



2016 - 2017 Preliminary Budget

**Dr. Mark Larson, Superintendent
Rochel Manders, CPA, Director of Business Services
June 2016**



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Director of Teaching and Learning & Support Services
Director of Business Services

2016-17 PRELIMINARY BUDGET OVERVIEW

Introduction

The School Board is required by state law to adopt a budget for the upcoming fiscal year by June 30. This Preliminary Budget, which gives the district expenditure authority, is built on conservative enrollment projections and estimates of revenue.

The Mahtomedi Schools Preliminary Budget for 2016-17 consists of the general fund, the food service fund, the community service fund, the debt service funds, the internal service fund and the OPEB trust fund. The revenues total \$59,319,432 and the expenditures \$55,953,705 for all funds.

Education finance can vary greatly due to many uncontrollable variables. Legislative changes, staffing adjustments, student enrollments and contract settlements are just some examples. Beginning fund balances for 2016-17 will change after the audit is completed for fiscal year 2015-16. A Revised Budget for 2016-17 will be presented to the School Board during the winter.

Budget Timeline

The school district's budget timeline reflects many overlapping processes. The general timeline is listed below.

Spring

- Administration completes preparation of Preliminary Budget for the next school year.

Summer

- School Board reviews and approves Preliminary Budget by June 30 for the next school year.
- Administration submits proposed local property tax levy for next calendar year to Minnesota Department of Education.
- Administration closes district's financial books and begins audit process for the previous school year.

Fall

- School Board approves preliminary property tax levy in September for next calendar year and next school year.
- Administration and audit firm complete district audit and financial report for the previous fiscal year and report is approved by the School Board.
- Administration begins preparation of the Revised Budget for the current school year.
- School Board holds truth-in-taxation hearing in November or December for the proposed property tax levy for the next school year.

Winter

- School Board certifies final property tax levy in December for next calendar year and school year.
- School Board approves the Revised Budget for current school year.
- Administration begins preparation of Preliminary Budget for next school year.

2016-2017 Preliminary Budget Assumptions

General Fund

The General Fund is the primary operating budget for the 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 any other fund.

Revenues

Property Taxes

- The General Fund Levy totals \$7,993,233 for 2016-17.
- The Operating Referendum Levy that was passed in November 2014 along with the Board Approved Referendum and Location Optional Allowance generates \$5,144,358 of the General Fund Levy or \$1468 per adjusted pupil unit (APU). The standard cap on referendum authority with inflation is \$1,903 for 2016-17.
- The Health and Safety and Deferred Maintenance Levy was combined by the 2015 legislature and was renamed Long Term Facilities Maintenance Levy. The amount received increased from \$286,997 to \$402,670.
- The Alternative Teacher Compensation Levy is \$302,490
- The Capital Projects Levy of \$580,493 increased by \$41,559 due to market value increases.

State Aid

- The budget is built on 3,632 adjusted pupil units (APU).
- The general education formula allowance was increased by 2%.
- Special education revenue is budgeted at \$3,090,000.

Federal Aid

- The federal entitlements are budgeted at \$747,772.

Other

- Student activity revenues, interest revenue, tuition revenue, and extracurricular fees are estimates based on prior years.

Expenditures

Salaries and Benefits

- Salaries and benefits for teacher and paraprofessional contracts are budgeted per settlements.
- Conservative estimates were budgeted for the clerical, custodial and individual contracts.
- The cost for teacher retirements for FY17 will be funded by the OPEB Trust that was established in April 2009.

Fund Balance

- The General Fund Unassigned Fund Balance is projected to decrease by \$241,361 to \$3,261,619 or 8.60% of the total general fund expenditures.

Food Service Fund

The Food Service Fund is used to record financial activities of the school district's food service program.

