

Farmington Area Public Schools ISD#192 Preliminary 2009-10 Budget

The adopted budget of Farmington Area Public Schools is for the fiscal year beginning July 1, 2009 and ending June 30, 2010.

The following funds are a part of the Farmington Area School District's budget:

General Fund – (01) Used to account for educational activities, student support programs, expenditures for the superintendent, district administration, operations and maintenance, and other school district expenditures not specifically designated to be accounted for in any other fund.

Transportation Fund-(03) Used to account for activities related to pupil transportation. Categorical components include regular to and from transportation, noon kindergarten, between schools, late activity, summer school and handicapped transportation.

Capital Expenditure Fund-(05) Used to account for capital expenditures for facilities, grounds and equipment.

For state reporting purposes under the Uniform Financial Accounting and Reporting Standards (UFARS) the General, Transportation and Capital Expenditure Funds listed above are considered the General Fund (01).

Food Service Fund- (02) Used to record financial activities of the school district's food service program including activities for the purpose of preparation and service of milk, meals, and snacks in connection with school and community service activities.

Community Education Fund- (04) Used to record all financial activities of the Community Service Programs.

Debt Service Funds (07 and 47) – Used to account for levy revenues and for principal and interest payments for voter approved bond issues and principal and interest payments on OPEB bonds.

Construction Fund- (06) Used to account for bond proceeds, interest revenue and for building capital project expenditures.

Irrevocable Trust Fund-(45) Used to account for the contributions into the OPEB (other post employment benefits) Trust Fund and to record the payment of retiree benefit premiums.

REVENUE ASSUMPTIONS

GENERAL FUND REVENUE ASSUMPTIONS (Fund 01)

State General Education Aid:

State General Education Aid is budgeted to increase by \$968,590 over the 2008-09 school year. The increase is attributable to an increase in enrollment. There is no increase to the per pupil unit allocation. The allocation remains at \$5,124 after including \$445 of Federal Stabilization dollars. The basic general education aid serves as the district's primary basic funding source. It makes up the majority (75.6%) of the general operating fund revenue.

Per-Pupil-Unit Allocation

2003-04	\$4,601 No increase in funding formula
2004-05	\$4,601 No increase in funding formula
2005-06	\$4,783 4% increase in funding formula
2006-07	\$4,974 4% increase in funding formula
2007-08	\$5,074 2% increase in funding formula
2008-09	\$5,124 1% increase in funding formula
2009-10	\$5,124 No increase in funding formula
2010-11	\$5,124 Current law -no increase

Pupil Units-The district has budgeted annual average daily membership to be 6,580 for the 2009-10 school year. This represents an increase in enrollment of 160 students from the current year. The average daily membership (ADM) is based upon enrollment and is the basis for the basic general education aid calculation.

ADM calculates actual "membership time" in the Farmington School District, rather than simple enrollment counts at a given point in time. This also includes the net impact of "open enrollment" agreements with other Minnesota districts.

ADM includes students who leave the district through tuition agreements with another district and excludes students who enter the district through these tuition agreements.

Property Taxes:

Property tax revenue is budgeted to increase from 2008-09 by \$478,408 or 10.29%. Property tax revenues are the second largest source of revenue for the general fund, representing about 10% of total general fund revenue. Operating referendum revenue accounts for nearly 68% of general fund tax revenue. The District's operating

referendum authority for the 2009-10 school year is currently set at \$611 per student. This voter approved levy was established in a November 2007 election. Other categories of revenue that are funded through the levy include safe schools, alternative teacher compensation, equity, transition and the career technical program.

State Sources:

State supported programs are anticipated to increase by \$129,593. Special education aid makes up 59% of this category or about \$2.4 million. State aid for special education is a formula that is based upon district special education expenditures and statewide funding available. The remainder of state supported programs includes other categorical aids such as gifted, compensatory and shared time.

