

South St. Paul
Public Schools



2024-2025 Budgets

First Reading: June 10, 2024
Final Approval: June 24, 2024

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 2024-25 budget began last fall and will conclude with the final audit scheduled for November 2025.

September 2023	The school board reviewed and approved the preliminary property tax levy for fiscal year 2024-25.
November 2023	The school board reviewed and approved the final 2022-23 audit.
December 2023	The school board reviewed and approved the final property tax levy for fiscal year 2024-25.
January 2024	The school board began the 2024-25 budget planning process by reviewing the 2024-25 budget assumptions and budget projections. The school board approved the 2024-25 Budget Guiding Change Document.
March 2024	The school board reviewed and approved the proposed budget adjustments for 2024-25.
June 2024	The school board will review and approve the 2024-25 budgets.
September 2024	The school board will review and approve the preliminary property tax levy for fiscal year 2025-26.
November 2024	The school board is scheduled to review and approve the final 2023-24 audit.
December 2024	The school board will review and approve the final property tax levy for fiscal year 2025-26.

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"> 1. Record revenues and expenditures for the district's dental and medical self-insurance programs. 2. Record financial activity related to assets held in a revocable trust to finance the district's OPEB liabilities. <p>Note: No annual budget is required for these funds</p>

SPECIAL SCHOOL DISTRICT NO. 6

ALL FUNDS

Proposed 2024-2025 Budget

	General Fund	Food Service Fund	Comm Serv Fund	Debt Service Fund	TOTAL
Revenue					
Local sources					
Property taxes	\$ 11,477,386	\$ -	\$ 246,794	\$ 3,239,924	\$ 14,964,104
Other	905,357	50,000	856,600	-	1,811,957
State sources	37,076,240	690,370	911,661	-	38,678,271
Federal sources	1,258,044	1,334,282	17,300	-	2,609,626
Total revenue	<u>50,967,027</u>	<u>2,074,652</u>	<u>2,032,355</u>	<u>3,239,924</u>	<u>58,313,958</u>
Expenditures					
Current					
Salaries	29,266,039	595,914	1,464,166	-	31,326,119
Employee benefits	11,435,239	214,019	476,949	-	12,126,207
Purchased services	6,631,812	196,146	150,869	-	6,978,827
Supplies and materials	1,489,814	1,029,019	73,600	-	2,592,433
Other expenditures	116,770	103,035	2,870	-	222,675
Debt service	-	-	-	3,225,875	3,225,875
Capital outlay	2,011,220	175,000	3,000	-	2,189,220
Total expenditures	<u>50,950,894</u>	<u>2,313,133</u>	<u>2,171,454</u>	<u>3,225,875</u>	<u>58,661,356</u>
Net change in fund balances	16,133	(238,481)	(139,099)	14,049	(347,398)
Fund balances					
Beginning of year	<u>12,574,334</u>	<u>776,933</u>	<u>663,215</u>	<u>713,242</u>	<u>14,727,724</u>
End of year	<u>\$ 12,590,467</u>	<u>\$ 538,452</u>	<u>\$ 524,116</u>	<u>\$ 727,291</u>	<u>\$ 14,380,326</u>

General Fund – Fund 01

Budget Assumptions

Revenue

1. Property Taxes – Property taxes are budgeted based on the 2023 Payable 2024 Levy that was approved by the Board of Education on December 11, 2023.
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 \$7,281 per pupil unit, which is a 2% increase over the 2023-24 level of \$7,138.
 - b. Compensatory Revenue – the budget is based on the MDE’s entitlement report, which is based on the October 1, 2023 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 or slightly lower level as 2023-24. The additional one-time federal funding received as a result of the COVID-19 Pandemic has been fully spent and is no longer available.
5. Enrollment – The table below shows the actual Average Daily Membership (ADM) for 2022-23, the budgeted ADM for 2023-24 and the projected ADM for 2024-25.

Grade	2022-23 Actual	2023-24 Budget	2024-25 Projected
ECSE (1)	38	53	53
VPK (2)	67	67	80
K-5	1,177	1,134	1,097
6-8	643	604	539
9-12	1,001	978	930
Total	2,926	2,836	2,699

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

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. Class Size Norms – Class size norms remain unchanged from the 2023-24 school year and have remained unchanged for several years. Staffing is based on the following class size norms:

Grade	2023-24 Norms	2024-25 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

3. 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, market demands, or previously agreed to agreements.

SPECIAL SCHOOL DISTRICT NO. 6
General Fund
2024-2025

	2022-23 <u>Actual</u>	2023-24 <u>Budget</u>	2024-25 <u>Proposed</u>
Revenue			
Local sources			
Property taxes	\$ 7,905,471	\$ 11,336,382	\$ 11,477,386
Investment earnings	344,998	500,000	250,000
Other	1,197,723	738,832	905,357
State sources	33,952,729	37,223,113	37,076,240
Federal sources	3,931,927	3,362,866	1,258,044
Total revenue	<u>47,332,848</u>	<u>53,161,193</u>	<u>50,967,027</u>
Expenditures			
Current			
Salaries	25,331,899	28,466,945	29,266,039
Employee benefits	10,759,867	11,686,428	11,435,239
Purchased services	6,514,848	6,614,146	6,631,812
Supplies and materials	1,407,199	1,483,027	1,489,814
Other expenditures	185,913	56,770	116,770
Capital outlay	1,712,248	1,969,013	2,011,220
Total expenditures	<u>45,911,974</u>	<u>50,276,329</u>	<u>50,950,894</u>
Net change in fund balances	1,420,874	2,884,864	16,133
Fund balances			
Beginning of year	<u>8,268,596</u>	<u>9,689,470</u>	<u>12,574,334</u>
End of year	<u>\$ 9,689,470</u>	<u>\$ 12,574,334</u>	<u>\$ 12,590,467</u>
Fund Balance %			
Restricted	6.6%	5.7%	5.3%
Assigned	4.0%	3.8%	3.8%
Unassigned	10.6%	15.5%	15.5%
Total	<u>21.2%</u>	<u>25.0%</u>	<u>24.6%</u>