Revenues

- Lunch prices for FY17 will increase by \$.10 and are as follows:

	2015-16	2016-17
Wildwood and OH Anderson	\$2.40	\$2.50
Middle School and High School	\$2.70	\$2.80
Milk prices at all schools	\$0.50	\$0.50
Adult Lunch	\$3.50	\$3.50

- Reimbursement Rates (Federal and State) have not been published by MDE or USDA so will remain as follows for the preliminary budget:

Federal Paid Lunch	\$0.29	\$0.29
Federal Lunch Certified	\$0.06	\$0.06
Federal Reduced Lunch	\$2.38	\$2.38
Federal Free Lunch	\$2.78	\$2.78
State Paid Lunch	\$0.125	\$0.125
State Reduced Lunch	\$0.525	\$0.525
State Free Lunch	\$0.125	\$0.125
State Milk	\$0.20	\$0.20
Federal Paid Breakfast	\$0.29	\$0.29
Federal Reduced Breakfast	\$1.36	\$1.36
Federal Free Breakfast	\$1.66	\$1.66
State Paid Breakfast	\$0.55	\$0.55
State Reduced Breakfast	\$0.30	\$0.30
State Free Kindergarten Breakfast	\$1.30	\$1.30

Expenditures

- Chargebacks are estimated to be \$85,000 for secretarial, accounting, utilities and custodial costs to the food service fund.
- The budget includes the payment to Stillwater Area Schools of \$100,255. This is the thirteenth year of our joint powers agreement for food service management.
- Staffing costs are budgeted based on the Stillwater's Food Service Agreement.
- Equipment purchases are budgeted at \$25,000.

Fund Balance

- The Food Service Fund is budgeted to increase revenues and have an operating surplus of \$46,385 due to increased student participation.

Community Education Fund Assumptions

The Community Service Fund is used to record all financial activities associated with the various academic, recreational and community involvement programs.

Revenues

- The Community Education revenue for 2016-17 is \$1,926,794.

Expenditures

- The Community Education expenditure budget is projected to be \$1,741,130.

Fund Balance

- The total Community Education 2016-17 Fund Balance is projected to increase by \$185,664 to \$762,673.

Building Construction Fund

The Building Construction Fund is used to record all operations of a district's building construction program that are funded by the sale of bonds or capital loans.

Revenues

- Building Construction revenue is budgeted at \$7,993,621.

Expenditures

- The district issued tax abatement bonds in the amount of \$7,640,000 for the reconstruction of all district parking lots, sidewalks and outdoor lighting. The project will take place over two years with construction costs totaling \$4,179,600 for phase I to be completed in the summer of 2016.

Fund Balance

- The fund balance will increase to \$3,814,021 in 2016-17.

Debt Service Fund

The Debt Service Fund is used to record revenues and expenditures for the school district's outstanding bonded indebtedness. The principal and interest payments are for the district's long-term debt on approved bond issues and alternative facility bonds.

Revenues

- Debt Service revenue is budgeted at \$4,931,844.

Expenditures

- Bond principal and interest payments and associated costs total \$9,083,084. The district issued tax abatement bonds in the amount of \$7,640,000 for the reconstruction of all district parking lots, sidewalks and outdoor lighting. There will be no increase to debt service payments because of the refunding of the Build America Bonds in 2014 and reorganization of the district's debt.

Fund Balance

- The fund balance will increase by \$28,360 during this year to \$2,121,689.

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). The district issued bonds April 2009 and established an irrevocable trust.

Revenues

- The property tax levy for FY17 is \$338,325.

Expenditures

- Bond principal and interest payments of \$329,333.

Fund Balance

- The fund balance will increase by \$8,992 during this year to \$69,302.

Internal Service Fund

The Internal Service Fund is used to record revenues and expenditures for the school district's high deductible medical insurance plan. This plan was established in 2010-11 and the fund set up in 2013-14 to record premium payments into the fund and claims payment out of the fund. The convertible health plan has three tiers: a district contribution to an employee HRA account, a district contribution to a medical reimbursement account and a fully insured account. The plan was designed to defray rapidly increasing rates with an intended 3-5 year life. The plan served this purpose and now has begun to require larger district contributions. The insurance committee has agreed to change the plan design beginning January 2017 to reduce costs and increase district contributions to employee HRA accounts.

Revenues

- The receipts into the fund for FY17 is budgeted at \$5,222,000.

Expenditures

- Claim payments are expected to be \$5,040,000.

Fund Balance

- The fund balance will decrease by \$182,000 during this year to (\$172,709).

OPEB Trust Fund

The OPEB Trust Fund is used to record revenues and expenditures for the school district's irrevocable trust. The district issued bonds April 2009 and established an irrevocable trust to fund pre July 1, 1988 employment teacher severance payments.

