



REVISED BUDGET EXECUTIVE SUMMARY

JULY 1, 2018 THROUGH JUNE 30, 2019

MAHTOMEDI PUBLIC SCHOOLS

ISD 832

January 10, 2019

DISTRICT OFFICIALS

School Board

Dr. Lucy Payne
Julie McGraw
Stacey Stout
Mike Chevalier
Kevin Donovan
Judy Schwartz

Chairperson
Vice Chairperson/Clerk
Treasurer
Director
Director
Director

Administrative Staff

Barb Duffrin
Lynne Viker
Bill Menozzi
Tony Pierce
Dr. Cathy Wyland
Patrick Crothers
Nicole Flesner
Alice Seuffert

Superintendent of Schools
Assistant Superintendent of Learning
Director of Business Services
Director of Student Support Services
Director of Community Education
Technology Coordinator
Human Resources Supervisor
Communications Specialist

Building Principals

Lynne Viker and Su Sorenson
Kirsten Bouwens
Dr. Mike Neubeck
Kathe Nickleby

Wildwood Elementary
OH Anderson Elementary
Mahtomedi Middle School
Mahtomedi High School

VISION

The vision of Mahtomedi Public Schools is to engage, challenge, and inspire all students to create opportunities for themselves and others.

MISSION STATEMENT

The mission of Mahtomedi Public Schools is to provide a learning community in which all students can learn, thrive, and succeed in a global society.

BELIEF STATEMENTS

Quality public education is a cornerstone of a healthy democracy.

Education is a shared responsibility between students, families, educators, and community members.

Everyone has the right to a safe learning environment.

A learning community must respect, respond to, and celebrate each student's unique needs, interests, and talents.

Educators must continually learn, grow, and innovate to improve student learning.

Integrity, civility, collaboration, and service are essential to responsible citizenship.

The diversity of our students and families enriches our schools and community through the addition of new ideas, perspectives, and cultures.

The school environment will positively influence students and staff health and wellness.

Our schools and community will practice sustainable, responsible, and environmental stewardship of resources.

EXECUTIVE SUMMARY

The decision of where to send your children to school is one of the most important decisions any family will make. We are grateful that families are choosing Mahtomedi Schools to provide an excellent education in a small, caring environment. Our families and community members are proud of the education students receive, and we are grateful for the tradition of community support for our school system.

All enrollment and budgetary decisions at Mahtomedi Schools seek to continue to support the mission of *“Providing a learning community in which all students can learn, thrive, and succeed in a global society.”* Additionally, all enrollment and budgetary decisions are vetted through the lens of keeping expenditures and taxpayer burden to a minimum, while continuing our tradition of academic excellence.

REVISED BUDGET OVERVIEW

The revised budget presented includes an analysis of the actual financial condition of the School District at June 30, 2018, and a comparison between the preliminary and revised estimated positions at June 30, 2019.

The budget was prepared in accordance with generally accepted accounting principles (GAAP). The main purpose of the revised budget is to update and include estimates used in the preliminary budget process. These include estimates in enrollment, staffing data, contract settlements, and other factors that were not known during the preliminary budget process. At times these updates can have a significant impact on revised budget projections for the current year.

Minnesota education laws that are known as of the date of this publication were used as the basis for building the 2018-2019 revised budget which includes a 2% increase in the general education state aid funding formula.

Our continued effort to increase financial transparency and accountability to all stakeholders, combined with the increasing complexity of funding public education in Minnesota and our challenge to do more with less makes the district budget publication one of the most useful documents in public school administration. This budget depicts the priorities of the School Board, building and district administration, staff, and the community as a whole.

BUDGET PROCESS

The budget in Mahtomedi Schools is a continuous four-step process:

Each step requires School Board approval and is open for public inspection and comment.

1. Property Tax Levy –

The budget process begins with submission of the final certified property tax levy to the home county auditor and Minnesota Department of Education. The School Board certifies the final levy for the next fiscal year before the end of the calendar year.

2. Preliminary Budget –

The School Board approves a preliminary budget before the start of the school year on July 1. Approval includes analysis and assumptions on staffing needs, enrollment, legislative impact, and other revenue and expenditure estimates.

3. Revised Budget –

The School Board approves a final (revised) budget each year in December or January based on information and estimates not previously known during the preliminary budget process.

4. Annual Financial Report & Fiscal Audit –

The final step includes closing the books and preparing financial statements for review and audit by an independent external CPA firm. The School Board typically reviews the audit report in October or November.

