



PROPOSED 2014-15 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 Business Office 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 9, 2014

Board of Education
Independent School District 659
Northfield, MN

The following report covers all the proposed budgets for the 2014-2015 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 I 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 January 2014, 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 2014-15 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.

Our known parameters include our two year agreement with the Northfield Education Association, health and dental rates, and our transportation agreement with Benjamin Bus. We will be negotiating with our fifteen other employment groups over the coming months. We are a people driven business so this is our most notable unknown at the current time.

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

BUDGET DEVELOPMENT CALENDAR

November 25	Auditors present results of 2012-13 financial audit.
December 9	School Board reviews and approves FY14 revised general fund budget as well as certifies the 2013 Payable 2014 Tax Levy.
January 27	School Board presented with five year financial forecast and 2014-15 proposed budget calendar.
February 10	School Board adopts resolution requiring the administration to make recommendations for additions and reductions in programs and adding or discontinuing positions.
April 28	School Board adopts the necessary resolutions relating to general fund program and staffing changes for FY 2015.
April 28	School Board presented with proposed budgets for debt service, trust fund and child nutrition.
May 12	School Board presented with proposed budgets for general fund's capital budget, internal service fund and community services.
May 27	School Board presented with proposed general fund budget.
June 9	School Board adopts the 2014-15 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 two 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 in the district for the full school year. Students that are present for only part of the year are prorated for their time attending the school. Excused absences from school (for things such as illness, etc.) do not reduce a school district's ADM. It is calculated using the sum for all pupils of the number of days in the district's school year that each pupil is enrolled, divided by the number of days the schools are in session.
2. **Adjusted Pupil Units (APU):** 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.

WEIGHTED ADJUSTED PUPIL UNITS:

Each student is weighted by grade level according to the weights listed in 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 weighted adjusted pupil units to calculate the District's revenue.

In the last legislative session the weightings were simplified and adjusted to account for the all day Kindergarten funding. The 13-14 weightings are provided for comparative purposes only.

	Pre-KG	KG Disabled	KG	1-3	4-6	7-12
2013-14	1.25	1.0	.612	1.115	1.06	1.3
2014-15	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 several years. The October 1, 2013 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 2014-15 student data as well as the longer range forecast.

2014-15 Projected Adjusted Pupil Units					
Pre-KG	KG (incl. HK)	1-3	4-6	7-12 (incl. ALC)	Total
35.8	238.7	807.1	839.5	1878.0	3,799.1

2014-15 Projected Weighted Adjusted Pupil Units					
Pre-KG	KG (incl. HK)	1-3	4-6	7-12 (incl. ALC)	Total
35.8	238.7	807.1	839.5	2,253.6	4,174.7

5 Year Weighted Adjusted Pupil Unit Forecast						
	2013-14*	2014-15	2015-16	2016-17	2017-18	2018-19
Pre-KG	35.6	35.8	31.7	30.7	30.0	28.3
Kindergarten	223.8	238.7	211.6	204.9	199.9	188.7
Grades 1-3	818.9	807.1	800.0	728.9	708.9	666.7
Grades 4-6	849.6	839.5	836.3	859.9	850.6	845.5
Grade 7-12	2,237.2	2,253.6	2,277.8	2,297.6	2,276.1	2,329.4
Total WAPU	4,165.1	4,174.7	4,157.4	4,122.0	4,065.5	4,058.6
Change		0.23%	(0.41%)	(0.85%)	(1.37%)	(0.17%)