Revenues

- The revenue consists of interest earned on the funds in the trust. For FY17 this is \$35,000.

Expenditures

- Severance payments are expected to include five teachers at a total of \$387,459.

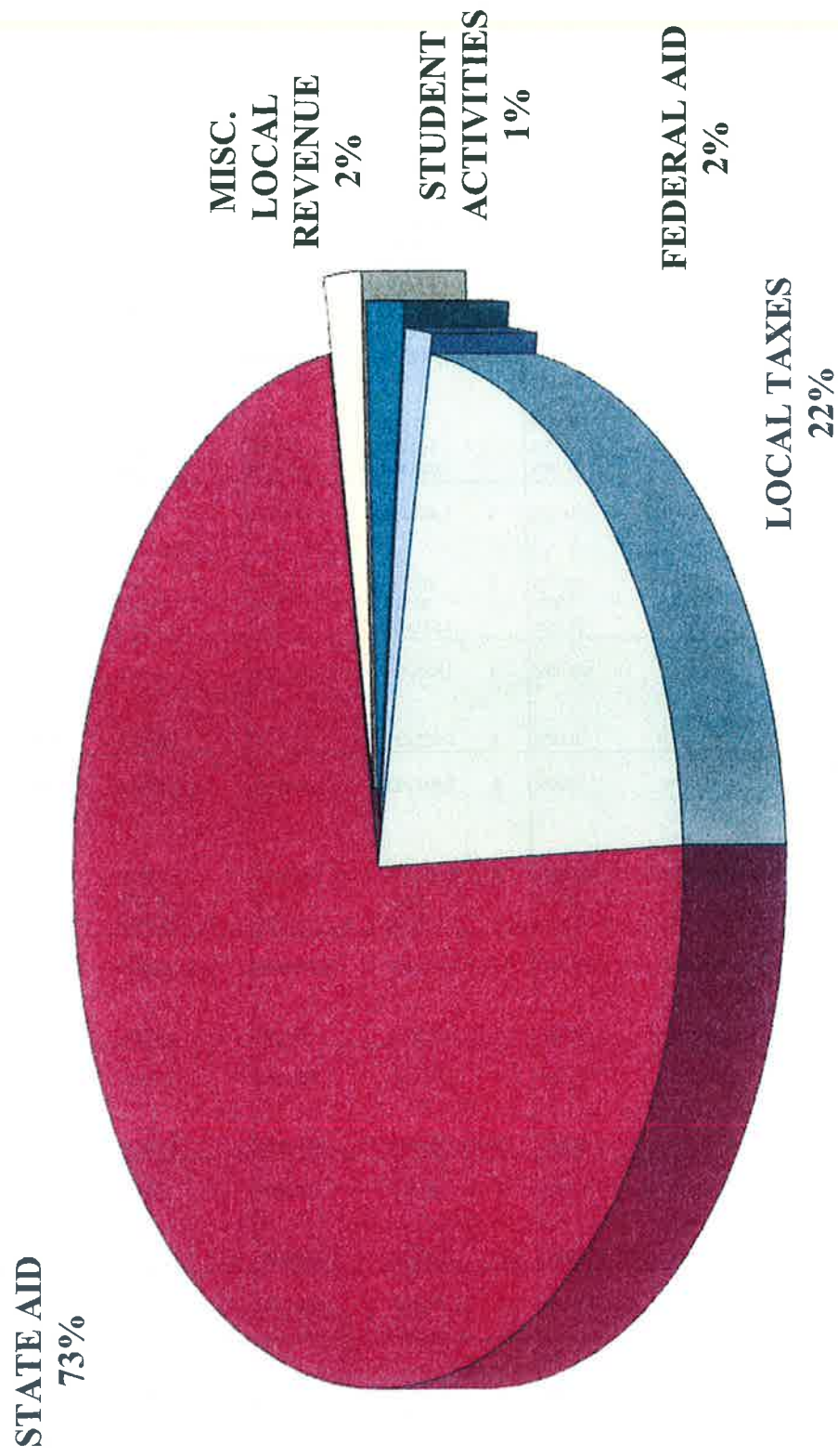
Fund Balance

- The fund balance will decrease by \$352,459 during this year to \$1,428,885.

