

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



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# 2023-2024 Budgets

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First Reading: June 12, 2023  
Final Approval: June 26, 2023

# 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

John Raasch

Monica Weber

Nikki Laliberte

Anne Claflin

Tim Felton

Wendy Felton

Vacant

Chair

Vice Chair

Clerk

Treasurer

Director

Director

Director

## 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 2023-24 budget began last fall and will conclude with the final audit scheduled for November 2024.

<b>September 2022</b>	The school board reviewed and approved the preliminary property tax levy for fiscal year 2023-24.
<b>November 2022</b>	The school board reviewed and approved the final 2021-22 audit.
<b>December 2022</b>	The school board reviewed and approved the final property tax levy for fiscal year 2023-24.
<b>January 2023</b>	The school board began the 2023-24 budget planning process by reviewing the 2023-24 budget assumptions and budget projections. The school board approved the 2023-24 Budget Guiding Change Document.
<b>March 2023</b>	The school board reviewed and approved the proposed budget adjustments for 2022-23.
<b>June 2023</b>	The school board will review and approve the 2023-24 budgets.
<b>September 2023</b>	The school board will review and approve the preliminary property tax levy for fiscal year 2024-25.
<b>November 2023</b>	The school board is scheduled to review and approve the final 2022-23 audit.
<b>December 2023</b>	The school board will review and approve the final property tax levy for fiscal year 2024-25.

## 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 five 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	<p>The Internal Service Fund is used for two purposes:</p> <ol style="list-style-type: none"> <li>1. Record revenues and expenditures for the district's dental and medical self-insurance programs.</li> <li>2. Record financial activity related to assets held in a revocable trust to finance the district's OPEB liabilities.</li> </ol> <p>Note: No annual budget is required for these funds</p>

**SPECIAL SCHOOL DISTRICT NO. 6**

**ALL FUNDS**

**Proposed 2023-2024 Budget**

	General Fund	Food Service Fund	Comm Serv Fund	Debt Service Fund	TOTAL
<b>Revenue</b>					
<b>Local sources</b>					
Property taxes	\$ 11,574,482	\$ -	\$ 422,611	\$ 3,251,821	\$ 15,248,914
Other	738,832	22,827	671,466	-	1,433,125
<b>State sources</b>	36,345,218	530,960	900,114	-	37,776,292
<b>Federal sources</b>	3,197,724	1,384,468	17,300	-	4,599,492
<b>Total revenue</b>	<u>51,856,256</u>	<u>1,938,255</u>	<u>2,011,491</u>	<u>3,251,821</u>	<u>59,057,823</u>
<b>Expenditures</b>					
<b>Current</b>					
Salaries	28,123,062	576,493	1,403,339	-	30,102,894
Employee benefits	11,484,748	211,359	510,885	-	12,206,992
Purchased services	6,585,326	192,300	110,075	-	6,887,701
Supplies and materials	1,306,290	878,983	48,650	-	2,233,923
Other expenditures	56,770	142,130	1,270	-	200,170
Debt service	-	-	-	3,379,610	3,379,610
Capital outlay	1,969,013	25,000	2,125	-	1,996,138
<b>Total expenditures</b>	<u>49,525,209</u>	<u>2,026,265</u>	<u>2,076,344</u>	<u>3,379,610</u>	<u>57,007,428</u>
<b>Net change in fund balances</b>	2,331,047	(88,010)	(64,853)	(127,789)	2,050,395
<b>Fund balances</b>					
Beginning of year	<u>8,628,061</u>	<u>814,773</u>	<u>758,612</u>	<u>772,239</u>	<u>10,973,685</u>
End of year	<u>\$ 10,959,108</u>	<u>\$ 726,763</u>	<u>\$ 693,759</u>	<u>\$ 644,450</u>	<u>\$ 13,024,080</u>

# General Fund – Fund 01

<b>Budget Assumptions</b>
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## Revenue

1. Property Taxes – Property taxes are budgeted based on the 2022 Payable 2023 Levy that was approved by the Board of Education on December 12, 2022.
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 \$7,138 per pupil unit, which is a 4% increase over the 2022-23 level of \$6,863.
  - b. Compensatory Revenue – the budget is based on the MDE’s entitlement report, which is based on the October 1, 2022 Free/Reduced student count.
  - c. Special Education Revenue – the budget is based on the special education formula and projected operating expenditures. This includes a significant increase in state funding to reduce the special education cross subsidy.
  - 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 or slightly lower level as 2022-23. This is the final year to use additional one-time federal funding received as a result of the COVID-19 Pandemic.
5. Enrollment – The table below shows the actual Average Daily Membership (ADM) for 2021-22, the budgeted ADM for 2022-23 and the projected ADM for 2023-24.

