

INDEPENDENT SCHOOL DISTRICT NO. 625
Saint Paul, Minnesota
COMMITTEE OF THE BOARD MEETING
Administration Building
360 Colborne Street

March 17, 2020
4:30 PM

A G E N D A

I. CALL TO ORDER

II. AGENDA

A. Superintendent's Announcements

B. SEAB Report

C. December Quarterly Report

1. Introduction

2. Presentation

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3. Discussion

4. Action (TBD)

D. Policy Update

1. Introduction

2. Presentation

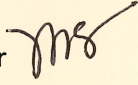
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3. Discussion

4. Action (TBD)

III. ADJOURNMENT

March 4, 2020

To: Board of Directors, Saint Paul Public Schools
From: Marie Schrul, Chief Financial Officer 
Subject: Quarterly Financial Report for the quarter ending December 31, 2019

Attached are the following items for discussion at the Committee of the Board meeting on Tuesday, March 10, 2020:

- Highlights of the quarterly financial report
- Quarterly financial report for the period ending December 31, 2019
- Glossary of financial terms

Kimberly Cordes-Sween, Senior Budget Analyst, will provide a presentation at Tuesday's meeting.

COB Action Item

Recommendation: Acceptance of the quarterly financial report for the period ending December 31, 2019.

**SAINT PAUL PUBLIC SCHOOLS
QUARTERLY FINANCIAL REPORT**

**FOR THE PERIOD ENDING
December 31, 2019**

December 31, 2019 Quarterly Financial Report

The December 31, 2019 Quarterly Financial Report is an update to the Board of Education on the current fiscal year 2019-20 budget and it includes a projection of Revenue, Expenditures and Fund Balance as of June 30, 2020.

A budget is a living, viable document. Once the budget is adopted in June, the Board is asked 3 times during the following year to look at and approve the changes that occur in the District's revenue and expenditures in each of the 7 funds. The final determination, by fund, occurs each fall, following the acceptance of the audit report.

Reminder: the Governmental Accounting Standards Board, known as GASB 54, prescribes the fund balance accounts within the General Fund. The unassigned fund balance in the General Fund is required to maintain a balance of 5% as referred to in Board policy. The fund balance in the Food Service fund is controlled by federal USDA regulations.

Highlights in the report include the following:

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General Fund: The General Fund includes five fund balance categories. Please refer to the financial definitions sheet for descriptions of fund balances.

Revenue is projected to decrease overall by \$8.6 million due to a decline in enrollment, which effects formulas for both state aid and levy funding, including referendum.

Expenditures are projected to decrease by \$2.9 million due to staffing vacancies and Intrascchool student activity funds that will be carried over to fiscal year 2020-21.

These changes result in a projected unassigned fund balance of 5.1%, which is within the 5% Board of Education policy.

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General Fund – Fully Financed: Revenue is projected to be more than budgeted by approximately \$4.8 million due to higher expenditures in grants and entitlements. Federal entitlement revenue is dependent upon expenditure activity. Expenditures are projected to be more than budgeted by \$4.8 million due to an increase in Title I allocations and new multi-year grants. Fund Balance is projected to remain stable and unchanged.

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Food Service Fund: Revenue is projected to decrease by \$1.5 million due to a projected decrease in meals served due to a decrease in participation and a decrease in enrollment. Reimbursement rates have increased this year by over 2% to assist in offsetting the decrease in participation. Menu changes and other plans are currently in progress to increase participation.

Expenditures are projected to decrease by \$1.5 million from budget. Labor, food and supply projections have been reduced to account for decreased meal counts. Nutrition Services has implemented a strict 4-week cycle menu to better control costs and inventory as well as increase variety. Breakfast to go continues to be available district wide at no charge.

Fund Balance is projected to have minimal change. The projected fund balance is below the maximum allowed fund balance as defined as 3 months of average monthly expenditures.

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Community Service Fund: Revenue is projected to slightly increase, mostly attributed to higher than anticipated fee collections in Discovery Club and Community Programs. Expenditures are projected to decrease by \$0.6 million due to one-time Adult Basic Education (ABE) technology expenditures in FY19 that will not incur additional cost in the current year, as well as lower staffing costs due to vacancies. Fund Balance is projected to increase by \$0.5 million, with the majority resulting from lower staffing expenditures, particularly in Early Childhood Family Education (ECFE).