Revenue projections for the revised budget are prepared by the Finance Department based on state statutes, using updated enrollment estimates from the preliminary budget. The general education per pupil funding formula allowance as set by the legislature for 2018-19 is \$6,312. The per pupil formula allowance for 2017-18 was \$6,188.

The district's budget process is based, first, on parameters set forth by School Board action regarding enrollment and open enrollment projections for the budget year. The District recognizes that enrollment projections are both sensitive to the school district community and important to the bottom line of the general fund budget. Estimating and setting enrollment targets and meeting or exceeding the target is crucial in maintaining district fund balance.

MAHTOMEDI PUBLIC SCHOOLS
Independent School District 832
Mahtomedi, MN

**2018-2019 REVISED BUDGET
ALL FUNDS COMBINED**

	2017-2018 Actual Amounts	2018-2019 Preliminary Budget	2018-2019 Revised Budget	Difference
Revenues				
General Fund	\$ 38,266,360	\$ 39,503,552	\$ 39,376,301	\$ (127,251)
Food Service	1,381,222	1,457,300	1,370,815	\$ (86,485)
Community Service	2,235,602	2,136,653	2,238,919	\$ 102,266
Debt Service	5,215,426	4,818,500	4,773,080	\$ (45,420)
Internal Service Fund	5,160,169	5,222,000	5,397,000	\$ 175,000
OPEB Trust Fund	37,678	25,000	25,000	\$ -
OPEB Debt Service Fund	328,695	331,250	320,250	\$ (11,000)
Total Funds Combined	\$ 52,625,152	\$ 53,494,255	\$ 53,501,365	\$ 7,110
Expenditures				
General Fund	\$ 39,923,317	\$ 39,461,728	\$ 40,114,962	\$ 653,234
Food Service	1,332,914	1,501,770	1,429,770	\$ (72,000)
Community Service	2,247,368	2,114,893	2,368,399	\$ 253,506
Debt Service	5,494,755	4,780,050	4,780,050	\$ -
Internal Service Fund	5,441,197	5,320,000	5,395,000	\$ 75,000
OPEB Trust Fund	593,691	178,750	203,750	\$ 25,000
OPEB Debt Service Fund	329,208	324,000	323,633	\$ (367)
Total Funds Combined	\$ 55,362,450	\$ 53,681,191	\$ 54,615,564	\$ 934,373

MAHTOMEDI PUBLIC SCHOOLS
Independent School District 832
Mahtomedi, MN

FUND BALANCE REPORT

	June 30, 2018 Fund Balance (Audited)	2018-19 Revised Revenue	2018-19 Revised Expenditures	June 30, 2019 Change In Fd Balance (Estimated)	June 30, 2019 Fund Balance (Estimated)
General Fund	4.5%				2.2%
Unassigned Fund Balance	1,781,691	35,634,688	36,523,849	(889,161)	892,530
Assigned - Building Donations	206,323	340,000	340,000	-	206,323
Assigned - Student Activities	280,166	420,000	420,000	-	280,166
Assigned - Subsequent Year Budget	76,181	-	-	-	76,181
Assigned - Severance	411,850	-	-	-	411,850
Subtotal Assigned	974,520	760,000	760,000	-	974,520
Restricted - Capital Projects Levy	158,643	634,629	700,863	(66,234)	92,409
Restricted - Operating Capital	251,066	1,131,984	1,076,997	54,987	306,053
Restricted - LTFM	(54,277)	1,215,000	1,053,253	161,747	107,470
Subtotal Restricted	355,432	2,981,613	2,831,113	150,500	505,932
Total General Fund	3,111,643	39,376,301	40,114,962	(738,661)	2,372,982
Food Service Fund	283,380	1,370,815	1,429,770	(58,955)	224,425
Community Service Fund	615,413	2,238,919	2,368,399	(129,480)	485,933
Debt Service Fund	1,005,464	4,773,080	4,780,050	(6,970)	998,494
Internal Service Fund	113,829	5,397,000	5,395,000	2,000	115,829
OPEB Trust Fund	1,353,048	25,000	203,750	(178,750)	1,174,298
OPEB Debt Service Fund	68,363	320,250	323,633	(3,383)	64,980
Grand Total All funds	6,551,140	53,501,365	54,615,564	(1,114,199)	5,436,941

