



An Overview of the 2008-2009 Budget

June 2008

■ Introduction

The annual budget of Spring Lake Park District 16 includes an analysis of the actual financial condition of the school system at July 1, 2007, and the anticipated positions at June 30, 2008, and June 30, 2009.

The annual budget also includes an analysis of the proposed revenues and expenditures for the District's fiscal year, beginning July 1, 2008 and ending June 30, 2009.



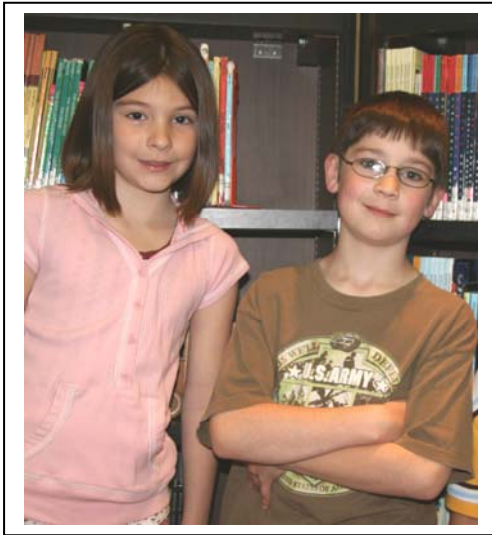
The budget is prepared in accordance with generally accepted accounting principles and Minnesota Uniform Financial Accounting and Reporting Standards (UFARS). UFARS requires the District to establish separate funds in accordance with statutory requirements and state and federal regulations governing the district's various revenue sources and expenditure purposes. Each fund is treated as an independent accounting entity.

Prior to July 1 of each year, the School Board adopts its annual budget for the following fiscal year. Minnesota Education Laws 2008 were used as the basis for preparing the fiscal year 2008-2009 financial budget.



The School Board, superintendent, district leadership, staff, community, and students continually look at ways to provide opportunities that are aligned with the District's mission and vision.

As an accountable, credible school district, the budget reflects a purposeful alignment of resources, structures and systems.



Effective resource management combined with prudent financial management practices allow the district to respond to enrollment changes, balance revenue to expenditures, and maintain systems that ensure financial stability.

With the public's increased demand for accountability, the expanding complexity of Minnesota school district funding, and the challenge to do more with less, district administration will continue to seek opportunities to effectively manage the financial resources of the school district.

■ Enrollment History and Projections

The Spring Lake Park School district's student enrollment in the 2008-2009 school year is projected to increase from 4,720 students to 4,784 students. This increase represents moderate enrollment growth of 64 additional students, or 1.4%.

Enrollment growth of the district has largely been attributed to both an increase in the resident student population of the district as

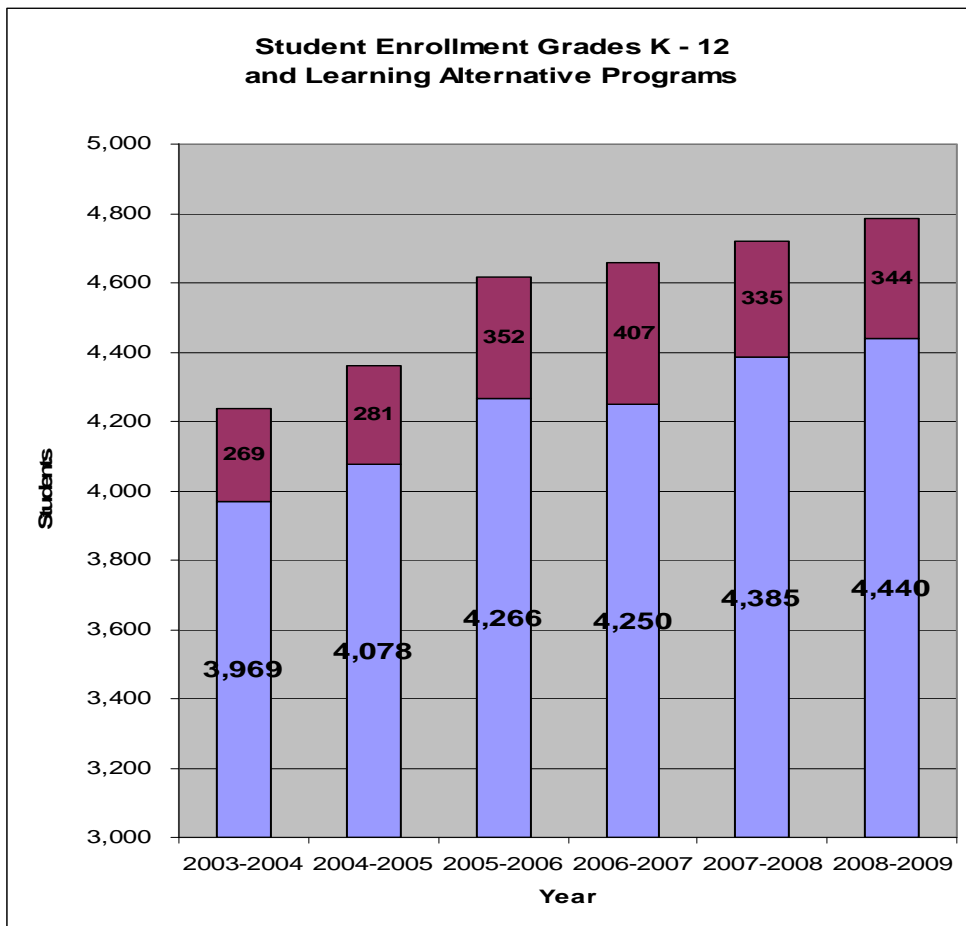
well as an increase in the demand for the innovative programs the district has implemented.



The chart below shows the district's actual enrollment history for the last four years, revised enrollment estimates for the 2007-2008 school year, and preliminary enrollment projections for the 2008-2009 school



year. Long-term projections indicate that the district will continue to see moderate enrollment growth over the next several years. Additional enrollment information, by grade and by site, is available in Exhibit IV.



