

MEMO TO: Dr. Mike Funk
School Board Members

FROM: Lori Volz, Deputy Superintendent

DATE: June 19, 2017

RE: 2017-18 Original Budget

Attached is the 2017-18 Original Budget for Albert Lea Area Schools. The budgets reflect estimated 2017-18 revenue formulas. The revenues also reflect the 2017-18 enrollment projection based on enrollment forecasting. This enrollment projection reflects an increase of 62 students in adjusted average daily membership from last fiscal year.

The budget reflects a 2% set aside from the General Ed formula for staff development. The legislature reinstated the staff development reserve for FY2014 - FY2015 and it is still in place for FY2017 – FY2018. Year-end reporting requirements for staff development are required.

The expenditure budget reflects estimated settlements with bargaining groups and adjustments for other inflationary factors such as worker's compensation insurance, and property/liability insurance.

2017-18

**ORIGINAL
BUDGET**

**ISD #241
ALBERT LEA, MN**

TABLE OF CONTENTS

	Page
I. Executive Summary	1, 2
II. Mission Statement	3
III. District Aims	4
IV. 2017-18 Original Budget	5
V. Budget Graphs	6-12

EXECUTIVE SUMMARY

The School Board of ISD #241 aims for fiscal integrity through efficient and effective operations. A financial strategy has been to strengthen the fiscal integrity of the organization including maintaining an adequate fund balance and preservation of quality programs and services.

In order to stabilize the budget due to an enrollment drop and inflationary factors, the Board of Education brought a referendum vote to the public on November 6, 2007. The referendum passed with a 58% margin, increasing the general education revenue by \$460 per resident marginal cost pupil unit. This brought \$1.8 million of new revenue starting with the 2008-09 fiscal year which enables the district to maintain educational programs.

The 2017-18 Original Budget reflects estimated 2017-18 funding formulas as well as an enrollment projection for 2017-18. The 2017-18 enrollment projection reflects an increase of 62 students in adjusted average daily membership compared to last year.

In 2003, all day / every day Kindergarten was put in place in the district. The district believes this all day program has a substantial long-term impact for the goal of improving student academic achievement. Initially the referendum and “compensatory” revenue supported this program financially as the state of Minnesota only provided funding for a half-day program. However, in 07-08 the state did increase funding slightly by increasing the pupil unit weighting from .557 to .612 for the General Ed. Revenue formula. Effective the 2015-16 year, the kindergarten weighting for full day kindergarten was increased to 1.0.

The “Restricted Funds for Health & Safety” funding stream is being phased out and redirected to the new “Restricted for Long Term Facility Maintenance (LFTM)”. The “Restricted Funds for Operating Capital” reflect expenditures for capital improvements and equipment acquisition.

The Food Service Fund reflects a projected profit. The budget reflects our new contract with Chartwells (food service management company).

The Building Construction Fund reflects final expenses from the HVAC upgrade project for Lakeview Elementary which was completed fall of 2015.

The OPEB (Other Postemployment Benefits) Revocable Trust Fund reflects the contributions as per the OPEB bond sales on January 20, 2009 less the net obligation for OPEB. The transfer from the OPEB Trust to the General Fund reflects estimated insurance costs for retiree health insurance and the value of the implicit rate subsidy.

The School Board Members for ISD #241 are as follows:

Board Chair..... Ken Petersen
Vice-Chair Dave Klatt
Treasurer.....Mark Ciota
ClerkNeal Skaar