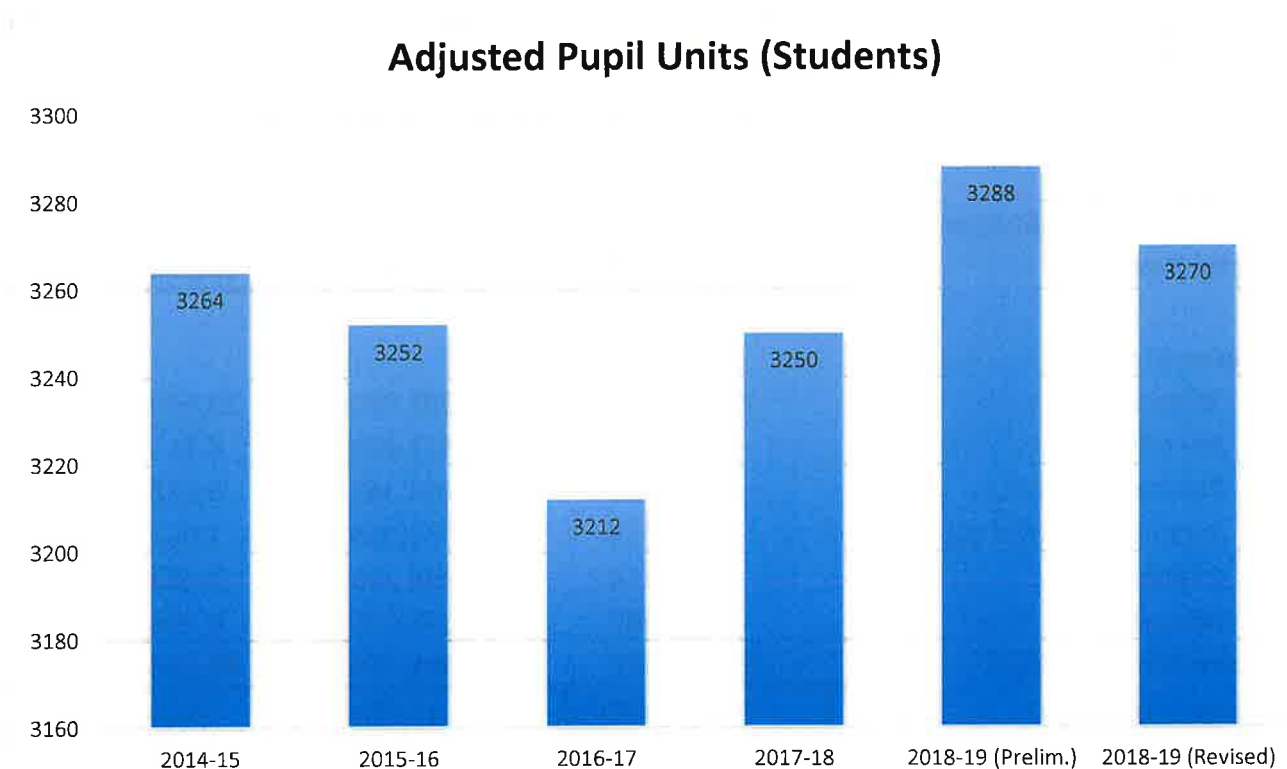
ENROLLMENT HISTORY & PROJECTIONS

Enrollment projections at Mahtomedi Schools are an integral part of adopting a sustainable and accurate general fund budget. Maintaining level enrollment is predicated upon acceptance and attendance of open enrolled students in order to maintain grade levels K-12 with the previous school year.

Mahtomedi Schools generally enrolls approximately 180 – 185 kindergarten students and has approximately 280 – 300 graduating seniors. Monitoring resident grade progression ratios and balancing with open enrollment in order to maintain this enrollment model is an important part of the budgeting process.

Enrollment history for the previous four years, 2018-19 enrollment target, and revised enrollment projections are included below.

Enrollment projections below do not include PSEO and ECSE students.



GENERAL FUND

The General Fund is the primary operating budget for general, day-to-day operations of the school district. It is used to account for all revenues and expenditures for educational activities, district instructional and student support programs, district administration, normal operations and maintenance, pupil transportation, capital expenditures, and other school district expenditures not accounted for in another fund.

The general fund includes expenditures funded with the long-term facilities maintenance, operating capital, and capital projects levy programs. It is important to note that these categorical expenditures can fluctuate considerably from year to year and can impact the overall view of the district's funding picture. For example, the 18-19 revised capital projects levy budget includes an estimated \$80,000 for a data warehouse. This is a planned spend down of a portion of the capital projects levy fund balance.

