

MEMO TO: Dr. Mike Funk
School Board Members

FROM: Lori Volz, Deputy Superintendent

DATE: February 20, 2018

RE: 2017-18 Amended Budget

Attached is the 2017-18 Amended Budget for Albert Lea Area Schools. The budgets reflect actual 2017-18 revenue formulas. The revenues also reflect the 2017-18 enrollment projection based on enrollment forecasting. This enrollment projection reflects an increase of 9 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 actual settlements with bargaining groups and adjustments for other inflationary factors such as worker's compensation insurance, and property/liability insurance.

2017-18

**AMENDED
BUDGET**

**ISD #241
ALBERT LEA, MN**

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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 Amended 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 9 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

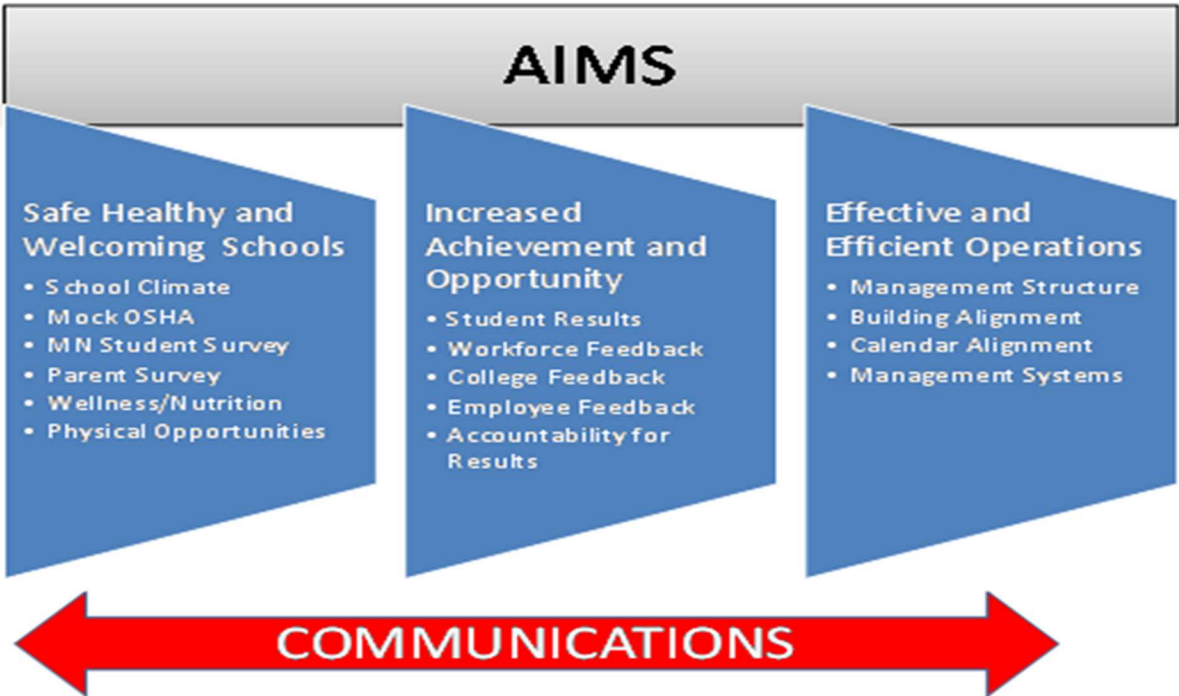
The 2017-18 Administration Team for ISD #241 is as follows:

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.....Tonya Franks
Diane Schultz
Nick Sofio
Judi Vitito