Director..... Angie Hanson
Director.....Jill Marin

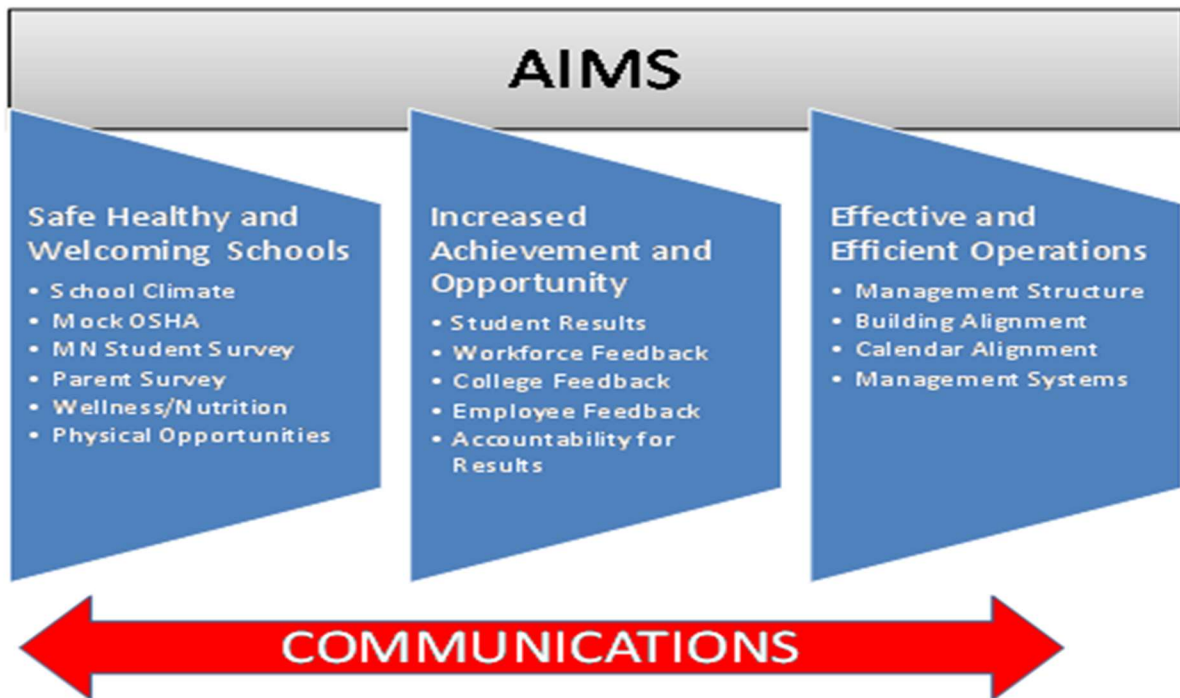
The 2017-18 Administration Team for ISD #241 is as follows:

Superintendent of SchoolsDr. Mike Funk
Deputy Superintendent Lori Volz
Executive Director of Administrative Services..... Jim Quiram
Executive Director of Special Services.....Tami Alphs
Executive Director of Community Education Chris Chalmers
Director of Secondary Programs.....Kathleen Niebuhr
Coordinator of Elementary Programs.....Mary Jo Dorman
High School Principal..... Mark Grossklaus
High School Assistant Principal.....Jeff Halverson
Middle School PrincipalSteve Kovach
Elementary Principal.....Diane Schultz
Nick Sofio
Johanna Thomas
Judi Vitito

MISSION STATEMENT

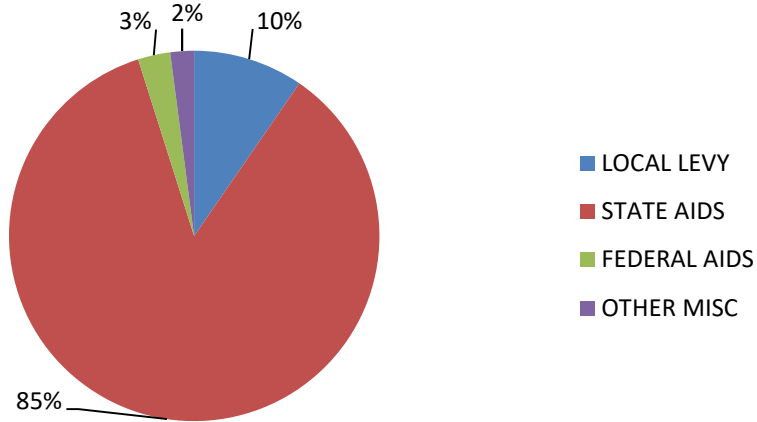
Our Mission: to ensure individual academic, social and emotional growth that leads to engaged citizens and lifelong learners.

