



Business & Financial Affairs
Independent School District 625

360 Colborne Street
Saint Paul, MN 55102-3299

Telephone: (651) 767- 8250 • Fax: (651) 293-5207 • www.spps.org

February 6, 2016

To: Board of Directors, Saint Paul Public Schools
From: Marie Schrul, Chief Financial Officer 
Subject: Quarterly Financial Report for the quarter ending December 31, 2015

Attached are the following items for discussion at the Committee of the Board meeting on Tuesday, February 9, 2016:

- Highlights of the quarterly financial report
- Quarterly financial report for the period ending December 31, 2015
- Glossary of financial terms

I am looking forward to our discussion on this topic at Tuesday's meeting.

COB Action Item

Recommendation: Acceptance of the quarterly financial report for the period ending December 31, 2015

December 31, 2015 Quarterly Financial Report

The December 31, 2015 Quarterly Financial Report is an update to the Board of Education on the current fiscal year 2015-16 budget and it includes a projection of Revenue, Expenditures and Fund Balance as of June 30, 2016.

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 fund balance accounts within the General Fund are prescribed by the Governmental Accounting Standards Board, known as GASB 54. The unassigned fund balance in the General Fund is the 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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The General Fund includes the five fund balance categories. Please refer to the financial definitions sheet for descriptions of fund balances.

General Fund revenue is projected to increase by \$2.6 million in the areas of: State Aid by \$2.0 million due to adjustments on enrollment projections, and by \$0.6 million in Local revenue sources due to adjustments.

General Fund expenditures are projected to be under spent by \$2.1 million in the areas of: Intraschool (student activity funds), staffing vacancies, and operational savings in various programs.

These changes result in a projected unassigned fund balance of 5.6% which is within the 5% Board of Education policy.

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General Fund, Fully Financed: The Fully Financed fund must have revenue that equals expenditures. Revenue and Expenditures are under budget by \$4.5 million, due to federal grants, specifically in the Title programs and Special Education. No change in fund balance is anticipated at this time.

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Food Service Fund: Revenue is projected to increase by \$1.0 million due to increases in breakfast and lunch participation along with planned menu changes. Expenditures are projected to increase by \$0.6 million due to food costs related to the increased participation. Fund balance is projected to increase by \$0.5 million.

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Community Service Fund: Revenue is projected to decrease by \$0.2 million in the areas of community programming for Aquatics and Trips/Tours. Expenditures are projected to decrease by \$0.4 million due to decrease hourly licensed and non-licensed staffing for community programming. Fund balance is projected to decrease by \$0.1 million.

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Community Service, Fully Financed: Revenue and Expenditures are projected to decrease by \$0.6 million in the areas of Day Care, Early Childhood Screening, and 21st Century. No change in fund balance is anticipated at this time.

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Building Construction Fund: Revenue is projected to slightly decrease as less interest is generated due to the expedited rate of spending bond proceeds. Expenditures are projected to increase by \$1.1 million as projects are completed in preparation for the Facilities Master Plan. Fund balance is projected to decrease by \$1.4 million.

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Debt Service: Fund balance is projected to decrease by \$35 million due to the net effect of the escrow activity for bond refunding and the net change of revenue and expenditures.

**SAINT PAUL PUBLIC SCHOOLS
QUARTERLY FINANCIAL REPORT**

**FOR THE PERIOD ENDING
December 31, 2015**

**Saint Paul Public Schools
General Fund
Results of Operations
Budget vs. Projected as of December 31, 2015**

	Revised Budget	Projected	Budget Variance Favorable (Unfavorable)	
			Dollar	Percent
Fund Balance 7/1/2015	\$85,958,105	\$85,958,105		
Revenue	522,765,875	525,349,512	2,583,637	0.49%
Expenditures	537,160,541	535,042,349	2,118,192	0.39%
Fund Balance 6/30/2016	<u>\$71,563,439</u>	<u>\$76,265,268</u>	<u>\$4,701,829</u>	<u>6.57%</u>

Revenue

Revenue is projected to increase by \$2.6 m in two areas: State Aid by \$2.0 m as related to adjustments on enrollment projections, and by \$0.6 m in miscellaneous adjustments in Local revenue sources.

