



PRIOR LAKE-SAVAGE
AREA SCHOOLS

Budget Update

Presented on

June 11, 2018

by Julie Cink, SFO

Executive Director of Business Services

Agenda

- Strategic Roadmap
- Budget Calendar
- Legislative Update
- Enrollment Projections
- Fund 1 Revenue Assumptions
- Fund 1 Expenditure Assumptions
- All Other Funds

STRATEGIC ROADMAP

Our mission is to educate all learners to reach their full potential as contributing and productive members of our ever-changing global community.

Core Values that drive our words and actions:

- Partnership
- Innovation
- Respect
- Wise Stewardship
- Accountability
- Strive for Excellence

Help ensure strategic success

BUDGET CALENDAR

JANUARY 22, 2018 BOARD WORK SESSION

- 2018-19 Budget Parameter Discussion
 - Enrollment Projections
 - Revenue assumptions
 - Expenditure assumptions
 - Staffing assumptions
 - Legislative assumptions

FEBRUARY 26, 2018 BOARD WORK SESSION

- 2018-19 Enrollment Update
 - Preliminary Kindergarten Enrollment Numbers
- 2018-19 Preliminary Budget Update based on Budget Assumptions
- 2018-19 Program and Staffing Reductions/Additions Discussion

MARCH 5, 2018 BOARD MEETING

- 2018-19 Budget Reductions and/or Additions

MARCH 26, 2018 BOARD WORK SESSION

- 2018-19 Enrollment Update
- 2018-19 Preliminary Budget Discussion
 - 2018-19 Staffing Update

APRIL 23, 2018 BOARD WORK SESSION

- 2018-19 Preliminary Budget Update
- 2018-19 Enrollment Update
- 2018-19 Legislative Updates

MAY 24, 2018 BOARD WORK SESSION

- 2018-19 Review Preliminary Budget
- 2018-19 Legislative Review affecting Preliminary Budget
 - 2018-19 Enrollment Update

JUNE 11, 2018 BOARD MEETING

- 2018-19 Preliminary Budget Presentation/Approval



Legislative Update

Governor's Top Fiscal Priorities

PRIORITY	AMOUNT	LEGISLATIVE ACTION - VETOED
Emergency School Aid	\$138 million (2% on formula in FY 19)	Not funded
Safe School Funding	\$19.8 million in FY19; 10.9 million in FY 20/21	Not funded
Special Education Aid to address cross subsidy	\$16.9 million in FY19; \$43.4 in FY 20/21	Not funded
Ongoing Prekindergarten Funding	\$56.6 million in FY 20/21	Not funded
School-Linked Mental Health Grants	\$5 million/year	Funded
Funding for Bureau of Indian Education Schools	\$3.7 million in FY 20/21	Not funded
Help Me Grow	\$1.5 million/year	Not funded
Q-Comp Funding to Avoid Proration	\$847,000 in FY 19; \$3.1 million in FY 20/21	Not funded
Full Fund the GED	\$403,000/year	Not funded

Legislature's Top Fiscal Priorities

PRIORITY	AMOUNT	LEGISLATIVE ACTION
One-time Compensation Aid from budget reserves	\$50 million	Vetoed
Flexibility to use existing funding (Staff Development and Community Education)	-	Vetoed
Safe Schools Revenue	\$19.9 million in FY19; \$18.1 million in FY 20/21	Vetoed
School-Linked Mental Health Grants	\$5 million/year	Not funded
One-time school safety grants	\$6.9 million	Funded
One-time Named and Competitive Grants	\$2.1 million	Not funded
Recapturing existing appropriations	(\$2.8 million)	Vetoed

Other Misc Funding - Vetoed

■ Appropriation Adjustments for Feb '18 Forecast - Vetoed

- ▷ Special Ed 98.3% proration
- ▷ LTFM 99.1% proration
- ▷ Achievement & Int. 99.6% proration
- ▷ Abatement 92.4% proration
- ▷ Career Tech 96.2% proration

■ High School Equivalency Test Reimbursement – Vetoed; For FY 19 and later, increases the reimbursement for one full battery of tests per year from 60% of the fee not to exceed \$40 to 100% of the fee not to exceed \$120

■ Kindergarten Disabled ADM –

- ▷ Make the calculation of pupil units for K-disabled students the same for students without a disability. Currently K-disabled students need 875 hours to generate 1 ADM, vs 850 hours for other K students.