Albert Lea Area Schools District Aims



2017-18 Adopted Budget		6/21/2017				
	Estimated	17-18	17-18	17-18		Estimated
	6/30/2017	Budgeted	Budgeted	Budgeted	Budgeted	6/30/2018
	<u>Fund Balance</u>	<u>Revenues</u>	<u>Expenditures</u>	<u>Transfers</u>	<u>Gain (Loss)</u>	<u>Fund Balance</u>
General Fund						
Committed for Q-Comp	77,683.03	899,543.38	910,479.00		(10,935.62)	66,747.41
Restricted for Staff Development	7,011.02	465,149.48	465,175.00		(25.52)	6,985.50
Restricted - Operating Capital	63,031.27	1,026,953.07	1,030,250.00		(3,296.93)	59,734.34
Restricted - for LTFM	2.00	1,097,207.58	1,091,390.00		5,817.58	5,819.58
Restricted - Health & Safety	31,296.51	(31,350.34)	-		(31,350.34)	(53.83)
Restricted for ALC	107,534.92	972,499.83	1,047,967.00		(75,467.17)	32,067.75
Restricted for Safe Schools	-	117,666.56	118,464.00		(6,697.44)	(6,697.44)
Assigned for Student Activities	265,237.49	-	-		-	265,237.49
Non Spendable Fund Balance	6,646.86	-	-		-	6,646.86
Unassigned	5,822,263.14	41,567,010.46	41,091,012.57		475,997.89	6,298,261.03
Total General Fund	6,380,706.24	46,188,780.02	45,784,737.57	-	354,042.45	6,734,748.69
Food Service Fund						
Non Spendable Fund Balance	22,881.10	-	-	-	-	22,881.10
Restricted - Food Service	160,660.12	2,095,350.00	2,010,350.00		85,000.00	245,660.12
Total Food Service Fund	183,541.22	2,095,350.00	2,010,350.00	-	85,000.00	268,541.22
Community Service Fund						
Restricted - Community Ed	47,433.10	390,929.97	413,477.00	-	(22,547.03)	24,886.07
Restricted - ECFE	51,147.74	176,474.22	197,746.00	-	(21,271.78)	29,875.96
Restricted - School Readiness	12,670.96	340,729.00	350,690.00	-	(9,961.00)	2,709.96
Restricted- ABE	1,000.33	276,591.86	276,591.00	-	0.86	1,001.19
Restricted- Other Comm Svc	9,860.48	48,894.00	55,431.00	-	(6,537.00)	3,323.48
Non Spendable Fund Balance	-	-	-	-	-	-
Total Comm Service Fund	122,112.61	1,233,619.05	1,293,935.00	-	(60,315.95)	61,796.66
Building Construction Fund						
Restricted for LTFM	87,529.80	90.00	85,000.00	-	(84,910.00)	2,619.80
Total Building Const Fund	87,529.80	90.00	85,000.00	-	(84,910.00)	2,619.80
Debt Service Fund						
Restricted - QZAB Sinking Fund	70,000.00	-	-	35,000.00	35,000.00	105,000.00
Restricted	512,390.32	3,303,060.67	3,214,415.00	(35,000.00)	53,645.67	566,035.99
Total Debt Service Fund	582,390.32	3,303,060.67	3,214,415.00	-	88,645.67	671,035.99
Trust Fund						
Unassigned	205,372.15	-	-	-	-	205,372.15
Total Trust Fund	205,372.15	-	-	-	-	205,372.15
OPEB Revocable Trust Fund						
Unassigned	577,738.36	54,000.00	705,364.00	-	(65,136.00)	(73,625.64)
Total OPEB Rev Trust Fund	577,738.36	54,000.00	705,364.00	-	(65,136.00)	(73,625.64)
OPEB Debt Service Fund						
Restricted	55,663.87	300,478.52	295,380.00	-	5,098.52	60,762.39
Total OPEB DS Fund	55,663.87	300,478.52	295,380.00	-	5,098.52	60,762.39
Grand Totals:	8,195,054.57	53,125,378.26	53,389,181.57	-	(263,803.31)	7,931,251.26