Grade	2021-22 Actual	2022-23 Budget	2023-24 Projected
ECSE (1)	38	47	53
VPK (2)	82	69	67
K-5	1,206	1,177	1,134
6-8	707	648	604
9-12	996	1025	978
<b>Total</b>	<b>3,029</b>	<b>2,966</b>	<b>2,836</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 27, 2023 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 2022-23 school year. Staffing is based on the following class size norms:

Grade	2022-23 Norms	2023-24 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 – Budgets were held constant to the extent possible. Some budgets for programs and services were subject to a larger budget increase due to inflation and market demands.

**SPECIAL SCHOOL DISTRICT NO. 6**  
**General Fund**  
**2023-2024**

	2021-22 <u>Actual</u>	2022-23 <u>Budget</u>	2023-24 <u>Proposed</u>
Revenue			
Local sources			
Property taxes	\$ 7,756,125	\$ 7,713,579	\$ 11,574,482
Investment earnings	14,000	-	-
Other	2,028,226	720,332	738,832
State sources	33,603,983	33,895,157	36,345,218
Federal sources	4,330,059	4,166,381	3,197,724
Total revenue	<u>47,732,393</u>	<u>46,495,449</u>	<u>51,856,256</u>
Expenditures			
Current			
Salaries	25,900,718	26,131,526	28,123,062
Employee benefits	10,597,184	10,887,563	11,484,748
Purchased services	5,790,238	6,714,515	6,585,326
Supplies and materials	1,378,746	1,307,125	1,306,290
Other expenditures	85,556	61,170	56,770
Capital outlay	1,851,778	1,034,085	1,969,013
Total expenditures	<u>45,604,220</u>	<u>46,135,984</u>	<u>49,525,209</u>
Net change in fund balances	2,128,173	359,465	2,331,047
Fund balances			
Beginning of year	<u>6,140,423</u>	<u>8,268,596</u>	<u>8,628,061</u>
End of year	<u>\$ 8,268,596</u>	<u>\$ 8,628,061</u>	<u>\$ 10,959,108</u>
Fund Balance %			
Restricted	5.2%	6.6%	5.8%
Assigned	2.3%	2.1%	2.7%
Unassigned	10.6%	10.0%	13.6%
Total	<u>18.1%</u>	<u>18.7%</u>	<u>22.1%</u>



## Food Service Fund – Fund 02

<b>Budget Assumptions</b>
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### Revenue

For the 2022-2023 school year, the district operated under the National School Lunch Program and the School Breakfast Program. On March 17, 2023, Governor Walz signed the Free School Meals bill into law. This will take effect with the July 1, 2023 - June 30, 2024 school year. This legislation provides the reimbursement for a free breakfast and lunch to students who receive meals through their school's participation in the National School Lunch Program and the School Breakfast Program.

1. Other – Primarily Meal Sales – Primary meals sales will decrease significantly with the implementation of the Free School Meals bill. Primary meal sales consist of ala carte and adult meals.
2. State Sources – State reimbursements are budgeted to increase significantly with the additional state reimbursements to provide free meals to all students.
3. Federal Sources – Federal reimbursements are based on the 2022-23 National School Lunch Program rates as the 2023-24 rates are not known at this time.

### Expenditures

1. Salaries and Employee Benefits – Employee compensation is based on current employment agreements and estimates are used for wage increases and staffing adjustments.
2. Other Costs – Other costs are based on projected supplies, materials and food related costs. Inflation has resulting in larger increases that we have experienced historically.
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**  
**2023-2024**