■ **General Fund Financial Condition**

The general fund is used to account for all financial resources except those required to be accounted for in another fund. As a result of 1995 legislative action, the transportation and capital expenditure funds have been combined and continue to be included in the general fund. Thus, the discussion that follows analyzes both the general fund operating budget as well as the total general fund budget. Summary budget detail of the general fund is found in the attached Fund Balance Report.

General fund operating budget

- General fund operating revenues are budgeted at \$40,727,740, an increase of \$807,740 or 2.0%. This increase is primarily attributed to a projected increase in student enrollment combined with a slight revenue increase of 1% per student in the state general education funding formula allowance. This amount also includes one time state aid of \$51 per pupil unit plus additional categorical revenue and federal revenue reserved for a specific purpose in statute, such as compensatory revenue and Title I federal funds.
- General fund operating expenditures are budgeted at \$40,721,037, an increase of \$908,631, or 2.3%. This increase is primarily attributed to a projected increase in student enrollment as well as inflationary increases for salaries and benefits, utilities, and other purchased services. Budget capacity for one-time and other categorical funded expenditures is also included in this amount.
- General fund operating revenues will exceed operating expenditures by \$6,703. The general fund unreserved, undesignated fund balance is projected to be a positive amount of \$1,110,803 on June 30, 2009 and represents 2.7% of annual operating expenditures.

General fund total budget

- General fund total revenues are budgeted at \$44,609,671, an increase of \$1,952,243 or 4.6%. The majority of this increase relates to \$1,000,000 in state reimbursement revenue for state authorized health and safety projects. Minnesota statutes provide revenue to reimburse school districts for the cost incurred in making certain facility improvements to ensure the health and safety of students, staff and the public. The remainder of this change is due to a projected increase in student enrollment.
- General fund total expenditures are budgeted at \$44,163,937, an increase of \$1,003,638, or 2.4%. This increase is largely attributed to a projected increase in student enrollment, inflationary increases, additional programming expenditures, and operating capital and health and safety funded expenditures that were postponed pending successful passage of the district's bond referendum in February 2006.
- General fund total revenues are projected to exceed expenditures in each of the sub-accounts except for the severance and health benefits account.

Resources formally reserved for severance and health benefits will fund a portion of the District's defined contribution plan, and thus, this reserve will decline over time. The total general fund balance is projected to be a positive amount of \$2,715,483 on June 30, 2009. It is important to note that the reserved fund balances included in the total general fund balance can only be used for state legislated purposes.

Comments:

General Fund expenditures by program detail is found in the attached Exhibit.

■ **Special Revenue Funds Financial Condition**

The district also maintains four special revenue funds. These are restricted funds having specific purposes. They include food service, community service, building construction, and debt service funds.

Food Service fund activities are those relating to school lunch and other related programs.

- Revenues are budgeted at \$1,850,000 an increase of \$32,299 or 1.8%.
- Expenditures are budgeted at \$1,850,000, an increase of \$67,433 or 3.8%.
- Unreserved fund balance is projected to be a positive amount and it is deemed to be adequate.

Comments:

The changes between the years are largely attributed to increases in meal participation assumptions and milk, food, and energy cost increases anticipated in the 2008-2009 school year.

Community Service fund activities are those relating to adult education programs, recreation, and civic programs.

- Revenues are budgeted at \$2,353,000, an increase of \$53,000 or 2.3%.
- Expenditures are budgeted at \$2,348,490, an increase of \$48,490 or 2.2%.
- Revenues and expenditures are balanced and the fund is anticipated to improve its financial condition slightly at June 30, 2009.

Comments:

The revenue and expenditure changes are primarily due to anticipated increases in community participation in community education programming.

Building Construction

fund The building construction fund is used to account for bond proceeds, investment earnings, and expenditures for facility improvements funded with voter approved bond referendum or alternative facilities health and safety revenue.



On February 28, 2006, the voters authorized the district to issue \$95.9 million in bonds and to execute its facility improvement plan.

Comments:

While revenue and expenditure activity are accounted for in the building construction fund, an annual budget is not included for projects already approved by voters through referendum.

Debt Service fund The financial condition of the debt service fund, a fund which accounts for resources used to repay bonded indebtedness incurred to finance major district property acquisition, construction, and improvement programs, appears to be adequate.

- Revenues are budgeted at \$7,410,000, and represent property tax levy revenue to repay bonded indebtedness on bonds authorized by voters in 1995 and in 2006.
- Expenditures are budgeted at \$7,410,000, and represent principal and interest payments on bonds authorized by voters in 1995 and in 2006.
- Total fund balance is projected to be a surplus amount.

Comments:

Future payments of bonded indebtedness will be fully paid through voter approved property tax levies.

■ Budget Development and Future Implications

The development of the annual budget continues to remain a cooperative effort of various district individuals and groups. Many hours were devoted to reviewing prior and current year budgets and operations. Extensive efforts will again be required next year as district officials work together to construct a fiscal year 2009-2010 budget and to continue to build a reserve that will bring the District's fund balance to a responsible and reasonable level.