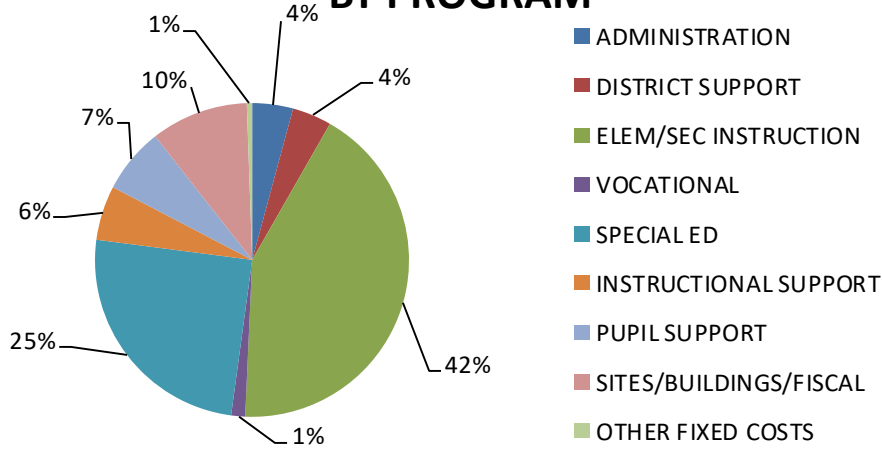
GENERAL FUND REVENUE BUDGET



2017 -18 Original Budget General Fund Budgeted Revenues and Percentage by Source

REVENUE SOURCES	17-18 ORIGINAL		16-17 AMENDED		15-16 ACTUAL	
	BUDGET	PERCENT	BUDGET	PERCENT	ACTUAL	PERCENT
LOCAL LEVY	4,430,069.33	9.60%	4,178,770.17	9.34%	4,380,211.12	10.17%
STATE AIDS	39,447,263.12	85.50%	37,804,772.14	84.52%	35,857,020.33	83.25%
FEDERAL AIDS	1,302,665.00	2.82%	1,785,290.77	3.99%	1,492,510.35	3.47%
OTHER MISC	958,782.57	2.08%	957,365.68	2.14%	1,342,123.88	3.12%
TOTAL REVENUE SOURCES	46,138,780.02	100.00%	44,726,198.76	100.00%	43,071,865.68	100.00%

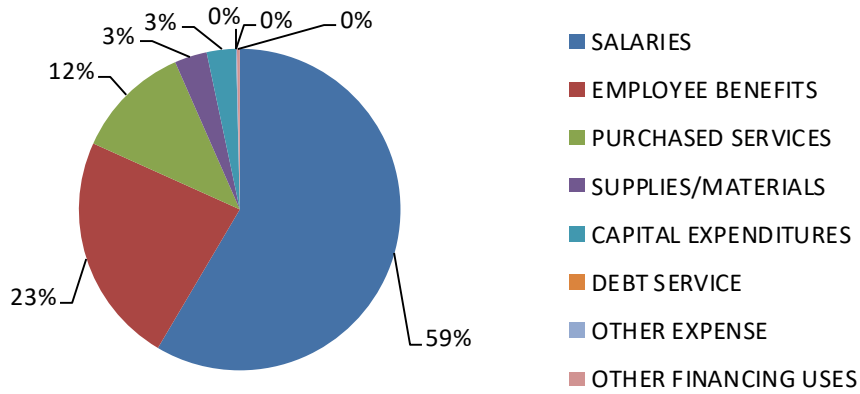
GENERAL FUND EXPENDITURE BUDGET BY PROGRAM



2017-18 Original Budget General Fund Budgeted Expenditures and Percentage by Program

