

**BEMIDJI AREA SCHOOLS
BEMIDJI, MINNESOTA**

DATE: MAY 21, 2018
TO: BOARD OF EDUCATION, BEMIDJI SCHOOL DISTRICT #31
FROM: CHRIS J. LEINEN, DIRECTOR OF BUSINESS SERVICES
SUBJECT: BUDGET ADOPTION FISCAL YEAR 2018-2019
COMMENTS:

Attached is a Budget Projection Report for 2018-19. This is part of our five year projection model which builds on actual audited data from 2016-17 and our adopted budget from 2017-18.

Projections for 2018-19 incorporate assumptions derived from several sources. These sources include the State Legislature, local county birth rates, contract settlements and market driven inflation rates. The assumptions incorporated into this model are as follows:

Enrollment is derived from our projection model and incorporates a slightly smaller birth class than the prior year as well as historical attrition of approximately 100 students during the school year. Our K-12 enrollment is projected to decrease by 29 students. Based on an enrollment of 5,076 this fluctuation is a statistical flat line having minimal effect on the overall budget. Enrollment figures will become more accurate in October when we submit our actual seat counts to the Minnesota Department of Education. October enrollment drives many of the funding formulas for cash flow purposes. MDE will make an adjustment the following year to account for enrollment fluctuations throughout the school year. Our final student number is called Average Daily Membership or "ADM" which is the true basis for many state funding formulas. Our ADM will not be finalized until December of 2019, six months after the budget year is over. This "lag" in funding finality is one reason why a fund balance is necessary.

Budgeted Revenue is projected to increase by \$994,663 for next year to \$67,305,257. This increase is driven largely by the basic formula increase of 2% plus increases in Special Education expense reimbursements.

Budgeted Expenses are projected to increase by \$1,634,244 to \$67,256,109 for next year.

This change is due to a combination of factors. Basic inflation is assumed to be 2.0% on salaries, and wages, 2.0% on benefits and 1.25% on operational costs. These amounts are consistent with the legislative proposals currently under consideration at the state capital. Staffing additions approved in April have been incorporated into the budget at approximately \$1,000,000. These costs are driven by the opening of the new Gene Dillon Elementary school and the transition costs associated with keeping Paul Bunyan Elementary school open for an interim year to allow the many moving parts to be orchestrated successfully.

The Operating Budget spending variance is currently projected to be a surplus of \$49,077.

Our current beginning Fund Balance for 2018-2019 is projected to be \$10,455,483 of which \$6,009,122 is restricted and \$4,495,438 is unrestricted. When projecting fund balance it is important to remember that we are projecting two years out and that the results of the current year will necessarily have an effect on the following year as well. The operating surplus for 2017-2018 is projected at \$688,730 and any variance from this number will carry forward to the next year when the audit is completed.

This projected unrestricted general fund balance of \$ 4,495,438 represents 7.5% of the associated expenses and falls just short of our goal of 8% to 10%.

ACTION:

The motion was offered by _____, seconded by _____
and, carried () to approve the 2018-2019 Operating Budget as presented.