Spring Lake Park School District 16
Fund Balance Report
as of June 2008

EXHIBIT I

	Audited Fund Balance 6/30/2007	Revised Revenue Budget 2007-2008	Revised Expenditure Budget 2007-2008	Revised Change in Fund Balance	Revised Fund Balance 6/30/2008	Proposed Revenue Budget 2008-2009	Proposed Expenditure Budget 2008-2009	Proposed Change in Fund Balance	Proposed Fund Balance 6/30/2009
Operating Funds									
General Fund									
Unreserved/Undesignated									
Operating fund Balance	\$ 996,506	\$ 39,920,000	\$ 39,812,406	\$ 107,594	\$ 1,104,100	\$ 40,727,740	\$ 40,721,037	\$ 6,703	\$ 1,110,803
Reserved/Designated Fund Balance									
Reserve - Severance/ Health Benefits	634,459	565,541	700,000	(134,459)	500,000	366,000	466,000	(100,000)	400,000
Reserve - Health & Safety	(442)	51,887	500,000	(448,113) (a)	(448,555) (a)	1,000,000	500,000	500,000	51,445
Reserve - Area Learning Center	27,893	-	27,893	(27,893)	-	-	-	-	-
Reserve - Operating Capital	595,441	1,920,000	1,920,000	-	595,441	2,315,931	2,276,900	39,031	634,472
Designated - Student Activities	99,163	200,000	200,000	-	99,163	200,000	200,000	-	99,163
Designated - Voc Land	419,600	-	-	-	419,600	-	-	-	419,600
General Fund	\$ 2,772,620	\$ 42,657,428	\$ 43,160,299	\$ (502,871)	\$ 2,269,749	\$ 44,609,671	\$ 44,163,937	\$ 445,734	\$ 2,715,483
Food Service Fund	165,951	1,817,701	1,782,567	35,134	201,085	1,850,000	1,850,000	-	201,085
Community Service Fund	(27,827)	2,300,000	2,300,000	-	(27,827)	2,353,000	2,348,490	4,510	(23,317)
Total Operating Funds	\$ 2,910,744	\$ 46,775,129	\$ 47,242,866	\$ (467,737)	\$ 2,443,007	\$ 48,812,671	\$ 48,362,427	\$ 450,244	\$ 2,893,251
Non Operating Funds									
Alternative Facilities - Health and Safety	(10,000)	8,100,000 (b)	7,100,000	1,000,000	990,000	-	990,000	(990,000) (b)	-
Debt Service Fund	258,154	6,205,000	6,312,000	(107,000)	151,154	7,410,000	7,410,000	-	151,154
Trust and Agency Fund	89,305	100,000	100,000	-	89,305	100,000	100,000	-	89,305
Total All Funds	\$ 3,248,203	\$ 61,180,129	\$ 60,754,866	\$ 425,263	\$ 3,673,466	\$ 56,322,671	\$ 56,862,427	\$ (539,756)	\$ 3,133,710

Note: Excludes Building construction fund activities authorized by voters in February 2006.

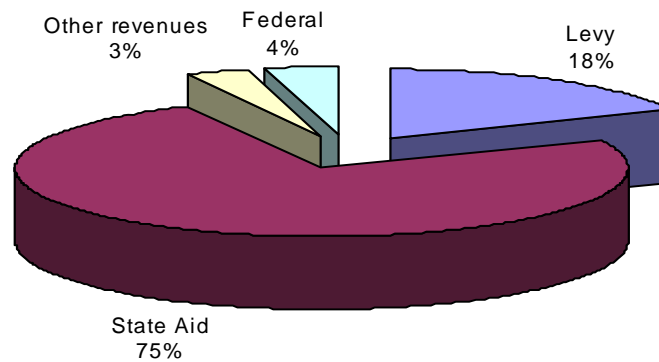
(a) Minnesota statutes require that all health and safety projects less than \$500,000 be accounted for in the general fund. This reserved account is allowed to go into deficit, and is anticipated to do so at June 30, 2008. However, the District will be reimbursed \$1 million on July 1st, 2008. Thus, this deficit will simply be reflected on the books of the District on June 30, 2008 and will no longer exist on July 1, 2008.

(b) Minnesota statutes require that all health and safety projects exceeding \$500,000 be accounted for in the building construction fund. This budget reflects the sale of \$7.1 million in Alternative facility Health and Safety bonds that occurred in the Fall of 2007 and the corresponding \$7.1 million of expenditures approved by the state as a part of our comprehensive facility improvement plan. These improvements are expected to be completed by June 30, 2009.

General Fund Revenues

Spring Lake Park School District receives its general fund revenue through a combination of state aid (75%), local property tax levy (18%), federal funding (4%), and other local revenues (3%), as seen in the chart below:

2008-2009 District General Fund Revenue Sources



General fund total revenues are budgeted at \$44,609,671, an increase of \$1,952,243 or 4.6%. The majority of this increase relates to \$1,000,000 in state reimbursement revenue for state authorized health and safety projects. Minnesota statutes provide revenue to reimburse school districts for the cost incurred in making certain facility improvements to ensure the health and safety of students, staff and the public. The remainder of this change is due to a projected increase in student enrollment combined with a 1% formula allowance. This amount also includes one time state aid of \$51 per pupil unit plus additional categorical revenue and federal revenue reserved for a specific purpose in statute, such as compensatory revenue and Title I federal funds.

Comparative data of the District’s revenue sources for 2008-2009 are compared with the prior year below:

Revenue Source	Revised Budget	Proposed Budget	Change	
	2007-2008	2008-2009		
State Aid	\$ 32,458,401	\$ 33,209,461	\$ 751,060	
Local Levy	\$ 7,913,274	\$ 8,229,762	\$ 316,488	
Federal	\$ 1,776,213	\$ 1,770,449	\$ (5,764)	
Other	\$ 509,540	\$ 1,399,999	\$ 890,459	
	<u>\$ 42,657,428</u>	<u>\$ 44,609,671</u>	<u>\$ 1,952,243</u>	4.6%

General fund expenditure detail is divided into program category dimensions described below:

