

DETROIT LAKES PUBLIC SCHOOLS
INDEPENDENT SCHOOL DISTRICT #22



2023-2024 BUDGET

June 26, 2023

DETROIT LAKES PUBLIC SCHOOLS

**INDEPENDENT SCHOOL DISTRICT #22
Detroit Lakes, Minnesota**

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DETROIT LAKES PUBLIC SCHOOLS

INDEPENDENT SCHOOL DISTRICT #22 Detroit Lakes, Minnesota

2023-24 Budget

This document includes the Detroit Lakes Public Schools initial budget for the upcoming 2023-24 school year. The budget is primarily driven by the Average Daily Membership (ADM). The ADM is a yearlong moving average based on the number of students served by the District at reporting times set by the Minnesota Department of Education. Projecting the ADM for upcoming years is far from a simple science. Many factors can come into play such as difference in class size of the outgoing senior class and incoming kindergarten class, changes in open enrollment, change in pre-kindergarten enrollment, student mobility, and the year to year retention ratios. The projected district ADMs for 2023-24 are based on kindergarten registration numbers, as well as past enrollment trends. We are predicting a kindergarten class size of 185 students in 2023-24.

In addition to ADMs, the initial budget for 2023-24 have been prepared based on planning parameters such as employee compensation increases, utility changes, liability and workers' compensation insurance cost projections, changes in special education funding, General Education formula changes, and updates to anticipated other revenues/expenditures.

Funding related to the Covid-19 pandemic continues to have a significant impact in the school district. The 2023-24 budget includes previous revenue streams provided through the America Rescue Plan paired with expenditures. These funds initially were targeted on purchases necessary to keep our staff and students safe and now focus on providing resources for lost instructional time and mental health. This will be the final year for accessing these funds.

GENERAL FUND

Unassigned General Fund is projected to have a surplus of \$189,000.00. This budget reflects estimated revenues of \$39,743,142.00 and expenditures of \$39,554,143.00 with a projected year-end fund balance of \$4,967,283.

Revenue changes include increases to the general education formula aid & levy. The General Education formula revenue was increased \$275 (4%) to \$7,138 per student. The District's Average Daily Member (ADM) was estimated at 2687 for the 2023-24 budget. Student projections are based on historical grade by grade progression, incoming kindergarten class size and the latest demographic information. The kindergarten class is estimated at 185. Additional revenue from an increase in extended time ADMs and the net effect of various America Rescue Plan revenue streams are a significant part of the revenue projections.

Expenditure changes include an increase in services, maintaining appropriate staffing levels, continued mental health services, increases of salary (including fringe benefits), expenditures associated with the America Rescue Plan, and operation costs of District buildings taking new space created through the building project into consideration.

OPERATING CAPITAL FUND

Restricted Operating Capital is projected to have a deficit of \$251,742. The budgeted expenditures of \$1,126,400 include significant costs associated with technology equipment and routine building equipment improvements.

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Restricted Long Term Facilities Maintenance Revenue (LTFM) is projected to have a surplus of \$211,430. Past LTFM projects have utilized existing General Fund Unassigned fund balance to cover the cost up front and will be replenished by future LTFM aid. The revenue stream is based on \$380 per adjusted pupil unit. Taking the prior negative balance and the estimated current year surplus, the anticipated year-end fund balance will be negative \$13,931 and expected to be recovered in the 2024-25 school year.

TOTAL GENERAL FUND

The Total Restricted General Fund is projected to have a deficit of \$183,198 based on revenues of \$2,322,566 and expenditures of \$2,505,764 with an ending combined fund balance of \$2,956,935.

The Total Committed for Severance Pay and Other Post-Employment Benefits General Fund is budget neutral with a projected year-end fund balance of \$2,619,414.

The Total Assigned General Fund is budget neutral with a projected year-end fund balance of \$1,552,650.

The Total Unassigned General Fund is projected to have a surplus of \$189,000 with a year-end fund balance of \$4,967,283.

The Total Restricted, Committed, and Unassigned General Fund is projected to have a surplus of \$5,801 based on revenues of \$42,065,708 and expenditures of \$42,059,907 with a year-end fund balance of \$12,156,291.

FOOD SERVICE FUND

The Food Service Fund is projected to have a surplus of \$2,719 based on revenues of \$1,970,656 and expenditures of \$1,967,937 and a year-end fund balance of \$1,087,759.