MISSION STATEMENT

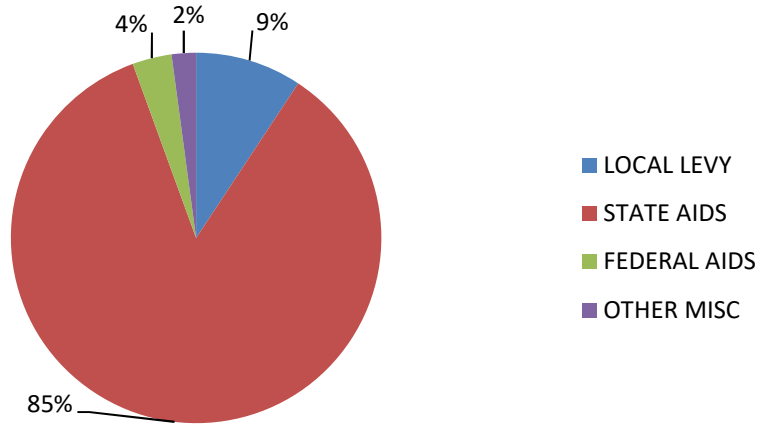
Our Mission: to ensure individual academic, social and emotional growth that leads to engaged citizens and lifelong learners.

Albert Lea Area Schools District Aims



2017-18 Revised Budget		2/20/2018				
	Actual	17-18	17-18	17-18		Estimated
	6/30/2017	Budgeted	Budgeted	Budgeted	Budgeted	6/30/2018
	Fund Balance	Revenues	Expenditures	Transfers	Gain (Loss)	Fund Balance
General Fund						
Committed for Q-Comp	161,587.88	899,543.38	953,130.66		(53,587.28)	108,000.60
Restricted for Staff Development	28,713.32	463,613.62	492,326.94		(28,713.32)	-
Restricted - Operating Capital	134,349.00	1,031,734.25	1,142,008.89		(110,274.64)	24,074.36
Restricted - for LTFM	23,026.25	1,097,207.58	1,367,453.00		(270,245.42)	(247,219.17)
Restricted - Health & Safety	31,296.51	(31,350.34)	-		(31,350.34)	(53.83)
Restricted for ALC	70,848.74	940,100.93	1,016,388.69	5,439.02	(70,848.74)	0.00
Restricted for Safe Schools	-	141,766.56	139,116.00		2,650.56	2,650.56
Restricted for Third Party Billing	62,374.20	525,000.00	579,918.00		(54,918.00)	7,456.20
Assigned for Student Activities	297,117.84	5,371.00	5,961.00		(590.00)	296,527.84
Assigned for Technology	5,969.26	-	-		-	5,969.26
Non Spendable Fund Balance	33,373.94	-	-		-	33,373.94
Unassigned	6,190,900.23	42,498,249.99	42,491,667.87	(5,439.02)	1,143.10	6,192,043.33
Total General Fund	7,039,557.17	47,571,236.97	48,187,971.05	-	(616,734.08)	6,422,823.09
Food Service Fund						
Non Spendable Fund Balance	59,310.49	-	-	-	-	59,310.49
Restricted - Food Service	141,899.98	2,105,053.00	2,015,758.93		89,294.07	231,194.05
Total Food Service Fund	201,210.47	2,105,053.00	2,015,758.93	-	89,294.07	290,504.54
Community Service Fund						
Restricted - Community Ed	55,960.31	383,428.97	403,143.56	-	(19,714.59)	36,245.72
Restricted - ECFE	110,735.86	179,834.79	209,013.00	-	(29,178.21)	81,557.65
Restricted - School Readiness	50,507.07	262,277.00	279,090.00	-	(16,813.00)	33,694.07
Restricted- ABE	53,120.53	281,948.79	334,720.24	-	(52,771.45)	349.08
Restricted- Other Comm Svc	15,932.85	89,194.46	81,321.58	-	7,872.88	23,805.73
Total Comm Service Fund	286,256.62	1,196,684.01	1,307,288.38	-	(110,604.37)	175,652.25
Building Construction Fund						
Restricted for LTFM	84,994.19	328.14	85,322.33	-	(84,994.19)	-
Total Building Const Fund	84,994.19	328.14	85,322.33	-	(84,994.19)	-
Debt Service Fund						
Restricted - QZAB Sinking Fund	35,000.00	-	-	35,000.00	35,000.00	70,000.00
Restricted	538,167.15	3,303,060.67	3,214,415.00	(35,000.00)	53,645.67	591,812.82
Total Debt Service Fund	573,167.15	3,303,060.67	3,214,415.00	-	88,645.67	661,812.82
Trust Fund						
Unassigned	193,631.32	-	-	-	-	193,631.32
Total Trust Fund	193,631.32	-	-	-	-	193,631.32
OPEB Revocable Trust Fund						
Unassigned	589,187.46	54,000.00	705,364.00	-	(651,364.00)	(62,176.54)
Total OPEB Rev Trust Fund	589,187.46	54,000.00	705,364.00	-	(651,364.00)	(62,176.54)
OPEB Debt Service Fund						
Restricted	58,056.67	300,478.52	295,380.00	-	5,098.52	63,155.19
Total OPEB DS Fund	58,056.67	300,478.52	295,380.00	-	5,098.52	63,155.19
Grand Totals:	9,026,061.05	54,530,841.31	55,811,499.69	-	(1,280,658.38)	7,745,402.67