1. **District and School Administration** is the organizational hierarchy at the school principal level and above. Examples are principals, superintendent, and school board.
2. **District Support Services** are function or task-oriented services that may cross many combinations or other major divisions of program categories. Examples are the business office and the operation department offices of personnel-payroll and computer services.
3. **Regular Instruction** is the level of instruction and academic departments found within each elementary and secondary school. It typically includes all activities that are classroom, co-curricular, and extra-curricular in nature.
4. **Vocational Instruction** is the level of instruction pertaining to senior high school vocational education.
5. **Exceptional Instruction** is compensatory and special education subdivided by student needs. Examples are gifted and talented, Title I programs, and special education instruction.
6. **Community Education and Services** is instruction provided outside the normal school day. It provides educational programming for students at times other than regular school hours.
7. **Instructional Support Services** consist of activities designed to assist instructional staff with the content and process of providing learning experiences to students in grades K-12. Local examples are curriculum development, media, staff development, and computer assisted instruction.
8. **Pupil Support Services** consist of activities that do not qualify as instructional services to students in grades K-12. Local examples are counseling, health, attendance, pupil transportation, and food services.
9. **Site, Buildings, and Equipment** consist of activities related to the acquisition, operation, maintenance, repairs, and remodeling of all physical plant, facilities, grounds, and district equipment.
10. **Fiscal and Other Fixed Cost Programs** consist of miscellaneous services not otherwise covered in other program categories. Local examples are expenditures for interest expense paid on short-term district debt, property insurance, and employee benefits paid in the form of unemployment compensation, workers' compensation, and severance payments.

Spring Lake Park School District 16
 General Fund Expenditures by Program
 Adopted Budget June 2007

CLASSIFICATION	Revised Budget 2007-08	Proposed Budget 2008-09	Change \$	
EXPENDITURES:				
District and School Administration:				
Board of Education	\$137,420	\$141,100		
Office of the Superintendent	\$345,740	\$357,700		
Instructional Administration	\$26,505	\$27,400		
School Administration	\$1,355,130	\$1,411,400		
Total	<u>\$1,864,795</u>	<u>\$1,937,600</u>	<u>\$ 72,805</u>	<u>3.9%</u>
District Support Services:				
General Admin Support	\$392,760	\$434,600		
Other Admin Support	\$256,520	\$304,930		
Business Services	\$934,635	\$955,500		
Total	<u>\$1,583,915</u>	<u>\$1,695,030</u>	<u>\$ 111,115</u>	<u>7.0% (a)</u>
Regular Instruction:				
Elem Kindergarten	\$411,965	\$458,135		
Elem Ed Grades (1-5)	\$7,197,302	\$7,292,270		
Secondary Ed-General (7-12)	\$2,609,703	\$2,137,733		
Art Education (K-12)	\$401,220	\$409,430		
Business Education (9-12)	\$3,675	\$3,900		
Title I (1-5)	\$192,500	\$198,820		
Gifted and Talented (K-12)	\$497,415	\$510,200		
Basic Skills/LEP (K-12)	\$489,800	\$541,230		
English Language (K-12)	\$1,111,110	\$1,158,375		
Foreign Language (7-12)	\$412,090	\$435,500		
Phy Education (K-12)	\$577,048	\$597,022		
Health-(K-12)	\$577,047	\$597,023		
Family Living Science (7-12)	\$179,465	\$186,550		
Industrial Education (7-12)	\$150,725	\$160,600		
Mathematics (7-12)	\$1,043,556	\$1,103,400		
Music (K-12)	\$927,235	\$954,200		
Natural Science (7-12)	\$899,040	\$947,600		
Social Science (7-12)	\$810,340	\$848,400		
Cocurricular:	\$374,450	\$376,810		
- Classes, student government				
Boys/Girls Athletics	\$875,160	\$892,330		
Extracurricular:				
- Plays, Drama, school publications and student club activities	\$207,770	\$209,865		
Total	<u>\$19,948,616</u>	<u>\$20,019,393</u>	<u>\$ 70,778</u>	<u>0.4%</u>
Vocational Instruction	<u>\$693,755</u>	<u>\$700,415</u>	<u>\$ 6,660</u>	<u>1.0%</u>

(a) Increase is primarily due to increase clerical support in human resources and technology departments

Spring Lake Park School District 16
 General Fund Expenditures by Program
 Adopted Budget June 2007

CLASSIFICATION	Revised Budget 2007-08	Proposed Budget 2008-09	Change \$	
<u>EXPENDITURES, continued:</u>				
Exceptional Instruction:				
Special Education:	<u>\$5,950,343</u>	<u>\$6,311,269</u>	<u>\$ 360,926</u>	<u>6.1%</u>
Instructional Support Services:				
General Instructional	\$1,388,745	\$1,514,270		
Curriculum Development	\$823,536	\$863,810		
Educational Media	\$686,315	\$707,770		
Staff Development	<u>\$711,470</u>	<u>\$687,590</u>		
Total	<u>\$3,610,066</u>	<u>\$3,773,440</u>	<u>\$ 163,374</u>	<u>4.5% (b)</u>
Pupil Support Services:				
Counseling	\$897,445	\$935,620		
Health Services	\$271,280	\$293,600		
Attendance	\$287,165	\$346,500		
Other Pupil Support	\$47,300	\$47,300		
Transportation Services	<u>\$2,487,640</u>	<u>\$2,577,100</u>		
Total	<u>\$3,990,830</u>	<u>\$4,200,120</u>	<u>\$ 209,290</u>	<u>5.2% (c)</u>
Sites, Buildings, Equipment:				
Operations/Maintenance	\$3,621,825	\$3,646,900		
Facilities and Health and Safety	<u>\$1,527,104</u>	<u>\$1,530,170</u>		
Total	<u>\$5,148,929</u>	<u>\$5,177,070</u>	<u>\$ 28,141</u>	<u>0.5%</u>
Fiscal/Other Fixed Costs:				
Retire Current Obligations	\$225,000	\$215,000		
Property Insurance	<u>\$144,050</u>	<u>\$134,600</u>		
Total	<u>\$369,050</u>	<u>\$349,600</u>	<u>\$ (19,450)</u>	<u>-5.3%</u>
TOTAL EXPENDITURES	<u><u>\$43,160,299</u></u>	<u><u>\$44,163,937</u></u>	<u><u>\$ 1,003,639</u></u>	<u><u>2.3%</u></u>