COMMUNITY SERVICES FUND

The Community Services fund is comprised of five sub-components:

1. Restricted for Early Childhood/Family Education is projected to have a surplus of \$15,283 and a year-end fund balance of \$193,113.
2. Restricted for Community Education is projected to have a deficit of \$6,498 and a year-end fund balance of \$166,145.
3. Restricted for School Readiness is projected to have a deficit of \$55,479 and a year-end fund balance of \$229,994.
4. Restricted for Adult Basic Education (ABE) is projected to have a deficit of \$831 and a year-end fund balance of \$62,357.

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5. Restricted for Community Services - Unassigned is projected to have a deficit of \$4,671 with a funding balance of \$7,162.

Overall, all five components of the Community Education Fund combined are predicted to have a deficit of \$52,196 bringing the overall fund balance to \$657,940.

BUILDING FUND

The Building Fund will have no activity during the 2023-24 school year as all projects have been completed and final payments have been made to contractors.

DEBT SERVICE FUND

The Debt Service Fund is projected to have a surplus of \$128,339 with a year-end fund balance of \$820,266. The fund is servicing payments for the Abatement bonds issued in 2018, the Referendum GO Bonds issued in 2019, Facilities Maintenance Bonds issued in 2020, and the exercising of additional levying authority in 2022.

CUSTODIAL FUND

The Custodial Fund is projected to be revenue and expenditure neutral with a year-end fund balance of \$12,500. The fund records fiduciary activities by acting as a flow through mechanism for revenue and expenditures from outside organizations not resulting in a financial benefit to the District.

STUDENT ACITIVITIES FUND

The Student Activities Fund is projected to be budget neutral with a year-end fund balance of \$243,744. The fund records transactions related to student extracurricular activity accounts at the Middle School and High School.

TOTAL (ALL FUNDS)

At the District Wide level, the fund balance of the School District is projected to have a surplus of \$84,663 with a year-end Fund Balance of \$15,058,063 based on combined revenues of \$50,424,935 and expenditures of \$50,340,272

DETROIT LAKES PUBLIC SCHOOLS

INDEPENDENT SCHOOL DISTRICT #22 Detroit Lakes, Minnesota

SUMMARY OF 2023-2024 INITIAL BUDGET

The total Unassigned General Fund, representing the largest portion of our School District's operating expenses, is predicted to have a surplus of \$188,999.

Maintaining a healthy fund balance is essential for future success. Table 1 below gives a brief history of the Unassigned General Fund Balance and Expenditures. District Policy 714 establishes the desired fund balance in the range of 15% to 25% of the annual Statutory Operating Debt (SOD) expenditures as calculated by Minnesota Department of Education. The 2023-24 estimated fund balance to expenditure percentage is 14.60%.

	General Fund Unassigned Fund Balance**	General Fund SOD Expenditures**	Unassigned Fund Balance As a % Expenditures**
2010-11	\$4,211,311	\$23,087,157	18.24%
2011-12	\$4,696,033	\$23,905,847	19.64%
2012-13	\$4,944,900	\$24,017,431	20.59%
2013-14	\$4,797,193	\$24,433,679	19.63%
2014-15	\$5,707,848	\$25,114,947	22.73%
2015-16	\$5,882,356	\$26,323,158	22.35%
2016-17	\$6,015,088	\$27,907,492	21.55%
2017-18	\$5,425,230	\$29,394,094	18.46%
2018-19	\$5,393,503	\$31,624,477	17.05%
2019-20	\$5,038,918	\$32,384,773	15.56%
2020-21	\$6,336,201	\$34,725,049	18.24%
2021-22	\$5,147,443	\$33,792,081	15.23%
2022-23** (Estimate)	\$4,778,284	\$33,912,022	14.10%
2023-24** (Estimate)	\$4,967,283	\$34,016,833	14.60%