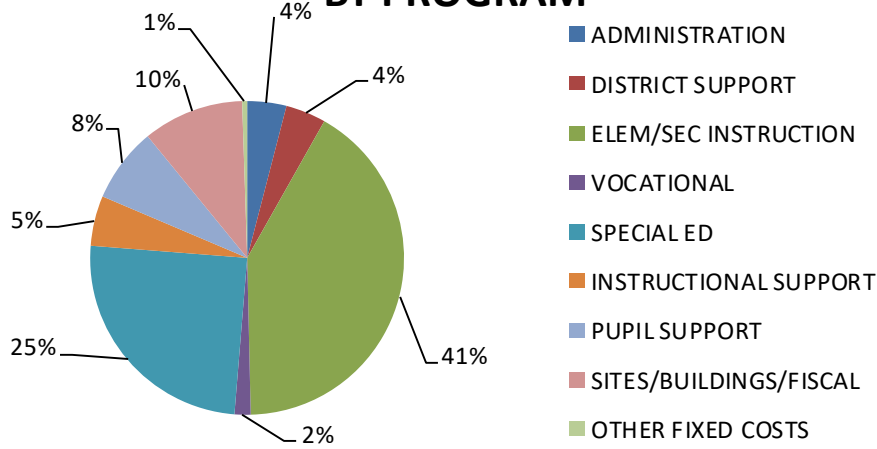
GENERAL FUND REVENUE BUDGET



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

REVENUE SOURCES	17-18 AMENDED		17-18 ORIGINAL		16-17 ACTUAL	
	BUDGET	PERCENT	BUDGET	PERCENT	ACTUAL	PERCENT
LOCAL LEVY	4,422,556.39	9.30%	4,430,069.33	9.60%	4,166,851.99	8.98%
STATE AIDS	40,499,007.64	85.13%	39,447,263.12	85.50%	39,100,280.41	84.27%
FEDERAL AIDS	1,635,810.37	3.44%	1,302,665.00	2.82%	1,762,927.73	3.80%
OTHER MISC	1,013,862.57	2.13%	958,782.57	2.08%	1,368,205.21	2.95%
TOTAL REVENUE SOURCES	47,571,236.97	100.00%	46,138,780.02	100.00%	46,398,265.34	100.00%

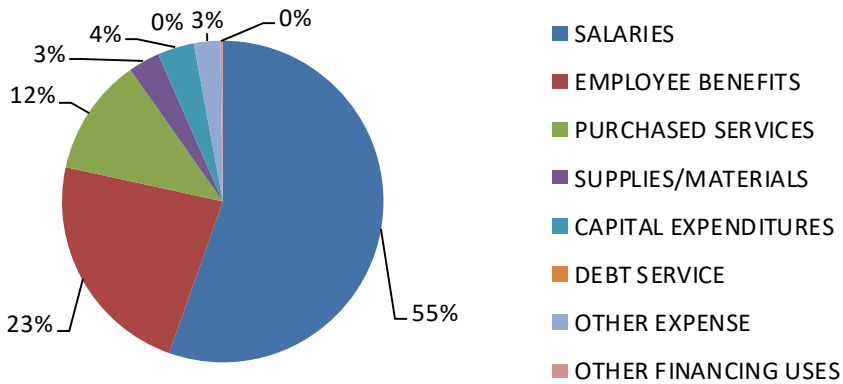
GENERAL FUND EXPENDITURE BUDGET BY PROGRAM