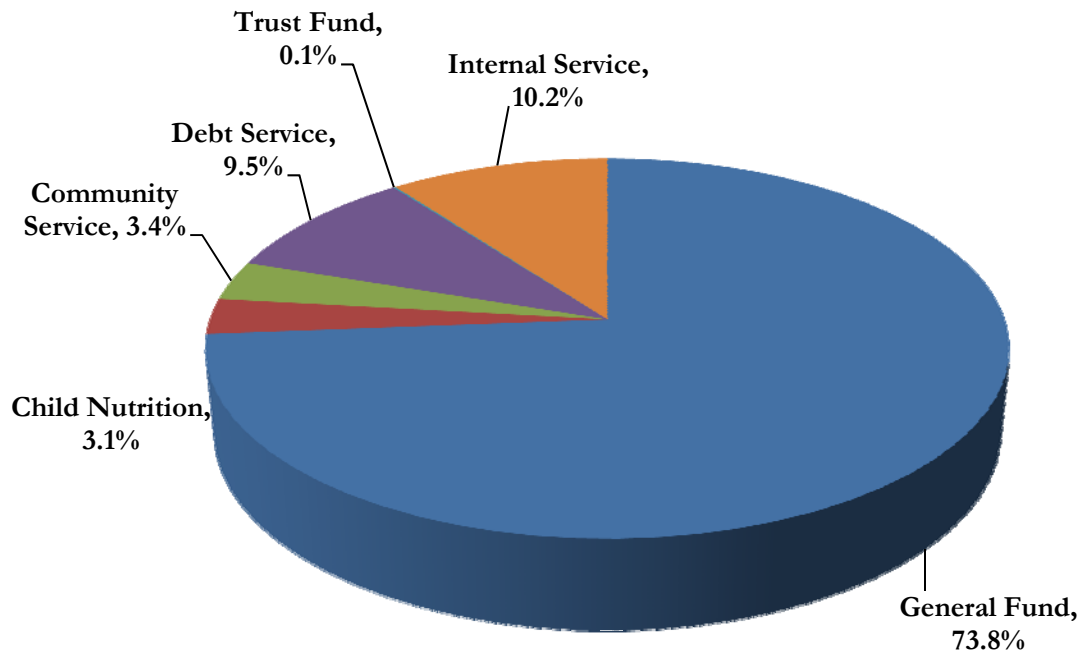
*Calculated using 14-15 weightings for comparative purposes.

PROPOSED 2014-15 BUDGET

BUDGET OVERVIEW

	July 1, 2014			June 30, 2015
	Projected	FY 2015	FY2015	Projected
	<u>Fund Balance*</u>	<u>Revenues</u>	<u>Expenditures</u>	<u>Fund Balance*</u>
General Fund**	14,417,183	43,828,390	44,212,695	14,032,878
Child Nutrition	591,254	1,794,200	1,884,631	500,823
Community Service	302,049	1,997,058	1,976,395	322,712
Debt Service	1,686,565	5,661,437	5,330,129	2,017,873
Trust Fund	125,787	59,755	68,180	117,362
Internal Service	1,677,202	6,074,035	5,827,239	1,923,998
* Beginning and ending fund balance includes restricted funds				
**General Fund includes Operating Capital and Health & Safety funds.				

2014-15 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 grade twelve including pupil transportation and capital outlay projects.

Preliminary budget assumptions include an increase in revenue by approximately 5.45% of total general fund revenue sources. The District receives approximately 70% of its revenue from the State of Minnesota. The legislature approved a 1.5% increase in funding for the 2014-15 school year as well as an additional \$25 per pupil. There was also an increase in funding to account for the shift to all day Kindergarten. The District's property tax levy is consistent with the prior year.

Projected expenditures are represented with an aggregate increase of 6.0%. This includes a projected increase of 5.4% in salaries, 3.4% in benefits and a 1% increase in non-salary and other operating expenditures.

