

**School Board Meeting:**

April 28, 2014

**Subject:**

2013-14 Budget Amendments

**Presenter:**

Gary Kawlewski

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**SUGGESTED SCHOOL BOARD ACTION:**

Recommend board approval.

**DESCRIPTION:**

***FUND 01 REVENUE – General Fund***

The General Fund revenue adjustments consist of multiple adjustments to property taxes, and federal programs such as Title I and Special Education. Other local revenues change over the course of the year as well. The amendments also result from revised enrollment estimates, new state revenue reports, and proration on state aids. Originally the pupil units (WADM's) were estimated to be 6,717 for the 2013-14 school year. As the monthly enrollment reports have been coming in, the estimated pupil units have been adjusted up to 6,734. This affected the General Education state aid and the Operating Capital state aid.

One major adjustment was made to property tax revenue for \$2,092,167. A similar adjustment in the opposite direction was made to state aid to reflect the State's property tax shift buyback. Overall, the two adjustments were revenue neutral to the budget.

Federal revenue entitlements were updated with prior year carryover amounts from MDE and updated amounts for the current year.

Other budget adjustments were made to the AVID program revenue, additional interest earnings, revenue from student activities, and hosting state tournaments.

***FUND 01 EXPENDITURES – General Fund***

The General Fund expenditure amendments consist of two salary projection updates: January 7<sup>th</sup> and April 28<sup>th</sup>. All employee groups but one are settled. Most of the contingency positions are allocated. Salaries and benefits projections for non-federal programs increased a cumulative total of \$166,731 whereas the salary and benefit projections for federal programs increased \$140,405.

Budgets to complete the roof replacement at the high school, add additional technology infrastructure upgrades, and to pay for a portion of a curriculum adoption were adjusted. We added additional operating capital funds to complete the Parkside mechanical system upgrades. We increased the budget for tuition. In a change to how state tournament hosting is paid, we added a budget to cover those costs. These costs, then, are offset from payments received from the State High School League. The district also had to add back costs for federal tuition based on a change in how the Minnesota Department of Education is handling tuition billing. These costs were offset by matching federal revenue. We are projecting that we will need to make a fund transfer to cover the deficit in the food service fund. We also had to make a few coding corrections that were revenue neutral.

We are projecting that our unassigned/unrestricted fund balance will end the year at about 15.25%.

#### ***FUND 2 – Food Service fund***

We have seen a decrease in meals served as a result of recent changes at the federal level. Since this fund is an enterprise fund, less meals does equate into lower costs as well. However, we have experienced higher food costs due to demand and shipping expenses. We have made reductions in other areas as well to try to keep the fund balanced. The food service staff members have worked hard to implement the changes made at the federal level and have done a great job in spite of all of the changes. We are looking into ways to bring this fund back into balance without the aid of a fund transfer.

#### ***FUND 4 – Community Service fund***

One major adjustment was made to property tax revenue for \$267,193. A similar adjustment in the opposite direction was made to state aid to reflect the State's property tax shift buyback. Overall, the two adjustments were revenue neutral to the budget. Additionally, we have adjusted the expenditure budget slightly for all-day kindergarten.

#### ***FUND 7 and 47 – Debt Service funds***

The revenue budget for the Debt Service fund remains basically the same with a slight adjustment up for tax revenue from fiscal disparities and for interest earnings. On the expenditure side, we adjusted the paying agent fees to reflect actual totals.

**FUND 16– Building Construction fund**

All of the activity for the Parkside Elementary School HVAC upgrades gets recorded in this fund. The revenues were updated to reflect the final revenue earned this year. The expenditures were updated to reflect the portion of the project that occurred after June 30, 2013. The project had a faster cash flow schedule than originally projected so more funds were spent in the last fiscal year thus reducing the total in this fiscal year. The project is essentially complete except for some final punch list items that will be completed this spring and summer.

**FUND 18 – HRA Trust fund**

Although these funds are actually expenditures of the general fund budget, they are held in a trust fund for future benefit of active employees. These benefits were negotiated in lieu of other post-employment benefits that were in several employee contracts. These funds have a vesting schedule and revert back to district control in the event the employee does not work in the district long enough to meet the vesting schedule.

**FUND 45 – OPEB Trust fund**

The revenue for the OPEB Trust fund is increased to more accurately reflect the net appreciation expected in our OPEB Trust portfolio. The budget for expenditures was adjusted down to reflect the changes in projected post-retirement benefit expenditures.

**Attachments:**

ISD 877 BHM Final Budget 2013-14

2013-14 Final Projected General Fund Balances 4.28.14