Financial Planning Model Version XXIII - SchoolFinances.Com

SUMMARY WORKSHEET

BEMIDJI 31

		Budget Year							
INPUT WORKSHEET		2016-17	2017-18	2018-19	2019-20	2020-21	2021-22	2022-23	
	Pupil Unit Value	2.00% Change	\$6,188	\$6,312	\$6,438	\$6,567	\$6,698	\$6,832	
	Percent of Fall WADM to EOY WADM		100.00%	100.00%	100.00%	100.00%	100.00%	100.00%	
	Referendum per APU		480.00	480.00	480.00	326.83	180.00	180.00	
ENROLLMENT WORKSHEET		2016-17	2017-18	2018-19	2019-20	2020-21	2021-22	2022-23	
	Pre K, Handicapped, K,Grade 1-6 Enrollment	2,980	2,912	2,922	2,903	2,860	2,843	2,833	
	Grades 7 - 12 Enrollment	2,165	2,258	2,219	2,212	2,220	2,201	2,197	
	EC &Kindergarten - Grade 12 Enrollment	5,079	5,106	5,077	5,052	5,016	4,981	4,968	
	Enrollment change from Previous Year		27	(29)	(25)	(35)	(36)	(13)	
	APU's FY15	5,078.80	5,106.20	5,076.80	5,051.70	5,016.40	4,980.80	4,967.50	
	Beginning of Year APU CHANGES		27.40	(29.40)	(25.10)	(35.30)	(35.60)	(13.30)	
REVENUE WORKSHEET		2016-17	2017-18	2018-19	2019-20	2020-21	2021-22	2022-23	
	Estimated Adjusted Pupil Units	5,511.78	5,557.72	5,520.52	5,494.16	5,460.40	5,420.98	5,406.92	
	BASIC		\$34,391,171	\$34,845,522	\$35,372,721	\$35,858,473	\$36,311,594	\$36,941,763	
	DECLINING ENROLL		\$0	\$65,746	\$47,519	\$62,077	\$73,934	\$26,897	
	GIFTED & TALENT		\$72,250	\$73,202	\$74,310	\$75,330	\$76,282	\$77,606	
	ALT ATT ADJ		\$256,789	\$255,070	\$253,852	\$252,292	\$250,471	\$249,821	
	REFERENDUM		\$2,667,706	\$2,649,850	\$2,637,197	\$1,784,623	\$975,776	\$973,246	
	Other Formula Revenue	See Revenue Worksheet	\$10,262,236	\$10,250,638	\$10,187,201	\$10,180,079	\$10,161,051	\$10,140,474	
	Total Projected Non-Formula Revenue		\$18,660,443	\$19,165,157	\$19,675,526	\$20,203,288	\$20,749,110	\$21,313,686	
	Tuition Variation Adjustment to Fund 01	-	\$0	\$0	\$0	\$0	\$0	\$0	
	Percentage Based Revenue Adjustments(if used)		\$0	\$0	\$0	\$0	\$0	\$0	
	TOTAL Rev. (Gen/Trans/Capital)	\$65,850,096	\$66,310,595	\$67,305,185	\$68,248,325	\$68,416,161	\$68,598,217	\$69,723,493	
EXPENDITURE WORKSHEET		2016-17	2017-18	2018-19	2019-20	2020-21	2021-22	2022-23	
	Salaries and Wages	\$0	\$38,995,592	\$40,067,971	\$41,069,670	\$42,096,412	\$43,148,822	\$44,227,543	
	Employee Benefits	\$0	\$13,444,141	\$13,709,407	\$14,052,142	\$14,403,446	\$14,763,532	\$15,132,620	
	Non-Salary and Non-Benefits	\$0	\$13,182,132	\$13,478,730	\$13,748,305	\$14,023,271	\$14,303,736	\$14,589,811	
	Staffing Worksheet Teacher Salary Changes		\$0	\$0	\$0	\$0	\$0	\$0	
	Staffing Worksheet Non-Teacher Salary Changes		\$0	\$0	\$0	\$0	\$0	\$0	
	Unspecified Dollar Amount Expenditure Changes		\$0	\$0	\$0	\$0	\$0	\$0	
	Percentage Based Expenditure Changes(if used)		\$0	\$0	\$0	\$0	\$0	\$0	
	Total Expenditures	\$64,733,529	\$65,621,865	\$67,256,108	\$68,870,117	\$70,523,128	\$72,216,090	\$73,949,973	
STAFFING WORKSHEET		2	2016-17	2017-18	2018-19	2019-20	2020-21	2021-22	2022-23
	Instructional Staffing Summary Only								
	Annual Ratio Staffing Changes			0.00	0.00	0.00	0.00	0.00	
	Cumulative Ratio Staffing Changes			0.00	0.00	0.00	0.00	0.00	
	Total Teaching Staff Based on PLAN		0.00	0.00	0.00	0.00	0.00	0.00	
	Total Staff 'Teacher' Salary Changes Based on PLAN			\$0	\$0	\$0	\$0	\$0	
	Total 'non-teacher' Salary Changes Based on Plan			\$0	\$0	\$0	\$0	\$0	
RESERVE WORKSHEET		2016-17	2017-18	2018-19	2019-20	2020-21	2021-22	2022-23	
	TOTAL BEGINNING FUND EQUITY	\$8,079,466	\$9,766,753	\$10,455,483	\$10,504,560	\$9,882,768	\$7,775,802	\$4,157,929	
	VARIANCE = (REVENUES - EXP.)	\$1,116,567	\$688,730	\$49,077	-\$621,792	-\$2,106,967	-\$3,617,872	-\$4,226,480	
	TOTAL EOY FUND EQUITY & RESERVES	\$9,196,033	\$10,455,483	\$10,504,560	\$9,882,768	\$7,775,802	\$4,157,929	-\$68,551	
	TOTAL RESTRICTED AMOUNTS	\$6,200,262	\$6,009,122	\$6,009,122	\$6,009,122	\$6,009,122	\$6,009,122	\$6,009,122	
	Variation in Reserves from Prior Year		-\$191,140	\$0	\$0	\$0	\$0	\$0	
	UNASSIGNED	\$3,566,491	\$4,446,361	\$4,495,438	\$3,873,646	\$1,766,680	-\$1,851,193	-\$6,077,673	
	Unrestricted/EOY APU	\$647.07	\$800.03	\$814.31	\$705.05	\$323.54	-\$341.49	-\$1,124.05	
	S.O.D. Reserve Amount	\$3,566,491	\$4,446,361	\$4,495,438	\$3,873,646	\$1,766,680	-\$1,851,193	-\$6,077,673	
	S.O.D. Reserve %	5.51%	6.78%	6.68%	5.62%	2.51%	-2.56%	-8.22%	
	-2.5% or less is S.O.D.	O.K.	O.K.	O.K.	O.K.	O.K.	S.O.D.	S.O.D.	
GOAL RESERVE AMOUNT		\$3,884,012	\$3,937,312	\$4,035,366	\$4,132,207	\$4,231,388	\$4,332,965	\$4,436,998	
GOAL ACHIEVED		NO	YES	YES	NO	NO	NO	NO	
PLAN CHANGES NEEDED F/GOAL		-\$317,521	\$0	\$0	-\$258,561	-\$2,464,708	-\$6,184,158	-\$10,514,671	