Food Service Fund – Fund 02

Budget Assumptions

Revenue

For the 2023-2024 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 which took effect for the 2023-2024 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 are minor in comparison to state and federal funding due to the Free School Meals bill. Primary meal sales consist of ala carte and adult meals.
2. State Sources – State reimbursements are based on the difference between the full federal reimbursement rate and the actual rate generated by our meals served.
3. Federal Sources – Federal reimbursements are based on the 2023-24 National School Lunch Program rates as the 2024-25 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
2024-2025

	2022-23 <u>Actual</u>	2023-24 <u>Budget</u>	2024-25 <u>Proposed</u>
Revenue			
Local sources			
Investment earnings	\$ 25,704	\$ -	\$ -
Other - primarily meal sales	364,691	22,827	50,000
State sources	114,995	530,960	690,370
Federal sources	<u>1,586,212</u>	<u>1,384,468</u>	<u>1,334,282</u>
Total revenue	2,091,602	1,938,255	2,074,652
Expenditures			
Current			
Salaries	525,749	576,493	595,914
Employee benefits	193,245	211,359	214,019
Purchased services	170,330	192,300	196,146
Supplies and materials	1,054,507	878,983	1,029,019
Other expenditures	100,877	142,130	103,035
Capital outlay	<u>4,260</u>	<u>25,000</u>	<u>175,000</u>
Total expenditures	<u>2,048,968</u>	<u>2,026,265</u>	<u>2,313,133</u>
Net change in fund balances	42,634	(88,010)	(238,481)
Fund balances			
Beginning of year	<u>822,309</u>	<u>864,943</u>	<u>776,933</u>
End of year	<u>\$ 864,943</u>	<u>\$ 776,933</u>	<u>\$ 538,452</u>
Fund Balance %	<u>42.2%</u>	<u>38.3%</u>	<u>23.3%</u>

Community Service Fund – Fund 04

Budget Assumptions

Revenue

1. Property Taxes – Property taxes are budgeted based on the 2023 Payable 2024 Levy that was approved by the Board of Education on December 11, 2023. 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
2024-2025

	2022-23 <u>Actual</u>	2023-24 <u>Budget</u>	2024-25 <u>Proposed</u>
Revenue			
Local sources			
Property taxes	\$ 514,776	\$ 422,611	\$ 246,794
Investment earnings	28,693	-	-
Other - primarily tuition and fees	819,414	671,466	856,600
State sources	915,611	900,114	911,661
Federal sources	114,520	17,300	17,300
Total revenue	<u>2,393,014</u>	<u>2,011,491</u>	<u>2,032,355</u>
Expenditures			
Current			
Salaries	1,364,245	1,403,339	1,464,166
Employee benefits	517,982	510,885	476,949
Purchased services	222,246	110,075	150,869
Supplies and materials	94,920	48,650	73,600
Other expenditures	1,398	1,270	2,870
Capital outlay	13,368	2,125	3,000
Total expenditures	<u>2,214,159</u>	<u>2,076,344</u>	<u>2,171,454</u>
Net change in fund balances	178,855	(64,853)	(139,099)
Fund balances			
Beginning of year	<u>549,213</u>	<u>728,068</u>	<u>663,215</u>
End of year	<u>\$ 728,068</u>	<u>\$ 663,215</u>	<u>\$ 524,116</u>
Fund Balance Components			
Community Education Programs	\$ 544,784	\$ 455,148	\$ 253,992
Early Childhood Family Education	116,798	104,851	101,785
School Readiness	13,332	46,572	78,193
Adult Basic Education	53,154	56,644	90,146
Total	<u>\$ 728,068</u>	<u>\$ 663,215</u>	<u>\$ 524,116</u>

Debt Service Fund – Fund 07

Budget Assumptions

Revenue

1. Property Taxes – Property taxes are budgeted based on the 2023 Payable 2024 Levy that was approved by the Board of Education on December 11, 2023. 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
2024-2025

	2022-23 <u>Actual</u>	2023-24 <u>Budget</u>	2024-25 <u>Proposed</u>
Revenue			
Local sources			
Property taxes	\$ 3,021,065	\$ 3,251,821	\$ 3,239,924
Investment earnings	136,534	-	-
Other sources	-	-	-
Total revenue	<u>3,157,599</u>	<u>3,251,821</u>	<u>3,239,924</u>
Expenditures			
Debt Service			
Principal	1,855,000	2,300,000	2,345,000
Interest	1,115,532	1,073,110	874,100
Fiscal charges and other	157,444	6,500	6,775
Total expenditures	<u>3,127,976</u>	<u>3,379,610</u>	<u>3,225,875</u>
Other financing sources (uses)			
Bond Proceeds	9,995,187	-	-
Refunding Bond Payment	(9,920,000)	-	-
Total other financing sources (uses)	<u>75,187</u>	<u>-</u>	<u>-</u>
Net change in fund balances	104,810	(127,789)	14,049
Fund balances			
Beginning of year	<u>736,221</u>	<u>841,031</u>	<u>713,242</u>
End of year	<u>\$ 841,031</u>	<u>\$ 713,242</u>	<u>\$ 727,291</u>