■ Disposal of Surplus School Computers - Vetoed

Pension Bill

- TRA Contribution Increases – phased in for Employer contribution
 - ▷ Employer contribution increase of .21% for 6 years FY19 to FY24 = 1.25% total increase
 - ▷ Employee contribution increase in FY 24 - .25% from 7.5% to 7.75% of pay
 - ▷ Increases the Pension Adj. component of General Education Revenue by an amount equal to the product of the salaries paid to employees who were members of TRA for the prior fiscal year and the district's pension adjustment rate for the fiscal year.
 - ▷ The state total aid for FY 25 and later is equal to the state total aid for FY 24.



Enrollment Projections

Prior Lake-Savage 5-Year Enrollment Projections

		2018-19		2019-20		2020-21		2021-22		2022-23					
Kindergarten		615		620		625		630		635					
First		633		638		643		649		654					
Second		644		658		663		669		674					
Third		651		679		693		699		704					
Fourth	G R O W T H	644	G R O W T H	671	G R O W T H	700	G R O W T H	720	G R O W T H	726					
Fifth		649		671		699		735		755					
Sixth		749		723		753		790		830					
Seventh		689		782		760		796		836					
Eighth		666		712		809		785		823					
Ninth		730		739		790		898		872					
Tenth		759		730		738		790		897					
Eleventh		635		749		720		728		779					
Twelfth		682		637		756		726		734					
TOTAL				8746				9009			9349		9615		9919
		245				263				340		266		304	

*each year projected 68 ECSE students



5-Year Revenue & Expenditure Assumptions



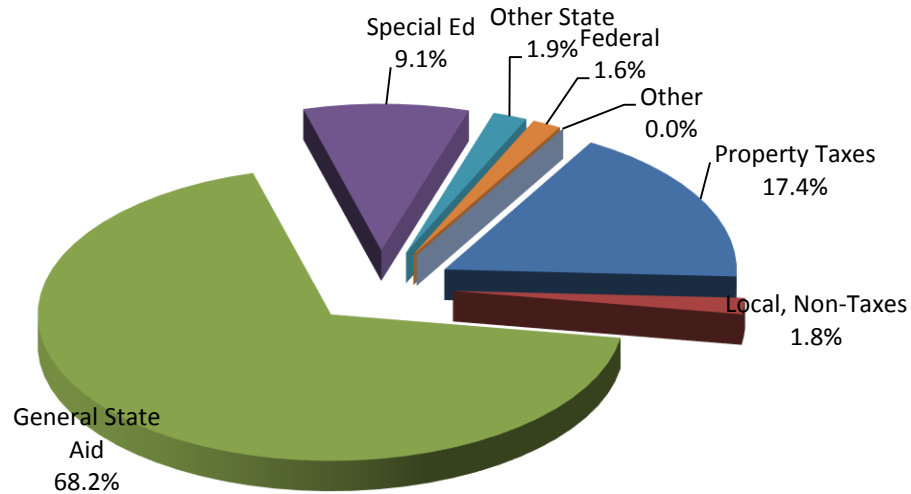
REVENUE ASSUMPTIONS (ALL YEARS)

- 2% increase in base revenue each year
- \$250 per pupil increase in referendum revenue
- Enrollment increases
- 4.9% increase in Special Education
- (\$350,000) decrease in FY19 of revenue from Lakeville
- All other forms of funding from Federal/State remain the same.