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Community Service Fund – Fully Financed: Revenue is projected to be less than budgeted by approximately \$0.9 million, due to less expenditures in grants and State funded programs. Grant revenue is dependent upon expenditure activity. Expenditures are projected to be less than budgeted by \$0.9 million, mainly in contracts and supplies for Early Childhood programs. Fund Balance is projected to remain stable and unchanged.

Highlights of the December 31, 2019 Quarterly Financial Report (continued)

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Building Construction Fund: Revenue is projected at \$150 million due to proceeds of the July 2019 sale of \$65 million of Certificates of Participation, the February 2020 sale of \$15 million of Capital Bonds and \$70 million of Certificates of Participation.

Expenditures are projected at \$72.3 million, as of 12/31/2019. Upon receipt of 2020 Certificates of Participation proceeds and gate check approvals, the expenditure budget may be revised and changes will be reflected in the March quarterly report.

The Fund Balance of \$53.5 million is projected as of 12/31/2019. Final closeout of major construction projects are in process and final costs may take 18 months before finalization. The Fund Balance projection will be adjusted with the March quarterly report to reflect the MDE Commissioner's decision on District request for additional Certificate of Participation Authorization for American Indian Magnet, Adams Spanish Immersion and Phalen Lake Elementary.

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Debt Service Fund: Revenue is projected to increase by \$0.3 million, as related to levy proceeds for debt service.

Total expenditures of \$41.7 million reflect the bond payment schedules. Fund Balance is projected to increase by \$2.1 million.

**Saint Paul Public Schools
General Fund
Results of Operations
Budget vs. Projected as of December 31, 2019**

	Adopted Budget	Projected	Budget Variance Favorable (Unfavorable)	
			Dollar	Percent
Fund Balance				
7/1/2019		\$98,378,171		
Revenue	\$578,626,651	570,075,678	(8,550,973)	(1.5%)
Expenditures	578,626,651	575,749,658	2,876,993	0.5%
Fund Balance 6/30/20		\$92,704,191		

Revenue

Revenue is projected to decrease overall by \$8.6 million due to a decline in enrollment, which affects formulas for both state aid and levy funding, including referendum.

Expenditures

Expenditures are projected to decrease by \$2.9 million due to staffing vacancies and Intraschool student activity funds that will be carried over to fiscal year 2020-21.

Fund Balance Details

	7/1/2019	6/30/2020	Increase (Decrease)
Nonspendable			
Inventory and Prepaid Expense	1,557,382	1,600,000	42,618
	1,557,382	1,600,000	42,618
Restricted			
Operating Capital	0	0	0
Health & Safety (old law)	0	0	0
Area Learning Centers (ALC)	841,992	0	(841,992)
Long Term Facilities Maintenance	0	0	0
OPEB Revocable Trust	40,348,041	42,000,000	1,651,959
	41,190,033	42,000,000	809,967
Committed			
Severance Pay	3,038,018	3,038,018	0
	3,038,018	3,038,018	0
Assigned			
Contractual Obligations	2,390,428	2,500,000	109,572
Strategic Plan Initiatives	5,260,999	5,500,000	239,001
Site Based Operations	12,103,395	10,000,000	(2,103,395)
Intraschool Activities	3,042,155	3,100,000	57,845
	22,796,977	21,100,000	(1,696,977)
Unassigned			
Long Term Facilities Mtc (LTFM)	(7,412,279)	(7,000,000)	412,279
Unassigned	37,343,123	31,966,173	(5,376,950)
Total Fund Balance	\$98,513,254	\$92,704,191	(\$5,809,063)

- Unassigned fund balance is estimated to be \$32.1 million (includes Gen Fund Fully Financed).
- Projected UFARS General Fund expenditures for the year are \$626.3 million (includes Gen Fund Fully Financed).
- Unassigned fund balance on 06/30/20 of \$32.1 million represents 5.1% of current year expenditures, which is within the limit of current Board policy.

Saint Paul Public Schools
Fully Financed General Fund
Results of Operations
Budget vs. Projected as of December 31, 2019

	Adopted Budget	Projected	Budget Variance Favorable (Unfavorable)	
			Dollar	Percent
Fund Balance				
7/1/2019		\$135,083		
Revenue	45,701,678	50,501,366	4,799,688	10.5%
Expenditures	45,701,678	50,501,366	(4,799,688)	(10.5%)
Fund Balance				
6/30/2020		<u>\$135,083</u>		

Revenue

Revenue is projected to be more than budgeted by approximately \$4.8 million due to higher expenditures in grants and entitlements. Federal entitlement revenue is dependent upon expenditure activity.