BEMIDJI AREA SCHOOLS
BUDGET 2018-2019
Adopted 6/18/18

	Actual Beginning Balance 7/1/2018	PROJECTED Revenue 2018-2019	PROJECTED Expenditures 2018-2019	PROJECTED Surplus/Deficit 2018-2019	PROJECTED Ending Balance 6/30/2019
General Fund General Operations					
Fund 01 General		55,296,486	55,002,526	293,960	
Fund 10 Special Schools		1,872,224	1,880,168	(7,944)	
Fund 20 Federal Programs		3,245,728	3,264,359	(18,631)	
GFGO Total	7,375,711	60,414,438	60,147,053	267,385	7,643,096
Fund 03 Transportation	0	4,162,718	4,558,247	(395,529)	(395,529)
Fund 05 Capital Projects	3,079,772	2,728,030	2,550,809	177,221	3,256,993
General Fund Total	10,455,483	67,305,186	67,256,109	49,077	10,504,560
Fund 02 Food Service	309,541	3,348,502	3,380,721	(32,219)	277,322
Fund 04 Community Service	657,642	2,355,805	2,375,879	(20,074)	637,568
Operating Funds Total	11,422,666	73,009,493	73,012,709	(3,216)	11,419,450
Fund 06 Construction	11,777,304	228,375	12,000,000	(11,771,625)	5,679
Fund 07 Debt Service	3,557,741	4,790,759	4,786,238	4,521	3,562,262
OPEB Debt Service	300,067	541,983	446,536	95,447	395,514
OPEB Trust	2,867,722	432,355	764,021	(331,666)	2,536,056
All Funds Total	29,925,500	79,002,965	91,009,504	(12,006,539)	17,918,961