**SUMMARY OF REVENUES BY SOURCE CATEGORY AND FUND
2015-16 REVISED AND 2016-17 PRELIMINARY BUDGET**

Fund	Source Category	2015-16 Revised	Pct. of Total	2016-17 Preliminary	Pct. of Total	Revised to Preliminary Percent Change	Amount Change
01	General Account						
	Property Taxes	\$ 7,785,444	21.45%	\$ 8,068,233	21.58%	3.63%	282,789
	State Aids & Credits	26,395,236	72.74%	27,315,223	73.06%	3.49%	919,987
	Federal Aid	716,768	1.98%	747,772	2.00%	4.33%	31,004
	Other	750,821	2.07%	717,950	1.92%	-4.38%	(32,871)
	Student Activities	641,284	1.77%	538,570	1.44%	-16.02%	(102,714)
	Total General Fund	\$ 36,289,553	100.00%	\$ 37,387,748	100.00%	3.03%	1,098,195
02	Food Service						
	State Aids & Credits	58,200	4.08%	52,500	3.54%	-9.79%	(5,700)
	Federal Aid	309,600	21.73%	342,000	23.04%	10.47%	32,400
	Other	1,057,000	74.19%	1,089,600	73.42%	3.08%	32,600
	Total Food Service	\$ 1,424,800	100.00%	\$ 1,484,100	100.00%	4.16%	59,300
04	Community Service						
	Property Taxes	\$ 302,195	16.54%	\$ 308,735	16.02%	2.16%	6,540
	State Aids & Credits	71,514	3.91%	85,366	4.43%	19.37%	13,852
	Other	1,453,434	79.55%	1,532,693	79.55%	5.45%	79,259
	Total Comm. Service	\$ 1,827,143	100.00%	\$ 1,926,794	100.00%	5.45%	99,651
06	Construction Fund						
	Sale of Bonds	0	0.00%	\$ 7,993,621	162.08%	100.00%	7,993,621
	Total Construction Fund	0	0.00%	\$ 7,993,621	162.08%	100.00%	7,993,621
07	Debt Service						
	Property Taxes	\$ 5,086,752	100.00%	\$ 4,923,844	99.84%	-3.20%	(162,908)
	State Aids & Credits	0	0.00%	3,500	0.07%	100.00%	3,500
	Other	0	0.00%	4,500	0.09%	100.00%	4,500
	Total Debt Service	\$ 5,086,752	100.00%	\$ 4,931,844	100.00%	-3.05%	(154,908)
20	Proprietary Funds						
	Internal Service Fund	\$ 4,605,984	0.00%	\$ 5,222,000	0.00%	13.37%	0
	Total Proprietary Funds	\$ 4,605,984	0.00%	\$ 5,222,000	100.00%	13.37%	616,016
45	OPEB Trusted Funds						
	Irrevocable Trust Fund	\$ 20,000	0.00%	\$ 35,000	100.00%	75.00%	0
	Total OPEB Debt Service	\$ 20,000	0.00%	\$ 35,000	100.00%	75.00%	15,000
47	OPEB Debt Service						
	Property Taxes	\$ 347,563	100.00%	\$ 338,325	100.00%	-2.66%	(9,238)
	Total OPEB Debt Service	\$ 347,563	100.00%	\$ 338,325	100.00%	-2.66%	(9,238)
Grand Total, All Funds							
	Property Taxes	\$ 13,521,954	27.26%	\$ 13,639,137	22.99%	0.87%	117,183
	State Aids & Credits	\$ 26,524,950	53.48%	\$ 27,456,589	46.29%	3.51%	931,639
	Federal Aid	\$ 1,026,368	2.07%	\$ 1,089,772	1.84%	6.18%	63,404
	Other	\$ 8,528,523	17.19%	\$ 17,133,934	28.88%	100.90%	8,605,411
	Total	\$ 49,601,795	100.00%	\$ 59,319,432	100.00%	19.59%	9,717,637