2-YEAR REVENUE COMPARISON

REVENUE BY SOURCE DETAIL - FY 2019





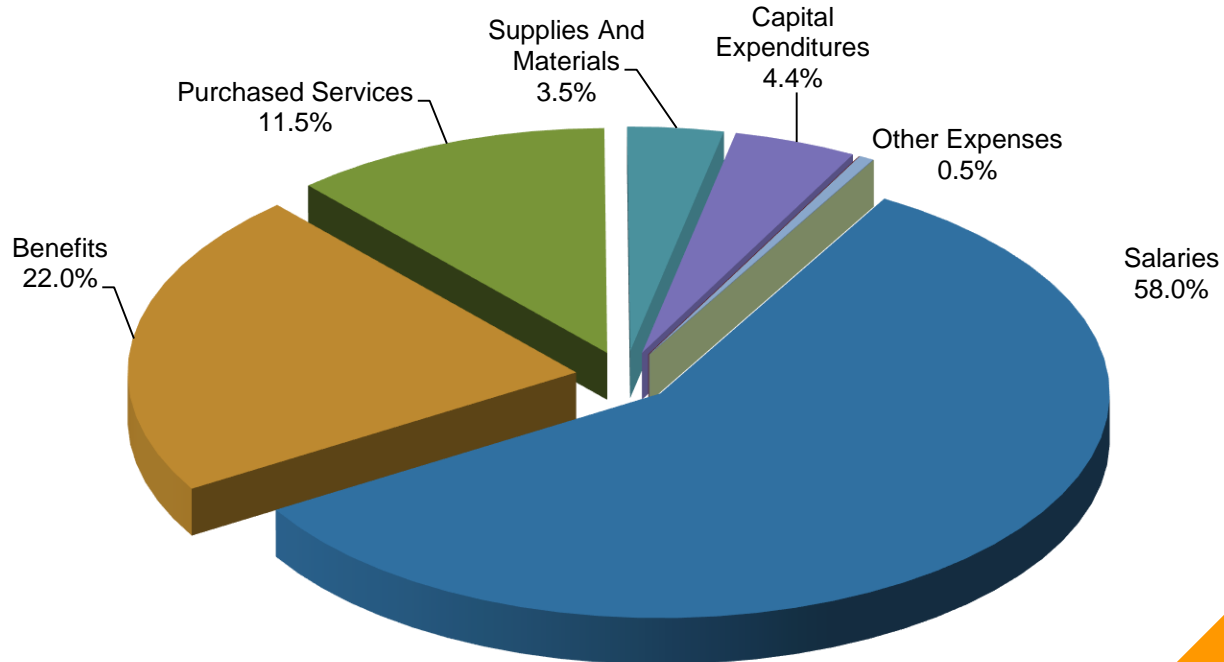
FY19 EXPENDITURE ASSUMPTIONS

- 1.0 FTE Assistant Director of Operations/Transportation
- 8.5 FTE teaching staff to maintain class size
- 4.0 FTE SpEd staffing
- 1.0 FTE secretarial staff (MNCaps)
- 1.0 FTE PLHS campus supervisor
- 2 additional busses
- 2% increase in transportation costs
- Current wages/benefits (actual and 4-year historical average increases)
- 5% Increase in utility costs (gas, elec, water, sewer, garbage, fuel, etc.)
- 3% property/liability insurance
- Increased lease for MNCaps
- 2% increase in supplies/materials
- Stakeholder Innovation Pathway \$50,000
- \$355,000 in one-time technology upgrades (Wi-Fi and switches)
- \$500,000 in LTFM expenditures for GD/FH



2018-19 EXPENDITURES

FY 2019 EXPENDITURES BY OBJECT





FY20 EXPENDITURE ASSUMPTIONS

- 11.2 Add'l Teaching Staff to maintain class size
- 4.0 FTE Licensed Student Support
- 1.0 FTE Admin
- 4.0 FTE additional custodial/maintenance for new building spaces
- 3.0 FTE other (para, site supervisors, playground etc.)
- 5% increase in utility costs
- Increased Utility Costs for building additions at WW, TOMS, HOMS, PLHS, JP, RR, Bridges ALC
- 2 additional busses
- 2% increase in transportation costs
- 3% increase property/liability insurance
- 2% increase supplies/materials
- \$1,500,000 in LTFM expenditures for Grainwood



