

PROPOSED 2015-16 BUDGET BOOK



“Delivering educational excellence that empowers all learners to participate in our dynamic world.”

NORTHFIELD PUBLIC SCHOOLS
INDEPENDENT SCHOOL DISTRICT 659
BOARD OF EDUCATION

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SUPERINTENDENT OF SCHOOLS

L. Chris Richardson, Ph.D.

This document was prepared by the Finance Department of the Northfield Public Schools.

www.nfld.k12.mn.us

OUR MISSION

The mission of Northfield Public Schools is to deliver educational excellence that empowers all learners to participate in our dynamic world.

OUR BELIEFS

Public Education

We believe that public education is the foundation of our democratic republic.

Learning

We believe that everyone can learn and has unique gifts and talents that must be nurtured and valued.

We believe that learning is a lifelong, multi-faceted process that involves more than academics.

Shared Responsibility

We believe that education is the collective responsibility of our students, families, schools and communities.

Learning Environment

We believe that everyone in our schools has the right to a positive learning environment that provides physical, emotional and intellectual safety, and nurtures mutual respect, responsibility and rigor.

Decision-Making

We believe decisions must be based on the district's mission and beliefs and relevant sources of information. We believe in an open decision-making process that invites honest dialogue.

Diversity

We believe that all learners have a right to equitable access to educational opportunities.

OUR STRATEGIES

Quality Education

We will hire and retain highly qualified educators and provide them with ongoing support and training to deliver high quality instruction that meets the unique needs of all learners.

Stewardship

We will consistently demonstrate good stewardship by analyzing information, prioritizing needs and managing our financial, physical and human resources to support our mission.

Climate

We will create and strengthen an environment that fosters mutual respect, responsibility and rigor, and ensures the right to physical, emotional and intellectual safety for every person.

Communications/Partnerships

We will build and strengthen bridges of open communication that engage staff, students, families and communities as effective partners in education.

Curricular Outcomes

We will implement a consistent, comprehensive and challenging set of curricular outcomes that reach and engage all learners.

Diversity

We will implement plans and practices that foster full participation by all learners and that address issues that include, but are not limited to, race, gender, culture, religion, sexual orientation, language, disabilities and socio-economic factors.

June 8, 2015

Board of Education
Independent School District 659
Northfield, MN

The following report covers all proposed budgets for the 2015-16 school year for Northfield Public Schools. This budget report is one of our primary tools to provide summarized financial information to the Board, our employees and the community. This report includes our Operating, Proprietary and Fiduciary Funds with a special emphasis on the general fund. Over the past two months we have had the pleasure of presenting the individual funds in detail at the school board meetings. This document provides a comprehensive financial presentation of all these areas.

The purpose of a budget is to quantify the strategic plan and programming choices we have made as a District. It is a guide for the Board of Education to authorize the Administration to fulfill the mission of the District each day. In February 2015, the Board of Education was presented with a five year financial forecast. That forecast included assumptions and parameters used to set the framework for the 2015-16 budget planning process. Due to the requirement that our budget be adopted before June 30, there will always be several assumptions regarding legislative changes, contract settlements and staffing changes.

The 2015 Minnesota Legislature had not completed their E-12 Education Budget at the time of this publication. As a result, the most significant assumption in this budget document is the amount of funding the District will receive from the State. We have taken a conservative approach in estimating our 2015-16 State funding.

We strive daily to implement the District's strategic plan, mission and values to operate efficiently and effectively while continuing to provide the wonderful opportunities for the children and families of Northfield. We will consistently demonstrate good stewardship by analyzing information, prioritizing needs and managing our financial, physical and human resources to support Northfield Public Schools.