** Projected using General Fund and Transportation Unassigned Fund balance and non-restricted expenditures

INDEPENDENT SCHOOL DISTRICT #22
Detroit Lakes Public Schools

Revenue and Expenditure Budget Summary by Fund

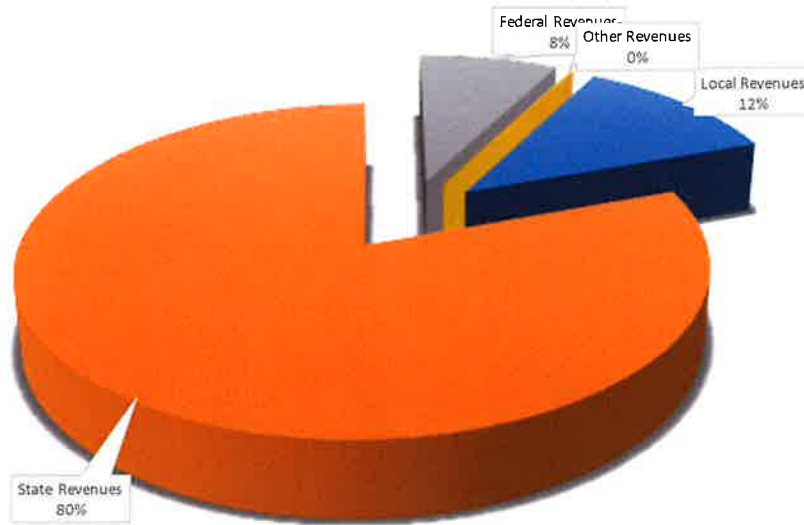
2022-23 BUDGET

	<u>2022-23 Revenue</u>	<u>2022-23 Expenditures</u>	<u>Difference</u>
General Fund	\$ 39,773,141.00	\$ 40,399,461.00	\$ (626,320.00)
Food Service	\$ 1,854,368.00	\$ 1,845,524.00	\$ 8,844.00
Community Education	\$ 1,440,844.00	\$ 1,372,846.00	\$ 67,998.00
Building Fund	\$ 2,837,796.00	\$ 3,218,000.00	\$ (380,204.00)
Debt Service	\$ 3,929,384.00	\$ 3,846,931.00	\$ 82,453.00
Custodial Accounts	\$ 81,000.00	\$ 81,000.00	\$ -
Student Activities	\$ 193,400.00	\$ 187,000.00	\$ 6,400.00
TOTAL ALL FUNDS	\$ 50,109,933.00	\$ 50,950,762.00	\$ (840,829.00)

2023-24 BUDGET

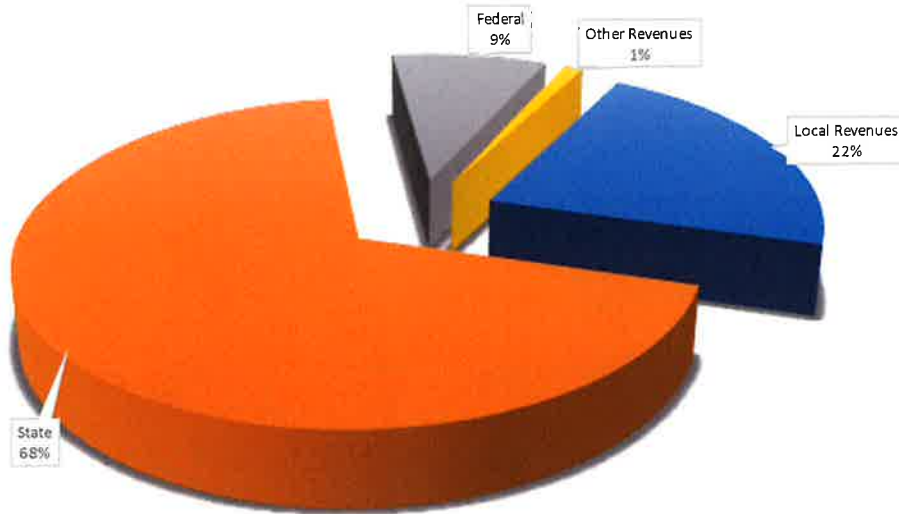
	<u>2023-24 Revenue</u>	<u>2023-24 Expenditures</u>	<u>Difference</u>
General Fund	\$ 42,065,708.00	\$ 42,059,907.00	\$ 5,801.00
Food Service	\$ 1,970,656.00	\$ 1,967,937.00	\$ 2,719.00
Community Education	\$ 1,419,756.00	\$ 1,471,952.00	\$ (52,196.00)
Building Fund	\$ -	\$ -	\$ -
Debt Service	\$ 4,738,365.00	\$ 4,610,026.00	\$ 128,339.00
Custodial Accounts	\$ 10,000.00	\$ 10,000.00	\$ -
Student Activities	\$ 220,450.00	\$ 220,450.00	\$ -
TOTAL ALL FUNDS	\$ 50,424,935.00	\$ 50,340,272.00	\$ 84,663.00