FY21 EXPENDITURE ASSUMPTIONS

- 12.7 FTE teaching staff to maintain class size
- 4.0 FTE licensed student support
- 8.0 FTE custodial/maintenance staff for new spaces
- 2.0 FTE secretarial (new elem)
- 2.0 FTE other (para, site supervisors, playground etc.)
- 1.0 FTE technology
- 2 additional busses
- 5% increase in transportation costs (boundary changes)
- Current wages/benefits (4-year historical average increases)
- Increased utility costs for PLHS, New Elem
- 5% increase in utility costs
- 3% property/liability cost increase plus \$10,000 increase for new buildings/additions
- 2% increase supplies/materials
- \$1,200,000 in LTFM expenditures for Grainwood



FY22 EXPENDITURE ASSUMPTIONS

- 9.4 FTE teaching staff to maintain class size
- 4.0 FTE licensed Student Support
- 3.0 FTE other (para, site supervisors, playground etc.)
- 2 additional busses
- 2% increase in transportation costs
- Current wages/benefits (4-year historical average increases)
- 5% increase in utility costs
- 2% increase supplies/materials



FY23 EXPENDITURE ASSUMPTIONS

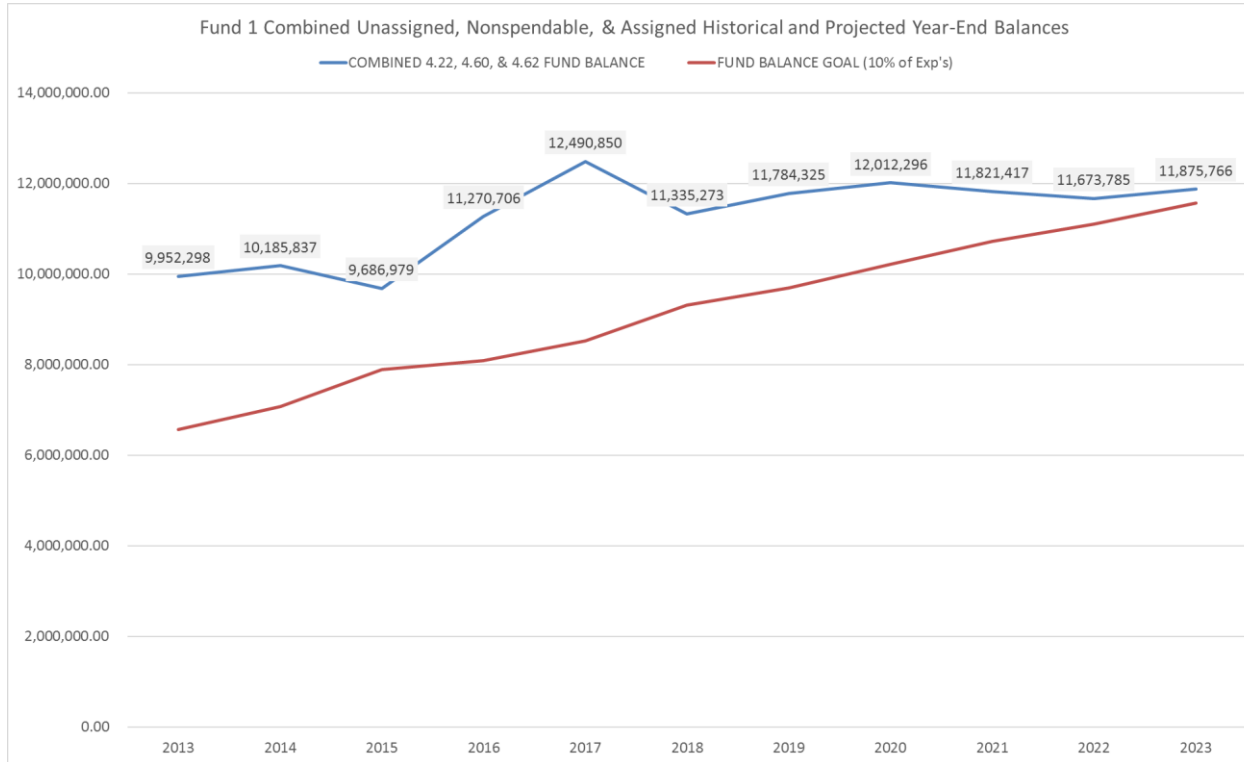
- 10.3 FTE teaching staff to maintain class size
- 4.0 FTE licensed student support
- 3.0 FTE other (para, site supervisors, playground etc.)
- 2 additional busses
- 2% increase in transportation costs
- Current wages/benefits (4-year historical average increases)
- 5% increase in utility costs
- 2% increase supplies/materials