	2017-2018 Actual Amounts	2018-2019 Preliminary Budget	2018-2019 Revised Budget	Increase (Decrease) Budget
Revenues				
Local Tax	\$ 8,042,652	\$ 8,455,297	\$ 8,418,983	-0.4%
State Tax	28,079,081	28,761,174	28,784,063	0.1%
Federal Aid	610,161	832,000	708,000	-14.9%
Other Local Revenue	1,534,466	1,455,081	1,465,255	0.7%
Total Revenues	38,266,360	39,503,552	39,376,301	-0.3%
Expenditures				
Salaries	22,288,670	22,395,890	22,465,189	0.3%
Benefits	8,617,013	8,422,701	8,511,595	1.1%
Purchased Services	5,607,758	5,144,369	5,518,738	7.3%
Supplies & Materials	909,913	1,082,016	1,061,232	-1.9%
Capital	1,331,214	1,338,703	1,463,903	9.4%
Misc./Other	1,168,748	1,078,049	1,094,295	1.5%
Total Expenditures	39,923,316	39,461,728	40,114,952	1.7%
Surplus (Deficit)	\$ (1,656,956)	\$ 41,824	\$ (738,651)	

FUND BALANCE POLICY

The School Board has adopted policy 714 related to school district fund balances.

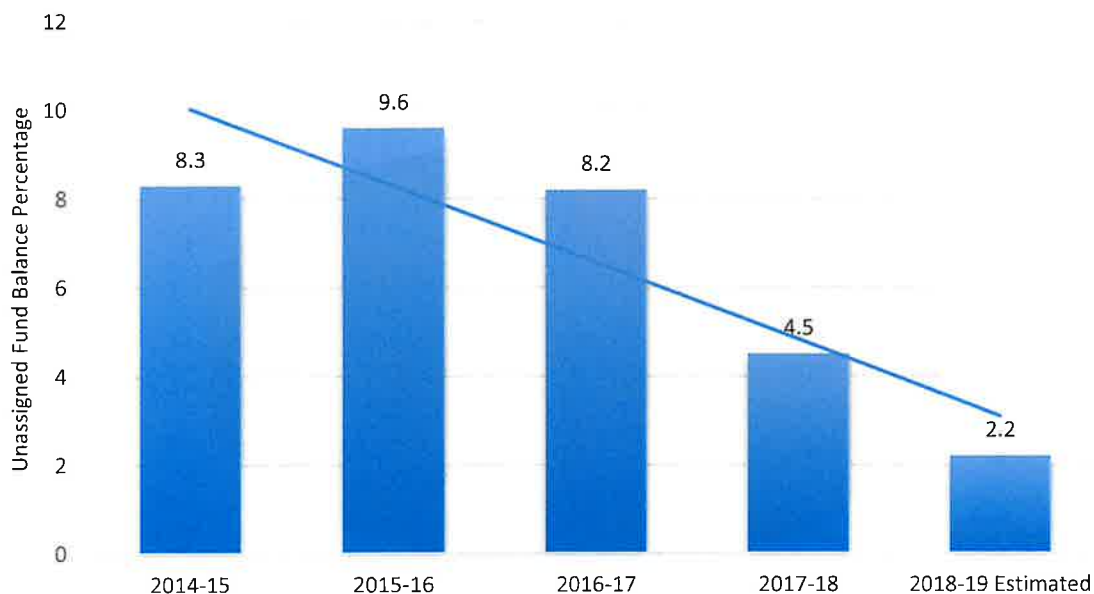
The school board shall strive to maintain a minimum unassigned general fund balance of 8% of the total general fund expenditures. If the fund balance falls below 8%, the school board shall implement a procedure to stabilize the district's financial position. This may involve, but is not limited to:

- A. No new programs will be added at the district level unless matched by a like revenue source.*
- B. Allocations such as textbooks, supplies, etc., shall be frozen; and*
- C. The district will review other measures which will not immediately affect delivery of programs but could have a cost savings. The district may take measures to either generate additional revenues or reduce expenditures through budget cuts or a combination of both.*

The general fund unassigned fund balance as of June 30, 2018 was 4.5% and is projected to drop to 2.2% as of June 30, 2019. It is critical that the 2019-20 preliminary budget is balanced in order to stop our decline in fund balance. The revoke and replace to the voter approved operating levy from November 2018 will help, but budget adjustments will still need to be made in 2019-20.