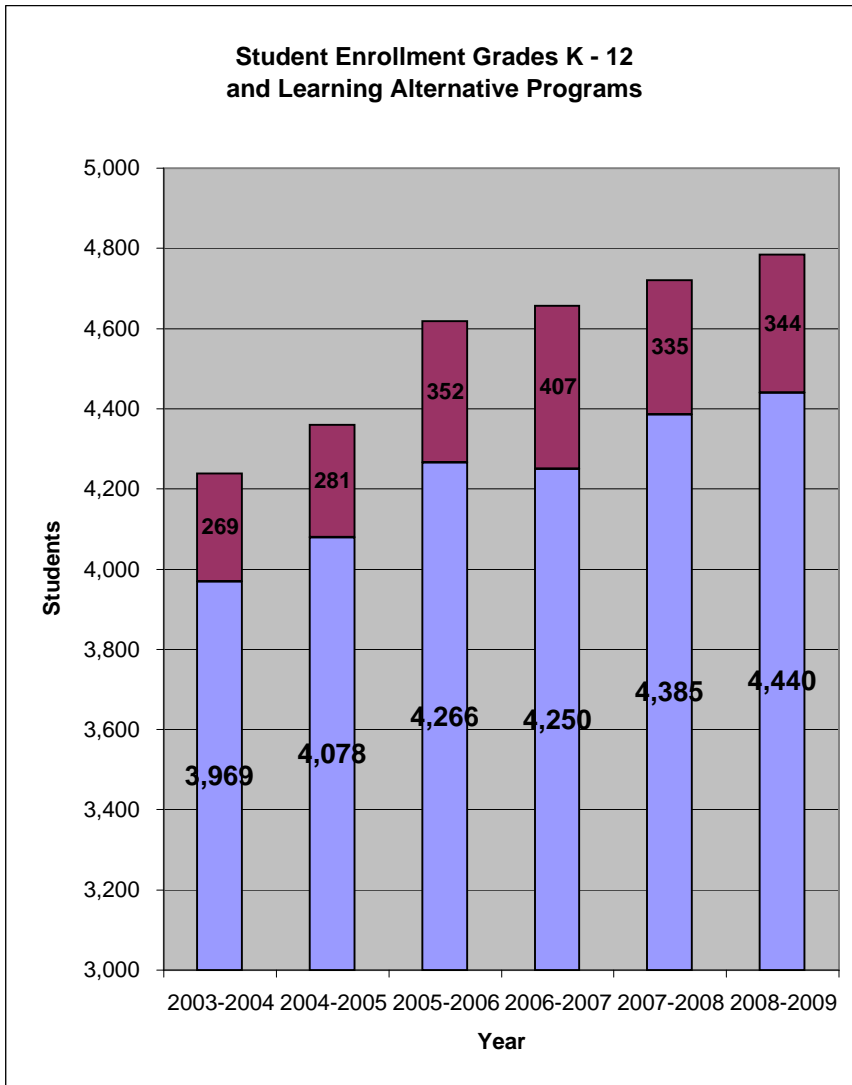
(b) Increase is primarily due to additional pupil support services due to enrollment growth

(c) Increase is due to district hiring a social worker that was formally provided by Anoka County

Spring Lake Park District 16
08-09 Projected Student Enrollment 6-1-08 -All Grades
Historical and Current Year

Exhibit IV

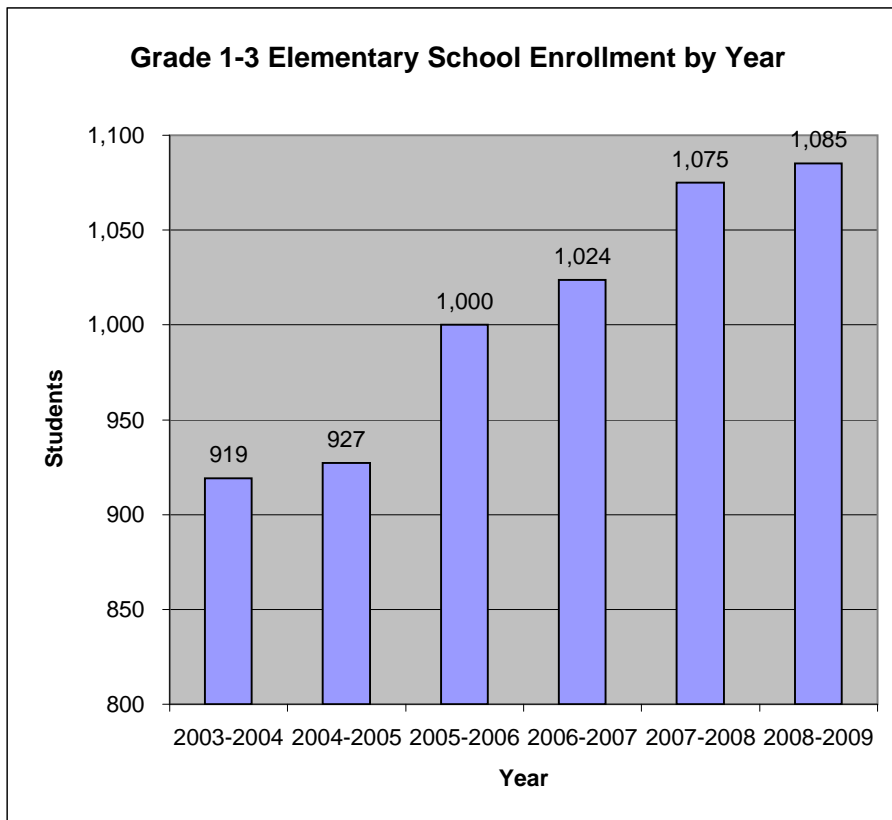
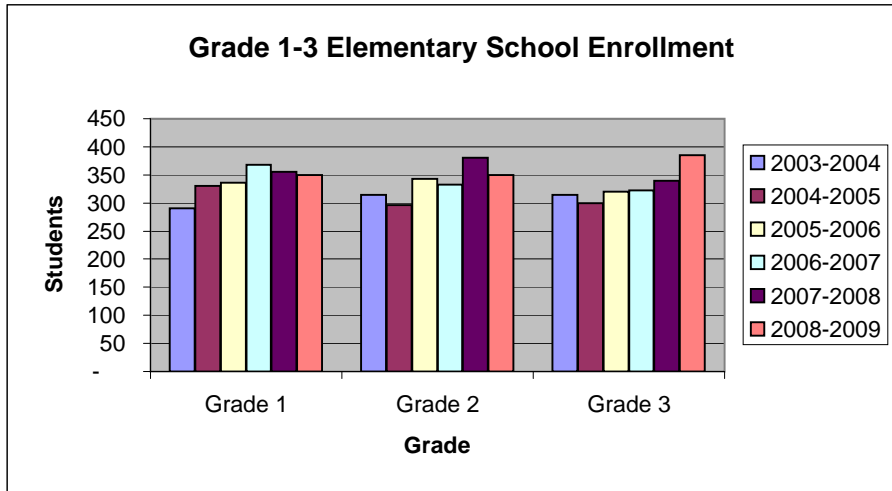
	Actual 2003-2004	Actual 2004-2005	Actual 2005-2006	Actual 2006-2007	Estimated 2007-2008	Projected 2008-2009
Kdgn & EC	307	315	370	351	345	350
Grade 1	290	331	337	368	355	350
Grade 2	314	297	343	333	380	350
Grade 3	315	300	321	323	340	385
Grade 4	298	312	302	292	340	335
Grade 5	327	307	325	308	310	345
Grade 6	318	349	333	331	310	315
Grade 7	308	325	352	341	340	310
Grade 8	325	335	329	357	355	340
Grade 9	335	345	359	329	370	370
Grade 10	312	311	329	322	335	370
Grade 11	280	292	299	328	320	330
Grade 12	240	262	266	267	285	290
Subtotal	3,969	4,078	4,266	4,250	4,385	4,440
LA/ Tuition out	269	281	352	407	335	344
	<u>4,238</u>	<u>4,359</u>	<u>4,618</u>	<u>4,657</u>	<u>4,720</u>	<u>4,784</u>
Student Change		121	259	39	63	64
Percent Change		2.86%	5.94%	0.85%	1.35%	1.36%