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

PROGRAM EXPENSES	17-18 AMENDED		17-18 ORIGINAL		16-17 ACTUAL	
	BUDGET	PERCENT	BUDGET	PERCENT	ACTUAL	PERCENT
ADMINISTRATION	1,947,490.00	4.04%	1,932,525.00	4.22%	1,916,679.68	4.14%
DISTRICT SUPPORT	2,004,914.53	4.16%	1,857,422.00	4.06%	2,072,976.19	4.48%
ELEM/SEC INSTRUCTION	19,955,318.19	41.41%	19,423,223.00	42.42%	19,309,783.70	41.72%
VOCATIONAL	807,352.20	1.68%	654,726.00	1.43%	708,968.33	1.53%
SPECIAL ED	12,028,313.89	24.96%	11,412,796.00	24.93%	11,354,227.58	24.53%
INSTRUCTIONAL SUPPORT	2,491,475.65	5.17%	2,564,545.00	5.60%	3,024,434.70	6.54%
PUPIL SUPPORT	3,705,385.02	7.69%	3,099,310.00	6.77%	3,293,668.99	7.12%
SITES/BUILDINGS/FISCAL	5,004,779.00	10.39%	4,597,248.00	10.04%	4,349,711.36	9.40%
OTHER FIXED COSTS	242,942.57	0.50%	242,942.57	0.53%	248,516.07	0.54%
TOTAL PROGRAM EXPENSES	48,187,971.05	100.00%	45,784,737.57	100.00%	46,278,966.60	100.00%

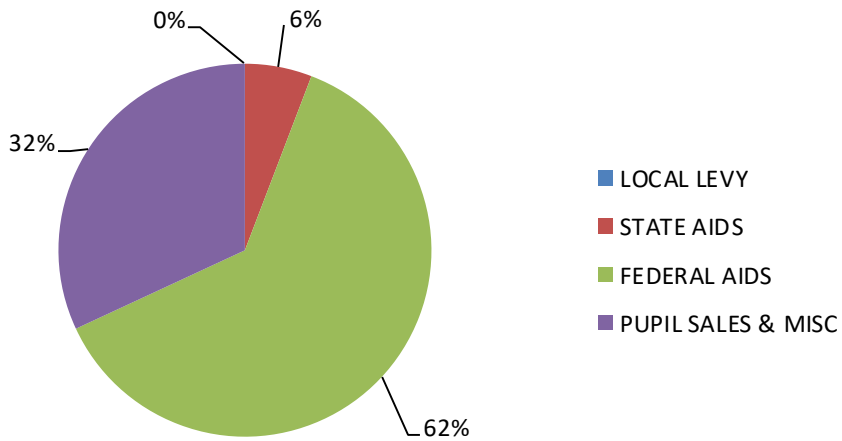
GENERAL FUND EXPENDITURE BUDGET BY OBJECT



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

OBJECT EXPENSES	17-18 AMENDED		17-18 ORIGINAL		16-17 ACTUAL	
	BUDGET	PERCENT	BUDGET	PERCENT	ACTUAL	PERCENT
SALARIES	26,710,669.82	55.43%	26,786,811.00	58.51%	25,674,194.60	55.48%
EMPLOYEE BENEFITS	11,084,627.37	23.00%	10,638,276.00	23.24%	10,491,067.11	22.67%
PURCHASED SERVICES	5,703,299.99	11.84%	5,355,737.00	11.70%	5,358,223.43	11.58%
SUPPLIES/MATERIALS	1,526,797.72	3.17%	1,481,142.00	3.24%	2,066,365.13	4.47%
CAPITAL EXPENDITURES	1,762,159.08	3.66%	1,350,842.00	2.95%	1,265,243.29	2.73%
DEBT SERVICE	-	0.00%	-	0.00%	-	0.00%
OTHER EXPENSE	1,277,499.50	2.65%	49,012.00	0.11%	1,296,713.81	2.80%
OTHER FINANCING USES	122,917.57	0.26%	122,917.57	0.27%	127,159.23	0.27%
TOTAL OBJECT EXPENSES	48,187,971.05	100.00%	45,784,737.57	100.00%	46,278,966.60	100.00%