PROGRAM EXPENSES	17-18 ORIGINAL		16-17 AMENDED		15-16 ACTUAL	
	BUDGET	PERCENT	BUDGET	PERCENT	ACTUAL	PERCENT
ADMINISTRATION	1,932,525.00	4.22%	1,942,105.20	4.29%	1,872,566.11	4.38%
DISTRICT SUPPORT	1,857,422.00	4.06%	1,943,515.24	4.29%	1,816,705.04	4.25%
ELEM/SEC INSTRUCTION	19,423,223.00	42.42%	18,209,184.81	40.23%	17,310,603.70	40.50%
VOCATIONAL	654,726.00	1.43%	605,270.28	1.34%	447,721.30	1.05%
SPECIAL ED	11,412,796.00	24.93%	11,769,273.87	26.00%	11,432,181.70	26.75%
INSTRUCTIONAL SUPPORT	2,564,545.00	5.60%	3,161,539.18	6.98%	2,502,339.58	5.86%
PUPIL SUPPORT	3,099,310.00	6.77%	3,085,271.05	6.82%	3,008,768.56	7.04%
SITES/BUILDINGS/FISCAL	4,597,248.00	10.04%	4,310,521.32	9.52%	4,109,722.21	9.62%
OTHER FIXED COSTS	242,942.57	0.53%	239,070.00	0.53%	236,427.23	0.55%
TOTAL PROGRAM EXPENSES	45,784,737.57	100.00%	45,265,750.95	100.00%	42,737,035.43	100.00%

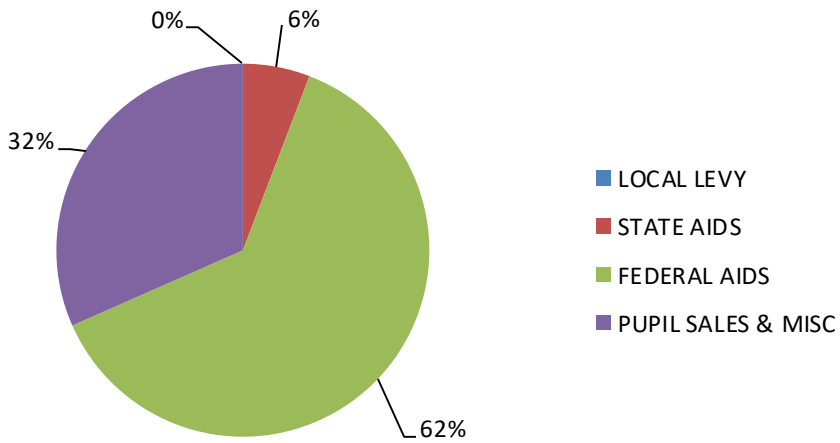
GENERAL FUND EXPENDITURE BUDGET BY OBJECT



2017-18 Original Budget General Fund Budgeted Expenditures and Percentage by Object

OBJECT EXPENSES	17-18 ORIGINAL		16-17 AMENDED		15-16 ACTUAL	
	BUDGET	PERCENT	BUDGET	PERCENT	ACTUAL	PERCENT
SALARIES	26,786,811.00	58.51%	25,833,678.51	57.07%	24,359,280.25	57.00%
EMPLOYEE BENEFITS	10,638,276.00	23.24%	10,381,544.72	22.93%	10,077,081.95	23.58%
PURCHASED SERVICES	5,355,737.00	11.70%	5,448,182.24	12.04%	5,185,043.45	12.13%
SUPPLIES/MATERIALS	1,481,142.00	3.24%	2,073,288.97	4.58%	1,528,268.30	3.58%
CAPITAL EXPENDITURES	1,350,842.00	2.95%	1,314,431.51	2.90%	1,393,135.88	3.26%
DEBT SERVICE	-	0.00%	-	0.00%	-	0.00%
OTHER EXPENSE	49,012.00	0.11%	95,580.00	0.21%	77,781.37	0.18%
OTHER FINANCING USES	122,917.57	0.27%	119,045.00	0.26%	116,444.23	0.27%
TOTAL OBJECT EXPENSES	45,784,737.57	100.00%	45,265,750.95	100.00%	42,737,035.43	100.00%