Expenditures

Expenditures are projected to be more than budgeted by \$4.8 million due to an increase in Title I allocations and new multi-year grants.

Fund Balance

Fund Balance is projected to remain stable and unchanged.

**Saint Paul Public Schools
Food Service Fund
Results of Operations
Budget vs. Projected as of December 31, 2019**

	Adopted Budget	Projected	Budget Variance Favorable (Unfavorable)	
			Dollar	Percent
Fund Balance				
7/1/2019		\$5,853,583		
Revenue	29,245,500	27,776,403	(1,469,097)	(5.0%)
Expenditures	29,245,500	27,757,352	1,488,149	5.1%
Fund Balance				
6/30/2020		<u><u>\$5,872,635</u></u>		

Revenue

Revenue is projected to decrease by \$1.5 million due to a projected decrease in meals served due to a decrease in participation and a decrease in enrollment. Reimbursement rates have increased this year by over 2% to assist in offsetting the decrease in participation. Menu changes and other plans are currently in progress to increase participation.

Expenditures

Expenditures are projected to decrease by \$1.5 million from budget. Labor, food and supply projections have been reduced to account for decreased meal counts. Nutrition Services has implemented a strict 4-week cycle menu to better control costs and inventory, as well as increase variety. Breakfast to go continues to be available district wide at no charge.

Fund Balance

Fund Balance is projected to have minimal change. The projected fund balance is below the maximum allowed fund balance, as defined as 3 months of average monthly expenditures.

**Saint Paul Public Schools
Community Service Fund
Results of Operations
Budget vs. Projected as of December 31, 2019**

	Adopted Budget	Projected	Budget Variance	
			Favorable (Unfavorable)	
			Dollar	Percent
Fund Balance				
7/1/2019		\$2,564,690		
Revenue	23,105,757	23,120,520	14,763	0.1%
Expenditures	23,176,325	22,600,740	575,585	2.5%
Fund Balance				
6/30/2020		\$3,084,470		

Revenue

Revenue is projected to slightly increase, mostly attributed to higher than anticipated fee collections in Discovery Club and Community Programs.

Expenditures

Expenditures are projected to decrease by \$0.6 million due to one-time Adult Basic Education (ABE) technology expenditures in FY19 that will not incur additional cost in the current year, as well as lower staffing costs due to vacancies.

Fund Balance

Fund Balance is projected to increase by \$0.5 million, with the majority resulting from lower staffing expenditures, particularly in Early Childhood Family Education (ECFE).

Saint Paul Public Schools
Fully Financed Community Service Fund
Results of Operations
Budget vs. Projected as of December 31, 2019

	Adopted Budget	Projected	Budget Variance Favorable (Unfavorable)	
			Dollar	Percent
Fund Balance				
7/1/2019		\$981,495		
Revenue	6,055,136	5,200,602	(854,534)	(14.1%)
Expenditures	6,055,136	5,200,602	854,534	14.1%
Fund Balance				
6/30/2020		<u>\$981,495</u>		

Revenue

Revenue is projected to be less than budgeted by approximately \$0.9 million, due to less expenditures in grants and State funded programs. Grant revenue is dependent upon expenditure activity.

Expenditures

Expenditures are projected to be less than budgeted by \$0.9 million, mainly in contracts and supplies for Early Childhood programs.

Fund Balance

Fund Balance is projected to remain stable and unchanged.

**Saint Paul Public Schools
Building Construction Fund
Results of Operations
Budget vs. Projected as of December 31, 2019**

	Adopted Budget	Projected	Budget Variance Favorable (Unfavorable)	
			Dollar	Percent
Capital Bond Issues		(\$24,673,308)		
PY Certificates of Participation		387,902		
Fund Balance 7/1/19		(24,285,406)		
Capital Bond Issues	15,000,000	15,000,000	0	0.0%
Certificates of Participation	135,000,000	135,000,000	0	0.0%
Revenue	150,000,000	150,000,000		
Capital Bond Issues	15,000,000	19,589,349 *	(4,589,349)	(30.6%)
Certificates of Participation	52,006,426	52,661,439 **	(655,013)	(1.3%)
Expenditures	67,006,426	72,250,788		
Capital Bond Issues		0 ***		
2018 Certificates of Participation		13,463,806 ***		
2019 Certificates of Participation		0		
2020 Certificates of Participation		40,000,000 ***		
Fund Balance 6/30/20		\$53,463,806		

Revenue

Revenue is projected at \$150 million due to proceeds of the July 2019 sale of \$65 million of Certificates of Participation, the February 2020 sale of \$15 million of Capital Bonds and \$70 million of Certificates of Participation.