	2021-22 <u>Actual</u>	2022-23 <u>Budget</u>	2023-24 <u>Proposed</u>
Revenue			
Local sources			
Investment earnings	\$ 1,152	\$ -	\$ -
Other - primarily meal sales	39,042	435,734	22,827
State sources	67,018	117,320	530,960
Federal sources	<u>2,304,008</u>	<u>1,293,942</u>	<u>1,384,468</u>
Total revenue	2,411,220	1,846,996	1,938,255
Expenditures			
Current			
Salaries	563,779	492,538	576,493
Employee benefits	225,773	178,972	211,359
Purchased services	188,220	187,741	192,300
Supplies and materials	974,040	828,151	878,983
Other expenditures	135,080	142,130	142,130
Capital outlay	<u>25,354</u>	<u>25,000</u>	<u>25,000</u>
Total expenditures	<u>2,112,246</u>	<u>1,854,532</u>	<u>2,026,265</u>
Net change in fund balances	298,974	(7,536)	(88,010)
Fund balances			
Beginning of year	<u>523,335</u>	<u>822,309</u>	<u>814,773</u>
End of year	<u>\$ 822,309</u>	<u>\$ 814,773</u>	<u>\$ 726,763</u>
Fund Balance %	<u>38.9%</u>	<u>43.9%</u>	<u>35.9%</u>

## Community Service Fund – Fund 04

<b>Budget Assumptions</b>
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### Revenue

1. Property Taxes – Property taxes are budgeted based on the 2022 Payable 2023 Levy that was approved by the Board of Education on December 12, 2022. 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, 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, independent agreements, and estimates are used for any contracts that are currently in negotiations, anticipated wage increases, and staffing adjustments.
2. Other Costs – Other costs are based on projected supplies, materials and other related costs.

**SPECIAL SCHOOL DISTRICT NO. 6**  
**Community Service Fund**  
**2023-2024**

	2021-22 <u>Actual</u>	2022-23 <u>Budget</u>	2023-24 <u>Proposed</u>
Revenue			
Local sources			
Property taxes	\$ 597,737	\$ 513,150	\$ 422,611
Investment earnings	1,763	-	-
Other - primarily tuition and fees	685,307	646,316	671,466
State sources	920,525	929,648	900,114
Federal sources	152,584	17,300	17,300
Total revenue	<u>2,357,916</u>	<u>2,106,414</u>	<u>2,011,491</u>
Expenditures			
Current			
Salaries	1,316,241	1,239,864	1,403,339
Employee benefits	512,976	460,711	510,885
Purchased services	190,571	136,194	110,075
Supplies and materials	91,844	57,850	48,650
Other expenditures	1,120	1,270	1,270
Capital outlay	17,741	1,125	2,125
Total expenditures	<u>2,130,493</u>	<u>1,897,014</u>	<u>2,076,344</u>
Net change in fund balances	227,423	209,400	(64,853)
Fund balances			
Beginning of year	<u>321,789</u>	<u>549,212</u>	<u>758,612</u>
End of year	<u>\$ 549,212</u>	<u>\$ 758,612</u>	<u>\$ 693,759</u>
Fund Balance Components			
Community Education Programs	\$ 396,475	\$ 541,629	\$ 451,995
Early Childhood Family Education	52,840	69,863	57,916
School Readiness	37,146	64,877	98,117
Adult Basic Education	62,751	82,243	85,733
Total	<u>\$ 549,212</u>	<u>\$ 758,612</u>	<u>\$ 693,761</u>

## Debt Service Fund – Fund 07

<b>Budget Assumptions</b>
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### Revenue

1. Property Taxes – Property taxes are budgeted based on the 2022 Payable 2023 Levy that was approved by the Board of Education on December 12, 2022. 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**  
**2023-2024**

	2021-22 <u>Actual</u>	2022-23 <u>Budget</u>	2023-24 <u>Proposed</u>
Revenue			
Local sources			
Property taxes	\$ 2,997,174	\$ 3,012,550	\$ 3,251,821
Investment earnings	4,867	76,500	-
Other sources	-	-	-
Total revenue	<u>3,002,041</u>	<u>3,089,050</u>	<u>3,251,821</u>
Expenditures			
Debt Service			
Principal	1,975,000	1,855,000	2,300,000
Interest	1,010,338	1,115,532	1,073,110
Fiscal charges and other	107,861	157,687	6,500
Total expenditures	<u>3,093,199</u>	<u>3,128,219</u>	<u>3,379,610</u>
Other financing sources (uses)			
Bond Proceeds	14,787,044	9,995,187	-
Refunding Bond Payment	(14,685,000)	(9,920,000)	-
Total other financing sources (uses)	<u>102,044</u>	<u>75,187</u>	<u>-</u>
Net change in fund balances	10,886	36,018	(127,789)
Fund balances			
Beginning of year	<u>725,335</u>	<u>736,221</u>	<u>772,239</u>
End of year	<u>\$ 736,221</u>	<u>\$ 772,239</u>	<u>\$ 644,450</u>