Sincerely,


Val Mertesdorf
Director of Finance



Matt Hillmann, Ed.D.
Director of Administrative Services

BUDGET DEVELOPMENT CALENDAR

November 24	Auditors present results of 2013-14 financial audit.
December 8	School Board reviews and approves FY15 revised general fund budget as well as certifies the 2014 Payable 2015 Tax Levy.
February 9	School Board presented with five year financial forecast and 2015-16 proposed budget calendar.
February 9	School Board adopts resolution requiring the administration to make recommendations for additions and reductions in programs and adding or discontinuing positions.
April 13	School Board adopts the necessary resolutions relating to general fund program and staffing changes for FY 2016.
April 27	School Board presented with proposed budgets for debt service, trust fund and child nutrition.
May 11	School Board presented with proposed budgets for general fund's capital budget, internal service fund and community services.
May 26	School Board presented with proposed general fund budget.
June 8	School Board adopts the 2015-16 Proposed Budgets for all funds.

STUDENT ENROLLMENT

Minnesota funds the majority of its K-12 programs through a complex formula applied to the number of students attending each school. For most funding programs, the pupil count, known as adjusted pupil units (APU) is used to determine school revenue amounts.

DETERMINING PUPIL UNITS

There are three steps involved in calculating the APUs that are used in most of the K-12 funding formulas.

1. Average Daily Membership (ADM): Students are counted in average daily membership. Average daily membership is the count of resident students membership days divided by instructional days. Excused absences from school (for things such as illness, etc.) do not reduce a school district's ADM.
2. Adjusted Average Daily Membership (AADM): The ADM student count is adjusted to reflect only the students actually served by the district. Each district's pupil count is reduced by the number of students leaving the district to attend a charter school or through open enrollment and increased by the number of students entering the district from another district.
3. Adjusted Pupil Units (APU): Each student is weighted by grade level according to the weights listed in the table below. The different weights are intended to reflect differing educational costs across the grade levels. The K-12 funding formulas are multiplied by the AADM to calculate the District's revenue.

	Pre-KG	KG Disabled	KG	1-3	4-6	7-12
2015-16	1.0	1.0	1.0	1.0	1.0	1.2

ENROLLMENT PROJECTIONS

Over the past five years, the District's enrollment has remained fairly stable in the number of students. The District anticipates that the total number of students will decline slightly over the next ten years. This is consistent with the results of our demographic study. The October 1, 2014 enrollment numbers were included with historical data to calculate the current enrollment forecast which was prepared using the traditional cohort survival technique and weighting these results to favor more recent years. The following tables represent the projected 2015-16 student data as well as the longer range forecast.

2015-16 Projected Adjusted Pupil Units					
Pre-KG	KG (incl. HK)	1-3	4-6	7-12 (incl. ALC)	Total
25.0	215.8	830.8	871.1	2,280.2	4,222.9

5 Year Adjusted Pupil Unit Forecast					
	2014-15	2015-16	2016-17	2017-18	2018-19
Pre-KG	29.0	25.0	24.3	24.8	24.2
Kindergarten	250.1	215.8	209.1	213.8	208.4
Grades 1-3	825.9	830.8	773.8	748.0	707.4
Grades 4-6	864.0	871.1	896.1	893.2	899.3
Grade 7-12	2,275.7	2,280.2	2,298.3	2,306.2	2,368.7
Total APU	4,244.7	4,222.9	4,201.7	4,186.0	4,208.0
Change		(0.51%)	(0.50%)	(0.37%)	(.53%)