Expenditures

Expenditures are projected at \$72.3 million, as of 12/31/2019. Upon receipt of 2020 Certificates of Participation proceeds and gate check approvals, the expenditure budget may be revised and changes will be reflected in the March quarterly report.

*Budget revision in February 2020 for purchases encumbered in FY19 covers projected capital bond expenditures projected here.

**These projected expenditures are from 2018 and 2019 Certificates of Participation.

Fund Balance

Fund Balance of \$53.5 million is projected as of 12/31/2019. Final closeout of major construction projects are in process. Final costs may take 18 months before finalization.

***Fund Balance projection will be adjusted with the March quarterly report to reflect the MDE Commissioner's decision on District request for additional Certificate of Participation Authorization for American Indian Magnet, Adams Spanish Immersion and Phalen Lake Elementary.

Saint Paul Public Schools
Debt Service Fund
Results of Operations
Budget vs. Projected as of December 31, 2019

	Adopted Budget	Projected	Budget Variance Favorable (Unfavorable)	
			Dollar	Percent
Fund Balance		\$11,177,823		
Escrow Balance		32,004,407		
Fund Balance 7/1/19		43,182,230		
Revenue	43,573,599	43,829,953	256,354	0.6%
Refunding - Escrow*	0	0	0	0.0%
Revenue	43,573,599	43,829,953		
Expenditures	44,146,984	41,676,446	2,470,538	5.6%
Escrow Payments	0	0	0	0.0%
Expenditures	44,146,984	41,676,446		
Fund Balance 6/30/20		13,331,330		
Escrow Balance		32,004,407		
Fund Balance 6/30/20		\$45,335,737		

Revenue

Revenue is projected to increase by \$0.3 million, as related to levy proceeds for debt service.

Refunding - Escrow Activity*

At the December 17, 2019 Board of Education Meeting approval was authorized for the sale of bonds for the refunding of the 2010B and 2011C Series Bonds totalling \$9,805,000 in principal. This will be reflected in the FY20 March Quarterly Projection Report.

Expenditures

Total expenditures of \$41.7 million reflect the bond payment schedules.

Fund Balance

Fund Balance is projected to increase by \$2.1 million.

Saint Paul Public Schools

Quarterly Report Financial Definitions

Reporting Funds

General Fund

- Consists of all activities that are not accounted for in a special purpose fund. The activities include all regular and special education classroom activities, student and district support services, as well as building and grounds operations and maintenance

General Fund Fully Financed

- Contains budgets with outside funding sources and specific uses. An outside funding source is either a private, state or federal grant or contract for services
- Most grants and contracts require specific financial reporting to ensure that funds are expended within the agreement's terms and conditions

Food Service Fund

- Must be established in a district that maintains a food service program for students
- Food Services are those activities which have as their purpose the preparation and serving of regular and incidental meals, lunches and snacks in connection with school activities

Community Service Fund

- Must be established in a district that provides services to residents in the areas of: Adult Basic Education, Early Childhood Family Education, School Readiness, School Age Care, Adults with Disabilities, general enrichment, youth and senior programs, recreation and other similar services

Community Service Fully Financed

- Contains budgets with outside funding sources and specific uses. An outside funding source is either a private, state or federal grant, or contract for services
- Most grants and contracts require specific financial reporting to ensure that funds are expended within the agreement's terms and conditions

Construction Fund

- Records financial activity relating to a building construction program resulting from the sale of general obligation bonds or certificates of participation by a School District
- Building Construction funds are held in trust and expended only for authorized projects
- Resources may be used for general construction, building additions, architectural and engineering costs or equipment

Debt Service Fund

- Must be established in a district that has outstanding bonded indebtedness, for building construction or operating capital
- Must record activity for initial or refunded bonds. The School Board may authorize the investment of debt funds in certain types of securities as specified by law. The earnings accrued from such investments become a part of the Debt Service Fund