Spring Lake Park District 16
08-09 Projected Student Enrollment 6-1-08 -Elementary
Historical and Current Year

Exhibit IV

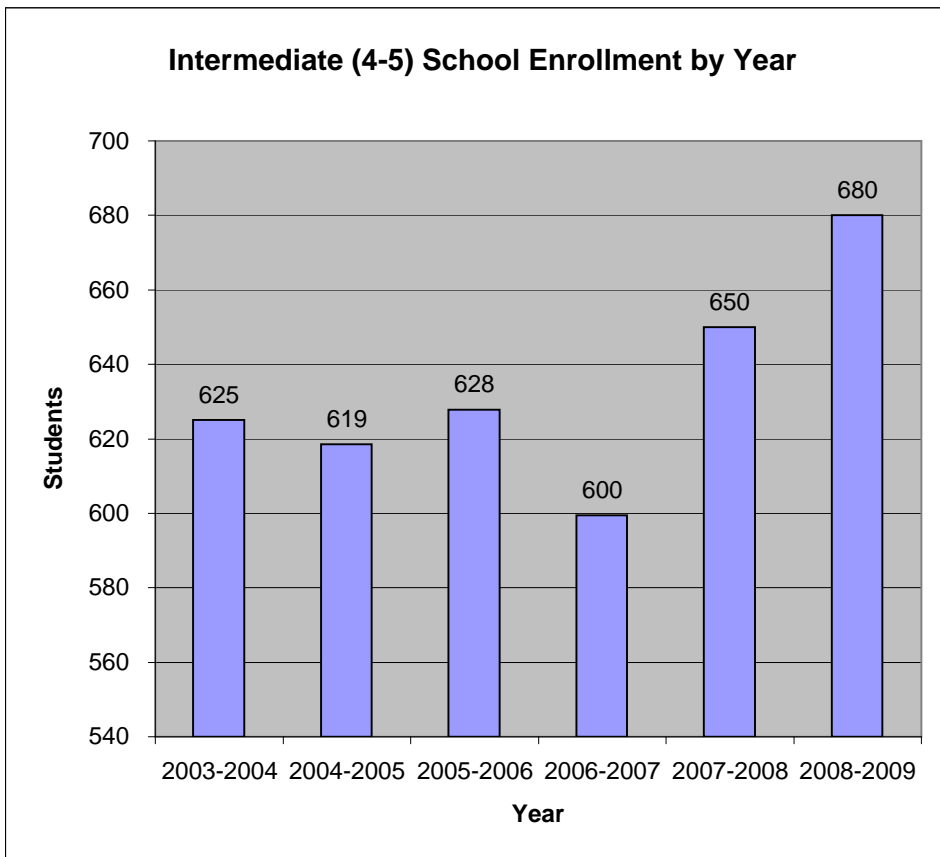
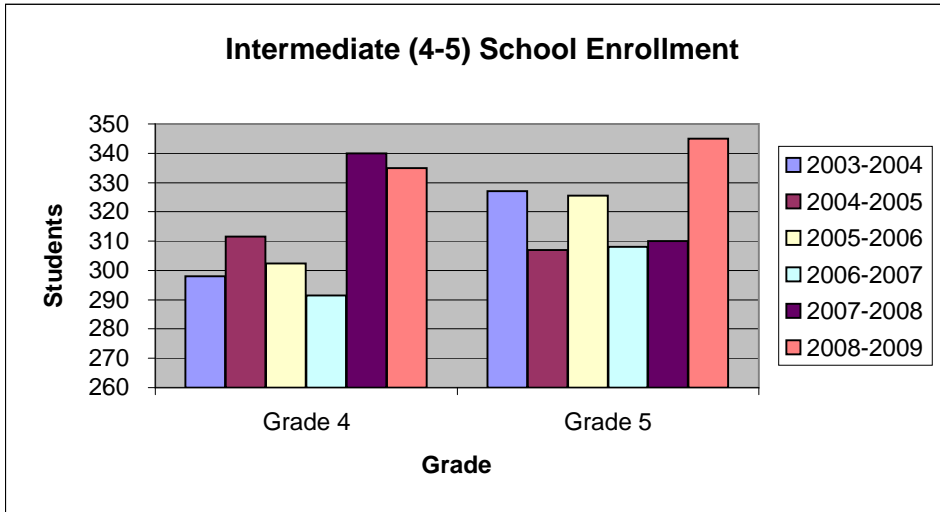
	Actual <u>2003-2004</u>	Actual <u>2004-2005</u>	Actual <u>2005-2006</u>	Actual <u>2006-2007</u>	Estimated <u>2007-2008</u>	Projected <u>2008-2009</u>
Kdgn & EC	307	315	370	351	345	350
Grade 1	290	331	337	368	355	350
Grade 2	314	297	343	333	380	350
Grade 3	315	300	321	323	340	385
Grade 1-3	919	927	1,000	1,024	1,075	1,085
Change		8	73	24	51	10
% Change		0.9%	7.9%	2.4%	5.0%	0.9%