PROPOSED 2015-16 BUDGET

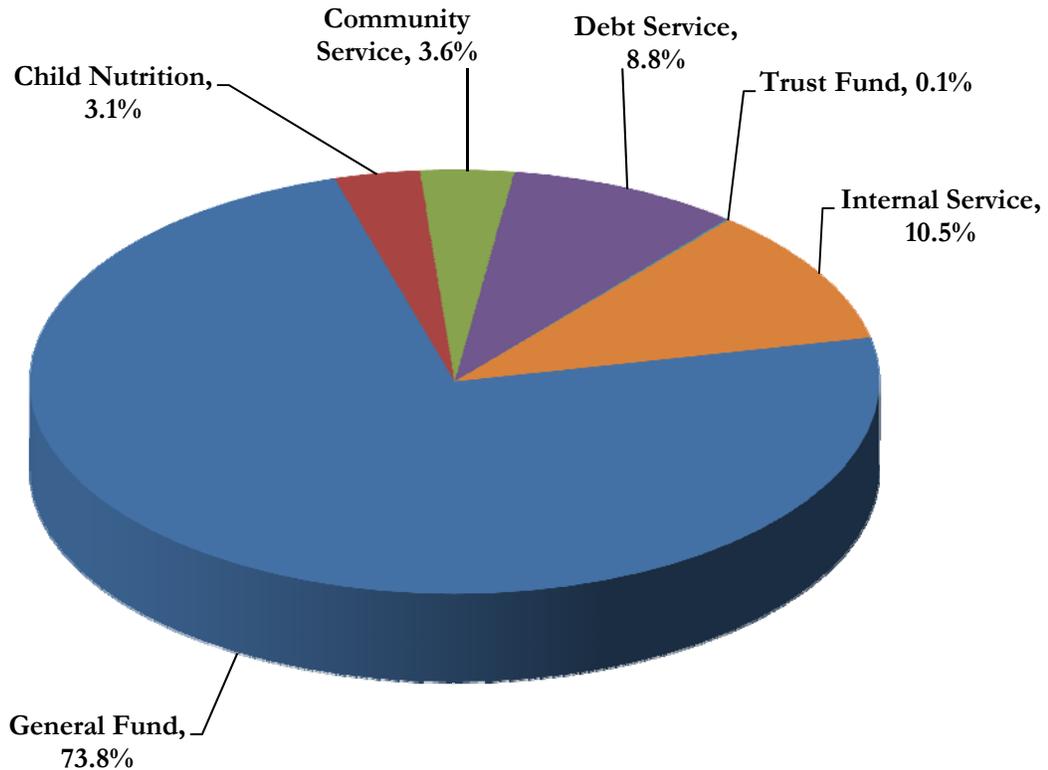
BUDGET OVERVIEW

	July 1, 2015 Projected <u>Fund Balance*</u>	FY 2016 <u>Revenues</u>	FY2016 <u>Expenditures</u>	June 30, 2016 Projected <u>Fund Balance*</u>
General Fund**	14,751,432	45,456,866	45,863,247	14,345,051
Child Nutrition	486,503	2,010,035	1,965,598	530,940
Community Service	335,070	2,191,416	2,200,100	326,386
Debt Service	1,775,120	5,448,485	5,530,094	1,693,511
Trust Fund	134,512	63,375	67,800	130,087
Internal Service	2,881,157	6,463,363	5,903,143	3,441,377

* Beginning and ending fund balance includes restricted funds

**General Fund includes Operating Capital and Health & Safety funds.

2015-16 Budget Resources All Funds



GENERAL FUND

The General Fund includes the primary operations of the District in providing educational services to students from Kindergarten through 12th grade including pupil transportation and capital outlay projects.

Preliminary budget assumptions include an increase in revenue by approximately 2.1% of total general fund revenue sources. The District receives approximately 70% of its revenue from the State of Minnesota. At the current time the legislature has not completed the E-12 budget process and the funding the District will receive is still being finalized. The District has used a conservative approach in estimating the amount of funding we will receive from the State. The District's property tax levy is consistent with the prior year.

Projected expenditures are represented with an aggregate increase of 2.5%. This includes a projected increase of 3.5% in salaries, 4.3% in benefits and a 0% increase in non-salary and other operating expenditures.