Budget items such as classroom supplies, materials and membership dues have not been increased for the 2018-19 budget. All budget appropriations set forth by the School Board lapse at year end.

Unassigned Fund Balance Percentage

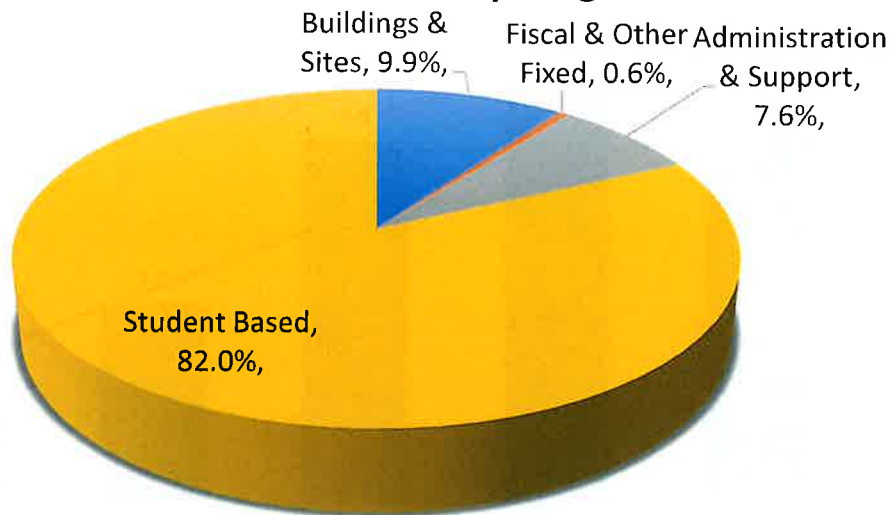


MAHTOMEDI PUBLIC SCHOOLS
Independent School District 832
Mahtomedi, MN

GENERAL FUND
2018-2019 Expenditures by Program

Program Code	Program Description	2017-2018 Actual Amounts	2018-2019 Preliminary Budget	2018-2019 Revised Budget	Increase (Decrease) Budget
000-099	Administration	\$ 1,905,703	\$ 1,863,394	\$ 1,752,765	-5.9%
100-199	District Support Services	1,421,764	1,298,844	1,281,714	-1.3%
200-299	Regular Instruction	20,055,306	19,738,911	19,675,538	-0.3%
300-399	Vocational Instruction	910,881	741,742	711,431	-4.1%
400-499	Special Education Instruction	7,020,404	7,022,603	7,528,263	7.2%
600-699	Instructional Support Services	1,647,671	1,766,090	1,649,112	-6.6%
700-799	Pupil Support Services	3,170,179	3,036,147	3,322,382	9.4%
800-899	Sites & Buildings	3,667,550	3,760,997	3,957,065	5.2%
900-999	Fiscal & Other Fixed Costs	123,860	233,000	236,690	1.6%
GRAND TOTAL		\$ 39,923,318	\$ 39,461,728	\$ 40,114,960	1.7%

General Fund Uses by Program



PERSONNEL

Mahtomedi Schools has five collective bargaining units. Teachers, clerical, paraprofessionals, custodial and maintenance employees, and principals are organized for bargaining purposes. Associate and assistant principals are affiliated with the principals bargaining group. Additionally, some administrative and director level positions, as well as confidential employees are unaffiliated and not in a collective bargaining unit.

The employee positions for 2017-18 and projected employee positions for 2018-19 is as follows:

	<u>2017-2018</u>	<u>2018-2019</u>
Teachers	219.50 FTE	210.80 FTE
Clerical	16.00 FTE	16.37 FTE
Paraprofessionals	47.14 FTE	49.17 FTE
Custodians & Maintenance	20.20 FTE	20.20 FTE
Principals	6.92 FTE	5.92 FTE
Unaffiliated	29.71 FTE	28.52 FTE

FOOD SERVICE FUND

Food services is the department that provides meal services in Mahtomedi Schools. Meal prices for 2018-19 are unchanged from 2017-18 and are presented below:

Prices are as follows:

LUNCH	<u>2017-18</u>	<u>2018-19</u>
Elementary	\$2.60	\$2.60
Middle School	\$2.90	\$2.90
High School	\$2.90	\$2.90
Adult	\$4.00	\$4.00
Milk	\$0.50	\$0.50
BREAKFAST	<u>2017-18</u>	<u>2018-19</u>
Elementary	\$1.30	\$1.30
Middle/High School	\$1.50	\$1.50
Adult	\$1.90	\$1.90

Mahtomedi Schools contracts with Stillwater Public Schools ISD 834 for food service management and staffing. The Mahtomedi School Board voted on May 10, 2018 to exercise the second renewal term with ISD 834 for the provision of food services for 2018-19.