Spring Lake Park District 16
08-09 Projected Student Enrollment 6-1-08 -Intermediate
Historical and Current Year

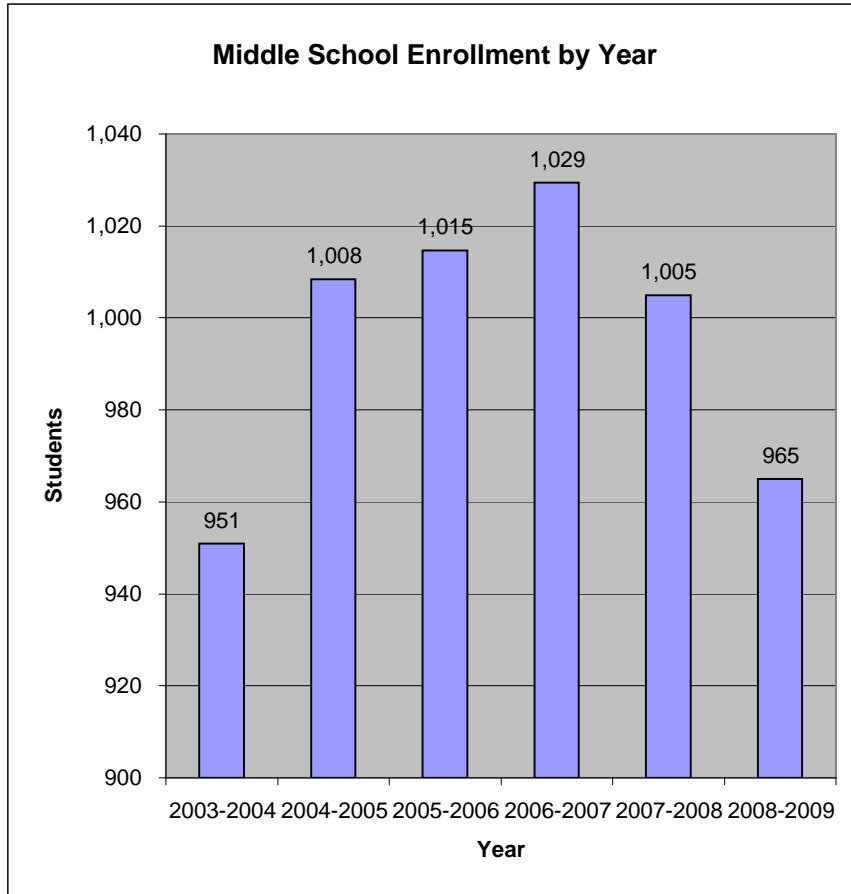
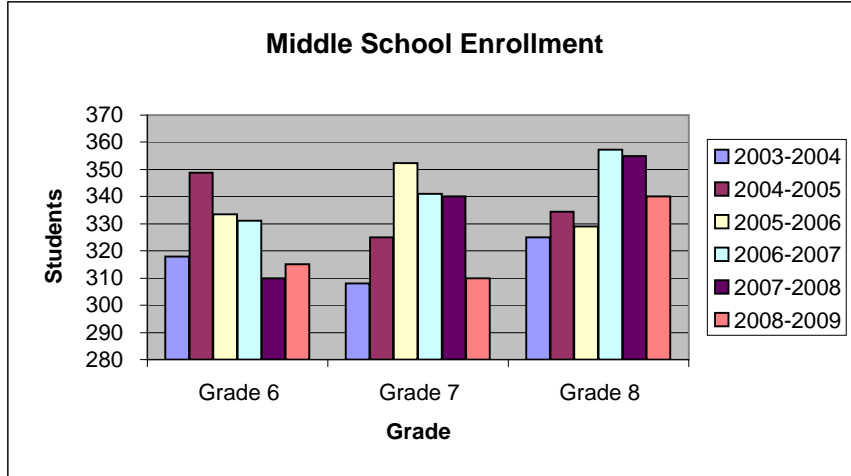
Exhibit IV

	Actual <u>2003-2004</u>	Actual <u>2004-2005</u>	Actual <u>2005-2006</u>	Actual <u>2006-2007</u>	Estimated <u>2007-2008</u>	Projected <u>2008-2009</u>
Grade 4	298	312	302	292	340	335
Grade 5	327	307	325	308	310	345
Grade 4-5	625	619	628	600	650	680
Change		(6)	9	(28)	50	30
% Change		-1.0%	1.5%	-4.5%	8.4%	4.6%



Spring Lake Park District 16
08-09 Projected Student Enrollment 6-1-08 -Middle School
Historical and Current Year