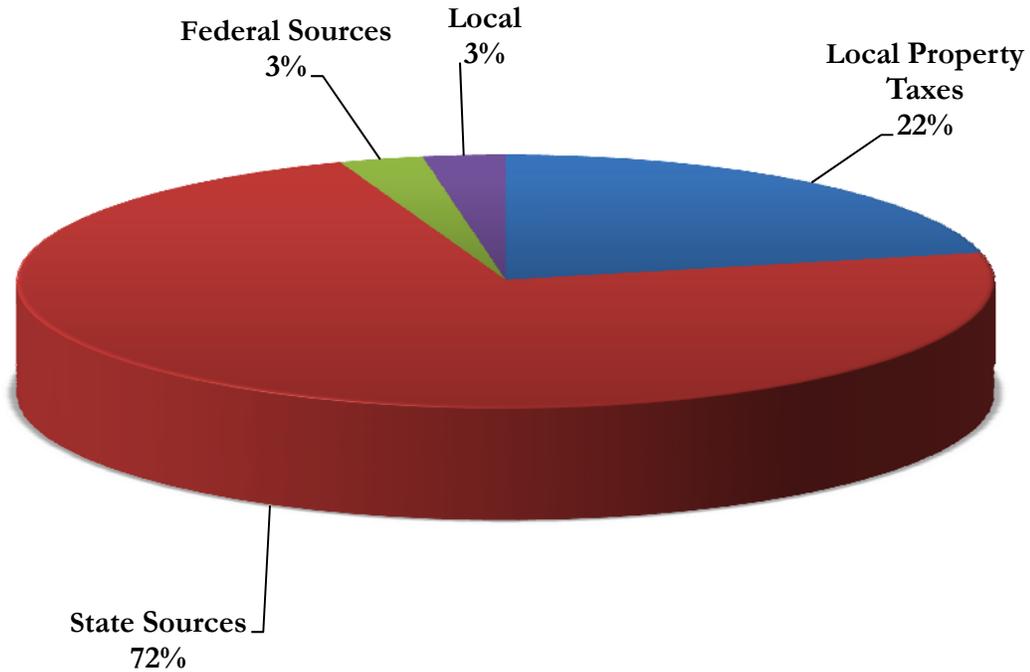
	2012-13 AUDIT RESULTS	2013-14 AUDIT RESULTS	2014-15 REVISED BUDGET	2015-16 PROPOSED BUDGET
Revenue	41,069,277	42,529,879	44,535,222	45,456,866
Expenditures	41,008,997	42,101,226	44,735,365	45,863,247
Net Difference	60,280	428,653	(200,143)	(406,381)
Beginning Fund Balance*	14,462,642	14,522,922	14,951,575	14,751,432
Ending Fund Balance*	14,522,922	14,951,575	14,751,432	14,345,051
Unrestricted Fund Balance	9,295,808	10,227,918	10,111,712	10,517,486
Percentage	23%	24%	23%	23%

*Includes restricted and unrestricted dollars

GENERAL FUND REVENUE SUMMARY

	2012-13 AUDIT RESULTS	2013-14 AUDIT RESULTS	2014-15 REVISED BUDGET	2015-16 PROPOSED BUDGET
Property Taxes	9,437,019	5,290,057	9,285,857	9,786,010
State Sources	29,119,590	34,755,108	32,747,113	33,146,404
Federal Sources	1,368,795	1,215,595	1,274,349	1,274,349
Local Sources	1,143,873	1,269,119	1,227,903	1,250,103
Total	41,069,277	42,529,879	44,535,222	45,456,866