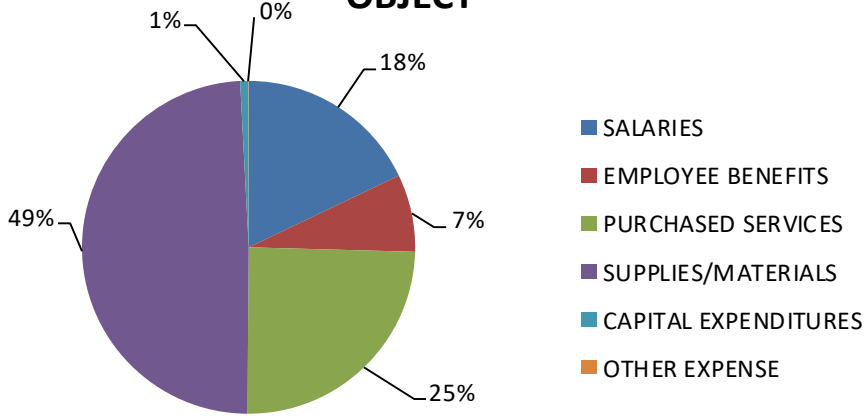
FOOD SERVICE REVENUE BUDGET



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

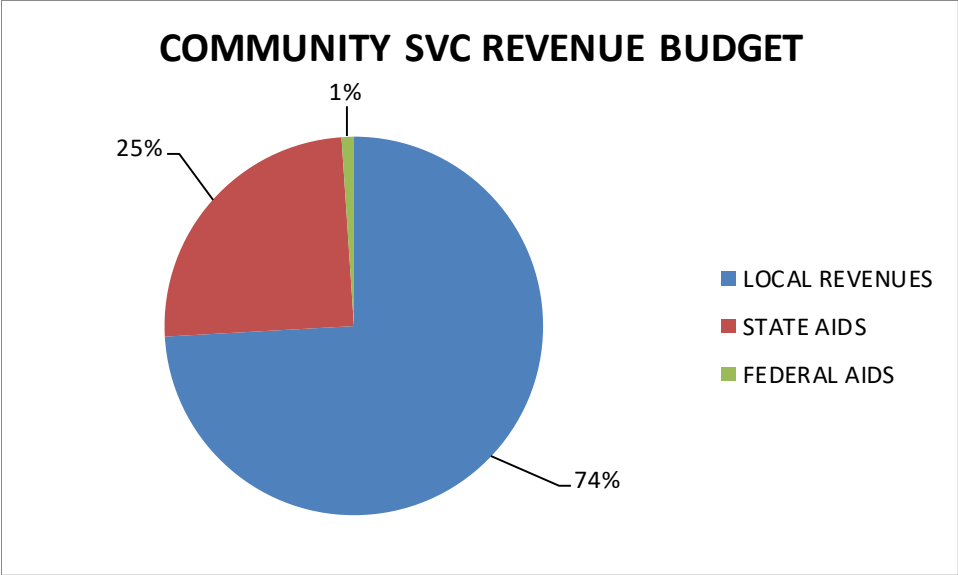
REVENUE SOURCES	17-18 AMENDED		17-18 ORIGINAL		16-17 ACTUAL	
	BUDGET	PERCENT	BUDGET	PERCENT	ACTUAL	PERCENT
STATE AIDS	121,972.00	5.79%	121,972.00	5.82%	108,340.11	5.47%
FEDERAL AIDS	1,311,059.00	62.28%	1,311,059.00	62.57%	1,278,484.68	64.56%
PUPIL SALES & MISC	672,022.00	31.92%	662,319.00	31.61%	593,631.53	29.97%
TOTAL REVENUE SOURCES	2,105,053.00	100.00%	2,095,350.00	100.00%	1,980,456.32	100.00%