Federal Sources:

Federal Revenue is budgeted to increase by \$636,919. Federal Special Education Stimulus dollars represent the majority of this increase. The District will be recognizing \$616,400 of these one-time stimulus funds. Federal revenue in the general fund operating fund includes the following programs.-

Special Education (Section 611, Section 619)

Title Programs-Entitlement computations for Title programs use federal funding limits, enrollment data and the number of pupils in various programs.

Local Tuition, Fees and Admissions:

Revenue in this category is budgeted to increase \$108,339 over the 2008-09 budget. Interest earnings make up about 17% of this category. Other items included in this category include fees, admissions and gate receipts.

TRANSPORTATION FUND REVENUE ASSUMPTIONS (Fund 03)

Revenue in the transportation fund is derived from transfers from the general operating fund. The general fund basic formula provides \$2,055,313 based on an allocation of \$273 per student. Categorical special education revenue is also transferred to this fund to cover the cost of transportation for students with special needs. Another source of funding is state non-public transportation revenue. This amount is estimated to be \$96,471 for the 09-10 budget year.

CAPITAL FUND REVENUE ASSUMPTIONS (Fund 05)

Total capital fund revenue is expected to be \$2,491,150. Components of the capital fund revenue include operating capital revenue, deferred maintenance, health and safety and the building lease levy.

Operating capital and deferred maintenance revenue amount per pupil unit remain the same as current year at \$173 and \$60 respectively.

Health and safety levy amount increases by \$173,623 over the current year. Health and safety funding is directly linked to projects that are approved by the Department of Education.

Building lease levy is in the amount of \$299,194. This levy pays for Farmington's portion of leased space for Intermediate School District 917 in the amount of \$116,312. The remaining levy dollars provide resources for lease payments for district special education space.

A technology lease purchase of \$1,077,000 and a 2007 legislative initiative of \$55 per pupil unit for technology were included in revenue for 2008-09 and are no longer funding sources for 09-10.

FOOD SERVICE FUND REVENUE ASSUMPTIONS (Fund 02)

Revenue in the food service fund is budgeted to at \$2,567,232. This includes:

District-wide food service lunch participation at 69%

Increase in student lunch prices of \$.05 for Elementary and Middle School levels and \$.10 for the High School. Meal prices included in the budget are as follows.

	Price	Increase
Elementary Lunch	\$2.10	\$0.05
Middle School Lunch	\$2.25	\$0.05
High School Lunch	\$2.30	\$0.10
Adult	\$3.00	\$0.00
Milk	\$0.40	\$0.00

State and federal reimbursements rates (Federal and State Sources per qualifying meal)-Federal Free and reduced rates increase \$.07 from 2008-09 rates.

	Federal Rate	State Rate
Lunch-Paid	0.24	0.12
Lunch-Reduced Rate	2.17	0.12
Lunch-Free	2.57	0.12

COMMUNITY EDUCATION REVEUNE ASSUMPTIONS (Fund 04)

Total revenue for the community education fund is budgeted at \$3,496,665. Revenue in this fund includes:

Property taxes for community education, school aged child care, family education programs and youth development and enrichment programs. Total local levy \$358,749.

State aid is provided for family education programs, school readiness, adult basic education and certain non-public student expenditures. Total state aid \$507,928.

Local tuition and fees account for the largest share of revenue in the Community Education Fund. Programs such as Wee Tigers Preschool, Stepping Stones, and Kinder Journey rely 100% on tuition revenue. Total tuition and fees \$2,461,106.

CONSTRUCTION FUND REVENUE ASSUPMTIONS (Fund 06)

Due to the successful bond referendum in 2005, the district received over \$111.5 million in bond proceeds by the end of FY2006. The proceeds have been utilized for the construction of the new Farmington High School and various building remodel projects. Project expenditures in 2009-10 will continue to draw on these funds. Interest revenue on unspent funds is projected to be \$475,000 for the 2009-10 school year.

DEBT SERVICE FUND REVENUE ASSUMPTIONS (Fund 07/Fund 47 OPEB)

Debt service fund revenue (Fund 07) is estimated to be at \$19,912,088. This revenue is directly linked to the debt service principal and interest bond payment schedule.