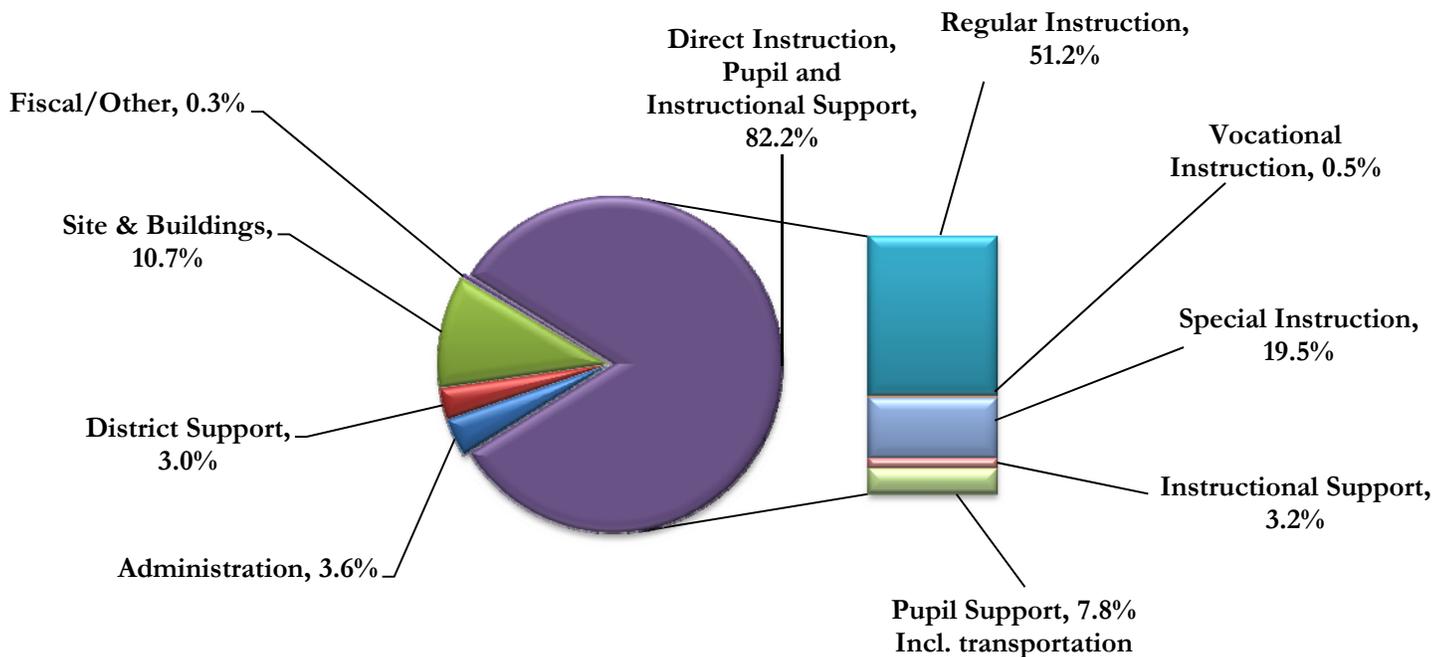
REVENUE BY SOURCE



GENERAL FUND EXPENDITURE SUMMARY

	2012-13 AUDIT RESULTS	2013-14 AUDIT RESULTS	2014-15 REVISED BUDGET	2015-16 PROPOSED BUDGET
Administration	1,521,038	1,548,532	1,625,434	1,665,008
District Support Services	1,127,420	1,117,381	1,315,137	1,371,427
Regular Instruction	20,211,610	21,317,273	23,165,324	23,502,245
Vocational Instruction	226,816	204,971	182,471	217,469
Special Education	7,595,077	8,090,448	8,445,670	8,938,668
Instructional Support	1,477,009	1,342,272	1,438,307	1,489,407
Pupil Support	3,338,933	3,261,921	3,494,203	3,596,662
Site & Buildings	5,372,014	5,078,695	4,906,187	4,914,850
Fiscal & Other Fixed Costs	139,080	139,733	162,632	167,511
Total	41,008,997	42,101,226	44,735,365	45,863,247

EXPENDITURE BY PROGRAM



**GENERAL FUND
OPERATING CAPITAL and HEALTH & SAFETY**

The primary source of revenue comes from local property taxes which includes the voter approved operating capital levy of \$750,000. The capital levy was renewed for another 10 years upon its expiration during the 2013-14 school year.