FOOD SERVICE EXPENDITURE BUDGET BY OBJECT



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

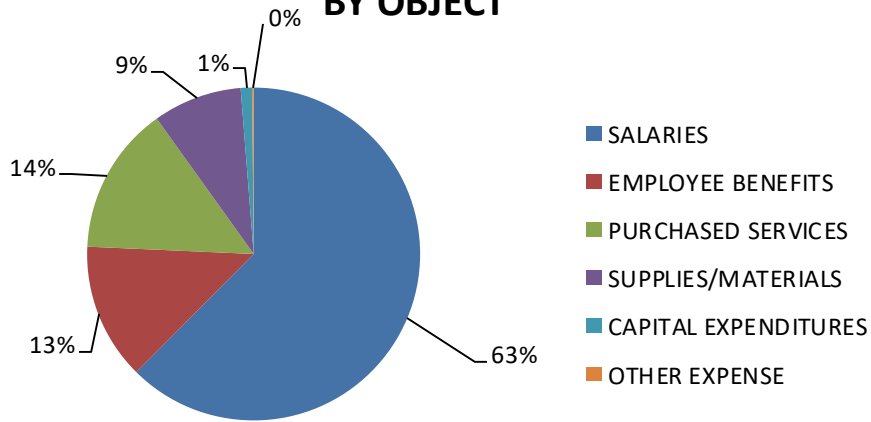
OBJECT EXPENSES	17-18 AMENDED		17-18 ORIGINAL		16-17 ACTUAL	
	BUDGET	PERCENT	BUDGET	PERCENT	ACTUAL	PERCENT
SALARIES	360,905.00	17.90%	361,427.00	17.98%	377,875.04	19.70%
EMPLOYEE BENEFITS	151,451.37	7.51%	153,235.00	7.62%	150,815.49	7.86%
PURCHASED SERVICES	497,510.07	24.68%	489,795.51	24.36%	471,104.89	24.56%
SUPPLIES/MATERIALS	989,599.97	49.09%	989,599.97	49.23%	903,563.81	47.11%
CAPITAL EXPENDITURES	15,792.52	0.78%	15,792.52	0.79%	14,377.84	0.75%
OTHER EXPENSE	500.00	0.02%	500.00	0.02%	330.00	0.02%
TOTAL OBJECT EXPENSES	2,015,758.93	100.00%	2,010,350.00	100.00%	1,918,067.07	100.00%



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

REVENUE SOURCES	17-18 AMENDED		17-18 ORIGINAL		16-17 ACTUAL	
	BUDGET	PERCENT	BUDGET	PERCENT	ACTUAL	PERCENT
LOCAL REVENUES	886,770.63	74.10%	813,600.81	65.95%	946,205.46	72.31%
STATE AIDS	297,545.05	24.86%	409,373.38	33.18%	351,749.75	26.88%
FEDERAL AIDS	12,368.33	1.03%	10,644.86	0.86%	10,644.86	0.81%
TOTAL REVENUE SOURCES	1,196,684.01	100.00%	1,233,619.05	100.00%	1,308,600.07	100.00%

COMMUNITY SVC EXPENDITURE BUDGET BY OBJECT



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

OBJECT EXPENSES	17-18 AMENDED		17-18 ORIGINAL		16-17 ACTUAL	
	BUDGET	PERCENT	BUDGET	PERCENT	ACTUAL	PERCENT
SALARIES	816,355.57	62.45%	845,801.20	65.37%	794,886.55	65.06%
EMPLOYEE BENEFITS	173,466.37	13.27%	190,506.79	14.72%	162,673.28	13.31%
PURCHASED SERVICES	188,466.37	14.42%	163,450.01	12.63%	163,192.48	13.36%
SUPPLIES/MATERIALS	112,572.54	8.61%	79,306.00	6.13%	84,843.13	6.94%
CAPITAL EXPENDITURES	14,629.00	1.12%	12,995.00	1.00%	14,878.54	1.22%
OTHER EXPENSE	1,798.53	0.14%	1,876.00	0.14%	1,308.00	0.11%
TOTAL OBJECT EXPENSES	1,307,288.38	100.00%	1,293,935.00	100.00%	1,221,781.98	100.00%