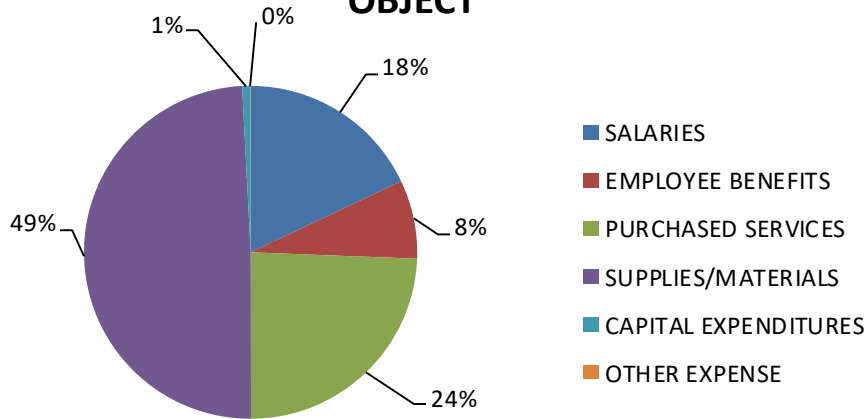
FOOD SERVICE REVENUE BUDGET



2017-18 Original Budget Food Service Fund Budgeted Revenues and Percentage by Source

REVENUE SOURCES	17-18 ORIGINAL		16-17 AMENDED		15-16 ACTUAL	
	BUDGET	PERCENT	BUDGET	PERCENT	ACTUAL	PERCENT
LOCAL LEVY	-	0.00%	-	0.00%	990.22	0.05%
STATE AIDS	121,972.00	5.82%	111,881.00	5.77%	98,396.38	5.34%
FEDERAL AIDS	1,311,059.00	62.57%	1,229,560.00	63.38%	1,162,896.48	63.09%
PUPIL SALES & MISC	662,319.00	31.61%	598,661.00	30.86%	581,077.02	31.52%
TOTAL REVENUE SOURCES	2,095,350.00	100.00%	1,940,102.00	100.00%	1,843,360.10	100.00%

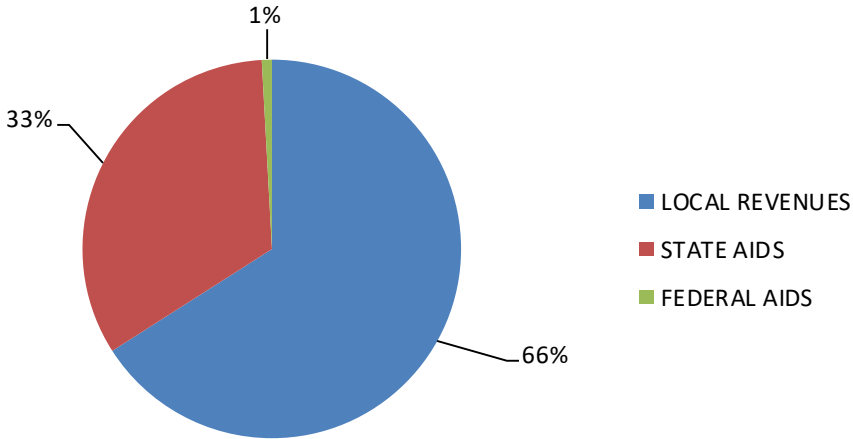
FOOD SERVICE EXPENDITURE BUDGET BY OBJECT



2017-18 Original Budget Food Service Budgeted Expenditures and Percentage by Object