Fund Summary	2012-13 AUDIT RESULTS	2013-14 AUDIT RESULTS	2014-15 REVISED BUDGET	2015-16 PROPOSED BUDGET
Beginning Fund Balance	1,573,882	885,813	637,199	532,615
Operating Revenue	2,058,035	2,024,563	2,100,486	2,086,453
Total Sources	3,631,917	2,910,376	2,737,685	2,619,068
Expenditures	2,746,104	2,273,177	2,205,070	2,130,596
Ending Fund Balance	885,813	637,199	532,615	488,472

Expenditure Summary	2015-16 Proposed Budget
Leased Facility Space	341,544
Lease Purchase (Sibley)	142,758
Schools/Programs	107,836
Textbooks/Digital Curriculum	150,000
Transformational Technology*	549,967
Technology	267,914
Facilities	48,000
Health & Safety	274,302
Deferred Maintenance	248,275
Total	2,130,596

*Includes \$150,000 early lease recognition for January acquisition. This is a book-entry, lease payment is not until July.

CHILD NUTRITION FUND

The Child Nutrition Fund is a self-sustaining fund whose mission is to provide quality nutritious meals that support the growth and development of our students to fuel their learning. Revenue come from a variety of sources including state and federal funding, student and adult purchases, federal commodities, and grant dollars.

The majority of the budget is accounted for in labor and food costs. The budget includes a meal price increase of \$0.15. This is consistent with increases we have done in the past. Our prime vendor indicated that we should expect to see roughly a 5% increase in food costs.

The proposed budget plan is balanced and continuous evaluation of food costs and direct labor hours per meal served will be the primary focus to ensure budget targets are met.

	2012-13 AUDIT RESULTS	2013-14 AUDIT RESULTS	2014-15 REVISED BUDGET	2015-16 PROPOSED BUDGET
Revenue Summary				
Local property Taxes	-	-	-	-
Tuition, fees and other	1,115,241	1,131,687	1,122,900	1,169,035
State Aids	59,682	63,188	84,000	90,000
Federal Aids	670,430	720,636	747,000	751,000
Total Revenues	1,845,353	1,915,511	1,953,900	2,010,035
Expenditure Summary				
Salaries and Wages	560,902	583,449	598,021	604,450
Benefits	196,747	206,280	228,768	250,648
Purchased Services	90,798	88,908	106,000	83,500
Food and Supplies	948,025	976,164	973,300	995,000
Equipment	40,708	164,972	141,500	30,500
Other Expenditures	2,742	1,176	2,200	1,500
Total Expenditures	1,839,922	2,020,949	2,049,789	1,965,598
Fund Summary				
Revenue	1,845,353	1,915,511	1,953,900	2,010,035
Expenditures	1,839,922	2,020,949	2,049,789	1,965,598
Net Difference	5,431	(105,438)	(95,889)	44,437
Beginning Fund Balance	682,399	687,830	582,392	486,503
Ending Fund Balance	687,830	582,392	486,503	530,940

COMMUNITY SERVICE FUND

Northfield Public Schools Community Services focuses on lifelong learning, recreation and community involvement. We provide numerous opportunities and classes for all ages to develop skills, stay healthy and inspire creativity.

Our Early Childhood Family Education (ECFE) programs support parents in their role as their child's first and foremost teacher. Among our other Early Childhood Programs, Hand in Hand Preschool and Ventures childcare work together to prepare and support students in year-long learning. The budget for 2015-16 was developed with the goal of maintaining the necessary revenue generation and expenditure reductions in order to provide financial stability and good stewardship of resources.

	2012-13 AUDIT RESULTS	2013-14 AUDIT RESULTS	2014-15 REVISED BUDGET	2015-16 PROPOSED BUDGET
Revenue Summary				
Local property Taxes	409,717	196,347	397,962	404,698
Tuition, fees and other	1,786,801	1,813,036	1,559,031	1,570,730
State Aids	223,387	399,711	206,281	215,988
Federal Aids	563	-	-	-
Total Revenues	2,420,468	2,409,094	2,163,274	2,191,416
Expenditure Summary				
Salaries and Wages	1,561,025	1,582,001	1,377,505	1,411,924
Benefits	326,854	349,031	384,163	363,731
Purchased Services	328,779	306,415	319,012	342,373
Supplies	78,041	68,164	63,326	65,820
Equipment	14,189	19,208	15,732	13,532
Other Expenditures	2,473	2,399	2,770	2,720
Total Expenditures	2,311,361	2,327,218	2,162,508	2,200,100
Fund Summary				
Revenue	2,420,468	2,409,094	2,163,274	2,191,416
Expenditures	2,311,361	2,327,218	2,162,508	2,200,100
Net Difference	109,107	81,876	766	(8,684)
Beginning Fund Balance	143,321	252,428	334,304	335,070
Ending Fund Balance	252,428	334,304	335,070	326,386

DEBT SERVICE FUND

This fund is used to account for the accumulation of resources used for payment of general long term obligation bond principal, interest, and related costs.