Expenditures

Expenditures are projected to be under spent by \$2.1 m in the areas of Intrасchool (student activity funds) , staffing vacancies, and operational savings in various programs.

Fund Balance Details

	7/1/2015	6/30/2016	Increase (Decrease)
Nonspendable			
Inventory and Prepaid Expense	1,254,944	1,500,000	245,056
	1,254,944	1,500,000	245,056
Restricted			
Operating Capital	3,888,384	1,000,000	(2,888,384)
Health and Safety	(3,238,942)	(3,238,942)	0
Teacher Development	851,744	0	(851,744)
OPEB Revocable Trust	8,582,778	30,960,508	22,377,730
	10,083,964	28,721,566	18,637,602
Committed			
Severance Pay	2,538,018	2,538,018	0
Retiree Health Insurance	22,377,730	0	(22,377,730)
	24,915,748	2,538,018	(22,377,730)
Assigned			
Contractual Obligations	3,911,415	4,000,000	88,585
Next Year's Operations	2,500,000	0	(2,500,000)
Strong Schools Initiative	3,200,000	0	(3,200,000)
Site Based Operations	4,245,808	4,000,000	(245,808)
Personalized Learning	587,042	0	(587,042)
Intrасchool Activities	2,607,054	3,000,000	392,946
	17,051,319	11,000,000	(6,051,319)
Unassigned			
Unassigned	32,652,130	32,505,684	(146,446)
	32,652,130	32,505,684	(146,446)
Total Fund Balance	<u>\$85,958,105</u>	<u>\$76,265,268</u>	<u>(\$9,692,837)</u>

- Unassigned fund balance is estimated to be \$32.5 million in the General Fund.
- Projected UFARS General Fund expenditures for the year are \$577.4 million.
- The projected Unassigned fund balance for 06/30/16 of \$32.5 million represents 5.6% 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, 2015**

	Revised Budget	Projected	Budget Variance Favorable (Unfavorable)	
			Dollar	Percent
Fund Balance 7/1/2015	\$185,736	\$185,736		
Revenue	46,903,856	42,362,916	(4,540,940)	(9.68%)
Expenditures	46,903,856	42,362,916	4,540,940	9.68%
Fund Balance 6/30/2016	<u>\$185,736</u>	<u>\$185,736</u>		

Revenue

Revenue is projected to be under budget by about \$4.5 m, or 9.7%, due to lower expenditures in federal grants. Explanations on which grants will be underspent in larger amounts are reflected in the expenditure paragraph below.

Expenditures

Expenditures are projected to be under budget by \$4.5 m, or 9.7%, due to lower expenditures in the Title programs (\$3.3 m), Special Education grants (\$1.1 m), and other federal direct grants (\$0.1 m). The following categories within these grants are projected to be underspent: Salary and fringe benefits (\$2.3 m), Contracted services (\$0.3 m), and Supplies/non-salary (\$1.9m).

Fund Balance

Fund balance is projected to remain unchanged at \$0.2m.

**Saint Paul Public Schools
Food Service Fund
Results of Operations
Budget vs. Projected as of December 31, 2015**

	Revised Budget	Projected	Budget Variance Favorable (Unfavorable)	
			Dollar	Percent
Fund Balance 7/1/2015	\$1,839,554	\$1,839,554		
Revenue	25,706,000	26,734,595	1,028,595	4.00%
Expenditures	25,706,000	26,274,538	(568,538)	(2.21%)
Fund Balance 6/30/2016	<u>\$1,839,554</u>	<u>\$2,299,611</u>		

Revenue

Revenue is projected to increase by \$1.0 m, or 4.0%, due to an increase in participation (4.1% for breakfast and 4.6% for lunch). Menu changes and other plans are still being reviewed to continue the positive trend.

Expenditures

Expenditures are projected to increase by \$0.6 m, or 2.2%, over budget. Much of this increase is in food expense due to increases in meals served. Food cost percentage is still in line with budget.

Fund Balance

Fund Balance is projected to increase by \$0.5m.