OBJECT EXPENSES	17-18 ORIGINAL		16-17 AMENDED		15-16 ACTUAL	
	BUDGET	PERCENT	BUDGET	PERCENT	ACTUAL	PERCENT
SALARIES	361,427.00	17.98%	384,137.00	20.27%	420,855.65	23.18%
EMPLOYEE BENEFITS	153,235.00	7.62%	156,018.00	8.23%	156,193.91	8.60%
PURCHASED SERVICES	489,795.51	24.36%	474,378.48	25.03%	385,615.04	21.24%
SUPPLIES/MATERIALS	989,599.97	49.23%	877,121.00	46.28%	849,458.93	46.78%
CAPITAL EXPENDITURES	15,792.52	0.79%	3,227.52	0.17%	3,432.20	0.19%
OTHER EXPENSE	500.00	0.02%	500.00	0.03%	155.00	0.01%
TOTAL OBJECT EXPENSES	2,010,350.00	100.00%	1,895,382.00	100.00%	1,815,710.73	100.00%

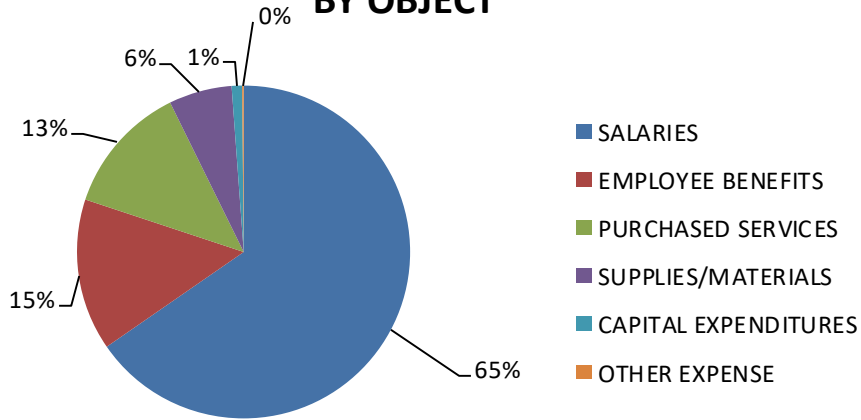
COMMUNITY SVC REVENUE BUDGET



2017-18 Original Budget Community Service Fund Budgeted Revenues & Percentage by Source

REVENUE SOURCES	17-18 ORIGINAL		16-17 AMENDED		15-16 ACTUAL	
	BUDGET	PERCENT	BUDGET	PERCENT	ACTUAL	PERCENT
LOCAL REVENUES	813,600.81	65.95%	856,364.76	66.53%	831,989.68	69.70%
STATE AIDS	409,373.38	33.18%	420,154.83	32.64%	361,661.91	30.30%
FEDERAL AIDS	10,644.86	0.86%	10,644.86	0.83%	-	0.00%
TOTAL REVENUE SOURCES	1,233,619.05	100.00%	1,287,164.45	100.00%	1,193,651.59	100.00%

COMMUNITY SVC EXPENDITURE BUDGET BY OBJECT



2017-18 Original Budget Community Service Budgeted Expenditures and Percentage by Object

OBJECT EXPENSES	17-18 ORIGINAL		16-17 AMENDED		15-16 ACTUAL	
	BUDGET	PERCENT	BUDGET	PERCENT	ACTUAL	PERCENT
SALARIES	845,801.20	65.37%	859,170.18	62.97%	863,999.33	66.98%
EMPLOYEE BENEFITS	190,506.79	14.72%	182,132.44	13.35%	160,418.13	12.44%
PURCHASED SERVICES	163,450.01	12.63%	172,485.99	12.64%	140,782.43	10.91%
SUPPLIES/MATERIALS	79,306.00	6.13%	111,859.19	8.20%	106,256.77	8.24%
CAPITAL EXPENDITURES	12,995.00	1.00%	36,966.67	2.71%	17,018.53	1.32%
OTHER EXPENSE	1,876.00	0.14%	1,875.90	0.14%	1,383.00	0.11%
TOTAL OBJECT EXPENSES	1,293,935.00	100.00%	1,364,490.37	100.00%	1,289,858.19	100.00%