	2012-13 AUDIT RESULTS	2013-14 AUDIT RESULTS	2014-15 REVISED BUDGET	2015-16 PROPOSED BUDGET
Revenue Summary				
Local property Taxes	5,848,472	5,608,249	5,593,337	5,384,485
Interest on Investments	15,869	15,187	12,000	12,000
State of MN	55,792	51,091	56,100	52,000
Other Sources - Refunding	16,403,064	97,755	-	-
Total Revenues	22,323,197	5,772,282	5,661,437	5,448,485
Expenditure Summary				
Bond Principal	3,845,000	4,055,000	4,110,000	4,415,000
Bond Interest	2,205,265	1,733,329	1,210,129	1,109,094
Other Debt Service Fees	163,183	5,100	10,000	6,000
Other Uses - Refunding	15,485,000	9,950,000	-	-
Total Expenditures	21,698,448	15,743,429	5,330,129	5,530,094
Fund Summary				
Beginning Fund Balance	10,790,210	11,414,959	1,443,812	1,775,120
Revenue	5,920,133	5,703,958	5,661,437	5,448,485
Total Sources	16,710,343	17,118,917	7,105,249	7,223,605
Expenditures	6,213,448	5,793,429	5,330,129	5,530,094
Other Financing Sources	16,403,064	68,324	-	-
Other Financing Uses	15,485,000	9,950,000	-	-
Ending Fund Balance	11,414,959	1,443,812	1,775,120	1,693,511

**Current Outstanding Debt
2015-16 Principal and Interest Payments**

Issue Date	Net Interest Rate	Original Issue	Purpose	Final Maturity	FY 2015-16 Payments		
					Principal	Interest	Total
7/5/2006	4.0%	2,100,000	Roofs	2/1/2016	265,000	10,600	275,600
2/16/2010	2.0 - 4.0%	22,615,000	Refund '01 MS/HS/MF	2/1/2022	1,500,000	639,000	2,139,000
12/7/2011	2.0 - 2.375%	9,750,000	Refund '03A MS/HS/MF	2/1/2024	535,000	209,094	744,094
12/19/2012	1.5 - 2.0%	9,825,000	Refund '04/'05 Indoor Air	2/1/2025	665,000	169,075	834,075
1/3/2013	1.5 - 3.0%	5,965,000	Refund '03A/'03C	2/1/2017	1,305,000	45,975	1,350,975
5/13/2014	2.0- 3.0%	1,525,000	GVP/HS Roofs	2/1/2025	145,000	35,350	180,350
Totals					4,415,000	1,109,094	5,524,094

Annual Maturity Schedule

Fiscal Year	Principal	Interest	Total
2016	4,415,000	1,109,094	5,524,094
2017	4,265,000	1,003,819	5,268,819
2018	4,625,000	897,819	5,522,819
2019	4,795,000	777,544	5,572,544
2020	4,985,000	620,444	5,605,444
2021	5,195,000	452,344	5,647,344
2022	3,275,000	276,944	3,551,944
2023	3,620,000	196,126	3,816,126
2024	3,750,000	116,112	3,866,112
2025	1,430,000	30,250	1,460,250
	<u>40,355,000</u>	<u>5,480,496</u>	<u>45,835,496</u>

TRUST FUND

The District is the trustee, or *fiduciary*, for assets that belong to others, such the scholarship funds. Individual accounts are set up for each trust, scholarship, or memorial that is donated to the district. Northfield High School Guidance Office manages the process of awarding the scholarships. All non-scholarship accounts are monitored to ensure expenditures are appropriate in accordance with donor's intent.

