond Proceeds                        | -                        | 14,787,044               | -                          |
| Refunding Bond Payment               | -                        | (14,685,000)             | -                          |
| Total other financing sources (uses) | <u>-</u>                 | <u>102,044</u>           | <u>-</u>                   |
| Net change in fund balances          | (67,259)                 | (5,689)                  | 36,018                     |
| Fund balances                        |                          |                          |                            |
| Beginning of year                    | <u>792,594</u>           | <u>725,335</u>           | <u>719,646</u>             |
| End of year                          | <u>\$ 725,335</u>        | <u>\$ 719,646</u>        | <u>\$ 755,664</u>          |