Debt service fund revenue (Fund 47) is projected to be \$371,622. This revenue is directly linked to the OPEB bonds principal and interest payment schedule.

OPEB TRUST FUND REVENUE ASSUMPTIONS (Fund 45)

Proceeds from the sale of \$6,000,000 General Obligation Taxable OPEB Bonds sold in April 2009 are accounted for in the OPEB Irrevocable Trust Fund. Interest revenue on these proceeds is estimated to be \$120,000 for the 2009-10 budget year.

EXPENDITURE –ASSUMPTIONS/RECEMMENDATIONS

GENERAL FUND EXPENDITURE ASSUMPTIONS/RECOMMENDATIONS

The General Fund expenditure budget is increasing by \$3,458,161 over the current year 2008-09 budget. This includes the following additions for 2009-10:

The **salaries and wages and employee benefits** budget (\$34,566,509 and \$9,889,426) includes salary and benefits for all employee groups covered in the general fund. This budget represents 87.44% of the total General Fund Budget. The salaries and wages and employee benefits budget includes:

- Increased salary and wage costs for longevity, education, pay rates and other items included in bargaining agreements.

- Increased costs for statutory benefits (TRA, PERA, FICA, unemployment and workers compensation).

- Increased costs for other collectively bargained benefits (health & dental insurance) associated with all employee groups.

- An allowance for wage/benefit increases that will result from bargaining agreements negotiated for the 09-10 School year.

Other budget additions included in the salaries and benefits budget include:

Additional staff and for the opening of the new Farmington High School and Riverview Elementary for the 09-10 school year.

An addition of 6.0 certified licensed teaching staff to accommodate student growth and maintain existing class sizes.

Additional coaching positions required for the transition to dual programming related to Middle School athletics.

The OPEB trust fund will offset retiree health insurance for the 09-10 school year in the amount of \$412,000.

Staffing reductions in the Teaching and Learning Department and the Maintenance Department are carried forward to the 09-10 budget year. (2.0 Administrative and 1.0 Clerical Positions Eliminated).

The **purchased services** budget is increasing by \$922,930 or 22.8% over the current year. The majority of this increase is attributable to the increased cost in utilities for the new high school. The Pupil Support program area cost increase includes the addition of a 1.0 police liaison position and Regular Instruction increase includes tuition payments for Intermediate School District programs.

The **supplies** and **equipment** budgets are projected to increase \$462,518. This increase is largely attributable to one-time equipment expenditures in the Special Education program area using federal stimulus dollars.

TRANSPORTATION FUND EXPENDITURE ASSUMPTIONS

The District contracts its transportation services with Marschall Lines. It is expected that the total cost of this service will be \$3,538,018. Transportation services provided include regular to and from, noon kindergarten, between buildings, co-curricular and special needs transportation.

CAPITAL FUND EXPENDITURE ASSUMPTIONS

The Capital Fund Expenditure budget is projected to be \$2,442,123. Capital fund expenses are prioritized within funds available or state approved within each category. Prioritized categories and funding allocations are as follows:

Buildings and Grounds-Expenditures in this category follow the prioritized 10 year capital improvement plan. Included in this category are expenditures for state approved health and safety projects and lease levy expenditures. Category total \$1,177,796.

Teaching and Learning-Expenditure appropriations in this category relate to instructional equipment purchases and textbooks. Category total \$250,000.

Technology-Required payment on 4 year technology lease purchase agreement. Category total \$275,740.

General Capital-This category includes technology staff expenditures, capital equipment building allocation, musical instruments and copier leases. Includes a set-aside contingency of \$100,000. Category total \$738,587.

FOOD SERVICE EXPENDITURE ASSUMPTIONS

Total Food Service Fund expenditures are expected to be \$2,553,710. Food cost inclusive of government commodities is budgeted at \$1,056,717 and represents 41.38% of total fund expenditures. Food Service labor costs, both District paid and contracted, account for \$1,165,539 of budgeted expenditures or 45.64% of total costs. Cost per meal served is \$2.69.