Fund Summary	2012-13 AUDIT RESULTS	2013-14 AUDIT RESULTS	2014-15 REVISED BUDGET	2015-16 PROPOSED BUDGET
Beginning Fund Balance	118,863	126,687	142,937	134,512
Gifts and Donations	62,587	64,900	59,755	63,375
Total Sources	181,450	191,587	202,692	197,887
Expenditures	54,763	48,650	68,180	67,800
Ending Fund Balance	126,687	142,937	134,512	130,087

SCHOLARSHIP LIST

AAUW Scholarship	500	Myrtle Houston Trust	4,000
Al Berkvam Memorial Scholarship	500	NFLD Alumni Scholarship	500
Apple Autos	5,000	NFLD Office Employees' Scholarship	500
Booster Club	1,000	Northfield Union of Youth (The Key)	12,000
Cannon Valley Lions Club Scholarship	1,500	PEO Recognition Scholarship	1,850
Cannon River Sportsmen Club	500	Rotary Scholarship	1,000
Cardinal CG Scholarship	500	Skip Boyum Scholarship	500
Clifford Family Scholarship	2,000	Steele-Waseca Electric	500
Dakota Electric Fund	3,000	Step Up Scholarship	2,000
David Rodgers Memorial Scholarship	3,000	Stratmoen Family Scholarship	750
Foundation for the Journey Scholarship	500	Tom Blaisdell Memorial	2,000
Hansen-Lamb Memorial Scholarship	1,000	TORCH Scholarship	4,000
Kliver/Monsanto Scholarship	500	VFW	1,200
Lucille Duesterhoeft Memorial	12,000	Waterford Warriors	500
Lu Mong Chi Memorial	1,000	W Stickley Memorial	4,000
		Total	67,800

**INTERNAL SERVICE FUND
SELF INSURANCE PLAN**

The District established this fund in 2005-06 to account for the financial activity of the self insurance plan for the dental benefits provided to employees. In May of 2011 the District elected to become self insured for medical benefits as well. The revenue in this fund represents premiums paid for dental and medical coverage by the District and our active and retired employees. Expenditures represent actual claims paid for dental and medical services received by our current or retired employees covered under the plan.

	2012-13	2013-14	2014-15	2015-16
	AUDIT RESULTS	AUDIT RESULTS	ADOPTED BUDGET	PROPOSED BUDGET
Dental Fund Summary				
Beginning Balance	495,769	526,713	\$356,358	\$204,098
Charges for Services	388,356	289,217	305,540	452,108
Total Sources	884,125	815,930	661,898	656,206
Insurance Claims	319,591	422,805	420,000	425,000
Administrative Fees	37,821	36,767	37,800	40,824
Total Expenditures	357,412	459,572	457,800	465,824
Ending Fund Balance	526,713	356,358	\$204,098	\$190,382
Medical Fund Summary				
Beginning Balance	669,355	1,122,862	\$2,278,003	\$2,677,059
Charges for Services	4,497,427	5,824,013	5,768,495	6,011,255
Total Sources	5,166,782	6,946,875	8,046,498	8,688,314
Insurance Claims	3,355,523	3,819,111	4,456,722	4,505,486
Administrative Fees	688,397	849,761	912,717	931,833
Total Expenditures	4,043,920	4,668,872	5,369,439	5,437,319
Ending Fund Balance	1,122,862	2,278,003	\$2,677,059	\$3,250,995
Fund Summary				
Beginning Balance	1,165,124	1,649,575	\$2,634,361	\$2,881,157
Charges for Services	4,885,783	6,113,230	6,074,035	6,463,363
Total Sources	6,050,907	7,762,805	8,708,396	9,344,520
Total Expenditures	4,401,332	5,128,444	5,827,239	5,903,143
Ending Fund Balance	1,649,575	2,634,361	\$2,881,157	\$3,441,377