Prior Lake-Savage ISD 719

General Fund w/Capital Projects Reserves - Projection Summary

	BUDGET	REVENUE / EXPENDITURE PROJECTIONS									
	FY 2018	FY 2019	% chg	FY 2020	% chg	FY 2021	% chg	FY 2022	% chg	FY 2023	% chg
REVENUE											
Local	\$16,077,168	\$18,749,190	16.62%	\$18,484,323	-1.41%	\$18,689,841	1.11%	\$18,858,887	0.90%	\$19,035,075	0.93%
State	\$73,105,953	\$77,265,049	5.69%	\$81,419,651	5.38%	\$86,469,874	6.20%	\$90,914,542	5.14%	\$95,966,158	5.56%
Federal	\$1,976,111	\$1,565,111	-20.80%	\$1,565,111	0.00%	\$1,565,111	0.00%	\$1,565,111	0.00%	\$1,565,111	0.00%
Other	\$0	\$0		\$0		\$0		\$0		\$0	
TOTAL REVENUE	\$91,159,232	\$97,579,350	7.04%	\$101,469,085	3.99%	\$106,724,826	5.18%	\$111,338,540	4.32%	\$116,566,344	4.70%
EXPENDITURES											
Salary and Benefit Costs	\$74,573,469	\$77,122,688	3.42%	\$81,177,637	5.26%	\$85,732,788	5.61%	\$89,613,194	4.53%	\$93,753,056	4.62%
Other	\$18,509,279	\$19,850,939	7.25%	\$21,005,923	5.82%	\$21,519,915	2.45%	\$21,449,882	-0.33%	\$21,890,712	2.06%
TOTAL EXPENDITURES	\$93,082,748	\$96,973,627	4.18%	\$102,183,560	5.37%	\$107,252,703	4.96%	\$111,063,075	3.55%	\$115,643,767	4.12%
SURPLUS / DEFICIT	(\$1,923,516)	\$605,723		(\$714,475)		(\$527,877)		\$275,465		\$922,577	
BEGINNING FUND BALANCE	\$15,488,993	\$13,565,477		\$14,171,200		\$13,456,725		\$12,928,848		\$13,204,313	
UNASSIGNED	\$8,002,446	\$8,586,498		\$8,814,469		\$8,623,590		\$8,475,958		\$8,677,939	
NONSPENDABLE	\$276,573	\$276,573		\$276,573		\$276,573		\$276,573		\$276,573	
ASSIGNED	\$3,056,254	\$2,921,254		\$2,921,254		\$2,921,254		\$2,921,254		\$2,921,254	
LTFM	\$951,244	\$1,314,457		\$535,353		\$271,306		\$704,429		\$1,358,113	
RESTRICTED/RESERVED	\$1,278,960	\$1,072,418		\$909,076		\$836,125		\$826,099		\$893,012	
PROJECTED YEAR END BALANCE	\$13,565,477	\$14,171,200		\$13,456,725		\$12,928,848		\$13,204,313		\$14,126,890	
UNRESTRICTED FUND BALANCE AS % OF EXPENDITURES	12.18%	12.15%		11.76%		11.02%		10.51%		10.27%	
UNRESTRICTED FB AS # OF MONTHS OF EXPEND.	1.46	1.46		1.41		1.32		1.26		1.23	