COMMUNITY EDUCATION FUND EXPENDITURE ASSUMPTIONS

Total expenditures in the Community Education Fund are budgeted at \$3,597,332. Expenditure recommendations for the 09-10 school year include:

An additional Wee Tigers Preschool classroom at RVES
An additional Kid Connection classroom at RVES
An additional Stepping Stones classroom at RVES

Expenditures for Non-public Textbooks, Guidance and Health Services are included in the total expenditures and are budgeted at \$30,000.

CONSTRUCTION FUND EXPENDITURE ASSUMPTIONS (Fund 06)

Expenditures in the construction fund are estimated to be \$8,000,000. These expenditures will be for the completion of the new high school and for the remodeling projects taking place at Boeckman Middle School and Riverview Elementary.

DEBT SERVICE FUND EXPENDITURE ASSUMPTIONS (Fund 07/Fund 47 OPEB)

Debt service expenditures are budgeted at \$19,727,207. These expenditures relate to scheduled principal and interest payments on voter approved bond issues.

Debt service expenditures in Fund 47 (OPEB) are budgeted at \$362,000. Expenditures relate to scheduled principal and interest payments on OPEB bonds.

OPEB TRUST FUND EXPENDITURE ASSUMPTIONS (Fund 45)

Expenditures for retiree benefits are expected to be \$412,000. These payments provide direct relief to the General Operating fund.

**Farmington Area Public Schools
FY10 Preliminary Budget**

REVENUE

	2008-09	2009-10
*General Fund	54,774,354	50,876,476
Transportation	3,489,828	3,538,018
Capital/Health Safety	3,723,390	2,491,150
General Fund Total	<u>61,987,572</u>	<u>56,905,644</u>
Food Service Fund	<u>2,492,825</u>	<u>2,567,232</u>
Community Education Fund	<u>3,034,935</u>	<u>3,496,665</u>
Debt Service Funds (07) OPEB (47)	<u>16,742,536</u>	<u>19,912,088</u>
Construction Fund	<u>475,000</u>	<u>475,000</u>
OPEB Trust Fund	<u>5,970,675</u>	<u>120,000</u>
Total Revenue	<u><u>90,703,543</u></u>	<u><u>83,476,629</u></u>

**Farmington Area Public Schools
FY10 Preliminary Budget**

EXPENDITURES

	2008-09	2009-10
*General Fund	53,384,083	50,842,244
Transportation	3,489,828	3,538,018
Capital/Health Safety	3,176,707	2,442,123
General Fund Total	<u>60,050,618</u>	<u>56,822,385</u>
Food Service Fund	<u>2,475,768</u>	<u>2,553,710</u>
Community Education Fund	<u>3,044,156</u>	<u>3,597,332</u>
Debt Service Fund	<u>16,874,719</u>	<u>19,727,207</u>
Construction Fund	<u>30,750,000</u>	<u>8,000,000</u>
OPEB Trust Fund	<u>0</u>	<u>412,000</u>
Total Expenditure	<u><u>113,195,261</u></u>	<u><u>91,112,634</u></u>

General Fund FY09 Adjustments:

\$6 million in OPEB bond proceeds reflected as revenue and expense

\$2.1 million State Special Education Tuition adjustment (reduces revenue and expense)

\$5.9 million OPEB proceeds are transferred from GF to the Trust Fund

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FY10 Preliminary Budget**

FUND BALANCE

	2008-09	2009-10
General Fund -Unreserved	2,720,992	2,755,224
GF -Reserved	844,911	844,911
Transportation	0	0
Capital/Health Safety	952,458	1,001,485
General Fund Total	<u>4,518,361</u>	<u>4,601,620</u>
Food Service Fund	<u>113,531</u>	<u>127,053</u>
Community Education Fund	<u>531,510</u>	<u>430,843</u>
Debt Service Fund	<u>1,070,327</u>	<u>1,255,208</u>
Construction Fund	<u>26,889,392</u>	<u>19,364,392</u>
OPEB Trust Fund	<u>5,970,675</u>	<u>5,678,675</u>