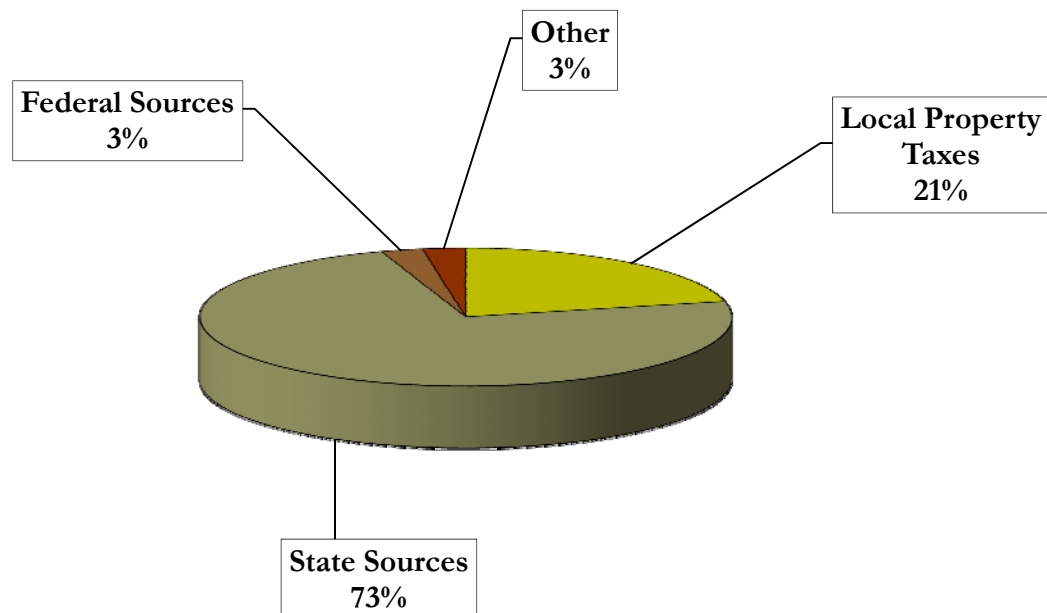
	2011-12 AUDIT RESULTS	2012-13 AUDIT RESULTS	2013-14 REVISED BUDGET	2014-15 PROPOSED BUDGET
Revenue	40,041,535	41,069,277	41,604,919	43,828,390
Expenditures	38,473,033	41,008,997	41,710,658	44,212,695
Net Difference	1,568,502	60,280	(105,739)	(384,305)
Beginning Fund Balance*	12,894,140	14,462,642	14,522,922	14,417,183
Ending Fund Balance*	14,462,642	14,522,922	14,417,183	14,032,878
Unrestricted Fund Balance	8,882,788	9,295,808	9,462,873	8,850,632
Percentage	23%	23%	23%	20%

*Includes restricted and unrestricted dollars

GENERAL FUND REVENUE SUMMARY

	2011-12 AUDIT RESULTS	2012-13 AUDIT RESULTS	2013-14 REVISED BUDGET	2014-15 PROPOSED BUDGET
Property Taxes	8,451,103	9,437,019	9,379,914	9,378,076
State Sources	28,432,139	29,119,590	29,911,977	32,194,380
Federal Sources	1,799,156	1,368,795	1,203,528	1,111,559
Local Sources	1,359,137	1,143,873	1,109,500	1,144,375
Total	40,041,535	41,069,277	41,604,919	43,828,390