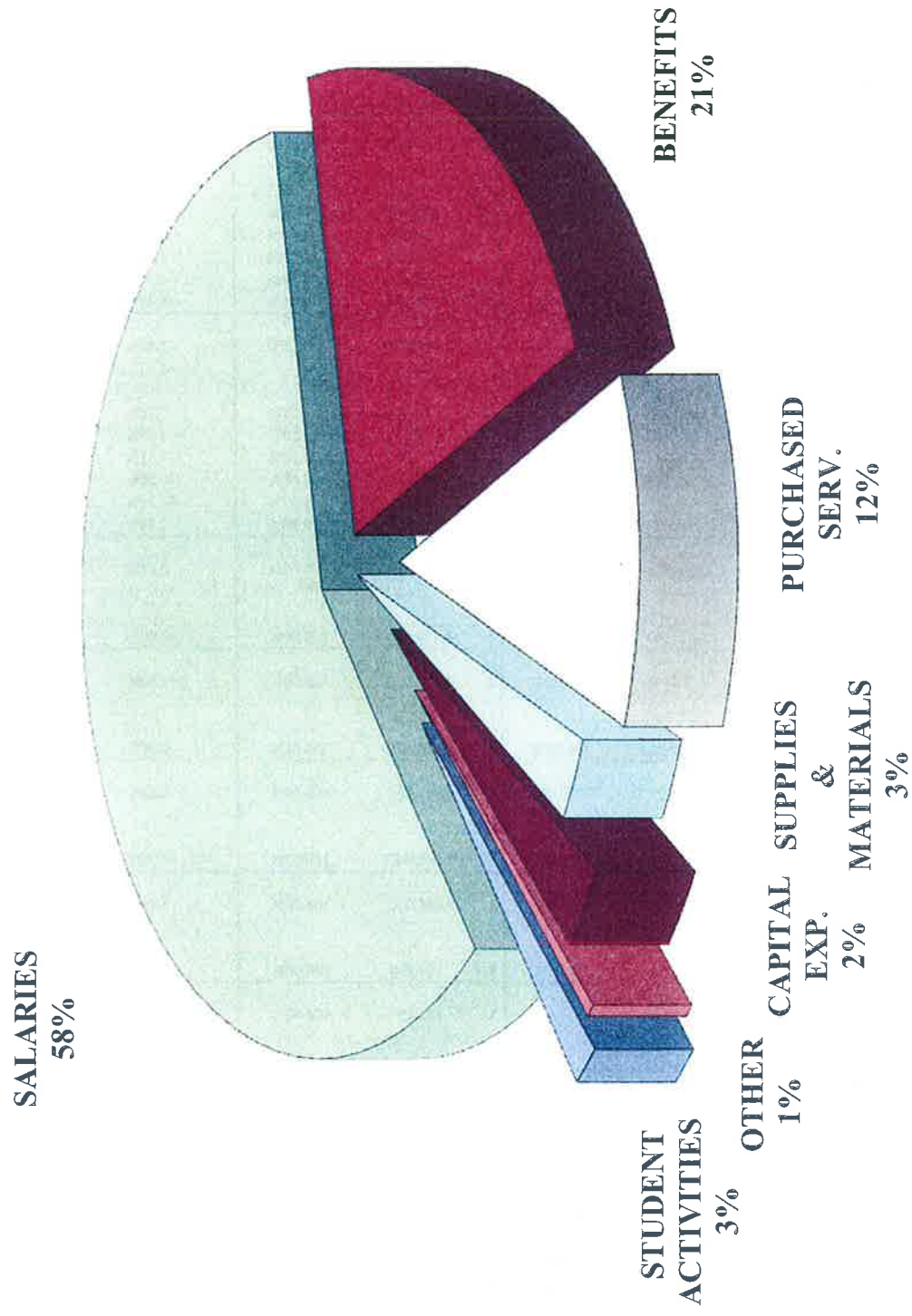
**MAHTOMEDI PUBLIC SCHOOLS
GENERAL FUND
FY16-17 REVENUE BUDGET**