2018-2019 Revised Budget Food Service Fund

	2017-2018 Actual Amounts	2018-19 Preliminary Budget	2018-2019 Revised Budget
Revenues			
Lunch Sales	\$ 998,618	\$ 1,066,800	\$ 1,005,100
Federal Aid	326,692	338,000	313,000
State Aid	55,912	52,500	52,715
Total Revenues	\$ 1,381,222	\$ 1,457,300	\$ 1,370,815
Expenditures			
Salaries & Benefits	\$ 59,803	\$ 137,025	\$ 87,025
Contracted Services	629,514	635,750	647,250
Supplies & Materials	632,787	691,460	653,960
Other	10,810	37,535	41,535
Total Expenditures	\$ 1,332,914	\$ 1,501,770	\$ 1,429,770
Surplus (Deficit)	48,308	(44,470)	(58,955)

COMMUNITY SERVICES
Community Education Fund

The Community Services Fund is used to record all financial activities associated with the various academic, recreational, and community involvement programs. The Community Service Fund is comprised of four components, each with its own fund balance: Community Education, Early Childhood Family Education (ECFE), School Readiness, and Adult Basic Education (ABE).

Community Education: The focus of these activities is enrichment programs for any age level that are not part of the K-12 educational program.

Early Childhood Family Education: The focus of these activities is to improve parenting skills of new and expectant parents, and to provide learning experiences for parents and children.

School Readiness: These activities will include social services, a development and learning plan, health referral services, a nutrition component and parental involvement.

Adult Basic Education: Includes all activities related to adult programming.

Community Education also allows district residents the opportunity to use educational facilities and programs during non-school hours. The Community Education Department also schedules the use of the district's facilities outside of school hours, including athletic facilities.

2018-2019 Revised Budget Community Services Fund			
	2017-2018 Actual Amounts	2018-2019 Preliminary Budget	2018-2019 Revised Budget
Revenues			
Local Tax	\$ 275,845	\$ 306,805	\$ 275,698
Fees and Charges	1,866,817	1,741,171	1,872,657
State Aids and Grants	92,941	88,677	90,564
Total Revenues	\$ 2,235,603	\$ 2,136,653	\$ 2,238,919
Expenditures			
Salaries & Benefits	\$ 1,552,193	\$ 1,527,465	\$ 1,592,425
Non-Employment	695,175	587,428	775,974
Total Expenditures	\$ 2,247,368	\$ 2,114,893	\$ 2,368,399
Surplus (Deficit)	(11,765)	21,760	(129,480)

DEBT SERVICE FUND

The debt service fund is used to record revenues and expenditures for the school district's voter approved outstanding bonded indebtedness. These bonds were issued to finance the acquisition, improvement, and equipping the district's buildings.

The district's underlying bond rating by Standard & Poor's is AA.

2018-2019 Revised Budget Debt Service Fund

	2017-2018 Actual Amounts	2018-2019 Preliminary Budget	2018-2019 Revised Budget
Total Revenues	\$ 5,215,426	\$ 4,818,500	\$ 4,773,080
Total Expenditures	\$ 5,494,755	\$ 4,780,050	\$ 4,780,050
Surplus (Deficit)	(279,329)	38,450	(6,970)

OPEB DEBT SERVICE FUND

The OPEB Debt Service Fund is used to record revenues and expenditures for the school district's outstanding bonded indebtedness for other post-employment benefits (OPEB). Mahtomedi Schools issued bonds in April 2009 and established an irrevocable trust for the purpose of paying OPEB liabilities post retirement.

2018-2019 Revised Budget OPEB Debt Service Fund

	2017-2018 Actual Amounts	2018-2019 Preliminary Budget	2018-2019 Revised Budget
Total Revenues	\$ 328,695	\$ 331,250	\$ 320,250
Total Expenditures	\$ 329,208	\$ 324,000	\$ 323,633
Surplus (Deficit)	(513)	7,250	(3,383)

INTERNAL SERVICE FUND

The Internal Service Fund is used to record revenues and expenditures for the school district's high deductible medical insurance plan.