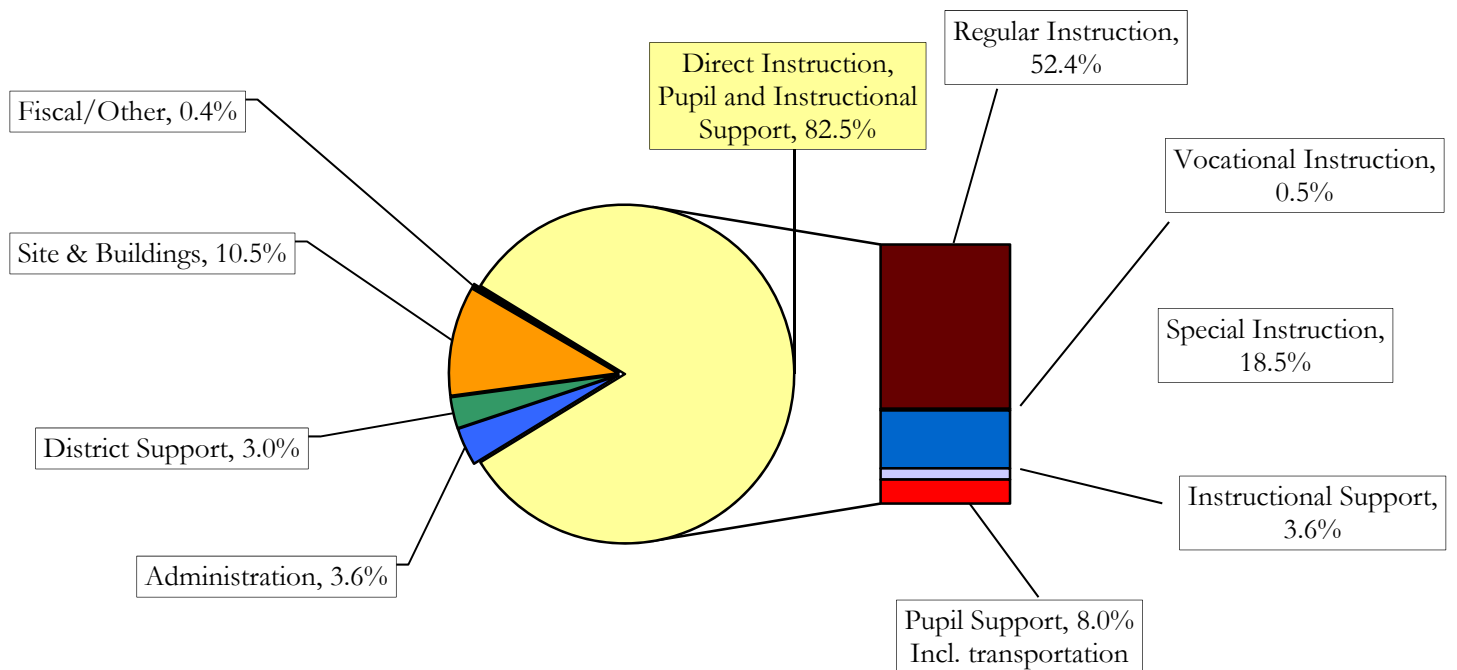
REVENUE BY SOURCE



GENERAL FUND EXPENDITURE SUMMARY

	2011-12 AUDIT RESULTS	2012-13 AUDIT RESULTS	2013-14 REVISED BUDGET	2014-15 PROPOSED BUDGET
Administration	1,453,890	1,521,038	1,547,954	1,596,614
District Support Services	1,001,147	1,127,420	1,108,040	1,323,398
Regular Instruction	19,380,302	20,211,610	21,696,075	23,160,105
Vocational Instruction	292,242	226,816	208,851	217,315
Special Education	7,049,278	7,595,077	7,659,045	8,158,869
Instructional Support	1,368,330	1,477,009	1,514,982	1,580,100
Pupil Support	3,206,581	3,338,933	3,319,443	3,375,967
Site & Buildings	4,583,247	5,372,014	4,495,246	4,637,695
Fiscal & Other Fixed Costs	138,016	139,080	161,022	162,632
Total	38,473,033	41,008,997	41,710,658	44,212,695

EXPENDITURE BY PROGRAM



GENERAL FUND
OPERATING CAPITAL and HEALTH AND SAFETY

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

Fund Summary	2011-12 AUDIT RESULTS	2012-13 AUDIT RESULTS	2013-14 REVISED BUDGET	2014-15 PROPOSED BUDGET
Beginning Fund Balance	1,121,588	1,573,882	885,813	885,813
Operating Revenue	2,497,516	2,058,035	1,934,559	2,062,371
Total Sources	3,619,104	3,631,917	2,820,372	2,948,184
Expenditures	2,045,222	2,746,104	1,934,559	2,166,791
Ending Fund Balance	1,573,882	885,813	885,813	781,393

Expenditure Summary	2014-15 Proposed Budget
Leased Facility Space	373,018
Lease Purchase (Sibley)	142,758
Schools/Programs	128,336
Textbooks/Digital Curriculum	150,000
Technology	584,103
Facilities	309,000
Health & Safety	270,452
Deferred Maintenance	209,124
Total	2,166,791

CHILD NUTRITION FUND

The Child Nutrition Fund is a self-sustaining operation and funds can only be used for the operation of Food Service. Revenues come from a variety of sources including State and Federal funding, student and adult purchases, federal commodities, and grant dollars. The bulk of the budget is accounted for in labor and food costs.

Included in the assumptions used to prepare this budget is a recommendation to hold meal rates as they are, there is additional revenue from the state. The District recently sent out a request for proposal for our prime vendor and had favorable results which helped reduce our anticipated food budget. This budget also includes phase two of the high school remodel project. 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.

	2011-12 AUDIT RESULTS	2012-13 AUDIT RESULTS	2013-14 REVISED BUDGET	2014-15 PROPOSED BUDGET
Revenue Summary				
Local property Taxes	-	-	-	-
Tuition, fees and other	1,108,832	1,115,241	1,081,114	1,067,900
State Aids	60,548	59,682	58,100	60,000
Federal Aids	628,193	670,430	627,269	666,300
Total Revenues	1,797,573	1,845,353	1,766,483	1,794,200
Expenditure Summary				
Salaries and Wages	537,276	560,902	561,628	579,356
Benefits	166,946	196,747	187,981	192,275
Purchased Services	100,735	90,798	98,600	106,000
Food and Supplies	839,828	948,025	861,150	843,300
Equipment	9,835	40,708	151,500	161,500
Other Expenditures	2,174	2,742	2,200	2,200
Total Expenditures	1,656,794	1,839,922	1,863,059	1,884,631
Fund Summary				
Revenue	1,797,573	1,845,353	1,766,483	1,794,200
Expenditures	1,656,794	1,839,922	1,863,059	1,884,631
Net Difference	140,779	5,431	(96,576)	(90,431)
Beginning Fund Balance	541,620	682,399	687,830	591,254
Ending Fund Balance	682,399	687,830	591,254	500,823

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.