FUND BALANCE TREND





Funds 2-25 Revenue & Expenditure Assumptions



FUND 2: FOOD SERVICE

- PLHS Continues off the Federal School Lunch Program
- Increase of .10 for breakfast and lunch to comply with federal requirements
- Increase in expenditures due to additional staffing needs
- Increase in food costs 3%
- 4-year historical average for salary/benefit costs
- **Breakfast Pricing:**
- All kindergarten continues to receive free breakfast
- Grades 1-8 and Bridges ALC: \$1.70
- **Lunch Pricing:**
- Elementary: \$2.75
- Middle: \$2.85
- High School: \$3.25



FUND 4: COMMUNITY EDUCATION

- Continue current programming
- Fee increases in Youth Enrichment programs and Circle of Friends
- Increases in staffing for Youth Enrichment and Kids Company
- 2 additional ½ day preschool sections
- 4-yr historical average salary/benefit cost increases
- Anticipated increased participation in Kids Co (increasing enrollment)



FUND 6: CONSTRUCTION

FUND 7: DEBT SERVICE

FUND 6 Changes:

- Increase in revenue due to interest earnings
- Expenditures per draw schedule (bond)
- Expenditures for LTFM projects

FUND 7 Changes

- Revenue – 1.05% of debt service schedule
- Expenditures per debt payment schedule



FUND 20: INTERNAL SERVICE FUND

Fund 25: OPEB

FUND 20 Changes:

- Increase in revenue due to 4% increase in Health Insurance premiums
- Expenditures per anticipated claims for Health and Dental

FUND 25 Changes

- Revenue – Per levy amount and anticipated interest earnings



FUND 2 -25

PRIOR LAKE-SAVAGE AREA SCHOOLS

ESTIMATED FUND BALANCES THROUGH JUNE 30, 2019

	6/30/2018	2018-19	TRANSFERS	2018-19	TRANSFERS	6/30/2019
	ESTIMATED	ESTIMATED	INTO	ESTIMATED	OUT OF	ESTIMATED
FUND DESCRIPTION	BALANCE	REVENUES	FUNDS	EXPENDITURES	FUNDS	BALANCE
TOTAL FOOD SERVICE	\$889,985	\$4,954,561		\$4,921,851		\$922,695
COMMUNITY EDUCATION						
NONSPENDABLE	\$29,776	\$0		\$0		\$29,776
REGULAR COMMUNITY ED	\$849,386	\$5,842,787		\$6,041,015		\$651,158
EARLY CHILDHOOD FAMILY ED	\$418,075	\$547,610		\$513,196		\$452,489
ADULT BASIC ED	\$0	\$40,726		\$40,726		\$0
SCHOOL READINESS	\$160,702	\$935,891		\$1,021,379		\$75,214
TOTAL COMMUNITY EDUCATION	\$1,457,939	\$7,367,014		\$7,616,316		\$1,208,637
TOTAL BUILDING FUND	\$109,871,735	\$990,800		\$39,698,000		71,164,535
TOTAL DEBT SERVICE	\$1,612,407	\$15,425,948		\$15,360,224		\$1,678,131
TOTAL INTERNAL SERVICE FUND	\$3,697,105	\$12,910,744		\$12,550,465		\$4,057,384
TOTAL REVOCABLE TRUST (OPEB)	\$7,421,032	\$120,000	\$139,201	\$0		\$7,680,233



Revised 17-18 Fund 6 Budget



FUND 6

PRIOR LAKE-SAVAGE AREA SCHOOLS

ESTIMATED FUND BALANCES THROUGH JUNE 30, 2018

	6/30/2017	2017-18	TRANSFERS	2017-18	TRANSFERS	6/30/2018
	AUDITED	ESTIMATED	INTO	ESTIMATED	OUT OF	ESTIMATED
FUND DESCRIPTION	BALANCE	REVENUES	FUNDS	EXPENDITURES	FUNDS	BALANCE
TOTAL BUILDING FUND	\$8,130,000	\$109,874,835		\$8,133,100		109,871,735



QUESTIONS