

M E M O R A N D U M

TO: Charles Glaes, Superintendent
Members of the Board of Education 

FROM: Stephen Goss, Assistant Superintendent

DATE: June 10, 2013

RE: 2012-2013 June Amended Budget
2013-2014 Proposed Budget

Attached you will find the final amendment to the 2012-2013 budget and the preliminary 2013-2014 budget. The following is a summary of the revisions to the current year budget and the primary assumptions used in developing the preliminary 2013-2014 budget:

June Amendment to 2012-2013 General Fund Budget:

General Fund revenues are projected to increase by approximately \$313,000, or about 1.4%, from the prior amendment to \$22.29 million. \$250,000 of that increase is attributable to the new Section 147c MPSERS Pre-Funding grant. Unfortunately, those funds will just pass through the District on their way to MPSERS, as we will be invoiced for the same amount we collect. As a result, there will be no net gain for the District.

The remaining \$.06 million increase to projected revenues is primarily the result of adjustments to State Aid, including routine prior year adjustments and the new Section 22i Technology Infrastructure Grant.

Compared to the January amendment, general fund expenditures are projected to increase by approximately \$258,000, to \$22.80 million, or about 1.1%. \$250,000 of that increase is attributable to the Section 147c funding described above.

Based on these revisions, we are projecting the budget shortfall for the current year to decrease by \$55,000 to approximately \$439,000, which would result in a fund balance of approximately \$2.26 million. That equates to 9.65% of our preliminary estimates of 2013-2014 expenditures, which is below the generally recommended level of 15%-20% and also the 12% minimum specified by board policy.

Proposed 2013-2014 Preliminary General Fund Budget:

The 2013-2014 preliminary General Fund budget is based on the following major assumptions:

- Total per pupil funding of \$7,187; resulting in additional revenue of approximately \$200,000; consisting of the following components:

	2013-2014	2012-2013	Increase (decrease)
Minimum foundation	\$7,026	\$6,966	+60
Equity payment	50	-	+50
Sec. 147a MPSERS Offset	59	92	-33
Best Practices incentive	52	52	-
Total	\$7,187	\$7,110	+77

- Enrollment: We are projecting a 39 FTE increase to blended pupil count from 2,620 to 2,659. This amount assumes flat K-12 enrollment and an increase of 42 WAY students.
- WAY Program: As noted above, we anticipate expanding the program next year to 120 students. The program appears to be on track to essentially break even, as expected, for the current year. For next year, we anticipate the program will generate approximately \$100,000 of excess revenue.
- MPSERS rate: Essentially unchanged at approximately 25%.
- Approximately \$160,000 in savings related to the new VESPA contract.
- Approximately \$250,000 of debt service related to the replacement of school busses.
- Increases to compensation costs based on existing contract language totaling approximately \$310,000. Note that we are currently bargaining with VEA and results of those discussions along with any possible changes to compensation for non-bargaining staff will affect that estimate.
- Savings from the restructuring of business office services and other supply reductions totaling approximately \$90,000.
- Note that the budget also includes approximately \$590,000 of both revenue and expense related to the Section 147c MPSERS prefunding. As previously discussed, this item will have no effect on our cash flow or fund balance.

The following is a summary of the budget based on the above assumptions:

Total revenues	\$22,995,504
Total expenditures	<u>23,420,667</u>
Deficiency of revenues over expenditures	(425,163)
Beginning fund balance	<u>2,259,509</u>
Ending fund balance	<u><u>\$1,834,346</u></u>

I look forward to discussing the proposed 2013-2014 budget in more detail at the Board Meeting. In the meantime, please do not hesitate to contact me with questions.