**Independent School District #22
2023-24 General Fund Revenues By Major Source**



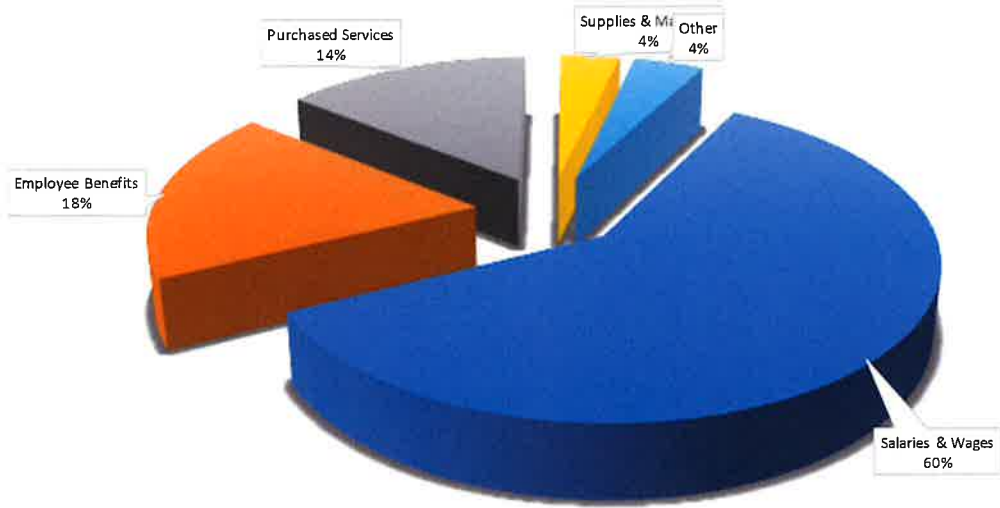
Local Revenues	\$	4,930,942.00	11.7%
State Revenues	\$	33,770,807.00	80.3%
Federal Revenues	\$	3,323,859.00	7.9%
Other Revenues	\$	40,100.00	0.1%
Total Revenue	\$	42,065,708.00	

**Independent School District #22
2023-24 All Fund Revenues By Major Source**



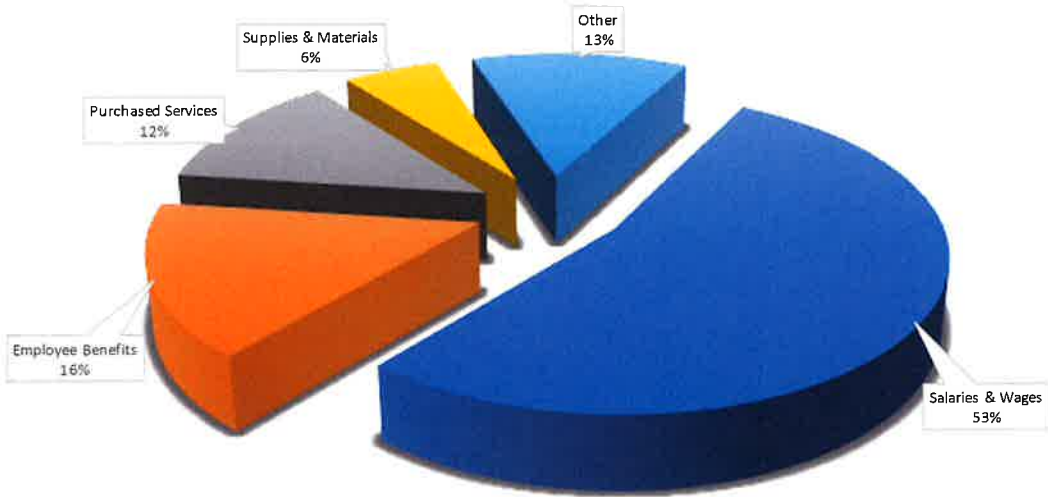
Local Revenues	\$	11,012,312.00	21.8%
State	\$	34,454,807.00	68.3%
Federal	\$	4,424,124.00	8.8%
Other Revenues	\$	533,692.00	1.1%
Total Revenue	\$	50,424,935.00	