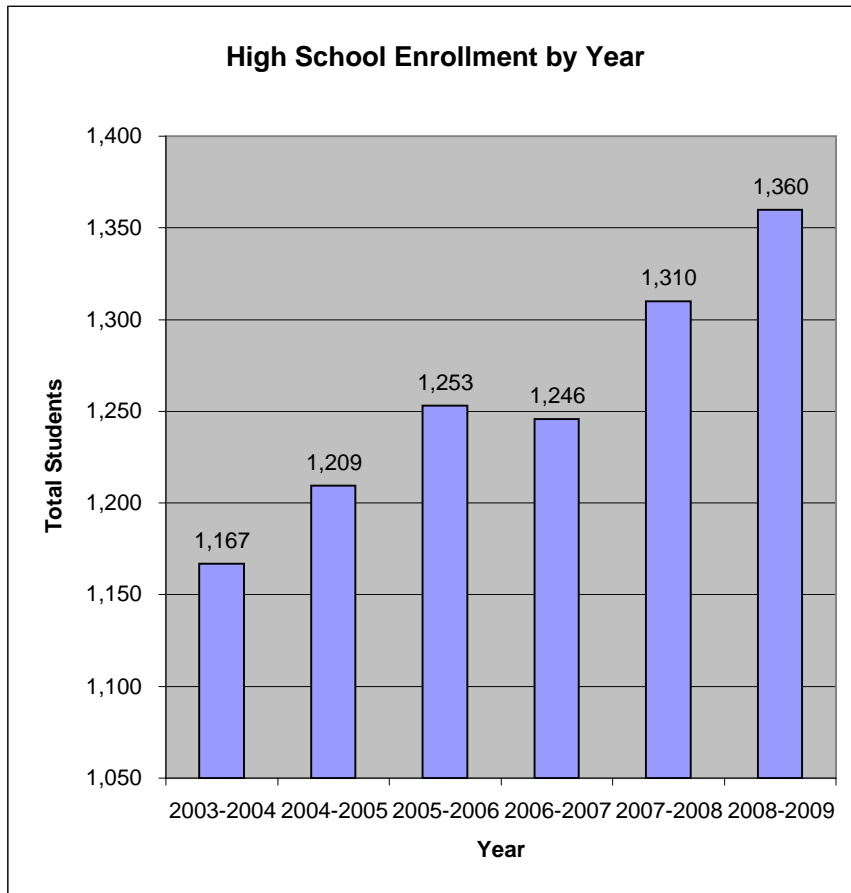
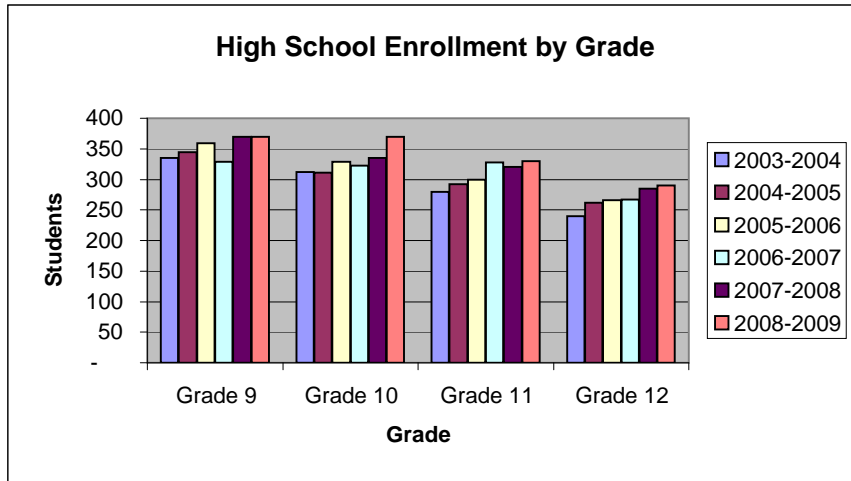
	Actual <u>2003-2004</u>	Actual <u>2004-2005</u>	Actual <u>2005-2006</u>	Actual <u>2006-2007</u>	Estimated <u>2007-2008</u>	Projected <u>2008-2009</u>
Grade 6	318	349	333	331	310	315
Grade 7	308	325	352	341	340	310
Grade 8	325	335	329	357	355	340
	<u>951</u>	<u>1,008</u>	<u>1,015</u>	<u>1,029</u>	<u>1,005</u>	<u>965</u>
Change		57	6	15	(24)	(40)
% Change		6.0%	0.6%	1.4%	-2.4%	-4.0%



Spring Lake Park District 16
08-09 Projected Student Enrollment 6-1-08 -High School
Historical and Current Year

Exhibit IV

	Actual <u>2003-2004</u>	Actual <u>2004-2005</u>	Actual <u>2005-2006</u>	Actual <u>2006-2007</u>	Estimated <u>2007-2008</u>	Projected <u>2008-2009</u>
Grade 9	335	345	359	329	370	370
Grade 10	312	311	329	322	335	370
Grade 11	280	292	299	328	320	330
Grade 12	240	262	266	267	285	290
	<u>1,167</u>	<u>1,209</u>	<u>1,253</u>	<u>1,246</u>	<u>1,310</u>	<u>1,360</u>
Change		42	44	(7)	64	50
% Change		3.6%	3.6%	-0.6%	5.1%	3.8%



Spring Lake Park District 16
08-09 Projected Student Enrollment 6-1-08 -Learning Alternatives
Historical and Current Year

	Actual <u>2003-2004</u>	Actual <u>2004-2005</u>	Actual <u>2005-2006</u>	Actual <u>2006-2007</u>	Estimated <u>2007-2008</u>	Projected <u>2008-2009</u>
Grade 9	32	35	39	36	50	25
Grade10	53	55	56	64	75	65
Grade 11	70	82	78	94	75	60
Grade 12	95	97	108	113	115	90
	<hr/>	<hr/>	<hr/>	<hr/>	<hr/>	<hr/>
	250	269	281	307	315	240
Change		19	12	26	8	(75)
% Change		7.6%	4.4%	9.2%	2.7%	-23.8%