Governmental Accounting Standards Board (GASB) 54 Fund Balance Designations and Definitions

Non-Spendable Fund Balance

- includes amounts not in spendable form (inventory, prepaid expenditures) or
- amounts that are legally or contractually required to be maintained intact

Restricted Fund Balance

- includes amounts that are subject to externally enforceable legal restrictions outside the control of the local government (ex: OPEB trust, ALC)

Committed Fund Balance

- includes amounts constrained for a specific purpose by a government using its highest decision-making authority (School Board). Action by the same group would be required to change the constraints placed on these resources. The action to commit fund balances must occur prior to fiscal year end (ex: Severance)

Assigned Fund Balance

- includes amounts constrained with the intent to be used for a specific purpose. Intent is expressed by the School Board or by a body (committee) or individual authorized by the governing body (ex: School Carryover, Strategic Plan Initiatives, Contractual Obligations which are mainly encumbrances, i.e. purchase orders that are pending, but not paid by 6/30)

Unassigned Fund Balance

- includes amounts not classified as non-spendable, restricted, committed or assigned
- Board Policy sets the minimum at 5% of the annual General Fund expenditures for that fiscal year



New Policy

Cedrick Baker, Chief of Staff

March 10, 2020

536.00: Weighted Grades

Why is this policy being created?

- **Per Statute:**

16 “(c) A school board must adopt a policy regarding weighted grade point averages for any high school or dual enrollment course. The policy must state whether the district offers weighted grades. A school board must annually publish on its website a list of courses for which a student may earn a weighted grade.”

536.00: Weighted Grades

- Prior to creating this policy, high school principals were sought out for their input
- All principals agreed to have a policy that encourages a consistent practice across the district

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536.00: Weighted Grades

Paragraph C of Weighted Grades Policy:

“Weighted grades apply to any college level equivalent course including Advanced Placement (AP), International Baccalaureate (IB), concurrent enrollment, Postsecondary Enrollment Option (PSEO) and articulated college credit opportunities. Other courses qualifying for weighted grades will be determined by the district and posted on the Office of Teaching and Learning’s website.

- The grade point for any grade awarded in any weighted course will be multiplied by a factor of 1.25.”

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- Per this paragraph and current practice, college equivalent courses are weighted
- Per current practice, Honors courses and advanced Career and Technology Education (CTE) courses are weighted but these are not called out in policy in case the District moves in a direction of not having those weighted in the future

536.00: Weighted Grades

Paragraph A:

“Saint Paul Public Schools ~~expects~~ encourages all students to take rigorous coursework....”

- In Policy Work Group, we decided to replace “expects” with “encourages.”
 - Board members felt “expects” puts the onus on the student; Board members feel like the district/schools cannot use this word since we do not have systems in place that would be able to serve all students to take weighted courses

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Questions

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536.00 WEIGHTED GRADES

PURPOSE

Saint Paul Public Schools is dedicated to the provision of first class education to all of its students. For students seeking advanced coursework the district supports several programs including the Postsecondary Enrollment Option (PSEO). The Minnesota legislature has required that all Minnesota school districts indicate whether or not the grades from such courses are weighted differently. The purpose of this policy is to comply with the requirements of Minnesota law.

GENERAL STATEMENT OF POLICY

- A. Saint Paul Public Schools encourages all students to take rigorous coursework, including such programs as are available to them in their primary high school as well as postsecondary enrollment option courses taken at local colleges and universities.
- B. Saint Paul Public Schools does employ a weighted grade practice for specific courses in which a student may enroll.
- C. Weighted grades apply to any college level equivalent course including Advanced Placement (AP), International Baccalaureate (IB), concurrent enrollment, Postsecondary Enrollment Option (PSEO) and articulated college credit opportunities. Other courses qualifying for weighted grades will be determined by the district and posted on the Office of Teaching and Learning's website.
 - a. The grade point for any grade awarded in any weighted course will be multiplied by a factor of 1.25.
- D. Credits previously earned by students who transfer enrollment to Saint Paul Public Schools shall bear grades as though the course was completed at Saint Paul Public Schools.

Legal References:

Minn. Stat. § 124D.09, subd. 12. (Credits; grade point average weighting policy)

Cross References:

Policy 510.00 Graduation

Policy 510.03 Class Rankings

Policy 601.00 Educational Programming