2018-2019 Revised Budget Internal Service Fund

	2017-2018 Actual Amounts	2018-2019 Preliminary Budget	2018-2019 Revised Budget
Total Revenues	\$ 5,160,169	\$ 5,222,000	\$ 5,397,000
Total Expenditures	\$ 5,441,197	\$ 5,320,000	\$ 5,395,000
Surplus (Deficit)	(281,028)	(98,000)	2,000

OPEB TRUST FUND

The OPEB trust fund is used to record revenues and expenditures for the school district's irrevocable trust. Mahtomedi Schools issued bonds in April 2009 and established an irrevocable trust in order to fund pre July 1, 1998 employment teacher severance payments. The revenue in the OPEB trust fund consists of interest revenue and the expenditures consist of the expected OPEB liability payout. As such, it is reasonable and expected that the OPEB trust fund is in a deficit position. The net assets remaining in the OPEB trust account as of 6.30.2018 is \$1,353,048.

2018-2019 Revised Budget OPEB Trust Fund

	2017-2018 Actual Amounts	2018-2019 Preliminary Budget	2018-2019 Revised Budget
Total Revenues	\$ 37,678	\$ 24,240	\$ 25,000
Total Expenditures	\$ 593,691	\$ 178,750	\$ 203,750
Surplus (Deficit)	(556,013)	(154,510)	(178,750)

SUPPLEMENTARY INFORMATION

EXPENDITURES BY OBJECT

Mahtomedi Public School's budget consists of the following types of expenditures:

Salaries: Regular salaries related to personnel positions, extra-curricular assignments, overtime, and substitute costs.

Employee Benefits: Health, dental, life, long-term disability, workers' compensation, retirement plans and recording of post-employment benefits for current employees. The recent renewal rates of the district's health insurance plan is a concern from a long term budgeting standpoint.

Purchased Services: Includes insurance, repair and maintenance services, postage, consultants, transportation contracts, travel and conferences, payments to other school districts and tuition.

Supplies & Materials: Textbooks, instructional supplies, office and custodial supplies, computer software, and related copier costs. Includes fuel for buildings.

Capital: Replacement and additional equipment, facilities repair and maintenance, district vehicles, and computer equipment.

Miscellaneous & Other Expenditures: Includes all expenditures that cannot be classified elsewhere.

EXPENDITURES BY PROGRAM

Administration: Costs for general and instructional administration. This includes the school board, superintendent, principals, assistant/associate principals and director level positions.

District Support Services: Generally administrative support not listed under administration. This includes federal programs, human resources, school elections, and miscellaneous administration not covered elsewhere.

Elementary & Secondary Regular Instruction: All activities dealing directly with the teaching of pupils, the interaction between teachers and students in the classroom and co-curricular activities K-12.

Vocational Instruction: Courses and activities which develop skills, knowledge, attitudes and behavioral characteristics for students seeking career exploration and employability.

Special Education Instruction: Activities promoting learning experiences for pupils with certain characteristics or conditions who need or would benefit from educational programs that are different from those provided to pupils in regular or vocational education.

Instructional Support Services: Activities for assisting the instructional staff with the content and process of providing learning experiences for pupils in kindergarten through twelfth grade.

Pupil Support Services: Includes all services provided to pupils who do not qualify to be classified as instructional services. Counseling, guidance, health, social work, transportation.

Sites & Buildings: Acquisition, operation, maintenance, repair and betterment of physical plant, facilities and grounds of the school district.

Fiscal & Other Fixed Costs: Fiscal and fixed cost activities not recorded elsewhere. Property and workers compensation insurance.

SUMMARY

In accordance with Minnesota Statute 123B.77 Mahtomedi Schools approved the preliminary budget for the 2018-2019 fiscal year on June 14, 2018.

The grand total revised budget revenues are \$53,501,365 and the grand total revised budget expenditures are \$54,615,564.

Administration recommends approval of the revised budget revenues and expenditures 2018-2019 for all funds.

This budget publication, in conjunction with the supplementary finance documents requires many hours of preparation, review, and deliberation by the School Board, finance committee, building and district administration, and the business office. Thank you to all those involved for their efforts on behalf of our students in preparing and reviewing this important budget document.

Respectfully



Bill Menozzi
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Mahtomedi Public Schools
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Mahtomedi, MN 55115