For a quarter century, our Early Childhood Family Education (ECFE) programs have been supporting 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 the 2014-15 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 during the current difficult economic situation.

	2011-12 AUDIT RESULTS	2012-13 AUDIT RESULTS	2013-14 REVISED BUDGET	2014-15 PROPOSED BUDGET
Revenue Summary				
Local property Taxes	400,526	409,717	387,799	397,962
Tuition, fees and other	1,613,063	1,786,801	1,706,027	1,392,815
State Aids	228,344	223,387	199,909	181,281
Federal Aids	67,560	563	-	-
Total Revenues	2,309,493	2,420,468	2,293,735	1,972,058
Expenditure Summary				
Salaries and Wages	1,518,445	1,561,025	1,508,663	1,282,255
Benefits	309,790	326,854	340,277	346,616
Purchased Services	278,334	328,779	320,989	251,212
Supplies	80,298	78,041	55,349	58,010
Equipment	12,061	14,189	15,041	10,532
Other Expenditures	2,234	2,473	3,795	2,770
Total Expenditures	2,201,162	2,311,361	2,244,114	1,951,395
Fund Summary				
Revenue	2,309,493	2,420,468	2,293,735	1,972,058
Expenditures	2,201,162	2,311,361	2,244,114	1,951,395
Net Difference	108,331	109,107	49,621	20,663
Beginning Fund Balance	34,990	143,321	252,428	302,049
Ending Fund Balance	143,321	252,428	302,049	322,712

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.

	2011-12 AUDIT RESULTS	2012-13 AUDIT RESULTS	2013-14 REVISED BUDGET	2014-15 PROPOSED BUDGET
Revenue Summary				
Local property Taxes	5,363,826	5,848,472	5,653,934	5,593,337
Interest on Investments	9,575	15,869	60,000	12,000
State of MN	318,610	55,792	306,000	56,100
Other Sources - Refunding	9,750,000	16,403,064	16,344,751	-
Total Revenues	15,442,011	22,323,197	22,364,685	5,661,437
Expenditure Summary				
Bond Principal	3,535,000	3,845,000	4,055,000	4,110,000
Bond Interest	2,635,065	2,205,265	1,733,328	1,210,129
Other Debt Service Fees	56,888	163,183	10,000	10,000
Other Uses - Refunding	22,954,385	15,485,000	9,950,000	-
Total Expenditures	29,181,338	21,698,448	15,748,328	5,330,129
Fund Summary				
Beginning Fund Balance	24,529,537	10,790,210	11,414,959	1,686,565
Revenue	5,692,011	5,920,133	6,019,934	5,661,437
Total Sources	30,221,548	16,710,343	17,434,893	7,348,002
Expenditures	6,226,953	6,213,448	5,798,328	5,330,129
Other Financing Sources	9,750,000	16,403,064	-	-
Other Financing Uses	22,954,385	15,485,000	9,950,000	-
Ending Fund Balance	10,790,210	11,414,959	1,686,565	2,017,873

Current Outstanding Debt
2014-15 Principal and Interest Payments

	Net Interest	Original		Final	FY 2014-15 Payments		
Issue Date	Rate	Issue	Purpose	Maturity	Principal	Interest	Total
7/5/2006	4.0%	2,100,000	Roofs	2/1/2016	255,000	20,800	275,800
2/16/2010	2.0 - 4.0%	22,615,000	Refund '01 MS/HS/MF	2/1/2022	1,455,000	682,650	2,137,650
12/7/2011	2.0 - 2.375%	9,750,000	Refund '03A MS/HS/MF	2/1/2024	75,000	210,594	285,594
12/19/2012	1.5 - 2.0%	9,825,000	Refund '04/'05 Indoor Air	2/1/2025	630,000	178,525	808,525
1/3/2013	1.5 - 3.0%	5,965,000	Refund '03A/'03C	2/1/2017	1,695,000	96,825	1,791,825
5/13/2014	TBD	1,525,000	GVP/HS Roofs	2/1/2025	-	20,735	20,735
				TOTALS	4,110,000	1,210,129	5,320,129