**SUMMARY OF EXPENDITURES BY OBJECT CATEGORY AND FUND
2015-16 REVISED AND 2016-17 PRELIMINARY BUDGET**

Fund	Object Category	2015-16	Pct. of	2016-17	Pct. of	Revised to Preliminary	
		Revised	Total	Preliminary	Total	Percent Change	Amount Change
01	General Fund						
	Salaries	\$ 20,993,938	57.63%	\$ 21,895,771	57.72%	4.30%	901,833
	Benefits	7,774,473	21.34%	8,302,904	21.89%	6.80%	528,431
	Purchased Services	4,291,391	11.78%	4,628,077	12.20%	7.85%	336,686
	Supplies & Materials	1,121,082	3.08%	1,117,601	2.95%	-0.31%	(3,481)
	Capital Expenditures	1,202,340	3.30%	1,171,296	3.09%	-2.58%	(31,044)
	Other Expenditures	192,223	0.53%	197,615	0.52%	2.81%	5,392
	Student Activities	856,505	2.35%	621,720	1.64%	-27.41%	(234,785)
	Total General Fund	\$ 36,431,952	100.00%	\$ 37,934,984	100.00%	4.13%	1,503,032
02	Food Service						
	Salaries	\$ 129,500	8.62%	\$ 129,500	9.01%	0.00%	0
	Benefits	6,060	0.40%	6,060	0.42%	0.00%	0
	Purchased Services	596,335	39.69%	605,255	42.10%	1.50%	8,920
	Supplies & Materials	676,000	44.99%	665,400	46.28%	-1.57%	(10,600)
	Capital Expenditures	94,570	6.29%	31,500	2.19%	-66.69%	(63,070)
	Total Food Service	\$ 1,502,465	100.00%	\$ 1,437,715	100.00%	-4.31%	(64,750)
04	Community Service						
	Salaries	\$ 868,209	51.29%	\$ 935,776	53.75%	7.78%	67,567
	Benefits	300,835	17.77%	317,357	18.23%	5.49%	16,522
	Purchased Services	434,311	25.66%	401,697	23.07%	-7.51%	(32,614)
	Supplies & Materials	63,315	3.74%	63,000	3.62%	-0.50%	(315)
	Capital Expenditures	9,518	0.56%	6,500	0.37%	-31.71%	(3,018)
	Other Expenditures	16,400	0.97%	16,800	0.96%	2.44%	400
	Total Comm. Service	\$ 1,692,588	100.00%	\$ 1,741,130	100.00%	2.87%	48,542
06	Building Construction Fund						
	Building Const. Expenditures	0	100.00%	\$ 4,179,600	100.00%	100.00%	4,179,600
	Total Construction Fund	0	100.00%	\$ 4,179,600	100.00%	100.00%	4,179,600
07	Debt Service						
	Debt Service Expenditures	\$ 4,899,523	100.00%	\$ 4,903,484	100.00%	0.08%	3,961
	Total Debt Service	\$ 4,899,523	100.00%	\$ 4,903,484	100.00%	0.08%	3,961
20	Proprietary Funds						
	Internal Service Fund	\$ 4,650,597	100.00%	\$ 5,040,000	100.00%	0.00%	4,650,597
	Total Debt Service	\$ 4,650,597	100.00%	\$ 5,040,000	100.00%	0.00%	4,650,597
45	OPEB Trusted Funds						
	Irrevocable Trust Fund	\$ 380,250	0.00%	\$ 387,459	100.00%	0.00%	380,250
	Total OPEB Debt Service	\$ 380,250	0.00%	\$ 387,459	100.00%	0.00%	380,250
47	OPEB Debt Service						
	Debt Service Expenditures	\$ 329,008	100.00%	\$ 329,333	100.00%	0.10%	325
	Total OPEB Debt Service	\$ 329,008	100.00%	\$ 329,333	100.00%	0.10%	325
Grand Total, All Funds							
	Salaries	\$ 21,991,647	44.08%	\$ 22,961,047	41.04%	4.41%	969,400
	Benefits	\$ 8,081,368	16.20%	\$ 8,626,321	15.42%	6.74%	544,953
	Purchased Services	\$ 5,322,037	10.67%	\$ 5,635,029	10.07%	5.88%	312,992
	Supplies & Materials	\$ 1,860,397	3.73%	\$ 1,846,001	3.30%	-0.77%	(14,396)
	Capital Expenditures	\$ 1,306,428	2.62%	\$ 1,209,296	2.16%	-7.43%	(97,132)
	Debt Service Expenditures	\$ 5,228,531	10.48%	\$ 5,232,817	9.35%	0.08%	4,286
	Other Expenditures	\$ 6,095,975	12.22%	\$ 10,443,194	18.66%	71.31%	4,347,219
	Total	\$ 49,886,383	100.00%	\$ 55,953,705	100.00%	12.16%	6,067,322