**Saint Paul Public Schools
Community Service Fund
Results of Operations
Budget vs. Projected as of December 31, 2015**

	Revised Budget	Projected	Budget Variance Favorable (Unfavorable)	
			Dollar	Percent
Fund Balance 7/1/2015	\$2,275,065	\$2,275,065		
Revenue	22,186,188	22,004,163	(182,025)	(0.82%)
Expenditures	22,513,802	22,086,219	427,583	1.90%
Fund Balance 6/30/2016	<u>\$1,947,451</u>	<u>\$2,193,009</u>		

Revenue

Revenue is projected to decrease by \$0.2 m, or 0.8%, in the areas of community programming for Aquatics and Trips/Tours.

Expenditures

Expenditures are projected to decrease by \$0.4 m , or 1.9%, due to decreased hourly licensed and non licensed staff for Community Service programming.

Fund Balance

Fund Balance is projected to decrease by \$0.1 m.

Saint Paul Public Schools
Fully Financed Community Service Fund
Results of Operations
Budget vs. Projected as of December 31, 2015

	Revised Budget	Projected	Budget Variance Favorable (Unfavorable)	
			Dollar	Percent
Fund Balance 7/1/2015	\$681,918	\$681,918		
Revenue	7,267,055	6,710,716	(556,339)	(7.66%)
Expenditures	<u>7,267,055</u>	<u>6,710,716</u>	<u>556,339</u>	<u>7.66%</u>
Fund Balance 6/30/2016	<u>\$681,918</u>	<u>\$681,918</u>		

Revenue

Revenue is projected to decrease by \$0.6 m, or 7.7%, in the areas of Day Care, Early Childhood Screening and 21st Century.

Expenditures

Expenditures are projected to decrease by \$0.6 m, or 7.7%, in the areas of Day Care, Early Childhood Screening and 21st Century.

Fund Balance

Fund Balance is projected to remain unchanged at \$0.7 m.

**Saint Paul Public Schools
Building Construction Fund
Results of Operations
Budget vs. Projected as of December 31, 2015**

	Revised Budget	Projected	Budget Variance Favorable (Unfavorable)	
			Dollar	Percent
Fund Balance 7/1/2015	\$22,921,039	\$22,921,039		
Revenue	27,062,000	27,022,929	(39,071)	(0.14%)
Expenditures	27,400,000	28,467,736	(1,067,736)	(3.90%)
Fund Balance 6/30/2016	<u>\$22,583,039</u>	<u>\$21,476,232</u>		

Revenue

Revenue is projected to slightly decrease due to less interest being generated. This is due to the increased rate of bond proceeds being spent down.

Expenditures

Expenditures are projected to increase by \$1.1 m, or 3.9%, as projects are completed at an expedited rate in preparation for the Facilities Master Plan.

Fund Balance

Fund balance is projected to decrease by \$1.4 m.

Saint Paul Public Schools
Debt Service Fund
Results of Operations
Budget vs. Projected as of December 31, 2015

	Revised Budget	Projected	Budget Variance Favorable (Unfavorable)	
			Dollar	Percent
Fund Balance 7/1/2015	\$66,106,128	\$66,106,128		
Revenue	41,172,000	41,417,000	245,000	0.60%
Escrow Activity	16,600,650	36,850,000	20,249,350	121.98%
Expenditures	39,150,000	39,587,000	(437,000)	(1.12%)
Fund Balance 6/30/2016	<u>\$51,527,478</u>	<u>\$31,086,128</u>		

Revenue

Revenue is projected to increase by \$0.2 m, or 0.6%, due to Baker space and cellular tower rental income. Proceeds from rentals must first be applied against the District's outstanding debt.

Escrow Activity for Refunding

Escrow activity relates to bond refundings that are held until the debt to be refunded is retired. During FY16, escrow accounts totaling \$36.9 m were accessed to retire the 2005A, 2005B and 2006C bond issues.

Expenditures

Expenditures in the Debt Service fund are the result of scheduled debt redemptions which have structured payments to retire principal and interest.

Fund Balance

Fund Balance is projected to decrease by \$35 m.

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 Funded

- 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, prepaids) 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

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 (Severance, Retirees Health Ins – Gen Fund)

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

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