**Independent School District #22
2023-24 General Fund Expenditures By Object**



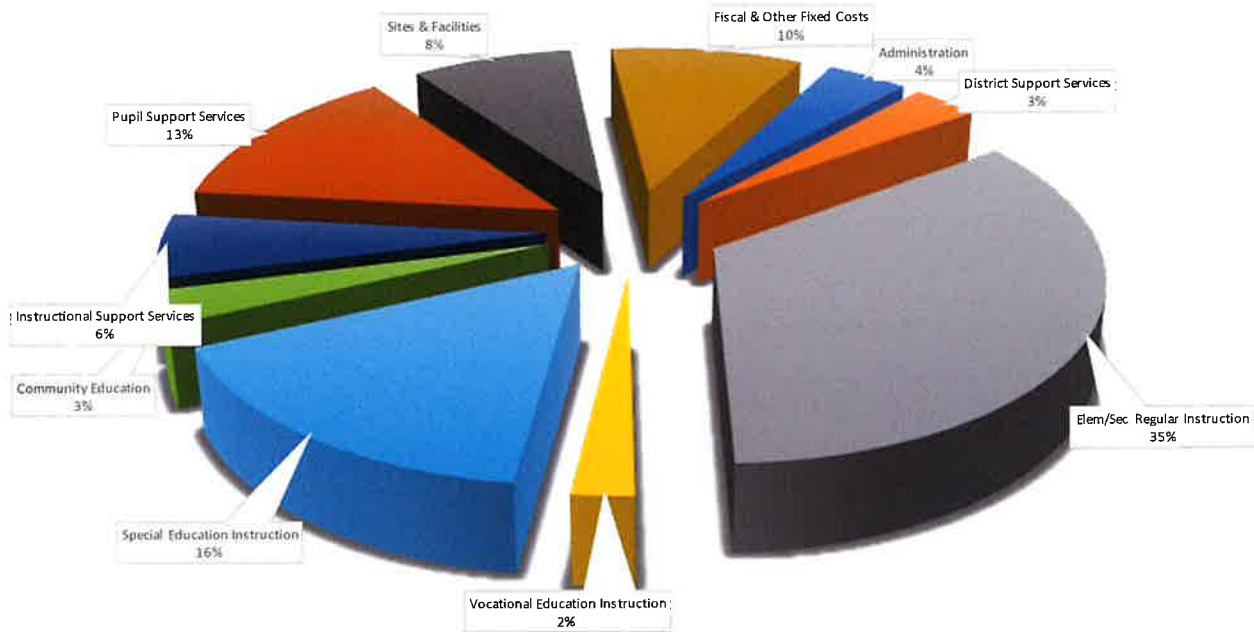
Salaries & Wages	\$	25,191,313	62.0%
Employee Benefits	\$	7,623,362	18.0%
Purchased Services	\$	6,050,701	11.0%
Supplies & Materials	\$	1,461,281	4.0%
Other	\$	1,733,250	5.0%
Total Expenditures	\$	42,059,907.00	

**Independent School District #22
2023-24 Expenditures By Object (All Funds)**



Salaries & Wages	\$	26,891,815	47%
Employee Benefits	\$	8,017,740	15%
Purchased Services	\$	6,249,730	14%
Supplies & Materials	\$	2,809,324	6%
Other	\$	6,371,663	18%
Total Expenditures	\$	50,340,272.00	

**Independent School District #22
2023-24 General Fund Expenditures By Program**



Administration	\$	2,061,756	4.1%
District Support Services	\$	1,666,057	3.3%
Elem/Sec Regular Instruction	\$	17,400,591	34.6%
Vocational Education Instruction	\$	1,106,905	2.2%
Special Education Instruction	\$	8,161,390	16.2%
Community Education	\$	1,471,952	2.9%
Instructional Support Services	\$	2,873,269	5.7%
Pupil Support Services	\$	6,745,356	13.4%
Sites & Facilities	\$	4,039,970	8.0%
Fiscal & Other Fixed Costs	\$	4,813,026	9.6%
Total Expenditures	\$	50,340,272.00	