**MAHTOMEDI PUBLIC SCHOOLS
GENERAL FUND
FY16-17 EXPENDITURE BUDGET**



PRELIMINARY BUDGET 2016-2017

PROJECTED REVENUES, EXPENDITURES AND FUND BALANCE BY FUND

	PROJECTED Fund Balance 06/30/16	Revenue Budget 2016-2017	Expenditure Budget 2016-2017	Change in Fund Balance 2016-2017	PROJECTED Fund Balance 06/30/17	
General Fund						
Unassigned	\$3,502,980	\$34,777,675	\$35,019,036	(\$241,361)	\$3,261,619	8.60%
Restricted						
Restricted - Capital Projects Levy	\$0	\$580,493	\$580,493	\$0	\$0	
Restricted - Health & Safety	\$8,522	\$0	\$0	(\$8,522)	\$0	
Restricted - Deferred Maintenance	(\$1,500)	\$0	\$0	\$1,500	(\$0)	
Restricted - LT Facilities Maintenance	\$0	\$567,858	\$567,858	(\$1,500)	(\$1,500)	
Restricted - Operating Capital	\$481,602	\$923,152	\$1,145,877	(\$214,203)	\$267,399	
	<u>\$488,624</u>	<u>\$2,071,503</u>	<u>\$2,294,228</u>	<u>(\$222,725)</u>	<u>\$265,899</u>	
Assigned						
Assigned - Subsequent Year Budget	\$359,181	\$0	\$0	\$0	\$359,181	
Assigned - Building Donations	\$233,212	\$233,570	\$240,720	(\$7,150)	\$226,062	
Assigned - Student Activity Accounts	\$224,406	\$305,000	\$381,000	(\$76,000)	\$148,406	
Assigned - Severance	\$411,850	\$0	\$0	\$0	\$411,850	
	<u>\$1,228,649</u>	<u>\$538,570</u>	<u>\$621,720</u>	<u>(\$83,150)</u>	<u>\$1,145,499</u>	
General Fund	<u>\$5,220,253</u>	<u>\$37,387,748</u>	<u>\$37,934,984</u>	<u>(\$547,236)</u>	<u>\$4,673,017</u>	
Food Service Fund	\$335,023	\$1,484,100	\$1,437,715	\$46,385	\$381,408	
Community Service Fund	\$577,009	\$1,926,794	\$1,741,130	\$185,664	\$762,673	
Total Operating Funds	<u>\$6,132,285</u>	<u>\$40,798,642</u>	<u>\$41,113,829</u>	<u>(\$315,187)</u>	<u>\$5,817,098</u>	
Non Operating Funds						
Building Construction Fund	\$0	\$7,993,621	\$4,179,600	\$3,814,021	\$3,814,021	
Debt Service Fund	\$2,093,329	\$4,931,844	\$4,903,484	\$28,360	\$2,121,689	
OPEB Debt Service Fund	\$60,310	\$338,325	\$329,333	\$8,992	\$69,302	
Total Non Operating Funds	<u>\$2,153,639</u>	<u>\$13,263,790</u>	<u>\$9,412,417</u>	<u>\$3,851,373</u>	<u>\$6,005,012</u>	
Proprietary Funds						
Internal Service Fund	(\$354,709)	\$5,222,000	\$5,040,000	\$182,000	(\$172,709)	
Total Proprietary Funds	<u>(\$354,709)</u>	<u>\$5,222,000</u>	<u>\$5,040,000</u>	<u>\$182,000</u>	<u>(\$172,709)</u>	
Fiduciary Funds						
Post-Employ Benefits Irrevocable Trust Fund	\$1,781,344	\$35,000	\$387,459	(\$352,459)	\$1,428,885	
Total Fiduciary Funds	<u>\$1,781,344</u>	<u>\$35,000</u>	<u>\$387,459</u>	<u>(\$352,459)</u>	<u>\$1,428,885</u>	
Total All Funds	<u>\$9,712,559</u>	<u>\$59,319,432</u>	<u>\$55,953,705</u>	<u>\$3,365,727</u>	<u>\$13,078,286</u>	