Annual Maturity Schedule

Fiscal Year	Principal	Interest	Total
2015	4,110,000	1,210,129	5,320,129
2016	4,415,000	1,100,499	5,515,499
2017	4,265,000	997,254	5,262,254
2018	4,625,000	893,067	5,518,067
2019	4,795,000	774,169	5,569,169
2020	4,985,000	618,044	5,603,044
2021	5,195,000	450,394	5,645,394
2022	3,275,000	274,994	3,549,994
2023	3,620,000	193,788	3,813,788
2024	3,750,000	114,736	3,864,736
2025	1,430,000	29,673	1,459,673
	44,465,000	6,656,747	51,121,747

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	2011-12 AUDIT RESULTS	2012-13 AUDIT RESULTS	2013-14 REVISED BUDGET	2014-15 PROPOSED BUDGET
Beginning Fund Balance	110,131	118,863	126,687	125,787
Gifts and Donations	56,445	62,587	51,050	59,755
Total Sources	166,576	181,450	177,737	185,542
Expenditures	47,713	54,763	51,950	68,180
Ending Fund Balance	118,863	126,687	125,787	117,362

SCHOLARSHIP LIST

AAUW Scholarship	500	NFLD Alumni Scholarship	500
Al Berkvam Memorial Scholarship	500	Northfield High School Class of 1939	500
Alec Grebis Memorial Scholarship	1,000	NFLD Office Employees' Scholarship	500
Booster Club	1,000	Northfield Union of Youth (The Key)	13,000
Cannon Valley Lions Club Scholarship	1,500	PEO Recognition Scholarship	1,550
Cannon River Sportsmen Club	500	Rice County Farm Bureau Scholarship	500
Cardinal CG Scholarship	500	Rotary Scholarship	3,000
Clifford Family Scholarship	2,000	Skip Boyum Scholarship	500
Dakota Electric Fund	3,000	Steele-Waseca Electric	500
Darrin Erickson Memorial Scholarship	180	Step Up Scholarship	1,000
David Rodgers Memorial Scholarship	3,000	Stratmoen Family Scholarship	750
Lucille Duesterhoeft Memorial	13,000	Tom Blaisdell Memorial	2,000
Foundation for the Journey Scholarship	500	TORCH Scholarship	6,250
Kluver/Monsanto Scholarship	500	VFW	700
Make a Difference Scholarship	250	Waterford Warriors	1,000
Myrtle Houston Trust	4,000	W Stickley Memorial	4,000
		TOTAL	\$ 68,180

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.

	2011-12	2012-13	2013-14	2014-15
	AUDIT RESULTS	AUDIT RESULTS	ADOPTED BUDGET	PROPOSED BUDGET
Dental Fund Summary				
Beginning Balance	447,236	495,769	526,713	369,583
Charges for Services	466,132	388,356	272,870	305,540
Total Sources	913,368	884,125	799,583	675,123
Insurance Claims	385,932	319,591	395,000	420,000
Administrative Fees	31,667	37,821	35,000	37,800
Total Expenditures	417,599	357,412	430,000	457,800
Ending Fund Balance	495,769	526,713	369,583	217,323

Medical Fund Summary

Beginning Balance	-	669,355	1,122,862	1,307,619
Charges for Services	5,196,764	4,497,427	5,523,579	5,768,495
Total Sources	5,196,764	5,166,782	6,646,441	7,076,114
Insurance Claims	3,825,992	3,355,523	4,307,173	4,456,722
Administrative Fees	701,417	688,397	1,031,649	912,717
Total Expenditures	4,527,409	4,043,920	5,338,822	5,369,439
Ending Fund Balance	669,355	1,122,862	1,307,619	1,706,675

Fund Summary

Beginning Balance	447,236	1,165,124	1,649,575	1,677,202
Charges for Services	5,662,896	4,885,783	5,796,449	6,074,035
Total Sources	6,110,132	6,050,907	7,446,024	7,751,237
Total Expenditures	4,945,008	4,401,332	5,768,822	5,827,239
Ending Fund Balance	1,165,124	1,649,575	1,677,202	1,923,998